

REAL PROPERTY AGREEMENT 12-04-HEA-03

THIS CONTRACT LEASE AGREEMENT is made between the **COUNTY OF COCHISE**, State of Arizona hereinafter called "COUNTY," whose Authorized Representative is:

Eddie Levins, Facilities Management Director
Cochise County Facilities Management Department
1415 Melody Lane, Building C
Bisbee, Arizona 85603

and the Contractor, hereinafter referred to as "LESSEE", whose complete name, address and Authorized Representative are:

Keith Lueking, Operations Director
Centene dba Bridgeway Health Solutions of AZ, LLC
1501 West Fountainhead Pkwy
Tempe, AZ 84282

In consideration of the mutual covenants contained herein, the parties agree as follows:

I. PREMISES CALLED LEASED PREMISES

The COUNTY will lease to the LESSEE; the following described real property situated at the 1415 Melody Lane, Building A. The space includes the following:

Office space at 1415 Melody Lane, Building A (a portion of the building), 3,066 square feet, which includes restroom/common area of 456 square feet prorated at 100 square feet per Exhibit A included herein.

Appraised Insurance replacement cost: \$1,430,903.00
(Value of Lease area - \$384,913.00)

II. USE OF LEASED PREMISES

The LESSEE shall occupy and use the Leased Premises at 1415 Melody Lane, Building A, for conducting business only as described below:

1. Business Office Environment

The LESSEE is not authorized to use the Leased Premises as a residence, nor, for any other purpose other than as specified in the first paragraph of Section II of the Lease Agreement without prior written consent of County or his/her authorized agent.

III. RENTAL PAYMENTS

The LESSEE shall pay the COUNTY the following:

1. The sum of \$3,066 per month (\$1.00 per square foot of leased space) as and for rent for the Leased Premises. These monthly rent payments shall be subject to increases in accordance with the provisions of Section VI. Rental payments shall be due on the 1st of each month, shall be payable to the Treasurer of Cochise County, and shall be mailed to the following:

Cochise County
Facilities Management Department
1415 West Melody Lane, Building C
Bisbee, Arizona 85603

Any payment not received on or before the tenth day of each month shall accrue interest at the rate of one percent per month or fraction of a month on such unpaid balance as may be due and a late payment charge of ten dollars (\$10.00) for each delinquent payment will be assessed. An additional \$25.00 will be assessed on all returned checks. The first payment shall include an additional amount of \$5,785.04 for alterations and improvements provided by Lessor as specified in Section VIII (b) of this agreement AND \$968.00 for the purchase of surplus office furniture as specified in Exhibit B.

DELINQUENT RENTAL PAYMENT

All rent and other charges become delinquent if not paid in full by the end of the month, at which time the County will impose a late fee of up to ten percent (10%) and interest at the rate of up to one and one-half percent (1 1/2%) per month pro-rated daily from the due date until paid on the amount owing, which penalty shall be immediately due and owing. If all charges, including but not limited to the delinquent penalty, are not paid within twenty days after written notice of the default in payment is sent to the LESSEE, the county may immediately terminate this Lease and exercise all rights of default as provided herein,

IV. UTILITIES

The County shall be responsible for the payment of electricity, gas and water. LESSEE shall be responsible for any phone or internet access they require. The County will provide maintenance, janitorial and for proper refuse handling and disposal. No hazardous wastes, as defined by the Federal government or County, shall be disposed of on the premises unless by special permit. All hazardous wastes shall be handled and removed from the premises in accordance with Federal and State laws, rules and regulations.

V. SECURITY DEPOSIT

A security deposit for the buildings in the amount of one month's rent shall be paid within 30 days of executing the Lease Agreement.

VI. RENT ADJUSTMENT

Rent will be adjusted annually by a three percent (3%) increase on the anniversary date.

Following the completion of each five-year lease period the rent adjustment may be renegotiated for the next five year period.

VII. TERM

The term of this lease shall be for a minimum of five years; the first five-year period shall begin on the 1st day of November, 2011 and continue to and include the 31st day of October, 2016. The lease may be extended for four successive five-year periods subject to mutual agreement by both parties and as approved by the Cochise County Board of Supervisors. The LESSEE shall give the COUNTY written notice of intent to renew the lease with 180 days prior notice. Either party may, with written notice, terminate the Lease with 180 days prior notice. The maximum total lease term will be in accordance with A.R.S. §11-256.

