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### **GROUND LEASE**

THIS GROUND LEASE is entered into as of the \_\_\_\_th day of \_\_\_\_\_, 2013, by and between the Nevada System of Higher Education, ("NSHE"), the Lessor, and Nevada Real Property Corporation ("NRPC"), the Lessee. This agreement is hereinafter referred to as the "Ground Lease."

### **RECITALS**

A. NSHE is the owner of certain real property described in Exhibit A (collectively, the "Premises") and desires to lease the Premises to NRPC for use as the site for the construction of [project description] (the "Project") which, for purposes of this Ground Lease, includes any changes or amendments to the Project actually constructed, as permitted in the Lease-Purchase Agreement; and

B. The Project and the Premises are to be subleased back to the State of Nevada (the "STATE") acting by and through NSHE under a lease-purchase agreement between the State acting by and through NSHE and NRPC (the "Lease-Purchase Agreement") in accordance with NRS 353.500 through 353.630, inclusive (the "Act"); and

C. In accordance with NRS 353.600, the State Land Registrar has been authorized to acknowledge [and accept] this Ground Lease after submitting the proposed Ground Lease to the State Treasurer and the Chief of the Budget Division of the Department of Administration for review and receipt of the approval of the State Board of Examiners and State Board of Finance;

D. In accordance with NRS 396.430, this Ground Lease has been approved by the Governor; and

E. The Lease-Purchase Agreement, proposed by NSHE to be entered into with NRPC to lease back the Premises and Project for use of the STATE acting by and through NSHE, has been authorized pursuant to NRS 353.550; and

F. NRPC intends to lease the Premises pursuant to this Ground Lease, to cause the Project to be constructed thereon and to lease the Project and Premises to the STATE acting by

and through NSHE for use of NSHE or other lawful purpose pursuant to the Lease-Purchase Agreement entered into coincidentally herewith; and

G. It is anticipated that the cost of constructing the Project will in part be financed by the issuance of certificates of participation in the payments the STATE will make under the Lease-Purchase Agreement; and

H. NSHE and NRPC acknowledge that there shall be no merger of the leasehold interest of NSHE or the STATE under the Lease-Purchase Agreement and NSHE's ownership interest in the Premises, which merger would cause the cancellation or termination of this Ground Lease.

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

1. Recitals. The parties acknowledge the foregoing Recitals are true and are incorporated into this Ground Lease as if set forth in full.

2. Premises. NSHE hereby leases to NRPC, subject to the conditions expressed herein, certain real property comprising the Premises located in Henderson, Nevada, specifically described in Exhibit A attached hereto and incorporated herein.

3. Term. The Term of this Ground Lease shall commence on the date hereof set forth above and shall end thirty five (35) years after the date hereof set forth above.

4. Rent. NRPC agrees to pay rent as follows:

a. So long as the Lease-Purchase Agreement remains in effect, annual rent shall be the nominal sum of ONE DOLLAR (\$1.00) per year payable on or before July 31 of each year commencing July 31, 2014; or

b. Upon termination of the Lease-Purchase Agreement except coincidentally with the termination of this Ground Lease pursuant to paragraph 8 hereof, annual rent shall be the sum of \$69,614.25 (Sixty-Nine Thousand Six Hundred Fourteen and 25/100 Dollars) per year, which has been determined by the State Land Registrar in consultation with the State Treasurer to be the fair rental value of the Premises as of the date this Ground Lease is executed. Annual rent payments received to date shall be applied to the first \$35 of annual rent coming due hereunder is hereby acknowledged by NSHE.

5. Development. NRPC shall have the right to use the Premises to develop, acquire and construct portions of the Project in accordance with the Lease-Purchase Agreement. In the event the Lease-Purchase Agreement expires or is terminated for any reason except by NSHE as provided in Section 8 below, NRPC and its successors and assigns may use the Premises and all improvements thereon for any lawful purpose [to be confirmed by title report].

6. Permanent Easements. At NRPC's reasonable request or as NSHE determines may be reasonably required, NSHE shall grant to public entities, public service corporations, or to others such rights-of-way, utility, or other permanent easements on, over or through the Premises for telephone, electricity, cables, water, sanitary or storm sewers or both, site drainage

and for other utilities and municipal, special district or utility services necessary or appropriate to serve the Project. NRPC hereby consents to any such rights of way and utility or other permanent easements granted by NSHE.

