

CITY OF RENO
REDEVELOPMENT
RENO CITY COUNCIL CHAMBER
ONE EAST FIRST STREET
RENO, NV 89501
Wednesday, October 25, 2006
2:00 P.M.

- A.0 [*ROLL CALL](#)
- A.1 [APPROVAL OF THE AGENDA - October 25, 2006.](#)
- A.2 [APPROVAL OF MINUTES - September 27, 2006.](#)
- A.3 [*PUBLIC COMMENT - Limited to No More than three \(3\) Minutes. The public may comment by submitting a Request to Speak form to the City Clerk.](#)
- B.0 [STANDARD DEPARTMENT ITEM](#)
- B.1 [Staff Report: Discussion and Potential Direction to Staff Regarding the Updated Cost Estimate for the 10 N. Virginia Street Plaza Canopy.](#)
- B.2 [Staff Report: Update on the Redevelopment Project at 10 North Virginia Street; Possible Direction to Staff to Amend the Disposition and Development Agreement \(“DDA”\) and to Amend the City’s Lease with Real Estate Affiliates \(“REA”\).](#)
- C.0 [PUBLIC HEARING](#)
- C.1 [Staff Report: Purchase and sale agreement between the City of Reno, the Redevelopment Agency and Fitzgeralds regarding 44 West Commercial Row, APN 011-051-02 \(the "Old Reno"\).](#)
- D.0 [ADJOURNMENT.](#)

STAFF REPORT

Agenda Item: B.1

Date: 10-25-2006

To: Mayor and Council

Thru: Charles McNeely, Executive Director

Subject:

Staff Report: Discussion and Potential Direction to Staff Regarding the Updated Cost Estimate for the 10 N. Virginia Street Plaza Canopy.

From: Skip Leedy, Senior Civil Engineer
Robert Lee, Deputy Director, Public Works

Summary: This report provides an updated cost estimate for the proposed canopy at the 10 N. Virginia Street Plaza. Two alternative canopy designs with cost estimates will be presented by the project architect along with renderings of each design. Staff recommends that Council accept this report and provide direction to staff.

Previous Council Action: June 25, 2003 – Council selected four design team finalists. July 16, 2003 – Council reviewed and adopted criteria for the design competition and final presentations, and conducted interviews with the design team finalists. September 9, 2003 – Council conducted mid-competition meeting with the three design team finalists. November 7, 2003 – Council heard public presentations from three design teams on concepts for the project. December 17, 2003 – Council approved contract with SVWB for design services. March 10, 2004 – Council directed staff to evaluate and recommend a configuration, phasing and financing plan for the retail component. March 24, 2004 – Council initiated an increase to SVWB's contract in the amount of \$125,000 to design the entire support/retail facility. April 7, 2004 – Council reviewed the preliminary budget and plan for the project, and directed SVWB to conduct a public meeting to gather input on the project. April 21, 2004 – Council approved the 1st amendment to the agreement with SVWB for \$125,000. May 26, 2004 – Council reviewed input received at the public meeting and provided further direction on the retail component. December 8, 2004 – Council directed staff and the consultant regarding components for the final design. January 26, 2005 – Council directed staff and the consultant regarding the shape of the ice rink and associated canopy. February 9, 2005 – Council directed staff to proceed with plan preparation for the earthwork and the ice rink and plaza. April 13, 2005 – Council approved the final construction budget of \$3,312,366.00 for the project and authorized staff to award the contract for construction if the lowest responsive bid were at or less than the approved final construction budget. April 13, 2005 – Council approved the 2nd amendment to the agreement with SVWB for \$208,725.00. June 22, 2005 – Council approved change order # 1 for a not to exceed amount of \$135,913.20. August 24, 2005 – Council approved the Disposition and Development Agreement between Real Estate Affiliates, Inc., and the Redevelopment Agency of the City of Reno. September 28, 2005 – Council approved change order #2 for a not to exceed amount of \$240,000.00. June 28, 2006: Council approved \$60,000 in funding for alternative design evaluations and preparation of updated cost estimates.

Background: Phase I of the 10 N. Virginia Street Plaza was completed in November 2005. The footings for a proposed canopy as well as the conduits for the lighting and sound systems to support the use of the plaza for performances were installed during construction of the Plaza.

SVWB has completed the design development for a fixed canopy which will shade approximately 90 percent of the ice rink when the sun is at its lowest point during the winter months.

Discussion: SVWB Architects has recently completed the updated cost estimate for the canopy (attached). This cost estimate is based on the completed design development and includes all estimated costs associated with the construction of the project including a 5% contingency. Options for bidding the canopy can be summarized as follows:

Option 1 \$3,833,693.00

A canopy structure with an opaque metal roof that only has the minimum essential items such as drainage, mechanical and electrical, including basic lighting under the canopy but not including sound or lighting systems for performances.

Option 1A \$4,245,554.00

Same as Option 1 but with translucent roof panels (Degussa32) rather than an opaque metal roof. The translucent panels add an additional cost of \$334,056.00.

Option 2 \$4,669,724.00

Same as Option 1 but with sound and lighting systems for performances (no translucent panels). The sound and lighting systems for performances add an additional cost of \$836,031.

Option 2A \$5,081,585.00

Same as Option 2 but with translucent roof panels (Degussa32) which add an additional cost of \$334,056.00.

The translucent roof panels and the sound and lighting systems for performances can be attached to the Option 1 bid as additive alternates, which could be awarded or declined depending on the actual expense associated with the items.

If Council chooses to proceed with the project, it would take another 10 weeks to develop construction drawings, and another 8 weeks for the bidding and award processes allowing construction to begin in March of 2007. If construction begins on schedule, then construction of the canopy is projected to be completed by October of 2007. This time line will work for the next season of ice skating and the construction of the Real Estate Affiliates building.

An amendment to the agreement with SVWB will be necessary to complete the canopy. At this time, there is \$81,000.00 remaining in their contract. An estimated additional \$250,000.00 will

be necessary for construction administration services associated with the canopy. This can be brought forward on a future agenda.

Financial Implications: There is no identified funding for this project. Council needs to identify funding to proceed with the project.

Recommendation: Staff recommends that the Board accept this updated cost estimate and give staff direction regarding a proposed canopy.

Proposed Motion: If Council desires to move forward with the canopy at this time, then an appropriate motion would be:

I move to direct staff to proceed to bid Option #1 with the translucent roof panels and sound and lighting systems for performances as additive alternates and to use funding for the construction of the canopy and the construction administration services to support the construction from _____ funding source.

10 NVS Canopy Cost Estimate Summary - OPTION 1 (Base Bid)

Based on 100% DD set dated 10/16/2006

Total Covered Area 19154

		OPTION 1	
CONSTRUCTION	Building Components		See Below
	1 General Conditions		\$ -
	2 Sitework (and Demolition)		\$ -
	3 Excavations and Foundations		\$ -
	4 Structural Systems		\$ 2,831,141
	5 Exterior Wall, Doors and Glass		\$ -
	6 Thermal and Moisture Protection Systems		\$ 76,885
	7 Rough Carpentry and Misc. Metals		\$ -
	8 Interior Walls, Doors and Glass		\$ -
	9 Interior Floor, Wall and Ceiling Finishes		\$ -
	10 Fixed Equipment and Specialties		\$ 14,200
	11 Elevators and Vertical Conveying		\$ -
	12 Mechanical Systems		\$ 19,824
	13 Plumbing		\$ -
	14 Fire Protection		\$ -
	15 H.V.A.C.		\$ -
16 Electrical Systems - Base Bid Electrical		\$ 167,417	
	Subtotal Bldg Components		\$ 3,109,467
General Conditions	% of Div. 2-16	6%	\$ 186,568
Phasing, Contractor Parking			\$ -
General trades Contractor OH & P	On Pkgd Work; % of Div. 2-11	8%	\$ 248,757
Escalation for a Fall 2007 Construction Start	1.03	3%	\$ 106,344
Contingency			
Design, Estimating, Bidding and Market		0%	See Below

Total Probable Construction Costs \$ 3,651,136

CONTENTS	Remaining Allowance from Theatrical Equipment and Installation		\$ -
	Add Alternate Enhancements to Theatrical Equipment		\$ -
	Architectural Acoustics		\$ -
	FF&E; Furnishings, Fixtures, Loose Equipment, Artwork, Etc.		\$ -
	Telephone, Computer Systems and Cabling		\$ -
	Concessions Equipment Including Point of Sale Equipment		\$ -
	Subtotal Contents		\$ -
Contents Contingency	% of Contents Subtotal	5%	\$ -

Total Contents Costs \$ -

Total Contents and Construction Costs \$ 3,651,136

NON CONSTRUCTION	Design Fees (SD,DD,CD,CA Phases)		0%	\$ -
	Reimbursables	% of Design Fee	0.0%	\$ -
	Specialty Consultants		total	\$ -
	Legal Fees			\$ -
	Accounting			\$ -
	Fundraising / Development including renderings / models		0.00%	\$ -
	Owner Representation			\$ -
	Builders Risk Insurance	1\$ per \$1,000 of Construction Cost	0.00%	\$ -
	Owner Contingency		0.00%	\$ -
	Utilities (Construction Phase)			\$ -
	Hazardous Material Abatement			\$ -
	Materials Testing and Inspection			\$ -
	Survey			\$ -
	Construction Change Order Contingency		3%	\$ 109,534
Performance and Payment Bond			\$ -	
Contingency: Design, Estimating, Bidding and Market		2%	\$ 73,023	

Total Non Construction Costs \$ 182,557

Total Project Cost \$ 3,833,693

Total Contingency \$ 182,557



10 NVS Canopy Cost Estimate Summary - OPTION 1A

Based on 100% DD set dated 10/16/2006

Total Covered Area 19154

		OPTION 1A	
CONSTRUCTION	Building Components		See Below
	1 General Conditions		\$ -
	2 Sitework (and Demolition)		\$ -
	3 Excavations and Foundations		\$ -
	4 Structural Systems		\$ 2,831,141
	5 Exterior Wall, Doors and Glass		\$ -
	6 Thermal and Moisture Protection Systems		\$ 76,885
	Add Alternate: Translucent Panels (Degussa 32) + Structural Reinforcement (25k)		\$ 334,056
	7 Rough Carpentry and Misc. Metals		\$ -
	8 Interior Walls, Doors and Glass		\$ -
	9 Interior Floor, Wall and Ceiling Finishes		\$ -
	10 Fixed Equipment and Specialties		\$ 14,200
	11 Elevators and Vertical Conveying		\$ -
	12 Mechanical Systems		\$ 19,824
	13 Plumbing		\$ -
	14 Fire Protection		\$ -
	15 H.V.A.C.		\$ -
16 Electrical Systems - Base Bid Electrical		\$ 167,417	
	Subtotal Bldg Components		\$ 3,443,523
	General Conditions	% of Div. 2-16	6%
	Phasing, Contractor Parking		\$ 206,611
	General trades Contractor OH & P	On Pkgd Work; % of Div. 2-11	8%
	Escalation for a Fall 2007 Construction Start	1.03	3%
	Contingency		\$ 275,482
	Design, Estimating, Bidding and Market	0%	\$ 117,768
			See Below

Total Probable Construction Costs \$ 4,043,385

CONTENTS	Remaining Allowance from Theatrical Equipment and Installation		\$ -
	Add Alternate Enhancements to Theatrical Equipment		\$ -
	Architectural Acoustics		\$ -
	FF&E; Furnishings, Fixtures, Loose Equipment, Artwork, Etc.		\$ -
	Telephone, Computer Systems and Cabling		\$ -
	Concessions Equipment Including Point of Sale Equipment		\$ -
		Subtotal Contents	
	Contents Contingency	% of Contents Subtotal	5%

Total Contents Costs \$ -

Total Contents and Construction Costs \$ 4,043,385

NON CONSTRUCTION	Design Fees (SD,DD,CD,CA Phases)		0%	\$ -
	Reimbursables	% of Design Fee	0.0%	\$ -
	Specialty Consultants	total		\$ -
	Legal Fees			\$ -
	Accounting			\$ -
	Fundraising / Development including renderings / models		0.00%	\$ -
	Owner Representation			\$ -
	Builders Risk Insurance	\$ per \$1,000 of Construction Cost	0.00%	\$ -
	Owner Contingency		0.00%	\$ -
	Utilities (Construction Phase)			\$ -
	Hazardous Material Abatement			\$ -
	Materials Testing and Inspection			\$ -
	Survey			\$ -
	Construction Change Order Contingency		3%	\$ 121,302
	Performance and Payment Bond			\$ -
	Contingency: Design, Estimating, Bidding and Market		2%	\$ 80,868

