

VACANT PROPERTY LEASE

THIS LEASE is made and entered into as of the latest date executed by the Parties below (the “Effective Date”) by and between the TRUCKEE MEADOWS WATER AUTHORITY, a joint powers authority (“Lessor”), and the CITY OF RENO, a municipal corporation (“Lessee”).

RECITALS

A. Lessor is the owner of that certain vacant property located at 1905 E. 4th Street, Reno, Nevada described as APN 008-382-01 and depicted on Exhibit “A” attached hereto (the “Property”).

B. Lessee desires to lease the Property for public meal provider facility uses described below.

C. Lessor desires to lease the Property to Lessee, and Lessee desires to lease the Property from Lessor all as hereinafter more specifically set forth.

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference, and the provisions hereinafter contained, the parties do mutually agree as follows:

1. LEASE OF PROPERTY; TERM

1.1 Lease. Upon the provisions set forth below, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Property.

1.2 Term. The term of this Lease (the “Term”) shall commence on the Effective Date and unless terminated sooner as allowed herein, terminate on August 31, 2020. Lessee may extend the Term for up to two (2) periods of twelve (12) months each by providing written notice of such extension to Lessor no later than thirty (30) days prior to the end of the then current term. Either party shall have the right to terminate this Lease upon not less than thirty (30) days prior written notice to the other party. Notwithstanding the Term, this Lease may be terminated by Lessor prior thereto following any default by Lessee as set forth below.

1.3 As Is. Lessee acknowledges and agrees that it is leasing the Property solely in reliance on its own independent investigations and findings and not in reliance on any information provided by Lessor, and that the Property is being leased “AS IS, WHERE IS”, “WITH ALL FAULTS” and “WITH ALL DEFECTS, LATENT OR OTHERWISE.” Lessor specifically disclaims and makes and has made no representations or warranties, express or implied, arising by operation of law, including as to condition, merchantability or fitness for a particular purpose, with respect to the Property or any matter related thereto.

2. PURPOSE

2.1 Permitted Use. Lessee shall use the Property for a temporal freestanding public meal provider facility between the hours of 5:00 p.m. and 8:00 p.m., seven (7) days a week. Lessor makes no representations or warranties about the suitability of the Property for Lessee’s purposes. Lessee acknowledges and agrees Lessor prohibits access to the Property outside of the hours of 5:00 p.m. and 8:00 p.m. other than for maintenance, cleaning, trash removal, restroom cleaning, and enforcement of Lessee’s security obligations hereunder.

2.2 Limitations on Use. Lessee shall not use or occupy the Property, or permit the use or occupancy of the Property, in any manner or for any purpose which might: (a) violate any law or

regulation of any governmental authority, or the provisions of any applicable governmental permit or recorded document; (b) damage or cause injury to the Property or any part thereof; (c) constitute a public nuisance; (d) adversely affect or render more expensive any fire or other insurance maintained by Lessor; or (e) damage, threaten, impair or interfere with Lessor's access, use, operation, and maintenance of public water system facilities on the Property, including, without limitation, operation and repair of a potable water well system. In addition, the following limitations shall apply:

- No restroom facilities, wash stations or trash receptacles shall be located within 100 feet of Lessor's adjacent property described as APN 008-382-02.
- Cooking, campfires (or similar open fires), barbeques and amplified music on the Property are prohibited. All Food preparation must occur off-site of the Property.
- Lessee shall not permit or construct nor permit any other person to construct or install any permanent structures on the Property with the exception of fence improvements required hereunder; however, temporary tents or awnings may be placed on the Property.
- Lessee shall limit access to the Property to Lessee's employees, authorized vendors and volunteer groups who have entered a memorandum of understanding with the City of Reno. Users shall be required to schedule use in advance with Lessee.
- Lessee shall remove all persons from the Property by 8:00 p.m. daily and shall secure and lock all access to the Property daily.
- Lessee shall ensure that persons utilizing the food deliveries do not loiter or queue on or adjacent to the Property prior to 5:00 p.m., and all lines for food service shall be located on the Property.
- No on-site homeless shelter or transitional living facilities may be operated on the Property.
- If any vehicles of the volunteers or other vendors (i.e. trash removal or restroom clean up) will be entering the site off of 4th Street, Lessee will be responsible for the gate and fence reconstruction to allow safe entry into and exiting the Property.
- No vehicles shall be left on the Property overnight.

