

LEASE AGREEMENT WITH OPTION TO PURCHASE

THIS LEASE AGREEMENT WITH OPTION TO PURCHASE is made and entered into as of this _____ day of _____, 2010, by and between the **CITY AND COUNTY OF DENVER**, a municipal corporation of the State of Colorado (the "City" or "Lessor"), and **SOUTHWEST IMPROVEMENT COUNCIL, INC.**, whose address is 1000 South Lowell Boulevard, Denver, Colorado 80219 (the "Lessee").

WITNESSETH:

WHEREAS, the City is the owner of certain property located at 1000 S. Lowell Boulevard, Denver, Colorado, which is not required for City use and occupancy at present; and

WHEREAS, the City is desirous of leasing said property to Lessee to operate a community center consistent with the parameters set forth in this Lease;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements hereinafter contained, the City and the Lessee agree as follows:

1. **LEASED PREMISES**: Subject to the terms of this Lease Agreement (hereinafter referred to as "Lease"), the City agrees to lease, demise, and let unto Lessee and the Lessee does hereby lease from the City those certain premises (the "Leased Premises") located at 1000 S. Lowell Boulevard, Denver, Colorado 80219, as more particularly described and depicted on Exhibit A Parcel B, attached hereto and incorporated herein. The Leased Premises includes the right to use the shared, non-exclusive parking lot for staff and patrons in the adjacent parking lot; however, the parking lot itself is not being leased as a part of the Leased Premises. The description contained on Exhibit A Parcel B may be modified upon the written authorization of the Director, Division of Business and Housing Services (hereinafter the "Director DBHS") to correct minor, technical errors.

2. **TERM**: The term of this Lease shall begin on **October 1, 2010**, and terminate on **September 30, 2012**, unless sooner terminated pursuant to the terms of this Lease.

3. **RENT**: The Lessee shall pay to the City for the rent of the Leased Premises the total sum of One Dollar per year, or Two Dollars for the term (\$2.00), the receipt and sufficiency of which is hereby acknowledged.

10-1106

4. **USE:** The Leased Premises are to be used and occupied by Lessee solely for the purpose of operating a community center and activities associated therewith, except as may be otherwise allowed in accordance with Section 21 below. The Lessee shall use the premises in a careful, safe, and proper manner, and shall not use or permit the Leased Premises to be used for any purpose prohibited by the laws of the United States of America, the State of Colorado, or the Charter or ordinances of the City and County of Denver. The Lessee shall not commit or suffer to be committed any waste or damage upon the Leased Premises or any nuisance to be created or maintained thereon. The Lessee shall also keep the Leased Premises free and clear from all trash, debris, and waste resulting from its use or the use by its employees, officers, agents, invitees and visitors.

The parking lot adjacent to the Property is shared with a nearby, City-owned structure currently operating as a daycare. Lessee acknowledges such shared parking and that the other structure is accessed via this parking lot. Such access shall not be impeded or obstructed by Lessee.

5. **“AS IS” CONDITION:** The Leased Premises are accepted by Lessee in an “AS IS”, “WHERE IS” condition, with all faults and defects. The City does not make and disclaims any warranty or representation whatsoever, express or implied, and shall have no obligation or liability whatsoever, express or implied, as to the condition of or any other matter or circumstance affecting the Leased Premises.

6. **QUIET ENJOYMENT:** Lessee shall and may peacefully have, hold and enjoy the Leased Premises, subject to the other terms hereof, provided that Lessee pay the rental herein recited and performs all of Lessee's covenants and agreements herein contained.

7. **MAINTENANCE AND OPERATIONS COSTS AND CHARGES:**

(a) The Lessee shall pay for all day to day utility, operations and maintenance costs, including but not limited to water, gas, sewer, heat, light, power, janitorial, telephone service, lawn and ground care, maintenance of mechanical systems and the building exterior, and all other services supplied to the Leased Premises.

(b) The Lessee shall pay for and ensure proper performance of all but major maintenance and repairs. For purposes of this Lease, “major” maintenance and repair is defined as all individual maintenance requirements or repair occurrences that cost over \$5,000 each in the first year of the term and over \$7,500 each in the final year of the term.

(c) The City at its sole discretion reserves the right to undertake capital improvements during the term of this Lease at its own expense. The City agrees that it will consult with the Lessee before undertaking any such improvements.

