

BOARD OF REGENTS BRIEFING PAPER

1. AGENDA ITEM TITLE: 1703-1707 W. Charleston Boulevard Purchase Option
MEETING DATE: March 2-3, 2017

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

In September 2016, the Board of Regents approved the Contract Regarding the Transition of Medical Education in Southern Nevada, which identified existing lease agreements that will become the responsibility of the UNLV School of Medicine as of July 1, 2017. Section 11.1 of the approved contract identifies the lease for property located at 1703-1707 W. Charleston Boulevard (the “**Property**”) as one that will become the responsibility of UNLV School of Medicine. The original lease agreement has been in effect since January 1998. At the March 2016 Board of Regents meeting, the Board approved the assignment of the lease to NSHE, and noted the lease included a specific option to purchase “that are beneficial to the NSHE and which provides future opportunities for UNLV.” This property consists of a 44,824 square-foot building and improvements located on 2.79 acres directly south of the future permanent site for UNLV School of Medicine and the UNLV Shadow Lane Campus. The option to purchase the Property will be in effect from June 1, 2017 until May 31, 2020 and, as outlined in the terms of the option agreement, the purchase price will be equal to the base value of approximately \$9 million plus 50 percent of the appraised value. UNLV was also granted authorization by the Chancellor to commence negotiations for purchase of the Property on September 27, 2016. Attached for reference is a copy of the Option Agreement and Escrow Instructions and Chancellor executed authorization memorandum.

UNLV views the property as a long-term strategic acquisition to support the UNLV School of Medicine and its Shadow Lane Campus. As of the 3rd quarter of 2016, vacancy rates for medical office/clinical space within the Downtown Las Vegas submarket are lower than those found in any other submarket in the Las Vegas Valley. The purpose of this informational agenda item is to advise the Board of Regents of UNLV’s intent to negotiate acquisition of the Property after June 1, 2017. The terms of the Purchase and Sale Agreement, including purchase price, would be contingent upon Board of Regents approval as required under Title 4, Chapter 10, Section 9 of the Board of Regents *Handbook*. UNLV is working with the NSHE’s financial advisors and counsel to complete a financing plan for the purchase. The financing plan would be presented for Board approval along with the Purchase and Sale agreement at a future meeting. The financing plan will evaluate both bank and revenue bond financing alternatives to determine the best approach for the purchase.

In the near term, the building would continue to function as multi-specialty clinical space that will accommodate the educational and training needs of the medical students as well as provide care to the community UNLV School of Medicine intends to serve. The property has suitable access from Charleston Boulevard and Shadow Lane and provides sufficient parking to accommodate staff and clients of the existing clinical practices located within the building. The building was constructed in 1979, renovated in the mid 1990’s, and found to be in good condition based on a recent review and property tour performed by UNLV. It is anticipated that space occupied by the UNLV Faculty Practice Plan would pay for the operating and maintenance expenses of the Property.

In accordance with the terms of the Option Agreement, UNLV will engage an appraiser as early as April 1, 2017 to perform an appraisal of the Property and contract with appropriate consultants to complete the required due diligence. Should the fair market value conclusion of the appraisal and due diligence outcomes be deemed as acceptable, UNLV plans to bring a purchase action item to the September 7-8, 2017 Board of Regents meeting.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

UNLV President Len Jessup will present for information only a purchase option for the property located at 1703-1707 W. Charleston Boulevard.

4. IMPETUS (WHY NOW?):

The lease agreement that includes the Option Agreement and Escrow Instructions will become the responsibility of UNLV School of Medicine as of July 1, 2017, and the option to purchase the Property will be in effect from June 1, 2017 until May 31, 2020.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- None known; this is an informational item only.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

- None known; this is an informational item only.

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

- The alternative would be to not place the informational item on the agenda.

8. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title #___ Chapter #___ Section #__
 - Amends Current Board Policy: Title #___ Chapter #___ Section #___
 - Amends Current Procedures & Guidelines Manual: Chapter #___ Section #___
 - Other:_____
 - Fiscal Impact: Yes_____ No X_____
- Explain:

OPTION AGREEMENT AND ESCROW INSTRUCTIONS

THIS OPTION AGREEMENT AND ESCROW INSTRUCTIONS ("Agreement") dated for reference purposes only June 1, 2010, is made and entered into by and between the BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO, and UNIVERSITY OF NEVADA SCHOOL OF MEDICINE MULTI-SPECIALTY GROUP PRACTICE SOUTH, INC., a Nevada corporation (collectively, "Buyer"), and VA CLINIC ASSOCIATES LIMITED PARTNERSHIP, a Nevada Limited Partnership ("Seller").

1. RECITALS.

1.1 **Lease.** Seller is the Landlord and University Of Nevada School Of Medicine Multi-Specialty Group Practice South, Inc. is the Tenant under a Lease dated January 20, 1998, of certain real property more particularly described below and a First Amendment dated January 18, 2010 (the "Lease"). Concurrent with the execution of this Agreement, the parties shall execute a Second Amendment to, among other things, grant to Buyer certain rights to renew and extend the Lease. References herein to the Lease shall be deemed to include the Second Amendment. Upon the expiration or earlier termination of the Lease, this Agreement and all rights and obligations of the parties hereunder (except, in the event the Lease terminates upon Buyer's acquisition of the subject property pursuant to this Agreement, those representations and warranties which expressly survive the termination of this Agreement) shall automatically terminate and be of no further force or effect.

1.2 **Option.** This Agreement is entered into with reference to these Recitals, and constitutes (i) the granting by Seller to Buyer of an option (the "Option") to purchase certain real property located in Las Vegas Nevada more particularly described below (the "Property"), (ii) upon exercise of the Option, a contract of purchase and sale between the parties and (ii) escrow instructions to Nevada Title Company, Attn: Sue Dudzinski ("Escrow Agent").

1.3 **The Property.** The Property includes (i) that certain real property located at 1703-1707 W. Charleston Boulevard, Las Vegas, NV, in, Nevada, and more particularly described in Exhibit "A" attached hereto and by this reference made a part hereof consisting of approximately 2.79 acres of land and all easements, mineral rights, privileges, appurtenances, hereditaments and tenements appertaining to or benefiting such real property (the "Land"), (ii) the building of approximately 44,824 square feet together with all other improvements located on the Land (the "Building), and (iii) all personal property of Seller located at the Property or used exclusively for the Land and/or the Building, and all intangible property rights associated therewith (the "Personal Property"). The Land, Building and Personal Property are referred to herein collectively as the "Property".

1.4 **Option.** In consideration of the covenants, and subject to and upon the terms and provisions set forth in this Agreement, Seller grants to Buyer the right and option to purchase the Property.

2. DEFINITIONS

- (a) "Appraisal" refers to the appraisal of the Property which determines the Fair Market Value of the Property in accordance with the provisions of Article 12;
- (b) "Base Value" refers to the sum of \$8,964,800 (\$200 per square foot of the Building), which is the value of the Property on the date hereof as agreed upon by the parties for purposes of measuring appreciation in the Property between the date hereof and the exercise of the Option;
- (c) "Board of Regents Approval" refers to approval of Buyer's obligation to purchase the Property at its next available meeting by the Board of Regents. For purposes hereof, the "next available meeting" refers to the first meeting of the Board of Regents which is not earlier than 30 days after (i) the determination of the Option Price in the case of Tenant's exercise of its option to purchase pursuant to Article 3 below, or (ii) in the case of a purchase based on a Notice of Intent to Sell pursuant to Article 4 below, the expiration of the Contingency Period;
- (d) "Buyer's Appraiser" refers to a Qualified Appraiser selected by Buyer to conduct an appraisal of the Property as provided in Article 12;
- (e) "Closing Date" refers to the date set forth in Section 5.2;
- (f) "Contingency Period" refers to the seventy-five (75) [To Be Resolved] days following the later of (i) delivery of the Materials in the case of Tenant's exercise of its option to purchase pursuant to Article 3 below, or (ii) delivery of a Notice of Intent to Sell by Seller in the case of Buyer's right of first offer pursuant to Article 4 below;
- (g) "Disapproved Title Matters" refers to matters contained in the Preliminary Title Report which are listed in Sellers Notice of Title Exceptions as described in Section 6.3(b);
- (h) "Escrow" refers to the escrow opened at Nevada Title to consummate the sale contemplated hereby;
- (i) "Escrow Agent" refers to Nevada Title Company;
- (j) "Escrow Instructions" refers to the documents described in Section 5.1;
- (k) "Escrow Opening Date" refers to the date provided in Section 5.1;
- (l) "Fair Market Value" refers to the Fair Market Value of the Property as determined by the appraisal process described in Article 12;
- (m) "Land" shall have the meaning set forth in Section 1.3;
- (n) "Lease" refers to that certain Lease dated January 20, 1998 between University Of Nevada School Of Medicine Multi-Specialty Group Practice South, Inc., as Tenant, and Seller, as Landlord, including the First Amendment and the Second Amendment thereto, including any future amendments, modifications, renewals or extensions thereof;

- (o) "Lease Term" refers to the term of the Lease including any extension thereof;
- (p) "Lender" refers to any person or entity which commits to Seller to provide financing, refinancing or extension of financing with respect any loan, secured by a first lien on the Property;
- (q) "Loan" refers to the loan secured by a first lien on the Property which is outstanding on the date hereof or such successor loan of equal or lesser amount which successor loan is made to refinance a Loan and with respect to which Seller has complied with Section 9.4;
- (r) "Loan Commitment" refers to any commitment, whether written or oral, by which a Lender commits to make a Loan to Seller;
- (s) "Loan Documents" refers to any promissory note, Deed of Trust, Loan Agreement and other relevant instruments relating to a Loan;
- (t) "Materials" refers to the items specified in Section 5.3;
- (u) "Notice of Exercise" refers to the notice given by Buyer to Seller exercising the Option as provided in Section 3.2 or the notice given by Buyer to Seller exercising the right to purchase as described in Section 4.4, as applicable;
- (v) "Notice of Intent to Sell" refers to a notice required of Seller as described in Paragraph 4.2;
- (w) "Notice of Title Exceptions" refers to the notice described in Section 6.3(a);
- (x) "Permitted Exceptions" refers to those title matters described in Section 6.3(c);
- (y) "Personal Property" shall have the meaning set forth in Section 1.3;
- (z) "Property" shall have the meaning set forth in Section 1.3;
- (aa) "Purchase Price" refers to the price set forth in Section 3.3 or the purchase price described in Section 4.4, as applicable;
- (bb) "Option" refers to the option granted to Buyer in Section 1.3;
- (cc) "Option Period" refers to the period of time commencing on June 1, 2017 and ending on May 31, 2020;
- (dd) "Option Price" refers to the price at which Seller agrees to sell the Property to Buyer as provided in Section 3.3 or Section 4.4;

(ee) "Preliminary Title Report" refers to the preliminary title report, issued by Escrow Agent as Preliminary Title Report order number 10-05-1226 SDV covering the Property;

(ff) "Qualified Appraiser" refers to an individual who is a Member of the Appraisal Institute and who has substantial experience in appraising office buildings of the same size range as the Property in Clark County Nevada;

(gg) "Sale Period" refers to the period commencing thirty-one (31) days after the date of a Notice of Intent to Sell, if Buyer fails to timely deliver its Notice of Exercise, or commencing on the date of notice to Seller of Buyer's cancellation of its Notice of Exercise, if Buyer delivers its Notice of Exercise but thereafter cancels such notice pursuant to this Agreement, and, in either case, continuing for Two Hundred Seventy (270) days;

(hh) "Seller's Appraiser" refers to a Qualified Appraiser selected by Seller to conduct an appraisal of the Property as provided in Article 12;

(ii) "Third Party" refers to a person or entity that is not controlled by, in control of or under common control with Seller.