7. Assignments and Transfers.

a. NRPC may sublease the Premises to NSHE under the Lease-Purchase Agreement and subject to the rights of NSHE under the Lease-Purchase Agreement, shall have the right to assign this Ground Lease to the Trustee under the Indenture (as such terms are defined in the Lease-Purchase Agreement). NRPC shall give NSHE prior notice of any such an assignment and provide a true copy of all documents evidencing such assignment.

b. If the Lease-Purchase Agreement is terminated other than as provided in Section 8 hereof, the Trustee, as the assignee of NRPC, may assign, sublease or otherwise transfer all or any portion of its interest in the Premises and all improvements thereon to any person to be used for any lawful purpose, subject however, to the terms of this Ground Lease.

c. NSHE may not assign, pledge or otherwise transfer all or any portion of its interest in the Premises and the Ground Lease during the term hereof without consent of Trustee which will not be unreasonable withheld. This section does not apply to transfers of rights of way or easements as allowed by Section 6 hereof.

8. Optional Termination. If the Lease-Purchase Agreement is terminated as provided in Section 3.2 (b) or (e) of the Lease-Purchase Agreement, this Ground Lease shall automatically terminate and all alterations, improvements, replacements and appurtenances on or to the Premises, including the Project, shall be deemed to be part of the Premises and shall revert to NSHE and shall become the sole and absolute property of NSHE.

9. Hazardous/Materials. NRPC shall not, nor shall it allow others to, accumulate, use, or store on the Premises materials classified as hazardous, biomedical or toxic waste except in compliance with all state, federal, or local laws, rules or regulations. NRPC shall comply with any lawful order by an entity reposed with NRPC to regulate the use, accumulation, storage or disposal of hazardous waste. NRPC shall not be responsible for any of such materials placed on the Premises by or through NSHE or caused or allowed to be caused by NSHE prior to or during any term of the Lease-Purchase Agreement.

10. Zoning/Building Restrictions. This Ground Lease is subject to all applicable zoning ordinances and restrictions and all limitations of record, and is subject to any and all easements for public utilities of record. NSHE warrants that such ordinances, restrictions, limitations and easements do not prevent the use of the Premises as provided for in the Lease-Purchase Agreement.

11. Waste and Nuisance Prohibited. During the term of this Ground Lease, NRPC shall comply with all applicable laws affecting the Premises, the violation of which might result in any penalty assessed upon NSHE or forfeiture of NSHE's title to the Premises. NRPC shall not commit, or suffer to be committed, or permit or cause to be permitted, any waste on the Premises or improvements, or any nuisance.

12. Remedies and Forbearance/Waivers. No delay or omission on the part of NSHE or NRPC to exercise any right or power granted herein shall impair any such right or power nor shall be construed as a waiver thereof, and every such right or power may nevertheless be exercised.

13. Officials, Agents, and Employees Not Personally Liable. It is agreed that in no event shall any official, officer, employee or agent of NRPC, nor any official, officer, employee or agent of NSHE be in any way personally liable or responsible for any covenant or agreement herein contained, whether expressed or implied, nor for any statement, representation or warranty made herein or in any way connected with this Ground Lease.

14. Quiet Enjoyment. NSHE covenants that NRPC shall have the peaceful and quiet enjoyment of the Premises for the term of the Ground Lease.

15. Right of Entry. NRPC shall permit NSHE and the agents and employees of NSHE to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same, or for the purpose of posting notices of non-responsibility for alterations, additions, or repairs, without any rebate of rent and without any liability to NRPC for any loss of occupancy or quiet enjoyment of the Premises thereby occasioned; provided, however, that NSHE shall first give twenty four (24) hours written notice of its desire to inspect the Premises and such inspection shall be accompanied by a designated representative of NRPC. Such notice and inspection procedures shall not apply during any term of the Project Lease.

16. Default.

a. In the event NSHE shall at any time deem NRPC to be in breach of this Ground Lease, NSHE shall promptly notify NRPC, in writing, stating specifically the nature of any such alleged breach. NRPC shall not be deemed to be in default hereunder unless NRPC fails to commence to cure any such default within thirty (30) calendar days after its receipt of such written notice and to diligently proceed to cure such default within a reasonable time. In the event of default NSHE shall have all rights and remedies provided by law.

b. NSHE agrees that in the event of a default by the NRPC under this Ground Lease, NSHE may not terminate the Trustee's interest under this Ground Lease, but may only terminate the NRPC's interest in this Ground Lease. The Trustee's interest in the Ground Lease as an assignee shall remain notwithstanding any default by the NRPC. NSHE may bring an action against the Trustee for specific performance of any provision hereof which is not being performed by the Trustee as assignee of NRPC; however, the Trustee may abandon this Ground Lease in the circumstances provided in the Indenture.

17. Attorney Fees and Costs. In the event that either party to this Ground Lease shall enforce any of the provisions hereof in any action at law or in equity, the prevailing party to such litigation shall be entitled to recover from the other party or parties all costs and expenses, including reasonable attorney fees, incurred therein.

