



City of Santa Fe, New Mexico

200 Lincoln Avenue, P.O. Box 909, Santa Fe, N.M. 87504-0909
www.santafenm.gov

Alan Webber, Mayor

Councilors:

- Signe I. Lindell, Mayor Pro Tem, District 1
- Alma G. Castro, District 1
- Michael J. Garcia, District 2
- Carol Romero-Wirth, District 2
- Lee Garcia, District 3
- Pilar F.H. Faulkner, District 3
- Jamie Cassutt, District 4
- Amanda Chavez, District 4

Date: November 20, 2024

To: Mayor Alan Webber and Governing Body
Finance, Quality of Life and Public Works & Utilities Committees.

Via: Daniel Hernandez, Director, Metropolitan Redevelopment Agency

DH
DH

From: Nina Nguyen, Asset Development Associate, Office of Economic Development

NN
NN

Subject: Amendment 5 to Amended and Restated Lease Agreement Between the City of Santa Fe and Santa Fe Recovery Center, Inc.

Vendor Name: Santa Fe Recovery Center, Inc.

Vendor Number: 2761

ITEM AND ISSUE:

The Office of Economic Development respectfully requests approval of Amendment No. 5 (“Amendment”) to Amended and Restated Lease Agreement Between the City of Santa Fe and Santa Fe Recovery Center, Inc. for Buildings 6B-1 and 6B-2 and Building 12 (King Hall) at 1600 S. St. Michael’s Drive, Santa Fe, NM. The Amendment, if approved, extends the term of the lease for King Hall to September 1, 2025 and for the Student Apartments to February 1, 2025.

Action Requested: Please approve Amendment No. 5 to the Amended and Restated Lease Agreement.

BACKGROUND AND SUMMARY:

On November 15, 2019, the City of Santa Fe (“City”) and Santa Fe Recovery Center, Inc. (“SFRC”), a New Mexico non-profit corporation, entered into an amended and restated lease agreement (Item #19-0872) to occupy City owned buildings located at 1600 St. Michael’s Drive on the former campus of the Santa Fe University of Art & Design. The lease agreement was for Buildings 6B-1 and 6B-2, an adjacent laundry/office accessory building, and a portion of Building 12 (King Hall). The initial term was six months with two optional terms of six months each.

Amendment No. 1 (August 26, 2020, Item #20-0442) allowed SFRC to occupy 6,000 additional square footage in Building 12 (King Hall) to expand their treatment facility, and adjusted rent and terms for partial vacation of some space. Amendment No. 2 (December 16, 2020, Item #20-0692) allowed SFRC to further expand their operations within King Hall and adjusted the term to end May 31, 2021. Amendment No. 3 (August 31, 2022, Item #22-0415) adjusted rent and extended the term of their lease agreement through November 1, 2023. Amendment No. 4 (November 16, 2023, Item #23-0467) extended the term of their lease agreement through November 1, 2024.

Amendment No. 5 will become effective with the date of final signature and will terminate on February 1, 2025 for the Student Apartments and September 1, 2025 for King Hall, with no provision for extension.

\$\$\$\$\$ SOURCE/REVENUE: Expense Revenue

The funding source is:

Munis Org Name/Number: 5256175

Munis Object Name/Number: 460150

Budget Officer Approval: Andy Hopkins Date: 11/20/2024
Comment/Exceptions: _____

Department Contract Administrator Contact Info: Nina Nguyen, Asset Development Associate,
nanguyen@santafenm.gov, (505) 819-1870

ATTACHMENTS:

- Amendment #5
- Amendment #4
- Amendment #3
- Amendment #2
- Amendment #1
- Amended and Restated Lease Agreement

**AMENDMENT 5 TO AMENDED AND RESTATED LEASE AGREEMENT
BETWEEN
THE CITY OF SANTA FE AND SANTA FE RECOVERY CENTER, INC.**

This Amendment No. 5 (the "Amendment") to the City of Santa Fe Amended and Restated Lease Agreement, Item #19-0872 dated November 15, 2019, as amended ("Lease Agreement"), is made and entered into as of the date of the last signature ("Effective Date"), by and between the CITY OF SANTA FE, a municipal corporation ("City") and SANTA FE RECOVERY CENTER, INC., a New Mexico non-profit corporation ("Lessee"), collectively the "Parties."

RECITALS:

- A. The Lessor and Lessee had previously entered into the Lease Agreement, as amended, for the specific purpose of operating Lessee's "Extended Residential", "Recovery Housing" and "Social Detoxification" programs; and
- B. On August 26, 2020, Amendment 1 was executed by the Parties to increase the size of the Premises, increase the base rent accordingly, and to allow Lessee to subsequently reduce the size of the Premises in Building 12 (King Hall) and reduce the base rent accordingly; and
- C. On December 16, 2020, Amendment 2 was executed by the Parties to increase the size of the Premises to mitigate the effects of the COVID-19 Pandemic, with no increase to base rent; and
- D. On August 31, 2022, Amendment 3 was executed by the Parties to extend the term of the Lease Agreement and to reduce rent based on a 2017 appraisal; and
- E. On November 8, 2023, Amendment 4 was executed by the Parties to extend the term of the Lease Agreement and to remove the month-to-month tenancy provision if the Lessee was to remain in possession of the Premises after the expiration of the then current term; and
- F. The Parties now desire to amend the Lease Agreement to reduce the size of the Premises, reduce the rent accordingly and to extend the term.

