

BOARD OF REGENTS  
BRIEFING PAPER

1. AGENDA ITEM TITLE: Pre-Approval to Sub-Lease 1701 W Charleston Blvd (Las Vegas, NV)  
and 3175 St. Rose Parkway (Henderson, NV)

MEETING DATE: June 8 & 9, 2017

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Note: The following requested approvals to sub-lease space in Las Vegas and Henderson, NV, result directly from the implementation of Transition Plan as developed by and agreed upon between the University of Nevada, Reno Medical School (UNR Med) and University of Nevada, Las Vegas Medical School (UNLVSOM).

The University of Nevada, Reno (UNR) is requesting pre-approval to sublease the space at 1701 W Charleston Blvd (1701) and 3175 St. Rose Parkway (Seven Hills) located in Las Vegas and Henderson, NV, respectively. It is further requested that the term "Sublease" include the rights to termination and/or assignment of the Lease(s) as part of the approval. These properties were originally leased for use by UNR MED. With the new UNLVSOM, UNR Med will be discontinuing operations in Clark County as of July 1, 2017 and UNR has no other use for these properties. After extensive discussions with the UNLVSOM it was determined that they would not be able to utilize these spaces for their long-term needs; however, they did indicate to UNR a short term need to utilize 1701 through December 31, 2017. There are no long term intentions of continuing to use this space and UNLVSOM will vacate the premises on or before December 31, 2017.

The Lease Agreement for 1701 is a Full Service Lease and consists of 57,977 Sq Ft of office space, located across the street from the UNLV Shadow Lane Campus. This Lease runs through August 31, 2023, with a current annual Lease cost of \$1,254,759.12. There are additional annual rent increases of 3% and a base year adjustment. (Exhibit 1)

The Lease Agreement for Seven Hills is a Modified Gross Lease and consists of 15,560 Sq Ft of Medical Office Space. This Lease runs through April 30, 2024 with an annual Lease cost of \$371,992.49 plus operating costs. There are additional annual rent increases of 2.5% and a base year adjustment. (Exhibit 2)

UNR Med requests that the Board pre-approve the sub-lease of these two properties, at terms agreeable to the Chancellor and the Director of Real Estate Planning, in order to mitigate required payments for unneeded space. UNR Med also requests the approval to hire a real estate broker to market the properties to potential sub-lessees.

The University of Nevada, Reno seeks approval of the Resolution (Exhibit 3) authorizing the Chancellor, or designee, to approve and sign the corresponding Sub-Lease Agreements, including rights to terminate and/or assign the Lease(s), after consultation with and review by the Vice Chancellor of Legal Affairs.

**3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

President Marc Johnson is requesting pre-approval to sub-lease, including rights to terminate and/or assign the Lease(s), for leased spaces at 1701 W Charleston Blvd, Las Vegas, NV and 3175 St. Rose Pkwy, Henderson, NV, at terms acceptable to the Chancellor and the Director of Real Estate Planning; and requests further approval to hire a broker to market the properties and identify potential sub-lessees. In addition, he requests approval of a Resolution authorizing the Chancellor, or designee, to approve and sign the corresponding Sub-Lease Agreements, including rights to terminate and/or assign the Lease(s), after consultation with and review by the Vice Chancellor of Legal Affairs.

**4. IMPETUS (WHY NOW?):**

- UNR MED is discontinuing operations in Clark County as of July 1, 2017.
- The spaces are unneeded for any other UNR or UNLV needs.
- At a cost of over \$1.6 million dollars annually in lease payments, sub-leasing of the space is of utmost importance.

**5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- For UNR MED the lease costs associated with these properties represents a significant and now unnecessary financial commitment.
- These properties are not needed for any other UNR use.
- Alternative NSHE uses, though actively pursued, have not been identified.

**6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

None.

**7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

There is no viable alternative to not sub-leasing the properties.

**8. COMPLIANCE WITH BOARD POLICY:**

Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 1.9 & 9

Amends Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_

Amends Current Procedures & Guidelines Manual: Chapter # \_\_\_\_\_ Section # \_\_\_\_\_

Other: \_\_\_\_\_

X Fiscal Impact: Yes X No \_\_\_\_\_

Explain: If UNR is able to sub-lease these properties, the cost to UNR Med will be decreased by the amount of rent received under the sub-leases.

## Exhibit 1

# MEDICAL OFFICE LEASE

### 1. Basic Provisions ("Basic Provisions").

**1.1 Parties:** This Medical Office Lease ("Lease"), dated for reference purposes as of the date this Lease is last executed by Lessor and Lessee (the "Effective Date"), is made by and between Charleston Holdings, LLC, a California limited liability company, authorized to do business in Nevada as Charleston Holdings Nevada, LLC ("Lessor"), and the Board of Regents of the Nevada System of Higher Education ("NSHE") on behalf of the University of Nevada School of Medicine ("Lessee") (collectively the "Parties", or individually a "Party").

**1.2(a) Premises:** Those certain portions of the Project (as defined below), described in the Lease Addendum and consisting of approximately 57,977 rentable square feet ("Premises"). The Premises are located at 1701 West Charleston Boulevard in the City of Las Vegas, County of Clark, State of Nevada, with zip code 89102. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to use the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." The Project consists of approximately 88,726 rentable square feet.

**1.2(b) Parking:** Lessee shall be entitled to 125 unreserved and 25 reserved vehicle parking spaces at a monthly cost of \$0.00 for the Original Term of the Lease and any Option Period(s). Lessee shall also be entitled to up to 25 additional reserved spaces at a cost of \$20.00 per space per month for the entire Original Term of the Lease and any Option Periods(s). Lessee may also rent additional reserved and unreserved parking spaces (the "Additional Spaces") as available at the rate established from time to time by the Lessor. (See Paragraph 2.6)

**1.3 Term:** Subject to the provisions of the Lease Addendum, the term of this Lease shall be for approximately Eight Years (8) years and Eight (8) months ("Original Term") commencing on December 15, 2014 ("Commencement Date"), and ending on August 31, 2023 ("Expiration Date"). (See also Paragraph 3)

**1.4 Intentionally Omitted.**

**1.5 Base Rent:** The monthly Base Rent shall be as set forth in the Lease Addendum.

**1.6 Lessee's Share of Operating Expense Increase:** Lessee's share of the annual Operating Expense Increase shall be 65.34% ("Lessee's Share"). In the event that the size of the Premises or the Project are modified during the term of the Lease, Lessee's Share shall be recalculated to reflect Lessee's proportionate share of the Operating Expenses for the Project. In no event shall Lessee's Share of that portion of the annual Operating Expense Increase that constitutes controllable expenses increase by more than five percent (5%) of Lessee's Share of that portion of the annual Operating Expense Increase that constitutes controllable expenses. Controllable expenses shall exclude Real Property Taxes, charges for utilities, and insurance premiums.

**1.7 Base Rent and Other Monies Paid Upon Execution:**

(a) **Base Rent:** In the amount of \$30,679.90.

(b) **Security Deposit:** None.

(c) **Parking:** None.

**Total Due Upon Execution of this Lease:** \$30,679.90.

**1.8 Agreed Use:** General office, classroom, academic, medical research pharmacological and medical office use consistent with a public medical school and associated research facilities. (See also Paragraph 6)

**1.9 Base Year; Insuring Party.** The Base Year is 2015. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

**1.10 Real Estate Brokers:** None. (See also Paragraph 15)

**1.11 Guarantor.** None.

**1.12 Business Hours for the Building:** 7:00 a.m. to 7:00 p.m., Mondays through Fridays (except Building Holidays) and 8:00 a.m. to 1:00 p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

**1.13 Lessor Supplied Services.** Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

- Janitorial services
- Electricity
- Other (specify): \_\_\_\_\_.

**1.14 Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

- Attachment A - Addendum consisting of Paragraphs 51 through 63 (the "Lease Addendum");
- Attachment B - a plot plan depicting the Premises;
- Attachment C - a current set of the Rules and Regulations;
- Attachment D - the Work Letter; and
- Attachment E - Stairway/Ramp conceptual drawings.
- Attachment F - Form of Lease Commencement Memorandum

## **2. Premises.**

**2.1 Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises (as further described in the Lease Addendum), for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is not tied to square footage and is not subject to adjustment unless the actual square footage is determined to be more than five percent (5%) more or less than the approximate square footage stated in the Lease Addendum, in which case the Base Rent will be adjusted proportionally to the increase or decrease in square footage. A preliminary plot plan depicting the interior walls and layout of the Premises is attached as Attachment B. Lessee reserves the right to make minor amendments to the plot plan provided that (a) they are delivered to Lessor before the date on which Lessor submits construction drawings for the Premises to the City of Las Vegas for permitting, (b) and they do not materially increase the cost of construction of Lessor's Work. In addition, if any such amendments to the plot plan delay Lessor in performing the improvements to the Premises, such delay shall be deemed to be Lessee Delay (as defined in the Lease Addendum). For purposes of this provision, UNR's Vice President for Administration and Finance is authorized to request or approve any minor amendments to the plot plan on behalf of Lessee.

**2.2 Condition.** Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date, and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Building shall be free of

material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor further warrants that all other items which Lessor is obligated to construct pursuant to the Work Letter attached hereto, other than those constructed by Lessee, shall be free of material defects as of the date of substantial completion of each Suite (as defined in the Lease Addendum).

**2.3 Compliance.** Lessor warrants that to the best of its knowledge the improvements comprising the Project comply with the building codes that were in effect at the time that each such improvement, or portion thereof, was constructed, and also with all applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") in effect on the Commencement Date. If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("Mandated Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Mandated Capital Expenditures are required as a result of the specific and unique Agreed Use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Mandated Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Mandated Capital Expenditure.

(b) If such Mandated Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Mandated Capital Expenditure. If, however, such Mandated Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months Base Rent, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 30 days after receipt of Lessor's termination notice that Lessee will pay for such Mandated Capital Expenditure. If Lessor does not elect to terminate, and fails to address such Mandated Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until the costs of the Mandated Capital Expenditure have been fully paid.

(c) Notwithstanding the above, the provisions concerning Mandated Capital Expenditures are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Mandated Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Mandated Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense.

**2.4 Acknowledgements.** Lessee acknowledges that neither Lessor nor Lessor's agents have made any oral or written representations or warranties with respect to the Project other than as set forth in this Lease. In addition, Lessor acknowledges that it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

**2.5 Intentionally Omitted.**

**2.6 Vehicle Parking.** So long as Lessee is not in Default (as defined below), and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate show therein.

(a) If Lessee, its employees, contractors, guests or invitees commit, permit or allow any of the prohibited parking activities described in the Rules and Regulations then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to the owner of the vehicle.

(b) Rent for any Additional Spaces shall not increase by more than 5% annually.

**2.7 Common Areas - Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

**2.8 Common Areas - Lessee's Rights.** Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the nonexclusive license and right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage by Lessee shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

**2.9 Common Areas - Rules and Regulations.** Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("Rules and Regulations") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project unless such noncompliance becomes a nuisance or amounts to constructive eviction, in which case Lessee shall have all remedies available to it as a matter of law or equity. Any and all amendments, modification and changes to the Rules and Regulations shall be timely provided by Lessor to Lessee in writing.

**2.10 Common Areas - Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time, and as long as reasonable access to the Premises remains available:

(a) To make reasonable changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas as long as it does not reduce Tenant's access or parking;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate provided such changes meet local all Applicable Requirements.

### **3. Term.**

**3.1 Term.** The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

**3.2 Intentionally Omitted.**

**3.3 Delay In Possession.** Lessee shall not be obligated to pay Rent or perform its other obligations with respect to each Suite comprising the Premises until Lessor delivers possession of each such Suite as provided in this Lease.

**3.4 Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance or self-insurance as provided in this Lease (Paragraph 8.5).

### **4. Rent.**

**4.1. Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) including Base Rent are deemed to be rent ("Rent").

**4.2 Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase", in accordance with the following provisions:

(a) "Base Year" is as specified in Paragraph 1.9.

(b) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "Operating Expenses":

(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways,

driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates.

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;

(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project; and

(viii) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of Common Area Operating Expenses is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the annual Common Area Operating Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year (each, an "Annual Statement"). If Lessee's payments during such year exceed Lessee's Share, Lessor shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of the applicable Annual Statement.

(g) Notwithstanding any other provision in this Lease, Operating Expenses shall not include:

(i) capital improvements made to the Project;



- (ii) leasing commission, attorney's fees, costs and disbursements and other expenses incurred in connection with negotiations for leases with other tenants, and similar costs incurred in connection with disputes between Lessor and tenants of the Project;
- (iii) tenant allowances, concessions, or other costs incurred in building out, completing, renovation, or otherwise improving or decorating space for tenants or other occupants of the Project or vacant leasable space in the Project;
- (iv) costs of correcting defects (including latent defects) in the construction of the Project, parking areas or other improvements, or in the equipment used therein, except for conditions resulting from ordinary wear and tear, use, and vandalism not occasioned by construction defects;
- (v) depreciation of the Project and all equipment, fixtures, improvements and facilities used in connection therewith;
- (vi) costs (including penalties, fines, and associated legal expenses) incurred due to the violation by Lessor, its agents, employees, or officers, of any applicable federal, state, other government laws, ordinances, rules, orders, and regulations;
- (vii) overhead and profit paid to subsidiaries, partners, and other affiliates of Lessor for services on or to the Project, to the extent that such amounts exceed competitive costs for services rendered by persons or entities of similar skill, competence and experience other than a subsidiary, partner or other affiliate of the Lessor;
- (viii) any compensation paid to employees or other persons related to commercial concessions operated by Lessor;
- (ix) contributions to operating expenses reserves;
- (x) costs incurred in removing from the Project former tenants or occupants of the Projects, including attorney's fees and costs.
- (xi) income taxes imposed on or measured by the income of Lessor from the operation of the Project;
- (xii) expenses resulting from the negligence or wilful misconduct of the Lessor, its agents, employees, officers or other lessees;
- (xiii) costs of compliance with the Americans with Disabilities Act (ADA) and the rules and regulations related thereto;
- (xiv) bad debt loss, rent loss, or reserves for bad debts or rent loss; and
- (xv) any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.

(h) If Lessee disputes any amount set forth in an Annual Statement within one hundred twenty (120) days after its receipt of the Annual Statement (the "Review Period"), and Lessee is not then in Default under or in Breach of the Lease (including, but not limited to, the failure to pay the amount in dispute), Lessee's employees, or an independent certified public accountant (which is a member of a nationally or regionally recognized accounting firm and is hired on a non-contingency fee basis), designated by Lessee, may, after reasonable written notice to Lessor and at reasonable times, inspect Lessor's records in connection with the operation of the Project at an office designated by Lessor in Los Angeles, California, provided that Lessee and such accountant, and each of them, shall use their commercially reasonable efforts to cause their respective agents and employees to maintain all information contained in Lessor's records in strict confidence. Lessee and such accountant shall not have the right to make any copies of Lessor's records in connection with their respective reviews thereof. Notwithstanding the foregoing, Lessee shall only have the right to review Lessor's records one (1) time during any twelve (12) month period. Lessee's failure to dispute the amounts set forth in any Annual Statement within the Review Period shall be conclusively deemed to be an approval by Lessee of the Annual

Statement and Lessee, thereafter, waives the right or ability to dispute the amounts set forth therein. If after such an inspection, but within thirty (30) days after the Review Period, Lessee notifies Lessor in writing that Lessee still disputes an amount set forth in an Annual Statement, a certification as to the proper amount shall be made in accordance with Lessor's standard accounting practices, at Lessee's expense, by an independent certified public accountant selected by Lessor and who is a member of a nationally or regionally recognized accounting firm (a "Certification"). The Certification shall be binding upon Lessor and Lessee. Lessor shall cooperate in good faith with Lessee and the accountant to show Lessee and the accountant the information upon which the Certification is to be based. However, if such a Certification by the accountant proves that the Operating Expenses in the Annual Statement were overstated by more than five percent (5%), then the cost of the accountant and Certification shall be paid by Lessor. Promptly following their receipt of a Certification, Lessor and Lessee shall make such appropriate payments or reimbursements, as the case may be, to each other, as determined by the Certification. Lessee agrees that this Subparagraph 4.2(h) shall be the sole method to be used by Lessee to determine the accuracy of the amount of Lessee's Share of Operating Expenses payable by Lessee pursuant to the terms of the Lease.

**4.3 Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge. Payments will be applied first to accrued late charges, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

**5. Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit specified in Subparagraph 1.7(b) as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

## **6. Use.**

**6.1 Use.** Lessee shall use and occupy the Premises for the Agreed Use, or any other legal use which is ancillary or reasonably comparable thereto including future but currently unknown medical, research and academic uses consistent with a public medical school, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates

damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal, therapy and seeing eye animals, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

## **6.2 Hazardous Substances.**

**(a) Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, or (ii) regulated or monitored by any governmental authority. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Provided Lessee complies with all Applicable Requirements, Hazardous Substances shall not include (1) those substances and materials commonly associated with medical care and services rendered in a professional office setting, (2) those substances and materials commonly associated with a pharmacy, (3) those substances and materials common to a medical school and related medical research institution, and (4) those substances and materials found in cleaning and other products commonly associated with the Agreed Use. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (A) the installation or use of any above or below ground storage tank, (B) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (C) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications.

**(b) Duty to Inform.** If either Party knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, they shall immediately give written notice of such fact to the other, and provide the other Party with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

**(c) Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or its employees, agents, contractors or invitees (collectively, "Lessee Parties"), or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee or any of the Lessee Parties.

**(d) Lessee Indemnification.** In accordance with the limits of NRS Chapter 41, Lessee shall indemnify, defend and hold Lessor, its members, agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee or any of the Lessee Parties (provided, however, that Lessee

shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee or any of the Lessee Parties). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee or any of the Lessee Parties, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its officers, employees and agents, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

**6.3 Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau without regard to whether said requirements are now in effect or become effective after the Commencement Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

**6.4 Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable notice, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see paragraph 9.1) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor.

## **7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.**

**7.1 Lessee's Obligations.** Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable

to abuse or misuse by Lessee or any of the Lessee Parties. Lessee shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

**7.2 Lessor's Obligations.** Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, HVAC system, electrical system and the Common Areas.

**7.3 Utility Installations; Trade Fixtures; Alterations.**

(a) **Definitions.** The term "Utility Installations" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "Lessee Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, and the cumulative cost thereof during this Lease as extended does not exceed \$2000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post and record notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 100% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's reasonable attorneys' fees and costs.