VIII. ALTERATIONS, ADDITIONS, IMPROVEMENTS

- (a) All buildings and property are accepted by the LESSEE in their present condition, and all repairs or improvements to the Leased Premises shall be at the sole cost of the LESSEE unless prior arrangements with the County have been made. The Leased Premises are provided "AS IS". COUNTY makes no warranty as to their condition. COUNTY EXPRESSLY DISCLAIMS ANY WARRANTY OF HABITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. Any improvements that may be necessary for LESSEE's purposes shall be the sole responsibility of the LESSEE, including any heating, cooling, lighting, sewerage or other such facilities or repairs that may be required. Any such improvements provided by the LESSEE are deemed to be for the benefit of the LESSEE and COUNTY shall not reimburse the LESSEE for the expenses incurred thereby.
- (b) It is agreed, that LESSEE, agrees to the following alterations and additions to the property as described below and in the amount specified.

Server room in the Cochise County Complex Building A

1. Frame and drywall existing door way at south end of proposed server room
2. Frame and drywall new wall on north end of proposed server room
3. Add 3/0 solid core door with metal jambs to new northern wall
4. Install lever lock and deadbolt lock
5. Remove existing carpet and install VCT to new server room
6. Add (2) 20amp dedicated circuits to server room
7. Switch lighting separately for server room (now switched with hallway lighting)
8. Add 1-ton mini split for AC needs, dedicated to server room
9. Add dedicated circuitry to supply power for AC

Note: Fire sprinklers will not be changed or eliminated in this area. It has been agreed that no additional dry chemical or any other fire suppression systems changes are necessary. COUNTY shall not be liable for damage to Lessee's equipment in the event of the discharge of the fire sprinkler system.

Total cost to LESSEE payable with the first month's rent for items 1-9: \$5,785.04

LESSEE agrees to purchase surplus Office Furniture from COUNTY as specified in Exhibit B, as is, where is, in the amount of \$968.00 payable with the first month's rent.

During the existence of this lease, LESSEE may make other improvements, alterations and additions to the Leased Premises. However, before commencement of any work, LESSEE shall first receive the written approval of the County's Facilities Management Director or designated representative. LESSEE shall restore the premises to its original conditions, the usual wear and tear expected, at the end of the lease term.

- (c) It is agreed, that subject to any right of removal afforded to LESSEE under this lease, title to any leasehold improvements, buildings or structures added by LESSEE shall vest in the COUNTY immediately upon the completion of such facilities, and in consideration therefore, along with LESSEE's obligation of maintenance of these improvements, COUNTY hereby grants to LESSEE the exclusive use of any such leasehold improvements for the term of the lease.

- (d) Upon the expiration or termination of this lease, the LESSEE shall have the right to remove from the Leased Premises, any and all personal property or trade fixtures that have been placed thereon by the LESSEE. The LESSEE's right of removal of personal property and trade fixtures shall not be exercised where such removal will cause damage or injury to the Leased Premises. Under no circumstances shall LESSEE remove any electric or plumbing fixtures, including trade fixtures, which are connected with other building systems.
- (e) Repairs and Maintenance - LESSEE shall, at all times during the lease, and at its own expense, repair, and maintain in a good, safe and substantial condition, any improvements on the Leased Premises, and shall use all reasonable precaution to prevent waste, damage or injury to the Leased Premises. In addition, LESSEE shall at all times keep the Leased Premises in a good and sightly condition, insofar as it may be affected by LESSEE's operations hereunder.

IX. LIENS

LESSEE shall keep the Leased Premises and all improvements erected thereon free and clear of any and all mechanics, material men and other liens arising out of LESSEE's use and occupancy of the Leased Premises. Filing of a lien against this property shall constitute a default of this Lease Agreement.

X. ASSIGNMENT, SUBLEASE OR LICENSE

LESSEE shall not assign, mortgage or encumber the premises, or any other right or privilege connected therewith, or allow any other person except agents and employees of LESSEE to occupy the Leased Premises or any part thereof without first obtaining the written consent of the COUNTY for each instance. No such assignment, subletting or occupancy shall be deemed a waiver of the covenant, or the acceptance of an assignee, subtenant or occupant as tenant, as a release of the LESSEE of the covenants of this lease. An unauthorized assignment, sublease or license to occupy by the LESSEE shall be void and shall terminate the lease at the option of the COUNTY.

XI. COMPLIANCE WITH LAWS AND REGULATIONS

LESSEE shall comply with all federal, state and county laws, rules and regulations, controlling or in any manner affecting the use or occupancy of the Leased Premises. All Cochise County regulations and ordinances as applicable to this facility or the operations therein and any future amendments thereto, are incorporated by reference into this lease and shall be considered part of the regulations LESSEE must comply with under the terms of this Agreement.

