



# WASHOE COUNTY

"Dedicated To Excellence in Public Service"

www.washoecounty.us

CM/ACM CS  
Finance DN  
DA ✓  
Risk Mgmt DE  
HR N/A  
Other N/A

## STAFF REPORT

BOARD MEETING DATE: July 28, 2015

**DATE:** July 7, 2015  
**TO:** Board of County Commissioners  
**FROM:** Dave Solaro, Arch., P.E., Director  
Community Services Department, 328-3600, [dsolaro@washoecounty.us](mailto:dsolaro@washoecounty.us)  
**THROUGH:** Kevin Schiller, Assistant County Manager  
**SUBJECT:** Recommendation to approve exercise of Option to Renew and a First Amendment to Lease between 601 W. Moana, LLC and Washoe County for a 36-month term commencing retroactively to July 1, 2015 through June 30, 2018, for the District Health Department, WIC Program, to provide for the continued occupancy at 601 W. Moana Lane, Reno, Nevada [\$101,196 for the three-year term]. (Commission District 2.)

### SUMMARY

Washoe County and Dr. Young, the owner of the property located at 601 W. Moana Lane, have had a lease agreement over the past two years for the Women's Infants and Children's (WIC) clinic at a 50% reduced rate. The agreement contains an option to renew for a thirty six (36) month term as well as a provision to reduce the amount of space leased in the event the owner requires half of the space for another tenant. The lease reduction for the two year term was to assist the Health District work within the constraints of the funding source for their lease while allowing for the on-going provision of their program and services to the targeted client base.

Current year funding has not increased; however, Dr. Young can no longer afford to provide such a discounted rate for the space and has requested a rate adjustment. This location is important to the WIC program, and the Health District has agreed to a 50% reduction in space to allow the owner the ability to rent half of the space.

Staff has negotiated the rent and space needs to continue operation at this location within the approved budget.

Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

### PREVIOUS ACTION

On August 13, 2013, the Board of County Commissioners (Board) approved a Twenty-four (24) month Lease Agreement commencing retroactively to July 1, 2013 through June 30, 2015 to accept a rental reduction for the District Health Department, WIC Program, and provide for the continued occupancy at 601 W. Moana Lane, Reno, Nevada [\$67,464 for the two-year term].

On February 26, 2013, the Board approved an eleven month Second Amendment to Lease to accept a rental reduction and continued occupancy at 601 W. Moana Lane, Reno, Nevada.

On December 14, 2010, the Board approved a First Amendment to Lease to accept a 31% lease concession.

On November 8, 2006, the Board approved a Sixty-month lease agreement for the occupancy at 601 W. Moana Lane, Reno, Nevada.

The Board has approved multiple lease agreements for WIC clinic occupancy since 1996.

### **BACKGROUND**

The Health District, Women Infants and Children's (WIC) Program was developed to provide short term nutrition intervention designed for long term health results to low income at-risk mothers and young children in the area since September 1996. Services provided by the WIC Program include offering monthly healthy foods, health assessment, nutrition education and referral resources.

National studies overwhelmingly substantiate that WIC programs have resulted in thousands of dollars of medical care costs being avoided through the reduction of premature and low birth weight babies and other preventive health outcomes.

601 W. Moana is equipped with exam rooms and the layout will continue to be effective for this program and the expected client flow. The WIC Program funding is predicated upon caseload and clients served; this location has proven to be highly effective in helping this area's client base.

The proposed Lease extension will reduce the rental area 50% for the remainder of the thirty six (36) month term. The Lessor, Dr. Young is very supportive of this program as reflected in past years lease concessions. Washoe County and the WIC staff are extremely grateful for the prior lease concessions, which will allow WIC to continue to provide its services to our community residents from this great location.

### **FISCAL IMPACT**

The proposed Lease extension shall be effective retroactively to July 1, 2015, and will be fixed for the entire 36 month term, as shown below. This Full Service Lease renewal includes all expenses for utilities, custodial, maintenance and repairs. The rental funding is budgeted in the District Health WIC Program in Cost Center 174600 and Internal Order 10031, account 710600. Lease rates are commensurate with other leases that Washoe County has and are as follows:

<b><u>Term</u></b>	<b><u>Per SF</u></b>	<b><u>Monthly</u></b>
07/01/15- 06/30/16	\$1.55	\$2,811
07/01/16- 06/30/17	\$1.55	\$2,811
07/01/17- 06/30/18	\$1.55	\$2,811

**RECOMMENDATION**

It is recommended that the Board of County Commissioners approve exercise of Option to Renew and a First Amendment to Lease between 601 W. Moana, LLC and Washoe County for a 36-month term commencing retroactively to July 1, 2015 through June 30, 2018, for the District Health Department, WIC Program, to provide for the continued occupancy at 601 W. Moana Lane, Reno, Nevada [\$101,196 for the three-year term].