#### **7.4 Ownership; Removal; Surrender; and Restoration.**

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by reasonable maintenance practices. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also completely remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee or any of the Lessee Parties (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises). Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

#### **8. Insurance; Indemnity.**

**8.1 Insurance Premiums.** The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2(c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Commencement Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).

#### **8.2 Liability Insurance.**

(a) **Carried by Lessee.** Lessee is self-insured, and its tort liability is subject to the limitations set forth in Chapter 41 of the Nevada Revised Statutes. Lessee shall obtain and keep in force a Commercial General Liability policy of insurance or self-insurance (but only so long as Lessee is self-insured pursuant to the provisions of NRS Chapter 41) protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement to the excess commercial general

liability policy of insurance or self-insurance at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "Insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

### **8.3 Property Insurance - Building, Improvements and Rental Value.**

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured or self-insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value Insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises during the term of the Lease only.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

### **8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.**

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage or a policy of self-insurance on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

**(b) Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance or self-insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

**(c) Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements.

**(d) No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

**8.5 Insurance Policies.** Except where the insurance requirements imposed by this Lease are being met by Lessee through a policy of self-insurance, the insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Except where the insurance requirements imposed by this Lease are being met by Lessee through a policy of self-insurance, Lessee shall, prior to the Commencement Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 30 days prior written notice to Lessor. Lessee shall, at least 10 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance or self-insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

**8.6 Waiver of Subrogation.** Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

**8.7 Indemnity by Lessee.** In accordance with the limitations of NRS41.0305 to NRS 41.039, Lessee hereby agrees to indemnify and hold Lessor harmless from any loss, damage, liability, cost or expense to the person or property of another which is caused by an action or omission of the Lessee, its officers, employees and agents under this Lease. Lessee's indemnity obligation in tort is limited to \$100,000 per cause of action in accordance with NRS 41.035. Lessee will assert the defense of sovereign immunity in all legal actions. The foregoing shall not be construed to make Lessee responsible for liabilities, damages, claims, actions, costs and expenses (including reasonable attorney's fees) caused any intentional, wilful, or negligent action or omission of Lessor or any person or entity for which Lessor is legally liable. Lessee shall not indemnify or hold harmless Lessor for any liability, damages, claims, actions, costs or expenses (including reasonable attorney's fees) to the extent that Lessor has been (or will or might be) paid or reimbursed by insurance or any other person or entity for such liability, damages, claims, actions, costs or expenses.

**8.8 Indemnity by Lessor.** Lessor hereby indemnifies and holds harmless Lessee from and against any and all liability, damages, claims, actions, costs and expenses (including reasonable attorney's fees) arising out of Lessor's use, operation and maintenance of the Project and associated property and improvements provided that such liability, damages, claims, actions, costs and expenses arise from any intentional, wilful, or negligent act or omission of Lessor or any person or entity for which Lessor is legally liable. The foregoing shall not be construed to make Lessor responsible for liabilities, damages, claims, actions, costs, and expenses (including



reasonable attorney's fees) caused by any intentional, willful, or negligent act or omission of Lessee, any of the Lessee Parties, or any other person or entity for which Lessee is legally liable. Lessor shall not indemnify or hold harmless Lessee from any liability, damages, claims, actions, costs or expenses (including reasonable attorney's fees) to the extent Lessee has been (or will or might be) paid or reimbursed by insurance or any other person or entity for such liability, damages, claims, actions costs, or expenses.

**8.9 Failure to Provide Insurance.** Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

**8.10 Modification or Variation.** Any modification or variation from the insurance requirements in this Lease must be approved on behalf of Lessee by the Director of Insurance and Loss Control for the Nevada System of Higher Education (NSHE). Such modification or variation shall not require a formal lease amendment, but may be approved by administrative action.

## **9. Damage or Destruction.**

### **9.1 Definitions.**

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

**9.2 Partial Damage - Insured Loss.** If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as

reasonably possible and this Lease shall continue in full force and effect; provided, however, that the Rent due from Lessee shall be abated as provided in Paragraph 9.6(a). Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3.

**9.3 Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee or any of the Lessee Parties (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect and Rent shall be abated as provided in Paragraph 9.6, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

**9.4 Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 15 days following such Destruction.

**9.5 Damage Near End of Term.** If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by exercising such option prior to the effectiveness of the termination. If Lessee fails to exercise such option, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished. If Lessee duly exercises such option, then the provisions of Paragraph 9.2 or 9.3 shall apply (as applicable).

**9.6 Abatement of Rent; Lessee's Remedies.**

**(a) Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired.

**(b) Remedies.** If Lessor shall be obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 30 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 30 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

**9.7 Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

## **10. Real Property Taxes.**

**10.1 Definitions.** As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Project is located. "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

**10.2 Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

**10.3 Additional Improvements.** Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

**10.4 Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

**10.5 Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

## **11. Utilities and Services.**

**11.1 Services Provided by Lessor.** Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

**11.2 Services Exclusive to Lessee.** Lessee shall pay for any telephone, data communications and alarm system installed in the Premises. Lessee also shall pay for additional utilities and services in excess of those provided by Lessor pursuant to Paragraph

11.1 or which are specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee or requested by Lessee after the Commencement Date together with any taxes thereon. If a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.

**11.3 Hours of Service.** Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

**11.4 Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard usage associated with the Agreed Use. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee.

**11.5 Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

## **12. Assignment and Subletting.**

### **12.1 Lessor's Consent Required.**

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent. Notwithstanding the foregoing, Lessor's consent to an assignment of the Lease or subletting is not required if the assignee or subtenant is (i) another institution of the Nevada System of Higher Education, or (ii) an entity owned or controlled by the Nevada System of Higher Education (collectively an "NSHE Affiliated Entity"). If Lessee assigns this Lease or subleases all or any portion of the Premises to an NSHE Affiliated Entity, Lessee shall deliver written notice of such assignment or sublease to Lessor concurrently with entering into the assignment and sublease, and thereafter shall promptly provide Lessor with contact information for the transferee and such other information as Lessor may reasonably require.

(b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange or Lessee is a government or political subdivision, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c).

(d) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

(e) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.

(f) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, i.e. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

## **12.2 Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall: be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.

(g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

**12.3 Additional Terms and Conditions Applicable to Subletting.** The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such

sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

### **13. Default; Breach; Remedies.**

**13.1 Default; Breach.** A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 5 days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the rescission of an unauthorized assignment or subletting, (iii) an Estoppel Certificate or other required financial statements, (iv) a requested subordination, (v) evidence concerning any guaranty and/or Guarantor, (vi) any document requested under Paragraph 41, (vi) material data safety sheets (MSDS), or (viii) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following Lessee's receipt of written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b), (c) or (d), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition

filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

**13.2 Lessor's Remedies.** If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, reasonable notice if possible), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach of any obligation other than the payment of Rent, Lessor may, after providing Lessee written notice and a reasonable opportunity to cure (which shall be not less than 30 days after receipt by Lessee of notice of such Breach) , and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) In the event of non-payment of Rent, Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through any provisional remedy of summary eviction, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

### 13.3 Intentionally Omitted.

**13.4 Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

**13.5 Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("Interest") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

### 13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Lessee's Remedies.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to (i) cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset, (ii) pursue its remedies at law or equity including specific performance and injunctive relief. If Lessee elects to cure Lessor's breach, Lessee shall document the cost of said cure and supply said documentation to Lessor.



**14. Condemnation.** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages. Lessee waives all right to any part of such award including any rights pursuant to NRS 37.115. Lessee shall, however, be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

**15. Brokerage Fees.**

Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder in connection with this Lease, and that no one is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

**16. Estoppel Certificates.**

(a) Each Party (as "Responding Party") shall within 10 business days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing (an "Estoppel Certificate") confirming matters with respect to this Lease, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party. Any such Estoppel Certificate may be in form similar to the then most current Estoppel Certificate form published by the AIR Commercial Real Estate Association, or may be a form requested by Lessor or any lender confirming therein the applicable terms of the Lease and any additional information reasonably requested by Lessor or such lender to be confirmed regarding Lessee's tenancy hereunder.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 business day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, after Lessee has assigned this Lease or sublet all or a portion of the Premises to any person or entity other than an NHSE Affiliated Entity, then such transferee and all Guarantors (if any) shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to such transferee's

financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

**17. Definition of Lessor.** The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

**18. Severability.** The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

**19. Days.** Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

**20. Limitation on Liability.** The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor or its partners, members, directors, officers or shareholders, and Lessee shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

**21. Time of Essence.** Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

**22. No Prior or Other Agreements.** This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective.

**23. Notices.**

**23.1 Notice Requirements.** All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted below shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

Landlord's Address for Notice: Charleston Holdings, LLC  
c/o The Real Estate Group  
1762 Westwood Blvd., Suite 400  
Los Angeles, CA 90024

With a copy to: Charleston Holdings, LLC  
c/o JADE Enterprises, LCC  
888 S. Figueroa Street, Suite 1900  
Los Angeles, CA 90017

**Landlord's Address for Payment:** Charleston Holdings, LLC  
c/o The Real Estate Group  
1762 Westwood Blvd., Suite 400  
Los Angeles, CA 90024

**Lessee's Address for Notice:** University of Nevada, Reno  
1664 N. Virginia St.  
Real Estate – 243  
Reno, Nevada 89557

**With copy to:** University of Nevada, Reno  
1664 N. Virginia St.  
General Counsel – 550  
Reno, Nevada 89557

**23.2 Date of Notice.** Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt (confirmation report from fax machine is sufficient), provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

#### **24. Waivers.**

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

**25. Fiscal Funding Out.** Notwithstanding the provisions, terms and conditions of this Lease, pursuant Article 9, Sec. 3 of the Nevada Constitution and NRS 353.260 or other applicable law, in the event any recognized funding authority fails to appropriate funds to the Nevada System of Higher Education, the University of Nevada Reno or the University of Nevada School of Medicine, or their divisions, departments or colleges, to enable the obligations to be fulfilled under this Lease for the ensuing fiscal year or any part thereof, all rights and obligations of Lessor and Lessee under this Lease shall terminate upon thirty (30) days written notice to Lessor of Lessee's intent to exercise this Fiscal Funding Out right.

**26. No Right To Holdover.** Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 125% of the Base Rent applicable immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

**27. Cumulative Remedies.** No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

**28. Covenants and Conditions; Construction of Agreement.** All provisions of this Lease to be observed or performed by the Parties are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

**29. Binding Effect; Choice of Law.** This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State of Nevada, without regard to its principles of conflicts of law. Any litigation between the Parties hereto concerning this Lease shall be initiated in the Eighth Judicial District Court of Nevada (Clark County) or, where allowed by law, the United States District Court for the State of Nevada.

**30. Subordination; Attornment; Non-Disturbance.**

**30.1 Subordination.** This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

**30.2 Attornment.** In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

**30.3 Non-Disturbance.** With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "Non-Disturbance Agreement") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

**30.4 Self-Executing.** The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

**31. Attorneys' Fees.** If any Party brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "Prevailing Party" shall include, without limitation, a Party who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

**32. Lessor's Access; Showing Premises; Repairs.** Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee. In addition, Lessor shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults and safes and those portions of the Premises as to which applicable law restricts access (such as Lessee's pharmacy), and in the case of emergency to enter the Premises by any reasonably appropriate means, and any such entry shall not be deemed a forcible or unlawful entry or detainer of the Premises or an eviction. Lessee waives any charges for damages or injuries or interference with Lessee's property or business in connection therewith.

**33. Auctions.** Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

**34. Signs.** Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

**35. Termination; Merger.** Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

**36. Consents.** Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably

requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

**37. Guarantor.**

**37.1 Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published by the AIR Commercial Real Estate Association.

**37.2 Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

**38. Quiet Possession.** Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

**39. Options.** If Lessee is granted any Option, as defined below, then the following provisions shall apply.

**39.1 Definition.** "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

**39.2 Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to Lessee and any NSHE Affiliated Entity, and cannot be assigned or exercised by anyone other than Lessee or any NSHE Affiliated Entity and only while the original Lessee or NSHE Affiliated Entity is in full possession of the Premises.

**39.3 Multiple Options.** In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

**39.4 Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid, (iii) during the time Lessee is in Breach of this Lease.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

**40. Security Measures.** Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes

all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

**41. Reservations.**

Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

**42. Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

**43. Authority; Multiple Parties; Execution.**

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

**44. Conflict.** Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

**45. Offer.** Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

**46. Amendments.** This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable nonmonetary

modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

**47. Americans with Disabilities Act.** Since compliance with the Americans with Disabilities Act (ADA) is dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in ADA compliance, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

[Signature page follows]



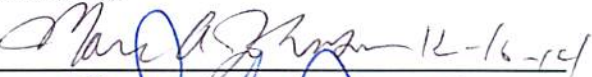
The parties hereto have executed this Lease, or caused it to be executed on its behalf by its duly authorized representatives.

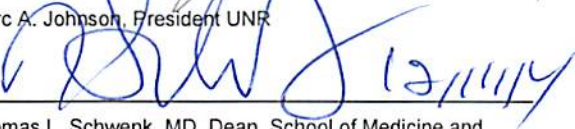
Lessee:

BOARD OF REVENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA  
SCHOOL OF MEDICINE.

By:  12/18/14  
Daniel Kraich, Chancellor

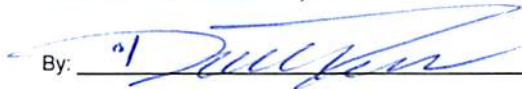
Recommended by:

By:  12-16-14  
Marc A. Johnson, President UNR

By:  12/11/14  
Thomas L. Schwenk, MD, Dean, School of Medicine and  
President, Integrated Clinical Services, Inc.

Lessor:

CHARLESTON HOLDINGS, LLC

By:   
Its: David Taban, Managing Member

**Attachment A**

**ADDENDUM TO MEDICAL OFFICE LEASE**

This Addendum to Medical Office Lease ("Addendum") is attached to and made part of that certain Medical Office Lease dated for reference purposes as of the date this Lease is last executed by Lessor and Lessee (the "**Effective Date**") (the "Lease"), entered into by and between CHARLESTON HOLDINGS, LLC, a California limited liability company, registered to do business in Nevada as Charleston Holdings Nevada, LLC ("Lessor"), and the Board of Regents of the Nevada System of Higher Education ("NSHE") on behalf of the University of Nevada School of Medicine, ("Lessee"), for use of certain premises located at 1701 West Charleston Boulevard, Las Vegas, Nevada 89102, as more particularly described in the Lease (the "Premises").

WHEREAS, Lessor and Lessee concurrently herewith are entering into the Lease;

WHEREAS, Lessor and Lessee would like to supplement the terms of the Lease as provided in this Addendum;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee agree as follows:

**51. Premises.** The Premises consist of the following suites (each, a "Suite"), each of which contains the number of rentable square feet set forth below:

<u>Suite Number</u>	<u>Rentable Square Feet</u>
100	2,916
130	10,077
190	5,008
210	5,764
215	5,766
250	2,840
270	2,776
400	11,841
590	4,464
650 (including 640 & 690)	6,525
Total	57,977

**52. Commencement Date.** Lessee has been occupying Suites 100, 215, 250 and 650 consisting of a total of approximately 18,047 rentable square feet of space (the "Current Suites"), pursuant to the Original Lease (as defined in Paragraph 63). Lessee shall continue to occupy the Current Suites and pay monthly Base Rent with respect to the Current Suites at the rate per rentable square foot set forth in Paragraph 53, beginning on the Commencement Date. Lessor is obligated pursuant to Paragraph 56 and Attachment D to complete certain improvements to the remaining suites (the "Lessor Improved Suites"), and the Parties understand and agree that the Lessor Improved Suites will not be ready for occupancy by the Commencement Date. After the Commencement Date, Lessor shall from time to time tender to Lessee possession of one or more of the Lessor Improved Suites upon substantial completion of Lessor's Work (as defined in Paragraph 56) thereto and Lessee shall thereafter pay to Lessor monthly Base Rent with respect to each such Lessor Improved Suites at the rate per rentable square foot set forth in Paragraph 53. If possession of any Lessor Improved Suites falls on a day other than the first day of a calendar month, the Base Rent with respect to such Lessor Improved Suites for such month shall be prorated based on a thirty (30) day month. Possession of the Lessor Improved Suites after the Commencement Date shall not extend the Original Term of the Lease. As used in the Lease and this Addendum, "substantial completion" means that point in the construction process when Lessor's Work with respect to a Suite has been (a) completed in accordance with the requirements of Paragraph 56 and Attachment D except for any minor punch-list items that do not materially impair Lessee's business

operations (the "Punch-List Items"), and (b) a temporary certificate of occupancy has been issued by the applicable approving authority permitting use and occupancy of the Suite. Lessor shall use commercially reasonable efforts to complete the Punch-List Items with respect to a Suite within thirty (30) days of the date of substantial completion of Lessor's Work with respect to such Suite. After substantial completion of Lessor's Work with respect to any or all of the Lessor Improved Suites, upon Lessor's request, Lessee agrees to execute and deliver to Lessor a lease commencement memorandum in the form attached hereto as Attachment F.

**53. Base Rent and Base Rent Increases.** Subject to Paragraph 52, the monthly Base Rent due and payable under the Lease shall be as set forth in the following schedule:

<u>Time Period</u>	<u>Monthly Base Rent (For All Suites)</u>	<u>Approximate Rate/RSF</u>
Months 1-12	\$98,560.90 per month	\$1.7000
Months 13-24	\$101,517.73 per month	\$1.7510
Months 25-36	\$104,563.26 per month	\$1.8035
Months 37-48	\$107,700.16 per month	\$1.8576
Months 49-60	\$110,931.16 per month	\$1.9134
Months 61-72	\$114,259.10 per month	\$1.9708
Months 73-84	\$117,686.87 per month	\$2.0299
Months 85-96	\$121,217.48 per month	\$2.0908
Months 97-104	\$124,854.00 per month	\$2.1535
<u>Option Period (as defined in Paragraph 55)</u>		
Months 105-116	\$128,599.62 per month	\$2.2181
Months 117-128	\$132,457.61 per month	\$2.2846
Months 129-140	\$136,431.34 per month	\$2.3532
Months 141-152	\$140,524.28 per month	\$2.4238
Months 153-164	\$144,740.01 per month	\$2.4965

For purposes of this Paragraph 53, Month 1 commences on the Commencement Date and ends on the last day of the month in which the Commencement Date occurs; provided, however, that if the Commencement Date is not on the first (1<sup>st</sup>) day of the applicable calendar month, then Month 1 commences on the first (1<sup>st</sup>) day of the first (1<sup>st</sup>) month following the Commencement Date, and the amount of the monthly Base Rent due for the partial month in which the Commencement Date occurs shall be equal to the monthly Base Rent due for Month 1 of the Original Term prorated in the proportion that the number of days the Lease is in effect during such partial month bears to the total number of days in such month.