XII. ENTRY TO PROPERTY

COUNTY shall maintain keys for the Leased Premises and with reasonable notice be allowed to inspect the Leased Premises as deemed necessary and appropriate. COUNTY may enter the Leased Premises at any time for the purpose of maintenance or janitorial services and in the case of fire or an emergency.

XIII. PARKING

County shall provide parking spaces for ten (10) employees for the purpose of this lease.

XIV INDEMNIFICATION

The LESSEE shall defend, hold harmless, and indemnify the COUNTY, its officers, agents, and employees, from all claims, demands, suits, damages, and loss ("claim") which result from the negligence or intentional torts of the LESSEE, its agents, officers, and employees, in the performance of this Agreement, but only to the extent that such claims arise from such negligence or intentional torts. The COUNTY shall hold harmless, defend and indemnify the LESSEE, its officers, agents, and employees, from all claims, demands, suits, damages, and loss ("claims") which result from the negligence or intentional torts of the COUNTY, its agents, officers, and employees, in the performance of this Agreement, but only to the extent that such claims arise from such negligence or intentional torts. The extent of the foregoing liabilities shall be limited to and determined by the respective fault of the parties, their agents, subcontractors, and employees, in comparison with others (including, but not limited to, the other party) who may have contributed to or in part caused any such claim to arise.

XV. INSURANCE

During the lease term, LESSEE shall, at its own expense, take out and maintain liability insurance. This liability insurance shall provide a minimum of \$2,000,000 liability coverage for each occurrence and with such insurance companies, as shall be satisfactory to the COUNTY to protect and indemnify the COUNTY from all damages or claims of any kind whatsoever, arising from the LESSEE's use and occupancy of the Leased Premises. The LESSEE shall cause these insurance policies to name the COUNTY as an additional insured.

In addition, the LESSEE shall, at its own expense, take out and maintain business property and liability insurance in an amount sufficient to cover the value of all property owned, leased or stored by the LESSEE on the leased premises.

LESSEE shall provide the COUNTY with certificates evidencing the coverage and the additional insured within thirty (30) days of signing this lease agreement or prior to occupancy, whichever is sooner. A current certificate will be provided each January 2 or on the anniversary of the policy, to the COUNTY at the same address to which rent is sent. Should insurance be canceled, notification must be sent to the COUNTY within ten (10) working days.

XVI. FIRE AND CASUALTY DAMAGE

- (a) If the Leased Premises shall be damaged by fire or other casualty, but the Leased Premises are either tenantable or if untenable, the Leased Premises can reasonably be expected to be repaired within thirty (30) working days after the commencement of repair work, the lease shall continue in full force and effect. In such case, the LESSEE may at its own cost, promptly and diligently repair and restore the Leased premises to substantially the same condition existing prior to such damage. Without limiting such obligation on the part of the LESSEE, the proceeds of any insurance covering such damage or destruction shall be made available to the COUNTY for such repair and restoration.
- (b) If the Leased Premises shall be totally destroyed by fire or other casualty, or if the Leased Premises should be so badly damaged by fire or other casualty as to become untenable, and such damage cannot reasonably be expected to be repaired within thirty (30) working days after the commencement of repair work, the LESSEE may terminate the lease, without further obligation by giving thirty (30) days prior written notice of such election to terminate, to the COUNTY. In such event, then all insurance money received or recoverable for the loss of the Leased Premises shall belong to and be paid to COUNTY.

XVII. DEFAULT OR BREACH

Each of the following events shall constitute a default or breach of this lease by LESSEE.

If LESSEE shall fail to pay COUNTY any rent when the rent shall become due.

If LESSEE shall fail to perform or comply with any of the conditions of this Lease.

If LESSEE shall vacate or abandon the Leased Premises.

If this Lease shall be transferred to or shall pass to or dissolve on any other person or party without the prior written consent of the County.

If LESSEE shall fail to maintain current, required amounts of insurance coverage.

XIII. SUPPLEMENTARY CONDITIONS

CONDITIONS OF GRANTING LEASE

LESSEE agrees that the privilege to use said public facilities in common with others authorized to do so shall be exercised only subject to and in accordance with the laws of the United States of America, the State of Arizona, and Cochise County; the rules and regulations promulgated by their authority and all applicable standards, rules, regulations and ordinances of the County or by direction of the County now in force or hereafter prescribed or promulgated by County or by law.

County reserves the right to further develop or improve all areas of the Office Space as it sees fit, regardless of the desires or views of the LESSEE, and without interference or hindrance from any such LESSEE.

