



N E V A D A

AGENDA
Special Meeting
City Council

Wednesday, August 27, 2025 • 5:00 PM

Mayor
Neal E. McIntyre

City Council
Ward 1 - Ryan Hanan
Ward 2 - Felicity Zoberski
Ward 3 - Stan Lau
Ward 4 - Albert Torres
Ward 5 - Joe Mendoza

City Manager

Fernley City Council Chambers, 595 Silver Lace Boulevard, Fernley, NV 89408

Zoom information:

Please click the following link to join the webinar: <https://us02web.zoom.us/j/82966343247>, or one tap/mobile: 12532158782, Dial: 669 900 9128, Webinar ID: 829 6634 3247

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Public Comment: Those wishing to address the City Council may submit public comment through the [online public comment form](#), or by sending an email to cityclerk@cityoffernley.org. Comments received prior to 4:00 pm the day of the meeting will be provided to City Council and added to the record but will not be read during the live meeting. Public comments received after 4 pm the day of the meeting will be included in the record but may not reach council members before action is taken. Public comment, whether on action items or public comment, is limited to three (3) minutes per person. Unused time may not be reserved by the speaker, nor allocated to another speaker. The public may comment on any matter that is not specifically included on an agenda as an action item or comment on a specific agenda item. Items not included on the agenda cannot be acted upon other than to place them on a future agenda. Additionally, if you wish you can comment in person at the meeting or use the Raise your Hand feature in Zoom (*9 if you are participating via phone).

Accommodations: City Council and staff will make reasonable efforts to assist and accommodate individuals with disabilities desiring to attend the meeting. Please contact the City Clerk's Office at (775) 784-9830 in advance so that arrangements can be made.

Supporting Material: Staff reports and supporting material for the meeting are available at the City Clerk's Office, and on the City's website at www.cityoffernley.org. Pursuant to NRS 241.020(6), supporting material is made available to the general public at the same time it is provided to the City Council.

Order of Business: The presiding officer shall determine the order of the agenda. The Fernley City Council may combine two or more agenda items for consideration; remove an item from the agenda; or delay discussion relating to an item on the agenda at any time. All items are action items unless otherwise noted. Items scheduled to be heard at a specific time will be heard no earlier than the stated time but may be heard later.

1. INTRODUCTORY ITEMS

1.1. Pledge of Allegiance

1.2. Roll Call

1.3. Public Forum

1.4. (For Possible Action) Approval of Agenda

2. STAFF REPORTS

2.1. Discussion and possible action to approve a lease agreement between the Boys & Girls Club of Truckee Meadows and the City of Fernley for the lease of the Community Response & Resource Center.

3. PUBLIC FORUM

4. ADJOURNMENT

Next Meeting: September 3rd at 5pm



CITY OF FERNLEY

City Council AGENDA REPORT

Meeting Date: August 27, 2025

REPORT TO: Mayor and City Council

REPORT FROM: Lydia Altick, Acting City Manager

FINANCIAL IMPACT:

Yes: No: X

CURRENTLY BUDGETED:

Yes: X No:

FUND/ACCOUNT:

N/A

ACTION REQUESTED: Motion

AGENDA ITEM:

Discussion and possible action to approve a lease agreement between the Boys & Girls Club of Truckee Meadows and the City of Fernley for the lease of the Community Response & Resource Center.

AGENDA ITEM BRIEF:

The City of Fernley wishes to enter into a lease agreement with the Boys & Girls Club of Truckee Meadows (B&GC) for the lease and operations of the Community Response & Resource Center. The B&GC will occupy the CRRC and house all its Fernley operations from the location. The B&GC will oversee subletting the premises and the common area to the public on an at-will basis.

RECOMMENDED MOTION:

I move to approve the lease agreement with the Boys & Girls Club of Truckee Meadows for the lease of the Community Response & Resource Center.

BUSINESS IMPACT (per NRS Chapter 237):

A Business Impact Statement is not required because this is not a rule (term excludes vehicles by which legislative powers are exercised under NRS Chapters 271, 278, 278A, or 278B).

See attached report for background, analysis, alternatives.

ALTERNATIVES:

The City Council may not approve a lease with the Boys & Girls Club.

BACKGROUND:

On August 6, 2025, City Council approved a contract amendment no.2 with Cumming Group for the extension of project management services to September 30, 2025. Services will cover managing the CRRC closeout and reconciliation, as well as the Boys & Girls Club playground.

On July 3, 2024, City Council approved directing staff to apply for an EDA grant of \$3,600,000.00 to fund the construction of the ELC at the CRRC campus. However, EDA did not approve the ELC for a grant.

On December 6, 2023, City Council approved the construction manager at risk (CMAR) contract with CORE Construction and revised the Guaranteed Maximum Price of \$17,765,798.00 for the construction of CRRC's Base Bid.

On November 15, 2023, City Council approved the Guaranteed Maximum Price not to exceed \$17,935,872.00 for the construction of CRRC's Base Bid.

On September 6, 2023, City Council approved the reallocation of \$3,577,592.80 in remaining ARPA funds to construct the CRRC's Base Bid.

On April 19, 2023, City Council approved the 50% Construction Documents for the Base Bid, Phase 1 (Alt A), and Phase 2 (Alt B) and voted to move forward with developing 100% Construction Documents for the CRRC's Base Bid.

On April 6, 2023, City Council approved Resolution 23-001 to commit a 5% local match for the Nevada Department of Transportation 2023 Transportation Alternatives Program Grant application for Multi-modal transportation improvements required for the CRRC project. Council also approved Resolution 23-002 to commit unassigned fund balance that is in excess of 8.3% of General Fund expenditures less capital outlay to fund construction of the CRRC.

On April 5, 2023, City Council directed staff to remove/relocate the Old School House building from the Fernley Depot property to make room for the CRRC project.

On March 15, 2023, City Council approved committing \$4,000,000.00 in City funds to construct CRRC's Base Bid.

On February 15, 2023, City council approved completion of Design Development and directed staff to progress Base Bid, Phase 1 (Alt A), and Phase 2 (Alt B) to 50% Construction Documents.

On October 5, 2022, City Council approved the contract between the City of Fernley and Resource Concepts, Inc. for environmental consulting services for the project.

On July 6, 2022, the City Council approved the CRRC's final schematic design and cost estimate.

On June 15, 2022, City Council approved the Lyon County and City of Fernley Subrecipient ARPA Agreement in the amount of \$300,000 for the construction of the Community Response & Resource Center. On April 14, 2022, at the Lyon County Board of Commissioners meeting, the CRRC Workgroup presented the project and requested ARPA funding. The Lyon County Board of Commissioners graciously awarded ARPA funds to the City of Fernley in the amount of \$350,000 for the CRRC project.

On May 23, 2021, the Lyon County Board of Commissioners revisited their ARPA allocations and reduced the amount to \$300,000 for the CRRC project. The City is currently in the process of approving the funding

agreement.

On June 15, 2022, City Council approved the Letter of Intent to a lease agreement between the Boys & Girls Club of Truckee Meadows to operate and maintain sections of the Community Response & Resource Center once constructed. This is in part due to the leadership, and the Boys & Girls Club experience of operating and maintaining facilities and programs, including five Boys & Girls Club afterschool and summer programs, thirteen school sites, four early learning centers, and seven teen centers. Under this agreement, the Boys and Girls Club would operate the day-care, afterschool programming, kitchen, cafeteria, gym, and meeting rooms. The letter of intent is critical to a funding source, the Nevada ARPA Child Care Extension Grant for the construction of the Community Response & Resource Center.

On February 16, 2022, City Council approved the contract for the Owners Representative Construction Manager as Agent contract with Cumming Management Group. This contract is to ensure there is a person/company who represents the City and focuses on evaluating the project from the City's perspective beginning at the earliest stages of planning and continuing through occupancy. At the same meeting, the Council also approved staff to enter into contract negotiations with the selected CMAR for reconstruction services for the CRRC.

City Council approved the programming and services that will be in the CRRC on January 19, 2022. The programming and services in the CRRC must be ARPA eligible because the City is using ARPA monies to fund the project. Staff identified the following ARPA eligible services and programs needed in our community in response to the public health crisis that will be in the Community Response & Resource Center: COVID-19 testing and vaccination site, workforce development services/programming, education assistance services, afterschool programming, and early childhood education.

On October 20, 2021, City Council approved the contract with TSK Architects for the architectural engineering services of the Community Response & Resource Center. The scope of work, among other items, included the Pre-Design Services/Concepts Update to determine the programming and services that will be housed in the CRRC and the completion of the final schematic design.

On August 4, 2021, Fernley City Council approved the American Rescue Plan Act spending plan which included \$12,000,000 for the development of a Community Response & Resource Center.

RELEVANT LAWS, STATUTES, AND REGULATIONS:

NRS 268.053, NRS 268.055, and NRS 82.02

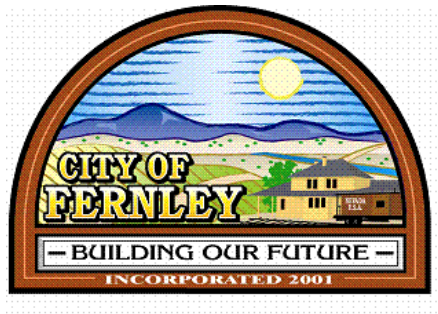
FINANCIAL IMPLICATIONS:

The lease agreement is a “triple net lease,” meaning the Boys and Girls Club would be responsible for operating, maintaining, and all utilities for the CRRC building. If the lease becomes voided, the City has allocated at least 60% of the revenue earned through the Transient Lodging Tax to the operations and maintenance of the CRRC. For fiscal year 2025-2026, the total amount allocated in the budget is \$333,600.

ATTACHMENTS:

1. CRRC Lease Summary - version 1
2. Boys and Girls Club Fernley Lease, 8.27.25 FINAL redline - version 5

COMMUNITY RESPONSE AND RESOURCE CENTER LEASE SUMMARY



Article I – Premises

- **Section 1.1 Effective Date.** Lease will become effective upon approval by City Council.
- **Section 1.2 The Project.** Identifies all components of the CRRC (the “Project”).
- **Section 1.3 Building.** Identifies the specific Building included in the lease.
- **Section 1.4 Common Areas.** Defines shared areas and how they may be used.
- **Section 1.5 Premises.** Defines the “Premises” to include the Building, the Playground, and the Event Lawn.
- **Section 1.6 Permitted Use.** Describes the activities and programming for which Tenant may use the Premises.
- **Section 1.7 Open Hours.** Establishes operational hours for the facility.
- **Section 1.8 Tenant’s Address for Notices.** Provides the Tenant’s official address for lease-related communications and official notices.
- **Section 1.9 Landlord’s Address.** Provides the Landlord’s address for official notices.
- **Section 1.10 Provisions Requiring Landlord Consent or Approval.** Authorizes the City Manager or his or her designee to grant consents and approvals on behalf of the Landlord.

Article II – Term

- **Section 2.1 Demise of Premises.** Grants the Tenant a leasehold interest in the Premises subject to various terms and conditions.
- **Section 2.2 Term.** Sets the initial lease term of two years, with an option to extend one additional year.
- **Section 2.3 Development of the Project.** Explains that the Landlord may make modifications to the Project for subsequent phases.
- **Section 2.4 Use and Control of Common Areas.** Describes the Landlord’s rights to use and control the Project common areas.
- **Section 2.5 Use of Event Lawn and Playground.** Gives the Landlord the right to request use of the Event Lawn and Playground, subject to availability. Balances Tenant’s right to limit playground use for safety/supervision with Landlord’s expectation of maximizing public benefit.

Article III – Use of Premises

- **Section 3.1 Permitted Use.** Requires the Tenant to use the Premises for the uses described in Section 1.6.
- **Section 3.2 Covenant to Open and Operate.** Requires the Tenant to open and operate continuously throughout the term.
- **Section 3.3 Rental and Subleasing Activities.** Describes requirements for renting space to third parties.
- **Section 3.4 Parking.** Grants the Tenant the right to use the parking facilities of the Project.
- **Section 3.5 Signage and Naming Rights.** Grants the Tenant the right to enter into agreements for naming rights for different portions of the Premises.
- **Section 3.6 Rules and Regulations.** Requires the Tenant to adhere to the Rules and Regulations attached to the Lease as Exhibit C.
- **Section 3.7 Compliance With Laws.** Requires compliances with all applicable laws.
- **Section 3.8 Hazardous Materials.** Restricts the use or storage of hazardous substances.
- **Section 3.9 Liquor Laws and Liquor Liability Insurance.** Permits the Tenant to serve or allow other parties to serve alcohol, subject to various requirements, including compliance with applicable laws.

Article IV – Rent

- **Section 4.1 Minimum Annual Rent.** Establishes the Tenant's obligation to pay rent (\$1 per year).
- **Section 4.2 Additional Rent.** Identifies other costs the Tenant must pay (e.g., utilities, operating expenses).
- **Section 4.3 Time and Manner of Payment.** Describes how rent and other costs must be paid.

