

**CITY OF EL PASO, TEXAS**  
**AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Financial Services  
AGENDA DATE: July 31, 2007  
CONTACT PERSON/PHONE: Gonzalo Cedillos, P.E., 541-4074  
DISTRICT(S) AFFECTED: 8



**SUBJECT:**

That the City Manager is authorized to sign a Lease Agreement between the City of El Paso and the El Paso Center for Mental Health and Mental Retardation Services El Paso, Texas for a parcel of City land which includes Lots 23-32, Block 135, East El Paso Addition, City of El Paso, El Paso County, Texas, and commonly known as 3410 Morenci St., El Paso, Texas.

**BACKGROUND / DISCUSSION:**

MHMR has leased city-owned land for over 30 years and the agency has built improvements. Their leased has expired and they have agreed to renew to current market rent. The rent will be credited as the City's contribution for purposes of the Nov. 29, 2000 Interlocal Agreement among the City, the County of El Paso and the El Paso county Hospital District.

**PRIOR COUNCIL ACTION:**

Yes, Lease of city owned property

**AMOUNT AND SOURCE OF FUNDING:**

<u>Year</u>	<u>Credit Rent</u> <u>Annual rental</u>	
1 <sup>st</sup> year	\$36,800	(includes a \$1,000 appraisal fee)
2 <sup>nd</sup> year	\$36,660	
3 <sup>rd</sup> year	\$37,539	
4 <sup>th</sup> year	\$38,440	
5 <sup>th</sup> year	\$39,363	

**BOARD / COMMISSION ACTION:**

CARE Committee approval

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**LEGAL:** (if required) \_\_\_\_\_ **FINANCE:** (if required) \_\_\_\_\_

**DEPARTMENT HEAD:** Carmen Amista-Cardelaria  
(Example: if RCA is initiated by Purchasing, client department should sign also)  
*Information copy to appropriate Deputy City Manager*

**APPROVED FOR AGENDA:** \_\_\_\_\_

**CITY MANAGER:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

07 JUL 20 PM 3:00  
CITY CLERK DEPT.

**RESOLUTION**

**WHEREAS**, the El Paso Center for Mental Health and Mental Retardation Services has requested a lease of City land which includes Lots 23-32, Block 135, East El Paso Addition, City of El Paso, El Paso County, Texas, and commonly known as 3410 Morenci St., El Paso, Texas; and

**WHEREAS**, the City of El Paso staff has recommended the lease of the identified property for a primary term lease term of five (5) years, and the rent will be credited as the City's contribution for purposes of the Nov. 28, 2000 Interlocal Agreement among the City, the County of El Paso and the El Paso County Hospital District.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

That the City Manager is authorized to sign a Lease Agreement between the City of El Paso and the El Paso Center for Mental Health and Mental Retardation Services El Paso, Texas for a parcel of City land which includes Lots 23-32, Block 135, East El Paso Addition, City of El Paso, El Paso County, Texas, and commonly known as 3410 Morenci St., El Paso, Texas.

**PASSED AND APPROVED** on this the \_\_\_\_\_ day of \_\_\_\_\_, 2007.

**CITY OF EL PASO**

**ATTEST:**

\_\_\_\_\_  
John F. Cook  
Mayor

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

**APPROVED AS TO FORM:**

*Theresa Cullen-Garney*  
\_\_\_\_\_  
Theresa Cullen-Garney  
Deputy City Attorney

**APPROVED AS TO CONTENT:**

*Carmen Arrieta-Candelaria*  
\_\_\_\_\_  
Carmen Arrieta-Candelaria, CFO  
Financial Services

**APPROVED AS TO CONTENT:**

*Gonzalo Cedillos*  
\_\_\_\_\_  
Gonzalo Cedillos, P.E.  
Capital Assets Manager

CITY CLERK DEPT.  
07 JUL 20 PM 3:00

THE STATE OF TEXAS §  
§  
COUNTY OF EL PASO §

LEASE AGREEMENT

This Lease Agreement is made this \_\_\_\_\_ day of \_\_\_\_\_, 2007, between the CITY OF EL PASO, ("CITY"), and EL PASO CENTER FOR MENTAL HEALTH AND MENTAL RETARDATION SERVICES ("MHMR").

