

INTERLOCAL AGREEMENT FOR THE LEASE OF REAL PROPERTY
BETWEEN THE CITY OF MESQUITE AND SOUTHERN NEVADA HEALTH DISTRICT

THIS INTERLOCAL AGREEMENT FOR THE LEASE OF PROPERTY ("Lease") is hereby made by and between the Southern Nevada Health District, a political subdivision of the State of Nevada, ("District"), and the CITY OF MESQUITE, a political subdivision of the State of Nevada, ("City"), (individually referred to as Party, collectively as ("the Parties")). This Lease is effective September 1, 2014 ("Effective Date").

RECITALS

WHEREAS, the City owns the real property and improvements located on certain real property commonly known as a 19,000-square-foot building located at 830 Hafen Lane, Mesquite, NV 89027 (the "Premises"); and

WHEREAS, Nevada Revised Statutes Chapter 277.180 provides that two or more public agencies may enter into an interlocal agreement for the performance of any governmental service, activity or undertaking which any of said agencies is authorized by law to perform; and

WHEREAS, Nevada Revised Statutes Chapter 277.045(2) requires that interlocal agreements be adopted by formal resolution or ordinance; and

WHEREAS, the District currently subleases 2,000 square feet of office space from MMC of Nevada, LLC located on the Premises which is more specifically depicted on Exhibit "A", attached hereto and incorporated herein by this reference and no longer desires to do so; and

WHEREAS, the existing sublease between MMC of Nevada, LLC and the District expires August 31, 2014; and

WHEREAS, City desires to directly lease to District, and District desires to directly lease from City the Premises; and

WHEREAS, the City Council of the City is charged with maintaining the health, safety and welfare of the community and has determined the lease of the Premises to District for the purposes as hereinafter set forth, will provide a substantial benefit to the residents of the city of Mesquite; and

WHEREAS, the District's mission is to protect and promote the health, the environment and the well being of Southern Nevada residents and visitors; and

WHEREAS, the Premises has historically been used for uses that help protect and maintain the public health of the community; and

WHEREAS, the City has complied with the requirements set forth in Nevada Revised Statutes Chapter 268 regarding the leasing of public property; and

WHEREAS, the Parties, now desire to more fully define their respective rights and obligations with respect to the lease agreement.

NOW THEREFORE, in consideration of the mutual promises and covenants herein contained, and for other good and valuable consideration, the Parties expressly agree as follows:

1. INCORPORATION OF RECITALS AND EXHIBITS. The foregoing Recitals and attached Exhibits are hereby incorporated and made part of this Lease.
2. LEASE OF PREMISES. Subject to the provisions of this Lease, City hereby leases to District and District hereby leases from City, two thousand square feet (2,000) of space at the Premises.
3. District's Budgetary Limits and Fiscal Fund Out.
 - a) The District, as local governmental entity, is subject to the requirements of NRS 244.230 and NRS 354.626, which require Southern Nevada Health District to budget annually for its expenses and which prohibit District from obligating itself to expend money or incur liability in excess of the amounts appropriated for a particular function or purpose. All Southern Nevada Health District's financial obligations under this Lease are subject to those statutory requirements, and subparagraphs 2.2 and 2.3 below, hereinafter referred to as the "Fund Out Clause."
 - b) Notwithstanding the monetary obligations of this Lease, the total amount of District's payment obligations hereunder for any fiscal year shall not exceed the amounts that District has appropriated for rent, maintenance of space and related liabilities for property located at 830 Hafen Lane, Mesquite, Nevada. Southern Nevada Health District reasonably believes that sufficient funds can be obtained for this Lease from the budget for the fiscal years covered by the term of this Lease, and Southern Nevada Health District staff shall take appropriate actions to obtain funding for each fiscal year to satisfy financial obligations under this Lease.
 - c) Notwithstanding the monetary obligations of this Lease, this Lease shall terminate and Southern Nevada Health District liability and payment obligations thereunder shall be extinguished at the end of the fiscal year (June 30) in which the Southern Nevada Health District governing body fails to appropriate monies for the ensuing year for the payment of all amounts which will then become due.
4. TERM AND TERMINATION OF LEASE.
 - a) Term. Unless earlier terminated in accordance with Section 4c herein, the term of this lease shall be for a period of one (1) year (the "Initial Term"). The Initial Term begins on the Effective Date.
 - b) Extended Term. At the end of the Initial Term, District may request to extend this Lease for two additional terms of one (1) year each (each an "Extended Term"), based on the terms and conditions of this Lease, unless either Party provides written termination notice, at least thirty (30) days prior to the expiration of the Initial Term. Upon receiving such request from District, City shall provide written notification of approval or denial of the requested Extended Term within thirty (30) days of receipt of the request.
 - c) Termination. This Lease may be terminated at any time for any reason by District or the City upon thirty (30) days prior written notice, serving notice upon City or District, as the case may be.
5. RENT. For base rent during the Initial Term, District shall pay to City monthly base rent of twenty-six cents (\$.26) per square foot.
 - a) Property Taxes and Utilities. The cost of property taxes and utilities (water, electricity, sewer and garbage) are included in the rent payment to the City.