**POSSIBLE MOTION**

Should the Board agree with staff's recommendation, a possible motion would be, "Move to approve exercise of Option to Renew and a First Amendment to Lease between 601 W. Moana, LLC and Washoe County for a 36-month term commencing retroactively to July 1, 2015 through June 30, 2018, for the District Health Department, WIC Program, to provide for the continued occupancy at 601 W. Moana Lane, Reno, Nevada [\$101,196 for the three-year term]."

## **FIRST AMENDMENT TO LEASE**

THIS FIRST AMENDMENT TO LEASE AGREEMENT (“First Amendment”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2015 , by and between 601 W. Moana LLC, hereinafter referred to as “Lessor”, and WASHOE COUNTY, a political subdivision of the State of Nevada, hereinafter referred to as “Lessee”.

### **W I T N E S S E T H**

WHEREAS, Lessor is the sole owner of the property interests and rights of the building located at 601 W. Moana Lane, Reno, Nevada 89509 (“Property”); and

WHEREAS, Lessee through previous contractual agreements has been occupying space in the Property since December 31, 2006 currently occupying 3,627 square feet, under that certain Lease Agreement dated July 1, 2013 (“Lease Agreement”);

WHEREAS, Lessee wishes to exercise the Option to Renew in the Lease Agreement; and

WHEREAS, due to the current fiscal situation of the District Health Department, the parties desire to amend the Lease Agreement by accepting a reduction of the leased space through this First Amendment to the Lease to allow for the continued occupancy of the South WIC clinic; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, Lessor and Lessee hereby agree, to amend the Lease Agreement by modifying Section One (Description of Premises), Section Two (Term), and Section Three, Subsection A (Rent) as shown below:

### **SECTION ONE**

#### **DESCRIPTION OF PREMISES**

Lessor hereby leases unto Lessee, and Lessee hereby leases from Lessor, approximately 1,813 sf of space (Premises”) in the building generally known and designated as 601 W. Moana Lane, Reno, Washoe County, Nevada, 89509 (“Building”), Suite # 3, together with the nonexclusive use of all common areas, including parking area, entrances, elevators, hallways, and restrooms in common with Lessor and other lessees of Lessor. Lessee, its employees and invitees shall also have the right to use the parking area on an undesignated basis in common with other lessees and their employees and invitees.

Unless otherwise specified, “Premises” shall include only that portion used exclusively by Lessee.

### **SECTION TWO**

#### **TERM OF AGREEMENT**

The term of this Agreement shall be for a Thirty-Six (36) month term commencing retroactively to July 1, 2015, terminating on June 30, 2018, unless sooner terminated.

**SECTION THREE**

**RENTAL AND COMMON AREA EXPENSE**

Effective upon the commencement date as defined in Section Two, Lessee agrees to pay Lessor, at such place, as Lessor shall designate from time to time in writing, rent for the Premises described in Section One above, as follows:

A. Base Monthly Rent:

The sum of Two Thousand Eight Hundred Eleven dollars (\$2,811.00) per month for the thirty-six (36) month period commencing retroactively to July 1, 2015 through June 30, 2018, unless changed as specifically provided herein.

<u>Term</u>	<u>Per SF</u>	<u>Monthly</u>
07/01/15- 06/30/16	\$1.55	\$2,811
07/01/16- 06/30/17	\$1.55	\$2,811
07/01/17- 06/30/18	\$1.55	\$2,811

All other terms and conditions of the existing Lease Agreement, together with the First Amendment to Lease, shall remain in full force and effect throughout the term, and any extended term of the original Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Lease as of the date and year first above written.