Article V – Utilities and Operating Expenses

- **Section 5.1 Utilities.** Establishes the Tenant's obligation to pay for utilities.
- **Section 5.2 Taxes and Operating Expenses.** The Tenant is responsible for applicable taxes and reimbursement of the Landlord's operating expenses.
- **Section 5.3 Payment of Taxes and Operating Expenses.** Outlines procedures for invoicing and payment of these expenses.
- **Section 5.4 Finality of Statements.** Landlord's expense statements are final unless Tenant objects within a specified time.
- **Section 5.5 General Matters.** Covers miscellaneous utility and expense issues, including equitable adjustments.

Article VI – Maintenance and Repairs

- **Section 6.1 Landlord Maintenance and Repairs.** Landlord maintains structural components (roof, foundation, exterior walls).
- **Section 6.2 Tenant Maintenance and Repairs.** Tenant maintains interior areas and non-structural components.
- **Section 6.3 HVAC Maintenance.** Tenant is responsible for routine maintenance and repairs of the Building's HVAC systems.

- **Section 6.4 Maintenance of Common Areas.** Tenant is responsible for managing, operating, and maintaining the common areas, except parking areas.

Article VII – Improvements and Alterations

- **Section 7.1 Approval.** Tenant must obtain Landlord’s prior written consent for alterations or improvements.
- **Section 7.2 Conditions.** Conditions for approval include compliance with laws and use of qualified contractors, among other requirements.
- **Section 7.3 Performance of Work.** Tenant must complete alterations properly and safely, without disrupting others.
- **Section 7.4 Liens.** Tenant must prevent liens on the property from its construction or improvement activities.
- **Section 7.5 Landlord’s Fees and Costs.** Tenant must reimburse Landlord for review and oversight expenses.

Article VIII – Insurance

- **Section 8.1 Required Insurance.** Landlord must maintain property insurance. Tenant must maintain liability insurance.
- **Section 8.2 Certificates.** Tenant must provide certificates of insurance to Landlord.
- **Section 8.3 Waiver of Claims.** Both parties waive claims against each other to the extent covered by insurance.

Article IX – Damage or Destruction

- **Section 9.1 Restoration by Landlord.** Landlord will restore the building if damaged, except in certain circumstances.
- **Section 9.2 Restoration by Tenant.** Tenant is responsible for restoring its improvements and personal property.
- **Section 9.3 Election to Terminate.** Either party may terminate the lease if the damage is substantial or restoration is not feasible.

Article X – Indemnification and Liability

- **Section 10.1 Indemnification.** Tenant must indemnify Landlord against claims arising from its use of the premises.
- **Section 10.2 Waiver and Release.** Tenant waives claims against Landlord except for Landlord’s gross negligence or willful misconduct.
- **Section 10.3 Landlord Liability.** Limits Landlord’s liability for damages or losses experienced by Tenant.

Article XI – Default and Remedies

- **Section 11.1 Events of Default.** Lists conditions that constitute default, such as nonpayment of rent.
- **Section 11.2 Landlord’s Remedies.** Provides Landlord remedies, including termination, reentry, or recovery of damages.
- **Section 11.3 Landlord’s Reentry.** Allows Landlord to regain possession of the premises upon termination.

Article XII – Landlord’s Rights and Reserved Areas

- **Section 12.1 General.** Reserves certain rights for Landlord regarding control of the property.
- **Section 12.2 Access to Premises.** Landlord may enter for inspection, repairs, or emergencies with notice.
- **Section 12.3 Reserved Areas.** Landlord retains exclusive control of areas not leased to Tenant.
- **Section 12.4 Emergency Closings.** Landlord may temporarily close the premises for emergencies or safety.
- **Section 12.5 Changes to the Project.** Landlord may modify or redevelop other parts of the property.

Article XIII – Miscellaneous

- **Section 13.1 Transfers Prohibited.** Tenant cannot assign or sublease without consent, except as provided in Section 3.3.
- **Section 13.2 Memorandum of Lease.** Allows recording a short-form memorandum of the lease.
- **Section 13.3 Survival of Obligations.** Certain obligations survive lease termination.
- **Section 13.4 Entire Agreement.** This lease supersedes all prior negotiations or agreements.
- **Section 13.5 No Modifications.** Modifications must be in writing and signed by both parties.
- **Section 13.6 Further Assurances.** Parties agree to execute additional documents if needed.
- **Section 13.7 Notices.** Sets requirements for delivery of official notices.
- **Section 13.8 Captions.** Headings are for convenience only.
- **Section 13.9 Severability.** Invalid provisions do not affect the rest of the lease.
- **Section 13.10 Waiver.** Waiver of one breach does not waive future breaches.
- **Section 13.11 Governing Law.** Lease is governed by Nevada law.
- **Section 13.12 Attorney's Fees.** Prevailing party in disputes may recover fees.
- **Section 13.13 Waiver of Jury Trial.** Parties waive jury trial rights in disputes.
- **Section 13.14 Venue.** Legal disputes must be resolved in the Third Judicial District Court.
- **Section 13.15 No Brokers.** Confirms no brokers or agents were involved.
- **Section 13.16 Interpretation.** Contract will be interpreted as if drafted jointly.
- **Section 13.17 Force Majeure Event.** Excuses performance delays caused by uncontrollable events.
- **Section 13.18 Counterparts.** Lease may be executed in multiple counterparts.

**COMMUNITY RESPONSE AND RESOURCE CENTER
LEASE**

BETWEEN

**LANDLORD:
CITY OF FERNLEY**

AND

**TENANT:
BOYS AND GIRLS CLUB OF TRUCKEE MEADOWS**

DATED AUGUST 27, 2025

TABLE OF CONTENTS

Article I - BASIC LEASE PROVISIONS	5
1.1 Effective Date	5
1.2 The Project.....	5
1.3 Building	5
1.4 Common Areas	5
1.5 Premises	5
1.6 Permitted Use.....	6
1.7 Open Hours	6
1.8 Tenant's Address for Notices	6
1.9 Landlord's Address.....	6
1.10 Provisions Requiring Landlord Consent or Approval	6
Article II - PREMISES & TERM.....	6
2.1 Demise of Premises	6
2.2 Lease Term	7
2.3 Development of the Project	8
2.4 Use and Control of Common Areas.....	8
2.5 Use of Event Lawn and Playground	8
Article III - OPERATION & USE OF PREMISES	9
3.1 Permitted Use.....	9
3.2 Covenant to Open and Operate.....	9
3.3 Rental and Subleasing Activities	9
3.4 Parking.....	11
3.5 Signage and Naming Rights	11
3.6 Rules and Regulations	11
3.7 Compliance With Laws	11
3.8 Hazardous Materials	12
3.9 Liquor Laws and Liquor Liability Insurance.....	12
Article IV - RENT	13
4.1 Minimum Annual Rent.....	13
4.2 Additional Rent.....	13
4.3 Time and Manner of Payment	13
Article V - UTILITIES, TAXES, & OPERATING EXPENSES.....	13
5.1 Utilities	13

5.2	Taxes and Operating Expenses	13
5.3	Payment of Taxes and Operating Expenses.....	14
5.4	Finality of Statements	15
5.5	General Matters	15
Article VI - MAINTENANCE & REPAIRS		15
6.1	Landlord Maintenance and Repairs	15
6.2	Tenant Maintenance and Repairs.....	16
6.3	HVAC Maintenance	16
6.4	Maintenance of Common Areas	17
Article VII - TRADE FIXTURES, ALTERATIONS, & LIENS		17
7.1	Approval	17
7.2	Conditions	17
7.3	Performance of Work	18
7.4	Liens	18
7.5	Landlord's Fees and Costs.....	19
Article VIII - INSURANCE		19
8.1	Required Insurance	19
8.2	Certificates	20
8.3	Waiver of Claims	20
Article IX - DAMAGE & RESTORATION		21
9.1	Restoration by Landlord	21
9.2	Restoration by Tenant.....	21
9.3	Election to Terminate	21
Article X INDEMNIFICATION & LIABILITY		22
10.1	Indemnification.....	22
10.2	Waiver and Release	22
10.3	Landlord Liability	23
Article XI - DEFAULT & REMEDIES		23
11.1	Events of Default	23
11.2	Landlord's Remedies	24
11.3	Landlord's Reentry	25
Article XII - RIGHTS RESERVED BY LANDLORD.....		25
12.1	General.....	25
12.2	Access to Premises	25

12.3	Reserved Areas	26
12.4	Emergency Closings	26
12.5	Changes to the Project	26
Article XIII - MISCELLANEOUS.....		26
13.1	Transfers Prohibited.....	26
13.2	Memorandum of Lease	27
13.3	Survival of Obligations.....	27
13.4	Entire Agreement.....	27
13.5	No Modifications	27
13.6	Further Assurances	27
13.7	Notices	27
13.8	Captions	28
13.9	Severability	28
13.10	Waiver.....	28
13.11	Governing Law	28
13.12	Attorney's Fees.....	28
13.13	Waiver of Jury Trial.....	28
13.14	Venue.....	29
13.15	No Brokers.....	29
13.16	Interpretation.....	29
13.17	Force Majeure Event.....	29
13.18	Counterparts.....	30
EXHIBIT A - PROJECT SITE PLAN		32
EXHIBIT B - BUILDING FLOOR PLAN		33
EXHIBIT C - RULES AND REGULATIONS		34

FERNLEY COMMUNITY RESPONSE AND RESOURCE CENTER LEASE

This Fernley Community Response and Resource Center Lease (this “**Lease**”) dated August 27, 2025 for identification purposes only, is made between the CITY OF FERNLEY, a political subdivision of the State of Nevada (“**Landlord**”) and BOYS AND GIRLS CLUB OF TRUCKEE MEADOWS, a Nevada nonprofit corporation and recognized 501(c)(3) organization (“**Tenant**”).

ARTICLE I **BASIC LEASE PROVISIONS**

The words, figures and definitions set forth in this Article I are part of this Lease wherever appropriate reference is made thereto, unless modified elsewhere in this Lease.

1.1 Effective Date. This Lease shall take effect upon approval by the City Council of the City of Fernley.

1.2 The Project. The project commonly known as “the Community Response and Resource Center”, as shown on the site plan attached hereto as Exhibit A (“**Site Plan**”), located on an approximately 6.23-acre parcel owned by the City, APN 021-103-60 (the “**Property**”). The term “**Project**” as used in this Lease, means and refers to the following: (i) the Building (as defined in Section 1.3); (ii) an approximately 12,948 square-foot event lawn (“**Event Lawn**”); (iii) an outdoor playground area improved with play structures donated to the City of Fernley by Tenant (“**Playground**”); (iv) the other existing buildings located within such Project or as may be constructed in such Project from time to time, or the general vicinity thereof, in the future; (v) the parking facilities located within the Property or the general vicinity thereof, as determined by Landlord; (vi) the Common Areas of the Project; and (vii) the land upon which all of the foregoing are situated and any improved or unimproved parcels located within such Project or the general vicinity thereof, as determined by Landlord.

1.3 Building. An approximately 18,230 square-foot building comprised of classrooms, game rooms, a teen center, office space, kitchen, cafeteria, and other related facilities, fixtures, and equipment, as depicted on the floor plan attached hereto as Exhibit B (“**Building**”).

1.4 Common Areas. As used in this Lease, the term “**Common Areas**” means and refers to all areas and facilities provided and designated by Landlord from time to time for the general nonexclusive use of Landlord, Tenant, and other users of the Project, and their respective employees, licensees, and invitees, including, without limitation, parking areas, loading and unloading areas, trash areas, lighting facilities, fences and gates, sidewalks, walkways, driveways, signs, and landscaped areas. For the avoidance of doubt, the Common Areas of the Project shall not include the Event Lawn or Playground.

1.5 Premises. The portions of the Project leased to Tenant hereunder (the “**Premises**”), consist of: (a) the entire Building, and all appurtenant fixtures and personal property used in the operation of the Building, and any other improvements now existing or hereafter constructed on the Property appurtenant to the Building and used as part of the Permitted Use (other than the Common Areas); (b) the Event Lawn, and (c) the Playground.

1.6 Permitted Use. Tenant shall use the Premises for the operation of a community center that will include educational programs, sports and other recreational activities, childcare services, food services, administrative uses, meeting space, uses and programs similar to other boys and girls clubs operated by Tenant in other communities, and other uses not inconsistent with Tenant's nonprofit purpose ("**Permitted Use**"). Without limiting the foregoing, the Permitted Use includes the right to collect rents, fees, and other charges derived from renting, subletting, or otherwise granting the right to occupy or use space within the Premises, subject to the terms and conditions of this Lease. Notwithstanding the foregoing or anything else to the contrary contained in this Lease, the Permitted Use shall at all times be subject to the limitations of Sections 3.6 and 3.7.

1.7 Open Hours. Tenant intends to be open to the public during those days and hours when it offers uses included in the Permitted Uses. There are no restrictions on the days or hours during which Tenant may elect to operate at the Premises.