- Accordingly, in addition to the base rent noted above, District shall pay to City monthly a utility and property tax payment of twenty cents (\$.20) per square foot.
- b) Total Payment to the City. District shall monthly pay the City a total of forty-six cents (\$.46) per square foot (Monthly Base Rent plus Property Taxes and Utilities).
 - c) Extended Term Rent. The base rent shall increase to twenty-seven cents (\$.27) per square foot. The monthly utility and property tax payment shall be evaluated and mutually agreed upon to ensure that actual costs are being covered for the Extended Term.
6. IMPROVEMENTS. District shall have the right, at District's cost and expense, to make such improvements and alterations upon the Leased Premises as District desires. Prior to commencing any work that requires a construction permit or other government approvals, District shall provide City with prior written notice of such improvements or alterations together with copies of any plans or specifications relating thereto and City's written permission will be required in advance of such improvement or alterations which City will not unreasonably withhold. District shall obtain all required construction permits and other governmental approvals in connection with any improvements or alterations upon the Leased Premises. District shall not permit to be created nor to remain undischarged any lien or encumbrance arising out of any work or work claim of any contractor, mechanic, laborer, or material supplier of District upon the Leased Premises. If any such lien be filed by a party engaged by District or District's contractor against the Leased Premises, District shall, within thirty (30) days after notice of the filing thereof, cause the same to be discharged of record of payment, bonded off, or insured over by City's title company. All structural improvements to the Lease Premises shall adhere to the Leased Premises, and become the property of City, with the exception of such additions as are usually classified as equipment, furniture and trade fixtures, and all of the same are to remain the property of District and may be removed by District at the termination of this Lease. District shall repair and restore all damage done to the Leased Premises by removal of its trade fixtures and equipment.
7. REPAIRS AND MAINTENANCE.
- a) **City's Obligations.** City shall keep the Premises, interior and exterior walls, roof and common areas and the equipment whether used exclusively for the Premises or in common with the other premises, in good condition and repair. In addition, City is responsible for providing heating, cooling, plumbing, water, fire suppression and electrical services to the Premises, and shall keep such systems, equipment, and fixtures in good condition and repair so as to provide reasonably comfortable working conditions in the Premises. City reserves the right at any time to make other non-material changes, alterations or additions to the Premises. City will notify District of any changes, alterations or additions to the Premises that materially impact the District's use of the Premises and City will use commercially reasonable efforts to avoid impacting the District's operations. City will make a good faith effort to provide notice to the District of any changes, alterations or additions to Premises, thirty (30) days prior to any such changes, alterations or additions.
 - b) **District's Obligations.**
 - (1). Notwithstanding City's obligation to keep the Premises in good condition and repair, District shall be responsible for payment of the cost thereof to City as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only District, to the

extent such cost is attributable to causes beyond normal wear and tear. City may, at its option, upon reasonable notice, elect to have District perform any particular such maintenance or repairs, the cost of which is otherwise District's responsibility hereunder.

(2). On the last day of the term hereof, or earlier termination, District shall surrender the Premises to City in the same condition as received, ordinary wear and tear excepted, clean and free of debris. District shall repair any damage to the Premises occasioned by the installation or removal of District's trade fixtures, alterations, furnishings and equipment.

