



HR-1, AE
Interest: 15887
Project: 6475
Contract: 5139
County APN: 032-050-56

Return to:
DIVISION OF STATE LANDS
5003 So. Stewart Street, Suite 5003
CARSON CITY NV 89701

LEASE AGREEMENT

WASHOE COUNTY NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES CAMPUS

THIS LEASE AGREEMENT (the “Lease”), made and entered into this ____ day of _____, 2020, by and between the STATE OF NEVADA, acting by and through the DIVISION OF STATE LANDS and the STATE LAND REGISTRAR (“NDSL”) for and on behalf of the DEPARTMENT OF HEALTH AND HUMAN SERVICES (“DHHS”), herein referred to collectively as “LESSOR”, and WASHOE COUNTY hereinafter referred to as "LESSEE." LESSOR and LESSEE are referred to individually as “Party” and collectively as the “Parties.”

WITNESSETH:

WHEREAS, the STATE OF NEVADA owns property located at 405 South 21st Street Sparks, NV 89431, commonly known as the Northern Nevada Adult Mental Health Services (NNAMHS) campus, Assessor’s Parcel Number 032-050-56; and

WHEREAS, the mission of the Nevada Department of Health and Human Services (DHHS) is to promote the health and well-being of Nevadans through the delivery or facilitation

of essential services to ensure families are strengthened, public health is protected, and individuals achieve their highest level of self-sufficiency; and

WHEREAS, on September 2, 2016, pursuant to NRS 321.003(1) the State Land Registrar assigned the parcel of land commonly known as the NNAMHS campus to DHHS for its use and administration in fulfillment of its mission; and

WHEREAS, on November 13, 2018, DHHS and LESSEE entered into an Interlocal Contract for the purpose of operating vulnerable-population programs to serve Washoe County residents. The contract provided LESSEE use and occupancy of building space at no cost on the NNAMHS campus in exchange for LESSEE's renovation of state-owned buildings; and

WHEREAS, it was determined that the instrument for this agreement should instead be a lease. On June 13, 2019, DHHS and LESSEE entered into a Lease Agreement for LESSEE's use and occupancy of state-owned building space and thus terminated the Interlocal Contract; and

WHEREAS, DHHS and LESSEE desire to expand vulnerable-population programs to include approximately Twenty-One (20.93) acres of state-owned land on the southeast portion of the NNAMHS campus to provide secure housing and services for vulnerable populations including homeless women and families; and

WHEREAS, authority is vested in the State Land Registrar pursuant to NRS 321.003(3) to execute on behalf of the State any lease, deed or other document by which any land or interest therein owned by the State is conveyed; and

WHEREAS, pursuant to NRS 322.050 and 322.060, the State Land Registrar may lease land on behalf of the State of Nevada for such a term and consideration as determined reasonable based upon fair market value of the land; and

WHEREAS, pursuant to NRS 321.007 (1) (a), land which is leased to a state or local governmental entity is not subject to the submittal of an independent appraisal as otherwise required by NRS 321.007; and

WHEREAS, pursuant to NRS 321.335 (1), land which is leased to a state or local governmental entity is not subject to sealed bid or oral offer as otherwise required by NRS 321.335; and

WHEREAS, upon approval of the State Board of Examiners and the Interim Finance Committee, the June 13, 2019 lease between DHHS and LESSEE will terminate and be superseded by this Lease Agreement between the Parties:

NOW THEREFORE, for and in consideration of the rents herein reserved and the covenants, terms and conditions herein contained, the LESSOR does hereby grant to LESSEE a Lease on the following described property situate in Section 8, Township 19 North, Range 20 East, as shown on **EXHIBIT A** attached hereto and by reference made a part hereof.

1. **INDEPENDENT PUBLIC AGENCIES:** The Parties are associated with each other only for the purposes and to the extent set forth in this Lease, and in respect to performance of services pursuant to this Lease, each party is and shall be a public agency separate and distinct from the other party and, subject only to the terms of this Lease, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties and programs under this Lease. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, to create a cooperative program pursuant to NRS

Chapter 277, or to otherwise create any liability for one agency whatsoever with respect to the indebtedness, liabilities, and obligations of the other agency or any other party.