8. **IMPROVEMENTS AND ALTERATIONS:**

(a) By City: Unless otherwise expressly stipulated herein, the City shall not be required to make any improvements to or repairs of any kind or character on the Leased Premises during the term of this Lease, except repairs as may be deemed necessary by the City for normal maintenance operations of the Leased Premises.

(b) By Lessee: Lessee shall make no alterations in or additions to, nor post any signage on, the Leased Premises without first obtaining the written consent of the Director of Real Estate on behalf of the City, which consent shall be within the City's sole discretion. Lessee shall, after obtaining the written consent of the Director of Real Estate, repair any damage resulting from Lessee's occupancy of the Leased Premises, and shall indemnify and hold the City harmless against any liability, loss, damage, costs or expenses, including attorneys' fees, on account of any claims of any nature whatsoever, including but not limited to claims of liens by laborers, material suppliers, or others for work performed, or materials or supplies furnished to Lessee or persons claiming under Lessee.

9. **ENTRY BY CITY:** Lessee shall permit representatives of the City to enter into and upon the Leased Premises at all reasonable hours to inspect the same, and make any repairs deemed necessary by the City, and Lessee shall not be entitled to any abatement or reduction of rent by reason thereof.

10. **CARE AND SURRENDER OF THE LEASED PREMISES:** At the termination of this Lease, Lessee shall deliver the Leased Premises to the City in the same condition as the Leased Premises were in at the beginning of this Lease term, ordinary wear and tear excepted; and Lessee shall remove all of Lessee's movable furniture and other effects. All moveable furniture and other effects not so removed shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by the City without notice to Lessee or any other person, and without obligation to account therefor, and Lessee shall pay the City all expenses incurred in connection with disposing such property. Lessee's obligation to observe or perform this covenant shall survive the termination of this Lease. Lessee shall pay before

delinquency any and all taxes, assessments, and other charges levied, assessed or imposed, and which become payable during the term of this Lease upon Lessee's operations, occupancy, or conduct of business at the Leased Premises, or upon Lessee's equipment, furniture, appliances, trade fixtures, and other personal property of any kind installed or located on the Leased Premises.

11. **INDEMNITY:**

a. Lessee hereby agrees to defend, indemnify, reimburse and hold harmless City, its appointed and elected officials, agents and employees for, from and against all liabilities, claims, judgments, suits or demands for damages to persons or property arising out of, resulting from, or relating to this Lease Agreement, whether during the Lease Term or after, ("Claims"), unless such Claims have been specifically determined by the trier of fact to be the sole negligence or willful misconduct of the City. This indemnity shall be interpreted in the broadest possible manner to indemnify City for any acts or omissions of Lessee either passive or active, irrespective of fault, including City's concurrent negligence whether active or passive, except for the sole negligence or willful misconduct of City.

b. Lessee's duty to defend and indemnify City shall arise at the time written notice of the Claim is first provided to City regardless of whether Claimant has filed suit on the Claim. Lessee's duty to defend and indemnify City shall arise even if City is the only party sued by claimant and/or claimant alleges that City's negligence or willful misconduct was the sole cause of claimant's damages.

c. Lessee will defend any and all Claims which may be brought or threatened against City and will pay on behalf of City any expenses incurred by reason of such Claims including, but not limited to, court costs and attorney fees incurred in defending and investigating such Claims or seeking to enforce this indemnity obligation. Such payments on behalf of City shall be in addition to any other legal remedies available to City and shall not be considered City's exclusive remedy.

d. Insurance coverage requirements specified in this Lease Agreement shall in no way lessen or limit the liability of the Lessee under the terms of this indemnification obligation. The Lessee shall obtain, at its own expense, any additional insurance that it deems necessary for the City's protection.

e. This defense and indemnification obligation shall survive the expiration or

termination of this Agreement.

