

**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: Tuesday, June 22, 2021

Time: 8:00 a.m.

Place: Reese Technology Center, LRRRA Board Room, 9801 Reese Blvd, Suite 200, Lubbock, TX 79416

AGENDA ITEMS	TAB	SPEAKER
Call the Meeting to Order		Joe Rapier
1. 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 1	Joe Rapier
2. 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 2	John Tye Murvart Musa Don Provost Joe Rapier Murvart Musa Darrell Guthrie
3. Action Item – Consider the Minutes of the May 26, 2021, Board of Directors Meeting	TAB 3	Joe Rapier
4. Action Item – Consider Lease for Building 82, Royal Bengal Logistics, Inc. and North American Aerospace, LLC	TAB 4	Don Provost

5. Action Item – Consider Lease for Building 1142, Building 74, and Laydown for Texas A&M Forest Service	TAB 5	Don Provost
6. Action Item – Approve Board Appointments/Reappointment	TAB 6	Joe Rapier
7. Discussion Item – Preliminary FY2022 Operating, Fiber Optics, & Capital Budgets	TAB 7	Murvat Musa
8. Discussion Item – Financial Reports and Make Ready Cost Reporting	TAB 8	Sandy Hamilton
9. Discussion Item – Marketing Report	TAB 9	Lacy Elliott
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, June 18, 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.

ITEM 1

CITIZEN COMMENTS

ITEM 2

EXECUTIVE SESSION

Information to be provided at
meeting
(if applicable)

Lubbock Reese Redevelopment Authority

Board Meeting Minutes

May 26, 2021

The Lubbock Reese Redevelopment Authority held a regular meeting at 8:00 a.m. Wednesday, May 26, 2021 at the Reese Technology Center, LRRRA Board Room, 9801 Reese Boulevard, Suite 200, 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	Steve Verett	
	Dewayne Askins		

<u>MEMBERS ABSENT:</u>	Tim Collins
-------------------------------	-------------

<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, Cecilia Davila-Administrative Assistant, and Gloria Matheson-Intern
Legal Counsel:	Darrell Guthrie, by video conference
Others:	Mitchel Burt, KBR; Anthony Parton, KBR

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 9:22 a.m. and reconvened Open Session at 9:28 a.m.

- ITEM 3** **Consider the Minutes of the April 28, 2021 Board of Directors Meeting.**
Action Item – Todd McKee moved to approve the minutes and Dewayne Askins seconded. The minutes were approved 6-0.
- ITEM 4** **Consider Fiber Optic Cable and Conduit Usage Agreement with Unite Private Networks.**
Action Item – Tim Pierce moved to approve the agreement. John Tye seconded, and the motion passed 6-0.
- ITEM 5** **Risk Management Review.** **Discussion Item** – No action required. Murvat Musa presented the report and gave the Board an opportunity to ask questions.
- ITEM 6** **LRRRA Legislation Changes Update.** **Discussion Item** – No action required. Murvat Musa updated the Board on the status of the LRRRA Legislation Changes.
- ITEM 7** **Financial Reports and Make Ready Cost Reporting.** **Discussion Item** - No action required. Sandra Hamilton presented financial reports for March and relevant make ready costs to the Board.
- ITEM 8** **Marketing Report.** **Discussion Item** – No action required. Don Provost and Lacy Elliott presented the key takeaways from each of the conferences they recently attended.
- ITEM 9** **Reese Events and Activities.** **Discussion Item** – No action required. Murvat Musa presented Reese activities and upcoming events to the Board.

Adjourn the meeting. Joe Rapier adjourned the meeting at 10:12 a.m.

Content of minutes agreed to and approved by:

Approved by _____
Joseph R. Rapier, President

ATTEST:

LRRA Board Member

AGENDA ITEM 4
EXECUTIVE SUMMARY
ROYAL BENGAL LOGISTICS, INC. & NORTH AMERICAN AEROSPACE, LLC
HANGER 82

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

Royal Bengal Logistics (RBL) and North American Aerospace (NAA) are owned by the same individual, Sanjay Singh. RBL is a Florida trucking logistics company looking for a second location. RBL will use Hanger 82 to maintain their trucks as well as establish a terminal distribution facility. While RBL is operating its trucking business, Mr. Singh will be simultaneously building his aerospace company, NAA. NAA will operate an aircraft maintenance operation and flight school with the ultimate goal of establishing air cargo services.

RBL established operations in Coral Springs, FL three years ago and is experiencing rapid growth. They feel Reese offers them a great opportunity to expand their current operation, as well as develop the aerospace side of their existing business.

Since they are a relatively young company, we mitigated the risk to Reese through an extensive vetting process along with requiring an advance payment of \$98,621.50 in rent and deposits. See attached Deal Sheet and Lease for additional details.

Lease Terms

Hanger 82, our largest hanger at 55,318 square feet, was previously leased to Zachry for \$2.53 per square foot:

- This is a five-year agreement with one option to renew for an additional five years.
- Rent in the initial term will begin at \$3.00 per square foot with annual increases of 2% or the CPI-U, whichever is greater.
- The option year increases will be 3% annually or the CPI-U, whichever is greater.

Staff is requesting Board approval for this lease subject to final terms and negotiations with the Board President.

Deal Sheet
Royal Bengal Logistics, Inc. & North American Aerospace, LLC
Lease for Building 82
“Subject to Board Approval”

Prospective Tenant:

Royal Bengal Logistics, Inc.
North American Aerospace, LLC
Sanjay Singh, President
9600 West Sample Road, Suite 100
Coral Springs, FL 33065

Broker:

None

Premises:

Building 82 (see site map and floor plan below)
408 Davis Drive
Lubbock, TX 79416

Summary:

This deal sheet is for two entities that will be co-located in Building 82. These two entities, Royal Bengal Logistics and North American Aerospace, are majority owned by their President, Sanjay Singh. Both companies are funded with private equity and private investors. Currently located in Florida, they are expanding and have been looking for a second location for over a year.

Company Information:

Royal Bengal Logistics, Incorporated (RBL) is a ground transportation company regulated under the U.S. Department of Transportation. At their current location in Coral Springs, Florida, they operate 40 tractor trailers through 48 states managing full truckloads of general freight and refrigerated freight. They expect to grow their fleet of 40 trucks to 75 by year end 2021. RBL has chosen Reese for their expansion of ground transportation. In Building 82, RBL will have a full maintenance operation for their fleet which includes engine rebuilding and minor restoration. They will also use the building to store dry and refrigerated freight for distribution to 48 states. RBL expects to add 50 employees at Reese by the end of 2022 and are excited that South Plains College operates a truck driving school at Reese as they see this as a pipeline of employees. Their website can be found at <https://rbl-inc.com/>.

North American Aerospace (NAA) has been in the making for several years. Mr. Singh, a commercial pilot with 20 years of airline flight experience and 7,800 hours of flight time, will be developing this business at Reese in Building 82 while RBL is operating its ground transportation company. NAA is in the process of filing applications for FAA approval to operate the following: full Maintenance, Repair and Operations (MRO), a Flight School Operation under 14 CFR 61, Airplane Mechanic School, and a Supplemental Type Certificate (STC) Repair Station (for example, passenger airplane conversion to cargo airplane). The final stage is to join RBL with NAA to move air freight. NAA is expected to add more than 100 employees over the next five years and work with South Plains College to offer an aviation degree. They also expect to operate two airplanes for the flight school, adding two more each year. The types of airplanes used for the flight school will be Cessna 172, PA-28-161/181, Baron B-58, PA-44-180 and similar.

Both companies will be operating seven days per week, generally, 6 am – 10 pm.

Financials:

Royal Bengal Logistics and North American Aerospace have been in business for less than three (3) years and currently lack financial statements. They have provided us with their Investor Consortium (list of investors and the amount of each investment), six months' worth of bank statements, and an individual credit report for Mr. Singh. To further mitigate our risk, they have agreed to make an advance payment in the amount of \$82,977.00, equal to six (6) month's rent, plus a security deposit equal to one month's rent (\$13,829.50) to be paid upon the execution of the lease. The total due at lease signing is \$ 96,806.50.

Primary Term for Building 82:

Building 82, our largest hanger at 55,318 square feet, was previously leased to Zachry for \$2.53 per square foot. The base rent shall be no less than set forth below unless the CPI-U exceeds 2% in the original term.

Initial Term Lease Year	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (55,318 square feet)
Year 1	\$165,954.00	\$13,829.50	\$3.00
Year 2	\$169,273.08	\$14,106.09	\$3.06
Year 3	\$172,592.16	\$14,382.68	\$3.12
Year 4	\$175,911.24	\$14,659.27	\$3.18
Year 5	\$179,783.50	\$14,981.96	\$3.25
Total	\$863,513.98		
Renewal Year 1	\$185,315.30	\$15,442.94	\$3.35
Renewal Year 2	\$190,847.10	\$15,903.93	\$3.45
Renewal Year 3	\$196,378.90	\$16,364.91	\$3.55
Renewal Year 4	\$202,463.88	\$16,871.99	\$3.66
Renewal Year 5	\$208,548.86	\$17,379.07	\$3.77
Total	\$983,554.04		

MBD Commission on the Initial Term:

Total Value of Initial Term \$863,513.98	Commission on new customer 8%	Commission \$69,081.12 – the actual amount paid will differ due to the incentive pay cap
--	-------------------------------	--

Renewal Options:

One (1) option to renew for five (5) years with a 3% annual increase unless the CPI-U exceeds 3% in the renewal option year.

Option to Lease Apron Parking Space:

Tenant shall have the option to lease airplane parking space on the apron for \$0.25 per square foot (with annual increases of 2%). The location and amount of space will be mutually agreed upon later by the tenant and landlord.

Reese Airpark Rates and Charges:

The Tenant will be subject to rates and charges imposed for use of the airpark. While we reserve the right to amend these charges periodically and at our discretion, *current* charges are:

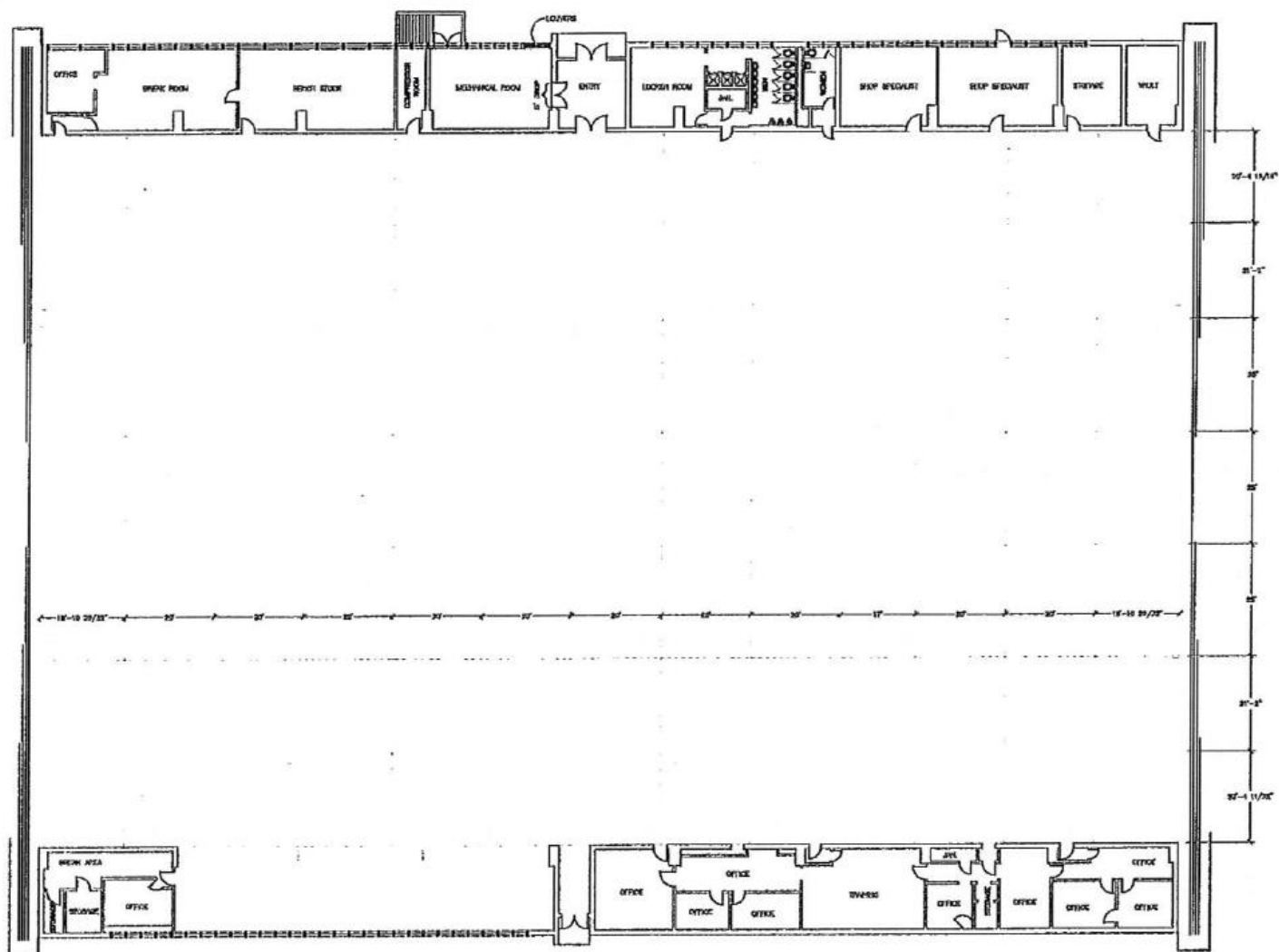
- ❖ Fuel Flowage Fee of \$0.08 per gallon
- ❖ Landing fees \$3.00 per 1,000 pounds Maximum Gross Landing Weight (MGLW)
- ❖ Landing fees do not apply to aircraft with maximum certificated takeoff weights of 12,500 pounds or less

Make Ready:

- Keys
- Replace several lights
- Replace the water heater
- Install missing glass
- Repair the contactors on the motor of the doors

We estimate the make-ready costs to be \$8,100.00.

