

**COMMERCIAL LEASE AGREEMENT
FIRST UNITED METHODIST CHURCH JONESBORO
YOUTH BUILDING**

This Commercial Lease Agreement (the "Lease") is entered into as of the ____ day of _____, 2026, by and between **FIRST UNITED METHODIST CHURCH OF JONESBORO, INC.** ("Landlord") and **THE CITY OF JONESBORO, ARKANSAS** (the "Tenant"). The parties agree as follows:

1. **PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant the building situated on Lot 2 of the First United Methodist Church of Jonesboro, Inc. Addition, Jonesboro, Craighead County, Arkansas, containing approximately 36,000 square feet and having a physical address of _____ S. Main Street, Jonesboro, Arkansas (the "Building"), and non-exclusive use of the handicap parking situated between Lots 1 and 2 of said First United Methodist Church of Jonesboro, Inc. Addition (the "Handicap Parking Area"), and the non-exclusive use of the parking lot located on Lot 4 of said First United Methodist Church of Jonesboro, Inc. Addition (the "Parking Lot") (collectively the Building, the Handicap Parking Area, and the Parking Lot are referred to as the "Premises"). By occupying the Premises, Tenant shall be deemed to have accepted the same as suitable for the purposes intended and to have acknowledged that the same comply fully with Landlord's covenants and obligations hereunder. Any improvements to the Premises shall be at Tenant's expense and shall be approved by Landlord in all respects prior to any construction. **TENANT UNDERSTANDS AND AGREES THAT THIS LEASE FOR THE PREMISES IS "AS IS" AND THAT LANDLORD MAKES NO REPRESENTATION OR WARRANTIES AS TO THE CONDITION OF THE PREMISES OTHER THAN LANDLORD WILL INSURE THAT THE HVAC, ELECTRICAL AND PLUMBING SYSTEMS ARE SERVICED AND IN WORKING ORDER PRIOR TO THE COMMENCEMENT DATE.**

2. **TERM.** The initial lease term (the "Initial Term") shall commence on or about April 1, 2026, (the "Commencement Date") and shall terminate on March 31, 2031, (the "Termination Date"), provided that Tenant may have possession of the Premises on the Effective Date after full execution of the Lease subject to the requirements of Section 18.

3. **RENT PAYMENTS.** Tenant shall pay to Landlord monthly base rental payments commencing on the Commencement Date in the amounts for the periods set forth below:

INITIAL TERM:

<u>Lease Period</u>	<u>Monthly Rent</u>	<u>Annual Rent</u>
Year 1	\$31,250.00	\$375,000.00
Year 2	\$32,187.50	\$386,250.00
Year 3	\$33,153.33	\$397,840.00
Year 4	\$34,147.92	\$409,775.00

To be discussed

Year 5	\$35,172.50	\$422,070.00
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OPTION TERM:

Year 6	\$36,227.50	\$434,730.00
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Year 7	\$37,314.58	\$447,775.00
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Year 8	\$38,434.17	\$461,210.00
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Year 9	\$39,587.50	\$475,050.00
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Year 10	\$40,775.00	\$489,300.00
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Tenant shall pay to Landlord monthly rent payments commencing on the Commencement Date, which shall be payable, in advance and without demand on or before the 1st day of each month. **There are no grace periods.** Tenant agrees to remit monthly rent payments to Landlord in accordance with the terms of the Lease via ACH transfer to Landlord's bank account as directed by Landlord in writing. In the event Tenant fails to pay any installment of rent as provided herein or other amounts payable hereunder as and when such installment is due, to help defray the additional cost to Landlord for processing such late payments, Tenant shall pay to Landlord on demand a late charge for each day such installment is received after the due date in an amount of \$300.00 per day. Failure to pay such amount within five (5) days after demand thereof shall be an event of default hereunder. The provisions for such late charge shall be in addition to all of Landlord's other rights and remedies hereunder and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

4. **OPTION TO RENEW.** Provided Tenant is not then in default hereunder, Tenant may at its option renew this Lease for one (1) additional five (5) year period (the "Renewal Term") upon all terms, conditions, and obligations set forth herein at the rental rate as set forth in Section 3 above. Tenant shall provide Landlord with notice at least ninety (90) days prior to the expiration of the Initial Term of this Lease, if it desires to exercise the option. If Landlord has not received such notice as set forth above, Tenant shall have waived its option to renew, and Landlord shall be under no obligation to further extend the term of this Lease.