Total Non Construction Costs \$ 202,169

Total Project Cost \$ 4,245,554

Total Contingency \$ 202,169

10 NVS Canopy Cost Estimate Summary - OPTION 2

Based on 100% DD set dated 10/16/2006

Total Covered Area 19154

OPTION 2

CONSTRUCTION	Building Components			
	1	General Conditions		See Below
	2	Sitework (and Demolition)		
	3	Excavations and Foundations		
	4	Structural Systems		\$ 2,831,141
	5	Exterior Wall, Doors and Glass		
	6	Thermal and Moisture Protection Systems		\$ 76,885
	7	Rough Carpentry and Misc. Metals		
	8	Interior Walls, Doors and Glass		
	9	Interior Floor, Wall and Ceiling Finishes		
	10	Fixed Equipment and Specialties		\$ 14,200
	11	Elevators and Vertical Conveying		
	12	Mechanical Systems		\$ 19,824
	13	Plumbing		
	14	Fire Protection		
	15	H.V.A.C.		
	16	Electrical Systems Sound & Lighting Performance + Base Bid Electrical		\$ 811,447
	Subtotal Bldg Components		\$ 3,753,497	
	General Conditions	% of Div. 2-16	6% \$ 225,210	
	Phasing, Contractor Parking		\$ -	
	General trades Contractor OH & P	On Pkgd Work; % of Div. 2-11	8% \$ 300,280	
	Escalation for a Fall 2007 Construction Start	1.03	3% \$ 128,370	
	Contingency			
	Design, Estimating, Bidding and Market		0% See Below	

Total Probable Construction Costs \$ 4,407,356

CONTENTS	Remaining Allowance from Theatrical Equipment and Installation			\$ 40,000
	Add Alternate Enhancements to Theatrical Equipment			\$ -
	Architectural Acoustics			\$ -
	FF&E; Furnishings, Fixtures, Loose Equipment, Artwork, Etc.			\$ -
	Telephone, Computer Systems and Cabling			\$ -
	Concessions Equipment Including Point of Sale Equipment			\$ -
		Subtotal Contents		\$ 40,000
	Contents Contingency	% of Contents Subtotal	5% \$ 2,000	

Total Contents Costs \$ 42,000

Total Contents and Construction Costs \$ 4,449,356

NON CONSTRUCTION	Design Fees (SD,DD,CD,CA Phases)		0%	\$ -
	Reimbursables	% of Design Fee	0.0%	\$ -
	Specialty Consultants	total		\$ -
	Legal Fees			\$ -
	Accounting			\$ -
	Fundraising / Development including renderings / models		0.00%	\$ -
	Owner Representation			\$ -
	Builders Risk Insurance	\$ per \$1,000 of Construction Cost	0.00%	\$ -
	Owner Contingency		0.00%	\$ -
	Utilities (Construction Phase)			\$ -
	Hazardous Material Abatement			\$ -
	Materials Testing and Inspection			\$ -
	Survey			\$ -
	Construction Change Order Contingency		3%	\$ 132,221
	Performance and Payment Bond			\$ -
Contingency:Design, Estimating, Bidding and Market		2%	\$ 88,147	

Total Non Construction Costs \$ 220,368

Total Project Cost \$ 4,669,724

Total Contingency \$ 222,368



10 NVS Canopy Cost Estimate Summary - OPTION 2A

Based on 100% DD set dated 10/16/2006

Total Covered Area 19154

OPTION 2A

CONSTRUCTION	Building Components				
	1 General Conditions				See Below
	2 Sitework (and Demolition)				
	3 Excavations and Foundations				
	4 Structural Systems			\$	2,831,141
	5 Exterior Wall, Doors and Glass				
	6 Thermal and Moisture Protection Systems			\$	76,885
	Add Alternate: Translucent Panels (Degussa 32) + Structural Reinforcement (25k)			\$	334,056
	7 Rough Carpentry and Misc. Metals				
	8 Interior Walls, Doors and Glass				
	9 Interior Floor, Wall and Ceiling Finishes				
	10 Fixed Equipment and Specialties			\$	14,200
	11 Elevators and Vertical Conveying				
	12 Mechanical Systems			\$	19,824
	13 Plumbing				
	14 Fire Protection				
	15 H.V.A.C.				
16 Electrical Systems - Sound and Lighting Performance + Base Bid Electrical			\$	811,447	
	Subtotal Bldg Components		\$	4,087,553	
General Conditions	% of Div. 2-16	6%	\$	245,253	
Phasing, Contractor Parking			\$	-	
General trades Contractor OH & P	On Pkgd Work; % of Div. 2-11	8%	\$	327,004	
Escalation for a Fall 2007 Construction Start		1.03%	\$	139,794	
Contingency					
Design, Estimating, Bidding and Market		0%		See Below	

Total Probable Construction Costs \$ 4,799,605

CONTENTS	Remaining Allowance from Theatrical Equipment and Installation		\$	40,000
	Add Alternate Enhancements to Theatrical Equipment		\$	-
	Architectural Acoustics		\$	-
	FF&E; Furnishings, Fixtures, Loose Equipment, Artwork, Etc.		\$	-
	Telephone, Computer Systems and Cabling		\$	-
	Concessions Equipment Including Point of Sale Equipment		\$	-
		Subtotal Contents		\$
Contents Contingency	% of Contents Subtotal	5%	\$	2,000

Total Contents Costs \$ 42,000

Total Contents and Construction Costs \$ 4,841,605

NON CONSTRUCTION	Design Fees (SD,DD,CD,CA Phases)		0%	\$	-
	Reimbursables	% of Design Fee	0.0%	\$	-
	Specialty Consultants		total	\$	-
	Legal Fees			\$	-
	Accounting			\$	-
	Fundraising / Development including renderings / models		0.00%	\$	-
	Owner Representation			\$	-
	Builders Risk Insurance	\$ per \$1,000 of Construction Cost	0.00%	\$	-
	Owner Contingency		0.00%	\$	-
	Utilities (Construction Phase)			\$	-
	Hazardous Material Abatement			\$	-
	Materials Testing and Inspection			\$	-
	Survey			\$	-
	Construction Change Order Contingency		3%	\$	143,988
	Performance and Payment Bond			\$	-
	Contingency: Design, Estimating, Bidding and Market		2%	\$	95,992

Total Non Construction Costs \$ 239,980

Total Project Cost \$ 5,081,585

Total Contingency \$ 241,980

Structural Systems

VIRGINIA CENTER - PLAZA CANOPY 3

Design Development Structural Estimate

Geiger Engineers File No.:206069.00

Y-TOWERS

10-Oct-06

METRIC, m2 ENGLISH, ft2

Canopy Surface 1,779 19,154

MATERIAL COSTS					UNIT	Unit Cost	Cost	SUBTOTALS
STRUCTURAL STEEL, FABRICATED & PAINTED								
Towers - Painted	Area	Unit	Weight	Unit Cost				\$1,087,252
	Length	Weight	TONS	\$/TON				
Tower, Skin	4068.78	40.83	83.1	\$3,400.00				
Diaphragms	88	40.83	1.8	\$4,000.00				
Tower,WT7	410	24.00	4.9	\$4,200.00				
Tower,WT10.5	1267.66	50.50	32.0	\$4,000.00				
Tower Leg Base Boxes	2	8881.00	8.9	\$5,000.00				
Tower,Connections	10.00%		12.2	\$5,000.00				
Towers	Number	Total Weight	Unit Cost	Cost				
		Ton	\$/T					
TOTAL Towers	2	143	\$3,805.41	\$1,087,252				
Canopy - Painted	Number	Weight, #/ft.	L/piece (ft.)	Total Weight				\$588,433
Spine Girder	1	170	195	16.58				
Rib Joists	15	105	98	77.18				
Perimeter Tube	1	89.68	487	21.84				
Arch Struts, 15" box	8	200	26.5	21.20				
Plan Diagonals	2	54.74	130	7.12				
Plan Diagonals	2	54.74	100	5.47				
A-frames	8	100	14	5.60				
Purlins, W6's	66	9	11	3.27				
Bracing Tubes	46	4.32	12	1.19				
Rigging Tubes	20	13.91	11	1.53				
Bracing Rods	40	3	13	0.78				
Connections	Allowance		12.00%	19.41				
Canopy Framing	Number	Total Weight	Unit Cost	Cost				
		Ton	\$/T					
TOTAL - Canopy Framing	17	183.89	\$3,200	\$588,433				
Cables	Number	Assembly \$	L/piece (ft.)	Total Weight				\$121,600
Stay Cables, 1.375" A583	30	2800	130	84,000.00				
Guy Cables, 1.75" A583	8	4700	110	37,600.00				
CABLES	Number	Unit Cost	Cost					
		\$/lb						
TOTAL - Cables	38		\$121,600					

Structural Systems

VIRGINIA CENTER - PLAZA CANOPY 3

Design Development Structural Estimate

Geiger Engineers File No.:206069.00

Y-TOWERS

10-Oct-06

METRIC, m2 ENGLISH, ft2

Canopy Surface 1,779 19,154

MATERIAL COSTS	UNIT	Unit Cost	Cost	SUBTOTALS
STEEL ERECTION		8		\$540,000
SUPERVISION, Personnel	4300	8	34,400.00	
Labor w/ Tools	3400	128	435,200.00	
Cranes, Equipment	2	35200	70,400.00	
TOTAL - ERECTION			\$540,000	
STEEL SUBTOTAL	327	\$7,153	\$2,337,285	
Touch up Paint	Allowance		\$50,000	\$50,000
CLADDING - INSTALLED	Area	Unit Cost	Cost	
	FT2	\$/ft2		
Corrugated Roof Panel, Installed	18,180	\$15.00	\$272,704	\$272,704
SUBTOTAL, CANOPY ITEMS				\$2,659,989
TOWER BASES				\$171,243
Tower Base Footings			Complete	
Rink Perimeter Drain Demo/Repair	Allowance		10,000.00	
Plaza Demo/Repair	2	554	22,176.00	
Base Concrete Piers	2	75	650	97,066.67
Tower Base Bolts	112	75	5	42,000.00
TOTAL - TOWER BASES			\$171,243	
TOTAL				\$2,831,141
EXCLUSIONS: Design and Construction Contingency			Taxes	
General Contractor Mark-ups				
A/E Fees				

P|C|S

Project and Construction Services, Inc.

October 17, 2006

Mr. Matt Janiak
Westlake Reed Leskosky
925 Euclid Avenue Suite 1900
Cleveland, Ohio 44115

Re: Virginia Center Canopy Design Development Estimate
New Canopy
Reno, Nevada

Dear Mr. Janiak;

Project and Construction Services, Inc. (PCS) is pleased to submit our revised estimate of probable construction cost for the referenced project. Our estimate, detailed and attached, is inclusive of all trades costs and general conditions as well as appropriate mark-ups for overhead, profit, and contingencies. Additional project cost adders, "soft costs", must be included to arrive at the total probable project budget.

This estimate is based on plans received September 13, 2006, narratives, e-mail correspondence and subsequent conversations with the design team. As prepared, the estimate includes appropriate costs and quantities of labor and materials for a project of this nature in the Reno, Nevada area as currently represented by the Design Development Documents and understood by the project team. However, it is extremely important to note that this estimate does NOT include any potential costs for unfavorable or unforeseeable market conditions such as a lack of responsive bidders, material shortages or an escalation factor.

Also, Not included in the estimate is the cost for the canopy or structure. This will be provided "By Others"

We are confident that this estimate provides you and your client with the information you need as you move into subsequent design phases of this very important project. If you should have any further questions or need, please do not hesitate to contact me.

Respectfully,



Project and Construction Services, Inc.

Michael J. Adams
Associate & Senior Estimator

Cc: Mr. Kevin Lawlor; PCS

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P|C|S

Project and Construction Services, Inc.

ESTIMATE DISCLAIMER:

Our estimate is based on our interpretation of the drawings, specifications, narratives, emails, addenda and verbal instructions as provided by the design professionals. Since we have no control over the cost of labor, materials or over the contractor's method of determining prices, or over competitive bidding or market conditions, our opinions of probable construction costs are made on the basis of our expertise, experience and qualifications. These opinions represent our best judgment as professionals familiar with the construction industry. However, we cannot and do not guarantee that proposals, bids or the construction costs will not vary from our opinions of probable construction costs.

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ABBREVIATIONS LEGEND:

The following list defines some of the abbreviations found in the attached estimate.

