

ORIGINAL

REAL ESTATE GROUND LEASE

This Lease Agreement ("Lease") is made by and between the City of Mesquite, a municipal corporation, ("Landlord"), and Dugrow Truss, Inc. ("Tenant"), hereinafter referred to as "the Parties." This Lease commences and becomes legally effective when signed and dated by the Parties below. The Parties agree as follows:

1. **PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant approximately 7 acres of Landlord-owned real property situated north of the City Garage (herein the "Leased Property"), depicted and described on Exhibit "A." The physical address of the Property is or will be 797 Hardy Way, Mesquite, Nevada.

2. **TERM.** The lease term will begin when signed and dated by the parties below and will terminate five (5) years thereafter. The Lease may be renewed for an additional term upon mutual agreement of the Parties. If the lease is renewed by agreement of the Parties for a second five (5) year term, it will be subject to renegotiation that must be renegotiated in the last year of the five (5) year term. There will be no penalty to Tenant for termination of this lease if Tenant moves his truss-building operations to the property he is purchasing from the City prior to the end of the first term of this Lease. However, the Property is leased to Tenant upon the condition that Tenant will move its truss-building operations to the land Tenant is purchasing from City no later than five (5) years from the date Tenant commences business operations on the Property as evidenced by a Certificate of Occupancy for the Building.

3. **RENEWAL TERMS.** This Lease may be renewed for additional terms as may be mutually negotiated and agreed by the Parties and subject to the terms and conditions set by Landlord. Any renewal will require a new Lease Agreement.

4. **LEASE RATES:** The Subject Property of approximately seven (7) acres to be used for a construction truss manufacturing facility at the Leased Property shall be leased to Tenant for the sum of FIVE THOUSAND DOLLARS (\$5,000.00) per month during the first two years of the Lease and the sum of \$6,652.00 per month for the duration of the first five-year lease. Lease payments shall be made monthly beginning the 1st day of the month after Tenant begins business operations on the lease site as evidenced by the issuance of the Certificate of Occupancy.

5. **ADDITIONAL CONSIDERATION FOR LEASE:** As additional consideration for this Lease, Tenant pledges the following additional consideration:

- A. Tenant agrees to deliver, at its own expense, a 27,000 square foot metal building ("the Building") to the site. Tenant further agrees to supervise and manage the construction of the Building without additional charge. Tenant agrees to deliver the Building to the site and begin installation of it no later than May 1, 2004, subject to securing Landlord-required permits and approvals;

- B. Tenant agrees to employ 10-25 employees during the first year of Tenant's operation of the business at an average wage of \$12.00 per hour;
- C. Because Tenant is being given the opportunity to purchase approximately 15 acres of City-owned real property within the Mesquite Commerce & Technology Center at a price of \$9,500.00 per acre for the future site of Tenant's truss building operations, Tenant agrees that the Building will become the property of the Landlord upon its installation and a Certificate of Occupancy being given to Tenant by the Landlord;
- D. Tenant agrees to construct a new, larger truss construction facility on 15 acres of real property it is purchasing from the Landlord within the Mesquite Technology and Commerce Center estimated to be double the size of the facility and estimated to have more than double the employees as will be employed at the Leased Property;
- E. Tenant agrees to begin construction of its new facility and be relocated in that new facility on the property it is purchasing from the Landlord within five (5) years of the date of the issuance of the Certificate of Occupancy on the Building, subject to the City providing construction access to the property to be purchased from the City by that time. That event will act as an earlier termination of this Agreement than the full term. At the time Tenant vacates the Leased Property, the Building remains the property of the Landlord without payment of any consideration to Tenant. Tenant is permitted to remove all its personal property and removable machinery at the time it vacates the Building and the Leased Property. Any property left by Tenant becomes the property of the Landlord. As noted above, Tenant may terminate this Lease without penalty prior to the five (5) year term of this Lease if Tenant moves his truss building operations to the land being purchased from the City by Tenant prior to the expiration of the first term of this Lease; and
- F. Tenant agrees to prepare the building site and install the Building on the site, including hookup of all utilities, subject to a Front-Ending and Refunding Agreement. Tenant further agrees to include these responsibilities in its agreement with its construction contract with its Nevada-licensed construction contractor.

■ Except as required by State law related to contractors, City agrees to release Tenant from any liability for the Building from the time the Certificate of Occupancy is issued and the Building becomes the property of the City.

