1. Town Council - Agenda

   Documents:

   2016_08_16_CC_SP_AG.PDF

2. Town Council - Packet

   Documents:

   2016_08_16_CC_SP_PK.PDF

Town of Chino Valley

MEETING NOTICE
TOWN COUNCIL

SPECIAL MEETING
TUESDAY, AUGUST 16, 2016
6:00 P.M.

Council Chambers
202 N. State Route 89
Chino Valley, Arizona

AGENDA

1) CALL TO ORDER; ROLL CALL

2) Consideration and possible action to approve Rodeo Grounds Lease between the Town of Chino Valley and the Chino Valley Equestrian Association for a one-year period beginning August 9, 2016 through July 31, 2017. (Cecilia Grittman, Assistant Town Manager)

Recommended Action: Approve the Rodeo Grounds Lease between the Town of Chino Valley and the Chino Valley Equestrian Association for a one- year period beginning August 9, 2016 through July 31, 2017.

3) Consideration and possible action to to approve the ground lease agreement between the Town of Chino Valley and the Chino Valley Equestrian Association for an initial 5 year term, beginning August 9, 2016 through July 31, 2021 for property located at Old Home Manor. (Cecilia Grittman, Assistant Town Manager)

Recommended Action: Approve the ground lease agreement between the Town of Chino Valley and the Chino Valley Equestrian Association for an initial 5 year term, beginning August 9, 2016 through July 31, 2021 for property located at Old Home Manor.

4) ADJOURNMENT

Dated this 11th day of August, 2016.

By: ***Jami C. Lewis, Town Clerk***

The Town of Chino Valley endeavors to make all public meetings accessible to persons with disabilities. Please call 636-2646 (voice) or 711 (Telecommunications Arizona Relay Service) 48 hours prior to the meeting to request a reasonable accommodation to participate in this meeting.

Supporting documentation and staff reports furnished to the Council with this agenda are available for review on the Town website at http://www.chinoaz.net/agendacenter , and in the Public Library and Town Clerk's Office.

CERTIFICATION OF POSTING

The undersigned hereby certifies that a copy of this notice was duly posted at Chino Valley South Campus, Chino Valley Post Office, and Chino Valley North Campus in accordance with the statement filed by the Town Council with the Town Clerk.

Date:_____ Time:_____ By:_____

Jami C. Lewis, Town Clerk

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Special Meeting **Item No. 2)**

Meeting Date:	08/16/2016
Contact Person:	Cecilia Grittman, Assistant Town Manager Phone: 928-636-2646 x-1202
Department:	General Services
Item Type:	Action Item
Estimated length of staff presentation:	None
Physical location of item:	Old Home Manor

Information

AGENDA ITEM TITLE:

Consideration and possible action to approve Rodeo Grounds Lease between the Town of Chino Valley and the Chino Valley Equestrian Association for a one-year period beginning August 9, 2016 through July 31, 2017.

RECOMMENDED ACTION:

Move to approve the Rodeo Grounds Lease between the Town of Chino Valley and the Chino Valley Equestrian Association for a one- year period beginning August 9, 2016 through July 31, 2017.

SITUATION AND ANALYSIS:

The Chino Valley Equestrian Association, an Arizona corporation,is intending on developing land at Old Home Manor for an equestrian and events center, and would like to use the existing Rodeo Grounds located at Old Home Manor for a year while their more permanent location is developed. They intend on moving some of the fencing and other equipment located at the Rodeo Grounds to their permanent location, so this lease agreement would grant them access onto the Rodeo Grounds property.

Fiscal Impact

Fiscal Impact?: No

If Yes, Budget Code:

Available:

Funding Source:

Attachments

Rodeo Grounds Lease

Survey

RODEO GROUNDS LEASE
BETWEEN THE TOWN OF CHINO VALLEY, ARIZONA,
and
CHINO VALLEY EQUESTRIAN ASSOCIATION

This Rodeo Grounds Lease ("Lease") is entered into as of the ___ day of _____, 2016, by and between the Town of Chino Valley, Arizona, a political subdivision of the State of Arizona ("Landlord") and Chino Valley Equestrian Association, a _____corporation ("Tenant").

RECITALS

1. Landlord warrants and represents that it owns that certain real property known as the Chino Valley Rodeo Grounds which is legally described on Exhibit A, which is attached hereto and incorporated herein by this reference ("Property").

2. Tenant desires to lease the Property and the buildings and other structures on the Property ("Facilities"). The Property and the Facilities may be collectively referred to herein as the Premises.

3. Tenant intends to use the Premises for equestrian purposes while developing a second parcel for future, more intense equestrian uses.

4. The Chino Valley Town Council finds that the public interest will be benefitted by leasing the Premises to Tenant for equestrian and other public purposes.

NOW THEREFORE, in consideration of the promises, mutual covenants and Leases contained herein, Landlord and Tenant agree to the following terms and conditions:

1. LEASE

1.1 The Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, as described and shown on the site plan in Exhibit B, which is attached hereto and incorporated herein by this reference.

1.2 Permitted Uses. The Premises shall be used for equestrian events, which may include, but are not limited to equestrian-related education, recreational activities, and social gatherings, and sales of food during equestrian events ("Permitted Uses"). Tenant shall not allow the Premises to be used for any improper, immoral, unlawful, or unsafe purpose. Any use other than Permitted Uses requires the prior approval of Landlord. Landlord makes no representation regarding the suitability of the Premises for the Permitted Uses.

1.3 Term.

1.3.1 Initial Term. The term of this lease shall commence on _____, 2016 and continue for a period of one year, ending on _____, 20__ ("Initial Term") or until sooner terminated or extended pursuant to the provisions of this Lease.

1.3.2 Extended Term. Tenant may elect to extend the term of this Lease for one (1) one-year (1) additional term[s] ("Extended Term"), upon the terms, covenants, conditions, and agreements herein contained. Tenant shall have the option to extend the term of this Lease and may exercise such option by providing Landlord written notice of such election at least sixty (60) days prior to the expiration of this Lease. The Initial Term and any Extended Term shall be referred to as the "Term").

1.4 Rent and Other Financial Responsibilities.

1.4.1 Rent. The rental amount shall be Ten Dollars ($10.00) per year, payable to the Town of Chino Valley, 202 North State Route 89, Chino Valley, Arizona, 86323, in advance on the anniversary date of this Lease each year, with the initial advance payment due on the date of execution of this Lease.

1.4.2 Security Deposit. A Security Deposit in the amount of $0 shall be delivered to Landlord upon execution of the Lease. The Security Deposit shall be held by Landlord without liability for interest as security for the performance of Tenant's obligations and is not an advance payment of Rent or a measure of Tenant's liability for damages. Landlord may, from time to time, without prejudice to any other remedy, use all or a portion of the Security Deposit to satisfy past due Rent or to cure any uncured default by Tenant. If Landlord so uses the Security Deposit, Tenant shall on demand restore the Security Deposit to its original amount. Landlord shall return any unapplied portion of the Security Deposit to Tenant within forty-five (45) days after the later to occur of: (1) the date Tenant surrenders possession of the Premises to Landlord in accordance with this Lease; or (2) the Termination Date. If Landlord transfers its interest in the Premises, Landlord may assign the Security Deposit to the transferee and following the assignment, Landlord shall have no further liability for the return of the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts.

1.4.3 Utilities. Tenant shall be responsible for and shall promptly pay all gas, electric and water utility fees and charges occasioned by its use of the Premises. Tenant shall pay for and install any required metering devices for said utilities and shall maintain a separate account for utility purposes. Tenant shall be responsible for all utility extensions required for its use and for obtaining any necessary access easements to the Premises.

1.5 Possession. Landlord covenants to provide Tenant with peaceful possession of the Premises, and Tenant, by taking possession of the Premises, acknowledges that the Premises are in satisfactory and acceptable condition for its use.

2. ALTERATIONS AND IMPROVEMENTS.

2.1 Tenant shall not make any structural or exterior alterations to the Premises without Landlord's written consent. Tenant at its cost shall have the right to make, without Landlord's consent, non-structural alterations to the interior of the Premises that Tenant requires in order to conduct its business on the Premises. In making any alterations that Tenant has a right to make, Tenant shall comply with the following:

2.1.1 Tenant shall submit reasonably detailed final plans and specifications and working drawings of the proposed alterations and the name of its contractor at least thirty (30) days before the date it intends to commence the alterations.

2.1.2 The alterations shall not be commenced until two days after Landlord has received notice from Tenant stating the date of the installation of the alterations is to commence so that Landlord can post and record an appropriate notice of non-responsibility.

2.1.3 The alterations shall be approved by all appropriate government agencies, and all applicable permits and authorizations shall be obtained before commencement of the alterations.

2.1.4 All alterations shall be completed with due diligence in compliance with the plans and specifications and working drawings and all applicable laws.

2.2 Any alterations made shall remain on and be surrendered with the Premises on expiration or termination of the Lease, except that Landlord may elect within thirty (30) days before the expiration of the Lease, or within five (5) days after termination of the Lease, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant at its cost shall restore the Premises to the condition designated by Landlord in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later.

