

**LEASE AGREEMENT
BETWEEN PALISADES DR LLC (LANDLORD) AND THE
COUNTY OF NEVADA -BEHAVIORAL HEALTH (TENANT)**

This Lease Agreement (“Lease”) is entered into by and between the COUNTY OF NEVADA – BEHAVIORAL HEALTH, a political subdivision of the State of California, (“County” or “Tenant”) and PALISADES DR LLC (“Landlord”) for the purposes of leasing that certain real property and all structures, parking lot and improvements thereon located at 12315 Deerfield Drive, Truckee, California 96161, as more particularly described in Exhibit “A” to this Lease (the “Premises”). The commercial building located upon 12315 shall be referred to herein as the Building. As referred to in this Lease, Tenant and Landlord are each a “Party” to this Lease and collectively the “Parties” to this Lease. The Effective Date” or “Commencement Date” of this Lease shall begin upon the date this Agreement is signed by both Parties.

Section 1. Premises.

Landlord leases to Tenant and Tenant leases from Landlord the Premises, as defined above, in its entirety for the Term.

Section 2. Term.

The term of this Lease is for one (1) year (“Term”), commencing on the date this Agreement is signed by both Parties and terminating one year later, unless as provided below.

- (a) Option to Extend Lease Term. Tenant shall have the sole and exclusive Option to Extend Lease Term as to the Premises for up to two (2) additional one (1) year periods on the same terms and conditions as the Lease, except the Base Monthly Rent for the Premises which shall be increased by 2.5% annually and must conditionally be approved by the Nevada County Board of Supervisors (“Board of Supervisors” or “Board”). Tenant shall not be required to exercise the Option Terms. To exercise Option Terms, Tenant shall provide Landlord with written notice at any time on or prior to the expiration or earlier termination of the then current Lease Term or during any Holdover Period (as later defined). Except as stated in this Section 2(a), Board of Supervisor approval is required for the Lease to extend under the terms contained in this Section 2. Upon each extension, the Extended Term shall be included in the “Term” for purposes under this Lease. See Section 3 for Base Monthly Rent.
- (b) Early Termination Due to Non-Funding or Non-Appropriation. Tenant is a public agency. Landlord acknowledges that this Lease or any other agreement cannot bind the County Board of Supervisors and other governing bodies to budget funds for this lease in future years. Tenant’s obligations to pay the cost of performing its obligations under this agreement, including without limitation its obligations to pay all lease payments, shall be subject to and dependent upon appropriations being and made or budgeted by the Tenant Board of Supervisors for such purpose. In the event that state, federal, or local funding, including Tenant funding, for this Lease is either terminated or substantially reduced during the term of this Lease, including by a

decision of the County Board of Supervisors not to appropriate or budget full funding for the Lease or for programs or activities conducted on the leased Premises, Landlord agrees that Tenant may terminate this Lease, releasing Tenant from all its obligations under this lease, provided Tenant gives Landlord 60 days written notice of its intent to so terminate. In such event, Tenant shall pay to Landlord a prorated amount of the Total Improvement Cost defined below, attributable to the remainder of the original Term, and Tenant Improvements (if applicable).

- (c) Holdover Period. With the consent of the Landlord, Tenant shall have the option to hold possession of the Premises on a month-to-month basis after the expiration of the Term and any Extended Term upon the same terms and conditions of this Lease, for the sole purpose of negotiating a new lease or a purchase agreement. In the event Tenant remains in possession of the Premises after the expiration of the Term or any Extended Term, either Party may terminate the month-to-month tenancy by giving a 30 day written notice to the other. The Director of Behavioral Health is authorized, on behalf of Tenant, to execute and deliver the written notice.
- (d) Tenant Obligations at Expiration or Termination. Upon expiration of the Term or Extended Term or other termination of the Lease, the Tenant shall surrender the Premises in compliance with the following terms:
- i. Tenant shall return the Premises to Landlord in “broom clean” condition, free of all personal property, debris and garbage, and subject to all obligations and liabilities of this Lease, with no additional liability or cost therefore to Tenant.
 - ii. All fixtures, partitions, WiFi systems, electronic and security devices and equipment (including cameras) or other removable items made or installed within the Premises by either Tenant or Landlord, and paid for by Tenant, are and shall remain the property of Tenant and may be removed by Tenant at Tenant’s expense, except as otherwise mutually agreed between Landlord and Tenant. Tenant shall have the right to remove its improvements, fixtures, partitions, and other alterations, provided Tenant returns the Premises to Landlord in the finished condition as it existed at the time the Tenant Improvements were completed, at Tenant’s sole cost and expense. Tenant shall, at its election, have the right to abandon said property in place, subject to all obligations and liabilities of this Lease, without further liability therefore to Landlord.
 - iii. Tenant shall be responsible for any damages to the Premises, excluding normal wear and tear, and for returning the Premises to Landlord in the finished condition as it existed at the time the Tenant Improvements were completed, at the sole expense and effort of the Tenant. Tenant and Landlord shall have the right to negotiate cost of repairs and Tenant may hire Landlord to conduct said repairs on a Time and Materials basis and mutually negotiated cost of repairs. If Landlord and Tenant cannot agree upon cost of repairs, Landlord shall select and hire (by way of a competitive

bid process) a reputable independent contractor to perform the repairs and Tenant shall be responsible for all reasonable fees and costs of said contractor.

Section 3. Rent.

- (a) **Base Monthly Rent During Initial Term.** Beginning on the Effective Date, defined below, the “Base Monthly Rent” shall be as follows:
- i. For Year One of the Lease, even for any Holdover Period, \$1.75 per square foot (6235 square feet) for a total of \$10,911.25 per month;
 - ii. For Year Two of the Lease, even for any Holdover Period, \$1.79375 per square foot (6235 square feet) for a total of \$11,184.03 per month (this amount includes a 2.5% escalation);
 - iii. For Year Three of the Lease, even for any Holdover Period, \$1.83859 per square foot (6235 square feet) for a total of \$11,463.64 per month (this amount includes a 2.5% escalation);
 - iv. Thereafter, for any Holdover Period (defined below), , each subsequent year shall be subject to a 2.5% escalation rate defined below.
- (b) **CAM (Common Area Maintenance):** In addition to Base Monthly Rent, Tenant shall also be charged CAM (Common Area Maintenance) costs to operate, maintain, repair, and manage the property (“CAM Charges”). These costs shall be based on Tenant’s leased square footage at the rate of \$.53 per square foot (6235 square feet) for a total of \$3,304.55 per month. CAM Charges shall include the following:

Maintenance & Repairs

- Parking lots and driveways (striping, sealing, repairs)
- Sidewalks, curbs, and walkways
- Landscaping and irrigation systems
- General plowing with truck/blade in parking lot (not to include hand shoveling, sidewalk clearing, deck shoveling, roof shoveling, or ice melt)
- Exterior lighting (bulbs, poles, wiring)
- Fencing and exterior signage
- Pressure washing of sidewalks and entrances

Property Management & Administrative Costs

- On-site or off-site property management fees
- Accounting and CAM administration
- CAM audit preparation
- Insurance & Taxes
- Property insurance
- Liability insurance
- All real estate taxes

Should Tenant exercise its Option to Extend Lease Term pursuant to Section 2(a) of this Lease at \$1.75 per square foot (6235 square feet) for a total of \$10,911.25 per month, or should there be any Holdover Period, CAM Charges shall be reassessed for each subsequent year. A negotiation in good faith between Parties shall be conducted and an agreed upon rate shall determine the amount for each additional term(s). Any new agreed upon CAM Charges shall be executed in writing by both Parties; if no agreement can be reached through good faith negotiations, CAM Charges will remain at original rates.

Section 4. Rent Payments

Base Monthly Rent and CAM Charges shall be billed to Tenant quarterly (January, April, July and October) due and payable on or before the 1st day of each quarter beginning in the second quarter (April), and delivered via U.S. Mail (postage prepaid) or electronic transfer to Landlord at the address stated in this Lease below or at another location Landlord may designate by advance written notice to Tenant in accordance with the provisions of Section 16 below. No security deposit shall be required.

Conditioned upon substantial completion of Tenant Improvements, Tenant shall pay the first quarterly payment equal to three 3 months of Base Monthly Rent and CAM Charges in the amount of Forty Two Thousand Six Hundred Forty Seven Dollars and Forty Cents (\$42,647.40) plus the Tenant Improvement payment obligation (as defined in section 5 below) of Thirty Seven Thousand Two Hundred Fifty Dollars (\$37,250), for a combined total of Seventy Nine Thousand Eight Hundred Ninety Seven Dollars and Forty Cents (\$79,897.40). Notwithstanding any inconsistent provision in this Lease: (a) the amount of \$79,897.40 shall be paid by Tenant and earned by Landlord immediately upon substantial completion of the Tenant Improvements and the Town of Truckee's issuance of a certificate of occupancy; and (b) even though the \$79,897.40 will not be paid until substantial completion of the Tenant Improvements and issuance of a certificate of occupancy by the Town of Truckee, Base Monthly Rent and CAM Charges shall commence on the Effective Date, and the \$79,897.40 shall be applied retroactively to the Effective Date.