AMENDMENT:

Pursuant to Article 21 of the Lease Agreement, and for the good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, Lessor and Lessee agree that the Lease Agreement is amended as follows:

1. **Article 1 (PREMISES)** of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

1. **PREMISES**

Lessor allows Lessee to use, occupy and improve, subject to the terms and conditions of this Lease Agreement, the following:

- A. Portions of that certain existing City-owned building known as Building 12 (King Hall) consisting of approximately 20,525 square feet.
- B. Certain City-owned buildings known as Buildings 6B-1 and 6B-2 containing 24 two-bedroom apartments of approximately 625 square feet each, and an adjacent laundry/office accessory building of approximately 400 square feet. Total square feet of approximately 15,400 square feet (collectively Student Apartments).
- C. And furnishings as contained in the premises described above, all located at 1600 Saint Michaels Drive on the former campus of the Santa Fe University of Art & Design in the City of Santa Fe (Premises). Lessee accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as the condition of the Premises or as to the use, which may be made thereof.

2. **Article 3 (LEASE TERM)** of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

3. **LEASE TERM**

- A. The term of this Lease Agreement for King Hall shall commence at 12:00 a.m. on the Effective Date and terminate at 12:01 a.m. on September 1, 2025.
- B. The term of this Lease Agreement for the Student Apartments shall commence at 12:00 a.m. on the Effective Date and terminate at 12:01 a.m. on February 1, 2025.

3. **Article 5 (RENT)** of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

5. **RENT**

- A. Lessee shall pay Monthly Base Rent for King Hall of \$9,789.37 (\$117,472.38 annually).
- B. Lessee shall pay Monthly Base Rent for the Student Apartments of \$7,345.00 (\$88,140.00 annually).
- C. Rent is due on the Effective Date and thereafter due in full on the first day of each month during the Term without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to the Lessor's cashier's office, 200 Lincoln Avenue, Room 114, Santa Fe, NM.

Except as specifically provided in this Amendment #5, the Lease Agreement shall remain in full force and effect, in accordance with its term.

IN WITNESS WHEREOF, the parties have executed this Amendment #5 as of the dates set out below,

Lessor: CITY OF SANTA FE

Lessee: SANTA FE RECOVERY CENTER, INC.

By _____
ALAN WEBBER, MAYOR

By  _____
STACY MARTIN, CHIEF EXECUTIVE OFFICER

ATTEST:

By _____
GERALYN CARDENAS, INTERIM CITY CLERK

APPROVED AS TO FORM FOR LEGAL SUFFICIENCY:


By [Patricia Feghali \(Nov 15, 2024 11:20 MST\)](#)
PATRICIA FEGHALI, ASSISTANT CITY ATTORNEY

APPROVED:

EMILY K. OSTER, FINANCE DIRECTOR
5256175.460150
BUSINESS UNIT/LINE ITEM

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**AMENDMENT 4 TO AMENDED AND RESTATED LEASE AGREEMENT
BETWEEN
THE CITY OF SANTA FE AND SANTA FE RECOVERY CENTER, INC.**

This Amendment No. 4 (the "Amendment") to the City of Santa Fe Amended and Restated Lease Agreement, Item #19-0872 dated November 15, 2019, as amended ("Lease Agreement"), between the CITY OF SANTA FE, a municipal corporation ("City") and SANTA FE RECOVERY CENTER, INC., a New Mexico non-profit corporation ("Lessee"), collectively the "Parties."

RECITALS:

- A. The Lessor and Lessee had previously entered into the Lease Agreement, as amended, for the specific purpose of operating Lessee’s Extended Residential, Recovery Housing and Social Detoxification Programs; and
- B. On August 26, 2020, Amendment 1 was executed by the Parties to increase the size if the Premises, increase the base rent accordingly, and to allow Lessee to subsequently reduce the size of the Premises in Building 12 (King Hall) and reduce the base rent accordingly; and
- C. On December 16, 2020, Amendment 2 was executed by the Parties to increase the size of the Premises to mitigate the effects of the COVID-19 Pandemic, with no increase to base rent; and
- D. On August 31, 2022, Amendment 3 was executed by the Parties to extend the term and to reduce rent based on a 2017 appraisal.
- E. The Parties now desire to amend the Lease Agreement to extend the term.

AMENDMENT:

Pursuant to Article 21 of the Lease Agreement, and for the good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, Lessor and Lessee agree that the Lease Agreement is amended as follows:

1. The first, second, and third paragraphs of Article 3 (LEASE TERM) of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

3. LEASE TERM

The term of this Lease Agreement shall commence at 12:00 a.m. on the Effective Date and terminate at 12:01 a.m. on November 1, 2024.

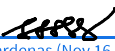
Except as specifically provided in this Amendment #3, the Lease Agreement shall remain in full force and effect, in accordance with its term.

IN WITNESS WHEREOF, the parties have executed this Amendment #4 as of the dates set out below,

Lessor: CITY OF SANTA FE

By 
ALAN WEBBER, MAYOR

ATTEST:

By 
GERALYN CARDENAS, INTERIM CITY CLERK
GB MTG 11/8/2023 *XIV*

APPROVED AS TO FORM FOR LEGAL SUFFICIENCY:

Patricia Feghali
By Patricia Feghali (Oct 18, 2023 15:37 MDT)
PATRICIA FEHALI, ASSISTANT CITY
ATTORNEY

APPROVED:

Emily K. Oster
Emily K. Oster (Nov 15, 2023 17:26 MST)
EMILY K. OSTER, FINANCE
DIRECTOR 5256175.460150
BUSINESS UNIT/LINE ITEM

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**AMENDMENT 3 TO AMENDED AND RESTATED LEASE AGREEMENT
BETWEEN
THE CITY OF SANTA FE AND SANTA FE RECOVERY CENTER, INC.**

This Amendment No. 3 (the "Amendment") to the City of Santa Fe Amended and Restated Lease Agreement, Item #19-0872 dated November 15, 2019, as amended ("Lease Agreement"), between the CITY OF SANTA FE, a municipal corporation ("City") and SANTA FE RECOVERY CENTER, INC., a New Mexico non-profit corporation ("Lessee"), collectively the "Parties."