6. **LATE PAYMENTS.** Tenant shall pay a late fee equal to 10% of the required installment payment for each payment that is not paid within ten (10) calendar days of the

due date therefore and any unpaid amounts, including penalties, will thereafter accrue additional interest at a rate of 1.5% per month thereafter until fully paid. Any non payment by Tenant for a period of sixty (60) days or more will automatically terminate this Lease (unless otherwise stipulated by Landlord in writing) and upon termination by non-payment Tenant will vacate the Leased Property with all of its property within thirty (30) days of written notice to quit premises issued by Landlord.

7. LANDLORD'S RESPONSIBILITIES UNDER LEASE: Landlord agrees to the following responsibilities under the Lease:

- A. Landlord agrees to provide access to the Leased Property by constructing a driveway to the Leased Premises;
- B. Landlord agrees to reimburse Tenant for the costs of site preparation and installation of the Building, other than fees for Tenant's services as construction supervisor, on the site, including hookup of all utilities, pursuant to a Front Ending and Refunding Agreement to be entered into by and between the Parties when those costs and reimbursements have been determined by Tenant and approved by Landlord;
- C. Landlord agrees to waive all City-imposed impact and permit fees for the preparation of the site and construction of the Building; and
- D. Landlord agrees to work with Tenant in situating the Building in a location on the Leased Property that will meet the business requirements and needs of Tenant and Landlord.
- E. Landlord agrees to release Tenant for liability for construction of the Building after the Certificate of Occupancy is granted and the building becomes the property of the Landlord.

8. ACCESS TO PREMISES; CARE OF PREMISES. Tenant shall have access to the Subject Property for the term of this Lease. Tenant will use reasonable care in its use of the Leased Property and the Building during the term of this Lease. Tenant will be responsible to payment for any damage to the Building or the Leased Premises caused by Tenant's occupancy of the Building during the term of this Lease.

9. IMPROVEMENTS. Tenant is to bear the cost of any improvements required for Tenant's use of the Subject Property, except for its services as construction supervisor subject to a Font-Ending and Refunding Agreement. Any improvements made by Tenant within the Building, will become the property of Landlord upon the termination or expiration of this Lease. Tenant shall have thirty (30) days from the last day of this lease term, or termination of lease as stipulated herein, to remove said improvements or they will become property of Landlord. Should said improvements require removal, the Landlord shall remove the same at the expense of Tenant. The list of removable personal property that may be removed by Tenant at the termination or expiration of this

Lease is attached hereto as Exhibit "B." The list of fixtures that become a part of the real property and may not be removed by Tenant at the termination or expiration of this Lease is attached hereto as Exhibit "C."

10. MAINTENANCE. Tenant shall have the responsibility to maintain the interior of the Building in good and safe repair and maintain the exterior landscaping of the building at all times during the term of this Lease. Tenant will also be responsible for exterior landscaping maintenance such as caring for plants, mowing lawns, removing weeds, etc. Tenant will also repair any damage to the exterior of the Building caused by Tenant during its occupancy of the Building. Landlord shall have the responsibility to maintain the parking lots and driveways in good and safe repair at all times during this Lease.

11. ACCESS BY LANDLORD TO SUBJECT PROPERTY. Subject to Tenant's consent (which shall not be unreasonably withheld), Landlord shall have the right to enter the Subject Property to make inspections at any reasonable time of the day with reasonable advance notice to Tenant.

12. UTILITIES AND SERVICES. Tenant is responsible for the payment of the use of any utilities and services for the Leased Property, subject to advance permission being required from Landlord regarding the installation of any utilities or services on the Subject Property during the term of this Lease Agreement.

13. INSURANCE. Tenant will include the Leased Property as covered property under its liability, property damage and personal injury insurance and furnish Landlord with an additional covered endorsement, if requested. The amount of liability insurance will be at least ONE MILLION DOLLARS (\$1,000,000.00) per claim or occurrence at all times. Tenant is solely responsible for workman's compensation insurance and related employee issues during the operation of its business the Subject Property.

14. DANGEROUS MATERIALS. Tenant shall not keep or have on the Subject Property any article or thing of a dangerous character that might substantially increase the danger of fire on the Subject Property, or that might be considered hazardous by a responsible insurance company, other than lumber and materials reasonably necessary for the construction of building trusses, unless the prior written consent of Landlord is obtained and proof of adequate insurance protection is provided by Tenant to Landlord.

