

**Carson City
Agenda Report**

Date Submitted: December 7, 2010

Agenda Date Requested: December 16, 2010

Time Requested: Consent

To: Mayor and Supervisors

From: Larry Werner, City Manager

Subject Title: Action to approve subleasing a portion of the Children's Museum to Carson City Pottery, subject to the terms listed in Section 8 of the lease between Carson City and the Children's Museum of Northern Nevada.

Staff Summary: Carson City Pottery is looking for office space and has requested to use office space at the Children's Museum. The lease for the Children's Museum allows for subleasing property as long as the following conditions are met: (1) The Lessor provides written consent to sub-lease, (2) The Lessor receives a copy of the assignment, and (3) The third party executes a new lease assuming all the obligations of the Children's Museum for the subletted property.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (xx) No

Recommended Board Action: Action to approve subleasing a portion of the Children's Museum to Carson City Pottery, subject to the terms listed in Section 8 of the lease between Carson City and the Children's Museum of Northern Nevada.

Explanation for Recommended Board Action: This action will allow the Children's Museum to sublease empty office space and generate much needed revenue.

Applicable Statute, Code, Policy, Rule or Regulation: n/a

Fiscal Impact: n/a

Explanation of Impact: n/a

Funding Source: n/a

Alternatives: n/a

Supporting Material: Sublease Agreement & Lease Agreement

Prepared By: Janet Busse, Office Supervisor

Reviewed By:

[Signature]
(Department Head)

Date: _____

: [Signature]
(City Manager)

Date: 12/7/10

: [Signature]
(District Attorney)

Date: 12/7/10

: [Signature]
(Finance Director)

Date: 12/7/10

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (hereinafter "Sublease")) is made and entered into between The Children's Museum of Northern Nevada, Inc. (hereinafter called "Sublessor"), and Carson City Pottery, (hereinafter called "Sublessee"). The Effective Date of this Sublease is hereby established as January 1, 2011.

ARTICLE I MASTER LEASE

A. Sublease Subject to Master Lease. This Sublease is subject and subordinate to that certain Lease Agreement (hereinafter called "Master Lease"), dated May 1, 2001, executed by and between Children's Museum of Northern Nevada (as "Lessee") and the Consolidated Municipality of Carson City (as "Lessor"), a copy of which is attached hereto as Exhibit "A" and made a part hereof for all purposes as if fully set forth herein.

B. Compliance With Master Lease. With the exception of the obligation to pay the "Rent" pursuant to Paragraph 2 of the Master Lease, from and after the Effective Date, Sublessee hereby covenants and agrees to comply with and perform all obligations of Sublessor under the Master Lease, it being intended that all obligations of Lessee contained in the Master Lease are hereby imposed upon Sublessee as if Sublessee were substituted for Lessee in the Master Lease. Insofar as the provisions of the Master Lease do not conflict with the specific provisions herein contained, they and each of them are incorporated into this Sublease as fully as if completely rewritten herein, and Sublessee agrees to be bound to Sublessor by all of the terms of the Master Lease and, from and after the Effective Date, to assume toward Sublessor and perform and comply with all of the obligations and responsibilities that Sublessor by the Master Lease assumes toward Master Lessor, and to indemnify, defend and hold harmless Sublessor from and against any claim or liability under the Master Lease resulting from Sublessee's failure to comply with the terms of the Master Lease accruing from and after the Commencement Date. Sublessee agrees that whenever the consent of Master Lessor is required under the terms of the Master Lease with respect to any action, except as otherwise specifically modified under this Sublease, Sublessee shall obtain the consent of Sublessor and of Master Lessor prior to taking such action. Sublessor and Sublessee hereby covenant and agree to promptly deliver to each other copies of any and all notices or other correspondence received by either of them from Master Lessor or that might otherwise affect Sublessor, Sublessee or the Subleased Premises (defined below) in any manner, and further agree to so deliver same in the manner most appropriate to insure that the other party will be able to respond to any of such notices or other correspondence from the Master Lessor or other parties within any time periods set forth in the Master Lease.

C. Services. Sublessee hereby acknowledges and agrees that the only services, amenities and rights to which Sublessee is entitled under this Sublease are those to which Sublessor is entitled under the Master Lease (subject to all the provisions, restrictions and conditions imposed by the Master Lease). Sublessor shall in no event be liable to Sublessee for Master Lessor's failure to provide any such services, amenities and rights nor shall any such failure be construed as a breach hereof by Sublessor or an eviction of Sublessee or entitle Sublessee to an abatement of any of the rent under this Sublease, except and only to the extent that Sublessor receives an abatement under the Master Lease with respect thereto.