Section 5. Tenant Improvements.

Landlord shall provide the design for the Tenant Improvements ("Tenant Improvements") and the construction of such Tenant Improvements (which includes materials and labor) up to \$37,250. Tenant shall fund Tenant Improvements in the not to exceed amount of \$37,250. Prices defined below have been provided by the Landlord as the required Tenant Improvements. All work must be completed in compliance with all building codes, Town of Truckee requirements, and all other applicable laws, rules, and regulations:

- Two (2) ADA Showers (\$12,500 each) - \$25,000
- One (1) ADA Bathroom - \$20,000
- Lock on Back Gate - \$0 (no charge)
- Fire Exit Doors with Panic Bars (Units 5, 6, 7 – \$1,000 each) - \$3,000
- Wall Openings Between Units (8 → 7 → 6 → 5) - \$3,000
- Laundry Connections for Two Stackable Units - \$1,500
- Kitchenette (Sink, Hot Water, Cabinets) - \$8,000
- Security Cameras (x4 – Exterior/Interior) - \$5,000
- Six (6) Cubical Areas (8' x 7'3" walls, 5' height) - \$1,500 x 6 = \$9,000

TOTAL COST FOR TENANT IMPROVEMENTS: \$74,500; TENANT'S SHARE: \$37,250

Tenant Improvement design shall be conditionally approved by Tenant upon completion of plans and specifications. Final design may be modified by mutual written agreement of the Parties so long as cost of said changes does not increase beyond amount stated above in Section 5. All of the work necessary for the completion of the Tenant Improvements, including the development of the detailed plans for the construction and installation of the Tenant Improvements shall be at Landlord and Tenant's shared cost and expense as defined above in this Section 5. Said work shall be performed or supervised by Landlord. Tenant shall have the right to inspect the Premises during construction with regard to compliance with the terms of this Lease.

Landlord shall be responsible for obtaining all necessary permits required by Town of Truckee to complete Tenant Improvements and secure Certificate of Occupancy within agreed upon timeframe. Landlord is expected to complete all construction, modifications, and punch list work in accordance with and consistent with Tenant's requirements, and acknowledges, represents, warrants and agrees that under no circumstances will the completion date for the Tenant Improvements project be greater than 30 calendar days from the Effective Date of this Lease. Tenant may apply a daily penalty up to \$352 per day should Landlord fail to achieve substantial completion of the Tenant Improvements within thirty (30) days of the Effective Date; provided, however, that any delays caused by Tenant or any third party or any reason outside of Landlord's reasonable control shall extend Landlord's time for performance on a day for day basis. Other than the \$352 per day, Landlord shall not be in default under this Lease and shall not be subject to any abatement of rent or other cost, expense, damage or penalty.

Should Parties agree to occupancy prior to completion of Tenant Improvements, occupancy of the Premises by Tenant prior to the completion of the Tenant Improvements shall not relieve Landlord from the obligation to fully comply with these requirements, nor from the obligation to fully comply with any other provision of this Lease.

Section 6 Intent to Purchase

Tenant shall have the option to buy The Building before the lease terminates and any pre-paid rent which has not been applied to the Base Monthly Rent in the quarter in which the sale closes shall be applied towards the purchase.

During the active lease term, the property may stay on the market, as long as any sale agreement includes commitment to uphold Tenant's existing lease and lease terms and Tenant shall have the first right of refusal to purchase the property.

If Landlord intends to sell the Building or Premises to a third party on certain terms and conditions, Landlord shall give Tenant ninety (90) days to commit (by way of a signed purchase agreement prepared by Landlord) to Purchase the Building or Premises on the same terms and conditions ("ROFR"). Proof of offer must be provided to the County. If Tenant fails to commit in said signed purchase agreement within said sixty (60) days, or if Closing does not occur within ninety (90)

days of said commitment for a reason other than material breach by Landlord, then Landlord shall have the right to sell the Building to the third party. The ROFR shall terminate at the end of the Term or Extended Term, as the case may be.

Should Tenant not be able to buy before the end of 2026, Tenant shall have the option to extend the lease for up to two (2) additional one-year terms per Section 2(a) with available funding and future Board approvals.

Section 7. Permitted Use.

The Premises may be used for any lawful purpose by Tenant or by any of Tenant's Board of Supervisors, officers, directors, employees, attorneys, agents, representatives, contractors and consultants (each and collectively the "Tenant Representatives") or any of Tenant's properly permitted assigns or subtenants as provided below in this Lease.

Section 8. Alterations.

After the Commencement Date, Tenant must seek prior written approval from Landlord for any alterations, renovations or improvements ("Alterations"), which Alterations may be approved or refused in Landlord's sole and absolute discretion; provided, however, that Landlord shall not unreasonably withhold approval with respect to Alterations which (a) cost less than or equal to Ten Thousand Dollars (\$10,000); and (b) do not impact or relate to structural elements, electrical or mechanical elements, roofing elements, foundational elements, window structures or any concrete matters. Should Alterations be allowed, Landlord and Tenant agree that required work will be completed or caused to be completed by Landlord, at a mutually agreeable cost and expense which shall be paid for by Tenant, except as otherwise provided for in this Lease. Landlord shall not remove any Alterations without the prior written consent of Tenant and Tenant shall be under no obligation to grant such permission during the Term.

Section 9. Possession.

Upon substantial completion of Tenant Improvements defined in Section 5 or such other mutually agreeable date, agreed to in writing by both Parties, Landlord shall deliver possession of the Premises to Tenant including all keys and other access rights included. The Commencement Date may be extended by mutual agreement between Landlord and Tenant, but in no event later than 30 calendar days from the Effective Date. At any time prior to the Commencement Date, Tenant or its agents may at Tenant's option, in coordination with Landlord, and without obligation or liability, enter the Premises from time to time to conduct any due diligence or inspections, to perform any measurements or assessments, to otherwise evaluate the condition of the Premises, and make approved Alterations that do not interfere with Landlord's construction of Tenant Improvements.

Section 10. Mutual Insurance.

- (a) Tenant is a self-insured public entity for purposes of commercial general liability and workers' compensation. Tenant shall provide valid evidence to Landlord annually of Tenant's capacity to self-insure as required herein. Landlord retains the right to audit Tenant's self-insurance program. Landlord shall maintain all rights and obligations, and Tenant shall be obligated contractually, as if Tenant fully maintained the insurance required herein with a commercial insurer including but not limited to additional

insured status, primary and non-contributory liability, waivers of rights of recovery, other insurance clauses and any other extensions of coverage required herein. Notwithstanding any other provision in this Agreement and notwithstanding any inconsistent limitation of liability provision in favor of Tenant in this Lease, Tenant shall pay the costs, damages, claims, losses and liabilities (including actual attorney's fees and necessary litigation expenses) at least to the extent that an insurance company would have been obligated to pay those amounts if Tenant had maintained the insurance pursuant to this Section 10 without said self-insured retention ("SIR") or deductible. All SIR or deductibles shall be paid by, assumed by, for the account of, and at the sole risk of Tenant. Tenant shall not be reimbursed for same by Landlord or other additional insureds.

- (b) Landlord and Tenant agree to provide insurance set forth in accordance with the requirements herein. If Landlord or Tenant use existing coverage to comply with these requirements and that coverage does not meet the specified requirements, that party agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the Lease. Without in anyway affecting the indemnity provisions of this Lease, Landlord and Tenant shall each secure and maintain throughout the Lease Term the following types of insurance with limits as shown:
- i. Workers' Compensation/Employers Liability – A program of workers' compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including employer's liability with \$250,000 limits covering all persons including volunteers providing services on behalf of that party and all risks to such persons under the Lease. If Landlord or Tenant has no employees, it may certify or warrant to the other party that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for workers' compensation coverage will be waived by either party, or either party's agent or designee. If Landlord or Tenant is a non-profit corporation, organized under California or Federal law, volunteers for Landlord are required to be covered by workers' compensation insurance.
 - ii. Commercial/General Liability Insurance – Landlord shall carry commercial general liability insurance covering all operations performed by or on behalf of that party providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000) per occurrence. Tenant shall carry commercial general liability insurance covering all operations performed by or on behalf of that party providing coverage for bodily injury and property damage with a combined single limit of not less than two million dollars (\$2,000,000) per occurrence and four million dollars (\$4,000,000) annual aggregate. All policy coverage shall include:
 - A. Premises operations and mobile equipment.
 - B. Products and completed operations.
 - C. Broad form property damage (including completed operations).