(ij) "Third Party Offer" refers to an offer or counteroffer for the sale of the Property to a Third Party made by Seller or such third party, respectively, which is acceptable to Seller and such Third Party.

(kk) "Third Party Sale" refers to a sale of the Property pursuant to a contract of sale entered into during the Lease Term to any party other than Buyer;

(ll) "Title Company" refers to Nevada Title Company;

(mm) "Title Materials" refers to all documents or instruments disclosed in the Preliminary Title Report or relating to any exceptions to the title to the Property

3. OPTION AND PURCHASE

3.1 **Grant.** Seller hereby grants to Buyer an option to purchase the Property at the Option Price on the terms and conditions set forth in this Agreement.

3.2 **Exercise.** The Option shall be exercised by Buyer giving written Notice of Exercise to Seller during the Option Period.

3.3 **Option Price.** The Option Price shall be equal to the sum of the Base Value of the Property plus one half of the increase in the Base Value of the Property, if any, compared to the Fair Market Value. In the event Seller shall have completed any capital improvements or repairs during the two year period ending on the date of the Notice of Exercise, the cost to Seller of any such improvements or repairs shall, if approved by Buyer in advance, shall be added to the Option Price as provided in the preceding sentence. If Buyer does not approve any proposed capital improvement or repair hereunder, then Seller shall have no obligation to make such improvement or repair, notwithstanding any contrary provision of the Lease.

3.4 Purchase Agreement. Upon exercise of the Option by Buyer, Seller shall sell the Property to Buyer and Buyer shall purchase the Property from Seller on the terms and conditions set forth herein.

3.5 Method of Payment. The Option Price shall be paid in U.S. currency, cashier's check issued by a bank or other depository acceptable to Escrow Agent, or via wire-transfer of immediately available funds.

4. RIGHT OF FIRST OFFER/RIGHT OF FIRST REFUSAL

4.1 Right of First Offer. If, at any time during the Lease Term, other than during the period commencing on the date of a Notice of Exercise and ending on the Closing Date, Seller desires to sell the Property to a Third Party, Seller shall have the right to negotiate and enter into a contract for the sale of and to sell the Property subject to the rights of Buyer and the obligations of Seller in this Article 4.

4.2 Notice of Intent to Sell. If, during the Lease Term, Seller desires to enter into a Third Party Sale, Seller shall, before entering negotiations for the sale of the Property to a Third Party, give notice to Buyer of Seller's intent to market the Property to third parties ("Notice of Intent to Sell") which notice shall contain the minimum price at which Seller intends to sell the Property.

4.3 Third Party Offer. If Buyer shall fail to exercise its right to purchase the Property based on a Notice of Intent to Sell given prior to Seller entering into negotiations with a Third Party, and if, after such failure, there is a Third Party Offer at a price and economic terms and conditions which, taken as a whole, are materially more favorable to the buyer than the price in the Notice of Intent to Sell previously provided to Buyer taken together with the economic terms and conditions in this Agreement, Seller shall deliver to Buyer a Notice of Intent to Sell to which it shall attach such Third Party Offer. If Seller fails to give a Notice of Intent to Sell before entering any negotiations for the sale of the Property to a Third Party, and if, notwithstanding such failure, there is a Third Party Offer, Seller shall deliver to Buyer a Notice of Intent to Sell to which it shall attach such Third Party Offer.

4.4 Right to Purchase. Upon receipt of a Notice of Intent to Sell prior to or during the Option Period, Buyer shall have the right to purchase the Property at (i) the price equal to the sum of the Base Value of the Property plus one half of the increase in the Base Value of the Property, if any, compared to the lower of the Fair Market Value or the minimum price set forth in the Notice of Intent to Sell, or (ii) if applicable, as set forth in the Third Party Offer attached to such Notice of Intent to Sell (subject to adjustment for commissions as set forth below), by delivering to Seller a Notice of Exercise within 30 days after receipt of the Notice of Intent to Sell. Upon receipt of a Notice of Intent to Sell after the Option Period has expired, Buyer shall have the right to purchase the Property at the minimum price set forth in the Notice of Intent to Sell, or, if applicable, as set forth in the Third Party Offer attached to such Notice of Intent to Sell, by delivering to Seller a Notice of Exercise within 30 days after receipt of the Notice of Intent to Sell. Upon the giving of a Notice of Exercise pursuant to this Section 4.4 by Buyer, Seller shall sell the Property to Buyer and Buyer shall purchase the Property from Seller at the price described above and on the terms and conditions set forth herein, or if applicable, at the price and on the terms and conditions set forth in the Third Party Offer. In the case of a Notice

of Intent to Sell based on a Third Party Offer, the purchase shall be the price proposed in the Notice of Intent to Sell, adjusted downward to reflect a reasonable and usual commission for the sale of a Property similar in value, size and location to the Property (provided that, if Seller actually does pay a commission to a broker in connection with such sale, then the amount of such downward adjustment hereunder shall be reduced by the amount of the commission paid by Seller, if the broker is a Third Party, or, if the broker is not a Third Party, then the amount of such downward adjustment shall be reduced by the amount of the commission paid by Seller in a sale to Buyer, but in no event by more than 2% of the purchase price).

4.5 Non-Exercise. In the event Seller delivers a Notice of Intent to Sell and Buyer fails to timely exercise its rights under Section 4.4, Seller may thereafter negotiate with third parties for the sale of the Property during the Sale Period following such failure, and may contract with a Third Party for a sale of the property at a price which is equal to or greater than the price set forth in the Notice of Intent to Sell during the Sale Period. If Seller does not enter into a contract for the Sale of the Property during the Sale Period or if Seller does enter into such a contract but such contract is terminated and no new contract of sale is entered into during such period, the provisions of this Article 4 shall apply anew without regard to any prior Notice of Intent to Sell. If Seller shall enter into a contract to sell the Property during the Sale Period and thereafter such contract is modified such that the sales price and the economic terms and conditions taken as a whole are materially more favorable to the buyer than in the Notice of Intent to Sell, such modification shall be subject to Seller providing a new Notice of Intent to Sell upon at such price and terms and conditions and Buyer's rights with respect thereto shall be governed by Section 4.4

4.6 Full Compliance. If Seller shall comply with the provisions of this Article 4, upon consummation of a sale to a Third Party, such Third Party shall acquire the Property free of any rights of Buyer under this Agreement, and upon request from Seller, Buyer shall confirm, for the benefit of the Third Party, that Buyer's rights under this Agreement have terminated. If Seller shall fail to comply with its obligations under this Agreement and sell the Property to a Third Party, Buyer's rights under this Agreement shall survive such sale and such Third Party shall acquire its interest in the Property subject to Seller's obligations hereunder.

5. Escrow

5.1 Opening. Immediately after Buyer's delivery of the Notice of Exercise as provided in Section 3.2 or Section 4.4, Buyer and Seller shall deliver, or shall have delivered, to Escrow Agent a copy of a fully executed original of this Agreement and, as appropriate, a copy of the Notice of Intent to Sell, the Third Party Offer and the Appraisal. The date on which such deliveries are made shall be the "Escrow Opening Date." This Agreement, the Notice of Exercise, the Appraisal and, if applicable, the Notice of Intent to Sell and the Third Party Offer shall constitute escrow instructions to Escrow Agent. Escrow Agent is hereby authorized and instructed to act in accordance with the terms of this Agreement. The parties shall execute any additional instructions to Escrow Agent necessary to carry out the terms and conditions of this Agreement. The terms of any additional escrow instructions shall not supersede the terms of this Agreement, and in the event of conflict, the terms of this Agreement shall be controlling, unless a contrary intent is clearly indicated by the parties.

5.2 **Closing.** The Parties shall use their best efforts to close Escrow as soon as possible after the date by which the Board of Regents of the Nevada System of Higher Education has expressly approved this Agreement, or if applicable, the Third Party offer, and the transaction contemplated hereby, but in no event later than thirty (30) days after such approval (the "Closing Date").

5.3 **Seller deliveries.** Not later than the earlier of (i) 10 days after the Escrow Opening Date and (ii) March 1, 2017, Seller shall deliver to Buyer a copy of each of the following items in the possession or control of Seller or its agents or attorneys:

- (a) All leases, rental agreements, management agreements, service and/or maintenance contracts, warranties relating to the Building, and any other instrument related to the Property in the possession or control of Seller or its agents or attorneys;
- (b) A complete listing of the Personal Property
- (c) Plans and specifications for the construction of Building, and any and all modifications thereto for which a construction permit was required, if and to the extent in the possession or control of Seller or its agents or attorneys (Seller has disclosed to Buyer that Seller does not believe that it has the construction plans for the Building);
- (d) Any consultants' reports relating to the Property, including but not limited to, environmental studies, and surveys in the possession or control of Seller or its agents or attorneys; and
- (e) Any and all other reports, studies and other materials affecting or relating to the condition or status of the Property in Seller's or Seller's agents' or attorneys' possession or control.

6. CONDITIONS PRECEDENT TO BUYER'S OBLIGATION

6.1 **Obligations to Perform.** Buyer's duty to perform its obligations under this Agreement and, specifically, to purchase the Property is expressly made contingent upon the satisfaction of each of the conditions (each, a "Buyer's Closing Condition") set forth in this Article 6.

6.2 **Inspection of Property.** Upon compliance by Seller of its obligations under Section 5.3, Buyer shall have completed its inspection of the Property and waived any contingency associated with the physical condition of the Property prior to exercise of its Option under Article 3. If the Notice of Exercise is delivered in response to a Notice of Intent to Sell, Buyer shall have until the end of the Contingency Period to complete its inspection and determine its acceptance of the physical condition of the Property.

6.3 Title Matters

- (a) Buyer and Seller acknowledge receipt of a copy of the Preliminary Title Report covering the Property together with the associated Title Materials. Buyer shall have thirty (30) days from the execution of this Agreement to give Seller and Escrow Agent notice of Buyer's objection to any of the title exceptions disclosed in the Preliminary

Title Report to which Buyer shall object. Buyer's failure to provide a Notice of Title Exceptions within such time period shall constitute Buyer's approval of the exceptions to title in the Preliminary Title Report; subject, however, to Buyer's right to approve matters which are disclosed subsequent to the date of the Preliminary Title Report, such subsequent right of approval being reserved only as to such new matters (each such new matter, a "Newly Disclosed Title Matter"). Notwithstanding the foregoing, Buyer shall be deemed to have objected to all title exceptions which constitute liens, mortgages or other items which can be removed by the payment of a liquidated amount and Seller shall, prior to or at the Closing, remove all such title exceptions.