8. **USE OF THE PREMISES.** District shall use the Premises for public health-related services and related office use and such other uses as are ancillary to or reasonably necessary for the operation of the healthcare related businesses of District. District shall not use or permit the use of the Premises in violation of any law or ordinance of the United States, State of Nevada, City of Mesquite, or any other governmental authority. District shall not commit any act of waste in, on or about the Premises, and District shall not create, maintain or permit any nuisance in the Premises.
9. **LIABILITY AND PROPERTY INSURANCE.**
 - a) **Casualty - Contents.** District shall be responsible for obtaining insurance to cover all of its personal property on the Premises.
 - b) **District's Liability Insurance.** Southern Nevada Health District is self-insured and shall provide Lessor with proof of Southern Nevada Health District's insurance coverage within thirty (30) days of the initial term of this Agreement.
10. **Damage of Leased Premises; Restoration.** In the event there is a fire or other damage to the Premises and the repair restoration of the Premises can reasonably be expected to be accomplished within one hundred eighty (180) days after the date of occurrence of such casualty, City shall restore the Premises to its condition immediately prior to such fire or other damage by a reputable contractor as agreed upon by City and District. If such restoration cannot be completed to the satisfaction of District, District shall have the right to terminate this Lease by giving written notice to City within thirty (30) days from the date of City's receipt of written notice from District.
 - a. If the repair and restoration of the Premises is not complete within one hundred eighty (180) days of the date of the casualty, District shall have the right to terminate this Lease by giving written notice to City. From the date of such damage or destruction until the Premises have been completely repaired or restored, an equitable abatement of rent shall be allowed District by City. If District is not open for business at the Premises as a result of fire, damage or other casualty, the Rent shall abate entirely. Notwithstanding the foregoing, if such damage or destruction is caused by negligent or intentional act or omission of District, there shall be no abatement of the Rent.
11. **ASSIGNMENT.** District may not sublet all or any portion of the Premises without the prior written permission of City,
12. **DEFAULT BY DISTRICT.** The following constitutes a "Default" by District: i) the failure by District to make any payment of Rent or other payments required hereunder on or before the due date thereof and such failure continues for a period of thirty (30) days after receipt by District of written notice thereof from District; or ii) the failure by District to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by District and such failure continues for a period of sixty (60)

days after receipt by District of written notice thereof from City; provided, however, it shall not be a Default hereunder if such failure is not capable of being cured within such sixty (60)-day period and District commences such cure within such sixty (60)-day period and diligently thereafter continues to effect such cure.

13. **REMEDIES.** Upon the happening of any one or more of the above Defaults, City may at its election and without additional notice to District:

- a) Terminate this Lease and all rights of District under this Lease in and to the Premises and all rights of any persons claiming under District;
- b) Re-enter the Premises with or without process of law, using such force as may be necessary, expel all persons and chattels, and repossess and enjoy the Premises; and
- c) Exercise its statutory right to a lien on any property belonging to District, whether the same be exempt from execution and distress by law or not.

In the event of any Default hereunder by District, District may (but shall not be obligated to) immediately, or at any time thereafter, without notice and without terminating this Lease, cure such Default for the account and at the expense of District. If District at any time, by reason of such Default, is compelled to pay, or elects to pay, any sum of money, or is compelled to incur any expense, in instituting or prosecuting any action or proceeding to enforce District's rights hereunder, the sum or sums so paid by District shall be deemed to be additional Rent hereunder, and shall be due from District to City on the first day of the month following the payment of such respective sums or expenses or, if District elects to terminate this Lease, recovered by District as additional Rent.

