

LEASE AGREEMENT WITH OPTION TO PURCHASE

THIS LEASE AGREEMENT WITH OPTION TO PURCHASE (this “Agreement”) is made this ____ day of _____ 2025 (“Effective Date”), by and between the City of Maricopa, an Arizona municipal corporation (“Lessor” or “City”), and Open Arms Vocational Living Center, Inc., an Arizona nonprofit corporation (“Lessee”). Lessor and Lessee may be referred to herein, collectively, as the “Parties” and, each individually, as a “Party.”

RECITALS:

A. Lessor is the fee owner of real property situated in Pinal County, generally known as Assessor Parcel No. 510-26-046, and described on Exhibit “A” attached hereto (the “Lessor Property”).

B. Lessor desires to lease the Lessor Property to for the exclusive use by Lessee to construct and provide transitional housing and services for men who have aged out of the foster care system.

AGREEMENTS:

NOW, THEREFORE, in consideration of the premises and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Incorporation of Recitals and Exhibits. The foregoing Recitals and the Exhibits attached hereto are incorporated herein as agreements of the Parties and as material parts of this Agreement.
2. Lease of Lessor Property. City agrees to lease to Lessee and Lessee agrees to lease from City the Lessor Property for Lessee’s exclusive use.
3. Lease Term. The term of this Agreement shall be for a period of ten (10) years commencing upon the Effective Date, unless extended or terminated in accordance with the terms of this Agreement.
4. Rent. As rent for the use of the Lessor Property, Lessee agrees during the term of this Lease to pay One Dollar (\$1.00) per month on the 1st day of each and every month during the term of this Agreement. In addition, Lessee agrees to pay for all utilities, insurance, construction, taxes, assessments and costs related to the Lessor Property as set forth herein.
5. Permitted Purposes. Lessor, in consideration of the terms, covenants and conditions contained in this Agreement to be observed and performed, hereby grants and conveys perpetual, exclusive, access for the purposes of constructing and providing transitional housing and services for men who have aged out of the foster care system and any uses ancillary thereto and for all other uses expressly contemplated by this Agreement. Any change or modification of the

permitted purposes must be approved in writing by Lessor prior to such modified use commencing. All activities by Lessee shall be conducted in compliance with all applicable laws, rules and regulations governing the Lessor Property and Lessee's activities thereon. Lessee shall not allow any waste or nuisance on Lessor Property, or use the or allow the Lessor Property to be used for any unlawful purposes. Lessee acknowledges and agrees that failing to (i) commence construction as provided herein; (ii) diligent pursue the completion of construction; or (iii) provide transitional housing and services for men who have aged out of the foster care system on the Lessor Property for a period of thirty (30) days or more during the term of this Agreement shall constitute a default by Lessee.

6. Taxes and Utilities. Lessee will be solely responsible for securing and paying for all utility facilities necessary to provide utilities to the Lessor Property. Such utilities include, but are not limited to, water, wastewater, electric, gas, telephone and internet. Lessee will also be solely responsible for promptly paying for all utilities servicing the Lessor Property and all taxes, assessments and other costs related to the Lessor Property and any improvements thereon including, but not limited to, real property taxes and taxes levied against Lessor's personal property, and excise, transaction, sales or privilege taxes.

7. Acceptance of Lessor Property. Lessee's taking of possession of the Lessor Property shall be conclusive evidence of Lessee's acceptance thereof in good order and satisfactory condition. Lessee agrees that no representation respecting the condition of the Lessor Property and that no promises to alter, repair or improve the Lessor Property either before or after the execution hereof, have been made by Lessor or its agents to Lessee unless the same are contained herein.

8. Alterations and Improvements. Lessee, at its sole cost and expense, shall be permitted to construct and provide traditional housing and services for youth who have aged out of the foster care system and any uses ancillary thereto and any related improvements on the Lessor Property as set forth herein. Any such construction and services shall be subject to Lessor's applicable rules and regulations. Such construction shall occur when Lessee, in its sole and absolute discretion, determines adequate funding is available. Any other alterations or improvements of the Lessor Property shall require the prior written permission of Lessor.