- D. Explosion, collapse and underground hazards.
- E. Personal injury
- F. Contractual liability.

- iii. Commercial Property Insurance: Landlord shall provide all risk coverage for the Premises, Building, fixtures, equipment and all property constituting a part of the Premises. Coverage shall be sufficient to insure One Hundred percent (100%) of the replacement cost.
 - iv. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence. If Landlord is transporting one or more non-employee passengers in relation to the Lease, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence. If Landlord owns no autos, a non-owned auto endorsement to the commercial general liability policy described above is acceptable.
 - v. Umbrella Liability Insurance - An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury. The coverage shall also apply to automobile liability. Tenant’s policy shall provide a minimum five million dollar (\$5,000,000) per occurrence limits.
- (c) If Landlord or Tenant performs any construction of the Premises, each party shall also procure and maintain coverages and provide proof of insurance before construction begins as follows:
- i. For all construction contracts for projects regardless of contract value, require limits of not less than Three Million Dollars in commercial general liability and auto liability coverage.
 - ii. Landlord and Tenant agree to require all parties, subcontractors, or others, including, but not limited to, architects, it hires or contracts with in relation to the Lease to provide insurance covering the contracted operations with the requirements in this Section 10, (including, but not limited to, waiver of subrogation rights) and naming the other party as an additional insured. Landlord and Tenant agree to monitor and review all such coverage and assumes all responsibility ensuring that such coverage is provided as required here. Landlord retains the right to withhold access of construction for Tenant fails to comply with these insurance requirements.
- (d) Additional Insured – All policies, except for the workers’ compensation, shall contain endorsements naming the other party and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the Lease. The additional

insured endorsements shall not limit the scope of coverage to vicarious liability but shall allow coverage to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as the current unmodified editions of additional insured endorsement forms ISO CG 2010 (ongoing operations) and ISO CG2037 (completed operations.) Coverage is primary and non-contributory for the additional insured.

- (e) Waiver of Subrogation Rights – Landlord and Tenant shall require the carriers of required coverages endorse all policies to waive all rights of subrogation against the other party, its officers, employees, agents, volunteers, contractors and subcontractors. All commercial general or auto liability insurance coverage provided shall not prohibit the other party’s employees or agents from waiving the right of subrogation prior to a loss or claim. Landlord and Tenant hereby waive all rights of subrogation against the other party.
- (f) Tenant Policies Primary and Non-Contributory – All policies of Tenant required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by Landlord.
- (g) Severability of Interests – Landlord and Tenant agree to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between Landlord and Tenant or between Landlord or Tenant and any other insured or additional insured under the policy.
- (h) Proof of Coverage – Landlord and Tenant shall furnish certificates of insurance to the other party evidencing the insurance coverage at the time the Lease is executed, additional endorsements, as required, shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the other party, and each party shall maintain such insurance from the time the Lease is executed until the expiration or earlier termination of the Lease. Within fifteen (15) days of the Commencement Date, Landlord and Tenant shall furnish a copy of the declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.
- (i) Acceptability of Insurance Carrier – Unless otherwise approved by the other party, insurance shall be written by insurers authorized to do business in the State of California and with a minimum “A.M. Best” Insurance Guide (www.ambest.com) rating of “A- VII”.
- (j) Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by the other party. Tenant. Tenant shall not be reimbursed for same by Landlord or other additional insureds.

- (k) Failure to Procure Coverage – All insurance required must be maintained in force at all times by each party. In the event that any policy of insurance required under the Lease does not comply with the requirements, is not procured, or is canceled and not replaced, each party has the immediate right but not the obligation or duty to cancel the Lease or obtain insurance if it deems necessary and any premiums paid by that party will be promptly reimbursed within ten (10) business days by the other party.
- (l) Insurance Review – Insurance requirements are subject to periodic review by both parties. Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to the Lease. Both parties agree to execute any such amendment within thirty (30) days of receipt. Any failure, actual or alleged, on the part of either party to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the other party. Landlord has the unilateral right to increase limits or types of coverage with thirty (30) business days' notice to Tenant.
- (m) The inclusion of either party as additional named insured is not intended to and shall not make a partner or joint venturer with the other party in that party's operations.
- (n) Landlord and Tenant agree to require all parties, subcontractors, or others it hires or contracts with in relation to the Lease to provide insurance covering the contracted operation with the requirements in this Section 10, (including, but not limited to, waiver of subrogation rights) and naming the other party as an additional insured. Landlord shall approve of all contractor/subcontractor insurance before any construction begins.

Section 11. Utilities; Service Payments; Taxes.

In addition to Tenant's obligations for CAM Charges defined in Section 3(b), Tenant shall be responsible for timely paying all charges, rates, payments, fees, penalties, and costs associated with the provision of utilities and related services for the Premises, including but not limited to electricity, sewer, water and garbage, waste/recyclable material collection, internet and WiFi. Except with respect to Tenant's obligations for CAM Charges and the other utility and service charges attributable to Tenant as provided in this Section 11 above, Landlord shall timely pay for any other CAM related fees and services, which includes but is not limited to the balance of taxes of every kind, including any and all possessory interest tax and Real Estate Taxes, associated with the Premises, including its use; Landlord shall not seek reimbursement from Tenant for any of these expenses.

- (a) The term "Real Estate Taxes" means all taxes, rates, and assessments, general or special, levied or imposed with respect to the land, the Premises, or the Tenant Improvements or Alterations constructed thereon (including all taxes, rates and assessments, general or special, levied or imposed for school, public betterment and/or general or local Tenant Improvements). If the system of real estate taxation is altered or varied, and any new tax or levy is levied or imposed on said Premises, or Landlord, in substitution for or modification of Real Estate Taxes presently

levied or imposed in the jurisdiction where the Premises is located, then such new tax or levy shall be included within the term "Real Estate Taxes".

- (b) In the event Landlord fails to timely pay any of these charges, taxes, rates, payments, fees, penalties or costs when due, and services are terminated, shut off, or disconnected, then Landlord shall pay for all costs, damages and injuries suffered by Tenant and each of the Tenant Representatives as a consequence of or resulting from such termination, shut off or disconnection of services and such amounts shall be deducted from Rent due. In addition, Tenant may, without the obligation to do so, pay the outstanding charge, rate, fee, tax, cost, payment or penalty on behalf of Landlord and said amount will be deducted from any Rent due, along with a deduction for the associated costs and expenses incurred by Tenant. For purposes of the self-help remedy herein granted, Landlord hereby grants to Tenant all rights necessary to exercise such remedy.

Section 12. Maintenance and Repairs.

- (a) Landlord shall, at Landlord's sole cost and expense, in accordance with the terms of this Lease and without demand, repair and maintain the following items in good tenantable condition at all times during the Term and during all Extended Terms on a routine, as needed, and scheduled basis: fire protection services; the roof, roof membrane, and roof coverings; exterior and interior paint; exterior and interior walls; attic and basement; all interior and exterior electrical wiring, pipes, conduit and structural support; the parking areas, pavement, landscaping, sprinkler systems, sidewalks, driveways, curbs; and lighting systems, glazing, flooring, elevators, plumbing, water pipes, hot water heater, kitchen appliances, fire extinguishers, lighting (including, but not limited to, bulbs, tubes, fixtures, lens covers, ballasts, emergency lights, security lights and exterior lights), heating, ventilating and air conditioning units, bathroom/toiletry systems and dispensers. Landlord shall not pass on any costs or expenses to Tenant for any of the above.
 - i. CASp Inspection. Landlord certifies to Tenant that as of the Effective Date, an inspection of the premises has been performed by a Certified Access Specialist in conjunction with the Lease. Landlord remains obligated for the compliance of the Premises, the Building, and the Property with Laws, including but not limited to, compliance with the Americans with Disabilities Act (ADA) for that duration of the Lease Term including any extensions thereof. Landlord shall provide Tenant with a copy of the inspection report and Landlord shall, at its sole cost and expense, promptly complete all required and recommended repairs and modifications to the Premises, the Building, and/or the Property identified in the report.

All maintenance and repair work requested by Tenant and for which Landlord is responsible shall be performed by Landlord (or Landlord's agent) in a timely fashion and in coordination with Tenant. In the event of an emergency, if Tenant is unable to reach Landlord (or Landlord's agent), after Tenant makes reasonable active efforts to notice Landlord, and Landlord is unreachable or non-responsive, Tenant may arrange for said

emergency maintenance, repair, and/or replacement work and deduct the cost, pay the outstanding charge, rate, fee, or payment, including Tenant staff time, and deduct said amount from the Rent.

- (b) Scheduled Preventative Maintenance. Scheduled preventative maintenance, repair, and/or replacement work shall be performed by Landlord (or Landlord's agent), and shall be scheduled, arranged and paid for by Landlord with Tenant's advance knowledge and consent a minimum of ten (10) business days in advance of any preventative maintenance, repair, replacement, or improvement. Preventative maintenance, repair, replacement work or improvement which would disrupt Tenant's operation and use of the Premises or any portion thereof shall not be performed during Tenant's hours of operation.