14. **DEFAULT BY DISTRICT.** District shall in no event be charged with default in the performance of its obligations under this Lease unless and until District shall have received written notice from City specifying wherein District has allegedly failed to perform any obligation hereunder, and District shall have failed to perform such obligation, or remedy such default, within sixty (60) days (or such additional time as is reasonably required to correct any such default) after receipt of such notice from District.
15. **NO PARTNERSHIP.** City does not by this Lease, in any way or for any purpose, become a partner or joint venturer of District in the conduct of its business or otherwise.
16. **FORCE MAJEURE.** City and District shall each be excused for the period of any delay in the performance of any obligation hereunder when prevented from doing so by cause or causes beyond that party's control, including labor disputes, civil commotion, war, governmental regulations or controls, fire or other casualty, inability to obtain any material or services, or acts of God.
17. **NO WAIVER.** Failure of either the City or District to insist upon the strict performance of any provision or to exercise any option hereunder in any one or more instances shall not be deemed a waiver or relinquishment of its right to do so in the future. No provision of this Lease shall be deemed to have been waived by City/District unless such waiver is in writing.
18. **PROVISIONS BINDING.** Except as otherwise provided, all provisions herein shall be binding upon and shall inure to the benefit of the parties, their legal representatives, heirs, successors and assigns.
19. **NON-DISCRIMINATION.** District agrees that the Premises will not be segregated with

respect to race, color, religion or national origin; that it will not segregate or discriminate on such grounds with respect to public utilization of or access to the Premises; and that it will comply with all applicable federal laws and regulations that prohibit discrimination in connection with federally-funded programs.

20. ENTIRE AGREEMENT. This Lease, including any exhibits attached hereto, sets forth the entire agreement between the Parties. Any prior conversations or writings concerning the lease of the Premises are merged herein and extinguished.
21. AMENDMENT OR MODIFICATION. No amendment to or modification of this Lease shall be binding upon City or District unless it has been reduced to writing.
22. CAPTIONS AND SECTION NUMBERS. The captions and section numbers appearing herein are inserted only as a matter of convenience and are not intended to define, limit, construe or describe the scope or intent of any section or paragraph.
23. ATTORNEY'S FEES. In the event City/District institutes any judicial proceeding against City/District relating to any default, the prevailing party shall be entitled to seek an award of reasonable attorney's fees as determined by the court.
24. COUNTERPARTS/ELECTRONIC DELIVERY. This Lease may be executed in counterparts, all such counterparts will constitute the same contract and the signature of any Party to any counterpart will be deemed a signature to, and may be appended to, any other counterpart. Executed copies hereof may be delivered by facsimile or e-mail and upon receipt will be deemed originals and binding upon the Parties hereto, regardless of whether originals are delivered thereafter.
25. INDEMNIFICATION. Neither Party waives any right or defense to indemnification that may exist in law or equity.
26. NOTICES. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by receipted overnight courier, or five (5) days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to City: City of Mesquite
10 East Mesquite Blvd.
Mesquite, NV 89027

With Copy To: City of Mesquite
10 East Mesquite Blvd.
Mesquite, NV 89027
Attention: City Manager
Attention: City Attorney

If to District: Southern Nevada Health District
Director of Administration
330 S. Valley View Blvd.
Las Vegas, NV 89107

IN WITNESS WHEREOF, the Parties have entered into this Lease Agreement as of the dates set forth below.

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[Signatures on Next Page]

INTERLOCAL AGREEMENT FOR THE LEASE OF REAL PROPERTY
BETWEEN CITY OF MESQUITE AND SOUTHERN NEVADA HEALTH DISTRICT

[Signature Page]

CITY OF MESQUITE, NV "City"

By: _____
Allan Litman, Mayor

Dated: _____

ATTEST:

By: _____
Cherry Lawson, City Clerk

APPROVED AS TO FORM:

By: _____
Cheryl Truman Hunt, City Attorney

STATE OF NEVADA)
)ss.
County of Clark)

SUBSCRIBED AND SWORN TO by _____, the _____ for
THE CITY OF MESQUITE, NEVADA, a municipal entity, this _____ day of _____,
2014.