The County has the right to inspect the Leased Premises at any time and the right to enter upon the Leased Premises at any time, for the purpose necessary, incidental to or connected with any matter related to the exercise of its governmental functions, or as may be required in the operation, maintenance or development of the premises, or to determine whether LESSEE is in compliance with Articles of this Lease; provided, however, that except in emergency circumstances or in situations where inspections must necessarily be undertaken during other than normal business hours, such inspections will occur only after reasonable notice to the LESSEE, during regular business hours, and in such a manner as to minimize interference with LESSEE's use of Leased Premises.

The County has the right and easement to install, maintain, repair, replace or remove and replace water or sewer pipes, electrical or phone lines, gas pipes, pavement or any other utilities or services on the Leased Premises along with the right to enter the Leased Premises in order to accomplish such actions as are related to this right at all times.

The Leased Premises is leased on an "as is" basis and County shall not be responsible for any costs or expenses the LESSEE may incur in the use and occupancy of the Leased Premises and, specifically, any utilities or refuse removal the LESSEE may require.

SECURITY

The LESSEE shall, at its sole cost and expense, take such measures as may be necessary to keep the Leased Premises secure and safe at all times with the understanding that the County will have access to the office space at all times. The County has no obligation or responsibility to keep the Leased Premises policed, secured or safe.

The LESSEE is fully responsible for any lost, stolen or damaged keys or access cards, and agrees that the LESSEE shall reimburse the County for all costs for the replacement of such keys, door hardware cores and access cards.

XIX. TERMINATION

In the event of any default or breach by the LESSEE of any provisions of this Lease, and if such default continues for a period of thirty (30) days after written notice of default has been delivered by the COUNTY to the LESSEE, this Lease shall, at the option of the COUNTY, be terminated forthwith upon the LESSEE's receipt of a written notice of termination from the COUNTY. In such event, the LESSEE agrees to deliver peaceful and lawful possession thereof, and to pursue any other legal remedy for damages or otherwise arising out of the default by the LESSEE.

In the event of termination, upon expiration of the applicable term or as otherwise authorized herein, the LESSEE shall vacate the premises and leave then in a good and clean condition, not worse than existed at time of occupancy, ordinary wear and tear excepted. LESSEE shall remove, or arrange for the removal of all of its remaining personal property and waste from the Leased Premises on or before vacating the premises. Any property or materials not removed within thirty (30) days of the termination of the lease shall be deemed to be abandoned and may be disposed of by COUNTY at the LESSEE's expense, as COUNTY deems appropriate.

This agreement may be terminated for conflict of interest, pursuant to A.R.S. §38-511.

XX. LEGAL REMEDIES

The parties hereby agree to make a good faith effort to resolve any controversy or claim through informal negotiation. Any claim or controversy must first be presented in writing, with supporting documentation, to the agent of the other party. The recipient shall have seven days to prepare and deliver a response. Thereafter, if the parties fail to resolve the claim or controversy following a reasonable period for such resolution, but not less than ten days, the aggrieved party may pursue its legal remedies in the Cochise County Superior Court.

XXI. RIGHT AND REMEDIES

No provision in this document or in the LESSEE's offer shall be construed, expressly or by implication, as a waiver by the County of any existing or future right and/or remedy available by law in the event of any claim of default or breach of contract. The failure of any party to insist upon the strict performance of any term or condition of the contract or to exercise or delay the exercise of any right or remedy provided in the contract or by law, or the acceptance of materials or services, or the payment for materials or services, shall not release the other party(s) from any responsibilities or obligations imposed by the contract or by law, and shall not be deemed a waiver of an right of an party(s) to insist upon the strict performance of the contract.

XXII. CONTRACT.

The contract between the County and the LESSEE shall consist of (1) the bid call or solicitation, including instructions, all terms and conditions, plans, technical specifications, scope of work, attachments, and any amendments thereto; (2) the Proposal Form submitted by the LESSEE in response to the solicitation, to the extent that it is consistent with the solicitation and other Contract Documents; and (3) the executed Contract Document. However, the County reserves the right to clarify or amplify any contractual terms, with the written concurrence of the LESSEE, and such written Contract shall govern in case of conflict with the applicable requirements stated in the solicitation or the LESSEE's offer.

The terms of this Contract Lease Agreement, Sections I through XXIII shall take precedence and be superior over the terms or conditions of any other incorporated documents in the event of any conflict or inconsistency among these respective terms or conditions.

XXIII. CONTRACT AMENDMENTS

This contract may be modified only by a written Contract Amendment signed by persons duly authorized to act in this capacity on behalf of the County and the LESSEE.

