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

The Board of Directors will convene in-person and via video and/or teleconference. You may join the meeting by video here: https://us02web.zoom.us/j/2405318564 ***or dial in using this telephone number (346) 248-7799.***

Date: Wednesday, April 27, 2022
Time: 8:00 a.m.
Place: Reese Technology Center, LRRA Board Room, 9801 Reese Blvd, Suite 200, Lubbock, TX 79416

AGENDA ITEMS	TAB	SPEAKER
Call the Meeting to Order		Steve Verett
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	Steve Verett
2. Discussion Item – LRRA FY2021 Annual Financial Audit	TAB 2	Renee Babb
3. a. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.072, regarding certain matters concerning real property. Discussions regarding interest in the lease, sale, or value of buildings and property. b. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters: • Executive Director • Manager of Business Development • Manager of Accounting • Manager of Operations • Operations Lead • Service Technician • Service Technician • Administrative Coordinator • Administrative Assistant • Board of Directors c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney.	TAB 3	John Tye Murvat Musa Don Provost Steve Verett Murvat Musa Darrell Guthrie
4. Action Item – Consider the Minutes of the March 23, 2022, Board of Directors Meeting	TAB 4	Steve Verett

5. Action Item – Consider Lease for Stonewall Fabrication and Construction LLC for Building 89	TAB 5	Don Provost
6. Action Item – Consider Lease for Dark Fiber Optic Strands and Related Services for Texas Tech University, Center for Emerging Energy Sciences, Building 61	TAB 6	Murvat Musa
7. Action Item – Consider Awarding Bid for EDA Perimeter Fence Improvements to Delta Specialty Contractors	TAB 7	Chris Evans
8. Discussion Item – Financial Reports	TAB 8	Sandy Hamilton
9. Discussion Item – Reese Events & Activities	TAB 9	Murvat Musa
Adjourn the Meeting		Steve Verett

Lubbock Reese Redevelopment Authority (LRRA) 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, April 22, 2022.

by: Lacy Elliott

Lacy Elliott, Administrative Coordinator

The LRRA Board meetings are available to all persons regardless of disability. To notify the LRRA 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

FY2021
Annual Financial Audit
Presentation

Auditors' Reports

Independent Auditors' Report

Opinion on the Financial Statements:

- Unmodified - Best opinion available
  - Financial statements are presented fairly in accordance with accounting principles generally accepted in the United States of America.
  - No audit areas where an opinion could not be rendered.

Financial Statement Highlights

Statement of Net Position

- **Assets and Deferred Outflows of Resources** — The five-year trend shows consistency with an overall increase in assets and deferred outflows of resources of $1,377,072.
- **Liabilities and Deferred Inflows of Resources** — While the past five years shows consistent decreases in total liabilities and deferred inflows of resources.
- **Net Position** — The past five years show an overall increase in total net position of $1,345,379.

Statement of Revenues, Expenses and Changes in Net Position

- **Operating Revenues** — Total operating revenues have increased over the past five years by $191,380.
- **Operating Expenses**—Total operating expenses have increased over the past five years by $432,490.

Financial Statements	2017	2018	2019	**2020**	**2021**
Total assets and deferred outflows of resources	$ 10,652,998	$ 10,929,876	$10,874,330	$11,414,718	**$12,030,070**
Total cash & investments	3,035,464	3,726,578	3,386,092	4,140,223	**4,744,064**
Total capital assets	7,118,634	6,809,848	7,062,764	6,960,362	**6,991,487**
Total pension asset	58,859	107,986	-	71,162	**39,055**
Total liabilities and deferred inflows of resources	598,084	428,358	586,339	494,548	**629,777**
Total debt	108,634	1,673	14,127	11,271	**8,242**
Total pension liability	-	-	8,337	-	**-**
Total operating expenses	2,629,297	2,682,048	3,388,359	2,715,381	**3,061,787**
Total operating revenues	3,151,633	3,165,809	3,104,047	3,281,352	**3,343,013**
Total operating income/(loss)	522,336	483,761	(284,312)	565,971	**281,226**
Total non-operating revenues/(expenses)	18,465	194,979	70,785	66,208	**198,897**
Total net position	10,054,914	10,501,518	10,287,991	10,920,170	**11,400,293**

Significant GASB Pronouncements

New Standards Implemented

- **GASB Statement No. 84**, *Fiduciary Activities,* this statement changes the presentation requirements for Fiduciary Activities.
- **GASB Statement No. 90***, Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61,* this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization.
- **GASB Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* this statement will exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority.
- **GASB Statement No. 98**, *The Annual Comprehensive Financial Report*, this statement establishes the term annual comprehensive financial report and its acronym ACFR.