2.3 If Tenant is not then in default of any provisions of this Lease, Tenant shall have the right to remove from the Premises immediately before the expiration of the term, nor within thirty (30) days after termination of the term, any alterations Tenant has made to the premises, as long as the removal will not cause any structural damage to the Premises, and Tenant at its cost promptly restores any damage cause by the removal.

3. HAZARDOUS SUBSTANCES

3.1 Tenant shall not use the Premises, nor permit them to be used, for any purpose which shall increase the existing insurance rates under Landlord's policies for the Premises, or cause the cancellation of any insurance policy of Landlord's covering the Premises.

3.1.1 Tenant shall not commit any waste upon the Premises, nor cause any public or private nuisance or other act that may disturb the quiet enjoyment of any other tenant.

3.1.2 Tenant shall not allow store any flammable materials or hazardous waste.

3.2 Hazardous Material. There shall be no use or storage of flammable materials, hazardous waste or a Regulated Substance on the Premises. Use or storage of such materials on the Premises shall constitute a material breach of this Lease. Regulated Substances include, but are not limited to, any and all substances, materials or wastes regulated under the Resource Conservation and Recovery Act, 43 U.S.C. § 8909, *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*; the Toxic Substances Control Act, 15 U.S.C. § 2601, *et seq.*; the Arizona Hazardous Waste Management Act, A.R.S. § 49-921, *et seq.*; the Arizona Underground Storage Tank Regulation Act, A.R.S. § 49-101, *et seq.*; and the rules and regulations adopted and guidelines promulgated pursuant to the applicable laws.

3.3 Tenant shall not release, discharge, leak or emit, or permit to be released, discharged, leaked or emitted into the atmosphere, ground, soil, sewer system, surface water or groundwater any substance if such substance (as reasonably determined by Landlord, or any governmental authority) does or may pollute or contaminate the same, or may adversely affect (a) the environment, (b) the health, welfare or safety of persons whether located on the Premises or elsewhere, or (c) the condition, value, use or enjoyment of the Premises or any other real or personal property. Tenant has or will timely obtain, maintain and comply with all provisions of all permits, licenses and other authorizations which are required under the applicable laws (hereinafter referred to as the "Permits").

3.4 Tenant shall immediately notify Landlord, orally and in writing, of any allegations by any governmental authority or other person or entity of any event of non-compliance with the applicable laws or permits of this section. Tenant shall also immediately notify Landlord orally and in writing, of any allegations by any governmental authority or other person or entity, of any events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent continued compliance with applicable laws, Permits or the provisions of this section, or which may give rise to any common law or legal liability, or otherwise form the basis of any claim, action, suit, proceeding, hearing or investigation, based on or related to the generation, manufacture, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or Regulated Substance.

3.5. Landlord, or its authorized representative, agent or contractor, shall have the right, upon reasonable notice, to inspect the Premises and to review and copy documents, records, and data maintained by Tenant relating to substances used and stored on the Premises or disposed of, released or otherwise removed from the Premises, in order to assure itself that Tenant is in compliance with the provisions of this Section 3.

3.6. Landlord shall have the right, at its expense, to perform periodic environmental inspections as Landlord deems necessary using the services of a qualified and duly licensed environmental engineers approved by Tenant whose approval thereof may not be unreasonably withheld. The said engineers shall conduct such sampling and testing of soils, water, substances and emissions as Landlord deems necessary to assure itself that Tenant is in compliance with the

provisions of this Section 3. In the event the results of the inspection indicate a need for further testing and/or remediation as a result of Tenant's use of the Premises in order to comply with ADEQ or EPA remediation standards or guidelines, then Tenant hereby agrees to reimburse Landlord for its reasonable inspection costs and to pay for such additional testing and remediation as will be required as a consequence of Tenant's use of the Premises. Should remediation be required as a consequence of Tenant's use of Premises, Tenant shall immediately undertake such remediation as is necessary to restore the condition of the Premises and shall diligently pursue such work to completion. Tenant's failure to timely perform its obligations set forth herein shall be considered a material breach of this Lease, and Tenant's obligations under this Section 3 shall continue beyond the expiration or termination hereof. Nothing in this Section 3 shall constitute a waiver of any right of Tenant, including without limitation, the right to receive contribution from any individual or entity responsible for contamination of any part of the Premises.

3.6. To the fullest extent permitted by law, Tenant agrees to indemnify, defend and hold Landlord harmless for any costs of legally required remediation of environmental contamination and from any claims, demands, actions, suits, proceedings, hearings, investigations, responsibility, liability, orders, injunctions, judgments, fines, damages and losses of any nature whatsoever, arising out of or relating in any way to Tenant's present or future use of, or activities or operations on or at, the Premises, or arising from or relating to any breach of the provisions of this Section 3. Tenant also agrees to indemnify and hold Landlord harmless any costs and expenses incurred in connection therewith, including without limitation, any attorneys' and expert witness fees, investigation, clean up, removal, disposal, remedial, corrective, or mitigating action costs, fines and penalties related in any way to Tenant's use of the Premises. These indemnities shall survive the termination of this Lease.

4. ENTRY BY LANDLORD.

4.1 Landlord reserves the right to enter upon or have its agent enter the Premises for purposes of inspection and to verify compliance with this Lease. Landlord shall notify Tenant at least twenty-four hours prior to any inspection, except when circumstances require immediate action. Landlord shall endeavor to schedule all inspections at such times that would have minimal impact on the operations of the business of Tenant.

4.2 Tenant hereby waives any claim for damage for any injury or inconvenience to, or interference with, Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by Landlord's entry unless such claim is a direct result of Landlord's willful misconduct.

4.3 Landlord shall have the right to use any and all means which Landlord deems proper to open any doors or gates in an emergency in order to obtain entry to the Premises and any entry into the Premises obtained by Landlord by any of said means, or otherwise, shall not under any circumstances be construed or deemed to be a forcible, unlawful, negligent entry into, and shall not be construed or deemed as conduct intended to cause damage or injury, or a detainer of the Premises or an eviction of Tenant from the Premises or any portion thereof.

5. INDEMNIFICATION AND INSURANCE.

5.1 Disclaimer of Liability. Landlord shall not at any time be liable for injury or damage occurring to any person or property from any cause whatsoever arising out of Tenant's use of the Premises.

5.2 Indemnification.

5.2.1 Tenant shall indemnify and hold harmless Landlord, its agents, employees, councilmembers, boards and assignees, from and against any and all liability, claims, damages, penalties, costs, charges, losses and expenses for attorneys, expert witnesses and consultants, for any bodily injury, loss or damage to any person or property arising out of or occasioned by the use or occupancy of the Premises by Tenant and from and against all bodily injury, loss, claim, or damage to any person or property anywhere occasioned by any act or omission of Tenant.

5.2.2 If Landlord shall, without fault of Landlord, be made a party to any litigation commenced by or against Tenant for any of the above reasons, then Tenant shall protect, defend and hold Landlord harmless and pay all costs, penalties, charges, damages, expenses, and reasonable attorney's fees incurred or paid by Landlord.

5.2.3 Tenant shall assume all risks of loss injury or damage of any kind or nature whatsoever to any fixture or other structure belonging to Tenant which may be now or hereafter placed upon or in the Premises and all risks of loss, injury or damage of any kind or nature whatsoever to the contents of such structures or to any goods, merchandise, chattels or any other property now or that may hereafter be upon said leased premises whether belonging to Tenant or others. If there is such loss, injury or damage resulting from fire or other agency, and whether the same be caused by the negligence of Landlord or any of its employees or agents or otherwise and to save and keep harmless Landlord from all claims and suits growing out of any such loss, injury or damage.

5.2.4 As used herein, the term "person" means any person, firm, corporation, association, partnership, trust, joint venture, or other entity.

5.3 Insurance. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Minimum coverage for Comprehensive General Liability insurance is $1,000,000 per occurrence and $2,000,000 aggregate. The limit of said insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a Landlord's protective liability endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant. Insurance required hereunder, shall be in companies rated A+, AAA or better in "Best's Insurance Guide". Tenant shall deliver to Landlord prior to occupancy of the Premises copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to

Landlord. No policy shall be cancelable or subject to reduction of coverage except after ten (10) days' prior written notice to Landlord. All policies shall name the Town of Chino Valley as an additional insured and shall not provide "members only" coverage.

5.4 Waiver of Subrogation.

5.4.1 The parties release each other, and their respective authorized representatives from any claims for damage to any person or to the Premises and the Building and other improvements in which the Premises are located, and to the fixtures, personal property, Tenant's improvements and alterations of either Landlord or Tenant in or on the Premises and the Building and other improvements in which the Premises are located that are caused by or result from risks insured against under any insurance policies carried by the parties and in force at the time of any such damage.

5.4.2 Each party shall cause each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either party in connection with any damage covered by any policy. Neither party shall be liable to the other for any damage caused by fire or any of the risks insured against under any insurance policy required by this Lease. If any insurance policy cannot be obtained with a waiver of subrogation, or is obtainable only by the payment of an additional premium charge above that charged by insurance companies issuing policies without waiver of subrogation, the party undertaking to obtain the insurance shall notify the other party of this fact. The other party shall have a period of ten (10) days after receiving the notice either to place the insurance with a company that is reasonably satisfactory to the other party and that will carry the insurance with a waiver of subrogation, or to agree to pay the additional cost. If the insurance cannot be obtained or the party in whose favor a waiver of subrogation is desired refuses to pay the additional premium charged, the other party is relieved of the obligation to obtain a waiver of subrogation rights with respect to that particular insurance involved.