ACT:	Acoustical Ceiling Tile	LBS:	Pounds
AHU:	Air Handling Unit	LF:	Linear Foot (Feet)
ALT:	Alternate	LS:	Lump Sum
BCW:	Branch Circuit Wiring	MEP:	Mechanical/Electrical/Plumbing
BGSF:	Building Gross Square Feet	MNHR:	Man Hour (s)
BLDG:	Building	MO:	Month (s)
CF:	Cubic Foot (Feet)	MSB:	Main Switch Board (s)
CFM:	Cubic Feet Per Minute	OPNG:	Opening (s)
CMU:	Concrete Masonry Unit	PNL:	Panel
CY:	Cubic Yard	PPG:	Piping
DEV:	Device (s)	PR:	Pair
DA:	Day (s)	PVC:	Polyvinyl chloride
DGSF:	Departmental Gross Square Feet	Q:	Quoted Price
DR:	Door (s)	RTU:	Roof Top Unit
EA:	Each	SF:	Square Foot (Feet)
FA:	Fire Alarm	SFSA:	Square Feet Surface Area
FF & E:	Fixed Furnishings & Equipment	SOG:	Slab On Grade
FIXT:	Fixture (s)	SY:	Square Yard (s)
FRM:	Frame	TRANS:	Transformer (s)
GC:	General Conditions	VCT:	Vinyl Composition Tile
GSF:	Gross Square Feet	VWC:	Vinyl Wall Covering
HDWE:	Hardware	YR:	Year (s)
HM:	Hollow Metal		
HVAC:	Heat, Vent & Air Condition		

Construction Management • Estimating • Scheduling

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Project: VIRGINIA CENTER CANOPY <i>Proposed Rink on the River Canopy Reno, Nevada</i>		PROJECT DATA:			P C S <i>October 16, 2006 PCS Project #: 06-118 Estimated: TK/MA Checked by: TK/KL</i>	
Design: Westlake, Reed, Leskosky		Canopy is designed and estimated by others; this estimate is for the "gutter" assemblies; assumes canopy designed, fab'd, and erected to accommodate. "Revised Design Development Estimate"				
TRADES WORK:						
	ITEM DESCRIPTION	QTY	UNIT	UNIT COST*	TOTAL	COMMENTS
6	Uti f sn bmand MOISTURE PROTECTION:					\$ 76,885
A	Gutter Built-up System per Sections 3 & 5/A1-1: (181 LF)					
	- 1 1/2" x 1 1/2" angle frames at 4' o.c.; attach to structural members or exposed deck underside; 5'-6" of angle (average) per frame; erected with lift, cut to fit	46	EA	\$ 500.00	\$ 23,000	
	- 1/2" thick Densboard box form; cut to fit between "ribs" of structure; attach to angle frames	1000	SF	\$ 12.50	\$ 12,500	
	- Counter-flashed box "liner;" aluminum brake metal; cut to fit	1000	SF	\$ 7.50	\$ 7,500	
	- Cut pieces around "ribs;" each side of rib	30	EA	\$ 150.00	\$ 4,500	
	- Caulk and seal	1000	SF	\$ 3.00	\$ 3,000	
	- Round sheet metal closure; with internal stiffener rings or other; fit to ribs; attach to structure or decking or box gutter; 2-9" diameter					ADD \$60,000
	- ALLOW to work around piping, other obstructions; caulk as required for appearance					- NIC; Alternate -
	- Paint sheetmetal					- NIC; Alternate - - NIC; Alternate -
B	Gutter at Section 7/A1-1; (121 LF)					
	- 1 1/2" x 1 1/2" angle frames at 4' o.c.; attach to structural members or exposed deck underside; 5'-6" of angle (average) per frame; erected with lift, cut to fit	31	EA	\$ 450.00	\$ 13,950	
	- 1/2" thick Densboard box form; cut to fit between "ribs" of structure; attach to angle frames	305	SF	\$ 15.00	\$ 4,575	
	- Counter-flashed box "liner;" aluminum brake metal; cut to fit	305	SF	\$ 10.00	\$ 3,050	
	- Cut pieces around "ribs;" each side of rib	28	EA	\$ 150.00	\$ 4,200	
	- Caulk and seal	305	LF	\$ 2.00	\$ 610	
10	FIXED EQUIPMENT and SPECIALTIES:					\$ 14,200
A	RIGGING:					
	- ALLOW for points of loading; no detail; assumes simple attachment for 2,000# point load at structural intersections	117	EA	\$ 100.00	\$ 11,700	
	- ALLOW for engineered drawing	1	LS	\$ 2,500.00	\$ 2,500	
B	MISCELLANEOUS:					
	- Lift capable of 80' height and 60' reach requirements; purchase; does not include storage facility; with counter-weight and outrigger capabilities					ADD \$100,000
						- NIC; Alternate -

*Labor and material unless noted otherwise.

This estimate is based on preliminary documents dated 09-13-05, received 10-02-06.

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Project: VIRGINIA CENTER CANOPY <i>Proposed Rink on the River Canopy Reno, Nevada</i>		PROJECT DATA: Building: - New: 0 GSF - Renovations: 0 GSF - Total Building: 0 GSF - Site: 0. Acres <i>"Design Development Estimate"</i>				 October 16, 2006 Project #: 06-118 Estimated: MJA Checked by: KL	
Design: Westlake, Reed, Leskosky							
15. MECHANICAL							
ITEM DESCRIPTION	QTY	UNIT	LABOR MH	LABOR EXT	MAT'L UNIT	MAT'L EXT	TOTAL
PLUMBING SYSTEMS:	-----						
STORM SYSTEM: Scuppers	BY GC						
STORM SYSTEM: Gutters & Down Spouts	BY GC						
STORM SYSTEM: RD's 8"	2.00	RDS	4.00	8.00	\$400.00	\$ 800	\$ 1,512
STORM SYSTEM: Piping	2.00	EA	50.00	100.00	\$3,500.00	\$ 7,000	\$ 15,240
Insulation: Horizontal Storm	2.00	EA	4.00	8.00	\$100.00	\$ 200	\$ 780
SLEEVES, ID, STERIL, ETC..	1.00	LS	4.00	4.00	\$250.00	\$ 250	\$ 573
TESTS, PERMITS, ETC	1.00	LS	4.00	4.00	\$250.00	\$ 250	\$ 573
LIFT EQUIPMENT	1.00	LS	8.00	8.00	\$500.00	\$ 500	\$ 1,146
TOTAL PLUMBING SYSTEMS	\$19,824					---	---
NOTES:	-----						
Storm Piping to Structure With Sitework	NIC						
FIRE PROTECTION SYSTEMS:	-----						
No Sprinkler Included	NIC						
HVAC SYSTEMS:	-----						
No HVAC Systems Included	NIC						
SUBTOTALS			MNHR	132		\$ 9,000	
LABOR RATES AND MARK-UPS			\$/HR	\$ 67.00		1.22	
LABOR and MATERIAL TOTALS				\$ 8,844		\$ 10,980	
TOTAL MECHANICAL						\$ 19,824	\$ 19,824

This estimate is based on DD Documents Dated September 13, 2006, Conversations W/Eng and Our "BEST ASSUMPTIONS" at This Time.

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Project: VIRGINIA CENTER CANOPY <i>Proposed Rink on the River Canopy Reno, Nevada</i>		PROJECT DATA: Building: - New: 0 GSF - Renovations: 0 GSF - Total Building: 0 GSF - Site: 0 Acres <i>"Design Development Estimate"</i>				 October 16, 2006 Project #: 06-118 Estimated: MJA Checked by: KL		
Design: Westlake, Reed, Leskosky		16. ELECTRICAL * BASE BID opt. 1/1a						
ITEM DESCRIPTION	QTY	UNIT	LABOR MH	LABOR EXT	MAT'L UNIT	MAT'L EXT	TOTAL	
Power Company Fee's		NIC						
Transformer *	1.00	Allow	40.00	40.00	\$15,000.00	\$ 15,000	\$ 20,980 *	
CTE MSB *	1.00	Allow	24.00	24.00	\$2,500.00	\$ 2,500	\$ 4,658 *	
Main Switchboard Feeders: 1600A *	50.00	LF	1.44	72.00	\$168.00	\$ 8,400	\$ 15,072 *	
Main Switchboard: 1600A*	1.00	EA	120.00	120.00	\$18,500.00	\$ 18,500	\$ 30,610 *	
Digital Metering & TVSS		NIC						
Isolation Transformer: 75 Kva K-13	1.00	EA	32.00	32.00	\$7,500.00	\$ 7,500	\$ 11,294	
Isolation Transformer Feeders	1.00	EA	32.00	32.00	\$3,500.00	\$ 3,500	\$ 6,414	
Emergency Gen & ATS		NIC						
Panelboards: 200 Amp *	2.00	EA	24.00	48.00	\$1,500.00	\$ 3,000	\$ 6,876 *	
Panel Feeders	2.00	EA	24.00	48.00	\$1,500.00	\$ 3,000	\$ 6,876 *	
LIGHT FIXTURES: *		-----						
TYPE AA Lighting*	8.00	EA	2.00	16.00	\$1,442.00	\$ 11,536	\$ 15,146 *	
TYPE AB Lighting*	6.00	EA	2.00	12.00	\$1,442.00	\$ 8,652	\$ 11,359 *	
TYPE FA Lighting *	24.00	EA	2.00	48.00	\$515.00	\$ 12,360	\$ 18,295 *	
TYPE SA Lighting *	18.00	EA	3.00	54.00	\$330.00	\$ 5,940	\$ 10,865 *	
Special Lighting *	1.00	Allow	24.00	24.00	\$5,000.00	\$ 5,000	\$ 7,708 *	
Branch Circuit Wiring for Lighting (GRC) *	56.00	EA	6.00	336.00	\$150.00	\$ 8,400	\$ 32,760 *	
Devices: Recept for Hoist Motor	36.00	EA	1.00	36.00	\$50.00	\$ 1,800	\$ 4,608 *	
Branch Circuit Wiring for Hoist Motors (GRC)	18.00	EA	30.00	540.00	\$750.00	\$ 13,500	\$ 52,650 *	
Control Wiring & Conduit for Hoist Motors	9.00	EA	16.00	144.00	\$400.00	\$ 3,600	\$ 14,040 *	
Grounding & Vjb Isolation	1.00	LS	300.00	300.00	\$50,000.00	\$ 50,000	\$ 81,100 *	
Lightning Prot System *	1.00	Allow	160.00	160.00	\$25,000.00	\$ 25,000	\$ 41,220 *	
Temp Power/Tele	1.00	LS	100.00	100.00	\$5,000.00	\$ 5,000	\$ 12,800	
Tests,Permits,Etc.	1.00	LS	16.00	16.00	\$1,500.00	\$ 1,500	\$ 2,902	
Owner Equipment Electrical	1.00	Allow	16.00	16.00	\$1,500.00	\$ 1,500	\$ 2,902	
Saw Cut, Patch, Excavation and Backfill (As Needed for Additional Conduits)	1.00	Allow	80.00	80.00	\$5,000.00	\$ 5,000	\$ 11,460	
SPECIAL SYSTEMS:		-----						
Dual Switches added for Events at either end		-----						
Company Switches: Lighting	2.00	EA	12.00	24.00	See Sum	---	\$ 1,608	
Company Switches: Audio	2.00	EA	8.00	16.00	See Sum	---	\$ 1,072	
Company Switch Disconnects	2.00	EA	4.00	8.00	\$2,000.00	\$ 4,000	\$ 5,416	
Company Switch Feeders (800')	4.00	EA	60.00	240.00	\$7,000.00	\$ 28,000	\$ 50,240	
Lighting Control System: Relay Panel and Controllers and Overrides and Feeders	1.00	LS	100.00	100.00	\$10,000.00	\$ 10,000	\$ 18,900	
Theatrical Wiring Devices: (\$30,000)	9.00	EA	3.00	27.00	See Sum	---	\$ 1,809	
Theatrical Wiring Device Conduits (Assume 1-2" Conduit Per Cable GRC)	2373.00	LF	0.18	427.14	\$3.16	\$ 7,499	\$ 37,767	
Theatrical Wiring Device Conduit (2 1/2" GRC)	4746.00	LF	0.22	1,044.12	\$4.94	\$ 23,445	\$ 98,559	
Theatrical Wiring Device Cable (30-#6 and 2-#8 Thhn Wires)	2573.00	LF	0.40	949.20	\$16.66	\$ 39,534	\$ 111,828	
Audio Wiring Devices: (\$10,000)	19.00	EA	2.00	38.00	See Sum	---	\$ 2,546	
Audio Wiring Device Conduits (GRC) (Assume 2 1/2" to 1 1/2" Conduit as Needed)	1440.00	LF	0.16	230.40	\$2.70	\$ 3,888	\$ 20,180	
Audio Wiring Device Cable (2-#10 Conductors to Each Speaker Jack)	29000.00	LF	0.0075	217.50	\$0.21	\$ 6,090	\$ 22,002	
Audio Wiring Device Cable (2-#22 Conductors to Each Microphone Jack)	5608.00	LF	0.02	56.28	\$0.22	\$ 781	\$ 4,724	
Lifts and Misc Equipment Rental	1.00	Allow	0.00	0.00	\$10,000.00	\$ 10,000	\$ 12,200	
Ice Rink Background Music System Alternate	\$40,000							
Music System Conduit & Wire Alternate	\$12,000							
Dimmer Racks & Feeders		NIC						
Emergency Lighting Transfer System		NIC						
Emergency Generator & ATS Switches		NIC						
SUBTOTALS			MNHR	5,676		\$ 353,425		
LABOR RATES AND MARK-UPS			S/HR	\$ 67.00		1.22		
LABOR and MATERIAL TOTALS				\$ 380,268		\$ 431,179		
*Base Bid Electrical Systems Option 1/1a							\$167,417	
Performance Sound & Lighting							\$644,030	
TOTAL ELECTRICAL:						\$ 811,447	\$ 811,447	

Per Engineer all conduits will be Rigid Metal Conduit.

This estimate is based on DD Documents Dated September 13, 2006, Conversations W/Eng and Our "BEST ASSUMPTIONS" at This Time.

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STAFF REPORT

To: Chairman and Agency Board Members

Agenda Item: B2

Date: 10-25-2006

Thru: Charles McNeely, Executive Director

Subject:

Staff Report: Update on the Redevelopment Project at 10 North Virginia Street; Possible Direction to Staff to Amend the Disposition and Development Agreement (“DDA”) and to Amend the City’s Lease with Real Estate Affiliates (“REA”).

From: James Graham, Economic Development Manager

Summary: The Board and City Council are being requested to consider the following changes to the Disposition and Development Agreement between the Agency and Real Estate Affiliates: (1) the Developer will pay to the Redevelopment Agency \$1.2 million dollars for the subject property; and (2) the City will pay \$2.25 per square foot for the 10 North Virginia Street Ice Skating Rink and Plaza Support Facility Lease (“Lease”). Staff recommends approval of the proposed amendments to the DDA and Lease Agreement. In addition, the developer has agreed to purchase the water rights associated with the property at the going rate. The selling of the water rights will be addressed separately in order to be in compliance with State law pertaining to public hearing notification on the sale of water rights.