HANGAR #82
APPROXIMATELY 55,318



STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

ROYAL BENGAL LOGISTICS, INC., a Texas corporation

And

NORTH AMERICAN AEROSPACE, L.L.C., a Texas limited liability company

COLLECTIVELY, AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 82

408 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") ROYAL BENGAL LOGISTICS, INC., a Texas corporation, and NORTH AMERICAN AEROSPACE, L.L.C., a Texas limited liability company (hereinafter collectively referred to as the "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: ROYAL BENGAL LOGISTICS, INC., a Texas corporation, whose Federal Taxpayer Identification Number _____ and NORTH AMERICAN AEROSPACE, L.L.C., a Texas limited liability company, whose Federal Taxpayer Identification Number _____.

(d) Tenant Address: 9600 West Sample Road, Suite 100, Coral Springs, FL 33065.

(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 408 Davis Drive, Lubbock, Texas 79416, which is commonly known as Building # 82 (a/k/a "Hangar #82"), and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"), and containing approximately 55,318 square feet of floor area. Additionally, the Premises shall include the parking areas as shown on **Exhibit A**.

(i) Initial Term (Years): Five (5) Years.

(j) Extensions: One (1) extension period of five (5) years, subject to the rights set forth in Section 1(k).

(k) Option to Extend Term: Tenant shall have one (1) renewal option of five (5) 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%) annually during each year of the Extension Period unless the CPI-U exceeds three percent (3%) during the previous renewal option year. Otherwise, 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 Renewal Period Base Rent."

(l) Delivery Date: September 1, 2021.

(m) Commencement Date: September 1, 2021.

(n) Termination Date: August 31, 2026.

(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, trash 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, the then existing Base Rent will be increased by a fixed two percent (2%) annually during each year of the Lease Term unless the CPI-U exceeds two percent (2%) during the previous Lease Term year. Otherwise, the adjustment in the Base Rent will be determined by multiplying the then existing Base Rent specified during the Lease Term ("Base Rent") by 1.02, which will result in a "Revised Base Rent."

Initial Term Lease Year	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (55,318 square feet)
Year 1	\$165,954.00	\$13,829.50	\$3.00
Year 2	\$169,273.08	\$14,106.09	\$3.06
Year 3	\$172,592.16	\$14,382.68	\$3.12
Year 4	\$175,911.24	\$14,659.27	\$3.18
Year 5	\$179,783.50	\$14,981.96	\$3.25
Renewal Year 1	\$185,315.30	\$15,442.94	\$3.35
Renewal Year 2	\$190,847.10	\$15,903.93	\$3.45
Renewal Year 3	\$196,378.90	\$16,364.91	\$3.55
Renewal Year 4	\$202,463.88	\$16,871.99	\$3.66
Renewal Year 5	\$208,548.86	\$17,379.07	\$3.77

In the event that the Base Rent or Revised Renewal Period Base Rent is increased due to the CPI-U exceeding the two percent (2%) during the Initial Term or three percent (3%) during the Renewal Period, the Landlord shall provide in writing to Tenant an updated Section 1(o).

(p) Security Deposit: Landlord agrees to accept as a security deposit one (1) months Base Rent in the amount of \$13,829.50. 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.

(a) 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.

(q) Early Termination Fee: None.

(b) Permitted Use: Tenant, Royal Bengal Logistics, may use the Premises for the purposes of support to its ground transportation business, to include maintenance of its ground transportation fleet including but not limited to engine and other minor vehicle/trailer restoration, and storage of dry and refrigerated freight. In the event that Tenant, North American Aerospace, L.L.C., obtains Federal Aviation Approval (FAA) to operate an aircraft maintenance, repair, and operation ("MRO"), flight school pursuant to 14 CFR 61, airplane maintenance school, a supplemental type certificate ("STC") repair station and/or air freight facility (individually or collectively, the "FAA Permitted Uses"). Tenants, Royal Bengal Logistics uses and North American Aerospace, L.L.C. FAA Permitted Uses individually or collectively shall be referred to herein as the "Permitted Use." It is expressly understood by the Tenant that Tenant, North American Aerospace, L.L.C., is contingent upon it obtaining FAA approval for the FAA Permitted Uses.

(r) Relocation Option: Landlord reserves the right to re-locate Tenant at any time during the Term of the Lease at Landlord's expense to a building of similar size and use on the Property (the "Re-location Space"). If Tenant does not find the Re-location Space acceptable then Tenant shall be released of all liability under the Lease.

(s) Option to Lease Apron Parking Area: Tenant shall have the option to lease airplane parking space, on the airfield apron, for \$0.25 per square foot (with annual increase of two percent (2%), which shall result in "Additional Rent." The exact location and amount of space will be agreed upon in writing in advance by the Parties.

(t) 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. Tenant shall have the right to use the Common Areas, but shall maintain all responsibility and liability for its conduct, or the conduct of its agents, employees and persons invited onto the Common Areas or Premises by Tenant. Subject to the terms and conditions of this Lease, Landlord hereby grants Tenant the right to use the Premises for the Permitted Use for the Term of this Agreement, and to use the streets, alleys and other portions of the Project necessary to obtain access to the Premises for the Permitted Use, and further subject to the access to the Premises as set forth in Section 5.a.(15) (“Highway 114 Access”).

(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.

(a) “Landlord” means Landlord and its agents, officers, servants, employees, consultants, invitees, licensees, or visitors.

(b) “Rent” means Base Rent plus any other amounts of money payable by Tenant to Landlord.

(c) “Tenant” means Tenant and its agents, contractors, employees, invitees, licensees, or visitors.

3. RENT AND RENT INVOICES

(u) Rent. Tenant agrees to pay to Landlord the first six (6) months Base Rent, as set forth in Section 1(o), in the amount of \$82,977.00 being paid in advance on or before the Commencement Date, without deduction or setoff. Thereafter, beginning with the payment of Base Rent due on March 1, 2022, Tenant agrees to pay to Landlord the Base Rent set forth in Section 1(o), in advance, and Additional Rent, as set forth in Section 1(u), if due, 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.

(v) 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.

2. 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, aircraft, and all other personal property of Tenant or under the care of the 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, to include the designated parking areas, 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 perform 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. As set forth in Section 6(a)(4)(iii), Tenant understands and agrees that Tenant is required to repair, replace, and maintain the large hangar doors, windows, window glass, plate glass, and doors associated with the Premises.

(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 (the “Highway 114 Access”).

(16) Tenant acknowledges and agrees that the area labeled “Trailer Parking” on **Exhibit A** is for the sole purpose of temporarily parking trailers. The long-term storage (any period exceeding seventy-two (72) hours) of materials or equipment may be considered a breach of this agreement and subject to the provisions in Section 12.g.

(17) Tenant shall provide Landlord evidence of FAA approval at least thirty (30) days in advance of beginning to provide the FAA Permitted Uses and subject to the designation of the Lease Apron Parking Space, payment of any Additional Rent associated therewith, and the Reese Airpark Rates and Charges, as set forth in “**Exhibit B.**”

(18) Tenant shall abide by all direction regarding availability and use of the central 10,500 foot runway and eastern 6,500 foot runway. Additionally, Tenant shall provide at least twenty-four (24) hours notice of any use of the aforementioned runways.

(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, specifically excluding the large hangar doors, windows, window glass, plate glass, and doors, and (iv) Common Areas.

(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.

3. 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.

4. 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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) Aircraft and Aircraft Operation Insurance. 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), to include use of the runways and apron, such insurance to provide coverage of not less than \$1,000,000.00 per occurrence and \$5,000,000.00 annual aggregate relating to the use, storage, or operation of aircraft, to include but limited to the FAA Permitted Uses. 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.

(e) 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.

(f) 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;

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

(10) failing to maintain authority to operate under U.S. Department of Transportation Number 3149658 or Motor Carrier Number 26829.

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
Email: mmusa@reeseccenter.com

TENANT:

Royal Bengal Logistics, Inc.
North American Aerospace, LLC
Sanjay Singh, President
9600 West Sample Road, Suite 100
Coral Springs, FL 33065
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.

/Signature Page Follows/

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")

ROYAL BENGAL LOGISTICS, INC.
("Tenant")

By: Joseph R. Rapier, President

By: Sanjay Singh, President

Date

Date

NORTH AMERICAN AEROSPACE, L.L.C.
("Tenant")

By: Sanjay Singh, _____

Date

EXHIBIT A Site Plan



EXHIBIT B

Reese Airpark Rates and Charges

The Tenant will be subject to rates and charges imposed for use of the Reese Technology Airpark. These charges may be amended from time to time but are currently:

1. Fuel Flowage Fee of \$0.08 per gallon.
2. Landing fees \$3.00 per 1,000 pounds Maximum Gross Landing Weight (MGLW).
3. Landing fees do not apply to aircraft with maximum certificated takeoff weights of 12,500 pounds or less.

BOARD ACTION ITEM #2021-0622-086

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
JUNE 22, 2021**

Item to be Considered:

Consider Lease for Building 82, Royal Bengal Logistics, Inc. and North American Aerospace, LLC

Previous Board Action:

None

Statement of Pertinent Facts:

- a. Rate: \$3/SF with annual increases of 2% or the CPI-U, whichever is greater
- b. Term: Five years with one option to renew for 5 years
- c. Rate Increases in Renewal Option Years: 3% or the CPI-U, whichever is greater
- d. The previous tenant was paying \$2.53/SF

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 Royal Bengal and Logistics, Inc. for Building 82, subject to negotiation of final terms and conditions, on this 22nd day of June 2021.”

Joseph R. Rapier, President

ATTEST:

Board Member

AGENDA ITEM 5
EXECUTIVE SUMMARY
TEXAS A&M FOREST SERVICE
B1142, TWO BAYS IN B74, ONE ACRE OF LAYDOWN

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

Texas A&M Forest Service (TFS) is a Texas state forestry agency located at Texas A&M University, a land grant college. Their mission is to conserve and protect the resources and lands of Texas. Reese provides TFS the ability to be located close to training, a larger area with which to maintain equipment, and much needed additional office space. TFS currently leases office space and a stack yard from the City of Wolfforth. Due to rapid growth, the City is terminating the lease with TFS effective September 2021, prompting their move to Reese.

Lease Terms:

- This is a three-year lease with one option to renew for two additional years.
- They will be leasing three spaces, Building 1142 for office, two bays in Building 74 for equipment storage and maintenance, and one acre of laydown for equipment parking.
- Rent for B1142 will begin at \$12 per square foot with annual increases of 3%.
- Rent for two bays in B74 will be \$3 per square foot with annual increase of 3%.
- Rent for one acre of laydown will be \$0.25 per square foot with 3% annual increases.

See attached Deal Sheet and Lease for more details.

Staff is requesting Board approval for this lease subject to final terms and negotiations with the Board President.

Deal Sheet
Texas A&M Forest Service, Forest Resource Protection – April 13, 2021
Lease for Building 1142, Two bays in Building 74 and 1 Acre of Laydown
“Subject to Board Approval”

Prospective Tenant:

Steven Moore, Branch Fire Coordinator
Texas A&M Forest Service, Forest Resource Protection
111 East Loop 335 South
Amarillo, TX 79118
Office: 979-587-9081
smoore@tfs.tamu.edu

Broker:

None

Premises:

Building 1142 (Approximately 2,400 square feet of office space)
9614 3rd Dr.
Lubbock, TX 79416

Building 74 (Approximately 2,156 square feet of storage/maintenance space)
614 Davis Dr.
Lubbock, TX 79416

Laydown Area, one (1) Acre (See Exhibit A)

Company Information:

Texas A&M Forest Service (TFS) is a new customer to Reese. Texas A&M Forest Service, the Texas state forestry agency as part of a land grant college, conserves and protects the resources and lands of the Lone Star State. Conserving Texas’ trees and forests, the state agency helps property owners maintain land and natural resources to ensure forestlands remain productive and healthy not only for the environment, but for generations of Texans to come.

TFS is also one of the lead agencies for incident management in the state. From the initial response to ongoing recovery, the agency strives to protect Texas from wildfire and other types of disasters. TFS does this by not only fighting wildfire and responding to incidents, but also by building capacity and increasing public awareness about community protection and wildfire prevention. In partnership with other agencies, local governments, and fire departments, TFS provides programs to aid communities across the state, giving them tools and resources to actively protect themselves and their properties.

TFS currently leases office space and a stack yard from the City of Wolfforth. Due to rapid growth, the City is terminating the lease with TFS effective September 2021 prompting their move to Reese. We have had an ongoing relationship with TFS for over four years, allowing them to conduct training exercises in former housing. We feel this is a great opportunity for both parties and we are excited to offer TFS a home at Reese.

Financials:

Not applicable – TFS is a State Agency.

Permitted Uses:

Tenant may use the premises for office as well as storing and maintaining equipment.

Type of Lease:

Modified Gross Lease

Primary term for Building 1142 (Approximately 2,400 square feet):

Tenant will pay the advertised rate of \$12.00 per square foot for three (3) years with an annual increase of 3%.

Rent is:

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (2,400 square feet)
Year 1	\$28,800.00	\$2,400.00	\$12.00
Year 2	\$29,644.00	\$2,472.00	\$12.36
Year 3	\$30,552.00	\$2,546.00	\$12.73
Total	\$88,996.00		
Renewal Year 1	\$31,464.00	\$2,622.00	\$13.11
Renewal Year 2	\$32,400.00	\$2,700.00	\$13.50

Primary term for Building 74 (Approximately 2,156 square feet):

Tenant will pay the agreed upon rate of \$3.00 per square foot for three (3) years with an annual increase of 3%.