- (c) Maintenance, Monitoring and Testing of Life/Health/Safety Systems. Landlord shall perform annual maintenance, monitoring, and testing of all Life/Health/Safety Systems, in accordance with best industry practices, including but not limited to: emergency lighting, fire alarm systems, fire extinguishers, smoke detectors, and all mechanical systems. Landlord shall provide to Tenant a written report of said maintenance and testing within 30 days of Tenant's written request.

- (d) Exterior. Landlord shall with specific regard to exterior maintenance and repair of the Premises, complete the following:
 - i. Landscaping. Landlord shall furnish and perform all routine and as needed landscaping maintenance, repair and replacement work.

 - ii. Parking Lot. Landlord shall furnish and perform routine and as needed parking lot sweeping, maintenance and repair, cleaning, re-striping, and re-surfacing. Landlord will only provide general snow plow removal services of the parking lot itself with a truck and blade. Notwithstanding any provision in this Lease, Landlord shall have no obligation to provide any hand shoveling, sidewalk clearing, deck shoveling, roof shoveling, and ice melt. Except as expressly required of Landlord in this Section 12(d)(ii), Tenant shall be responsible and liable for managing and performing any and all snow removal, ice removal and snow and ice management and storage.

 - iii. Graffiti Removal. Landlord shall promptly remove all graffiti from the exterior walls of the Premises and from all signage on an as needed basis. If Landlord fails to remove any such graffiti within forty-eight (48) hours of Tenant's issuance of written notice, Tenant may perform, or cause to be performed, removal of said graffiti and deduct the actual costs thereof from the Rent. For purposes of the self-help remedy herein granted, Landlord hereby grants to Tenant all rights necessary to exercise such remedy.

- (d) Pest Control. Landlord shall provide and perform all structural and non-structural pest control services for the interior and exterior of the Premises. Said pest control services shall be provided on a scheduled basis, at a minimum quarterly, and address the

following: structural pests, non-structural pests, landscaping pests and organisms, termites, dry rot, and powder post beetles.

(e) Mechanical System Service. Landlord shall provide the following:

- i. Employ a licensed heating contractor to inspect service, maintain, repair and replace, as necessary all mechanical systems, to include any existing HEPA air cleaning devices, of the Premises on a regular and consistent basis to maintain the original performance and operation of the systems.
 - ii. Perform annual inspections of all mechanical systems by a licensed technician, to include any existing HEPA air cleaning devices, of the Premises; including, but not limited to, the heating, ventilating systems.
 - iii. Heating and Ventilating. Use air filters manufactured in accordance with best industry standards and for use in the specific model of the mechanical system of the Premises and replace said air filters upon occupancy and on a quarterly basis (i.e. every 90 days) starting ninety (90) days from the Effective Date and continuing until the Termination of this Lease. The heating system shall be designed to maintain 70°F inside when the outside temperature is 30°F. Notwithstanding any foregoing provision, there is no cooling system in or serving the Premises and Landlord shall have no obligation regarding cooling.
- (f) Notwithstanding any contrary provision in this Section 12, to the extent any damage or the need for repair or replacement to any part of the Premises is caused by Tenant or any of its officers, employees, representatives, customers, guests, invitees, or other persons of the public at the Premises, such damages, repairs and/or replacement shall be paid for in full by Tenant within ten (10) days after written request by Landlord. Payments will only be reimbursed with proof of receipt for materials and labor.

Section 13. Assignment or Subletting.

- (a) Tenant's Assignment/Subletting. Tenant shall not assign or sublet any portion of or all the Premises without the prior written approval or consent of the Landlord, which Landlord may approve or refuse in Landlord's reasonable discretion. Landlord's right to review and approve or refuse shall include a period of fifteen (15) days to review and approve or refuse the form of the assignment or sublease document. Reasonable requests should not be unreasonably withheld. Landlord shall have the right to consider and Tenant shall provide all reasonably requested information relating to: (a) the financial strength of the proposed assignee/subtenant; (b) the business reputation of the proposed assignee/subtenant; (c) the proposed use of the Premises or impacts resulting from the use; and (d) other factors or circumstances not herein contemplated which would reasonably and adversely affect Landlord, the Building, or neighbors of Landlord. Any attempt to assign or sublet in violation of this Section 8 shall be null and void. Any approved assignment or subletting will not release Tenant from any obligations contained herein. Notwithstanding the foregoing: (a) Tenant may assign or sublease this Lease to any official County division upon thirty (30) days notice; (b) any

assignment or sublease of this Lease shall be conditioned upon the assignee or sublessee providing Landlord with insurance protections satisfying requirements of Landlord in the sole and absolute discretion of Landlord, similar to the insurance protections already provided in this Lease; and (c) in no event may Tenant license any part of this Lease to any third party.

- (b) Subject to Section 13(a), this Lease shall be binding upon and inure to the successors-in-interest and assigns of Landlord and of Tenant.

Section 14. Indemnification.

Tenant agrees to indemnify, defend (with counsel reasonably approved by Landlord) and hold harmless Landlord and its managers, members, contractors, representatives and agents (“Landlord Representatives”) from any and all claims, actions, losses, damages, and/or liability arising out of the Lease, or the use of the Premises, to the extent caused by Tenant, or its officers, employees, contractors, representatives, customers, guests, invitees, persons of the public and/or other third parties. Tenant’s obligations hereunder shall not apply to the extent caused by Landlord or Landlord’s Representatives.

Landlord agrees to indemnify, defend (with counsel reasonably approved by Tenant) and hold harmless Tenant and its officers, employees, Board of Supervisors, volunteers, and agents and assigns from any and all claims, actions, losses, damages, and/or liability arising out of the Lease, or the use of the Premises, to the extent caused by Landlord or Landlord Representatives. Landlord’s obligations hereunder shall not apply to the extent caused by Tenant, or its officers, employees, contractors, representatives, customers, guests, invitees, persons of the public and/or other third parties.

The Section 14 shall survive the expiration or earlier termination of the Lease.

Section 15. Entry by Landlord or Landlord Representatives.

Upon the receipt of 72-hour advance written notice from Landlord to Tenant, Landlord or the designated Landlord Representatives may enter the Premises during Tenant’s normal hours of operation to: (a) show the property to potential buyers or lessees; (b) allow any lender or potential lender to view or inspect the property, or (c) carry out any of the Landlord’s obligations under the Lease terms in or about the Premises; provided that Landlord, and all designated Landlord Representatives entering on behalf of Landlord, complies with the security, privacy, confidentiality and safety protocols of the Tenant at all times during the visit, including all such requirements and protocols set out in this Lease, and does not unreasonably interfere with Tenant’s use of the Premises or its operations. Landlord’s written notice shall designate by name, title, address, email and phone number, each Landlord Representative who will be entering the Premises and the reasons for such entry. Landlord shall have the right to enter the Premises immediately in the event of an emergency (such as fire, earthquake, a breach of security, broken waterline etc.) to reasonably address the emergency.

Section 16. Signs.

Tenant, as needed, may place or permit to be placed in, upon, about, or outside the Premises any sign, notice, drapes, shutters, blinds, or display of any kind, as needed for the uses intended, provided any and all signage complies with applicable ordinances, codes, statutes and other

applicable law.

Section 17. Destruction; Condemnation.

- (a) Destruction. If the Premises are damaged to an extent that cannot be lawfully repaired within 60 days after the date of damage, this Lease may be terminated by Tenant by written notice to Landlord. If the Premises can be repaired within the 60 day period, or if this Lease is not terminated in accordance with this provision, Landlord shall proceed with all repairs as necessary to restore the Premises to the condition it was in immediately prior to the damage, but in accordance with all applicable current codes and laws. In case of damage to 1/3 or more of the building or facilities in which the Premises are located, Landlord may elect to terminate this Lease, whether the Premises are damaged or not.
- (b) Condemnation. If all or any significant portion of the Premises are condemned or are transferred in lieu of condemnation, Tenant may, upon written notice given within 60 days after the taking or transfer, terminate this Lease. Tenant shall have the option to claim and recover from the condemning authority only or from Landlord any amounts necessary to reimburse Tenant for the cost of removing or replacing stock and fixtures and for relocation.

Section 18. Notice.

Any notices which are required to be given hereunder, or which either Party may wish to give to the other, shall be in writing and may be personally delivered or given by mailing the same by registered or certified mail, postage prepaid, addressed as follows:

To TENANT: Tenant of Nevada -Behavioral Health

Attn: Director of Behavioral Health or Designee (must be a County employee)
Eric Rood Administrative Cener
950 Maidu Ave.
Nevada City, CA 95959
Phone: Direct 530- 265-1366
Email: Tyler.Barrington@nevadacountyca.gov

To LANDLORD: PALISADES DR LLC

Attn: Daniel Fraiman- Owner
10270 Donner Pass Road
Truckee, CA 96161
Phone: Direct 530-448-1924
Email: dan@dfctahoe.com

With a copy to: Mark F. Bruce, Esq.
5975 Home Gardens Drive
Reno, Nevada 89502

Or to such other person or place as either Party may designate on their own behalf by advance written notice to the other.