Lessee shall indemnify Lessor for any costs or expenses incurred in enforcing the provisions of this Article or as a result of Lessee's breach hereof (including, without limitation, any increase in insurance premiums resulting from Lessee's use).

3. RENT; PAYMENT OF RENT

3.1 Base Rent; Additional Rent. Lessee shall pay Lessor base rent of One Dollar (\$1.00) per year ("Base Rent"). The parties acknowledge that this Lease is intended to be triple net lease to Lessor with a base year of 2019 for operating expenses Base Rent and Additional Rent are referred to herein collectively as "Rent", and all remedies applicable to the non-payment of Rent shall be applicable thereto.

3.2 Repairs and Utilities. Lessee shall be solely responsible for all repairs required to the Property and for the provision of all utilities at the Property, including but not limited to water, sewage, trash removal, waste disposal, janitorial, electricity, telephone, and security for the Property, together with any charges imposed thereon or therewith.

3.3 Other Expenses. Lessee shall pay to Lessor prior to the Commencement Date as Additional Rent all costs incurred by Lessor in an amount not to exceed \$5,000.00 for security measures to protect Lessor's adjacent property and/or water system facilities, including enhanced lighting, security fencing and security cameras. In addition, Lessee shall pay to Lessor any of the following items arising directly or indirectly from the acts or omissions of Lessee and/or Lessee's personnel, guests or invitees: (i) necessary trash or debris removal or clean up services incurred by Lessor; (ii) any fines, penalties or

other assessments resulting from failure to comply with laws; or (iii) any damages to or contamination of Lessor's adjacent property or Lessor's water supply or water distribution facilities on or adjacent to the Property, including without limitation the potable well located adjacent to the Property. Use of the Property by Lessee and/or Lessee's employees, invitees, licensees and guests shall at all times be at the sole risk and cost of Lessee and without any cost or liability on the part of Lessor.

3.4 Payment of Rent. Except as otherwise provided in this Lease, all rents and all other monies required to be paid by Lessee under this Lease shall be paid to Lessor without deduction or offset, prior notice or demand, in lawful money of the United States of America, at such place as Lessor may designate from time to time.

4. TAXES

4.1 Real Property Taxes. During the Term, Lessee shall be responsible for all real property taxes and assessments, if any, imposed on the Property.

4.2 Personal Property Taxes. Lessee shall pay all taxes charged against trade fixtures, utility installations, furnishings, equipment or any other personal property belonging to Lessee.

5. ALTERNATIONS; LIENS

5.1 Alterations. Lessee may make no alterations, repairs, additions or improvements in, to or about the Property, including, but not limited to, installation of structures, improvements, trade fixtures or other equipment (collectively, "Lessee Alterations") which cost in excess of Two Thousand Dollars (\$2,000) without the prior written consent of Lessor. Lessor shall not unreasonably withhold consent, except that Lessor reserves the right to withhold consent in Lessor's sole discretion for any Lessee Alterations affecting the structure, safety, or security of the Property, Lessor's adjacent property, or Lessor's water system facilities.

5.2 Liens. Lessee shall promptly pay all costs incurred in connection with any Lessee Alterations and shall not permit the filing of any mechanic's or other liens in connection with any Lessee Alterations. If a mechanic's lien or other lien is filed against the Property, Lessee shall discharge or cause to be discharged (by bond or otherwise) such lien within ten (10) days after Lessee receives notice of the filing thereof and shall not allow any such lien to be foreclosed upon. If a mechanic's lien or other lien is filed against the Property and Lessee fails to timely discharge such lien, Lessor may, without waiving its rights and remedies based on such breach by Lessee and without releasing Lessee from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. Lessee shall pay to Lessor within thirty (30) days following notice by Lessor, any sum paid by Lessor to remove such liens, together with interest at Lessor's cost of money from the date of such payment by Lessor. Any increase in any tax, assessment or charge levied or assessed as a result of any Lessee Alterations shall be payable by Lessee. Lessee shall be responsible for paying the general contractor's overhead and fee in connection with any Lessee Alterations.