1.8 Tenant's Address for Notices. All notices required or permitted to be sent to Tenant hereunder shall be sent to the following address, or such other address as Tenant may designate in writing, in accordance with Section 13.7 of this Lease:

Boys & Girls Club of Truckee Meadows
Attention: Michael P. Wurm, President/CEO
2680 E. Ninth Street Reno, Nevada 89512
Email: mwurm@bgctm.org

1.9 Landlord's Address. Except as provided in Section 1.10, all notices required or permitted to be sent to Landlord hereunder shall be sent to the following address, or such other address as Landlord may designate in writing, in accordance with Section 13.7 of this Lease:

City of Fernley
Attention: City Manager
595 Silver Lace Boulevard
Fernley, Nevada 89408
Email: laltick@cityoffernley.org

1.10 Provisions Requiring Landlord Consent or Approval. Whenever any provision of this Lease requires "Landlord's written consent" or "Landlord's approval", or otherwise requires the acquiescence or permission of Landlord using similar words, such provision shall be construed to require written approval by the City Manager, or his or her designee, which approval or consent shall not be unreasonably withheld, delayed, or conditioned.

ARTICLE II **PREMISES & TERM**

2.1 Demise of Premises. Subject to all of the terms and conditions of this Lease, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, which is part of the Project, for the Term. The parties acknowledge that Exhibit A is intended only to show the approximate location and outline of the Project and the Premises' location therein and

Exhibit B is intended only to show the approximate dimensions and outline of the Building, and that neither of these exhibits constitutes an agreement, representation or warranty as to the construction or precise area of the Premises, the Building, or the Project, or as to the specific location or elements of the Project, including the Common Areas or as to the access ways to the Premises, or any other portion of the Project. Landlord will deliver possession of the Premises to Tenant in its current “as-is” condition. Prior to entering into this Lease, Tenant has made its own independent examination of the Premises and all matters related to Tenant’s decision to enter into this Lease. Tenant has familiarized itself with the Premises and is satisfied that they are in an acceptable condition and meet Tenant’s needs. Tenant has not relied on, and Landlord does not make, any express or implied representations or warranties as to any matters including, without limitation, any characteristics of the Premises or improvements thereon, the suitability of the Premises for the intended use, the economic feasibility of the Tenant’s Permitted Use, or any other matter. Without limiting the foregoing, Landlord reserves the absolute right to effect such other tenancies in the Project on such terms as Landlord, in the exercise of its sole business judgment, shall determine.

2.2 Lease Term. The initial term of this Lease (“**Initial Term**”) shall be approximately twenty-four (24) months, commencing on the Commencement Date and ending on the Expiration Date, subject to the provisions herein contained.

(a) The “**Commencement Date**” shall be the earlier of the date Tenant opens the Premises to the public for any of the Permitted Uses or September 1, 2025, whichever occurs first.

(b) Subject to Tenant’s option to extend the Term as set forth in Section 2.2(c), the “**Expiration Date**” means August 31, 2027 or such earlier date on which the Term shall sooner end pursuant to any of the terms, covenants, or conditions of this Lease or pursuant to any applicable law.

(c) Tenant shall have the right and option to extend the Term of this Lease (“**Option**”) for an additional period of one (1) year, beginning on the expiration of the Initial Term (“**Extension Term**”), provided that:

(i) Tenant gives written notice of its intent to extend the Lease (“**Extension Notice**”) not less than ninety (90) days before the Expiration Date; and

(ii) Tenant is not in material default under this Lease at the time Tenant delivers its Extension Notice or at the commencement of such Extension Term beyond any applicable notice and cure periods set forth in this Lease.

(d) If Tenant properly exercises the Option, the Lease shall continue in full force and effect upon all the same terms and conditions as the Initial Term, except that Tenant shall have no further options to the extend the Term. Unless otherwise provided herein, the word “**Term**” shall include the Extension Term, if properly exercised by Tenant in accordance with this Section 2.2.

2.3 Development of the Project. Tenant acknowledges and agrees that Landlord is or will be engaged in design, development, demolition, construction and leasing activities in connection with additional development of the Project and the Common Areas within areas adjacent to or near the Premises and that these activities may result in the creation of temporary periods of noise, vibrations, dust, lights, odors, impairment of access, light, air and view for the Premises. Tenant further acknowledges that it has received notification of these activities and that Tenant desired and sought the location of the Premises with the understanding that the Premises may be subject to these nuisances as a result of these activities. In addition to Landlord's rights set forth elsewhere in this Lease, Tenant covenants and agrees that Landlord shall have the right, in the nature of an easement, to subject the Premises and areas adjacent to or near to the Premises to such nuisances. Landlord shall use its reasonable efforts to minimize any interference with or disruption of Tenant's Permitted Use, but neither Landlord nor its employees, contractors, agents, or representatives shall be liable to Tenant for any inconvenience or disruption resulting from such construction nor shall any such inconvenience or disruption serve as the basis for any abatement in Rent unless caused by the gross negligence or willful misconduct of Landlord or its employees, contractors, agents, or representatives. In the event any such development activities have an impact on Tenant, Tenant assumes all risks associated with the nuisances created by these activities and releases Landlord from the same. Tenant further agrees that Tenant shall take no action to limit or delay Landlord's activities in connection with the design, development, demolition, construction or leasing of such areas in the Project and the Common Areas.

2.4 Use and Control of Common Areas. During the Term and subject to all conditions of the Lease, Tenant shall have the non-exclusive right to use all Common Areas of the Project in common with Landlord and other tenants and users of the Project. Landlord's rights with respect to the Common Areas shall include, but not be limited to, the right to (a) restrain the use of the Common Areas by unauthorized persons; (b) place permanent or temporary kiosks, displays, carts and stands in the Common Areas and to lease same to tenants; (c) temporarily close any portion of the Common Areas for repairs, improvements or Alterations, for health and safety purposes, for use of same for periodic special events; and (d) renovate, upgrade or change the shape and size of the Common Areas or add, eliminate or change the extent of the Common Areas and/or the location of improvements within the Common Areas including, without limitation, buildings, parking areas, roadways and curb cuts, and to construct buildings on the Common Areas. Landlord, at any time, may change the shape, size, location, number and extent of the improvements shown on the Site Plan, construct improvements in phases, eliminate, add or relocate any improvements to any portion of the Project, and add land to and/or withdraw land from the Project. In exercising the rights reserved in this Section, Landlord shall use reasonable efforts to minimize disruption of Tenant's business.

2.5 Use of Event Lawn and Playground. Notwithstanding any provision of this Lease to the contrary, Tenant's right to use the Event Lawn and Playground shall be exclusive to Tenant and Tenant's designated employees, agents, volunteers, invitees and licensees (each, a "**Tenant Party**" and collectively, the "**Tenant Parties**") in conjunction with its Permitted Use of the Premises at all times, except that upon not less than ten (10) days' prior written notice, Landlord may request Tenant to refrain from using the Event Lawn for short periods of time when the Event Lawn will be used by Landlord or other third parties under the supervision and control of Landlord (including, without limitation, other tenants of the Project) for scheduled events administered by Landlord or such other third parties. Landlord acknowledges that the Playground must be available

for Tenant's exclusive use in conjunction with ongoing youth activities at the Premises under the supervision and control of Tenant. If no such activities are ongoing from time to time at the Premises and Tenant has agreed to refrain from using the Event Lawn as set forth above, the Playground may be used by other youths under the supervision and control of Landlord. Without limiting the foregoing, Tenant acknowledges and agrees that the intent of this Lease is to maximize the public benefits of the Project and Tenant shall make all reasonable efforts to make the Playground available for use by Tenant Parties when it is not in use for Tenant's programs and when safe and appropriate supervision can be reasonably provided.

ARTICLE III **OPERATION & USE OF PREMISES**

3.1 Permitted Use. Tenant shall use the Premises for the Permitted Use specified in Section 1.6 and for no other purpose without the prior written consent of Landlord.

3.2 Covenant to Open and Operate. Tenant covenants to open to the public within the Premises on the Commencement Date or as soon thereafter as permitted by any governmental authority with oversight of Tenant's Permitted Use, whichever is longer, and thereafter, subject to temporary closures for casualty, condemnation, remodel, or Force Majeure Events (as defined in Section 13.8) which prevents Tenant from operating, in the Premises, to operate continuously and uninterruptedly in the Premises throughout the Term. Notwithstanding the foregoing, Landlord acknowledges that all activities included in Tenant's Permitted Use are subject to scheduling during different periods of time and hours, and all will not be scheduled or offered continuously during the Term. Some of such activities take time to develop programs and to hire staff, and some of such activities are dependent on community interest and participation. Tenant shall at all times have the flexibility to program all such activities at the Premises as determined by Tenant.

3.3 Rental and Subleasing Activities.

(a) Tenant may sublet the Premises or any part thereof or allow the same to be used or occupied by any other person, group or organization for any use not inconsistent with the Permitted Use set forth in section 1.6 (each, a "**Permitted Subtenant**"), subject to the terms and conditions of this Section 3.3.

(b) Tenant shall not sublease the Premises or any part thereof or permit the Premises or any part thereof to be occupied by anyone in their capacity as a sublessee (and not in their capacity as a patron of Tenant at the Premises) other than Tenant for a period of more than thirty (30) days ("**Long-Term Sublease**") without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld, conditioned, or delayed. Any request by Tenant for Landlord's consent to a Long-Term Sublease shall include:

- (i) The identity of the proposed subtenant and a description of the proposed subtenant's business or activities to be carried on in the Premises;
- (ii) A copy of the proposed sublease or other agreement; and

(iii) Such other information as Landlord may reasonably request concerning the proposed subtenant or its business.

In addition to any other requirements set forth in this Lease, Landlord may reasonably condition its consent to a proposed Long-Term Sublease upon such sublessee obtaining insurance and/or furnishing a security deposit, as Landlord deems necessary in its sole discretion. From and after the date that Landlord grants consent to any Long-Term Sublease, the person, group, or organization requesting such Long-Term Sublease shall be deemed a **“Permitted Subtenant”** for all purposes hereunder.

(c) Prior to any Permitted Subtenant taking or being granted possession or occupancy of any portion of the Premises, the Permitted Subtenant shall deliver to Tenant (and Tenant shall deliver copies of the same to Landlord) a general waiver and release, in a form acceptable to Landlord, executed by the Permitted Subtenant, pursuant to which the Permitted Subtenant shall indemnify and hold Landlord harmless from any and all claims by such Permitted Subtenant arising from or related to its use of the Premises.

(d) Promptly upon execution of a sublease or use agreement for all or any portion of the Building, Tenant shall deliver a copy of such sublease or use agreement to Landlord. Tenant shall ensure that all persons entering into a sublease or use agreement agree to comply with the Rules and Regulations.

(e) No consent by Landlord to any sublease, and no specification in this Lease of a right of Tenant to make any sublease, shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether arising before or after: (a) the sublease; or (b) any extension of the Term (pursuant to the exercise of the Option granted in Section 2.2 of this Lease).

(f) The foregoing provisions in this Section 3.3 shall not apply to any request by Landlord to rent all or a portion of the Premises for City-sponsored events or programs for short periods of time and upon not less than ten (10) days prior written notice to Tenant. For any such request:

(i) The date and time of any such event or program and the area of the Premises that Landlord desires to use for such event or program shall be subject to Tenant’s prior written approval, which approval shall not be withheld, conditioned, or delayed unless such use would interfere with any regularly scheduled events or activities conducted by Tenant on the Premises.

(ii) Tenant shall not charge the City any rent customarily charged to other Permitted Sub-Tenants for such use;

(iii) Landlord shall reimburse Tenant for all costs and expenses actually incurred (including, without limitation, costs for catering services), without mark-up, administrative, or overhead charges; and

(iv) Tenant shall not be responsible or liable for any loss, cost, damage, liability, expense, claim, or third party action arising out of any such use of the

Premises by Landlord (“**Landlord Use Claims**”) unless caused by the negligence or willful misconduct of Tenant or its employees or agents, and Landlord shall indemnify, defend, and hold Tenant harmless from all such Landlord Use Claims.

3.4 Parking. Tenant and all Permitted Subtenants shall be entitled to utilize and park in all designated parking areas of the Project.

3.5 Signage and Naming Rights. Tenant shall have the exclusive right during the Term to enter into agreements with third parties, including sponsors of Tenant or its activities at the Premises, giving such third parties the right to display their name or logo or other identifying information on signs on or about the Premises, including, without limitation, “naming rights” for the Building or any room(s) within the Building. Landlord shall have no right to approve any such third parties or any sign or placard placed upon the Premises with their name pursuant hereto, except that Landlord shall have the right to approve any signage on the exterior portions of the Premises in connection with such agreements. Such approval shall not be unreasonably withheld, delayed, or conditioned. It shall be reasonable for Landlord to withhold such approval of any such signage or name (a) violates any applicable Laws, or (b) incorporates the name of Landlord or any related governmental agency; or (c) is disparaging, malicious, derogatory, defamatory, or unsuitable for viewing by all persons of all ages. Any such agreement entered into by Tenant shall expire on or before the end of the Term of this Lease.

3.6 Rules and Regulations. Tenant shall comply, and shall cause all Tenant Parties to comply, with the rules and regulations attached as Exhibit C (“**Rules and Regulations**”). Landlord shall have general possession and control of all Common Areas and may from time to time adopt new Rules and Regulations or modify or eliminate existing Rules and Regulations as Landlord deems necessary or appropriate. In the event of any conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations, the provisions of this Lease shall control.

