

LEASE AGREEMENT

SUBJECT TO THE APPROVAL OF THE NEW MEXICO STATE BOARD OF FINANCE, THIS LEASE is effective the 1st day of February, 2012, by and between the BOARD OF EDUCATION OF THE GADSDEN INDEPENDENT SCHOOL DISTRICT, (“Lessor”), and CAMINO REAL REGIONAL UTILITY AUTHORITY (“Lessee”).

WHEREAS, Lessor owns and controls approximately 2370 square feet of vacant office space within the Gadsden Schools Administrative Complex, located at 4950 McNutt Road, Sunland Park, New Mexico, designated and highlighted on the site map attached hereto as Exhibit A, and incorporated herein by reference (hereinafter “the Leased Premises,” and

WHEREAS, the Leased Premises is not presently used or needed for school or administrative operations; and

WHEREAS, Lessor wishes to lease such space to Lessee for an initial twelve (12) month term, and an option for an additional twelve month extension, all in accordance with the provisions and conditions specified below; and

WHEREAS, Lessee proposes to maintain and keep the Leased Premises in good condition and repair, to pay the Rent reserved herein, to pay the allocated utilities specified below and otherwise comply with the terms and conditions of this Lease; and

WHEREAS, this Lease will remain in place throughout the term specified herein and any extension thereof, except as specified below; and

WHEREAS, This Lease is subject to approval by the New Mexico State Board of Finance ("NMSBOF") as required by 1.5.23.10 NMAC.

NOW, THEREFORE, Lessor does hereby lease, demise and let unto Lessee the property described below for the term and in accordance with the conditions agreed to as follows:

1. Description of the Leased Premises ("Leased Premises")

Office space totaling approximately 2370 square feet within the Lessor's Administrative Complex, located at 4950 McNutt Road, Sunland Park, New Mexico, 88021, as designated and highlighted on the site map attached hereto as Exhibit A and incorporated herein by reference.

In addition, the Leased Premises shall consist of ___ designated parking spaces in the parking lot adjacent to the Lessor's Administrative Complex, located at 4950 McNutt Road, Sunland Park, New Mexico, 88021, which parking spaces are identified and highlighted on the plat attached hereto as Exhibit B, and incorporated herein by reference.

2. Term: The Term of this Lease shall be for a period of twelve (12) months, commencing on the date this Lease is approved by the NMSBOF, or the 1st day of February, 2012, which ever is later ("effective date"), and ending twelve months after the effective date ("termination date"), with an option by the Lessee to extend the Term of this Lease for one additional period of twelve (12) months, as provided below.

3. Rent and Utilities: Lessee agrees to pay Lessor and Lessor agrees to accept as Rent for the Leased Premises the sum of \$1975 payable monthly, the first

installment to be paid on the effective date or February 1, 2012, which ever is later, and each succeeding installment to be paid monthly thereafter throughout the Term and any extension of this Lease. In addition to the payment of Rent, Lessee shall pay to Lessor on a monthly basis an allocated Utility charge of \$426.60 per month.

4. NMSBOF Approval. Lessor and Lessee agree that this Lease is subject to approval by the NMSBO, and this Lease shall not become effective unless and until approved by that agency. Lessor agrees to deliver to Lessee possession of the Leased Premises upon approval by the New Mexico State Board of Finance on the Effective Date of this Lease.

5. Prior Inspection: A physical inspection of the Leased Premises has been made by the Lessee prior to the effective date of this Lease, and Lessee hereby acknowledges that it knows the conditions of the Leased Premises, that no representations as to same have been made by Lessor, and Lessee hereby accepts the Leased Premises in their present condition.

6. Consent to Improvements at Lessee's Expense: At Lessee's sole cost and expense, and conditioned upon Lessee's compliance with all applicable federal, state and local laws, permitting requirements and with all applicable rules and regulations of Lessor, Lessor hereby consents to the installation of access security cameras in the lobby of Lessor's Administrative Complex, and to such improvements and modifications as are reasonably necessary to make access to the Leased Premises compliant with federal

law.

7. Ownership of Improvements: All improvements which are placed on the Leased Premises during the term of the Lease by the Lessee shall be owned by Lessee during the term of this Lease and any extension thereof; upon expiration of the Term and any extension thereof, all improvements shall be owned by Lessor.