5. **HOLDOVER.** If Tenant maintains possession of the Premises for any period after the termination of this Lease with Landlord's prior written consent, such tenancy shall be construed as a tenancy from month to month only, at such rent as Landlord shall determine in its sole discretion, in an amount not to exceed the rent paid for the last month of the term of this Lease plus fifty percent (50%) of such amount.

6. **SECURITY AND CLEANING DEPOSIT.** At the execution of this Lease, Tenant will deposit with Landlord the sum of **\$31,250.00** (the "Security Deposit") as security for the full and faithful

performance by Tenant of all of the terms and conditions of this Lease required to be performed by Tenant. The Security Deposit may be returned to Tenant after the expiration of this Lease, provided Tenant has fully and faithfully carried out all of its terms, including, but not limited to, vacating the premises in a clean condition and restoring the Building to its original condition as of the Commencement Date (ordinary wear and tear excepted). If Tenant fails to thoroughly clean the Building or restore the Building to its original condition as of the Commencement Date, (ordinary wear and tear excepted), Landlord, or its agents, will perform the final cleaning and the restoration of the Building. Landlord shall not be required to apply the Security Deposit to any charges or damages for Tenants' failure to perform the promises and agreements of this Lease, but may do so at its option. Landlord's right to possession of the Leased Premises for nonpayment of rent or for any other reason shall not be affected by reason of the fact that the Landlord holds the Security Deposit. The Security Deposit, if not applied toward the payment of damages, repairs, utilities or costs, including attorney fees, and as specified herein, suffered by the Landlord by reason of Tenant's breach of this Lease, shall be returned to Tenants within sixty (60) days from the termination of this Lease. Landlord shall not be required to keep the Security Deposit in a separate fund, but may co-mingle the Security Deposit with its own funds. Holding or applying the Security Deposit to rent, additional rent, or damages caused by Tenants shall not limit Landlord's right to exercise all remedies under this Lease and/or provided by law, nor shall Landlord's recovery of damages be limited to the amount of the Security Deposit. In the event of a bonafide sale of the Premises, subject to Tenant's rights under Section 37, Landlord shall have the right to transfer the security and cleaning deposit to the purchaser to be held under the terms of this Lease, and Landlord shall be released from all liability for the return of the Security Deposit to Tenant.

7. **PARKING AND TENANT OBLIGATIONS.** Tenant shall have the non-exclusive right to use the Parking Lot, and Tenant agrees to seal and stripe the Parking Lot within six (6) months from the Commencement Date. Tenant may not place any signs in front of the Premises reserving parking spaces exclusively for Tenant or the general public.

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8. **SIGNAGE AND PROMOTIONS.** Tenant may purchase and install, at Tenant's expense, exterior signage identifying Tenant's business. Such signage shall be purchased from a vendor approved by Landlord, and Tenant shall pay for such signage directly to such vendor. Such exterior signage shall be approved in writing by the Landlord and shall be installed on such location as directed and approved by Landlord, in its sole discretion. **The signage shall be approved by Landlord.** Tenant agrees to make all repairs and undertake regular cleaning of its exterior signage, which may be at the request of Landlord.

9. **ELEVATED CROSSWALK/SPEED TABLE.** Within six (6) months from the Commencement Date, Tenant agrees to install two elevated speed tables located on the southside of the driveway between Lot 1 and Lot 2 of the First United Methodist Church of Jonesboro, Inc. Addition on both entrances from Main Street and from Union Street.