IN WITNESS WHEREOF, the parties have caused this Lease Agreement to be signed by their duly authorized representatives.

APPROVED:

By LESSEE

William N. Scheffel 10-21-11
Signature Date

WILLIAM N. SCHEFFEL - Vice President
Print Name (and Title if Applicable)

Attest:

Katie Howard, Clerk Date
Board of Supervisors

By Cochise County

Pat Call, Chairman Date
Board of Supervisors

Approved as to Form

Office of the County Attorney

EXHIBIT A
REAL PROPERTY AGREEMENT 12-04-HEA-03

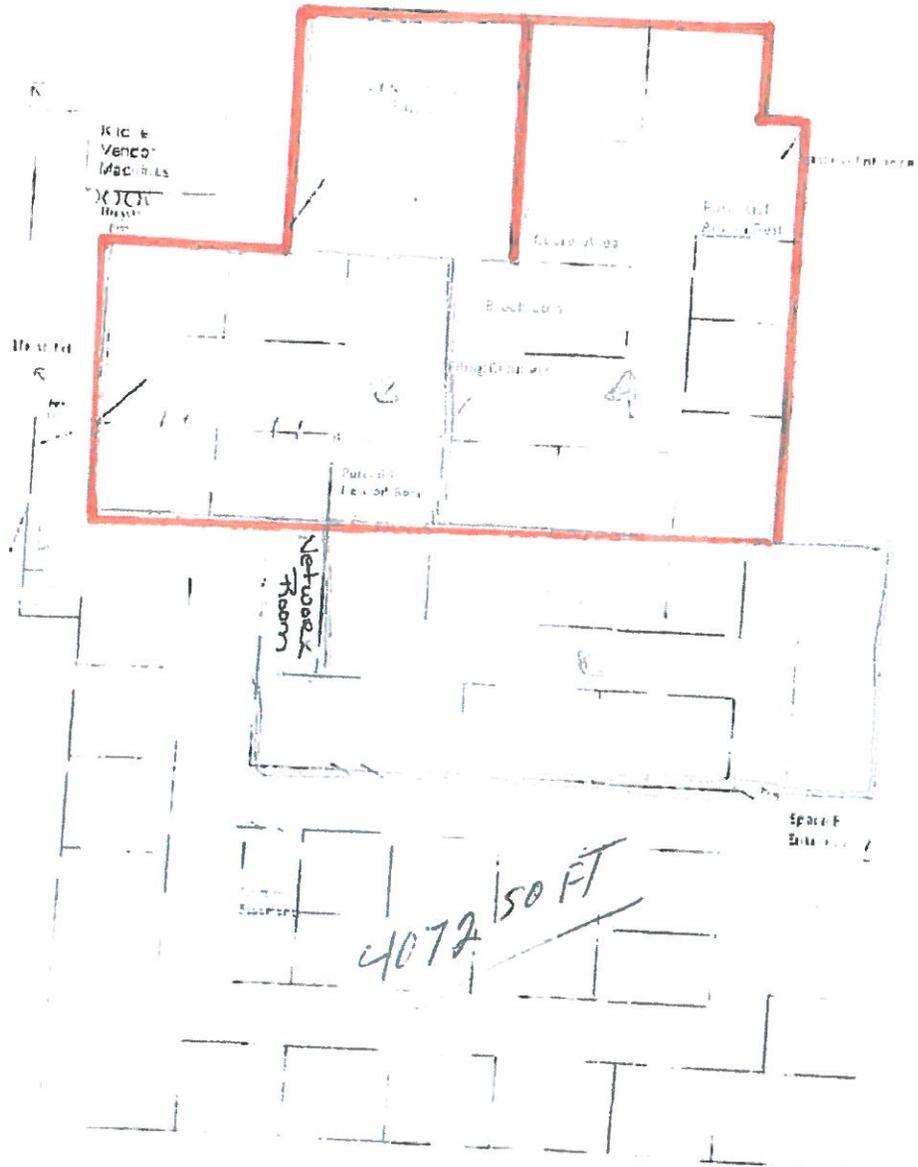


EXHIBIT B
REAL PROPERTY AGREEMENT 12-04-HEA-03
PURCHASE OF COUNTY SURPLUS OFFICE FURNITURE

<u>Quantity</u>	<u>Description</u>	<u>Unit Price</u>	<u>Total</u>
4	5-Drawer Lateral File Cabinets	\$100	\$400
6	Conference Room Tables	\$50	\$300
14	Conference Room Chairs	\$12	\$168
1	4' X 8' White Board	\$100	\$100
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TOTAL			\$968