15. DEFAULTS. Tenant shall be in default of the Lease, if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provision of law to the contrary, if Tenant fails to cure any financial obligation of the Lease within sixty (60) days (or any other obligation) after written notice, and without prejudicing Landlord's right to damages, this Lease is automatically terminated as described in Section 6 above. In the alternative, Landlord may, at its sole option, permit Tenant to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be

paid by Tenant under this Lease shall be deemed additional rent, whether or not such sums or charges are designated as "additional rent" herein.

16. DISPUTE RESOLUTION: The Parties may agree in advance in writing to utilize arbitration to resolve any dispute arising involving the construction or application of this Lease Agreement, in which case the decision of the arbitrator shall be binding and may be enforced by a Nevada court of competent jurisdiction. In the event the Parties do not agree in advance in writing that a dispute regarding this Lease Agreement will be referred to binding arbitration, then, and that event, recourse for either or both parties shall be through the courts of Nevada.

17. NOTICE. Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

LANDLORD:

City of Mesquite
10 E. Mesquite Blvd.
Mesquite, NV 89027
Attn: City Manager

TENANT:

Dagrow Truss, Inc.
797 Hardy Way
P.O. Box 479
Mesquite, NV 89027
Attn.: Guy Allred

Such addresses may be changed from time to time by either Party by providing written notice to the address of the other Party as set forth above.

18. ENTIRE AGREEMENT; AMENDMENT; LEGAL COUNSEL. This Lease Agreement contains the entire agreement of the Parties and there are no other promises or conditions in any other agreement whether oral or written. This Lease may be modified or amended in writing. The Parties agree they have obtained legal counsel to review this document before signing or they have voluntarily and knowingly agreed to sign this document without the assistance of legal counsel.

19. SERVERABILITY. If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as o limited.

20. WAIVER. The failure of either party to enforce any provision of this Lease shall not be construed as a waiver or limitation of that part's right to subsequently enforce and compel strict compliance with every provision of this Lease.

22. GOVERNING LAW. This Lease shall be construed in accordance with the laws of the State of Nevada.

23. **MISCELLANEOUS.** This agreement shall be binding upon the heirs, assigns, receiver, or successors in interest of the parties, and should either party default on any of the terms of this agreement, the party in default agrees to pay the costs of enforcing the same, whether by legal process or by otherwise, including reasonable attorney's fees.

IN WITNESS WHEREOF, the Parties have affixed their signatures and the dates of their signatures below.

LANDLORD OF MESQUITE

By: Bill Nicholes
Bill Nicholes, Mayor
Date: 10/26/04

ATTEST:

By: Carol Woods
Carol Woods, City Clerk

DAGROW TRUSS, INC.

By: Guy Allred
Guy Allred, President
Date: 3-26-04

APPROVED AS TO FORM:

By: Terrance P. Marren
Terrance P. Marren, City Attorney

EXHIBIT "A"
(Legal Description of Leased Property)

The property proposed to be leased is currently zoned light industrial and is located at: the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ and the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 8, Township 13 S, R 71 E, MDB&M within the City of Mesquite, Clark County, Nevada being a portion of APN 001-08-201-001 and generally located north of the City of Mesquite Shop located at 725 Hardy Way, Mesquite, Nevada 89027.

EXHIBIT "B"
(Fixtures)

Upon termination of lease by default or otherwise, it is understood by both the Landlord and the Tenant that the following items will remain in or on said leased property and/or building according to the terms and conditions of this contract:

Office area light fixtures
Shop area light fixtures
Break Room cabinets
Water heater
Exterior lighting (wall packs, etc.)
Bathroom fixtures (toilets, sinks, cabinets, etc.)
Flooring (carpet, tile, etc.)
Electrical Panels & Breakers
Air conditioning/heating equipment
Swamp coolers
Window coverings
Other fixtures to the real property

EXHIBIT "C"
(Tenant's Removable Personal Property)

Upon termination of lease by default or otherwise, it is understood by both the Landlord and the Tenant that the following items will be taken with the Tenant according to the terms and conditions of this contract:

Kitchen appliances
Air compressors
Shelving (removable and not built-in)
All Truss equipment and machinery
All cutting equipment (saws, etc.)
Office furniture (desks, chairs, tables, etc.)
Portable freestanding fuel tanks
Other removable personal property