Upcoming Standards

- **GASB Statement No. 87***, Leases,* is effective for period beginning after December 15, 2019 and will apply to the Authority's 2022 fiscal year. Under this statement, a lessee is required to recognize lease liability and an intangible right-to-use lease asset.
- **GASB Statement No. 89**, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, is effective for periods beginning after December 15, 2020 and will apply to the Authority's 2023 fiscal year. Under this statement, interest cost incurred before the end of a construction period be recognized as an expense in which the cost incurred for financial statements prepared using the economic resources measurement focus.
- **GASB Statement No. 91**, *Conduit Debt Obligations,* is effective for fiscal years starting after December 15, 2021 and will apply to the Authority's 2023 fiscal year. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.
- **GASB Statement No. 92**, *Omnibus 2020,* is effective for fiscal years beginning after June 15, 2021 and will apply to the Authority's 2023 fiscal year. This statement relates to various previously issued statements such as reinsurance recoveries, intra -entity transfers of assets, postemployment benefit arrangements and those related to nonrecurring fair value measurements, etc.
- **GASB Statement No. 93**, *Replacement of Interbank Offered Rates,* is effective for fiscal years after June 15, 2021 and will apply to the Authority's 2023 fiscal year. The statement preserves the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR.
- **GASB Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, is effective for fiscal years after June 15, 2022. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.
- **GASB Statement No. 96**, *Subscription-Based Information Technology Arrangements*, is effective for fiscal years beginning after June 15, 2022. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

Value-Added Suggestions

GASB 87

- CRI can provide assistance, as a separate engagement, with the Authority's implementation of GASB Statement 87 for Leases.

Concluding Comments

- The Executive Director, Accounting Manager, and other Finance Office personnel were very helpful and great to work with.
- Thank you for the opportunity to continue to serve the Authority.

Today's Presenters

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Lubbock Reese Redevelopment Authority

FINANCIAL STATEMENTS

September 30, 2021

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CPAs and Advisors

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lubbock Reese Redevelopment Authority
Lubbock, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Lubbock Reese Redevelopment Authority (the "Authority"), a political subdivision of the State of Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Lubbock Reese Redevelopment Authority, as of September 30, 2021, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 19 and the Schedule of Changes in the Authority's Net Pension Liability/(Asset) and Related Ratios, Schedule of Authority's Contributions, and notes to the required supplementary information on pages 52 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Carr, Riggs & Ingram, L.L.C

Carr, Riggs & Ingram, LLC
Lubbock, Texas
April 21, 2022

This section of Lubbock Reese Redevelopment Authority's annual financial report presents management's discussion and analysis of Lubbock Reese Redevelopment Authority's financial performance during the fiscal year that ended September 30, 2021. Please read it in conjunction with Lubbock Reese Redevelopment Authority's financial statements, which follow this section.

OVERVIEW OF THE ORGANIZATION

As described Note 1 to these financial statements, the Lubbock Reese Redevelopment Authority's (the Authority) purpose is to transition the properties of the former Reese Air Force Base in Lubbock, Texas following its closure in September 1997. The Authority operates under a d/b/a known as Reese Technology Center. With the assistance of federal, state, and local grants and development programs, the Authority's goal is to transfer such land and property into a business campus with a technology, research, engineering, education, and manufacturing theme. This task involves acquiring, repairing, or improving, managing, and marketing the available facilities as well as replacing the jobs that were lost when the base was closed. The nature of the operations of the Authority will change over time as the organization reaches its intended goal. Upon successful completion of its task, the Authority will likely emerge as a property management, marketing, and/or development entity. At that point in time, the entity will transition from a governmental entity into another form, either for-profit or not-for-profit in nature, depending on projected future activities of the organization.