(b) In the event Buyer expressly objects to any exception to or condition of title as reflected in the Preliminary Title Report ("Disapproved Title Matters") other than monetary items as set forth in Subparagraph (a), in a Notice of Title Exception, Seller may, but shall have no obligation to, remove or cure those Disapproved Title Matters prior to Closing. Seller shall have until 5:00 p.m., PT, on the fifth (5th) business day after Seller's receipt of Buyer's Notice of Title Exceptions to notify Buyer and Escrow Agent, in writing, of any Disapproved Title Matters that Seller shall elect not to cure (a "Notice of Non-cure"). Seller shall cure all Disapproved Title Matter(s) prior to Closing except those Disapproved Title Matters listed in a timely Notice of Non-Cure. For purposes of the foregoing, Seller shall cure any Disapproved Title Matter not timely listed in a Notice of Non-cure by either causing such Disapproved Title Matter(s) to be removed by the Closing or by obtaining, at Seller's expense, an endorsement or other curative effect acceptable to Buyer in Buyer's sole and absolute discretion.

(c) If Seller gives Buyer and Escrow Agent a Notice of Non-cure under Subparagraph (b) above, as to any Disapproved Title Matter then Buyer shall have until 5:00 p.m., PT, on the fifth (5th) business day after Buyer's receipt of such notice to notify Seller and Escrow Agent that (i) Buyer revokes its disapproval of such exception(s) and will proceed with the purchase without any reduction in the Purchase Price and take title to the Property subject to such exception(s), or (ii) Buyer will terminate its exercise of the Option. If Buyer fails to give the notice required by the preceding sentence, Buyer shall be deemed to have elected to revoke its disapproval and to proceed with the purchase of the Property pursuant to the preceding item (i). The foregoing procedure shall also be applicable to any Newly Disclosed Title Matters, except that (i) Seller shall cure any Newly Disclosed Title Matter which is created by or consented to by Seller or which results from any activity of Seller or its agents or contractors after June 1, 2010, and, and (ii) Seller shall use commercially reasonable efforts to cure any other Newly Disclosed Title Matter. Those exceptions to and conditions of title and survey accepted or deemed accepted by Buyer pursuant to this Section 6.3 are the "Permitted Exceptions."

6.4 No Seller Default. Seller shall comply, at or prior to Closing, with each and every covenant, undertaking and agreement to be kept or performed by Seller as provided in this Agreement.

6.5 Board of Regent Approval. The obligation of Buyer to proceed to purchase the Property is conditioned upon the Board of Regents Approval. If the Board of Regents shall expressly reject or fail to approve the purchase of the Property after a Notice of Exercise, such Notice of Exercise shall be deemed cancelled and, in the case of a Notice of Exercise delivered

in response to a Notice of Intent to Sell, Seller may proceed to solicit Third Party Offers or, as applicable, to proceed with the Third Party Offer attached to the Notice of Intent in response to which Buyer delivered its Notice of Exercise. If the Notice of Exercise was given during the last year of the Option Period, and if the Notice of Exercise is cancelled with less than one year remaining in the term of the Lease, then Seller and Buyer shall extend the term of the Lease so that it expires at least one year after the date of such cancellation.

6.6 Representations and Warranties. The representations and warranties made by Seller herein shall have been true and correct as of the date made and at the Closing.

6.7 Occupancy. The Property shall be unoccupied by persons other than by Buyer and persons claiming through Buyer.

6.8 Failure of Buyer's Closing Condition after Inspection Period. In the event the Buyer's Closing Conditions set forth in this Article 6 is not satisfied as of the Closing Date, then at Buyer's sole and exclusive option, and without limiting any other remedy available to Buyer hereunder, at law or in equity, Buyer may give written notice to Seller that it is terminating its obligation to purchase the Property, extend the period for Closing and/or pursue its remedies in accordance with Section 13.2(b).

7. SELLER'S CONDITIONS.

7.1 Conditions. Seller's duty to perform its obligations under this Agreement and to sell the Property is expressly made contingent upon the satisfaction of each of the conditions set forth in this Article 7.

7.2 No Buyer Default. Buyer shall have complied with each and every covenant, undertaking and agreement to be kept or performed by Buyer as provided in this Agreement; and each representation and warranty made in this Agreement by Buyer shall remain true and accurate in all material respects both at the time made and on the Closing Date.

7.3 Representations and Warranties. The representations and warranties made by Buyer herein shall have been true and correct as of the date made and at the Closing.

7.4 Board Approval. If, for any reason, the Board of Regents shall fail to expressly approve a transaction contemplated by a Notice of Exercise at the regularly scheduled meeting which is at not less than nine (90) days after Notice of exercise, the Notice of Exercise shall be deemed void, in which event if such Notice of Exercise was given in reference to a Notice of Intent to Sell, Seller may, as appropriate, proceed to market the Property or sell the Property pursuant to a Third Party Offer attached to the respective Notice of Intent to Sell.

7.5 Lease. The Lease shall be in full force and effect and Buyer shall not be in default beyond the expiration of any notice and cure period provided therein.

8. CLOSING

8.1 Buyer's Deliveries. Buyer shall deliver to Escrow Agent, on or before Closing, the following:

- (a) Purchase Money. The Purchase Price in the form provided for in Section 3.5.
- (b) Additional Funds. Such additional funds as may be required to pay Buyer's share of pro-rations, credits and costs.
- (c) Additional Documentation. Such additional documents and instruments as may be reasonably required by Escrow Agent to consummate the Closing.

8.2 Seller's Deliveries. Seller shall deliver to Escrow Agent, on or before Closing, the following:

- (a) The Seller's Deed. A grant, bargain and sale deed on Escrow Agent's standard form, subject only to the Permitted Exceptions (the "Seller's Deed") conveying fee simple title to the Property to Buyer, signed and acknowledged by Seller.
- (b) Bill of Sale. A Bill of Sale in form reasonably satisfactory to Buyer, transferring to Buyer all of Seller's right, title and interest in and to the Personal Property.
- (c) Title Policy. A CLTA Extended Coverage Title Policy insuring fee simple title to the Property in the full amount of the Purchase Price subject only to the Permitted Exceptions.
- (d) Seller's IRS Section 1445 Affidavit. An Affidavit on Escrow Agent's standard form executed in satisfaction of the requirements of Section 1445 of the United States Internal Revenue Code.
- (e) Seller's Charges. If the funds deposited with Escrow Agent by Buyer are insufficient to (i) discharge all record encumbrances other than the Permitted Exceptions and (ii) pay the charges to Seller under Article 9, Seller shall deliver to Escrow Agent sufficient funds and instruments to discharge and pay such encumbrances and charges.

8.3 Conditions to Closing. Escrow Agent shall close Escrow (the "Closing") on or before the Closing Date. Escrow Agent shall effect the Closing by (i) filing for record the Seller's Deed (and such other documents as may be necessary to procure the Owner's Policy); and (ii) delivering funds and documents to the parties as appropriate WHEN AND ONLY WHEN each of the following conditions has been satisfied:

- (a) Deliveries. All funds and documents described in Sections 8.1 and 8.2 have been delivered to Escrow Agent.
- (b) Conditions Precedent. All of the conditions precedent in Article 6 and 7 have been satisfied or waived in the manner set forth therein.
- (c) Closing Statement. Escrow Agent shall have delivered to the parties and the parties shall have approved the proposed Closing statement.
- (d) Title Policy. Title Company shall issue to Buyer a extended coverage CLTA Owner's policy of title insurance (form 2006) insuring fee simple title to the Property vested in Buyer in the amount of the Purchase Price, subject only to (i) standard printed

form exclusions from coverage of such policy of title insurance, (ii) general real estate taxes which are, as of Closing, not delinquent, and (iii) the Permitted Exceptions.

9. PRO-RATIONS, CREDITS AND COSTS

9.1 **Prorations.** Escrow Agent shall prorate (that is, apportion) between the parties, in cash, to the Closing Date on the basis of a 30-day month, the following:

(a) **Taxes.** Buyer is exempt from general real property taxes. Seller shall be entitled to a credit for all property taxes on the Property paid through Closing but applicable to periods after the Closing Date.

(b) **Utilities.** To the extent applicable, all utilities, including gas, water, sewer, electricity, telephone and other utilities supplied to the Property shall be read as of the Closing Date. Except as otherwise provided under the Lease, Seller shall be responsible for payment of all amounts applicable to time periods prior to the Closing and Buyer shall be responsible for all time periods thereafter. Where meter readings are unavailable or impractical, Escrow shall prorate such utilities based on reasonably available information.

(c) **Other Items.** All other customarily proratable items applicable to the Property and its operation.

9.2 **Closing Costs.** Each party shall pay the cost of preparing the instruments to be furnished by such party and any attorneys' fees incurred by such party. The cost of the premium for the Owner's Policy (including endorsements required to issue the Title Policy required under Section 8.3(d)), the recording fee for the deed, and the real estate transfer tax, if any, shall be paid by Seller. All other closing costs shall be paid in the manner customary for similar transactions in Clark County, Nevada.

9.3 **Prepayment Costs.** If any sum is due and payable to the holder of the Loan solely as a result of payment at closing of Loan, such prepayment costs shall be treated as follows:

(a) If the prepayment costs are computed as a so called "yield maintenance" provision, Buyer shall pay the portion such prepayment costs which is equal to the unpaid principal balance of the Loan as of the Closing Date, reduced by a portion of the principal balance which may be prepaid without penalty, multiplied by a percentage computed as the excess, if any, of interest rate then applicable to the Loan (determined without regard to any default under the Loan or any governing instruments) over the rate at which the Lender is entitled to maintain its yield multiplied by the lesser of the remaining term of the Loan or one year; or

(b) If the prepayment costs are computed as a fixed percent of the unpaid balance of the Loan, Buyer shall pay the portion such prepayment costs which is not in excess of six months interest computed on the unpaid principal balance, reduced by an portion of the principal balance which may be prepaid without penalty, times the interest rate then applicable to the Loan (determined without regard to any default under the Loan or any governing instruments); and

(c) Seller shall bear all prepayment costs in excess of the amount specified in Subparagraph (a) or (b) whichever is applicable.

9.4 Refinancing by Seller If during the period commencing One (1) year prior to the commencement of the Option Period and ending at the expiration of the Option Period Seller chooses to refinance a Loan, Seller shall comply with each of the following:

(a) Seller shall give notice of its intent to refinance to Buyer within 7 days after making application therefor;

(b) Seller shall give Buyer notice of the terms which Seller reasonably believes will be applicable to any such refinancing, including, but not limited to, the principal amount, the maturity, interest rate and information describing any costs associated with the prepayment of such refinancing; and

(c) Seller shall not enter into any such refinancing during the period (i) commencing on the date of the notice described in Subsection (b) above if, within 30 days after such notice, Buyer delivers a Notice of Exercise, and (ii) ending on the date by which Buyer is obligated to close Escrow as provided herein.

If Seller shall fail to comply with any provision in this Section 9.4, Buyer shall have no obligation under Section 9.3

10. WARRANTIES, REPRESENTATIONS AND COVENANTS OF SELLER.

10.1 **Warranties.** Seller hereby represents and warrants to Buyer all of the following, each of which is true in all respects as of the date of this Agreement and shall be so at Closing.