**LESSOR:** 601 W. Moana, LLC

**LESSEE:** Washoe County, a  
Political Subdivision of the State of Nevada

By: \_\_\_\_\_  
Perry Young, Manager

By: \_\_\_\_\_  
Marsha Berkbigler, Chair  
Washoe County Commission

STATE OF NEVADA     )  
                                  ) ss.  
COUNTY OF WASHOE    )

On this \_\_\_\_ day of \_\_\_\_\_, 2015, before me, a Notary Public in and for the County of Washoe, State of Nevada, personally appeared \_\_\_\_\_, known to me to be the Chair of the Board of County Commissioners of Washoe County, who acknowledged to me that s/he executed the same freely and voluntarily on behalf of Lessee for the uses and purposes therein mentioned.

\_\_\_\_\_  
Notary Public

STATE OF NEVADA     )  
                                  ) ss.  
COUNTY OF WASHOE    )

On this \_\_\_\_ day of \_\_\_\_\_, 2015, before me, a Notary Public in and for the County of Washoe, State of Nevada, personally appeared \_\_\_\_\_, proved to me to be the person described herein who acknowledged to me that s/he executed the same freely and voluntarily on behalf of Lessor for the uses and purposes therein mentioned.

\_\_\_\_\_  
Notary Public

**LEASE AGREEMENT**

THIS AGREEMENT is made and entered into this 13 day of August, 2013, by and between 601 W. Moana LLC hereinafter referred to as "Lessor" and WASHOE COUNTY, NEVADA, a political subdivision of the State of Nevada, hereinafter called "Lessee".

**WITNESSETH:**

WHEREAS, Lessor is the sole owner of the premises located at 601 W. Moana Lane, Reno, Washoe County, Nevada; and

WHEREAS, Lessee has been occupying 3,627 square feet of office space since November 2005, through a variety of leases, all of which shall be superseded by this agreement; and

WHEREAS, due to ongoing constraints for the WIC program, the Lessor has offered an extended rent reduction; and

WHEREAS, the parties desire by this Agreement to define their respective rights, duties and liabilities for the continued occupancy of the office space occupied by the District Health Department, Special Supplemental Nutrition Program for Women, Infant and Children (WIC) and other associated offices; and

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

**SECTION ONE**

**DESCRIPTION OF PREMISES**

Lessor hereby leases unto Lessee, and Lessee hereby leases from Lessor, approximately 3,627 sf of space (Premises") in the building generally known and designated as 601 W. Moana Lane, Reno, Washoe County, Nevada, 89509 ("building"), Suite # 3, together with the

nonexclusive use of all common areas, including parking area, entrances, elevators, hallways, and restrooms in common with Lessor and other lessees of Lessor. Lessee, its employees and invitees shall also have the right to use the parking area on an undesignated basis in common with other lessees and their employees and invitees. In the event that Lessor requires ½ of the space occupied by the District Health Department for another tenant, Lessee agrees to vacate the western portion of the space upon notice.

Unless otherwise specified, "Premises" shall include only that portion used exclusively by Lessee.

## **SECTION TWO**

### **TERM OF AGREEMENT**

The term of this Agreement shall be for a Twenty- four (24) month term commencing retroactively to July 1, 2013, terminating on June 30, 2015, unless sooner terminated or extended upon mutual agreement of the parties or as otherwise provided herein. This agreement shall replace and supersede the existing agreement between the parties as of the effective date provided herein.

## **SECTION THREE**

### **RENTAL AND COMMON AREA EXPENSE**

Effective upon the commencement date as defined in Section Two, Lessee agrees to pay Lessor, at such place, as Lessor shall designate from time to time in writing, rent for the Premises described in Section One above, as follows:

A. **Base Monthly Rent:**

The sum of Two Thousand Eight Hundred Eleven dollars (\$2,811.00) per month for the twenty four (24) month period commencing retroactively to July 1, 2013 through June 30, 2015, unless changed as specifically provided herein

B. **Common Area and all interior maintenance expenses shall be paid at the sole cost and expense of Lessor without cost or obligation to Lessee. Common Area expenses mean the total of all items of cost and expense related to owning, maintaining, operating and managing the Common Area as specifically described in Section Four below. The use of all common areas,**

including parking shall be subject to such reasonable rules and regulations relating to such use as the Lessor may from time to time establish.

C. All rental payments shall be made payable to the Lessor c/o 601 W. Moana LLC, 601 W. Moana Lane. #5, Reno, Nevada, 89509. Rent payable hereunder is due the first (1st) day of each month and if not received by the Lessor or properly deposited into the U.S. Mail system by the fifth (5th) day, Lessee agrees to pay a surcharge equivalent to ten (10%) percent of the monthly rental. Notwithstanding the foregoing, no late charge shall be assessed with respect to the first late payment of rent in a twelve (12) month period.