**54. Rent Abatement.**

**a. Base Rent Abatement – Entire Premises.** So long as Lessee is not then in Breach of the Lease, Lessee shall receive abatement of the monthly Base Rent (but not any other charges or amounts due under the Lease) payable with respect to those Suites then occupied by Lessee for Months 6, 18, 36, 48, 60, 72, 84 and 96 of the Original Term.

**b. Base Rent Abatement – Suite 650.** After substantial completion of the Lessor Improved Suites, Lessee will temporarily vacate Suite 650 and move the operations of Suite 650 into certain of the Lessor

Improved Suites. Lessor shall then construct certain improvements to Suite 650 pursuant to Paragraph 56 and Attachment D. During this time, Lessee shall receive abatement of the monthly Base Rent (but not any other charges or amounts due under the Lease) payable with respect to Suite 650. Upon substantial completion of the improvements to Suite 650, abatement of the Base Rent for Suite 650 shall cease. If the date on which Lessee temporarily vacates Suite 650, or the date of substantial completion of Suite 650, falls on a day other than the first day of a calendar month, the Base Rent for such month shall be prorated based on a thirty (30) day month.

**55. Renewal Option.** Lessee shall have one (1) option to extend (the "Option") the Original Term for an additional five (5) years (the "Option Period"), subject to the satisfaction of the following conditions precedent: (a) Lessee at time of the Option Notice is not in Default under or in Breach of the Lease; (b) Lessee shall have notified Lessor in writing ("Option Notice") of Lessee's election to exercise the Option pursuant to the notice provisions of the Lease on a date that is no less than ninety (90) days and no more than one hundred eighty (180) days prior to the expiration of the Original Term; and (c) Lessee is in occupancy of the Premises. Unless each of the above conditions precedent have been satisfied, the Option shall be terminated and of no force or effect. If all of the above conditions precedent are satisfied, then the term of the Lease shall be extended pursuant to this Paragraph 55 and all of the terms, conditions and provisions of the Lease shall continue in full force and effect throughout the Option Period, except that the monthly Base Rent to be paid by Lessee during the Option Period shall be the amounts set forth in Paragraph 53.

**56. Premises Condition; Lessor's Work.** Lessor, at its sole cost and expense, will use commercially reasonable efforts to complete certain "turn-key" improvements to the Premises (the "Improvements" or "Lessor's Work"). The Improvements are described in Attachment D (the "Work Letter") and are to be constructed in a workmanlike manner utilizing the materials specified in the Work Letter. Lessee shall at all times have the right to review and approve all designs and materials utilized by Lessor for construction of the Improvements and any changes or revisions thereto. Lessor shall not permit any mechanic's lien(s) or other liens to be placed on the Premises related to the construction of the Improvements and shall obtain all necessary lien releases. Except in the case of Lessee Delay, the Improvements shall be substantially complete within one hundred eighty (180) days following the Effective Date of this Lease (the "Improvements Completion Date"). If the Improvements are not substantially complete by the Improvements Completion Date, Lessee shall receive a credit of one (1) day of Base Rent for each day of delay thereafter, to be applied to the first installment of Base Rent due after the Improvements Completion Date. "Lessee Delay" shall mean any delay that Lessor may encounter in the construction of the Improvements because of an act or omission by Lessee, its employees, agents of officers, including, without limitation, delays attributable to (i) changes in or additions to the Improvements or the plans, designs or construction drawings for the Improvements made by Lessee, (ii) the postponement of delay of construction of the Improvements at Lessee's request, and (iii) Lessee's failure to submit information or approvals within the time reasonably required to Lessor. Lessee acknowledges that other than the Improvements, the Premises are being leased in the present "as is" condition and on a "with all faults" basis, with no representations or warranties except those otherwise expressly provided for in the Lease.

**57. Parking.** Parking rates shall be as set forth in Paragraph 1.2(b) of the Lease.

**58. Building Access; Heating, Ventilating and Air Conditioning (HVAC).** Upon the Commencement Date, subject to events beyond Lessor's reasonable control, Lessee shall have access to the Premises twenty-four (24) hours a day, seven (7) days a week. If Lessee requires HVAC service outside of the Building's standard operating hours, which are Monday through Friday 7:00 A.M. to 7:00 P.M., and Saturday 8:00 A.M. to 1:00 P.M. (except holidays), Lessee shall pay Lessor for such after-hours HVAC usage pursuant to the then prevailing Building charges for after-hours usage (currently \$65.00 per hour).

**59. Signs.** Lessor, at Lessor's sole cost and expense, shall install: (a) Building standard identification signage for Lessee at the entrance of each Suite; (b) a single panel on each side of the Project's monument sign; and (c) Building standard identification for Lessee on the Building lobby

directory board (ten (10) lines). All of Lessee's signs shall at all times comply with Lessor's Building signage program, as may be modified from time to time by Lessor.

**60. Option to Purchase.** At any time during calendar year 2015 (the "Preferential Purchase Period"), Lessor agrees that Lessee shall have the sole and exclusive right to purchase all (but not less than all) of the Project for Fair Market Value (as defined in Paragraph 60.c) on the terms and conditions of this Paragraph 60.

a. Lessee's right under this Paragraph 60 is subject to the conditions precedent for Lessor's benefit that: (i) Lessee is not in Default under or in Breach of the Lease on the Option Exercise Date (as defined in Paragraph 60.d); and (ii) Lessee is in possession of the Premises on the Option Exercise Date.

b. For purposes of this purchase option, the Project shall consist of that certain parcel of land located at 1701 West Charleston Boulevard, Las Vegas, Nevada, APN No. 162-04-112-011 and 162-04-510-001 (the "Land"), along with the Building and all other improvements, parking facilities and fixtures located on the Land (the Building and any and all improvements located on the Land are hereinafter referred to collectively as the "Building Improvements") and all easements, appurtenances, development rights, and other benefits, if any pertaining to or affecting the Land (collectively, the "Easements"). The Land, Building, Building Improvements and Easements are collectively referred to as the "Real Property."

c. "Fair Market Value" for purposes of this Paragraph 60 is the purchase price a willing buyer would pay and a willing seller would accept for the Project as of the Option Exercise Date, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts, considering the highest and most profitable use if offered for sale in the open market with a reasonable period of time in which to consummate the transaction. The Fair Market Value of the Project shall be determined pursuant to this Paragraph 60.c.

i. When Lessee delivers to Lessor written notice exercising the purchase option under this Paragraph 60, such notice shall set forth Lessee's reasonable determination of the Fair Market Value of the Project ("Lessee's FMV"). Within five (5) business days after receipt of Lessee's notice, Lessor shall deliver to Lessee written notice in which either Lessor agrees with Lessee's FMV, or sets forth Lessor's reasonable determination of the Fair Market Value of the Project ("Lessor's FMV").

- (i) If the difference between Lessee's FMV and Lessor's FMV is ten percent (10%) or less (measured from the higher Fair Market Rent), then the Fair Market Value of the Project shall be the average of Lessor's FMV and Lessee's FMV.
- (ii) If the difference between Lessor's FMV and Lessee's FMV exceeds ten percent (10%) (measured from the higher Fair Market Rent), then Lessor and Lessee shall negotiate in a good faith effort to agree upon the Fair Market Value of the Project during the fifteen (15) period beginning on the date Lessor delivers to Lessee written notice of Lessor's FMV. If Lessor and Lessee agree on the Fair Market Value of the Project during such fifteen (15) period, then such value shall be the Fair Market Value of the Project.
- (iii) If Lessor and Lessee do not agree on the Fair Market Value of the Project during such fifteen (15) period, then during the ten (10) days immediately thereafter, Lessor and Lessee shall attempt in good faith to select one (1) independent MAI appraiser who shall have been active for over the five (5) year period immediately preceding the day of such appointment in the appraisal of commercial properties in the Las Vegas area (the "Arbitrator"). If Lessor and Lessee are unable to agree on the Arbitrator during such ten (10) day period, then the parties shall refer the matter to JAMS, who shall appoint the Arbitrator.

- (iv) Within fifteen (15) days after appointment, the single Arbitrator shall determine the Fair Market Value of the Project, which determination shall be limited solely to the issue of whether Lessor's FMV or Lessee's FMV is closer to the actual Fair Market Value of the Project. The decision of the Arbitrator shall be binding on Lessor and Lessee. The cost of the Arbitrator shall be paid by Lessor and Lessee equally.

d. "Option Exercise Date" shall be the date during the Preferential Purchase Period in which Lessee gives Lessor written notice that that Lessee is exercising this option. In the event that Lessee exercises this option, the parties agree to execute a purchase and sale agreement in a commercially reasonable form and Lessor shall convey fee title to the Project by grant, bargain and sale deed and shall provide good and marketable title (as evidenced by issuance to Lessee of an ALTA standard coverage owner's policy of title insurance). Lessor and Lessee shall each execute, acknowledge and deliver such further documents and take such further actions as may be reasonably necessary or appropriate to consummate the purchase and sale of the Project pursuant to this Paragraph 60. The Parties agree that a memorandum or declaration of this option may be recorded in the County Recorder of Clark County. If any such memorandum or declaration is recorded and Lessee does not acquire fee title to the Project on or before December 31, 2015, then on or before January 10, 2016, Lessee shall execute, acknowledge and deliver to Lessor such quitclaim deeds and/or other instruments as Lessor or its title insurer may reasonably require, in recordable form, terminating such memorandum or declaration. If the Parties execute a purchase and sale agreement and Lessor thereafter defaults in its obligations under such agreement, Lessee may in addition to any other rights and remedies available in law or equity, pursue an action against Lessor for specific performance.

e. Lessee's purchase option under this Paragraph 60 is personal to Lessee and may only be exercised by Lessee or an NSHE Affiliated Entity.

f. Lessee shall continue to perform all of its obligations under the Lease before and during any escrow for the purchase and sale of the Project. If the parties open an escrow for the purchase and sale of the Project but such escrow fails to close for any reason, Lessee shall continue to perform all of its obligations under the Lease for the remainder of the Original Term (and the Option Period, if applicable).

**61. Right of First Refusal.** If at any time during calendar year 2016 (the "Right of First Refusal Period") Lessor receives an unsolicited, bona fide offer from any unaffiliated third party to purchase the Project ("Purchase Offer"), which offer Lessor would accept, then Lessee shall have a one (1) time right of first refusal to purchase the Project on the same terms and conditions as the Purchase Offer subject to this Paragraph 61.

a. Lessee's right under this Paragraph 61 is subject to the conditions precedent for Lessor's benefit that: (i) Lessee is not then in Default under or in Breach of the Lease; and (ii) Lessee is in possession of the Premises. If any of the foregoing conditions precedent is not satisfied during the Right of First Refusal Period and upon presentment of the terms of a Purchase Offer, then Lessee's right under this Paragraph 61 shall automatically terminate and be of no further force, and Lessor shall have no further obligation to sell or offer to sell the Project to Lessee.

b. This right of first refusal is a one-time right only. If Lessor receives an Offer, Lessor shall promptly deliver written notice to Lessee (the "Offer Notice"), which shall contain the following information: (i) the purchase price set forth in the Offer; (ii) the terms on which the purchase price would be payable; (iii) the amount(s) of any deposit(s) which would be required, the timing that each such deposit must be made, and the amount of liquidated damages to which Lessor would be entitled in the event the purchaser failed to consummate the purchase of the Project; (iv) the term of the escrow to be established between Lessor and the purchaser; and (v) a summary of any other material terms and conditions of the Offer. In all events, Lessee shall acquire the Project in its "As Is" condition, with all faults, and Lessor shall make no representations or warranties regarding the Project.

c. If after receipt of an Offer Notice Lessee desires to purchase the Project on the terms and conditions of the Offer Notice Lessee must deliver to Lessor written notice of such election (the "Acceptance") within fifteen (15) days after Lessor's delivery to Lessee of the Offer Notice. Should Lessee fail to provide Lessor its Acceptance within the above described fifteen (15) day period, Lessor shall be free to sell and convey the Project free and clear of this right of first refusal, but only to the purchaser identified in the Offer, on the same terms and conditions as the Offer Notice, and at a price no less than stated in the Offer Notice.

d. If Lessor duly receives Lessee's Acceptance, then Lessor and Lessee shall execute a purchase and sale agreement, incorporating the terms and conditions of the Offer Notice (except as provided below in this Paragraph 61.d) and the applicable provisions of this Paragraph 61, and open the escrow for the purchase and sale of the Project (the "Escrow"), within thirty (30) days after Lessor's receipt of the Acceptance. In addition to such terms and conditions and notwithstanding the period of the escrow set forth in the Offer Notice, the close of Escrow shall be conditioned on Lessee's Board of Regents approving Lessee's purchase of the Project, which approval shall be given or withheld within forty-five (45) days after opening of Escrow, and if approved the Escrow shall close within twenty (20) days thereafter.

e. Escrow fees, title premiums, transfer taxes and other costs and expenses of the purchase and sale of the Project (collectively, "Closing Costs") shall be borne in accordance with the Offer Notice or, if the Offer Notice does not address some or all of such Closing Costs, then the same shall be borne in accordance with the custom in Clark County, Nevada.

f. Lessor and Lessee shall each execute, acknowledge and deliver such further documents and take such further actions as may be reasonably necessary or appropriate to consummate the purchase and sale of the Project pursuant to this Paragraph 61 including, without limitation, the purchase and sale agreement described in Paragraph 61.d.

g. Lessee's right of first refusal under this Paragraph 61 is personal to Lessee and may only be exercised by Lessee or an NSHE Affiliated Entity.

h. Lessee shall continue to perform all of its obligations under the Lease before and during the Escrow. If the parties open the Escrow but such Escrow fails to close for any reason, Lessee shall continue to perform all of its obligations under the Lease for the remainder of the Original Term (and the Option Period, if applicable). The Parties agree that a memorandum or declaration of this right of first refusal may be recorded in the County Recorder of Clark County. If any such memorandum or declaration is recorded and Lessee does not acquire fee title to the Project on or before December 31, 2016, then on or before January 10, 2017, Lessee shall execute, acknowledge and deliver to Lessor such quitclaim deeds and/or other instruments as Lessor or its title insurer may reasonably require, in recordable form, terminating such memorandum or declaration. If the Parties execute the purchase and sale agreement described in Paragraph 61.d and Lessor thereafter defaults in its obligations under such agreement, Lessee may in addition to any other rights and remedies available in law or equity, pursue an action against Lessor for specific performance.

**62. Stairway/Ramp Construction.** Lessee wishes to construct a stairway and ramp to provide access to and from the Premises and other premises leased by Lessee in the building located at 1707 W. Charleston Boulevard (the "1707 Building"), as shown on Attachment E attached hereto ( the "Stairway/Ramp"). Lessor is willing to approve the Stairway/Ramp, subject to the following terms and conditions.

**a. Construction.** Lessee agrees to construct the Stairway/Ramp (the "Tenant Work") in a good and workmanlike manner in and upon the Land, at Lessee's sole cost and expense, in accordance with the following provisions. Lessee shall obtain the approval of the owner of the 1707 Building to construction of the Stairway/Ramp and Lessee shall provide a copy of such approval to Lessor. Lessee shall submit to Lessor for Lessor's approval complete plans and specifications for the construction of the

Tenant Work ("Tenant's Plan"). Within 10 business days after receipt of Tenant's Plan, Lessor shall review and either approve or disapprove Tenant's Plan. If Lessor disapproves Tenant's Plan, or any portion thereof, Lessor shall notify Lessee thereof and of the revisions Lessor requires before Lessor will approve Tenant's Plan. Within 10 business days after Lessor's notice, Lessee shall submit to Lessor, for Lessor's review and approval, plans and specifications incorporating the required revisions. The final plans and specifications approved by Lessor are hereinafter referred to as the "Approved Construction Documents". Lessee will employ experienced, licensed contractors, architects, engineers and other consultants, to construct the Tenant Work and will require in the applicable contracts that such parties (a) carry insurance in such amounts and types of coverages as are reasonably required by Lessor, and (b) design and construct the Tenant Work in a good and workmanlike manner and in compliance with all applicable laws and with all Building rules and regulations. Lessee shall obtain from its contractors and provide to Lessor a list of all subcontractors providing labor or materials in connection with any portion of the Tenant Work prior to commencement of the Tenant Work. Lessee warrants that the design, construction and installation of the Tenant Work shall conform to the requirements of all applicable laws and the requirements of any authority having jurisdiction over, or with respect to, such Tenant Work. Lessee shall provide Lessor with at least ten (10) days prior notice before commencement of the Tenant Work so that Lessor may post notices of non-responsibility. Once Lessee commences the Tenant Work, Lessee and its contractors shall continuously and diligently prosecute the Tenant Work to completion. Promptly after completion of the Tenant Work, Lessee shall provide Lessor with as-built plans of the Tenant Work and copies of all governmental permits and approvals.

**b. Lien Waivers.** Lessee shall provide to Lessor (i) third-party invoices for costs incurred by Lessee in constructing the Tenant Work; (ii) evidence that Lessee has paid the invoices for such costs; and (iii) lien waivers from any contractor or supplier who has constructed or supplied materials for the Tenant Work. Lessee agrees to keep the Building and the Project free from any liens arising out of the construction of the Tenant Work.

**c. Assumption of Risk and Waiver.** FOR THE TERM OF THE LEASE, LESSEE HEREBY ASSUMES ANY AND ALL RISKS INVOLVED WITH RESPECT TO THE TENANT WORK AND HEREBY RELEASES AND DISCHARGES LESSOR FROM ANY AND ALL LIABILITY OR LOSS, DAMAGE OR INJURY SUFFERED OR INCURRED BY LESSEE OR THIRD PARTIES IN ANY WAY ARISING OUT OF OR IN CONNECTION WITH THE TENANT WORK.

**d. Insurance.** Lessee shall maintain a commercial general liability insurance policy covering Lessee's liability related to bodily injury and property damage arising from the Tenant Work. Lessee shall have Lessor (and such other parties as Lessor may reasonably require) named as an additional insured on such insurance policy and shall provide Lessor proof of such status prior to construction of the Tenant Work.

