

Assessor's Parcel Number: N/A

Date: NOVEMBER 26, 2018

Recording Requested By:

Name: DOUG RITCHIE, DA'S OFFICE

Address: _____

City/State/Zip: _____

Real Property Transfer Tax: \$ N/A



00083398201809228920240246

KAREN ELLISON, RECORDER

LEASE #2018.229
(Title of Document)

BOCC APPROVED
November 15, 2018
ITEM: T

FILED

NOV 2018.229

2018 NOV 26 AM 10:40

DOUGLAS COUNTY

CLERK

[Handwritten Signature]
DEPUTY

LEASE

BETWEEN

PEAPEG, LLC

a Washington limited liability company

Lessor

and

DOUGLAS COUNTY

a political subdivision of the State of Nevada

Lessee

For the Real Property Commonly Known As:

1621 North Hwy 395, Suite 100
Minden, Nevada

OFFICE LEASE

THIS OFFICE LEASE (“Lease”) is entered into as of this ¹⁵ day of November, 2018 (“Effective Date”) by and between PeaPeg, LLC, a Washington limited liability company (“Lessor”), and Douglas County, a political subdivision of the State of Nevada (“Lessee” or “County”). The Lessor and Lessee are at times collectively referred to hereinafter as the “Parties” or individually as a “Party.”

ARTICLE 1 - BASIC LEASE PROVISIONS

- 1.1 **Effective Date:** As defined in the recitals above.
- 1.2 **Lessor:** PeaPeg, LLC, a Washington limited liability company
- 1.3 **Lessee:** Douglas County, a political subdivision of the State of Nevada
- 1.4 **Boule Building:** That certain office building commonly known as 1621 Highway 395 N, Minden, Nevada located on real property with Assessor’s Parcel Number 1320 29 401 024 (formerly APN 1320 29 401 016) as more particularly described on Exhibit “A” attached hereto and incorporated herein.
- 1.5 **Premises:** Suite 100 of the Boule Building. (Article 2)
- 1.6 **Floor Area of Premises/Rentable Area:** 1,450 square feet. (Article 2)
- 1.7 **Term:** Sixty (60) months following the “Commencement Date” (as defined in Section 1.8), plus the options (Section 1.14). (Article 3)
- 1.8 **Commencement Date:** The first day of the month following the “Turnover Date.” (as defined in Section 4.1)
- 1.9 **Minimum Annual Rent:** The Minimum Annual Rent is Two Thousand One Hundred and Seventy-Five Dollars (\$2,175) per month for the first 24 months of the Term subject to annual increases thereafter as detailed in Article 6. (Article 6)
- 1.10 **Common Area Costs:** This is a modified gross lease – common area charges are included in Minimum Annual Rent. (Article 12)
- 1.11 **Insurance Limits:** Two Million Dollars (\$2,000,000.00). (Article 15)
- 1.12 **Security Deposit:** None.

1.13 Broker(s): Landlord is represented by a licensed real estate broker, John Fisher, whose agent, Brad Spires (License No. 28960), will handle this Lease. The Tenant is not represented by a licensed real estate broker. (Article 23.13)

1.14 Options: Lessee has the right, but not the obligation, to exercise up to three (3) options ("Option(s)") to extend the term of the Lease by five (5) years each. Lessee must provide written notice to Lessor no later than one (1) month prior to the expiration of the then current lease expiration date.

1.15 Prepaid Rent Upon Execution of the Lease: Lessee shall not be required to deposit any prepaid rent ("Prepaid Rent").

1.16 Notices: (Article 23.1)

To Lessor: PeaPeg, LLC
Attn: Michael E. Pegram
1627 Highway 395 N
Minden, NV
Phone: 775-783-7775

To Lessee: Douglas County
Attn: Tammy Davis
P.O. Box 218
Minden, NV 89410
Phone: (775) 782-9803
Fax: (775) 7832-6490

This Article 1 is intended to supplement and/or summarize the provisions set forth in the balance of this Lease. If there is any conflict between any provisions contained in this Article 1 and the remaining articles of the Lease, the remaining articles of the Lease will control and supersede the provisions in Article 1.

ARTICLE 2 - PREMISES

2.1 Premises. Lessor leases to Lessee and Lessee leases from Lessor, for the "Term" (as defined in Article 3) and upon the covenants and conditions set forth in this Lease, the Premises and depicted on Exhibit "B" attached hereto.

2.2 Intentionally Omitted.

2.3 Floor Area. The term “**Floor Area**” or “**Rentable Area,**” as used in this Lease, shall mean all areas designated by Lessor for the exclusive use of Lessee measured from the interior surface of exterior walls and from the center of interior demising walls in the Premises, and shall include, but not be limited to, rest rooms, mezzanines, storage areas, clerical or office areas and employee areas in the Premises. The Premises shall be deemed to contain the number of square feet of Floor Area specified in Section 1.7.

2.4 Parking. During the term hereof, Lessor hereby grants Lessee and its employees, customers, guests, licensees and invitees the nonexclusive license to use that portion of the parking areas located at the Boule Building. In addition, pursuant to a parking agreement with G-Peg II, LLC, Lessee employees with offices in the Boule Building, have the nonexclusive right to use the parking areas during regular business hours on regular business days located on APN # 1320-29-401-023 (formerly APN #1320-29-401-021), which is a portion of the properly commonly known as 1627 U.S. Hwy 395 North, Minden, Nevada.

ARTICLE 3 - TERM

3.1 Term. This Lease shall be effective from and after the Effective Date specified in Section 1.1. The term of this Lease (“**Term**”) shall be sixty (60) months after the Commencement Date together with any extension pursuant to the exercise of any Option by Lessee as permitted by Section 1.14.

ARTICLE 4 - POSSESSION

4.1 Turnover Date. Subject to Section 4.2, the term “**Turnover Date,**” as used in this Lease, shall mean the date which is ten (10) business days after Lessor notifies Lessee in writing that possession of the Premises is available for Lessee’s use. In the event the Turnover Date does not occur by December 1, 2018, Lessee or Lessor may exercise its right to terminate as set forth in Section 23.7

4.2 Delivery of Possession. Lessee shall accept possession of the Premises from Lessor upon the Turnover Date and Lessor shall deliver all personal property necessary to take possession, including but not limited to keys, to Lessee on the Turnover Date. Lessee shall pay the Security Deposit, if any, to Lessor on the date Lessee signs this Lease.