10.2 **Actions, Suits or Proceedings.** Seller has not received notice of, and has no knowledge of, any actions, suits or proceedings which are pending or threatened before any court or governmental department, commission, board, bureau, agency or instrumentality that would materially and adversely affect the Property or the right to occupy or utilize it.

10.3 **Power and Authority.** Seller has the full right, power and authority to enter into this Agreement and consummate the transactions contemplated herein; each of the persons signing this Agreement on behalf of Seller is authorized to so sign; and the execution, consent or acknowledgment of no other person or entity is necessary in order to validate the execution of this Agreement by Seller.

10.4 **Other Agreements.** Entry into this Agreement and the performance by Seller of its obligations hereunder, does not contravene or constitute a breach of any agreement, contract or indenture to which Seller is a party or the Property is bound.

10.5 **Liens and Encumbrances.** To the actual knowledge of Seller, except as may be disclosed in the Title Materials, there are no unrecorded leases, easements, agreements or encumbrances which affect title to the Property; and from and after the Escrow Opening Date shall not enter into, grant or suffer to be created any further interest, right, lien or encumbrance in, against or affecting the Property.

10.6 No Notice of Special Assessments or Pending Condemnation. Seller has not received notice of, and has no actual knowledge of, any pending or current special assessments against, or any pending or threatened condemnation affecting, all or any part of the Property.

10.7 Compliance. Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes, or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive from any applicable governmental agency, or any casualty insurance company that any work of investigation, remediation, repair, maintenance or improvement is to be performed on the Property.

10.8 Changes in Agreements. After providing the Materials and prior to Closing, (i) Seller will not knowingly violate any agreement affecting the Property if such violation would have a material adverse effect upon the Property or the rights of Buyer under this Agreement, and (ii) without Buyer's written approval, which approval may be withheld in Buyer's good faith discretion, Seller shall not modify, either orally or in writing, any agreement affecting the Property, or create any new agreements affecting the Property, if such modification or new agreement would be binding upon Buyer after it purchases the Property pursuant to this Agreement.

10.9 Possessory Rights. No person, except Seller, Buyer and persons claiming through Buyer, has any right to possession of the Property.

10.10 Mechanics' Liens. There are no unsatisfied mechanic's or materialman's lien rights concerning the Property.

10.11 Hazardous Substances. To the best of Seller's knowledge, other than as generally utilized in the operation and maintenance of an office building, there are no Hazardous Substances on the Property. Seller further represents that Seller has, as part of the Materials, provided to Buyer copies of all reports (prepared by any person other than Seller's attorneys) of investigations for or of Hazardous Substances on the Property in the possession or control of Seller or its agents and attorney, and copies of all correspondence, reports and other documents in the possession or control of Seller or its agents or attorneys which Seller has received from, or sent to, any regulatory or enforcement agency, during the twelve (12) years prior to the Agreement Date, concerning Hazardous Substances on the Property. Seller agrees to promptly deliver to Buyer copies of all such aforementioned documents received subsequent to the date on which the Materials are provided to Buyer through and including the Closing. As used in this Agreement, the term "Hazardous Substance(s)" means any pollutant, contaminant or other hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive or carcinogenic substance or material, including asbestos, PCB's, pesticides and petroleum products, whose production, use, storage, transportation or disposal is regulated under federal, state, and/or local law.

11. WARRANTIES AND REPRESENTATIONS OF BUYER.

11.1 Buyer warrants and represents to Seller as follows:

11.2 Power and Authority. Buyer has the full right, power and authority to enter into this Agreement and consummate the transactions contemplated herein; each of the persons signing this Agreement on behalf of Buyer is authorized to so sign; and the execution, consent or acknowledgement of no other person or entity is necessary in order to validate the execution of this Agreement by Buyer.

11.3 Other Agreements. Entry into its Agreement and the performance by Buyer of its obligations hereunder, does not contravene or constitute a breach of any agreement, contract or indenture to which Buyer is a party.

12. APPRAISAL

12.1 Appraisal by Buyer. Not more than Sixty (60) days prior to exercising the Option or upon receipt from Seller of a Notice of Intent to Sell, Buyer shall select and engage a Qualified Appraiser ("Buyer's Appraiser") to perform an appraisal of the Property. In the case of an appraisal conducted in response to a Notice of Intent to Sell, Buyer shall use commercially reasonable efforts to have Buyer's Appraiser complete such appraisal within Forty-five (45) days after the Notice of Intent to Sell. Upon the later of completion of the appraisal of the Property by Buyer's Appraiser or delivery of a Notice of Exercise, Buyer shall provide to Seller a copy of the appraisal report prepared by Buyer's Appraiser.

12.2 Appraisal by Seller. If Seller objects to the Buyer's Appraiser's opinion as to the Fair Market Value of the Property contained in such report, Seller shall give notice thereof to Buyer within 10 days after receipt of the appraisal report prepared by Buyer's Appraiser stating such objection and the basis thereof, together with the name and appraisal experience of an appraiser selected by Seller ("Seller's Appraiser") who shall thereupon complete an appraisal of the Property. Within 45 days after receipt of the appraisal report of the Buyer's Appraiser, Seller shall provide to Buyer the appraisal report prepared by Seller's Appraiser.

12.3 Third Appraiser. If Seller shall timely object to the Buyer's Appraiser's opinion as to the Fair Market Value of the Property as reflected in the appraisal report prepared by Buyer's Appraiser and thereafter select a Seller's Appraiser and timely deliver a copy of the Seller's Appraiser's appraisal report to Buyer, Buyer shall have Ten (10) days to give notice to Seller of its objection to the Seller's Appraiser's opinion as to the Fair Market Value contained in the such report, in which event, the Buyer's Appraiser and the Seller's Appraiser shall jointly agree on a Third Appraiser who shall, within Thirty (30) days after being selected, complete a review of both appraisal reports and give notice to Buyer and Seller of the Appraisal Report that contains an opinion of Fair Market Value which, in the opinion of the Third Appraiser, more closely approximates the Third Appraiser's opinion as the Fair Market Value of the Property. For purposes of determining the Option Price, the Fair Market Value of the Property shall be the Fair Market Value as reflected in the Buyer's Appraiser's appraisal report if Seller shall not timely object thereto as hereinabove provided or fail to timely provide an appraisal report from Seller's Appraisal. Similarly, the Fair Market Value of the Property shall be the Fair Market Value as reflected in the Seller's Appraiser's appraisal report if Buyer shall not timely object thereto as hereinabove provided. Upon selection of a Third Appraiser, the Fair Market Value of the Property shall be the Fair Market Value of the Property selected by the Third Appraiser as hereinabove provided. If Seller's Appraiser and Buyer's Appraiser shall not agree upon a Third Appraiser within Thirty (30) days after Buyer's objection to the appraisal report prepared by

Seller's Appraiser, either party may petition the then presiding judge of the Eight District Court in Clark County, Nevada, to appoint a third appraiser who shall be a Qualified Appraiser.

12.4 Seller's Right to Obtain First Appraisal. Seller shall have the right, if it so elects in order to expedite the determination of Fair Market Value, to select a qualified Seller's Appraiser and to deliver Seller's Appraiser's opinion of the Fair Market Value of the Property concurrently with the delivery of Seller's Notice of Intent to Sell. If Seller does so, and if Buyer disagrees with Seller's Appraiser's opinion of value, then Buyer shall have the right to object and the parties shall follow the process set forth in Sections 12.2 and 12.3 above to resolve such conflict and determine the Fair Market Value of the Property, except Buyer shall have the rights of Seller and Seller shall have the rights of Buyer under such Sections 12.2 and 12.3.

12.5 Fair Market Value. In general, the Fair Market Value of the Property is defined as the purchase price that a willing buyer would pay and a willing seller would accept for the Property, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts and the seller having a reasonable period of time to market the Building and consummate a sale. In determining the Fair Market Value all appraisers shall take into consideration the obligations of the Tenant under the Lease.

12.6 Inapplicability in Certain Cases. In the case of Buyer's exercise of its rights under Article 4 after the Option Period has expired, the foregoing provisions of this Article 12 shall not apply, and Buyer shall obtain an Appraisal if and to the extent required by Buyer to obtain Board of Regents Approval.

13. MISCELLANEOUS

13.1 Brokerage Commissions. Each party warrants to the other that the warranting party has incurred no obligations, by reason of this Agreement or the transaction contemplated hereby, for a real estate brokerage commission or finder's fee for which the other party would be liable. Each party will hold the other party free and harmless from and against any damage or expense the other party may incur by reason of the untruth as to the warranting party of the foregoing warranty, including expenses for attorneys' fees and court costs.

13.2 Default by Seller or Buyer

(a) **Seller's Remedies.** If Buyer fails to complete the purchase of the Property or satisfy any other obligation of Buyer pursuant to this Agreement, and such failure constitutes a breach of this Agreement, the parties agree that Seller may terminate this Agreement, which shall be the sole and exclusive remedy of Seller for any breach by Buyer.

(b) **Buyer's Remedies.** If Seller fails to complete the sale of the Property, and such failure constitutes a breach of this Agreement, and Buyer is not in breach of this Agreement, Buyer shall be entitled to specific enforcement of this Agreement together with damages incurred by Buyer relating to costs associated with the consummation of the purchase of the Property which Buyer incurred prior to Seller's breach of this Agreement and which will be incurred again upon consummation of the purchase of the Property. The remedies under the previous sentence shall be the sole and exclusive

remedies of Buyer for any breach by Seller, provided that if specific enforcement is not available because Seller has wrongfully transferred the Property in breach of this Agreement, then Buyer shall be entitled to pursue all remedies available at law or equity.

13.3 Notices. Any communication, notice or demand of any kind whatsoever that either party may be required or may desire to give to or serve upon the other shall be in writing, addressed to the parties at the addresses set forth below, and delivered by personal service, by Federal Express or other reputable overnight delivery service, or by facsimile transmission:

If to Buyer: University of Nevada, Reno
895 N. Center Street
Reno, NV 89503

Attention: Director of Real Estate

Telephone: 775-784-4180
Facsimile: 775-327-5017

With a copy to: General Counsel
University of Nevada, Reno
2601 Enterprise Road
Reno, Nevada 89512

Attention: Mary Dugan

Telephone: (775) 784-3491
Facsimile: (775) 327-2202

If to Seller: VA Clinic Associates, Ltd
3883 Howard Hughes Parkway, Suite 500
Las Vegas, Nevada 89169
Attention: Mark L. Fine

Telephone: (702) 933-7140
Facsimile: (702) 933-7146

With a copy to: Rice Silbey Reuther & Sullivan
3960 Howard Hughes Parkway, Suite 700
Las Vegas, Nevada 89169
Attention: Stephen Rice, Esq.