RECITALS:

- A. The Lessor and Lessee had previously entered into the Lease Agreement, as amended, for the specific purpose of operating Lessee's Extended Residential, Recovery Housing and Social Detoxification Programs; and
- B. On August 26, 2020, Amendment 1 was executed by the Parties to increase the size of the Premises, increase the base rent accordingly, and to allow Lessee to subsequently reduce the size of the Premises in Building 12 (King Hall) and reduce the base rent accordingly; and
- C. On December 16, 2020, Amendment 2 was executed by the Parties to increase the size of the Premises to mitigate the effects of the COVID-19 Pandemic, with no increase to base rent; and
- D. The Parties now desire to amend the Lease Agreement to extend the term and reduce rent to reflect a current market rental value based on a 2017 appraisal, which has been adjusted for inflation.

AMENDMENT:

Pursuant to Article 21 of the Lease Agreement, and for the good and valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, Lessor and Lessee agree that the Lease Agreement is amended as follows:

1. The first and second paragraphs of Article 3 (LEASE TERM) of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

3. LEASE TERM

The term of this Lease Agreement shall commence at 12:00 a.m. on the Effective Date and terminate at 12:01 a.m. on November 1, 2023.

2. Article 5 (RENT), A (Base Rent) of is Lease Agreement is hereby deleted in its entirety and replaced with the following:

- A. **Base Rent.** Lessee shall pay monthly Rent of \$17,134.37 which is due on the Effective Date and thereafter due in full on the first day of each month during the Term, without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to City of Santa Fe, Treasury Division, 200 Lincoln Ave., Room 114, Santa Fe, NM, 87504.

Effective date of this Base Rent shall be June 1, 2022.

Except as specifically provided in this Amendment #3, the Lease Agreement shall remain in full force and effect, in accordance with its term.

IN WITNESS WHEREOF, the parties have executed this Amendment #3 as of the dates set out below,

Lessor: CITY OF SANTA FE

By 
ALAN WEBBER, MAYOR

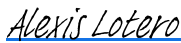

ATTEST:

By 
KRISTINE BUSTOS-MIHELICIC, CITY CLERK 
GB MTG 08/31/2022

APPROVED AS TO FORM FOR LEGAL SUFFICIENCY:

By 
ERIN K. MCSHERRY, CITY ATTORNEY

APPROVED:


Alexis Lotero (Sep 5, 2022 21:40 MDT)
ALEXIS LOTERO, ACTING FINANCE DIRECTOR
5256175.460150
BUSINESS UNIT/LINE ITEM 
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**AMENDMENT NO. 2 TO AMENDED AND RESTATED LEASE AGREEMENT
BETWEEN THE CITY OF SANTA FE AND SANTA FE RECOVERY CENTER, INC.
(BUILDINGS 6B-1, 6B-2, AND PORTIONS OF BUILDING 12)**

This AMENDMENT NO. 2 to AMENDMENT NO. 1 dated August 26, 2020, and the AMENDED AND RESTATED LEASE AGREEMENT dated November 15, 2019, (Lease Agreement) is made and entered into this _____ day of _____, 2020 by and between the CITY OF SANTA FE, a Municipal Corporation (herein Lessor) and SANTA FE RECOVERY CENTER, INC., a New Mexico non-profit corporation (herein Lessee), whose address is 5312 Jaguar Drive, Santa Fe, NM 87507, collectively the “Parties”.

RECITALS

WHEREAS, the Lessor and Lessee had previously entered into an Amendment 1 and the Amended and Restated Lease Agreement for use of City owned buildings for the specific purpose of operating the “Extended Residential”, “Recovery Housing”, and “Social Detoxification” programs of the Lessee;

WHEREAS, the Lessee has requested to utilize more housing units within Building 12 (King Hall) which incorporates two additional residential hallways within the King Hall facility in order spread out their existing population numbers to help mitigate the potential spread of Covid-19 on the Midtown Campus facility for the benefit of their clients;

WHEREAS, the Lessor agrees to allow Lessee the additional use of its buildings and furnishings for the purpose of mitigating the spread of Covid-19, but does so solely to expand the premises with their existing population to afford Lessee the ability to properly socially distance the existing population for drug and alcohol treatment programs;

WHEREAS, the Lessor due to these exigent circumstances and because the population will not increase agrees that while the Premises will be expanded the rental amount will not be changed;

NOW THEREFORE, the parties of this Amendment No. 2 do hereby agree as follows:

1. Lessor does hereby grant to Lessee an additional two residential hallways within Building 12 (King Hall) in order to spread out their existing population at the Midtown Campus facility to help mitigate the spread of Covid-19 for the benefit of their clients and the City of Santa Fe;

2. Parties do hereby agree to amend existing Article 1 of the Amended and Restated Lease Agreement and the Amendment 1 to read as follows:

1. PREMISES

Lessor allows Lessee to use, occupy, and improve, subject to the terms and conditions of this Lease Agreement, those certain existing city-owned buildings known as Buildings 6B-1 and 6B-2 (Student Apartments) (containing twenty-four (24) two-bedroom apartments of approximately 625 square-feet each), an adjacent laundry/office accessory building (approximately 400 square-feet), and portions of Building 12 (King Hall) (approximately 20,525 square-feet) and furnishings as contained in the premises described all located at 1600 St. Michael's Drive on the former campus of the Santa Fe University of Art & Design in the City of Santa Fe (the Premises), as more fully described and shown on Exhibit A1 attached hereto and incorporated herein. Lessee accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the Premises or as to the use, which may be made thereof.