**e. Maintenance.** Once constructed, the Stairway/Ramp shall be considered a leasehold improvement and shall be maintained by Lessee at its sole cost in good working order and free from waste, litter and any condition that is offensive to the public health, safety and welfare.

**f. Removal.** Upon the expiration or earlier termination of the Lease, Lessor shall have the right to require Lessee to remove the Stairway/Ramp, restore any damage caused by such removal and repair and restore the landscaping, curbing, signage and other improvements to substantially the same condition as existed immediately prior to the Tenant Work (collectively, the "Removal Work"), all at Lessee's cost and expense. If Lessor does not require removal of the Stairway/Ramp upon the expiration or earlier termination of the Lease, the Stairway/Ramp shall become the sole property and responsibility of the Lessor. The Removal Work, if required by Lessor, shall be completed within thirty (30) days after the expiration or earlier termination of the Lease in accordance with plans for such work which are prepared and stamped by a licensed structural engineer engaged by Lessee (if and to the extent reasonably required by the matters of such work) and which are otherwise acceptable to Lessor and a permit for such work from the appropriate authority shall be obtained by Lessee. The Removal Work shall not be deemed to be completed until Lessee delivers to Lessor (i) a certificate from Lessee's licensed structural engineer stating that such work has been completed in accordance with the approved plans, and (ii) proof of final inspection and approval from the appropriate authority. In the alternative, Lessor may elect to have Lessor's contractor perform the Removal Work at Lessee's cost. If Lessor elects to



have Lessor's contractor perform such work, Lessee shall pay the cost thereof, including all fees for permits and engineering and architectural services incurred by Lessor in connection with the Removal Work, within thirty (30) days after invoice from Lessor. Lessee's obligations in this Paragraph 62.f shall survive the expiration or earlier termination of the Lease

**63. Integration.** Lessor's predecessor-in-interest and Lessee previously entered into that certain Standard Office Lease Agreement dated May 3, 2006, as amended (collectively, the "Original Lease"), covering a portion of the Premises. Lessor and Lessee are concurrently terminating the Original Lease and entering into the Lease. The Lease contains the entire agreement between the parties respecting the matters herein set forth and supersedes all prior agreements between the parties hereto respecting such matters, including the Original Lease.

**64. Conflict.** In the event of any conflict between the provisions of the Lease and the provisions of this Addendum, the provisions of this Addendum shall control. Any reference herein or in the Lease to the "Lease" shall be deemed to refer to the Lease and this Addendum. Except as provided to the contrary herein, any and all capitalized terms used in this Addendum shall have the meaning ascribed thereto in the Lease.

***[Remainder of this page is intentionally left blank. Signatures appear on the following page(s).]***

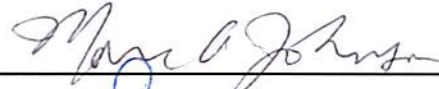
IN WITNESS WHEREOF, Lessor and Lessee have executed this Addendum as of the date first written above.

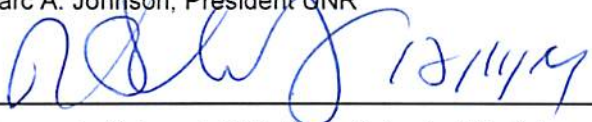
Lessee:

BOARD OF REVENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION, ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE.

By:  12/18/14  
Daniel Klaich, Chancellor

Recommended by:

By:  12-16-14  
Marc A. Johnson, President UNR

By:  12/14/14  
Thomas L. Schwenk, MD, Dean, School of Medicine and  
President, Integrated Clinical Services, Inc.

Lessor:

CHARLESTON HOLDINGS, LLC

By: 

Its: David Tabon, Managing Member

**Attachment B**  
**Plot Plan**  
**[See Attached]**

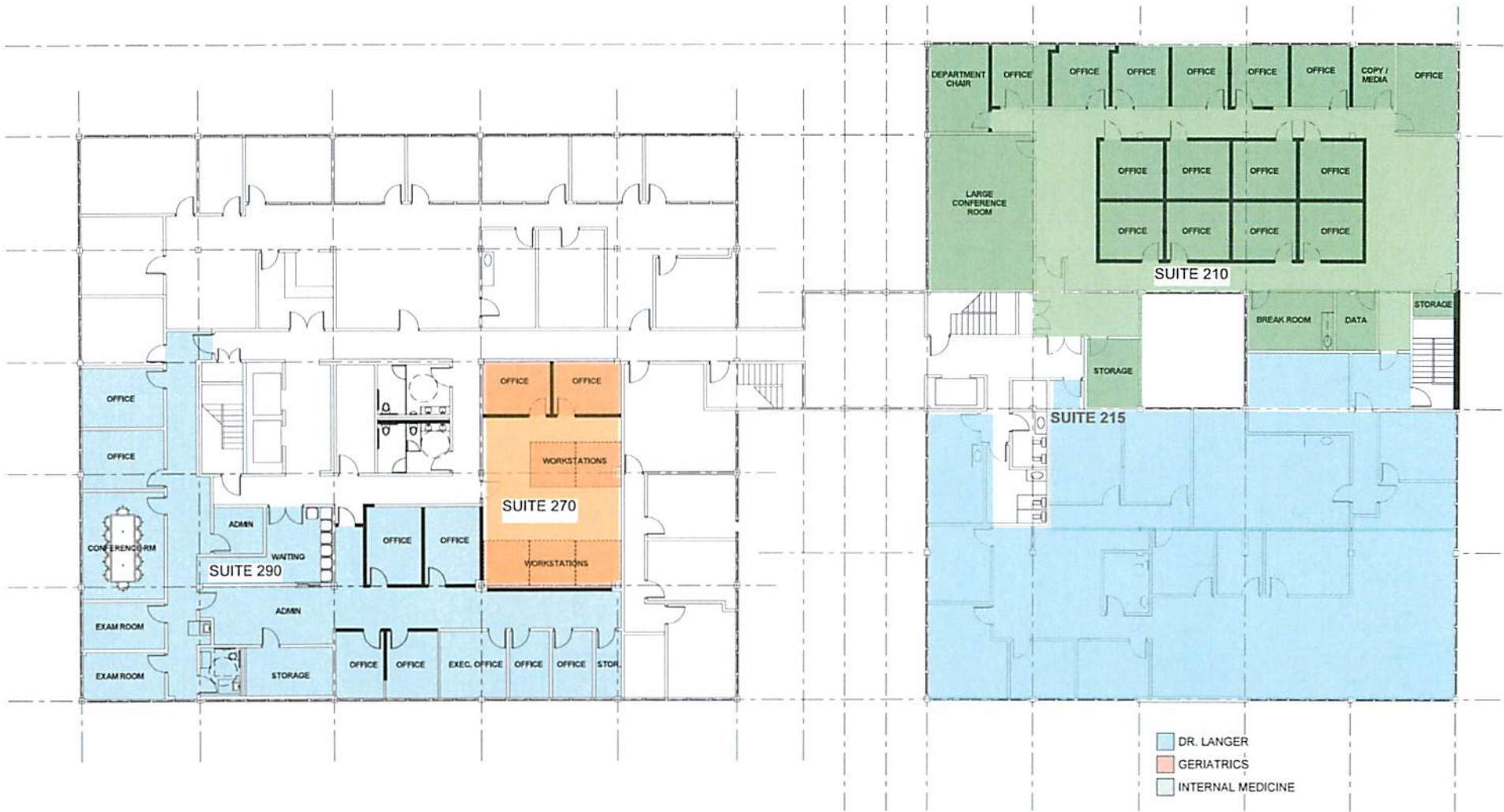


**LEVEL 1**

UNR SCHOOL OF MEDICINE - 1701 W. CHARLESTON

0 4 8 16 32

TATE SNYDER KIMSEY 10/10/14



**LEVEL 2**

UNR SCHOOL OF MEDICINE - 1701 W. CHARLESTON

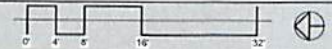
TATE SNYDER KIMSEY 10/10/14

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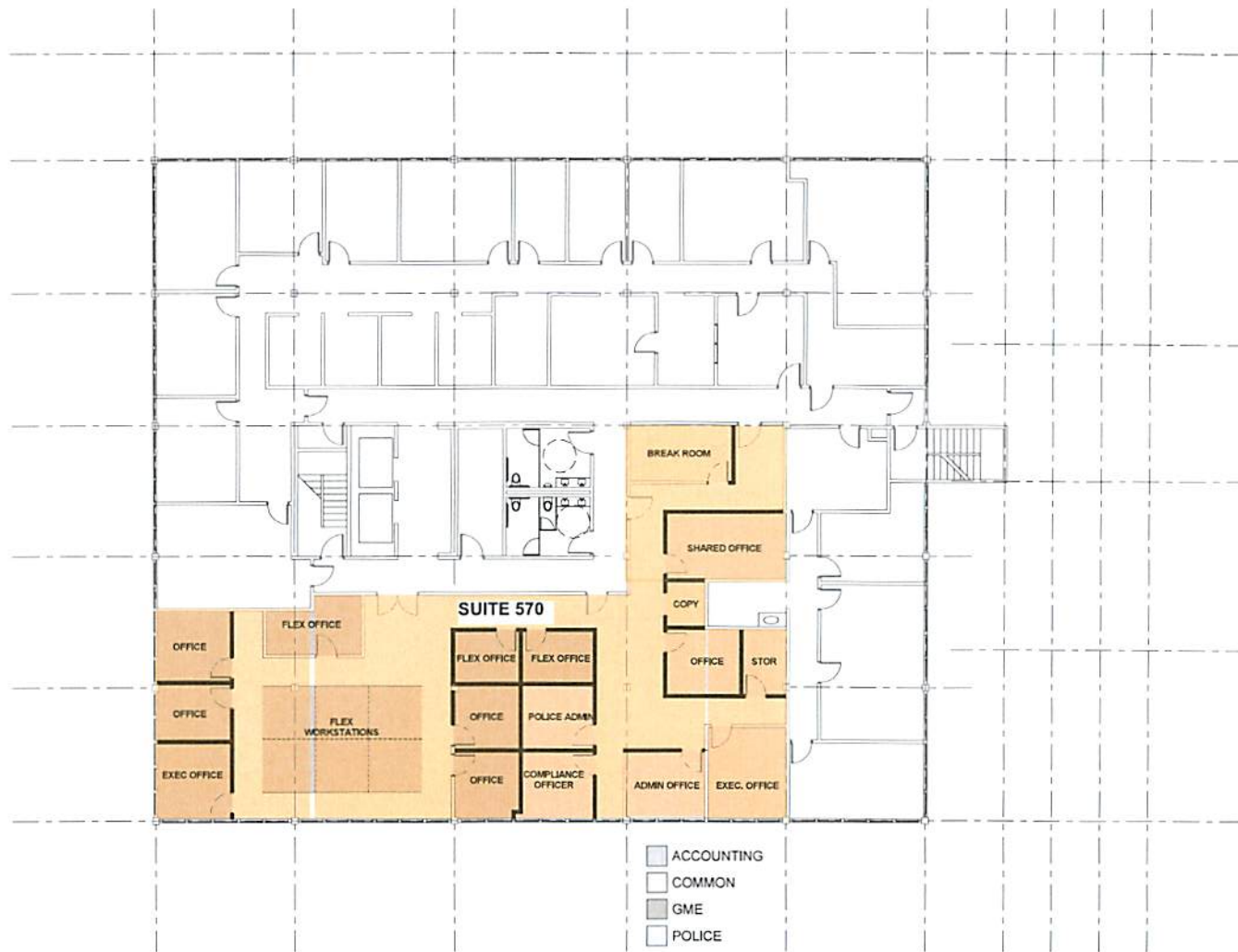


**LEVEL 4**

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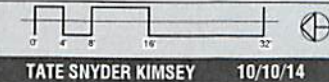


TATE SNYDER KIMSEY 10/10/14

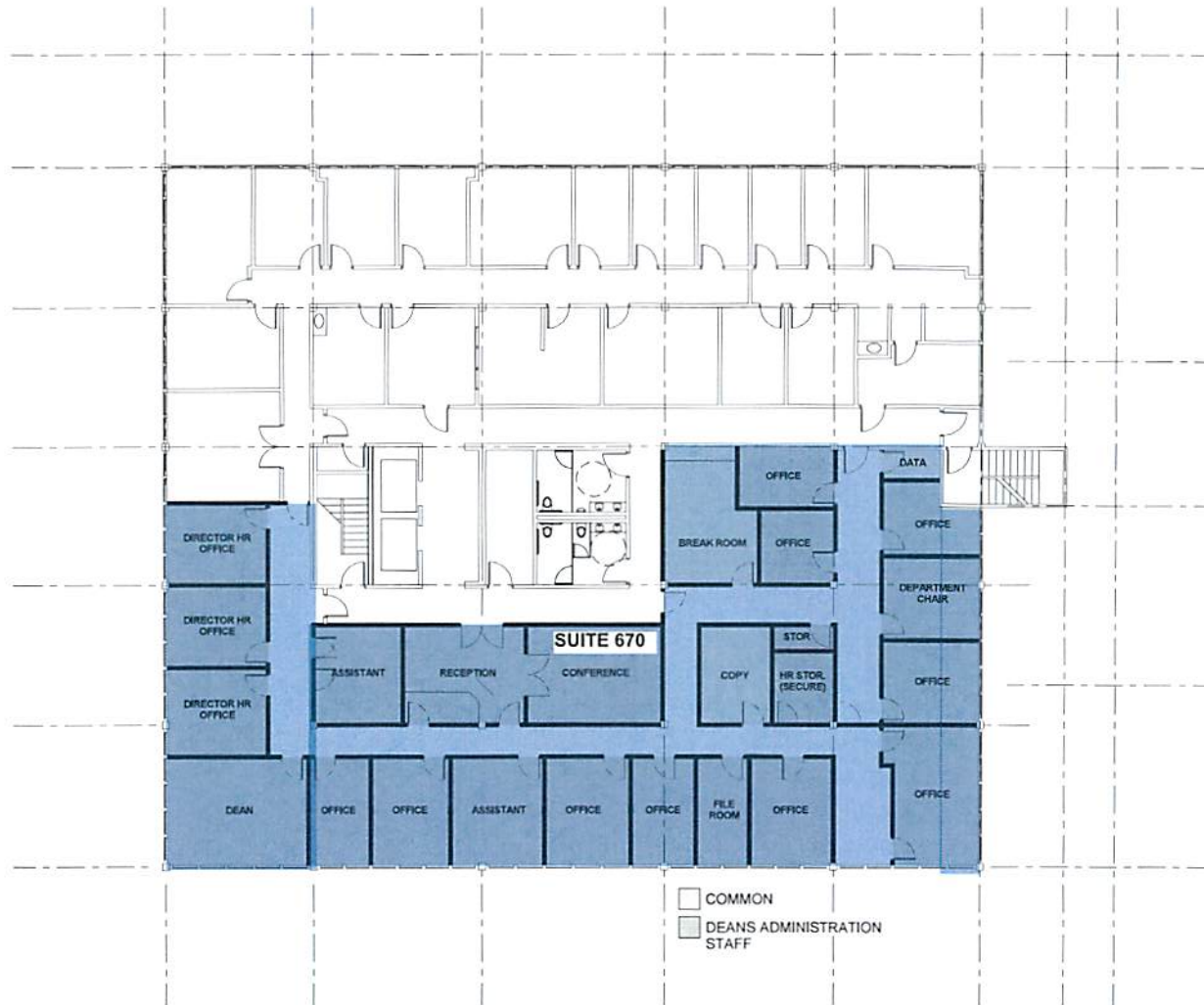


**LEVEL 5**

UNR SCHOOL OF MEDICINE - 1701 W. CHARLESTON

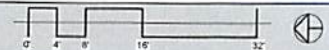


TATE SNYDER KIMSEY 10/10/14



**LEVEL 6**

UNR SCHOOL OF MEDICINE - 1701 W. CHARLESTON



TATE SNYDER KIMSEY 10/10/14



## **Attachment C**

### **RULES AND REGULATIONS**

#### **GENERAL RULES**

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not keep animals or birds within the Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts to any Common Area access doors.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of 7:00 P.M. and 7:00 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee unless approved by Landlord in writing.
15. No Lessee, employee or invitee shall go upon the roof of the Building unless Landlord has approved or for access as designated within the lease.

16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation outside of Microwave items for employee general practice personal meal purposes.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right, in its reasonable judgment, to waive any one of these rules or regulations
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

#### **PARKING RULES**

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. If applicable in the future, Identification devices (if reasonably removable) shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
5. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
6. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

7. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall use reasonable efforts to see that all of its employees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area as long as such do not conflict with the Lease.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby as long as such does not conflict with the Lease.

**Attachment D**

**LESSOR'S WORK**

Lessor shall perform the work generally described below, and more specifically delineated on the plot plan depicting the Premises attached to the Lease as Attachment B and incorporated herein by reference. All work will be performed at Lessor's sole cost, using materials and quantities specified in the Tenant Finish Specifications attached hereto. The estimated date for substantial completion of each Suite (as defined in the Lease to which this Attachment D is attached) is set forth below.

