

LATE MATERIAL

MEETING DATE July 16, 2020

COMMERCIAL LEASE AGREEMENT

34.C

This Commercial Lease Agreement (“Lease”) is made by and between Sierra Medical Complex, Limited Partnership (“Lessor”) and the Carson City Department of Health and Human Services (“Lessee”), on behalf of Carson City, a consolidated municipality and political subdivision of the State of Nevada, each of whom may hereinafter be individually referred to as “Party” or collectively as the “Parties.”

TERMS

The Parties mutually covenant and agree as follows:

1. **PREMISES.** Lessor, in consideration of the terms provided in this Lease, leases to Lessee approximately 1,350 sq. ft. of real property located at 1050 E. William Street, Suite 210, Carson City, NV 89701 (“Premises”).
2. **EFFECTIVE DATE and TERM.** This Lease becomes effective immediately from the date on which the last required signature is affixed hereto, and terminates on June 30, 2021 (“Initial Term”), unless sooner terminated in accordance with the applicable terms of this Lease. Upon the expiration of the Initial Term, Lessee will have the option to renew this Lease for an additional term of 1 year so long as Lessee has not breached any provision of this Lease. Lessee may exercise this renewal option by providing written notice to Lessor not less than 60 days before the expiration of the Initial Term. If such written notice is not provided by Lessee within the time specified, the renewal option lapses and becomes voidable by the Lessor. Lessor and Lessee agree that if the renewal option is exercised, all of the terms and provisions of this Lease will remain unchanged and will continue in full force and effect, unless otherwise modified in writing by mutual agreement.
3. **LEASE PAYMENTS.** Lessee shall pay to Lessor the sum of two thousand twenty-five dollars (\$2,025) per month during the Initial Term, payable in advance on the first day of each month. Payment for any partial month will be prorated at the daily rate of 1/30th of the monthly rent. Lessor agrees that Lessee may make payment within a 5-day grace period, and any payment made within this grace period shall be considered timely. Payment may be made to Lessor in any manner mutually acceptable to Lessor and Lessee, including, without limitation, by way of money order, bank check or direct deposit by electronic means.
4. **POSSESSION.** Lessee shall be entitled to possession of the Premises on the first day of the term of this Lease and shall yield possession to Lessor on the last day of the term of this Lease, unless otherwise agreed by both Parties in writing. Upon expiration of the Initial Term, Lessee shall remove its goods and effects and peaceably surrender the Premises to Lessor in as good a condition as when delivered to Lessee, except for any ordinary wear and tear.
5. **USE OF PREMISES.** Lessee may use the Premises only for purposes associated with being an office space for personnel, the conduct of business normally performed by the Lessee and the storage of any associated equipment or goods. The Premises may not be used for any other purpose without the prior written consent of Lessor, which shall not be unreasonably

withheld. Lessee shall notify Lessor of any anticipated extended absence from the Premises not later than the first day of the extended absence. For the purpose of this Lease, an extended absence is deemed to be a period of 90 consecutive days or more.

6. **MAINTENANCE, UTILITIES AND SERVICES.** Lessee agrees to conduct a thorough inspection of the Premises upon taking possession under this Lease and to notify Lessor of any immediate or deferred maintenance issues within 30 days of taking possession. Lessor agrees to repair or remediate as soon as reasonably practicable any immediate or deferred maintenance damage identified by Lessee, but in no event later than 30 days after Lessor receives notice under this provision unless a longer period is expressly agreed upon in writing by Lessee. Lessor shall maintain the roof, exterior walls, structural foundation, plumbing, electrical wiring, and heating, ventilation and air conditioning (“HVAC”) installations for the building in which the Premises is located. Lessor agrees to pay for the following service bills: water, sewer, natural gas, and electricity incurred in connection with the Premises. Lessor shall be responsible for providing janitorial services 5 days a week, Monday through Friday. Lessor shall also be responsible for trash removal, common area utilities, common area janitorial services (including rest rooms), landscaping, snow removal, building maintenance, building insurance, property taxes, windows cleaning, pest control, HVAC and elevator maintenance, fire maintenance and building repairs.

7. **TAXES.** Payment for taxes levied upon the Premises or for the use of the Premises will be allocated as follows:

- a. **REAL ESTATE TAXES.** Lessor shall pay all real estate taxes and assessments for the Premises.
- b. **PERSONAL TAXES.** Lessee shall pay all personal taxes and any other charges which may be levied against the Premises solely as the result of Lessee's use of the Premises, along with all sales or use taxes, if any, that may be due in connection with the monthly payments required by this Lease.