D. Exercise of Right and Remedies Under Master Lease. Sublessee shall not have the right to institute any action or proceeding against Master Lessor for the enforcement of the Master Lease. If Master Lessor shall default in the performance of any of its obligations under the Master Lease, Sublessor shall, upon the written request of Sublessee and at Sublessee's sole cost and expense, use its diligent good faith efforts to enforce the Master Lease and obtain Master Lessor's compliance with its obligations thereunder. Except for the obligations specifically imposed upon Sublessor and set forth in this Sublease, Sublessor shall have no obligations whatsoever to Sublessee with respect to the Master Lease, this Sublease or the Subleased Premises. So long as Sublessee is not in default beyond all applicable cure periods hereunder, Sublessor agrees that during the Term of this Sublease, Sublessor will not seek to terminate, modify or amend the Master Lease or to exercise any of Lessee's rights under the Master Lease unless requested by Sublessee to do so or with the prior consent of Sublessee.

ARTICLE II

DEMISE AND DESCRIPTION

A. Demise of Subleased Premises. Subject to and upon the terms and conditions set forth herein, Sublessor hereby subleases to Sublessee, and Sublessee hereby subleases from Sublessor for the Term (as hereafter defined) herein set forth, Sublessor's right, title and interest in and to the use and occupancy of the Subleased Premises leased by Sublessor under the Master Lease, consisting of approximately 300 square feet of the building located at 813 N. Carson St. Carson City, Nevada 89701 (herein called the "Subleased Premises"), all as further described in Exhibit "B" attached hereto, to which reference is hereby made for all relevant purposes.

B. Sublessee's Accessory and Utility Installation; Trade Fixtures; Alterations. Sublessee shall not make any alterations or accessory and utility installations to the Subleased Premises without Master Lessor's prior consent. Any structural or non-structural accessory and utility installations must be made in accordance with the Master Lease. If Sublessee obtains the Master Lessor's consent, Sublessee shall be responsible for constructing and installing all

additional improvements to the Subleased Premises (collectively, the "Sublessee Improvements"). Sublessee shall submit to Sublessor its plan and specifications for the Sublessee Improvements as soon as practicable after the execution of this Sublease. Sublessor shall have a period of ten (10) business days to review and approve the Sublessee Improvement Plans. In the event Sublessor fails to approve or disapprove the Sublessee's Improvement Plans within the aforementioned ten (10) business day period, the Sublessee Improvement Plans shall be approved, subject in all respects to Master Lessor's review and approval. The Sublessee Improvement Plans shall not be modified or amended without the prior written consent of Sublessor, which consent Sublessor agrees to give reasonably, and the prior written consent of Master Lessor.

ARTICLE III

TERM; SURRENDER OF POSSESSION

A. Primary Term. Unless the Master Lease is terminated sooner pursuant to the terms thereof, this Sublease shall continue in full force and effect for a term (the "Term") commencing on the date Sublessor delivers the Subleased Premises to Sublessee (the "Commencement Date") and ending December 31, 2011, unless sooner terminated as herein provided.

B. Surrender of the Subleased Premises. In the event this Sublease is terminated prior to the expiration of the Term, pursuant to any rights of Sublessor or Sublessee contained herein or otherwise, Sublessee shall deliver up the Subleased Premises to Sublessor in as good condition as existed on the date of initial possession by Sublessee, ordinary wear and tear only excepted, and Sublessor shall remove all signage installed by Sublessee on or adjacent to the Subleased Premises, without damage to the Subleased Premises. Upon such termination of this Sublease, Sublessor shall have the right to re-enter and resume possession of the Subleased premises.

C. Delivery and Acceptance of Subleased Premises. Sublessor shall deliver the Subleased Premises to Sublessee no later than January 1, 2011, and Sublessee shall be required to accept the Subleased Premises upon such delivery.

ARTICLE IV

RENT

A. Rent. As "Rent" for the use of the Subleased Premises during the Term hereof, Sublessee shall pay the initial monthly base rental of \$250 per month; to continue monthly throughout the lease period. Sublessee will also provide utility payments as documented on a separate agreement with Sublessor.

**ARTICLE V
MAINTENANCE AND REPAIRS**

A. Sublessee warrants that it has fully inspected the Subleased Premises and is satisfied as to the condition and repair thereof. The respective duties of the parties as to maintenance and repair are as follows:

1. The Sublessee shall be responsible for all interior maintenance of the space leased.

2. Master Lessor shall be responsible for those maintenance and repair items specifically identified in the Master Lease as the responsibility of Master Lessor.

3. Notwithstanding any respective covenants contained herein, any maintenance or repair shall be the responsibility of a party, if necessity for such maintenance or repair is caused by the neglect of that party.