<u>Suite</u>	<u>General Description of Lessor's Work</u>	<u>Estimated Date for Substantial Completion</u>
100	No work; Lessee continues to occupy space in as is condition upon Lease execution.	N/A
130	16 offices; 1 shared office; 2 rooms for student services; 2 copy rooms; 1 break room; 1 student lounge; 1 conference room with floating walls to divide into 4 smaller conference rooms; 1 storage room; and 1 reception area. Paint all walls and install new: flooring; ceiling grid and tiles; light fixtures; and window coverings.	Approximately 90 days after complete execution of the Lease
190	5 offices; 2 study rooms; 1 "quiet study" area; 1 "group study" area; 1 storage room; and 1 computer lab. Paint all walls and install new: flooring; ceiling grid and tiles; light fixtures; and window coverings.	Approximately 90 days after complete execution of the Lease
210	16 offices with option to increase to 18 offices*; 1 large conference room; 2 storage areas; 1 data room; 1 break room; and 1 copy/media room. Paint all walls and install new: flooring; ceiling grid and tiles; light fixtures; and window coverings. Interior 8 offices to have 2 foot width glass within walls just below ceiling level to add natural lighting.	Approximately 60 days after complete execution of the Lease
215	No work; Lessee continues to occupy space in as is condition upon Lease execution.	N/A
270	10 offices; 6 work stations; and 1 storage room. Paint all walls and install new: flooring; ceiling grid and tiles; light fixtures; and window coverings.	Approximately 90 days after complete execution of the Lease
290 (formerly 250)	No work; Lessee continues to occupy space in as is condition upon Lease execution.	N/A
400	44 offices (including 5 "flex" offices); 2 storage areas; 2 reception areas; 1 conference room; 1 break room/lounge; 2 copy rooms; and 2 data rooms. Paint all walls and install new: flooring; ceiling grid and tiles; light fixtures; and window coverings.	Approximately 120 days after complete execution of the Lease
570	14 offices; 6 workstations (or alternate conference room*); 1 storage room; 1 break room; and 1 copy room. Paint all walls and install new: flooring; ceiling grid and tiles; light fixtures; and window coverings.	Approximately 120 days after complete execution of the Lease
670 (including 640, 650 and 690)	Although Lessee continues to occupy space in as is condition upon Lease execution, Lessor shall construct the additional walls shown as solid lines on the Space Plan to integrate suites 640 and 690 into Suite 650 after Lessor completes Suite 570 and relocates existing occupancy to Suite 570. Such space will consist of 17 offices, 1 copy room, 2 storage rooms, 1 file room, 1 conference room, 1 break room, 1 data room and 1 reception area. Paint all walls and install new: flooring; ceiling grid and tiles; light fixtures; and window coverings.	Approximately 120 days after complete execution of the Lease

\* Lessee's rights to alter the scope of work are subject to Paragraph 2.1 of the Lease.

## TENANT FINISH SPECIFICATIONS

### **OFFICE SUITES**

#### **DOOR HANDLES:**

Offices – Stanley Grade 2 QTL 200 Sierra 626 US26D (satin chrome) C keyway  
Storage/utility room – T-561(keyed) or T-101 (passage) as shown

Option: Cal-Royal SL0015 Satin Nickel Pioneer Collection Heavy Duty SL Design  
Entrance/Office Function Door Lever Set

#### **LIGHTING:**

Parabolic: Lithonia Lighting Model # 2PM3N G B 2 32 12LD MVOLT  
GEB10RS - 2 ft. x 4 ft. Silver 2-Lamp Parabolic Troffer [or equal].

#### **LAMPS:**

Office: F28T8/835 - 28 Watt – T8 Fluorescent - 3500K - 800  
Series Phosphors -

EXIT / Emergency Signs: Die Cast Aluminum LED Exit Sign w Battery  
Back-up, Letters = Green, Housing = Brushed Aluminum: example, DMF Lighting;  
Models DLED520G-BA & DLED520G-BA2

#### **FLOORING:**

##### **Interior Offices**

Carpet: Shaw Winchester 26oz glue down  
VCT: Armstrong Standard Excelon Imperial Texture VCT 12 in. x 12 in.  
(45SF/cs)  
Base: 4" Rubber base – coordinate color

#### **DOORS, HARDWARE:**

3070 1¾ flush solid core wood door, Rotary Birch Merlot stain finish  
3 hinges FBB 179 26D; lockset Stanley 626 US26D, wall stops – satin chrome  
finish  
3070 475-345 Black Timely Hollow Metal door frame .

#### **CEILING:**

2' X 4' - 15/16" grid system  
USG Radar Illusion Ceiling Tile or equal.

#### **WALL ASSEMBLIES:**

**Standard Wall Assembly:** 5/8" Type X Drywall 3-5/8" 25 ga. steel studs 24oc, 5/8" Type X  
Drywall.

**Demising Wall Assembly:** 5/8" Type X Drywall 3-5/8" 20 ga. steel studs 24oc, 3½"  
Fiberglass Insulation, 5/8" Type X Drywall, apply acoustical  
sealant at the intersection of the gypsum panel, floor system,  
and the leg of the steel runner; sealant should be applied at this  
location on both sides of the partition; Wall height to upper  
deck.

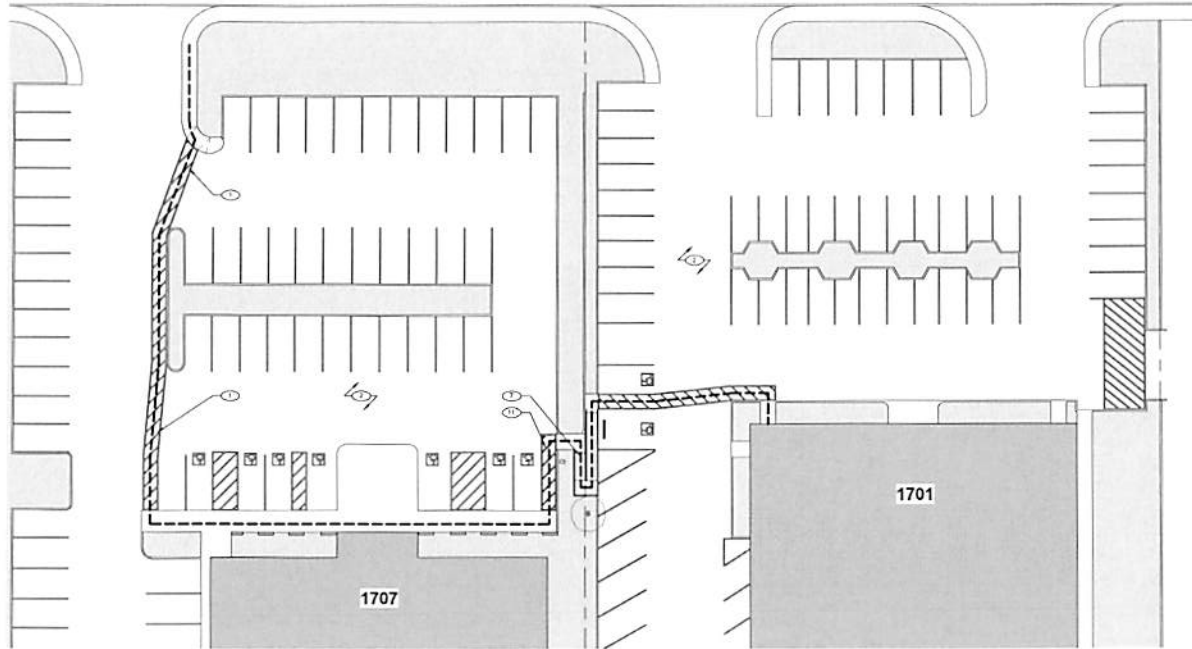
#### **PAINT SCHEME:**

Tenant to have up to a three color paint scheme.

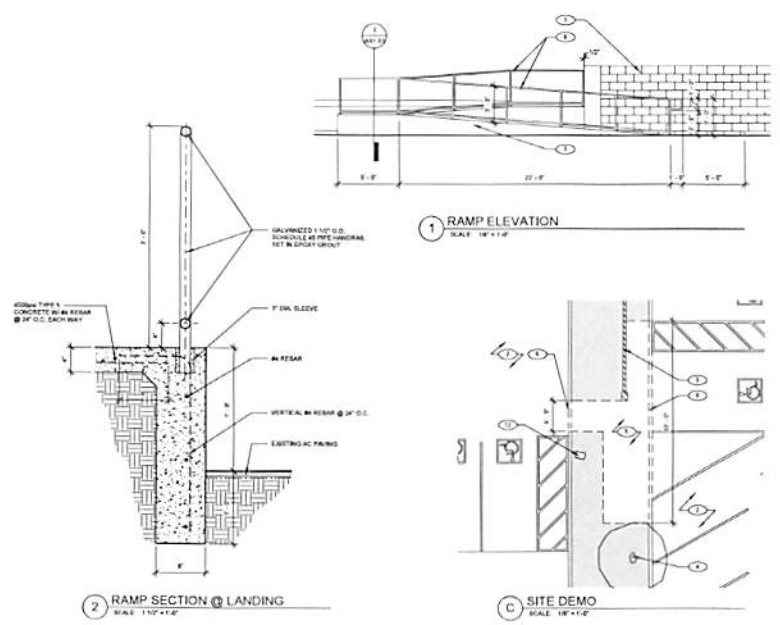
**Attachment E**  
**Stairway/Ramp Conceptual Drawings**  
**[See Attached]**



W. CHARLESTON BLVD.



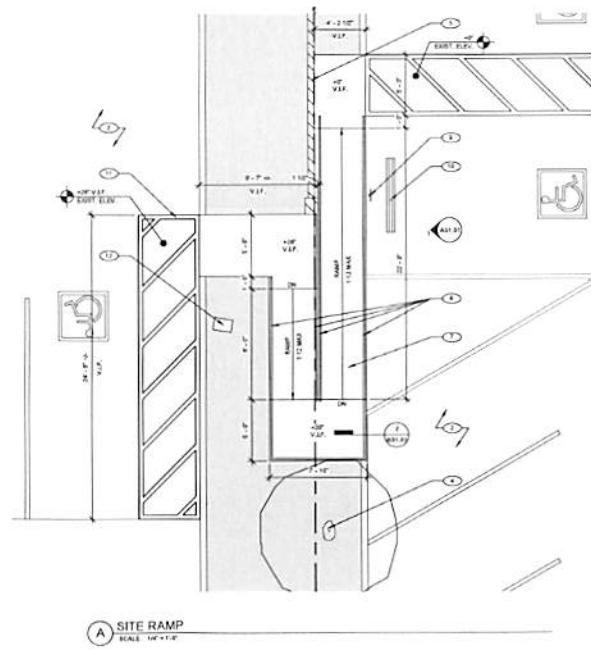
(B) SITE  
SCALE: 1/8" = 1'-0"



(1) RAMP ELEVATION  
SCALE: 1/8" = 1'-0"

(2) RAMP SECTION @ LANDING  
SCALE: 1/2" = 1'-0"

(C) SITE DEMO  
SCALE: 1/8" = 1'-0"



(A) SITE RAMP  
SCALE: 1/8" = 1'-0"

**GENERAL NOTES**

- 1 EXISTING IRRIGATION SERVICE IS TO REMAIN ACTIVE TO EXISTING LANDSCAPING TO REMAIN
- 2 PROTECT IN PLACE EXISTING LANDSCAPING TO REMAIN

**KEYNOTES**

- 1 EXISTING ACCESSIBLE ROUTE TO PUBLIC WAY
- 2 EXISTING PARKING
- 3 EXISTING CMU WALL TO REMAIN
- 4 EXISTING TREE TO REMAIN
- 5 DEMO EXISTING LANDSCAPING - REMOVE AND CAM IRRIGATION LINES IN DEMO AREA
- 6 DEMO EXISTING CURB
- 7 NEW CONCRETE RAMP
- 8 NEW GALVANEED 1 1/2" O.D. SCHEDULE 40 PIPE GENERAL W/ EDGE PROTECTION
- 9 NEW ACCESSIBLE PARKING SIGN
- 10 NEW WHEELSTOP
- 11 EXTEND ACCESSIBLE PATH STRIPING TO RAMP LANDING
- 12 EXISTING IRRIGATION CONTROL VALVE

**TATE SNYDER KIMSEY**  
ARCHITECTS

**90% CD SUBMITTAL**

**SITE PLAN / SITE DEMO / SITE RAMP**  
**UNR - ACCESSIBLE RAMP**  
**1701 W. CHARLESTON**

REV	DATE	DESCRIPTION	BY

Date: 05/02/2014  
Job No: 14-017.00  
Sheet No: AS1.01

**AS1.01**

700 N. Virginia Court, Houston, Texas 77060-8501 • Phone: 713-465-3000 • Fax: 713-465-8200  
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**Attachment F**

**Lease Commencement Memorandum**

[INSERT DATE]

University of Nevada School of Medicine  
1664 N. Virginia Street, M/S 1332  
Reno, Nevada 89557-1332

RE: Medical Office Lease dated \_\_\_\_\_, 2014 by and between Charleston Holdings, LLC (the "Lessor") and the Board of Regents of the Nevada System of Higher Education (the "NHSE") on behalf of the University of Nevada School of Medicine (the "UNSOM" or "Lessee"), concerning the building located at 1701 W. Charleston Blvd. in Las Vegas, Nevada (the "Premises").

Ladies and Gentlemen:

In accordance with the Medical Office Lease, we wish to advise you and/or confirm as follows:

1. The Commencement Date shall be December 15, 2014 and the Expiration Date shall be August 31, 2023.
2. Substantial Completion has occurred for the Premises
3. The date of Substantial Completion and of rent commencement for Suite 130 was \_\_\_\_\_.
4. The date of Substantial Completion and of rent commencement for Suite 190 was \_\_\_\_\_.
5. The date of Substantial Completion and of rent commencement for Suite 210 was \_\_\_\_\_.
6. The date of Substantial Completion and of rent commencement for Suite 270 was \_\_\_\_\_.
7. The date of Substantial Completion and of rent commencement for Suite 400 was \_\_\_\_\_.
8. The date of Substantial Completion and of rent commencement for Suite 590 was \_\_\_\_\_.
9. The date of Substantial Completion and of rent commencement for Suite 650 (including Suite 640 and Suite 690) was \_\_\_\_\_.
10. Rent is due and payable in advance on the first day of each and every month during the Term; rent checks should be made payable to Charleston Holdings, LLC.
11. The exact number of rentable square feet within the Premises is 57,977 square feet.

**LESSEE:**

**BOARD OF REGENTS ON BEHALF OF THE NEVADA SYSTEM OF HIGHER EDUCATION, on behalf of the  
University of Nevada School of Medicine**

**By:** \_\_\_\_\_  
**Ron Zurek, Vice President for Administration and Finance, UNR Daniel Klaich, Chancellor**

**By:** \_\_\_\_\_  
**Thomas L. Schwenk, MD  
Dean, School of Medicine &  
President, Integrated Clinical Services, Inc.**

**LESSOR:**

**CHARLESTON HOLDINGS, LLC**

**By:** \_\_\_\_\_  
**David Taban, Manager**

Exhibit 2

**OFFICE LEASE**

**by and between**

**SHP BUILDING I, LLC,  
a Nevada limited liability company**

**and**

**THE BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION  
ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE ON BEHALF OF  
THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE INGRADED CLINICAL  
SERVICES, INC., ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE  
MULTISPECIALTY GROUP PRACTICE SOUTH, INC.**

**Dated: \_\_\_\_\_, 2013**

## LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease"), is made and entered into as of the \_\_\_ day of \_\_\_\_, 2013, by and between SHP BUILDING I, LLC, a Nevada limited liability company (hereinafter "Landlord"), and THE BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE INTEGRATED CLINICAL SERVICES, INC., ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE MULTISPECIALTY GROUP PRACTICE SOUTH, INC. (hereinafter "Tenant").

WITNESSETH:

### I. DEFINITIONS.

(a) "The Project", shall mean the real property described in Exhibit "A" attached hereto and incorporated herein and the improvements constructed or to be constructed thereon.

(b) "The Building" shall mean (i) that certain office building constructed on the parcel of real property described in Exhibit "B" attached hereto and incorporated herein, and (ii) any and all other improvements thereon and appurtenances thereto.

(c) "Premises" shall mean the suite of offices located within the Building outlined on the floor plan attached to this Lease as Exhibit "C" attached hereto and incorporated herein. The Premises are stipulated for all purposes to contain approximately 15,560 square feet of Rentable Area (hereafter defined).

(d) "Base Rent" shall mean the sum of Three Hundred Forty-Five Thousand Four Hundred Thirty-Two Dollars (\$345,432.00) per annum as adjusted under subsection 5(b) hereof, based upon the amount of Rentable Area of the Tenant.

(e) "Commencement Date" shall mean December 1, 2013 or upon Substantial Completion of the improvements described in Section 4, whichever occurs later.

(f) "Lease Term" shall mean the term commencing on the Commencement Date and continuing until One Hundred Twenty (120) months after the first day of the calendar month in which Tenant initially pays Base Rent.

(g) "Rentable Area" of the Premises shall mean the total of (i) the entire area included within the Premises, being the area bounded by the outside surface of any exterior glass walls (or the outside surface of the permanent exterior wall where there is no glass) of the Building bounding the Premises, the exterior of all walls separating the Premises from any public corridors or other public areas, and the centerline of all walls separating the Premises from other areas leased or to be leased to other tenants, (ii) a pro rata portion, based on the space occupied on the floor or floors on which the Premises are located (the "Floor(s)"), of the areas covered by the elevators, elevator lobbies, stairways, corridors, lobbies, open-floor lobbies, restrooms, atriums, and by mechanical rooms, security rooms, electrical rooms and telephone closets situated on the Floor(s) (such pro rata portion shall be the same percentage that the amount of Rentable Area in the Premises bears to the Rentable Area on the Floor(s) on which the Premises is located), other than those servicing the entire Building, and (iii) a pro rata portion of the lobby and atrium area of the Building and of the area of the Building containing the stairways, security room, storage room, electrical/emergency equipment, electrical switching gear, telephone equipment,

elevator(s), elevator(s) equipment, mechanical rooms, and other facilities serving the Building (such pro rata portion shall be the same percentage that the amount of Rentable Area of the Premises bears to the total Rentable Area in the entire Building). The Building is stipulated for all purposes to contain approximately three (3) floors, of which approximately 15,560 square feet is Tenant's Rentable Area of the Premises.