Therefore, it is important to note that items comprising operations of the Authority would not be considered operating in nature to other governmental organizations. For example, property sales and lease income will be the typical operating activities of the Authority; however, these activities are not usually found in other governmental entities. In addition, typical revenues of traditional governmental entities, such as taxes, are not available to the Authority.

FINANCIAL HIGHLIGHTS

- Total assets and deferred outflows increased by 5.39% over fiscal year 2020.
- During the year ended September 30, 2021, operating revenue earned in the general fund was \$3,120,279 and operating expenses were \$2,882,401 resulting in operating income of \$237,878. In the same period, operating revenue earned in the fiber optic fund was \$222,734 while operating expenses totaled \$179,386 resulting in net operating income of \$43,348. The net result of both funds was operating income in the amount of \$281,226.
- The Authority's current liabilities include unpaid invoices, accrued wages and related liabilities, and unearned revenues.
- Operating revenues increased by \$61,661 which represents a 1.9% increase over fiscal year 2020.
- Operating expenses increased by 12.7% or \$346,406 from fiscal year 2020 due to increases in payroll (mostly from incentive pay to the Manager of Business Development), depreciation, repairs and maintenance, and utilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), *basic financial statements, and supplementary schedules.*

The Authority's financial statements are presented in the form of *proprietary fund* statements. This presentation offers *short and long-term* financial information about the activities that show the Authority operates like a business. A brief description of the existing proprietary fund is as follows:

> ***General (Campus Operations)*** - This fund accounts for the basic operating activities of the organization. Typical activities include leasing activities, property sales, administration, daily operations, upkeep and maintenance, and tenant oversight.
>
> ***Fiber Optic/Data Center Operations*** - This fund accounts for the basic operating activities of the data center and the fiber optic network. Typical activities include leasing activities, daily operating activities, repairs and maintenance, and tenant oversight.
>
> ***EDA Grant Fund*** – This fund accounts for the activities of the recently awarded Economic Development Administration (EDA) Grant for airfield upgrades. All activities in this account will be for the sole purpose of managing this grant which is a 50%/50% match grant.

The financial statements also include *notes* that explain portions of the financial statements and provide more detailed data. The statements are followed by a section of *supplementary schedules* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another. Due to the nature of the entity and its financial reports, the Authority has components of *required supplementary information,* other than management's discussion and analysis, included in these financial statements.

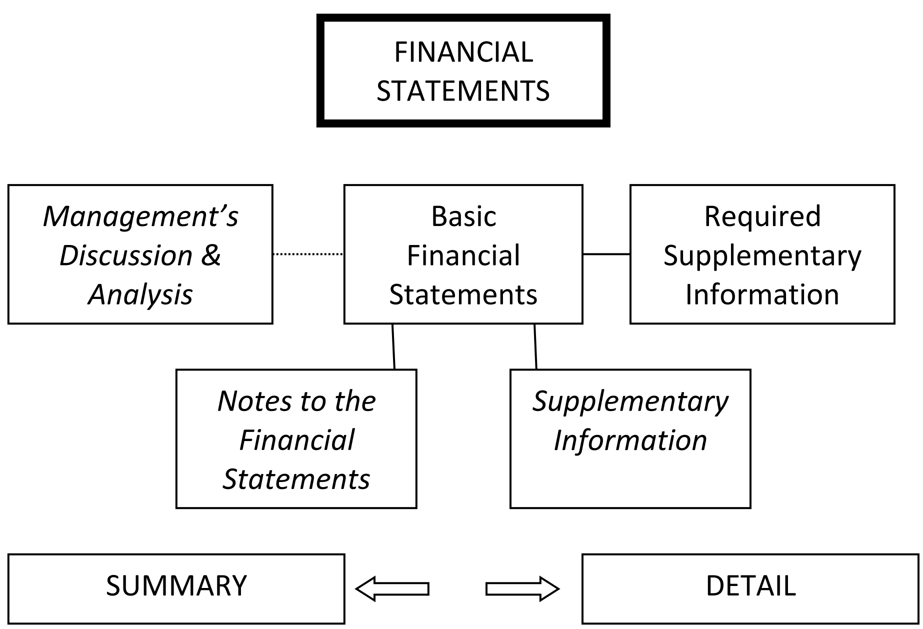

Figure A-1. Parts of an Annual Report

FINANCIAL ANALYSIS OF LUBBOCK REESE REDEVELOPMENT AUTHORITY

Net Position - The Authority's total net position increased by $480,123 between fiscal years ended September 30, 2021 and September 30, 2020. Table A-1 below indicates the investment in net position for the fiscal years ended September 30, 2021 and September 30, 2020.