Lessor shall allow Lessee to reduce the used portions of Building 12 (King Hall) beginning November 1, 2020 by approximately 3,458 square-feet, which shall reduce the total square footage used in this building to (approximately 12,067 square-feet). This reduction shall only be allowed following a walkthrough scheduled by the Lessee with the Lessor in which the Lessee demonstrates the premises in questions have been vacated.

3. Parties do hereby agree with additional usage there is also necessity to amend existing Article 5 of the Amended and Restated Lease Agreement and the Amendment to read as follows removing B:

5. RENT

A. Base Rent Lessee shall pay thirty-five, two-hundred and fifty-five dollars and sixteen cents (**\$35,255.16**) as monthly "Rent". Rent is due on the Effective Date and thereafter due in full on the first day of each month during the Term without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to the Lessor's cashier office, Room 114, 200 Lincoln Ave., Santa Fe, NM.

4. Except as specifically provided in this Amendment No. 2, all other existing terms and provisions of the Amended and Restated Lease Agreement remain and shall remain in full force and effect.

**AMENDMENT NO. 1 TO AMENDED AND RESTATED LEASE AGREEMENT
BETWEEN THE CITY OF SANTA FE AND SANTA FE RECOVERY CENTER, INC.
(BUILDINGS 6B-1, 6B-2, AND PORTIONS OF BUILDING 12)**

This AMENDMENT NO. 1 to AMENDED AND RESTATED LEASE AGREEMENT Item #19-0872, dated August, 2019, (Amended and Restated Lease Agreement) is made and entered into this 20th day of August, 2020 (Effective Date) by and between the CITY OF SANTA FE, a Municipal Corporation (herein Lessor) and SANTA FE RECOVERY CENTER, INC., a New Mexico non-profit corporation (herein Lessee), whose address is 5312 Jaguar Drive, Santa Fe, NM 87507, collectively the "Parties".

RECITALS

WHEREAS, the Lessor and Lessee had previously entered into an Amended and Restated Lease Agreement for use of City owned buildings for the specific purpose of operating the "Extended Residential", "Recovery Housing", and "Social Detoxification" programs of the Lessee;

WHEREAS, the Lessee has requested to utilize more housing units within Building 12 (King Hall) which incorporate an additional six thousand (6000) square feet on the second floor of the facility in order to expand their treatment capacity at the Midtown Campus facility for the benefit of their clients;

WHEREAS, Lessee agrees to expand its insurance requirements under Section 9 of the Amended and Restated Lease Agreement to encompass the new expanded premises;

WHEREAS, the Lessor has entered into an Exclusive Negotiation Agreement with a Master Developer, KDC/Cienda, which requires the Lessor to receive approval of any expansion of any lease on the Midtown Campus, and the Master Developer has approved this lease expansion subject to the Lease Agreement's Section 3 Lease Term;

WHEREAS, the Lessor is amiable to the plans of the Lessee to allow for the additional use of its buildings and furnishings for the purpose of increasing the services available to the public for drug and alcohol treatment programs;

NOW THEREFORE, the parties of this Amendment No. 1 do hereby agree as follows:

1. Lessor does hereby grant to Lessee an additional six thousand (6000) square feet within Building 12 (King Hall) on the second floor of the facility in order to expand their treatment capacity at the Midtown Campus facility for the benefit of their clients;

2. Parties do hereby agree to amend existing Article 1 of the Amended and Restated Lease Agreement to read as follows:

1. PREMISES

During the Effective Date of this Amendment Lessor allows Lessee to use, occupy, and improve, subject to the terms and conditions of this Lease Agreement, those certain existing city-owned buildings known as Buildings 6B-1 and 6B-2 (Student Apartments) (containing twenty-four (24) two-bedroom apartments of approximately 625 square-feet each), an adjacent laundry/office accessory building (approximately 400 square-feet), and portions of Building 12 (King Hall) (approximately 15,525 square-feet) and furnishings as contained in the premises described all located at 1600 St. Michael's Drive on the former campus of the Santa Fe University of Art & Design in the City of Santa Fe (the Premises), as more fully described and shown on Exhibit A1 attached hereto and incorporated herein. Lessee accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the Premises or as to the use which may be made thereof.

Starting November 1, 2020, Lessor shall allow Lessee to reduce the used portions of Building 12 (King Hall) by approximately 3,458 square-feet, which shall reduce the total square footage used in this building to (approximately 12,067 square-feet). On November 1, 2020, the City will conduct a scheduled walkthrough, to ensure the reduction has occurred, and will reduce the rent starting on this date if the Lessee has reduced its footprint. If the Lessee has not reduced its footprint it will be charge for the entire expanded premises..

3. Parties do hereby agree that with the expansion of the premises there is also necessity to amend existing, Section 5 of the Amended and Restated Lease Agreement, which is amended to read as follows:

5. RENT

A. Base Rent. Lessee shall pay Thirty-Five Thousand Two Hundred Fifty-

Five Dollars and Sixteen Cents (\$35,255.16) as monthly "Rent". Rent is due on the Effective Date and thereafter due in full on the first day of each month during the Term without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to the Lessor's cashier office, Room 114, 200 Lincoln Ave., Santa Fe, NM.

B. Reduced Base Rent. Upon Lessor approving the reduction of the Premises as delineated in amended Section 1, on or after November 1, 2020, Lessee shall pay Thirty-One Thousand Three Hundred Twelve Dollars and Thirty-Eight Cents (\$31,312.38) as monthly "Rent". If the Lessee does not prove a reduction in the Premises then Section 5(A) will still be the monthly base rent. Rent is due on the Effective Date and thereafter due in full on the first day of each month during the Term without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to the Lessor's cashier office, Room 114, 200 Lincoln Ave., Santa Fe, NM.