(h) "Operating Expenses" shall mean all reasonable costs incurred by Landlord in owning, operating, cleaning, equipping, protecting, lighting, repairing, replacing, heating, air-conditioning and maintaining the Building as a first class professional office building. By way of illustration, but not limitation, Operating Expenses include the following: (i) all amounts charged to the Building pursuant to the covenants, conditions, restrictions and reservation of easements of record as more particularly set forth in Section 15 below, including any Supplemental Parking Areas; (ii) Real Property Taxes (hereafter defined), (iii) all costs, charges and surcharges for all utilities, sewage, waste disposal and refuse removal and all other utilities and services provided to the Building; (iv) insurance costs for which Landlord is responsible under this Lease or which Landlord or any Mortgagee deems reasonably necessary or prudent within acceptable general business practices in the area which such is insured; (v) any costs levied, assessed or imposed pursuant to any applicable laws; (vi) the costs (amortized over such period as Landlord reasonably determines) of any capital improvement to the Building or equipment replacement required by law; (vii) costs and expenses of operation, repair and maintenance of all structural and mechanical portions and components of the Building including, without limitation, plumbing, communication, HVAC, elevator, and electrical and other common Building systems; (viii) all costs incurred in the management and operation of the Building including, without limitation, gardening and landscaping, maintenance of all parking areas, structures and garages, maintenance of signs, resurfacing and repaving, painting, lighting, cleaning, and provision of Building security; (ix) all personal property taxes levied on or attributable to personal property used in connection with the Building; (x) management fees, wages, salaries and other labor costs incurred in the management and operation of the Building; (xi) reasonable legal, accounting and other professional fees; and (xii) reasonable and appropriate reserves for repair and replacements. Operating Expenses shall not include depreciation of the Building or equipment therein, commissions of real estate brokers and leasing agents, nor any amounts expended for tenant improvements. Notwithstanding anything contained herein, the following shall be excluded from Operating Expenses for purposes of this Lease:

- (1) Leasing commissions, attorney's fees, costs and disbursements and other expenses incurred in connection with negotiations for leases with other tenants, and similar costs incurred in connection with disputes between Landlord and tenants of the Building;
- (2) Tenant allowances, concessions, other costs incurred in building out, completing, renovating or otherwise improving or decorating space for tenants or other occupants of the Building or vacant leasable space in the Building;
- (3) Costs of correcting defects (including latent defects) in the construction of the Building, parking area or other improvements, or in the equipment used therein, except for conditions resulting from ordinary wear and tear, use, vandalism not occasioned by construction defects;
- (4) Depreciation of the Building and all equipment, fixtures, improvements and facilities in used connection therewith;
- (5) Costs (including penalties, fines and associated legal expenses) incurred due to the violation by Landlord of any applicable federal, state, and local government laws, ordinances, rules, orders, rules and regulations;
- (6) Except for management fees - overhead and profit paid to subsidiaries, partners, or other affiliates of Landlord for services on or to the Building or Property, to the extent that such amounts exceed competitive costs for services rendered by persons or entities of similar skill, competence and experience, other than a subsidiary, partner, or other affiliate of Landlord;
- (7) Any compensation paid to employees of other person related to commercial concessions operated by Landlord;

- (8) All services for which Tenant (or any other tenant) specifically reimburses Landlord or for which Tenant (or any other tenant) pay directly to third persons;
- (9) Costs incurred in installing, operating and maintaining any specialty not normally installed, operated, and maintained in buildings comparable to the Building without the prior approval of building tenants as such costs would be incurred to enhance their building;
- (10) Contributions to operating expenses reserves; and
- (11) Costs incurred in removing from the property former tenants or occupants of the Building, including attorney's fees and court costs.

(i) "Tenant's Share of Operating Expenses" shall be a fraction of which the numerator shall be the Rentable Area of the Premises or 14,964 Square Feet (whichever is smaller) and the denominator is 46,680 Square Feet (the "Rentable Area in the Building"). Tenant's Share of Operating Expenses shall not exceed a rate of \$0.40 per rentable square foot per month in the first year of the Lease Term, with annual increases not to exceed 5% thereafter.

(j) "Exterior Common Areas" shall mean those areas of the Project covered by and including any Supplemental Parking Areas which are not located within the Building and which are provided and maintained for the common use and benefit of Landlord and tenants of the Project generally and is subject to the cap rate expenses of paragraph 1i above..

(k) "Useable Area" for the Premises shall mean the Rentable Area for the Premises, minus the following: (i) the Premises' pro rata portion of the lobby area on the ground floor and electrical/emergency equipment, open air atrium or lobby area, stair areas, mechanical rooms, fire pump equipment, electrical switching gear, telephone equipment, mail delivery facilities, elevator and related areas, security rooms, trash rooms and other areas which service the entire Building as specified in the definition of Rentable Area, and (ii) the Premises' pro rata portion of the space occupied on the Floor(s) of the Premises covered by the elevator lobbies, corridors, restrooms, open air atrium or lobby area, stair rooms, mechanical rooms, electrical rooms and telephone closets situated on such floors as specified in the definition of Rentable area.

(l) "Real Property Taxes" shall mean and include any applicable tax, assessment, license fee, license tax, business license fee, commercial rental tax, levy, charge, penalty, tax or similar imposition, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, lighting, drainage, transportation, air pollution, environmental or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Building and/or the Premises, including, but not limited to, the following: (i) any tax on Landlord's "right" to rent or "right" to other income from the Premises or as against Landlord's business of leasing the Premises; (ii) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of Real Property Taxes (it is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of "Real Property Taxes" for the purposes of this Lease); (iii) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitations any gross income tax or excise tax levied by the state, county, city or federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy of the Building, or any portion thereof; (iv) any assessment, tax, fee, levy or charge upon this transaction creating or transferring an interest or an estate in the Premises. Real Property Taxes shall not include federal or state income, franchise, inheritance or estate taxes.

(m) "Adjustment Month(s)" shall mean each twelfth (12th) month anniversary of the Lease Term. For purposes of the foregoing definition, the "first month" of the Lease Term shall be deemed to be the first full calendar month during the Lease Term.

(n) "Lease Interest Rate" shall mean that fluctuating rate of interest equal to two percentage points (2%) over the rate of interest announced from time to time by the WSJ Bank Survey as its prime rate.

(o) "Mortgagee" shall mean the mortgagee under a mortgage or beneficiary under a deed of trust holding a first lien encumbering the Building or any leasehold interest of Landlord in the Building or any part thereof.

(p) "Laws" shall mean all applicable statutes, regulations, ordinances and orders promulgated by any federal, state, local or regional governmental authority.

(q) "Substantial Completion" or similar term shall mean the stage in the progress of Landlord's improvement obligations when the last of the following have occurred: (i) work is sufficiently complete in accordance with the applicable plans so that Tenant may occupy the Premises and utilize the same for its permitted business, subject to completion of any minor punch-list items that do not substantially interfere with Tenant's occupancy and use of the Premises; and (ii) a certificate of occupancy or its equivalent permitting the use and occupancy of the Premises is issued by the appropriate approving authority.

(r) "Tenant Delay" shall mean any delay that Landlord may encounter in the performance of Landlord's Work or obligations herein because of a material act or omission by Tenant or its agents or contractors, including without limitation, any delays attributable to: (i) material changes in or additions to the Landlord's Work including requests for long-lead items or improvements; (ii) the postponement or delay of Landlord's Work at the request of Tenant; (iii) Tenant's failure to submit information or approvals within the time limits reasonably required by Landlord.

## 2. LEASE GRANT.

Subject to and upon the terms and conditions herein set forth, Landlord leases to Tenant and Tenant leases from Landlord the Premises.

## 3. LEASE TERM.

- (a) This Lease shall continue in force during a period beginning on the Commencement Date and continuing until the expiration of the Lease Term, unless this Lease is sooner terminated or extended to a later date under any other term or provision hereof.
- (b) Notwithstanding the foregoing, if Substantial Completion of the improvements specified in Section 4 occurs beyond the Commencement Date, this Lease shall commence on the date of Substantial Completion of such improvements. In addition, if for any reason other than Tenant Delay, Substantial Completion of the improvements specified in Section 4 does not occur within one hundred twenty (120) days of the Commencement Date, this Lease shall commence on the date of substantial completion and Tenant shall receive a credit of one and one half (1.5) day's Base Rent for each day of delay and such amount will be credited toward Tenant's first installment of Base Rent otherwise due under this Lease.
- (c) If Substantial Completion of the improvements specified in Section 4 does not occur within one hundred eighty (180) days after the Commencement Date, Tenant may terminate this Lease

provided such delay is not due to any act of God or failure of any governmental entity to issue any required permits for which Landlord diligently applied.

- (d) If, the improvements specified in Section 4 have not been substantially completed on the Commencement Date due to Tenant Delay or default by Tenant, this Lease (including without limitation, the obligation to pay Base Rent) shall nonetheless commence one hundred twenty (120) days after the Commencement Date.

#### 4. IMPROVEMENTS.

Landlord, at its sole cost and expense, will use commercially reasonable efforts to complete certain "turn-key" improvements to the Premises (the "Improvements"). The Improvements are described in Exhibit G ("Landlord's Work Letter") and Exhibit H (the "Improvement Plan") and are to be constructed in a workmanlike manner utilizing good materials. Tenant shall at all times have the right to review and approve all designs and materials utilized by Landlord for construction of the Improvements and any changes or revisions to the Improvement Plan. Landlord will not permit any mechanic's lien(s) or other liens to be placed on the Premises related to construction of the Improvements and shall obtain all necessary lien releases. Tenant shall be responsible for the costs associated with any substantial changes to the Improvement Plan or scope of work set forth in Landlord's Work Letter.

#### 5. FISCAL FUNDING OUT.

It is understood and agreed, notwithstanding the provisions, terms, and conditions of this Lease, that, pursuant to NRS354.626 or other applicable law, in the event any recognized funding authority fails to appropriate sufficient funds to the Nevada System of Higher Education, the University of Nevada, Reno or its Divisions, Colleges, or Departments, to enable obligations to be fulfilled under this Lease for the ensuing fiscal year or any part thereof, all rights and obligations of Landlord and Tenant under this Lease shall terminate upon thirty (30) days written notice to Landlord of Tenant's intent to exercise this "Fiscal Fund Out Right". In the event that Tenant exercises this right, Tenant shall repay to Landlord any unamortized costs of the Improvements in excess of \$50.00 per square foot made to the Premises and any leasing costs incurred by Landlord.

#### 6. USE OF PREMISES AND COMMON AREAS.

The Premises shall be used for medical and related services, professional services, retail business, and other business purposes. Tenant agrees not to use or permit the use of the Premises for any purpose which is illegal, creates a nuisance, or would substantially increase Landlord's cost of insurance coverage with respect to the Building. Tenant shall have access 24 hours per day, 7 days per week, and 52 weeks per year, to the Premises, Building, Seven Hills Plaza development, and its parking facilities.

(a) Common Areas of Building. Tenant shall have the nonexclusive right to use in common with other tenants in the Building, and subject to the rules of the Building referred to in Paragraph 15 below, the following areas (the "Common Areas") appurtenant to the Premises:

(i) The common entrances, lobbies, restrooms, waiting room, elevators, stairways and access ways, loading docks, ramps, drives and platforms and any passageways and service ways thereto, and the common pipes, conduits, wires and appurtenant equipment serving the Premises.

(ii) Parking areas (subject to the provisions of the Parking Agreement attached hereto as Exhibit "D"), loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways and landscaped areas appurtenant to the Building.



(b) Exterior Common Areas of Project. Tenant shall have the nonexclusive right to use in common with other tenants of the Project, the Exterior Common Areas, subject to such rules and regulations as Landlord may from time to time reasonably adopt.

(c) Landlord's Rights in Common Areas. Landlord reserves the right from time to time without unreasonable interference with Tenant's use or its business or access to the Premises:

(i) To install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises which are located in the Premises or located elsewhere outside the Premises;

(ii) To make changes to the Common Areas, including, shape and number of driveways, entrances, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways and, subject to the Parking Agreement, parking spaces and parking areas;

(iii) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(iv) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Building, or any portion thereof; and

(v) To do and perform such other acts and make such other changes in, to or with respect to the Project, Common Areas and Building as Landlord may, in the exercise of sound business judgment, deem to be appropriate.

(d) Building Signage. Tenant shall be allowed, at its sole expense, to place signage on the north facing side of the Building. The location of such signage shall be as depicted in the Signage Plan attached hereto as Exhibit I.

(e) Mix of Tenants. Tenant hereby expressly acknowledges and agrees that the Project has both retail and office uses, including, without limitation, dine-in restaurants and drive through restaurants. Tenant hereby expressly acknowledges and agrees that Landlord has and/or intends to enter into various license agreements and/or leases in connection with leasing the Project whereby Landlord may grant exclusive licenses to licensees, other tenants, and/or other third parties for the use of certain products, brand names, or services. Regardless of whether Landlord has shown Tenant any drawings, schematics, or other writings (including, without limitation, any Exhibit attached to this Lease), and regardless of whether Landlord has made any representation as to other persons with whom Landlord is negotiating leases for the Project or with whom Landlord has negotiated leases for the Project, Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or number or type of tenants shall or shall not during the Term (defined below) occupy any space in the Project, nor does Tenant rely on any other tenant or tenants operating its or their business and/or affairs at or in the Project at any particular time or times. Tenant hereby waives any and all claims that, but for this sentence, it might have against Landlord by reason of such conduct by one or more of such persons and entities Landlord agrees to use reasonable efforts to be sure Mix Tenants reasonably retain the Class "A" presence of the Project.

## 7. BASE RENT AND ADDITIONAL RENT.

(a) Base Rent. Tenant agrees to pay to Landlord during the Lease Term, and without any set off or deduction whatsoever, the Base Rent (subject to increase as set forth in subparagraph (b) below, and all such other sums of money as shall become due hereunder as Additional Rent (hereinafter defined). In the event of nonpayment, Landlord shall be entitled to exercise all rights and remedies as are herein provided. The annual Base Rent for each calendar year or portion thereof during the Lease Term, together with estimated Additional Rent pursuant to Section 8 hereof then in effect, shall be due and payable in advance, in twelve (12) equal installments on the first day of each calendar month during the initial term of this Lease and any extensions or renewals thereof. Tenant hereby agrees to pay such Base Rent and Additional Rent to Landlord at Landlord's address provided herein (or such other address as may be designated by Landlord in writing from time to time) monthly, in advance and without demand. If the Lease Term commences on a day other than the first day of a month or terminates on a day other than the last day of a month, then for the initial month of such Lease Term or the last month of the termination, then the Base Rent and Additional Rent for such month shall be prorated, based on the number of days in such month.

(b) Cost of Living Increases. The Base Rent shall be increased on the first day of each Adjustment Month by 2.5%, adjusting per annum during the Lease Term. Landlord shall notify Tenant of each increase by delivering a written statement setting forth the new amount of the Base Rent. Tenant shall pay the new Base Rent from its effective date until the next periodic increase.

(c) Abated Rent. Tenant shall pay no Base Rent for the first six(6) full months of the Lease Term.

(d) Additional Rent. All charges payable by Tenant hereunder other than Base Rent (including, without limitation, Operating Expenses payable pursuant to Section 8 below) are called "Additional Rent". Unless this Lease provides otherwise, all Additional Rent shall be paid with the next monthly installment of Base Rent or thirty (30) days after Tenant's receipt of written invoice from Landlord, whichever is later. Base Rent and Additional Rent are sometimes referred to collectively as "Rent".

(e) Late Payments. With the exception of the initial rent due at the Commencement Date for the initial month or portion thereof, all Rent is due and payable in advance on the first day of the month. Any rental installment paid after the 10th day of the month shall include an additional amount equal to ten percent (10%) of the overdue installment. In addition, for each subsequent month or part thereof for which an installment of rent remains unpaid Tenant shall be assessed and pay to Landlord an additional ten one percent (1%) of the overdue installment. The parties acknowledge that the exact amount of damages arising from the delayed payment is not readily ascertainable and that the additional charges represent a reasonable estimate and agreed amount as to such damages. Nothing contained herein shall relieve the Tenant from the obligation to make prompt payment when due or modify any rights Landlord possesses by reason of Tenant's failure to make timely payments. Landlord shall notify Tenant in writing of any delinquent rent due.

## 8. OPERATING EXPENSES.

(a) Tenant shall pay to Landlord as Additional Rent, a proportionate share of the Operating Expenses for the Building calculated by multiplying the total of Operating Expenses for the Building by Tenant's Share of Operating Expenses as set forth in subsection 1(i). Such amount shall be paid in advance in monthly installments on the same dates as Base Rent is due and payable hereunder based on Landlord's from time to time good faith estimate of the Operating Expenses for the current calendar year. Landlord shall have the right to adjust such amount to reflect any changes in Landlord's estimate of Operating

Expenses. Any excess payments will be credited to operating expenses of the Tenant for the following year.

(b) Before the Commencement Date and during December of each subsequent year, or as soon thereafter as practical, Landlord shall give Tenant notice of its estimate of any amounts payable under Section 8(a) for the ensuing calendar year. On or before the first day of each month during the ensuing calendar year, Tenant shall pay to the Landlord one-twelfth of such estimated amounts, provided if such notice is not given in December, Tenant shall continue to pay on the basis of the prior year's estimate until the month after notice is given. If at any time it appears to Landlord that the amounts payable under Section 8(a) above for the current calendar year will vary from its estimate by more than ten percent (10%), Landlord shall, by notice to Tenant, revise its estimate for such year, and subsequent payments by Tenant for such year shall be based on such revised estimate.

(c) Tenant at its expense shall have the right at all reasonable times to inspect Landlord's books and records relating to the Lease and the Building for any year in which Operating Expenses are due. Any such inspection shall be conducted at Landlord's office during normal business hours. Tenant, shall also have the right, at its expense, following prior written notice to Landlord, to audit Landlord's books and records relating to Operating Expenses using an independent certified public accountant; or at Landlord's sole discretion, Landlord will provide such audit prepared by an independent certified public accountant.

#### 9. SERVICES TO BE FURNISHED BY LANDLORD AT TENANT'S COST.

Landlord agrees to furnish Tenant, at Tenant's cost and expense, the following services:

(a) Hot and cold water at those points of supply provided for general use of other tenants in the building, central heat and air conditioning in season, at such temperatures and in such amounts as are reasonably considered by Landlord to be standard or as required by governmental authority.

(b) Routine maintenance and electric lighting service for all common areas and service areas of the Building in the manner and to the extent deemed by Landlord to be standard.

(c) Subject to the provisions of Section 13, facilities to provide all electrical current required by Tenant in its use and occupancy of the Premises.

(d) All Building Standard fluorescent bulb replacement in the Premises and fluorescent and incandescent bulb replacement in the Common Areas of the Building.

(e) Heating, ventilation and air conditioning ("HVAC") during all customary business hours and, at Tenant's reasonable request, at any other hours.

The failure by Landlord to any extent to furnish, or the interruption or termination of these defined services in whole or part, resulting from causes beyond the reasonable control of Landlord shall not render Landlord liable in any respect nor be construed as an eviction of Tenant, nor work an abatement of Rent, nor relieve Tenant from the obligation to fulfill any covenant or agreement hereof.

#### 10. TENANT ALTERNATIONS AND IMPROVEMENTS.

Tenant, at Tenant's expense, shall have the right, upon Landlord's written consent (which consent shall not be unreasonably withheld) to remodel, redecorate, and make additions, improvements and replacements of and to all or part of the Premises from time to time as Tenant may deem desirable, provided the same are made in a workmanlike manner utilizing good quality materials. Tenant shall be

responsible to pay any applicable ad valorem taxes associated with any such improvements and Landlord's consent to such improvements may be withheld in the event the improvements would materially increase Landlord's cost of insurance. Except as otherwise provided in this Lease all alternations or improvements made to the Premises by Tenant shall become the property of Landlord upon termination of this Lease.