Rent is:

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (2,156 square feet)
Year 1	\$6,468.00	\$539.00	\$3.00
Year 2	\$6,662.04	\$555.17	\$3.09
Year 3	\$6,856.08	\$571.34	\$3.18
Total	\$19,986.12		
Renewal Year 1	\$7,071.68	\$589.31	\$3.28
Renewal Year 2	\$7,287.28	\$607.27	\$3.38

Primary term for one (1) acre of laydown in front of Building 74 (Approximately 43,560 square feet):
 Tenant will pay the advertised price of \$0.25 per square foot for three (3) years with an annual increase of 3%.

Rent is:

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (43,560 square feet)
Year 1	\$10,890.00	\$907.50	\$0.250
Year 2	\$11,238.48	\$936.54	\$0.258
Year 3	\$11,586.96	\$965.58	\$0.266
Total	\$33,715.44		
Renewal Year 1	\$11,935.44	\$994.62	\$0.274
Renewal Year 2	\$12,283.92	\$1,023.66	\$0.282

Total Combined Monthly Rent is:

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment
Year 1	\$46,158.00	\$3,846.50
Year 2	\$47,544.52	\$3,963.71
Year 3	\$48,965.04	\$4,080.42
Total	\$142,667.56	
Renewal Year 1	\$50,471.12	\$4,205.93
Renewal Year 2	\$51,971.20	\$4,330.93

MBD Commission on the Initial Term:

Total Value of Initial Term \$142,667.56	Commission on new customer 8%	Commission \$11,413.40 – the actual amount paid will differ because of the incentive pay cap
---	-------------------------------	--

Renewal Options:

Tenant has one (1) option to renew for two (2) years with an annual increase of 3%.

Security Deposit:

None

Utilities:

Building 1142 Tenant is responsible for all utilities to be paid directly to the provider.

Building 74 Since Tenant will be co-located in this building, they will be charged a fixed monthly fee of \$100 per month for utilities.

Make-Ready Expenses to Reese:

Building 1142 New heaters, estimated cost \$4,500.00

Building 79 New LED lights, estimated cost \$3,000.00

Total make-ready cost is estimated to be \$7,500.00.

The map displays the Reese Technology Center campus with various buildings and roads. Building 74 is located near Runway Dr. and is highlighted with a red circle and a blue arrow. Building 1142 is located near Perimeter Rd. North and is also highlighted with a red circle and a blue arrow. The map includes labels for Taxiway A, Taxiway D, Runway Dr., and various building numbers and names.



STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

**TEXAS A&M FOREST SERVICE, FOREST PROTECTION SERVICE, an Agency of
Higher Education**

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center

Building No. 1142, two (2) bays in Building No. 74, and 1 Acre of Laydown Area in the

vicinity of Building No. 74

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 TEXAS A&M FOREST SERVICE, FOREST PROTECTION SERVICE, an Agency of Higher Education (hereinafter referred to as "Tenant").

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: Texas A&M Forest Service, Forest Protection Service, whose Federal Taxpayer Identification Number is _____.

(d) Tenant Address: c/o Steven Moore, Branch Fire Coordinator, 111 East Loop 335 South, Amarillo, TX 79118.

(e) Guarantors: Not applicable.

(f) Guarantors' Addresses: Not applicable.

(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: The facilities commonly known as Building No. 1142 (9614 3rd Drive), and containing a total of approximately 2,400 square feet of office space and Building No. 74 (614 Davis Drive) and containing a total of approximately 2,156 square feet of storage and maintenance space, and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"); and that approximate 1.0 acre of concrete lay down area on the site plan attached hereto as **Exhibit B** (the "Laydown Area"). Collectively, the Building No. 1142, Building No. 74, and the Laydown Area shall be considered the Premises.

(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 and eighty (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%) annually during 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."

(l) Delivery Date: September 1, 2021.

(m) Commencement Date: September 1, 2021.

(n) Termination Date: August 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 Projects Common Areas, except as otherwise provided in this Lease. Said Base Rent does not include, and Tenant solely responsible for any and all charges associated with utilities, dumpsters, telephone service, internet service, Tenant renovations, Premises maintenance, and housekeeping services, except as otherwise provided in this Lease.

Building 1142 (Approximately 2,400 square feet):

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (2,400 square feet)
Year 1	\$28,800.00	\$2,400.00	\$12.00
Year 2	\$29,644.00	\$2,472.00	\$12.36
Year 3	\$30,552.00	\$2,546.00	\$12.73
Renewal Year 1	\$31,464.00	\$2,622.00	\$13.11
Renewal Year 2	\$32,400.00	\$2,700.00	\$13.50

Building 74 (Approximately 2,156 square feet):

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (2,156 square feet)
Year 1	\$6,468.00	\$539.00	\$3.00
Year 2	\$6,662.04	\$555.17	\$3.09
Year 3	\$6,856.08	\$571.34	\$3.18
Renewal Year 1	\$7,071.68	\$589.31	\$3.28
Renewal Year 2	\$7,287.28	\$607.27	\$3.38

Laydown Area (Approximately 43,560 square feet):

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (43,560 square feet)
Year 1	\$10,890.00	\$907.50	\$0.250
Year 2	\$11,238.48	\$936.54	\$0.258
Year 3	\$11,586.96	\$965.58	\$0.266
Renewal Year 1	\$11,935.44	\$994.62	\$0.274
Renewal Year 2	\$12,283.92	\$1,023.66	\$0.282

Total Combined Base Rent:

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment
Year 1	\$46,158.00	\$3,846.50
Year 2	\$47,544.52	\$3,963.71
Year 3	\$48,965.04	\$4,080.42
Renewal Year 1	\$50,471.12	\$4,205.93
Renewal Year 2	\$51,971.20	\$4,330.93

(p) Security Deposit: Not Applicable.

(q) Termination: It is expressly agreed by Landlord, that Tenant shall have the option to terminate this Lease, at any time during the Term or any renewal period thereof, upon ninety (90) days prior written notice to Landlord at the address provided herein if Tenant's program is discontinued for any reason.

(r) Early Termination Fee: Tenant agrees to pay to Landlord upon termination an early termination fee equal to three (3) months of the existing Base Rent, which shall be used by the Landlord in the event Tenant exercises its right to terminate the Lease as set forth in 1(q).

(s) Permitted Use: Tenant may use the premises for office as well as the storage and maintenance of equipment associated with its mission to conserve and protect the resources and lands of the Lone Star State, to include but not limited to incident management associated with wildfire and other types of disasters, building capacity, and increasing public awareness about community protection and wildfire prevention in partnership with other agencies, local governments, and fire departments (collectively, "Permitted Use").

(t) 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 Total Combined Base Rent set forth in Section 1(o) and Additional Rent, in advance, on the 1st day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date (as defined in Section 1(m)).

(b) Rent Invoices. All invoices from Landlord to Tenant for any Rent or Additional 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 notice to Landlord.

4. REAL ESTATE TAXES AND OTHER TAXES

Tenant is exempt from Texas Sales & Use Tax on goods and services in accordance with §151.309, Texas Tax Code, and Title 34 Texas Administrative Code (“TAC”) §3.322. Based upon these representations, Landlord understands that Tenant is a tax-exempt entity. Therefore, the following provisions of this Section 4 are applicable only if the tax-exempt status of Tenant is subsequently modified during the Term.

(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.

(b) Other Taxes. At the present time the Landlord and Tenant are not taxable entities, and are exempt from ad valorem taxes. However, if the Premises become taxable at some point in the future during the Term, then Tenant agrees that in addition to the Rent due hereunder, to the fullest extent permitted by Texas law, then the following provisions shall apply: 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. In addition, 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.

(3) Obey and have the obligation to see that its agents, contractors, employees, invitees, licensees, or visitors obey (i) all applicable federal, state, and local laws relating to the use, condition, and occupancy of the Premises; (ii) reasonable requirements imposed by utility companies serving or insurance companies covering the Premises; and (iii) reasonable rules and regulations for the Premises and Common Areas adopted by Landlord, to include the Reese Technology Center Covenants, Restrictions, and Landscape Standards, as amended, which do not unreasonably interfere with Tenant's use of the Premises and are equally applicable to all Project tenants. For subparagraphs (ii) and (iii) of this paragraph, reasonableness is as determined in good faith by Tenant within 30 days after receiving from Landlord a written copy of the requirement, rule or regulation in question.

(4) Pay a late charge of the lesser of five (5%) percent, or the maximum amount permitted by applicable law, of any Rent not received by Landlord by the fifth day after it is due.

(5) Allow Landlord to enter the Premises to perform Landlord's obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants.

(6) Repair, replace, and maintain any part of the Premises damaged or destroyed by Tenant or any of Tenant's agents, contractors, employees, invitees, licensees, or visitors, that Landlord is not obligated to repair, replace, or maintain, reasonable wear excepted, including any improvements thereon, to the reasonable satisfaction of the Landlord or, in Tenant's sole discretion, 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 caused by Tenant or any of Tenant's agents, contractors, employees, invitees, licensees, or visitors.

(7) Keep the sidewalks, service ways, and loading areas adjacent to the Premises clean and unobstructed and Tenant agrees to ensure its agents, contractors, employees, invitees, licensees, or visitors comply with this provision.

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

(9) Not Applicable.

(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 an act Tenant's agents, contractors, employees, invitees, licensees, or visitors, or as a result of activities, which are part of the Tenant's use of the Premises (including any use by Tenant's agents, contractors, employees, invitees, licensees, or visitors). 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) Except as prohibited by the Constitution and laws of the State of Texas, and to the fullest extent permitted, Tenant agrees to the following provision concerning its activities, use and occupancy of the Premises: HOLD LANDLORD HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE) ARISING FROM TENANT'S ACCESS TO, PRESENCE ON, OR USE OF THE PREMISES UNDER THIS LEASE (INCLUDING ANY ACCESS TO, PRESENCE ON, OR USE OF THE PREMISES BY TENANT'S AGENTS, CONTRACTORS, EMPLOYEES, INVITEES, LICENSEES, OR VISITORS). 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 NOT APPLY IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD OR TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

(14) Not Applicable.

(15) Not Applicable.

(16) Not Applicable.

(17) 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.

(b) Tenant agrees not to do any of the following (and agrees to ensure that its agents, contractors, employees, invitees, licensees, 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.
- (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). Tenant acknowledges this is not indemnity, but is an agreement to release and waiver of claims against Landlord for Tenant's activities, conduct, use and occupancy of the Premises.
- (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) Obey all applicable laws with respect to Landlord's operation of the Premises and Project. As between Landlord and Tenant, Landlord shall be responsible for compliance with all applicable Federal, State, municipal or other laws, ordinances, rules and regulations, including, without limitation, the Americans with Disabilities Act of 1990 (*Public Law 101-336*), applicable Texas law regarding the elimination of architectural barriers, and related administrative rules and regulations, with respect to maintaining the Premises.

(3) Landlord has provided the Premises on an "as is" basis for the use of the Premises as an office and storage facility for Tenant, and in this regard Tenant accepts the Premises in their present as is condition. Landlord shall only be responsible for repairs to the roof and the structural soundness of the walls, excluding doors and windows, if any, the foundation of the Premises, and all systems outside such walls, ordinary wear and tear excepted, and except for any damage caused by the Tenant or any of Tenant's agents, contractors, employees, invitees, licensees, or visitors.

(4) Except as prohibited by the Constitution and laws of the State of Texas, and to the fullest extent permitted, Landlord agrees to the following provision concerning its activities, use and occupancy of the Premises: HOLD TENANT 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 COMMON AREAS. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) IS INDEPENDENT OF LANDLORD'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 NOT APPLY IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF TENANT, OR ANY OF TENANT'S AGENTS, CONTRACTORS, EMPLOYEES, INVITEES, LICENSEES, OR VISITORS, AND SHALL ALSO NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TENANT, OR ANY OF TENANT'S AGENTS, CONTRACTORS, EMPLOYEES, INVITEES, LICENSEES, OR VISITORS.

(b) Landlord agrees not to—

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

- (2) 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.

(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.

(i) Building No. 1142. Tenant shall promptly pay all charges for electricity, water, gas, telephone service, sewer service, and other utilities (collectively, the "Utilities") furnished to this portion of the Premises directly to the utility providing such service or to the Landlord, if Tenant is billed by the Landlord for such services.

(ii) Building No. 74. Tenant shall promptly pay a fixed monthly fee of \$100.00 to the Landlord for its share of Utilities associated with this Building.

(iii) Tenant shall pay the Utilities associated with the above Buildings within thirty (30) days of receipt of Landlord's written invoice.

(b) Trash Removal. Tenant shall install, in compliance with applicable Laws at a location on the outside of Building No. 1142 and Building No. 74, a trash dumpster. Tenant shall pay for collection of its own trash.

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.

(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 during the Term, 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 to all parking areas surrounding the Premises and all sidewalks, roadways, driveways and accessways 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 events beyond Landlord's control, 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.

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 (as defined below). 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. To the extent permitted by Texas law, Landlord will indemnify, release, defend and hold Tenant harmless from and against, and reimburse Tenant for, all Hazardous Materials Liabilities asserted against or incurred by Tenant as a result of a breach of Landlord's representations, warranties, and obligations under this paragraph.

(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. Tenant shall be responsible for and ensure that its agents, contractors, employees, invitees, licensees, or visitors, do not use, generate, place, store, release or otherwise dispose of Hazardous Materials in the Premises or the Common Areas. 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 including but not limited to forklift propane, motor oil, anti-freeze, trans-fluid, brake fluid, hydraulic-fluid, air tool oil, WD-40, chain lubricants, bearing grease, oxygen/acetylene, spray paints, mineral spirits, water base paint, gasoline-welder-generator and stencil ink. In the event of a breach of the foregoing, Tenant will promptly undertake remediation or removal in accordance with all Environmental

Laws. To the fullest extent permitted by Texas law, Tenant will indemnify, release, defend and hold Landlord harmless from and against, and reimburse Landlord for, all Hazardous Materials Liabilities asserted against or incurred by Landlord 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 13(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) Survival. The provisions of this Section 10 will survive the expiration or earlier termination of this Lease.