#### **SECTION FOUR**

#### **COMMON AREA MAINTENANCE**

A. Lessor shall maintain the Premises and Common Areas in good condition and repair. The term "Common Areas" means all areas and facilities outside the Premises and within the exterior boundaries of the property that are provided and designated by the Lessor from time to time for the general use and convenience of the Lessee and other lessees, or owners of portions of the property pursuant to reciprocal easement agreements, and their respective invitees and authorized representatives.

B. Common area maintenance shall include, but is not limited to, all such maintenance and repair work as shall be required to preserve and maintain the utility of the Common Area; maintenance, repair, resurfacing, crack filling and sealing of parking lot and painting of common pedestrian walkways, throughways, roadways, service corridors, and patios; sweeping, snow removal, trash disposal and other janitorial services of the common areas; basic maintenance and repair of common elevators; maintenance and repair of the exterior roof, exterior roof coverings, exterior supporting structures, walls and doors; maintenance and servicing of sprinkler systems, gardening and landscaping areas, lighting and all utilities utilized in connection therewith; reasonable management; and other modifications required for compliance with any statutes, ordinances and/or regulations, including changes in installations for supply of utilities or sanitary facilities or other public facilities and other maintenance in the Lessor's judgment is necessary for the operation of the Common Areas.



**SECTION FIVE**

**OPTION TO RENEW**

Lessee may have the option to renew this Agreement for a period of thirty- six (36) months to commence upon the expiration of this term. Written notice to renew shall be given at least four (4) months prior to the expiration of this Agreement. The monthly rent for the renewal period shall be negotiated upon delivery of notice to extend.

**SECTION SIX**

**HOLDING OVER**

Lessee shall provide Lessor with four (4) month notice, prior to the expiration of the initial term or any extensions thereof, of their intent to holdover. Any holding over of the Premises by Lessee after the expiration of the term hereof (or any renewal period, as applicable) shall be construed to be a tenancy from month-to-month with no change in the base monthly rent up to a maximum period of four (4) months, after which time Lessee will either quit and vacate the Premises or enter into a new agreement. All other terms and conditions stated herein shall remain in full force and effect to the extent they are not inconsistent with this section. If Lessee fails to surrender the Premises upon the expiration of the holdover period, Lessee shall pay to Lessor as and for base monthly rent the amount of 150% above the current base monthly rent set forth herein. If Lessee fails to surrender the Premises upon the expiration of the holdover period, Lessee shall hold the Lessor harmless from all damages resulting from Lessee's failure to surrender, including without limitation, claims from a succeeding tenant resulting from Lessee's failure to surrender the Premises.

**SECTION SEVEN**

**USE OF PREMISES**

A. Lessee shall use the Premises for conducting the business activities of Washoe County District Health Department, Women, Infant and Children Nutrition Program (WIC) or other related general government purposes. Lessee shall not use, or permit said Premises or any

part thereof to be used for any purpose other than the conduct of the necessary business of Washoe County government

B. Lessee shall not conduct or at any time knowingly permit its employees, agents or visitors to conduct activity on the Premises that is unlawful or in violation of any federal or state statute, code or regulation.

## **SECTION EIGHT**

### **ALTERATIONS AND IMPROVEMENTS**

A. The parties hereby acknowledge and agree that the Premises are in good condition, are architecturally acceptable to Lessee, and shall not be altered, repaired or changed except as provided herein.

B. Lessee agrees that it shall not erect partitions, install or change any doors or windows, or place any nails, screws or other implements or fasteners into the wood work or walls, except such items as are necessary to suitably decorate or make the Premises attractive for the purposes intended, without the prior written consent of Lessor. Upon Lessor's request, Lessee shall prepare plans and specifications of such work and submit the same to Lessor for its approval prior to making such alterations or improvements. Said approvals will not be unreasonably withheld.

C. The parties agree that all the erections, additions, fixtures and improvements made by Lessee in or upon said Premises, which cannot be removed without substantially affecting the integrity of the building, shall remain upon the Premises at the termination of said term by lapse of time or otherwise, without compensation to Lessee. All of Lessee's movable equipment, office furniture, shelving and any decorative items, which can be removed without substantially affecting the integrity of the Building, shall be removed by Lessee at its expense.