Tenant shall have the right to place and install personal property, equipment and other temporary installations in and upon the Premises. All personal property, equipment and other temporary installations shall not cause noise or vibrations to such a degree as to be reasonably objectionable to Landlord or other tenants. All personal property, equipment and other temporary installations, whether acquired by Tenant at commencement of this Lease or placed or installed on the Premises by Tenant thereafter, shall remain Tenant's property, free and clear of any claim by Landlord. Tenant shall have the right to remove any personal property, equipment or other temporary installations at any time provided that Tenant shall repair, at Tenant's expenses, all damage to the Premises caused by such removal. In the event Tenant fails to remove any personal property, equipment or other temporary installations upon termination of this Lease, Landlord may remove the same at Tenant's costs.

#### 11. MAINTENANCE AND REPAIR OF PREMISES BY LANDLORD.

Landlord shall maintain or cause to be maintained in good operating condition the Building, including the Common Areas, the structure of the Building, and shall be responsible for maintenance of such and repairs to the exterior walls, load bearing elements, foundations, roofs, structural columns, the HVAC system and Landlord shall make all required repairs thereto. Furthermore, Landlord represents and warrants to Tenant that:

- (i) the HVAC system, elevators, electrical system, plumbing system, fire prevention system, roofs, foundations and all structural components of the Building are in good working order and conditions and are fit for their intended purposes;
- (ii) to the best of Landlord's knowledge, the Building does not contain any material quantities of asbestos and there are no underground storage tanks for petroleum products, active or abandoned, located on the land on which the building is located.

#### 12. GRAPHICS.

Landlord shall approve all letters or numerals at Tenant's cost on doors in the Premises; all such letters and numerals shall be in the standard graphics for the Building and no others shall be used or permitted on the Premises without Landlord's prior written consent.

#### 13. CARE OF THE PREMISES BY TENANT.

Tenant agrees not to commit or allow any waste to be committed on any portion of the Premises, and, except as otherwise provided in this Lease, at the termination of this Lease agrees to deliver up the Premises to Landlord in as good condition as at the Commencement Date of this Lease, except for (i) ordinary wear and tear, (ii) acts of God, and (iii) fire or other similar cause of loss..

Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot for which such floor was designed to carry. Landlord reserves the right to utilize a structural engineer or other expert to determine whether Tenant's use of the Premises will or does exceed the load limit and Tenant shall be responsible for the reasonable costs of such engineer or expert.

14. REPAIRS AND ALTERATIONS.

Tenant covenants and agrees with Landlord, at Tenant's own cost and expense, to repair or replace any damage done to the Building or Premises, or any part thereof, caused by Tenant, or any person or entity for which Tenant is legally liable to the extent and limit of Tenant's liability under NRS Chapter 41, and such repairs shall restore the Building to as good a condition as it was in prior to such damage, and shall be effected in compliance with all applicable laws; provided, however, if Tenant fails to make such repairs or replacements within 30 days or Tenant is diligently making efforts to repair such items that may be longer than such 30 day period, Landlord may, at its option, make repairs or replacements, and Tenant shall pay the reasonable cost thereof to Landlord on demand as Additional Rent. Tenant agrees with Landlord not to install any vending machines on the Premises, or place signs on the Premises without first obtaining the written consent of Landlord in each such instance, which consent may be given on such conditions as Landlord may elect.

15. USE OF ELECTRICAL SERVICES BY TENANT.

Landlord shall install electrical meters for the Premises separate from the remainder of the Building as specified in the Improvement Plan and Tenant shall thereafter pay all charges of the utility company providing electric service and Landlord shall make an appropriate adjustment to Tenant's obligation to pay a proportionate share of the Operating Expenses to account for the fact that Tenant is directly paying such metered charges.

16. LAWS AND REGULATIONS.

Landlord and Tenant agree to comply with applicable laws, ordinances, rules and regulations, with their respective responsibilities to be allocated as follows:

- (a) Tenant will be responsible for compliance with all applicable laws, ordinances, rules and regulations now in force or that may hereafter be in force with respect to the operation of Tenant's business or the Premises, including, without limitation, any accommodations or alterations that need to be made within the Premises to accommodate disabled employees or customers of Tenant pursuant to the requirements of the Americans with Disabilities Act.
- (b) Except for the obligations of Tenant under subsection (a) above, Landlord shall be responsible for compliance with all applicable law, ordinances, rules and regulations now in force or which may hereafter be in force that affect the Building, including with limitation, the Americans with Disabilities Act, and local building and fire code requirements.

17. BUILDING RULES.

Tenant will comply with the rules of the Building and the Project (Exhibit E) adopted and altered by Landlord from time to time and will cause all of its agents, employees, and invitees to do so; all changes to such rules will be sent by Landlord to Tenant in writing. Tenant acknowledges receipt of all covenants, conditions, restrictions and reservation of easements of record affecting the use and operation of the Project and the Premises including, but not limited to, that certain Declaration of Covenants, Conditions and Restrictions recorded in Book / Instrument No. 20070730-0004196 of the Official Records of Clark County, Nevada, and agrees that Landlord reserves the right to create and have recorded against the Premises, additional covenants, conditions, restrictions and reservation of easements, provided same shall not adversely impact or affect Tenant's permitted use of the Premises.

18. ENTRY BY LANDLORD.

Tenant agrees to permit Landlord or its agents or representatives to enter into and upon any part of the Premises at all reasonable hours with at least 24 hours prior written notice (and in emergencies at all times) to inspect the same, or to show the Premises to prospective Mortgagees, tenants or insurers, or buyers, to clean or make repairs, alterations or additions thereto, and Tenant shall not be entitled to any abatement or reduction of rent by reason thereof.

19. ASSIGNMENT, SUBLETTING AND ADDITIONAL SPACE.

(a) Assignment and Subletting: Tenant may not assign, sublease or transfer this Lease or any interest therein without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, Landlord's consent to an assignment of the Lease or subletting of all or part of the Premises shall not be required if the assignee or subtenant is (i) an entity, owned, held or affiliated with the Nevada System of Higher Education, the University of Nevada, Reno, the University of Nevada School of Medicine, Integrated Clinical Services, Inc. or the MultispecialityGroup Practice South, Inc., or an agency or department of the State of Nevada, and (ii) does not compete directly for business with any of the other tenants of the Building. Except as otherwise provided herein, any assignment, encumbrance, or sublease without Landlord's written consent shall be voidable and at Landlord's election, shall constitute a default.

(b) Additional Space: Tenant shall have a right of first negotiation for any office space in the Building that is or becomes available during the Lease Term of any extensions.

20. LIENS.

Tenant will not permit any mechanic's lien(s) or other liens to be placed upon the Premises or the Building and nothing in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to any person for the performance of any labor or the furnishing of any materials to the Premises, or any part thereof, nor as giving Tenant any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to any mechanics' or other liens against the Premises. In the event any such lien is attached to the Premises, then, in addition to any other right or remedy of Landlord, Landlord may, but shall not be obligated to, discharge the same. Reasonable amounts paid by Landlord for any of the aforesaid purposes shall be paid by Tenant to Landlord on demand as Additional Rent.

21. INSURANCE.

(a) Property Insurance. Landlord shall maintain (1) Property insurance on an all risk coverage basis (Business Insurance covering Special Causes of Loss) in an amount required to replace the Building and its foundation(s), the Landlord's permanently installed machinery and equipment contained with the Building, the Landlord's fixtures, and the improvements and betterments which have become part of the Building, at 100% of the replacement costs thereof, and (2) Business Personal Property insurance on an all risk coverage basis (covering Special Causes of Loss) in an amount required to replace all of the Landlord's furnishing, equipment and personal property contained in or on the Building. Such insurance shall be maintained by Landlord, but partially paid by Tenant (as a part of the Operating Expenses), and payments for losses thereunder shall be made solely to Landlord or the Mortgagees as their respective interests shall appear. Any deductibles under the property insurance policy applicable to losses shall be the sole responsibility of the Landlord. Tenant shall maintain self-insurance sufficient to cover Tenant's liability under NRS Chapter 41 and keep in force at all times during the Lease Term, as well as Tenant Improvement build-out period, a policy or policies of insurance or self-insurance covering loss or

damage to all of the improvements, betterments and business contents located within the Premises in the amount of the full replacement value thereof.

(b) Liability Insurance. Landlord shall maintain a commercial general liability insurance policy (written on an occurrence basis) not less than: (i) One Million Dollars (\$1,000,000) per occurrence for bodily injury and property damage liability arising out of its premises and continuing operations; (ii) Two Million Dollars (\$2,000,000) per occurrence for bodily injury and property damage liability arising out of its products and complete operations, and (iii) One Million Dollars (\$1,000,000) per person or entity for personal and advertising injury with a One Million Dollar (\$1,000,000) aggregate. Tenant shall maintain self-insurance sufficient to cover Tenant's liability under NRS Chapter 41, at Tenant's expense, maintain either a self-insurance fund and/or a policy of Commercial General Liability insurance insuring Landlord and Tenant against liability arising out of the, use, occupancy or maintenance of the Premises. Tenant shall at Tenant's expense, maintain such other liability insurance as Tenant deems necessary to protect Tenant.

(c) Requirements for Insurance Policies. If applicable, insurance required to be maintained by Landlord and Tenant hereunder shall be in companies holding a "General Policyholders' Rating" of A- or better, as set forth in the most current issue of "Best's Insurance Guide", or a policy underwritten by Lloyd's of London.

(d) Waiver of Subrogation Rights. Landlord and Tenant each hereby waive subrogation and all of rights of recovery against the other party and any other person or entity claiming subrogation or rights of recovery.

## 22. INDEMNITY.

In accordance with the limits of NRS Chapter 41, Tenant hereby indemnifies and holds harmless Landlord from and against any and all liabilities, damages, claims, actions, costs and expenses (including reasonable attorneys' fee) arising out of Tenant's use, occupancy, operations and maintenance of the Premises provided that any such liability, damages, claims, action, costs and expenses (including reasonable attorneys' fees) caused by a negligent act or omission of Tenant or any person or entity for which Tenant is legally liable. The foregoing provisions shall not be construed to make Tenant responsible for liabilities, damages, claims, action, costs and expenses (including reasonable attorneys' fees) caused by the negligence or omission of Landlord or any person or entity for which Landlord is legally liable. Notwithstanding the foregoing, Tenant shall not indemnify or hold harmless Landlord for any liability, damages, claims, action, costs or expenses (including reasonable attorneys' fees) to the extent that Landlord has been (or will or might be) paid or reimbursed by insurance or any other person or entity for such liability, damages, claims, actions costs and expenses (including reasonable attorneys' fees). Nothing therein shall constitute a waiver of Tenant's limits of liability under NRS Chapter 41 or other applicable law.

Landlord hereby indemnifies and holds harmless Tenant from and against any and all liability, damages, claims, actions, costs and expenses (including reasonable attorneys' fees) arising out of Landlord's use, occupancy, operation and maintenance of the Building and associated property provided that such liability, damages, claims, action costs and expenses (including reasonable attorneys' fees) are caused by a negligent act or omission of Landlord or any person or entity for which Landlord is legally liable. The foregoing provisions shall not be construed to make Landlord responsible for liabilities, damages, claims, actions, costs and expenses (including reasonable attorneys' fees) caused by the negligence or omission of Tenant or any person or entity to which Tenant is legally liable. Notwithstanding the foregoing, Landlord shall not indemnify or hold harmless Tenant for any liability, damages, claims, actions, costs or expenses (including reasonable attorneys' fees) to the extent Tenant has been (or will be or might be) paid or

reimbursed by insurance or any other person or entity for such liability, damages, claims, actions, costs and expenses (including reasonable attorneys' fees).

### 23. CASUALTY DAMAGE.

- (a) If the Building, Premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give prompt written notice thereof to Landlord, but in no event shall such notice be provided to Landlord later than twenty-four (24) hours from the occurrence being discovered by Tenant of such fire or other casualty. In case the Building, Premises or any part thereof shall be so damaged that substantial alteration or reconstruction of the Building or Premises shall, in Landlord's sole opinion, be required (whether or not the Premises shall have been damaged by such casualty) or in the event any mortgagee of Landlord's should require that the insurance proceeds payable as a result of a casualty be applied to the payment of the mortgage debt or in the event of any material uninsured loss to the Building or Premises, Landlord may, at its option, terminate this Lease by notifying Tenant in writing of such termination within fifteen (15) days after the date of such casualty. If Landlord does not thus elect to terminate this Lease, Landlord shall commence and proceed with reasonable diligence to restore the Building or Premises to substantially the same condition in which it was immediately prior to the occurrence of the casualty, except that Landlord's obligation to restore shall not exceed the scope of the work required to be done by Landlord in originally constructing the Building or Premises and installing Building Improvements. Additionally, Landlord shall not be required to spend for such work an amount in excess of the insurance proceeds actually received by Landlord as a result of the casualty.
- (b) If Landlord elects to repair the damage and the Building or Premises have not been made ready for occupancy within one hundred twenty (120) days, then Tenant shall have the right and option to terminate this Lease by Landlord giving written notice thereof. Following any casualty loss that renders the Building or Premises untenable Tenant shall be entitled to an abatement of rent from the date of the damage or destruction until the Building or Premises are rendered tentable, notwithstanding any negligence or omission on the part of Tenant or any person entity for which Tenant may be legally liable. If the Lease is terminated by the Tenant pursuant to this subsection, rent shall be prorated to the date of the damage or destruction and any prepaid rents or other prepaid amounts shall be refunded to Tenant. Landlord shall not be liable for any inconvenience or annoyance to Tenant or injury to the business of Tenant resulting in any way from such damage or the repair thereof.

### 24. CONDEMNATION.

If the whole or substantially the whole of the Building or the Premises should be taken for any public use, by right of eminent domain or otherwise or should be sold in lieu of condemnation, then this Lease shall terminate as of the date when physical possession of the Building or the Premises is taken by the condemning authority. If less than the whole or substantially the whole of the Building or the Premises is thus taken or sold, Tenant (whether or not the Premises are affected thereby) may terminate this Lease by giving 30 days written notice thereof to the Landlord; in which event this Lease shall terminate as of the date when physical possession of such portion of the Building or Premises is taken by the condemning authority. If the Lease is not so terminated upon any such taking or sale, the Base Rent payable hereunder shall be diminished by an equitable amount, and Landlord shall, to the extent Landlord deems feasible, and if not feasible, subject to Tenant again having such option to terminating such lease restore the Building and the Premises to substantially their former condition, but such work shall not exceed the scope of the work done by Landlord in originally constructing the Building nor shall Landlord in any event be required to spend for such work an amount in excess of the amount received by Landlord as compensation for such taking. All amounts awarded upon a taking of any part or all of the Building or



the Premises shall belong to Landlord, and Tenant shall not be entitled to and expressly waives all claims to any such compensation.

#### 25. DAMAGES FROM CERTAIN CAUSES.

Landlord shall not be liable to Tenant for any loss or damage to any property or person occasioned by, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition, or order of governmental body or authority or by any other cause beyond the control of Landlord. Nor shall Landlord be liable for any damage or inconvenience which may arise through repair or alteration of any part of the Building or Premises for such reasons within this paragraph 23.

#### 26. EVENTS OF DEFAULT.

The following events shall be deemed to be events of default ("Events of Default") by Tenant under this Lease:

(a) If Tenant abandons the Premises for thirty (30) consecutive days, provided however, that Tenant may vacate the Premises so long as it continues to pay rent hereunder and to maintain the security of the Premises;

(b) If Tenant fails to pay Rent or any other charge required to be paid by Tenant, as and when due;

(c) If Tenant fails to perform any of Tenant's non-monetary obligations under this Lease for a period of ten (10) business days after written notice from Landlord; provided that if more than ten(10) business days are required to complete such performance, Tenant shall not be in default if Tenant commences such Performance within such ten(10)day period and thereafter diligently pursues its completion:

(d) (i) If Tenant makes a general assignment or general arrangement for the benefit of creditors; (ii) if a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by or against Tenant and is not dismissed within thirty (30) days; (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease and possession is not restored to Tenant within thirty (30) days; or (iv) if substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure which is not discharged within thirty (30) days. If a court of competent jurisdiction determines that any of the acts described in this subsection (d) is not a default under this Lease, and a trustee is appointed to take possession (or if Tenant remains a debtor in possession) and such trustee or Tenant transfers Tenant's interest hereunder, then Landlord shall receive, as Additional Rent, the difference between the rent (or any other consideration) paid in connection with such assignment or sublease and the rent payable by Tenant hereunder; or

(e) Any representation or warranty made by Tenant or by a subtenant or assignee in connection with this Lease shall have been false or misleading as of the date such representation or warranty was made.

#### 27. LANDLORD'S REMEDIES.

Upon the occurrence of any Event of Default by Tenant, Landlord may, without limiting Landlord in the exercise of any right or remedy which Landlord may have:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's

default, including without limitation (i) the worth at the time of the award of the unpaid Base Rent, Additional Rent and other charges which had been earned at the time of the termination; (ii) the worth at the time of the award of the amount by which the unpaid Base Rent, Additional Rent and other charges which would have been earned after termination until the time of the award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in maintaining or preserving the Premises after such default, the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation or alteration of the Premises, Landlord's reasonable attorneys' fees incurred in connection therewith, and any real estate commission paid or payable. Landlord has the duty to reasonably mitigate damages and shall not be able to collect avoidable damages. As used in subparts (i) and (ii) above, the "worth at the time of the award" is computed by allowing interest on unpaid amounts at the rate of twelve percent (12%) per annum, or such lesser amount as may then be the maximum lawful rate, accruing the date such payments are due until paid. As used in subpart (iii) above, the "worth at the time of the award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%).

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover Rent as it becomes due hereunder. Landlord's election to maintain Tenant's right to possession shall not prejudice Landlord's right, at any time thereafter to terminate Tenant's right to possession and proceed in accordance with subsection 25(a) above; or

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the State of Nevada.

Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy. Notwithstanding the provisions of this section, Tenant shall not be deemed in default until Tenant has received reasonable notice of such default. For purposes of this paragraph, "reasonable notice" shall be at least five (5) days in the case of payment of rent and other charges, and at least thirty (30) days for all other events constituting default.