2. **USE OF THE PREMISES:** The Leased Premises and the facilities thereon will be used by the LESSEE for the purpose of providing vulnerable-population programs, including, but not limited to, secure housing, programs, and services to support resident homeless women and families as well as additional programs and services to support non-residents. LESSEE will provide the following services, including, but not limited to: 24/7 security and staff coverage, intake, laundry service, toiletries and hygiene products, bedding per family, fully furnished homes, enclosed outdoor backyards, food pantries in each home supplied by donations and food banks, on site case managers, nutrition, child care, medical services, mental health access, substance abuse services, domestic violence advocates, transportation, vocational rehabilitation, and pets. LESSEE currently has programmatic capacity for approximately TWO HUNDRED FORTY (240) residents. LESSEE will ensure that LESSEE's Programs remain relevant and support the overall mission of DHHS and only upon prior written consent from DHHS may LESSEE change the type and scope of services provided, move services between leased buildings, and change the manner in which leased buildings are used. All activities must be compatible with and not interfere with LESSOR's current and potential use of the site. Should LESSOR notify LESSEE of any incompatible activity or interference, the activity will be considered a breach of this Lease. LESSEE shall not permit the Leased Premises to be used for any business or commercial enterprises, or for any other purpose, without the written consent of LESSOR.

3. **TERM OF LEASE:** LESSOR hereby leases unto LESSEE and LESSEE agrees to lease from LESSOR, the Leased Premises heretofore described commencing with approval of the Board of Examiners and the Interim Finance Committee for a term of TWENTY-FIVE (25) years terminating at midnight on October 1st, 2045 unless this Lease has been terminated by mutual agreement of the parties, or has been terminated pursuant to any other provision of this Lease.

4. **TERMINATION:** Either party shall have the right to terminate this Lease in whole or in part at any time during the term hereof provided that either party shall give a NINETY (90) day written notice of election to terminate. Upon termination of this Lease, the LESSEE understands and agrees the improvements, excluding buildings and fixtures, but including and not limited to the grounds and appurtenances associated with the housing facility will be removed or restored at LESSEE's sole expense at the request of LESSOR, but if no such request is made then LESSOR shall become the sole owner of the improvements at no cost to LESSOR. When Notice of Termination of Lease is given, LESSOR has the right to perform a walk-through of the entire leased premises with the LESSEE and designate those conditions that need to be restored and removed, but also those improvements that will remain with the leased premises. LESSOR shall prepare a written report for LESSEE as soon as possible after the walk-through is finished.
 - a. **Breach or Default:** In the event of any failure by LESSOR or LESSEE to keep and comply with any of the terms, conditions, covenants or provisions of this Lease or any breach thereof, the defaulting party shall have THIRTY (30) days from the receipt of written notice of such default or breach within which to remove or cure

said default or breach. In the event of breach or default by LESSEE which is not removed or cured within the time limits set forth above, LESSOR may in addition to any other right of re-entry or possession, and at LESSOR'S sole option, consider the Lease forfeited and terminated and may re-enter and take possession of the Leased Premises, removing all persons and property therefrom at LESSEE'S sole expense with prior notification to LESSEE so that arrangements concerning the removal of property can be made.

- b. **Early Termination:** This Lease may be terminated prior to the term set forth hereinabove or prior to the natural expiration of any renewal period if, for any reason, the purpose of this agreement is substantially impaired or obstructed by any event, occurrence or circumstance outside the control of LESSOR or LESSEE including any governmental condemnation, without prejudice or penalty to any party hereto and without such event, occurrence or circumstance being defined, and interpreted or construed as breach or default on the part of any party.
5. **CONSIDERATION:** In consideration of this Lease, LESSEE agrees to pay FIVE HUNDRED SEVENTY SIX THOUSAND EIGHT HUNDRED THIRTY NINE AND NO/100 DOLLARS (\$576, 839.00) ANNUALLY to the LESSOR for this lease on state land [NRS 322.060(2)]. Said use fee is to be offset by the FOURTEEN MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS (\$14,700,000.00) that LESSEE has invested to rehabilitate and improve the Leased Premises. DHHS is responsible for an initial reconciliation of LESSEE'S investment within SIX (6) months after occupancy or final execution and approval of this Lease and annually thereafter until the FOURTEEN

MILLION SEVEN HUNDRED THOUSAND AND NO/100 DOLLARS consideration is met by LESSEE.