10. **QUIET ENJOYMENT.** As long as Tenant is not in default hereunder, Landlord covenants that Tenant shall peaceably hold and enjoy the Premises, subject to the terms of this Lease.

11. SURRENDER OF PREMISES. At the expiration of the term of this Lease, Tenant shall peaceably yield up to Landlord the Premises and all erections and additions made thereto in a clean condition and in good repair in all respects, reasonable use, wear and tear excepted.

12. USE OF PREMISES. Tenant may only use the Premises for the purpose of conducting city business for the following city departments and divisions: warrants, court services, traffic, community outreach, training, E-911 administration, police administration, and detectives. The Premises may not be used for any other purpose including municipal court or probation offices unless prior written consent of Landlord is first obtained. } clarify

13. REMODELING OR STRUCTURAL IMPROVEMENTS. In the event that Tenant elects to conduct (at Tenant's sole expense) any remodeling or painting or adding or modifying any electrical, plumbing, or HVAC systems that may be required to use the Premises as specified above, or if Tenant elects (at Tenant's sole expense) to install fixtures and finishes on the Premises that appropriately facilitate its use for such purposes, such remodeling, painting, electrical work, plumbing, or HVAC modifications shall be undertaken and such fixtures and finishes may be installed or erected only (a) with the prior written consent of Landlord based on Interior Plans and Specifications provided by Tenant, which consent shall not be unreasonably withheld, and (b) upon the condition that Tenant shall not permit any liens to be placed against the Premises. At the end of the initial term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures installed by Tenant.

14. TENANT'S MAINTENANCE. Tenant, at Tenant's sole expense, shall have the obligation at all times to maintain the Premises in as good repair as the Premises are at the Commencement Date. This obligation shall include, without limitation, maintenance and repair of the roof, HVAC System, plumbing, electrical, glass, doors, light bulbs, floors, and interior walls, and all other items not specifically delegated to Landlord under this Lease. In the event Tenant replaces the roof, HVAC or electrical systems, Landlord agrees to reimburse Tenant for the unamortized value of such repairs costs at the termination of the Lease, based on the depreciation schedule under the then current U.S. tax code. Tenant shall also be responsible for yard maintenance on the Premises and shall maintain the Parking Lot and the Handicap Parking Area free of debris or trash. } clarify

15. LANDLORD'S MAINTENANCE. Landlord's obligation for maintenance shall include all maintenance and repair items with respect to the outside walls, foundation, and other structural parts of the Building, including the water and sewer services to the Building.

16. ACCESS BY LANDLORD TO PREMISES. Landlord shall have the right to enter the Premises at reasonable times and on reasonable notice to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, and, during the sixty (60) days preceding the expiration of this Lease, to show the Premises to persons who may wish to lease the same. If Landlord elects, at Landlord's sole option, to make any repairs required to be made by Tenant hereunder, Tenant shall pay Landlord as additional rent a sum equal to the amounts expended by Landlord plus interest thereon at the lesser of 10% or the maximum legal interest rate allowed by law within ten (10) days after Landlord presents Tenant with a statement setting forth the repairs made and the amounts expended.

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17. UTILITIES AND SERVICES. Tenant shall be responsible for the payment of all bills and/or assessments for water, sewer, and garbage collection serving the Premises. Tenant shall also be responsible for electricity, cable TV, telephone, fax and internet services serving the Premises. To the extent that Landlord shall be billed for any services by a provider that is not the responsibility of the Landlord, Tenant shall reimburse Landlord for the amount thereof within ten (10) days of being furnished with a statement from Landlord with respect thereto. If the amount due as shown on such statement is not paid when due, it shall bear interest at the maximum legal interest rate allowed by law until paid. Landlord shall not be liable for any damages for failure to furnish any utilities or services when the cause of such failure is beyond the control of the Landlord. Tenant at its sole expense shall install an enclosed fenced area for a garbage dumpster on the Parking Lot to serve the Premises, at such location as approved by the Landlord in its sole discretion.