12. **LOSS OR DAMAGE**: The City shall not be liable or responsible to Lessee for any loss or damage to any property or person occasioned by theft, fire, Act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of any governmental entity other than the City. In the event of a fire or other casualty in or to the Leased Premises, Lessee shall immediately give notice thereof to City. If the Leased Premises, through no fault or neglect of Lessee, its agents, its employees, invitees, or visitors shall be partially destroyed by fire or other casualty so as to render the Leased Premises untenable, and the City elects to repair the same, the lease shall continue in full force and effect. In the event such repairs cannot be made within 90 days, Lessee may elect to terminate this Lease. In the event of the total destruction of the Leased Premises, or partial destruction in the event the City elects not to repair the Leased Premises, without fault or neglect of the Lessee, its agents, employees, invitees, or visitors, or if from any cause the Leased Premises shall be so damaged that the City shall decide not to rebuild (which decision City may make in its sole discretion), then all rent owed up to the time of such destruction or termination shall be paid by Lessee and this Lease shall cease and come to an end.

13. **HAZARDOUS SUBSTANCES**: Lessee shall not cause or permit any Hazardous Substance to be used, stored, generated, or disposed of on or in the Premises by Lessee, Lessee's agents, employees, contractors, or invitees. If Hazardous Substances are used, stored, generated, or disposed of on or in the Premises, or if the Premises become contaminated in any manner due to the actions or inactions of the Lessee, Lessee shall indemnify and hold harmless the City from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, a decrease in value of the premises, damages caused by loss or restriction of rentable or usable space, or any damages caused by adverse impact on marketing of the space, and any and all sums paid for settlement of claims, attorneys' fees, consultant, and expert fees) arising during or after the Lease Term and arising as a result of those actions or inactions by Lessee. This indemnification includes, without limitation, any and all costs incurred because of any investigation of the site or any cleanup, removal, or restoration mandated by a federal, state, or local agency or political subdivision. Without limitation of the foregoing, if Lessee causes or permits the presence of any Hazardous Substance on the Leased Premises and that results in contamination, Lessee shall promptly, at its sole

expense, take any and all necessary actions to return the Leased Premises to the condition existing prior to the presence of any such Hazardous Substance on the premises. Lessee shall first obtain City's approval for any such remedial action. As used herein, "Hazardous Substance" means any substance that is toxic, ignitable, reactive, or corrosive and that is regulated by any local government, the State of Colorado, or the United States Government. "Hazardous Substance" includes any and all material or substances that are defined as "hazardous waste", "extremely hazardous waste", or a "hazardous substance" pursuant to state, federal, or local governmental law. "Hazardous Substance" includes but is not restricted to asbestos, polychlorobiphenyls ("PCBs"), and petroleum.

14. **HOLDING OVER:** If after the expiration of the term of this Lease, Lessee shall remain in possession of the Leased Premises or any part thereof, and continue to pay rent, without any express agreement as to such holding, then such holding over shall be deemed and taken to be a periodic tenancy from month-to-month, subject to all the terms and conditions of this Lease, except for the provisions relating to the period of Lessee's occupancy, and One Dollar (\$1.00) per year or any portion thereof shall be due and payable in advance on the first day of January. Such holding over may be terminated by City or Lessee upon ten (10) days' notice. In the event that Lessee fails to surrender the Leased Premises upon termination or expiration of this Lease, or such month-to-month tenancy, then Lessee shall indemnify City against loss or liability resulting from any delay of Lessee in not surrendering the Leased Premises.

15. **REQUIREMENTS OF LEASE.** The Lessee shall, as conditions to the Lease, accomplish each of the following conditions. The failure to accomplish such conditions is a default under the Lease.

(a) the Leased Premises shall be open for use as a community recreation center during hours that are comparable to the hours kept by a City of Denver Recreation Center; and

(b) the Lessee shall establish partnerships with other non-profit stakeholders in the community, resulting in programming that is culturally competent and represents the interests of the community surrounding the Leased Premises (including the translation of materials into Spanish); and

(c) the Lessee shall incorporate onto its Board of Directors members who are representative of and drawn from the community surrounding the Leased Premises.

16. **QUARTERLY REPORTS:** Each quarter during the term of this Lease, and in the event Lessee exercises the Option to Purchase granted herein, annually during the term of the deed restriction, Lessee shall prepare and submit to the Director, Division of Business and Housing Services ("Director DBHS"), or her/his designated representative, a report in a form satisfactory to the Director DBHS (the "Report"). Such Report shall be submitted on or before April 30, July 31, October 31, and January 31 for the preceding quarter. At a minimum, the Report must include:

(a) A description of Lessee's actions to accomplish the conditions of the Lease listed in Paragraph 15 of this Lease;

(b) Lessee's accomplishments, challenges and operations over the past quarter which are consistent with its stated goals and services, and its continued public purpose. This shall include existing programs and the number of people served.