WHEREAS, MHMR has requested a lease of City property on Lots 23-32, Block 135, East El Paso Addition, City of El Paso, El Paso County, Texas, and commonly known as 3410 Morenci St., El Paso, Texas; and

WHEREAS, the City staff has recommended the lease of the identified property if MHMR uses the Premises primarily as a facility for the training, counseling and education of persons with intellectual disabilities,

NOW, THEREFORE, for and in consideration of the following mutual covenants and agreements set forth herein, and other good and valuable consideration, the CITY hereby grants to MHMR a lease of the improvements and the real property located on Lots 23-32, Block 135, East El Paso Addition, El Paso, El Paso County, Texas, and commonly known as 3410 Morenci St., El Paso, El Paso County, Texas, and referred to throughout this lease agreement as the "Premises."

1. TERM AND RENT

- 1.1 Term of Agreement. This Lease Agreement shall become effective \_\_\_\_\_ and shall be for a primary term of five (5) years from the effective date.
- 1.2 Rent. The CITY and MHMR agree that the annual rental for the Premises will be in accordance with the rental schedule as set forth in Exhibit "A," which is attached hereto and made a part hereof for all purposes, for the lease term of this Lease Agreement, as stated in Section 1.1. Pursuant to Texas Health & Safety Code, §534.019, the CITY, as a local agency, may contribute land, buildings facilities, other real and personal property to administer the MHMR programs and services. MHMR acknowledges that the CITY, as a local agency, is leasing the Premises to MHMR and the consideration for the lease is MHMR's use of the Premises for its programs and services as allowed by Texas Health & Safety Code §534.019. In addition, MHMR agrees that the annual rentals as identified in Exhibit "A" will be credited as the CITY's contribution for purposes of the November 28, 2000 Interlocal Agreement among the City, the County of El Paso and the El Paso County Hospital District.
- 1.3 Holdover. In a situation where the primary term of this Lease Agreement has expired and a new Lease Agreement is not in place, this Lease Agreement shall operate on a month-to-month basis and the monthly rental will be SIX THOUSAND FIVE HUNDRED SIXTY-THREE AND 50/100 (\$6,563.50) DOLLARS to be paid by MHMR to the CITY, payable to the CITY on the first day of every month.

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## 2. USE OF PREMISES

- 2.1 Use. MHMR agrees that the Premises will be used for programs solely directed toward the training, counseling and education of persons with intellectual disabilities, and specifically MHMR agrees that the Premises shall not be used for any program relating to alcoholism, juvenile delinquency, drug counseling or rehabilitation, or any other program that is not assisting persons with intellectual disabilities. Notwithstanding the above, the CITY agrees that MHMR may use a portion of the Premises for a daycare treatment center for persons with emotional disabilities. MHMR shall be totally responsible for the management and operation of the Premises and shall have complete and absolute control over its program so long as such programs are solely directed toward such purpose.

Should MHMR fail to use the Premises for programs solely directed toward the training, counseling and education of persons with intellectual disabilities, the CITY may send notice of failure, by certified mail, return receipt requested, to MHMR at the following address: P.O. Box 9997, El Paso, Texas 79990, and MHMR shall have thirty (30) days from the date of notice to correct the default. If the default has not been corrected within the time specified, MHMR shall release the remaining term of this e lease with the CITY and abandon the Premises.

- 2.2 Improvements. Under this Lease Agreement, MHMR is given permission to operate on the Premises in accordance with the terms of this Lease Agreement. MHMR shall submit to the Capital Assets Manager, the plans and specifications for any improvements, additions, alterations or changes, and no work thereon shall be commenced until the Capital Assets Manager has given his/her approval, which permission the CITY agrees not to unreasonably withhold. MHMR will remove or relocate any improvements, at its sole cost and expense, upon notice from the City Manager if MHMR's improvements interfere with any CITY operations or activities on the Premises.