ARTICLE 5 - LESSOR'S TENANT IMPROVEMENTS

5.1 Lessor’s Tenant Improvements. Lessor shall deliver the Premises to Lessee in its current “as-is” condition subject to the following tenant improvements to be made by Lessor at Lessor’s cost: (a) completion of two offices within the existing open area of the Premises as further depicted on Exhibit “C” attached hereto and incorporate herein; (b) pull all existing data lines to

locations within the Premises designated by Lessee; (c) purchase and install light fixture sconces in areas within the Premises identified by Lessee; (d) rewire the light switches to the three (3) existing offices so each office will have its own light switch; (e) raise the rear office desk work space; and (f) reverse the door lock to conference room. All other improvements to the Premises will be at Lessee's cost including the purchase and installation of a security door which shall be maintained by Lessee.

ARTICLE 6 - RENTAL

6.1 Minimum Annual Rent. Lessee shall pay the sum specified in Section 1.9 (“**Minimum Annual Rent**”) in the monthly installments specified, in advance, on or before the first day of each month, commencing on the Commencement Date. Should the Commencement Date be a day other than the first day of a calendar month, then the monthly installment of Minimum Annual Rent for the first partial month shall be prorated to equal one-thirtieth (1/30th) of the monthly installment of Minimum Annual Rent for each day from the Commencement Date to the end of the partial month.

6.2 Adjustment to Minimum Annual Rent. After the first 24 months of the Term, the Minimum Annual Rent, and upon the expiration of each 12 month period thereafter, will increase according to the following schedule:

	<u>Monthly Rent</u>
Months 1-24	\$2,175.00
Months 25-36	\$2,283.75
Months 37-48	\$2,397.93
Months 49-60	\$2,517.83

If First Five-Year Option Is Exercised

	<u>Monthly Rent</u>
Months 1- 12	\$2,517.83
Months 13-24	\$2,643.72
Months 25-36	\$2,775.91
Months 37-48	\$2,914.70
Months 49-60	\$3,060.44

If Second Five-Year Option Is Exercised

	<u>Monthly Rent</u>
Months 1-12	\$3,060.44
Months 13-24	\$3,213.46
Months 25-36	\$3,374.13
Months 37-48	\$3,542.84
Months 49-60	\$3,719.98

If Third Five-Year Option Is Exercised

	<u>Monthly Rent</u>
Months 1-12	\$3,719.98
Months 13-24	\$3,905.98
Months 25-36	\$4,101.28
Months 37-48	\$4,306.34
Months 49-60	\$4,521.66

6.3 Place of Payment. Lessee shall pay the Minimum Annual Rent to Lessor at the address specified for the Lessor in Section 1.16, or to such other address and/or person as Lessor may from time to time designate in writing to Lessee.

6.4 Late Payments. If Lessee fails to pay when the same is due any installment of the Minimum Annual Rent, then the unpaid amounts shall bear interest at the Interest Rate, as defined in Section 23.12(j), from the date the unpaid amount was initially due until paid in full. In addition, if any installment of Minimum Annual Rent is not received by Lessor from Lessee within five (5) days after such installment is due, Lessee shall immediately pay to Lessor a late charge equal to five percent (5%) of the delinquent amount. Lessor and Lessee agree that this late charge represents a reasonable estimate of the costs and expenses Lessor will incur and is fair compensation to Lessor for its loss suffered by reason of late payment by Lessee. Acceptance of a late charge or interest shall not constitute a waiver of Lessee's default with respect to the overdue amount nor prevent Lessor from exercising any of the other rights and remedies available to Lessor under this Lease, at law or in equity. If Lessee fails in three (3) months in any calendar year to make rental payments within five days of the due date, or if checks are returned due to insufficient funds three (3) times during the Lease Term, Lessor may declare Lessee to have materially breached the terms and conditions of the Lease and, in order to reduce its administrative costs may require, by giving written notice to Lessee (and in addition to the late charge stated herein, as well as any other rights and remedies accruing under this Lease, or any other term, provision or covenant of this Lease at law or in equity) that Minimum Annual Rent is to be paid quarterly in advance instead of monthly and that all future rental payments are to be made on or before the due date by cash, cashier's check or money order, and that the delivery of Lessee's personal or corporate check will no longer constitute a payment of Rent as provided in this Lease. Failure of the Lessor, at any time, to declare a breach of Lease or to impose conditions upon Lessee may not be determined or presumed to be a waiver of the rights of the Lessor or Lessee.

6.5 Security Deposit. Lessee is not required to provide a security deposit to Lessor.

ARTICLE 7 – LESSOR’S OWNERSHIP DATA

7.1 The real property upon which the Boule Building and the Premises is located is owned in fee simple by PeaPeg, LLC, a Washington limited liability company.

ARTICLE 8 - TAXES

8.1 Taxes. Lessor shall timely pay, when due, all Taxes related to or arising from the Boule Building and Premises. As used in this Lease, the term “Taxes” shall include any form of tax or assessment, license fee, license tax, use tax, possessory interest tax, tax or excise on rental, or any other levy, charge, expense or imposition imposed by any Federal, state, county or city authority having jurisdiction, or any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district, general or special improvement district or local improvement district on any interest of Lessor (including any legal or equitable interest of Lessor or its mortgagee, if any) in the Premises, the remainder of the Boule Building or the underlying real property.

ARTICLE 9 - UTILITIES

9.1 Utilities. Except for water, all utilities are separately metered. Lessee agrees to pay directly to the appropriate utility company, either for gas service, electrical service, telephone, internet, and any and all other utilities, all charges for utility services supplied to Lessee at the Premises. Lessee agrees to pay its share of all charges for water utility service on a prorated, square foot basis. Lessor shall not be liable for any interruption in utility services due to causes beyond the control of Lessor.