**ARTICLE VI
PROPERTY CONDITION**

A. Sublessee has fully inspected the real property and accepts the property in its present condition and agrees to take the property in an "as is" condition.

B. Sublessee agrees that neither Sublessor nor Master Lessor shall have any liability to Sublessee or Sublessee's employees, agents, invitees, or any other third party who may lawfully be on the Subleased Premises and will indemnify and hold harmless the Sublessor as set forth in Article X.

**ARTICLE VII
USE OF SUBLEASED PREMISES**

Sublessee may use the Subleased Premises as a business, and for any lawful purposes related thereto and permitted by law as long as said uses comply with the terms of the Master Lease.

**ARTICLE VIII
GENERAL COVENANTS OF SUBLESSEE**

Sublessee hereby covenants and agrees as follows:

A. That Sublessee assumes all risk of loss and damage to any of its property moved in, upon, or stored upon the Subleased Premises from any cause except such damages or loss caused by the negligence of the Sublessor, Sublessor's agents or employees.

B. That Sublessee shall be responsible for and pay all taxes assessed against the personal property located in and upon the Subleased Premises.

C. That the Sublessee shall take the Subleased Premises upon the commencement of the term hereunder, keep the Subleased Premises free from any debris or any nuisance, and return the same, at the termination of the term hereof, in good condition and repair, damage by the elements, structural defects not caused by the fault of the Sublessee, and acts of God, excepted.

D. The Sublessee shall comply with and conform to all federal, state, and local laws and ordinances, and all regulations of any department thereof, relating to its use and occupancy of the Subleased Premises.

ARTICLE IX INSURANCE

See Exhibit "C" attached hereto and incorporated herein by this reference.

ARTICLE X INDEMNIFICATION

A. The Sublessee shall save and hold harmless, the Sublessor and Master Lessor from any liability or claim of damages by reason of any injury to any person or persons, including Sublessee, or property of any kind whatsoever and to whomever belonging, including Sublessee, from any cause or causes whatsoever while in, upon, about or in any way connected with the Subleased Premises or the sidewalks, streets, alleys, rights of way, or easements adjacent thereto during the term of this Sublease, Sublessee hereby covenanting and agreeing to indemnify and save Sublessor and Master Lessor harmless from all liability or loss, cost and obligation on account of or arising from or out of such injuries or losses from any case other than the acts of the Sublessor, its agents and employees.

B. If Sublessor or Master Lessor are made a party defendant in any litigation concerning this Sublease or the Subleased Premises or the occupancy or use thereof by Sublessee, the Sublessee shall save and hold the Sublessor and Master Lessor harmless from all liability thereon by reason of said litigation, including reasonable attorney's fees and expenses incurred in such litigation, whether or not such litigation is prosecuted to judgment.

**ARTICLE XI
UTILITIES**

A. Sublessee shall pay for all utility services they have installed (i.e. telephone, internet, etc.).

B. Any deposits heretofore made by the Sublessor shall be returned to the Sublessor. Upon termination of occupancy by the Sublessee, all utilities will be paid to the date of such termination and the utilities that they are responsible for will be terminated.

**ARTICLE XII
DEFAULT AND BREACH**

A. If default be made in the payment of rentals or in the observance, payment or performance of any of the other provisions, terms or conditions of this agreement, or if any conduct of the Sublessee, its agents, servants, employees, invitees or licensees, shall constitute a nuisance on the Subleased Premises or should they commit or suffer any illegal act to be committed thereon, the Sublessor may, at its sole option, terminate this Sublease immediately.

B. Upon default in the payment of rent or material breach of this agreement, the Sublessor shall have the right to enter and take possession of the Subleased Premises, without process of law.

C. Should there be default in the terms of this Sublease, Sublessor may give notice in writing to the Sublessee by setting forth the default in writing and mailing said notice of default via certified mail to the current address of Sublessee or by delivering such notice personally to the address of the Subleases Premises; any such notice shall specify the default, and if of the type which is curable, specify the time within which to cure said default. Should Sublessee fail, refuse or neglect to promptly cure such default within the time specified, then in that event the Sublessor may terminate the Sublessee's occupancy forthwith and declare all sums then due to be due and payable.

D. The waiver of any default or the failure to timely declare a default shall not be deemed a waiver of such default. The election of any remedy by Sublessor shall not preclude other and additional remedies at law or equity.

**ARTICLE XIII
INSPECTION**

The Sublessor shall have the right to enter upon the Subleased Premises at all reasonable times and places for the purpose of inspection.

**ARTICLE XIV
NOTICES**

All notices required to be given or to be sent shall be in writing and sent by certified mail to the Sublessor or Sublessee at their respective addresses.