(c) Its plans for the upcoming quarter and how the City and community will be benefited by such proposed plans and any proposed new programs for the coming quarter,

(d) A description of and reasons for any changes from the operating plan for the past year, including a description of any challenges and extraordinary events.

(e) Any community issues of great concern.

(f) Any personnel or board changes which occurred during the prior calendar year.

(g) Lessee's annual budget for the coming calendar year including any anticipated significant maintenance items.

(h) Lessee's actual revenues and expenditures for the past calendar year and a comparison of the actual members to its submitted budget.

(i) Copies of all grant agency audit reports and audits of financial statements for the prior calendar year.

(j) A current list of Lessee's outstanding payables.

The City shall have the right to request additional financial and program details and information which it deems necessary or desirable at any time during the year. Any information requested by the City shall be delivered by Lessee to the City within thirty (30) days of receiving such request.

17. **REMEDIES UPON BREACH:** In the event of a breach of this Lease by Lessee, the City may have the following remedy, in addition to all of the rights and remedies provided at law or in equity:

The City may retake possession of the Leased Premises and shall have the right, but not the obligation, without being deemed to have accepted a surrender thereof, and without terminating this Lease, to relet same for the remainder of the term provided for herein

18. **TERMINATION**: The City may, at the discretion of the Director DBHS, terminate this Lease upon thirty (30) days written notice to the Lessee in the event the Lessee does not meet the obligations and goals set forth in this Lease or Lessee's operating plan with regard to providing community services. Lessee shall be given the right to cure any deficiencies noted within sixty (60) days of notice from the City. If such cure is effected within the sixty (60) day period, or in the event the cure cannot be fully completed within sixty (60) days, and Lessee has started making good faith efforts to cure any violations, and has completed such actions within ninety (90) days, this Lease will not be terminated. Determination of whether a cure has been effected shall be at the sole discretion of the Director DBHS, however the Director, DBHS must base such decision on the goals of programs for the operation of a community center as set forth herein.

19. **NONDISCRIMINATION**: In connection with Lessee's performance pursuant to this Lease, Lessee agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, marital status, or physical or mental disability; and further agrees to insert the foregoing provision in all contracts hereunder for work on the Leased Premises.

From the commencement of this Lease, and at all times throughout the term, Lessee shall carry and maintain the following insurance policies:

(a) Sufficient Workers' Compensation Insurance to fully insure its responsibilities under Colorado law.

(b) Fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises in the minimum amount of \$50,000.00.

(c) A policy or policies of comprehensive general liability insurance, issued by and binding upon an insurance company authorized to do business in the State of Colorado, such insurance to afford minimum protection of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 general aggregate. Commercial general liability coverage shall be at least as broad as insurance services office standard form CG 0001 or equivalent. The City and County of Denver, its

officers, officials and employees shall be named as additional insureds, with coverage at least as broad as insurance services office standard form CG 2026. Defense costs coverage shall include defense costs coverage for additional insureds outside the limits of insurance.

(d) Contractual liability coverage.

(e) Waiver of Subrogation and Rights of Recovery against the City, its officers, officials and employees for both Worker's Compensation and commercial general liability (per ISO form CG2404 or equivalent) coverage.

(f) The original or a certified copy of the above policy or policies, plus certificates evidencing the existence thereof, all in such form as the City's Risk Administrator may require, are attached as **Exhibit B**. Each such policy or certificate shall contain a valid provision or endorsement stating "This policy will not be canceled or materially changed or altered without first giving thirty (30) days' written notice thereof to the City's Risk Administrator, 201 West Colfax Avenue, Dept. 1105, Denver, Colorado 80202, and sent by certified mail, return receipt requested."

20. **VENUE, GOVERNING LAW**: This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado, without regard to the choice of law thereof, and the Charter and Revised Municipal Code of the City and County of Denver. Venue for any legal action relating to this Agreement shall lie in the State District Court in and for the City and County of Denver, Colorado.

