

LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
MEETING AGENDA OF THE BOARD OF DIRECTORS

Pursuant to the Executive Orders of Governor Abbott, and other authority provided by the Texas Attorney General, the Board of Directors will convene in-person and via video and/or teleconference. You may join the meeting by video here: <https://us02web.zoom.us/j/2405318564> or dial in using this telephone number (346) 248-7799.

Date: Wednesday, January 27, 2021

Time: 8:00 a.m.

Place: Reese Technology Center, LRRR Reese Room, 9801 Reese Blvd, Suite 106, Lubbock, TX 79416

AGENDA ITEMS	TAB	SPEAKER
Call the Meeting to Order		Joe Rapier
1. Action Item – Administer the Oath of Office to Tim Collins as new Board Member	TAB 1	Joe Rapier
2. Citizen Comments - Any citizen wishing to appear before a regular meeting of the Lubbock Reese Redevelopment Authority Board of Directors, regarding any matter posted on the Board Agenda, shall complete the sign-up form provided at the meeting, no later than 7:45 a.m.	TAB 2	Joe Rapier
3. a. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.072, regarding certain matters concerning real property. Discussions regarding interest in the lease, sale, or value of buildings and property. b. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters: <ul style="list-style-type: none"> • Executive Director • Manager of Business Development • Manager of Accounting • Manager of Operations • Operations Lead • Service Technician • Service Technician • Administrative Coordinator • Administrative Assistant • Board of Directors c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney.	TAB 3	John Tye Muvat Musa Don Provost Joe Rapier Muvat Musa Darrell Guthrie

4. Action Item – Consider the Minutes of the November 20, 2020 Board of Directors Meeting.	TAB 4	Joe Rapier
5. Action Item – Approve lease for Rhodes USA, LLC	TAB 5	Don Provost
6. Discussion Item – LRRRA Proposed Enabling Legislation Changes	TAB 6	Darrell Guthrie
7. Discussion Item – Financial Reports and Make Ready Cost Reporting	TAB 7	Sandy Hamilton
8. Discussion Item – Marketing Report	TAB 8	Lacy Elliott
9. Discussion Item – Update on criminal activities (trespassing and vandalism) at Reese	TAB 9	Chris Evans
10. Discussion Item – Reese Events & Activities	TAB 10	Murvat Musa
Adjourn the Meeting		Joe Rapier

Lubbock Reese Redevelopment Authority (LRRRA) will post this meeting agenda on its front doors and on its website at <http://www.reesetechnologycenter.com/agendas/> by 5:00 p.m., Friday, January 22, 2021.

by: 
Lacy Elliott, Administrative Coordinator

The LRRRA Board meetings are available to all persons regardless of disability. To notify the LRRRA of your attendance or if you require special assistance, please contact them at (806) 885-6592 or write Reese Technology Center, 9801 Reese Blvd., Suite 200, Lubbock, Texas 79416 at least 48 hours in advance of the meeting.

In the name and by the authority of

The State of Texas

OATH OF OFFICE

I, Tim Collins, do solemnly swear (or affirm), that I will faithfully execute the duties of the office of LRRA Board of Directors of the State of Texas, and will to the best of my ability preserve, protect, and defend the Constitution and laws of the United States and of this State, so help me God.

Affiant

SWORN TO and subscribed before me by affiant on this _____ day of _____, _____.

Signature of Person Administering Oath

(Seal)

Printed Name

Title

Statement Of Elected/Appointed Officer

(Pursuant to Tex. Const. art. XVI, §1(b), amended 2001)

I, Tim Collins, do solemnly swear (or affirm), that I have not directly or indirectly paid, offered, promised to pay, contributed, or promised to contribute any money or thing of value, or promised any public office or employment for the giving or withholding of a vote at the election at which I was elected or as a reward to secure my appointment or confirmation, whichever the case may be, so help me God.

Affiant's Signature

LRRA Board of Directors
Position to Which Elected/Appointed

Lubbock, Texas
City and/or County

SWORN TO and subscribed before me by affiant on this _____ day of _____, _____.

Signature of Person Authorized to Administer Oaths/Affidavits

Printed Name

Title

ITEM 1

Citizen Comments

**Information
To Be Provided at the
Board Meeting
(if applicable)**

Lubbock Reese Redevelopment Authority

Board Meeting Minutes

November 20, 2020

The Lubbock Reese Redevelopment Authority held a regular meeting at 8:00 a.m. Friday, November 20, 2020 at the Lubbock Reese Redevelopment Authority Board Room, 9801 Reese Boulevard, Suite 106, Lubbock, TX 79416.

These are the minutes of the Board of Directors of the Lubbock Reese Redevelopment Authority, a State of Texas Political Subdivision.

<u>MEMBERS PRESENT:</u>	Joe Rapier	Todd McKee	Tim Pierce
	John Tye		

<u>MEMBERS ABSENT:</u>	Dewayne Askins	Steve Verett	(One Board Position Vacant)
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<u>OTHERS PRESENT:</u>	
Reese Staff:	Murvat Musa-Executive Director, Don Provost-Manager of Business Development, Sandy Hamilton-Manager of Accounting, Chris Evans-Manager of Operations, Lacy Elliott-Administrative Coordinator, and Cecilia Davila-Administrative Assistant
Legal Counsel:	Darrell Guthrie, by video conference
Others:	Mitchel Burt, KBR Tim Collins

Call the meeting to order

Joe Rapier called the meeting to order at 8:05 a.m.

ITEM 1 Citizen Comments – Joe Rapier called for any citizen comments. There were none.

ITEM 2 Hold an Executive Session. Joe Rapier called the Executive Session to order at 8:07 a.m.

- a. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.072, regarding certain matters concerning real property. Discussions regarding interest in the lease, sale, or value of buildings and property.
- b. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters.

Executive Director
Manager of Business Development
Manager of Accounting
Manager of Operations
Operations Lead
Service Technician
Service Technician
Administrative Coordinator
Administrative Assistant
Board of Directors

- c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney.

No action was taken in the Executive Session.

Reconvene the Board of Directors Meeting

Joe Rapier adjourned the Executive Session at 9:05 a.m. and reconvened Open Session at 9:16 a.m.

- ITEM 3** **Consider the Minutes of the November 4, 2020 Executive Committee/Compensation Committee Meeting and November 6, 2020 Board of Directors Meeting.**
Action Item – Todd McKee moved to approve the minutes and Tim Pierced seconded. The minutes were approved 4-0.
- ITEM 4** **Consider Compensation Committee Recommendations for: a) Employee Raises and Bonuses and b) ED Incentive Pay and Bonus.** **Action Item** – Todd McKee moved to approve the recommendations; Tim Pierce seconded. The motion passed 4-0.
- ITEM 5** **Consider Compensation Committee Recommendations for a) FY21 MBD Incentive Pay Plan, b) FY21 Employee Bonus Plan, c) FY21 ED Incentive Pay and Bonus Plan.** **Action Item** – Todd McKee moved to approve the Compensation Committee Recommendations. Tim Pierce seconded. The motion passed 4-0.
- ITEM 6** **Financial Reports and Make Ready Cost Reporting.** **Discussion Item** - No action required. Sandra Hamilton presented financial reports for October and relevant make ready costs to the Board.
- ITEM 7** **Marketing Report.** **Discussion Item** – No action required. Don Provost presented the report to the Board.

ITEM 8 Reese Events and Activities. Discussion Item – No action required. Murvat Musa presented October’s activities and upcoming events to the Board.

Adjourn the meeting. Joe Rapier adjourned the meeting at 9:36 a.m.

Content of minutes agreed to and approved by:

Approved by _____
Joseph R. Rapier, President

ATTEST:

LRRRA Board Member

**AGENDA ITEM 5
EXECUTIVE SUMMARY
RHODES USA, LLC.
BUILDING 92 – HANGER**

The Lease Review Committee has reviewed and supports the following new lease.

Rhodes USA, LLC is a new customer to Reese. They are an Australian company that manufactures prefabricated buildings and have chosen Reese as their introductory site into the U.S. market. Building 92 offers them the space they need both operationally and administratively.

Rhodes is committed to Reese and is planning not only to use their facilities for local projects, but to also use Reese to help support their manufacturing and distribution internationally. Due to their projected growth, they have asked for, and we have granted them the “right of first refusal” on both Buildings 82 & 1180 for a period of no longer than 18 months. Additionally, in order to make the building ready for use, Reese will invest approximately \$17,000 mostly to replace light bulbs and ceiling tiles.

This is a great opportunity for Reese and the region as it will create new job growth and have a positive effect on local business.

Please see attached Deal Sheet for additional details, floor plan, and site plan of the building.

Primary Term for B92 (Estimated 24,080 SF):

This is a three-year agreement at the advertised price of \$3.00 per square foot with an 3% annual increase. There is also One (1) option to renew for two (2) years with a 3% annual increase. This building is currently being leased by Zachry at \$2.53 per square foot.

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (24,080 square feet)
Year 1, February 1, 2021 to January 31, 2022	\$72,240.00	\$6,020.00	\$3.00
Year 2, February 1, 2022 to January 31, 2023	\$74,407.20	\$6,200.60	\$3.09
Year 3, February 1, 2023 to January 31, 2024	\$76,574.40	\$6,381.20	\$3.18
Total	\$223,221.60		
Renewal Year 1	\$78,982.40	\$6,581.87	\$3.28
Renewal Year 2	\$81,390.40	\$6,782.53	\$3.38

Staff is requesting Board approval of this lease.



Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Deal Sheet
Rhodes USA, LLC – January 19, 2021
Lease for Building 92
“Subject to Board Approval”

Prospective Tenant:

Rhodes USA, LLC
6720 28th St., APT 1403
Lubbock, TX 79407

Broker:

None

Premises:

Hanger, Building 92
212 Davis Dr.
Lubbock, TX 79416

Company Information and Background:

Rhodes USA is a new customer to Reese. They are an international company based in Kew East, Victoria Australia. They also have locations in Papua New Guinea, China, Philippines, Fiji, and Hong Kong. Rhodes has chosen Reese Technology Center as their introductory move into the United States

Rhodes USA is a prefabricated buildings and materials company, focusing on providing clients with comprehensive building design, the supply of building components and delivering full-scale buildings through Rhodes’ construction and development partners. They have the technology and modern methods of construction focus, making the delivery of construction projects more efficient and competitive. Rhodes specializes in delivering challenging offshore and remote projects, with experience in turnkey remote area housing, buildings, mining accommodation, infrastructure projects, aid projects, and local developments. They have been working with surrounding west Texas communities to provide affordable single family home construction and have secured contracts to build houses in Lamesa, Odessa, and Lubbock. Their niche is to deliver affordable single-family housing in underserved markets by utilizing alternative metal framing technology that is fabricated in large pieces in a warehouse then assembled on-site.

Emanuel Papas, of Australia, Managing Director and Scott Turner of Lubbock, General Manager, are heading up the USA division in Lubbock. They will begin their manufacturing in Building 92 with the expectation of needing additional space in 12 to 18 months. Because of this, we have offered them the right of first refusal on buildings 82 and 1180 for 18 months. Their long-term goals include expanding their footprint across the state of Texas and eventually growing into other states. While Rhodes USA provides the materials, their sister

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company, Neo General Construction provides the actual building construction. Their plan is to be fully integrated with a third entity that will provide all the finishes for the homes.

We are excited to have Rhodes, USA here at Reese and feel they will be great asset to the community. You can find more information on Rhodes at rhodesprojects.com.

Financials:

While Rhodes USA is a new company, they are owned and funded by, Rhodes Group which has been in business since 2011. Rhodes Group is a private company that is considered low risk by Dun & Bradstreet. The two main shareholders of Rhodes USA are Scott Turner (20% owner) and Rhodes Group (80% owner). Scott has many years of experience as builder developer and will be primarily charged with the US expansion. Worldwide, Rhodes Group employees 600 people and plan to start their operation at Reese with 7-10 persons. We consider this customer to be low risk.

Permitted Uses:

Tenant may use the Premises for the purpose of manufacturing and distributing building materials.

Type of Lease:

Modified Gross Lease

Primary Term for B92 (Estimated 24,080 SF):

Tenant will pay the advertised price of \$3.00 per square foot for three (3) years with a 3% annual increase.

Rent is:

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (24,080 square feet)
Year 1, February 1, 2021 to January 31, 2022	\$72,240.00	\$6,020.00	\$3.00
Year 2, February 1, 2022 to January 31, 2023	\$74,407.20	\$6,200.60	\$3.09
Year 3, February 1, 2023 to January 31, 2024	\$76,574.40	\$6,381.20	\$3.18
Total	\$223,221.60		
Renewal Year 1	\$78,982.40	\$6,581.87	\$3.28
Renewal Year 2	\$81,390.40	\$6,782.53	\$3.38

Renewal Options:

One (1) option to renew for two (2) years with a 3% annual increase.

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Security Deposit:

One month's rent.

Utilities:

Tenant is responsible for all utilities to be paid directly to the provider.