In addition, REA requests that the City of Reno commit to building the canopy and conduct the construction of the proposed canopy during the period that REA is building its commercial building.

Previous Board Action:

March 10, 2003	Agency Board directed staff to evaluate and recommend a configuration, phasing and financing plan for the retail component.
March 24, 2004	Agency Board voted to increase the amount of architect’s contract (Sheehan Van Woert Bigotti) by \$125,000 and approved plan allowing a developer to construct a two story building housing a support facility area for the ice rink and retail space. A secondary option was also approved calling for the City to construct a building to house the support facility and retail space. The Agency directed staff to talk with private developers and return to Council with updates.
December 8, 2004	Agency Board approved a 120 day Exclusive Negotiating Rights Agreement (“ENA”) with Real Estate Affiliates.
July 6, 2005	Staff updated the Agency Board on substantial changes to the size and scope of the project resulting in increased rent cost for a smaller sized City support facility. Agency Board directed staff to enter into new negotiations with REA to reach better accommodation.

August 24, 2005 The Board approved the DDA with REA for the development of a retail project on Agency owned property located on the southwest corner of the intersection of First and Center Streets.

February 8, 2006 The Agency Board approved amending the DDA with REA allowing the developer to build a four story building instead of the proposed five story structure.

June 28, 2006 The Agency Board approved amending the DDA agreeing to sell the property to REA for the fair market value, based on an appraisal, or \$500,000 whichever is greater; and City Council approved a Lease Agreement with REA for the support facility associated with the ice skating rink.

Background: To date, the approved amendments to the DDA with REA permit the developer to build a 4-story building and provide for the sale of the subject property to the developer for fair market value, based on an appraisal, or \$500,000 whichever is greater. A new appraisal was recently completed and it indicates that the subject property is worth \$1,180,000.

Discussion: REA has agreed to purchase the property for \$1.2 million provided that the City's Lease is adjusted to fair market value. The developer raised concerns that, if the City maintained its current lease rate of \$.75 cents a square foot for the support facility and required him to pay \$1.2 million for the property, he would have difficulty in obtaining a rate of return to make the project financially feasible. A review of the developer's proforma by Keyser Marston Associates, the Agency's financial consulting firm, confirms the developer's assertions regarding the rate of return. Staff re-negotiated the lease rate increasing it to \$2.25 per square foot, the mid-point range of fair market rental value for Class A commercial space in downtown (\$1.75 up to \$2.75). All other terms and conditions associated with the existing City's lease will remain the same.

Staff negotiated a specific time line for project development and completion. Closing of escrow on the property for the commercial building is to occur on January 31, 2007. Construction on the building will commence fifteen (15) days after closing of escrow as required in the existing Disposition and Development Agreement, on February 15, 2007. The construction of the commercial building will be completed in November, 2007. If approved by the Board, the escrow date and the construction schedule will be integral parts of the amended DDA.

Separately and not part of the staff recommendation in this report, the developer seeks a commitment from the City Council, prior to the closing of escrow on the property, to build the canopy concurrently with the construction of the building so that both structures are completed at or approximately the same time. The developer has a letter of intent from the anchor tenant who will be occupying 19,419 sq. ft. or approximately 60% of the available space. The tenant has made it clear to the developer that he does not intend to sign a lease with the developer unless a canopy is constructed. Current estimates indicate that the construction and installation of the canopy will take a year to complete.

Other issues impacting whether or not the project will go forward include obtaining adequate parking by the developer on behalf of the anchor tenant; successful resolution with the Reno Fire

Department on its code requirements; and resolution on flood control measures as per the City's flood control requirements.

Financial Implications: The Redevelopment Agency would be receiving \$1.2 million for the land that it did not have as part of the original agreement. In addition, the City would be paying \$115,290 annually toward its lease for the support facility. New property taxes associated with the new commercial building would be approximately \$150,000 annually. All other terms and conditions associated with the City's support facility will remain unchanged.

Legal Implications: If the Board decides not to approve the proposed amendment to the DDA allowing the developer to purchase the land at fair market value, REA has the option to cancel the project. In turn, the Agency would be required to return to Real Estates Affiliates its earnest funds on deposit in the amount of \$100,000.

Recommendation: Staff recommends that the Redevelopment Agency Board approve the proposed amendment to the DDA allowing REA to purchase the land for \$1.2 million, and authorize the Chairman to sign the amendment to the DDA. Staff also recommends that City Council approve a lease rate of \$2.25 per square foot for the City's support facility and authorize the Mayor to sign the Lease Agreement.

Proposed Motion:

For the Redevelopment Agency:

I move to approve the staff recommendation regarding the DDA.

For the City Council:

I move to approve the staff recommendation regarding the Lease Agreement for the City's Support Facility.

Attachment: Amended and Restated Lease, 10 North Virginia Street
Ice Skating Rink and Plaza Support Facility Lease

AMENDED AND RESTATED
10 NORTH VIRGINIA STREET
ICE SKATING RINK AND PLAZA SUPPORT FACILITY LEASE

between

REAL ESTATE AFFILIATES, INC.,
as Landlord

and

CITY OF RENO,
as Tenant

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EXHIBIT A - FLOOR PLAN(S)

EXHIBIT B - CONSTRUCTION PROVISIONS FOR ICE SKATING RINK AND PLAZA
SUPPORT FACILITY

EXHIBIT C - ESTOPPEL CERTIFICATE

EXHIBIT D - RULES AND REGULATIONS

AMENDED AND RESTATED ICE SKATING RINK AND
PLAZA SUPPORT FACILITY LEASE
BASIC LEASE INFORMATION

(Lease Summary)

Lease Date:

Building Address: 10 N. Virginia St.
Reno, NV 89505

Landlord: Real Estate Affiliates, Inc.,
A California Corporation

Address of Landlord: 5010 N. Parkway Calabasas, Ste. 202
Calabasas, CA 91302
Attn: Alan Gottlieb

Tenant: City of Reno, a Municipal Corporation of the State
of Nevada

Address of Tenant: P.O. Box 1900
Reno, NV 89505
Attn: Property Manager

Rentable Area of Premises (Article 1): 4,270 sq. ft. (+/- 1%) of rental space

Suite and/or Floors (Article 1):
Term (Article 2): Twenty five (25) years, with Tenant's option to
renew for three (3) subsequent five (5) year periods

Commencement Date: The earlier of: (a) the Target Commencement Date,
November 1, 2007; or (b) the date Landlord delivers
possession of the Premises substantially completed
in accordance with Exhibit B, attached hereto.

Expiration Date:

Monthly Base Rent (Article 3): $4,270 \text{ RSF} * \$2.25/\text{RSF} = \$9,607.50/\text{month}$
With increases of no more than 10% at the end of
every (5) five years

Use (Article 4): Ice skating rink and plaza support facility.

Tenant's Minimum General Liability
Insurance (Article 16): \$1,000,000.00

Security Deposit: N/A

Each reference in the Lease to the Summary shall mean the respective information set forth above and shall be deemed to incorporate all of the terms provided under the particular Lease paragraph pertaining to such information. To the extent there is any conflict between the provisions hereof and any more specific provision of this Lease, such more specific provision shall control.

AMENDED AND RESTATED
ICE SKATING RINK AND PLAZA SUPPORT FACILITY LEASE

THIS AMENDED AND RESTATED ICE SKATING RINK AND PLAZA SUPPORT FACILITY LEASE (this "Lease" or "Agreement") is entered into, as of this ____ day of _____, 2006 ("Effective Date") by and between REAL ESTATE AFFILIATES, INC., a California Corporation ("Landlord"), and CITY OF RENO, a municipal corporation of the State of Nevada ("Tenant").

WHEREAS, it is the intent of the Parties that this Agreement shall, as of its Effective Date, amend, restate and supersede all prior negotiations, representations, and agreements, either written or oral regarding the 10 North Virginia Street Ice Skating Rink and Plaza Support Facility Lease, dated the ____ day of _____, 2006.

NOW, THEREFORE, in consideration of the foregoing recitals, which are fully incorporated into the Agreement by this reference, the parties mutually agree as follows:

1. PREMISES. Subject to the contents of this Lease, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord those premises ("Premises") in the building described in the Summary ("Building"), as shown on the floor plan(s) attached as Exhibit A to this Lease. The Building is a restaurant, office and retail space complex located on a portion of a property commonly known as 10 N. Virginia Street within the City of Reno ("Complex").

2. TERM. The term of this lease (the "Term") commences on the earlier of the Target Commencement Date specified in the Summary, or such later date on which the Improvements as defined in Exhibit B to this Lease (the "Construction Provisions for Ice Skating Rink And Plaza Support Facility" or "Construction Provisions Document") hereinafter defined are Substantially completed ("Commencement Date"). The Term of this Lease ends on the expiration date unless terminated earlier under the provisions of Article 26. If for any reason, Landlord cannot deliver possession of the Premises to Tenant on or prior to the Target Commencement date, this Lease shall not be void or voidable nor shall Landlord be liable to Tenant for any loss or damage resulting therefrom. In such case, Tenant shall not pay any rent until the commencement of the term as described above. The dates on which the Term commences and terminates pursuant to this Article 2 are herein called the Commencement Date and the Expiration Date, respectively.

2.1 Tenant may extend the term of the Lease for Three (3) additional periods of Five (5) years ("Option"), upon all the terms and conditions of the Lease, subject to the following terms, conditions and exceptions:

a. Lease shall automatically extend on same terms and conditions of the lease provided the Tenant is not in default of its payment of rent, utilities or CAM. Upon written notice from Landlord, Tenant shall have thirty (30) days to cure if it is in default under this provision. Should Tenant fail to cure within said thirty (30) days Tenant's right to extend shall be null and void.

b. Intentionally Omitted.

c. The Options are personal to Tenant and may not be assigned or transferred without Landlord's prior written consent. Should consent be granted such rental space shall be leased based on fair market value. It is agreed by both parties that Landlord's consent may be withheld based on the following: (i) the financial stability of the assignee, or sublessee is not reasonably suitable to Landlord in Landlord's sole discretion so as to insure the ability of the assignee, or sublessee to perform Tenant's obligations under the Lease for the full Lease Term; (ii) an assignee, or sublessee whose reputation or proposed use of the Premises would have an adverse effect upon the reputation of the Building and/or the other business located therein; or (iii) an assignee, or sublessee which would breach any covenant of or affecting Landlord concerning radius, location, use or exclusivity in any other lease, financing agreement, or other agreement relating to the Building.

3. RENT; ADDITIONAL CHARGES.

3.1 Tenant will pay to Landlord during the Term the monthly Rent specified in the Summary ("Rent") in consecutive monthly installments on or before the first day of each calendar month, in advance, at the address specified for Landlord in the Summary, or such other place as Landlord may designate in writing, without any prior demand and without any deductions or set off. If the Commencement Date occurs on a day other than the first day of a calendar month, or the Expiration Date occurs on a day other than the last day of a calendar month, then the rental for such fractional month will be prorated based on a thirty (30) day month. Common Area Expenses, taxes, insurance and all other charges required to be paid by Tenant on a monthly basis shall be prorated on the same basis as the Rent.

3.2 If Tenant fails to pay any Rent, Common Area Expenses, taxes, insurance or any other charges to Landlord under the terms of this Lease (which amounts are sometimes referred to herein, together with Rent, as "rent") within ten (10) days after the date on which Landlord shall have provided notice of any deficiency, such unpaid amounts will be subject to a late payment charge equal to three percent (3%) of the unpaid amounts in each instance. The late payment charge has been agreed upon by Landlord and Tenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that will be incurred by Landlord as a result of any such failure by Tenant, the actual costs thereof being extremely difficult, if not impossible, to determine. The late payment charge constitutes liquidated damages to compensate Landlord for its damages resulting from such failure to timely pay and shall be paid to Landlord together with such unpaid amounts.

3.3 Not more than once every five (5) years during the Term or during any option of this Lease, Landlord may adjust the annual Rent based on inflation, in accordance with the Consumer Price Index (West Region, All Urban Consumers, All Items), as published by the Bureau of Labor Statistics of the U.S. Department of Labor, rounded up to the nearest \$.01, not to exceed a maximum of 10% over any five year period, but in no event shall the annual rent exceed the fair market value for comparable commercial space within the City of Reno.

4. USE

4.1 Tenant shall use and continuously occupy the Premises solely for the use specified in the Summary and for no other use or purpose. Tenant (in its capacity as "Tenant" hereunder rather than in its capacity as a governmental entity) shall take no action, nor permit

any action to be taken, in or about the Premises that will in any way increase the existing rate of, or affect any fire or other, Insurance upon the Building or any of its contents, or cause cancellation of any insurance policy covering all or any part of the Building or any of its contents, or which will in any way injure or interfere with the rights of other tenants or occupants of the Building, nor shall Tenant (in its capacity as "Tenant" hereunder, rather than in its capacity as a governmental entity) use or allow the Premises to be used for any unlawful or objectionable purpose, nor cause, maintain or permit any nuisance in, on or about the Premises, nor commit nor suffer to be committed any waste in, on or upon the Premises.