2.2.1 This Lease Agreement in every sense shall be without cost to the CITY for the development, maintenance or improvement of the Premises, unless the CITY is specifically made responsible for such development, maintenance or improvement by the terms hereof. Except as noted in this paragraph, it shall be the sole responsibility of MHMR to keep, maintain, repair and operate the entirety of the Premises and all improvements at its sole cost and expense.

2.2.2 MHMR stipulates and agrees that it has fully inspected the Premises prior to the execution of this Lease Agreement and that by executing this Lease Agreement it is accepting the Premises in its current condition.

2.2.3 The Premises are being leased "AS IS" and no warranties or representations expressed or implied have been made by the CITY, its employees, agents or representatives concerning the condition of the Premises, its habitability or fitness for a particular purpose.

2.2.4 MHMR understands and agrees that it shall water, trim and maintain any landscaping improvements so that the same is kept in a neat, orderly and attractive condition at all times.

2.3 Repairs. MHMR shall keep the Premises, including the facilities and any improvements, in good condition and repair during the lease term of this Lease Agreement, as stated in Section 1.1 above. MHMR shall be solely responsible for any repairs needed during the lease term. MHMR shall at all time during the term of this Lease Agreement keep the Premises clean, orderly and in an attractive condition. In the event of damage or destruction by fire or other casualty to the Premises, MHMR shall promptly restore or replace the same in a reasonable time. Should the Premises not be in substantially the same condition as same were at the beginning of the term of this Lease Agreement except for those modifications approved by the CITY, MHMR shall make the necessary repairs to restore the Premises to its pre-lease condition. At the conclusion of the lease, and at the discretion of the City Manager, a payment in the amount of such repairs, in an amount determined appropriate by the sole discretion of the City Manger may be accepted in lieu of completion of said repairs, cleaning, or painting.

2.3.1 AS IS. MHMR acknowledges that the premises are leased "AS IS." MHMR shall not request and the CITY shall not be responsible for completion of any improvements, modifications, corrections, repairs or the like believed helpful or necessary to MHMR's stated purpose, agenda or mission or believed necessary for its occupancy of the Premises. This "AS IS" condition shall specifically include, but shall not be limited to plumbing, electrical, carpentry, heating, ventilation and air conditioning problems that may or may not exist. MHMR has been and is herein placed on notice that the CITY neither has knowledge of, nor can it warrant against ADA non-compliance issues or the existence of asbestos, either of which may or may not exist on the Premises.

2.4 Maintenance of Grounds. All maintenance and upkeep of the Premises shall be the responsibility of MHMR.

2.4.1 Garbage and Trash. MHMR shall provide a complete and proper arrangement for the adequate and proper handling and disposal, away from the Premises, of all trash, garbage and other refuse caused by the operations of the Premises. MHMR shall provide and use suitable covered receptacles for all such garbage, trash and other refuse throughout the Premises. Piling of boxes, cartons, trash or similar items on the Premises, including the facilities and improvements, shall not be permitted at any time.

2.5 City Use. If the property is needed by the CITY for such purpose or for any other public purpose, this Lease Agreement shall terminate immediately upon ninety (90) days prior written notice from the CITY to MHMR, unless there exists an emergency situation where upon thirty (30) days prior written notice will be sufficient, and MHMR shall have no further claim by reason of this Lease Agreement or any other reason.

- 2.6 Utilities. MHMR shall be responsible for the payment of all utilities that are consumed on the Premises.
- 2.7 Improper Use. MHMR shall not permit on the Premises any entertainment, amusement or other activity that violates any federal, state and local laws and regulations.
- 2.7.1 Alcoholic Beverages. MHMR shall prohibit the sale, use or consumption of alcoholic beverages on the Premises.
- 2.8 Municipal regulations. MHMR expressly agrees that the Premises will only be used for uses allowed by this Lease Agreement and which are in compliance with municipal regulations, including but not limited to include zoning regulations.