Table A-1. Lubbock Reese Redevelopment Authority's Net Position

	September 30, 2020	September 30, 2021	Percent Change
Current and other assets	$ 4,368,429	$ 4,939,345	13.07%
Net pension asset	71,162	39,055	N/A
Net capital assets	6,960,362	6,991,487	0.45%
Total assets	11,399,953	11,969,887	5.00%
Pension related items	14,765	60,183	307.61%
Total deferred outflows	14,765	60,183	307.61%
Total assets and deferred outflows	$ 11,414,718	$ 12,030,070	5.39%
Current liabilities	$ 453,669	$ 578,099	27.43%
Long term liabilities	8,260	5,036	-39.03%
Total liabilities	461,929	583,135	26.24%
Pension related items	32,619	46,642	N/A
Total deferred inflows	32,619	46,642	N/A
Net investment in capital assets	6,949,091	6,983,245	0.49%
Unrestricted	3,971,079	4,417,048	11.23%
Total net position	10,920,170	11,400,293	4.40%
Total liabilities, deferred inflows and net position	$ 11,414,718	$ 12,030,070	5.39%

FINANCIAL ANALYSIS OF LUBBOCK REESE REDEVELOPMENT AUTHORITY (Continued)

Table A-2, below, shows the relationship between operating revenues, operating expenses, nonoperating revenue, and the changes to net position. As stated above, net position increased by $480,123, 24% less than last year, for the year ended September 30, 2021, which is a result of slightly greater revenues but significantly greater operating expenses.

Table A-2. Lubbock Reese Redevelopment Authority's Changes to Net Position

For the years ended	September 30, 2020	September 30, 2021	Percent Change
Operating revenues			
Lease income	$ 2,180,706	$ 2,245,350	2.96%
Common area maintenance	723,059	720,540	-0.35%
Usage fees	340,807	321,836	-5.57%
Contract work income	8,443	21,553	155.28%
Utility franchise fee	28,337	33,734	19.05%
Total operating revenues	3,281,352	3,343,013	1.88%
Operating expenses			
Salaries, benefits and taxes	814,927	973,778	19.49%
Contract services	24,021	19,717	-17.92%
Depreciation	564,287	605,244	7.26%
Insurance	176,272	179,448	1.80%
Marketing	46,657	50,948	9.20%
Utilities, telephone and internet	399,383	438,743	9.86%
Repairs and maintenance	522,807	652,918	24.89%
Professional services - legal/acct/engr	75,630	58,722	-22.36%
Other expenses	91,397	82,269	-9.99%
Total operating expenses	2,715,381	3,061,787	12.76%
Operating income/(loss)	565,971	281,226	24.89%
Nonoperating revenues/(expenses)			
Insurance proceeds	25,597	188,523	636.50%
Interest expense/bank charges	(678)	(523)	-22.86%
Miscellaneous revenue	18,124	400	-97.79%
Interest income	23,165	10,497	-54.69%
Total nonoperating revenues/(expenses)	66,208	198,897	200.41%
Increase/(Decrease) in net position	$ 632,179	$ 480,123	-24.05%

FINANCIAL ANALYSIS OF LUBBOCK REESE REDEVELOPMENT AUTHORITY (Continued)

Total Revenue – Figure A-2, below, gives a graphic presentation of the various components of the Authority's annual total operating revenue. The fiber optic and leases categories presented below are included as leases on the financial statements. The long-term goal is to increase lease revenue through new tenants and modernization of the buildings and facilities. Generally, cost of improvements to existing buildings are made at the time of new lease initialization and included in the lease rate calculation. There were no sales of physical assets in the year ended September 30, 2021.