Section 19. Compliance with Law.

Landlord, Tenant and all of their respective employees, agents, assigns, representatives, officers, directors, contractors and subcontractors shall perform the terms of this Lease and shall comply with and conduct themselves at all times in accordance with all applicable laws, statutes, ordinances and regulations.

Section 20. Confidentiality.

Landlord acknowledges that the Premises may be used by Tenant for the processing and storage of confidential information that is protected from unlawful access and disclosure by municipal, county, state, and federal laws ("Confidential Information"). Landlord and its officers, agents, volunteers, employees, contractors, and any third parties under Landlord's control (including, but not limited, to property management, maintenance, and custodial providers) hereby agree, at Tenant's cost and expense and within a reasonable time after requested by Tenant, to cooperate with Tenant in complying with all applicable municipal, county, state, and federal laws pertaining to the security and protection of Confidential Information and will reasonably protect against any unlawful access to or disclosure of Confidential Information when entering the Premises as permitted by the Lease. Prior to any permitted entry of the Premises in Section 15, except in the event of a life-threatening emergency or an imminent and substantial destruction of the Premises, Landlord and its officers, agents, volunteers, employees, contractors and any third parties under Landlord's control shall: (i) provide not less than seventy-two (72) hours prior written notice of its desired entry; (ii) enter only during Tenant's normal business hours; (iii) be escorted by Tenant during its entry; and (iv) remain in the Premises only for so long as reasonably necessary to complete Landlord's obligations under the Lease. Should it be necessary for Landlord to enter the Premises due to a life-threatening emergency or imminent and substantial destruction of the Premises, Landlord and its agents, volunteers, employees, contractors, and any third parties under Landlord's control shall: (a) immediately notify Tenant of such entry, (b) remain in the Premises only for so long as reasonably necessary to abate such emergency or destruction, and (c) upon departure, secure the Premises in the same manner as the Premises were secured upon entry, (i.e., arming alarm system and locking entry points). During any permitted entry of the Premises, Landlord and its officers, agents, volunteers, employees or any third parties under Landlord's control shall not access, disclose, or remove any Confidential Information from the Premises, including but not limited to, access of file cabinets, locked storage rooms, and desks. Any entry of the Premises that does not comply with the requirements of this paragraph is unauthorized. Landlord agrees to include the entry requirements contained in this paragraph in its agreements with all third-party providers who may enter the Premises. Landlord acknowledges that any unlawful access to or disclosure of Confidential Information may result in the imposition of civil and criminal sanctions.

Section 21. Environmental Liability.

- (a) Hazardous Substances. Landlord hereby represents and warrants to Tenant that, as of the Effective Date: (i) the Premises, the Building, and the Property have not been

exposed to Hazardous Substances and are free of all Hazardous Substances; (ii) neither Landlord nor any existing or former tenants or occupants at the Property were or are in violation of or subject to an existing, pending or threatened investigation by any governmental authority under any applicable local, state, and federal law, regulation, ordinance or other legislation pertaining to air, water, or soil quality or the handling, transportation, storage, treatment, usage or disposal of Hazardous Substances; (iii) any handling, transportation, storage, treatment, usage, or disposal of Hazardous Substances at the Premises, the Building, and the Property has been or are in compliance with applicable laws; and (iv) no reportable use has occurred on the Premises, the Building, and the Property and the vapor, groundwater and soil on or under the Premises, the Building, and the Property is free of Hazardous Substances.

- (b) Landlord shall indemnify, defend (with counsel reasonably approved by Tenant), protect, and hold harmless Tenant and Tenant Representatives and the Premises, from any and all claims, actions, losses, damages, judgments, costs, expenses, penalties, and/or liability, including, but not limited to, attorneys' and consultant's fees, arising out of or related to the existence of any Hazardous Substances located in, on, under, or about the Premises, the Building, and the Property occurring: (i) prior to the Effective Date and (ii) during the Lease Term to the extent not caused by Tenant. Additionally, the issuance of an order by any governmental authority directing Landlord or any of Landlord's other tenants or occupants on the Property to cease and desist any illegal action in connection with a Hazardous Substance, or to remediate a contaminated condition caused by Landlord or any person acting under Landlord's direct control and authority is a default of the Lease, and Landlord shall be responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by Tenant in connection with or in response to such order. Landlord's obligations under this paragraph shall include, but shall not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation, removal, remediation, restoration and/or abatement thereof. Landlord's obligations under this provision shall survive the expiration or early termination of the Lease. No termination, cancellation or release agreement entered into by Tenant and Landlord shall release Landlord from its obligations under the Lease with regard to Hazardous Substances unless specifically agreed to by Tenant in writing. Landlord's indemnity obligation shall survive the expiration or earlier termination of the Lease.
- (c) For the purposes of this paragraph, the following definitions shall apply:
- i. "Hazardous Substance," as used in the Lease, shall mean any product, substance, material, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (a) potentially injurious to the public health, safety or welfare, the environment or the Premises, the Building, or the Property; (b) regulated or monitored by any governmental authority; or (c) a basis for potential liability of Landlord or Tenant under any applicable statute or common law theory.

- ii. “Reportable use” shall mean: (a) the installation or use of any above- or below-ground storage tank; (b) the generation, possession, storage, use, transportation or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with any governmental authority and/or (c) the presence at the Premises, the Building, or the Property of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises, the Building, the Property or neighboring properties.
- iii. The term “applicable requirements” shall be deemed to refer to all applicable laws, covenants or restrictions of record, building codes, regulations and ordinances.

Notwithstanding any inconsistent provision herein, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims, actions, losses, damages, judgments, costs, expenses, penalties, and/or liability, including, but not limited to, attorneys’ and consultant’s fees, arising out of or related to the existence of any Hazardous Substances located in, on, under, or about the Premises, the Building, and the Property, to the extent the existence of such Hazardous Substances is caused by Tenant or any Tenant Representative.

Section 22. Consequential Damages.

At no time shall Tenant or any of the Tenant Representatives be responsible or liable for any punitive damages or any form of consequential damage of any kind or nature resulting from or related to a Claim, the Premises Hazardous Materials or this Lease, except where such damages are directly and solely caused by the gross negligence or willful misconduct of Tenant or the Tenant Representatives.

At no time shall Landlord or any of the Landlord Representatives be responsible or liable for any punitive damages or any form of consequential damage of any kind or nature resulting from or related to a Claim, the Premises Hazardous Materials or this Lease, except where such damages are directly and solely caused by the gross negligence or willful misconduct of Landlord or the Landlord Representatives.

The provisions of this Section 22 shall not limit indemnity, defense and hold harmless obligations or insurance obligations under this Lease.

Section 23. Attorneys’ Fees.

In any action or proceeding by either party to enforce any term or condition of this Lease, each party shall bear its own attorneys’ fees and costs. This paragraph shall not apply to those attorneys’ fees and costs directly arising from any third party legal action against Tenant or Landlord, including, but not limited to, such attorneys’ fees and costs payable under Section 14 (Indemnification), Section 20 (Confidentiality), Section 21 (Environmental Liability), and Section 37 (Public Records).

Section 24. Force Majeure.

Neither Landlord nor Tenant shall be deemed to be in breach of this Lease if either is prevented

from performing any of its obligations herein by reason of act of God, act of a public enemy, severe weather conditions, rebellion, riot, sabotage, or any other similar circumstance of like kind for which the performing party is not responsible, or which is not within said party's reasonable control to mitigate or eliminate (collectively, "Force Majeure Delay; provided, however, that neither party shall be entitled to the benefit of the provisions of this Section 24 under the following circumstances: (a) to the extent the inability to perform was caused by the party claiming the Force Majeure Delay having failed to remedy the condition by taking all reasonable acts to remedy the condition, and having failed to resume performance of such obligations with reasonable dispatch; or (b) to the extent the inability to perform was caused by the lack of funds with respect to the payment of any amount due under this Lease.

Section 25. Subordination; Attornment.

This Lease and all of Tenants' rights hereunder are and shall be subject and subordinate to any first Mortgage and any secondary Mortgage approved by the first Mortgagee. The foregoing shall be self-operative without the execution of additional documentation, however, within twenty (20) days after the receipt of a request from Landlord or any Mortgagee, Tenant shall confirm such subordination by executing a recordable subordination agreement in form and content satisfactory to Landlord and Landlord's Mortgagee. Tenant acknowledges that any Mortgagee has the right to subordinate at any time its Mortgage to this Lease and the leasehold estate, without Tenant's consent. Tenant shall, within twenty (20) days after written request therefor, execute and deliver such documents as are requested by the Mortgagee to confirm such subordination. Additionally, upon request by Landlord, Tenant shall subordinate this Lease and the leasehold estate to any future Mortgagee. Tenant shall, within twenty (20) days after written request therefor, execute and deliver such documents as are requested by any future Mortgagee to confirm such subordination.