Make-Ready Expenses to Reese:

- Replace 70 high bay lights
- Replace bulbs in office area where needed
- Replace ceiling tiles where needed
- Misc. Plumbing repairs
- Door repairs and rekeys

Estimated make-ready cost to Reese is \$17,000

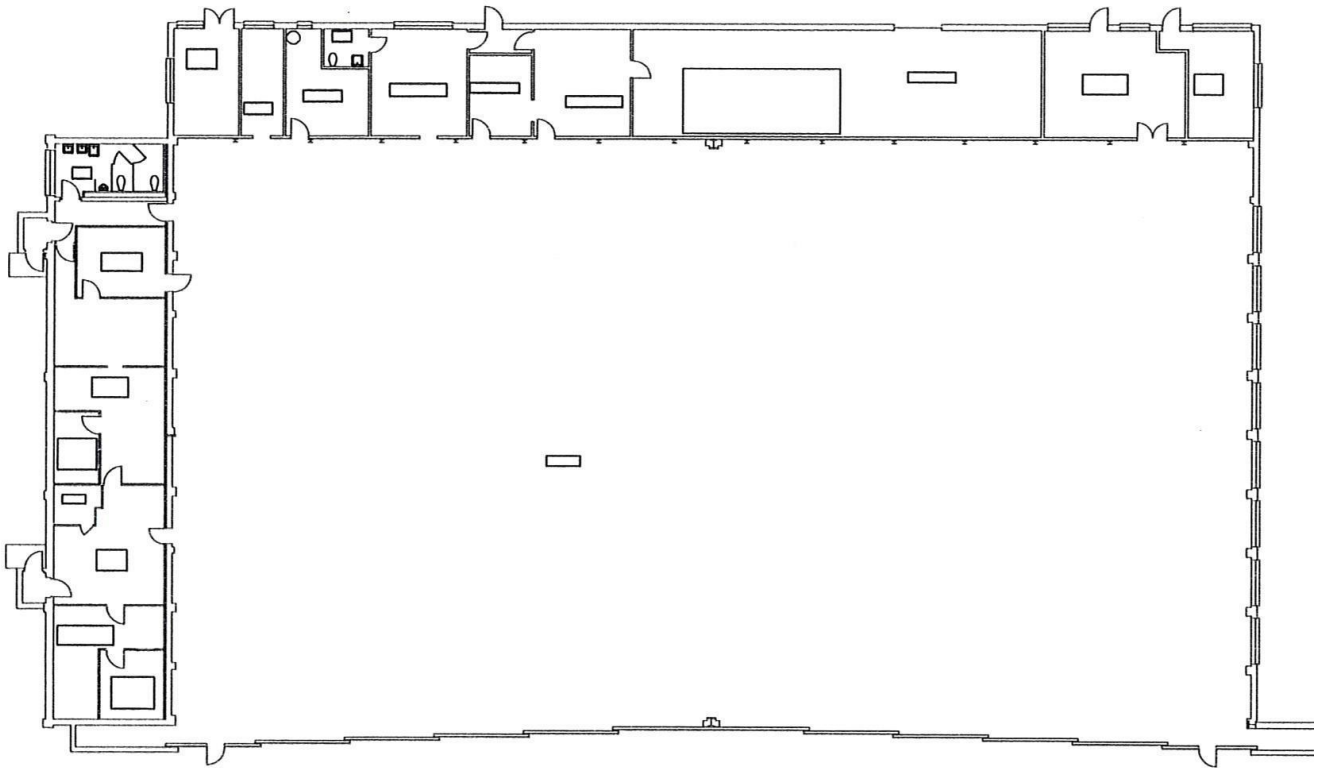


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Floor Plan:

HANGAR 92
APPROXIMATELY 24,080 SF



DIMINIONS-

DOOR

WEIGHT 182FT.
HEIGHT 20FT. 6IN.
BAY WIDTH 180FT.
DEPTH 98FT.

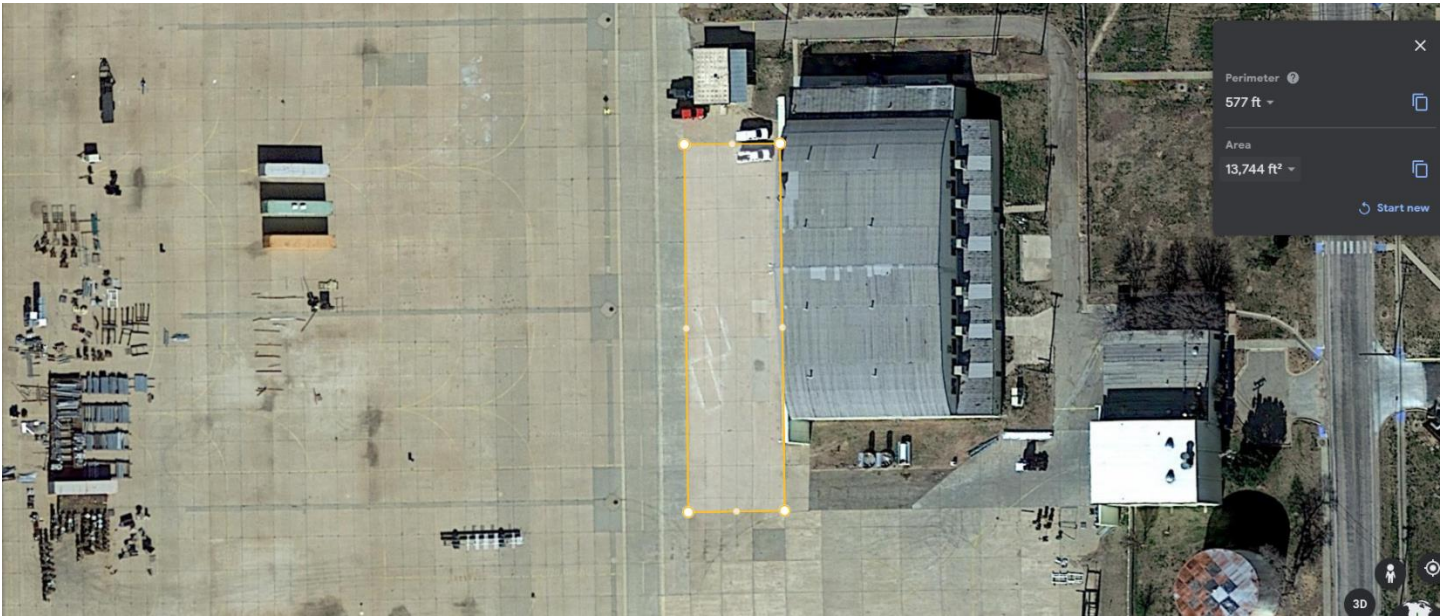
← **NORTH**

REESE AIR FORCE BASE, TEXAS 79489

BUILDING 92
MAINTENANCE HANGAR
RECORD DRAWING FLOOR PLAN

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STANDARD INDUSTRIAL LEASE

BETWEEN

**LUBBOCK REESE REDEVELOPMENT AUTHORITY, a Political
Subdivision of the State of Texas**

AS LANDLORD

AND

RHODES USA, L.L.C., a Texas limited company

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Hangar No. 92

212 Davis Drive

Lubbock, Texas 79416

STANDARD INDUSTRIAL LEASE

This Standard Industrial Lease (the "Lease") is made this ____ day of _____, 2021, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as "Landlord") and RHODES USA, L.L.C., a Texas limited company (hereinafter referred to as "Tenant"). Landlord and Tenant are also referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

1. BASIC LEASE PROVISIONS

(a) Landlord: Lubbock Reese Redevelopment Authority, a political subdivision of the State of Texas, whose Federal Taxpayer Identification Number is 75-2713717.

(b) Landlord Address: 9801 Reese Blvd., Suite 200, Lubbock, TX 79416.

(c) Tenant: RHODES USA, L.L.C., a Texas limited company, whose Federal Taxpayer Identification Number _____.

(d) Tenant Address: 6720 28th St., Apt. 1403, Lubbock, TX 79407.

(e) Guarantors: N/A

(f) Guarantors' Addresses: N/A

(g) Project: means the land, together with the Premises (as defined below) and all other improvements constructed thereon, and all rights, privileges, easements, and appurtenances pertaining thereto, known as Reese Technology Center and located in Lubbock County, Texas.

(h) Premises means that certain building ("Building") located at 212 Davis Drive, Lubbock, Texas 79416, which is commonly known as Building # 92 (a/k/a "Hangar #92"), and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"), and containing approximately 24,080 square feet of floor area.

(i) Initial Term (Years): Three (3) Years.

(j) Extensions: One (1) extension period of two (2) years, subject to the rights set forth in Section 1(k).

(k) Option to Extend Term: Tenant shall have one (1) renewal option of two (2) years, such option to be exercised automatically unless Landlord receives written notice from Tenant of its desire not to exercise the option to extend term no less than one hundred eighty days (180) days prior to expiration of the Initial Term. Without receipt of such notice, this Lease shall be extended automatically for the period specified in Section 1(j) without the necessity for the execution of any further instrument and upon the same terms and conditions as are contained in this Lease, except the then existing Base Rent will be increased by a fixed three percent (3%) each year of the extension period. The adjustment in the Base Rent will be determined by multiplying the then

existing Base Rent specified in the lease ("Base Rent") by 1.03, which will result in a "Revised Base Rent" for each year of the extension period.

(l) Delivery Date: February 1, 2021.

(m) Commencement Date: February 1, 2021.

(n) Termination Date: January 31, 2024.

(o) Base Rent: The parties agree that the Base Rent set forth herein is what is commonly referred to as a "modified gross lease" and that Base Rent already includes, and Tenant shall not have to pay for Common Area (as defined below) Maintenance fees, grounds keeping-mowing expenses, parking, Landlord's insurance, and any other charges incurred by Landlord with respect to the Premises, except as otherwise provided in this Lease. Said Base Rent does not include, and Tenant is solely responsible for any and all charges associated with utilities, dumpsters, telephone service, internet service, Tenant renovations, Premises maintenance, or housekeeping services, except as otherwise provided in this Lease. Subject to this paragraph, Base Rent shall be no less than set forth below:

<u>Initial Term Lease Years</u>	<u>Total Annual Base Rent</u>	<u>Total Monthly Base Rent</u>	<u>Annual Base Rent Per Square Foot of Floor Area of the Premises</u>
February 1, 2021 to January 31, 2022	\$72,240.00	\$6,020.00	\$3.00
February 1, 2022 to January 31, 2023	\$74,407.20	\$6,200.60	\$3.09
February 1, 2023 to January 31, 2024	\$76,574.40	\$6,381.20	\$3.18
Renewal Year 1	\$78,982.40	\$6,581.87	\$3.28
Renewal Year 2	\$81,390.40	\$6,782.53	\$3.38

(p) Security Deposit: \$6,020.00. If Tenant defaults, Landlord may use the Security Deposit to pay arrears of Rent, to repair any damage or injury, or to pay any expense or liability incurred by Landlord as a result of the default.

(q) Termination: This Lease is terminable by Landlord if Tenant is in default on this Lease, provided that so long as Landlord is not in default on this Agreement, Tenant's termination of this Agreement shall not relieve Tenant of the obligation to pay the Rent and other charges set forth in this Agreement for the term of the Agreement.

(r) Early Termination Fee: This Lease is terminable by Landlord if Tenant is in default on this Lease, provided that so long as Landlord is not in default on this Agreement, Tenant's termination of this Agreement shall not relieve Tenant of the obligation to pay the Rent and other charges set forth in this Agreement for the term of the Agreement.

(s) Permitted Use: Tenant may use the Premises for the purpose of manufacturing and distributing building materials with Tenant's existing business model (collectively, "Permitted Use").

(t) Right of First Refusal: Beginning on the Commencement Date and expiring eighteen (18) months from the Commencement Date, the Tenant shall have a Right of First Refusal to Buildings 82 and/or 1180 (the "Expansion Property"). Landlord may continue to market the Expansion Property. In the event that the Landlord receives an offer for the Expansion Property, the Landlord shall forward the offer and the Tenant shall have seven (7) days to respond in writing if it will exercise its Right of First Refusal to the Expansion Property and by agreeing to pay the offered amount or the then existing Base Rent, whichever is greater.

(u) Landlord's Address for Payment of Rent: Payment of Rent may be made by check and delivered to Landlord's address, or by electronic funds transfer to Landlord's bank account at:

Plains Capital Bank
5010 University
Lubbock, TX 79413
Routing Number - 111322994
Account Number - 185256
Deposits need to indicate: LUBBOCK REESE REDEVELOPMENT AUTHORITY

2. DEFINITIONS

(a) "Common Areas" means all facilities and areas of the Project that are intended and designated by Landlord from time to time for the common, general, and nonexclusive use of all tenants of the Project, including parking lots. Landlord has the exclusive control over and right to manage the Common Areas.

(b) "Injury" means (1) harm to or impairment or loss of property or its use, (2) harm to or death of a person, or (3) "personal and advertising injury" as defined in the form of liability insurance Tenant is required to maintain.

(c) "Landlord" means Landlord and its agents, officers, servants, employees, consultants, invitees, licensees, or visitors.

(d) "Rent" means Base Rent plus any other amounts of money payable by Tenant to Landlord.

(e) "Tenant" means Tenant and its agents, contractors, employees, invitees, licensees, or visitors.

3. RENT AND RENT INVOICES

(a) Rent. Tenant agrees to pay to Landlord the Base Rent set forth in Section 1(o), in advance, on the 1st business day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date. Rent will be considered past Due and in default if not received by the 10th of the month.

(b) Rent Invoices. All invoices from Landlord to Tenant for any Rent due under this Lease will be sent to the address set forth in Section 12(m) or to such other address as Tenant may designate by written notice to Landlord.

4. REAL ESTATE TAXES AND OTHER TAXES

(a) Real Estate Taxes. Tenant will pay or cause to be paid to the appropriate governmental authorities, prior to delinquency, all Real Estate Taxes. "Real Estate Taxes" means all real property taxes and assessments that become due and payable during the Term and are assessed by the applicable taxing governmental authority against the Premises. Tenant shall only be responsible for said taxes incurred by Tenant during the term, to include any extension, of this Lease. Tenant shall not be responsible for any back taxes or assessments incurred by a third party or prior to the Delivery Date.

(b) Notice Regarding Other Taxes. If assessed, Tenant shall during the Term be responsible for payment, prior to delinquency, of all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises. If applicable, Tenant shall during the Term pay to Landlord monthly with the payment of Base Rent all sales or rental taxes assessed by any governmental authority against the Rent payable by Tenant hereunder. Tenant hereby agrees to hold Landlord harmless from all costs, expenses, interest and penalties that Landlord may incur as a result of Tenant's failure to pay the taxes set forth in this Section 4.

