

**LEASE AGREEMENT:  
OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION  
AND  
THE NAVAJO NATION FOR THE  
NAVAJO NATION DEPARTMENT OF  
BEHAVIORAL HEALTH SERVICES**

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THIS LEASE, is made and entered into this 23<sup>rd</sup> of May, 2006, by and between the Office of Navajo and Hopi Indian Relocation, an independent agency in the Executive Branch of the Government of the United States hereinafter called the Lessor, whose address is P.O. Box KK, Flagstaff, Arizona 86002 and the Navajo Nation for the Navajo Nation Department of Behavioral Health Services, hereinafter called the Lessee, whose address is P.O. Box 1490, Fort Defiance, Arizona 86504 under the provisions of 25 U.S.C. §§ 640d et seq. (P.L. 93-531, as amended by P.L. 96-305 and P.L. 100-666.)

**1. LAND DESCRIPTION**

For and in consideration of the rents, covenants and agreements hereinafter set out, the Lessor hereby leases to the Lessee the following described premises: one undeveloped lot encompassing 1.39 acres located in the Northwest quarter of Section 30, Township 21 North, Range 29 East, Gila and Salt River Meridian, on the New Lands within the Nahata Dził Chapter at Sanders, Arizona. Said lot is shown on Exhibit C, page 6 of 12, of the Rural Community Residential and Community Development Area Withdrawal Plat dated January, 1995. Lot is shown as "Future Dev 1.39 Acres" more commonly known as Lot 7.

**2. TERM**

This lease shall be for a term beginning the date the lease is approved, and continuing for fifty (50) years unless sooner terminated as hereinafter provided.

**3. PURPOSE**

This leasehold shall be used only for the purpose of constructing, using and maintaining the premises as an outpatient counseling center by the Navajo Nation Department of Behavioral Health Services.

**4. RENTAL**

A. In consideration of the fact that the use of the premises will benefit the Navajo

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Relocatees residing in the Nahata Dził Chapter only nominal rental will be charged.

- B. Lessee agrees to pay to Lessor in lawful money of the United States of America rental in the amount of One Dollar (\$1.00) per year. Rent is due and payable to the Office of Navajo and Hopi Indian Relocation, P.O. Box KK, Flagstaff Arizona, 86002 by the 15<sup>th</sup> of January of each year.

**5. USE OF PREMISES; GENERAL PLAN**

- A. Lessee shall develop, use and occupy the leased premises for the purpose of constructing and operating an outpatient treatment center including constructing and operating appropriate related public facilities.
- B. Prior to development of the leased premises, lessee shall develop and submit to Lessor for approval a General Plan for the complete development of the leased premises. The approval of Lessor may be withheld, granted or granted upon conditions, in the sole discretion of Lessor.
- C. If Lessee fails to commence construction within one year from the date of execution of this lease, Lessor in its discretion may cancel the lease.
- D. The leased premises shall not be used by Lessee for any purpose other than as provided in this lease, except with prior written consent of Lessor. The consent of Lessor may be withheld, granted or granted upon conditions, in the sole discretion of Lessor.

**6. TERMINATION FOR UNAUTHORIZED USE OF LEASEHOLD**

In the event the leased premises shall be used for any purpose other than the operation of an outpatient treatment center, including a traditional healing ground, then Lessor, at its option, may cancel and terminate this lease if such unauthorized use has not been terminated within thirty (30) days after written notice by Lessor that the leased premises are used for an unauthorized purpose.

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**7. ASSIGNMENT AND SUBLEASE**

- A. Lessee shall not assign this lease or any interest therein or sublet any portion thereof without the prior written approval of Lessor. In the event that the Lessee sublets a portion of the building, Lessor will not unreasonably withhold consent to approve a sublease.
- B. Lessee will be responsible for assuring that the sublessee complies with all conditions of the lease
- C. Sublessee shall agree in writing to be bound by the terms of the original lease.

**8. REMOVAL OF PERSONAL PROPERTY AND EQUIPMENT**

- A. Lessee, not being in default, shall be the owner of and have the right to remove from the leased premises within thirty (30) days after the termination or expiration of this lease any and all personal property owned by it and placed thereon by Lessee.
- B. All buildings, equipment or personal property of Lessee remaining on the leased premises after the expiration of thirty (30) days following the termination of this lease, either in its primary or extended term, shall become or remain the property of Lessor at Lessor's option and if Lessor so directs shall be removed from the premises by Lessee.

