

## SUB-LEASE AGREEMENT

THIS SUB-LEASE AGREEMENT is made this 1st Day of August, 2008 by and between , Brewery Arts Center (Carson City Arts Alliance, Inc.), herein called "TENANT" and Scotty's Family Restaurants, Inc. , herein called "SUB-TENANT".

### RECITALS

WHEREAS, by lease dated June 24, 1977, TENANT did lease space located at 449 W. King Street in , Carson City, Nevada. Said space consists of approximately 780 sq. ft., and is herein called the "premises"; and

WHEREAS, Tenant agrees to sublease to Sub-Tenant the premises described above and is herein called "sub-let premises".

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

- 1) **MASTER LEASE:** TENANT is the Lessee of the Premises by virtue of a Lease, hereinafter the "Master Lease", wherein Carson City is the Lessor. This Sub-lease agreement is and shall be at all times subject and subordinate to the Master Lease. The terms, conditions and respective obligations of the TENANT and Sub-tenant to each other under this Sub-lease agreement shall be the terms and conditions of the Master Lease. During the term of this Sub-lease agreement Sub-tenant does hereby expressly assume and agree to perform and comply with, for the benefit of TENANT and Lessor, each and every obligation of the Tenant under the Master Lease.
- 2) **CONSENT OF LESSOR:** The Master Lease requires that Tenant obtain the consent of the Lessor to any sub-letting by Tenant. Therefore this Sub-lease agreement shall not be effective unless Lessor signs this Sub-lease Agreement, giving their consent to this Sub-lease.
- 3) **PREMISES:** The Premises will be approximately 780 square feet of 1,560 square foot Artisan Store on the first floor of the building. SUB-TENANT will have use of the kitchen on the second floor. Use of the kitchen will be scheduled with TENANT as needed.
- 4) **TERM:** The term of this Sub-Lease shall be for a period of thirty six (36) months commencing September 4, 2008 through September 3, 2011. SUB-TENANT will have one (1) three (3) year option to re-new the sub-lease at a base rental rate to be mutually agreed upon.

5) RENT AND OTHER CHARGES: Rent shall be deemed all monetary obligations of TENANT under the terms of the Master Lease. Monthly base rental rate for the first twelve (12) month period (Year 1) for the Sub-Let premises shall be One Thousand and 00/100 Dollars (\$1,000.00), payable on or before the first day of each month and subject to the following annual base rent adjustments:

Year 2	\$1,100.00 per month	\$13,200.00 per year
Year 3	\$1,200.00 per month	\$14,400.00 per year

6) ADDITIONAL RENT: SUB-TENANT will pay to TENANT additional rent on a monthly basis in the amount of Three Hundred Fifty and 00/100 Dollars (\$350.00) for utilities and common area expense. Additional Rent will be adjusted accordingly per the SUB-TENANT'S prorate usage of utilities and maintenance of the Premises and common area.

7) NOTICE: All notices, requests, demands and other communications required under this Sub-Lease Agreement shall be in writing and served either personally, sent by United States mail, certified, postage prepaid or by a reputable overnight courier service addressed at the addresses set forth below or at such other address as either party may advise the other from time to time:

Tenant: BREWERY ARTS CENTER  
449 W. King Street  
Carson CITY, Nevada 89703

Sub-Tenant: SCOTTY'S FAMILY RESTAURANTS, INC.  
2811 S. Carson Street  
Carson City, Nevada 89701

Lessor: CARSON CITY, A CONSOLIDATED MUNICIPALITY  
201 N. Carson Street  
Carson City, Nevada 89701

With Copy to:

8) TENANT IMPROVEMENTS/ALTERATIONS: Any tenant improvements or alterations to the premises by Sub-tenant shall require written approval of the Tenant and Lessor. All improvements to be performed by a licensed contractor also subject to approval by Tenant and Lessor. Sub-Tenant will be responsible for all costs associated with preparing the Premises for Sub-Tenant's use. Tenant and Sub-Tenant will provide equipment contributions with said equipment contributions to be documented in Exhibit "A".

9) ENTIRE AGREEMENT: This Sub-lease agreement and any exhibit attached hereto and made a part hereof contains the entire agreement of the parties with respect to the matters covered hereby, and no other agreement, statement or promise made by any party or to any

employee, officer, member or agent of any party which is not contained herein shall be binding or valid.

- 10) **INSURANCE:** Lessee agrees to have and maintain a policy of Comprehensive General Liability insurance covering the leased Premises throughout the term of the Lease at no cost of the Lessor in the amount of \$1,000,000 per Occurrence and \$2,000,000 per Aggregate.

Lessee agrees to provide a Certificate of Insurance and a Policy Endorsement naming Carson City as an Additional Insured within ten (10) days of the execution of the lease. Carson City Purchasing and Contracts, 201 North Carson Street, Suite 11, Carson City NV. 89701 shall be listed as the certificate holder.

The Comprehensive General Liability Insurance shall include coverage for, (but not limited to) Liability coverage arising from Premises, Operations, Independent Contractors, Products/Completed Operations, Personal and Adverting Injury, and Liquor Liability.

The Lessee's Comprehensive General Liability insurance shall be primary insurance as respects to the Named Insureds and Additional Insureds.

The Certificate of Insurance shall state that coverage may not be cancelled or modified unless and until thirty (30) days written notice is given to Carson City.

The Lessee agrees to carry Workers Compensation Insurance for Statutory Limits for the State of Nevada with a limit of \$1,000,000 for Employers Liability.

Insurance coverage is to be placed with insurance carriers with a Best's rating of no less than A-VII and acceptable to Carson City. The insurance carriers must be approved to do business in the State of Nevada.


IN WITNESS WHEREOF, this Sub-Lease Agreement has been executed as of the date set opposite their signatures below.

TENANT: Brewery Arts Center

By: Sally Zula  
PRESIDENT  
BOARD OF DIRECTORS

Dated: 8-27-2008

SUB-TENANT: Scotty's Family restaurants, Inc.

By: 

Dated: 9-2-08

LESSOR: Carson City, a consolidated municipality

By: \_\_\_\_\_

Dated: \_\_\_\_\_