### 3. CONTRACTUAL RELATIONSHIP

- 3.1 MHMR is an independent contractor and is otherwise a tenant in a landlord-tenant relationship with the CITY. Except as may be expressly and unambiguously provided in this Lease Agreement, no partnership or joint venture is intended to be created by this Lease Agreement, nor any principal-agent or employer-employee relationship between the parties or any of their officers, employees, agents or sub-contractors.
- 3.1.1 As an independent contractor, MHMR understands and agrees that it will be responsible for its respective acts or omissions, and the CITY shall in no way be responsible as an employer to MHMR's officers, employees, agents, representative or sub-contractors who perform any service in connection with this Lease Agreement.
- 3.1.2 MHMR shall select its own employees and such employees shall be and shall act under the exclusive and complete supervision and control of MHMR.
- 3.2 MHMR understands and expressly agrees that, in all things relating to this Lease Agreement, the CITY is performing a governmental function, as defined by the Texas Tort Claims Act. The parties hereby agree that the CITY enters into this Lease Agreement as a governmental entity for the purpose of performing a governmental function.

### 4. INSURANCE

- 4.1 Fire and Casualty Insurance. MHMR shall keep Premises insured with a solvent insurance company that is authorized to do business in Texas, to the full amount of insurance procurable, for the benefit of MHMR and the CITY, as their interest may appear. A Certificate of Insurance indicating such coverage will be provided to the CITY within ten (10) days of the execution of this Lease Agreement and shall be submitted to the CITY's Financial Services Department Capital Assets Division. Failure to provide the required proof of insurance, naming the CITY as an additional insured, shall result in the MHMR's default in the terms of this Lease Agreement.

- 4.2 Liability Insurance. MHMR understands and warrants that it shall provide liability insurance coverage in no less than the following amounts: \$250,000 per individual per occurrence for personal injury; \$500,000 per occurrence for personal injury for more than one person; \$100,000 for Premises damage (including damage to the facilities and the Premises) for the term of this Lease Agreement. The CITY, as owner of the Premises, shall be named as an additional named insured under the coverage. A Certificate of Insurance indicating such coverage will be provided to the CITY within ten (10) days of the execution of this Lease Agreement and shall be submitted to the CITY's Financial Services Department Capital Assets Division. Failure to provide the required proof of insurance, naming the CITY as an additional insured, shall result in the cancellation of this Lease Agreement.
- 4.3 Cancellation. Each policy must expressly state that it may not be cancelled or non-renewed unless thirty (30) days advance notice of cancellation or intent not to renew is given in writing to the City Clerk's Office by the insurance company. MHMR shall give written notice to the CITY's Capital Assets Manager within five (5) days of the date upon which total claims by any party against MHMR reduce the aggregate amount of coverage below the amounts required by this Lease Agreement.
- 4.4 Subrogation. Each policy must contain an endorsement to the effect that the issuer waives any claim or right in the nature of subrogation to recover against the CITY, its elected and appointed officials, officers, agents or employees.
- 4.5 Endorsement of Primary Insurance. Each policy must contain an endorsement that such policy is primary insurance, so long as it is customary in the industry and under Texas law for such insurance to be primary, to any other insurance available to the CITY, the Additional Insured, with respect to claims arising hereunder and that the insurance applies separately to each insured.
- 4.6 Liability for Premium. If any of the policies referred to above do not have a flat premium rate and such premium has not been paid in full, such policy must have a rider or other appropriate certificate of waiver sufficient to establish that the issuer is entitled to look only to MHMR for any further premium payment and has no right to recover any premiums for the CITY.

## 5. INDEMNIFICATION

- 5.1 MHMR UNDERSTANDS AND AGREES THAT IT SHALL INDEMNIFY AND HOLD HARMLESS THE CITY AGAINST ANY AND ALL CLAIMS, DEMANDS, DAMAGES, COSTS AND EXPENSES, INCLUDING INVESTIGATION EXPENSES AND REASONABLE ATTORNEY FEES FOR THE DEFENSE OF SUCH CLAIMS AND DEMANDS, INCLUDING, BUT NOT LIMITED TO, INJURY TO OR DEATH OF ANY PERSON, ARISING OUT OF OR ATTRIBUTED DIRECTLY OR INDIRECTLY TO THE NEGLIGENCE, GROSS NEGLIGENCE, INTENTIONAL, MALPRACTICE OR WILLFUL ACTS OR OMISSIONS OF MHMR, ITS AGENTS, SUB-CONTRACTORS, EMPLOYEES OR REPRESENTATIVES IN RENDERING THE SERVICES UNDER THIS LEASE AGREEMENT.