6. CONDITION OF PROPERTY; MAINTENANCE AND REPAIRS

6.1 Acceptance of the Property. By entering into possession of the Property or any part thereof, Lessee shall be conclusively deemed to have accepted the Property "as is" and to have agreed that Lessor has performed all of its obligations hereunder with respect to the Property and that the Property are in satisfactory condition and in full compliance with the requirements of this Lease as of the date of such

possession. Lessee acknowledges that neither Lessor nor any agent of Lessor has made any representation or warranty, except as expressly provided in this Lease, with respect to the Property.

6.2 Lessee's Obligations. Upon the Commencement Date, Lessee shall have full responsibility to maintain and repair the Property, including regular cleaning of the Property and trash removal on a daily basis. Lessee shall at all times, at its sole cost and expense, keep the Property and every part thereof in good working order, condition and repair, except to the extent provided otherwise in this Lease. Lessee's obligations hereunder shall include but not be limited to Lessee's trade fixtures and equipment, and other systems which serve the Property exclusively whether located within or outside the Property, and all Lessee Alterations or improvements to the Property, whether installed by Lessor or Lessee. Lessee shall, at Lessee's sole expense throughout the Term, provide and maintain i) temporary restroom facilities, which shall be cleaned daily and emptied on a regular basis; ii) temporary wash stations; iii) sufficient receptacles for needle and trash disposal on the Property, and Lessee shall be responsible for servicing, operating and disposing of waste associated therewith on a daily basis; iv) installing fencing around the Property and locking and securing all gates and access to the Property during hours of non-use; and v) any security service or other services necessary to use the Property in a commercially reasonable manner.

6.3 Lessor's Obligations. Lessor and Lessee intend that Lessor shall have no obligation, in any manner whatsoever, to repair and maintain the Property, the improvements located thereon, or the equipment therein, whether structural or non-structural, all of which obligations are intended to be that of the Lessee. The terms of this Lease shall govern the respective obligations of the parties as to maintenance and repair of the Property, and Lessor and Lessee expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease with respect to, or which affords Lessee the right to make repairs at the expense of Lessor or to terminate this Lease by reason of any needed repairs.

6.4 Hazardous Substances.

(a) As used in this Lease, the term "Hazardous Substance" means any flammable item or explosive; radioactive material; hazardous or toxic substance, material, waste or related materials, including any substances defined as or included in the definition of "hazardous substances" or "hazardous wastes" or "hazardous materials" or "toxic substances" now or subsequently regulated under any applicable Laws; and any other substance, mixture, material or waste which is toxic, ignitable, reactive, or corrosive, regardless of whether the same is regulated by any Laws and including, without limitation, any petroleum-based product, paint, solvent, lead, cyanide, DDT, printing ink, acid, pesticide, ammonia compound and other chemical products, asbestos, PCBs and similar compounds; any different or similar products and materials which are subsequently found to have adverse effects on the environment or the health and safety of persons; and any substance whose nature and/or quantity or existence, use, manufacture or effect render it subject to federal, state, or local Laws or investigation, remediation or removal as potentially injurious to public health or welfare. All applicable Laws related to Hazardous Substances are referred to in this Lease as "Environmental Laws."