Telephone: (702) 732-9099

Facsimile: (702) 732-7110

If to Escrow Agent: Nevada Title
2500 N. Rampart Ave
Las Vegas, NV 89128

Attention: Sue Dudzinski

Telephone: (702) 251-5360

Facsimile: (702) _____

Any such notice shall be deemed delivered as follows: (a) if personally delivered, the date of delivery to the address of the person to receive such notice; (b) if sent by Federal Express or other reputable overnight courier service, the date of delivery to the address of the person to receive such notice; or (c) if sent by facsimile transmission, on the business day transmitted to the person to receive such notice if sent by 5:00 p.m., Pacific time, on such business day, and the next business day if sent after 5:00 p.m., Pacific time, or on a day other than a business day. Any notice sent by facsimile transmission must be confirmed by sending by Federal Express or other reputable overnight delivery service a copy of the notice sent by facsimile transmission. Any party may change its address for notice by written notice given to the other at least five (5) calendar days before the effective date of such change in the manner provided above.

13.4 "AS IS". Upon entering into this Agreement, Buyer acknowledges and agrees that Seller has made no representations or warranties with respect to the Property whatsoever except as expressly set forth otherwise in Article 10 above, and otherwise, that Buyer's purchase of the Property is "AS IS" in its present state and condition. Except as above provided, in purchasing the Property Buyer is relying solely upon the Materials, its own inspection and investigation of the Property, and not upon any representation, warranty, statement, study, report, or other information or materials made or furnished by Seller or any of its officers, employees, agents, brokers, attorneys, or representatives, of any nature whatsoever, except as provided in 10above. Notwithstanding the provisions hereof and Article 10, above, Seller shall have no responsibility for any matter of which Buyer or its representatives have actual knowledge prior to the close of escrow or should have discovered through reasonable due diligence.

13.5 **Survival of Provisions.** The representations, warranties, agreements and indemnities set forth in this Agreement and those terms, provisions and covenants which by their nature or express provision are to survive or be performed after the Closing shall remain operative, shall be deemed made at Closing, and shall survive the Closing; and Buyer's indemnity obligations pursuant to 6.2 shall survive any termination of this Agreement.

13.6 **Captions.** Captions in this Agreement are inserted for convenience of reference only and do not define, describe or limit the scope or the intent of this Agreement.

13.7 **Entire Agreement.** This Agreement and the Lease, including all Amendments, of the Property from Seller to Buyer, contains the entire agreement between the parties relating to the transactions contemplated hereby, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement.

13.8 Modification. No modification, waiver or discharge of this Agreement shall be valid unless it is in writing and signed by the party against which the enforcement of the modification, waiver or discharge is or may be sought.

13.9 Successors; Assignment. All terms of this Agreement shall be binding upon and inure to the benefit of the parties and their respective administrators or executors, successors and assigns.

13.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, but all of which together will constitute but one instrument.

13.11 Time. Time is of the essence of this Agreement and in the performance and enforcement of each of the promises, covenants, representations and warranties of the parties contained herein. If an act is required to be performed on a certain day and such day is not a regular business day, the time of performance or measurement shall be extended to and including the next regular business day of Escrow Agent.

13.12 Business Day. As used in this Agreement, a business day means any day other than a Saturday or Sunday, or any other day on which banking institutions, in general, in the State of Nevada are authorized or obligated by law or executive order to close. If the time period for the performance of any act called for under this Agreement expires on a day other than a business day, then the act in question may be performed on the next succeeding business day.

13.13 Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of their obligations hereunder and to carry out the intent and agreements of the parties hereto.

13.14 Authority. Each person signing this Agreement represents and warrants that he or she has the proper authority to bind the party on whose behalf he or she signs.

13.15 Governing Law. This Agreement shall be construed in accordance with the laws of the State of Nevada and venue shall exclusively be held in Clark County Nevada.

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL I:

LOT THREE (3) OF ELLIS ESTATES, AS SHOWN BY MAP THEREOF ON FILE IN BOOK 2 OF PLATS, PAGE 61, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THE SOUTH 87 FEET THEREOF.

PARCEL II:

LOT TWO (2) OF ELLIS ESTATES, AS SHOWN BY MAP THEREOF ON FILE IN BOOK 2, OF PLATS, PAGE 61, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THE NORTH 289.71 FEET OF SAID LOT TWO (2).

FURTHER EXCEPTING THEREFROM THE SOUTH 144.86 FEET OF SAID LOT TWO (2).

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year appearing with their respective signatures.

BUYER:

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

By: _____
Name: _____
Title: _____

Dated: _____, 2010

UNIVERSITY OF NEVADA SCHOOL OF
MEDICINE
MULTI-SPECIALTY GROUP PRACTICE
SOUTH, INC.,
A Nevada corporation

By: _____
Name: _____
Title: _____

Dated: _____, 2010

VA CLINIC ASSOCIATES LIMITED
PARTNERSHIP, a Nevada Limited Partnership


By: W. M. [Signature]
Title: General Partner

Dated: June 2, 2010

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year appearing with their respective signatures.

BUYER:

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

By: 
Name: DANIEL J. KLATCH
Title: CHANCELLOR

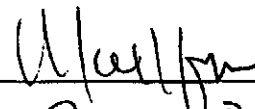
Dated: 6-3, 2010

UNIVERSITY OF NEVADA SCHOOL OF
MEDICINE
MULTI-SPECIALTY GROUP PRACTICE
SOUTH, INC.,
A Nevada corporation

By: _____
Name: _____
Title: _____

Dated: _____, 2010

VA CLINIC ASSOCIATES LIMITED
PARTNERSHIP, a Nevada Limited Partnership

By: 
Title: General Partner

Dated: June 2, 2010

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year appearing with their respective signatures.

BUYER:

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

By: [Signature]
Name: _____
Title: _____

Dated: _____, 2010

UNIVERSITY OF NEVADA SCHOOL OF
MEDICINE
MULTI-SPECIALTY GROUP PRACTICE
SOUTH, INC.,
A Nevada corporation

By: [Signature]
Name: William Fraboni
Title: President MSAS

Dated: June 3, 2010

UNSON

VA CLINIC ASSOCIATES LIMITED
PARTNERSHIP, a Nevada Limited Partnership

By: [Signature]
Title: General Partner

Dated: June 2, 2010



University of Nevada
School of Medicine

**CONTRACT REGARDING THE TRANSITION OF MEDICAL EDUCATION IN
SOUTHERN NEVADA**

This CONTRACT REGARDING THE TRANSITION OF MEDICAL EDUCATION IN SOUTHERN NEVADA ("Contract") is made and entered into effective August 5, 2016 ("Effective Date"), by the Office of the Chancellor of the Board of Regents of the Nevada System of Higher Education ("NSHE"), the University of Nevada, Reno School of Medicine ("UNR Med"), University of Nevada School of Medicine Integrated Clinical Services, Inc. ("ICS"), the University of Nevada, Las Vegas School of Medicine ("UNLV SOM"), and UNLV Medicine, the Faculty Practice Plan for UNLV SOM ("UNLV Medicine"), each a "Party" and all collectively, the "Parties." NSHE, UNR Med and UNLV SOM are all schools or offices that are part of the Nevada System of Higher Education.

RECITALS

WHEREAS the NSHE supports the continuation and transition of medical education in southern Nevada and supports the continuation and expansion of medical education in northern and rural Nevada;

WHEREAS, The University of Nevada, Reno ("UNR") and the University of Nevada, Las Vegas ("UNLV") are both Institutions within the Nevada System of Higher Education;

WHEREAS, the University of Nevada, Reno School of Medicine ("UNR Med"), an LCME-accredited allopathic school within UNR's Division of Health Sciences, was established in 1969 as a community-based institution of medical education and is a research-intensive, community-based, statewide medical school that has served Nevada for more than 47 years.

WHEREAS, UNR MED presently has campuses and medical training programs in Reno, Las Vegas, and Elko Nevada;

WHEREAS, the University of Nevada, Las Vegas School of Medicine ("UNLV SOM"), a school within UNLV, was established in 2015 with the goal of becoming an independent, full-scale, allopathic medical school at UNLV;

WHEREAS, ICS is a Nevada non-profit corporation and 501(c)(3) which serves as the clinical practice platform for UNR Med and manages the clinical practice of medicine by the UNR Med faculty in both northern and southern Nevada;

WHEREAS, (UNLVSOM Medicine) is a newly formed Nevada non-profit corporation that is seeking 501(c)(3) status, which is intended to manage the clinical practice of medicine by the UNLVSOM faculty in southern Nevada;

WHEREAS, with the announcement of the establishment of UNLVSOM, UNR Med has begun expanding its Reno campus to encompass all four years of medical training and will eventually close many of its departments in Las Vegas;

WHEREAS, as part of establishing UNLVSOM in Las Vegas, certain of UNR Med's leases and assets will be acquired by and/or transferred to UNLVSOM, most current employees physically located in Southern Nevada, currently employed through one NSHE institution, UNR/UNR Med, will be offered employment with another NSHE institution, UNLV/UNLVSOM, UNR funds previously used for medical education in Southern Nevada will be used to expand the UNR Med Reno campus, graduate medical education will continue in Southern Nevada through UNLVSOM, and other operations may be transferred or shared between the Parties;

WHEREAS, on August 5, 2016, NSHE, UNR Med, and UNLVSOM entered into a "Letter of Intent Regarding the Transition of Medical Education in Southern Nevada (July 1, 2017 Transition Date)," ("LOI"), which had implications for all the Parties; and

WHEREAS, the Parties desire to enter this Contract for purposes of complying with the LOI and facilitating the orderly transfer of leases, assets, operations, and employees between institutions, and to ensure that such transfer does not create an undue financial burden upon either institution and allows each to continue fulfilling its mission,

NOW THEREFORE, contingent upon the approval of the NSHE Board of Regents, the Parties agree as follows:

CONTRACT

- 1. Board of Regents Approval. This Contract and the Parties' respective commitments hereunder are subject to and conditioned upon approval from the NSHE Board of Regents. Should such approval not be received, this Contract shall be null and void.**
- 2. Term of Contract. The term of this Contract shall commence upon the Effective Date and continue through June 30, 2021 (the "Term").**
- 3. Incorporation of Cooperative Agreement: The Parties incorporate here by reference as though fully set forth the Cooperative Agreement for joint appointments between UNLVSOM and UNRSOM.**

4. Financial Commitment to and Provision of Medical Education in Southern Nevada.

4.1 One-Time Payment

In addition to the money budgeted to UNLV SOM by the Nevada Legislature, NSHE, UNR Med and UNLV SOM agree to the following financial commitment for Fiscal Year 2018 (7/1/17-6/30/18) only:

NSHE, no later than July 1, 2017, shall provide to UNLV SOM funding of \$3,000,000.00.

UNLV SOM, no later than July 1, 2017, shall identify from its own funds and make available for its own use \$1,500,000.00.

UNR Med, no later than July 1, 2017, shall provide to UNLV SOM funding of \$1,500,000.00 by wire transfer sent to:

UNLV SOM Interim Senior Associate Dean for Finance & Business, CFO
702-895-0497 or

Business & Finance Manager for UNLV SOM
702-895-1516 or

Controller
Chris Viton
702-895-3517
Chris.viton@unlv.edu

4.2 Graduate Medical Education Support for Fiscal Year 2018 and Fiscal Year 2019

UNR Med shall pay additional financial support to UNLV SOM of up to \$1,226,523.00 for the ongoing support of teaching Graduate Medical Education (GME) programs for UNR Med and/or UNLV SOM residents for Fiscal Year 2018 ("the GME Funding"), to be made on a monthly basis in Fiscal Year 2018. Contingent on UNLV SOM continuing to maintain the UMC Residencies (see Section 18 of this Contract) in Fiscal Year 2018, UNR Med will provide financial support of those residencies up to the amount of \$1,226,523.00 in Fiscal Year 2019.