Within twenty (20) days after written request by Landlord at any time in the future, Tenant shall execute and deliver to Landlord the Notice of Assignment of Lease in the form attached hereto as **Exhibit "B"**.

If Landlord sells, transfers, or conveys its interest in the Premises or this Lease, or if the same is foreclosed judicially or nonjudicially, or otherwise acquired, by a Mortgagee, upon the request and at the sole and absolute election of Landlord's successor, Tenant shall attorn to said successor, provided said successor accepts the Premises subject to this Lease. Tenant shall, upon request of Landlord or any Mortgagee, execute an attornment agreement confirming the same, in form and substance acceptable to Landlord or Landlord's successor. Such agreement shall provide, among other things, that said successor shall not be bound by (a) any prepayment of more than one (1) month's Rent (except Security Deposit but only to the extent received by said successor) or (b) any material amendment of this Lease made after the later of the Execution Date, or the date that such successor's lien or interest first arose, unless said successor shall have consented to such amendment.

Tenant's right to quiet possession and enjoyment of the Premises shall not be disturbed if Tenant complies with the terms and conditions of this Lease. Tenant shall not be required, as a condition of subordination or quiet possession or enjoyment, to agree to any terms or conditions that negate,

counter, are outside of or differ from the terms or conditions of this Lease.

Section 26. Time of the Essence.

Time is of the essence in the performance of obligations under this Lease.

Section 27. Waiver.

The failure of a party to insist upon strict performance of any of the terms, covenants, or conditions of this Lease shall not be deemed a waiver of any right or remedy that a party may have, and shall not be deemed a waiver of a party's right to require strict performance of all terms, covenants, and conditions thereafter, nor a waiver of any remedy for the subsequent breach of any of the terms, covenants, or conditions.

Section 28. Tenant and Landlord Limitation of Liability.

Any liability of Tenant to Landlord for any material default or material breach by Tenant under the terms of this Lease shall be limited to an amount equal to the total fair market value of the rent of the Premises plus the value of all other obligations of Tenant hereunder during the Term of this Lease (collectively the "FMV Rent During the Term"), and Landlord agrees to limit its recovery to the FMV Rent During the Term for satisfaction of any liability and shall not look to other assets of Tenant nor seek any recourse against the assets of the County of Nevada or any of the Tenant Representatives. It is the Parties' intention that Tenant and the Tenant Representatives shall not in any event or circumstance be personally liable, in any manner whatsoever, for any judgment or deficiency hereunder or with respect to this Lease, except for the sole gross negligence or willful misconduct of the Tenant or the Tenant Representatives. Notwithstanding the foregoing, if Tenant is adjudged or ordered to pay Landlord a money judgment because of Tenant's default under the Lease, then Landlord's sole remedy to satisfy the money judgment shall be limited to the value of the FMV Rent during the Term. All of Landlord's remedies shall be limited to money judgments.

Any liability of Landlord to Tenant for any material default or material breach by Landlord under the terms of this Lease shall be limited to the Landlord's interest in the total fair market value of the rent of the Premises during the Term of this Lease plus the value of all other obligations of Landlord hereunder (collectively the "FMV Rent During the Term"), and Tenant agrees to look solely to such Landlord interest in the FMV Rent During the Term for satisfaction of any liability and shall not look to other assets of Landlord nor seek any recourse against the assets of Landlord or of any of the Landlord Representatives. It is the Parties' intention that Landlord and the Landlord Representatives shall not in any event or circumstance be personally liable, in any manner whatsoever, for any judgment or deficiency hereunder or with respect to this Lease, except for the sole gross negligence or willful misconduct of the Landlord or the Landlord Representatives. Notwithstanding the foregoing, if Landlord is adjudged or ordered to pay Tenant a money judgment because of Landlord's default under the Lease, then Tenant's sole remedy to satisfy the money judgment shall be limited to the value of the FMV Rent during the Term. All of Tenant's remedies shall be limited to money judgments.

The provisions of this Section 28 shall not limit indemnity, defense and hold harmless obligations or insurance obligations under this Lease.

Section 29. Severability and Governing Law.

Any non-material provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision of this Lease and such other provisions shall remain in full force and effect. This Lease, and all the rights and duties of the Parties arising from or relating in any way to the subject matter of this Lease, shall be enforced, governed by and construed in accordance with the laws of the State of California (excluding any conflict of law's provisions that would refer to and apply the substantive laws of another jurisdiction). Landlord expressly agrees that any and all disputes, lawsuits or proceedings arising out of, relating to or in connection with this Lease, including any and all mediation or other alternative dispute resolution proceedings or settlements or negotiations, shall be brought, disputed and litigated only in the Superior Court of the State of California in the County of Nevada (and in no other), and Landlord hereby consents to the exclusive personal jurisdiction and venue of said court.

Section 30. Entire Agreement.

It is understood and agreed that there are no oral agreements between the Parties affecting this Lease and this Lease (including all exhibits and addenda) supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the Parties or displayed by Tenant to Landlord with respect to the subject matter thereof, and none shall be used to interpret or construe this Lease. This Lease and any separate agreement executed by Tenant and Landlord in connection with this Lease and dated of even date herewith (a) contain all of the terms, covenants, conditions, warranties and agreements of the Parties relating in any manner to the rental, use and occupancy of the Premises, and (b) shall be considered to be the only agreement between the Parties and their representatives and agents. This Lease may not be modified, deleted or added to except by a writing signed by the Parties. All negotiations and oral agreements have been merged into and are included in this Lease. There are no other representations or warranties between the Parties, and all reliance with respect to representations is based totally upon the representations and agreements contained in this Lease. The Parties acknowledge that (i) each Party and/or its counsel have reviewed and revised this Lease, and (ii) no rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall be employed in the interpretation or enforcement of this Lease or any amendments or exhibits to this Lease or any document executed and delivered by either Party in connection with this Lease.

Section 31. Warranty of Authority.

- (a) Each person executing this Lease on behalf of a Party represents and warrants that (i) such person is duly and validly authorized to do so on behalf of the entity it purports to so bind, and (ii) if such Party is a limited liability company, partnership, corporation or trustee, that such limited liability company, partnership, corporation or trustee has full right and authority to enter into this Lease and perform all of its obligations hereunder. Each Party hereby warrants that this Lease is legal, valid and binding upon such Party and enforceable against such Party in accordance with its terms.
- (b) Landlord warrants that Landlord is well seized of and has good title and right to lease the Premises, will defend the title thereto, and will indemnify Tenant against any damage and expense which Tenant may suffer by reason of any lien,

encumbrance, restriction or defect in the title to or description of the Premises. Landlord shall immediately provide to Tenant sufficient documentation, at the sole discretion of Tenant, (e.g.: partnership agreement, grant deed, trust deed, trust, corporate resolution, or articles of incorporation) to support this warranty within ten days of Tenant's request. If at any time Tenant's title or right to receive Rent is disputed, Tenant may withhold Rent thereafter until Tenant is furnished with proof satisfactory to Tenant as to the proper person entitled to receive the Rent.

Section 32. Landlord's Default.

Except where another time period is specifically provided, Landlord shall be in default of the Lease if Landlord fails or refuses to perform any material provisions of the Lease and such failure or refusal to perform is not cured within thirty (30) days following Landlord's receipt of written notice of default from Tenant; provided however, if the nature of the default is such that it cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of the Lease if Landlord commences to cure the default within the thirty (30) day period and thereafter diligently and in good faith prosecutes such cure to completion, provided that such completion shall not exceed sixty (60) days after Landlord's receipt of Tenant notice. Health or safety issues must be addressed within fifteen (15) day.

Section 33. Tenant's Remedies on Landlord's Default.

Tenant may, at any time after Landlord is in default beyond any applicable notice and cure period, terminate the Lease immediately upon written notice to Landlord without further liability. Alternatively, Tenant may, at its option and in its sole discretion, after notice to Landlord, cure Landlord's default. If Tenant elects to cure Landlord's default, Landlord shall reimburse Tenant the sum actually expended by Tenant (including but not limited to charges for Tenant employees and equipment) in curing Landlord's default. The sum expended by Tenant shall be due from Landlord to Tenant within five (5) days of notice of Tenant's invoice to Landlord along with documentation supporting the expended costs, and if paid at a later date, shall bear interest at no greater than eight percent (8%) per annum from the date the sum was paid by Tenant until Tenant is reimbursed by Landlord. If Landlord fails to reimburse Tenant as required by this paragraph, Tenant shall have the right to withhold from future Base Monthly Rent and other sums due the amount Tenant has paid until Tenant is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to, and do not in any manner limit, other remedies set forth in the Lease or otherwise available at law or equity.