3.7 Compliance With Laws. Tenant, at Tenant’s sole cost and expense, shall comply with and shall cause all Tenant Parties to comply with all applicable laws, ordinances, rules, and regulations of governmental and quasi-governmental authorities, including, without limitation, the Americans with Disabilities Act of 1990, as amended by the Americans with Disabilities Act Amendments Act of 2008 (and the regulations promulgated thereunder) (“**Laws**”) applicable to the Premises or the use or occupancy of the Premises. The foregoing obligation of Tenant shall not however permit Tenant to make, without Landlord’s prior written approval, any Work (as defined in Section 7.1) which otherwise would require Landlord’s approval under this Lease, and Tenant shall comply with all of the requirements of this Lease in performing such Work. Notwithstanding the foregoing to the contrary, Tenant shall have no obligation to comply with any Laws applicable to the design or construction of the Building, or any required improvements to the Building, including, without limitation, the correction of any construction defects or the failure of the Building to comply with any applicable building codes or for the installation of any new improvements, including capital improvements, based on changes in any applicable Laws during the Term of this Lease. Landlord shall, at its cost and expense, comply with all such Laws without inclusion of its costs and expenses incurred in connection therewith in Operating Expenses.

3.8 Hazardous Materials.

(a) Tenant shall not cause or permit any Hazardous Materials to be generated, used, released, stored, or disposed of in or about the Premises, the Building, or the Project; provided, however, Tenant may use and store reasonable quantities of cleaning and office supplies and other similar materials as may be reasonably necessary for Tenant to conduct normal business operations in the Premises. Tenant shall indemnify and hold Landlord, its employees, and agents, harmless from and against any damage, injury, loss, liability, charge, demand, or claim based on or arising out of the presence or removal of, of failure to remove, Hazardous Materials generated, used, released, stored, or disposed of by Tenant or any Tenant Party in or about the Premises or the Building, or on or about the Project if such Tenant Parties were under the supervision and control of Tenant at such times, whether before or after the Commencement Date.

(b) As used in this Lease: (i) “**Hazardous Materials**” shall mean any chemical, compound, material, substance, or other matter that: (A) is defined as a hazardous substance, hazardous material, or waste, or toxic substance under any Environmental Law; (B) is regulated, controlled, or governed by any Environmental Law or other Laws; (C) is petroleum or a petroleum product; or (D) is asbestos, formaldehyde, radioactive material, drug, bacteria, virus, or other injurious or potentially injurious material (by itself or in combination with other materials); and (ii) “**Environmental Laws**” shall mean any and all federal, state, or local laws, ordinances, rules, decrees, orders, regulations, or court decisions relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under, or about the Premises, the Building, or the Property, or soil and ground water conditions, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Hazardous Materials Transportation Act, any other law or legal requirement concerning hazardous or toxic substances, and any amendments to the foregoing.

3.9 Liquor Laws and Liquor Liability Insurance. In the event that Tenant shall sell or serve alcoholic beverages (including beer, wine, or spirits) at the Premises, Tenant shall, at its sole cost and expense, comply with all Laws applicable to such sales or service. If Tenant or any Tenant Parties undertake to sell alcoholic beverages at the Premises, they shall obtain and maintain all licenses and/or permits required by applicable governmental authorities in connection therewith (collectively, the “**Liquor Licenses**”). Landlord acknowledges that Tenant may, from time to time, serve, or allow Tenant Parties to serve, alcoholic beverages on a complimentary basis to persons attending activities or events on the Premises, including alcoholic beverages donated by sponsors of Tenant, and that such activities may not require Tenant or any Tenant Parties to obtain any Liquor Licenses under applicable Laws. At all times during the Term during which Tenant or any Tenant Parties offer for sale or serve alcoholic beverages of any kind at the Premises, Tenant at its expense, shall maintain an insurance policy or endorsement covering liability related to the sale or service of alcoholic beverages, which policy or endorsement shall be in form, content and amounts acceptable to Landlord, in Landlord’s reasonable discretion. Tenant shall, upon notice from Landlord following any default or breach of this Lease by Tenant, assign to Landlord or its designee all of Tenant’s rights, title and interest to Tenant’s Liquor Licenses, if any, and shall reasonably cooperate with Landlord in connection with the transfer to Landlord or its designee of

the Liquor Licenses, including but not limited to the executing of a reasonable documentation to effectuate such transfer, provided that any such transfer shall be at no cost to Tenant. The foregoing obligations of Tenant may be satisfied by any contractor (i.e., a catering company) or any Permitted Subtenant of Tenant undertaking any such activities if such party is duly licensed for such undertakings (if required by applicable Laws).

ARTICLE IV **RENT**

4.1 Minimum Annual Rent. Tenant covenants and agrees to pay rent to Landlord in the amount of one dollar (\$1.00) per year (“**Minimum Annual Rent**”) on the Commencement Date and each anniversary thereof during the Term.

4.2 Additional Rent. All monetary obligations of Tenant under this Lease that are in addition to Minimum Annual Rent shall be deemed additional rent (“**Additional Rent**”). Tenant shall pay Additional Rent on a quarterly basis unless a shorter period is specified elsewhere in this Lease. Landlord shall have the same rights and remedies for the nonpayment of Additional Rent as it has with respect to the nonpayment of Minimum Annual Rent. It is the intention of Landlord and Tenant that the Minimum Annual Rent and Additional Rent (collectively “**Rent**”) to be paid hereunder shall be paid to Landlord absolutely net without deduction of any amount of any nature whatsoever, except as otherwise expressly and specifically provided in this Lease.

4.3 Time and Manner of Payment. All Rent shall be paid at the address specified in Section 1.9, or to such other address and/or person as Landlord may from time to time designate in writing to Tenant and in such form as required by Landlord.

ARTICLE V **UTILITIES, TAXES, & OPERATING EXPENSES**

5.1 Utilities. Tenant agrees to pay directly to the appropriate utility company or to Landlord, if applicable, all charges for utility services supplied to the Premises. Tenant agrees to pay to Landlord its share of all charges for utility services supplied to the Premises for which there is no separate meter or submeter upon billing by Landlord of Tenant’s share, as reasonably determined by Landlord based upon estimated usage. Landlord shall not be liable for any interruption whatsoever in utility services not furnished by Landlord, nor shall Landlord be liable for interruptions in utility services furnished by Landlord which are due to fire, accident, strike, acts of God or other causes beyond the control of Landlord. The term “utilities” for purposes hereof shall include but not be limited to electricity, gas, water, sewer, steam, fire protection, internet, telephone and other communication and alarm services, HVAC, and all taxes or other charges thereon.

5.2 Taxes and Operating Expenses. As used in this Lease, the following terms have the definitions set forth herein:

“**Taxes**” mean any real property taxes or assessments assessed against the Property by the Lyon County Assessor and any personal property taxes assessed against Tenant’s personal property located at the Premises. The parties acknowledge that property owned by Landlord, as a governmental municipality, is not currently subject to any real property taxes or assessments.

Nothing set forth in this Lease waives any right of Tenant to claim or assert any tax exemption that may apply to Tenant under any applicable Laws.

“Operating Expenses” mean any actual costs or expenses incurred by Landlord in connection with its obligations under this Lease, without markup or the addition of any administrative fee.

“Proportionate Share” means an equitable share of any Taxes and Operating Expenses paid or payable with respect to the Property based on Tenant’s Permitted Use, with the intent that any such costs and expenses payable with respect to the Building may be allocated entirely to Tenant; whereas any such costs and expenses payable with respect to any other building on the Property from time to time shall be allocated entirely to the owner or tenant of such other building and any such costs and expenses payable with respect to the Common Areas shall be allocated among all users of the Common Areas in proportion to their use. No Taxes or Operating Expenses allocated to or payable by the Fernley and Lassen Railway Depot shall be included in Tenant’s Proportionate Share hereunder. Landlord shall make such allocation in its reasonable judgment, subject to Tenant’s prior written approval, which shall not be unreasonably withheld.

5.3 Payment of Taxes and Operating Expenses. Tenant shall pay Landlord an amount equal to Tenant’s Proportionate Share of Taxes and Operating Expenses in the manner described below.

(a) Landlord may reasonably estimate in advance the amounts Tenant shall owe for Taxes and Operating Expenses for any full or partial calendar year of the Term. In such event, Tenant shall pay such estimated amounts, on a monthly basis, on or before the first day of each calendar month. Landlord may reasonably adjust the estimated amounts during the Term.

(b) Within one hundred twenty (120) days after the end of each calendar year, or as soon thereafter as practicable, Landlord shall provide a statement (the **“Statement”**) to Tenant showing: (i) the amount of actual Taxes and Operating Expenses for such calendar year, with a listing of amounts for major categories of Operating Expenses, (ii) any amount paid by Tenant towards Taxes and Operating Expenses during such calendar year on an estimated basis, and (iii) any revised estimate of Tenant’s obligations for Taxes and Operating Expenses for the current calendar year.

(c) If the Statement shows that Tenant’s estimated payments were less than Tenant’s actual obligations for Taxes and Operating Expenses for such year, Tenant shall pay the difference. If the Statement shows an increase in Tenant’s estimated payments for the current calendar year, Tenant shall pay the difference between the new and former estimates for the period from January 1 of the current calendar year through the month in which the Statement is sent. Tenant shall make such payments within thirty (30) days after Landlord sends the Statement.

(d) If the Statement shows that Tenant’s estimated payments exceeded Tenant’s actual obligations for Taxes and Operating Expenses, Tenant shall receive a credit for the difference against payments of Rent next due. If the Term shall have expired and no further

Rent shall be due, Landlord shall refund such difference when Landlord sends the Statement.

5.4 Finality of Statements. Unless Tenant takes exception to any Statement by written notice to Landlord within sixty (60) days after Landlord provides such Statement to Tenant, such Statement shall be considered final and binding on Tenant. If Tenant takes exception to any amounts shown in any Statement as provided herein, the parties shall meet in good faith to attempt to agree upon the correct amounts. If the parties cannot agree within sixty (60) days following the date of delivery of any Statement, Landlord may refer the matter to an independent certified public accountant to determine such amounts, whose determination as to the proper amounts shall be final and binding as between Landlord and Tenant. Tenant shall promptly pay the cost of such certification unless such certification determines that Tenant was overbilled for any such amounts. Pending resolution of any such exceptions, Tenant shall continue paying Tenant's Proportionate Share of Taxes and Operating Expenses in the amounts determined by Landlord, subject to adjustment between the parties after any such exceptions are resolved.

5.5 General Matters. So long as Tenant's obligations hereunder are not materially adversely affected thereby, Landlord reserves the right to reasonably change, from time to time, the manner or timing of the foregoing payments. This Lease contemplates the computation of Taxes and Operating Expenses on a cash basis, and Landlord shall not change to an accrual system of accounting without the prior consent of Tenant. In no event shall Operating Expenses include any reserves or contingency amounts collected by or payable to Landlord. In lieu of providing one Statement covering Taxes and Operating Expenses, Landlord may provide separate statements at the same or different times. No delay by Landlord in providing the Statement (or separate statements) shall be deemed a default by Landlord or a waiver of Landlord's right to require payment of Tenant's obligations for actual or estimated Taxes or Operating Expenses.

ARTICLE VI

MAINTENANCE & REPAIRS

6.1 Landlord Maintenance and Repairs. Landlord shall keep the roof above, foundation, exterior walls, utility lines, and structural portions of the Building in good condition and repair, and shall replace the same if and when replacement is required during the Term. Tenant shall give Landlord reasonable prior notice of the necessity for such repairs. The costs and expenses incurred by Landlord in connection with such obligations may be included in Operating Expenses except as follows:

(a) Because the Building is newly constructed as of the Effective Date, Tenant shall not be responsible for any costs or expenses incurred by Landlord in connection with such obligations for the first two (2) years following the Effective Date. In addition, Tenant shall have no responsibility for repairs to any HVAC, electrical, gas, steam, sprinkler or mechanical facilities and other systems and equipment installed in the Building as part of the initial construction of the Building for the first two (2) years following the Effective Date.

(b) If any such repairs or replacements have a useful life of more than twelve (12) months pursuant to IRS amortization/depreciation regulations, the costs of such repairs or replacements shall be amortized over such useful life, and Landlord shall only include, as part of

Operating Expenses, the monthly amortized amount thereof, which shall be payable by Tenant only during the Term of this Lease.

(c) Landlord shall look to its property insurance carried pursuant to Section 8.1(a) for recovery of any such costs or expenses to the extent covered, or required to be covered by such insurance. The parties acknowledge that Tenant shall have no obligation to pay any such costs or expenses pursuant to the waiver of claims set forth in Section 8.1(c), which are covered or required to be covered by such insurance unless such coverage is invalidated as a result of the gross negligence or willful misconduct of Tenant or any Tenant Parties. Any deductible amount under such policy may be included in Operating Expenses.