The \$1,226,523.00 amount matches the amount UNR Med spent for FY 2016 or budgeted for FY 2017 for total resident salaries and program support currently sourced from UNR Med, as shown on Exhibit X.

In the event that UNLV SOM reduces the number of full-time employees in the Office of Graduate Medical Education from the number shown on Exhibit X or decreases

the amount of salaries paid as shown on Exhibit X; reduces the number of residents in the Family Medicine Residency Program in Las Vegas from the number shown on Exhibit X or decreases the amount of salary support for residents shown on Exhibit X; reduces the number of residents in the Psychiatry Residency Program in Las Vegas from the number shown on Exhibit X or decreases the amount of salary support for residents shown on Exhibit X; or reduces the Office of Graduate Medical Education's operating budget from the amount shown on Exhibit X, then the \$1,226,523.00 will decrease in an amount equal to the reduction made by UNLV SOM. In addition, if vacancies occur in any of the Graduate Medical Education positions, the Family Medicine residencies, or the Psychiatry residencies shown on Exhibit X, then UNR Med will decrease proportionately the financial support to UNLV SOM for the duration of the vacancy. Beginning July 1, 2017, and every month thereafter through June 1, 2019, UNLV SOM shall provide itemized invoices to UNR Med for the monthly salary of the filled positions in Graduate Medical Education, Family Medicine Residencies, and Psychiatry Residencies as shown on Exhibit X. UNLV SOM shall also include in such invoices when appropriate the Operating Costs Identified on Exhibit X.

Such invoices shall be sent to:

Michelle Blodgett, UNR Med Budget Analyst
1664 North Virginia, MS 0346 Reno, NV 89557
Email: mblodgett@medicine.nevada.edu

Upon receipt and review, UNR Med shall pay such invoices within 30 days by wire transfer sent to:

UNLV SOM Interim Senior Associate Dean for Finance & Business, CFO
702-895-0497 or

Business & Finance Manager for UNLV SOM
702-895-1516 or

Controller
Chris Viton
702-895-3517
Chris.viton@unlv.edu

In the event UNR Med has questions concerning any invoice, such questions shall be directed to those individuals identified immediately above in this section 4.2.

In the event of a dispute concerning any invoice or the payment thereof, the administrative deans of finance for UNLV SOM and UNR Med shall use best efforts to resolve the dispute. In the event the administrative deans of finance are unable to resolve the dispute, the dispute shall be presented to the deans of UNR Med and UNLV SOM for

resolution. If a resolution is still not reached it shall be resolved pursuant to the dispute resolution process in section 23 of this Contract.

4.3 Support for UNR Med Third Year Student Teaching in Fiscal Year 2018

UNR Med, beginning on July 1, 2017, and continuing for the next eleven (11) months, shall provide payments to UNLV SOM up to the total annual amount of \$391,710.00 to support medical student teaching of up to 20 student FTE for 3rd year UNR Med students during Fiscal Year 2018 attending clerkships in southern Nevada, as determined by UNR Med.

UNR Med shall pay the appropriate sum to UNLV SOM at the beginning of each clerkship in FY 2018 during which UNR Med 3rd year medical students are attending clerkships through UNLV SOM. This sum was calculated by multiplying 75% of the in-state tuition amount for a 3rd year medical student (\$26,114.00) by the 20 student FTE. In the event that fewer than 20 UNR Med student FTE is requested by UNR MED and provided by UNLV SOM, the payment shall be based on 75% of the in-state tuition amount for a 3rd year medical student multiplied by the UNR Med student FTE instruction actually provided by UNLV SOM. Payments shall be made by wire transfer sent to:

UNLV SOM Interim Senior Associate Dean for Finance & Business, CFO
702-895-0497 or

Business & Finance Manager for UNLV SOM
702-895-1516 or

Controller
Chris Viton
702-895-3517
Chris.viton@unlv.edu

In exchange for the financial payments by UNR Med to UNLV SOM stated above in this section 4.3, UNLV SOM shall, for FY 2018, maintain clinical clerkship programs (which includes retaining the necessary faculty and making the necessary clinical education programs available for teaching of up to 20 Student FTEs) in the areas of surgery, internal medicine, emergency medicine, OBGYN, family medicine, psychiatry, and emergency medicine.

4.4 Student Teaching After Fiscal Year 2018

Upon mutual written agreement of the Parties, UNR Med will provide financial support through the Cooperative Agreement for joint appointments to UNLV SOM per UNR Med student per month in order to meet the student teaching needs of UNR Med in southern Nevada for electives for fourth year UNR Med students. The parties will work together in good faith to negotiate arrangements to provide elective options for UNR Med students in southern Nevada and the accompanying financial support from UNR Med.

Notwithstanding the above, the parties intend that there will not be a need for UNR Med 3rd year medical students to participate under UNLV SOM teaching programs beyond Fiscal Year 2018.

6. Employment of Current UNR Med Faculty and Staff by UNLV SOM.

6.1 Compliance Review List

On or before August 10, 2016, UNR Med and ICS will provide to UNLV SOM a list of faculty members that have undergone Compliance Reviews in the last three (3) years (the "Compliance Review List"). UNLV SOM will maintain the Compliance Review List and any information it receives regarding Compliance Reviews confidentially and in a manner that preserves the attorney-work product privilege.

Compliance Reviews, for purpose of this Contract, shall mean any and all documentation relating to findings or reports relating to misconduct investigations and/or records of proceedings and investigations resulting from complaints by students, patients, and other physicians ("Compliance Reviews"). These would be investigations that are placed under attorney-work product privilege by UNR Med or ICS.

6.2 Employment by UNLV SOM

Except for the UNR Med departments of Compliance, Information Technology, Legal, and Office of Admissions and Student Affairs in Southern Nevada, UNLV SOM shall offer employment, effective July 1, 2017, to all UNR Med faculty members, currently employed or to be employed by UNR Med in Southern Nevada, who either: (a) UNLV SOM has previously approved to be hired by UNR Med; or (b) do not appear on the Compliance Review List and meet the following criteria:

- a. Have not been subject to an investigation and/or proceeding under Chapter 6 of the NSHE Code within the last three years;
- b. Currently do not have qualifications, conditions or restrictions on his or her license to practice medicine in Nevada.
- c. Are eligible to provide reimbursable professional services, and participation in the Medicare and Medicaid programs, and other similar state or federal government-sponsored programs.

This includes Letter of Appointment and Temporary Faculty Members, along with faculty with a greater than 0.5 FTE appointment by UNR Med.

6.3 Faculty Hired in Fiscal Year 2017

UNR Med will obtain approval from UNLV SOM for each faculty hire made in Southern Nevada during Fiscal Year 2017 prior to entering into a contract of employment with the faculty member. As set forth in Section 5.2 of this Contract, UNLV SOM will make

written offers of employment, effective July 1, 2017, to each of the faculty that it approves to be hired by UNR Med.

5.4 Offers from UNLVSOM

On or before August 15, 2016 UNLVSOM shall issue written offers of employment to any current UNR Med faculty eligible for such offers under Section 5.2 of this Contract. The written offers shall contain at least the following information:

- UNLVSOM intends to hire the faculty member effective July 1, 2017.
- Written employment contracts for Fiscal Year 2018 will be issued by UNLVSOM on or before April 1, 2017.
- Notification that UNLVSOM will credit the faculty member for annual and sick leave (up to 48 days of annual leave and 96 days of sick leave), on a one time basis, based on the balance of leave that would have been available to faculty member at UNR Med on 7/1/16. This crediting of leave is in lieu of any payout of leave by UNR Med to the faculty member.
- Notification that the UNLVSOM New Hire's transfer of annual leave must be used by the end of the second year of employment or be forfeited; and that he/she would be subject to the UNLVSOM leave policy upon exhaustion of the transferred annual leave.
- Notification that, except for the acceptance of leave obligations, the faculty member will be considered a new employee of NSHE (i.e. with a new NSHE hire date) under all applicable provisions of the NSHE Code, including, but not limited to, Section 5.4 of the NSHE Code.
- Notification that UNLVSOM will be using a compensation and leave benefits plan that differs from that currently used by UNR Med.

It is understood and agreed by and between the Parties that the notification to the employee of the transfer credit for leave to UNLVSOM in lieu of any payout of leave by UNR Med does not extinguish any shared responsibility for accrued annual leave for UNLVSOM New Hires as set forth in Section 6 of this Contract.

For those faculty, subject to Section 5.3 of this Contract, that are hired by UNR Med after August 10, 2015, UNLVSOM will issue offer letters within thirty (30) days of receiving written notice from UNR Med that an employment contract has been entered into with the Faculty Member.

UNLVSOM shall not issue offer letters to those administrative faculty employed in the UNR Med departments of Compliance, Information Technology, Legal, and Office of Admissions and Student Affairs in Southern Nevada. Employees in those departments will remain the responsibility of UNR Med. Notwithstanding the above, nothing in this paragraph shall prevent such individuals from seeking employment with UNLVSOM, subject to Section 6 of this Contract.

5.5 Faculty on the Compliance Review List

Faculty on the Compliance Review List will be evaluated on a case-by-case basis by UNLV SOM. UNLV SOM shall send letters to faculty on the Compliance Review List, on or before August 15, 2016, requesting written permission to allow UNLV SOM access to all personnel records and Compliance Reviews in the possession of UNR Med and/or ICS. Five (5) business days after UNR Med receives written permission from a faculty member, UNR Med shall provide the personnel records and any and all documentation relative to any Compliance Reviews to UNLV SOM. UNLV SOM shall have fifteen (15) business days from receipt of the Compliance Reviews to make a decision regarding the hiring of the faculty member, unless UNLV SOM and UNR Med mutually agree in writing to a longer review period. In the event that UNLV SOM intends to make an offer to a faculty member on the Compliance Review List, it will notify UNR Med of such intent in writing within the fifteen (15) business day period or within the longer review period, should there be one and shall issue written offer letters to those faculty on the Compliance Review List within ten (10) days of the review period. If a UNR Med faculty member declines to afford permission to UNLV SOM to access all personnel records and Compliance Reviews in the possession of UNR Med and/or ICS, UNLV SOM shall have no further obligation to consider such faculty for employment.

5.6 Employment Contracts for Fiscal Year 2018 issued by UNLV SOM

On or before April 1, 2017, UNLV SOM will issue written employment contracts for Fiscal Year 2018 to all UNR Med faculty members, currently employed or to be employed by UNR Med in Southern Nevada, who either: (a) UNLV SOM has previously approved to be hired by UNR Med; or (b) do not appear on the Compliance Review List and satisfy criteria outlined in Section 5.2.

On or before April 1, 2017, UNLV SOM will issue written employment contracts for Fiscal Year 2018 to those UNR Med faculty members who appear on the Compliance Review List that UNLV SOM decides to hire following the case by case review identified in Section 5.5.

In the event that, subject to Section 5.3, UNR Med hires a faculty member in southern Nevada with an effective date of employment after April 1, 2017, UNLV SOM will issue a written employment contract for Fiscal Year 2018 to such a faculty member on or before June 30, 2017.