8. Maintenance: Lessee shall, at Lessee's sole expense, keep and maintain the Premises and all improvements thereon in a reasonable state of repair and preservation, and shall not suffer or permit any continuing nuisance thereon.

9. Assignment and Subletting: Lessee may not assign, sublet, mortgage, subordinate, alienate or hypothecate the Leased Premises, or any part thereof, without the express written consent of Lessor.

10. Signs and Personal Property: Lessee may place signs on the Leased Premises and outside the Administrative Complex only with advance written approval of Lessor, which approval shall not be unreasonably withheld. All personal property, signs and improvements of Lessee, its employees, agents, customers and invitees shall be kept on or near the Leased Premises at the sole risk of the Lessee, and Lessor shall not be liable for any damage thereto.

11. Inspection: Lessee will permit Lessor to come upon the Leased Premises at all reasonable times in order to inspect the condition, use, safety or security of the Leased Premises.

12. Laws: Lessee will comply with all applicable federal, state and local laws and with all applicable rules and regulations of Lessor, and will insure that those persons using the Leased Premises so comply. Lessee shall indemnify Lessor and hold it harmless from and against any and all claims, damages, loss and liability (including, but not limited to attorney's fees and costs of litigation) suffered by Lessor by reason of Lessee's failure to comply with the foregoing terms of paragraph 12 of this Lease.

13. Indemnity: Lessee shall indemnify and hold Lessor harmless from all loss, cost, damage, liability and expense, including but not limited to attorney's fees, and cost of litigation, incurred by Lessor by reason of any claim against Lessor arising out of the operation of the Leased Premises, except those claims arising out of the active conduct or negligence of Lessor's employees acting in the course of their employment for the benefit of Lessor and not Lessee.

14. Notice: All notices relating to the Lease shall be in writing and shall be delivered to the following addresses and if mailed, sent certified or registered mail:

LESSOR: Superintendent Efren Yturralde
Gadsden Independent School District
P.O. Drawer 70
Anthony, New Mexico 88021

LESSEE:

Mr. Victor Torres _____

[Address to be completed] _____

[Address to be completed] _____

or to such other addresses as either party may give to the other party by notice as set forth above.

15. Waiver: No failure on the part of Lessor to exercise and no delay in exercising any right, power or privilege hereunder shall preclude other or further exercise thereof, or the exercise of any other right, power or privilege. The rights or limitations herein provided are cumulative and not exclusive of any rights and remedies otherwise provided by law or equity.

16. Expiration: Upon termination of this Lease by reason of the expiration of the term or any extension thereof, Lessee will peaceably surrender to Lessor possession of the Leased Premises and all improvements thereon in good condition and repair, reasonable wear and tear excepted.

17. Insurance: Lessee shall carry and maintain in full force and effect during the term of this Lease, and any extension thereof, at Lessee's sole cost and expense, and as additional rent hereunder, liability insurance covering bodily injury, disease, illness or death and property damage liability, in a form and with an insurance company acceptable to Lessor, with limits of coverage not less than \$300,000 for each

person and \$500,000 in the aggregate for bodily injury, disease, illness or death with respect to any one occurrence, and \$100,000 for each accident for property damage liability, for the benefit of both Lessor and Lessee as protection against all liability claims arising from the Premises, causing Lessor to be named as an additional-named insured on such policy of insurance, and delivering a copy thereof to Lessor upon the commencement of the term of this Lease. Lessor shall maintain in full force and effect during the term of this Lease, and any extension thereof, fire and extended coverage insurance upon all buildings, alterations, additions and improvements comprising the Gadsden Schools Administrative Complex, including the Leased Premises, in such manner and in such amount as is authorized by law for school districts in New Mexico. In the event that such buildings, additions or improvements should be destroyed or substantially damaged in whole or in material part, including the Leased Premises, this Lease shall terminate and neither party shall have any other or further obligation to the other under the terms of this Lease.