(b) Lessee shall not cause or permit any Hazardous Substances to be used, stored, manufactured, handled, treated, generated, disposed of, discharged, or transported (collectively, "Hazardous Substances Activities") on, under or about the Property. Without limiting the generality of the foregoing, Lessee shall, at its sole cost and expense, strictly comply with all Environmental Laws applicable to any Hazardous Substances on, under or about the Property as a result of, arising out of or in connection with, or related to any Hazardous Substances Activities of Lessee or any other act or omission of Lessee. If Lessee or any employee, invitee, agent or contractor of Lessee ("Lessee Parties") cause or

permit the presence of any Hazardous Substance on or about the Property in violation of this Lease, or any Environmental Laws, Lessee shall promptly, at its sole cost and expense, take any and all necessary actions to return the Property to the condition existing prior to the presence of any such Hazardous Substance thereon. Lessee shall first obtain Lessor's approval for any such remedial action. All covenants of Lessee and Lessee's indemnification contained in this Section 6.4 shall survive the expiration or earlier termination of this Lease.

(c) Lessee shall indemnify, defend, and hold harmless Lessor and Lessor's agents, employees, servants, shareholders, and partners (collectively, "Lessor Indemnitees") from and against any and all loss, cost, damage, claim, liability, fine, judgment, penalty, or reasonable expense (including without limitation attorneys' fees and costs) as a result of, arising out of or in connection with, or related to any Hazardous Substances Activities of Lessee or any Lessee Parties, any other act or omission of Lessee or any Lessee Parties on, in or about the Property with respect to Hazardous Substances, or the violation of any Environmental Laws by Lessee or any Lessee Parties, whether such losses occur during or after the Lease Term.

(d) In the event of any spill or release of or the presence of any Hazardous Substances affecting the Property, whether or not the same originates or emanates from the Property, Lessor shall have the right to take any and all remedial or emergency action with respect thereto as Lessor shall deem necessary or advisable, in its sole and absolute discretion.

7. INSURANCE, SUBROGATION, AND WAIVER OF CLAIMS

7.1 Liability Insurance. Lessee shall maintain during the Term: (i) commercial general liability insurance, with a contractual liability endorsement covering Lessee's indemnity obligations under this Lease, and with coverage of not less than \$2,000,000 per occurrence for personal injury, bodily injury or death, or property damage or destruction (including loss of use thereof); (ii) workers' compensation insurance as required by statute, and employer's liability insurance in the amount of at least \$500,000 per occurrence; and a (iii) "all-risk" property damage insurance covering Lessee's personal property, business records, furniture, floor coverings, fixtures and equipment, and all Lessee Alterations 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-9 in the then current edition of Best's Insurance Guide and shall be licensed in the State of Nevada. Lessee's property damage insurance shall include full replacement cost coverage and the amount shall satisfy any coinsurance requirements under the applicable policy. Lessee's insurance shall be primary, and any insurance maintained by Lessor or any other additional insureds hereunder shall be excess and noncontributory. Lessor shall have the right to reasonably increase the amount or expand the scope of insurance to be maintained by Lessee hereunder from time to time with prior notice and written agreement from Lessee.

7.2 Certificates, Subrogation and Other Matters. Lessee shall provide Lessor with certificates evidencing the coverage required hereunder (and, with respect to liability coverage, showing Lessor and others designated by Lessor as additional insureds, and, with respect to Lessee Alterations, showing Lessor as an additional named insured). Lessee shall provide such certificates prior to the Commencement Date or Lessee's possession of the Property (whichever first occurs). Lessee shall provide renewal certificates to Lessor 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 Lessor. The parties mutually hereby waive all rights and claims against each other for all losses covered by their respective insurance policies, and waive all rights of subrogation of their respective insurers. The parties agree that their respective insurance policies are now, or shall be, endorsed so that such waivers of subrogation shall not affect their respective rights to recover thereunder.

7.3 Waiver of Claims. Except for claims arising from Lessor's intentional or grossly negligent acts that are not covered by Lessee's insurance hereunder, Lessee, on behalf of itself and its invitees, agents and permitted assigns, waives all claims against Lessor for injury or death to persons, damage to property or to any other interest of Lessee sustained by Lessee, or any party claiming through Lessee, resulting from: (i) any occurrence in or about the Property, (ii) 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 Property, or any systems or equipment therein or thereon being defective, out of repair, or failing, and (v) vandalism, malicious mischief, theft or other acts or omissions of any other persons including, but not limited to, other Lessees, contractors and invitees at the Building. To the extent that Lessee is required to or does carry insurance hereunder, Lessee agrees that Lessee's property loss risks shall be borne by such insurance, and Lessee 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.