**ARTICLE XV
DAMAGE OR CONDEMNATION**

A. If the Subleased Premises or any part thereof such as would render the remainder unsuitable for Sublessee's use shall be destroyed or damaged to the extent that the Subleased Premises are rendered unfit for occupancy for a period of sixty (60) days or more, then, in that event, this Sublease may be terminated by either Party.

B. If the Subleased Premises, or any such party thereof, such as would render the remainder unsuitable for Sublessee's use are taken for any public use by virtue of eminent domain, condemnation or other governmental action, then the Sublessee shall have the right, but not the obligation, to terminate this Sublease upon written notice to the Sublessor and rental shall be payable only to the time when the Sublessee surrenders possession of the Subleased Premises.

**ARTICLE XVI
LIENS**

Sublessee shall not suffer any lien to be filed against the Subleased Premises for any cause or reason, whether for work or labor done or materials furnished or supplied and if any such lien shall be filed, the filing of such lien shall constitute a default under this agreement. Any contract of work or improvement done by Sublessee shall include a provision that the contractor, supplier shall have no lien rights against the Subleased Premises. Prior to the commencement of any work or improvement for which a lien may be asserted against the Subleased Premises, Sublessee shall insure that it obtains lien waivers and provides Sublessor with a copy thereof.

**ARTICLE XVII
MISCELLANEOUS COVENANTS**

A. In the event suit shall be brought for any breach of this agreement or the covenants contained herein, then the prevailing party shall be entitled to recover reasonable attorney's fees and costs. The laws of the state of Nevada shall govern the terms and provisions of this Sublease.

MASTER LESSOR hereby consents to this Sublease.

Signed/Dated

By: _____

Its: _____

RECEIVED

JUN 06 2001

RECEIVED

APR 18 2001

CARSON CITY
EXECUTIVE OFFICES

CARSON CITY
EXECUTIVE OFFICES

Home
Jan 8
58

LEASE AGREEMENT

THIS LEASE made and entered into this 01st day of May, 2001, by and between the Consolidated Municipality of CARSON CITY, hereinafter referred to as LESSOR and CHILDREN'S MUSEUM OF NORTHERN NEVADA, a non-profit Nevada corporation, hereinafter referred to as LESSEE.

WITNESSETH:

WHEREAS, the Carson City Board of Supervisors has determined that the real property at 813 N. Carson Street commonly known as the Civic Auditorium, Assessor's Parcel No. 2-164-01 is not needed for public purposes of the county for a period of thirty (30) years commencing with the execution of this lease agreement; and

WHEREAS, CHILDREN'S MUSEUM OF NORTHERN NEVADA, is a non-profit or civic organization which desires to use the premises at 813 N. Carson Street for charitable or civic purposes, to-wit: a non-profit Children's Museum; and

WHEREAS, NRS 244.284 allows the Board of Supervisors to lease any real property of the county for a term not exceeding thirty (30) years if such real property is not needed for the public purposes of the county and is let to or for any non-profit charitable or civic organization, and the property is actually used for charitable or civic purposes; and

WHEREAS, the Carson City Board of Supervisors specifically finds that this Lease meets the conditions of NRS 244.284; and

WHEREAS, tenant's occupancy of the premises under this Lease is contingent on the CHILDREN'S MUSEUM OF NORTHERN NEVADA applying for and receiving all required special use permits and/or, variances, building permits and any other licenses or permits required by

City, State and Federal Governmental agencies.

IN CONSIDERATION of the mutual promises of both parties and other good and valuable consideration as hereafter set forth, the parties hereto covenant and agree as follows:

LESSOR does hereby lease to LESSEE, and LESSEE does hereby lease from LESSOR, the following described property hereinafter referred to as "the premises":

THE NORTHERN HALF OF BLOCK 14 OF THE VAN WINKLE AND PROCTOR ADDITION TO CARSON CITY, NEVADA, KNOWN AS ASSESSOR'S PARCEL NO. 2-164-01 AND MORE COMMONLY KNOWN AS THE OLD CARSON CITY CIVIC AUDITORIUM CONTAINING 14,450 +/- SQUARE FEET LOCATED AT 101 E. ANN STREET, CARSON CITY, NEVADA, WITHOUT UTILITIES, SUCH AS GAS, WATER, ELECTRICAL POWER, GARBAGE, LANDSCAPE MAINTENANCE AND JANITORIAL SERVICE.

THIS PROPERTY IS LEASED IN AN "AS IS" CONDITION, LESSOR MAKES NO GUARANTEES AS TO THE WORTHINESS OF THE STRUCTURE, ADEQUACY OF PARKING FOR MUSEUM PURPOSES, OR ANY OTHER MATTER CONCERNING SAID PARCEL.