5. TENANT COVENANTS

(a) Tenant Agrees to –

(1) Lease the Premises for the entire Term beginning on the Delivery Date and ending on the Termination Date.

(2) Accept the Premises in their present condition "AS IS, WHERE IS CONDITION," the Premises being currently suitable for the Permitted Use. Tenant shall have the right to perform improvements to the Premises, subject to Landlord's approval of the plan and specifications prior to any work being initiated. Furthermore, Tenant agrees and assures that any plans submitted and subsequent work performed for any renovation or alteration to the Premises must comply with the federal Americans with Disabilities Act ("ADA") and the Texas Accessibility Standards ("TAS") requirements and adhere to the International Building Code, as required by the LRRRA Covenants, Restrictions and Landscape Standards, as may be amended from time to time.

(3) Obey (i) all applicable federal, state, and local laws relating to the use, condition, and occupancy of the Premises and related to the Permitted Use; (ii) any requirements imposed by utility companies serving or insurance companies covering the Premises; and (iii) any rules and regulations for the Premises and Common Areas adopted by Landlord, to include the Reese Technology Center Covenants, Codes, Restrictions, and Landscape Standards, as amended, and as may be amended from time to time.

(4) Pay a late charge of five (5) percent of any Rent not received by Landlord by the tenth (10th) day after it is due.

(5) Following a twenty four (24) hour notice, allow Landlord to enter the Premises to perform Landlord's obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants; provided however, that such notice requirements shall not apply in the event of Tenant's request for Landlord to come onto the Premises to perform Landlord's obligations on the Premises, or in the event of an actual emergency situation that Landlord reasonably believes will result in personal injury, loss of life or property damage to the Premises. In such situation, Landlord will notify Tenant as soon after the entry as is reasonably possible.

(6) Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, reasonable wear excepted, including any improvements thereon (including, but not limited to, special electrical outlets and interior utility lines), to the satisfaction of the Landlord or, in lieu of such repair or replacement, Tenant shall pay to Landlord an amount sufficient to compensate Landlord for the loss sustained by Landlord by reason of any damage to or destruction of Landlord's property.

(7) Keep the sidewalks, service ways, and loading areas adjacent to the Premises clean and unobstructed.

(8) Submit in writing to Landlord any request for repairs, replacement, and maintenance that are the obligations of Landlord.

(9) If requested, deliver to Landlord a financing statement perfecting the security interest created by this lease.

(10) Vacate the Premises and return all keys to the Premises on the last day of the Term.

(11) If accessed, pay an additional cleaning fee in the event such cleaning is required as a result of any act of the Tenant or as a result of activities, which are part of the Tenant's use of the Premises. Tenant hereby agrees to pay such fee within ten (10) days of notification of fee assessment.

(12) On request, execute an estoppel certificate that states the Delivery Date, Commencement Date, and Termination Date of the lease, identifies any amendments to the lease, describes any rights to extend the Term or purchase rights, lists defaults by Landlord, and provides any other information reasonably requested.

(13) INDEMNIFY, DEFEND, AND HOLD LANDLORD HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES, OR ARISING FROM TENANT'S ACCESS TO, PRESENCE ON, OR USE OF THE PREMISES OR PROJECT; OR THAT IS RELATED TO TENANT'S PERMITTED USE. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE

LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE TERM, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

(14) Tenant acknowledges and agrees that Landlord has notified Tenant that three (3) or more commercial grade wind turbines are or shall be located on the westernmost boundary of the Project, to the west of the westernmost runway of the Project. Tenant acknowledges that such wind turbines generate noise, vibration, air turbulence, wake, shadow flicker, electromagnetic interference, and could interfere with television reception, audio, visual, view, or light, or cause other interference, and Tenant releases and holds Landlord harmless from any claim for damages, losses, liabilities, losses of rent, business opportunities, profits and the like that may result from the normal operation of the wind turbines on the Project.

(15) Tenant acknowledges the existence of and agrees to use the entrance off of Highway 114 for the delivery or shipment of all products used in and associated with the Permitted Use, when the means of delivery or shipment is a vehicle has more than two axels.

(b) Tenant agrees not to and agrees to ensure that its agents, contractors, employees, invitees, licensees, sub-lessees, or visitors do not do any of the following —

- (1) Use the Premises for any purpose other than the Permitted Use.
- (2) Create a nuisance, to include but not limited to noxious odors.
- (3) Interfere with any other tenant's normal business operations or Landlord's management of the Premises or Project.
- (4) Use the Premises in any way that would increase insurance premiums or void insurance on the Premises or the Project.
- (5) Change Landlord's lock system.
- (6) Allow a lien to be placed on the Premises.
- (7) Assign this lease or sublease any portion of the Premises without Landlord's prior express written consent.
- (8) Use the roof on the Premises, except as may be specifically authorized in writing by the Landlord.
- (9) Place any signs on the Premises without Landlord's written consent.
- (10) Bring suit against Landlord in connection with any claim or suit arising pursuant to Section 5(a)(13).

(11) Use any portion of the Premises for wind energy development or the installation or use of any facilities related to wind energy development or generation.

(12) Interfere with the wind energy project being conducted on the westernmost boundary of the Project.

(13) Take any action that shall significantly interfere with or impair the availability, accessibility, flow, frequency or direction of air and wind over and above any portion of the Premises or the Project.

(14) Take any action that in any way interferes with or impairs the transmission of electric, electromagnetic or other forms of energy to or from the wind energy project, or interferes with or impairs Landlord's wind energy tenant's access to the wind energy project.

6. LANDLORD COVENANTS

(a) Landlord agrees to –

(1) Lease to Tenant the Premises for the entire Term beginning on the Delivery Date and ending on the Termination Date.

(2) To deliver the Premises in broom clean condition.

(3) Obey all applicable laws with respect to Landlord's operation of the Premises and Project.

(4) Subject to the requirements of Section 5(a)(2), repair and maintain the (i) roof, to include roof membrane, (ii) foundation, to include floor slab, (iii) structural soundness of load bearing and exterior walls, excluding windows, window glass, plate glass, and doors, and (iv) Common Areas.

(5) Perform the Landlord Make Ready Improvements, as set forth in **Exhibit B (the "Landlord Make Ready Improvements")**.

(b) Landlord agrees not to—

(1) Interfere with Tenant's possession of the Premises as long as Tenant is not in default.

(2) Subject to Section 12(q), unreasonably withhold consent to a proposed assignment or sublease.

7. COMMON AREAS

(a) Right to Use Common Areas. Tenant will have the nonexclusive right to use the Common Areas subject to any reasonable rules and regulations that Landlord may prescribe, to include but not limited to designation of parking areas for Tenant events.

(b) Maintenance of Common Areas. At all times during the Term, Landlord will maintain the Common Areas.

8. UTILITIES AND TRASH REMOVAL

(a) Payment of Utility Bills. Tenant will promptly pay all charges for electricity, water, gas, telephone service, storm water service, and other utilities furnished to the Premises directly to the provider of such service.

(b) Trash Removal. Tenant shall install, in compliance with applicable Laws at a location immediately adjacent to the outside of the Premises or as designated by the Landlord, a trash dumpster. Tenant shall pay for collection of its own trash and cleaning of the Premises.

9. DAMAGE BY CASUALTY

(a) Notice of Damage and Estimated Repair Time. If the Premises is damaged or destroyed by fire or other casualty ("Casualty"), Landlord will, within thirty (30) days after the date of the Casualty, notify Tenant ("Landlord's Casualty Notice") of the number of days, from the date of the Casualty, that Landlord estimates will be required to complete the repair and restoration. If neither Tenant, nor Landlord, elects to terminate this Lease as set forth below, then the damage or destruction of the Premises will, at the expense of Landlord, be repaired and restored, unless Casualty is determined to have been caused by intentional or unintentional neglect of the Tenant, at which the damage or destruction will be at the expense of the Tenant.

(b) Tenant's Right to Terminate. If more than thirty-five percent (35%) of the floor area of the Premises is damaged or destroyed due to Casualty, then Tenant will have the right to terminate this Lease, effective as of the date of Casualty, by notice given to Landlord within fifteen (15) days after Tenant's receipt of Landlord's Casualty Notice.

(c) Landlord's Right to Terminate. If more than thirty-five percent (35%) of the floor area of the Premises is damaged or destroyed by Casualty during the Term, then Landlord may elect to terminate this Lease effective as of the date of the Casualty by notice given to Tenant not later than fifteen (15) days after Landlord delivers Landlord's Casualty Notice to Tenant.

(d) Landlord's Repair Obligation. Landlord's obligation will be to restore all portions of the Premises and the Common Areas in the immediate vicinity of and surrounding the Premises (including but not limited all parking areas surrounding the Premises and all sidewalks, roadways, driveways and access ways leading to and from the Premises) affected by a Casualty (exclusive of Tenant's fixtures and equipment) to their condition immediately preceding such Casualty, subject to available insurance proceeds. If Landlord for any reason whatsoever fails (1) to commence the repair and restoration work required hereunder within ninety (90) days from the date of the Casualty, (2) to proceed diligently to complete such repair and restoration work, or (3) fails to

complete same within the estimated time set forth in Landlord's Casualty Notice, plus the number of days of delay caused by Uncontrollable Events, then, Tenant will have the right to terminate this Lease by giving Landlord notice and upon the giving of such notice, this Lease will terminate and the Parties will be liable for their respective obligations to the date of termination and will have no liability for obligations arising after that date, except for those obligations which expressly survive termination. Landlord agrees should damage occur in over thirty-five percent (35%) of the floor area no rent will be due or if mutually agreed a reduced rent will be paid, provided Tenant can use the portion of the Premises not damaged.

10. HAZARDOUS MATERIALS

(a) Landlord's Obligations. Landlord represents and warrants that on the Delivery Date the Premises and the Project shall be in compliance with all Environmental Laws. During the Term, Landlord will not use, generate, place, store, release or otherwise dispose of, or permit the use, generation, placing, storage, release or disposal of, Hazardous Materials in the Project, except in accordance with all Environmental Laws.

(b) Tenant's Obligations. During the Term, Tenant will not use, generate, place, store, release or otherwise dispose of Hazardous Materials in the Premises or the Common Areas, except in accordance with all Environmental Laws, and subject to the Reservations recorded in the Deed Without Warranty Between the United States of America and Landlord recorded in the Real Property Records of Lubbock County, Texas at Deed Record 2006041652. Notwithstanding anything to the contrary contained in this Lease, Landlord acknowledges and agrees that Tenant shall have the right to use and store in the Premises in Tenant's ordinary course of business Hazardous Materials in accordance with Environmental Laws, and subject to Section 10(e), below. In the event of a breach of the foregoing, Tenant will promptly undertake remediation or removal in accordance with all Environmental Laws. Tenant will indemnify, defend and hold Landlord and Landlord's Affiliated Parties harmless from and against, and reimburse Landlord and Landlord's Affiliated Parties for, all Hazardous Materials Liabilities asserted against or incurred by Landlord or Landlord's Affiliated Parties as a result of a breach of Tenant's obligations under this paragraph. Notwithstanding anything to the contrary contained herein, in no event shall Tenant be liable for Hazardous Materials existing in, on or about the Premises or the Project prior the Tenant's occupancy of the Premises. Tenant shall provide Landlord a copy of Tenant's plan for responding to hazardous waste, fuel, and chemical spills no later than the Commencement Date.

(c) Definitions. As used herein,

(i) "Hazardous Materials" shall be construed broadly to include any toxic or hazardous substance, material, or waste, and any other contaminant, pollutant or constituent thereof, including without limitation, chemicals, compounds, by-products, petroleum or petroleum products, and polychlorinated biphenyls, the presence of which requires investigation or remediation under any Environmental Laws or which are or become regulated, listed or controlled by, under or pursuant to any Environmental Laws;

(ii) "Environmental Laws" means all federal, state, regional or local statutes, laws, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative interpretations thereof, or similar laws of foreign jurisdictions where the Tenant conducts business,

whether currently in existence or hereinafter enacted or promulgated, any of which govern, or purport to govern, or relate to pollution, protection of the environment, public health and safety, air emissions, water discharges, hazardous or toxic substances, solid or hazardous waste or occupational health and safety, as any of these terms are or may be defined in such statutes, laws, rules, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative interpretations thereof, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, 42 U.S.C. §9601, et seq. (collectively "CERCLA"); the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and subsequent Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §6901 et seq. (collectively "RCRA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Clean Water Act, as amended, 33 U.S.C. §1311, et seq.; the Clean Air Act, as amended (42 U.S.C. §7401-7642); the Toxic Substances Control Act, as amended, 15 U.S.C. §2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act as amended, 7 U.S.C. §136-136y ("FIFRA"); the Emergency Planning and Community Right-to-Know Act of 1986 as amended, 42 U.S.C. §11001, et seq. (Title III of SARA) ("EPCRA"); and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §651, et seq. ("OSHA"); and

(iii) "Hazardous Materials Liabilities" means all claims, damages, losses, forfeitures, expenses or liabilities arising from or caused in whole or in part, directly or indirectly, by a breach by the other Party of its representations, warranties or covenants under Section 10(a) or (b), including, without limitation, all costs of defense (including reasonable attorneys' fees and other costs of litigation), all consultants' fees, and all costs of investigation, repair, remediation, restoration, cleanup, detoxification or decontamination, and/or preparation and implementation of any closure, remedial action or other required plan.

(d) Hazardous Materials. Tenant agrees to provide Landlord access to the Leased Premises for periodic inspections concerning the Hazardous Materials uses in its operations, to provide Landlord with a list of any and all Hazardous Materials used in its operations or which are brought on to the Leased Premises by Tenant, and shall provide Landlord with Material Safety Data Sheets for all Hazardous Materials, its security procedures and Hazardous Materials safety plans, policies and procedures to be utilized by the Tenant for protection of Tenant's employees health, safety and well-being, as well as for the plans, policies and procedures designed to protect the health, safety and well-being of any person on the Reese Technology Center Campus that may come in contact with the Hazardous Materials and chemicals in use by the Tenant.