21. **ASSIGNMENT AND RIGHT TO SUBLEASE**: The Lessee shall not assign or transfer its rights under this Lease without first obtaining the written consent of the Director of Real Estate and Director DBHS. However, Lessee may sublet a portion of the Leased Premises without obtaining such permission, subject to the following limitations:

(a) A minimum of 60% of rentable space must be reserved for non-profits and governmental entities; and

(b) Any income derived from subletting must first be applied to cover Lessee's operations and maintenance obligations for the Leased Premises.

22. **NO SALE OR ADVERTISING OF TOBACCO PRODUCTS**: The Lessee, its officers, agents, and employees shall cooperate and comply with the provisions of Executive Order No. 13, which prohibits the sale or advertisement of tobacco products on City owned property and in facilities owned or operated or controlled by the City and County of Denver. "Sale" includes

promotional distribution, whether for consideration or not, as well as commercial transactions for consideration. "Advertising" includes the display of commercial and noncommercial promotion of the purchase or use of tobacco products through any medium whatsoever, but does not include any advertising and sponsoring which is a part of a performance or show or any event displayed or held in City facilities.

23. **EXAMINATION OF RECORDS:** The Lessee agrees that any duly authorized representative of the City shall, until the expiration of three (3) years after final payment under this Lease, have access to and the right to examine any directly pertinent books, documents, and records of the Lessee involving matters directly related to this Lease.

24. **AMENDMENT:** No alteration, amendment or modification of this Lease shall be valid unless evidenced by a written instrument executed by the parties hereto with the same formality as this Lease; however, the Director shall have the authority to execute agreements which make technical, minor, or non-substantive changes to this Lease. The failure of either party hereto to insist in any one or more instances upon the strict compliance or performance of any of the covenants, agreements, terms, provisions or conditions of this Agreement, shall not be construed as a waiver or relinquishment for the future of such covenant, agreement, term, provision or condition, but the same shall remain in full force and effect.

25. **SEVERABILITY:** If any portion of this Lease is determined by a court to be unenforceable for any reason, the remainder of the Lease remains in full force and effect.

26. **BINDING EFFECT:** This Lease when executed and when effective, shall inure to the benefit of and be binding upon the successors in interest or the legal representative of the respective parties hereto, subject to assignment or sublease in accordance with paragraph 21 above.

27. **THIRD PARTIES:** This Agreement does not, and shall not be deemed or construed to, confer upon or grant to and third party or parties any right to claim damages or to bring any suit, action or other proceeding against the parties hereto because of any breach hereof or because of any of the terms, covenants, agreements and conditions herein.

28. **NOTICES:** All notices hereunder shall be given to the following by hand delivery or by certified mail, return receipt requested:

To the City:

Mayor's Office
City and County Building
1437 Bannock Street, Room 350

With copies to:

Denver, CO 80202
Denver City Attorney
Denver City Attorney's Office
1437 Bannock Street, Room 353
Denver, CO 80202

Director, Division of Business and Housing
Services
201 West Colfax Avenue, Dept. 204
Denver, Colorado 80202

Director of Real Estate
201 West Colfax Avenue, Dept. 1010
Denver, Colorado 80202

To Lessee:

SouthWest Improvement Council
1000 Lowell Boulevard
Denver, Colorado 80219

Either party hereto may designate in writing from time to time the address of substitute or supplementary persons to receive such notices. The effective date of service of any such notice shall be the date such notice is deposited in the mail or hand-delivered to the Party.

29. **ENTIRE AGREEMENT:** The parties acknowledge and agree that the provisions contained herein constitute the entire agreement and that all representations made by any officer, agent or employee of the respective parties unless included herein are null and void and of no effect. Further, this Lease supersedes any and all prior written or oral agreements between the parties.

30. **WHEN RIGHTS AND REMEDIES NOT WAIVED:** In no event shall any performance hereunder constitute or be construed to be a waiver by any party or any breach of covenant or condition or of any default which may then exist. The rendering of any such performance when any breach or default exists shall in no way impair or prejudice any right or remedy available with respect to such breach or default. Further, no assent, expressed or implied, to any breach of any one or more covenants, provisions, or conditions of the Lease shall be deemed or taken to be a waiver of any other default or breach.

31. **NO PERSONAL LIABILITY:** No elected official, director, officer, agent or employee of the City, nor any director, officer, employee or personal representative of Lessee shall

be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution, approval or attempted execution of this Lease.