## 28. LANDLORD'S DEFAULT.

Except as otherwise provided herein, in the event Landlord fails to perform any of its obligations under this Lease and fails to cure such default within thirty(30) days (or such other reasonable period in the event the failure cannot be cured within thirty days through due diligence) after written notice from Tenant specifying the nature of such default, then Tenant shall have the following remedies:

- (a) Tenant may proceed in equity or at law to compel Landlord to perform its obligations and recover damages proximately caused by such failure to perform, except as otherwise provided in this Lease;
- (b) Tenant may cure any default of Landlord at Landlord's cost and deduct the cost of such cure from the next installment of rent and other amounts payable under this Lease.

## 29. PEACEFUL ENJOYMENT.

Landlord and Tenant covenant that Tenant shall and may peacefully have, hold, and enjoy the Premises, subject to the other terms hereof, provided that Tenant pays the rent and other sums herein recited to be paid by Tenant and performs all of Tenant's covenants and agreements herein contained. This covenant

of Landlord shall be binding upon Landlord and its successors only with respect to breaches occurring during its or their respective periods of ownership of Landlord's interest hereunder.

30. HOLDING OVER.

In the event Tenant holds over after the expiration or termination of the Lease Term, with or without the express or implied consent of Landlord, such tenancy shall be a tenancy at sufferance only, and not subject to any renewal, and such period shall be subject to each and every term, covenant, and agreement contained herein; provided, however, that Tenant shall pay Base Rent during any holding over period in an amount equal to one-hundred ten percent (110%) of the Base Rent payable immediately preceding the expiration or termination of the Term. Nothing in this Section 28 shall be construed as a consent by Landlord to any holding over by Tenant and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises upon the expiration or termination hereof and to assert any remedy in law or equity to evict Tenant or collect damages in connection with such holding over.

31. SUBORDINATION TO MORTGAGE.

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Premises, upon the Building or upon the Project as a whole, and to any renewals, refinancing and extensions thereof, but Tenant agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Premises, the Building or the Project as a whole, and Tenant agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Landlord may request. The terms of this Lease are subject to approval by Landlord's permanent lender(s), and such approval is a condition precedent to Landlord's obligations hereunder. In addition, all leases of Portions of the Building will be absolutely and unconditionally subordinate to such permanent lender(s)' mortgage; such lender(s) shall have discretion as to whether or not it shall enter into an attornment and non-disturbance agreement with Tenant and as to the form of any such agreement. Tenant agrees that it will from time to time upon request by Landlord execute and deliver to such persons as Landlord shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under the Lease have been paid, stating that Landlord is not in default hereunder (or if Tenant alleges default stating the nature of such alleged default) and after stating such other matters as Landlord shall reasonably require.

32. TENANT ESTOPPEL CERTIFICATES.

Within ten (10) business days after written request from Landlord Tenant shall execute and deliver to Landlord or Landlord's designee, a written statement certifying

(a) that this Lease is unmodified and in full force and effect or is in full force and effect as modified and stating the modifications;

(b) the amount of Base Rent and the date to which Base Rent and additional rent have been paid in advance; and

(c) that Landlord is not in default hereunder or, if Landlord is claimed to be in default, stating the nature of any claimed default.

Any such statement may be relied upon by a Purchaser, assignee or lender. Tenant's failure to otherwise respond or execute and deliver such statement within the time required shall be conclusive upon Tenant that: (i) this Lease is in full force and effect and has not been modified except as represented by Landlord; (ii) there are no uncured defaults in Landlord's performance and that Tenant has not modified this lease except as represented by Landlord; (iii) there are no uncured defaults in Landlord's Performance and that Tenant has no right of offset, counterclaim or deduction against Rent; and (iv) not more than one month's Rent has been paid in advance.

33. ATTORNEYS FEES.

In the event either party to the leasedefaults in the performance of any of the terms of this Lease and employs an attorney in connection therewiththe prevailing party shall be entitled to an award of reasonable attorney's fees and costs. For purposes of this Lease "reasonable attorney's fees" will include the costs and fees associated with services provided by of any in-house counsel or other counsel providing services to Tenant.

34. NO IMPLIED WAIVER.

The failure of either party to insist at any time upon the strict performance of any covenant or agreement herein, or to exercise any option, right, power or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of rent due under this Lease shall be deemed to be other than on account of the earliest rent due hereunder, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy in this Lease provided.

35. PERSONAL LIABILITY.

The liability of Landlord to Tenant for any default by Landlord under the terms of this Lease shall be limited to the interest of Landlord in the Building and the land on which the Building is situated and Tenant agrees to look solely to Landlords interest in the Building and the land on which the Building is situated for recovery of any judgment from Landlord, it being intended that Landlord shall not be personally liable for any judgment or deficiency.

36. NOTICE.

Any notice in this Lease provided for must, unless otherwise expressly provided herein, be in writing, and may, unless otherwise in this Lease expressly provide be given or be served by depositing the same in the United States mail, postpaid and certified and addressed to the party to be notified, with return receipt requested, or by delivering the same in person to an officer of such party, , addressed to the party to be notified at the address stated in this Lease or such other address, notice of which has been given to the other party. Notice deposited in the mail in the manner herein above described shall be effective from and after the expiration of three (3) calendar days after it is so deposited.

Landlord's Address:  
For Notices:

For payments:

Tenant's Address:

For Notices:  
University of Nevada,, Reno  
1664 N Virginia St Real Estate/243  
Reno, NV 89557  
With a copy to:

University of Nevada, Reno  
1664 N Virginia St General Counsel/ 550  
Reno, NV 89557

37. SEVERABILITY.

If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law notwithstanding the invalidity of any other term or provision hereof.

38. RECORDATION.

Tenant agrees not to record this Lease or any Memorandum hereof.

39. GOVERNING LAW.

This Lease and the rights and obligations of the parties hereto shall be interpreted, construed, and enforced in accordance with the laws of the State of Nevada, without regard to its principles of conflict of laws. Any dispute arising under or in connection with this Lease or related to any matter which is the subject of this Lease shall be subject to the exclusive jurisdiction of the United States District Court for the District of Nevada or the Eighth Judicial District Court of the State of Nevada.

40. FORCE MAJEURE.

Whenever a period of time is herein prescribed for the taking of any action by Landlord or Tenant each shall not be liable or responsible for, and there shall be excluded from the computation of such period of time, any delays due to strikes, riots, acts of God, shortages of labor or materials, war, governmental laws, regulations or restrictions, or any other cause whatsoever beyond the control of Landlord.

41. TIME OF PERFORMANCE.

Except as otherwise herein provided, with respect to all required acts of Tenant and Landlord, time is of the essence of this Lease.

42. TRANSFERS BY LANDLORD.

Landlord shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Building and property referred to herein, and in such event and upon such transfer Landlord shall be released from any further obligations hereunder, and Tenant agrees to look solely to such successor in interest of Landlord for the performance of such obligations. Notwithstanding the foregoing, in the event Landlord is in default of any obligation under this Lease or there is an outstanding claim by Tenant against Landlord, the Landlord shall not be released from liability for such default or claim upon the transfer or assignment of its obligation under this Lease.

43. COMMISSIONS.

Landlord and Tenant hereby indemnify and hold each other harmless against any loss, claim, expense or liability with respect to any commissions or brokerage fees claimed on account of the execution and/or renewal of this Lease. Notwithstanding the foregoing, Landlord shall pay a commission equal to 5% of the Base Rent for years 1-5 of the Lease Term, and 2.5% of the Base Rent for years 6-10 of the Lease Term. Commission shall be paid to Tenant's broker, which is Avison Young. 50% of the commission shall be paid upon execution of this Lease, and the remaining 50% shall be paid upon Tenant's occupancy of the Premises.

44. EFFECT OF DELIVERY OF THIS LEASE.

Landlord has delivered a copy of this Lease to Tenant for Tenant's review only, and the delivery hereof does not constitute an offer to Tenant or option. This Lease shall not be effective until a copy executed by both Landlord and Tenant is delivered to both Landlord and Tenant.

45. AUTHORITY.

Each person signing this Lease represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Lease. Each party represents and warrants to the other that the execution and delivery of this Lease and the performance of such party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such party and enforceable in accordance with its terms.

46. INTERPRETATION.

The captions of the Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Premises with Tenant's expressed or implied permission.

47. INCORPORATION OF PRIOR AGREEMENTS' MODIFICATIONS.

This Lease is the only agreement between the parties pertaining to the lease of the Premises and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.

48. COUNTERPARTS.

This Lease may be executed in counterparts, and by facsimile, and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument.

49. HAZARDOUS MATERIALS.

Tenant will at all times comply with the following requirements:

- (a) No Hazardous Materials on Premises. Tenant shall not cause, permit or suffer any Hazardous Material to be brought upon, treated, kept, stored, disposed of, discharged, released produced, manufactured, generated, refined or used upon, about or beneath the Premises, the Building, or the Property by the Tenant or its agents, employees, contractors, invitees, tenants, or any other person, except to the extent commonly used in the day-to-day operation of the Premises, the Building, or the Property, by the Tenant or only so long as in material compliance with applicable laws and environmental requirements. For purposes of this Lease "Hazardous Materials" means any material that, because of its quantity, concentration, or physical or chemical characteristics, may pose a significant hazard to human health or the environment. Notwithstanding the foregoing, "Hazardous Materials" shall not include (i) those materials commonly associated with medical care and services rendered in a professional office setting, and (ii) those materials found in cleaning and other products commonly used in everyday commerce.
- (b) No Violation of Environmental Requirements. Tenant shall not cause, permit or suffer the existence or the commission by Tenant, its agents, employees, or contractors of a material violation of any environmental law or requirements upon, about or beneath the Building or any portion thereof and Tenant shall use diligent efforts to prevent any such material violation of any such law or requirement by any invitees, tenants or any other person.
- (c) Tenant to Remedy Violations of This Article. Notwithstanding the obligation of Tenant to indemnify pursuant to this Lease, Tenant shall, at its sole cost and expense, promptly take all reasonable actions required to remedy the violation of any environmental law or requirement for which Tenant is legally responsible. Tenant shall take all actions required by any federal, state or local governmental agency or political subdivision to restore the Property to the condition existing prior to the introduction by Tenant of Hazardous Material upon, about or beneath the Property in accordance with the standard of remediation imposed by applicable law. Tenant shall proceed continuously and diligently with such investigatory and remedial actions, provided that in all cases such actions shall be in accordance with all applicable requirements of governmental entities, any such actions shall be performed in a good, safe and workmanlike manner and shall minimize, to the extent practicable any impact on the business conducted at the Property. Tenant shall pay all costs in connection with such investigatory and remedial activities, including but not limited to all power and utility costs, and any and all taxes or fees that may be applicable to such activities.
- (d) Notice to Landlord of Violations. If Tenant shall become aware of or receive notice or other communication concerning any material violation of any environmental law or requirements Tenant shall, within five (5) days deliver to Landlord, a written description of said violation,. Receipt of such notice shall not be deemed to create any obligation on the part of Landlord to defend or otherwise respond to any such notification.

- (e) Landlord's Right of Entry For Inspection. In addition to any other right or remedy, to which Landlord may be entitled, Landlord shall have the right in its sole and absolute discretion, but not the duty, after three (3) days, written notice (except in the case of an emergency in which case no notice shall be required) to enter upon the Premises at any reasonable time, to conduct an inspection of the Property, including invasive tests and the activities conducted thereon to determine compliance with all environmental laws and requirements and the existence of any environmental damage. Tenant hereby grants to Landlord, and the agents, employees, consultants and contractors of Landlord, the right to enter upon the Property and to perform such tests on the Property as are necessary to conduct such reviews and investigations in accordance with the preceding sentence. Landlord shall use its best efforts to minimize interference with the business of Tenant and to restore the Property to its previous condition,.

50. COOPERATION WITH LENDERS.

Tenant will cooperate with any lender of Landlord and provide such information as Tenant deems necessary to assure such lender of Tenant's financial solvency.

51. RIGHT TO OFFER.

For the duration of the Lease Term, before Landlord may list or offer the Project for sale to any third-party Landlord shall first provide Tenant written notice of Landlord's desire to list or offer the Project for sale ("Landlord's Notice of Intention to Sell"). Tenant shall, within sixty (60) days after receipt of Landlord's Notice of Intention to Sell ("Tenant's Offer Period"), have the right (but not the obligation) to submit an offer to purchase the Project setting forth the terms and conditions of Tenant's offer. Landlord shall have no obligation to accept Tenant's offer. Upon expiration of Tenant's Offer Period, Landlord may list or offer the Project for sale to any third party. Nothing therein shall limit or otherwise prevent Landlord from accepting, at any time, any unsolicited offer from a third-party to purchase the Project.

52. EXHIBITS.

Exhibits "A", "B", "C", "D", "E", "F", "G", "H" and "I" are attached hereto and incorporated herein and made a part of this Lease for all purposes.

[SIGNATURE PAGETO FOLLOW]



IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease in multiple original counterparts as of the day and year first above written.

**LANDLORD:**

SHP BUILDING I, LLC, a Nevada Limited Liability Company

By: 

Name: LANCE BRADFORD


Title: Manager of Stable Development, LLC, which is Manager of SHP BUILDING I, LLC

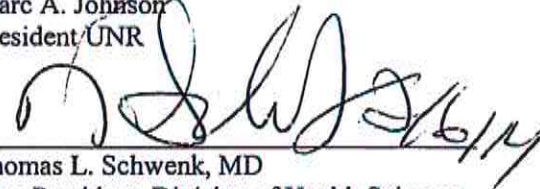
**TENANT:**

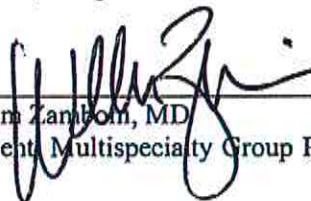
BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF UNIVERSITY OF NEVADA, SCHOOL OF MEDICINE ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE INTEGRATED CLINICAL SERVICES, INC., ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE MULTISPECIALTY GROUP PRACTICE SOUTH, INC.

By:  2/19/14  
Daniel Maich, Chancellor Date

**Recommended by:**

By:  2-12-16  
Marc A. Johnson  
President UNR

By:  2/6/14  
Thomas L. Schwenk, MD  
Vice President, Division of Health Sciences  
Dean, School of Medicine  
President, Integrated Clinical Services, Inc.

By:  12/16/13  
William Zamboni, MD  
President, Multispecialty Group Practice South, Inc.

## ADDENDUM TO LEASE

This Addendum to Lease Agreement is made and entered into this 21<sup>st</sup> day of Feb., 2014, by and between SHP BUILDING I, LLC, a Nevada limited liability company ("Landlord") and THE BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE INGRATED CLINICAL SERVICES, INC., ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE MULTISPECIALTY GROUP PRACTICE SOUTH, INC. ("Tenant"). This agreement is an Addendum to the Lease Agreement entered into between THE BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE INGRATED CLINICAL SERVICES, INC., ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE MULTISPECIALTY GROUP PRACTICE SOUTH, INC. ("Tenant") and Landlord dated December 6, 2013 ("Lease").

The following modification to the Commencement Date is agreed to by Landlord and Tenant:

1. Section 1 (e) of the Lease shall be modified to reflect the Commencement date as May 1, 2014.
2. In the event that the Tenant Improvement on the Premises receives Certificate of Occupancy prior to May 1, 2014 ("Completion Date"), Landlord agrees that Tenant shall be allowed to occupy the Premises at any time after Completion Date with no impact on the Commencement Date.

All other terms of the Lease will remain unmodified by this Addendum. All terms or words used in this Addendum, and not specifically defined in this Addendum shall have the definition assigned to them in the Lease.

Signatures on following page...

**LANDLORD:**

**SHP BUILDING I, LLC, a Nevada Limited Liability Company**

By: 

Name: LANCE BRADFORD


**Title: Manager of Stable Development, LLC, which is Manager of SHP BUILDING I, LLC**

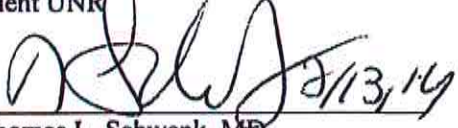
**TENANT:**

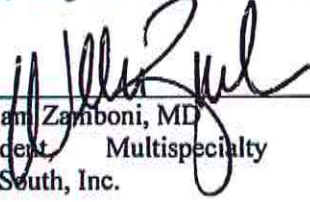
**BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF UNIVERSITY OF NEVADA, SCHOOL OF MEDICINE ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE INTEGRATED CLINICAL SERVICES, INC., ON BEHALF OF THE UNIVERSITY OF NEVADA SCHOOL OF MEDICINE MULTISPECIALTY GROUP PRACTICE SOUTH, INC.**

By:   
Daniel Klaich, Chancellor

**Recommended by:**

By:  2-21-13  
Marc A. Johnson  
President UNR

By:  2/13/14  
Thomas L. Schwenk, MD  
Vice President, Division of Health Sciences  
Dean, School of Medicine  
President, Integrated Clinical Services, Inc.

By:   
William Zamboni, MD  
President, Multispecialty Group Practice South, Inc.

# EXHIBIT 3

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION PERTAINING TO THE PRE-APPROVAL TO SUB-LEASE, INCLUDING RIGHTS TO TERMINATE AND/OR ASSIGN THE LEASE(S) FOR LEASED SPACES AT 1701 W. CHARLESTON BLVD, LAS VEGAS, NV AND 3175 ST ROSE PKWY, HENDERSON, NV.**

**BE IT RESOLVED** that the Board of Regents approves the pre-approval to sub-lease, including rights to terminate and/or assign the Lease(s), for leased spaces at 1701 W Charleston Blvd, Las Vegas, NV and 3175 St. Rose Pkwy, Henderson, NV, at terms acceptable to the Chancellor and the Director of Real Estate Planning; and requests further approval to hire a broker to market the properties and identify potential sub-lessees.

**BE IT FURTHER RESOLVED** that the Board of Regents hereby authorizes the Chancellor, or Designee, to approve and sign the corresponding documents associated with the pre-approval to sub-lease, including rights to terminate and/or assign the Lease(s), for leased spaces at 1701 W Charleston Blvd, Las Vegas, NV and 3175 St. Rose Pkwy, Henderson, NV, after consultation with and review by the Vice Chancellor of Legal Affairs.

PASSED AND ADOPTED on \_\_\_\_\_, 2017.

\_\_\_\_\_  
Chairman  
Board of Regents of the  
Nevada System of Higher Education

(SEAL)  
Attest:

\_\_\_\_\_  
Chief of Staff and Special Counsel  
to the Board of Regents