6. REPAIRS AND MAINTENANCE.

6.1 Tenant shall repair any damage caused to the Premises by Tenant, its employees, agents, invitees, licensees, or visitors. If Tenant fails to make any such repairs or replacements promptly, Landlord may, in its sole discretion, make such repairs after providing at least thirty (30) days' prior written notice to Tenant, and Tenant shall repay the reasonable cost of such repairs to Landlord upon demand.

6.2 Manure and other animal waste.

6.3 Events – clean up and no overflow to other areas of property or neighbors

7. **COMPLIANCE WITH THE LAW.** Tenant shall not use the Premises or any use or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may

hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

8. TAXES. Together with and in addition to any payment of rent or any other sums payable to or for the benefit of Landlord pursuant to this Lease, Tenant shall pay to Landlord any excise, sales, occupancy, franchise, privilege, rental or transaction privilege tax levied by any governmental authority upon Landlord as a result and to the extent of such payments hereunder or as a result of Tenant's use or occupancy of the Premises, and any taxes assessed or imposed in lieu of or in substitution for any of the foregoing taxes whether now existing or hereafter enacted.

9. EMINENT DOMAIN. Either party may terminate this Lease if the whole or any material part of the Premises shall be taken or condemned for any public or quasi-public use under Law, by eminent domain or private purchase, in lieu thereof (a "Taking"). Landlord shall also have the right to terminate this Lease if there is a Taking of any portion of the Property which would leave the remainder of the property unsuitable for use. In order to exercise its right to terminate the Lease, Landlord or Tenant, as the case may be, must provide written notice of termination to the other within 45 days after the terminating party first receives notice of the Taking. Any such termination shall be effective as of the date the physical taking of the Premises or the portion of the Property occurs. If this Lease is not terminated, the acreage leased by the Tenant and the Tenant's Pro Rata Share shall, if applicable, be appropriately adjusted. In addition, Rent for any portion of the Premises taken or condemned shall be abated during the unexpired Term of this Lease effective when the physical taking of the portion of the Premises occurs. All compensation awarded for a Taking, or sale proceeds (other than any compensation which may be separately awarded to Tenant pursuant to the terms of the next succeeding sentence), shall be the property of Landlord, any right to receive compensation or proceeds being expressly waived by Tenant. However, Tenant may file a separate claim at its sole cost and expense in connection with such Taking for Tenant's property and Tenant's reasonable relocation expenses, provided the filing of the claim does not diminish the award which would otherwise be receivable by Landlord. As used in this section, the word "condemned" shall include (a) receipt of written notice of the intent to condemn from an entity having the power of eminent domain, (b) the filing of any action or proceeding for condemnation by any such entity, and (c) the conveyance of any interest in the Premises by the Landlord or the Tenant to a public or quasi public authority having the power of eminent domain with respect to the Premises as a result of the authority's express written intent to condemn.

10. ASSIGNMENT AND SUBLETTING. Tenant shall not assign, transfer, mortgage, pledge, encumber, sublet or part with the possession of the whole or any part of the Premises without first obtaining the written consent of Landlord.

11. DEFAULT.

11.1 Tenant's Default. If Tenant fails to pay any rent due hereunder or fails to keep and perform any of the other terms, conditions or covenants set forth herein, or breaches the provisions of this Lease in any other manner, then an Event of Default shall have been deemed to occur.

11.2 Landlord Default. It shall be a default if Landlord fails to perform any of its obligations as set forth in this Lease and does not cure such default within thirty (30) days after written notice form Tenant describing the alleged default.

12. REMEDIES.

12.1 Event of Default by Tenant. An event of default by Tenant concerning failure to pay rent as required herein shall be cured within ten (10) days after written notice to Tenant. An Event of Default concerning any default other than failure to pay rent shall be cured within thirty (30) days or, if the default cannot be cured within thirty (30) days, such longer period as is reasonably required not to exceed ninety (90) days, provided Tenant is diligent in its efforts to cure, after written notice to Tenant. Upon failure of Tenant to cure any two events of Default (whether the same or different) two times during any twelve (12) month period, Landlord shall have the right, at its option, in addition to any other remedy Landlord may have by operation of law, to terminate this Lease without any further demand or notice.

12.2 Event of Default by Landlord. In the event of default by Landlord, Tenant shall have the right, at its option, to terminate this Lease in addition to any other remedy Tenant may have by operation of law, without any further demand or notice.

12.3 Litigation. If litigation for breach of this Lease is brought, the prevailing party shall be awarded its reasonable attorney's fees and costs.

13. TERMINATION. Either party shall have the right to terminate this Lease as set forth in this Section, by providing written notice to the other party at least ninety (90) days in advance of the date of termination. Termination shall be permitted by mutual written Lease of the Parties. If Tenant terminates the Lease, all rents paid in advance to Landlord become non-refundable.

14. REDELIVERY OF PREMISES. Tenant agrees to redeliver to Landlord the physical possession of the Premises at the end of the Term of this Lease, in substantially similar or better condition as delivered to Tenant at the commencement of this Lease. All Improvements placed on the Premises during the Term of this Lease shall be removed at Landlord's request, and at the cost of Tenant. If Tenant fails to remove the Improvements within thirty (30) days of written notice by Landlord to do so, Landlord may remove the Improvements and charge the cost to the Tenant. Tenant shall pay such costs within ten (10) business days of the date of the invoice for such removal.

15. HOLDING OVER. Any holding over after the expiration of the Term of this Lease shall be deemed to constitute a tenancy from month to month only, and shall be on the same terms

and conditions as specified in this Lease, so far as applicable, and at a monthly rental equal to that for the last month of the Term of the Lease.

16. DISPUTE RESOLUTION.

16.1 Arizona Law. This Lease shall be governed by and all disputes resolved pursuant to the laws of the State of Arizona.

16.2 Mediation. Any disputes that arise out of this Lease shall first be submitted to mediation using a professional, independent mediator, as agreed to by the Parties. No litigation may be filed by either Party unless one party fails to mediate in good faith or good faith mediation by both Parties fails to resolve the dispute.

16.3 Attorney's Fees. If either party institutes a lawsuit against the other to construe, enforce, or for breach of this Lease, or if either party intervenes in any suit in which the other is a party to enforce or protect its interest or rights pursuant to the Lease, the prevailing party shall be entitled to all of its costs and expenses, including, without limitation, reasonable attorneys' fees.

17. ENTIRE AGREEMENT. This Lease constitutes the entire agreement between the parties and supersedes all prior agreements and understandings related to the Premises, including all lease proposals, letters of intent and other documents.

18. NOTICE. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if personally delivered with receipt, or mailed, certified mail, return receipt requested, to the following addresses::

To Landlord: Town Manager
Town of Chino Valley
202 North State Route 89
Chino Valley, AZ 86323

To Tenant:

19. SEVERABILITY. The inability or unenforceability of any covenant, term or condition of this Lease shall not affect the validity or enforceability of any other covenant, term or condition of this Lease and such other covenants, terms and conditions shall remain in full force and effect.

IN WITNESS WHEREOF, each of Landlord and Tenant have executed this Lease on the dates indicated below.

Entered into this _____ day of _____, 2016 by Tenant:

TENANT, _____

_____
By: _____
Its: _____

LANDLORD, TOWN OF CHINO VALLEY, ARIZONA

_____
Chris Marley, Mayor

ATTEST:

_____
Jami Lewis, Town Clerk

EXHIBIT A

Legal Description

TOGETHER WITH:

PARCEL "B"

THAT PORTION OF TRACT 44, LOCATED IN SECTION 12, TOWNSHIP 16 NORTH, RANGE 2 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS……

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 12;

THENCE ALONG THE EAST LINE OF SAID SECTION 12 SOUTH 00° 09' 49" WEST A DISTANCE OF 1,321.01 FEET TO THE SOUTH 1/16 CORNER OF SAID SECTION 12;

THENCE ALONG THE NORTHERLY LINE OF THE SAID SOUTH 1/16 QUARTER NORTH 89° 46' 55" WEST A DISTANCE OF 77.43 FEET TO THE **POINT OF BEGINNING;**