**9. SANITATION**

Lessee hereby agrees to comply with all applicable sanitation codes, requirements or laws which may be related to the purpose of this lease as set forth in Section 3 herein above. Such compliance shall specifically include, but not be limited to, the sanitary regulations of the U.S. Indian Health Service and the Navajo Nation.

**10. MAINTENANCE**

- A. Lessee agrees at all times to repair and maintain the leased premises in a safe,

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sanitary condition.

- B. Lessee agrees that all buildings located on the leased premises shall present a good appearance both inside and out.
- C. The Lessee may with the prior written approval of the Lessor make alterations and improvements as may be necessary to make the building or premises adhere to the program needs of the Lessee.

**11. UNLAWFUL USES**

Lessee agrees that it will not use or cause to be used any part of the leased premises for any unlawful conduct or purposes.

**12. HAZARDOUS SUBSTANCES**

- A. *"Hazardous Substance"* means any "hazardous substance" as defined under the provisions of section 101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. § 9601(14), including all amendments or successors thereto, and "petroleum" as defined under the provisions of section 9001(8) of the Resource Conservation and Recovery Act, 42 U.S.C. § 6991(8).
- B. Lessee shall not cause or permit any Hazardous Substance to be used, stored, generated or disposed of on or in the Leased Premises, except in compliance with applicable law, and with the prior written approval of Lessor, which approval shall not be unreasonably withheld. Without limitation of the foregoing, if Lessee causes or permits the presence of any Hazardous Substance on the Leased Premises and such results in contamination to the Leased Premises or any building or other improvement thereon, Lessee shall promptly take any and all actions necessary or appropriate to restore the Leased Premises or building or other improvement to the condition required by applicable law. Lessee shall obtain written approval from Lessor prior to commencement of any such remedial action, which approval shall not be unreasonably withheld.
- C. All Hazardous Substances, Hazardous Substance storage systems or

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conveyance facilities, including but not limited to Storage Tanks (if any), placed on or under the Leased Premises are the property of Lessee and shall remain the property of Lessee upon termination of this Lease. Within a reasonable time prior to termination of this Lease, Lessee shall remove any such substances or improvements, shall assess the Leased Premises for contamination, shall remediate all contamination, if any, to the extent required by applicable law, and shall address any third party damages occasioned by any contamination or otherwise by the use or storage of such substances or improvements on the Leased Premises. Should Lessee fail to complete such responsibilities prior to the termination of this Lease, Lessee shall remain responsible therefor, and shall be required to post a bond or provide other financial security in an amount reasonably required to ensure that such responsibilities are completed within a reasonable time after termination of this Lease.

13. UTILITY SERVICE LINE AGREEMENTS

- A. Lessee specifically is authorized to enter into appropriate service line agreements with utility companies for the provision of utility services to the Leased Premises, including gas, water, sewer, electricity, telephone, television, internet and other utilities, without further consent by Lessor, on the condition that:
- (1.) such agreements are for the sole purpose of supplying utility services to the Leased Premises;
  - (2.) such agreements authorize utility service lines only within the Leased Premises;
  - (3.) such agreements do not extend beyond the term of this Lease;
  - (4.) executed copies of such agreements, together with plats or diagrams showing with particularity the location, size and extent of such service lines, are filed by the utility companies with Lessor within thirty (30) days of their execution; and

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(5.) such agreements are otherwise in accordance with applicable law.

- B. Nothing contained herein shall be construed to limit the right of Lessor to enter into service line agreements with utility companies for service lines across the Leased Premises, provided that such service lines do not unreasonably interfere with Lessee's use of the Leased Premises.

14. PUBLIC LIABILITY INSURANCE

- A. At all times during the term of this Lease, Lessee shall carry a public liability insurance policy in the amount of at least \$5,000,000 for personal injury to one (1) person and \$ 10,000,000 per occurrence, and \$1,000,000 for damage to property. Said policy shall be obtained from a reliable insurance company authorized to do business in the Navajo Nation and in Arizona and shall be written to protect Lessee, Lessor and the United States and shall provide for notification to Lessor prior to any material change, cancellation or non-renewal of said policy for any reason, including non-payment of premiums. Certificates of insurance shall be furnished to the Lessor.

(1.) The above notwithstanding such insurance may be provided through the Navajo Nation Risk Management Program.