(e) Hazardous Waste Permit. Any hazardous waste permit under the Resource Conservation and Recovery Act, or its Texas equivalent, shall be limited to generation and transportation. The Tenant shall not, under any circumstances store any hazardous waste on or about the premises for any period in excess of ninety (90) days. Any violation of this requirement shall be deemed a material breach of this Lease. Hazardous storage facilities will not be available to the Tenant. The Tenant must provide at its own expense such storage facilities; complying with all laws and regulations it needs for temporary (less than ninety (90) days) storage.

(f) Survival. The provisions of this Section 10 will survive the expiration or earlier termination of this Lease.

11. INSURANCE AND WAIVER OF SUBROGATION

A Certificate of Insurance for each coverage identified below shall be submitted to Landlord prior to the Delivery Date. Tenant shall provide to Landlord proof of the required insurance on or before the expiration date of each expiring policy, and cause each required policy to require insurer to give Landlord notice of termination of any policy prior to the expiry of its term. Specifically, Tenant is required to have:

(a) Commercial General Liability Insurance. Commercial General Liability Insurance covering the Premises and Tenant's use thereof, not including Common Areas, against claims for bodily injury, death or property damage occurring upon, in or about the Premises (including contractual indemnity and liability coverage), such insurance to provide coverage of not less than \$1,000,000.00 per occurrence and \$5,000,000.00 annual aggregate. Landlord shall be included as an additional insured against claims for bodily injury, death, or property damage occurring upon, in or about the Premises; or that is related to the Permitted Use.

(b) Tenant's Property Insurance. Property insurance on an all-risk basis (including coverage against fire, wind, tornado, vandalism, malicious mischief, water damage and sprinkler leakage) covering all Tenant owned fixtures, equipment, and leasehold improvements, and other personal property located in the Premises and endorsed to provide one hundred percent (100%) replacement cost coverage. Such policy shall be written in the name of Tenant.

(c) Workers Compensation' and Employer's Liability Insurance. Workers' compensation insurance shall be in an amount meeting applicable state statutory requirement and the employer's liability limits shall be in an amount not less than \$1,000,000.00 per bodily injury by accident and \$1,000,000.00 per employee for bodily injury by disease.

(d) Other Requirements of Insurance. All such insurance will be issued and underwritten by companies with an A.M. Best rating of "A" or better and size rating of "VI" or better and Tenant will use good faith efforts to obtain a policy that will contain endorsements that (1) such insurance may not lapse with respect to Landlord or be canceled with respect to Landlord without the insurance company giving Landlord at least thirty (30) days prior written notice of such cancellation, (2) Tenant will be solely responsible for payment of premiums, and (3) in the event of payment of any loss covered by such policy, this insurance shall apply as primary insurance with respect to any overlapping coverage afforded to the Landlord except for loss arising from Common Areas.

(e) Release of Claims/Subrogation. LANDLORD AND TENANT RELEASE EACH OTHER AND ANY LIENHOLDER FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES OR BUILDING, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE BUILDING, AND LOSS OF BUSINESS OR REVENUES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LEASE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LANDLORD AND TENANT WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT

APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE RELEASED PARTY.

12. ADDITIONAL LANDLORD AND TENANT AGREEMENTS

a. Alterations or Tenant Improvements. Any physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at the end of the Term and at Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Delivery Date, normal wear excepted. All alterations shall require the prior written consent of Landlord. Tenant agrees at its sole cost and expense to comply with all Laws when performing any alterations, including obtaining any governmental permits which may be required in connection therewith. Should Tenant desire to renovate the Premises and such renovations would require alterations to the Premises, then Tenant shall submit plans and specifications for such renovations to Landlord for its approval, such approval not to be unreasonably withheld, delayed or conditioned. Landlord shall have fourteen (14) days from receipt of Tenant's plans and specifications to approve or disapprove same. In the event Landlord fails to disapprove of said plans and specifications within such fourteen (14) day period, then the plans and specifications shall be deemed approved. After completion of any alterations or improvements that require consent of Landlord hereunder, Tenant shall provide Landlord with a copy of Tenant's plans and specifications for such alterations or improvements.

b. Abatement. Tenant's covenant to pay Rent and Landlord's covenants are independent. Tenant will not be entitled to abate Rent for any reason.

c. Condemnation/Substantial or Partial Taking

(1) If the Premises cannot be used for the purposes contemplated by this lease because of condemnation or purchase in lieu of condemnation, this lease will terminate.

(2) If there is a condemnation or purchase in lieu of condemnation and this lease is not terminated, Landlord will, at Landlord's expense, restore the Premises, and the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.

(3) Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

d. Uniform Commercial Code. Tenant grants Landlord a security interest in Tenant's personal property now or subsequently located on the Premises. This lease is a security agreement under the Uniform Commercial Code.

e. Default by Landlord/Events. Defaults by Landlord are failing to comply with any provision of this lease within thirty (30) days after written notice.

f. Default by Landlord/Tenant's Remedies. Tenant's remedies for Landlord's default are to sue for damages.

g. Default by Tenant/Events. Defaults by Tenant are:

(1) making an assignment for the benefit of its creditors;

(2) the levying on or against Tenant's property;

(3) the institution in court of competent jurisdiction of proceedings for the reorganization, liquidation, or voluntary dissolution of Tenant, or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the Tenant's property, if the proceedings are not dismissed, and any receiver, trustee, or liquidator appointed therein is not discharged within thirty (30) days after the proceedings are instituted;

(4) the filing of a mechanic's lien against the Premises in connection with work contracted for by Tenant that is not released by payment or bond or otherwise (including indemnification reasonably satisfactory to Landlord) within thirty (30) days of Tenant's receipt of written notice of the existence of such mechanic's lien, provided, however, that Tenant shall have an affirmative duty to notify Landlord of the existence or threat of any such mechanic's lien being filed against the Premises if and when Tenant receives any notice of the threatened mechanic's lien from any claimant;

(5) failing to pay timely Rent;

(6) failure by Tenant to perform or observe any of Tenant's non-monetary covenants contained in this Lease;

(7) abandoning or vacating a substantial portion of the Premises;

(8) failing to comply within ten (10) days after written notice with any provision of this Lease; and

(9) failing to comply with the requirements set forth in Sections 5(a)(2).

h. Default by Tenant/Landlord's Remedies. Landlord's remedies for Tenant's default are to (1) enter and take possession of the Premises; (2) enter the Premises and perform Tenant's obligations; and (3) terminate this Lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages.

i. Remedies Cumulative. The rights and remedies given to Landlord and Tenant in this Lease are distinct, separate and cumulative remedies, and the exercise of any one or more of them will not be deemed to exclude Landlord's or Tenant's rights to exercise any or all of the

others which are given in this Lease, or at law or in equity, unless such remedies are expressly excluded.

j. Default/Waiver/Mitigation. It is not a waiver of default if the non-defaulting Party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this lease does not preclude pursuit of other remedies in this lease or provided by applicable law. Landlord and Tenant have a duty to mitigate damages.

k. Representations and Indemnities of Broker Relationships. Tenant and Landlord each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder in connection with this Lease, and that no one is entitled to any commission or finder's fee in connection herewith. Tenant and Landlord do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar Party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

l. Holdover. No holding over by Tenant, whether with or without the consent of Landlord, will extend the Term. If Tenant remains in possession of the Premises after the expiration of the Term without execution of a new lease extending the Term, Tenant will be deemed to be occupying the Premises as a tenant at will, subject to all of the terms of this Lease as may be applicable to a month to month tenancy and at One Hundred Fifty Percent (150%) of the monthly installment of the Base Rent set forth in Section 1(m) for the twelve (12) month period prior to expiration of the Term, except that thereafter either Landlord or Tenant may terminate this Lease upon thirty (30) days' notice to the other; provided that Landlord, by the terms hereof, is not deemed to consent to any such holdover by Tenant and may exercise all rights provided by law to remove Tenant from the Premises upon giving Tenant the notice described herein.

m. Notices. Any notices sent or required to be given hereunder must in writing and sent by certified mail, return receipt requested, or nationally recognized overnight courier to the following addresses:

LANDLORD:

Lubbock Reese Redevelopment Authority
9801 Reese Boulevard
Suite 200
Lubbock, Texas 79416
Attn: Executive Director
Telephone: (806) 885-3597

TENANT:

Rhodes USA, LLC
6720 28th St., Apt. 1403
Lubbock, TX 79407

Telephone: _____
Fax: _____
Email: _____

Notices will be deemed given on the date received (or refused) when addressed to the Parties at the addresses set forth above or in either case to such other addresses as Landlord or Tenant may designate to the other by notice. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

n. Attorney's Fees. If either Party retains an attorney to enforce this Lease, the Party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.

o. Governing Law. This Lease shall be governed in accordance with the laws of the State of Texas, and all obligations of the Parties are performable in Lubbock County, Texas.

p. Entire Agreement. This Lease, together with the attached exhibits and riders, is the entire agreement of the Parties, and there are no oral representations, warranties, agreements, or promises pertaining to this lease or to any expressly mentioned exhibits and riders not incorporated in writing in this lease.

q. Assignment and Subletting by Tenant. Tenant may have the right, with the prior written consent of Landlord, which consent shall not be unreasonable withheld, conditioned or delayed, to assign this Lease, and any interest therein, provided each assignee assumes in writing all of Tenant's obligations under this Lease and Tenant shall remain liable for each and every obligation under this lease. Landlord hereby grants its consent for Tenant to sublet the Premises or any thereof, or any right or privilege pertinent thereto.

The foregoing notwithstanding, Tenant may assign its entire interest under this Lease to an Affiliate or to a successor to Tenant by purchase, merger, consolidation or reorganization without the consent of Landlord, provided that all of the following conditions are satisfied (a "Permitted Transfer"): (1) no uncured event of default exists under this Lease; (2) Tenant's successor shall own all or substantially all of the assets of Tenant; and (3) Tenant shall give Landlord written notice at least thirty (30) days prior to the effective date of the proposed purchase, merger, consolidation or reorganization. The term "Affiliate" means any person or entity controlling, controlled by or under common control with Tenant. Tenant's notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied.

r. Assignment by Landlord. Landlord is expressly given the right to assign any or all of its interest under the terms of this Lease, provided the assignee expressly assumes all obligations of Landlord hereunder.

s. Amendment of Lease. This Lease may be amended only by an instrument in writing signed by Landlord and Tenant.

t. Limitation of Warranties. THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.

u. Abandoned Property. Landlord may retain, destroy, or dispose of any property left on the Premises at the end of the Term.

v. Heirs, Successors, and Assigns. This Lease and the covenants, agreements and representations herein contained will be binding upon, and inure to the benefit of, the Parties hereto and their respective heirs, executors, administrators, successors, and assigns.

w. Rules of Construction. This Lease will be construed with equal weight for the rights of both Parties, the terms hereof having been determined by fair negotiation with due consideration for the rights and requirements of both Parties.

x. Severability. If any term or provision of this Lease is found to be invalid, illegal or unenforceable, the remaining terms and provisions hereof will not be affected thereby; and each term and provision hereof will be valid and enforceable to the fullest extent permitted by Laws.

y. Headings. The captions, section numbers and paragraph numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, amplify, limit, construe or describe the scope or interest of any section of this Lease.

z. Trafficking of Persons. Under §2155.0061, Texas Government Code, Tenant certifies that the individual or business entity named in the Agreement is not ineligible to receive the specified Agreement and acknowledges that the Agreement may be terminated if this certification is inaccurate.

aa. Chapter 2271 of the Texas Government Code. Tenant acknowledges that in accordance with Chapter 2270 of the Texas Government Code, the Landlord is prohibited from entering into a contract with a company for goods or services unless the contract contains a written verification from the Tenant that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The terms “boycott Israel” and “company” shall have the meanings ascribed to those terms in Section 808.001 of the Texas Government Code. ***By signing this Lease, Tenant certifies that Tenant’s signature provides written verification to the Landlord that Tenant: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the Lease.***

13. AFFIRMATIVE REPRESENTATIONS CONCERNING FTZ-260 AND OPERATION OF AIRFIELD

a. FTZ-260. Landlord has applied and previously received approval for eligible tenants of the Project to be able to take advantage of the benefits of Foreign Trade Zone – 260. Tenants that are eligible to participate must apply through the Lubbock Economic Development Alliance and pay the application fees and any monthly fees associated with the volume of goods that are transported into and out of the Foreign Trade Zone. Interested tenants should contact the

Lubbock Economic Development Alliance for specific details regarding the application process and the fees and regulations associated with the program.

b. Airfield. Landlord currently has Federal Aviation Administration approval to operate the airstrips located within the Project. The 6,500-foot north-south runway can accommodate large cargo aircrafts such as a C-130. While Landlord anticipates that there may be changes with respect to the use of the three (3) primary landing strips that are now in operation (including that the westernmost runway is non-operational, except in the case of a federal, state or local emergency), Landlord intends to continue to operate the 6,500-foot north-south runway and will make the use of such runway available to Tenant in accordance with the existing Federal Aviation Administration certification. With regard to the westernmost runway, Landlord has restricted use of such runway based on the operation of the commercial grade wind turbines that exist on the Project to the west of such runway, and Tenant agrees that it may not have access to such runway. All flight arrangements must be approved through Landlord and any tenant utilizing the runway for such flights must comply with the daytime Visual Flight Rule. Notwithstanding the foregoing, Landlord agrees that it will not cause or permit any material change in size, location or configuration of any airstrip or runway which will have an adverse affect on Tenant's ability to operate in the Premises or which will adversely affect access to the Premises.