ARTICLE 10 – LESSEE’S CONDUCT OF BUSINESS

10.1 Lessee’s Use. It is understood and agreed that Lessee is a public entity and during the ordinary course of business it will grant access to the citizens of Douglas County who qualify for the services to be provided at the Premises. Lessor shall not obstruct or otherwise interfere with the services provided by Lessee at the Premises nor Lessee’s hours of operations.

10.2 Boule Building Name. Lessee may use the name of the Boule Building in its advertising as the address reference for the Premises.

10.3 Roof and Utility Rights. Lessor grants to Lessee the right to install such reasonable communications equipment as Lessee may find necessary to operate its business at the Premises, including on the roof of the Premises or the demising walls, so long as such equipment does not cause interference with other tenants at the Boule Building and in accordance with all applicable laws and required permits and approvals.

ARTICLE 11 - MAINTENANCE, REPAIRS AND ALTERATIONS

11.1 Lessor's Maintenance Obligations. Lessor shall maintain in good condition and repair the structural components and foundation, roof and exterior surfaces of the exterior walls of the Boule Building including all utility facilities and systems, air conditioners, furnaces, water heaters, parking areas, and common areas, the cost of which is included in the Minimum Annual Rent. However, if any repairs or replacements are solely necessitated by the negligence or willful acts of Lessee, then the cost of such repairs or replacements shall be the responsibility of Lessee based upon Lessee's proportionate share of such damage.

11.2 Lessor's Right of Entry. Lessor, its agents, contractors, servants and employees may enter the Premises following reasonable written notice to Lessee (except in an emergency) and Lessor's good faith efforts to coordinate such entry with Lessee so as to minimize interference with Lessee's business operations in order to perform any obligation or exercise any right or remedy of Lessor under this Lease or to otherwise perform any work that Lessor deems necessary to prevent waste or deterioration in connection with the Premises. Due to the confidential records maintained by Lessee, Lessor promises and agrees to only enter the Premises when accompanied by a representative of the Lessee, except in an emergency.

11.3 Lessee's Maintenance Obligations. Except for the portions and components of the Premises to be maintained by Lessor as set forth in Section 11.1, Lessee, at its expense, shall keep the Premises in first-class order, condition and repair.

11.4 Operating Covenants. Lessor and Lessee, and their respective agents and employees, shall comply with all applicable law with respect to the Premises. Lessee shall keep the Premises clean and in a neat, safe and sanitary condition. Lessor shall keep all sidewalks, parking areas, service-ways and loading areas at the Boule Building neat, clean and free from dirt, waste, rubbish, insects and pests at all times and in compliance with the terms of this Lease.

11.5 Alterations.

(a) After initially opening the Premises for business, Lessee shall not make or cause to be made to the Premises any addition, renovation, alteration, reconstruction or change (collectively, "**Alterations**") if such Alterations:

- (i) Cost in excess of Twenty-Five Thousand Dollars (\$25,000.00); or
- (ii) Involve structural changes; or
- (iii) Affect the exterior, fire sprinkler systems, exterior walls, floor slab, or roof of the Boule Building; or
- (iv) Require or result in any penetration of the roof, demising walls or floor slab of the Premises

without first obtaining the written consent of Lessor, which consent shall not be unreasonably withheld.

ARTICLE 12 - COMMON AREA

12.1 Definition of Common Area. The term “**Common Area**” as used in this Lease, shall mean all areas and facilities outside the Premises and within the exterior boundaries of the Boule Building, including, but not limited to, common entrances, lobbies, corridors, stairways and stairwells, public rest rooms, elevators, parking areas, loading and unloading areas, trash collection areas, roadways, sidewalks, walkways, parkways, ramps, driveways, landscaped areas and decorative walls, now or later made available for the general use of Lessee and other persons entitled to occupy the Boule Building.

12.2 Use of Common Area. The use and occupancy by Lessee of the Premises shall include the non-exclusive use of the Common Area in common with Lessor and the other lessees of the Boule Building and their customers and invitees.

12.3 Control of and Changes to Common Area. Lessor shall have the sole and exclusive control of the Common Area and the right to make changes to the Common Area. However, Lessor shall not reduce the number of parking spaces or make changes to the common areas in a manner which would adversely affect Lessee’s business.

12.4 Common Area Costs. The term “**Common Area Costs**,” as used in this Lease, shall mean all costs and expenses incurred by Lessor in (a) operating, managing, policing, insuring, repairing and maintaining the Common Area and the on-site management and/or security offices, nonprofit community buildings as may be located in the Boule Building from time to time (which offices, buildings and center shall hereinafter be referred to as the “**Joint Use Facilities**”), (b) maintaining, repairing and replacing the exterior surface of exterior walls, including storefronts and storefront awnings, and maintaining, repairing and replacing the roofs of the buildings from time to time constituting the Boule Building, (c) operating, insuring, repairing, replacing and maintaining all utility facilities and systems including, without limitation, sanitary sewer lines and systems, fire protection lines and systems, security lines and systems and storm drainage lines and systems not exclusively serving the premises of any Lessee or store (“**Common Utility Facilities**”), Boule Building furniture and equipment, seasonal and holiday decorations, Common Area lighting fixtures, Boule Building sign monuments or pylons (but not the Lessee identification signs thereon) and directional signage, and (d) complying with local, state and federal laws relating to the Common Areas. Common Area Costs shall include the costs incurred by Lessor for personnel (whether employees of Lessor or third party contractors) employed in the management, maintenance and operation of the Boule Building, or the cost and fees of a management company if one is used. Common Area Costs shall include, without limitation, the following: Expenses for maintenance, landscaping, repaving, re-striping, resurfacing, repairs, replacements, painting, lighting, cleaning, sweeping, snow removal, parking control, tram vehicles or people mover equipment (and site personnel to operate same), janitorial services, trash removal, security,

management offices, compliance with applicable governmental or quasi-governmental laws, codes and ordinances enacted or arising after the date of this Lease, non-refundable contributions toward reserves for replacements, maintenance and/or repairs such as, but not limited to, major parking lot repairs and repainting of buildings, fire protection and similar items; depreciation or rental on equipment; charges, surcharges, fees and other levies related to the requirements of any Federal, state or local governmental agency; expenses related to the Common Utility Facilities; Taxes on the improvements and land comprising the Common Area; comprehensive or commercial general liability insurance on the Common Area; standard "all risks" fire and extended coverage insurance with, at Lessor's option, an earthquake damage endorsement covering the Common Areas; and environmental liability and pollution insurance covering the Boule Building, boiler and machinery, umbrella and excess liability, sprinkler leakage and workers' compensation insurance. Common Area Costs shall specifically include capital expenditures for the replacement of Common Areas.