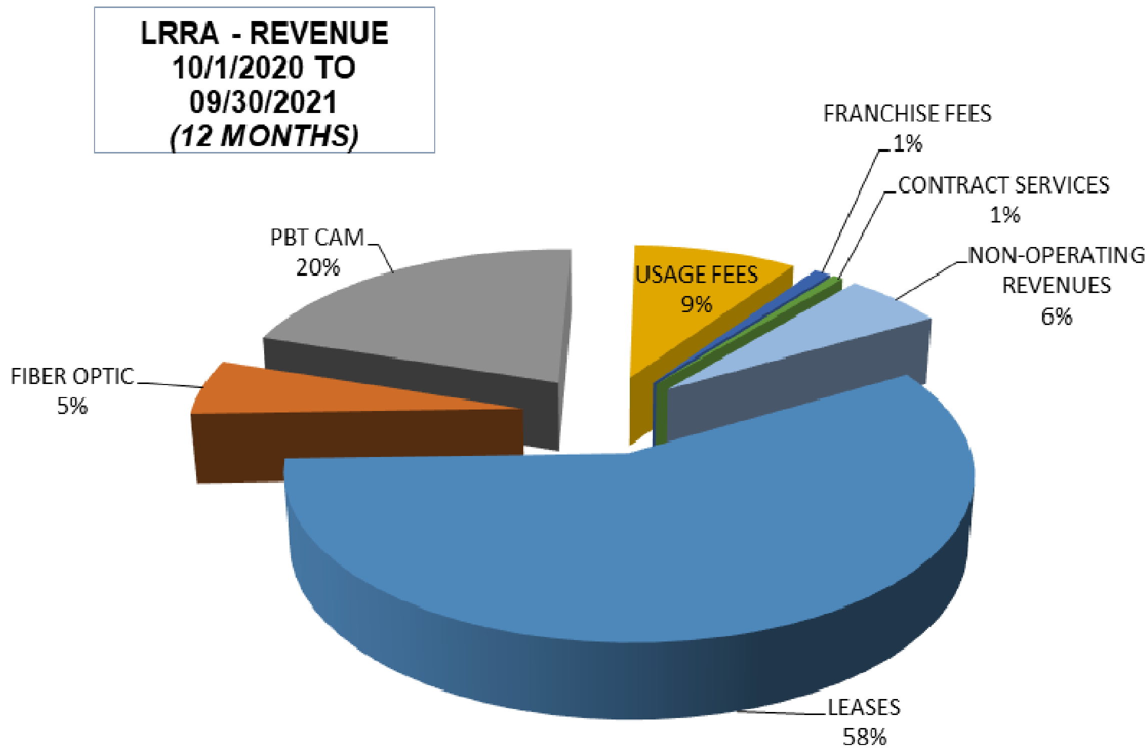

Figure A-2. Graphical Components of the Authority's Annual Total Operating Revenue

FINANCIAL ANALYSIS OF LUBBOCK REESE REDEVELOPMENT AUTHORITY (Continued)

Operating Expenses – Figure A-3, below, breaks down the major components of the Authority's annual operating expenses for fiscal year ended September 30, 2021. Note that the payroll burden, generally an organizations largest expense, comprises only 32% of total expenses. Management continues their efforts to maximize efficiencies and therefore manage the payroll expense effectively.