18. INSURANCE. All property of any kind that may at any time be used, left or placed on the Premises during the term of this Lease shall be at the sole risk of the Tenant. Tenant may carry contents coverage insurance on its contents, in Tenant's sole discretion. Landlord is not responsible for any property placed, used or stored on the Premises by Tenant or by any of Tenant's employees, agents, customers, representatives, or clients.

Tenant shall maintain casualty insurance on the Premises in an amount not less than 100% of the full replacement value of the Building. Landlord shall be named as the primary insured in such policy. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force issued by an insurance company reasonably satisfactory to Landlord. Landlord shall receive advance written notice from the insurer at least thirty (30) days prior to any termination of such insurance policy. Tenant shall also maintain any other insurance which Landlord may reasonably require for the protection of Landlord's interest in the Premises.

Tenant agrees to provide public liability insurance naming Landlord as additional insured to protect Landlord from loss customarily covered by such insurance in at least \$2,000,000.00 Combined Single Limit. Tenant shall deliver appropriate evidence to Landlord as proof that adequate insurance is in force and such insurance shall name Landlord as an additional insured. Such insurance policy shall provide that the Landlord receive a minimum of 30 day prior notice of any termination of such insurance policy.

19. LIMITATION OF LANDLORD'S LIABILITY. Landlord shall not be liable for any and all fines, suits, claims, demands, and actions of any kind (including attorney's fees) by reason of any negligence, misconduct, or any breach, violation, or non-performance of any covenant hereof on the part of Tenant or Tenant's agents, employees representatives, clients, customers or other invitees. Landlord shall not be liable or responsible for any loss or damage to any property or person occasioned by theft, fire, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority or other matter beyond the reasonable control of Landlord, or for any damage or inconvenience which may arise through repair or alteration of any part of the Premises, or from any cause whatsoever except Landlord's negligence.

20. DANGEROUS MATERIALS. Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

21. ENVIRONMENTAL MATTERS. Tenant shall at all times operate the Premises in compliance with all applicable laws, rules, regulations, orders, ordinances, judgments and decrees of all governmental authorities with respect to all environmental statutes, rules and regulations.

22. PERSONAL PROPERTY TAXES. Tenant shall pay all personal taxes, sales and use taxes, and any other charges which may be levied against the Premises and which are attributable to Tenant's use of the Premises, if any.

23. MECHANICS LIENS. Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanic's or materialman's liens or any other kind of lien on the Premises. Further, Tenant agrees to give actual advance notice to any contractor, subcontractors or suppliers of goods, labor, or services that such liens will not be valid.

24. ATTORNMENMENT. Tenant shall, upon demand, in the event of the sale (including any foreclosure sale) or assignment of Landlord's interest in the Premises, attorn to the purchaser or assignee and recognize such purchaser or assignee as Landlord under this Lease.

25. ESTOPPEL CERTIFICATION. Tenant shall, upon request by Landlord, execute and deliver to Landlord or any designee of Landlord a written declaration in recordable form: (a) ratifying this Lease; (b) expressing the commencement and termination dates thereof; (c) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated); (d) certifying that all conditions under this Lease to be performed by Landlord have been satisfied (except such conditions as shall be stated); (e) that there are no defenses or offsets against the enforcement of this Lease by the Landlord, or stating those claimed by Tenant; (f) the amount of advance rental, if any (or none if such is the case), paid by Tenant; (g) the date to which rental has been paid, and (h) the amount of any security/cleaning deposit held by Landlord. Such declaration shall be executed and delivered by Tenant from time to time as may be requested by Landlord. Landlord's mortgagee and/or purchasers shall be entitled to rely upon the same.

26. DEFAULT AND REMEDIES. A default or breach of this Lease on the part of Tenant shall be deemed to have occurred if:

(a) Tenant shall fail to pay Landlord any rent or additional rent or late charges, together with any interest thereon within five (5) business days after Landlord notifies Tenant that it is unpaid.