D. The erection, construction, installation or making of any improvements shall be accomplished in a workmanlike manner and in compliance with all applicable federal, state, county and municipal laws and regulations.

## SECTION NINE

### **LESSOR IMPROVEMENTS**

A. Lessor reserves the right from time to time and at its own expense to make such improvements, alterations, renovations, changes, and repairs in and about the building in which the Premises are located, as Lessor shall deem necessary or desirable, provided Lessor gives Lessee, prior to entering the Premises, a minimum 48 hours notice of its intent to do so. Except where such improvements, alterations, changes and repairs unreasonably disrupt Lessee's use and peaceful enjoyment of the Premises, Lessee shall make no claim against Lessor for abatement of rent for interference with Lessee's leasehold interest or for loss or damage to its business during such improvements, alterations, changes and repairs.

B. Lessor shall make all improvements in a safe, workmanlike manner so as not to prove hazardous to Lessee and/or the public.

## SECTION TEN

### **MAINTENANCE, REPAIRS AND INSPECTIONS**

A. Lessor, at its sole cost and expense, shall be responsible for performing periodic maintenance to the Premises in a reasonable and timely manner. Lessor however shall not be responsible for making repairs or replacements caused by willful destruction or negligence by Lessee, Lessee's contractors, agents, and employees.

B. Lessor, at its own expense shall provide exterior window cleaning on a periodic basis and shall keep the Premises at all times in a neat, clean and sanitary condition, and shall neither commit nor permit any waste or nuisance thereon.

C. Lessor shall maintain, repair and replace at its sole cost and expense, the parking areas and sidewalks, the elevators, roof, exterior walls and windows, and overhead roll-up doors on or at the property in which the Premises are located, together with all central mechanical equipment, to specifically include all heating, ventilating and air conditioning equipment, necessary to provide service to the Premises and maintain the Premises in a reasonable and safe manner and in full compliance with all federal, state and local laws.

D. Lessee shall keep the Premises free from any liens arising out of any work that it may perform, or materials furnished, or obligations incurred by Lessee. Lessee shall have thirty

(30) days from the date of notice of said lien, as provided by Lessor, within which to remove said encumbrance without breaching the provisions of this Agreement.

E. Lessee shall permit Lessor or its authorized agent to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same, or for the purpose of making repairs or maintaining the building in which the Premises are located.

F. Lessor is solely responsible for compliance with, and all expense related thereto, the requirements of the Americans Disability Act (ADA), including any and all necessary modifications, and also changes in installations for supply of utilities or sanitary facilities.

## **SECTION ELEVEN**

### **UTILITIES, JANITORIAL, TELEPHONE AND TAXES**

A. All gas, electricity, water, sewer, and other public utility uses specifically used upon and separately metered to the Premises shall be at the sole cost and expense of Lessor.

B. Lessor shall provide standard janitorial service and trash removal for the interior of the Premises, at the sole cost and expense of Lessor. Lessor shall provide interior window cleaning on a periodic basis, in accordance with Lessor's established schedule.

C. Lessee shall pay for all telephone service costs incurred for installation of equipment and establishment of initial service and for ongoing monthly service charges for equipment, fees, line and toll charges or any changes thereto specifically requested by Lessee.

D. Lessor shall pay at its sole expense the costs for all real property taxes and/or assessment fees without cost or obligation to Lessee.

## **SECTION TWELVE**

### **SIGNS**

Lessee agrees that no sign or advertisement shall be painted or affixed to any part of the outside of the building in which the Premises are situated without the approval of Lessor, which consent shall not be unreasonably withheld.

**SECTION THIRTEEN**

**WAIVER**

Any failure on the part of either party to take action against the other for any breach or covenant herein shall not be construed to constitute a waiver of any other or subsequent breach.

**SECTION FOURTEEN**

**DESTRUCTION OF PREMISES**

In the event of a partial destruction of the Premises or the buildings of which the Premises is a part during the term or renewal of this Agreement, from any cause, Lessor shall forthwith repair the same within one hundred-twenty (120) days, provided such repair can be made within said period under the laws and regulations of the state, federal, county or municipal authorities. If required repairs are commenced promptly, this Agreement shall not be modified, except that Lessee shall be entitled to a proportionate reduction of base rent if a portion of the Premises are rendered unusable or substantially impaired while repairs are being made. If such repairs cannot be made in one hundred-twenty (120) days, this Agreement may be terminated at the option of either party. Either party shall notify the other of such party's election to terminate the Agreement within twenty-one (21) days following the date Lessee receives written notice from Lessor of its inability to repair the building within the one hundred-twenty (120) day period due to such damage or destruction. A total destruction of the building in which the Premises is situated shall terminate this Agreement. This provision is not intended to affect the rights of either party to seek recovery against the person responsible for the damages, subject, however, to the provision of Section Fifteen below.