12.5 Common Area Costs. Common Area Costs are included in Minimum Annual Rent.

ARTICLE 13 - ASSIGNMENT AND SUBLETTING

13.1 Lessor's Consent Required. Lessee agrees that Lessee shall not assign this Lease without the written consent of Lessor, which consent may be withheld for any reason or no reason at all. Lessor shall provide written notice of its consent or rejection of any proposed assignment within ten (10) business days of receiving Lessee's written request.

ARTICLE 14 – UNEXPENDED COUNTY FUNDS

14.1 Nothing in the Lease will be construed to provide Lessor with a right of payment from any entity other than the Lessee. Any funds budgeted by the County pursuant to the terms of the Lease that are not paid to the Lessor will automatically revert to the County's discretionary control upon the completion, termination, or cancellation of the Lease. The County will not have any obligation to re-award or to provide, in any manner, the unexpended funds to Lessor and reserves its rights granted under Nevada law regarding the budgeting of funds. Lessor will have no claim of any sort to unexpended funds.

ARTICLE 15 - INSURANCE

15.1 Lessee's Insurance. Lessee, at its sole cost and expense, commencing on the Turnover Date and continuing during the Term, shall procure, pay for and keep in full force and effect a comprehensive commercial general liability insurance policy with coverage limits of not less than the combined single limit for bodily injury, personal injury, death and property damage liability per occurrence specified in Section 1.11 insuring against any and all liability of the insured

with respect to the Premises or arising out of the maintenance, use or occupancy of the Premises or related to the exercise of any rights of Lessee pursuant to this Lease.

Lessee shall also procure and maintain at all times during the Term of this Lease a policy or policies of "special form" property insurance covering loss or damage to the Premises, as well as all Lessee owned trade fixtures, merchandise and other personal property from time to time located in, on or about the Premises, with extended coverage endorsements, in the amount not less than one hundred percent (100%) of their estimated replacement cost from time to time, providing protection against any peril included within the Cause of Loss – Special Form, together with insurance against wind and flood. Such insurance shall cover Lessee's tenant improvements in the Premises to the extent that the same are customarily insurable as part of realty.

15.2 Lessor's Insurance. Lessor shall procure and maintain at all times during the Term of this Lease a policy or policies of "special form" property insurance covering loss or damage to the Premises and Boule Building, as well as all Landlord owned trade fixtures, merchandise and other personal property from time to time located in, on or about the Building, with extended coverage endorsements, in the amount not less than one hundred percent (100%) of their estimated replacement cost from time to time, providing protection against any peril included within the Cause of Loss – Special Form, together with insurance against wind and flood.

15.3 Waiver of Subrogation. Notwithstanding any contrary provision contained in this Lease, Lessor and Lessee each hereby waive all rights of recovery against the other and against the officers, employees, independent contractors, agents and representatives of the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is insured against under any Cause of Loss – Special Form insurance policy which either may have in force, or may be required by this Lease to have in force, whichever is greater, at the time of the loss or damage. Each Party shall, upon obtaining the policies of insurance required under this Lease, give notice to its insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease, if such notice is required to give effect to such waiver.

ARTICLE 16 - DAMAGE

16.1 Insured Casualty. In the case of damage by fire or other perils covered by the insurance specified in Section 15, the following provisions shall apply:

(a) Lessor shall promptly apply for any necessary building permits and, within a period of thirty (30) days after all applicable permits have been obtained, Lessor shall commence such repair, reconstruction and restoration of the Premises as Lessor, in its reasonable business judgment, deems necessary and shall diligently prosecute the same to completion; provided, however, that Lessee, at its cost, shall repair and restore all items of Lessee's tenant improvements

and replace its own stock in trade, trade fixtures, furniture, furnishings and equipment. Lessee shall commence this work promptly upon delivery of possession of the Premises to Lessee and shall diligently prosecute same to completion.

(b) Notwithstanding the foregoing, if the Premises is totally destroyed, or if the Boule Building is destroyed to an extent of at least forty percent (40%) of the then full replacement cost thereof as of the date of destruction, then (i) if the destruction occurs during the last six (6) months of the Term or (ii) at any time if Lessor reasonably estimates that the required repairs or restoration will take more than one hundred and twenty (120) days after the issuance of the building permit for such work to be completed, Lessor and Lessee, and each of them, shall have the right to terminate this Lease. In each case, this right to terminate the Lease shall only be exercised by the terminating Party by giving written notice to the other Party within thirty (30) days after the extent of damage and required repairs is determined.

16.2 Uninsured Casualty. If the Premises or the Boule Building are damaged as a result of any casualty not covered by the insurance specified in Section 15, Lessor, within thirty (30) days following the date of such damage, shall commence repair, reconstruction or restoration of the Premises to the extent provided herein and shall diligently prosecute the same to completion, or Lessor may elect within said thirty (30) days not to so repair, reconstruct or restore the damaged property, in which event, at Lessor's option, this Lease shall cease and terminate upon the expiration of such thirty (30) day period. In the event Lessor elects to restore the Premises, Lessee shall have the same repair, restoration and replacement obligations it has pursuant to Section 16.1(a).

16.3 Distribution of Proceeds. In the event of the termination of this Lease pursuant to this Article 16, all proceeds from the Fire and Extended Coverage insurance carried pursuant to Article 15, but excluding proceeds for trade fixtures, merchandise, inventory, signs, tenant improvements to the Premises, if any, and Lessee's personal property, if any, shall be disbursed and paid to Lessor.