07 JUL 20 PM 3:00  
CITY CLERK DEPT.

MHMR FURTHER EXPRESSLY AGREES TO INDEMNIFY AND HOLD HARMLESS THE CITY FROM ANY AND ALL CLAIMS ARISING, IN WHOLE OR IN PART, FROM THE CONDUCT, ACTS OR OMISSIONS OF THE CITY AS THEY RELATE DIRECTLY OR INDIRECTLY TO THIS LEASE AGREEMENT, EVEN WHERE SUCH CLAIMS MAY INVOLVE NEGLIGENCE OR ALLEGATIONS OF NEGLIGENCE ON THE PART OF THE CITY OR ITS OFFICERS, EMPLOYEES OR AGENTS.

- 5.1.1 Without modifying the conditions of preserving, asserting or enforcing any legal liability against the CITY as required by the City Charter or any law, the CITY will promptly forward to MHMR every demand, notice, summons or other process received by the CITY in any claim or legal proceeding contemplated herein.
- 5.1.2 In addition, MHMR shall promptly advise the CITY in writing of any claim or demand against the CITY or MHMR known to MHMR related to or arising out of MHMR's activities under this Lease Agreement.
- 5.1.3 MHMR understands and agrees that it will 1) investigate or cause the investigation of accidents or occurrences involving such injuries or damages; 2) negotiate or cause to be negotiated the claim as MHMR may deem expedient; and 3) defend or cause to be defended on behalf of the CITY all suits for damages even if groundless, false or fraudulent, brought because of such injuries or damages.
- 5.1.4 MHMR understands and agrees that it will pay all final judgments establishing liability of the CITY in actions defended by MHMR pursuant to this section along with all attorneys' fees and costs incurred by the CITY including interest accruing to the date of payment by MHMR, and premiums on any appeal bonds.
- 5.1.5 The CITY, at its election will have the right to participate in any such negotiations or legal proceedings to the extent of its interest without relieving MHMR of any of its obligations under this paragraph.
- 5.1.6 In addition, MHMR hereby releases the CITY from any damage to its facilities or business that may result from the operation of CITY equipment or the work of CITY crews engaged in maintaining or repairing the Premises.

## 6. TERMINATION

This Lease Agreement may be terminated as provided herein.

- 6.1 Termination by Mutual Consent. The parties may terminate this Lease Agreement by mutual consent upon such terms as they may agree in writing.
- 6.2 Termination by Either Party. It is further understood and agreed by MHMR and the CITY that, unless specifically addressed in this Lease Agreement, either party may terminate this Lease Agreement, in whole or in part, upon thirty (30) days written notice if the other party

fails to perform any of its material obligations hereunder and fails to completely cure the breach.

- 6.3 Termination by the CITY. If MHMR ceases to use or occupy the Premises for the purposes herein contemplated for a time period of more than twelve (12) continuous months, or if MHMR defaults in any of its obligations under this Lease Agreement and fails to correct such default within thirty (30) days written notice, the CITY may cancel said Lease Agreement and take possession of the Premises. In such an event, all rights of MHMR in the Premises, including buildings, facilities and improvements, shall then terminate and MHMR shall have no further claim by reason of this Lease Agreement or any other reason. Any waiver by the CITY of any breach of any of MHMR's obligations shall not be deemed a continuing waiver and shall not prevent the CITY from exercising any remedy it may have for any succeeding breach of the same or another obligation of MHMR.
- 6.4 Time of Performance Termination – Force Majeure. Neither party to this Lease Agreement will be liable for failure to comply with any term of this Lease Agreement when such failure is caused by an event of war, fire, earthquake, flood, strike, any law, rule, regulation or act of governmental authority, or any other act, event, cause or occurrence rendering a party to this Lease Agreement unable to perform its obligations, which is not within its reasonable control. The party affected by such event will immediately notify the other party in writing.
- 6.5 Improvements. Upon termination of this Lease Agreement for any reason, MHMR shall vacate the Premises and demolish all improvements at no cost to the CITY, unless the CITY notifies MHMR in writing that it will accept ownership and responsibility for all improvements on the Premises. If the CITY elects not to accept ownership and responsibility for all improvements, MHMR will demolish the improvements in accordance with all applicable, local, state and federal rules and regulations, and will provide the CITY with the required documentation as required by the applicable rules, regulations and laws. The Premises will be returned to the CITY in a condition acceptable to the CITY, in its sole discretion, free and clear of all debris.