14. SECURITY CONDITIONS

Landlord and Tenant acknowledge and agree that the Project is located on property formerly owned and operated by the United States Air Force as the Reese Air Force Base, and that certain portions of the Project have been previously utilized by local, state and federal governmental entities (hereinafter, "the Government") in times of state or national emergencies to provide temporary evacuation shelters and other such uses. Additionally, Landlord has other tenants of the Project that require controlled access to the Airfield during certain operations. Landlord represents that the Government may continue to utilize the Project during the Term of this Lease in times of state or national emergency (with or without Landlord's express consent), and other tenants of the Project, when approved by the Landlord, may require controlled access to the Airfield, and that such use could adversely affect Tenant's ability to access the Premises and/or use the Common Areas due to additional security measures; provided, however, that such adverse impact shall only delay and shall not unreasonably deny access by Tenant to the Premises.

Tenant acknowledges and agrees that, in the event that the Government utilizes any portion of the Project in a time of state or national emergency or when the Landlord authorizes other tenants of the Project to control access to the Airfield, Tenant, its employees, officers, agents, and contractors will comply with all reasonable security regulations imposed by the Landlord or applicable governmental agency, including the requirement to obtain and display security identification cards and to comply with reasonable security procedures.

The execution of this Agreement by Landlord shall not be considered a waiver of Landlord's sovereign immunity to suit.

IN WITNESS WHEREOF, having read and intending to be bound by the terms hereof, the Parties have signed this Lease on the date(s) set forth below.

LUBBOCK REESE
REDEVELOPMENT AUTHORITY
("Landlord")

RHODES USA, L.L.C.
("Tenant")

By: Joseph R. Rapier, President

By: _____

Date

Date

EXHIBIT A

Site Plan



Exhibit B

Landlord Make Ready Improvements

Landlord agrees to make the following make ready improvements to the Premises:

- Replace 70 high bay lights.
- Replace bulbs in office area where needed.
- Replace ceiling tiles where needed.
- Miscellaneous Plumbing repairs.
- Door repairs and rekeys.

Said Landlord make ready improvements shall not exceed \$17,000.

BOARD ACTION ITEM #2021-0127-073

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
JANUARY 27, 2021**

Item to be Considered:

Consider Lease for Rhodes USA, LLC for B92

Previous Board Action:

None

Statement of Pertinent Facts:

- a. Term: 3 years with 3% annual increases
- b. Advertised rate on this building is \$3.00/SF.
- c. Option to Renew: One 2-year option with 3% annual increases
- d. Make ready costs to Reese: approximately \$17,000

Advice, Opinions, Recommendations and Motion:

If the Board of Directors concurs, the following motion is in order:

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby authorizes the Board President to Approve the Lease for Rhodes USA, LLC for Building 92, subject to negotiation of final terms and conditions, on this 27th day of January 2021.”

Joseph R. Rapier, President

ATTEST:

Board Member

Law Office of Darrell J Guthrie, PLLC

djguthrie@djguthrielaw.com
(806) 535-2072

Mailing Address
4414 82nd Street
Ste 212 PMB #328
Lubbock, Texas 79424

January 8, 2021

Lubbock Reese Redevelopment Authority
Attn: President, Board of Directors
9801 Reese Blvd., Suite 200
Lubbock, TX 79416

Re: Legislative Proposal to Add Certain Provision of Local Government Code Chapter 379B
(Defense Base Development Authorities) to Special District Local Laws Code Chapter
3501 (Lubbock Reese Redevelopment Authority (LRRRA) Enabling Legislation).

Dear Joe:

At the November Board of Directors meeting you asked me to set out the differences between LRRRA's Enabling Legislation and the Defense Base Development Authority statute. Below, I have tried to provide relevant background and recommendations on provisions to add or amend in the Enabling Legislation. In my opinion, these changes would open additional options to LRRRA to better market Reese Technology Center.

1. Background.

- a. In 1995, the Base Realignment and Closure (BRAC) closed numerous bases in Texas, to include Reese Air Force Base. While the vast majority of these closed bases ultimately were governed by Chapter 379B, to include Kelly Air Force Base (now known as the Port of San Antonio). Separate legislation was initially created under the Local Government Code Chapter 396 for Reese Air Force Base creating LRRRA as a political subdivision of the state of Texas. Subsequently, Chapter 396 was moved to the Special District Local Laws Code Chapter 3501 (the "Enabling Legislation"). Chapter 379B and LRRRA's Enabling Legislation were substantially the same until amendments to Chapter 379B in 2013 and 2017 provided the other BRAC closed bases additional powers and authorities.
- b. The Enabling Legislation permits LRRRA "to undertake projects necessary or incidental to the industrial, commercial, or business development, redevelopment, maintenance, and expansion of new and existing businesses on the property" (see Sec. 3501.003(a)). However, in comparison to Chapter 379B, LRRRA's Enabling Legislation provides considerably less flexibility and lacks specific provisions that remove bureaucratic barriers to development opportunities.
- c. To position LRRRA for continued development in a 21st century economy, to make it attractive to partners/developers, and to improve opportunities for future development, a legislative amendment to place LRRRA on equal footing with other BRAC bases in Texas should be considered.

2. Provisions to Add from Chapter 379B.

- a. Sec. 379B.012 exempts “qualifying projects” from the requirements of Government Code Chapters 2267 (Public and Private Facilities and Infrastructure) and 2269 (Contracting and Delivery Procedures for Construction Procedures and Construction Projects). These Chapters provide political subdivisions of the state of Texas options for developing large projects and for partnering with private entities. However, the procedures involved are burdensome and bureaucratic. By exempting “qualifying projects” defined as” any real estate project involving the construction of:
 - (1) tenant finish-out or construction of a build-to-suit facility for a tenant who, through the execution of a lease with an authority, pays for or reimburses the authority for the cost of the improvements;
 - (2) infrastructure improvements, including roads, driveways, or utility extensions, made in connection with the sale or lease of property owned by the authority and for which the proceeds of the sale or the lease are used to reimburse the authority for the infrastructure improvements; or
 - (3) an income-producing facility that generates revenue for the authority and that is constructed by a private developer with special expertise in development.

LRRA gains flexibility to incentivize relocation to Reese Technology Center (e.g build-to-suit and infrastructure improvements) and to develop income-producing facilities with private developers without being subject to the burdensome and bureaucratic requirements of Chapters 2267 (32 pages) and 2269 (42 pages).

- b. Sec. 379B.004(11). This provision would allow LRRA to loan money to accomplish purposes of the authority.
- c. Sec. 379B.004(18)-(20). These provisions would allow LRRA to use various provisions of Chapter 22 of the Transportation Code related to creating financing entities to finance facilities located on airport property, as well as to “lease, own, and operate an airport and exercise the powers granted to municipalities and counties.”
- d. Sec. 379B.004(22)-(23). These provisions provide the ability to provide security and participate in programs and security efforts of the state and Department of Homeland Security.
- e. Sec. 379B.004(24). This provision would allow LRRA to participate as part of a LLC, LLP, or other entity created to finance a project designated as a redevelopment project under Sec. 379B.009.
- f. Sec. 379B.0041 (Inland Port and Trade Powers). This provision might be useful, if the Board believes it would enhance the ability of LRRA to participate in the Port-to-Plains project.
- g. Sec. 379B.0042 (Services). This provision would allow LRRA to charge for value added services (e.g. consulting, real estate development services, support the acquisition of venture capital) that might be important in working with a developer.
- h. Sec. 379B.0043 (Transportation Project). This provision provides specific authority to undertake transportation projects on and off the property that would benefit the property.
- i. 379B.008(b)(3) and (4). These provisions would allow LRRA to encourage the development of new industry by private businesses and encourage the financing of redevelopment projects.

January 8, 2021

Correspondence to the President of the Board of Directors

- j. Sec. 379B.0085 provides an exception from the Open Meetings Act to hold meetings by telephone conference call, video conference call, or other similar telecommunications means (i.e. continue to meet consistent with the COVID-19 Executive Orders).
 - k. Sec. 379B.009 (Redevelopment Projects). This provision allows the board to designate projects as a redevelopment project for purposes of 379B.004(24).
3. Provisions to Amend in the Enabling Statute based on provisions of Chapter 379B.
- a. Amend Sec. 3501.102(b)(17) to read consistent with Sec. 379B.004(10) to permit LRRRA to “borrow money or issue a bond in an amount that does not exceed the maximum amount set by the board.” This would remove the requirement to “not exceed the amount determined by the governing body of the City of Lubbock.”
 - b. Amend Sec. 3501.106 (Revenue Bonds) to read consistent with Sec. 379B.010 (Bonds). This section provides greater clarity on issuing revenue bonds that should ease any confusion dealing with the Attorney General’s Office during the bond approval process.
 - c. Amend Sec. 3501.004 (Exemption From Taxation) to read consistent with Sec. 379B.011 (Tax Exemptions). This provision would expand tax exemptions for leaseholds, commercial aircraft, and considers tangible personal property to be in interstate, international, or foreign commerce and not located in this for longer than a temporary period when attached to a commercial aircraft.

If you have any additional questions regarding this matter, please feel free to call our offices.

Sincerely,

Original Signed
Darrell J. Guthrie

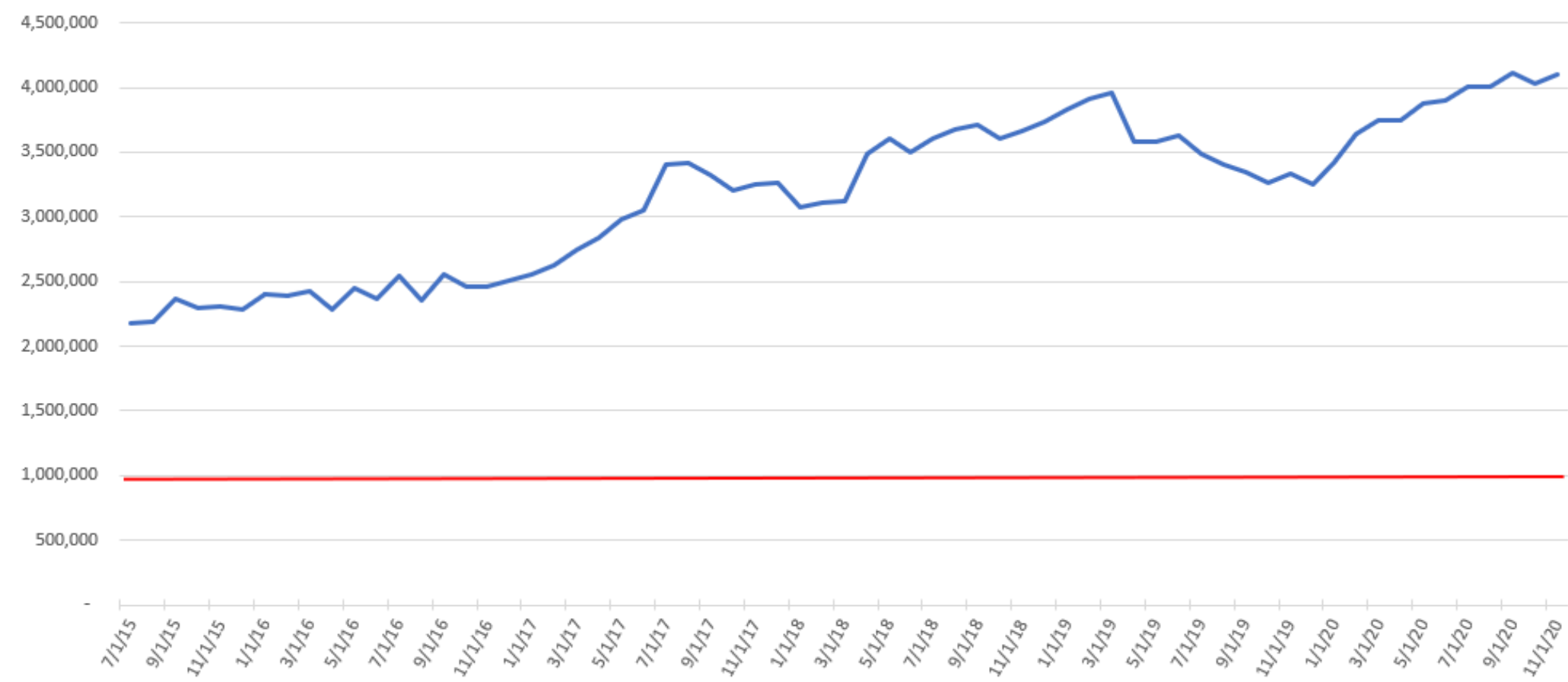
CASH BALANCES - NOVEMBER 30, 2020

	10/31/2020	11/30/2020	Change
General Fund Bank Accounts	\$ 3,173,380.00	\$ 3,250,503.00	\$ 77,123.00
Fiber Optic Fund Checking	\$ -	\$ -	\$ -
Capital Maintenance - Designated	\$ 855,000.00	\$ 855,000.00	\$ -
Petty Cash	\$ 100.00	\$ 100.00	\$ -
Total Cash	\$ 4,028,480.00	\$ 4,105,603.00	\$ 77,123.00
Accounts Receivable - G/F	\$ 201,074.00	\$ 199,910.00	\$ (1,164.00)
Accounts Receivable - F/O	\$ 6,203.00	\$ 14,100.00	\$ 7,897.00
Total Accounts Receivable	\$ 207,277.00	\$ 214,010.00	\$ 6,733.00
Total Cash & Accounts Receivable	\$ 4,235,757.00	\$ 4,319,613.00	\$ 83,856.00

Aged Accounts Receivable as of 11/30/2020

CURRENT	1 - 30 Days - Invoices Dated 08/18/2020	31 - 60 Days - Invoices Dated 07/16/2019	61 > Days - Invoices Dated B4 07/16/2019	Over 90 Days	TOTAL
161,587.47	23,181.84	26,321.95	2,919.16	-	214,010.42