4.2 In addition to Tenant's use and occupation of the Premises, Tenant shall have a non-exclusive right to use the common area of the Building ("Buildings Common Area") including the Building's lobby, hallways, elevators, stairwells and restrooms and the Common Area (as hereinafter defined); provided, however, that Tenant's use of the Buildings Common Area and the Common Area shall be subject to the rules and regulations set forth in Exhibit D. As used in this Lease, the term "Common Area" shall mean the area outside the Building but on the Property as defined by the Disposition and Development Agreement by and between the Redevelopment Agency of the City of Reno and Real Estate Affiliates, Inc., dated August 24, 2005 (hereinafter, the "DDA").

4.3 Intentionally Omitted.

5. CONSTRUCTION OF PREMISES; BUILDING CHANGES. Landlord shall construct the Premises and perform the work and make the installations in the Premises substantially as set forth in the Construction Provisions Document attached hereto as Exhibit B. In addition, the Landlord shall provide the offset credits as itemized in the Construction Provisions Document in Section C of Exhibit B hereof. Landlord shall not make material alterations, additions or improvements to or in, or to decrease the size or area of all or any part of the Premises that would materially impair the Tenant's operations without the prior written permission of the Tenant.

6. ALTERATIONS

6.1 Tenant shall not make or permit any structural and/or exterior alterations (collectively, "Alterations") in or to the Premises or the Building or the Building systems without Landlord's prior written consent, which Landlord may give or withhold in Landlord's sole discretion.

6.2 All items installed in the Premises by or for the account of Tenant, without expense to Landlord, and which can be removed without damage to the Premises or the Building (collectively, "Tenant's Property") shall be and remain the property of Tenant and may be removed by it at any time during the Term. Upon the Expiration Date of this Lease, Tenant shall remove from the Premises all of Tenant's Property. Tenant shall repair or pay the cost of repairing any damage to the Premises and to the Building resulting from such removal. Any items of Tenant's Property which shall remain in the Premises after the Expiration Date of this Lease may be retained by Landlord as its property or be disposed of by Landlord, as permitted by applicable law.

7. REPAIRS AND MAINTENANCE

7.1 Tenant shall, at all times during the Term and at Tenant's sole expense, keep all of the Premises in good condition and repair including, but not limited to the fixtures within its premises that are non-structural or is of exclusive use of the Tenant, except for ordinary wear and tear. Tenant waives its rights to make repairs at the expense of the Landlord or to vacate the premises in lieu of making such repairs except as set forth in this Lease. Tenant shall at the end of the Term surrender the Premises to Landlord in the same condition as when received, except for ordinary wear and tear and Landlord-approved Alterations. Landlord is obligated to keep all of the Common Area in good condition and repair.

7.2 Landlord shall repair and maintain the structural portions of the Building, including the structural exterior fixtures of the Premises, the Building systems and the Common Area. Landlord shall also repair and maintain any fixtures installed by Landlord that malfunction due to latent defects. If the necessity for such maintenance and repairs is in any way caused by the act, neglect, fault or omission of Tenant, its agents, servants, employees or invitees, Tenant shall pay promptly to Landlord the reasonable cost of such maintenance and repairs provided that Landlord commences any required repairs within, a reasonable period of time following notice of the need for such repairs from Tenant and proceeds in a diligent manner to complete such repairs. Notwithstanding the foregoing, Landlord shall not be liable for any failure to make any such repairs or to perform any such maintenance unless Landlord receives notice of the need for such repairs or maintenance from Tenant and fails to make such repairs or perform such maintenance for a reasonable period of time following such notice by Tenant. Rent shall not abate nor shall Landlord be liable as a result of any injury to or interference with Tenant's business arising from the making of any repairs, or the performance of any maintenance, in or to any portion of the Building, the Premises or the Common Area, except as expressly set forth below.

7.3 In the event that Landlord is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water or other essential systems serving the Premises (collectively, "Essential Services") and such inability of Landlord materially impairs Tenant's ability to carry on its business in the Premises for a period of five (5) consecutive business days, the Rent due hereunder shall be abated, retroactively effective as of the first business day of such material interference with Tenant's business, based upon the extent to which such inability to supply Essential Services materially impairs Tenant's ability to carry on its business in the Premises. Such abatement shall continue until the Essential Services have been restored to the extent that the lack of any remaining services no longer materially impairs Tenant's ability to carry on its business in the Premises. Tenant shall not be entitled to such abatement to the extent that Landlord's inability to supply Essential Services to Tenant is caused by Tenant, its employees, contractors, agents, licensees or invitees or by circumstances beyond Landlord's reasonable control.

8. LIENS. Tenant (in its capacity as "Tenant" hereunder, rather than in its capacity as a governmental entity) shall keep the Premises and the Building free from any liens arising out of any work performed, material furnished or obligations incurred by or for Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Landlord shall have in addition to all other remedies provided herein and by law the right but not the obligation to cause same to be released by such means as it shall deem proper, including payment of the claim

giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith (including without limitation reasonable counsel fees) shall be payable to Landlord by Tenant upon demand. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Landlord shall deem proper for the protection of Landlord, the Premises, and the Building, from mechanics and materialmen's liens. Tenant shall give to Landlord at least five (5) business days prior written notice of commencement of any repair or construction on the Premises.

9. **COMPLIANCE WITH LAWS AND INSURANCE REQUIREMENTS.** Tenant, at Tenant's cost and expense, shall comply with all laws, orders and regulations of federal, state, county and municipal authorities relating to the Premises or the use or occupancy thereof or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body that shall hereafter perform the function of such association except that Tenant shall not be required to make any structural Alterations in order to comply or to correct existing non-complying conditions in the Premises, if any, unless such Alterations shall be necessitated by Tenant's Alterations, Tenant's specific use of the Premises, or by the acts, omissions or negligence of Tenant or its servants, employees, contractors, agents, visitors or licensees.

10. **SUBORDINATION AND ATTORNMENT.** The Tenant shall be advised when this lease is subordinated at any time to: (a) all reciprocal easement agreements and all ground leases or underlying leases which may now exist or hereafter be executed affecting the Building, the land on which the Building is located or the Common Area, or any of the foregoing, and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed which affect all or a portion of the Building, land on which the Building is located, ground leases or underlying leases, or Landlord's interest or estate in any of said items, is specified as security. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated to this Lease any of the items referred to in clause (a) or (b) above. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall notwithstanding any subordination, attorn to and become the tenant of the successor in interest to Landlord. Tenant shall promptly execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases, underlying leases, reciprocal easement agreements or similar documents or instruments, or with respect to the lien of any such mortgage or deed of trust; provided, however, Tenant's obligation to deliver the foregoing documents is conditioned on Tenant's receiving from any such ground lessee, party to a reciprocal easement agreement, mortgagee, or beneficiary under a deed of trust, a nondisturbance agreement reasonably acceptable to Tenant. Tenant hereby covenants that Tenant and all persons in possession or holding under Tenant will conform to and will not violate the terms of said matters of record.

Notwithstanding anything to the contrary set forth in this Article, Tenant hereby attorns and agrees to attorn to any person, firm or corporation purchasing or otherwise acquiring Landlord's interest in the Building, the Premises, or the real property thereunder or any portion thereof, at any sale or other proceeding or pursuant to the exercise of any rights, powers, or remedies under such mortgages or deeds of trust or ground or underlying leases as if such person, firm or corporation had been named as Landlord herein, it being intended hereby that, if this Lease shall be terminated, cut off, or otherwise defeated by reason of any act or actions by

the owner or holder of any such mortgage or deed of trust, or the lessor under any such leasehold estate, then this Lease shall continue in full force and effect.

11. DAMAGE AND DESTRUCTION

11.1 If the Premises or the Building are damaged by fire or other insured casualty, Landlord shall repair the same, provided that repairs can be made within one hundred twenty (120) days after the date of damage. In this event, this Lease shall remain in full force and effect except that Tenant shall be entitled to a proportionate reduction of Rent while repairs are being made based upon the extent to which damage and the making of repairs by Landlord shall interfere with the business carried on by Tenant in the Premises. Within thirty (30) days after the date of damage, Landlord shall notify Tenant whether or not repairs can be made within one hundred twenty (120) days after the date of damage. If Landlord determines that repairs cannot be made within one hundred twenty (120) days from the date of damage, Landlord shall have the option within thirty (30) days after the date of damage either to: (a) notify Tenant of Landlord's intention to repair damage and diligently prosecute repairs, in which event this Lease shall continue in full force and effect and the Rent shall be reduced as provided herein, subject to Tenant's rights to terminate this Lease as described in Section 11.2 below; or (b) notify Tenant of Landlord's election to terminate this Lease as of a date specified in such notice, which date shall be not less than thirty (30) days after such notice is given. In the event of such notice to terminate, this Lease shall terminate on the date specified in such notice and the Rent shall be reduced based upon the extent to which such damage interfered with the business carried on by Tenant in the Premises up to the date of termination.

11.2 (a) If, (i) the Premises or the Building are damaged by fire or other casualty, (ii) Landlord notifies Tenant that repairs of such damage cannot be made within one hundred twenty (120) days, and (iii) Tenant cannot conduct normal business operations in the Premises during such time, Tenant may elect to terminate this Lease upon thirty (30) days written notice to Landlord, which notice must be given to Landlord by Tenant within thirty (30) days after the date of Landlord's notice to Tenant described in (ii) above.

(b) If, (i) the Premises or the Building are damaged by fire or other casualty, (ii) Landlord notifies Tenant that repairs of such damage can be made within one hundred twenty (120) days, (iii) Tenant cannot conduct normal business operations in the Premises during such time, and (iv) at the end of such one hundred twenty (120) day period such damage has not been repaired to such an extent that Tenant is then able to resume normal business operations at the Premises, then Tenant may elect to terminate this Lease upon thirty (30) days written notice to Landlord, which notice must be given to Landlord within five (5) business days after the end of such one hundred twenty (120) day period.

11.3 Landlord shall not be required to repair any damage by fire or other cause to the property of Tenant, or any damage caused by the negligence of Tenant, its contractors, agents, licensees or employees or make any repairs or replacements of any items located or installed on the Premises by, or at the expense of, Tenant (excluding, however, the improvements described in Exhibit B attached hereto and incorporated herein by this reference). Tenant shall not be entitled to any compensation or damages from Landlord for loss of use of all or any part of the Premises for any damage to Tenant's business or profits, or for any disturbance to Tenant caused

by any casualty or the restoration of the Premises following such casualty, except as may be set forth in Articles 8, 12 and 17 hereof.

12. EMINENT DOMAIN. If all or any part of the Premises shall be taken as a result of the exercise of the power of eminent domain or any transfer in lieu thereof, this Lease shall terminate as to the part so taken as of the date of taking, and, in the case of a partial taking, by any entity other than the City of Reno, Tenant shall have the right to terminate this Lease as to the balance of the Premises by written notice to Landlord within thirty (30) days after such date; provided, however, a condition to Tenant's right to terminate shall be that Tenant's use of the balance of the Premises is substantially handicapped, impeded or impaired by the taking. If any material part of the Building shall be taken, Landlord shall have the right to terminate this Lease by written notice to Tenant within thirty (30) days of the date of taking. In the event of any taking, Landlord shall be entitled to any and all compensation, damages, income, rent, awards, or any interest therein whatsoever which may be paid or made in connection therewith, and Tenant shall have no claim against Landlord for the value of any unexpired term of this Lease or otherwise; provided, Landlord shall have no claim to any portion of the award that is specifically allocable to Tenant's relocation expenses or the interruption of or damage to Tenant's business.

13. ASSIGNMENT AND SUBLETTING

13.1 Tenant shall not directly or indirectly, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate its interest in or rights with respect to the Premises or Tenant's leasehold estate hereunder (collectively, "Assignment"), or permit all or any portion of the Premises to be occupied by anyone other than Tenant or sublet all or any portion of the Premises or transfer a portion of its interest in or rights with respect to Tenant's leasehold estate hereunder (collectively, "Sublease") without Landlord's prior consent in each instance, which consent shall not be unreasonably withheld.

13.2 If Tenant desires at anytime to enter into an Assignment or a Sublease, Tenant shall first give notice to Landlord of its desire to do so, which notice shall contain (a) the name and address of the proposed assignee or subtenant, (b) the nature of the proposed assignees or subtenants business to be carried on in the Premises, (c) the terms and provisions of the proposed Assignment or Sublease and (d) such financial information as Landlord may reasonably request concerning the proposed assignee or subtenant.

13.3 At any time within fifteen (15) days after Landlord's receipt of the notice specified in Section 13.2, Landlord may, by notice to Tenant, elect to (a) consent to the Sublease or Assignment, or (b) disapprove the Sublease or Assignment. Landlord and Tenant agree that it shall be reasonable for Landlord to withhold its consent to any proposed Assignment or Sublease based on, but not limited, to the following: (i) the financial stability of the assignee, or sublessee is not reasonably suitable to Landlord in Landlord's sole discretion so as to insure the ability of the assignee, or sublessee to perform Tenant's obligations under the Lease for the full Lease Term; (ii) an assignee, or sublessee whose reputation or proposed use of the Premises would have an adverse effect upon the reputation of the Building and/or the other business located therein; or (iii) an assignee, or sublessee which would breach any covenant of or affecting Landlord concerning radius, location, use or exclusivity in any other lease, financing agreement, or other agreement relating to the Building. Tenant agrees to pay Landlord fifty percent (50%) of the amount the Tenant receives in excess of the rent due hereunder from the Assignee or

Subleasee, including all rent and other consideration received by Tenant from any such assignee, sublessee, or transferee. If Landlord consents to the Sublease or Assignment within such fifteen (15) day period, Tenant may thereafter within sixty (60) days after Landlord's consent enter into such Assignment or Sublease with such approved assignee or sublessee upon the terms and conditions set forth in the notice furnished by Tenant to Landlord pursuant to Section 13.2. No Assignment or Sublease shall be binding on Landlord until Tenant delivers an executed copy of such Assignment or Sublease to Landlord.