11. INSURANCE AND WAIVER OF SUBROGATION

Landlord shall not be obligated to insure any furnishings, equipment, trade fixtures, or other personal property, which Tenant may place or cause to be placed upon the Premises. Landlord and Tenant waive any requirement of contents insurance, or property casualty coverage on the Premises. Landlord will maintain a policy or policies of comprehensive general liability insurance insuring Landlord against loss of life, bodily injury and/or property damage with respect to Common Areas, operation of the Premises, and other improvements associated with the land upon which the Premises are located, and any other losses caused by or related to the duties and obligations of Landlord under this Lease.

Landlord acknowledges that, because Tenant is an agency of the State of Texas, liability for the tortious conduct of the agents and employees of Tenant (other than medical liability of medical staff physicians) or for injuries caused by conditions of tangible state property is provided for solely by the provisions of the Texas Tort Claims Act, and the Workers' Compensation Insurance coverage for employees of Tenant is provided by Tenant as mandated by Texas law. Tenant shall have no obligation under this Lease to purchase policies of insurance.

12. ADDITIONAL LANDLORD AND TENANT AGREEMENTS

a. Alterations. 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 Additional Rent and Landlord's covenants are independent. Except as otherwise provided, 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. Not Applicable.

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 or Additional 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; and

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

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; (3) apply the Security Deposit and Early Termination Fee 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; and (4) terminate this Lease by written notice and seek damages via the dispute resolution process provided for herein.

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 nondefaulting 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(o) for the twelve (12) month period prior to expiration of the Term and Additional Rent, 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
Email: mmusa@reesecenter.com

TENANT:

Steven Moore, Branch Fire Coordinator
Texas A&M Forest Service, Forest Resource Protection
111 East Loop 335 South
Amarillo, TX 79118
Office: 979-587-9081
Email: smoore@tfs.tamu.edu

or such other person or address as may be given in writing by Tenant to Landlord.

Notwithstanding any other requirements for notices given by a party under the Lease, if Landlord intends to deliver written notice to Texas A&M Forest Service pursuant to §2251.054, Texas Government Code, then Landlord will send that notice to Texas A&M Forest Service as follows:

Branch Fire Coordinator
Texas A&M Forest Service, Forest Resource Protection
111 East Loop 335 South
Amarillo, TX 79118

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.

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.

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, 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. 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 effect 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.

15. CONTRACT CLAIMS RESOLUTION

To the extent required by law, Landlord shall use the Tenant's dispute resolution process to attempt to resolve any claim for breach of contract arising under this Lease that is not resolved in the ordinary course of business. To initiate the process, Landlord shall provide a written notice of a claim and begin negotiating with the Tenant, as conditions precedent to the contested case process. Governed by rules adopted by the Texas Attorney General's Office, the contested case process is Landlord's sole and exclusive method to seek a remedy for breach, unless, after considering the Administrative Law Judge's report, the Legislature gives consent for Landlord to sue under Chapter 107 of the Civil Practices and Remedies Code.

If it is determined that Texas Government Code Chapter 2260 does not apply, and there is a dispute between Landlord and Tenant regarding this Lease and the performance hereunder, the parties will, within ten (10) days following mailing of written notice of a dispute, engage in face-to-face negotiations in an attempt to resolve the dispute and shall, upon failing to negotiate a resolution, choose a mutually agreeable third party neutral, who shall mediate the dispute between

the parties. The mediator shall be a person qualified under the Texas Alternative Dispute Resolution Procedures Act and shall be appointed by a state district judge or the American Arbitration Association if the parties are unable to agree upon a qualified person. Mediation shall be non-binding and shall be confidential. The parties shall refrain from court proceedings during the mediation process insofar as they can do so without prejudicing their legal rights. The parties shall participate in good faith in accordance with the recommendations of the mediator and shall follow the procedures for mediation as suggested by the mediator. All expenses of mediation except expenses of the individual parties, shall be shared equally by the parties. Each party shall be represented in the mediation by a person with authority to settle the dispute. If the parties are unable to resolve the dispute in mediation, then the default remedy provisions of this Lease apply. In no case shall the provisions of this Paragraph delay any other time periods set forth in this Lease except by the written agreement of the parties.

THE LRRRA AND TEXAS A&M FOREST SERVICE DO NOT WAIVE SOVEREIGN IMMUNITY BY ITS EXECUTION OF OR BY ANY CONDUCT OF THEIR REPRESENTATIVES UNDER THIS LEASE, AND THE DISPUTE RESOLUTION PROCESS DOES NOT AFFECT LRRRA AND TEXAS A&M FOREST SERVICE'S RIGHT TO ASSERT ALL CLAIMS AND DEFENSES IN A LAWSUIT.

/Signature Page Follows/

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")

TEXAS A&M FOREST SERVICE, FOREST
RESOURCE PROTECTION
("Tenant")

By: Joseph R. Rapier, President

By: Steven Moore
Its: Branch Fire Coordinator

Date

Date

EXHIBIT A

Site Plan

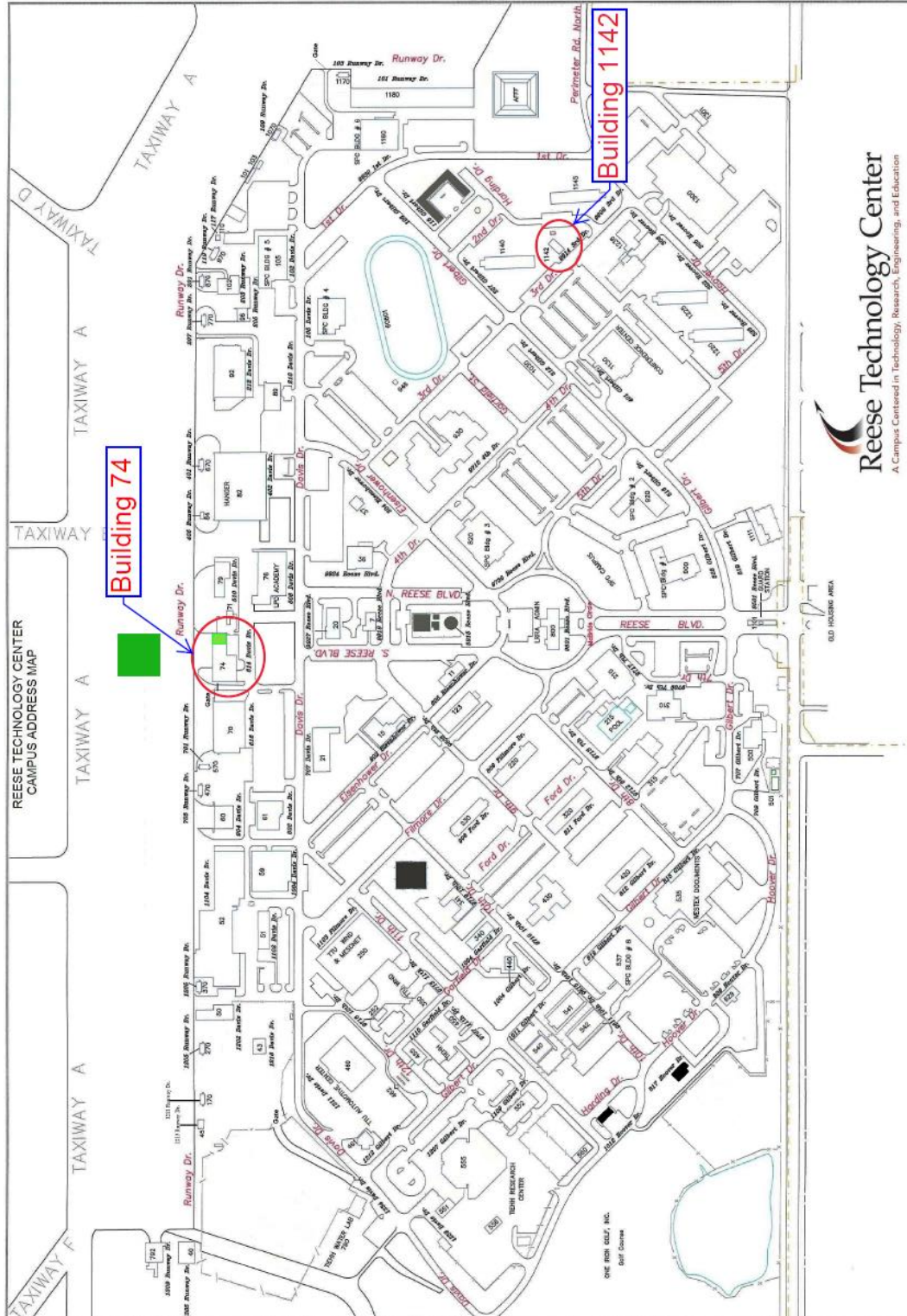


EXHIBIT B

Laydown Area



BOARD ACTION ITEM #2021-0622-087

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
JUNE 22, 2021**

Item to be Considered:

Consider Lease for Texas A&M Forest Service - Building 1142, 2 Bays in 74, One Acre of Laydown

Previous Board Action:

None

Statement of Pertinent Facts:

- a. Rates: Building 1142 - \$12/SF with annual increases of 3%
Two Bays in Building 74 - \$3/SF with annual increases of 3%
One Acre of Laydown - \$.025/SF with annual increases of 3%
- b. Term: Three years with one option to renew for 2 years

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 Texas A&M Forest Service for Building 1142, Two Bays in Building 74 and One Acre of Laydown, subject to negotiation of final terms and conditions, on this 22nd day of June_2021.”

Joseph R. Rapier, President

ATTEST:

Board Member

BOARD ACTION ITEM No. 2021-0622-088

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
JUNE 22, 2021**

Item to be Considered:

Approve the Board Member Recommendations for Appointment to the Lubbock Reese Redevelopment Authority

Previous Board Action:

- a. The LRRRA Board of Directors recommends appointment and/or reappointment of members whose terms are expiring as provided for in the LRRRA by-laws and enabling legislation.

Statement of Pertinent Facts:

- a. Article 3.02 of the Amended By-Laws of the Authority stipulates there be seven (7) directors, each with experience in one of five (5) areas.
- b. Three Board members terms will expire September 30, 2021: Joe Rapier, Dewayne Askins, and John Tye. John Tye is eligible for reappointment.
- c. Pursuant to Article 3.03 of the By-Laws, the LRRRA Board of Directors recommends the appointment and reappointment for one four-year term of the following effective 10/1/2021:
Mr. John Tye
Mr. George McMahan

- d. Final appointment by the City Council of the City of Lubbock is required.

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 approves the recommendation for Board Member Appointments/Reappointments, as submitted, on this 22nd day of June, 2021.”

Joseph R. Rapier, Board President

ATTEST:

LRRRA Board Member

AGENDA ITEM 7

EXECUTIVE SUMMARY

FY2022 OPERATING BUDGET

We are pleased to present you with the following preliminary Operating Budget for Fiscal Year 2022. A summary of FY2021 and five years comparison are below.

Current Year – FY 2021

- We project total income at FYE to be \$3,293,095 which is approximately 20% greater than what was budgeted. The increase is due to our ability to quickly replace lost income from the departure of Zachry Industrial and revenues from insurance proceeds.
- On the expense side, we expect total expenses of \$2,139,475, which is about what was budgeted.
- We project to end FY 2021 with net income before depreciation of \$1,153,620 versus the budgeted amount of \$629,950; an 84% increase caused by a 20% increase in total revenues.

Proposed Budget – FY 2022

- Our proposed FY 2022 budget calls for net income of \$3,121,500. About 30% of the \$590,000 lost Zachry income has been replaced. By FYE2021 we expect to have all that income replaced.
- Total expenses for FY2022 are projected to be \$2,891,370, an increase of 35% over the FY2021 projected year end. This increase is due to a proposed cleanup of the Reese Business Park that will cost \$650,000.

OPERATING FUND - COMPARISON

	FY 2018 - Audited	FY 2019 - Audited	FY 2020 - Audited	FY 2021 - Projected	FY 2022 - Proposed
TOTAL INCOME	\$ 2,964,888	\$ 2,978,541	\$3,129,779	\$ 3,293,095	\$ 3,121,500
TOTAL EXPENSES	\$ 2,342,035	\$ 2,621,989	\$ 1,984,442	\$ 2,139,475	\$ 2,891,370
NET INCOME	\$ 622,853	\$ 356,552	\$ 1,145,337	\$ 1,153,620	\$ 230,130

Amounts do not include depreciation & capital expenses.

The increase in expenses in FY2019 was due to the large demo project.