**SECTION FIFTEEN**

**CONDEMNATION**

In the event that any part of the Premises shall be condemned or taken by any county, federal, state or other authority for any purpose, then the term of this Agreement shall cease on the part so taken from the day the possession of that part is required for any public purpose. The

base rent shall be paid up to that day and thereafter the Lessee or the Lessor shall have the right to either cancel this Agreement or to continue in the possession of the remainder of the same under the terms herein provided, except that the base rent shall be reduced in proportion to the area of that portion of the Premises taken for such public purpose. All damages awarded as compensation for diminution in value to the leasehold or to the fee of the Premises shall belong to and be the property of Lessor. Lessee shall have the right to claim and recover from the condemning authority such compensation as may be separately awarded or recoverable by Lessee in Lessee's own right on account of any and all damages to Lessee's business by reason of the condemnation and for or on account of any cost or loss to which Lessee might be put in removing Lessee's furniture, fixtures, equipment and leasehold improvements.

#### **SECTION SIXTEEN**

#### **INDEMNIFICATION**

A. Lessor shall hold harmless, indemnify and defend Lessee from and against any loss, damage, claim, suit or liability due to injury, including death, or property damage, to any third party arising out of the negligent acts or omissions of the Lessor, its agents or employees, in connection with the ownership of the Premises and the Lessor's duties and responsibilities pursuant to this Agreement.

B. Pursuant to Nevada Revised Statutes, Chapter 41 and without waiving any provisions thereof, Lessee, shall hold harmless, indemnify and defend Lessor from and against any loss, damage, claim, suit or liability due to injury, including death, or property damage, to any third party arising out of the negligent or alleged negligent acts or omissions of the Lessee, its agents, contractors or employees, arising out of the use of the Premises and the Lessee's duties and responsibilities pursuant to this Agreement.

#### **SECTION SEVENTEEN**

#### **INSURANCE**

A. Lessor, at its sole cost and expense, shall:

(1) Secure and maintain fire and extended insurance on the building in which the Premises are located in an amount and coverage determined by Lessor during the term or any extended term of this Agreement.

(2) Secure and maintain a policy of comprehensive or commercial general liability coverage (occurrence form), in an amount of not less than \$1,000,000 per occurrence, and at least \$2,000,000 annual aggregate during the term of this Agreement. Lessee shall be added as an additional "insured" to this policy for any injury to person or damage to property occurring on the premises. Lessee shall be provided with a certificate of insurance and endorsements evidencing such coverage. Reasonable cost associated with compliance of this requirement shall be at the expense of Lessee.

(3) Lessor hereby expressly waives and releases any cause of action or right of recovery which Lessor may have hereafter against the Lessee for any loss or damage to the Premises, or to the contents thereof belonging to either, caused by fire, explosion, or any other risk covered by insurance; and,

(4) Lessor shall obtain a waiver from any insurance carrier with which Lessor carries fire, explosion or any other risk coverage insuring the building and other improvements releasing its subrogation rights against Lessee.

B. Lessee shall:

(1) Maintain fire insurance on all contents owned by the Lessee located at the Premises.

(2) Lessee may fund any financial obligation relating to its negligence and Liability through a program of self-funding administered by its Risk Management Division. Any and all claims related to the use of the Premises by Lessee shall be forwarded to Lessee in a timely manner.

(3) Lessee hereby expressly waives and releases any cause of action or right of recovery which Lessee may have hereafter against the Lessor for any loss or damage to the Premises, or to the contents thereof belonging to either, caused by fire, explosion, or any other risk covered by Lessee's insurance and,

(4) In the event Lessee's occupancy causes any increase of premium for Lessor's insurance on the Premises, or any parts thereof, above the rate applicable to the type of occupancy identified in the Agreement, Lessor shall notify Lessee in writing of such increase. Lessee shall have fifteen (15) days after receipt of written notification from Lessor of such increase to correct or mitigate, if applicable, said circumstances that

resulted in the need for a premium increase. If Lessee is unable to mitigate or correct said hazardous occupancy, where applicable, Lessee shall upon written agreement pay the increased premium or terminate said Agreement.