4. Except as specifically provided in this Amendment No. 1, all other existing terms and provisions of the Amended and Restated Lease Agreement remain and shall remain in full force and effect.

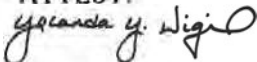
IN WITNESS WHEREOF, the parties have hereunto set their hands and seals upon this Amendment No. 1 as of this 26th day of August, 2020.

LESSOR:
CITY OF SANTA FE



ALAN M. WEBBER, MAYOR

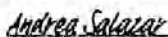
ATTEST:



YOLANDA Y. VIGIL, CITY CLERK

GB Mtg 08/26/2020

CITY ATTORNEY'S OFFICE:



ASSISTANT CITY ATTORNEY

APPROVED:

**AMENDED AND RESTATED LEASE AGREEMENT
BETWEEN
THE CITY OF SANTA FE AND SANTA FE RECOVERY CENTER, INC.
(BUILDINGS 6B-1, 6B-2, AND PORTIONS OF BUILDING 12)**

This AMENDED AND RESTATED LEASE AGREEMENT ("Lease Agreement"), dated and effective as of 15th day of November, 2019, amends, restates, supersedes and replaces in its entirety that certain Lease Agreement Item # 18-0935 dated August 15, 2018, and is made and entered into by and between the CITY OF SANTA FE, a municipal corporation ("Lessor") and SANTA FE RECOVERY CENTER, INC., a New Mexico non-profit corporation ("Lessee"), collectively the "Parties".

WITNESSETH:

In consideration of Lessee's promises herein, Lessor hereby gives Lessee a Lease Agreement, revocable and terminable as hereinafter provided, to enter on, occupy, make use of, and improve the real property of Lessor as follows:

1. PREMISES

Lessor allows Lessee to use, occupy, and improve, subject to the terms and conditions of this Lease Agreement, those certain existing city-owned buildings known as Buildings 6B-1 and 6B-2 (Student Apartments) (containing twenty-four (24) two-bedroom apartments of approximately 625 square-feet each), an adjacent laundry/office accessory building (approximately 400 square-feet), and portions of Building 12 (King Hall) (approximately 7,190.58 square-feet) all located at 1600 St. Michael's Drive on the former campus of the Santa Fe University of Art & Design in the City of Santa Fe (the "Premises"), as more fully described and shown on Exhibit A1 attached hereto and incorporated herein. Lessee accepts the Premises in its present state and agrees that it is in good condition, without any representation or warranty by Lessor as to the condition of the Premises or as to the use which may be made thereof.

2. EFFECTIVE DATE

This Amended Lease Agreement shall become effective November 15, 2019 (the "Effective Date").

3. LEASE TERM

The term of this Lease Agreement shall commence at 12:00 a.m. on the Effective Date. The term of this Lease Agreement shall consist of an "Initial Term" of six (6) months with two (2) "Optional Terms" of six (6) months each.

Lessee's exercise of any Optional Term is contingent upon compliance with this Lease Agreement and with proper written notice by Lessee to Lessor at least ninety (90) days prior to the expiration of the Initial Term and shall be at Lessor's sole discretion.

In the event Lessee remains in possession of the Premises after the expiration of the Term of this Lease Agreement, such possession may, at the sole option of Lessor, be continued as a month-to-month tenancy. During any such month-to-month tenancy, the Rent due shall be prorated and payable on a monthly basis, and the terms and conditions of the Lease Agreement shall be otherwise applicable.

4. USE OF PREMISES

A. Conditions of Use. Lessee shall use the Premises solely for the specific purpose of operating the "Extended Residential", "Recovery Housing" and "Social Detoxification" programs of the Santa Fe Recovery Center subject to the following conditions:

i. Only Lessee's clients and staff are allowed to reside at the Premises, except that spouses and children of Lessee's clients may be allowed to reside on the Premises on a case-by-case basis at Lessee's discretion. No other persons are allowed to reside at the Premises;

ii. No violent felons or individuals who are a danger to themselves or others shall be allowed on the Premises;

iii. No alcohol or drugs (other than those prescribed by physicians for Lessee's clients) are allowed to be used or present on the Premises;

iv. Lessee's clients that relapse while residing at the Premises shall be physically escorted off of the Santa Fe University of Art & Design campus by Lessee and shall not be allowed to return for a minimum of thirty (30) days;

vi. Lessee shall deploy security cameras at the Premises over the front door of each apartment unit and in the interior courtyard between Buildings 6B-1 and 6B-2. Lessor reserves the right to require Lessee to employ licensed security guards at the Premises;

vii. Lessee shall staff the Premises twenty-four (24) hours per day and seven (7) days per week. Lessee's staff shall include a medical technician(s);

viii. Lessee shall place no signage of any kind on the exterior of the buildings or on the grounds without the prior written consent of Lessor;

ix. Lessee's residents and staff shall park in the existing parking lots immediately south of Building 6B-2, north of Building 6B-1 and east of Building 12.

x. Lessee shall restrict its client's visitors as follows: a) scheduled visits only during the client's first ninety (90) days of residency; and b) visitor check-in and check-out with Lessee's staff after the client's first ninety (90) days of residency;

B. Improvement of the Premises. Lessee may, with the prior written consent of Lessor and at no cost to Lessor, make minor improvements to the Premises as it deems necessary in furtherance of the intended use of the Premises as provided in Section 4.A above. Lessee shall upon Lessor's request, remove all such improvements made to the Premises at the termination of this Lease Agreement.