1. TERM:

a. Lease: The term of this Lease is for a period of ten (10) years, commencing on the 1st day of January, 2001, and terminating at midnight on the last day of December, 2010, unless sooner terminated by mutual agreement of the parties or for violation of any term or condition of this Lease.

b. Option to Renew Lease: LESSEE shall have the option to renew this Lease for two (2) additional ten (10) year periods commencing on the 1st day of January, 2011 and terminating at midnight on the last day of December, 2020 and commencing on the 1st day of January, 2021 and terminating at midnight on the last day of December, 2030. The option to renew

Lease is expressly contingent on LESSOR determining that LESSEE is in strict compliance with all provisions of the lease. The first option to renew Lease must be exercised in writing on or not more than 60 days before the last day of December, 2010 or said option is forfeited. The second option to renew the Lease must be exercised in writing on or not more than 60 days before the last day of December, 2020 or said option is forfeited.

c. Option to Purchase: LESSEE shall have three options to purchase the real property that is the subject of this Lease for its appraised value as of the date of purchase with any improvements installed by the LESSEE. The first option must be exercised in writing on or before the last day of December, 2010 or said option is forfeited. The second option must be exercised in writing on or before the last day of December, 2020 or said option is forfeited. The third option must be exercised in writing on or before the last day of December, 2030 or said option is forfeited. Payment in cash or on terms approved by the LESSOR shall be made or commenced not later than the last day of the option period. Per NRS 244.281(4) the LESSOR may sell the premises for cash or for not less than 25 percent down over a period of not more than 10 years, secured by a mortgage or deed of trust, bearing such interest and upon such further terms as the Carson City Board of Supervisors may specify. LESSEE shall be given as a credit against the purchase price an offset for the reasonable improvement costs actually incurred in performance of Section 4 (improvements to the facility) of this Lease. Credit shall not be given for services rendered in conjunction with the installation of improvements and shall be limited to the value of the improvements.

2. RENTAL: As rental for the premises LESSEE agrees to pay LESSOR:

the sum of ONE DOLLAR (\$1.00) per year for the first ten years beginning the 1st day of

January, 2001 and ending the last day of December, 2010.

If the 1st option to purchase is not exercised and if the Lease is renewed for the second and third ten year period, then the parties agree that LESSEE shall pay a rent fee set by the Board of Supervisors.

LESSEE shall be in Default of this Lease if the rental payment is not received by the 15th of the month in which the rental payment is due.

Notwithstanding any other provision in this Lease to the contrary, this Lease is what is commonly known as a triple net lease, it being understood that LESSOR shall receive the rent set forth in the schedule free and clear of any and all imposition, taxes, real estate taxes, liens charges or expenses of any nature whatsoever in connection with the ownership and operation of the premises.

3. THE USE OF PREMISES: The premises are leased to LESSEE for use as the Children's Museum and any change of said uses shall not be made unless such change of use is lawful and LESSEE first obtains the written consent of LESSOR. LESSEE will not use the premises for any illegal trade, manufacturing or other business, or any other illegal purpose or for any purpose not expressly allowed by this Lease.

4. REPAIRS AND MAINTENANCE: LESSOR will be responsible for maintaining the building and grounds in keeping with the requirements of the county regarding structural integrity and current city, state and federal codes.

LESSEE will be responsible for maintaining the facility in all aspects regarding the normal wear and tear occurring as a result of the operation of the Children's Museum.

///

5. ALTERATIONS, LIENS, ENCUMBRANCES AND REPAIRS: LESSEE will not make any permanent alterations, additions, improvements or repairs in the premises without first obtaining the consent of the LESSOR in writing. All alterations, additions, and improvements which are made, will be at the sole cost and expense of LESSEE, and will become the property of LESSOR, at the termination of this Lease, trade fixtures excluded. On expiration, or if the lease is terminated prior to expiration, LESSEE shall peacefully and quietly surrender to LESSOR the premises and all LESSEE's improvements and alterations in good order and condition (except for ordinary wear and tear). If the LESSEE performs the work with the consent of LESSOR, LESSEE agrees to comply with all laws, ordinances, rules and regulations of the local agencies having jurisdiction hereof. The LESSEE further agrees to hold the LESSOR free and harmless from all damage, loss and expense arising out of said work. LESSEE agrees to keep and maintain the leased premises free from any liens or encumbrances caused by any act of the LESSEE.

6. NON-STORAGE: LESSEE will not conduct any business activity outside the premises, nor store vehicles or other property, nor perform any services on any sidewalk, parking lot or other public area provided by LESSOR without the written consent of LESSOR which consent shall not be unreasonably withheld for exhibits or activities which relate directly to the operation of the Children's Museum.