13.4 No consent by Landlord to any Assignment or Sublease by Tenant shall relieve Tenant of any obligation to be performed by Tenant under this Lease, whether arising before or after the Assignment or Sublease. The consent by Landlord to any assignment or Sublease shall not relieve Tenant from the obligation to obtain Landlord's express consent to any other Assignment or Sublease. Any Assignment or Sublease that fails to comply with this Article 13 shall be void. The acceptance of Rent by Landlord from a proposed assignee or sublessee shall not constitute consent to such Assignment or Sublease by Landlord.

14. PURCHASE OPTION. Should Landlord, or Landlord's heirs, executors, grantees, successors or assigns, at any time during the term of this lease or any extension thereof, receive an offer to purchase the Building, or any part thereof, and desires to accept said offer, or should Landlord during any such time make an offer to sell the Building, or any part thereof, Landlord shall give Tenant forty (40) days notice in writing of such offer, setting forth the name and address of the proposed purchaser, the amount of the proposed purchase price, and all other terms and conditions of such offer, and Tenant shall have the first option to purchase the Building which are the subject of the offer by giving written notice to Landlord of its intention to purchase within forty (40) day period at the same price and on the same terms of any such offer, it being understood that in the event Tenant does not give notice of its intention to exercise said option to purchase within said period, this lease and all of its terms and conditions, including the option to purchase specified above, shall nevertheless remain in full force and effect, and Landlord and any purchaser or purchasers of the Building, shall be bound thereby, and in the event that the Building set forth in the offer are not sold for any reason, Tenant shall have, upon the same conditions and notice, the continuing first option to purchase the Building, or any part thereof, upon the terms of any subsequent offer or offers to purchase. Notwithstanding anything contained in this Article to the contrary, the foregoing Purchase Option reserved by and granted to Tenant shall not apply to a sale, lease, or other conveyance of the Premises (i) to an affiliate, subsidiary or other entity related to Landlord (by common ownership with Landlord of a majority of shares or interests), (ii) in connection with a sale/leaseback financing by Landlord, (iii) a foreclosure or other enforcement proceeding pursuant to a mortgage or deed of trust on the Premises; or (iv) a deed in lieu of foreclosure from Landlord or its lawful successor to the holder of a mortgage or deed of trust on the Premises.

15. UTILITIES AND SERVICES.

15.1 Tenant agrees to pay for all water, power, gas, electrical current and all other utilities used by Tenant on or from the Premises from and after the commencement of the work to be performed pursuant to Exhibit "B". Landlord agrees to furnish, or cause to be furnished, to the Premises at all times electricity for lighting and fractional horsepower office machines, freight and passenger elevator service, equipment associated with the operation of the ice skating rink and plaza and water for lavatory and drinking purposes, gas for the heating of water; and

heat and air-conditioning for the Tenant's comfortable use and occupation of the Premises with amounts provided in comparable office buildings in downtown Reno. Landlord shall not be liable for, and Tenant shall not be entitled to, any reduction of Rent (except as described in Section 7.3 above) by reason or on account of (x) the installation, use of or interruption of use of any equipment in connection with the furnishing of any of the foregoing services except as a result of Landlord's negligence; (y) the failure to furnish or delay in furnishing any of the foregoing services when such failure is caused by accident, breakage, repairs, strikes, lockouts, or other labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord, or by the making of any repairs or improvements to the Premises, or to the Building, or any portion of either; or (z) the limitation, curtailment, rationing or restrictions on use of water, electricity, gas or any other utility serving the Premises or the Building by any utility or governmental agency.

15.2 COMMON AREA MAINTENANCE. Tenant shall pay to Landlord for the maintenance of the Building Common Area and Common Area an amount equal to Tenant's Pro Rata Share on a square footage basis of the actual Common Area Maintenance Expenses as that term is defined in Section 15.3 of this Lease. Any increases in Common Area Maintenance Expenses shall not exceed three (3%) percent per annum, with the exception of real estate taxes, insurance and utilities, and other expenses outside the control of Landlord. Tenant shall have the right, exercisable no more than once each calendar year on reasonable notice and at a time reasonably acceptable to Landlord, to cause an audit at Tenant's sole cost and expense, of Landlord's books and records pertaining to Common Area Maintenance Expenses for the preceding 2 calendar years. In the event Landlord has overstated the Common Area Maintenance Expenses by more than 5% then, within 30 days after written demand by Tenant accompanied by verification of such overcharges, Landlord will reimburse Tenant for all overcharges plus the reasonable cost of Tenant's audit.

15.3 COST OF MAINTENANCE. Tenant shall reimburse Landlord for Tenant's Pro Rata Share of all Common Area Maintenance Expenses. The term "Common Area Maintenance Expenses" shall mean the total cost and expenses incurred by or on behalf of Landlord in connection with the administration, operation, maintenance, and repair of the Complex, including without limitation, the cost of cleaning, maintaining and repairing all portions of the Building Common Area and Common Area; all real and personal property taxes and assessments levied, imposed, or assessed upon the Complex during each Lease Year (collectively, "Taxes") except that Taxes shall not include any sales or use taxes, income taxes or other taxes on the income received by Landlord from the operation of the Complex; premiums for public liability insurance, casualty insurance, workers' compensation insurance, business interruption insurance or rent interruption insurance and such other insurance coverage as Landlord may from time to time determine to be necessary or appropriate; painting, facade maintenance, lighting, exterior maintenance and roof repairs; maintenance, repair and replacement of all heating, ventilation and air conditioning systems; gardening and landscaping; sign maintenance; electricity; water, gas, sewer, removal of trash, rubbish, garbage and other refuse; security; depreciation or rental on machinery or equipment used in such maintenance; the cost of personnel to implement such services; accounting fees and property management fees; and such other expenses which, according to generally accepted accounting principles would be considered to be common area maintenance expenses. Common Area Maintenance Expenses shall not include any leasing commissions paid by Landlord, any tenant improvements or other amounts expended by Landlord on behalf of any individual tenant or for which Landlord would be entitled to

reimbursement from any individual tenant or any portion of principal or interest paid by Landlord in connection with any mortgage loan encumbering the Complex. Notwithstanding anything to the contrary set forth above, the following items are specifically excluded from Common Area Maintenance Expenses: (i) repairs or other work occasioned by fire, windstorm, or other casualty of an insurance nature or by exercise of eminent domain, to the extent covered by insurance or condemnation proceeds, (ii) depreciation and amortization except for items specifically included above; (iii) items of a capital nature, including, but not limited to, capital improvements, or alterations, except to the extent that such capital improvements, or alterations are required by law or reduce the operating expenses of the Complex, in which event the total capital expenditure shall be amortized over the expected useful life of the improvement; (iv) expenses in connection with services or benefits of a type which are not provided to Tenant but which are provided to another tenant or occupant whether or not reimbursable by such other tenant; (v) costs incurred due to violation by Landlord or any other tenant of the terms and conditions of any other lease or agreement; (vi) any costs, fines, or penalties incurred due to violation by Landlord of any governmental rule, law or regulation or the noncompliance of the Complex with any rule, code, law or regulation; (vii) costs of sculpture, paintings or works of art; (viii) costs of correcting structural or other defects in any part of the Complex; (ix) costs relating to the testing, monitoring, control or renewal of any hazardous substances; (x) attorneys fees and other costs in connection with negotiating and drafting other leases within the Complex, or in connection with any disputes arising in connection with any lease or other tenant or occupant of the Complex; (xi) Landlord's general overhead and administrative expenses not relating directly to management and operation of the Complex; (xii) advertising and promotional expenses incurred with respect to leasing any part of the Complex; and (xiii) bad debt and uncollected rent. The administrative or management fee (to be determined by Landlord) shall not exceed fifteen percent (15%) of the Common Area Maintenance Expenses, however, such fee shall not exceed the fee that would be charged by an independent third party management company of comparable services for buildings of comparable size and quality in Washoe County.

16. DEFAULT

16.1 Any failure to pay any Rent as and when due, or any failure to perform or comply with any, covenant or condition of this Lease, shall constitute a default by Tenant under this Lease; provided, however, Tenant shall have a period of thirty (30) days from the date of written notice from Landlord within which to cure any default in the payment of Rent. Tenant shall have a period of thirty (30) days from the date of written notice from Landlord within which to cure any other default described in this Section 16.1 provided however, as to any curable default that is not reasonably susceptible to cure within such ten (10) day period, Tenant shall have an additional sixty (60) days to cure such default provided that Tenant shall have commenced the cure of such default within such thirty (30) day period and diligently prosecuted the completion of such cure thereafter. Should Tenant sublease or assign this lease said Subleasee or Assignee shall be in default for the abandonment or vacation of the Premises which for the purpose of this Article shall mean the cessation of business within the Premises for more than thirty (30) consecutive days whether or not Rent and other charges due hereunder have been paid. Subleasee or Assignee shall also be found to be in default for a general assignment for the benefit of creditors, or the filing by or against Subleasee or Assignee of any proceeding under any insolvency or bankruptcy law (unless in the case of a proceeding filed against Subleasee or Assignee the same is dismissed within sixty [60] days), or the appointment of a trustee or receiver to take possession of all or substantially all of the assets of Subleasee or Assignee

(unless possession is restored to Subleasee or Assignee within thirty [30] days), or any execution or other judicially-authorized seizure of all or substantially all of Subleasee or Assignee's assets located upon the Premises or of Subleasee or Assignee's interest in this Lease (unless such seizure is discharged within thirty [30] days).

16.2 Upon the occurrence of a default by Tenant which is not cured by Tenant within the applicable grace period, Landlord shall have all then rights and remedies available to Landlord at law or in equity, which include, but are not limited to the following: (i) declare the Lease terminated, reenter the Premises and take possession thereof and remove all persons therefrom, and Tenant shall have no further claim thereon or hereunder; or (ii) without declaring the Lease terminated, reenter the Premises and occupy the whole or any part thereof for and on account of Tenant and collect any unpaid rents and other charges which have become payable or which may thereafter become payable hereunder; or (iii) even though Landlord may have reentered the Premises, thereafter elect to terminate this Lease and all of the rights of Tenant in or to the Premises. In the event of the abandonment or vacation of the Premises by Tenant as described above, or in the event that Landlord shall elect to reenter the Premises as provided herein, or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, and if Landlord does not elect to terminate this Lease, then Landlord may from time to time either recover all rent as it becomes due or relet the Premises or any part thereof on such terms, conditions and rents as Landlord, in its sole discretion, may deem advisable specifically including, without limitation, the right to make alterations and repairs to the Premises.

16.3 Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and, following Landlord's failure to act within such thirty (30) day notice period, to the holder of any first mortgage or deed of trust covering the Premises, whose name and address shall have theretofore been furnished to Tenant in writing specifying wherein Landlord has failed to perform such obligation, provided if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In the case of a default by Landlord, prior to Tenant's exercise of any remedy, the holder of any first mortgage or deed of trust encumbering the Building shall have the right, but not the obligation, to cure such a default. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default, and Tenant's remedies shall be limited to an action at law for monetary damages. Nothing herein contained shall be interpreted to mean that Tenant is excused from paying Rent due hereunder as a result of any default by Landlord.

17. INDEMNITY; TENANT'S INSURANCE

17.1 Tenant agrees to indemnify and hold Landlord harmless from and against any and all loss, cost, liability, damage and expense, including without limitation reasonable Attorneys fees and costs, incurred in connection with or arising from: (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed; or (b) the use or occupancy or manner of use or occupancy of the Premises by Tenant, or any person, or entity claiming through or under Tenant; or (c) any acts, omissions or negligence of Tenant or of the contractors, agents, servants, employees,

visitors or licensees of Tenant, in, on or about the premises or the Building. The foregoing indemnity shall not apply to any loss, cost, liability, damage or expense to the extent caused by the negligence or misconduct of Landlord, its contractors, agents, or employees. Tenant's obligations under this Section 17.1 shall survive the termination of the Lease.