## **SECTION EIGHTEEN**

### **HAZARDOUS SUBSTANCES**

A. Lessee shall not cause or permit any hazardous substances to be used, stored, manufactured, released or disposed in or upon the Premises, except in the minimum quantities as are customary and usual in connection with Lessee's permitted use. If the Premises become contaminated as a result of a violation by Lessee of this Section Eighteen, for which Lessee is legally liable, Lessee shall indemnify, defend and hold Lessor harmless from all related claims, judgments, penalties, costs or losses, including all expenses incurred for investigation, removal, remediation and restoration mandated by federal, state and local governments.

B. If hazardous substances have been used, stored, manufactured, released or disposed in or upon the Premises or connected areas outside the Premises, or if the Premises or connected areas outside the Premises, are or become contaminated in any manner, for which Lessor is legally liable, Lessor shall indemnify, defend and hold Lessee harmless from all related claims, judgments, penalties, costs or losses, including all expenses incurred for investigation, removal, remediation and restoration mandated by federal, state and local governments.

C. "Hazardous Substances" mean all toxic, ignitable, reactive and corrosive substances regulated by federal, state or local governments.

## **SECTION NINETEEN**

### **SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE**

A. This Agreement, at Lessor's option, shall be subordinated to any mortgage, deed of trust, or any other hypothecation for security now or hereafter placed upon Lessor's leasehold interest in the real property or building of which the Premises are a part and which constitute a mortgage or deed of trust lien or encumbrance against Lessor's interest in such Premises or building and to any and all advances made on the security thereof and to all the renewals, modifications, amendment, consolidations, replacements and extensions thereof.



B. Lessee agrees to execute any documents required to effectuate such subordination to the lien of any mortgage, deed of trust, or other security document, as the case may be, and failing to do so within thirty (30) days after written demand shall give Lessor the right to terminate this Agreement and immediately re-enter the Premises.

C. Lessee shall in the event of the sale or assignment of Lessor's interest in the real property or building of which the Premises are a part, or in the event of any proceeding brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage or deed of trust made by Lessor covering the Premises, attorn to the purchaser or assignee and recognize such purchaser or assignee as Lessor under this Agreement.

D. Any purchaser, assignee, or other party acquiring Lessor's interest in the real property or building of which the Premises are a part, agrees to recognize the validity and enforceability of this Agreement and that notwithstanding any default by Lessor with respect to any mortgage, deed of trust, or other security document, Lessee's possession, quiet enjoyment and all of Lessee's rights under this Agreement in and to the Premises shall not be disturbed by such purchaser, assignee or other party unless Lessee is in default under the terms of this Agreement.

## **SECTION TWENTY**

### **QUIET ENJOYMENT**

Lessee, while in compliance with the terms and covenants herein, is entitled to the quiet enjoyment of the Premises for the term hereby created.

## **SECTION TWENTY-ONE**

### **ASSIGNMENT AND SUBLEASE**

This Agreement may be assigned or the Premises sublet only with the prior written consent of the Lessor. Lessor shall consent to an assignment or subletting provided the proposed assignee is, in Lessor's judgment, a suitable tenant that can demonstrate to Lessor's satisfaction that it is compatible with the building and other tenants of the building and has the financial and operational capability to remain through the term. Any rents or other consideration due from an

assignee or sublessee, in excess of the rents due under this Agreement from Lessee shall be paid to Lessor.

## **SECTION TWENTY-TWO**

### **NOTICES**

All notices and demands which may be required to be served upon the respective parties to this Agreement shall be in writing and may be served either personally, by a recognized overnight courier, or by certified mail, postage prepaid, addressed to the Lessee at the address of the Premises herein, with a copy to Washoe County Facility Management, P.O. Box 11130, Reno, NV 89520-0027, and to Lessor, Perry Young, 601 W. Moana Ln. #5, Reno, NV 89509, or at such other address as the parties may designate and serve upon the other. Any service by mail shall be deemed served upon deposit in the United States Post Office.

## **SECTION TWENTY-THREE**

### **ATTORNEY'S FEES**

Should any party hereto institute any legal action or proceeding of any kind, to enforce any provision hereof or for damages by reason of an alleged breach of any provision of this Agreement, neither party shall be entitled to recover any amount as a reasonable attorney's fee, for any reason, even if said part is deemed to be the prevailing party in such action or proceeding. Cost of suit may be awarded as allowed by law.