## 7. GENERAL PROVISIONS

- 7.1 Taxes and Assessments. MHMR will promptly pay all taxes and assessments lawfully levied of MHMR's leasehold interest, on the buildings and structures on the Premises as well as on MHMR's personal property.
- 7.2 Assignments and Subletting. MHMR shall not assign this Lease Agreement nor sublet the Premises or any part thereof without the prior written consent of the CITY.
- 7.3 Liens and Encumbrances. MHMR shall not give nor permit any liens or encumbrances on the Premises, including but not limited to the facilities, buildings and improvements. Upon termination of this Lease Agreement, MHMR shall peacefully surrender such Premises to the CITY free of all any liens and encumbrances. **MHMR shall defend and indemnify the CITY against any liability and loss of any type arising from any such lien or encumbrance on the Premises, including facilities, buildings and improvements.**

**together with reasonable attorneys' fees, costs and expenses incurred by the CITY in negotiating, settling, defending or otherwise protecting against such liens and encumbrances.**

- 7.4 **Inspections.** The CITY shall have the right to enter the Premises at all reasonable times for the purpose of inspecting the same and determining compliance with the terms of this Lease Agreement.
- 7.5 **Outside Lighting.** Outside lighting will not be operated at such hours or with such intensity as to constitute a nuisance to the occupants of other properties in the neighborhood or otherwise violate Chapter 18.18 (Outdoor Lighting) of the El Paso Municipal Code. If this provision is violated, the CITY may require any such lighting to be extinguished, changed or removed at MHMR's expense.
- 7.6 **Signs.** All signs on the Premises, including building, facilities and improvements, shall comply with the El Paso Building Code, El Paso Zoning Code, and other relevant ordinances of the CITY. The size, design and location of all signs shall additionally be subject to the approval of the building official designee prior to installation.
- 7.7 **Right of Assurance.** Whenever one party to this Lease Agreement in good faith has reason to question the other party's intent to perform, said party may demand that the other party give written assurance of its intent to perform. In the event that a demand is made and no assurance is given within five (5) calendar days, the demanding party may treat this failure as an anticipatory repudiation of the Lease Agreement.
- 7.8 **Survival.** Each party shall remain obligated to the other under all clauses of this Lease Agreement that expressly or by their nature extend beyond the expiration or termination of this Lease Agreement, including but not limited to the indemnification provisions hereof.
- 7.9 **Amendments and Waiver.** The parties may amend this Lease Agreement at any time by mutual consent. Unless otherwise provided herein, this Lease Agreement may be amended only by written instrument duly executed on behalf of the CITY and MHMR. No claim or right arising out of a breach of this Lease Agreement can be discharged in whole or in part by a waiver or renunciation of the claim or right unless the waiver or renunciation is supported by consideration and is in writing signed by the aggrieved party.
- 7.10 **Complete Agreement.** This Lease Agreement constitutes the entire agreement between the parties relating to the terms and conditions of the Lease Agreement. The parties expressly acknowledge and warrant that there exists no other written or oral understanding, agreements or assurances with respect to such matters except as are set forth herein. Unless expressly stated, this Lease Agreement confers no rights on any person(s) or business entity(s) that is not a party hereto. This Lease Agreement shall not be construed against or unfavorably to any party because of such party's involvement in the preparation or drafting of this Lease Agreement.