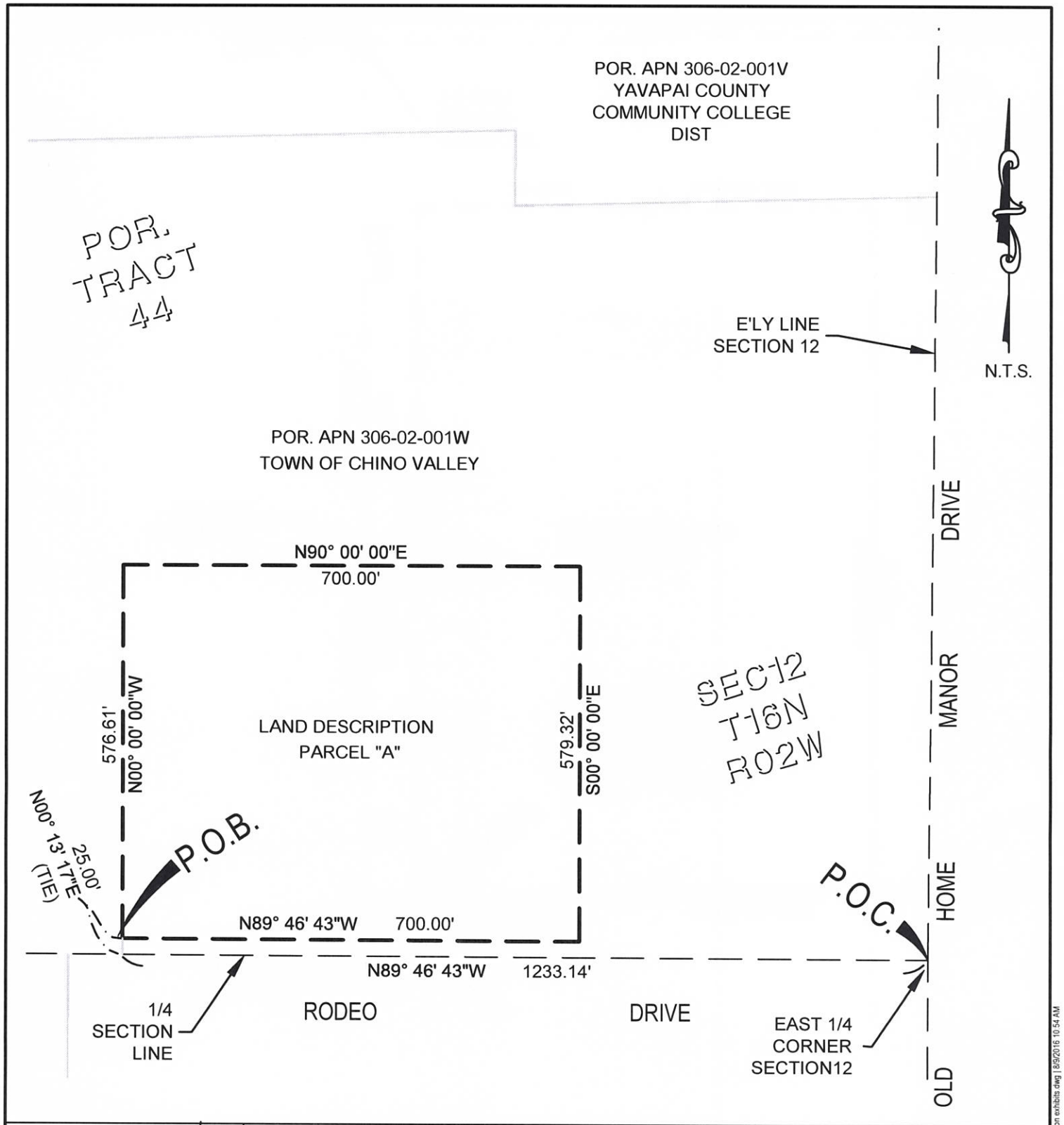
THENCE CONTINUING ALONG SAID NORTHERLY LINE NORTH 89° 46' 55" WEST A DISTANCE OF 2,563.35 FEET TO THE QUARTER SECTION LINE OF SAID SECTION 12;

THENCE ALONG SAID QUARTER SECTION LINE NORTH 00° 05' 24" EAST A DISTANCE OF 1,055.18 FEET;

THENCE SOUTH 90° 00' 00" EAST A DISTANCE OF 2,561.69 FEET;

THENCE SOUTH 00° 00' 00" WEST A DISTANCE OF 1,064.94 FEET TO THE **POINT OF BEGINNING.**

CONTAINING 2,716,435 SQUARE FEET, OR 62.361 ACRES, MORE OR LESS.



REGISTERED LAND SURVEYOR
CERTIFICATE NO.
51524
KENNETH R.
DAVIDSON
DATE SIGNED 8-8-16
ARIZONA U.S.A.

EXPIRES 09/30/2016

CIVILTEC engineering inc.

Civil, Water, Wastewater, Drainage, and Transportation Engineering
Construction Management • Surveying
California • Arizona

CHINO VALLEY, AZ

TOWN OF CHINO VALLEY

SECTION 12 LEGAL DESCRIPTIONS

EXHIBIT B

DE: KRD	CH: BT	DR: KRD	JN: 2016717.00	SHEET 1 OF 2

X:\2016\2016717.00-TOCV Section 12 Legals\Dwg\Sheets\Legal Description exhibits.dwg | 8/9/2016 10:54 AM

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TOWN OF CHINO VALLEY
COUNCIL AGENDA ITEM STAFF REPORT

Town Council Special Meeting **Item No. 3)**

Meeting Date:	08/16/2016
Contact Person:	Cecilia Grittman, Assistant Town Manager Phone: 928-636-2646 x-1202
Department:	General Services
Item Type:	Action Item
Estimated length of staff presentation:	None
Physical location of item:	Old Home Manor

Information

AGENDA ITEM TITLE:

Consideration and possible action to approve the ground lease agreement between the Town of Chino Valley and the Chino Valley Equestrian Association for an initial 5 year term, beginning August 9, 2016 through July 31, 2021 for property located at Old Home Manor.

RECOMMENDED ACTION:

Move to approve the ground lease agreement between the Town of Chino Valley and the Chino Valley Equestrian Association for an initial 5 year term, beginning August 9, 2016 through July 31, 2021 for property located at Old Home Manor.

SITUATION AND ANALYSIS:

Town Council heard a presentation from the Chino Valley Equestrian Association, ("Association"), an Arizona Corporation, on 3/8/2016. The Association has been working with the Mayor's Old Home Manor Land Use Committee, and requested the opportunity to develop acreage at Old Home Manor at the intersection of Rodeo Drive and Old Home Manor Drive for an equestrian and events center. At this meeting the Town Council directed staff to prepare a ground lease agreement with the Association.

The Association later came before the Council on 6/28/2016 to discuss the language of the ground lease agreement. They were still working with the Mayor's Land Use Committee to establish an exact location for their proposed facility at Old Home Manor. Through feasibility work with the Public Works and Development Services departments, and the Mayor's committee, a site has been established and a survey has been performed as demonstrated in Exhibit A of the Agreement.

Fiscal Impact

Fiscal Impact?: No

If Yes, Budget Code:

Available:

Funding Source:

Attachments

Ground Lease
Survey

GROUND LEASE BETWEEN THE TOWN OF CHINO VALLEY, ARIZONA, and CHINO VALLEY EQUESTRIAN ASSOCIATION

This Ground Lease ("Lease") is entered into as of the 9th day of August, 2016, by and between the Town of Chino Valley, Arizona, a political subdivision of the State of Arizona ("Landlord") and Chino Valley Equestrian Association, an Arizona non-profit corporation ("Tenant").

RECITALS

WHEREAS, Landlord warrants and represents that it owns that certain parcel of land comprising approximately eighty (80) acres of raw land located in the Town of Chino Valley, Yavapai County of Yavapai, Arizona as set forth in the legal description attached hereto as Exhibit A ("Parcel").

WHEREAS, Landlord wishes to lease the Parcel to Tenant, and Tenant wishes to lease the Parcel from Landlord, under the terms and conditions of this Lease.

WHEREAS, Tenant intends to develop the Parcel for its use as an equestrian facility which will be open to use by its members and members of the public; and

WHEREAS, the Chino Valley Town Council believes that the development and use of the facilities by Tenant will be of economic benefit to the Town and the community by attracting people to the community for equestrian events, creating demands for services, including restaurant and lodging facilities, and potentially creating new jobs and increased sales tax revenues,

NOW THEREFORE, in exchange for the mutual promises herein contained, Landlord and Tenant hereby agree to the terms and conditions set forth below:

TERMS

SECTION 1. THE PREMISES. Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to lease from Landlord, the Parcel. For purposes of this Lease, the Parcel and any improvements thereon shall be referred to as the "Premises".

SECTION 2. TERM.

A Initial Term. The term of this lease shall be for five (5) years, commencing on August 9, 2016 and ending on July 31, 2021 ("Initial Term") or until said term is sooner terminated or extended pursuant to the provisions of this Lease.

B. Extended Term. Tenant may elect to extend the Initial Term of this Lease for four (4) five-year additional terms following the expiration of the Initial Term ("Extended Term"), upon the terms, covenants, conditions, conditional limitations, and agreements herein contained, in accordance with and subject to the following conditions: Within thirty (30) days of receipt of a

notice of election, Landlord shall have provided its written consent to the Extended Term. The election for the Extended Term shall comply with the requirements of Section 5 herein or such election shall be null and void. The election to extend shall be exercised, if at all, by Tenant giving Landlord written notice at least sixty (60) days prior to the expiration of the Initial Term (or Extended Term, as appropriate). During each Extended Term, all of the terms and conditions of this Lease shall continue in full force and effect. A notice of election to extend the term of this Lease shall have no effect, and the extension period shall not become effective, if at the time such notice is given, or at any time thereafter until the expiration of the Initial Term, Landlord has delivered to Tenant a written notice of default under the terms of this Lease, and such default is not timely cured pursuant to Section 17, below. Tenant's right to extend the term of this Lease shall be subject to the provisions of Section 5, below. Any reference hereinafter in this Lease to the "Term" shall be deemed to refer to the Initial Term plus, as applicable, any Extended Term.