18. Amendments. This Ground Lease shall not be modified except in writing signed by all parties to be bound.

19. Execution of Documents. The parties agree that they shall sign or cause to be signed all documents necessary to the effectuation of this Ground Lease or any of the provisions herein.

20. Warranty of Title. NSHE warrants that it has the power and authority to enter into this Ground Lease and that the execution and delivery of this Ground Lease and the performance of the contractual obligations set forth herein are not in violation of any federal, state, or local statute, ordinance, rule or regulation and that no consents not already obtained are required. NSHE further warrants that it has good and marketable title to the property described in Exhibit A, free and clear of all claims, liens and encumbrances except as shown in Exhibits A.

21. Notices. All notices under this Ground Lease shall be in writing and shall be deemed to have been duly given on the date of service if served personally on the party to whom notice is to be given, or on the date of mailing if mailed to the party to whom notice is to be given by registered or certified United States mail, postage prepaid, and properly addressed as follows:

If to NSHE: Vice Chancellor for Finance and Administration  
Nevada System of Higher Education  
2601 Enterprise Road  
Reno, Nevada 89512  
Telephone:  
Facsimile:  
Email:

With a copy to:

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Nevada State College  
[address]  
Henderson, NV

If to the State: State Treasurer  
101 N. Carson , #4  
Carson City, NV 89701  
Telephone:  
Facsimile:  
Email:

If to NRPC: President  
Nevada Real Property Corporation  
101 N. Carson , #4  
Carson City, NV 89701  
Telephone:  
Facsimile:  
Email:

The addresses provided above may be changed and additional addresses or notices may be specified from time to time by notice given in writing in accordance with this Section.

22. Binding Effect. This Ground Lease shall be binding upon and shall inure to the benefit of the heirs, personal representatives, successors and assigns of the parties.

23. Severability. In the event any provision of this Ground Lease shall be held invalid or unenforceable according to law, the validity, legality or enforceability of the remaining provisions and the application thereof shall not in any way be affected or impaired.

24. Headings. Section headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provisions of this Ground Lease.

25. Counterparts. This Ground Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

26. Time of the Essence. Time is of the essence of this Ground Lease, and of each and every covenant, term, condition, and provisions thereof.

27. Recording Copy. Either party may, at its option and expense, record this Ground Lease.

28. Governing Law. This Ground Lease and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada. The parties hereto consent to the jurisdiction of the Nevada district courts for enforcement of this Ground Lease.

IN WITNESS WHEREOF, the parties have caused this Ground Lease to be executed effective as of the day and year first above written.

LESSOR:

NEVADA SYSTEM OF HIGHER  
EDUCATION

By: \_\_\_\_\_  
Chancellor

LESSEE:

NEVADA REAL PROPERTY  
CORPORATION

By: \_\_\_\_\_  
its President

APPROVED BY:

\_\_\_\_\_  
Brian Sandoval, Governor, State of Nevada

ACKNOWLEDGED AND APPROVED BY:  
STATE OF NEVADA  
Division of State Lands

By: \_\_\_\_\_  
Administrator and Ex-Officio  
State Land Registrar

APPROVED AS TO FORM:  
Attorney General

By: \_\_\_\_\_



STATE OF NEVADA            )  
  ) ss.  
\_\_\_\_\_                            )

On \_\_\_\_\_, 2013, personally appeared before me, a Notary Public, Dan  
Klaich, Chancellor, Nevada System of Higher Education, who acknowledged that he executed  
the above instrument.

\_\_\_\_\_  
NOTARY PUBLIC

(Seal)

STATE OF NEVADA            )  
  ) ss.  
\_\_\_\_\_                        )

On \_\_\_\_\_, 2013, personally appeared before me, a Notary Public,  
\_\_\_\_\_, President of the Nevada Real Property Corporation, who acknowledged  
that she executed the above instrument.

\_\_\_\_\_  
NOTARY PUBLIC

(Seal)

STATE OF NEVADA            )  
  ) ss.  
\_\_\_\_\_                        )

On \_\_\_\_\_, 2013, personally appeared before me, a Notary Public, Brian Sandoval, Governor of the State of Nevada, who acknowledged that he executed the above instrument.

\_\_\_\_\_  
NOTARY PUBLIC

(Seal)

STATE OF NEVADA            )  
  ) ss.  
\_\_\_\_\_                        )

On \_\_\_\_\_, 2013, personally appeared before me, a Notary Public,  
\_\_\_\_\_, Administrator and Ex-Officio State Land Registrar, Division of State  
Lands, who acknowledged that he executed the above instrument.

\_\_\_\_\_  
NOTARY PUBLIC

(Seal)

**EXHIBIT A**

**(insert legal description)**