GENERAL OPERATING BUDGET - FY2021 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2021 ACTUAL YTD MAY 31, 2021	FYE 2021 APPROVED BUDGET	FYE 2021 PROJECTED YEAR END	FYE 2021 % Change Approved Budget to Projected Year End	FYE 2022 PROPOSED BUDGET	% Change FYE21 Projected YE to FYE22 Proposed	% Change FYE21 Approved Budget to FYE22 Proposed	Notes
2								Column F to G		Column G to I	Column F to I	
3	INCOME	4200	0	Lease	\$ 1,361,503.32	\$ 1,715,000.00	\$ 2,042,254.98	19.08%	\$ 2,100,000.00	2.83%	22.45%	Leases currently in place. Assumes customers will exercise option
4		4250	0	CAM	\$ 480,191.76	\$ 720,000.00	\$ 720,287.64	0.04%	\$ 720,000.00	-0.04%	0.00%	TTU, SPC, COL pay monthly. TTU agreement for FY22 has no increase
5		4260	0	Usage Fees	\$ 170,229.46	\$ 250,000.00	\$ 275,344.19	10.14%	\$ 250,000.00	-9.20%	0.00%	FY20=\$312, FY19=\$322K
6		4300	0	Contract Work	\$ 16,493.32	\$ 15,000.00	\$ 24,739.98	64.93%	\$ 15,000.00	-39.37%	0.00%	KBR Event extras
7		4350	0	Insurance Proceeds	\$ 185,213.64	\$ -	\$ 185,213.64	100.00%	\$ -	-100.00%	0.00%	Not budgeted
8		4400	0	Interest Income	\$ 6,821.79	\$ 6,500.00	\$ 10,232.69	57.43%	\$ 7,500.00	-26.71%	15.38%	PCB 25 bps on account and Peoples Bank 0 bps on Sweep Account
10		4650	423	Utility Franchise Fee - Electric	\$ 17,260.52	\$ 20,000.00	\$ 25,890.78	29.45%	\$ 20,000.00	-22.75%	0.00%	SPEC franchise fees, pays monthly based on customer usage
11		4650	439	Utility Franchise Fee - Gas	\$ 9,130.92	\$ 9,000.00	\$ 9,130.92	1.45%	\$ 9,000.00	-1.43%	0.00%	Atmos franchise fees pays once per year
12	INCOME TOTAL				\$ 2,246,844.73	\$ 2,735,500.00	\$ 3,293,094.82	20.38%	\$ 3,121,500.00	-5.21%	14.11%	
13												
14	PAYROLL	5100	0	Salaries	\$ 473,934.67	\$ 715,000.00	\$ 750,902.01	5.02%	\$ 780,000.00	3.88%	9.09%	Includes \$ for MBD incentive cap \$100k and other for rest of emp \$60K
15		5110	0	Payroll Taxes	\$ 36,173.20	\$ 55,000.00	\$ 57,259.80	4.11%	\$ 59,000.00	3.04%	7.27%	Based on number above
16		5120	116	Insurance - Health	\$ 59,234.91	\$ 87,000.00	\$ 88,852.37	2.13%	\$ 92,000.00	3.54%	5.75%	TML - Assumes 7% increase
17		5120	117	Insurance - Dental/Vision	\$ 3,208.96	\$ 4,900.00	\$ 4,813.44	-1.77%	\$ 5,200.00	8.03%	6.12%	TML - Assumes 7% increase
18		5120	118	Insurance - Life/AD&D	\$ 224.64	\$ 400.00	\$ 336.96	-15.76%	\$ 400.00	18.71%	0.00%	TML - Assumes 7% increase
19		5120	119	Insurance - LTD	\$ 4,088.24	\$ 5,400.00	\$ 6,132.36	13.56%	\$ 6,200.00	1.10%	14.81%	Principle Financial
20		5120	120	Insurance - Dread Disease	\$ 2,412.24	\$ 4,000.00	\$ 3,618.36	-9.54%	\$ 4,000.00	10.55%	0.00%	Manhattan
21		5140	121	Insurance - Workers Comp	\$ 5,198.78	\$ 6,200.00	\$ 7,798.17	25.78%	\$ 8,000.00	2.59%	29.03%	TML - assumes slight rate increase
22		5150	131	Retirement - TCDRS	\$ 12,905.20	\$ 21,000.00	\$ 20,457.80	-2.58%	\$ 28,000.00	36.87%	33.33%	Rate changes in January 22 from 2.77% to 3.95%
23		5700	211	Payroll Service	\$ 717.06	\$ 1,000.00	\$ 1,075.59	7.56%	\$ 1,000.00	-7.03%	0.00%	Snelling fees for processing payroll
24	PAYROLL TOTAL				\$ 598,097.90	\$ 899,900.00	\$ 941,246.85	4.59%	\$ 983,800.00	4.52%	9.32%	

GENERAL OPERATING BUDGET - FY2021 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2021 ACTUAL YTD MAY 31, 2021	FYE 2021 APPROVED BUDGET	FYE 2021 PROJECTED YEAR END	FYE 2021 % Change Approved Budget to Projected Year End	FYE 2022 PROPOSED BUDGET	% Change FYE21 Projected YE to FYE22 Proposed	% Change FYE21 Approved Budget to FYE22 Proposed	Notes
2								Column F to G		Column G to I	Column F to I	
25	ADMINISTRATION											
26		2651	111	Prin Exp Xerox Lease Copier Payment	\$ 1,998.60	\$ 3,100.00	\$ 2,997.90	-3.29%	\$ 3,210.00	7.07%	3.55%	Principle portion of Xerox lease payment, expires March 2024
27		5200	101	General Office Supplies	\$ 6,976.59	\$ 10,000.00	\$ 10,464.89	4.65%	\$ 10,000.00	-4.44%	0.00%	General office supplies. Includes Xerox usage expenses
28		5200	103	Office Equip/Software	\$ 14,815.01	\$ 20,000.00	\$ 22,222.52	11.11%	\$ 20,000.00	-10.00%	0.00%	software/hardware. \$17K is software
29		5210	101	Board Expenses	\$ 972.69	\$ 1,500.00	\$ 1,459.04	-2.73%	\$ 1,500.00	2.81%	0.00%	Board breakfast
30		5250	111	Interest Exp Xerox Copier Lease	\$ 366.56	\$ 550.00	\$ 549.84	-0.03%	\$ 360.00	-34.53%	-34.55%	Interest portion of lease payment which expires March 2024
31		5310	107	Janitorial/Building Maint	\$ 16,446.80	\$ 22,000.00	\$ 24,670.20	12.14%	\$ 25,000.00	1.34%	13.64%	Valentines. Includes B800, 50, 20
32		5320	106	Telephone Admin Cell	\$ 1,569.44	\$ 2,400.00	\$ 2,354.16	-1.91%	\$ 2,400.00	1.95%	0.00%	Cell phone reimbursements for 4 emp at \$50 per month
33		5340	127	Postage	\$ 1,275.57	\$ 2,000.00	\$ 1,913.36	-4.33%	\$ 2,000.00	4.53%	0.00%	Postage and cost of machine and equipment
34		5350	114	Insurance - Liability & Property	\$ 113,733.43	\$ 175,000.00	\$ 170,600.15	-2.51%	\$ 175,000.00	2.58%	0.00%	TML Insurance
35		5360	208	License and Fee	\$ 1,079.00	\$ 1,000.00	\$ 1,618.50	61.85%	\$ 1,500.00	-7.32%	50.00%	TCEQ , boiler, and elevator licenses/fees
36		5363	124	Staff Meetings	\$ 2,174.79	\$ 5,000.00	\$ 3,262.19	-34.76%	\$ 5,000.00	53.27%	0.00%	Staff lunch meetings & employee Christmas Party
37		5363	305	Meetings & Memberships	\$ 919.00	\$ 3,000.00	\$ 1,378.50	-54.05%	\$ 3,000.00	117.63%	0.00%	Overflow Chamber events. For those not scheduled
40		5400	125	Recruitment - Customer and New Emp	\$ 799.00	\$ 1,000.00	\$ 1,198.50	19.85%	\$ 1,000.00	-16.56%	0.00%	D&B used for vetting customers
41		5400	303	Advertising & Printing	\$ 161.10	\$ 2,000.00	\$ 241.65	-87.92%	\$ 2,000.00	727.64%	0.00%	Stationary - letterhead, envelopes, checks
42		5410	132	Awards & Recognition	\$ -	\$ 500.00	\$ -	-100.00%	\$ 500.00	#DIV/0!	0.00%	Employee service awards
43		5540	134	Prof Services - Document Shredding	\$ 722.43	\$ 1,200.00	\$ 1,083.65	-9.70%	\$ 1,200.00	10.74%	0.00%	VRC storage and shredding. Reduced services in 2020
44		5540	401	Prof Services - Campus	\$ 5,000.00	\$ 2,000.00	\$ 5,000.00	150.00%	\$ 2,000.00	-60.00%	0.00%	Other Staff training and other misc. services
45		5545	112	Serv Contract - Network Maintenance	\$ 4,780.72	\$ 8,000.00	\$ 7,171.08	-10.36%	\$ 8,000.00	11.56%	0.00%	Switch IT support. Maint contract is \$2772 yr
46		5610	110	ED Travel/Meetings	\$ 572.44	\$ 3,500.00	\$ 858.66	-75.47%	\$ 3,500.00	307.61%	0.00%	ED training/travel
47		5620	404	Campus Training	\$ 579.78	\$ 5,000.00	\$ 869.67	-82.61%	\$ 5,000.00	474.93%	0.00%	All other employee training, SGR and cyber security
48		5700	203	Audit Fee	\$ 30,900.00	\$ 30,900.00	\$ 30,900.00	0.00%	\$ 37,000.00	19.74%	19.74%	Per Jimmy \$32,000 for audit and \$5000 for single audit
49		5710	113	Legal Fees	\$ 21,473.00	\$ 50,000.00	\$ 32,209.50	-35.58%	\$ 50,000.00	55.23%	0.00%	FY16 \$61,000, FY17 \$45,000, FY18 \$23,400, FY19 \$38,612, FY20\$36,39
50	ADMIN TOTAL				\$ 227,315.95	\$ 349,650.00	\$ 323,023.93	-7.62%	\$ 359,170.00	11.19%	2.72%	

GENERAL OPERATING BUDGET - FY2021 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2021 ACTUAL YTD MAY 31, 2021	FYE 2021 APPROVED BUDGET	FYE 2021 PROJECTED YEAR END	FYE 2021 % Change Approved Budget to Projected Year End	FYE 2022 PROPOSED BUDGET	% Change FYE21 Projected YE to FYE22 Proposed	% Change FYE21 Approved Budget to FYE22 Proposed	Notes
2								Column F to G		Column G to I	Column F to I	
52	UTILITIES	5380	122	Telephone Land Line	\$ 6,174.53	\$ 8,500.00	\$ 9,261.80	8.96%	\$ 9,300.00	0.41%	9.41%	Digium \$220/mo and Vexus \$480/mo
53		5380	405	Water	\$ 56,059.93	\$ 200,000.00	\$ 204,000.00	2.00%	\$ 220,000.00	7.84%	10.00%	COL bill. FY20=\$197,000 FY19=\$200,000, FY18=\$122,000
54		5380	423	Electricity	\$ 61,845.74	\$ 88,000.00	\$ 92,768.61	5.42%	\$ 90,000.00	-2.98%	2.27%	SPEC bill
55		5380	439	Gas	\$ 11,451.98	\$ 12,000.00	\$ 17,177.97	43.15%	\$ 15,000.00	-12.68%	25.00%	Atmos bill
56		5380	502	Internet	\$ 2,929.28	\$ 4,500.00	\$ 4,393.92	-2.36%	\$ 4,600.00	4.69%	2.22%	Vexus for KBR = \$70/mo and UPN billed 20% = \$310/mo
57	UTILITIES TOTAL				\$ 138,461.46	\$ 313,000.00	\$ 327,602.30	4.67%	\$ 338,900.00	3.45%	8.27%	
58												
59	MARKETING	5430	102	Office Enhancements	\$ 173.58	\$ 1,000.00	\$ 260.37	-73.96%	\$ 1,000.00	284.07%	0.00%	Décor
60		5430	133	Sponsorships	\$ 8,512.00	\$ 7,000.00	\$ 12,768.00	82.40%	\$ 8,500.00	-33.43%	21.43%	Chamber, LEDA, LBB Apt Assn, FISD, SPC Events, United Way
61		5430	301	Marketing General	\$ 395.49	\$ 3,000.00	\$ 593.24	-80.23%	\$ 3,000.00	405.70%	0.00%	Other marketing
62		5430	302	ED Expenses	\$ 8,236.64	\$ 5,000.00	\$ 12,354.96	147.10%	\$ 7,000.00	-43.34%	40.00%	ED lunch's with customers, customer gifts/Christmas gifts
63		5430	303	Advertisement & Printing	\$ 226.00	\$ 2,000.00	\$ 339.00	-83.05%	\$ 2,000.00	489.97%	0.00%	Other marketing ads
64		5430	304	Ads in Publications	\$ 385.00	\$ 1,000.00	\$ 577.50	-42.25%	\$ 1,000.00	100.00%	0.00%	Magazine ads
65		5430	305	Meetings & Memberships	\$ 1,107.72	\$ 3,000.00	\$ 1,661.58	-44.61%	\$ 3,000.00	80.55%	0.00%	MBD Memberships - Highgrounds, etc. and prof orgn meetings
66		5430	307	MBD Meals and Ent	\$ 1,513.89	\$ 2,000.00	\$ 2,270.84	13.54%	\$ 2,000.00	-11.93%	0.00%	MBD customer and potential customer lunches
67		5430	310	MBD Travel	\$ 993.17	\$ 2,000.00	\$ 1,489.76	-25.51%	\$ 2,000.00	34.25%	0.00%	Conference travel
68		5430	311	Marketing Training	\$ -	\$ -	\$ -	0.00%	\$ 2,000.00	100.00%	100.00%	Leadership Lubbock, other
69		5430	312	Technology	\$ 14,324.07	\$ 25,000.00	\$ 21,486.11	-14.06%	\$ 25,000.00	16.35%	0.00%	LoopNet \$4860/yr, Contract Cre8tive \$3800/yr, Adobe Stock \$360
70	MARKETING TOTAL				\$ 35,867.56	\$ 51,000.00	\$ 53,801.34	5.49%	\$ 56,500.00	5.02%	10.78%	