6.2 Tenant Maintenance and Repairs. Except as set forth in this Section 6.2 and to the extent provided to the contrary in Articles VIII and IX, Tenant shall keep the Premises in good working order, repair and condition (which condition shall also be clean, sanitary, sightly and free of pests and rodents, expressly excluding any necessary replacements and capital expenditures, which shall be Landlord's responsibility). Tenant's obligations hereunder shall include but not be limited to Tenant's trade fixtures and equipment, ceilings, walls, entrances, signs, interior decorations, floor-coverings, wall-coverings, entry and interior doors, exterior and interior glass, plumbing fixtures, light fixtures and bulbs, keys and locks, fire extinguishers and fire protection systems, and equipment and lines for water, sewer (including free flow up to the common sewer line), HVAC, electrical, gas, steam, sprinkler and mechanical facilities, and other systems and equipment which serve the Premises exclusively whether located within or outside the Building, and all alterations and improvements to the Premises whether installed by Landlord or Tenant. Tenant shall also at Landlord's option perform or reimburse Landlord for any repairs, maintenance and replacements to areas of the Project outside the Premises caused by Tenant or any Tenant Parties and not covered by any insurance carried or required to be carried by Landlord or Tenant pursuant to Article VIII. Any repairs or other work by Tenant hereunder shall be subject to all of the requirements of Article VII, including Landlord's prior written approval. Tenant shall provide Landlord with evidence that any work required hereunder has been performed from time to time within thirty (30) days after Landlord's request therefor.

6.3 HVAC Maintenance. If the Premises are served exclusively by any HVAC units or other systems or equipment, Tenant shall enter annual, written maintenance contracts with competent, licensed contractors reasonably approved or designated by Landlord. Such contracts shall include, and Tenant shall require that such contractors provide: (i) inspection, cleaning and testing at least monthly for HVAC units and semi-annually for other systems and equipment (or more frequently if required by applicable law or if reasonably required by Landlord), (ii) any servicing, maintenance, repairs and replacements of filters, belts or other items determined to be necessary or appropriate as a result of such inspections and tests, or by the manufacturers' warranty, service manual or technical bulletins, or otherwise required to ensure proper and efficient operation, including emergency work, (iii) all other work as shall be reasonably required by Tenant, Landlord or Landlord's insurance carriers, and (iv) a record of all services performed. Upon Landlord's request, Tenant shall provide Landlord with a copy of all maintenance contracts required hereunder, and written evidence reasonably satisfactory to Landlord that the annual fees therefor have been paid. Such maintenance contracts represent part of Tenant's obligations under this Article, and shall not be deemed to limit Tenant's general obligations to keep any HVAC

equipment and other systems and equipment hereunder in good working order, repair and condition as further described in Section 6.1 above.

6.4 Maintenance of Common Areas. As consideration for the reduced Minimum Annual Rent charged to Tenant hereunder, Tenant shall manage, operate and maintain all Common Areas in good order and condition in accordance with the requirements of this Lease, reasonable wear and tear excepted. Notwithstanding the foregoing, if any tenant or occupant of any portion of the Project maintains the Common Areas located upon its parcel or demised premises (Landlord having the right to allow any purchaser, tenant or occupant to so maintain the Common Areas located upon its parcel or demised premises and to be excluded from participation in the payment of certain expenses), or if any other tenant or occupant of any such portion of the Project, or its employees, contractors, agents, customers, or invitees causes any damage to the Common Areas, or if any of their acts or negligence or misuse of the Common Areas results in any such required maintenance or repairs, Tenant shall not have any responsibility for such maintenance or repairs of those Common Areas and neither Landlord nor Tenant shall have any claims against one another arising out of any failure of such owner, tenant or occupant to so maintain such Common Areas. Landlord shall causes any such other owner, tenant or occupant to undertake such work and if such party does not do so in a timely manner, Landlord shall undertake such work. Landlord shall not include any costs or expenses incurred by Landlord in connection with such work in Operating Expenses. Notwithstanding the foregoing or anything else to the contrary contained in this Lease, Landlord shall, at its sole cost and expense, repair damage to any parking areas of the Project caused by ordinary wear and tear without the inclusion of the costs and expenses incurred by Landlord in connection therewith in Operating Expenses except as set forth in Section 6.1(c). For the avoidance of doubt, Landlord's obligation to repair the parking areas shall not relieve Tenant of its obligations to keep the parking areas clean and free of debris.

ARTICLE VII

TRADE FIXTURES, ALTERATIONS, & LIENS

7.1 Approval. Tenant shall not attach any fixtures, equipment or other items to the Premises or make any additions, changes, alterations or improvements to the Premises or the systems and equipment serving the Premises (any and all such work being referred to collectively herein as "**Work**"), without the prior written consent of Landlord. Landlord shall not unreasonably withhold consent, except that Landlord reserves the right to withhold consent in Landlord's sole discretion for Work affecting the structure, safety or security of the Project or Premises, the systems and equipment serving the Premises, or the appearance of the Premises from any Common Areas. Notwithstanding the foregoing or any other provision of this Lease to the contrary, Tenant shall be permitted, at Tenant's sole cost and expense, to install fencing on and around the perimeter of the Project as Tenant deems necessary or appropriate in conjunction with Tenant's Permitted Use, subject only to Landlord's review and approval of any plans, specifications, and materials for such fencing.

7.2 Conditions. Landlord reserves the right to impose requirements as a condition of such consent or otherwise in connection with the Work, including without limitation, requirements that Tenant: (i) submit for Landlord's prior written approval detailed plans and specifications prepared by licensed and competent architects and engineers, (ii) submit for Landlord's prior written approval the names, addresses and background information concerning all contractors,

subcontractors and suppliers, (iii) obtain and post permits, bonds, and additional insurance, (iv) submit contractor, subcontractor and supplier lien waivers, and (v) comply with such other requirements as Landlord may impose concerning the manner and times in which such Work shall be done and other aspects of the Work. Tenant shall have no obligation to use union labor for any such Work or to pay any prevailing wages for such Work, unless such prevailing wage requirement is set forth in Laws applicable to Tenant. If Landlord consents or recommends any suppliers, contractors, architects, or engineers, the same shall not be deemed a warranty as to the adequacy of the design, workmanship or quality of materials, or compliance of the Work with any laws.

7.3 Performance of Work. All Work shall be performed: (i) in a thoroughly first class, professional and workmanlike manner, (ii) only with materials that are new, high quality, and free of material defects, (iii) strictly in accordance with any plans and specifications approved by Landlord in advance in writing, (iv) not to adversely affect the systems and equipment or the structure of the Building, (v) diligently to completion and so as to minimize interference with other tenants and the operation of the Project, and (vi) in compliance with all applicable Laws and other provisions of this Lease. If Tenant fails to perform the Work as required herein or the materials supplied fail to comply herewith or with the specifications approved by Landlord, and Tenant fails to commence to cure such failure within one (1) week after written notice by Landlord (except that notice shall not be required in emergencies) and to diligently thereafter prosecute such cure to completion. Landlord shall have the right to stop the Work until such failure is cured (which shall not be in limitation of Landlord's other remedies and shall not serve to abate the Rent or Tenant's other obligations under this Lease).

7.4 Liens. Tenant shall keep the Project, the Premises and this Lease free from any mechanic's, materialman's or similar liens or encumbrances, and any claims therefor, in connection with any Work. Tenant shall give Landlord notice at least ten (10) days prior to the commencement of any Work (or such additional time as may be necessary under applicable laws), to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility. Tenant shall remove any such claim, lien or encumbrance by bond or otherwise within forty-five (45) days after notice by Landlord. If Tenant fails to do so, Landlord may pay the amount or take such other action as Landlord deems necessary to remove such claim, lien or encumbrance, without being responsible for investigating the validity thereof. The amount so paid and costs incurred by Landlord shall be deemed Additional Rent under this Lease payable upon demand, without limitation as to other remedies available to Landlord. Nothing contained in this Lease shall authorize Tenant to do any act which shall subject Landlord's title to the Project or Premises to any such notices, liens or encumbrances whether claimed by operation of statute or other Law or express or implied contract. Any claim to a lien or encumbrance upon the Project or Premises arising in connection with any Work shall be null and void, or at Landlord's option shall attach only against Tenant's interest in the Premises and shall in all respects be subordinate to Landlord's title to the Project and Premises. Pursuant to NRS 108.234, Landlord hereby informs Tenant that Tenant must comply with the requirements of NRS 108.2403 with respect to any work or alteration Tenant performs or causes to be performed on or about the Premises. Tenant acknowledges the requirements thereunder with respect to Tenant's recording of a notice of posted security in the Official Records of Lyon County, Nevada, in accordance with NRS 108.2403, and either (i) establishing a construction disbursement account pursuant thereto or (ii) furnishing and recording, in accordance therewith, a surety bond for the prime contract for Tenant's work that meets the requirements of NRS 108.2415. The parties acknowledge that Landlord is intended to

be a “disinterested owner” as defined in NRS 108.234(7) with respect to all of Tenant’s Work or any other work of construction, alteration, or repair of any improvement on the Premises. Accordingly, Tenant shall comply with all requirements set forth in NRS 108.2403 and 108.2407. Without limiting the generality of the forgoing, prior to commencing any Work or any other work of construction, alteration, or repair of any improvement on the Premises, Tenant shall deliver to Landlord (i) a conformed copy of the recorded notice of posted security recorded pursuant to NRS 108.2403(1)(a), containing the information required by NRS 108.2403(2) and showing the County Recorder’s applicable recording information; (ii) written evidence confirming that Tenant has either established such construction disbursement account or obtained and recorded such surety bond pursuant to NRS 108.2403(1)(b); and (iii) the name, address, and telephone number of Tenant’s prime contractor for such work, which shall be delivered within five (5) days of Tenant and such prime contractor entering into a contract for such work. Tenant may not enter the Premises to begin initial construction on any Work until Tenant has delivered evidence satisfactory to Landlord that Tenant has complied with the terms of this paragraph.

7.5 Landlord’s Fees and Costs. Tenant shall pay Landlord a reasonable fee to cover Landlord’s overhead and out-of-pocket costs paid to third parties other than employees of Landlord, including the cost of any outside engineer, architect or consultant, in reviewing Tenant’s plans and specifications and performing any supervision of the Work, and such fees as Landlord may reasonably impose for utilities, trash removal, temporary barricades and other matters in connection with the Work.

ARTICLE VIII **INSURANCE**

8.1 Required Insurance.

(a) Landlord shall obtain and keep in force a policy or policies of insurance covering loss or damage to the Building and any improvement on the Premises or Common Areas outside of the Building in the amount of full replacement value. Such policy shall provide protection against all perils included with the classification of fire, extended coverage, special extended perils (all risk), sprinkler leakage, vandalism, malicious mischief, and an inflation guard endorsement and may provide any other coverage which Landlord deems reasonably necessary, excluding flood and/or earthquake coverage. Any costs incurred by Landlord in connection with any such insurance policies, including without limitation any policy premiums and a reasonable deductible amount under any such policy may be included in Operating Expenses.

(b) Tenant shall maintain during the Term: (i) commercial general liability insurance, with a contractual liability endorsement covering Tenant’s indemnity obligations under this Lease, and with limits of not less than \$2,000,000 combined single limit for personal injury, bodily injury or death, or property damage or destruction (including loss of use thereof) per occurrence, (ii) workers’ compensation insurance as required by statute, and employer’s liability insurance in the amount of at least \$500,000 per occurrence, and (iii) “all-risk” property damage insurance covering Tenant’s inventory, personal property, business records, furniture, floor coverings, fixtures and equipment, and all Work installed by Tenant for damage or other loss caused by fire or other casualty or cause including, but not limited to, vandalism and malicious mischief, theft, explosion, business interruption, and water damage of any type, including sprinkler

leakage, bursting and stoppage of pipes. All insurance required hereunder shall be provided by responsible insurers rated at least A and 10 in the then current edition of Best's Insurance Guide and shall be licensed in the State of Nevada. Tenant's property damage insurance shall include full replacement cost coverage and the amount shall satisfy any coinsurance requirements under the applicable policy. Tenant's insurance shall be primary, and any insurance maintained by Landlord or any other additional insureds hereunder shall be excess and noncontributory. Landlord shall have the right to reasonably increase the amount or expand the scope of insurance to be maintained by Tenant hereunder from time to time.

(c) Landlord and Tenant each hereby release the other from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) and waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered or required to be covered under this Lease by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. The foregoing mutual release and waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to, property of the parties hereto. In as much as the foregoing mutual release and waiver will preclude the assignment of any such released or waived claims by way of subrogation (or otherwise) to an insurance company (or any other person), Landlord and Tenant shall give each of their insurance companies which has issued a policy or policies of fire and/or extended coverage insurance written notice of the terms of the foregoing mutual release and waiver, and shall have said insurance policy properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of the aforesaid mutual release and waiver.

8.2 Certificates. Tenant shall provide Landlord with certificates evidencing the coverage required hereunder (and, with respect to liability coverage showing Landlord and others designated by Landlord as additional insureds, and with respect to leasehold improvements showing Landlord as an additional named insured). Tenant shall provide copies of such certificates to Landlord upon request. Tenant shall provide renewal certificates to Landlord at least thirty (30) days prior to expiration of such policies. Such certificates shall state that the coverage may not be changed or cancelled without at least thirty (30) days' prior written notice to Landlord. .