(b) Tenant shall fail to perform or comply with any of the other covenants or conditions of this Lease within thirty (30) days after notice by Landlord to Tenant specifying the condition to be

performed or complied with; or, if the performance cannot be reasonably had within the 30-day period, Tenant shall not in good faith have commenced performance within the 30-day period and shall not diligently proceed to completion of performance.

(c) Tenant shall fail to deliver any estoppel certification requested by Landlord as provided herein within five (5) business days from the receipt by Tenant of such estoppel certification request.

(d) Tenant (i) shall generally not pay or shall be unable to pay its debts as such debts become due; or (ii) shall make an assignment for the benefit of creditors or petition or apply to any tribunal for the appointment of a custodian, receiver or trustee for it, the Premises or a substantial part of its assets; or (iii) shall commence any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (iv) shall have had any such petition or application filed or any such proceeding commenced against it in which an order for relief is entered or an adjudication or appointment is made; or (v) shall indicate, by any act or omission, its consent to, approval of or acquiescence in any such petition, application, proceeding or order for relief or the appointment of a custodian, receiver or trustee for it, the Premises or a substantial part of its assets; or (vi) shall suffer any such custodianship, receivership or trusteeship to continue undischarged for a period of sixty (60) days or more.

In the event of any default hereunder, Landlord at any time thereafter, may re-enter the Premises and expel, remove and put out Tenant or any person or persons occupying the Premises and may remove all personal property therefrom. Upon re-entry, Landlord may, at its option, relet the Premises or any part thereof, but Landlord is under no obligation or duty to relet the Premises or to otherwise mitigate its damages resulting from Tenant's breach of the Lease.

All actions taken by Landlord pursuant to this Section shall be without prejudice to any other remedies that otherwise might be available in respect of any default hereunder.

Landlord may elect, but shall not be obligated, to comply with any condition, agreement or term required hereby to be performed by Tenant, and Landlord shall have the right to enter the Premises for the purpose of correcting or remedying any such default and to remain until the default has been corrected or remedied, but any expenditure for such correction by Landlord shall not be deemed to waive or release the default of Tenant or the right of Landlord to take any action as may be otherwise permissible hereunder in the case of any default.

27. CUMULATIVE RIGHTS. The rights of the parties under this Lease are cumulative, and shall not be construed as exclusive unless otherwise required by law.

28. NO WAIVER. The subsequent acceptance of rent hereunder by Landlord shall not be deemed a waiver of any preceding breach of any obligation hereunder by Tenant other than the failure to pay the particular rental so accepted, and the waiver of any breach of any covenant or condition by Landlord shall not constitute a waiver of any other breach regardless of knowledge thereof.

29. ASSIGNABILITY/SUBLETTING. Tenant may not assign or sublease any interest in the Premises without the prior written consent of Landlord, acting in its sole discretion. Consent to one assignment or subletting will not be deemed a consent to any other. In the event of any assignment or subletting, Tenant shall remain fully responsible under this Lease. Landlord may assign this Lease at any time, in its sole discretion.

30. KEYS AND ACCESS CODES. Upon full execution and the payment of the Security Deposit, Landlord will provide Tenant with door keys to all exterior and interior doors and the access codes to the security system. Landlord is not responsible for lost or misplaced keys

31. SUCCESSORS AND ASSIGNS. All the terms, covenants, and conditions hereof shall be binding upon and inure to the benefit of the successors, successors-in-title and assigns of the parties hereto, as the case may be.

32. NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by physical personal delivery, overnight mail, U.S. postage prepaid, or electronic mail (with read receipt) addressed as follows:

LANDLORD:

FIRST UNITED METHODIST CHURCH OF JONESBORO, INC.

Attn: Chairman of the Board of Trustees

801 S. Main

Jonesboro, AR 72401

Email: Admin@jonesborofumc.org

WITH COPY TO:

Donald L. Parker II, Esq.