8. FIRE OR CASUALTY

8.1 Damage to Property. In the event the Property is damaged by fire or other casualty, Lessee shall promptly pay to Lessor a reasonable applicable amount of insurance proceeds received by Lessee by reason of such damage.

8.2 Abatement of Rent. In the event any part of the Property, as a result of damage by fire or other casualty, is rendered untenable for the conduct of Lessee's business, Rent shall be reduced and abated in proportion to the part of the Property which is so rendered untenable until the damaged portion of the Property has been made tenable for the conduct of Lessee's business or until this Lease expires or terminates, whichever occurs first; provided that, (a) there shall be no abatement of Rent with respect to any portion of the Property which is rendered unusable for a period of five (5) days or less, and (b) there shall be no abatement of Rent whatsoever with respect to any damage caused in whole or in part by the negligence or willful act of Lessee, its agents, employees, contractors, licensees or invitees.

8.3 Limitations. Subject to the provisions of Article 7, nothing contained in this Article 8 shall relieve, discharge or in any way affect Lessee's liability to Lessor in connection with any damage or destruction to the Property arising out of the negligent or willful acts or omissions of Lessee, its agents, employees, contractors, licensees and invitees. Lessor shall not be liable for any loss of business, inconvenience or annoyance arising from any repair or restoration of any portion of the Property as a result of any damage from fire or other casualty.

9. ASSIGNMENT AND SUBLETTING

9.1 General Prohibition. Lessee shall not directly or indirectly, voluntarily or involuntarily assign, mortgage or otherwise encumber all or any portion of its interest in this Lease or in the Property (each, an “Assignment”) or permit the Property to be occupied by anyone other than Lessee or Lessee’s employees, vendors, and invitees or sublet the Property (each, a “Sublease”) or any portion thereof without obtaining the prior written consent of Lessor, which consent may be withheld in Lessor’s sole discretion, and any such attempted assignment, subletting, mortgage or other encumbrance without such consent shall be null and void and of no effect.

9.2 Notice of Intent to Assign or Sublet. If Lessee desires at any time to enter into an Assignment or Sublease for the Property or any portion thereof, it shall first notify Lessor of its desire to do so and shall submit in writing to Lessor (i) the name of the proposed assignee, sublessee, transferee or occupant (“Transferee”); (ii) a description of the nature of the proposed Transferee’s business to be carried on in the Property; (iii) the terms and provisions of the proposed Sublease or Assignment; and (iv) such financial information as Lessor may reasonably request concerning the proposed Transferee.

9.3 No Release of Lessee’s Obligations. No Assignment or Sublease shall relieve Lessee of its obligation to pay Rent and to perform all other obligations required hereunder. The acceptance of Rent by Lessor from any person other than Lessee shall not be deemed to be a waiver by Lessor of any provision of this Lease or to be a consent to any Assignment or Sublease. Consent to any particular Sublease or Assignment shall not be deemed to constitute consent to any subsequent Sublease or Assignment.

9.4 Transfer by Lessor. Lessor has the absolute right to transfer all or part of its interest in this Lease or the Property to any successor. In the event of any sale or other transfer of Lessor’s interest in the Property, other than a transfer for security purposes only, Lessor’s successors or assigns shall be bound by the terms of this Lease.