- B. Lessor may require that the limits of the insurance policy required by subsection A. of this Section be increased at any time, whenever it shall determine that such increase is reasonably needed for the protection of Lessor or the United States.

15. FIRE AND CASUALTY INSURANCE.

- A. At all times during the term of this Lease, Lessee shall carry fire and casualty insurance with an extended coverage endorsement covering not less than the full insurable value of all improvements on the Leased Premises. Said policy shall be obtained from a reliable insurance company authorized to do business in the Navajo Nation and in Arizona, and shall be written to protect Lessee, Lessor, the United States and an Encumbrancer, if any, and shall provide for notification to Lessor and any Encumbrancer prior to any material change, cancellation or non-

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renewal of said policy for any reason, including non-payment of premiums. Certificates of insurance shall be furnished to the Lessor and the Secretary.

- (1.) The above notwithstanding such insurance may be provided through the Navajo Nation Risk Management Program.
- B. Subject to the provisions of subsections (C) and (D) of this Section, in the event of destruction of or damage to any improvement on the Leased Premises, Lessee shall promptly replace or repair the destroyed or damaged improvement to a condition as good or better than before the destruction or damage occurred.
- C. In the event of destruction of or damage to any improvement on the Leased Premises, Lessee shall have the option not to replace or repair said improvement. Lessee shall provide Lessor with written notice of exercise of Lessee's option within thirty (30) days of the said event of damage. Should Lessee exercise its option to not replace or repair in accordance with this subsection, this Lease shall terminate ninety (90) days after the effective date of notice thereof and all proceeds of fire and damage insurance shall be paid to Lessor. Lessee shall clear the Leased Premises of all debris prior to termination of this Lease.
- D. In the event of destruction of or damage to any improvement on the Leased Premises while an Approved Encumbrance remains in effect, the proceeds of fire and damage insurance equal to the amount of destruction or damage to the encumbered improvements (but not exceeding the remaining balance of the Approved Encumbrance) shall be paid to Encumbrancer on the condition that Encumbrancer agrees to perform and comply with Lessee's replacement and repair obligations set forth in subsections (B) and (C) of this Section. If such amount paid to Encumbrancer is sufficient to repair the destroyed or damaged improvements with respect to which it was paid, or, if within three (3) months after such payment by the insurer to Encumbrancer, Lessor or Lessee shall deposit with Encumbrancer sufficient additional funds, if any, required to completely replace or repair the destruction or damage, upon written order of Lessor or Lessee, Encumbrancer shall pay such the costs of such replacement or repair, and such payment shall not be deemed a payment or credit on the Approved Encumbrance. Otherwise, at the expiration of such three (3) months said sum so paid by the insurer to Encumbrancer shall be applied and credited on the Approved Encumbrance.

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**16. INSPECTION**

The Lessor shall have the right, at any reasonable time and upon reasonable notice during the term of this Lease, to enter upon the Leased Premises, or any part thereof, to inspect the Leased Premises and any buildings and other improvements erected or placed thereon.

**17. DELIVERY OF PREMISES**

At the termination of this Lease, Lessee shall peaceably and without legal process deliver up the possession of the Leased Premises in good condition, usual wear and tear excepted. Upon the written request of the Lessor, Lessee shall provide to the Lessor, at Lessee's sole cost and expense, an environmental audit assessment of the Leased Premises at least sixty (60) days prior to delivery of said premises.

**18. HOLDING OVER**

Holding over by Lessee after termination of this Lease shall not constitute a renewal or extension thereof or give Lessee any rights hereunder or in or to the Leased Premises or to any improvements located thereon.

**19. AGREEMENT TO ABIDE BY APPLICABLE LAWS**

In all activities conducted by Lessee within the Navajo Nation, Lessee shall abide by all applicable laws and regulations of the Navajo Nation and of the United States, now in force and effect or as hereafter may come into force and effect including, without limitation, the employment and business preference laws of the Navajo Nation, Navajo Tax Laws, the Navajo Nation Water Code and Navajo environmental and historic preservation laws.

**19. DISPUTE RESOLUTION.**

In the event that a dispute arises under this Lease, the Parties agree to, prior to pursuing litigation, use their good faith efforts to resolve such disputes through mediation, informal discussion, or other non-binding methods of dispute resolution.