SECTION 3. POSSESSION.

Landlord covenants to provide Tenant with peaceful possession of the Premises, and Tenant, by taking possession of the Premises, acknowledges that the Premises are in satisfactory and acceptable condition for its use.

SECTION 4. USE.

A. Tenant may use and occupy the Premises and the approved improvements thereon primarily for the following purposes: equestrian and equestrian-related facilities activities, including rodeos, and for athletic, recreational, entertainment, artistic, cultural, or convention activities and events, including related concessions (the "Allowed Purpose"). Subject to the provisions of Section 8, below, and further subject to applicable law, ordinance, regulation and required approvals and permitting, the construction, maintenance and demolition of improvements upon the Premises to facilitate the Allowed Purpose also shall be considered allowed pursuant to this Lease. Tenant's use of the Premises for any unrelated purpose may, at the Landlord's discretion, constitute a breach. Tenant shall be responsible for all utility extensions required for the Allowed Purpose and for obtaining any necessary access easements to the Premises. Landlord makes no representation regarding the suitability of the Premises for the Allowed Purpose.

B. Tenant may, from time to time, allow use of the Premises by other private or public entities for an event or limited purposes, but only after providing prior written notice to Landlord. Any entity using the Premises shall be required to comply with the insurance and indemnification provisions of this Lease, naming the Town of Chino Valley as an additional insured. For rodeos and other potentially hazardous events, Tenant and any third party provider shall also comply with the requirements set forth below in Sections 9 and 22.

C. Intoxicating Beverages and Liquor: Use and sale of alcoholic beverages on the Premises shall not be permitted unless approved in writing by Landlord. Tenant, its agents, employees or representatives may keep, handle, sell, use or give away intoxicating beverages and liquors of any kind on the Premises only in compliance with Arizona Revised Statutes, Title 4, as permitted by the Arizona Department of Liquor Licenses and Control, and as permitted in writing by

Landlord. Nothing in this Agreement shall prohibit Tenant or its agents, employees, or representatives from obtaining a Special Event Liquor License. Additionally, private individuals authorized in writing by Tenant to use the Premises for private parties may serve alcohol on the Premises, so long as prior written approval has been obtained from Landlord.

SECTION 5. REQUIRED IMPROVEMENTS AND ALTERATIONS.

A. The Premises shall be in compliance with the Town of Chino Valley Unified Development Ordinance ("UDO") at all times during the Term, including but not limited to any requirements for screening, perimeter landscaping, setbacks and similar provisions required for the Allowed Purpose in the _____ zoning district.

B. Tenant shall obtain required approvals for and shall construct and obtain a certificate of occupancy for the improvements set forth on the Site Plan, attached hereto as Exhibit B, and incorporated herein by this reference, in compliance with the following schedule:

1. Within two years of the effective date of this Lease, Tenant shall submit to the Town Development Services Department a completed application for and shall obtain required Town approval of the Site Plan and a phased development plan substantially similar to the Site Plan set forth in Exhibit B.

2. All of the improvements that are designated as Phase I improvements ("Phase I Improvements") on the Site Plan shall be constructed and a certificate of occupancy obtained therefor by no later than the end of the Initial Term of this Lease.

3. Tenant shall construct the remainder of the improvements pursuant to the phased development plan and the Site Plan on a schedule to be determined and agreed upon by Tenant and Landlord during the remainder of the Lease Term.

C. Tenant shall make no alterations to or construct any improvements on the Premises without the prior written consent of the Landlord, which shall not be unreasonably withheld; provided however that any such alteration or improvement shall comply with applicable requirements and procedures of the UDO and other applicable Town Codes.

D. To the extent that at the time Tenant provides notice of its election of the Extended Term pursuant to Section 2B, (i) Tenant has in good faith submitted to Landlord for approval any necessary plans to comply with such requirements and Landlord's approval remains pending; or (ii) Tenant has in good faith commenced and is diligently working to complete improvements previously approved by Landlord and such improvements are not yet completed, then Tenant's right to the Extended Term shall be conditioned upon completion of required improvements in a manner and within such period of time as Landlord may reasonably require. Should Tenant fail to meet either of the foregoing conditions at the time that it provides notice of its election of the Extended Term, such notice shall not be effective.

Use by Landlord. Tenant shall permit Landlord to use the Premises for a scheduled event free of charge for a minimum of one time per quarter per calendar year. Such permission by Tenant shall not be unreasonably withheld.

SECTION 6. BASE RENT.

Tenant hereby agrees to pay and Landlord hereby agrees to accept as rent for the Premises the following: Ten Dollars ($10.00 per year. The rent from the effective date of this Lease through December 31, 2016 shall be prorated for such period of time. Thereafter, rent for each year shall be due on January 1 of each year of this Lease. Such rent shall be exclusive of all other amounts payable by Tenant pursuant to this Lease.

SECTION 7. REQUIRED ANNUAL REPORTS

On or before December 15 of each year during which this Lease is in effect, Tenant shall make a report to the Chino Valley Town Council which shall, at a minimum, include the following information:

1. Activities held by Tenant during the past year, including a breakdown of how many were member-only and how many were open to the public in general;

2. Level of membership;

3. Type and frequency of use of facilities by members;

4. As to events held by other parties: type, attendance, sponsorship and any additional information relevant to the Town;

5. Progress on improvements planned, constructed, and built during the year;

6. Financial report of the 501(c)3;

7. Progress on improvements planned for the next year.

SECTION 8. HAZARDS.

Tenant shall not use the Premises, nor permit them to be used, for any purpose which shall increase the existing insurance rates under Landlord’s policies for the Premises, or cause the cancellation of any insurance policy of Landlord’s covering the premises without providing contemporaneous and reasonably equivalent replacement coverage, or sell or permit to be kept, used, or sold in or about the Premises, any item that may be prohibited by Landlord's insurance policies, unless the insurance policy is transferred to Tenant by prior written consent of Landlord.

A. Tenant shall not commit any waste upon the Premises, nor cause any public or private nuisance or other act that may disturb the quiet enjoyment of any other tenant or adjacent property owner or tenant.

B. Tenant shall not allow the Premises to be used for any improper, immoral, unlawful, or unsafe purpose, including, but not limited to, the storage of any flammable materials or hazardous waste other than those listed on the attached Exhibit C.

C. Tenant shall not use any machinery or device on said Premises that may make any noise or cause any vibration that can be detected by other tenants, or that shall in any way be detrimental to the premises, except for purposes of constructing improvements or by written agreement between Parties.

D. Tenant shall not hold or allow others to hold rodeo or similar hazardous events on the Premises unless Tenant or the sponsoring party has obtained insurance coverage for such event naming the Town of Chino Valley as an additional insured and such policy is primary and non-contributory, waiving subrogation. Tenant shall provide Landlord with endorsements to prove that Tenant's insurance carrier has agreed to these terms and has so endorsed the policy. In the event that Tenant has contracted with or otherwise engaged a third party vendor to conduct such an event, the vendor shall provide the same insurance, endorsements, and assurances as stated above.

SECTION 9. HAZARDOUS MATERIAL.

A. Tenant recognizes that assuring protection of public health, welfare and the environment from activities upon the Premises during the Term of this Lease is an important consideration for Landlord and during such Lease Term the federal, state and local laws, rules, regulations and ordinances relating to pollution, protection of the environment, public health, safety or industrial hygiene (hereinafter referred to as the "Applicable Laws") will change. Tenant warrants that throughout the Term of this Lease, Tenant will maintain compliance with all Applicable Laws.

B. Tenant further warrants, unless disclosed and agreed to by Landlord, that no liquid, solid, semi-solid or gaseous substances (hereinafter referred to as Regulated Substances) which are, or during the Term of this Lease may become, subject to regulation under Applicable Laws, other than those listed on Exhibit C, will be used on the Premises. Tenant shall not have on the Premises any Regulated Substances, other than those listed on Exhibit C. Regulated Substances include, but are not limited to, any and all substances, materials or wastes regulated under the Resource Conservation and Recovery Act, 43 U.S.C. Section 8909, et. seq.; the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et. seq.; the Toxic Substances Control Act, 15 U.S.C. Section 2601, et. seq.; the Arizona Hazardous Waste Management Act, A.R.S. Section 49-921, et. seq.; the Arizona Underground Storage Tank Regulation Act, A.R.S. Section 49-101, et. seq.; and the rules and regulations adopted and guidelines promulgated pursuant to the Applicable Laws.