## **SECTION TWENTY-FOUR**

### **TERMINATION**

A. Upon termination of this Agreement, Lessee shall quit the Premises peaceably, with no damage to the Premises, normal wear and tear, normal wear and tear and damage outside the control of Lessee excepted and shall remove all of Lessee's personal property from the Premises.

B. The failure by Lessee or Lessor to make any payment or observe or perform any covenants, conditions or provisions of this Agreement required to be made, observed or performed by such party, after thirty (30) days written notice of such default shall constitute a

default of this Agreement by such party; provided, however, that if the nature of the default (other than the payment of money) is such that more than thirty (30) days are reasonably required for its cure, then the defaulting party shall not be deemed to be in default if such party commences such cure within the thirty (30) day period and thereafter diligently prosecutes such cure to completion. Upon default, the non-defaulting party may pursue all remedies available under Nevada law, including termination of the Agreement and recovery of all damages caused by such default.

C. In the event Lessee shall acquire a County owned building or space in one becomes available in which Lessee shall conduct the same function it is currently performing in place of its operation in the Premises, Lessee may cancel this Agreement, at anytime without penalty by giving Lessor six (6) months prior written notice of its intention to do so; provided however, that Lessee is not in default of any of the terms contained in this Agreement.

#### **SECTION TWENTY-FIVE**

#### **CHOICE OF LAW; VENUE**

This Agreement shall be construed in accordance with and be governed by the Laws of the State of Nevada. All parties hereto consent to the personal jurisdiction of any state or federal court of competent jurisdiction located in Washoe County, Nevada and to the service of process by any means authorized by any such state or federal court or under the laws of the State of Nevada. The exclusive venue of any action, proceeding or counterclaim arising out of or in connection with this Lease shall be Washoe County, Nevada.

#### **SECTION TWENTY-SIX**

#### **FUNDING OUT CLAUSE**

Pursuant to NRS 244.320, in the event Washoe County fails to appropriate budget funds specifically for the purpose of maintaining such Premises, in any subsequent fiscal year after the effective date of the Agreement, Lessor hereby agrees to cancel this Agreement and hold Lessee harmless from any penalty, charge or sanction. Lessee agrees to provide written notice to Lessor of this eventuality, should it occur.

**SECTION TWENTY-SEVEN**

**EFFECT OF AGREEMENT**

A. This Agreement constitutes the entire contact between the parties and no obligation other than those set forth herein will be recognized unless endorsed hereto in writing.

B. Each of the covenants, warranties, and agreements herein contained are binding on the parties hereto, their successors, assigns and legal representatives. In the event of any breach of these covenants, warranties and agreements by Lessee during the duration of this Agreement, whether or not discovered by or known to Lessor during the Agreement term, Lessor expressly reserves unto itself the right to pursue appropriate legal action against Lessee to correct or cure said breaches or deficiencies.

*Remainder of page left blank intentionally*

IN WITNESS WHEREOF, the parties hereto have set their hands and seals as of the date and year first above written.

LESSEE: WASHOE COUNTY, a political sub-division of the State of Nevada, (COUNTY)

By: [Signature]  
David Humke, Chairman  
Washoe County Commission

LESSOR: 601 W. MOANA LLC

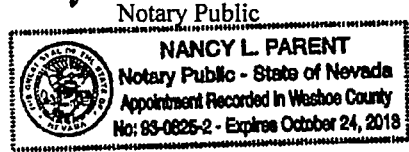
By: [Signature]  
Perry Young, Manager

STATE OF Nevada )

COUNTY OF Washoe )

On this 13<sup>th</sup> day of August, 2013 before me a Notary Public in and for the County of Washoe, State of Nevada, personally appeared David Humke known to me to be the person(s) described herein and who executed the foregoing instrument and who acknowledged to me that he/she executed the same freely and voluntarily on behalf of Lessor, for the uses and purposes therein mentioned.

[Signature]  
Notary Public



STATE OF Nevada )

COUNTY OF Washoe )

On this 9 day of August, 2013 before me a Notary Public in and for the County of Washoe, State of Nevada personally appeared Perry B. Young, known to me to be the person described herein and who executed the foregoing instrument and who acknowledged to me that he/she executed the same freely and voluntarily on behalf of Lessee, for the uses and purposes therein mentioned.

[Signature]  
Notary Public