Notary Public

INTERLOCAL AGREEMENT FOR THE LEASE OF REAL PROPERTY
BETWEEN CITY OF MESQUITE AND SOUTHERN NEVADA HEALTH DISTRICT

[Signature Page Continued]

SOUTHERN NEVADA HEALTH DISTRICT "District"

By: _____
Joseph P. Iser, MD, DrPH, MSc
Chief Health Officer

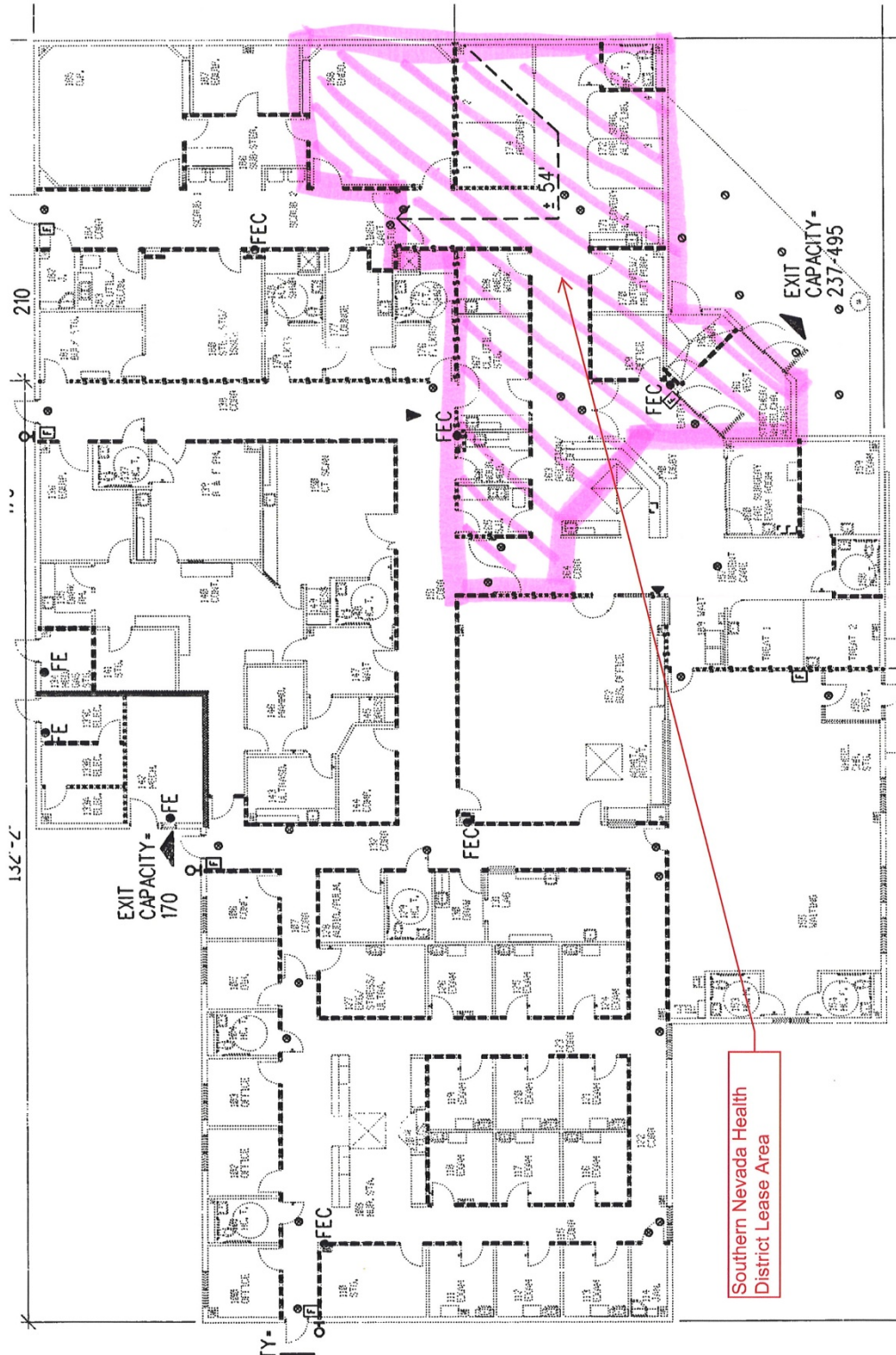
Dated: _____

APPROVED AS TO FORM:

By: _____
Annette L. Bradley, Esq.
Southern Nevada Health District Attorney

EXHIBIT A

Premises



Southern Nevada Health
District Lease Area