C. Trade Fixtures. All trade fixtures installed by Lessee after the Effective Date of this Lease Agreement shall remain the property of Lessee, who may remove the same upon termination of this Lease Agreement, provided that removal shall be done in such a manner as not to injure or damage the Premises.

In the event that Lessee fails to remove said trade fixtures after receipt of notice from Lessor to do so, Lessor may remove and dispose of the same as it sees fit and Lessee agrees to sell, assign, transfer and set over to Lessor all of Lessee's right, title and interest in and to said trade fixtures and any personal property not removed by Lessee. Lessee further agrees that should Lessor remove said trade fixtures pursuant to this paragraph, that Lessee shall pay Lessor upon demand the cost of such removal, plus the cost of transportation and disposal thereof.

D. Repairs and Maintenance. Lessee shall not cause or permit any waste, damage or injury to the Premises or to any improvements made to the Premises. Lessee shall, at its sole expense, keep and maintain the Premises in good and clean condition at all times and shall be responsible for the costs of any and all required repairs, replacements, and capital improvements that arise during the Term of this Lease Agreement. Repairs and replacements required to be made by the Lessee shall be made promptly as and when necessary and shall be at least equal in quality of materials and workmanship to that originally existing in the Premises. The lessee shall maintain the landscaping and plants between the building and the sidewalk along the entire perimeter of the building.

Lessor reserves the right to inspect the Premises at any time during the Term of this Lease Agreement to verify Lessee's compliance with this Section 4.D. In the event Lessee fails to maintain the Premises at a standard acceptable to the Lessor, as determined in Lessor's sole discretion, Lessor may terminate this Lease Agreement in accordance with Section 12 herein.

E. Compliance with Laws. Lessee's use of the Premises shall at all times be in compliance with the City of Santa Fe Municipal Code and other applicable local, state and federal regulations including but not limited to compliance with the City of Santa Fe Integrated Pest Management Policy (§10-7 SFCC 1987) (the Pest Management Policy).

5. RENT

A. Base Rent Lessee shall pay Twenty-Seven Thousand, Nine Hundred Eighty-Eight Dollars and No Cents (**\$27,988.00**) as monthly "Rent". Rent is due on the Effective Date and thereafter due in full on the first day of each month during the Term without notice or demand and without deduction or offset for any cause whatsoever. Lessee shall make payments to the Lessor's cashier office, Room 114, 200 Lincoln Ave., Santa Fe, NM.

B. Base Rent Offsets. Lessee shall offset the first month's Rent due by deducting from the first month's Rent the cost of loss of use of the Premises as specified in Exhibit B1 attached hereto. The Parties acknowledge that additional repairs may be required. The Parties agree to offset Rent by deducting the actual cost of repairs, provided that Lessor has reviewed and approved cost proposal(s) obtained by Lessee for said repairs or replacements prior to any work being performed. The rent may be offset only after the Lessor has approved the completed repairs, and a full invoice has been presented with a complete accounting, which includes original invoices and receipts for the work.

6. UTILITIES & SERVICES

Beginning on the Effective Date and until the termination of this Lease Agreement, the responsibility and costs for providing utilities and services to the Premises shall be the responsibility of the Parties as specified below:

A. Responsibility of Lessor. All natural gas, electricity, domestic water, and sanitary sewer service shall be provided to the Premises by Lessor.

B. Responsibility of Lessee. All telephone, cable or satellite television, wired or wireless internet, security alarm services, security video services, security monitoring services, solid waste collection services, cleaning, and repair services, including landscape maintenance, shall be coordinated and paid for by Lessee. Any utilities or services not specified herein shall be the responsibility of the Lessee.

7. TAXES

Lessee shall pay all taxes levied and assessed, if any, upon any personal property, fixtures and improvements belonging to Lessee and located upon the demised Premises, and all leasehold and possessory interest taxes levied or assessed by any proper taxing authority.

8. SUBLEASE, ASSIGNMENT OR TRANSFER

Lessee shall not sublet, assign or otherwise transfer this Lease Agreement, without the prior written consent of Lessor, which Lessor may withhold for any or no reason. Any such actions taken by Lessee shall result in the immediate termination of this Lease Agreement.

9. INSURANCE

Lessee shall at all times maintain and provide adequate insurance coverage which includes, without limitation, each of the following:

A. Casualty Insurance. Lessee shall carry and maintain in full force and effect during the term of this Lease Agreement casualty insurance ("extended coverage" and "additional extended coverage") as may be available for all improvements to the Premises in an amount sufficient to restore and replace existing structures and improvements if lost or damaged by any form of casualty. Lessee shall cause the City of Santa Fe to be named as an additional insured on such policy of insurance.

B. Liability Insurance. Lessee shall carry and maintain in full force and effect during the Term of this Lease Agreement, public liability insurance covering bodily injury and property damage, in a form and with an insurance company acceptable to Lessor, with limits of coverage not less than as stated in the New Mexico Tort Claims Act for each person injured and for each accident resulting in damage to property, against all claims and lawsuits arising from Lessee's use of the Premises. Lessee shall cause the City of Santa Fe to be named as an additional insured on such policy of insurance.

C. Workman's Compensation Insurance. Lessee shall carry and maintain in full force and effect during the Term of this Lease Agreement, workers' compensation insurance at statutory limits for its employees working at the Premises. Lessee shall cause the City of Santa Fe to be named as an additional insured on such policy of insurance.