8.3 Waiver of Claims. Except for claims arising from Landlord's or its employees, contractors, or agents intentional or negligent acts or any breach by Landlord of its obligations under this Lease, Tenant, for itself and on behalf of all Tenant Parties, waives all claims against Landlord for injury or death to persons, damage to property or to any other interest of Tenant sustained by Tenant or any party claiming through Tenant resulting from: (i) any occurrence in or upon the Premises, (ii) leaking of roofs, bursting, stoppage or leaking of water, gas, sewer or steam pipes or equipment, including sprinklers, (iii) wind, rain, snow, ice, flooding, freezing, fire, explosion, earthquake, excessive heat or cold, fire or other casualty, (iv) the Project, the Premises, or Building systems or equipment being defective, out of repair, or failing, and (v) vandalism, malicious mischief, theft or other acts or omissions of any other parties including without limitation, other tenants, contractors and invitees at the Project. To the extent that Tenant's property loss risks are covered by insurance required to be carried by Tenant under this Lease, Tenant agrees to look solely to and seek recovery only from its insurance carriers in the event of

such losses; for purposes hereof, any deductible amount shall be treated as though it were recoverable under such policies.

ARTICLE IX

DAMAGE & RESTORATION

9.1 Restoration by Landlord. If the Premises shall be damaged by fire or other casualty, Landlord shall use available insurance proceeds to repair the Premises, except that Landlord shall not be required to repair or replace any of Tenant's furniture, furnishings, fixtures or equipment, or any alterations or improvements, and Landlord's obligations shall be subject to any governmental requirements. Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's Permitted Use of the Premises resulting in any way from such damage or the repair thereof.

9.2 Restoration by Tenant. If Landlord repairs the Premises as provided herein, Tenant shall repair and replace Tenant's Work, all items required to be insured by Tenant hereunder, and all other items required to restore the Premises to the condition required under Article VI of this Lease. Tenant shall commence such work promptly following substantial completion by Landlord of any repairs required by Landlord hereunder and the settlement of any claims under Tenant's applicable insurance, and shall proceed diligently therewith to completion. Tenant's work hereunder shall constitute "Work" under Article VII and shall be subject to all of the provisions thereof. Tenant may close the Premises to the public to the extent reasonably required in connection with such Work.

9.3 Election to Terminate. Notwithstanding the foregoing to the contrary, Landlord may elect to terminate this Lease, if the Building is materially damaged by Tenant or any other occupant of the Premises, or any of their agents, employees, invitees or contractors, or if the Project is damaged by fire or other casualty or cause such that: (a) more than 25% of the floor area of the Building is not habitable as a result of such damage, (b) the damage occurs less than one year prior to the end of the Term, (c) the damage is not fully covered by insurance policies carried or required to be carried by Landlord under this Lease, or (d) in Landlord's reasonable opinion, the cost of the repairs, alterations, restoration or improvement work would exceed 25% of the replacement value of the Premises. In any such case, Landlord may terminate this Lease by notice to Tenant within one hundred twenty (120) days after the date of damage (such termination notice to include a termination date providing at least thirty (30) days for Tenant to vacate the Premises) unless prior to such termination date Tenant commits to cause the repairs and restoration of the Building at its cost and expense to the condition existing prior to the date of such casualty. Tenant agrees that Landlord's obligation to restore shall be Tenant's sole recourse in the event of such damage, and waives any other rights Tenant may have under any applicable Law to terminate this Lease by reason of damage to the Premises or Project.

ARTICLE X
INDEMNIFICATION & LIABILITY

10.1 Indemnification.

(a) Subject to the release of claims set forth in Section 8.1(c), Tenant hereby agrees to indemnify and defend and hold Landlord, its employees or agents, harmless from and against any and all claims, suits, proceedings, actions, causes of action, responsibility, liabilities, payments, demands and expenses (including reasonable attorneys' fees) (collectively, "**Indemnity Claims**") in connection with or arising from:

(i) Tenant's possession, use, occupation, management, repair, maintenance or control of the Premises, the Building or the Project, or any portion thereof;

(ii) Any act, omission, or negligence of Tenant, Tenant's agents, invitees or visitors;

(iii) Any default, breach, violation, or nonperformance of this Lease or any provision herein by Tenant; and

(iv) Injury or damages to person(s) or property or loss of life sustained in or about the Premises.

(b) Tenant shall defend any actions, suits, and proceedings which may be brought against Landlord with respect to the foregoing. Tenant shall pay, satisfy, and discharge any judgments, orders, and decrees which may be recovered against Landlord in connection with the foregoing. Landlord shall promptly notify Tenant of any claims for which Landlord seeks indemnification pursuant to this Section 10.1 provided, however, the failure to so notify Tenant shall not in any way modify or impair Tenant's obligations pursuant to this Section 10.1 or otherwise.

(c) Notwithstanding anything set forth in this Section 10.1 to the contrary, Tenant shall have no obligations or liability to the extent that any such Indemnity Claims arise out of or in connection with (i) any negligent act or willful misconduct of Landlord or any of its employees, contractors, agents, or government officials; or (ii) any act or omission of any other tenants or users of the Project or their employees, contractors, or agents or to the extent that such Indemnity Claims are covered by any insurance carried or required to be carried by Landlord under this Lease.

10.2 Waiver and Release.

(a) Tenant hereby waives and releases all claims against Landlord with respect to all matters for which Landlord has expressly disclaimed liability pursuant to the provisions of this Lease.

(b) Tenant will not be entitled to make, nor will Tenant make, any claim, and Tenant waives any claim, for money damages (nor will Tenant claim any money damages

by way of setoff, counterclaim, or defense) based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed its consent or approval with respect to any provision of this Lease providing for such consent or approval. Tenant's sole remedy will be an action or proceeding to enforce any such provision, or for specific performance, injunction, or declaratory judgment.

10.3 Landlord Liability.

(a) Neither Landlord nor any agent or employee of Landlord shall be liable to Tenant for and Tenant waives any claims against Landlord for: (i) any injury or damage to Tenant or to any other person; or (ii) any damage to, or loss (by theft or otherwise) of, any property of Tenant or any other person, irrespective of the cause of such injury, damage, or loss, unless caused by or due to the willful misconduct or negligence of Landlord, its agents, or employees without contributory negligence on the part of Tenant or any breach by Landlord of its obligations under this Lease.

(b) Landlord's agents, employees, consultants, and contractors shall have absolutely no personal liability with respect to any provision of this Lease, or any obligation or liability arising therefrom or in connection therewith. Such exculpation of liability shall be absolute and without any exception whatsoever, provided that Tenant does not hereby waive any claims against any person arising out of such person's willful misconduct or gross negligence, and, without limitation, Landlord shall be responsible for acts of its employees and agents to the extent permitted by applicable Laws.

ARTICLE XI **DEFAULT & REMEDIES**

11.1 Events of Default. Each of the following shall constitute an "Event of Default" hereunder:

(a) The failure of Tenant to pay any item of Rent when due, if such failure is not cured within fifteen (15) days following written notice thereof from Landlord.

(b) The failure by Tenant to perform or observe any requirement of this Lease other than payment of Rent, and such failure continuing for sixty (60) days after notice from Landlord to Tenant specifying the items in default, provided however, that if such failure cannot be cured with said sixty (60)-day period, such longer period (but in no event longer than one hundred twenty (120) days) as may be reasonably necessary to cure such failure provided Tenant is diligently proceeding in good faith to cure the default.

(c) At Landlord's option, the occurrence of any of the following:

(i) the appointment of a receiver to take possession of all or substantially all of the assets of Tenant or the Premises;

(ii) an assignment by Tenant for the benefit of creditors;

(iii) the filing of any voluntary petition in bankruptcy by Tenant, or the filing of any involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of sixty (60) days;

(iv) the attachment, execution, or other judicial seizure of all or substantially all of Tenant's assets or the Premises, if such attachment or other seizure remains undismissed or undischarged for a period of thirty (30) days after the levy thereof; or

(i) the admission of Tenant in writing of its inability to pay its debts as they become due.

11.2 Landlord's Remedies. At any time after the occurrence of an Event of Default, the following provisions shall apply and Landlord shall have the rights and remedies set forth in this Lease, which rights and remedies may be exercised upon or at any time following the occurrence of an Event of Default unless, prior to such exercise, Landlord shall agree in writing with Tenant that the Event of Default has been cured by Tenant in all respects:

(a) If an Event of Default shall have occurred and be continuing beyond any applicable cure period, Landlord shall have the right to terminate this Lease upon sixty (60) days' prior written notice (the "**Termination Notice**"). In the event the Lease is terminated, Landlord may reenter the Premises solely by summary proceedings, remove Tenant and all other persons and property from the Premises, and store such property in a public warehouse or elsewhere at the sole cost and expense of and for the account of Tenant without Landlord being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby.

(b) Without terminating this Lease, Landlord may reenter and take possession of the Premises solely under and by virtue of the laws of the State of Nevada or by such other proceedings, including reentry and possession as may be applicable.

(c) If Landlord elects to terminate this Lease, everything contained in the Lease on the part of the Landlord to be done and performed shall cease without prejudice, however, subject to the right of Landlord to recover from Tenant the sum of: (i) Landlord's actual, reasonable costs incurred in terminating this Lease and recovering possession of the Premises including, without limitation, reasonable attorneys' fees and disbursements; and (ii) all Rent and other charges due under this Lease through the end of the Term, excluding any unexercised renewal term if any and subject to the mitigation thereof by Landlord.

(d) All rights and remedies of Landlord set forth herein are in addition to all other rights and remedies available to Landlord at law or in equity. Landlord may elect to seek any combination of or all remedies available to Landlord under this Lease or at law or equity. All remedies hereinbefore given to Landlord and all rights and remedies given to it at law and in equity shall be cumulative and concurrent.

(e) Landlord shall not be deemed to have waived any default by Tenant hereunder unless such waiver is set forth in a written instrument signed by Landlord.

(f) The acceptance by Landlord of delayed or defective performance shall not constitute a waiver by Landlord of any future breach or of any other covenant, condition, or agreement set forth herein, nor of any of Landlord's rights hereunder. Neither the payment by Tenant of a lesser amount than the installments of Rent, Additional Rent, or of any sums due hereunder nor any endorsement or statement on any check or letter accompanying a check for payment of any sums payable hereunder shall be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such sums or to pursue any other remedy available to Landlord. No reentry by Landlord, and no acceptance by Landlord of keys from Tenant, shall be considered an acceptance of a surrender of this Lease.

11.3 Landlord's Reentry. If this Lease shall be terminated as provided in Section 11.2, Landlord, or its agents or employees, may reenter the Premises at any time and remove therefrom Tenant, Tenant's Agents, and any subtenants, licensees, concessionaires, or invitees, together with any of its or their property, either by summary dispossession proceedings or by any suitable action or proceeding at law or otherwise. In the event of such termination, Landlord may repossess and enjoy the Premises. Landlord shall be entitled to the benefits of all provisions of law respecting the speedy recovery of lands and tenements, or proceedings in forcible entry and detainer. Tenant waives any rights to the service of any notice of Landlord's intention to reenter provided for by any present or future law. Landlord shall not be liable in any way in connection with any action it takes pursuant to the foregoing. Notwithstanding any such reentry, repossession, dispossession, or removal, Tenant's liability and responsibility under all of the provisions of this Lease shall continue.

ARTICLE XII

RIGHTS RESERVED BY LANDLORD

12.1 General. Except to the extent expressly limited herein, Landlord reserves full rights to control the Project (which rights may be exercised without subjecting Landlord to claims for constructive eviction, abatement of Rent, damages or other claims of any kind), including more particularly, but without limitation, the rights identified in Sections 2.3 and 2.4, and this Article XII.

12.2 Access to Premises. Landlord and its authorized representatives may: (i) inspect the Premises, (ii) exhibit the Premises to current and prospective tenants, purchasers, lenders, insurers, governmental authorities, and brokers, (iii) enter or permit entry to the Premises in emergencies or for any other reasonable purpose, or for the purpose of exercising any other rights or remedies expressly granted or reserved to Landlord under this Lease or applicable Law, or to make any repairs, maintenance, improvements or alterations, or other work in or about the Project, and (v) in connection therewith, erect scaffolding and temporary barricades and take into, upon or through the Premises, materials required to perform the same, and if reasonably required, move Tenant's leasehold improvements, fixtures, property and equipment. However, in connection with entering the Premises to exercise any of the foregoing rights, Landlord shall take reasonable steps to minimize any interference with Tenant's business, and following completion of the work, return Tenant's leasehold improvements, fixtures, property and equipment to the original locations and condition to the fullest extent reasonably possible.

12.3 Reserved Areas. Landlord reserves all rights to use (or grant other parties the right to use) and Tenant shall have no right, title or interest in those portion of the Property other than the Premises.

12.4 Emergency Closings. Landlord shall have the right (but not the obligation) to limit or prevent access to all or any portion of the Project, activate emergency controls or procedures, or otherwise take such action or preventive measures deemed necessary by Landlord for the safety of tenants or other occupants of the Project or the protection of the Project or other property located thereon or therein, in case of fire or other casualty, riot or other civil disorder, strike or labor unrest, public excitement or other dangerous condition, or threat thereof. In addition to the foregoing, in the event that the mayor and/or other governmental agency having appropriate jurisdiction declares a state of emergency, Landlord shall have the right to use the Premises as a shelter and crisis response center until such state of emergency terminates. The period during which the Premises are used as a shelter pursuant to this Section 12.4 shall be deemed a Force Majeure Event for purposes of Section 13.18 hereof, but in no event shall such use of the Premises be deemed a taking of property for which compensation is due.