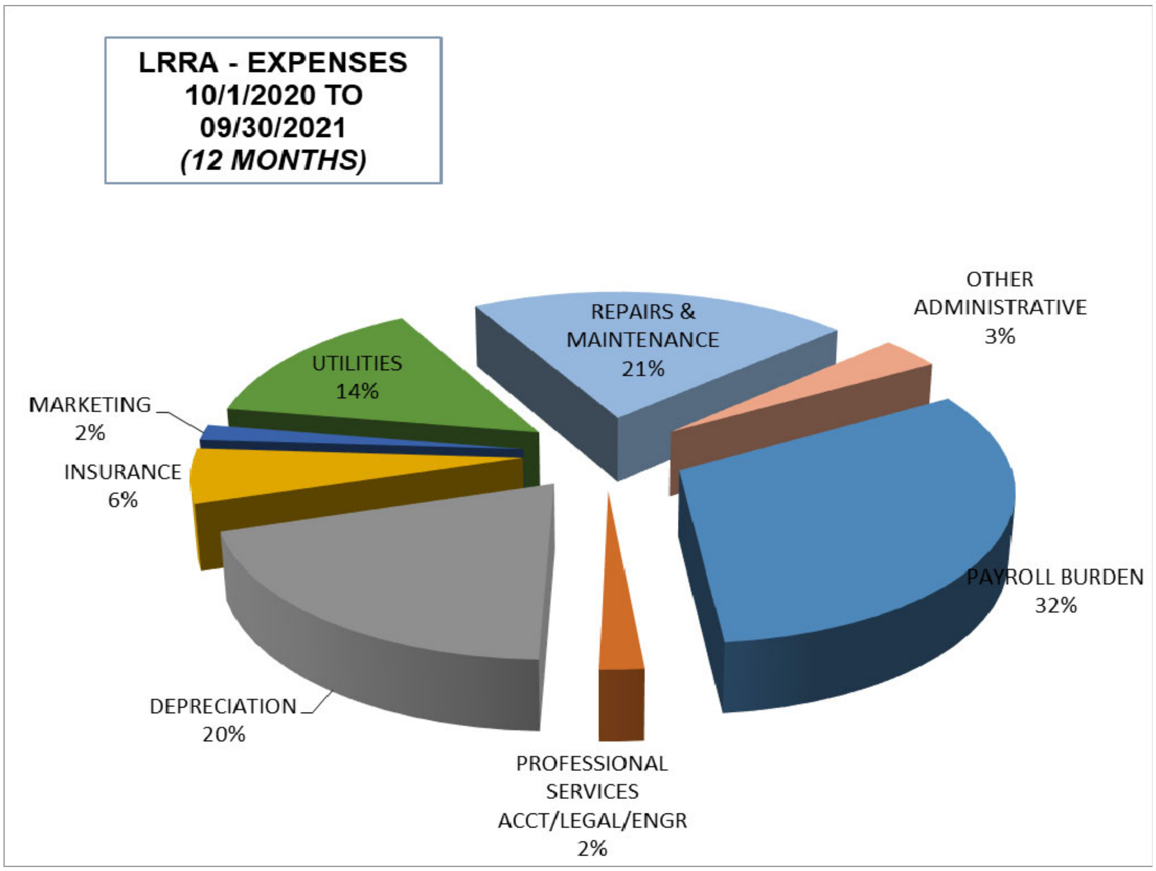

Figure A-3. Major Components of the Authority's Annual Operating Expenses for FYE 2021

6-YEAR FINANCIAL PERFORMANCE TRENDS ANALYSIS

Figure A-4**,** below, shows six years trending data for gross revenues, expenses, net income, and income before depreciation. This chart is provided to reflect the progress achieved by the Authority to successfully redevelop this property. The decrease in net income in fiscal year 2019 is a result of a demolition project and larger than expected repairs in the water system and HVAC systems and engineering expenses associated with airfield evaluation.

	FISCAL YEARS ENDING SEPTEMBER 30					
DESCRIPTION	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
GROSS REVENUE	$ 2,540,471	$ 3,170,098	$ 3,360,788	$ 3,174,832	$ 3,347,560	$ 3,541,910
EXPENSES	2,582,664	2,629,297	2,682,048	2,713,880	2,715,381	3,061,787
NET INCOME	(42,193)	540,801	678,740	460,952	632,179	480,123
INCOME BEFORE DEP	509,454	1,109,376	1,244,026	383,632	1,196,466	1,085,367