7. ENTRY AND INSPECTION: LESSEE will permit LESSOR and its agents to enter the premises during normal business hours and for any reasonable purpose, including, but not limited to, inspections; to show the premises to prospective purchasers or lessees; to post notices of non-responsibility for alterations, additions, repairs or utility installations; for the purpose of placing upon the property or building in which said premises are located any ordinary "for sale" or "for lease" sign

within 6 months prior to the end of this Lease or any option thereof.

8. ASSIGNMENT AND SUBLEASING: LESSEE may only transfer, assign this lease or sublet the leased premises in whole or in part, after first obtaining the written consent of LESSOR. Use of premises by the Children's Museum is exempt from this section. If LESSOR consents, no assignments or sublease will be effective until LESSEE delivers copy of the assignment and the assignee or sublessee executes a new lease assuming all of the obligations of the LESSEE. No assignment or subletting will relieve LESSEE from an obligations under this Lease. The consent by LESSOR to any transfer, assignment or subletting will not be deemed to be a waiver on the part of LESSOR of any prohibition against any future transfer, assignment, or subletting.

9. INDEMNIFICATION: Unless due to the negligence of LESSOR or LESSOR's failure to abide by the terms of this Lease, LESSEE hereby indemnifies and agrees to hold LESSOR harmless from and against all claims, which either arise from or in connection with the possession, use, occupation, management, repair, maintenance or control of the premises or any portion thereof; or result from any default, breach, violation or non-performance of this Lease or any provisions of this Lease by LESSEE. LESSEE will defend any claims against LESSOR with respect to the foregoing or in which he may be impleaded. LESSEE will pay, satisfy and discharge any judgments, orders and decrees which are recovered against LESSOR in connection with the foregoing. LESSOR hereby indemnifies and agrees to hold LESSEE harmless and will defend any claims against LESSEE in any action where LESSOR was negligent or failed to abide by the terms of this Lease.

10. LIABILITY INSURANCE: Prior to LESSEE's occupation for renovation or any other lawful purpose, LESSEE shall obtain a public liability insurance policy in the face amount of ONE MILLION DOLLARS (\$1,000,000.00) or an amount recommended by the Risk Management

Department whichever is greater and will add LESSOR's name as an additional insured. A certificate of said insurance shall be presented to LESSOR prior to occupancy. Said policy of insurance shall not be suspended, voided, cancelled or reduced in coverage without the prior written consent of the LESSOR.

LESSOR will not be liable to LESSEE for any loss or damage caused by the acts or omissions of any persons occupying any space adjacent to or adjoining the premises unless the LESSOR or its agents caused the loss or damage. Except for loss or damage caused by LESSOR's negligence, LESSOR shall not be responsible or liable to LESSEE for any loss or damage resulting to LESSEE or its property from water, gas, or steam; or the bursting, stoppage or leakage of pipes.

11. WAIVER OF SUBROGATION: LESSOR and LESSEE hereby release each other from any and all claims or demands for damages, loss, or injury to the premises or to the furnishings, fixtures and equipment, or inventory or other property of either LESSOR or LESSEE in, about or upon the premises, which may be caused by or result from events at the time of any such loss to the extent such insurance is not prejudiced thereby or the expense of such insurance is not thereby increased.

12. DEFAULT:

A. DEFINITION OF DEFAULT: Each of the following events shall constitute a default:

1. Insolvency (this includes an assignment for the benefit of creditors; filing or acquiescing to a petition in any court in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings.)
2. Assignment by operation of law.

3. Vacating the premises after occupation.
4. Refusing to take possession of the premises or permitting the premises to remain unoccupied and unattended after renovation has been completed.
5. Failure to pay any installment of rent or any other charge required to be paid by LESSEE under this Lease when due and payable and failure shall continue for ten (10) days after written notice.
6. Failure to perform any other conditions required to be performed by LESSEE under this Lease and the failure shall continue for fifteen (15) days after written notice.
7. Loss of non-profit status.

B. EFFECT OF DEFAULT: If a default occurs, LESSOR shall give LESSEE a written notice of intention to cancel this Lease at the expiration of a thirty (30) day notice period. The written notice shall specify the breach. At the expiration the notice period, the term of this Lease shall end if said default has not been cured by LESSEE. LESSEE must then quit and surrender the premises to LESSOR. LESSEE's ability under all of the provisions of this Lease will continue non-withstanding any expiration and surrender, or reentry, repossession or disposition pursuant to the following paragraph with a setoff to LESSEE for any new rents collected by LESSOR from any new tenant during the term of this Lease.