10. LESSOR’S RESERVED RIGHTS

10.1 Right of Entry. Notwithstanding anything herein contained to the contrary, this Lease is explicitly made subordinate to, and Lessor reserves and retains all right, title and interest in the Property with respect to, the following rights (“Reserved Rights”): (a) the non-exclusive right of ingress and egress across the Property 24 hours/day, 7 days/week for purposes of accessing adjoining property owned by Lessor and Lessor’s water system facilities on the Property; (b) all rights, title and interest to all water system facilities and any water rights appurtenant to the Property; (c) a blanket right to access, use, maintain and operate all water system facilities located on the Property; and (d) to enter the Property for purposes of inspection, to post notices of non-responsibility, to protect the interest of Lessor in the Property, to supply any services to be provided by Lessor hereunder, and to perform any maintenance or repairs required hereunder or by law. Lessee acknowledges and agrees that the Lease and all rights granted Lessee hereunder shall at all times be subordinate and subject to the Reserved Rights, and Lessor shall retain the right to exercise such Reserved Rights at any time, with reasonable prior notice notwithstanding exigent circumstances, in its sole and absolute discretion. No such entry shall be construed under any circumstances as a forcible or unlawful entry into, or a detainer of, the Property, or an eviction of Lessee, and Lessee hereby waives any claim against Lessor or its agents or representatives for damages for any injury or inconvenience to or interference with Lessee’s business or quiet enjoyment of the Property.

11. INDEMNIFICATION AND LIMITATION ON LIABILITY

11.1 Indemnity by Lessee. As a material part of the consideration to Lessor, Lessee shall indemnify, protect, defend and hold harmless, Lessor, its officers, directors, partners, agents, invitees, licensees, permitted users (“Lessee Parties”) and employees, from and against any and all claims, suits, demands, liabilities, damages, and reasonable expenses, including attorneys’ fees, arising from or in connection with Lessee’s use or alteration of the Property or the conduct of Lessee’s business or from any activity performed or permitted by Lessee or the Lessee Parties in or about the Property during the Term or prior to the Commencement Date if Lessee has been provided access to the Property for any purpose, or arising from any breach or default in the performance of any obligation of Lessee under the terms of this Lease, or arising from any other acts or omissions of Lessee or any of the Lessee Parties. As a material part of the consideration to the Lessor for entering into this Lease, Lessee hereby assumes all risk of and releases, discharges and holds harmless Lessor from and against any and all liability to Lessee or the Lessee Parties for damage to property or injury to persons in, upon or about the Property from any cause whatsoever except that which is caused solely by Lessor’s gross negligence or willful misconduct.

11.2 Limitation of Liability. In no event shall Lessor be liable to Lessee for any injury to any person in or about the Property or damage to the Property or for any loss, damage or injury to any property of Lessee therein or by any malfunction of any utility or other equipment, installation or system, unless such loss, damage or injury is caused by the gross negligence of Lessor.

12. SURRENDER OF PROPERTY AND REMOVAL OF PROPERTY

12.1 No Merger. The voluntary or other surrender of this Lease by Lessee, a mutual cancellation or a termination hereof, shall not constitute a merger, and shall, at the option of Lessor, terminate all or any existing subleases or operate as an assignment to Lessor of any or all subleases affecting the Property.

12.2 Surrender of Property. Upon the expiration of the Term or earlier termination of this Lease, Lessee shall quit and surrender possession of the Property to Lessor in as good order and condition as the Property are now or hereafter may be improved by Lessor or Lessee (reasonable wear and tear and any repairs which are Lessor’s obligation excepted), and shall, without expense to Lessor, remove or cause to be removed from the Property (a) all debris and rubbish, (b) any articles of personal property including business and trade fixtures not attached to, or built into the Property, (c) all furniture, equipment, free-standing cabinet work, movable partitioning and other articles of personal property owned by Lessee or placed by Lessee in the Property, and all similar articles of property of any other persons claiming under or through Lessee, unless Lessor exercises its option to have any subleases assigned to Lessor. Lessee shall repair all damage to the Property resulting from such removal.

12.3 Disposal of Property. Any property of Lessee not removed by Lessee upon the expiration of the Term shall be considered abandoned and Lessor may remove any or all such property and dispose of the same in any manner or store the same in a public warehouse or elsewhere for the account of, and at the expense and risk of, Lessee. If Lessee shall fail to pay the costs of storing any such property after it has been stored for a period of thirty (30) days or more, Lessor may sell any or all such property, without notice to or demand upon Lessee, in such manner and at such places as Lessor designates, in its sole discretion. In the event of any such sale, Lessor shall apply the proceeds thereof, first, to the cost and expense of the sale, including reasonable attorneys’ fees; second, to the repayment of the costs of removal and storage; and third, to the repayment of any other sums which may then or thereafter be due to Lessor from Lessee under any of the terms of this Lease. The balance, if any, shall be paid to Lessee.