18. Default of Lessee and Remedies of Lessor: If any of the following events (Events of Default) shall occur:

- A. Lessee's abandonment of the Premises for a period of thirty (30) continuous days;
- B. Lessee's breach or default under any other term, covenant or condition of this Lease;
- C. Lessee's failure to pay when due any rental or utility

payment or insurance premiums required to be paid hereunder;

then Lessor may give Lessee written notice by certified or registered mail specifying such event of default. Unless the event of default is remedied or obviated by Lessee within thirty (30) days after its receipt of such notice, or unless within such thirty (30) days period Lessee shall have commenced and shall continue to take action for the purpose of remedying or obviating such event of default and shall thereafter in good faith prosecute such action to completion, Lessor may declare the forfeiture of the interest of Lessee in this Lease by giving Lessee written notice thereof by certified or registered mail, and this Lease shall terminate forthwith. Upon receipt of such notice of forfeiture, Lessees shall immediately peacefully surrender the Premises together with all improvements, buildings and fixtures thereon. If Lessee fails to surrender the Leased Premises, Lessor may forthwith take possession of the Leased Premises, together with all improvements, buildings and fixtures thereon, either by force, summary proceedings or by any other suitable action or proceedings at law or otherwise, without being liable for damages. Lessee agrees that in the event of forfeiture hereunder it shall, upon request of Lessor, assign, convey and transfer to Lessor the title to all improvements, buildings and fixtures on the premises. Under this remedy Lessee shall be liable for the costs, expenses and attorneys' fees of Lessor in enforcing its rights under this Lease, including injunctive relief or the obtaining of possession, and Lessor shall have a lien on all property of Lessee on the Leased Premises as security for the payment of such rental, costs, expenses and

attorneys' fees. Lessee shall not be liable for any future rental from the date of termination if this remedy is pursued, and Lessor shall have no further obligation to Lessee under this Lease.

19. Uses to be Made of Leased Premises: The Leased Premises shall be used for the conduct and operation of office space and ordinary attendant uses and for such other lawful purposes as the Lessor shall consent to in writing. Should Lessee use the premises for any other purpose, the lease shall terminate automatically. In no event shall the premises be used for any unlawful purpose or other purpose constituting or creating a public or private nuisance.

20. Termination: This Lease may be terminated by either party on 30 days' prior written notice to the other party as provided in Paragraph 14, which notice shall state the effective date of such termination. The parties shall perform all obligations incurred or accrued through the date of termination, including the payment of rent. Thereafter, all rights, duties, obligations, and liabilities pursuant to the terms of this Lease shall cease.

21. Succession: This Lease shall extend to and be binding upon the heirs, successors and assigns of the parties.

22. Condemnation: In the event that all or any portion of the Leased Premises is condemned by any governmental body or agency, Lessor shall be entitled to all compensation awarded or paid without participation by Lessee.

23. Option for Extension: Upon expiration of the Term of this Lease,

Lessee shall have the option to extend this Lease, upon the same terms and conditions as are contained herein, for an additional period of (12) months.

24. Non-Appropriation. The performance of Lessor's obligations under this Lease is contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Lease. If sufficient appropriations and authorization are not made by the Legislature, this Lease shall terminate upon written notice being provided by Lessor to the Lessee. The Lessor's decision as to whether sufficient appropriations are available shall be accepted by the Lessee and shall be final.

25. Amendments—State Board Of Finance Approval. To be effective, any amendment to this Lease shall be in writing, signed by the Parties hereto and such amendment shall first be approved by the New Mexico State Board of Finance. The exercise of Lessee's options to extend the term of this Lease Agreement as set forth in Paragraph 23 hereof is not, and shall not, be considered an amendment to this Lease.

26. Entire Agreement. This Lease incorporates all of the agreements, covenants and understandings of the parties concerning the subject matter hereof and all such covenants, agreements and understandings have merged into this Lease Agreement. No prior agreement or understanding, whether verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Lease Agreement.

27. Governing Law. This Lease shall be governed by the laws of the

State of New Mexico.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals.

LESSOR:

BOARD OF EDUCATION OF THE GADSDEN
INDEPENDENT SCHOOL DISTRICT

By: _____
Superintendent and
Authorized representative

LESSEE:

CAMINO REAL REGIONAL
UTILITY AUTHORITY

By: _____
Victor Torres, Director

EXHIBIT A

DESCRIPTION OF LEASED PREMISES

The Leased Premises consists of office space totaling approximately 2370 square feet within the Lessor's Administrative Complex, located at 4950 McNutt Road, Sunland Park, New Mexico, 88021, as designated and highlighted in yellow on the attached site map.