6. **ALTERATIONS, ADDITIONS, AND IMPROVEMENTS:** LESSEE has accepted LEASED PREMISES “As Is” in its current condition. LESSEE has requested and has received the prior written approval of LESSOR to make, entirely at LESSEE’S expense, alterations, additions or improvements in and to the Leased Premises and buildings. Any such alteration, addition or improvement is being and shall continue to be performed in a workmanlike manner, in accordance with all applicable governmental regulations and requirements, and shall not weaken or impair the structural strength or lessen the value of the Leased Premises or buildings. All improvements are being and will continue to be paid for by LESSEE. Improvements to the Leased Premises shall comply with applicable laws, regulations and codes and shall only be made with the prior written approval of LESSOR. All improvements on or in the Leased Premises prior to LESSEE’S occupancy shall remain property of LESSOR. All improvements that are affixed or permanently attached to the Leased Premises including buildings and fixtures installed by LESSEE at any time before or after LESSEE’S occupancy of the Leased Premises shall be LESSOR’S property. All improvements installed by LESSEE on or in the Leased Premises at the time of their occupancy and any that may have been erected or installed subsequently excluding buildings and fixtures shall be LESSEE’S property. Any construction or improvements within the Leased Premises will require prior approval from LESSOR through a certification to ensure that any such activity is a compatible use with this Lease and is compliant with the review and approval of the State Public Works Board (SPWB). Upon

cancellation or termination of this Lease, LESSEE will remove their property at LESSEE'S sole expense and remove any improvements pursuant to condition 4a.

7. **UTILITIES AND SERVICES:** LESSEE shall furnish and pay for all utilities and services necessary to maintain the facility and Leased Premises during the term of the Lease. LESSOR shall not provide any utilities, services or other support, financial or otherwise, for LESSEE's occupancy of the premises. LESSOR shall further not be liable for any loss or injury to LESSEE'S property, occasioned by acts, omissions, or conditions beyond LESSOR'S control, including but not limited to accidents, natural disasters, or strikes.
8. **REPAIR AND MAINTENANCE:** LESSEE agrees to make any and all repairs and agrees to maintain the Leased Premises in as good a state of repair as when first occupied, ordinary wear and tear, obsolescence and damage by the elements, fire or other casualty excepted.
 - a. All buildings on Leased Premises are owned by the State. Accordingly, all improvements must comply with the State Public Works Division's adopted building codes. LESSEE must submit all plans, receive all building permits, and perform all inspections as required by the State Public Works Division's Compliance and Code Enforcement Section.
 - b. The State of Nevada, by and through the State Public Works Division, maintains the roofs. If replacement of a roof is necessary, LESSEE shall promptly notify DHHS. Upon notification by LESSEE, DHHS shall pursue such repair or

replacement pursuant to the State's Capital Improvement Program. LESSEE shall be responsible for all other maintenance of the buildings and grounds.