16.4 Abatement. In the event of repair, reconstruction and restoration, as provided in this Article 16, the Minimum Annual Rent payable hereunder shall be thereafter abated proportionately with the degree to which Lessee's use of the Premises is impaired during the period of repair, reconstruction and restoration. Lessee may continue the operation of its business on the Premises during any such period to the extent Lessee reasonably believes is practicable.

ARTICLE 17 - EMINENT DOMAIN

17.1 Intentionally Omitted.

ARTICLE 18 - DEFAULTS BY LESSEE

18.1 Events of Default. Should Lessee at any time be in default with respect to any payment of Minimum Annual Rent or any other charge payable by Lessee pursuant to this Lease for a period of twenty (20) days after written notice from Lessor to Lessee (provided, however, any notice shall be in lieu of, and not in addition to, any notice required under the laws of Nevada), or should Lessee be in default in the prompt and full performance of any other of its promises, covenants or agreements herein contained for more than twenty (20) days (provided, however, if the default cannot be rectified or cured within such twenty (20) day period, the default shall be deemed to be rectified or cured if Lessee, within such twenty (20) day period, shall have commenced to rectify or cure the default and shall thereafter diligently and continuously prosecute same to completion) after written notice thereof from Lessor to Lessee specifying the particulars of the default (provided, however, any notice shall be in lieu of, and not in addition to, any notice required under the laws of Nevada), then Lessor may treat the occurrence of any of the foregoing events as a breach of this Lease and Lessor shall have the right to declare the Term ended and to re-enter and take possession of the Premises and remove all persons therefrom pursuant Nevada's unlawful detainer statutes, and pursue any and all other rights under this Lease and Nevada law.

ARTICLE 19 - DEFAULTS BY LESSOR

19.1 Lessor's Liability. If Lessor fails to perform any of the covenants, provisions or conditions contained in this Lease within twenty (20) days after written notice of default (provided, however, if the default cannot be rectified or cured within such twenty (20) day period, the default shall be deemed to be rectified or cured if Lessee, within such twenty (20) day period, shall have commenced to rectify or cure the default and shall thereafter diligently and continuously prosecute same to completion), then Lessee shall be entitled to sue Lessor for any damages sustained by reason of Lessor's breach and Lessor shall have the right to declare the Term ended, and to pursue any and all other rights under this Lease and Nevada law.

ARTICLE 20 - SUBORDINATION, ATTORNMENT AND LESSEE'S CERTIFICATE

20.1 Subordination. Upon written request of Lessor, Lessee will subordinate its rights pursuant to this Lease in writing to the lien of any mortgage or deed of trust Lessor has granted and to all advances made or hereafter to be made upon the security thereof.

20.2 Attornment. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Lessor encumbering the Premises, Lessee shall attorn to the purchaser under such lease upon any foreclosure, sale or lease termination and recognize the purchaser as Lessor under this Lease, provided that the purchaser shall acquire and accept the Premises subject to this Lease.

ARTICLE 21 - QUIET ENJOYMENT

21.1 Quiet Enjoyment. Upon Lessee's payment of the Minimum Annual Rent, Lessee shall peaceably and quietly hold and enjoy the Premises from and after delivery of the Premises to Lessee.

ARTICLE 22 - TITLE OF LESSOR

22.1 Title of Lessor. Lessor covenants that, as of the date of this Lease, there are no liens upon its estate other than (a) covenants, conditions, restrictions, easements, ground leases, mortgages or deeds of trust currently of record (collectively, "Agreements"); (b) the effect of any zoning laws of the city, county and state where the Boule Building is situated; and (c) general and special taxes not delinquent.

ARTICLE 23 - MISCELLANEOUS

23.1 Notices. Every notice, demand or request (collectively "Notice") required hereunder or by law to be given by either Party to the other shall be in writing. Every provision of this Lease which provides that either Party shall notify the other of any particular matter shall be governed by this section. Notices shall be given by personal service or by United States certified or registered mail, postage prepaid, return receipt requested, or by same-day or overnight private courier, addressed to the party to be served at the address indicated in Section 1.16 or such other address as the party to be served may from time to time designate in a Notice to the other party. Notice personally served shall be effective when delivered to the Party upon whom such Notice is served. If served by registered or certified mail, Notice shall be conclusively deemed served on the date shown on the return receipt, but if delivery is refused or the Notice is unclaimed, Notice shall conclusively be deemed given forty eight (48) hours after mailing. Copies of any Notice shall be sent to the addresses, if any, designated for service of copies of Notices in Section 1.16.

23.2 No Merger. The voluntary or other surrender of this Lease by Lessee to Lessor, or a mutual termination thereof, shall not work a merger, and shall at the option of Lessor operate as an assignment to it of any or all subleases or sub-tenancies affecting the Premises.

23.3 Condition Upon Surrender. For purposes herein, "Lessee's Property" shall mean all interior signs, trade fixtures, furniture and equipment and other moveable items installed or placed on the Premises by, at the direction of, or with the consent of Lessee, regardless of ownership, exclusive of fixtures paid for by Lessor. Upon the expiration or earlier termination of this Lease, Lessee shall quit and surrender possession of the Premises to Lessor in broom-clean condition, free of all refuse, trash and garbage and in as good order and condition as the same were

at the Commencement Date or as the same thereafter may be improved by Lessor or Lessee, reasonable wear and tear excepted. Lessee shall, without expense to Lessor, prior to the expiration or earlier termination of the Term, remove or cause to be removed from the Premises all of Lessee's Property, signage containing Lessee's marks and all similar articles of any other persons claiming under Lessee, and Lessee shall fully repair all damage to the Premises resulting from such removal.

In the event Lessee shall fail to remove any of Lessee's Property as provided herein, Lessor may, but is not obligated, to remove all of Lessee's Property as provided herein at Lessee's expense.