Section 34. Tenant's Default.

The occurrence of any one or more of the following events shall constitute a material default of the Lease by Tenant: (i) failure to make any payment of Base Monthly Rent or CAM Charges within thirty (30) days of written notice of default in the payment of such Base Monthly Rent or CAM Charges; (ii) vacating or abandoning the Premises for more than thirty (30) consecutive days while Base Monthly Rent is concurrently in arrears; or (iii) failure by Tenant to perform any material provisions of the Lease to be performed by Tenant (other than payment of Base Monthly

Rent or CAM Charges covered in Section 32(i) above), where such failure is not cured within thirty (30) days following Tenant's receipt of written notice of default from Landlord, provided, however, if the nature of the default is such that it cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of the Lease if Tenant commences to cure the default within the thirty (30) day period and thereafter diligently and in good faith prosecutes such cure to completion.

Section 35. Landlord's Remedies on Tenant's Default.

Landlord may, at any time after Tenant is in default beyond any applicable notice and cure period, exercise any and all remedies available pursuant to law or granted pursuant to the Lease. Each and every covenant hereof to be kept and performed by Tenant is expressly made a condition and upon the default thereof Landlord may, at its option, terminate the Lease, provided that Landlord shall use reasonable efforts to mitigate its damages. In the event of such default beyond any applicable notice and cure period, Tenant shall continue to remain liable for the payment of the Base Monthly Rent, CAM Charges and other sums due, and/or damages for default of the Lease; in which case, such Base Monthly Rent, other sums, and/or damages shall be payable to Landlord only at the same time and in the same manner as provided for the payment of Base Monthly Rent.

Section 36. Joint and Several; Covenants and Conditions.

If Landlord or Tenant consists of more than one person or entity, the obligations of all such persons or entities shall be joint and several.

Section 37. California Public Records Act.

Landlord acknowledges that Tenant is a public agency subject to the disclosure requirements of the California Public Records Act ("CPRA"), and that any documents submitted to the Tenant may be considered public records subject to inspection and copying under the CPRA.

Section 38. Waiver of Jury Trial.

The Parties shall and hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the Parties against the other on any matters whatsoever arising out of or in any way related to this Lease, the relationship of Tenant and Landlord and/or any claim of injury, loss or damage.

Section 39. Submission of Lease.

Submission of this instrument for examination or signature by Landlord does not constitute a reservation of or an option for lease, and it is not effective as a lease or otherwise until execution and delivery by both Tenant and Landlord.

Section 40. Counterparts.

This Lease may be executed in several counterparts, and all of such counterparts so executed together shall be deemed to constitute one and the same agreement, and each such counterpart shall be deemed to be an original. Facsimile or electronic signatures shall have the same legal effect as original or manual signatures if followed by mailing of a fully executed original to both Parties.

Section 41. Headings.

Titles, section or subsection headings shall not be used in construing this Lease.

Section 42. Written Modifications.

No agreement, amendment, modification, understanding or waiver of or with respect to this Lease or any term, provision, covenant or condition hereof, nor any approval or consent given under or with respect to this Lease, shall be effective for any purpose unless agreed to in writing and signed by both Parties to this Lease.

Section 43. Construction.

This Lease shall not be construed as if it had been prepared by one of the Parties, but rather as if both Parties have prepared it.

Section 44. Conflict of Interest.

Landlord represents, warrants and agrees that it shall comply, and require its employees, agents, representatives, contractors, consultants, sub-consultants and subcontractors to comply, with all applicable (i) requirements governing avoidance of impermissible client conflicts; and (ii) federal, state and local conflict of interest laws and regulations including, without limitation, California Government Code section 1090 et. seq., California Government Code section 84308, the California Political Reform Act (California Government Code section 87100 et. seq.) and the regulations of the Fair Political Practices Commission concerning disclosure and disqualification (2 California Code of Regulations section 18700 et. seq.). Failure to do so constitutes a material breach of this Lease and is grounds for immediate termination of this Lease by the Tenant.

Section 45. Relationship of Parties.

The Parties acknowledge and agree that nothing set forth in this Lease shall be deemed or construed to render the Parties as joint venturers, partners, associations, master-servant, agents, a joint enterprise, employer-employee or lender-borrower. Landlord shall have no authority to employ any person as employee or agent on behalf of Tenant for any purpose. Neither Landlord nor any person using or involved in or participating in any actions or inactions relating to the Premises or this Lease shall be deemed an employee or agent of Tenant, nor shall any such person or entity represent himself, herself or itself to others as an employee or agent of Tenant. Landlord's status, as well as the status of its officers, agents or employees, including personnel in the administration and performance under this Lease, shall be in an independent capacity and not as an employee or agent of the Tenant.

Section 46. No Third Party Rights.

The Parties do not intend to create rights in, or to grant remedies to, any third party as a beneficiary of this Lease or of any duty, covenant, obligation, or undertaking established by this Lease. This Lease shall not be construed as nor deemed to be an agreement for the benefit of any third party or parties, and no third party or parties shall have any right of action herein for any cause whatsoever.

Section 47. Delegation of Authority.

Tenant hereby delegates authority to the Director of Behavioral Health to administer, manage and

enforce this Lease and all provisions contained in this Lease, subject to Tenant Counsel's review as to form and legality. The Director of Behavioral Health or designee is the Tenant's authorized representative under this Lease.

Section 48. Estoppel Certificates.

Each Party within thirty (30) days after notice from the other Party shall execute and deliver to requesting Party an estoppel certificate, substantially in the form of Exhibit "C", attached hereto and incorporated herein. If the receiving party does not timely execute and return said certificate, the receiving party shall be in default under the Lease.

Section 49. Quiet Enjoyment by Tenant.

Landlord covenants that, upon Tenant's performing all of the terms, covenants, and conditions on Tenant's part to be observed and performed hereunder, Tenant shall peaceably and quietly enjoy the Premises hereby demised, free of claims of paramount title or of any Person claiming under or through Landlord, but subject to all covenants, conditions and restrictions of public record relating to the Premises.

Section 50. Warranties.

Except as otherwise provided herein, Landlord further warrants and represents to Tenant, for the express benefit of Tenant, that in entering into this Lease, Landlord has not relied upon any statement, fact, promise or representation (whether express or implied, written or oral) not specifically set forth in this Lease and that any statement, fact, promise or representation (whether express or implied, written or oral) made at any time to Landlord, which is not expressly incorporated herein, is hereby waived by Landlord.

Except as otherwise provided herein, Tenant further warrants and represents to Landlord, for the express benefit of Landlord, that in entering into this Lease, Tenant has not relied upon any statement, fact, promise or representation (whether express or implied, written or oral) not specifically set forth in this Lease and that any statement, fact, promise or representation (whether express or implied, written or oral) made at any time to Tenant not expressly incorporated herein, is hereby waived by Tenant.


Tenant warrants that it has had no dealings with any real estate broker, agent, or finder in connection with the negotiation of this Lease other than Ron Hemig of Sierra Sotheby's International Realty ("Sole Broker"), and that no commissions or fees are due to any other broker, agent or finder relating to this Lease or any sale of the Premises arising out of this Lease. Tenant will indemnify and hold Landlord harmless from any claim, loss or liability arising out of the breach of this warranty. Sole Broker commission fee to be paid by the Landlord per separate agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Lease effective as of the last date signed below (“Effective Date”) as follows:

“TENANT”
COUNTY OF NEVADA

“LANDLORD”
PALISADES DR LLC

~~Desiree Belding, CPPO, CPPB on behalf of~~
Desiree Belding, CPPO, CPPB on behalf of (01/15/2026 09:56:48 PST)
Craig Griesbach, Purchasing Agent

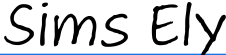
By: 
Daniel Fraiman (01/14/2026 18:07:10 PST)
Daniel Fraiman, Manager

Date: 01/15/2026

Date: 01/14/2026

APPROVED AS TO FORM:

NEVADA COUNTY COUNSEL

By: 
Sims Ely (01/15/2026 09:54:17 PST)
Sims Ely, Deputy County Counsel

Date: 01/15/2026

EXHIBIT "A"

DESCRIPTION OF REAL PROPERTY ("PREMISES")

For APN/Parcel ID(s): 018-760-007-000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE TOWN OF TRUCKEE, COUNTY OF NEVADA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