12.5 Changes to the Project. Landlord reserves the right to: (i) change the name of the Project and the address or designation of the Building, (ii) install, maintain, alter and remove signs on or about the Project other than on the Premises, (iii) add land, easements or other interests to or eliminate the same from the Project, and grant easements and other interests and rights in the Project to other parties outside of the Premises, (iv) add, alter, expand, reduce, eliminate, relocate or change the shape, size, location, character, design, appearance, use, number or height of any permanent or temporary buildings, structures, improvements, surface parking, kiosks, planters, parking areas, driveways, landscaped areas and other Common Areas, change the striping of parking areas and direction and flow of traffic, and convert Common Areas to leasable areas and leasable areas to Common Areas, and (v) in connection with the foregoing matters, or with any other inspections, repairs, maintenance, improvements or alterations in or about the Project, or as a result of any casualty, incident, strike, condemnation, act of God, Laws or governmental requirement or request, or any other cause, erect scaffolding, barricades, and other structures reasonably required in, or otherwise close, Common Areas or portions thereof. However, in connection with exercising such rights, Landlord shall: (a) take reasonable steps to minimize or avoid any denial of access to the Premises except when necessary on a temporary basis, and (b) take reasonable steps to avoid materially changing the configuration or reducing the square footage of the Premises, unless required by Laws or other causes beyond Landlord's reasonable control. If Landlord enters the Premises in connection with any of the foregoing matters, Landlord shall comply with Section 12.2 above.

ARTICLE XIII **MISCELLANEOUS**

13.1 Transfers Prohibited. Tenant shall not assign, sublease (except as provided in Section 3.3), transfer or encumber this Lease or any interest therein. Any attempted assignment or sublease by Tenant in violation of this Section 13.1 shall be void. Notwithstanding the forgoing to the contrary, Tenant shall have the right at any time to merge with any other boys and girls club(s) or similar community organizations providing services similar to the Permitted Use, and if

Tenant is not the surviving entity in such merger, the surviving entity shall be deemed to have assumed this Lease on the effective date of such merger, pursuant to applicable Laws.

13.2 Memorandum of Lease. At Tenant's request, Landlord shall execute a Memorandum of this Lease in any commercially reasonable form prepared by Tenant and suitable for recording setting forth the names of the parties hereto and the term of this Lease, identifying the Property, and also including such other clauses therein as either party may desire. Landlord shall deliver such Memorandum to Tenant for recording within ten (10) days following Tenant's delivery of the same to Landlord and Tenant shall have the right to record the same in the Official Records of Lyon County, Nevada at any time prior to the expiration or earlier termination of this Lease.

13.3 Survival of Obligations. All obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of the Term of this Lease shall survive the expiration or earlier termination of the Term hereof.

13.4 Entire Agreement. This Lease, including the Exhibits hereto, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior or contemporaneous agreements, oral or written, express or implied, and all undertakings, negotiations or discussions of the parties, whether oral or written, all of which are integrated herein to the extent agreed upon by the parties.

13.5 No Modifications. This Lease may not be altered, amended, changed, waived, terminated or modified in any respect or particular unless the same shall be in writing and signed by or on behalf of the party to be charged.

13.6 Further Assurances. Landlord and Tenant agree that at any time or from time to time after the execution of this Lease, each shall execute and deliver such further documents or instruments and do such further acts or things as the other party may reasonably request in order to fully effect the purpose of this Lease, provided that they are not required to incur any material cost or expense in connection therewith.

13.7 Notices. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by same-day or overnight private courier, addressed to the party to be served at the addresses indicated in Sections 1.8 and 1.9, or such other address as the party to be served may from time to time designate in a Notice to the other party and/or pursuant to applicable Nevada law ("Notices"). Notice personally served shall be effective when delivered to the party upon whom such Notice is served. If served by registered or certified mail, Notice shall be conclusively deemed served on the date shown on the return receipt, but if delivery is refused or the Notice is unclaimed, Notice shall conclusively be deemed given forty eight (48) hours after mailing. If served by private courier, Notice to the addressee shall be conclusively deemed given as confirmed by the private courier service making delivery. Copies of any Notice shall be sent to the addresses, if any, designated for service of copies of Notices in Sections 1.8 and 1.9; but the inadvertent failure to serve a copy of a Notice, either to the address so designated or in the manner provided in this Section, shall not render service of Notice invalid if the original Notice is served in accordance with this Section. Notice given by facsimile or email shall not be effective unless receipt of such Notice is acknowledged by the

recipient in writing, in which case the effective date of such Notice shall be the date of such written acknowledgement.

13.8 Captions. The captions of the Articles and Sections of this Lease are for convenience of reference only and shall not be considered or referred to in resolving questions of interpretation.

13.9 Severability. If any term or provision of this Lease or portion thereof shall be found invalid, void, illegal, or unenforceable generally or with respect to any particular party, by a court of competent jurisdiction, it shall not affect, impair or invalidate any other terms or provisions or the remaining portion thereof, or its enforceability with respect to any other party.

13.10 Waiver. No provision of this Lease will be deemed waived by either party unless expressly waived in writing signed by the waiving party. No waiver shall be implied by delay or any other act or omission of either party. No waiver by either party of any provision of this Lease shall be deemed a waiver of such provision with respect to any subsequent matter relating to such provision, and Landlord's consent respecting any action by Tenant shall not constitute a waiver of the requirement for obtaining Landlord's consent respecting any subsequent action. Acceptance of Rent by Landlord shall not constitute a waiver of any breach by Tenant of any term or provision of this Lease. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due.

13.11 Governing Law. This lease shall be governed by, and construed in accordance with, the laws of the State of Nevada.

13.12 Attorney's Fees. If either party or any of its officers, agents, affiliates or employees (the "Named Party") shall be made a party to any litigation commenced by or against the other party to this Lease (the "Defendant Party") in any third party action against the Defendant Party, and if such Named Party is not found to be at fault in such action, the Defendant Party shall pay all costs, expenses and reasonable attorneys' fees incurred by the Named Party in connection with such litigation. In any action by Landlord or Tenant against the other arising out of this Lease, the prevailing party in such action shall be entitled to recover from the other party its costs, expenses and reasonable attorneys' fees that may be incurred by the prevailing party, and the other party shall pay the same, as determined by the court in such action. .

13.13 Waiver of Jury Trial. IN THE INTEREST OF OBTAINING A SPEEDIER AND LESS COSTLY HEARING OF ANY DISPUTE, EACH OF LANDLORD AND TENANT HEREBY EXPRESSLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY AGAINST THE OTHER AND ANY RIGHTS TO A TRIAL BY JURY UNDER ANY STATUTE, RULE OF LAW OR PUBLIC POLICY IN CONNECTION WITH ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY RELATING TO THIS LEASE, THE PREMISES OR THE CENTER. Although such jury waiver is intended to be self-operative and irrevocable, Landlord and Tenant each further

agree, if requested, to confirm such waivers in writing at the time of commencement of any such action, proceeding or counterclaim.

13.14 Venue. Any action or proceeding brought by either party against the other for any matter arising out of or in any way relating to this Lease, the Premises or the Project, shall be heard in the Third Judicial District Court in Lyon County, Nevada.

13.15 No Brokers. Tenant represents and warrants to Landlord that it has not dealt with, engaged, or entered into any other relationship with any broker, agent, or finder in connection with this Lease or the transactions contemplated hereunder, and Landlord shall have no obligation to pay any commissions, finder's fee, or other compensation to any such third party. Tenant shall defend, indemnify and hold Landlord harmless from all damages, judgments, liabilities and expenses (including attorneys' fees) arising from any claims or demands of any broker, agent or finder with whom Tenant has dealt for any commission or fee alleged to be due in connection with its participation in the procurement of Tenant or the negotiation with Tenant of this Lease, other than a broker with whom Landlord has signed a written agreement relating to this Lease.

13.16 Interpretation.

(a) This Lease shall be construed without regard to any presumption or other rule requiring construction against the drafting party.

(b) The captions, headings, and titles in this Lease are solely for convenience of reference and shall not affect the interpretation of the provisions under such caption, heading, or title.

(c) Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

(d) As used in this Lease: (i) "and/or" when applied to one or more matters or things applies to any one or more, or all such matters or things as the circumstances warrant; (ii) "including" means "including, without limitation"; (iii) "person" means any natural person or persons, a partnership, a corporation, and any other form of business or legal association or entity; and (iv) "this Lease," "herein," "hereof," and "hereunder," and words of similar import, refer to this Lease as a whole, and not to any particular section, unless expressly so stated.

(e) All of the terms and provisions of each exhibit or schedule to this Lease are incorporated into and made a part of this Lease to the same extent as if they were included in the body of this Lease.

13.17 Force Majeure Event.

(a) A "Force Majeure Event" means any of the following events: (i) acts of God; (ii) floods, fires, earthquakes, explosions, or other natural disasters; (iii) war, invasions, hostilities (whether war is declared or not), terrorist threats or acts, riots or other civil unrest; (iv) governmental authority, proclamations, orders, laws, actions, or requests;

(v) embargoes or blockades in effect on or after the date of this Lease; (vi) epidemics, pandemics, or other national or regional public health emergencies; (vii) strikes, labor stoppages or slowdowns, or other industrial disturbances; and (viii) shortages of supplies, adequate power, or transportation facilities; and (ix) other similar events beyond the reasonable control of the parties.

(b) Neither party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Lease, for any failure or delay in fulfilling or performing any obligation under this Lease (except for any obligations to make payments to the other party hereunder), when and to the extent such failure or delay is caused by a Force Majeure Event. The failure or inability of either party to perform its obligations in this Lease due to a Force Majeure Event shall be excused for the duration of the Force Majeure Event and extended for a period equivalent to the period of such delay. Nothing contained in this Section shall excuse either party from paying in a timely fashion any payments due under the terms of this Lease or extend the term of this Lease.

(c) Either party (the “**Noticing Party**”) shall give the other party notice within 10 days of the commencement of the Force Majeure Event, explaining the nature or cause of the delay and stating the period of time the delay is expected to continue. The Noticing Party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Noticing Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. In the event that the failure or delay remains uncured for a period of 60 consecutive days following written notice given by the Noticing Party under this Section, Landlord may thereafter terminate this Lease upon thirty (30) days’ written notice.

13.18 Counterparts. This Lease may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original for all purposes, and all such counterparts shall together constitute but one and the same instrument.

[remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Fernley Community Response and Resource Center Lease to be effective as of the Effective Date.

“Tenant”

BOYS & GIRLS CLUB OF TRUCKEE
MEADOWS, a Nevada nonprofit corporation

By: _____
Michael P. Wurm

Its: President and Chief Executive Officer

“Landlord”

CITY OF FERNLEY, a municipal corporation and
political subdivision of the State of Nevada

Neal E. McIntyre, Mayor

ATTEST:

By: _____
Kim Swanson, City Clerk

APPROVED AS TO FORM:

By: _____
Aaron Mouritsen, City Attorney

EXHIBIT A
PROJECT SITE PLAN

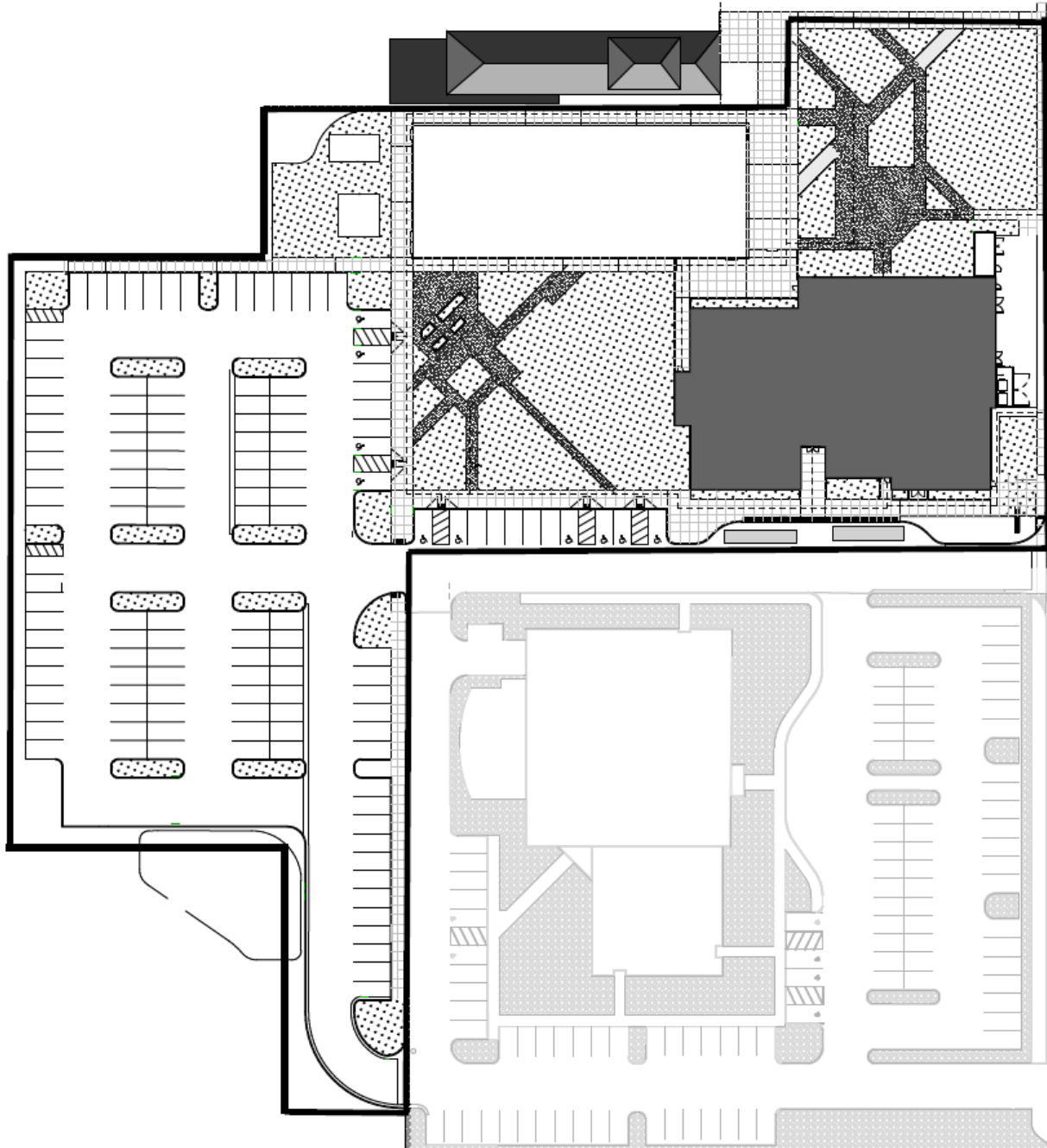


EXHIBIT B
BUILDING FLOOR PLAN

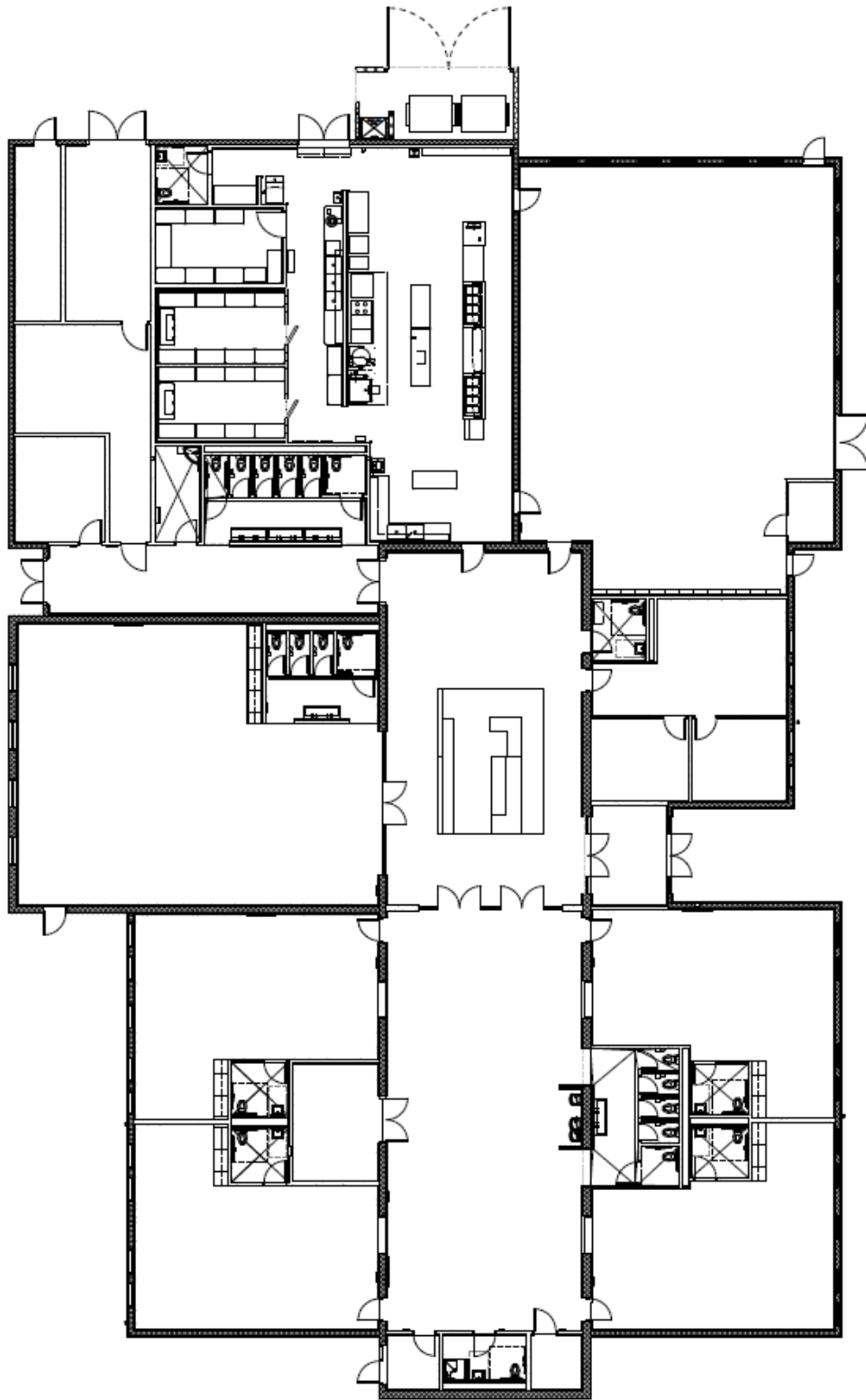


EXHIBIT C

RULES AND REGULATIONS

The following Rules and Regulations shall apply to the Premises, ~~the Building~~, and the Common Areas (including, without limitation, parking areas), except where specific reference is made to individual portions of the Project. ~~In the event of a conflict between these Rules and Regulations and the remainder of the Lease, the Lease shall control.~~ Capitalized terms have the same meaning as defined in the Lease. Tenant shall be responsible for compliance by its employees, agents, members, volunteers, guests, and invitees.

GENERAL RULES

1. Compliance with Laws and Landlord Policies. Tenant shall comply with all applicable laws, codes, ordinances, and Landlord policies regarding the use and occupancy of the Premises.

2. Animals and Vehicles. No animals shall be brought into the Premises except service animals as required by law. Bicycles, scooters, and vehicles are prohibited inside the Building except in designated areas.

3. Signs and Displays. Tenant shall not display any sign, placard, picture, advertisement, notice, or other lettering on any Common Areas without Landlord's prior written consent, except as specifically permitted by the Lease. Tenant shall not paint the Building exterior or any portion of the Common Areas without Landlord's prior written consent.

4. Windows, Doors, and Building Appearance. Window coverings, shades, blinds, awnings, or exterior projections shall be installed only with Landlord's written consent. Tenant shall not place anything against or near glass surfaces that may appear unsightly from outside. Landlord may require window coverings to present a uniform exterior appearance.

5. No Obstruction of Common Areas. Sidewalks, halls, stairways, corridors, vestibules, entrances, loading docks, and other Common Areas shall not be obstructed or used for any purpose other than ingress and egress without Landlord's written consent.

6. Hazardous and Prohibited Materials. Tenant shall not use, store, or permit on the Premises any kerosene, gasoline, or hazardous, flammable, combustible, or explosive materials, except those necessary for ordinary office or program use and in compliance with applicable laws. Tenant shall comply with all environmental, safety, and fire codes.

7. Noise, Odors, and Nuisances. Tenant shall not make or permit noises, odors, vibrations, or other disturbances that interfere with other occupants or neighbors.

8. Cleanliness and Waste Disposal. Trash and recyclables shall be stored in designated containers and disposed of in accordance with Landlord's instructions. No littering or outdoor storage of materials or debris is permitted.

9. Plumbing and Fixtures. Plumbing fixtures shall be used only for their intended purpose. No foreign substances shall be placed therein. Damage resulting from misuse shall be repaired at Tenant's expense.

10. Restricted Uses. The Premises shall not be used for lodging, manufacturing, or illegal purposes. ~~No alcohol shall be permitted on the Premises with a Liquor License (as defined in the Lease).~~

11. Safety and Security. Tenant shall comply with all fire protection, safety, and evacuation regulations. Tenant assumes responsibility for securing the Premises against theft and vandalism.

12. Smoking. Smoking and vaping are prohibited in the Building and in any outdoor areas designated as non-smoking.

13. Alterations. Tenant shall not paint, mark, drill into, or otherwise alter the Premises without Landlord's prior written consent.

14. Additional Rules. Landlord reserves the right to adopt reasonable additional rules for the safety, cleanliness, and orderly operation of the Building. Tenant shall be given written notice of any such rules and shall comply with them.

15. Sporting Events. No sporting events or other athletic competitions shall be permitted on the Event Lawn at any time and no persons shall be permitted to wear cleats or other types of footwear with spikes or studs while using the Event Lawn.

CHILD SAFETY AND CONDUCT RULES

~~**Supervision of Children.** Parents, guardians, or other designated adults are responsible for the direct supervision of their children at all times while on the Premises, unless the child is participating in an organized program or activity under the supervision of authorized Boys & Girls Club staff.~~

~~**Appropriate Behavior.** Children and adults must conduct themselves in a manner that is respectful, safe, and considerate of others. Running, roughhousing, or aggressive play is not permitted outside of designated activity areas.~~

~~**Playground Use.**~~

~~(a) — Playground equipment is to be used only for its intended purpose and in a safe manner.~~

~~(b) — Children under the age of five (5) must be accompanied on the playground by a supervising adult.~~

~~(c) — Climbing on structures not intended for play, such as fences or building walls, is prohibited.~~

~~**Restricted Areas.** Children are not permitted in staff offices, storage rooms, maintenance areas, or any other restricted location unless expressly authorized by staff.~~

~~**Food and Drink.** No glass containers are allowed in the playground or sports areas. Food and drink are permitted only in designated areas. Water in non-breakable containers is allowed on the sports courts or fields.~~

~~— **Personal Belongings.** The Boys & Girls Club and Landlord are not responsible for lost, stolen, or damaged personal items. Parents and guardians are encouraged to label children's belongings and discourage bringing valuable items.~~

~~— **Safety and Emergency Procedures.** All persons must comply with staff instructions, posted safety notices, and emergency evacuation procedures. Parents and guardians must ensure that children understand and follow these rules.~~

16. Prohibited Conduct.

- (a) Use of foul language, bullying, or harassment is strictly prohibited.
- (b) Smoking, vaping, and the use of alcohol or drugs are prohibited anywhere on the Premises.
- (c) Firearms, weapons, and dangerous objects are prohibited.

~~— **Enforcement.** Violations of these rules may result in the removal of the child and/or parent from the Premises, suspension from activities, or other action deemed necessary by the Boys & Girls Club and/or Landlord to maintain a safe environment.~~

PARKING RULES

The following rules apply to all tenants, employees, volunteers, guests, invitees, and program participants of the Premises.

1. Compliance with Posted Signs. All users of the parking areas shall obey all posted traffic signs, directional arrows, and parking markings, and shall park only in areas designated for vehicle parking.

2. Authorized Vehicles. Parking areas shall be used only for passenger automobiles, motorcycles, motor-driven or non-motor-driven bicycles, and light trucks of permitted size. Oversized vehicles, including recreational vehicles, motor homes, boats, and trailers, may not be parked in the parking areas without Landlord's prior written consent.

3. Prohibited Parking. Parking is prohibited:

- (a) in areas not striped for parking;
- (b) in drive aisles;
- (c) where "No Parking" signs are posted;
- (d) on ramps;
- (e) in cross-hatched areas;
- (f) in loading zones (except for active loading/unloading); and
- (g) in areas designated for the exclusive use of other tenants or for visitors only.

4. Speed Limit. The speed limit within the parking area is five (5) miles per hour.

5. Maintenance and Storage of Vehicles. The maintenance, washing, waxing, cleaning, or mechanical repair of vehicles in the parking areas is prohibited. Overnight parking or storage of vehicles is not permitted without Landlord's written consent.

6. Security and Liability. Unless otherwise instructed, every person using the parking area is required to park and lock their own vehicle. Landlord is not responsible for any damage to vehicles, injury to persons, or loss of property in the parking areas; all such risks are assumed by the vehicle owner or operator.

7. Bicycle and Scooter Parking. Bicycles, scooters, and other similar vehicles shall be parked only in designated racks or storage areas, if provided. They shall not be secured to railings, light posts, or other fixtures.

8. Landlord Authority. Landlord may tow or remove, at the vehicle owner's expense, any vehicle parked in violation of these rules or of posted signage. Landlord reserves the right to modify these Parking Rules and Regulations or to adopt additional reasonable and nondiscriminatory rules for the operation of the parking areas.