9. Maintenance of Lessor Property. Lessee shall maintain and repair the Lessor Property and any improvements thereon in good order, condition and repair. Any provision of this Agreement to the contrary notwithstanding, a Party shall bear, without right of reimbursement, all costs necessary to repair any damage (beyond normal wear and tear) to any improvements or other property caused by the actions of such Party or its contractors, agents, employees, licensees or invitees.

10. Construction of Improvements.

A. Compliance with Applicable Rules. All construction and improvements shall comply with all applicable laws, regulations and ordinances, whether federal, state or local.

B. Approval of City. Lessee shall not construct or substantially alter or

modify any buildings, structures or other improvements on the Lessor Property without the City's prior written approval of its plans and specifications, which approval may be withheld in the City's sole discretion. Items of normal repair and maintenance and minor alterations and modifications need not be submitted to the City for approval. The City's approval shall not constitute an opinion or warranty that the improvements themselves comply with local building codes or other applicable law.

C. Milestones for Improvements to Lessor Property. Lessee agrees to make the following improvements in accordance with the following schedule at its sole cost and expense. Lessee hereby acknowledges and agrees that failing to complete these improvements within the requisite time period shall constitute a default by Lessee.

1. Submission of all information required for the City to review and issue a building permit for a Vocational Living Center described in Section 10(c)(2) in sufficient time to meet the requirement of Sections 10(c)(2) and 10(c)(3).

2. Commence construction of on-site improvements on the Lessor Property within twenty-four (24) months of the Effective Date. The on-site improvements shall include the parking lot, drainage, grading, sidewalks, landscaping and extending and connecting water and wastewater.

3. Commence vertical construction of approximately 1,500 square foot Vocational Living Center that includes residential accommodations for youth aged 18 and older who have transitioned out of the foster care system within twenty-four (24) months of the Effective Date.

D. Title to Alterations and Improvements. Unless Lessee purchases the Lessor Property as set forth herein, title to all improvements and alterations on the Lessor Property shall vest in the City upon the expiration or termination of this Agreement, and Lessee agrees to execute and deliver to the City, within thirty (30) days after the City's request therefore, a bill of sale or deed confirming that title to such improvements and alterations is vested in the City.

E. Permit Required. Lessee shall be responsible for determining whether it is subject to local building codes or building permit requirements, and for compliance with them to the extent they are applicable. All structural, electrical, plumbing or mechanical construction or reconstruction shall conform to City of Maricopa construction and technical codes. No such work shall be commenced without first submitting required plans and obtaining required permits from the City. All such work shall be permitted, inspected and approved by the City prior to concealment or use.

F. Mechanics' Liens; Payment Bonds. Lessee shall promptly pay all entities supplying labor or materials in connection with any construction on the Lessor Property and shall keep the Lessor Property free and clear of liens and claims of lien. Lessee shall, in addition, prior to commencement of any construction, require the contractor to provide a labor and materials payment bond in the full contract amount to protect claimants supplying labor and materials in

connection with the construction. The bond shall comply in all respects with the requirements of A.R.S. §33-1003 and A.R.S. §34-223 as amended. The bond shall be issued by a surety company acceptable to City and duly licensed for such undertaking in the state of Arizona and shall be accompanied by a power of attorney disclosing the authority of the person executing it on behalf of the surety. The bond and a copy of the contract shall be recorded in the office of the Pinal County Recorder as required under A.R.S. §33-1004 and a copy of the bond shall be filed with the City Manager.

11. Entry and Inspection. Lessor reserves the right to enter the Lessor Property at reasonable times and upon reasonable notice to Lessee to inspect the Lessor Property.

12. Insurance. Lessee shall obtain and maintain in full force, with a company or companies authorized to transact the business of insurance in the State of Arizona and of sound and adequate financial responsibility, insurance (either as part of any other policy or policies, or separately) covering all of its activities on the Lessor Property as provided below:

A. Builder's Risk Insurance. During the construction of any improvements on the Lessor Property, Lessee shall keep or cause the contractor performing such construction to keep, the improvements to be insured under builder's risk insurance (or similar insurance) in the amount of the cost of construction of the improvements. Such insurance shall name the City as an additional insured. In the event of any recovery under such insurance, the proceeds of insurance shall be applied to the reconstruction or repair of the improvements. In the event of the remodeling, renovation or restoration by Lessee of any damage to the improvements, Lessee shall keep, or cause the contractor performing such remodeling, renovation, or restoration to keep, the improvements being remodeled, renovated or restored insured under builder's risk insurance (or similar insurance) in the amount of the cost of construction of the improvements. In the event of any recovery under such insurance, the proceeds thereof shall be applied to the payment of the costs of such remodeling, renovation or restoration.