32. **CONFLICT OF INTEREST BY CITY OFFICER**: Lessee represents that to the best of its information and belief, no officer or employee of the City is either directly or indirectly a party or in any manner interest in this Lease, except as such interest may arise as a result of the lawful discharge of the responsibilities of such elected official or employee.

33. **APPROPRIATION**: All obligations of the City under and pursuant to this Agreement are subject to prior appropriation of monies expressly made by the City Council for the purposes of this Agreement and paid into the Treasury of the City.

34. **REASONABLENESS OF CONSENT OR APPROVAL**: Whenever under this Lease "reasonableness" is the standard for the granting or denial of the consent or approval of either party hereto, such party shall be entitled to consider public and governmental policy, moral and ethical standards, as well as business and economic considerations.

35. **AUTHORITY TO EXECUTE**: Lessee represents that the persons who have affixed their signatures hereto have all necessary and sufficient authority to bind Lessee.

36. **PARAGRAPH HEADINGS**: The paragraph headings are inserted only as a matter of convenience and for reference and in no way are intended to be a part of this Lease or to define, limit or describe the scope or intent of this Lease or the particular paragraphs to which they refer.

37. **CITY'S EXECUTION OF AGREEMENT**: This Lease is expressly subject to, and shall not be or become effective or binding on the City until approval by its City Council and full execution by all signatories set forth below.

38. **OPTION TO PURCHASE**: Lessee is hereby granted an option to purchase, subject to City Council approval of a Purchase and Sale Agreement, the Leased Premises at the end of the Lease term for the sum of Ten Dollars (\$10.00) ("Option") subject to the following terms and conditions:

- (a) Lessee shall not be in default of any provisions of this Lease.
- (b) Lessee shall give the Director DBHS notice of its intent to exercise this Option at least four (4) months prior to the end of the Lease term.

(c) Within sixty (60) days of the City's receipt of Lessee's notice to exercise the Option, the City shall respond to Lessee as to whether it is willing to allow Lessee to exercise the Option. Such determination shall be made at the sole discretion of the Director DBHS on behalf of the City.

(d) At time of such request the Lessee shall provide an updated submittal to the Director DBHS containing all of the information required for annual reports as set forth in Section 15 herein. Additionally, Lessee shall submit a maintenance plan and two-year budget for the operation and maintenance of the Leased Premises and show how Lessee intends to pay for such budgeted amount.

(e) The Leased Premises shall be conveyed, if at all, to Lessee by Quitclaim Deed ("Deed") that contains a restriction on the Deed that the Leased Premises be used only for community center purposes for a minimum of twenty (20) years, subject to such provisions as the parties shall agree

(f) The Deed, if any, shall also contain a restriction that Lessee (now the owner) may not encumber the Leased Premises without the prior written approval of the Mayor, and, in any event, no loan shall encumber the Leased Premises which is in excess of fifty percent (50%) of the appraised value of the Leased Premises as determined by an appraisal acceptable to the Director DBHS in his or her sole discretion.

(h) The Deed, if any, shall provide the City with a right of entry for condition broken in the event Lessee does not operate the community center as required by the Purchase and Sale Agreement.

(i) Lessee must enter into a Purchase and Sale Agreement with the City, and such agreement shall be approved by the City Council and, if applicable the Board of Equalization sometimes acting as County Commissioners, in a similar form to the real estate contract then being used by the City, which shall also include the special provisions set forth herein. The specific terms of the Purchase and Sale Contract shall be consistent with the intent set forth herein.

(j) All costs of closing, title insurance, environmental audits of the Leased Premises and surveys, should they be desired by Lessee, shall be borne by Lessee.

(k) The Leased Premises shall be conveyed to Lessee "AS IS, WHERE IS".

(l) Lessee shall continue to provide the Director DBHS with annual reports during the 20-year Deed restriction period.

(m) Lessee may sublet a portion of the Property, without obtaining the City's permission, subject to the following limitations:

(i) A minimum of 60% of rentable space must be reserved for non-profits and governmental entities; and

(ii) Any income derived from subletting must be first applied to cover Purchaser's operations and maintenance obligations for the Property.