If the term of this Lease expires, LESSOR or its agents or employees may immediately or anytime thereafter reenter the premises and remove LESSEE, LESSEE's agents, any subtenants, any licensees, any concessionaires and any invitees, and any of its or their property from the premises. Reentry and removal may be effectuated by summary disposition proceedings or by

a suitable action or proceeding at law, by force, or otherwise. If the term of this Lease expires, LESSOR may repossess and enjoy the premises. LESSOR will be entitled to the benefits of all provisions of law respecting the speedy recovery of lands and tenements held over by LESSEE or proceedings in forcible entry and detainer. LESSEE's liability, subject to any set off, will survive LESSOR's reentry, the institution of summary proceedings, and the issuance of any warrants with respect thereto.

C. DEFICIENCY: If this Lease is cancelled pursuant to (B) above, LESSEE will remain liable (in addition to accrued liabilities) to the extent legally permissible for the rent and all other charges LESSEE would be required to pay until the date this Lease would have expired had such cancellation not occurred, LESSEE's liability for rent shall continue notwithstanding reentry or repossession of the premises by LESSOR subject to a setoff pursuant to (B) above.

D. ATTORNEY'S FEE AND COSTS: LESSEE will pay LESSOR and/or LESSOR will pay LESSEE reasonable attorney's fees and court costs incurred in any lawsuit or action instituted by LESSOR or LESSEE to enforce the provisions of this Lease upon determination of the prevailing party.

E. WAIVER OF REDEMPTION: Except for setoffs discussed above LESSEE hereby waives (to the extent legally permissible), for itself and all persons claims by, through, or under it, any right of redemption or for the restoration of the operations of this Lease in case LESSEE is dispossessed for any cause, or in case LESSOR obtains possession of the premises as herein provided

F. LESSOR MAY CURE LESSEE'S DEFAULT: If LESSEE is in default under this Lease, LESSOR may cure the default at anytime for LESSEE. If LESSEE cures a default for

LESSEE, LESSEE will reimburse LESSOR for any amount expended by LESSOR in connection with the cure. LESSOR will also be entitled to interest at the maximum legal rate on any amount advanced by LESSOR to cure a default of LESSEE from the date the expense is incurred to the date of reimbursement.

The rights and remedies of LESSOR set forth herein are in addition to any other right and remedy now and hereinafter provided by law. All rights and remedies shall be commutative and not exclusive of each other. No delay or omission by LESSOR in exercising a right or remedy shall exhaust or impair the same or constitute a waiver of, or acquiescence to, a default. No waiver of a default shall extend to or affect any other default or impair any right or remedy with respect thereto. No waiver of a default will be effective, unless it is in writing.

13. DESTRUCTION OF PREMISES: In case of partial destruction of the premises without fault, negligence or carelessness on the part of LESSEE, its agents, employees or those holding under it, the LESSOR may, at its option, repair such damage. The rent shall be reasonably rebated and apportioned while said repairs are being made. The LESSOR may, at its election, declare this Lease ended, unless the LESSEE elects to make such repairs at its own expense, in which case repairs will remain upon said premises at the expiration of the term hereof and become the property of the LESSOR. The rents shall be reasonably rebated and apportioned if LESSEE make the repairs.

14. HOLDING OVER: Should LESSEE holdover the term hereby created with the consent of LESSOR, LESSEE will become a tenant from month to month on the terms herein specified, but at a monthly rental of (a fair market rent) per month, payable monthly in advance on the first day of each month, and LESSEE will continue to be a month-to-month tenant until the tenancy is terminated by LESSOR or until LESSEE has given LESSOR a written notice at least one month.

prior to the termination of the monthly tenancy of his intention to terminate the tenancy.

15. SALE OF PREMISES: In the event of a sale or conveyance by LESSOR of the building containing the premises, said sale shall be subject to the terms and conditions of this Lease. In such event, LESSEE agrees to look solely to the responsibility of the successor in interest of LESSOR. LESSOR may transfer any security deposits held from LESSEE to the purchaser of the reversion and thereupon LESSOR will be discharged from any further liability in reference thereto.

16. CONDEMNATION: If all of the demised premises is taken by eminent domain, condemnation, or purchase under threat thereof, except for a taking for temporary use, this Lease will be cancelled automatically as of the taking date. If a part of the premises is taken, LESSOR may cancel this Lease. The option to cancel may be exercised within six (6) months of the taking date by giving LESSEE notice that the option has been exercised.

If there is a taking of the premises for temporary use, this Lease will continue in full force and effect, and LESSEE will continue to comply with LESSEE'S obligation under this Lease, except to the extent compliance is rendered impossible or impracticable by reason of the taking.

All compensation awarded upon the condemnation or taking will belong to LESSOR AND lessee as their respective interest are established at the time of the taking, either by litigation, negotiation or other agreement.