B. Liability Insurance. During the term of this Lease, Lessee shall procure and maintain, in full force and effect, a comprehensive insurance policy or policies as follows:

1. General liability, including all direct or contingent loss or liability for damages for bodily injury, personal injury, death or damage to property, including loss of use thereof, occurring on or in any way related to the Lessor Property or occasioned by reason of occupancy by and the operation of Lessee upon, in and around the Lessor Property, with limits of at least One Million Dollars (\$1,000,000) per occurrence for personal or bodily injury and a minimum of Five Hundred Thousand Dollars (\$500,000) property damages coverage.

2. Worker's compensation and employer's liability coverage in the amounts required by law.

3. Insurance covering all personal property in amounts not less than one hundred percent (100%) of the replacement value thereof, providing protection against any peril included within the classification of "Fire and Extended Coverage", including sprinkler damage, vandalism and malicious mischief, or Lessee shall provide a waiver of right of reimbursement for loss of Lessee's personal property.

C. Modification of Insurance Requirements. City may adjust or increase liability insurance amounts and requirements as City deems reasonably necessary, or as may be required by applicable law.

D. Certificates. Lessee shall provide to City a certificate of insurance each year this Lease is in effect showing proof of the above insurance coverage.

E. Additional Insurance. The provisions of this Lease as to insurance required to be procured and maintained shall not limit or prohibit, or be construed as limiting or prohibiting, City or Lessee from obtaining any other or greater insurance with respect to the Lessor Property or improvements thereon or the use and occupancy thereof that either or both of them may wish to carry, but in the event City or Lessee, as the case may be, shall procure or maintain any such insurance not required by this Lease, the cost thereof shall be at the expense of the party procuring or maintaining the same.

F. Additional Insured. All required insurance shall be procured and maintained in the name of Lessee and shall add City as an additional insured. All policies required under this Section for property and builder's risk insurance shall provide for payments of the losses to Lessee and City as their respective interest may appear; provided that during the period of any construction, any builder's risk insurance carried pursuant hereto may provide for payment to the contractor, as its interest may appear. All proceeds from any such insurance shall be used to repair or restore such destruction or damage or to reimburse either of the parties for expenditures made or incurred in such restoration or repair.

G. Use of Proceeds. Proceeds of liability and property damage insurance required under this Section shall be applied toward extinguishing, satisfying or remedying the liability, loss or damage with respect to which such proceeds may be paid.

H. Waiver of Subrogation. Each party hereto waives all claims for recovery from the other party for any loss or damage to any of its property on the Lessor Property insured under valid and collectible insurance policies to the extent of any recovery collected from such policies. The parties agree that all material insurance policies shall be endorsed with a clause which waives subrogation against the other party.

13. Default and Termination. Failure of either Party to comply with each and every term and condition of this Agreement shall constitute a breach of this Agreement. Except as otherwise set forth herein, either Party shall have ten (10) days after receipt of a written notice from the other Party of any breach to correct the condition specified in the notice. If the correction cannot reasonably be made within the ten (10) day period, the Party shall have a reasonable time to correct the default if action to correct is commenced and thereafter diligently pursued within ten (10) days of the notice. In the event of a breach of this Agreement is not corrected as set forth herein, the non-breaching Party shall have the right to terminate this Agreement and shall have all other rights and remedies provided by law. Lessor has the right to terminate this Agreement immediately, without notice, if Lessor determines that waste, nuisance or unlawful activity is occurring on the Lessor Property.