13. DEFAULTS AND REMEDIES

13.1 Defaults by Lessee. The occurrence of any of the following shall constitute a material default and breach of this Lease by Lessee:

(a) Lessee fails to pay when due any Rent or other amounts required to be paid by Lessee hereunder where such failure continues for thirty (30) days after notice thereof; provided, however, that such notice shall be in lieu of and not in addition to any notice required under Nevada law.

(b) Lessee abandons or vacates the Property.

(c) Lessee fails to observe or perform any of the provisions of Articles 2 or 6 where such failure continues and is not remedied within thirty (30) days after notice thereof.

(d) Lessee fails to observe or perform any other provision of this Lease, where such failure continues for thirty (30) days after notice thereof; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, Lessee shall not be deemed to be in default if Lessee shall within such period commence such cure and thereafter diligently prosecute the same to completion.

(e) Lessee fails to vacate or surrender the Property as required by this Lease upon the expiration of the Term or termination of this Lease.

13.2 Lessor's Remedies. In the event of any such default by Lessee, then, in addition to any other remedies available to Lessor at law or in equity, Lessor shall have the immediate option to terminate this Lease and all rights of Lessee hereunder by giving Lessee thirty (30) days' written notice of such election to terminate. In the event Lessor shall elect to so terminate this Lease, Lessor may recover from Lessee:

(a) any amount necessary to compensate Lessor for all the detriment proximately caused by Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and

(b) at Lessor's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

In the event of any such default by Lessee, Lessor shall also have the right, with or without terminating this Lease, to re-enter the Property and remove all persons and property therefrom by summary proceedings or otherwise; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Lessee.

14. INTEREST ON LESSEE'S OBLIGATIONS

14.1 Interest. Any amount due from Lessee to Lessor which is not paid when due shall bear interest at the rate of twelve percent (12%) per annum, from the date such payment is due until paid, but the payment of such interest shall not excuse or cure any default by Lessee under this Lease.

15. GENERAL PROVISIONS

15.1 No Waiver. The waiver by Lessor of any breach, or the failure of Lessor to insist on the strict performance by Lessee, of any term, provision, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, provision, covenant or condition as to any subsequent breach

thereof or of any other term, covenant or condition contained in this Lease. The acceptance of rents hereunder by Lessor shall not be deemed to be a waiver of any breach or default by Lessee of any term, provision, covenant or condition herein, regardless of Lessor's knowledge of such breach or default at the time such rent is accepted.

15.2 Lessor's Right to Perform. All covenants and agreements to be performed by Lessee under any of the terms of this Lease shall be performed by Lessee at Lessee's sole expense and without abatement of rent. If Lessee shall fail to observe or perform any covenant, condition, provision or agreement contained in this Lease or shall fail to perform any other act required to be performed by Lessee, Lessor may, upon notice to Lessee, without obligation, and without waiving or releasing Lessee from any default or obligations of Lessee, make any such payment or perform any such obligation on Lessee's part to be performed. All sums so paid by Lessor and all costs incurred by Lessor, including attorneys' fees, together with interest thereon in a per annum amount equal to twelve percent (12%) shall be payable to Lessor on demand and Lessee covenants to pay any such sums, and Lessor shall have (in addition to any other right or remedy hereunder) the same rights and remedies in the event of the non-payment thereof by Lessee as in the case of default by Lessee in the payment of rent.

15.3 Terms; Headings. The words "Lessor" and "Lessee" as used herein shall include the plural, as well as the singular. The words used in neutral gender include the masculine and feminine and words in the masculine or feminine gender include the neutral. If there is more than one (1) Lessee, the obligations hereunder imposed upon Lessee shall be joint and several. The headings or titles of this Lease shall have no effect upon the construction or interpretation of any part hereof.