23.4 Removal of Property Upon Re-entry. Whenever Lessor shall re-enter the Premises as provided in this Lease, Lessor shall give Lessee whatever notice may legally be required of Lessee's right to reclaim any of Lessee's property from Lessor as the bailee of the property and may thereafter remove any or all of such items and store the same in a public warehouse or elsewhere for the account and at the expense of Lessee. If Lessee shall fail to pay the cost of storing any such property after it has been stored for a period of ninety (90) days or more, Lessor may sell any or all of such property at public or private sale, in such manner and at such times and places as Lessor, in its sole discretion, may deem proper upon notice to Lessee, for the payment of all or any part of such charges or the removal of any such property.

23.5 Lessee's Right to Remove Property. All of Lessee's Property shall remain the exclusive property of Lessee and, subject to the provisions of this Lease, may be removed by Lessee at any time during the Term. Lessor may not pledge or otherwise impair Lessee's Property.

23.6 Boule Building Remodeling. Lessor shall have the right, at any time and from time to time during the Term, upon not less than sixty (60) days prior written notice to Lessee, to remodel, renovate or expand the Boule Building or a portion thereof. If such remodel, renovation or expansion will materially and adversely affect Lessee's operations from the Premises, as mutually determined by the Parties, then Lessee may elect to vacate the Premises during the period necessary for Lessor to effect the remodel, renovation or expansion, or during the period during which Lessee will be unable to reasonably operate from the Premises, during which period Lessee shall have no obligation to pay the Minimum Annual Rent.

23.7 Failure to Deliver Possession of the Premises. Notwithstanding anything to the contrary contained herein, (a) if for any reason whatsoever the Turnover Date has not occurred on or before December 1, 2018, then Lessor or Lessee may elect to terminate this Lease by giving written notice of such election to the other Party at any time thereafter but prior to the Turnover Date. If such notice is given, this Lease and the rights and obligations of the Parties pursuant to this Lease shall cease and terminate. If this Lease is terminated pursuant to this Section 23.7, neither Party shall have any further or additional rights, remedies, claims or liability arising out of this Lease or the termination of this Lease other than the release of any Security Deposit.

23.8 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy

or hostile governmental action, civil commotion, fire or other casualty, and other causes (except financial) beyond the reasonable control of the Party obligated to perform, shall excuse the performance by that Party for a period of time equal to the prevention, delay or stoppage; provided the Party prevented, delayed or stopped shall have given the other Party written notice thereof within thirty (30) days of such event causing the prevention, delay or stoppage.

23.9 Termination and Holding Over. This Lease shall terminate without further notice upon the expiration of the Term. Lessee shall have no right to extend or renew this Lease upon the expiration of the Term except as otherwise stated in the terms of the Lease. Upon the expiration or earlier termination of the Term, Lessee shall peaceably and quietly surrender the Premises broom-clean and in the same condition as the Premises were in upon delivery of possession of same to Lessee by Lessor, reasonable wear and tear excepted. Subject to the foregoing, Lessee shall remove from the Premises all of Lessee's trade fixtures, furniture, equipment, signs, improvements, additions and Alterations to the extent such items are not permanently affixed to the Premises, and immediately repair any damage occasioned to the Premises by reason of such removal so as to leave the Premises in a neat and clean condition. Should Lessee hold over in the Premises beyond the expiration or earlier termination of this Lease, the holding over shall not constitute a renewal or extension of this Lease or give Lessee any rights under this Lease. In such event, Lessor may, in its sole discretion, treat Lessee as a Lessee at will, subject to all of the terms and conditions in this Lease, excepting Annual Minimum Rent, which shall increase by 110% of the Annual Minimum Rent in effect at the time of the expiration or earlier termination of the Term.

23.10 Public Records Law. Lessor expressly understands and agrees that all documents related to the Lease, unless designated as confidential by a specific statute of the State of Nevada, will be treated as public records pursuant to NRS chapter 239 and shall be available for inspection and copying by any person, as defined in NRS 0.039, or any governmental entity. Lessor expressly and indefinitely waives all of its rights to bring, including but not limited to, by way complaint, interpleader, intervention, or any third party practice, any claims, demands, suits, actions, judgments, or executions, for damages or any other relief, in any administrative or judicial forum, against the Lessee or any of its officers or employees, in either their official or individual capacity, for complying with such statutes.

23.11 Third Party Beneficiary. Nothing contained in this Lease is intended to convey any rights or to create a contractual relationship with any third party or to otherwise allow a third party to assert a cause of action against either Party.

23.12 Additional Miscellaneous Provisions.

(a) Any waiver by either Party of a breach by the other Party of a covenant of this Lease shall not be construed as a waiver of a subsequent breach of the same covenant. The consent or approval by either Party to anything requiring such Party's consent or approval shall not be deemed a waiver of such Party's right to withhold consent or approval of any subsequent similar

act. No breach of a covenant of this Lease shall be deemed to have been waived by the other Party unless the waiver is in writing and is signed by such Party.

(b) Except as provided herein to the contrary, the respective rights and remedies of the Parties specified in this Lease shall be cumulative and in addition to any rights and remedies not specified in this Lease. It is understood that there are no oral or written agreements or representations between the Parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, agreements and understandings, if any, between Lessor and Lessee. No provision of this Lease may be amended except by an agreement in writing signed by Lessor and Lessee. If any provision of this Lease or the application of such provision to any person, entity or circumstance is found invalid or unenforceable by a court of competent jurisdiction, such determination shall not affect the other provisions of this Lease and all other provisions of this Lease shall be deemed valid and enforceable.

(c) This Lease shall be governed by and construed in accordance with the laws of the State of Nevada and any litigation must be brought in the Ninth Judicial District Court in and for Douglas County.

(d) Subject to the terms of this Lease, all rights and obligations of Lessor and Lessee under this Lease shall extend to and bind the respective heirs, executors, administrators and the permitted concessionaires, successors, sub-Lessees and assignees of the parties. If there is more than one (1) Lessee hereunder, each shall be bound jointly and severally by the terms, covenants and agreements contained in this Lease.

(e) Time is of the essence of all provisions of this Lease of which time is an element.

(f) If Lessee or Lessor is a corporation, partnership or limited liability company, each individual executing this Lease on behalf of the corporation, partnership or limited liability company (in his/her representative capacity only) represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the corporation, partnership or limited liability company and that this Lease is binding upon the corporation, partnership or limited liability company.