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**20. TERMINATION OF FEDERAL SUPERVISION.**

Nothing in this Lease shall operate to delay or prevent a termination of federal responsibilities with respect to the Leased Premises by the issuance of a fee patent, or otherwise, during the term of this Lease, however, such termination shall not serve to abrogate this Lease. Lessor, Lessee, Lessee's surety or sureties and an

Encumbrancer, if any, shall be notified of any such change in the status of the Leased Premises.

**21. INTEREST OF MEMBER OF CONGRESS.**

No member of or delegate to Congress or any Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit that may arise herefrom, but this provision shall not be construed to extend to this Lease if made with a corporation or company for its general benefit.

**22. OBLIGATIONS TO THE UNITED STATES.**

It is understood and agreed that while the Leased Premises are in trust or restricted status, all of Lessee's obligations under this Lease and the obligations of its sureties, are to the United States as well as to Lessor, if the Lessor is an entity other than the United States.

**23. LEASE BINDING**

This lease and the covenants, conditions and restrictions hereof shall extend to and be binding upon the successors, heirs, assigns, executors and administrators of the parties hereto.

**24. FORCE MAJEURE**

- A. Whenever under this Lease a time is stated by which original construction or repairs must be commenced or completed and a Force Majeure event occurs,

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the period of delay caused by the Force Majeure event shall be added to the period provided for herein for the commencement or completion of the construction or repairs.

- B. "Force Majeure" means an event, occurrence or circumstance that is beyond the reasonable control of Lessee, and includes but is not limited to Acts of God, war, sabotage, terrorism, acts of civil disobedience, political disturbances, drought, fire or other casualty, unanticipated adverse weather conditions, earthquakes, labor actions or the action or inaction of a Governmental Authority other than the government of the Navajo Nation.

**25. INSPECTION**

The Lessor and their authorized representatives shall have the right, at any reasonable time during the term of the lease, to enter upon the leased premises, or any part thereof~ to inspect the same and all buildings and other improvements erected and placed thereon.

**26. CANCELLATION**

- A. Lessor may cancel this Lease for good cause or for any event of default by Lessee which remains uncured for thirty (30) days after Lessor has notified Lessee of the event of default.
- (1.) If the event of default is one that cannot reasonably be cured within thirty (30) days and Lessee has begun to cure the default within thirty (30) days after notice of default and is proceeding diligently to cure the default, then the Lease will not be cancelled for said event of default.
- B. Lessee may cancel this Lease at any time on ninety (90) days notice to Lessor.

**27. NON-LIABILITY - INDEMNIFICATION OF LESSOR**

- A. Neither the Lessor nor the United States Government (if Lessor is an entity other

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that the government of the United States), nor their officers, agents, and employees shall be liable for any loss, damage, or injury of any kind whatsoever to the person or property of the Lessee or sublessee or of any other person whomsoever, caused by any use of the leased premises, or by any defect in any structure erected thereon, or arising from any accident, fire, or other casualty on said premises or from any other causes whatsoever.

- B. Lessee, as a material part of the consideration for this lease, hereby waives on Lessee's behalf all claims against Lessor and/or the United States Government and agrees to hold Lessor and/or the United States Government free and harmless from liability for all claims for any loss, damage, or injury arising from the use of the premises by Lessee, together with all costs and expenses in connection therewith.

**28. NOTICES**

Any Notice required or permitted under this Lease shall be mailed, Certified Mail, Return Receipt Requested or personally delivered as follows:

If to Lessor:

The Office of Navajo and Hopi Indian Relocation  
P.O. Drawer KK  
Flagstaff, AZ 86002

If to Lessee:

The Navajo Nation Department of Behavioral Health Services  
P.O. Box 1490  
Fort Defiance AZ 86504

with a copy to:

President, Navajo Nation  
P.O. Drawer 9000  
Window Rock, AZ 86515

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and a copy to:

Navajo Nation Department of Justice  
P.O. Drawer 2010  
Window Rock, AZ 86515

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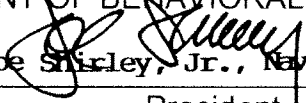
29. EXECUTION

OFFICE OF NAVAJO AND HOPI INDIAN RELOCATION

By:   
Executive Director

Date: 10/23/06

NAVAJO NATION FOR THE NAVAJO NATION  
DEPARTMENT OF BEHAVIORAL HEALTH SERVICES

By:  Joe Shirley, Jr., Navajo Nation  
President

Date: OCT 05 2006