D. Certificates of Insurance. Prior to the Effective Date of this Lease Agreement, and thereafter at any time during the Term of this Lease Agreement that Lessor requests, Lessee shall provide Lessor with certificates of insurance for each policy evidencing that the coverage required hereunder is current. Such policy shall provide that the coverage evidenced thereby shall not be terminated or modified for any reason without thirty (30) days prior written notice to the Lessor. A certificate or policy which states that failure to give such notice imposes no obligation on the part of the insurer shall be unacceptable to Lessor, and Lessee shall be responsible for removing such language from such certificate or policy.

10. INDEMNIFICATION

Lessee shall indemnify, hold harmless and defend Lessor from all losses, damages, claims or judgments, including payment of all attorney's fees and costs, on account of any suit, judgment, execution, claim, action or demand whatsoever arising from damages occurring on the Premises and Lessee's use of the Premises hereunder, including use of the Premises by Lessee's employees, agents, representatives, contractors, agents, guests, invitees or permitted assigns. Lessee shall

cause any and all agreements that Lessee enters into with any of the above parties to contain language indemnifying Lessor as provided in this Section.

11. EASEMENTS

Lessor reserves the exclusive right to grant access, utility or other easements on or through the Premises. Lessor shall notify Lessee in writing prior to Lessor's grant of any easement through the Premises.

12. TERMINATION

A. Lessor may terminate this Lease Agreement upon Lessee's failure to comply with any provisions contained herein. Prior to termination, Lessor shall hand deliver or mail notice to Lessee via certified or registered mail specifying:

- i. the breach;
- ii. the action required to cure the breach;
- iii. a date, not less than fifteen (15) days from the date the notice is hand delivered or mailed to Lessee, by which such breach must be cured; and
- iv. that failure to cure such breach on or before the date specified in the notice will result in termination of the Lease Agreement.

B. Lessee may terminate this Lease Agreement with written notice to Lessor at least thirty (30) days prior to the termination date.

C. Lessee acknowledges and understands that the premises are part of a process of planning and disposition of the midtown site, and as such all properties on the former Santa Fe University of Art and Design are subject to sale or lease as part of the City's program to redevelop the site. As such, at any time after January 15, 2021, the Lessor may terminate the lease agreement with written notice to the Lessee at least sixty (60) days prior to the termination date. Pursuant to such termination, Lessee is responsible for all cost and expenses associated with relocation.

13. NOTICE

Any required notice will be deemed delivered, given and received (i) when personally hand delivered, or (ii) five days after the same are deposited in the United States mail, postage prepaid, registered, addressed to the applicable party at the address indicated below for such party, or at such other address as may be designated by either party in a written notice to the other party:

To Lessor:

City Manager
City of Santa Fe
P. O. Box 909
Santa Fe, NM 87504

To Lessee:

Sylvia Barela, Executive Director
Santa Fe Recovery Center, Inc.
4100 Lucia Lane
Santa Fe, NM 87507

14. NO WAIVER

No waiver of a breach of any of the provisions contained in this Lease Agreement shall be construed to be a waiver of any succeeding breach of the same or any other provisions.

15. SEVERABILITY

In the event that one or more of the provisions contained in this Lease Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

16. ENTIRE AGREEMENT

The foregoing constitutes the entire Lease Agreement between the Parties, represents their entire understanding, and defines all of their respective rights, title, and interests as well as all of their duties, responsibilities and obligations. Any and all prior lease agreements and understandings between the Parties related to the Premises, if any, are merged herein. This Lease Agreement shall not be modified or amended except by a written document signed by the Parties.

17. BINDING EFFECT

This Lease Agreement shall be binding upon and insure to the benefit of the Parties hereto and their respective successors and permitted assigns.

18. LITIGATION EXPENSE

In the event of litigation between the Parties, Lessee shall pay any necessary costs, including reasonable attorney's fees, expenses and other costs of collection or otherwise, which Lessor shall incur in enforcing this Lease Agreement or in recovering any and all damages caused to the Premises by Lessee, or Lessee's contractors, agents, employees or permitted assigns.

19. HEADINGS

The section headings contained in this Lease Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Lease Agreement.

20. APPLICABLE LAW; VENUE

In any action, suit or legal dispute arising from this Lease Agreement, Lessee agrees that the laws of the State of New Mexico shall govern. The Parties agree that any action or suit arising from this Lease Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

21. AMENDMENT

This Lease Agreement shall not be altered, changed or modified except by an amendment in writing executed by the Parties hereto.

[REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY]

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

DATE: 10/14/07



SANTA FE UNIVERSITY OF ART AND DESIGN
1600 ST. MICHAEL'S DRIVE
SANTA FE, NEW MEXICO

DESIGNED BY:
CHECKED BY:
DATE:

DUTY GERMAN ARCHITECTS
10000
10000

SHEET
A2.0

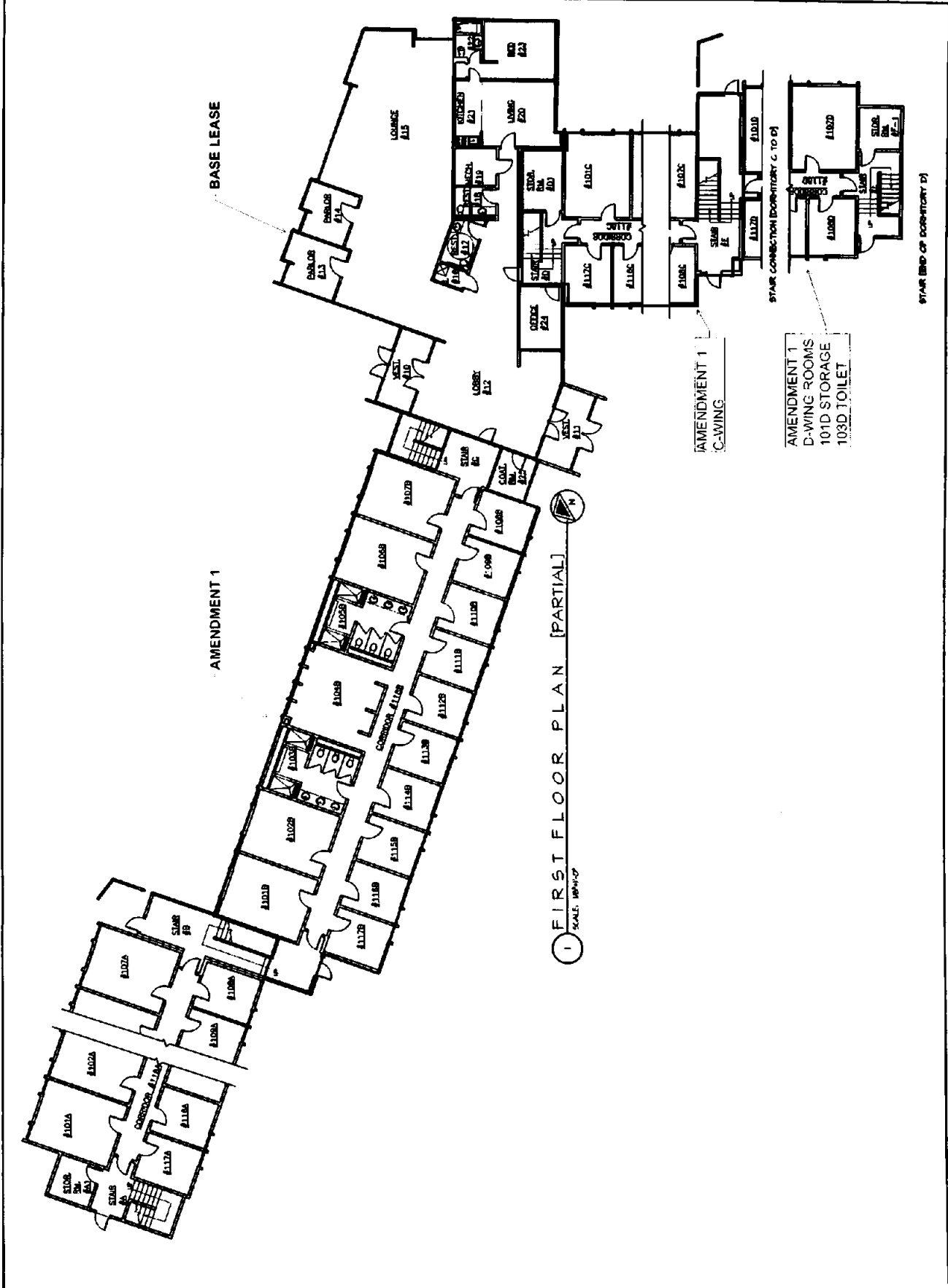


EXHIBIT B1

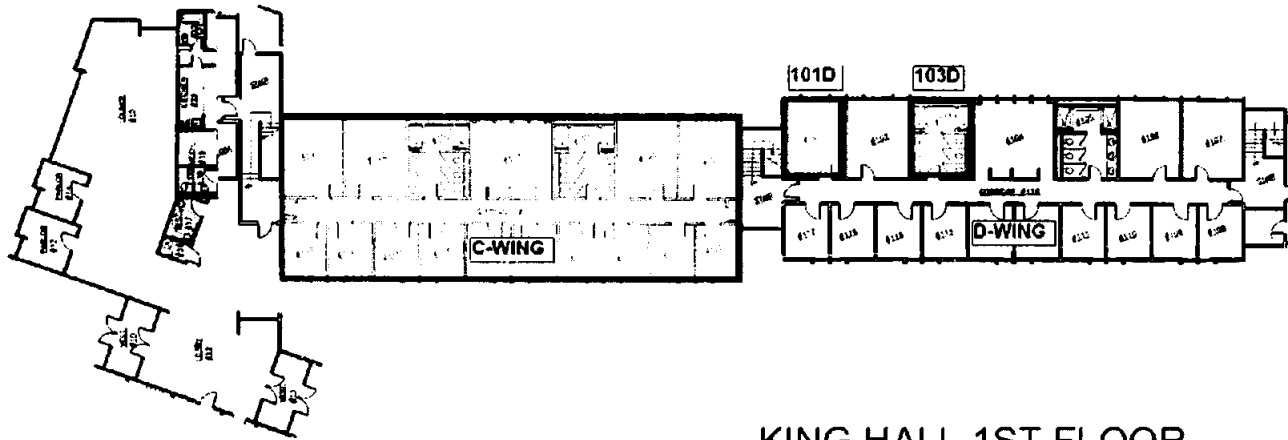
Loss of Use of Premises for 12 month period:
August 1, 2018 – August 31, 2019

1. APARTMENTS *2 apartments were not livable due to mold and other issues*
 - cost for each apartment: \$700 per apartment;
 - 2 apts x \$700/month x 12 months = \$16,800

2. Laundry Room: *not livable due to mold and other issues*
 - 400 sq. ft. x \$1.11 \$/sq. ft. \$444.00 x 12 months = total of
 - \$444.00/month x 12 months = \$5,328.00

Total Rent Credit *claimed from loss of use of premises for 12 months*

- \$22,128.00



KING HALL 1ST FLOOR
RECOVERY CENTER
C AND D WINGS
PREMISES SKETCH
2019.10.04

Signature: *Nina A. Nguyen*

Email: nanguyen@santafenm.gov

Signature: *Daniel Hernandez*
Daniel Hernandez (Nov 20, 2024 15:11 MST)

Email: dahernandez@santafenm.gov