C. In addition to the other requirements of this section, Tenant shall not release, discharge, leak or emit, or permit to be released, discharged, leaked or emitted into the atmosphere, ground, soil, sewer system, surface water or groundwater any substance if such substance (as reasonably determined by Landlord, or any governmental authority) does or may pollute or contaminate the same, or may adversely affect (a) the environment, (b) the health, welfare or safety of persons

whether located on the Premises or elsewhere, or (c) the condition, value, use or enjoyment of the Premises or any other real or personal property. Tenant has or will timely obtain, maintain and comply with all provisions of all permits, licenses and other authorizations which are required under the Applicable Laws (hereinafter referred to as the "Permits").

D. Tenant shall immediately notify Landlord, orally and in writing, of any allegations by any governmental authority or other person or entity of any event of non-compliance with the applicable laws or permits of this section. Tenant shall also immediately notify Landlord orally and in writing, of any allegations by any governmental authority or other person or entity, of any events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent continued compliance with Applicable Laws, Permits or the provisions of this section, or which may give rise to any common law or legal liability, or otherwise form the basis of any claim, action, suit, proceeding, hearing or investigation, based on or related to the generation, manufacture, distribution, use, treatment, storage, disposal, transport, or handling, or the emission, discharge, release or threatened release into the environment, of any pollutant, contaminant or Regulated Substance.

E. Landlord, or its authorized representative, agent or contractor, shall have the right, upon reasonable notice, to inspect the Premises and to review and copy documents, records, and data maintained by Tenant relating to substances used and stored on the Premises or disposed of, released or otherwise removed from the Premises, in order to assure itself that Tenant is in compliance with the provisions of this Section.

F. In addition, Landlord shall have the right, at its expense, to perform periodic environmental inspections as Landlord deems necessary using the services of a qualified and duly licensed environmental engineers approved by Tenant whose approval thereof may not be unreasonably withheld. The said engineers shall conduct such sampling and testing of soils, water, substances and emissions as Landlord deems necessary to assure itself that Tenant is in compliance with the provisions of this Section. In the event the results of the inspection indicate a need for further testing and/or remediation as a result of Tenant's use of the Premises in order to comply with ADEQ or EPA remediation standards or guidelines, then Tenant hereby agrees to reimburse Landlord for its reasonable inspection costs and to pay for such additional testing and remediation as will be required as a consequence of Tenant's use of the Premises. Should remediation be required as a consequence of Tenant's use of Premises, Tenant shall immediately undertake such remediation as is necessary to restore the condition of the Premises and shall diligently pursue such work to completion. Tenant's failure to timely perform its obligations under this Section shall be considered a material breach of this Lease, and Tenant's obligations under this Section shall continue beyond the expiration or termination hereof. Nothing in this Section shall constitute a waiver of any right of Tenant, including without limitation, the right to receive contribution from any individual or entity responsible for contamination of any part of the Premises.

G. To the fullest extent permitted by law, Tenant agrees to indemnify, defend and hold Landlord harmless for any costs of legally required remediation of environmental contamination and from any claims, demands, actions, suits, proceedings, hearings, investigations, responsibility, liability, orders, injunctions, judgments, fines, damages and losses of any nature

whatsoever, arising out of or relating in any way to Tenant's present or future use of, or activities or operations on or at, the Premises, or arising from or relating to any breach of the provisions of this Section. Tenant also agrees to indemnify and hold Landlord harmless any costs and expenses incurred in connection therewith, including without limitation, any attorneys' and expert witness fees, investigation, clean up, removal, disposal, remedial, corrective, or mitigating action costs, fines and penalties related in any way to Tenant's use of the Premises. These indemnities shall survive the termination of this Lease.

SECTION 10. ENTRY BY LANDLORD.

Landlord, its agents, contractors, and representatives may enter the Premises to inspect or show the Premises. Landlord shall provide Tenant with reasonable prior notice of entry into the Premises, which may be given orally. If reasonably necessary for the protection and safety of Tenant and its employees, Landlord shall have the right to entry into the Premises without prior notice. Nothing herein is intended to be nor shall it be deemed in derogation of Landlord's police and public safety powers granted under applicable law. Entry by Landlord shall not constitute constructive eviction or entitle Tenant to an abatement or reduction of Rent.

SECTION 11. FIXTURES AND PERSONAL PROPERTY.

Any trade fixtures, equipment, or personal property permanently installed in or permanently attached to the Premises by or at the expense of Tenant shall be and shall remain the property of Tenant, except as otherwise agreed in writing by Tenant and Landlord. Tenant shall have the right to remove any and all of such property prior to the expiration or termination of this Lease Agreement, so long as no default exists under this Lease. Tenant shall, at its expense, repair any damage caused to the Premises by reason of the removal of any of its trade fixtures, equipment, or other permanently affixed personal property as described above.

SECTION 12. REPAIRS AND MAINTENANCE.

Tenant shall repair any damage caused to the Premises by Tenant, its employees, agents, invitees, licensees, or visitors. However, if Tenant fails to make any such repairs or replacements promptly, Landlord may, in its sole discretion, make such repairs after providing at least thirty (30) days prior written notice to Tenant, and Tenant shall repay the reasonable cost of such repairs to Landlord upon demand.

SECTION 13. TAXES

A. Together with and in addition to any payment of rent or any other sums payable to or for the benefit of Landlord pursuant to this Lease, Tenant shall pay to Landlord any excise, sales, occupancy, franchise, privilege, rental or transaction privilege tax levied by any governmental authority upon Landlord as a result and to the extent of such payments hereunder or as a result of Tenant's use or occupancy of the Premises, and any taxes assessed or imposed in lieu of or in substitution for any of the foregoing taxes whether now existing or hereafter enacted.

B. Tenant understands and agrees that in the event the Premises becomes subject to a government property lease excise tax pursuant to Arizona Revised Statutes, title 42, chapter 6, article 5, Tenant shall pay such excise tax and Landlord shall have no responsibility whatsoever for such excise tax.

SECTION 14. EMINENT DOMAIN.

Either party may terminate this Lease if the whole or any material part of the Premises shall be taken or condemned for any public or quasi-public use under Law, by eminent domain or private purchase, in lieu thereof (a "Taking"). Landlord shall also have the right to terminate this Lease if there is a Taking of any portion of the Parcel which would leave the remainder of the property unsuitable for use. In order to exercise its right to terminate the Lease, Landlord or Tenant, as the case may be, must provide written notice of termination to the other within 45 days after the terminating party first receives notice of the Taking. Any such termination shall be effective as of the date the physical taking of the Premises or the portion of the Property occurs. If this Lease is not terminated, the acreage leased by the Tenant and the Tenant's Pro Rata Share shall, if applicable, be appropriately adjusted. In addition, Rent for any portion of the Premises taken or condemned shall be abated during the unexpired Term of this Lease effective when the physical taking of the portion of the Premises occurs. All compensation awarded for a Taking, or sale proceeds (other than any compensation which may be separately awarded to Tenant pursuant to the terms of the next succeeding sentence), shall be the property of Landlord, any right to receive compensation or proceeds being expressly waived by Tenant. However, Tenant may file a separate claim at its sole cost and expense in connection with such Taking for Tenant's property and Tenant's reasonable relocation expenses, provided the filing of the claim does not diminish the award which would otherwise be receivable by Landlord. As used in this section, the word "condemned" shall include (a) receipt of written notice of the intent to condemn from an entity having the power of eminent domain, (b) the filing of any action or proceeding for condemnation by any such entity, and (c) the conveyance of any interest in the Premises by the Landlord or the Tenant to a public or quasi-public authority having the power of eminent domain with respect to the Premises as a result of the authority's express written intent to condemn.

SECTION 15. ASSIGNMENT AND SUBLETTING.

Tenant shall not assign, transfer, mortgage, pledge, encumber, sublet or part with the possession of the whole or any part of the Premises without first obtaining the written consent of Landlord. Such consent shall not be unreasonably withheld, but may be conditioned upon Tenant remaining liable for the performance of all obligations under this Lease through the remainder of the Term, together will all extensions, expansions, and renewals that may have been executed by Tenant and Landlord prior to any such assignment.

SECTION 16. DEFAULT BY TENANT.

Tenant shall be considered to be in default of this Lease upon the occurrence of any of the following events of default:

A. Tenant's failure to pay when due all or any portion of the Rent, if the failure continues for five (5) business days after written notice to Tenant ("Monetary Default").

B. Tenant's material breach (other than a Monetary Default) of any other term, provision, or covenant of this Lease, if such breach is not cured within ten (10) business days after written notice to Tenant. However, if Tenant's breach cannot reasonably be cured within 10 business days, Tenant shall be allowed additional time (not to exceed 75 days) as is reasonably necessary to cure the breach so long as: (1) Tenant commences to cure the breach within 10 business days, and (2) Tenant diligently pursues a course of action that will cure the breach and bring Tenant back into compliance with the Lease. However, if Tenant's breach creates a hazardous condition, including but not limited to any breach of the provisions of Section 19, above, the breach must be cured immediately upon notice to Tenant. In addition, if Landlord provides Tenant with notice of Tenant's failure to comply with any particular term, provision or covenant of the Lease on three (3) occasions during any twelve (12) month period, any subsequent violation of such term, provision or covenant shall, at Landlord's option, be an incurable event of default by Tenant.