LRRA Available Cash
JULY 2015 - NOVEMBER 2020



FINANCIAL HIGHLIGHTS - NOVEMBER 2020

DESCRIPTION	Month G/F	Month F/O	Month's Total	YTD G/F	YTD F/O	YTD Total
Operating Revenue	\$ 250,993	\$ 15,010	\$ 266,003	\$ 491,925	\$ 30,021	\$ 521,946
Other Revenue - Usage Fees	\$ 20,581	\$ 2,344	\$ 22,925	\$ 46,494	\$ 4,634	\$ 51,128
Total Revenue	\$ 271,574	\$ 17,354	\$ 288,928	\$ 538,419	\$ 34,655	\$ 573,074
Expenses	\$ 180,884	\$ 14,831	\$ 195,715	\$ 321,009	\$ 21,330	\$ 342,339
Net Income BPSID	\$ 90,690	\$ 2,523	\$ 93,213	\$ 217,410	\$ 13,325	\$ 230,735
Interest Income - Plus	\$ 835	\$ -	\$ 835	\$ 1,685	\$ -	\$ 1,685
Depreciation - Less	\$ (45,445)	\$ (2,550)	\$ (47,995)	\$ (90,890)	\$ (5,100)	\$ (95,990)
Net Income	\$ 46,080	\$ (27)	\$ 46,053	\$ 128,205	\$ 8,225	\$ 136,430

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

\$ -

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 11/30/2020

(In Whole Numbers)

	<u>General Fund</u>	<u>Fiber Optic Fund</u>	<u>Total</u>
ASSETS			
CASH	3,250,603	0	3,250,603
DESIGNATED-CAPITAL MAINT	610,000	0	610,000
WATER INFRASTRUCTURE RESERVE	245,000	0	245,000
INVESTMENTS	0	0	0
ACCOUNTS RECEIVABLE	199,910	14,100	214,010
ALLOWANCE FOR DOUBTFUL ACCOUNTS	0	0	0
INTERFUND TRANSFERS	0	0	0
NOTES RECEIVABLE	0	0	0
CONSTRUCTION IN PROGRESS	100,473	0	100,473
PROPERTY AND EQUIPMENT, NET	6,667,676	137,102	6,804,777
OTHER ASSETS	227,591	24,159	251,750
Total ASSETS	<u>11,301,252</u>	<u>175,361</u>	<u>11,476,613</u>
LIABILITIES			
ACCOUNTS PAYABLE	9,188	490	9,678
ACCRUED EXPENSES	21,704	0	21,704
DEFERRED REVENUE	246,670	15,541	262,211
NET PENSION LIABILITIES	8,337	0	8,337
NOTES PAYABLE	10,779	0	10,779
INTERFUND TRANSFERS	0	0	0
REFUNDABLE DEPOSITS	33,787	223	34,010
OTHER LIABILITIES	(12,179)	0	(12,179)
Total LIABILITIES	<u>318,286</u>	<u>16,254</u>	<u>334,540</u>
FUND EQUITY			
BEGINNING OF PERIOD	11,822,381	(816,739)	11,005,643
YEAR TO DATE EARNINGS	128,206	8,225	136,431
Total FUND EQUITY	<u>11,950,587</u>	<u>(808,514)</u>	<u>11,142,073</u>
TOTAL LIABILITY AND FUND BALANCE	<u>12,268,873</u>	<u>(792,260)</u>	<u>11,476,613</u>

LUBBOCK REESE REDEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 From 10/1/2020 Through 11/30/2020

(In Whole Numbers)

	<u>General Fund</u>	<u>Fiber Optic Fund</u>	<u>Total</u>
OPERATING REVENUES	538,420	34,655	573,075
OPERATING EXPENSES	411,899	26,430	438,329
OPERATING INCOME(LOSS)	<u>126,521</u>	<u>8,225</u>	<u>134,746</u>
NONOPERATING INTEREST INCOME	1,685	0	1,685
NET NONOPERATING REVENUES	1,685	0	1,685
INCREASE (DECREASE) IN FUND	<u>128,206</u>	<u>8,225</u>	<u>136,431</u>
FUND EQUITY, BEGINNING	11,822,381	(816,739)	11,005,643
FUND EQUITY, ENDING	11,950,587	(808,514)	11,142,073

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2020 Through 11/30/2020

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
LEASES	340,152	0	340,152
USAGE FEES	46,494	4,634	51,129
PBT CAM FEES	120,048	0	120,048
CONTRACT SERVICES	14,653	0	14,653
FIBER OPTIC/WIRELESS INCOME	0	30,021	30,021
TOTAL OPERATING REVENUE	521,348	34,655	556,003
UTILITY FRANCHISE FEES	17,072	0	17,072
TOTAL REVENUES	538,420	34,655	573,075

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2020 Through 11/30/2020

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
OPERATING EXPENSES			
SALARIES & TAXES	115,045	0	115,045
BENEFITS - HEALTH, RETIREMENT & WKR'S COMP	19,227	0	19,227
INSURANCE - PROPERTY & GENERAL LIABILITY	28,474	1,499	29,973
ADMINISTRATIVE EXPENSES	336	0	336
GENERAL OFFICE EXPENSES	7,156	628	7,784
ACCTG. & AUDITING SERVICES	191	0	191
COMPUTER SOFTWARE & MAINT.	0	6,682	6,682
INTERNET	0	3,390	3,390
LEGAL SERVICES	3,834	0	3,834
NETWORK MAINTENANCE CONTRACT	882	0	882
TRAINING & TRAVEL	947	0	947
MARKETING EXPENSES	12,792	0	12,792
OPERATIONS - GROUND MAINT. AND ENGINEERING CONTRACTS	92,008	0	92,008
UTILITIES	40,117	5,673	45,790
DEPRECIATION EXPENSE	90,890	5,100	95,991
Total OPERATING EXPENSES	411,899	22,972	434,871

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 10/1/2020 Through 10/31/2020

GENERAL FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	169,888	142,917	26,971	169,888	142,917	26,971
PBT Cam Fees	60,024	60,000	24	60,024	60,000	24
Usage Fees	25,913	20,833	5,080	25,913	20,833	5,080
Contract Services	0	1,250	(1,250)	0	1,250	(1,250)
Utility Franchise Fees	11,020	2,417	8,604	11,020	2,417	8,604
Total REVENUES	266,846	227,417	39,429	266,846	227,417	39,429
EXPENSES						
Salaries & Taxes	49,210	64,167	14,957	49,210	64,167	14,957
Benefits - Health, Retirement & Wkr's Comp	9,593	10,742	1,149	9,593	10,742	1,149
Insurance -Property & General Liabilities	14,237	14,583	346	14,237	14,583	346
Administrative Expenses	87	642	555	87	642	555
General Office Expenses	3,631	5,121	1,490	3,631	5,121	1,490
Accounting & Auditing Services	110	83	(27)	110	83	(27)
Legal Services	1,404	4,167	2,763	1,404	4,167	2,763
Network Maintenance Contract	461	667	206	461	667	206
Training & Travel	324	708	384	324	708	384
Marketing Expenses	3,454	4,250	796	3,454	4,250	796
Operations	38,718	41,250	2,532	38,718	41,250	2,532
Utilities	18,896	20,917	2,021	18,896	20,917	2,021
Total EXPENSES	140,125	167,296	27,171	140,125	167,296	27,171
NIBPSID	126,721	60,121	66,600	126,721	60,121	66,600
NON OPERATING REVENUE						
Interest Income	849	542	308	849	542	308
Total NON OPERATING REVENUE	849	542	308	849	542	308
DEPRECIATION						
Depreciation Expense	(45,445)	(47,083)	1,638	(45,445)	(47,083)	1,638
Total DEPRECIATION	(45,445)	(47,083)	1,638	(45,445)	(47,083)	1,638
Increase (Decrease) In Fund Equity	82,125	13,579	68,546	82,125	13,579	68,546

GENERAL FUND

Explanation of Significant Budget Variances

2020 NOVEMBER

	Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
Revenues, Leases	\$ 27,348	\$ 54,319	Budgeted less monies due to potential loss of ZACHRY	Year End is expected to be over budget.
Revenues, Contract Services	\$ 13,403	\$ 12,153	KBR had 3 events billed during November	Year End is expected to on budget.
Revenues, Utility Franchise Fees	\$ 3,635	\$ 12,239	SPEC paid a Share Refund - Capital Credit 4,375.67	Year End is expected to be on budget.
Expenses, Salaries & Taxes	\$ (1,668)	\$ 13,289	Incentive Pay has not been fully paid	Year End is expected to be on budget.
Expenses, Operations	\$ (12,039)	\$ (9,508)	Difficult to predict when something will need repairing	Year End is expected to be over budget.

FIBER OPTIC OPERATING FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Usage Fees	2,344	2,500	(156)	4,634	5,000	(366)
Fiber Optic/Wireless Income	15,010	15,833	(823)	30,021	31,667	(1,646)
Total REVENUES	17,354	18,333	(979)	34,655	36,667	(2,012)
EXPENSES						
Insurance -Property & General Liabilities	749	750	1	1,499	1,500	1
General Office Expenses	314	317	3	628	633	5
Computer Software & Maintenance	2,941	3,417	476	6,682	6,833	152
Internet	1,695	1,833	139	3,390	3,667	277
Building Maintenance & Repairs	3,458	833	(2,625)	3,458	1,667	(1,792)
Utilities	5,673	5,142	(531)	5,673	10,283	4,610
Total EXPENSES	14,831	12,292	(2,539)	21,330	24,583	3,253
NIBPSID	2,523	6,042	(3,518)	13,325	12,083	1,242
DEPRECIATION						
Depreciation Expense	(2,550)	(3,500)	950	(5,100)	(7,000)	1,900
Total DEPRECIATION	(2,550)	(3,500)	950	(5,100)	(7,000)	1,900
Increase (Decrease) In Fund Equity	(27)	2,542	(2,568)	8,225	5,083	3,141

FIBER OPTIC FUND

Explanation of Significant Budget Variances

2020 NOVEMBER

Month Variance YTD Variance Explanations Projected Outcome at Year End

NONE

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 11/1/2020 Through 11/30/2020

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Current Month Budget Variance	YTD Actual	YTD Budget	YTD Budget Variance
REVENUES						
Leases	170,264	142,917	27,348	340,152	285,833	54,319
PBT Cam Fees	60,024	60,000	24	120,048	120,000	48
Usage Fees	22,925	23,333	(409)	51,129	46,667	4,462
Contract Services	14,653	1,250	13,403	14,653	2,500	12,153
Utility Franchise Fees	6,052	2,417	3,635	17,072	4,833	12,239
Fiber Optic/Wireless Income	15,010	15,833	(823)	30,021	31,667	(1,646)
Total REVENUES	288,929	245,750	43,179	573,075	491,500	81,575
EXPENSES						
Salaries & Taxes	65,835	64,167	(1,668)	115,045	128,333	13,289
Benefits - Health, Retirement & Wkr's Comp	9,634	10,742	1,107	19,227	21,483	2,256
Insurance -Property & General Liabilities	14,986	15,333	347	29,973	30,667	694
Administrative Expenses	250	892	642	336	1,533	1,197
General Office Expenses	3,839	5,438	1,598	7,784	10,875	3,091
Accounting & Auditing Services	80	5,083	5,003	191	5,167	4,976
Computer Software & Maintenance	2,941	3,417	476	6,682	6,833	152
Internet	1,695	1,833	139	3,390	3,667	277
Legal Services	2,430	4,167	1,737	3,834	8,333	4,499
Network Maintenance Contract	421	667	246	882	1,333	451
Training & Travel	623	708	85	947	1,417	469
Marketing Expenses	9,338	4,250	(5,088)	12,792	8,500	(4,292)
Operations	53,289	41,250	(12,039)	92,008	82,500	(9,508)
Building Maintenance & Repairs	3,458	833	(2,625)	3,458	1,667	(1,792)
Utilities	26,894	23,558	(3,336)	45,790	49,617	3,826
Total EXPENSES	195,714	182,337	(13,377)	342,339	361,925	19,586
NIBPSID	93,214	63,413	29,802	230,737	129,575	101,162
NON OPERATING REVENUE						
Interest Income	835	542	294	1,685	1,083	601
Total NON OPERATING REVENUE	835	542	294	1,685	1,083	601
DEPRECIATION						
Depreciation Expense	(47,995)	(50,583)	2,588	(95,991)	(101,167)	5,176
Total DEPRECIATION	(47,995)	(50,583)	2,588	(95,991)	(101,167)	5,176
Increase (Decrease) In Fund Equity	46,054	13,371	32,683	136,431	29,492	106,939

MONTHLY & YTD COMPARISONS OF CURRENT & PREVIOUS YEAR'S ACTUALS

(In Whole Numbers)