- c. LESSEE, shall, at its own expense, pay for services and other costs of installing, maintaining, and operating its equipment and other personal property. Any damage to the LESSOR'S property, caused by the LESSEE shall either be repaired by the LESSEE within THIRTY (30) days or LESSOR shall be reimbursed by LESSEE for the actual cost of the repair. LESSEE shall not make any alterations to LESSOR'S property without prior written consent of LESSOR.
 - d. LESSEE shall not commit, or suffer to be committed, any waste upon LESSOR'S property. Any waste shall be cured, and the site shall be restored to the pre-waste condition by LESSEE within THIRTY (30) days or LESSOR shall be reimbursed by LESSEE for the actual cost of the site restoration.
9. **AMENDMENT OR MODIFICATION:** The Lease, along with any exhibits and attachments hereto, constitutes the entire agreement between the parties and may only be amended or modified with the mutual consent of the parties hereto, which amendment or modification must be in writing, executed and dated by the parties hereto. It is understood that there are no oral agreements between the parties hereto and that all previous agreements, leases, negotiations, and discussions between the parties hereto affecting this Lease are superseded by this Lease.
10. **ASSIGNMENT OR SUBLEASE:** LESSEE shall not assign or sublease any portion of the Leased Premises unless allowed under prior written approval by LESSOR. Subleasing must be of compatible use and adhere to DHHS's mission on the NNAMHS campus.

11. **ORDINANCES AND STATUTES:** LESSEE shall comply with all ordinances, statutes and requirements of all state authorities now in force or which may hereinafter be put into force pertaining to the Leased Premises or use of the Leased Premises by LESSEE. This Lease is specifically conditioned upon LESSEE obtaining any necessary approval from the appropriate State of Nevada licensing agencies including DHHS to license its programs and to maintain the necessary licenses.
12. **INSURANCE:** LESSEE is self-insured. LESSEE shall provide proof acceptable to the LESSOR's Risk Manager of sufficient levels or coverage upon commencement of the Lease term. LESSEE, at its expense, will insure the Leased Premises. LESSEE, at its expense, will insure the Leased Premises and building contents against any loss with all risk property policies. LESSEE, for its employees within the Leased Premises, shall provide Worker's Compensation and Employee's Liability with statutory coverages including disease per employee and policy limitations. The policies shall contain a waiver of subrogation in favor of LESSEE. Insurance policies shall contain a provision making any losses payable to LESSEE and LESSOR as their respective interests may appear.
13. **INDEMNIFICATION:** LESSEE agrees to indemnify, save, defend and hold LESSOR free and harmless from any loss, damage, injury or claim arising from LESSEE's occupancy of the Leased Premises or grounds, and LESSEE hereby agrees to indemnify, save, defend and hold harmless LESSOR from any and all liability for personal injuries, property damage, or for loss of life or property resulting from, or in any way connected with, the condition or use of the Leased Premises on account of or by reason of any injuries or property damage growing out of LESSEE'S occupancy of the Leased Premises or

grounds. LESSEE does hereby release LESSOR from any and all liability for loss and damage to the real or personal property located on the Leased Premises, whether belonging to LESSOR or to any third person or persons, and occurring from any cause whatever including, but not limited to fire, lightning, floods, windstorms, hail, explosion, riot, rioting, attending a strike, civil commotion, aircraft, vehicles and smoke.

14. **LIMITED LIABILITY:** Neither LESSOR nor LESSEE waives any immunity and statutory limitations in all cases, including, without limitation, the provisions of Nevada Revised Statutes Chapter 41.

15. **CHOICE OF LAW AND FORUM:** The laws of the State of Nevada shall govern the validity, construction, interpretation and effect of this Lease. The parties agree any dispute and/or legal proceedings regarding this Lease are subject to the sole jurisdiction of the State courts in the State of Nevada.

16. **NOTICES:** LESSOR shall give LESSEE prompt notice of any claim made or suit instituted which in any way affects or might affect LESSEE, and LESSEE shall have the right to compromise and defend same to the extent of its own interest.

- a. All notices under this Lease shall be in writing and delivered in person or sent by certified mail, return receipt requested, to LESSOR or to LESSEE at their respective addresses set forth below, or to such other address as may hereafter be designated in writing by either party.