8. **BREACH.** Lessee is in default of this Lease if Lessee breaches any term of this Lease. Subject to any governing provision of law to the contrary, if Lessee fails to cure within 5 days any breach associated with a default in payment, or within 10 days for any other breach, after written notice of such breach is provided by Lessor to Lessee, Lessor may retake possession of the Premises without further notice and to the extent permitted by law and without waiving Lessor's rights to damages or any other right under law. If Lessee's breach can be cured but not completed within the cure period set forth above because of strikes, shortages of material, acts of God, or other causes beyond the control of Lessee, no breach shall be deemed to exist so long as the Lessee, in good faith and within the specified cure period, commences efforts to cure the breach and faithfully and diligently proceeds thereafter to complete the cure.

In the alternative, Lessor may elect to cure any breach and the cost incurred by Lessor for the cure, including reasonable attorney's fees, may be charged to Lessee. All sums that may be charged to Lessee under this provision must be included as additional rent, whether or not such sums or charges are actually designated as “additional rent.” The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

9. **TERMINATION OF LEASE BY LESSEE FOR NON-APPROPRIATION.** All payments provided under this Lease are contingent upon the availability of the necessary public funding for the monthly Lease payment, which may include various internal and external sources. In the event that Lessee does not acquire and appropriate the funding necessary to perform in accordance with the terms of this Lease, the Lease shall automatically terminate upon the Lessee's written notice to Lessor of such non-appropriation, and no claim or cause of action may be based upon any such non-appropriation.

10. **LATE PAYMENTS.** In each event where a monthly payment is not received by the Lessor within the 5-day grace period specified by paragraph 3 of this Lease, Lessee will be assessed and agrees to pay a one-time late payment penalty in the amount of \$35.00 plus interest at six percent (6%) per annum on the delinquent amount. Lessee further agrees to pay a penalty of \$100.00 for each dishonored bank check. Lessee shall be deemed in breach of this Lease if rent is not paid within the 5-day grace period. Upon breach for nonpayment, Lessor may make a written demand for payment. If Lessee does not make full payment by the close of business day on the sixth day after the 5-day grace period, Lessor reserves the right to declare Lessee in default of this Lease and may exercise all legal remedies available to Lessor.

11. **HOLDOVER.** If Lessee maintains possession of the Premises for any period after the Initial Term or any subsequent term upon renewal ("Holdover Period"), Lessee must pay to Lessor lease payment(s) during the Holdover Period at a rate equal to the most recent rate preceding the Holdover Period, plus an additional 3 cents per square foot increase beginning with each new fiscal year. A holdover shall constitute a month-to-month extension of this Lease.

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

13. **REMODELING OR STRUCTURAL IMPROVEMENTS.** Lessee is responsible, at Lessee's expense, for any construction or remodeling that may be required to use the Premises as specified above. Lessee may also, at Lessee's expense, construct such fixtures on the Premises that appropriately facilitate its use for such purposes. Any such construction, remodeling or placement of fixtures may be undertaken only with the prior written consent of the Lessor, which shall not be unreasonably withheld. Lessee shall not install awnings or advertisements on any part of the Premises without Lessor's prior written consent. At the end of the Initial Term or any subsequent term upon renewal, Lessee is entitled to remove or, at the request of Lessor shall remove, any fixtures placed by Lessee and Lessee shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

14. **MECHANICS LIENS.** Neither the Lessee nor anyone claiming through the Lessee shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Lessee agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the Premises free of all liens resulting from construction done by or for the Lessee.

15. **ARBITRATION.** Any controversy or claim relating to this Lease, including the construction or application of this Lease, will be settled by binding arbitration under the rules of the American Arbitration Association, and any judgment granted by the arbitrator(s) may be enforced in any court of proper jurisdiction.

16. **ASSIGNABILITY/SUBLETTING.** Lessee may not assign or sublease any interest in the Premises, nor assign, mortgage or pledge this Lease, without the prior written consent of Lessor, which shall not be unreasonably withheld.