GENERAL OPERATING BUDGET - FY2021 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2021 ACTUAL YTD MAY 31, 2021	FYE 2021 APPROVED BUDGET	FYE 2021 PROJECTED YEAR END	FYE 2021 % Change Approved Budget to Projected Year End	FYE 2022 PROPOSED BUDGET	% Change FYE21 Projected YE to FYE22 Proposed	% Change FYE21 Approved Budget to FYE22 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
72	OPERATIONS	5900	401	Campus General	\$ 16,172.72	\$ 30,000.00	\$ 24,259.08	-19.14%	\$ 680,000.00	2703.07%	2166.67%	Things that don't fit anywhere else. Includes \$650K for RBP cleanup
73		5900	402	Shop Supplies	\$ 6,059.52	\$ 7,000.00	\$ 9,089.28	29.85%	\$ 7,000.00	-22.99%	0.00%	Supplies for shop
74		5900	403	Tools & Tool Repair	\$ 8,841.21	\$ 5,000.00	\$ 13,261.82	165.24%	\$ 5,000.00	-62.30%	0.00%	Tools and small repairs
75		5900	405	Water System	\$ 7,496.71	\$ 10,000.00	\$ 11,245.07	12.45%	\$ 10,000.00	-11.07%	0.00%	Repairs for water system breaks
76		5900	406	Ops Cell Phone	\$ 2,843.10	\$ 5,000.00	\$ 4,264.65	-14.71%	\$ 5,000.00	17.24%	0.00%	4 cell phone reimb = \$2400 per yr plus Verizon iPad at \$180/mo
77		5900	407	Work Clothes	\$ 83.00	\$ 2,000.00	\$ 124.50	-93.78%	\$ 2,000.00	1506.43%	0.00%	Per policy, 11 shirts, 6 pants, 3 shorts, 1 jacket, 1 shoes
78		5900	417	Animal/Pest control	\$ 585.00	\$ 1,000.00	\$ 877.50	-12.25%	\$ 1,000.00	13.96%	0.00%	Terminix and other bills associated with pest removal (L. Watson)
79		5900	419	Building Security	\$ 3,102.69	\$ 12,000.00	\$ 4,654.04	-61.22%	\$ 12,000.00	157.84%	0.00%	All security: S2 - toll tags, badges, software, Corvus - B800, B36, pump house, Hallgren - keys and cores
80		5900	420	Roof	\$ 3,048.96	\$ 5,000.00	\$ 4,573.44	-8.53%	\$ 5,000.00	9.33%	0.00%	Roof repairs
81		5900	421	HVAC	\$ 12,209.43	\$ 20,000.00	\$ 18,314.15	-8.43%	\$ 20,000.00	9.21%	0.00%	Anthony Mechanical annual maint fees
82		5900	422	Painting	\$ 1,153.93	\$ 10,000.00	\$ 1,730.90	-82.69%	\$ 15,000.00	766.60%	50.00%	No large paint projects planned
83		5900	423	Electric	\$ 22,407.17	\$ 8,000.00	\$ 33,610.76	320.13%	\$ 8,000.00	-76.20%	0.00%	LED replacement and some electrical outsourcing
84		5900	424	Fence Repair	\$ 7,318.13	\$ 3,000.00	\$ 10,977.20	265.91%	\$ 3,000.00	-72.67%	0.00%	Fence repairs - mostly collected from insurance
85		5900	425	Plumbing & Irrigation	\$ 10,887.14	\$ 10,000.00	\$ 16,330.71	63.31%	\$ 10,000.00	-38.77%	0.00%	Plumbing repairs
86		5900	428	Cleaning	\$ 2,075.76	\$ 2,500.00	\$ 3,113.64	24.55%	\$ 2,500.00	-19.71%	0.00%	Building cleaning to enable customer walk through. Cintas mat cleaning
87		5900	429	Building Make Ready	\$ 16,845.53	\$ 3,500.00	\$ 25,268.30	621.95%	\$ 5,000.00	-80.21%	42.86%	For new customer move in
88		5900	430	Ground Maintenance	\$ 184,400.16	\$ 285,000.00	\$ 276,600.24	-2.95%	\$ 285,000.00	3.04%	0.00%	L&N = \$204,705. Chrestman = \$68,900
89		5900	434	Signage	\$ 2,662.68	\$ 3,000.00	\$ 3,994.02	33.13%	\$ 3,000.00	-24.89%	0.00%	Signs as needed for new customers
90		5900	440	Door Repair	\$ 2,513.35	\$ 5,000.00	\$ 3,770.03	-24.60%	\$ 5,000.00	32.63%	0.00%	Repair of doors
91		5900	441	Environmental	\$ -	\$ 2,500.00	\$ -	-100.00%	\$ 2,500.00	100.00%	0.00%	Misc. environmental
92		5900	442	Safety Supplies	\$ 1,064.58	\$ 2,000.00	\$ 1,596.87	-20.16%	\$ 2,000.00	25.25%	0.00%	Safety equipment; harnesses, etc..
93		5900	445	Architect & Engineering	\$ 2,907.35	\$ 40,000.00	\$ 4,361.03	-89.10%	\$ 40,000.00	817.22%	0.00%	Parkhill misc engineering fees
94		5900	448	KBR Event Expenses	\$ 3,370.98	\$ 10,000.00	\$ 5,056.47	-49.44%	\$ 10,000.00	97.77%	0.00%	Equipment rented for KBR events. Mostly vehicles.
95		5900	449	Vehicle Repair & Maint	\$ 5,762.22	\$ 3,500.00	\$ 8,643.33	146.95%	\$ 5,000.00	-42.15%	42.86%	Vehicle repairs
96		5900	450	Gas/Fuel	\$ 3,389.25	\$ 7,000.00	\$ 5,083.88	-27.37%	\$ 7,000.00	37.69%	0.00%	Fuel for vehicles and equipment
97		5900	451	Windows	\$ 1,999.85	\$ 3,000.00	\$ 2,999.78	-0.01%	\$ 3,000.00	0.01%	0.00%	Broken window repairs
98	OPERATIONS TOTAL				\$ 329,200.42	\$ 495,000.00	\$ 493,800.63	-0.24%	\$ 1,153,000.00	133.50%	132.93%	
99												
100	EXPENSE TOTAL				\$ 1,328,943.29	\$ 2,108,550.00	\$ 2,139,475.04	1.47%	\$ 2,891,370.00	35.14%	37.13%	
101	NET INCOME BEFORE DEPRECIATION				\$ 917,901.44	\$ 626,950.00	\$ 1,153,619.78	84.01%	\$ 230,130.00	-80.05%	-63.29%	
102	DEPRECIATION	5305		Depreciation	\$ 363,561.12	\$ 565,000.00	\$ 545,341.68	-3.48%	\$ 570,000.00	4.52%	NA	update
103	NET INCOME				\$ 554,340.32	\$ 61,950.00	\$ 608,278.10	881.89%	\$ (339,870.00)	-155.87%	-648.62%	

GENERAL OPERATING BUDGET - FY2021 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2021 ACTUAL YTD MAY 31, 2021	FYE 2021 APPROVED BUDGET	FYE 2021 PROJECTED YEAR END	FYE 2021 % Change Approved Budget to Projected Year End	FYE 2022 PROPOSED BUDGET	% Change FYE21 Projected YE to FYE22 Proposed	% Change FYE21 Approved Budget to FYE22 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
106												
107	FY 2021 CAPITAL PROJECTS				ACTUAL YTD	APPROVED BUDGET						
108	EDA Grant Match for Airfield Project				\$ 2,886.45	\$ 865,600.00						
109	2020 Seal Coat Roll Over & 2021 Seal Coat				\$ 11,701.50	\$ 150,000.00						
110	TOTAL				\$ 14,587.95	\$ 1,015,600.00						
111												
112												
113	FY 2022 PROPOSED CAPITAL PROJECTS								PROPOSED BUDGET			
114	Bobcat Skid Steer - Used								\$ 30,000.00			
115	Valve Maintenance Trailer								\$ 83,000.00			
116	2022 Seal Coat								\$ 75,000.00			
117	B210 Lower Roof								\$ 50,000.00			
118	Isolation Valves - South Campus								\$ 50,000.00			
119	B92 New Parking Lot								\$ 60,000.00			
120	TOTAL								\$ 348,000.00			
121												

AGENDA ITEM 7

EXECUTIVE SUMMARY

FY2022 FIBER OPTICS BUDGET

We are pleased to present you with the following preliminary Fiber Optics budget for Fiscal Year 2022. A summary of FY2021 and five years comparison are below.

Current Year – FY 2021

- We project total income at FYE to be approximately \$213,458, about 3% less than the budgeted amount of \$220,000. Accounting for this difference is lower than expected revenues from usage fees caused by United Supermarkets decommissioning equipment.
- On the expense side, we expect total expenses of \$140,647, an approximate 5% decrease than what was budgeted.
- We project to end FY 2021 with net income before depreciation of approximately \$72,811, versus the budgeted amount of \$72,500 resulting in no difference.

Proposed Budget – FY 2022

- Our proposed FY 2022 budget calls for small growth in use of fiber by customers and the loss of United Supermarket resulting in less data center income over FY2021. Income is projected to be \$182,000.
- FY 2022 total expenses are projected to be even with the FY 2021 projected year end amount of \$140,647.

FIBER OPTICS FUND - COMPARISON

	FY 2018 - Audited	FY 2019 - Audited	FY 2020 - Audited	FY 2021 - Projected	FY 2022 - Proposed
TOTAL INCOME	\$ 200,921	\$ 196,291	\$ 217,781	\$ 213,458	\$ 182,000
TOTAL EXPENSES	\$ 193,505	\$ 169,211	\$ 166,652	\$ 140,647	\$ 141,500
NET INCOME	\$ 7,416	\$ 27,080	\$ 51,129	\$ 72,811	\$ 40,500

Amounts do not include depreciation & capital expenses

FIBER OPTICS BUDGET - FY2022 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2021 ACTUAL YTD MAY 31, 2021	FYE 2021 APPROVED BUDGET	FYE 2021 PROJECTED YEAR END	% Change Approved Budget to Projected Year End	FYE 2022 PROPOSED BUDGET	% Change FYE21 Projected YE to FYE22 Proposed	% Change FYE21 Approved Budget to FYE22 Proposed	NOTES
2	INCOME							Column F to G		Column G to I	Column F to I	
3		4260	0	Usage Fees	\$ 17,013.61	\$ 30,000.00	\$ 25,520.42	-14.93%	\$ 12,000.00	-52.98%	-60.00%	Metered usage charged to customers-United, TTU, & SitePro
5		4800	0	Fiber Optic Income	\$ 125,291.59	\$ 190,000.00	\$ 187,937.39	-1.09%	\$ 170,000.00	-9.54%	-10.53%	Co-location leases, fiber & conduit fees. United to move out.
6	INCOME TOTAL				\$ 142,305.20	\$ 220,000.00	\$ 213,457.80	-2.97%	\$ 182,000.00	-14.74%	-17.27%	
7												
8	UTILITIES	5220	502	Internet Charges	\$ 13,558.00	\$ 22,000.00	\$ 20,337.00	-7.56%	\$ 22,000.00	8.18%	0.00%	UPN \$1550/mo 80% billed to DC. Suddenlink \$490 100% to DC
9		5380	423	Electric	\$ 40,391.94	\$ 60,000.00	\$ 60,587.91	0.98%	\$ 60,000.00	-0.97%	0.00%	SPEC bill for data center, avg monthly \$5000
10		5380	439	Gas	\$ 1,267.66	\$ 1,700.00	\$ 1,901.49	11.85%	\$ 1,700.00	-10.60%	0.00%	Atmos bill for data center
11	UTILITIES TOTAL				\$ 55,217.60	\$ 83,700.00	\$ 82,826.40	-1.04%	\$ 83,700.00	1.05%	0.00%	
12												
13	ADMINISTRATION	5310	428	Janitorial Cleaning	\$ 2,513.36	\$ 3,800.00	\$ 3,770.04	-0.79%	\$ 3,800.00	0.79%	0.00%	Valentines \$314.17 per month
14		5350	114	Insurance	\$ 5,983.80	\$ 9,000.00	\$ 8,975.70	-0.27%	\$ 9,000.00	0.27%	0.00%	TML Property Insurance. Re-rate not yet received.
16	ADMIN TOTAL				\$ 8,497.16	\$ 12,800.00	\$ 12,745.74	-0.42%	\$ 12,800.00	0.43%	0.00%	
17												
18	OPERATIONS	5560	0	Building Maintenance	\$ 3,589.24	\$ 10,000.00	\$ 5,383.86	-46.16%	\$ 10,000.00	85.74%	0.00%	Expenses for all things related to B36
19		5800	0	Equipment Maintenance	\$ 6,860.60	\$ 11,000.00	\$ 10,290.90	-6.45%	\$ 11,000.00	6.89%	0.00%	Maintenance contracts. TDI \$4,268/yr, Eaton \$5,891/yr
20		5800	414	IT Support/NOC Maint	\$ 19,600.00	\$ 30,000.00	\$ 29,400.00	-2.00%	\$ 24,000.00	-18.37%	-20.00%	Switch \$1,950/mo & \$500/mo for United. United moving out.
21	OPERATIONS TOTAL				\$ 30,049.84	\$ 51,000.00	\$ 45,074.76	-11.62%	\$ 45,000.00	-0.17%	-11.76%	
22												
23	EXPENSE TOTAL				\$ 93,764.60	\$ 147,500.00	\$ 140,646.90	-4.65%	\$ 141,500.00	0.61%	-4.07%	
24												
25	NET INCOME BEFORE DEPRECIATION				\$ 48,540.60	\$ 72,500.00	\$ 72,810.90	0.43%	\$ 40,500.00	-44.38%	-44.14%	
26	DEPRECIATION	5305	0	Depreciation	\$ 20,401.76	\$ 42,000.00	\$ 30,602.64	-27.14%	\$ 35,000.00	14.37%	100.00%	trueup depreciation
27	NET INCOME				\$ 28,138.84	\$ 30,500.00	\$ 42,208.26	38.39%	\$ 5,500.00	-86.97%	-81.97%	
28												
29	FY 2021 CAPITAL PROJECTS											
30	None											
31												
32												
33	FY 2022 CAPITAL PROJECTS											
34	None											
35												

FYE 2022 CAPITAL PROJECTS

Seal Coat

Staff is requesting \$75,000 for street seal coat. This is part of an on-going street maintenance plan which will put the roads on a rotating five year schedule.



Bobcat Skid Steer

We need a skid steer, a very versatile piece of equipment, that can do so much more than any equipment we currently have. We can purchase a good, used one for \$30,000.