A PORTION OF SECTION 17, TOWNSHIP 17 NORTH, RANGE 16 EAST, M.D.8.& M., DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE PARCEL DESCRIBED HEREBY, FROM WHICH POINT THE QUARTER SECTION CORNER ON THE WEST LINE OF SAID SECTION 17 BEARS SOUTH 87° 42' 12" WEST 2573.09 FEET, THENCE FROM SAID POINT OF BEGINNING NORTH 89° 27' EAST 150.01 FEET; THENCE NORTH 138.51 FEET, THENCE FROM A TANGENT WHICH BEARS NORTH 78° 37' EAST ALONG THE ARC OF A CURVE TO THE RIGHT HAVING A RADIUS OF 270 FEET, THROUGH AN ANGLE OF 4° 18', SAID ARC BEING REPRESENTED BY THE CHORD OF NORTH 80° 46' EAST 20.26 FEET; THENCE SOUTH 141.57 FEET; THENCE NORTH 89° 27' EAST 430.00 FEET TO THE APPROXIMATE CENTERLINE OF COLD STREAM; THENCE SOUTH 47° 00' WEST ALONG THE APPROXIMATE CENTERLINE OF COLD STREAM FOR A DISTANCE OF 120.1 FEET TO THE EASTWEST CENTERLINE OF SAID SECTION 17; THENCE WESTERLY ALONG SAID EAST/WEST CENTERLINE OF SECTION 17 FOR A DISTANCE OF 512.16 FEET TO A POINT WHICH BEARS SOUTH FROM THE POINT OF BEGINNING; THENCE NORTH 80.6 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH THOSE CERTAIN EASEMENTS DESCRIBED AS PARCELS 2 & 3 IN THE GRANT DEED TO SWIFT MANAGEMENT, INC., RECORDED FEBRUARY 9, 2000, SERIES NO. 2000-0003562, OFFICIAL RECORDS.

EXHIBIT "B"

Notice-of-Assignment of Lease

(Date)

Tenant:

Re: Lease Dated: _____

Mortgagee: _____

Address of Mortgagee: _____

Mortgage Dated: _____

Dear Sir/Madam:

The undersigned has assigned by a mortgage or deed of trust (the "Mortgage") dated as shown above to the Mortgagee identified above, as administrative agent for the "Lenders" under a Loan Agreement of even date with the Mortgage, all the undersigned's estate, right, title and interest in, to and under the Lease between you and the undersigned dated as set forth above, as said Lease may have been heretofore modified or amended (the "Lease"), together with all right, title and interest of the undersigned as lessor thereunder, including, without limitation, the right

upon the occurrence of an Event of Default (as defined in the Mortgage) to collect and receive all earnings, revenues, rents, issues, profits and income of the property subject to the Mortgage.

Said assignment does not impair or diminish any of our obligations to you under the provisions of the Lease, nor are any such obligations imposed upon Mortgagee, its successors or assigns.

Pursuant to said assignment you are hereby notified that in the event of a demand on you by Mortgagee or its successors and assign (provided Mortgagee shall have notified you of the identity of Mortgagee's successor or assignee) for the payment to it of the rents due under the Lease, you may, and are hereby authorized and directed to, pay said rent to Mortgagee (or such successor or assignee) and we hereby agree that the receipt by you of such a demand shall be conclusive evidence of Mortgagee's (or such successor's or assignee's) right to the receipt thereof and that the payment of the rents by you to Mortgagee (or such successor or assignee) pursuant to such demand shall constitute performance in full of your obligation under the Lease for the payment of rent to the undersigned.

Kindly indicate your receipt of this letter and your agreement to the effect set forth below by signing the enclosed copy thereof and mailing it to Mortgagee at its address identified above to the attention of its Real Estate Finance Office.

LANDLORD

By: _____

Name: _____

Title: _____

The undersigned acknowledges receipt of the original of this letter and agrees for the benefit of Mortgagee that it shall notify Mortgagee of any default on the part of the landlord under the Lease which would entitle the undersigned to cancel the Lease or to abate the rent payable thereunder, and further agrees that, notwithstanding any inconsistent provision of the Lease, no notice of cancellation thereof, nor of any abatement, shall be effective unless

Mortgagee has received the notice aforesaid and has failed within 30 days of the date thereof to cure, or if the default cannot be cured within 30 days has failed to commence and diligently prosecute the cure, of landlord's default which gave rise to the right to cancel or abate.

TENANT

By: _____

Name: _____

(Type or Print Name)

Title: _____

By: _____

Name: _____

(Type or Print Name)

Title: _____

EXHIBIT "C"

FORM OF ESTOPPEL CERTIFICATE

Date: _____

To: _____

Re: _____, _____
(address) (city)

The undersigned, on behalf of the County of Nevada ("Tenant"), hereby certifies, to the best of his or her knowledge as of the date of this Estoppel Certificate ("Certificate"), to Lender the following:

1. Tenant, as tenant, leases certain Premises, comprising _____ square feet at _____ from Landlord, as landlord pursuant to Lease Agreement, Contract No. _____ dated _____ ("Lease").
2. The Lease Term commenced on _____, 20____, and is scheduled to expire _____, 20____. Tenant has no options to extend the Lease Term, except as follows: _____ (____) _____-year options.
3. The current Base Monthly Rent and monthly CAM Charges for the Premises is \$____.____ and \$_____ respectively, payable monthly in advance, and has been paid through _____.
4. Tenant has not provided a security deposit to Landlord.
5. Tenant is current not in default beyond any applicable notice and cure period under the terms of the Lease.
6. Tenant has accepted the Premises and took possession of the Premises described in said Lease on _____ ;
7. Tenant is presently open and conducting business with the public in the Premises;

8. Said Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (except by agreement[s] dated _____), and neither party thereto is in default thereunder;
9. The Lease represents the entire agreement between the parties as to the terms, covenants and conditions respecting the leasing of the Premises;
10. All conditions under said Lease to be performed by Landlord have been satisfied, including, without limitation, all co-tenancy requirements thereunder;
11. All required contributions by Landlord to Tenant on account of Tenant's Improvements have been received;
12. On this date there are no existing defenses, offsets, counterclaims or deductions against rental that Tenant has against the enforcement of said Lease by Landlord;
13. No rental has been paid more than ___ months in advance, and no security has been paid. The Tenant Improvements [have] OR [have not] been paid in full, and if not, \$_____ remains due and owing; and
14. The Base Monthly Rent and CAM through _____, has been paid.
15. The operation and use of the Premises does not involve the generation, treatment, transportation, storage, disposal or release of Hazardous Material(s) or solid waste into the environment and that the Premises are being operated in accordance with all applicable environmental laws, zoning ordinances and building codes.

COUNTY OF NEVADA

By: _____


Deerfield Lease Agreement - FINAL

Final Audit Report

2026-01-15

Created:	2026-01-14 (Pacific Standard Time)
By:	Desiree Belding, CPPO, CPPB on behalf of (desiree.belding@nevadacountyca.gov)
Status:	Signed
Transaction ID:	CBJCHBCAABAACLtsyS9CxSfpbrsJXFwaR329zW-rTXCp

"Deerfield Lease Agreement - FINAL" History

-  Document created by Desiree Belding (desiree.belding@nevadacountyca.gov)
2026-01-14 - 4:30:46 PM PST- IP address: 192.252.8.14
-  Document emailed to dan@dfctahoe.com for signature
2026-01-14 - 4:36:41 PM PST
-  Email viewed by dan@dfctahoe.com
2026-01-14 - 6:05:58 PM PST- IP address: 47.209.40.141
-  Signer dan@dfctahoe.com entered name at signing as Daniel Fraiman
2026-01-14 - 6:07:08 PM PST- IP address: 146.75.154.65
-  Document e-signed by Daniel Fraiman (dan@dfctahoe.com)
Signature Date: 2026-01-14 - 6:07:10 PM PST - Time Source: server- IP address: 146.75.154.65
-  Document emailed to Sims Ely (S.Ely@nevadacountyca.gov) for signature
2026-01-14 - 6:07:12 PM PST
-  Email viewed by Sims Ely (S.Ely@nevadacountyca.gov)
2026-01-15 - 8:20:44 AM PST- IP address: 192.252.8.14
-  Document e-signed by Sims Ely (S.Ely@nevadacountyca.gov)
Signature Date: 2026-01-15 - 9:54:17 AM PST - Time Source: server- IP address: 192.252.8.14
-  Document emailed to Desiree Belding (desiree.belding@nevadacountyca.gov) for signature
2026-01-15 - 9:54:20 AM PST
-  Signer Desiree Belding (desiree.belding@nevadacountyca.gov) entered name at signing as Desiree Belding, CPPO, CPPB on behalf of
2026-01-15 - 9:56:46 AM PST- IP address: 192.252.8.14
-  Document e-signed by Desiree Belding, CPPO, CPPB on behalf of (desiree.belding@nevadacountyca.gov)
Signature Date: 2026-01-15 - 9:56:48 AM PST - Time Source: server- IP address: 192.252.8.14



✔ Agreement completed.

2026-01-15 - 9:56:48 AM PST



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