15.4 Entire Agreement. This instrument along with any exhibits and attachments or other documents affixed hereto, or referred to herein, constitute the entire and exclusive agreement between Lessor and Lessee with respect to the Property and the estate and interest leased to Lessee hereunder. This instrument and said exhibits and attachments and other documents may be altered, amended, modified or revoked only by a writing signed by both Lessor and Lessee. Lessor and Lessee hereby agree that all prior or contemporaneous understandings, agreements or negotiations relative to the leasing of the Property are merged into and revoked by this instrument.

15.5 Successors and Assigns. Subject to the provisions of Article 10 regarding Assignments and Subleases, this Lease is intended to and does bind the heirs, executors, administrators, successors and assigns of any and all of the parties hereto.

15.6 Notices. Whenever under this Lease provision is made for any demand notice or declaration of any kind, or whenever it is deemed advisable or necessary by either party to give or serve any such notice, demand or declaration to the other party, the notice shall be in writing and served either personally or sent by certified or registered mail, return receipt requested, postage prepaid, addressed to the addresses set forth below.

To Lessor at: Truckee Meadows Water Authority
Attn: Mark Foree
1355 Capital Blvd.
Reno, Nevada 89502

To Lessee at: City of Reno
Attn: Sabra Newby
1 East 1st St.,
Reno, NV 89501

15.7 Severability. If any term or provision of this Lease shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining terms, conditions and covenants of this Lease shall not be affected thereby and each of said terms, covenants and conditions shall be valid and enforceable to the fullest extent permitted by law.

15.8 Time of Essence. Time is of the essence of this Lease and each provision hereof in which time of performance is established.

15.9 Governing Law. This Lease shall be governed by, interpreted and construed in accordance with the laws of the State of Nevada.

15.10 Attorneys' Fees. If any action or proceeding is brought by Lessor or Lessee to enforce its respective rights under this Lease, the unsuccessful party therein shall pay all costs incurred by the prevailing party therein, including reasonable attorneys' fees to be fixed by the court.

15.11 Force Majeure. Lessor shall not be liable for any failure to comply or delay in complying with its obligations hereunder if such failure or delay is due to acts of God, inability to obtain labor, strikes, lockouts, lack of materials, governmental restrictions, enemy actions, civil commotion, fire, unavoidable casualty or other similar causes beyond Lessor's reasonable control (all of which events are herein referred to as force majeure events). It is expressly agreed that Lessor shall not be obliged to settle any strike to avoid a force majeure event from continuing.

15.12 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any other person other than the parties any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

[Remainder of Page Intentionally Left Blank; Signature Page to Follow]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Lease as of the date set forth in the first paragraph above.

LESSOR:

TRUCKEE MEADOWS WATER AUTHORITY

By: _____

Its: _____

Dated: _____

LESSEE:

CITY OF RENO

By: _____
Hillary Schieve, Mayor

Dated: _____

ATTEST:

By: _____
Ashley Turney, City Clerk

APPROVED AS TO FORM:

By: _____
Deputy City Attorney

EXHIBIT "A"
(THE PROPERTY)

Commencing at a point on the East line of Section Twelve (12), in Township Nineteen (19) North, Range Nineteen (19) East, M.D.B. & M., where the same is intersected by the North line of the right of way of the State Highway leading from Reno to Sparks; running thence North, along the East line of said Section Twelve (12), a distance of 146.7 feet; thence West a distance of 242.4 feet; thence South a distance of 103.7 feet to the North line of the said highway right of way; thence Easterly, along the North line of said highway right of way, a distance of 243.45 feet, more or less, to the POINT OF BEGINNING; said premises being a portion of Lot One (1) of the Northeast quarter (NE ¼) of Section Twelve (12), Township Nineteen (19) North, Range Nineteen (19) East, M.D.B.&M.

NOTE: The above metes and bounds description previously appeared in that document recorded June 7, 2002 in Document No. 2697393.

APN: 008-382-01