	Current Month	Prior Year		Current YTD	Prior Year	
	Actual	Actual	Variance	Actual	YTD Actual	Variance
REVENUES						
Leases	170,264	195,081	(24,817)	340,152	331,415	8,737
PBT Cam Fees	60,024	57,795	2,229	120,048	119,311	737
Usage Fees	22,925	24,571	(1,646)	51,129	61,155	(10,026)
Contract Services	14,653	0	14,653	14,653	0	14,653
Utility Franchise Fees	6,052	1,755	4,297	17,072	12,886	4,186
Fiber Optic/Wireless Income	15,010	13,469	1,541	30,021	27,140	2,881
Total REVENUES	288,929	292,670	(3,741)	573,075	551,908	21,167
EXPENSES						
Salaries & Taxes	65,835	67,951	(2,116)	115,045	113,447	1,598
Benefits - Health, Retirement & Wkr's	9,634	4,246	5,388	19,227	13,518	5,709
Insurance -Property & General Liabilities	14,986	14,689	297	29,973	29,378	595
Administrative Expenses	250	1,270	(1,020)	336	1,370	(1,034)
General Office Expenses	3,839	5,381	(1,542)	7,784	11,818	(4,034)
Accounting & Auditing Services	80	1,103	(1,023)	191	2,210	(2,019)
Computer Software & Maintenance	2,941	3,418	(477)	6,682	7,078	(396)
Internet	1,695	5,225	(3,530)	3,390	7,262	(3,872)
Legal Services	2,430	2,858	(428)	3,834	5,114	(1,280)
Network Maintenance Contract	421	539	(118)	882	1,059	(177)
Training & Travel	623	2,132	(1,509)	947	3,864	(2,917)
Marketing Expenses	9,338	5,844	3,494	12,792	12,776	16
Operations	53,289	42,386	10,903	92,008	75,186	16,822
Building Maintenance & Repairs	3,458	4,723	(1,265)	3,458	4,723	(1,265)
Utilities	26,894	26,131	763	45,790	52,372	(6,582)
Total EXPENSES	195,714	187,895	7,819	342,339	341,176	1,163
NIBPSID	93,214	104,774	(11,560)	230,737	210,732	20,005
NON OPERATING REVENUE						
Interest Income	835	2,868	(2,033)	1,685	6,418	(4,733)
Total NON OPERATING REVENUE	835	2,868	(2,033)	1,685	6,418	(4,733)
DEPRECIATION						
Depreciation Expense	(47,995)	(43,395)	(4,600)	(95,991)	(85,882)	(10,109)
Total DEPRECIATION	(47,995)	(43,395)	(4,600)	(95,991)	(85,882)	(10,109)
Increase (Decrease) In Fund Equity	46,054	64,247	(18,193)	136,431	131,269	5,162

Make Ready Project Reconciliation								Nov-20
Lease Date	Estimated Move In Date	Actual Move In Date	Building/Customer	Estimated Cost	Actual Cost to Date	Actual Final Cost	Difference	Comments
12/01/2020	12/01/2020	12/01/2020	BLDG # 210 / PREMIER LUBBOCK SPORTSPLEX, LTD	\$ 54,268.00	\$ 22,607.12		\$ 31,660.88	

CASH BALANCES - DECEMBER 31, 2020

	11/30/2020	12/31/2020	Change
General Fund Bank Accounts	\$ 3,250,503.00	\$ 3,112,573.00	\$ (137,930.00)
Fiber Optic Fund Checking	\$ -	\$ -	\$ -
Capital Maintenance - Designated	\$ 855,000.00	\$ 855,000.00	\$ -
Petty Cash	\$ 100.00	\$ 100.00	\$ -
Total Cash	\$ 4,105,603.00	\$ 3,967,673.00	\$ (137,930.00)
Accounts Receivable - G/F	\$ 199,910.00	\$ 237,729.00	\$ 37,819.00
Accounts Receivable - F/O	\$ 14,100.00	\$ 13,045.00	\$ (1,055.00)
Total Accounts Receivable	\$ 214,010.00	\$ 250,774.00	\$ 36,764.00
Total Cash & Accounts Receivable	\$ 4,319,613.00	\$ 4,218,447.00	\$ (101,166.00)

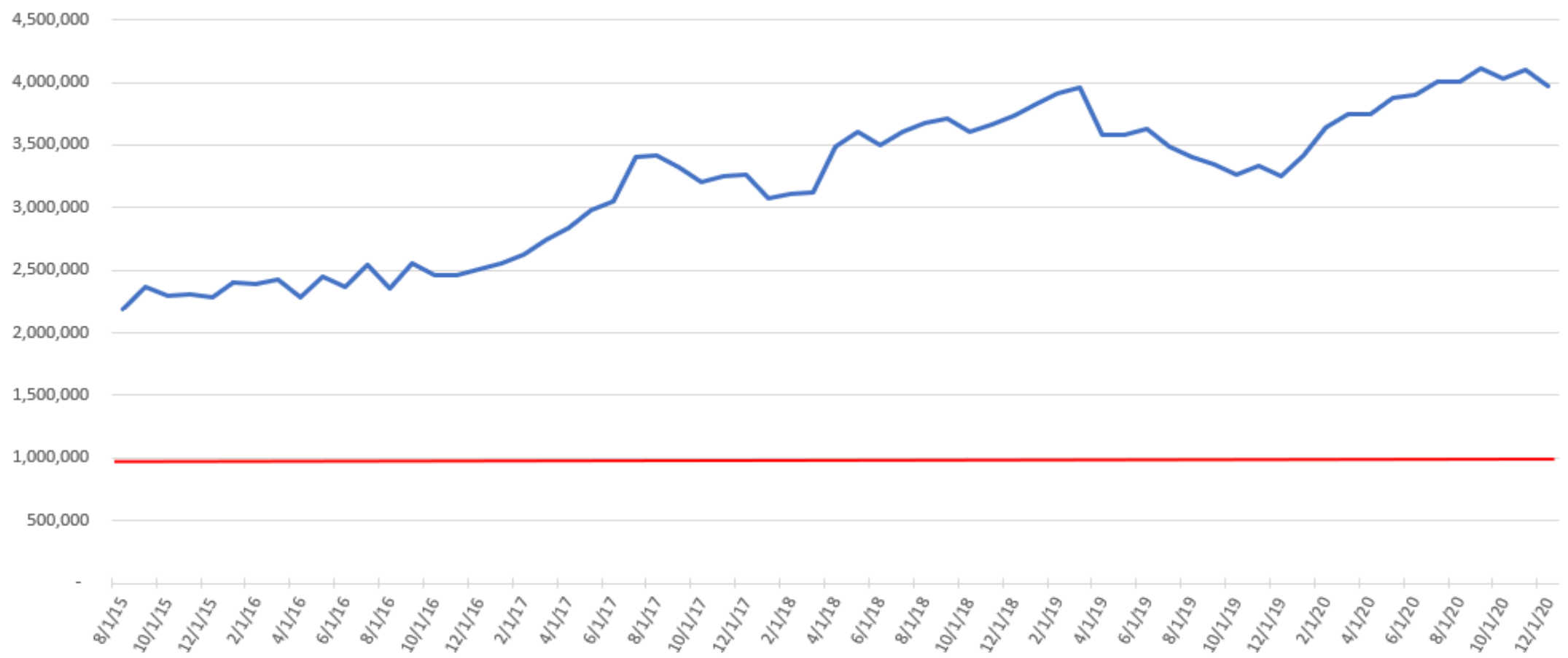
Aged Accounts Receivable as of 12/31/2020

CURRENT	1 - 30 Days - Invoices Dated 08/18/2020	31 - 60 Days - Invoices Dated 07/16/2019	61 > Days - Invoices Dated B4 07/16/2019	Over 90 Days	TOTAL
140,014.11	64,380.27	20,157.40	26,222.33	-	250,774.11

Aged Accounts Receivable as of 01/21/2021

61,531.68	35,955.48	20,157.40	26,222.33	-	143,866.89
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LRRRA Available Cash
AUGUST 2015 - DECEMBER 2020



FINANCIAL HIGHLIGHTS - DECEMBER 2020

DESCRIPTION	Month G/F	Month F/O	Month's Total	YTD	G/F	YTD	F/O	YTD Total
Operating Revenue	\$ 237,039	\$ 15,010	\$ 252,049	\$	728,964	\$	45,031	\$ 773,995
Other Revenue - Usage Fees	\$ 17,207	\$ 2,478	\$ 19,685	\$	63,701	\$	7,112	\$ 70,813
Total Revenue	\$ 254,246	\$ 17,488	\$ 271,734	\$	792,665	\$	52,143	\$ 844,808
Expenses	\$ 177,279	\$ 6,003	\$ 183,282	\$	294,378	\$	32,816	\$ 327,194
Net Income BPSID	\$ 76,967	\$ 11,485	\$ 88,452	\$	498,287	\$	19,327	\$ 517,614
Interest Income - Plus	\$ 856	\$ -	\$ 856	\$	2,541	\$	-	\$ 2,541
Depreciation - Less	\$ (45,445)	\$ (2,550)	\$ (47,995)	\$	(136,335)	\$	(7,651)	\$ (143,986)
Net Income	\$ 32,378	\$ 8,935	\$ 41,313	\$	364,493	\$	11,676	\$ 376,169

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

AIR HANDLERS FOR BLDG 36	21,256.00	CAPITAL EXPENSE
WEST TEXAS PAVING FOR WILSCOTT	201,400.00	CAPITAL EXPENSE

\$ 222,656.00

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 12/31/2020

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
ASSETS			
CASH	3,112,573	0	3,112,573
DESIGNATED-CAPITAL MAINT	610,000	0	610,000
WATER INFRASTRUCTURE RESERVE	245,000	0	245,000
INVESTMENTS	0	0	0
ACCOUNTS RECEIVABLE	237,729	13,045	250,774
ALLOWANCE FOR DOUBTFUL ACCOUNTS	0	0	0
INTERFUND TRANSFERS	0	0	0
NOTES RECEIVABLE	0	0	0
CONSTRUCTION IN PROGRESS	323,129	0	323,129
PROPERTY AND EQUIPMENT, NET	6,626,605	134,552	6,761,157
OTHER ASSETS	212,924	22,921	235,845
Total ASSETS	11,367,960	170,518	11,538,477
LIABILITIES			
ACCOUNTS PAYABLE	43,333	490	43,823
ACCRUED EXPENSES	61,408	3,958	65,366
DEFERRED REVENUE	237,235	15,541	252,776
NET PENSION LIABILITIES	8,337	0	8,337
NOTES PAYABLE	10,531	0	10,531
INTERFUND TRANSFERS	0	0	0
REFUNDABLE DEPOSITS	33,787	223	34,010
OTHER LIABILITIES	(12,179)	0	(12,179)
Total LIABILITIES	382,452	20,212	402,664
FUND EQUITY			
BEGINNING OF PERIOD	11,784,250	(820,697)	10,963,553
YEAR TO DATE EARNINGS	160,584	11,677	172,261
Total FUND EQUITY	11,944,833	(809,020)	11,135,814
TOTAL LIABILITY AND FUND BALANCE	12,327,285.00	(788,808.00)	11,538,477.00

LUBBOCK REESE REDEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 From 10/1/2020 Through 12/31/2020

(In Whole Numbers)

	<u>General Fund</u>	<u>Fiber Optic Fund</u>	<u>Total</u>
OPERATING REVENUES	792,665	52,144	844,809
OPERATING EXPENSES	634,623	40,466	675,089
OPERATING INCOME(LOSS)	<u>158,043</u>	<u>11,677</u>	<u>169,720</u>
NONOPERATING INTEREST INCOME	2,541	0	2,541
NET NONOPERATING REVENUES	2,541	0	2,541
INCREASE (DECREASE) IN FUND EQUITY	<u>160,584</u>	<u>11,677</u>	<u>172,261</u>
FUND EQUITY, BEGINNING	11,784,250	(820,697)	10,963,553
FUND EQUITY, ENDING	11,944,833	(809,020)	11,135,814

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2020 Through 12/31/2020

(In Whole Numbers)

	<u>General Fund</u>	<u>Fiber Optic Fund</u>	<u>Total</u>
LEASES	515,533	0	515,533
USAGE FEES	63,701	7,112	70,813
PBT CAM FEES	180,072	0	180,072
CONTRACT SERVICES	14,653	0	14,653
FIBER OPTIC/WIRELESS INCOME	0	45,031	45,031
TOTAL OPERATING REVENUE	<u>773,960</u>	<u>52,144</u>	<u>826,103</u>
UTILITY FRANCHISE FEES	18,706	0	18,706
TOTAL REVENUES	<u>792,665</u>	<u>52,144</u>	<u>844,809</u>

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2020 Through 12/31/2020

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
OPERATING EXPENSES			
SALARIES & TAXES	186,987	0	186,987
BENEFITS - HEALTH, RETIREMENT & WKR'S COMP	32,947	0	32,947
INSURANCE - PROPERTY & GENERAL LIABILITY	42,677	2,246	44,923
ADMINISTRATIVE EXPENSES	1,300	0	1,300
GENERAL OFFICE EXPENSES	16,396	943	17,339
ACCTG. & AUDITING SERVICES	308	0	308
COMPUTER SOFTWARE & MAINT.	0	9,623	9,623
INTERNET	0	5,084	5,084
LEGAL SERVICES	6,318	0	6,318
NETWORK MAINTENANCE CONTRACT	1,437	0	1,437
TRAINING & TRAVEL	947	0	947
MARKETING EXPENSES	13,990	0	13,990
OPERATIONS - GROUND MAINT. AND ENGINEERING CONTRACTS	134,446	0	134,446
UTILITIES	60,534	11,312	71,846
DEPRECIATION EXPENSE	136,335	7,651	143,986
Total OPERATING EXPENSES	634,623	36,858	671,481

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 12/1/2020 Through 12/31/2020