- 7.12 Governing Law. This Lease Agreement shall be construed and interpreted in accordance with the laws of the State of Texas, along with any applicable provisions of the federal law, the City Charter and/or any ordinance of the City of El Paso.
- 7.13 Severability. All agreements and covenants contained in this Lease Agreement are severable. Should any term or provision of this Lease Agreement be declared invalid by a court of competent jurisdiction, the parties intend that all other terms and provisions of this Lease Agreement should be valid and binding and have full force and effect as if the invalid portion had not been included.
- 7.14 Venue. For the purpose of determining place of this Lease Agreement and the law governing the same, this Lease Agreement is entered into in the City and County of El Paso, the State of Texas, and shall be governed by the laws of the State of Texas. Venue shall be in the County of El Paso, State of Texas.
- 7.15 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed delivered when actually received via United States Postal Service post office or certified mail, return receipt requested addressed to the respective other party at the address below or at such other address as the receiving party may have theretofore prescribed by written notice to the sending party.

The initial addresses of the parties, which one party may change by giving written notice of its changed address to the other party, are as follows:

CITY: City of El Paso  
 Attention: City Manager  
 Two Civic Center Plaza  
 El Paso, Texas 79901-1196

COPY TO: City of El Paso  
 Capital Assets Manager  
 Two Civic Center Plaza  
 El Paso, Texas 79901-1196

MHMR: El Paso Center for Mental Health and Mental Retardation Services  
 Attention: Gary Larcenaire, CEO  
 1600 Montana  
 El Paso, Texas 79902

- 7.16 Warranty of Capacity to Execute Agreement. The person signing this Lease Agreement on behalf of MHMR warrants that he/she has the authority to do so and to bind MHMR to this Lease Agreement and all the terms and conditions contained herein.

**Each person signing below represents that he or she has read this Lease Agreement, and all attachments, in its entirety; understands its terms; and agrees on behalf of such party that such party will be bound by those terms.**

07 JUL 20 PM 3:00  
 CITY CLERK DEPT.

7.17 Financial Statement, Right to Audit, and Annual Activity Reports. MHMR shall submit a financial report detailing all financial activity related to the Premises for the prior year each year at the anniversary of the execution of this Lease Agreement. The City Manager or designee shall have the right at all times to audit MHMR's books and other records related to monies derived from its use of the Premises. Any proceeds from such activities shall be used solely for the maintenance and upkeep of the Premises, improvements thereto, or for capital improvements or land acquisition to benefit MHMR.

As consideration for this Lease Agreement and as part of the terms and conditions of this Lease Agreement, MHMR shall provide an annual report outlining the nature and scope of all public purpose activities completed, the numbers of participants, and the dates and times when such activities were provided. It is understood that CITY would not have entered into this Lease Agreement without the Section 2.1 public purpose projects and activities promised. As such, this annual report should demonstrate compliance with both the letter and spirit of this Lease Agreement. It shall be forwarded to the City's Capital Assets Manager.

**Witness the following signatures:**

**CITY OF EL PASO**

\_\_\_\_\_  
Joyce A. Wilson  
City Manager

**EL PASO CENTER FOR MENTAL HEALTH  
AND MENTAL RETARDATION SERVICES**

\_\_\_\_\_  
Gary Larcenaire  
Chief Executive Officer

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Theresa Cullen-Garney  
Deputy City Attorney

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
Gonzalo Cedillos, P.E.  
Capital Assets Manager

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
Carmen Arrieta-Candalaria, CFO  
Financial Services

07 JUL 20 PM 3:00  
CITY CLERK DEPT.

EXHIBIT "A"

**Lease Agreement--CITY OF EL PASO and EL PASO CENTER FOR MENTAL HEALTH AND MENTAL RETARDATION SERVICES**

Lease of City property on Lots 23-32, Block 135, East El Paso Addition, City of El Paso, El Paso County, Texas, commonly known as 3410 Morenci St., El Paso, Texas

<u>Year</u>	<u>Annual rental</u>
1 <sup>st</sup> year	\$36,800 (includes a \$1,000 appraisal fee)
2 <sup>nd</sup> year	\$36,660
3 <sup>rd</sup> year	\$37,539
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5 <sup>th</sup> year	\$39,363

CITY CLERK DEPT.  
07 JUL 20 PM 3:00