Nothing herein prevents UNLV SOM from negotiating position, rank, tenure status or other similar term of employment with any UNR Med faculty member to which it will offer an employment contract.

5.7 Joint Appointments of Faculty

Subject to Section 4.4 of this Contract, UNLV SOM and UNR Med shall agree to joint appointments of faculty pursuant to the Cooperative Agreement for joint

appointments entered into by UNR MED and UNLVSOM with an effective date of February 1, 2016, which is incorporated herein, in order to meet the student teaching needs of UNR MED in Southern Nevada. Responsibility for any jointly appointed faculty wages and benefits, shall be subject to the terms and conditions of the Cooperative Agreement.

5.8 UNR Med Classified Staff

UNLVSOM shall employ all UNR Med classified staff members in southern Nevada except those classified staff members in the UNR Med departments of Compliance, Information Technology, Legal, and Office of Admissions and Student Affairs in southern Nevada. Classified staff members in those departments shall remain the responsibility of UNR Med. UNLVSOM shall issue letters on or before September 15, 2016, committing to offer employment to each UNR Med classified staff member who will be employed by UNLVSOM effective July 1, 2017.

Obligations for leave and other benefits shall for classified staff shall be subject to the rules and requirements of the classified system and shall not be governed by Section 6 of this Contract.

5.9 ICS Staff

On or before November 1, 2016, ICS shall provide UNLVSOM and the UNLVSOM practice plan a list of all current staff and open positions.

On or before December 31, 2016, UNLVSOM and the UNLVSOM practice plan will provide to ICS a list of the ICS staff that shall be offered positions at the UNLVSOM practice plan.

The UNLVSOM practice plan shall also provide the process for the hiring of these employees (e.g. submission of applications, start date, etc...) at the same time the list is provided.

Acceptance of obligations of leave and/or other benefits shall be separately negotiated by ICS and the UNLVSOM practice plan and such benefits shall not be subject to Section 6 of this Contract. Any agreement that may be reached by ICS and the UNLVSOM practice plan regarding leave and/or other benefits shall be reduced into a separate written agreement.

6. Accrued Leave for Faculty.

6.1 Credit of Annual and Sick Leave for Faculty

UNLVSOM will provide credit for annual and sick leave to UNLVSOM New Hires (those hired pursuant to offers issued under Sections 5.4, 5.5 and 5.6 of this Contract). Credit for accrued annual leave, up to a maximum of 48 days and sick leave up to 96 days on a one-time basis, will be credited to the UNLVSOM New Hire.

If a UNLV SOM New Hire's employment with UNLV SOM is terminated, whether voluntarily or involuntarily, on or before June 30, 2019, UNR Med shall reimburse UNLV SOM for a proportional share of the annual leave (pursuant to the schedule below developed by UNR Med and UNLV SOM) that UNLV SOM is legally obligated to pay and actually pays out to the UNLV SOM New Hire.

EXAMPLE @ 48 DAYS Year	LIABILITY FOR PAYMENT OF LEAVE		Total
	UNR Med	UNLV SOM	
0.25	42	6	48
0.5	36	12	48
0.75	30	18	48
1	24	24	48
1.25	18	30	48
1.5	12	36	48
1.75	6	42	48
2	0	48	48

In the event that the UNLV SOM New Hire does not have 48 days of leave, the formula above will be applied proportionally to the number of leave days that transfers with the UNLV SOM New Hire.

For any UNR Med employees that leave UNR Med prior to July 1, 2017, but after the signing of this Contract, and who are subsequently employed by UNLV SOM prior to July 1, 2018 ("Applicable Time Frame"), his/her annual leave that was previously paid out by UNR Med will be reimbursed by UNLV SOM to UNR Med on the same pro-rated guidelines as set forth above which equates to 12.5% of the leave pay out previously made by UNR Med for each three months that the rehired employee remains employed by UNLV SOM. There will not be retroactive application of this provision with respect to any UNR Med employees who already left UNR Med to join UNLV SOM as of August 1, 2016. With respect to any UNR MED employees that leave UNR Med and then seek employment with UNLV SOM within the Applicable Time Frame UNLV SOM may require that, as a condition of employment with UNLV SOM, the former UNR Med employee will need to repay to UNLV SOM the annual leave that UNLV SOM is required to reimburse UNR Med as detailed in this paragraph.

6.2 Support of NSHE Code Amendment

UNR Med, UNLV SOM and the Chancellor shall support a mutually agreeable amendment to the NSHE Code providing that leave will be credited by UNLV SOM to faculty that accept new positions with UNLV SOM, pursuant to Section 6.1 of this Contract, and that employment with UNLV SOM will mean new NSHE date of hire and application of a compensation and leave benefits plan that differs from that currently used by UNR Med. Once the NSHE Code amendment is approved by the Board of Regents the Code it shall be considered to be part of this Contract.

7. Medical Benefits for Faculty

UNLV SOM will make available health insurance coverage to any and all UNR Med Faculty that accept employment with UNLV SOM with an effective date of coverage July 1, 2017. This provision shall not apply to UNR Med faculty members that have not accepted employment with UNLV SOM on or before July 1, 2017.

8. Crowe Horwath Audit

UNR Med will provide UNLV SOM a complete copy (once provided to UNR Med) of the Crowe Horwath Due Diligence Audit (all phases) in its entirety. UNLV SOM and UNR previously agreed to split the cost of the Crowe Horwath Due Diligence Audit.

9. Indemnity for Certain Claims

NSHE and UNR Med and/or the ICS will indemnify, defend and hold harmless the UNLV SOM and the UNLV SOM practice plan for actions, claims, judgments, verdicts, settlements and all other monetary and non-monetary obligations, imposed on UNLV SOM and the UNLV SOM practice plan, if any, arising from governmental investigations, proceedings or any other action(s) arising from such investigations and/or qui tam lawsuits arising out of conduct of the UNLV SOM New Hires and/or the ICS that occurred on or before June 30, 2017 ("Action"), subject to the protections and coverage of any insurance policy covering such claims. This indemnity does not apply to any conduct of the UNLV SOM New Hires that occurred on or before June 30, 2017 that was done pursuant to a program managed and controlled by UNLV SOM (e.g. the UNLV Autism Clinic or other joint appointments so long as under the oversight and/or management of UNLV SOM).

10. Curricular Review for UNR Med

On or after August 15, 2016, UNR Med will, pursuant to the applicable provisions of the NSHE Code, submit a plan for curricular review to close its departments in Southern Nevada, except for Compliance, Information Technology, Legal, and Office of Admissions and Student Affairs. This plan will be brought to the University of Nevada, Reno Faculty Senate at its September 15, 2016 meeting. The Chancellor agrees to support efforts to put this plan on the agenda for the Special Meeting of the Board of Regents in October 2016 and/or work with the Chair of the Board to request a special meeting to review and approve the curricular review plan.

11. Leases

11.1. Beginning July 1, 2017, UNLV SOM shall have responsibility for the following leases:

1524 Pinto Lane
1703/1707 W Charleston Blvd
2231 W. Charleston Blvd
2410 Fire Mesa St
3196 S. Maryland Pkwy
4000 E Charleston Blvd.
4538 W Craig Rd
520 E Lake Mead
6375 W Charleston

To the extent required, the Parties shall work together to obtain assignments of these leases.

11.2 If additional space is needed to accommodate UNLV SOM's educational and/or administrative needs, UNLV SOM is responsible for identifying such space, entering into a lease agreement for appropriate space, and paying all costs associated with the lease.

11.3 UNR Med will remain responsible for the following Southern Nevada leases and may negotiate with the landlord to terminate the lease, find subtenants for the leases, or otherwise resolve the leases with the landlord:

1701 W. Charleston Blvd
3150 N. Tenaya
3175 St. Rose Pkwy
5380 South Rainbow
7310 Smoke Ranch Rd

UNLV SOM shall maintain the lease of 7310 Smoke Ranch Road, which is grant-supported office space, through the expiration of the grant connected to that storage facility and shall pay rent for July and August 2017. UNLV SOM shall pay rent for July and August 2017 for 7310 Smoke Ranch Road.

If additional space is needed to accommodate UNR Med's educational and/or administrative needs in southern Nevada after July 1, 2017, UNR Med is responsible for identifying such space and entering into a lease agreement for appropriate space.

11.4 UNLV and UNR Med shall terminate the following lease effective July 1, 2017:

1001 Shadow Lane

12. Formation of UNLV SOM Practice Plan; UNLV SOM shall create a practice plan entity to begin operations and providing medical services to patients on July 1, 2017.

Except as otherwise set forth herein, UNLV SOM, with the assistance of its retained counsel, is responsible for the creation, structure, contracting, employment model, employee benefits and compliance for the UNLV SOM practice plan.

13. Assets of UNR MED And ICS In Southern Nevada: Certain UNR assets, which UNR Med identifies, shall be valued by an independent party agreed to by UNR Med and UNLV SOM. ICS assets will be valued by Todd R. Shirey, ASA (or a replacement agreed to by the parties) who will be retained and paid by ICS.

UNLV SOM or its practice plan may agree to acquire any such assets for fair market value. In the alternative, UNR Med and its practice plan may sell such assets to third party purchasers, provided that UNLV SOM is first offered the option to acquire those assets for fair market value.

Any proposal for sale of assets shall be made in writing to UNLV SOM or its practice plan first. UNLV SOM or its practice plan will have no more than 14 business days within which to accept.

14. Mojave Pharmacy: Crowe Horwath has been retained to provide a valuation of the pharmacy located at Mojave Mental Health ("the Pharmacy"), 4000 E. Charleston Blvd, Las Vegas, NV. The cost of this valuation will be paid equally by UNLV SOM and UNR Med. In the event that Crowe Horwath determines that the Pharmacy at Mojave is a going business concern with a positive valuation, the practice plans for UNR Med and UNLV SOM shall negotiate a purchase price of the Pharmacy based on the valuation amount, with an effective purchase date of July 1, 2017.

15. Southern Nevada Contracts: UNR Med has provided the database created by Holland & Hart of existing UNR Med and ICS Southern Nevada contracts. On or before November 30, 2016 UNLV SOM and the UNLV SOM practice plan shall provide to the UNR Med a list of the contracts for which they will seek assignment from the UNR Med practice plan to the UNLV SOM practice plan, if any. Notwithstanding the provisions of this section 15, the sharing or assignment of contracts shall be limited to ensure there is no disclosure of payer information or other business information that, disclosed inappropriately, might lead to anti-trust implications.

16. NRS Provisions: On or before September 30, 2016, NSHE, UNR Med and UNLV SOM will agree to proposed language to submit to the Nevada Legislature regarding the meaning of "University of Nevada School of Medicine" in the Nevada Revised Statutes and enter into a Memorandum of Understanding ("MOU") regarding responsibilities under the various Nevada Revised Statutes ("NRS") that reference "University of Nevada School of Medicine." The parties shall schedule a meeting or meetings, to occur prior to September 1, 2016, wherein the Deans of UNR Med and UNLV SOM and/or their designated authorized representatives will work to negotiate the MOU outlining the responsibilities and division of funds relative to each NRS section. If the Parties are unable to agree by September 1, 2016, then they shall participate in mediation with a neutral third party appointed by the Chancellor. In the event that an agreement cannot be reached following mediation, any remaining issues shall be presented to a committee of the Chairperson of the Board of Regents, the Vice-

Chairperson of the Board of Regents and the full committee of the Board of Regents Health Sciences Committee for determination.