GENERAL FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	175,381	142,917	32,464	515,533	428,750	86,783
PBT Cam Fees	60,024	60,000	24	180,072	180,000	72
Usage Fees	17,207	20,833	(3,626)	63,701	62,500	1,201
Contract Services	0	1,250	(1,250)	14,653	3,750	10,903
Utility Franchise Fees	1,634	2,417	(783)	18,706	7,250	11,456
Total REVENUES	254,245	227,417	26,828	792,665	682,250	110,415
EXPENSES						
Salaries & Taxes	71,942	64,167	(7,775)	186,987	192,500	5,513
Benefits - Health, Retirement & Wkr's Comp	13,719	10,742	(2,978)	32,947	32,225	(722)
Insurance -Property & General Liabilities	14,203	14,583	380	42,677	43,750	1,073
Administrative Expenses	964	3,142	2,178	1,300	4,675	3,375
General Office Expenses	9,240	5,121	(4,119)	16,396	15,362	(1,034)
Accounting & Auditing Services	118	83	(34)	308	5,250	4,942
Legal Services	2,484	4,167	1,683	6,318	12,500	6,182
Network Maintenance Contract	555	667	111	1,437	2,000	563
Training & Travel	0	708	708	947	2,125	1,178
Marketing Expenses	1,199	4,250	3,051	13,990	12,750	(1,240)
Operations	42,438	41,250	(1,188)	134,446	123,750	(10,696)
Utilities	20,417	18,417	(2,000)	60,534	57,750	(2,784)
Total EXPENSES	177,279	167,296	(9,983)	498,287	504,637	6,350
NIBPSID	76,967	60,121	16,846	294,378	177,613	116,765
NON OPERATING REVENUE						
Interest Income	856	542	315	2,541	1,625	916
Total NON OPERATING REVENUE	856	542	315	2,541	1,625	916
DEPRECIATION						
Depreciation Expense	(45,445)	(47,083)	1,638	(136,335)	(141,250)	4,915
Total DEPRECIATION	(45,445)	(47,083)	1,638	(136,335)	(141,250)	4,915
Increase (Decrease) In Fund Equity	32,378	13,579	18,799	160,584	37,988	122,596

GENERAL FUND

Explanation of Significant Budget Variances

2020 DECEMBER

	Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
Revenues, Leases	\$ 32,464	\$ 86,783	Budgeted less monies due to potential loss of ZACHRY	Year End is expected to be over budget.
Revenues, Contract Services	\$ (1,250)	\$ 10,903	KBR had 3 events billed during November	Year End is expected to on budget.
Revenues, Utility Franchise Fees	\$ (783)	\$ 11,456	SPEC paid a Share Refund - Capital Credit 4,375.67 - NOVEMBER	Year End is expected to be on budget.
Expenses, Salaries & Taxes	\$ (7,775)	\$ 5,513	Incentive Pay , Raises, and bonuses were paid	Year End is expected to be on budget.
Expenses, General Office Expenses	\$ (4,119)	\$ (1,034)	E-mail Exchange Server to MS Cloud Server, & Paid Annually \$ for Microsoft OnLine Services	Year End is expected to be on budget.
Expenses, Marketing Expenses	\$ 3,051	\$ (1,240)	EDC Program purchased	Year End is expected to be on budget.
Expenses, Operations	\$ (1,188)	\$ (10,696)	Difficult to predict when something will need repairing	Year End is expected to be over budget.

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 12/1/2020 Through 12/31/2020

FIBER OPTIC OPERATING FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Usage Fees	2,478	2,500	(22)	7,112	7,500	(388)
Fiber Optic/Wireless Income	15,010	15,833	(823)	45,031	47,500	(2,469)
Total REVENUES	17,488	18,333	(845)	52,144	55,000	(2,856)
EXPENSES						
Insurance -Property & General Liabilities	748	750	2	2,246	2,250	4
General Office Expenses	314	317	3	943	950	8
Computer Software & Maintenance	2,941	3,417	476	9,623	10,250	627
Internet	1,695	1,833	139	5,084	5,500	416
Building Maintenance & Repairs	150	833	683	3,608	2,500	(1,108)
Utilities	5,639	5,142	(497)	11,312	15,425	4,113
Total EXPENSES	11,486	12,292	806	32,816	36,875	4,059
NIBPSID	6,003	6,042	(39)	19,328	18,125	1,203
DEPRECIATION						
Depreciation Expense	(2,550)	(3,500)	950	(7,651)	(10,500)	2,849
Total DEPRECIATION	(2,550)	(3,500)	950	(7,651)	(10,500)	2,849
Increase (Decrease) In Fund Equity	3,452	2,542	911	11,677	7,625	4,052

FIBER OPTIC FUND

Explanation of Significant Budget Variances

2020 DECEMBER

Month Variance YTD Variance Explanations Projected Outcome at Year End

NONE

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 11/1/2020 Through 12/31/2020

COMBINED FUNDS

(In Whole Numbers)

	Current Month			YTD Budget		
	Current Month	Current	Budget			
	Actual	Month Budget	Variance	YTD Actual	YTD Budget	Variance
REVENUES						
Leases	345,645	285,833	59,812	515,533	428,750	86,783
PBT Cam Fees	120,048	120,000	48	180,072	180,000	72
Usage Fees	42,610	46,667	(4,057)	70,813	70,000	813
Contract Services	14,653	2,500	12,153	14,653	3,750	10,903
Utility Franchise Fees	7,685	4,833	2,852	18,706	7,250	11,456
Fiber Optic/Wireless Income	30,021	31,667	(1,646)	45,031	47,500	(2,469)
Total REVENUES	560,662	491,500	69,162	844,809	737,250	107,559
EXPENSES						
Salaries & Taxes	137,777	128,333	(9,444)	186,987	192,500	5,513
Benefits - Health, Retirement & Wkr's Cor	23,354	21,483	(1,871)	32,947	32,225	(722)
Insurance -Property & General Liabilities	29,937	30,667	730	44,923	46,000	1,077
Administrative Expenses	1,213	4,033	2,820	1,300	4,675	3,375
General Office Expenses	13,394	10,875	(2,519)	17,339	16,313	(1,026)
Accounting & Auditing Services	198	5,167	4,969	308	5,250	4,942
Computer Software & Maintenance	5,882	6,833	952	9,623	10,250	627
Internet	3,390	3,667	277	5,084	5,500	416
Legal Services	4,914	8,333	3,419	6,318	12,500	6,182
Network Maintenance Contract	976	1,333	357	1,437	2,000	563
Training & Travel	623	1,417	794	947	2,125	1,178
Marketing Expenses	10,536	8,500	(2,036)	13,990	12,750	(1,240)
Operations	95,727	82,500	(13,227)	134,446	123,750	(10,696)
Building Maintenance & Repairs	3,608	1,667	(1,942)	3,608	2,500	(1,108)
Utilities	52,950	47,117	(5,833)	71,846	73,175	1,329
Total EXPENSES	384,479	361,925	(22,554)	531,103	541,512	10,409
NIBPSID	176,183	129,575	46,608	313,706	195,738	117,968
NON OPERATING REVENUE						
Interest Income	1,692	1,083	608	2,541	1,625	916
Total NON OPERATING REVENUE	1,692	1,083	608	2,541	1,625	916
DEPRECIATION						
Depreciation Expense	(95,991)	(101,167)	5,176	(143,986)	(151,750)	7,764
Total DEPRECIATION	(95,991)	(101,167)	5,176	(143,986)	(151,750)	7,764
Increase (Decrease) In Fund Equity	81,884	29,492	52,393	172,261	45,613	126,648

MONTHLY & YTD COMPARISONS OF CURRENT & PRIOR YEAR'S ACTUALS

(In Whole Numbers)

	Current Month Actual	Prior Year Actual	Variance	YTD Actual	Prior Year YTD Actual	Variance
REVENUES						
Leases	175,381	180,164	(4,783)	515,533	511,579	3,954
PBT Cam Fees	60,024	60,276	(252)	180,072	179,587	485
Usage Fees	19,685	21,273	(1,588)	70,813	82,429	(11,616)
Contract Services	0	1,380	(1,380)	14,653	1,380	13,273
Utility Franchise Fees	1,634	1,367	267	18,706	14,253	4,453
Fiber Optic/Wireless Income	15,010	15,721	(711)	45,031	42,861	2,170
Total REVENUES	271,734	280,181	(8,447)	844,809	832,089	12,720
EXPENSES						
Salaries & Taxes	71,942	45,849	26,093	186,987	159,296	27,691
Benefits - Health, Retirement & Wkr's Com	13,719	9,166	4,553	32,947	22,685	10,262
Insurance -Property & General Liabilities	14,950	14,689	261	44,923	44,068	855
Administrative Expenses	964	1,750	(786)	1,300	3,120	(1,820)
General Office Expenses	9,554	1,144	8,410	17,339	12,962	4,377
Accounting & Auditing Services	118	1,076	(958)	308	3,286	(2,978)
Computer Software & Maintenance	2,941	2,865	76	9,623	9,943	(320)
Internet	1,695	832	863	5,084	8,094	(3,010)
Legal Services	2,484	2,773	(289)	6,318	7,887	(1,569)
Network Maintenance Contract	555	1,247	(692)	1,437	2,306	(869)
Training & Travel	0	339	(339)	947	4,202	(3,255)
Marketing Expenses	1,199	2,955	(1,756)	13,990	15,731	(1,741)
Operations	42,438	40,246	2,192	134,446	115,432	19,014
Building Maintenance & Repairs	150	150	0	3,608	4,873	(1,265)
Utilities	26,055	13,043	13,012	71,846	65,416	6,430
Total EXPENSES	188,765	138,124	50,641	531,103	479,300	51,803
NIBPSID	82,969	142,057	(59,088)	313,706	352,789	(39,083)
NON OPERATING REVENUE						
Interest Income	856	2,971	(2,115)	2,541	9,389	(6,848)
Total NON OPERATING REVENUE	856	2,971	(2,115)	2,541	9,389	(6,848)
DEPRECIATION						
Depreciation Expense	(47,995)	(43,395)	(4,600)	(143,986)	(129,277)	(14,709)
Total DEPRECIATION	(47,995)	(43,395)	(4,600)	(143,986)	(129,277)	(14,709)
Increase (Decrease) In Fund Equity	35,830	101,633	(65,803)	172,261	232,902	(60,641)

Make Ready Project Reconciliation								2020 DECEMBER
Lease Date	Estimated Move In Date	Actual Move In Date	Building/Customer	Estimated Cost	Actual Cost to Date	Actual Final Cost	Difference	Comments
12/01/2020	12/01/2020	12/01/2020	BLDG # 210 / PREMIER LUBBOCK SPORTSPLEX, LTD	\$ 54,268.00	\$ 30,701.41		\$ 23,566.59	

AGENDA ITEM 8
MARKETING REPORT
TEXAS ED CONNECTION

This marketing initiative is coordinated by a group of consultants based in the Dallas Metroplex area, Day One Experts. After multiple conversations with several of their founding partners, Reese has joined the 2021 TexasEDConnection partnership program.

For a nominal investment of \$2,750 for the year, we will get the following benefits, services, and deliverables:

- Brand representation on the TexasEDC.com website
- Social Media features a minimum of 3x to targeted prospects
- Access to leads generated by TxEDC's aggressive marketing outreach for personal follow-up
- 3 virtual round table discussions with corporate or industry CEO's and site selectors in our target industries or geographic regions
- TxEDC's kick-off event and marketing campaign launch (January 2021)
- TxEDC's Super Summer Event with status report, networking opportunities and industry education
- 1st option to renew for 2022 program year at the 2021 program's rate (with 1st right of refusal for any additional sponsorship opportunities secured for 2021 campaign).

AGENDA ITEM 9
SECURITY ISSUES UPDATE
CRIMINAL ACTIVITIES: TRESPASSING & VANDALISM @ REESE

Over the course of the last 9 months, Reese campus has experienced a surge in trespassing activities during the night. Our customers are rarely doing business and/or present on the property during the late hours of the night, making Reese campus a prime target for vandals and a popular site for loitering by bored youth who live in the area. While we do have a verbal agreement with the Lubbock Sheriff's Office to patrol campus regularly, they are not omnipresent.

Our initial security issues surfaced during the summer of 2020 when it was discovered that the former hospital had been broken into. The Operations team found the personal effects of what appeared to be several people and trash within the hospital. The Operations team made repairs to the doors and secured the building. Multiple times over the next several weeks, we found the doors broken into repeatedly and several windows broken out. In an effort to minimize the expense of replacing windows and doors continuously AND to more securely keep out trespassers, the Operations team boarded up the broken windows and door entrances with 2x4's and heavy-duty fasteners. Expecting the trespassers to go elsewhere, we were shocked to see one morning that the boards had been removed and broken and additional damage done to the building in order for them to gain entry.

At this point, Chris decided to set up a camera system to hopefully catch the individuals and prosecute for vandalism and trespassing. The cameras are designed to record anytime there is motion detected, and also send an alert to Chris and the Operations team member on-call.

Since August 1, when the cameras were set up, there have been 18 camera activation alerts.

8 of these incidents led to suspects being detained and cited by law enforcement for trespassing and breaking and entering.

5 of the alerts resulted in the discovery of building damage / forced entry, but the suspect(s) had already fled before an Operations team member and/or sheriff's deputy arrived.

And another 5 alerts resulted in responses where no building damage or entry was found and no suspect was found.

Any instance in which Operations finds a suspect and detains him/her or it is discovered that the building has been opened or broken into, the Lubbock Sheriff's Office is called for assistance.

Interestingly, when questioned about why they have targeted the hospital for their late-night activities and trespassing, the kids have reported that a website has directed them to this location, naming it on a list of the "Most Haunted Places in Lubbock". Reese staff has tried to find this website and/or YouTube video, hoping to be able to correspond with the owners/authors in an effort to get the information removed from the public domain as a "haunted" location and to curb the trespassing. Unfortunately, to date, we have not been able to find such an online resource.

Additional buildings on campus have shown signs of trespassing and vandalism as well:

- The Dorms were found 8 times to have been opened but no individual was found.
- Building 930, the former flight simulator building, was found to have been broken into with some damage to the inside and various items stolen (copper and metals, likely for scrapping).
- Zachry's leased properties have also had several instances of theft but it has been determined to most likely be former employees who are upset with the recent layoffs.

JANUARY 2021 – EVENTS & ACTIVITIES

	DATE	EVENT
JANUARY	January 4, 2021	Back to Work – LRRRA Open
	January 7, 2021	Reese Data Center SOC Audit Completion & MSPCV Certification
LOOKING AHEAD		
FEBRUARY	February 1, 2021	Southwest Rotary Club Presentation
	February 9, 2021	Lubbock Chamber Annual Meeting (Virtual)
	February 24, 2021	LRRRA Board of Directors Meeting