14. Indemnity by Lessee. Lessor shall not be liable for liability or damage claims for injury to persons or property from any cause relating to Lessee's use of the Lessor Property. Lessee shall, to the extent permitted by law, defend, indemnify and hold harmless City, its officers, departments, employees and agents from and against any and all liabilities, causes of action, claims, damages, demands, costs, penalties and expenses (including reasonable attorney's fees and expenses incurred in the defense thereof) of any kind or nature resulting from any injury to person or property or from loss of life sustained in or about the Lessor Property, unless such damage or injury results from the intentional misconduct or gross negligence of City. Lessee agrees to hold harmless City, its officers, departments, employees and agents from, and indemnify City against, any and all injury, loss or damage of whatever nature, to any person or property caused by, or resulting from any act, omission, or negligence of Lessee or any employee or agent of Lessee. In addition, Lessee hereby releases City from any and all liability for any loss or damage caused by fire or any of the extended coverage casualties, unless such fire or other casualty shall be brought about by the intentional misconduct or gross negligence of City. The provisions of this Section shall survive any termination of this Agreement.

15. No Dedication to Public; No Implied Easements. Nothing contained in this Agreement shall be deemed to be a gift or dedication of any portion of the Lessor Property, it being the intention of the Parties that this Agreement be for the exclusive benefit of the Parties and that nothing herein, express or implied, shall confer upon any person, other than the Parties and their heirs, administrators, legal representatives, successors and assigns, any rights or remedies under or by reason of this Agreement. No easements shall be implied by this Agreement.

16. Notice. All notices or requests required by this Agreement shall be: (i) delivered in person; (ii) mailed, postage prepaid, via registered or certified mail; or (iii) sent by overnight express carrier, addressed in each case as follows:

To Lessor:

City of Maricopa
Attn: City Manager
39700 W Civic Center Plaza
Maricopa, AZ 85138

To Lessee:

Open Arms Vocational Living Center, Inc.
Attn: Chief Executive Officer
44400 W. Honeycutt Road Suite 102
Maricopa, AZ 85138

All such notices and communications shall be deemed received and effective: (i) if delivered in person, at the time of actual delivery; (ii) if sent by registered or certified mail, on the second business day following the day sent; or (iii) if sent by overnight carrier, on the business day immediately following the day sent.

17. Quiet Enjoyment. Lessor covenants that Lessee, upon the due performance of all the terms, covenants, conditions and agreements herein contained shall have, hold and enjoy the Lessor Property free from eviction or disturbance by Lessor, or by any other person or persons lawfully claiming the same.

18. Surrender and Holding Over. Lessee shall surrender the Lessor Property and remove all of Lessee's personal property from the Lessor Property on termination of this Agreement. Any holding over by Lessee without the express authorization of Lessor shall be treated as a tenancy from month-to-month, at a rental rate equal to the fair market value, payable on the first day of each month, and Lessor shall retain all remedies under this Agreement and rights under the law for removal of Lessee from the Lessor Property.

19. No Waiver. No waiver of any default of any obligation by a Party may be implied from any omission by the other Party to take any action with respect to such default.

20. No Agency. Nothing in this Agreement creates the relationship of principal and agent or of limited or general partners or of joint venturers or of any other association between the Parties.

21. Governing Law; Jurisdiction and Venue. This Agreement shall be construed in accordance with the laws of the State of Arizona. Any action at law or in equity brought by either Party for purpose of enforcing a right or rights provided for in this Agreement shall be tried in a court of competent jurisdiction in Pinal County, State of Arizona. The Parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other County. In the event either Party shall bring suit to enforce any term of this Agreement or to recover any damages for an account of the breach of any term or conditions of this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs including: all litigation and appeal expenses, collection expenses, reasonable attorneys' fees, necessary witness fees and court costs to be determined by the court in such action.

22. Dispute Resolution. The Parties hereby agree to make a good faith effort to resolve any controversy or claim through informal negotiations. Any claim of controversy must first be presented in writing, with supporting documentation, to the agent of the other Party. The recipient shall have seven (7) days to prepare and deliver a response. Thereafter, in the event that there is a dispute hereunder which the Parties cannot resolve between themselves, the Parties agree to attempt to settle the dispute by nonbinding arbitration before commencement of litigation. The arbitration shall be held under the rules of the American Arbitration Association. The matter in dispute shall be submitted to an arbitrator mutually selected by Lessor and Lessee. In the event that the Parties cannot agree upon the selection of an arbitrator within seven (7) days, then within three (3) days thereafter, Lessor and Lessee shall request the presiding judge of the Superior Court in and for the County of Pinal, State of Arizona, to appoint an independent arbitrator. The cost of any such arbitration shall be divided equally between Lessor and Lessee. The results of the arbitration shall be nonbinding on the parties, and any party shall be free to initiate litigation subsequent to the final decision of the arbitrator.