C. Tenant is unable to pay its debts when due or admits in writing its inability to pay its debts when due, makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors.

D. Tenant obtains its leasehold estate by a taking of the leasehold estate of a prior tenant hereunder by process or operation of Law.

E. Tenant is in default beyond any notice and cure period under any other lease or agreement with Landlord.

SECTION 17. REMEDIES.

Upon the occurrence of any Event of Default under this Lease, regardless of whether specifically enumerated in Section 17, Landlord shall have the option to terminate this Lease and Tenant's right of possession, in addition to any relief allowed at law or in equity.

SECTION 18. REDELIVERY OF PREMISES.

Tenant agrees to redeliver to Landlord the physical possession of the Premises at the end of the Term of this Lease, in substantially similar or better condition as delivered to Tenant at the commencement of this Lease. All Improvements placed on the Premises during the Term of this Lease shall be removed at Landlord's request, and at the cost of Tenant. If Tenant fails to remove the Improvements within thirty (30) days of written notice by Landlord to do so, Landlord may remove the Improvements and charge the cost to the Tenant. Tenant shall pay such costs within ten (10) business days of the date of the invoice for such removal.

SECTION 19. HOLDING OVER.

Any holding over after the expiration of the Term of this Lease shall be deemed to constitute a tenancy from month to month only, and shall be on the same terms and conditions as specified in this Lease, so far as applicable, and at a monthly rental equal to that for the last month of the Term of the Lease.

SECTION 20. ATTORNEY'S FEES.

If either party institutes a lawsuit against the other to construe, enforce, or for breach of this Lease, or if either party intervenes in any suit in which the other is a party to enforce or protect its interest or rights pursuant to the Lease, the prevailing party shall be entitled to all of its costs and expenses, including, without limitation, reasonable attorneys' fees.

SECTION 21. TIME IS OF THE ESSENCE.

Time is of the essence in this Lease.

SECTION 22. INDEMNIFICATION AND INSURANCE.

A. Disclaimer of Liability. Landlord shall not at any time be liable for injury or damage occurring to any person or property from any cause whatsoever arising out of Tenant's use of the Premises.

B. Indemnification.

1. Tenant shall indemnify and hold harmless Landlord, its agents, employees, councilmembers, boards and assignees, from and against any and all liability, claims, damages, penalties, costs, charges, losses and expenses for attorneys, expert witnesses and consultants, for any bodily injury, loss or damage to any person or property arising out of or occasioned by the use or occupancy of the Premises by Tenant and from and against all bodily injury, loss, claim, or damage to any person or property anywhere occasioned by any act or omission of Tenant.

2. If Landlord shall, without fault of Landlord, be made a party to any litigation commenced by or against Tenant for any of the above reasons, then Tenant shall protect, defend and hold Landlord harmless and pay all costs, penalties, charges, damages, expenses, and reasonable attorney's fees incurred or paid by Landlord.

3. Tenant shall assume all risks of loss injury or damage of any kind or nature whatsoever to any fixture or other structure belonging to Tenant which may be now or hereafter placed upon or in the Premises and all risks of loss, injury or damage of any kind or nature whatsoever to the contents of such structures or to any goods, merchandise, chattels or any other property now or that may hereafter be upon said leased premises whether belonging to Tenant or others. If there is such loss, injury or damage resulting from fire or other agency, and whether the same be caused by the negligence of Landlord or any of its employees or agents or otherwise

and to save and keep harmless Landlord from all claims and suits growing out of any such loss, injury or damage.

4. As used herein, the term "person" means any person, firm, corporation, association, partnership, trust, joint venture, or other entity.

C. Insurance.

1. Tenant shall, at Tenant's expense, obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability insurance insuring Landlord and Tenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Minimum coverage for Comprehensive General Liability insurance is $1,000,000 per occurrence and $2,000,000 aggregate. The limit of said insurance shall not, however, limit the liability of the Tenant hereunder. Tenant may carry said insurance under a blanket policy, providing, however, said insurance by Tenant shall have a Landlord's protective liability endorsement attached thereto. If Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain same, but at the expense of Tenant. Insurance required hereunder, shall be in companies rated A+, AAA or better in "Best's Insurance Guide". Tenant shall deliver to Landlord prior to occupancy of the Premises copies of policies of liability insurance required herein or certificates evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Landlord. No policy shall be cancelable or subject to reduction of coverage except after ten (10) days' prior written notice to Landlord. All policies shall name the Town of Chino Valley as an additional insured and shall not provide "members only" coverage.

2. For special events, including rodeos and other rough stock events, Tenant shall provide, or Tenant shall require the event sponsor to provide, additional insurance with minimum coverage to be established by Landlord, after consultation with Landlord's insurance provider and risk manager.

SECTION 23. SIGNAGE.

A. Landlord reserves the right for itself or its agents to install a sign designating the Premises for sale at any time during the Term of the Lease, or for lease at any time: 1) after either Party exercises the right to terminate this Lease prior to the end of its Term; 2) after thirty (30) days prior to the expiration of the Initial Term, so long as Tenant has not given enforceable notice of an intent to exercise its right to the Extended Term; or 3) after sixty (60) days prior to the expiration of an Extended Term. Landlord shall be permitted to show the Premises to a prospective buyer, subject to the provisions of Section 11, above, but may not show the Premises to a prospective tenant except during the periods of time detailed above wherein Landlord may display signage designating the Premises for lease.

SECTION 24. COMPLIANCE WITH LAWS.

Tenant agrees to observe all laws and governmental regulations applicable to its use of the Premises, together with all reasonable rules and regulations that may be promulgated from time to time by Landlord.

SECTION 25. SUBORDINATION.

This Lease is subject and subordinate to all mortgages and deeds of trust which may now or hereafter encumber the Premises, or any appurtenances thereto, or any leases, renewals, or modifications related thereto. This clause shall be self-operative and no further instruments of subordination shall be required in order for this clause to be effective. Tenant hereby agrees to execute, within ten (10) days of a request, any and all reasonable instruments in writing required by Landlord or any lender to subordinate Tenant's rights acquired by this Lease in accordance with this clause.

SECTION 26. DEFINITION OF "LANDLORD".

At any relevant point in time, the term "Landlord" shall mean the present owner of the Premises, and in the event of any transfer of ownership, the prior owner shall be released and discharged from future performance of the covenants and obligations of Landlord pursuant to this Lease, but such covenants and obligations shall be binding during the Lease Term on each new owner, and their successors and assigns for the duration of this Lease.

SECTION 27. LANDLORD'S LIEN.

A. Landlord shall have at all times a valid lien for all rentals and other sums of money becoming due under this Lease from Tenant, subject to any purchase money liens or security interests outstanding from time to time to third parties, on all goods, wares, equipment, fixtures, furniture, and other personal property of Tenant situated on and in the Premises. After notice of default is given by Landlord, such property shall not be removed from the premises without the consent of Landlord which shall be given when all rent in arrears as well as any and all other sums of money then due to Landlord under this Lease have been paid.

B. Tenant hereby grants a security interest, subject to any purchase money liens or security interests executed by Tenant outstanding from time to time to third parties, in such personal property described in this Section 28. The lien hereby granted may be foreclosed on in the manner and form provided for under Arizona law or in any other manner and form provided by law.

SECTION 28. ENTIRE AGREEMENT.

This Lease constitutes the entire agreement between the parties and supersedes all prior agreements and understandings related to the Premises, including all lease proposals, letters of intent and other documents.

SECTION 29. NOTICE.

Wherever in this Lease it is required or permitted that notice or demand be given or served by either party on the other, such notice or demand shall be deemed given or served when written and hand delivered, or deposited in the United States Mail, certified, return receipt requested, postage prepaid, addressed as follows:

To Landlord: Town Manager
Town of Chino Valley
202 North State Route 89
Chino Valley, AZ 86323

To Tenant:

IN WITNESS WHEREOF, each of Landlord and Tenant has caused this Lease to be executed on this _____ day of _____, 2016.