17.2 (a) for so long as the City of Reno is the Tenant under this Lease, Tenant may self-insure its obligations under Section 17.2(b). If the City of Reno assigns all or any portion of its interest in this Lease or enters into any sublease with respect to the Premises, each such assignee and sublessee shall be required to carry the insurance required of Tenant under Section 17.2(b)

(b) Tenant shall procure at its cost and expense and keep in effect during the Term comprehensive general liability insurance, including, without limitation contractual liability for Tenant's indemnity obligation contained in Section 17.1 and specific coverage of risks arising out of any activities of Tenant pursuant to Articles 6 and 7, with a combined single limit of liability in an amount equal to the amount set forth in the Summary. Such coverage shall be in a comprehensive general liability form with at least the following endorsements to the extent such endorsements are generally available: (i) deleting any employee exclusion on personal injury coverage, (ii) including employees as additional insured, (iii) providing for blanket contractual coverage, broad form property damage coverage and products completed operations coverage (where applicable), (iv) deleting any liquor liability exclusions, and (v) providing for coverage of employees automobile non-ownership liability. Such insurance shall name Landlord and any other party designated by Landlord as an additional insured (provided such additional insured has an interest in the Premises, Building, or Complex), shall specifically include the liability assumed hereunder by Tenant, shall provide that it is primary insurance and not excess over or contributory with any other valid, existing and applicable insurance covering the same loss carried by Landlord or any other party, shall provide for severability of interests, shall further provide that an act or omission of one of the named insured which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period, and shall provide that Landlord will receive thirty (30) days written notice from the insurer prior to any cancellation or change of coverage. Tenant shall deliver policies of such insurance or certificates thereof to Landlord on or before the Commencement Date, and thereafter at least thirty (30) days before the expiration dates of expiring policies; and in the event Tenant shall fail to procure such insurance, or to deliver such policies or certificates, Landlord may, at its option, procure same for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor. Tenant shall be responsible, at its cost and expense, for separately insuring Tenant's property.

17.3 Landlord shall indemnify and hold Tenant harmless from and against any and all loss, cost, liability, damage and expense, including, without limitation, reasonable attorneys fees and costs, arising out of any injury to any person or property in or about the Premises, the Building, the Building Common Area and the Common Area included in connection with or arising from the negligence or willful misconduct of Landlord or Landlord's contractors, agents, or employees. Landlord shall not be responsible for, and Tenant hereby waives all claims against Landlord for, injury, loss or damage, including, without limitation, those related to theft, burst, stopped or leaking water, gas, sewer or steam pipe or gas, fire, oil or electricity in, on or

about the Premises or the Building, which results from any cause whatsoever other than Landlord's negligence or willful misconduct or the negligence or willful misconduct of Landlord's contractors, agents, or employees; subject, however, to Tenant's right to abatement of Rent as set forth in Section 7.3 hereof.

17.4 Notwithstanding anything to the contrary contained herein, to the extent of the insurance required hereunder to be carried, or to the extent of insurance proceeds that would have been received if such party were not self-insured, Landlord and Tenant each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance with respect to the Building or any portion thereof or the contents of any of the same, for any loss or damage maintained by such other party with respect to the Building, or the Premises or any portion of any thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party.

18. ACCESS TO PREMISES; QUIET ENJOYMENT. Landlord, its agents and representatives shall have the right to enter the Premises at all reasonable times and, except in cases of emergency, after giving Tenant reasonable notice for any reasonable purpose of Landlord. If any work is to be performed in the Premises after normal business hours (excluding emergency repairs), Landlord shall provide Tenant with a minimum of 48 hours advance notice of such work. Rent shall not abate as a result thereof Landlord shall use reasonable efforts to minimize any interference with Tenant's use of the Premises for its normal business purposes. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises or any other loss caused by Landlord's entry except to the extent Landlord has not used reasonable efforts to minimize any interference with Tenant's use of the Premises for its normal business purposes in connection with such entry or to the extent that rent may be abated pursuant to Article 11 herein. No entry by Landlord which is permitted pursuant to the terms of this Lease shall be construed or deemed to be a forcible or unlawful entry into, or a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof.

19. NOTICES. Notices or other communications under this Lease shall be effective only if given in writing, sent by certified mail with a return receipt requested or delivered personally: (a) to Tenant (i) at Tenant's address set forth in the Summary, if sent prior to Tenant's taking possession of the Premises, or (ii) at the Premises, if sent subsequent to Tenant's taking possession of the Premises; or (b) to Landlord at Landlord's address set forth in the Summary; or (c) to either Landlord or Tenant at such other address as either Landlord or Tenant may designate as its new address for such purpose by notice given to the other in accordance with the provisions of this Article.

20. ESTOPPEL CERTIFICATES. Tenant, at any time and from time to time upon not less than ten (10) days prior written notice from Landlord, will execute, acknowledge and deliver to Landlord a certificate in substantially the form attached hereto as Exhibit C. Any such certificate may be relied upon by Landlord and by any prospective purchaser or mortgagee considering the purchase of or a loan on all or any part of the Building or any interest therein.

21. TAX ON TENANT'S PERSONAL PROPERTY. The provisions of this Article 21 shall not apply if Tenant is a tax-exempt entity. At least ten (10) days prior to delinquency, Tenant shall pay all taxes levied or assessed upon Tenant's Property and shall deliver satisfactory

evidence of such payment to Landlord. If, as determined by Landlord, the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon Tenant's Property, Tenant shall promptly pay such increased amount to Landlord.

22. SECURITY DEPOSIT. There is no security deposit for this Lease.

23. FORCE MAJEURE. If either Landlord or Tenant is unable to fulfill or is delayed in fulfilling any of their respective obligations under this Lease, by reason of acts of God, accidents, repairs, labor disputes, inability to obtain utilities or materials or by any other reason beyond its reasonable control (collectively, "FORCE MAJEURE delay"), then such party shall be excused from performing such obligation for so long as such Force Majeure Delay exists. In no event will a Force Majeure Delay apply to the inability of Tenant to perform any monetary obligation, such as the obligation to pay rent. Landlord and Tenant shall not be relieved of their respective obligations by virtue of the inability of the other party to perform an obligation as a result of a Force Majeure Delay. Tenant shall not have a claim for any inconvenience, annoyance, interruption, injury or loss to or interference with the use and occupancy or quiet enjoyment of the Premises, or any loss or damage occasioned thereby, by virtue of the inability of the Landlord to perform an obligation as a result of a Force Majeure Delay. Tenant hereby waives and releases any right to terminate this Lease under Nevada law or under any similar law, Statute or ordinance now or hereafter in effect. Nothing in this Article, however, abrogates the right of Tenant to an abatement of rent pursuant to Article 11.

24. MISCELLANEOUS.

24.1 The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one Tenant, the obligations under this Lease imposed on Tenant shall be joint and several. The captions preceding the articles of this Lease have been inserted solely as a matter of convenience and such captions in no way define or limit the scope or intent of any provision of this Lease.

24.2 The terms, covenants and conditions contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided herein, their respective personal representatives and successors and assigns.

24.3 Any provision of this Lease which shall prove to be invalid, void, illegal or unenforceable shall in no way affect, impair or invalidate any other provisions of this Lease, and such other provisions and this Lease shall remain in full force and effect.

24.4 This Lease shall be construed and enforced in accordance with the laws of the State of Nevada.

24.5 This instrument, including the exhibits hereto, which are made a part of this Lease, contains the entire agreement between the parties and all prior negotiations and agreements are merged herein.

24.6 If Tenant shall retain possession of the Premises or any part thereof without Landlord's consent following the expiration or sooner termination of this Lease for any reason, then Tenant shall pay to Landlord one hundred twenty-five percent (125%) of the Rent in effect

immediately prior to the date of such expiration and shall be deemed to have created a tenancy from month to month, terminable on thirty (30) days written notice by either party.

24.7 In the event that Landlord incurs any liability to Tenant as a result of any default(s) by Landlord hereunder, Tenant shall look solely to Landlord's interest in the Building and the land on which the Building is located for the satisfaction of Tenant's remedies for any such liability.

24.8 Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

24.9 Tenant shall faithfully observe and comply with the rules and regulations attached to this Lease as Exhibit D (the "Rules and Regulations"). Landlord shall use reasonable efforts to enforce the Rules and Regulations against other tenants or occupants, but shall not be responsible for the nonperformance of the Rules and Regulations by any other tenants or occupants. In the event of any conflict between the terms and conditions of this Lease and the terms and conditions of the Rules and Regulations, this Lease shall control.

24.10 The waiver by Landlord or Tenant of the other party's failure to perform or observe any provision of this Lease shall not be deemed to be a continuing waiver of such provision or a waiver of any subsequent failure to perform or observe the same or any other such provision, and no custom or practice which may develop between the parties during the Term shall be deemed a waiver of, or in any way affect, the right of Landlord or Tenant to insist upon performance and observance by the other party in strict accordance with the terms of this Lease. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding failure of Tenant to perform or observe any provision of this Lease, other than the failure of Tenant to pay the particular rent so accepted, irrespective of any knowledge on the part of Landlord of such preceding failure at the time of acceptance of such rent.

24.11 This Lease maybe executed in counterparts, each of which shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument.

25. ASBESTOS AND ENVIRONMENTAL MATTERS.

25.1 Asbestos.

Tenant hereby acknowledges there is no requirement at this time that Landlord take remedial action affecting the Premises or the Building because of the presence of asbestos. If, however, at any time during the Term of the Lease, any removal, cleanup or any other work in connection with asbestos is required in or about the Premises by any law, ordinance, order, rule, regulation or statute of any governmental or quasi-governmental entity or political subdivision, Landlord shall be responsible for promptly performing such required removal, cleanup or other work at Landlord's sole expense. The indemnity obligations of Landlord set forth in this Article and in Section 17.3 of this Lease shall apply to any such removal, clean-up or any other work. In addition, Landlord shall indemnify and hold Tenant harmless from and against any and all loss, cost, liability, damage and expense incurred by Tenant during the Term of this Lease and arising directly out of the existence of asbestos on the Premises or in the Building.

25.2 Environmental Matters.

(a) Tenant's Responsibilities. Tenant shall at all times and in all respects comply with all Laws (as defined below) relating to industrial hygiene, environmental protection and the use, analysis, generation, emission, manufacture, storage, disposal or transportation of any Hazardous Material (as defined below) in, on, under or about the Premises, except to the extent that any Hazardous Material was brought onto the Premises by Landlord, its agents, employees or contractors.

(b) Tenant's Indemnity. Tenant shall indemnify, defend, protect and hold harmless Landlord, and each of Landlord's successors and assigns, from and against any and all claims, liabilities, penalties, forfeitures, losses or expenses (including reasonable attorneys' fees) arising from or caused in whole or in part, directly or indirectly, by (i) the use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of Hazardous Materials to, in, on, under, about or from the Premises by Tenant, its agents, employees or contractors, or (ii) Tenant's failure to comply with any Laws. Tenant's obligations hereunder shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any investigation (including reasonable consultant's and attorneys' fees) required or necessary repair, remediation, restoration, cleanup or detoxification or decontamination of the Premises (but only if affected as a result of Tenant's activities on the Premises or Tenant's use of the Premises) and the preparation and implementation of any closure, remedial action or other required plans in connection therewith. For purposes of the indemnity provisions hereof, any acts or omissions of Tenant or its employees or agents or others acting under its or their control (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant.

(c) Tenant's Costs. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises is caused by Tenant, its agents, employees or contractors and results in any contamination of the Premises, Tenant shall, to the extent required by law, promptly take all actions as are necessary, at Tenant's sole cost, to clean up and/or remediate such Hazardous Material.

(d) Tenant's Obligations to Notify. Tenant shall immediately notify Landlord in writing of: (i) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened pursuant to any Laws; (ii) any claim made or threatened by any person against Tenant, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from or claimed to result from any Hazardous Materials; and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials in, emanating from or removed from the Premises, including any complaints, notices, warnings or asserted violations in connection therewith. Tenant shall also provide to Landlord as promptly as possible, and in any event within fifteen (15) business days after Tenant first receives or sends same, copies of all claims, reports, complaints, notices, citations, report warnings or asserted violations relating in any way to the Premises, or Tenant's use thereof, and involving failure by Tenant or the Premises to comply with any Law. Tenant shall promptly deliver to Landlord copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises.

(e) Definitions. As used herein, the term "Hazardous Material" means any oil, flammable explosive, asbestos, urea-formaldehyde, radioactive material, vapor, solvent, contaminated or

polluting material, hazardous or toxic substance or waste which is or becomes regulated by any local governmental authority, the State of Nevada or the United States Government, designated as a "hazardous substance" pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. Section 1317), defined as a "hazardous waste" pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., or defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq.

26. TERMINATION RIGHT. Tenant may terminate the Lease at anytime following the first five (5) years of the Lease but shall have given written notice to Landlord at least ninety (90) days prior to proposed early termination date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS HEREOF Landlord and Tenant have executed this Lease the day and year first written above.

CITY OF RENO, NEVADA

REAL ESTATE AFFILIATES, INC.