(n) The City may, at the discretion of the Director DBHS, re-enter and retake the Property upon thirty (30) days written notice to the Purchaser in the event the Purchaser does not meet the obligations and goals set forth in this Agreement and Purchaser's operating plans with regard to providing community services. Purchaser shall have the right to cure any deficiencies under the provisions of the Purchase and Sale Agreement. The City may enforce its right of entry for condition broken by initiating a forcible entry and detainer action in the event Purchaser does not vacate the Property.

39. **RIGHT OF FIRST REFUSAL**: The Purchase and Sale Agreement, if entered into, shall provide the Lessee with a right of first refusal of the City-owned property adjacent to the Leased Premises, as further described in Exhibit A as Parcel A ("First Right Property") for a period of 10 years from the date upon which Lessee acquires fee simple ownership of the Leased Premises. The specific circumstances upon which the City would provide such right of first refusal shall be contained in the Purchase and Sale Agreement.

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IN WITNESS WHEREOF, the parties have executed this Lease Agreement with Option to Purchase as of the day and year first above written.


ATTEST:

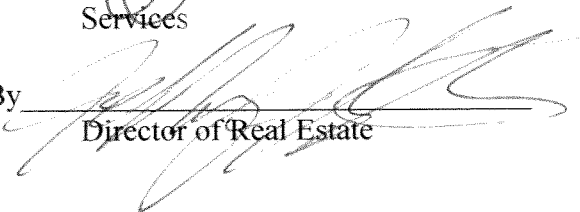
CITY AND COUNTY OF DENVER

Clerk and Recorder, Ex-Officio Clerk
of the City and County of Denver

By _____
Mayor

RECOMMENDED AND APPROVED:

By  _____
Director, Division of Business and Housing
Services

By  _____
Director of Real Estate

APPROVED AS TO FORM:

Attorney
for the City and County of Denver

REGISTERED AND COUNTERSIGNED:

By _____
Assistant City Attorney

By _____
Manager of Finance
Contract Control No. RC03021

By _____
Auditor

"CITY"

SOUTHWEST IMPROVEMENT COUNCIL

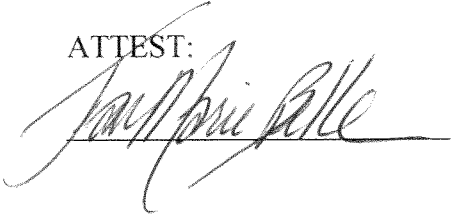
By Kyle Kastberg

Name Kyle Kastberg

Title Board Chair

Tax (IRS) Identification No. 74-2510477

ATTEST:



"LESSEE"

EXHIBIT A
LEASED PREMISES DESCRIPTION: Parcel B
FIRST RIGHT PROPERTY: Parcel A

EXHIBIT B
CERTIFICATE OF INSURANCE



CERTIFICATE OF LIABILITY INSURANCE

OP ID: A1

DATE (MM/DD/YYYY)

10/14/10

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Omnivest Insurance Group dba Peliton Insurance 4600 S. Ulster St. #1400 Denver, CO 80237	303-771-1800 303-290-0884	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS: PRODUCER CUSTOMER ID #: SOUT-12	FAX (A/C, No):
INSURED Southwest Improvement Council Inc. 1000 So. Lowell Blvd. Denver, CO 80219-3339	INSURER A: Philadelphia Insurance Co INSURER B: Pinnacol Assurance INSURER C: INSURER D: INSURER E: INSURER F:	INSURER(S) AFFORDING COVERAGE NAIC # 41190	

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

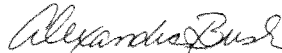
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Professional Liab GEN'L AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	X		PHPK250495	09/08/10	09/08/11	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. \$ 1,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			PHPK250495	09/08/10	09/08/11	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DEDUCTIBLE RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y <input type="checkbox"/> N If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	4033978	10/01/10	10/01/11	WC STATUTORY LIMITS <input checked="" type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

The City & County of Denver Department of Economic Development are listed as additional insured with regard to General Liability, to include a Waiver of Subrogation and also includes Primary and Non-Contributory wording.

CERTIFICATE HOLDER**CANCELLATION**

CITY&CO City & County of Denver Office of Economic Developmen 201 W. Colfax Ave., Denver, CO 80202	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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NOTEPAD

INSURED'S NAME Southwest Improvement Council

SOUT-12
OP ID: A1

PAGE 2
DATE 10/14/10

The GL sublimits for abuse are \$100,000/\$300,000.