17. SUBORDINATION: LESSEE agrees that this Lease is and will subordinate to any mortgage, deed of trust or other instrument of security, existing on the land and building of which the premises is part. Such subordination is hereby made effective without any further act by LESSEE. LESSEE agrees at any time, upon request by LESSOR, to execute and deliver any instrument, release or other document that may be required in connection with subjecting and

subordinating this Lease to the lien of any mortgage, deed of trust or other instrument of security.

This provision will be without effect unless and until the holder of the mortgage, deed of trust or other instrument of security in question delivers to LESSEE a written agreement providing, in effect, that so long as LESSEE is not in default in the observance of performance of any obligation to be observed or performed by it hereunder, LESSEE will not be disrupted in its possession of the premises hereunder.

18. SIGNS: LESSEE will not place or permit to be placed any sign, marquee, awning, decoration or other attachment on or to the roof, front, windows, doors or exterior walls of the premises without first obtaining a City permit and the written consent of LESSOR.

It is the intention of LESSOR to insure aesthetically tasteful uniformity in the building in which the premises are a part. LESSOR may, without liability, enter upon the premises and remove any such sign, marquee, awning, decoration or attachment affixed in violation of this paragraph. LESSEE agrees to pay the cost of removal thereof.

19. SURRENDER OF LEASE: No act or conduct of LESSOR, whether consisting of the acceptance of the keys to the premises, or otherwise, shall be deemed to or constitute and acceptance of the surrender of the premises by LESSEE prior to the expiration the term hereof. Acceptance by LESSOR of surrender by LESSEE must be evidenced by a written acknowledgment of acceptance of surrender by LESSOR. The voluntary or other surrender of this Lease by LESSEE, or a mutual cancellation thereof, will not work a merger, and LESSOR may terminate all of any existing subleases or subtenancies, or concessions, or may at the option of LESSOR, operate as an assignment to him of any of all such subleases or subtenancies or concessions.

///

20. NOTICES: Notices to the respective parties must be in writing and sent by certified or registered mail, addressed to the respective party at the address set out below, or at such other address as either party may elect to provide in advance in writing, to the other party.

LESSOR: CITY MANAGER, CITY OF CARSON CITY: 201 NORTH CARSON STREET, CARSON CITY, NEVADA 89701

LESSEE CHILDREN'S MUSEUM OF NORTHERN NEVADA, 813 N. CARSON STREET, CARSON CITY, NEVADA 89701

21. NO ORAL CHANGES: This Lease may not be changed or terminated orally.

22. SUCCESSOR AND ASSIGNS: Except as otherwise provided, this Lease shall bind and inure to the benefit of the parties and their respective successors, representatives, heirs and assigns.

23. UTILITIES: The following utilities will be supplied to the premises by LESSEE:

HEATING, ELECTRICAL POWER, GAS, EXTENSION OR GAS SERVICE, WATER, SEWER, GARBAGE SERVICE AND LANDSCAPE MAINTENANCE.

LESSOR will not be liable for failure to furnish any of the above services when such failure is caused by conditions beyond the control of LESSOR, or by accidents, repairs or strikes; nor will LESSOR be liable, except for LESSOR's own negligence, for loss or injury to property, however occurring, through or in connection with or incidental to the furnishing of any of the aforementioned services.

24. QUIET ENJOYMENT: The LESSOR agrees that the LESSEE, paying rental provided herein, and observing all of the terms, conditions and provisions hereof, will quietly enjoy the premises for the full term of this Lease. No use will be made or permitted to be made of the premises or any part thereof and no acts will be done therein which may disturb the quiet enjoyment of any other tenant in the building of which the premises are a part.

25. SNOW REMOVAL: LESSOR and LESSEE agree that LESSOR shall not be responsible for snow and ice conditions which are acts of God. Snow and ice removal shall be the responsibility of LESSEE.

IN WITNESS WHEREOF, the parties hereto have subscribed their names, and if corporations, executed this Lease by officers thereunder duly authorized by resolution of said corporations, in duplicate, the day and year first hereinabove written.

APPROVED AS TO FORM:

By: Neil A. Rombardo
NEIL A. ROMBARDO
DEPUTY DISTRICT ATTORNEY

LESSOR: CARSON CITY
By: Ray Masayko
RAY MASAYKO, MAYOR

ATTEST:

Alan Glover
ALAN GLOVER, CLERK-RECORDER

LESSEE: CARSON CITY CHILDREN'S
MUSEUM, a Nevada
Non-Profit Corporation

By: James J. [Signature]
President:

By: Frieda Ford
Secretary:

FILED FOR RECORD
AT THE REQUEST OF
CARSON CITY CLERK TO
THE BOARD.
01 MAY 18 11:35

261772

FILE NO. _____
ALAN GLOVER
CARSON CITY RECORDER
FEE \$10.00 DEP. PA