17. **ENTRY BY LESSOR.** Except in cases of emergency where Lessor can enter without notice, Lessor or Lessor's agents shall have the right to enter the Leased Premises during business hours of operation or at other times arranged between Lessee and Lessor, to examine the same, to show them to prospective purchasers or lessees of the building, to make such repairs, alterations, improvements or additions as Lessor may deem necessary or desirable, and Lessor shall be allowed to take all materials into and upon the Premises that may be required therefor, without the same constituting an eviction of Lessee in whole or in part, and the rent reserved shall in no way abate while said repairs, alterations, improvements or additions are being made by reason of loss or interruption of business of Lessee or otherwise. Lessee will permit Lessor, at any time within 60 days prior to the expiration of this Lease or any renewed term hereof, to place upon the Premises any usual "For Lease" signs, and permit persons desiring to lease the Premises to inspect the Premises at reasonable times. Notwithstanding any other provision of this paragraph, the Lessor recognizes that the Lessee is a governmental entity and as such may be in the possession of certain records or other materials that may contain sensitive or personal identifying information, or information that is otherwise confidential or privileged as a matter of law, and therefore Lessor agrees that the Lessee is under no obligation to allow access to any space within the Premises if such access would unreasonably compromise the confidentiality of any such records or materials.

18. **HAZARDOUS MATERIALS:** Lessee will not use, store or dispose of any hazardous substances upon the Premises, except the use and storage of such substances that are customarily used in Lessee's normal course of business and are in compliance with all environmental laws. Hazardous substance means any hazardous waste, substance or toxic materials, including any petroleum based product, regulated under any environmental laws or regulations applicable to the Premises. Lessee will be responsible for the cost of removal of any toxic contamination caused by Lessee's use of the Premises. Lessee shall, at Lessee's own expense, comply with any current or hereafter enacted environmental cleanup responsibility laws ("Cleanup Laws") affecting Lessee's use and operation at the Premises, if compliance with the Cleanup Laws becomes necessary due to any action or inaction by the Lessee. Lessee shall also provide all information within Lessee's control requested by Lessor or any governmental authorities for preparation of affidavits determining applicability of the Cleanup Laws to the Premises, if Lessor or a governmental authority so requests. Lessee shall only bear that portion of the costs and responsibilities of compliance with the Cleanup Laws which are applicable to Lessee's discharge, if any, of hazardous substances or wastes at the Premises during the Initial Term or subsequent term upon renewal of this Lease.

19. **PROPERTY INSURANCE.** During the Initial Term of this Lease and any subsequent term upon renewal, Lessor shall keep in full force and effect a policy of general liability and property damage liability insurance with respect to the Premises. Lessee shall maintain insurance for any personal property, goods, merchandise, or equipment that it owns inside the Premises. Lessor shall be named as an additional insured in such policies.

20. **WASTE OR NUISANCE:** Lessee shall not commit, or suffer to be committed, any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other person or lessee in the building in which the Premises may be located.

21. **NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by regular U.S. mail, postage prepaid, addressed as follows:

LESSOR:

Sierra Medical Complex, Limited Partnership
187 Sonoma
Carson City, NV 89701

LESSEE:

Carson City Health and Human Services
900 E. Long Street
Carson City, NV 89706

Such addresses may be changed from time to time by either Party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after mailing.

22. **GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of Nevada. The Parties further agree that any dispute or legal proceeding arising from or relating to this Lease is subject to the sole jurisdiction of the state courts in the State of Nevada and must be filed in the First Judicial District Court located in Carson City.

23. **FORCE MAJEURE.** In the event that either Party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the Party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be extended for a period equivalent to the period of such delay. The provisions of this paragraph shall not operate to excuse Lessee from prompt payment of rent, additional rent or any other payments required by the terms of this Lease.

24. **ENTIRE AGREEMENT/AMENDMENT.** This Lease contains the entire agreement of the Parties and there are no other promises, conditions, understandings or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may only be modified or amended in writing upon mutual agreement and signature of both Parties.

25. **SEVERABILITY.** If any portion of this Lease is held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

26. **WAIVER.** The failure of either Party to enforce any provision of this Lease shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every other provision of this Lease.

27. **BINDING EFFECT.** The provisions of this Lease shall be binding upon and inure to the benefit of both Parties and their respective legal representatives, successors and assigns.

28. **MULTIPLE COUNTERPARTS.** This Lease may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument, but in providing this Lease, it shall not be necessary to introduce any more than one of such counterparts.

IN WITNESS WHEREOF, the Parties have executed this LEASE on the day and year as written below:

LESSOR:
Sierra Medical Complex Limited Partnership

Allen Schnaser, Managing Member

Date: _____

LESSEE:
Carson City, Nevada

By: _____
Robert Crowell, Carson City Mayor

Date: _____

Attest:

By: _____
Aubrey Rowlett, Carson City Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Pierron Tackes, Deputy District Attorney

Date: _____