Valve Maintenance Trailer

If we learned anything from the February freeze event (Winter Storm Uri) it is that we need to be able to exercise/turn our water valves without breaking them. The equipment we currently use for this is unable to turn large valves. This piece of equipment will save us a fortune in broken valves and lost water. It is also capable of helping locate lines (pot holing). We estimate the cost to be \$83,000.



New Roof – Building 210

Building 210, the gym, is currently occupied by Premier. This building has two roofs, an upper roof that covers the gym floor and a lower roof that covers the rest of the building. While the upper roof is currently in good condition, the lower roof needs replacing. Since Premier moved in, we have had the lower roof repaired of leaks several times and it is now time to replace it. A TPO roof is estimated to be \$50,000.



Isolation Valves – South Campus

Installing isolation valves around campus has been an on-going project. Installing these valves on the south side of campus will allow us to repair water lines while not having to shut off all of Texas Tech University buildings. The estimate of \$50,000 is for three valves.



Parking lot at Hanger 92

Hanger 92 is occupied by Rhodes USA. There is no parking for this building and to keep traffic off the flight line and provide parking for this building as well as a neighboring building, staff is requesting installing a new parking lot at an estimated cost of \$60,000.



ITEM 8

FINANCIAL REPORT

CASH BALANCES - MAY 31, 2021

	4/30/2021	5/31/2021	Change
General Fund Bank Accounts	\$ 3,353,942	\$ 3,435,247	\$ 81,305
Fiber Optic Fund Checking	\$ -	\$ -	\$ -
EDA Grant Checking	\$ 200,000	\$ 199,757	\$ (243)
Capital Maintenance - Designated	\$ 855,000	\$ 855,000	\$ -
Petty Cash	\$ 100	\$ 100	\$ -
Total Cash	\$ 4,409,042	\$ 4,490,104	\$ 81,062
Accounts Receivable - G/F	\$ 148,981	\$ 216,706	\$ 67,725
Accounts Receivable - F/O	\$ 9,136	\$ 14,324	\$ 5,188
Total Accounts Receivable	\$ 158,117	\$ 231,030	\$ 72,913
Total Cash & Accounts Receivable	\$ 4,567,159	\$ 4,721,134	\$ 153,975

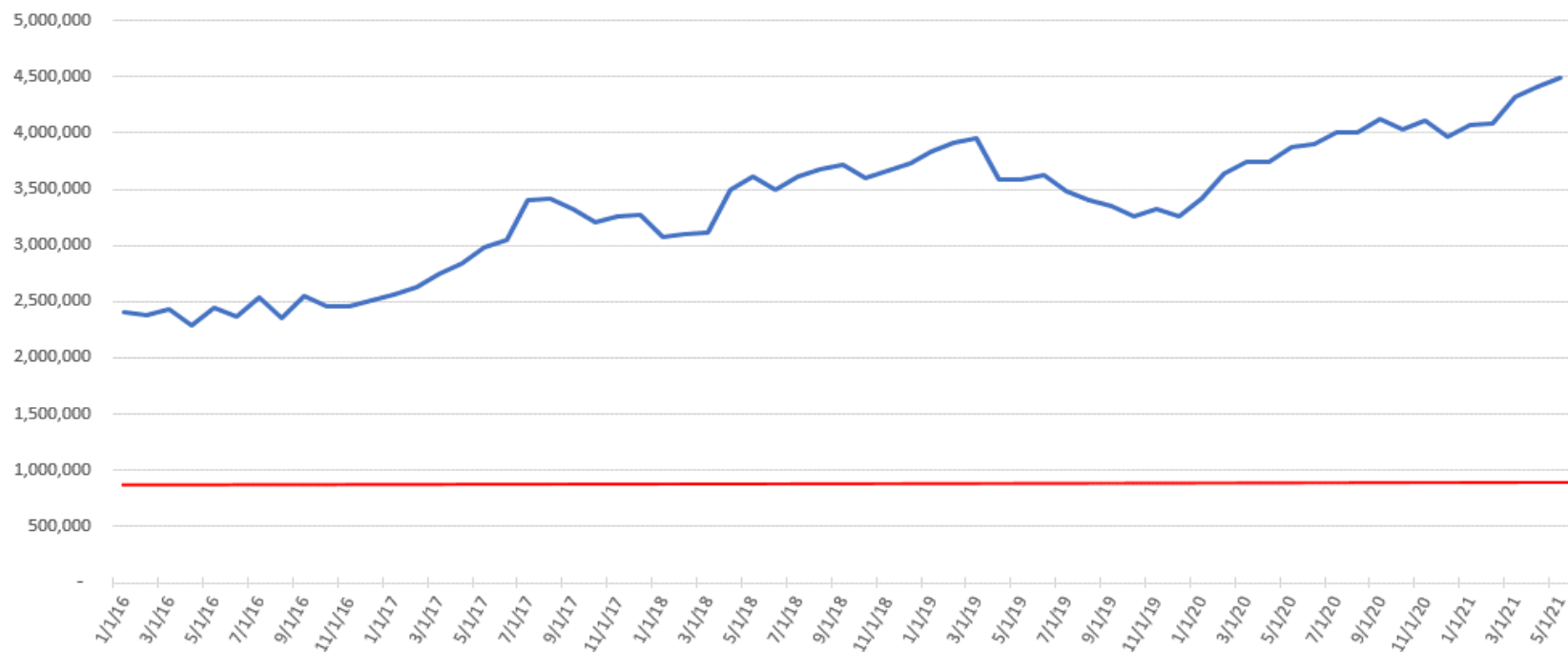
Aged Accounts Receivable as of 05/31/2021

CURRENT	1 - 30 Days - Invoices	31 - 60 Days - Invoices	61 > Days - Invoices	Over 90 Days	TOTAL
213,397.66	12,583.65	4,583.95	455.60	-	231,020.86

Aged Accounts Receivable as of 06/14/2021

78,936.94	6,670.00	169.44	-	-	85,776.38
-----------	----------	--------	---	---	-----------

LRRA Available Cash
JANUARY 2016 - MAY 2021



FINANCIAL HIGHLIGHTS - MAY 2021

DESCRIPTION	Month G/F	Month F/O	Month's Total	YTD G/F	YTD F/O	YTD Total
Operating Revenue	\$ 251,092	\$ 18,372	\$ 269,464	\$ 2,069,793	\$ 125,292	\$ 2,195,085
Other Revenue - Usage Fees	\$ 25,552	\$ 1,967	\$ 27,519	\$ 170,229	\$ 17,014	\$ 187,243
Total Revenue	\$ 276,644	\$ 20,339	\$ 296,983	\$ 2,240,022	\$ 142,306	\$ 2,382,328
Expenses	\$ 134,012	\$ 12,084	\$ 146,096	\$ 1,326,945	\$ 93,765	\$ 1,420,710
Net Income BPSID	\$ 142,632	\$ 8,255	\$ 150,887	\$ 913,077	\$ 48,541	\$ 961,618
Interest Income - Plus	\$ 903		\$ 903	\$ 6,822		\$ 6,822
Depreciation - Less	\$ (45,445)	\$ (2,550)	\$ (47,995)	\$ (363,561)	\$ (20,402)	\$ (383,963)
Net Income	\$ 98,090	\$ 5,705	\$ 103,795	\$ 556,338	\$ 28,139	\$ 584,477

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

PARKHILL

11,786.58 CAPITALIZED - EDA GRANT

\$ 11,786.58

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 5/31/2021

(In Whole Numbers)

	<u>General Fund</u>	<u>EDA Grant Fund</u>	<u>Fiber Optic Fund</u>	<u>Total</u>
ASSETS				
CASH	3,435,347	199,757	0	3,635,104
DESIGNATED-CAPITAL MAINT	610,000	0	0	610,000
WATER INFRASTRUCTURE RESERVE	245,000	0	0	245,000
INVESTMENTS	0	0	0	0
ACCOUNTS RECEIVABLE	216,706	0	14,324	231,030
ALLOWANCE FOR DOUBTFUL ACCOUNTS	0	0	0	0
INTERFUND TRANSFERS	0	0	0	0
NOTES RECEIVABLE	0	0	0	0
CONSTRUCTION IN PROGRESS	366,580	12,705	0	379,285
PROPERTY AND EQUIPMENT, NET	6,539,817	0	121,801	6,661,618
OTHER ASSETS	112,023	0	16,729	128,752
Total ASSETS	<u>11,525,473</u>	<u>212,462</u>	<u>152,854</u>	<u>11,890,789</u>
LIABILITIES				
ACCOUNTS PAYABLE	10,110	11,787	560	22,456
ACCRUED EXPENSES	59,817	0	3,958	63,775
DEFERRED REVENUE	227,510	0	15,010	242,520
NET PENSION LIABILITIES	0	0	0	0
NOTES PAYABLE	9,272	0	0	9,272
INTERFUND TRANSFERS	0	0	0	0
REFUNDABLE DEPOSITS	48,138	0	223	48,361
OTHER LIABILITIES	2,939	0	0	2,939
Total LIABILITIES	<u>357,786</u>	<u>11,787</u>	<u>19,751</u>	<u>389,323</u>
FUND EQUITY				
BEGINNING OF PERIOD	11,740,336	0	(820,166)	10,920,170
YEAR TO DATE EARNINGS	556,339	0	28,139	584,478
Total FUND EQUITY	<u>12,296,674</u>	<u>0</u>	<u>(792,027)</u>	<u>11,504,648</u>
TOTAL LIABILITY AND FUND BALANCE	<u>12,654,460</u>	<u>11,787</u>	<u>(772,276)</u>	<u>11,893,971</u>

LUBBOCK REESE REDEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
From 10/1/2020 Through 5/31/2021

(In Whole Numbers)

	<u>General Fund</u>	<u>Fiber Optic Fund</u>	<u>Total</u>
OPERATING REVENUES	2,240,023	142,305	2,382,328
OPERATING EXPENSES	1,690,506	114,166	1,804,672
OPERATING INCOME(LOSS)	<u>549,517</u>	<u>28,139</u>	<u>577,656</u>
NONOPERATING INTEREST INCOME	6,822	0	6,822
NET NONOPERATING REVENUES	<u>6,822</u>	<u>0</u>	<u>6,822</u>
INCREASE (DECREASE) IN FUND EQUITY	<u>556,339</u>	<u>28,139</u>	<u>584,478</u>
FUND EQUITY, BEGINNING	11,740,336	(820,166)	10,920,170
FUND EQUITY, ENDING	12,296,674	(792,027)	11,504,647

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2020 Through 5/31/2021

(In Whole Numbers)

	<u>General Fund</u>	<u>Fiber Optic Fund</u>	<u>Total</u>
LEASES	1,361,503	0	1,361,503
USAGE FEES	170,229	17,014	187,243
PBT CAM FEES	480,192	0	480,192
CONTRACT SERVICES	16,493	0	16,493
FIBER OPTIC/WIRELESS INCOME	0	125,292	125,292
TOTAL OPERATING REVENUE	<u>2,028,418</u>	<u>142,305</u>	<u>2,170,723</u>
UTILITY FRANCHISE FEES	26,391	0	26,391
INSURANCE PROCEEDS	185,214	0	185,214
OTHER MISCELLANEOUS	0	0	0
TOTAL REVENUES	<u>2,240,023</u>	<u>142,305</u>	<u>2,382,328</u>

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2020 Through 5/31/2021

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
OPERATING EXPENSES			
SALARIES & TAXES	510,108	0	510,108
BENEFITS - HEALTH, RETIREMENT & WKR'S COMP	87,273	0	87,273
INSURANCE - PROPERTY & GENERAL LIABILITY	113,733	5,984	119,717
ADMINISTRATIVE EXPENSES	4,895	0	4,895
GENERAL OFFICE EXPENSES	48,383	2,513	50,896
ACCTG. & AUDITING SERVICES	31,617	0	31,617
COMPUTER SOFTWARE & MAINT.	0	26,461	26,461
INTERNET	0	13,558	13,558
LEGAL SERVICES	21,473	0	21,473
NETWORK MAINTENANCE CONTRACT	4,781	0	4,781
TRAINING & TRAVEL	1,152	0	1,152
MARKETING EXPENSES	35,868	0	35,868
OPERATIONS - GROUND MAINT. AND ENGINEERING	329,200	0	329,200
UTILITIES	138,461	41,660	180,121
DEPRECIATION EXPENSE	363,561	20,402	383,963
Total OPERATING EXPENSES	1,690,506	110,577	1,801,083

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2021 Through 5/31/2021

GENERAL FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Current Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	158,632	142,917	15,715	1,361,503	1,143,333	218,170
PBT Cam Fees	60,024	60,000	24	480,192	480,000	192
Usage Fees	25,552	20,833	4,719	170,229	166,667	3,563
Contract Services	0	1,250	(1,250)	16,493	10,000	6,493
Utility Franchise Fees	1,685	2,417	(732)	26,391	19,333	7,058
Insurance Proceeds	30,751	0	30,751	185,214	0	185,214
Total REVENUES	276,643	227,417	49,226	2,240,023	1,819,333	420,690
EXPENSES						
Salaries & Taxes	51,116	64,167	13,050	510,108	513,333	3,225
Benefits - Health, Retirement & Wkr's Comp	10,828	10,742	(87)	87,273	85,933	(1,340)
Insurance -Property & General Liabilities	14,245	14,583	339	113,733	116,667	2,933
Administrative Expenses	356	892	536	4,895	9,133	4,238
General Office Expenses	6,539	5,121	(1,418)	48,383	40,967	(7,416)
Accounting & Auditing Services	81	83	2	31,617	31,567	(50)
Legal Services	1,647	4,167	2,520	21,473	33,333	11,860
Network Maintenance Contract	642	667	25	4,781	5,333	553
Training & Travel	66	708	643	1,152	5,667	4,515
Marketing Expenses	4,551	4,250	(301)	35,868	34,000	(1,868)
Operations	32,064	41,250	9,186	329,200	330,000	800
Utilities	11,878	31,417	19,539	138,461	183,333	44,872
Total EXPENSES	134,012	178,046	44,034	1,326,945	1,389,267	62,322
NIBPSID	142,631	49,371	93,261	913,078	430,067	483,011
NON OPERATING REVENUE						
Interest Income	903	542	362	6,822	4,333	2,488
Total NON OPERATING REVENUE	903	542	362	6,822	4,333	2,488
DEPRECIATION						
Depreciation Expense	(45,445)	(47,083)	1,638	(363,561)	(376,667)	13,106
Total DEPRECIATION	(45,445)	(47,083)	1,638	(363,561)	(376,667)	13,106
Increase (Decrease) In Fund Equity	98,090	2,829	95,260	556,339	57,734	498,605

GENERAL FUND

Explanation of Significant Budget Variances

2021 MAY

		Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
Revenues, Leases	4200, 4201	\$ 15,715	\$ 218,170	Budgeted less monies due to loss of ZACHRY	Year End is expected to be over budget.
Revenues, Contract Services	4300	\$ (1,250)	\$ 6,493	More events than anticipated for YTD	Year End is expected to be on budget.
Revenues, Usage Fees	4260	\$ 4,719	\$ 3,563	Sprinklers have been in use	Year End is expected to be on budget.
Revenues, Utility Franchise Fees	4650	\$ (732)	\$ 7,058	SPEC paid a Share Refund - Capital Credit 4,375.67 - NOVEMBER	Year End is expected to be on budget.
Revenues, Insurance Proceeds	4350	\$ 30,751	\$ 185,214	Insurance Proceeds for HWY 114 \$ 3,893. & Roof BLDG 70 \$ 181,320.	Year End is expected to be over budget.
Expenses, Operations	5900	\$ 9,186	\$ 800	Difficult to predict when something will need repairing	Year End is expected to be over budget.
Expenses, Utilities	5380	\$ 19,539	\$ 44,872	LP&L bill has not been properly billed for February & March & April & May	Year End is expected to be on budget.