LESSOR:

Nevada Division of State Lands
901 S. Stewart St. Ste 5003
Carson City, Nevada 89701

LESSEE:

Washoe County
1001 E. Ninth St.
Reno, NV 89514

Nevada Department of Health
and Human Services
4126 Technology Way #100
Carson City, NV 89706

17. **ATTORNEY'S FEES:** In case suit shall be brought for the recovery of any rent due under the provisions of the Lease, or for LESSEE'S breach of any other condition contained herein, LESSEE agrees that any judgment which may be entered in favor of either party to such proceeding may include a reasonable attorney's fee not to exceed ONE HUNDRED FIFTY (\$150.00) per hour, which sum the losing party shall pay to the prevailing party.
18. **WAIVER:** The failure of LESSOR or LESSEE to insist upon strict performance of any of the covenants, terms and provisions contained in this Lease or to exercise any option herein conferred in any one or more instances, shall not be construed to be a waiver or relinquishment of any such covenant, term or provision or any to other covenants, terms or provisions, but the same shall remain in full force and effect.
19. **REMEDIES:** The remedies given to LESSOR and LESSEE shall be cumulative, and the exercise of any one remedy shall not be to the exclusion of any other remedy.
20. **CONDEMNATION:** If all the Leased Premises is taken by eminent domain, condemnation, or purchased under threat thereof, except for a taking for temporary use, this Lease shall be cancelled automatically as of the taking date. If a part of the Leased Premises is taken, either Party may cancel this Lease. The option to cancel may be exercised within SIX (6) months of taking by giving the other Party written notice that the option has been exercised. If there is a taking of the Leased Premises for temporary use, this Lease shall continue in full force and effect, and the Parties will continue to comply

with their obligations under this Lease, except to the extent compliance is rendered impossible to impracticable by reason of the taking. All compensation awarded upon the condemnation or taking will belong to LESSOR. LESSEE hereby waives any interest in any condemnation proceeds or litigation.

21. **WARRANTIES:** LESSOR makes no warranty as to the condition of or the adequacy of the Leased Premises for the proposed uses of LESSEE.
22. **ENTRY AND INSPECTION:** LESSEE shall permit the LESSOR or their agents to enter upon the Leased Premises at any time, with reasonable notice, for the purpose of inspecting the same.
23. **WRITTEN CONSENT OF LESSOR:** In any case that requires the written consent of LESSOR, such consent shall not be unreasonably withheld.
24. **CUMULATIVE REMEDIES:** All rights and remedies of the Parties shall be cumulative and nonexclusive of any other remedy at law or equity.
25. **FORCE MAJEURE:** Any delay or stoppage of business due to strikes, lockouts, labor disputes, acts of God, governmental restrictions, governmental regulations or controls, enemy or hostile action, fire or other casualty, shall excuse the performance by such Party for a period equal to any such delay.
26. **SUCCESSOR AND ASSIGNS:** Except as otherwise provided, this Lease shall bind and inure to the benefit of the parties and their respective successors, representatives, heirs, and assigns.

27. **EFFECTIVE DATE:** This Lease shall not become effective unless and until the approval of the State Board of Examiners and the Interim Finance Committee has been secured. This Lease shall replace and supersede the June 13, 2019 lease between DHHS and LESSEE.

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IN WITNESS WHEREOF, the parties hereto have executed this Lease, in the month and year first above written.

LESSOR:
STATE OF NEVADA
Division of State Lands

By: _____
CHARLES DONOHUE
Administrator and State Land Registrar

APPROVED as to LEGAL FORM:
AARON D. FORD
Attorney General

By: _____
TORI N. SUNDHEIM
Deputy Attorney General

Date: _____

APPROVED:
STATE OF NEVADA
Department of Health and Human Services

By: _____
RICHARD WHITLEY
Director

Date: _____

LESSEE:
WASHOE COUNTY

By: _____
BOB LUCEY
Chair, Washoe County Commission

Date: _____

STATE OF NEVADA)
) ss:
COUNTY OF _____)

On _____, 2020, Bob Lucey personally appeared before me, a notary public, who acknowledges that he executed the above instrument.

NOTARY PUBLIC

APPROVED:
BOARD OF EXAMINERS

By: _____

Date: _____

APPROVED:
INTERIM FINANCE COMMITTEE

By: _____

Date: _____