P.O. Box 1733

Jonesboro, AR 72403

Email: dparker@phbfirm.com

TENANT:

CITY OF JONESBORO, ARKANSAS

Attn: Mayor Harold Copenhaver

300 S. Church Street, 1st Floor

Jonesboro, AR 72401

Email: hcopenhaver@jonesboro.org

WITH COPY TO:

Carol Duncan, Esq.
City Attorney
300 S. Church Street
Jonesboro, AR 72401
Email: cduncan@jonesboro.org

Such addresses may be changed from time to time by either party by providing notice as set forth above.

33. ABANDONMENT. In the event that Tenant vacates or abandons the Premises prior to the termination of this Lease, Tenant expressly authorizes Landlord, at its option, to enter and re-lease the Premises for the benefit of Tenant, without effecting a termination of the Lease, and apply any rent received as a result of that leasing to the amounts due to the Landlord from Tenant under the Lease. HOWEVER, IT IS EXPRESSLY UNDERSTOOD AND AGREED BY TENANT THAT TENANT'S OBLIGATION TO PAY RENT SHALL CONTINUE FOR THE FULL TERM OF THE LEASE.

34. TENANT'S PROPERTY. Upon termination of the Lease or upon vacation or abandonment of the Premises by the Tenant, any personal property left by the Tenant on or in the Premises or surrounding area will be considered abandoned property. Tenant agrees that the Landlord may immediately remove abandoned property and place it in storage at Tenants' expense and may dispose of such property in any way the Landlord deems proper after the expiration of thirty (30) days from the date of termination, vacation, or abandonment of the Premises, which shall be in compliance with applicable laws. Under no circumstances shall the Landlord incur any liability for the loss or damage to such abandoned property.

35. ATTORNEY'S FEES. In the event it becomes necessary for Landlord to employ an attorney to enforce collection of the rents agreed to be paid, or to enforce compliance with any of the covenants or agreements herein contained, Tenant shall be liable for attorney's fees, costs and expenses incurred by the Landlord.

36. ENTIRE AGREEMENT/AMENDMENT. This Lease contains the entire agreement of the parties, and there are no other promises or conditions in any other agreement whether oral or written. The Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

37. RIGHT OF FIRST REFUSAL. Landlord grants a right of first refusal to Tenant to purchase the premises (or any part thereof) in the event that Landlord enters into a binding contract with any third party for the sale of the Premises (or any part thereof). Landlord shall give Tenant written notice with a copy of such contract and Tenant shall have 30 days to determine whether to exercise its right to purchase the Premises upon the same terms and conditions set forth in such contract. If Tenant elects to exercise its right of first refusal, Tenant shall notify Landlord of its exercise of such right in writing.

38. MISCELLANEOUS. If any provision of this Lease shall be held or declared to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision it

would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited. Landlord has the right to waive any one or more breaches of any covenant contained in this Lease and any such one or more waivers shall not be construed as a waiver of any future breaches of this Lease. The Landlord shall have such rights, obligations, and remedies as contained in this Lease, and said rights, obligations, and remedies shall be cumulative and shall not be exclusive of any other rights, obligations, and remedies provided by law. Any grammatical changes shall be implied whenever necessary to change the gender and number of the parties to this Lease so that the wording in the Lease shall reflect the accurate fact. This Lease may not be altered or extended except by written agreement signed by all parties. If this Lease is signed on by more than one person as the Tenants, then the liability of the persons so signing as Tenants will be joint and several.

39. SUBORDINATION OF LEASE. This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

40. LAW GOVERNING. This Lease shall be governed by and construed in accordance with the laws of the state of Arkansas.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first shown above.

LANDLORD:

**FIRST UNITED METHODIST CHURCH
OF JONESBORO, INC.**

By: _____,
Chairman
Board of Trustees

TENANT:

THE CITY OF JONESBORO, ARKANSAS

By: _____

Its: _____