17. Electronic Medical Record: UNLV SOM will work with University Medical Center ("UMC") to make the EPIC EMR (Electronic Medical Record) system available to UNLV SOM and UNLV SOM's practice plan. This notwithstanding, UNR Med, through its IT Department, will continue to support the GE Centricity EMR and make this EMR available to UNLV SOM and/or UNLV SOM's practice plan through June 30, 2018, if needed. To the extent that UNLV SOM or UNLV SOM's practice plan uses the GE Centricity EMR it will reimburse UNR Med for: (1) a proportional cost of the EMR system (user fees to GE); and (2) the cost of the services provided by UNR Med IT staff on a time and materials basis (user fees and cost of services together constitute "Reimbursement"). Such Reimbursement shall occur only up and until the date UNLV SOM and UNLV SOM's practice plan have negotiated a separate and distinct agreement to use either the EPIC EMR or the GE Centricity EMR. UNR Med is not required to provide support services to UNLV SOM absent Reimbursement.

18. UMC Residency Programs: UNLV SOM shall take all steps necessary to become and shall become the sponsoring institution for the UMC based residency programs, which includes programs at Sunrise Hospital and the VA in Las Vegas¹, effective July 1, 2017. UNLV SOM shall maintain these residencies through Fiscal Year 2018 and shall use best efforts to keep them accredited by the Accreditation Council for Graduate Medical Education ("ACGME") for accredited residencies and use best efforts to maintain the fellowship programs not eligible for accreditation by the ACGME in good standing through at least Fiscal Year 2018.

For the purposes of this Section, agreeing to "maintain" the residencies includes, but is not limited to, employing or contracting with the faculty necessary for the programs to remain accredited and/or in good standing.

¹ This includes the following programs:

Accredited (w/ACGME Code No.): Emergency Medicine (1103131189); Family Medicine (1203100700); Family Medicine (1203121481); Sports Medicine (1273113096); Internal Medicine (14033121497); Cardiovascular Disease (1413114300); Gastroenterology (1443114250); Pulmonary Disease and Critical Care Medicine (1563114001); Obstetrics & Gynecology (2203121318); Orthopaedic Surgery (2803100001); Otolaryngology (2803113139); Pediatrics (3203121407); Plastic Surgery (3623121138); Psychiatry (4003121297); Child and Adolescent Psychiatry (4053140184); Surgery (4403121378); Surgical Critical Care (4423112107).

Unaccredited: Family Medicine Obstetrics; Family Medicine Urgent Care; Family Medicine Gynecology; Emergency Medicine Ultrasound; Emergency Medicine Emergency Medical Services; Minimally Invasive Surgery; Hand Micro-Vascular Surgery; Colorectal Surgery; Acute Care Surgery; Minimally Invasive Gynecologic Surgery.

Notwithstanding the above, if there are any accredited programs that lose their accreditation prior to June 30, 2017, then UNLV SOM is not obligated to become the sponsoring institution for that program.

19. Non-Disclosure and Confidentiality:

The Parties agree to share information related to the transfer discussed herein, for use in legal proceedings, and to conduct their respective operations.

For the purposes of this Contract "Confidential Records" shall mean all documents of UNR Med or UNLV SOM that are not public records and all business records, strategies, contracts and related documents of ICS and the UNLV SOM practice plan. Confidential Records includes any and all patient information that is protected by state and/or federal law including but not limited to the Health Insurance Portability and Accountability Act ("HIPAA") Confidential Records includes the non-public sections of personnel and payroll records of UNR Med and UNLV SOM employees and all personnel records of ICS and UNLV SOM practice plan employees ("Personnel and Payroll Records").

For the purposes of this Contract, "Authorized Official" means: the Presidents, Provosts and Vice-Provosts of UNR and UNLV; the Chancellor of NSHE; the Vice-Chancellor of Legal Affairs of NSHE; the legal counsel for UNR Med, UNR, UNLV SOM and UNLV, the Deans of UNLV SOM and UNR Med; the departments of human resources of UNR and UNLV; the Vice Presidents of Business Administration for UNLV and UNR; the presidents of ICS and the UNLV SOM practice plan; the chief operations officers of ICS and the UNLV SOM practice plan; the directors of human resources for ICS and the UNLV SOM practice plan; the chief administrative/ financial officers for UNR Med and UNLV SOM; and any other persons agreed to in writing by the parties.

The receiving party shall not disclose, discuss, divulge, or in any way furnish information relating to the Confidential Records, including the Personnel and Payroll Records, nor shall they authorize, permit, or in any manner aid such disclosure to anyone other than the Authorized Officials, except pursuant to a valid court order issued by a court of competent jurisdiction. The receiving party shall protect and diligently guard against the disclosure of Confidential Records, including the Personnel and Payroll Records, and shall further notify the Authorized Officials that the Confidential Records, including the Personnel and Payroll Records are confidential and must be kept in strictest confidence. To the extent required by applicable law and regulation, each party will maintain patient information received in accordance with the requirements of HIPAA

Notwithstanding the above, UNR Med and/or UNR Med's practice plans, and UNLV SOM and/or UNLV SOM's practice plan shall work together in good faith to ensure there is no disclosure of payer information or other business information, that disclosed inappropriately, might lead to Anti-Trust implications.

20. Legal Requirements. The Parties acknowledge that the obligations imposed by this Contract may be subject to and limited by certain federal and state law and

regulations governing patient referrals and fair market compensation requirements, including, but not limited to the "Stark Law" (currently at 42 U.S.C. 1395nn and 42 C.F.R. 411.350-411.389) and other anti-kickback restrictions (the "Legal Requirements"). Nothing in this Contract shall require, or be interpreted to require, any Party to act or take action in violation of any Legal Requirements.

21. Lack of Funding. In the event that UNLV SOM does not identify funding sufficient to fulfill its obligations described herein or if payment of the financial support outlined in Section 4 above does not occur then the transition of medical education in Southern Nevada shall occur July 1, 2018 under other terms that would be separately negotiated and mutually agreed to by the Parties.

22. Foundation Gifts and Sponsored Projects. UNR Med and UNLV SOM will work together in good faith to resolve any issues regarding foundation gifts and sponsored projects relating to the transition. All such resolutions must be consistent with applicable state and federal laws and regulations. Further, all efforts should be made to obtain a resolution that is consistent with the purpose of any gift or award.

23. Dispute Resolution. The parties shall work together to resolve any and all disputes in good faith. Except as otherwise set forth in this Contract, in the event that a dispute cannot be resolved through informal discussions it will be referred for resolution to:

- For disputes between UNR Med and UNLV SOM the Dean of UNR Med and the Dean of UNLV SOM. If not resolved by the Deans the dispute shall be sent to the Presidents of UNR and UNLV. If not resolved the dispute shall be submitted to the Chancellor for resolution.
- For disputes involving the practice plan entities, a group consisting of the Dean of UNR Med, the Dean of UNLV SOM, a member of the ICS Board appointed by the President of ICS, and a member of the UNLV SOM practice plan appointed by the President of the UNLV SOM practice plan. If not resolved by this Group the dispute shall be submitted to mediation with a mediator selected by the Chancellor.

24. Order of Priority. In the event that this Contract and the previously executed LOI conflict, this Contract shall control.

25. Interpretation. The Parties and/or their representatives participated equally in the drafting of the LOI and this Contract. For purposes of interpretation, this Contract shall not be construed against any of the parties as the drafter.

IN WITNESS HEREOF, the Parties have executed this CONTRACT as of the respective dates below, contingent upon approval by the NSHE Board of Regents.

Marc Johnson 8-18-16
Marc Johnson Date
President, University of Nevada, Reno

Len Jessup Date *066-860 8/18/16*
Len Jessup Date
President, University of Nevada, Las Vegas

Thomas L. Schwenk 8/18/16
Thomas L. Schwenk Date
Dean, University of Nevada School of Medicine

Barbara Atkinson 8/18/16
Barbara Atkinson Date
Planning Dean, University of Nevada, Las Vegas School of Medicine

John White Date
Chancellor, Nevada System of Higher Education

Integrated Clinical Services, Inc. Date

Barbara Atkinson 8/18/16
UNLV SOM Medicine Date

By: _____

By: BARBARA ATKINSON

IN WITNESS HEREOF, the Parties have executed this CONTRACT as of the respective dates below, contingent upon approval by the NSHE Board of Regents.

Marc Johnson 8-18-16
Marc Johnson Date
President, University of Nevada, Reno

Len Jessup Date
President, University of Nevada, Las Vegas

666-860
8/18/16

Thomas L. Schwenk 8/18/16
Thomas L. Schwenk Date
Dean, University of Nevada School of Medicine

Barbara Atkinson 8/18/16 Date
Barbara Atkinson Date
Planning Dean, University of Nevada, Las Vegas School of Medicine

John White 8/18/16 Date
John White Date
Chancellor, Nevada System of Higher Education

Integrated Clinical Services, Inc. Date
By: _____

UNLV SOM Medicine Date
By: _____



DATE: August 8, 2016

TO: John V. White, Chancellor, NSHE

FROM: Len Jessup, President, UNLV

CC: Gerry J. Bomotti, Senior Vice President for Finance and Business, UNLV
 Elda L. Sidhu, General Counsel, UNLV *ef*

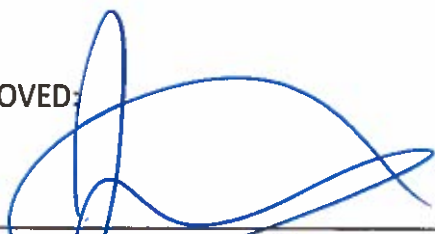
RE: Authorization to negotiate the Purchase of Real Property – 1703-1707 W. Charleston Blvd
 Site located on Charleston Blvd., 2.79 acres of land with a 44,824 square foot office
 building

Pursuant to Board of Regents’ Handbook Title 4, Chapter 10, Section 9(a), I hereby request your authorization to commence negotiations on behalf of UNLV for the purchase of 1703-1707 W. Charleston Blvd, Clark County Assessor parcel numbers 162-04-112-007 and 162-04-112-010. The entire site is made up of 2.79 acres of land with a 44,824 square foot office building and parking. This property is strategically located near UMC, which is beneficial to the UNLV Medical School.

The property is currently leased by the School of Medicine and there is an Option Agreement and Escrow Instructions, for the purchase of the building. Per Section 2(cc) Option Period Lessor has the right to notify the owner of this property of their intent to purchase commencing June 1, 2017 and ending May 31, 2020.

As per Board of Regent policy, the terms of any Purchase and Sale Agreement, including purchase price, would be contingent upon Board of Regent approval.

Please contact me if you have any questions or require additional information. Thank you for your consideration.

APPROVED: 

John V. White
 Chancellor, Nevada System of Higher Education

9/27/16
 Date



Google Earth

feet
meters