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2021 Through 5/31/2021

FIBER OPTIC OPERATING FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Current Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Usage Fees	1,967	2,500	(533)	17,014	20,000	(2,986)
Fiber Optic/Wireless Income	18,372	15,833	2,539	125,292	126,667	(1,375)
Total REVENUES	20,339	18,333	2,006	142,305	146,667	(4,361)
EXPENSES						
Insurance -Property & General Liabilities	748	750	2	5,984	6,000	16
General Office Expenses	314	317	3	2,513	2,533	20
Computer Software & Maintenance	5,075	3,417	(1,658)	26,461	27,333	873
Internet	1,695	1,833	139	13,558	14,667	1,109
Building Maintenance & Repairs	(2,079)	833	2,913	3,589	6,667	3,077
Utilities	6,332	5,142	(1,191)	41,660	41,133	(526)
Total EXPENSES	12,084	12,292	207	93,765	98,333	4,569
NIBPSID	8,255	6,042	2,213	48,541	48,333	207
DEPRECIATION						
Depreciation Expense	(2,550)	(3,500)	950	(20,402)	(28,000)	7,598
Total DEPRECIATION	(2,550)	(3,500)	950	(20,402)	(28,000)	7,598
Increase (Decrease) In Fund Equity	5,705	2,542	3,163	28,139	20,333	7,806

FIBER OPTIC FUND

Explanation of Significant Budget Variances

2021 MAY

Month Variance YTD Variance Explanations Projected Outcome at Year End

NONE

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2021 Through 5/31/2021

COMBINED FUNDS

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	158,632	142,917	15,715	1,361,503	1,143,333	218,170
PBT Cam Fees	60,024	60,000	24	480,192	480,000	192
Usage Fees	27,519	23,333	4,186	187,243	186,667	576
Contract Services	0	1,250	(1,250)	16,493	10,000	6,493
Utility Franchise Fees	1,685	2,417	(732)	26,391	19,333	7,058
Insurance Proceeds	30,751	0	30,751	185,214	0	185,214
Fiber Optic/Wireless Income	18,372	15,833	2,539	125,292	126,667	(1,375)
Total REVENUES	296,982	245,750	51,232	2,382,328	1,966,000	416,328
EXPENSES						
Salaries & Taxes	51,116	64,167	13,050	510,108	513,333	3,225
Benefits - Health, Retirement & Wkr's Comp	10,828	10,742	(87)	87,273	85,933	(1,340)
Insurance -Property & General Liabilities	14,992	15,333	341	119,717	122,667	2,949
Administrative Expenses	356	892	536	4,895	9,133	4,238
General Office Expenses	6,853	5,438	(1,415)	50,896	43,500	(6,135)
Accounting & Auditing Services	81	83	2	31,617	31,567	31
Computer Software & Maintenance	5,075	3,417	(1,658)	26,461	27,333	873
Internet	1,695	1,833	139	13,558	14,667	1,599
Legal Services	1,647	4,167	2,520	21,473	33,333	13,507
Network Maintenance Contract	642	667	25	4,781	5,333	553
Training & Travel	66	708	643	1,152	5,667	4,515
Marketing Expenses	4,551	4,250	(301)	35,868	34,000	(1,068)
Operations	32,064	41,250	9,186	329,200	330,000	1,972
Building Maintenance & Repairs	(2,079)	833	2,913	3,589	6,667	3,147
Utilities	18,210	36,558	18,348	180,121	224,467	44,346
Total EXPENSES	146,096	190,337	44,241	1,420,709	1,487,600	72,413
NIBPSID	150,886	55,413	95,473	961,619	478,400	483,219
NON OPERATING REVENUE						
Interest Income	903	542	362	6,822	4,333	2,488
Total NON OPERATING REVENUE	903	542	362	6,822	4,333	2,488
DEPRECIATION						
Depreciation Expense	(47,995)	(50,583)	2,588	(383,963)	(404,667)	20,704
Total DEPRECIATION	(47,995)	(50,583)	2,588	(383,963)	(404,667)	20,704
Increase (Decrease) In Fund Equity	103,794	5,371	98,423	584,478	78,067	506,411

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	158,632	162,517	(3,885)	1,361,503	1,321,839	39,664
PBT Cam Fees	60,024	60,276	(252)	480,192	480,966	(774)
Usage Fees	27,519	24,593	2,926	187,243	184,724	2,519
Contract Services	0	920	(920)	16,493	6,603	9,890
Utility Franchise Fees	1,685	1,385	300	26,391	21,511	4,880
Insurance Proceeds	30,751	0	30,751	185,214	1,425	183,789
Other-Miscellaneous	0	0	0	0	17,000	(17,000)
Fiber Optic/Wireless Income	18,372	14,856	3,516	125,292	117,268	8,024
Total REVENUES	296,982	264,546	32,436	2,382,328	2,151,337	230,991
EXPENSES						
Salaries & Taxes	51,116	49,618	1,498	510,108	432,078	78,030
Benefits - Health, Retirement & Wkr's	10,828	9,848	980	87,273	80,781	6,492
Insurance -Property & General Liabilities	14,992	14,689	303	119,717	117,514	2,203
Administrative Expenses	356	92	264	4,895	6,241	(1,346)
General Office Expenses	6,853	9,151	(2,298)	50,896	44,945	5,951
Accounting & Auditing Services	81	1,076	(995)	31,617	38,100	(6,483)
Computer Software & Maintenance	5,075	5,513	(438)	26,461	26,916	(455)
Internet	1,695	2,185	(490)	13,558	22,393	(8,835)
Legal Services	1,647	3,780	(2,133)	21,473	26,154	(4,681)
Network Maintenance Contract	642	688	(46)	4,781	5,028	(247)
Training & Travel	66	0	66	1,152	4,487	(3,335)
Marketing Expenses	4,551	1,157	3,394	35,868	35,488	380
Operations	32,064	36,828	(4,764)	329,200	313,641	15,559
Building Maintenance & Repairs	(2,079)	(28)	(2,051)	3,589	8,097	(4,508)
Utilities	18,210	27,515	(9,305)	180,121	191,813	(11,692)
Total EXPENSES	146,096	162,113	(16,017)	1,420,709	1,353,676	67,033
NIBPSID	150,886	102,434	48,452	961,619	797,661	163,958
NON OPERATING REVENUE						
Interest Income	903	938	(35)	6,822	18,778	(11,956)
Total NON OPERATING REVENUE	903	938	(35)	6,822	18,778	(11,956)
DEPRECIATION						
Depreciation Expense	(47,995)	(47,841)	(154)	(383,963)	(355,145)	(28,818)
Total DEPRECIATION	(47,995)	(47,841)	(154)	(383,963)	(355,145)	(28,818)
Increase (Decrease) In Fund Equity	103,794	55,530	48,264	584,478	461,294	123,184

Make Ready Project Reconciliation								2021 MAY
Lease Date	Estimated Move In Date	Actual Move In Date	Building/Customer	Estimated Cost	Actual Cost to Date	Actual Final Cost	Difference	Comments
3/1/2021	3/15/2021	4/1/2021	HANGAR # 92	\$ 17,000.00		\$ 16,240.92	\$ 759.08	Project Complete

ITEM 9

MARKETING REPORT



Campaign Theme

Easy as Pie



What is Texas ED Connection Doing?



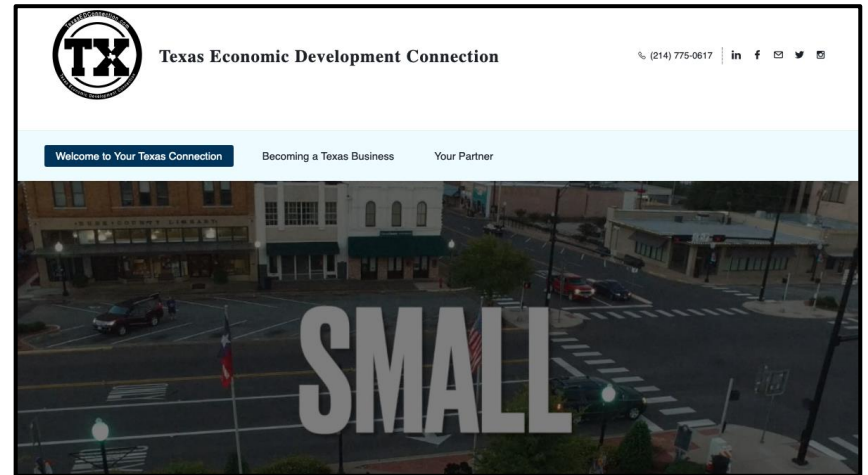
**LEAD
GENERATION
CAMPAIGN**



**LEVERAGING
TODAY'S BEST
MARKETING
TACTICS**

MARKETING STRATEGIES

- Google Text Ads
- Email Marketing
- YouTube



- Re-Targeting Ads **Only** Shown to those Who Have Visited The Site
- Brings People Back to the Site

Messaging

Digital Ads and Facebook Cover Page



Marketing Metrics

EMAIL

Plain text, casual conversation works best for email nurturing.
Subject lines with the word "Texas" perform best

DIGITAL - Traffic To Site

1. Business Tax Breaks: 195
2. Do Business in Texas: 110
3. Relocation: 44

DIGITAL - Top Search Terms

1. Texas taxes
2. Franchise tax

Currently targeting CA, NY, NJ and OR.
61% of clicks came from California
5 Leads So Far

Texas ED Connection



Branding Campaign

TEXAS. A Culture of Success.



TEXAS IS PRO-BUSINESS.

WE'RE THE PROS TO HELP YOU GET HERE EASILY. FOR FREE!

Texas has a thriving business culture, and way of life unlike any other state. Texas has every technology, tool, and incentive your business needs to succeed in the 21st century. Plus friendly people, beautiful scenery and great barbeque.

Texas EDConnection provides a single point of contact to help you get there. With our deep knowledge and warm hospitality, we'll help you find the perfect community in Texas that best fits you and your business. We'll make it easy!

So as we say here in Texas, give us a holler.

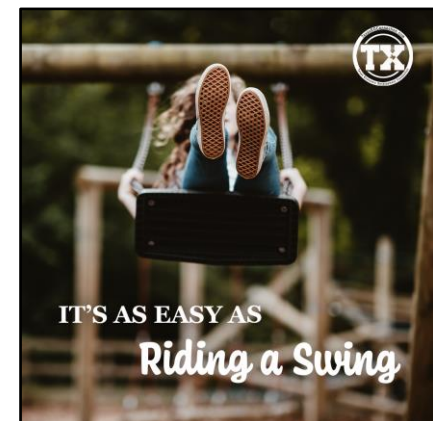
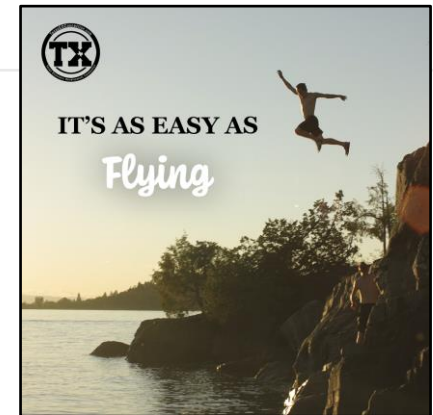


www.texasedconnection.com
(214) 775-0617



Social Media Content

A "How To" Guide and 17 pre-made graphics



JUNE 2021 – EVENTS & ACTIVITIES

	DATE	EVENT
JUNE	June 3, 2021	United Supermarkets March of Dimes Fundraiser Cookout
	June 7, 2021	SPC Scholarship Scramble
	June 9, 2021	Lubbock Economic Council Luncheon
	June 10, 2021	West Texas Rural Summit hosted by Jodey Arrington
	June 22, 2021	LRRA Board of Directors Meeting
LOOKING AHEAD		
JULY	July 5, 2021	LRRA Closed for Independence Day
	July 19, 2021	Lubbock Chamber Golf Classic
	July LRRA Board of Directors Meeting CANCELLED	