By: _____
Robert A. Cashell, Sr.
Mayor

By: _____
Alan Gottlieb, President

ATTEST:

By: _____
Lynnette R. Jones
City Clerk

APPROVED AS TO FORM

By: _____
Jonathan D. Shipman
Deputy City Attorney

EXHIBIT A - FLOOR PLAN(S)

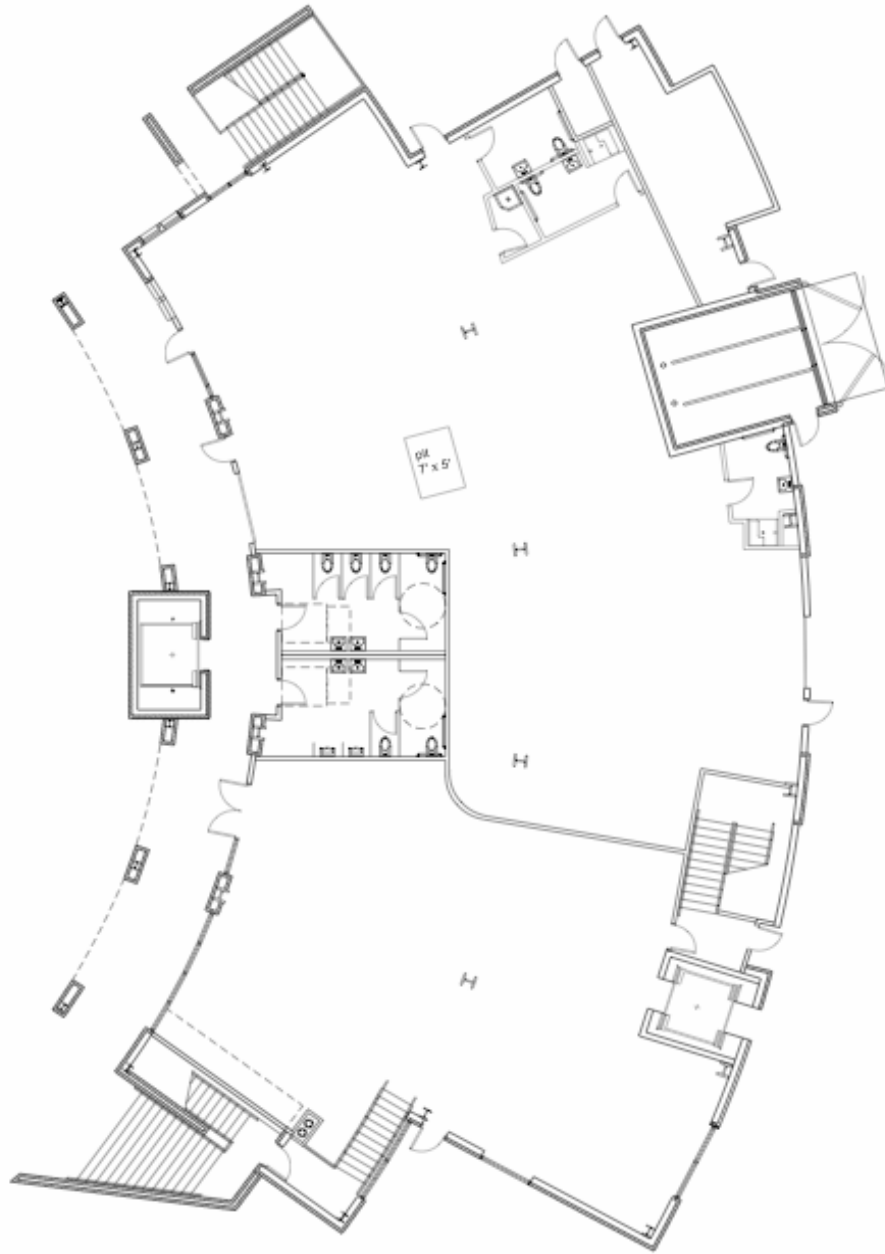


EXHIBIT B
CONSTRUCTION PROVISIONS FOR ICE SKATING RINK AND
PLAZA SUPPORT FACILITY

I. LANDLORD'S WORK

A. Landlord, at its cost and expense, will construct the Premises in accordance with Landlord's plans and specifications prepared by Landlord, or Landlord's architect, inclusive of items 1 through 15 described below hereinafter "Landlord's Work"):

1. Walls - Standard demising walls consisting of unpainted masonry or drywall over studs in a ready for paint condition.
2. Ceiling - 2' x 4' acoustical tile in suspended T-Bar System.
3. Floor - Standard natural colored concrete slab.
4. Heating/Air Conditioning - Standard HVAC system consistent (1.0 Ton per 400square feet) with Title 24 requirements. Air conditioning will not be provided for special use such as dry cleaning plants, laundries, restaurant kitchens and the like. Additional HVAC requirements resulting from City of Reno's use or interior design will be at City of Reno's expense.
5. Electrical Outlets - 110 volt duplex outlet(s) per Landlord's building standard quantity and distribution in stud walls.
6. Telephone Outlet - One (1) outlet and conduit for use by Tenant's telephone installation contractor.
7. Light Switch - One (1) duplex light switch, consistent with Title 24 requirements.
8. Light Fixture - One (1) standard 2' x 4' fluorescent fixture for every 80 square feet of usable floor area, up to a maximum of 15 fixtures.
9. Restroom - Two (2) restrooms built to specifications to be mutually approved by City and Landlord.
10. Electrical Service - 200 amps - 3 phase, 30 circuit service panel with 120/208 volt power, 3 phase, 4 wire system.
11. One (1) Fascia sign circuit with J-Box (20 amp) with connection to House Meter and Timer.
12. Sewer - All laterals, hookup charges, and capacity fees paid for by Landlord on unimproved shell. Additional fees and costs due to Tenant's specific use will be paid by Tenant.

13. Water - Water service for irrigation and standard building requirements. Individual meters and lines required by or of Tenant shall be at Tenant's expense.
14. Gas Lines - One inch (1") gas line stubbed to space, if required by Tenant's use.
15. Chillers and associated equipment – Developer will install the chillers and associated equipment on the roof of the commercial building at no additional cost.

16. Construction Allowance. Notwithstanding anything to the contrary contained in this Exhibit “B”, and provided Tenant is not in default under this Lease, Landlord agrees to contribute the sum of Forty Three Thousand Dollars (\$43,000). Said sum is based upon an allowance of Ten Dollars (\$10.00) per square foot and is hereafter referred to as "Construction Allowance".

Landlord shall pay to Tenant the Construction Allowance within sixty-five (65) days after requirements 1 through 9 below are satisfied:

1. A building permit for Tenant’s Work has been issued and a copy of the building permit has been delivered to Landlord;
 2. Tenant has delivered to Landlord executed unconditional lien waivers and releases, in statutory form, for all contractors, subcontractors and material men who performed work or supplied materials in connection with the completion of Tenant's Work, and all applicable statutory lien periods have expired and no liens have been recorded against the Premises or the Shopping Center;
 3. All required inspections of Tenant's Work by governmental agencies have taken place and the completed Tenant’s Work has passed such inspections;
 4. Tenant has submitted to Landlord a copy of all building permits with all sign-offs executed;
 5. Tenant has completed Tenant’s Work;
 6. Tenant has opened for business to the public in the Premises;
 7. Tenant has submitted to Landlord a conformed copy of Tenant’s recorded Notice of Completion, prepared and recorded in accordance with statutory requirements;
 8. Tenant has delivered to Landlord a Certificate of Occupancy for the Premises;
- and

9. Tenant is not in default of any provisions of the Lease and has paid to Landlord all amounts owing to Landlord pursuant to the Lease as of the date reimbursement is to be made.

B. Any work in addition to items 1 through 15 outlined above shall be provided by Tenant at its sole cost and expense. Any equipment or work other than those items specifically enumerated in items 1 through 15 outlined above, which Landlord installs or constructs in the Premises on Tenant's behalf, shall be paid for by Tenant within fifteen (15) days after receipt of a bill therefore. Said bill will be inclusive of Landlord's cost plus supervision, architectural and engineering expenses.

C. Credits/Offsets. In addition to the Construction Allowance set forth above, the Landlord agrees to contribute a mutually agreeable amount of Fifty Four Thousand Two Hundred Sixty Dollars and No Cents (\$54,260.00) to the Tenant as a credit/offset for various tenant improvement costs listed in Exhibit B-1.

EXHIBIT C - ESTOPPEL CERTIFICATE

TENANT ESTOPPEL LETTER

Lease dated _____, by and between by and between REAL ESTATE AFFILIATES, INC., a California Corporation ("Landlord"), and CITY OF RENO, a municipal corporation of the State of Nevada ("Tenant") on premises located at 10 N. Virginia Street, Ste. _____, Reno, NV 89501.

The undersigned, as Tenant, hereby confirms the following:

- (1) Tenant has accepted possession of the premises demised pursuant to the terms of the captioned Lease.
- (2) The improvements and space required to be furnished according to the captioned Lease have been completed.
- (3) All common areas have been completed, all required parking spaces have been furnished and/or all parking ratios have been met.
- (4) There are no off-sets or credits against rentals, nor have rentals been prepaid except as provided by the Lease terms.
- (5) Landlord has complied with all requirements of an inducement nature relating to construction as required by the captioned Lease.
- (6) Tenant has no knowledge of any default which presently exists or any condition which with the passage of time or giving of notice would become a default under the terms of the captioned Lease.
- (7) Rental payments commence upon possession.
- (8) The initial lease term begins: _____
and ends: _____
- (9) The captioned Lease is in full force and effect and has not been modified, supplemented, or amended in any way, except as follows:

IN WITNESS THEREOF, Tenant has executed this instrument this the ____ day of _____,
_____.

By: _____

EXHIBIT D - RULES AND REGULATIONS

Landlord hereby establishes the following rules and regulations for the safety, care and cleanliness of (i) the store areas (hereinafter referred to as the "premises") of any tenant or tenants of the Complex (hereinafter referred to as the "tenant"); (ii) the common area; and (iii) the Complex in general, or for the preservation of good order:

A. FOR THE BUILDING AREA:

1. All floor areas of the premises (including vestibules, entrances, and air returns), doors, fixtures, windows, and plate glass shall be maintained in a clean, safe and good condition.
2. All trash, refuse, and waste materials shall be stored in adequate containers and regularly removed from the premises. These containers shall not be visible to the general public and shall not constitute a health or fire hazard, or a nuisance to any other tenant. In the event that any tenant shall fail to remedy such a health or fire hazard, or nuisance, within five (5) days after written notice by Landlord, Landlord may remedy and/or correct such health or fire hazard or nuisance at the expense of the tenant involved.
3. No portion of the premises shall be used for lodging purposes.
4. Neither sidewalks nor walkways shall be used to display, store, or place any merchandise, equipment or devices, except in connection with sidewalk sales held with Landlord's prior written approval. The roof of the premises shall not be used for the storage of merchandise or equipment.
5. No public telephone, newsstand, shoeshine stand, refreshment, vending or other coin operated machine shall be installed or placed on the sidewalk or walkway area adjacent to the premises or on the Common Areas without Landlord's prior written approval in each instance.
6. No person or persons shall use the premises, or any part thereof, for conducting therein a second-hand store, auction, distress or fire sale or bankruptcy sale, or "going-out-of-business" sale or "lost our lease" sale, without Landlord's prior written consent.
7. No portion of the premises shall be used for the storage of any merchandise, materials or other properties, other than those reasonably necessary for the operation of a tenant's business. Landlord may, from time to time, inspect the premises to insure compliance with the foregoing provisions.
8. Except for professionally prepared signs, Tenant shall not black out or otherwise obstruct the windows of the premises, without Landlord's prior written consent.
9. If a tenant provides its customers with the use of shopping carts and/or baskets, such tenant shall be responsible for causing said carts and/or baskets to be stored only in areas designated by Landlord. If such tenant fails to routinely collect and store said carts as necessary

(at least twice on a daily basis), Landlord may assume the responsibility of same and may bill the tenant involved on an estimated monthly basis for such service.

B. FOR THE COMMON AREAS:

1. All tenants and their authorized representatives and invitees shall use any roadway, walkway, or mall only for ingress and egress from the stores in the Complex. Use of the Common Areas shall be in an orderly manner in accordance with directional or other signs or guides. Roadways shall not be used at a speed in excess of ten (10) miles per hour and shall not be used for parking or stopping, except for the immediate loading or unloading of passengers. Walkways and malls shall be used only for pedestrian travel.

2. All tenants and their authorized representatives and invitees shall not use the parking areas for anything but parking motor vehicles. All motor vehicles shall be parked in an orderly manner within the painted lines defining the individual parking places. During peak periods of business activity, Landlord can impose any and all controls Landlord deems necessary to operate the parking lot including, but not limited to, the length of time for parking use.

3. No person shall use any utility area or truck loading area reserved for use in conducting business, except for the specific purpose for which permission to use these areas has been given.

4. No employee shall use any area for motor vehicle parking except the area specifically designated for employee parking for the particular period of time the use of to be made. No tenant shall designate an area for employee parking except the area designated in writing by Landlord.

5. Without the prior written consent of Landlord, no person shall use any of the Common Areas for (i) vending, peddling or soliciting orders for sale or distributing of any merchandise, device, service, periodical, book, pamphlet, or other matter; (ii) exhibiting any non-professional sign, placard, banner, notice or other written material or distributing any circular, booklet, handbill, placard, or other material; (iii) soliciting membership in any organization, group, or association, or soliciting contributions for any purpose or parading, patrolling, picketing, demonstrating, or engaging in conduct that might interfere with the use of the Common Areas or be detrimental to any of the business establishments in the Complex; (iv) using the Common Areas for any purpose when none of the business establishments in the Complex are open for business; (v) discarding any paper, glass, or extraneous matter of any kind, except in designated receptacles; (vi) using a sound-making device that is grossly annoying or unpleasant to the general public; or (vii) damaging any sign, light standard, or fixture, landscaping material or other improvement or property within the Complex.

The above listing of specific prohibitions is not intended to be exclusive, but is intended to indicate the manner in which the right to use the Common Areas solely as a means of access and convenience in shopping at the business establishments in the Complex is limited and controlled by Landlord.