(g) Lessee shall observe faithfully and comply with all state and federal anti-discrimination laws.

(h) Except as disclosed in Section 1.3, Lessee represents and warrants that it has not had any dealings with any realtors, brokers or real estate agents in connection with the negotiation of this Lease.

(i) Upon Lessee's request, Lessor agrees to execute and acknowledge a short form memorandum of this Lease for recording purposes in a form reasonably acceptable to Lessor and Lessee, which short form may be recorded by Lessee.

(j) Except where another rate of interest is specifically provided for in this Lease, any amount due from either party to the other under this Lease which is not paid when due, shall bear interest at the rate of five percent (5%) per annum ("**Interest Rate**") but in no event to exceed the maximum lawful rate from the date such amount was originally due until paid in full.

(k) Lessee shall pay all costs for work performed by or on account of it and shall keep the Premises and the Boule Building free and clear of mechanics' liens or any other liens. Lessee shall give Lessor immediate notice of any lien filed against the Premises or the Boule Building as a result of any work of improvement performed by or on behalf of Lessee. Lessee shall immediately cause any lien to be discharged or removed of record by either paying the amount thereof or recording a statutory lien release bond in an amount equal to one hundred fifty percent (150%) of the amount of said lien, or such other amount as may be adequate to cause the lien to be released as an encumbrance against the Premises and the Boule Building. If Lessee fails to do so, Lessor shall have the right, but not the obligation, in addition to all other rights and remedies available to Lessor under this Lease, and after ten (10) days prior written notice to Lessee, to either pay and discharge such lien, without regard to the validity thereof, or procure and cause to be recorded a statutory lien release bond at Lessor's expense.

(l) Lessor and Lessee desire and intend that any disputes arising between them with respect to or in connection with this Lease be subject to expeditious resolution in a court trial without a jury. Therefore, Lessor and Lessee each hereby waive the right to trial by jury of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding or other hearing brought by either Lessor against Lessee or Lessee against Lessor on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of Lessor and Lessee, Lessee's use or occupancy of the Premises or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

(m) In the event that, at any time after the date of this Lease, either Lessor or Lessee shall institute any action or proceeding against the other relating to the provisions of this Lease or any default hereunder, the Party not prevailing in such action or proceeding shall reimburse the prevailing Party for its attorneys' fees, and all fees, costs and expenses incurred in connection with such arbitration, action or proceeding, including, without limitation, any post-judgment fees, costs or expenses incurred on any appeal or in collection of any judgment. The Parties mutually understand and agree that no claim for punitive damages will be requested or awarded related to any dispute between the Parties.

(n) Lessor reserves the absolute right to affect such other tenancies in the Boule Building as Lessor, in the exercise of its sole business judgment, shall determine to best promote the interests of the Boule Building. Lessee does not rely on the fact, nor does Lessor

represent, that any specific Lessee or number of Lessees shall occupy any space in the Boule Building or operate business during the Term of this Lease.

(o) Upon Lessor's request, Lessee shall provide Lessor with written notice of Lessee's designated representative for Lessor or its property manager to contact in the event of emergencies at the Boule Building or Premises, and his or her name, address, phone number and facsimile number.

(p) Subject to Lessor's approval, Lessee shall have the right to obtain independent security personnel for its Premises.




IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Lease.

PeaPeg, LLC,
a Washington limited liability company

By: 
Michael E. Pegram, Manager

Douglas County

By: 
Steven J. Thaler, Chairman
Douglas County Board of Commissioners

ATTEST:


Kathy Lewis, Douglas County Clerk

By: 
CLERK TO THE BOARD

EXHIBIT A
LEGAL DESCRIPTION OF REAL PROPERTY

All that certain real property situate in the County of Douglas, State of Nevada, described as follows

A parcel of land lying within a portion of Section 29, Township 13 North, Range 20 East, Mount Diablo Meridian, more particularly described as follows:

COMMENCING at the southwest corner of Parcel 3 as shown on the Record of Survey in Support of a Boundary Line Adjustment for G Peg II, LLC & First Amended Dean Seeman Trust Agreement filed for record May 19, 2011 in the office of Recorder, County of Douglas as Document No. 783462, a found nail & tag, PLS 3209, said point falling on the easterly line of U.S. Highway 395;

thence along said easterly line of U.S. Highway 395, South $62^{\circ}38'42''$ East, 1,276.72 feet to the POINT OF BEGINNING;

thence North $27^{\circ}21'18''$ East, 110.49 feet to a point on the westerly line of Eighth Street (a.k.a. Water Street);

thence along said westerly line of Eighth Street, South $62^{\circ}38'42''$ East, 90.51 feet;

thence South $27^{\circ}21'18''$ West, 110.49 feet to a point on said easterly line of U.S. Highway 395;

thence along said easterly line of U.S. Highway 395, North $62^{\circ}38'42''$ West, 90.51 feet to the POINT OF BEGINNING.

Note: Legal description previously contained in Document No. 2017-899715, recorded June 8, 2017, Official Records of Douglas County, State of Nevada.