TENANT: _____

By: _____
Name:
Title:

LANDLORD: _____
Chris Marley, Mayor

Approved as to Form:

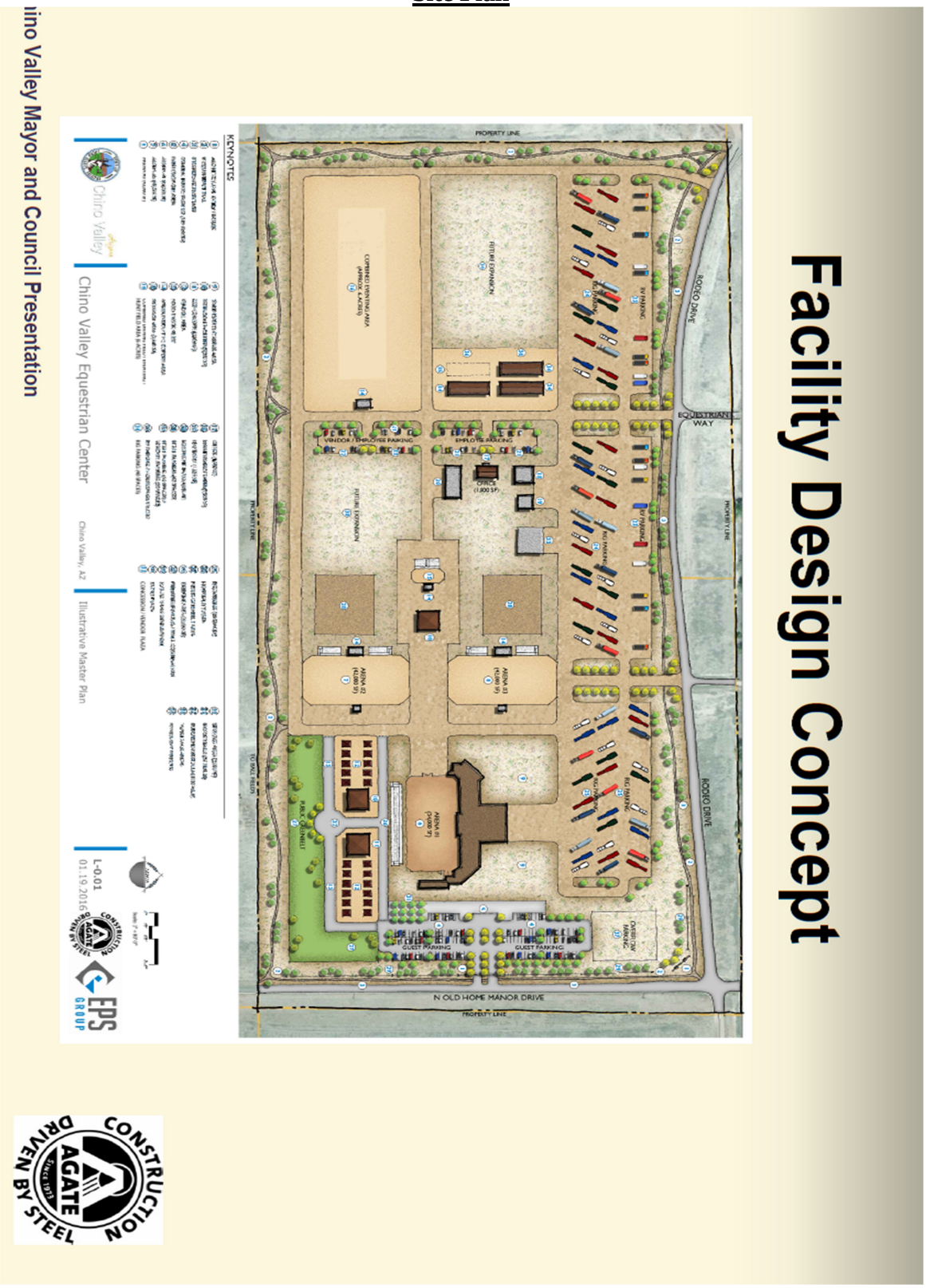
_____
Phyllis L.N. Smiley, Town Attorney

EXHIBIT A

Parcel Legal Description

EXHIBIT B

Site Plan



ino Valley Mayor and Council Presentation

EXHIBIT C

Hazardous Materials Inventory

EXHIBIT "A"

LAND DESCRIPTION

TOWN OF CHINO VALLEY

PARCEL "A"

THAT PORTION OF TRACT 44, LOCATED IN SECTION 12, TOWNSHIP 16 NORTH, RANGE 2 WEST, GILA AND SALT RIVER BASE AND MERIDIAN, IN THE TOWN OF CHINO VALLEY, COUNTY OF YAVAPAI, STATE OF ARIZONA, MORE PARTICULARLY DESCRIBED AS FOLLOWS……

COMMENCING AT THE EAST QUARTER CORNER OF SAID SECTION 12;

THENCE WESTERLY ALONG THE QUARTER SECTION LINE OF SAID SECTION 12 NORTH 89° 46' 43" WEST A DISTANCE OF 1,233.14 FEET;

THENCE NORTH 00° 13' 17" EAST A DISTANCE OF 25.00 FEET TO THE **POINT OF BEGINNING**;

THENCE NORTH 00° 00' 00" WEST A DISTANCE OF 576.61 FEET;

THENCE NORTH 90° 00' 00" EAST A DISTANCE OF 700.00 FEET;

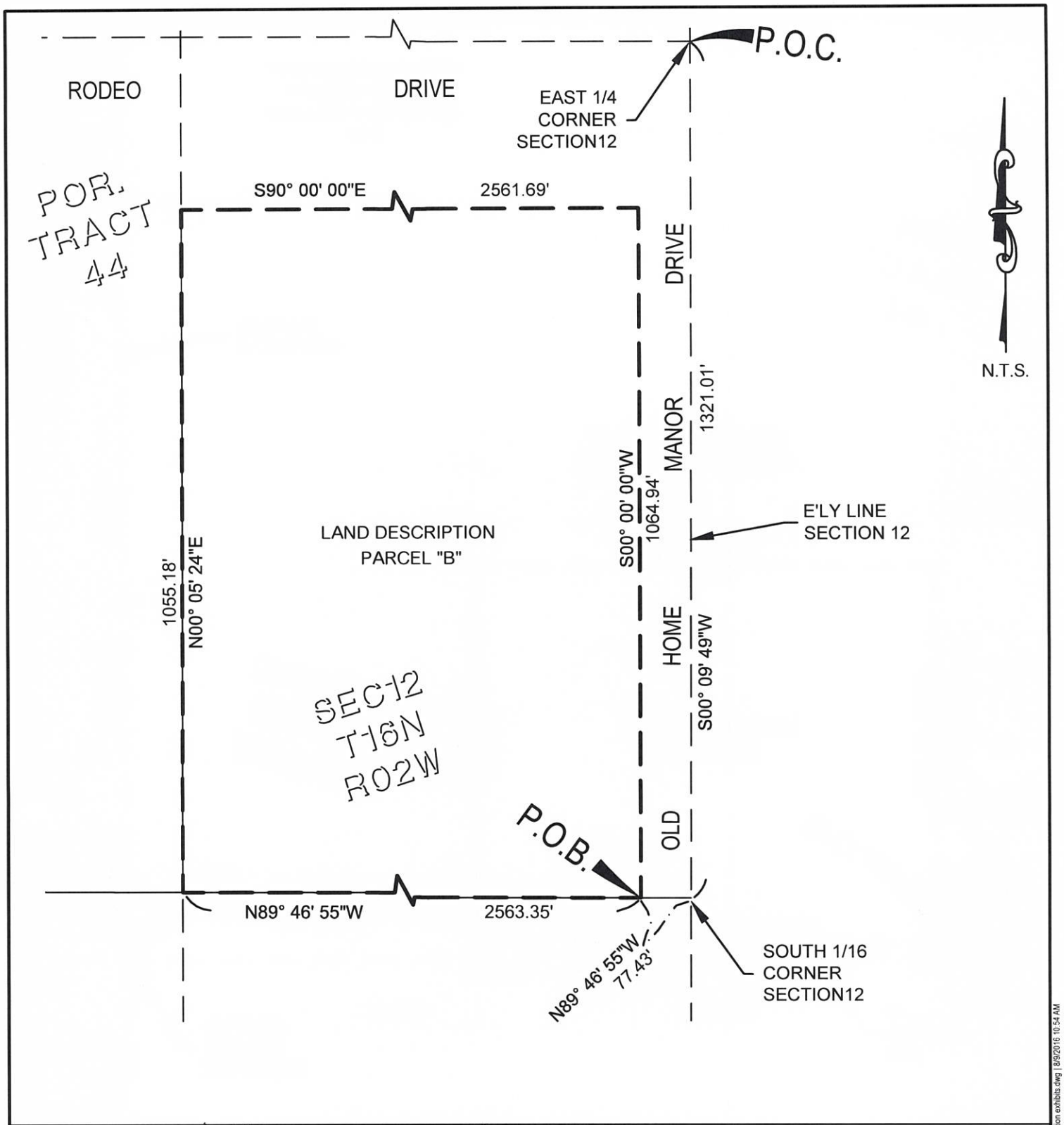
THENCE SOUTH 00° 00' 00" EAST A DISTANCE OF 579.32 FEET TO A POINT ON A LINE WHICH IS PARALLEL WITH, AND DISTANT 25.00 FEET NORTHERLY OF SAID QUARTER SECTION LINE,

THENCE ALONG SAID LINE NORTH 89° 46' 43" WEST A DISTANCE OF 700.00 FEET TO THE **POINT OF BEGINNING**.

CONTAINING 404,580 SQUARE FEET, OR 9.288 ACRES, MORE OR LESS.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
51524
KENNETH R.
DAVIDSON
DATE SIGNED 8-8-16
ARIZONA U.S.A.

EXPIRES 09/30/2016



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CIVILTEC
engineering inc.
Civil, Water, Wastewater, Drainage, and Transportation Engineering
Construction Management • Surveying
California • Arizona

CHINO VALLEY, AZ

TOWN OF CHINO VALLEY

SECTION 12 LEGAL DESCRIPTIONS

EXHIBIT B

DE: KRD	CH: BT	DR: KRD	JN: 2016717.00	SHEET 2 OF 2

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