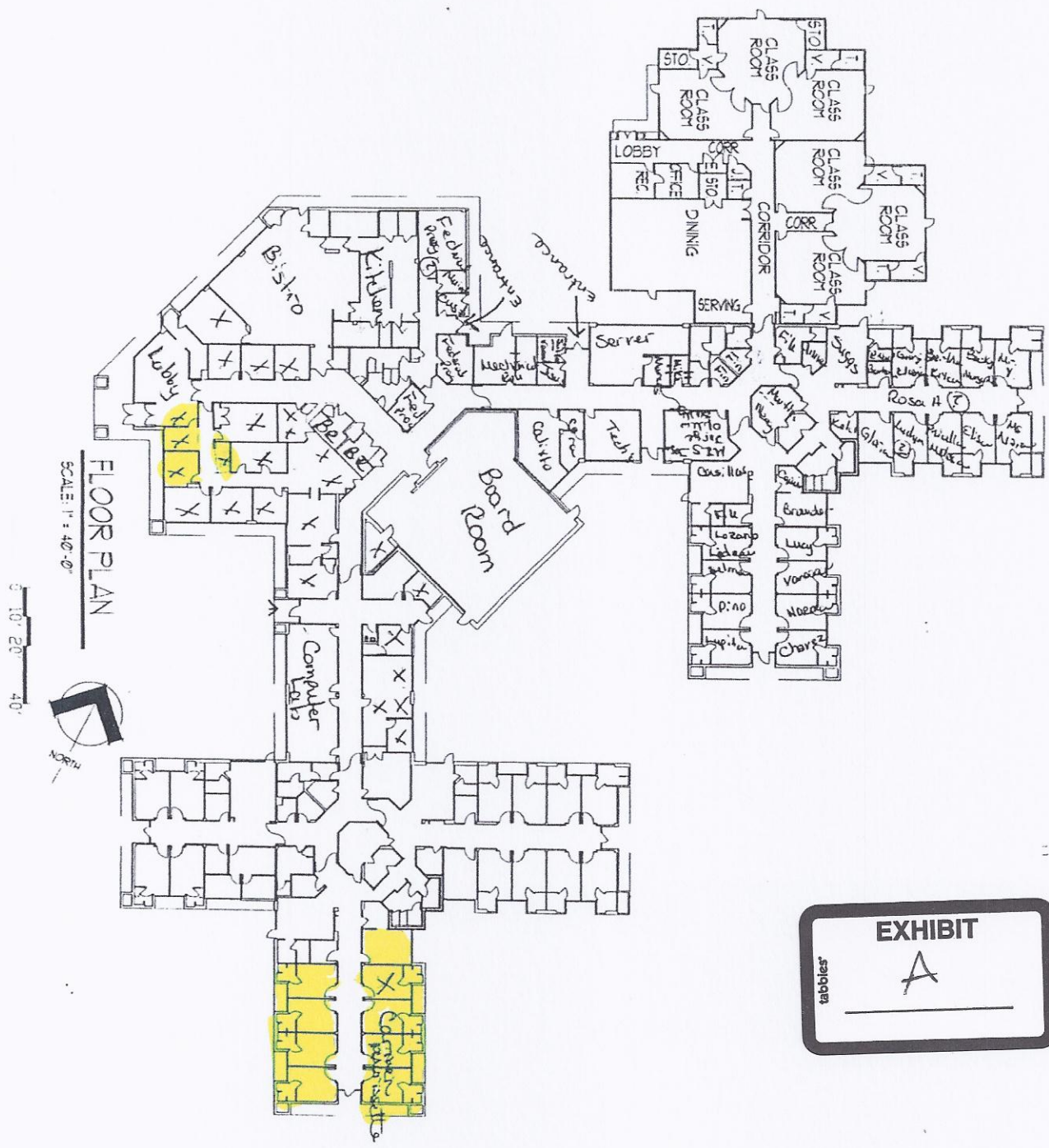


EXHIBIT
 A



CENTRAL ADMINISTRATION (G.I.S.D.)/PRE KINDER
 GADSDEN INDEPENDENT SCHOOL DISTRICT



11/19/00
 G.I.S.D.