23. Binding Nature and Assignments. Except as otherwise provided herein, Lessee agrees not to assign, sublease, or part with possession of the whole or any part of the Lessor Property, or assign this Lease or any right hereunder, without the prior written consent of Lessor. This Agreement is binding upon and inures to the benefit of the heirs, assigns and successors in interest to the Parties.

24. Option to Purchase. At any time prior to the expiration of the Term of this Agreement, and provided that Lessee is not in default under the terms of the Agreement, Lessee shall have the option to purchase the Lessor Property from City ("Purchase Rights") for the purchase price of Thirty Five Thousand and 00/100 Dollars (\$35,000.00) ("Purchase Price"), subject to the terms and conditions set forth below.

A. Lessee may exercise its Purchase Rights by providing Lessor with an executed written notice thereof at least forty-five (45) days prior to the date on which the option will be exercised.

B. If Lessee elects to exercise its Purchase Rights, the parties shall execute any and all documents to transfer the Property to Tenant including, but not limited to, a Purchase and Sale Agreement and the title documents.

C. If Lessee exercises its Purchase Rights, this Agreement shall terminate upon the close of the purchase of the Property and Lessor and Lessee shall have no further obligations under the terms of the Lease unless any provisions hereof survive termination.

D. The Purchase Rights shall expire upon the expiration of the Term of this Agreement and thereafter be of no further force and effect.

25. Entire Agreement. This Agreement represents the entire agreement between Lessor and Lessee and supersede all prior negotiations, representations or agreements, either express or implied, written or oral. It is mutually understood and agreed that no alteration or variation of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the parties hereto. Written and signed amendments shall automatically become part of this Agreement, and shall supersede any inconsistent provision therein; provided, however, that any apparent inconsistency shall be resolved, if possible, by construing the provisions as mutually complementary and supplementary.

26. Severability. If any clause, sentence, or other portion of the terms, covenants and restrictions of this Agreement becomes illegal, null, or void for any reason, or be held by any court of competent jurisdiction to be so, the remaining portions will remain in full force and effect.

27. Interpretation. Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neutral genders, and vice versa, as the context shall require. The section headings used herein are for reference and convenience only, and shall not enter into the interpretation hereof.

28. Drafting Party. The terms and provisions of this Agreement represent the results of negotiations between the Parties, each of which has been represented, or had the opportunity to be represented, by counsel of its own choosing, and none of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Agreement shall be interpreted and construed in accordance with their usual and customary meanings, and the Parties each hereby waive the application of any rule of law which would otherwise be applicable in connection with the interpretation and construction of this Agreement that ambiguous or conflicting terms or provisions contained in this Agreement shall be interpreted or construed against the Party whose attorney or representative prepared the executed Agreement or any earlier draft of the same.

29. Time of the Essence. Time is declared to be of the essence of this Agreement and each and every provision of this Agreement.

30. Counterparts. This Agreement may be executed and delivered in multiple counterparts and each counterpart so delivered which bears the original signature of a Party hereto shall be binding as to such Party, and all counterparts together shall constitute one original and the same instrument.

IN WITNESS WHEREOF, the Parties have executed and acknowledged this Agreement as of the date first written above.

LESSEE:

Open Arms Vocational Living Center, Inc.,
an Arizona nonprofit corporation

By: 
Its: Vincent Manfredi

LESSOR:

City of Maricopa,
an Arizona municipal corporation

Nancy Smith, Mayor

ATTEST:

APPROVED AS TO FORM:

Vanessa Bueras, MMC

City Attorney

City Clerk

EXHIBIT A LESSOR PROPERTY

The Land referred to herein below is situated in the County of Pinal, State of Arizona, and is described as follows:

LOT 12, BLOCK 5, OF SUBDIVISION OF BLOCK 3 OF THE MARICOPA TOWNSITE, ACCORDING TO THE PLAT OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF PINAL COUNTY, ARIZONA, RECORDED IN BOOK 4 OF MAPS, PAGE 41.