APN: 1320-29-401-024

EXHIBIT B
BOULE BUILDING FLOOR PLAN WITH PREMISES

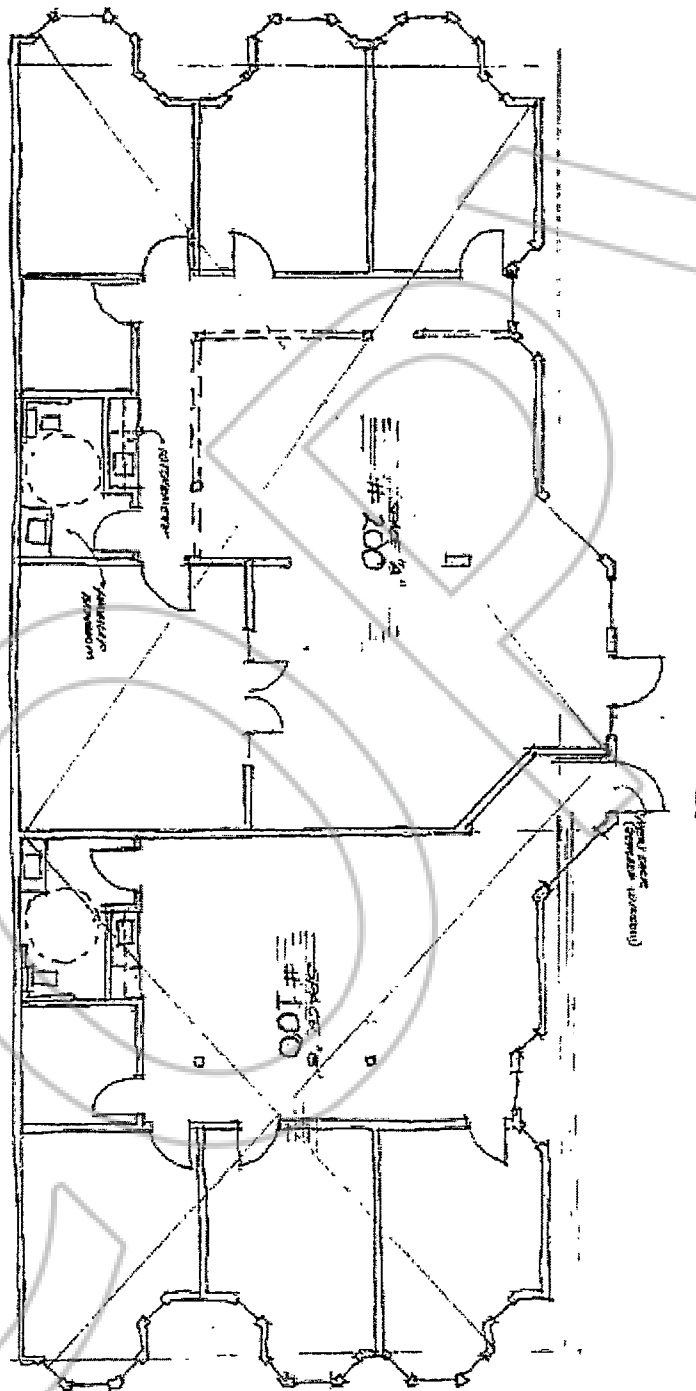
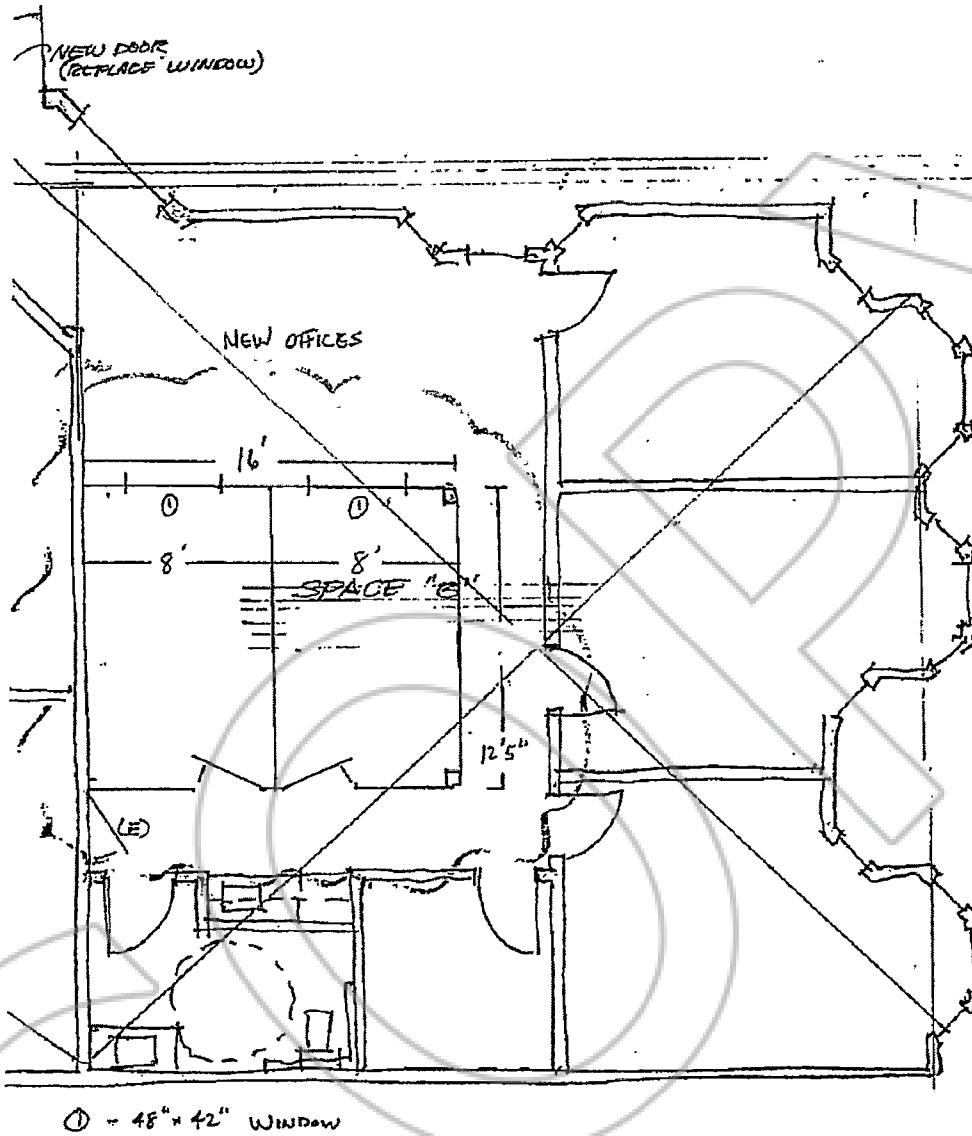


EXHIBIT C
LESSOR'S TENANT IMPROVEMENTS



4849-3701-1065, v. 1

Douglas County

State of Nevada

CERTIFIED COPY

I certify that the document to which this certificate is attached is a full and correct copy of the original record on file in the Clerk-Treasurer's Office on this

Boule-22

26th day of June, 2018
By [Signature] Deputy