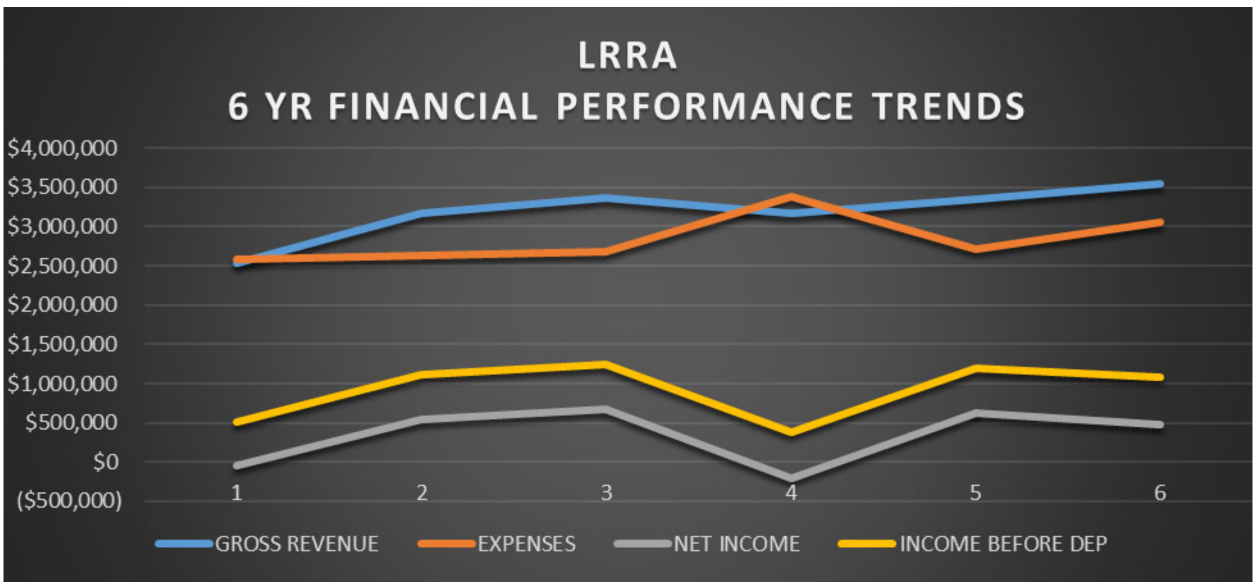

Figure A-4. Trending Data Before Depreciation

SUMMARY OF CAPITAL ASSETS AND LEASE PAYABLE

The Authority was the recipient of various items of property transferred to it by the United States Air Force via the execution of the Economic Development Conveyance (EDC) and Lease in Furtherance of Conveyance documents as detailed in Footnote 8 of the financial statements. On September 25, 2006, the Air Force deeded the title to the assets, and at that time, the previously recorded asset for the base conveyance, which was not being depreciated, was reclassified into its relative asset components. Various other capital improvements have been added and are being depreciated. A matrix is provided in Table A-3, below, outlining the various capital asset groups.

The Authority has the following lease:

- Xerox Copier for B800 with BBS Financial, beginning February 2019 for 60 months; $295 per month through fiscal year 2020 and then will increase by $1 every year until the lease is paid off.

Table A-3. Lubbock Reese Redevelopment Authority's Net Capital Assets

Asset Description	Carrying Amount	Accumulated Depreciation	Net Position Balance
Capital assets not being depreciated			
1500 Land	$ 1,481,401	$ -	$ 1,481,401
1450 Construction in progress	82,823	-	82,823
Total cpital assets not being depreciated	1,564,224	-	1,564,224
Capital assets being depreciated			
1505 Buildings	2,008,999	731,842	1,277,157
1515 Building improvements	4,193,944	2,384,135	1,809,809
1535 Infrastructure and related improver	5,470,003	3,347,882	2,122,121
1510 Computers and office equipment	193,524	174,039	19,485
1520 Vehicles	166,626	115,217	51,409
1530 Grounds maintenance equipment	341,118	193,836	147,282
Total capital assets being depreciated	12,374,214	6,946,951	5,427,263
Total capital assets	$ 13,938,438	$ 6,946,951	$ 6,991,487

ANALYSIS OF BUDGET VARIANCES

A comparison of major budget categories is provided in Table A-4 below. Please note that the data does not include depreciation expense. The Authority is not legally required to adopt a budget; however, management feels it is a prudent business practice to prepare a budget. The Authority budgeted $2,955,500 in total revenue for the fiscal year ending September 30, 2021. Actual revenues were $3,542,433. The Authority budgeted $2,256,050 in total expenses for the fiscal year ending September 30, 2021. Actual expenses were $2,456,543. This resulted in an increase of net position before depreciation of $1,085,890 compared to the budgeted increase of net position of $699,450, which results in a total favorable budget variance of $386,440.

Table A-4. Lubbock Reese Redevelopment Authority's Budget Versus Actual

	Actual	Budget	Favorable (Unfavorable) Variance
Revenues			
Operating revenues	3,343,413	$ 2,949,000	$ 394,413
Nonoperating revenues	199,020	6,500	192,520
Total revenues	3,542,433	2,955,500	586,933
Operating expenses (less depreciation)	2,456,543	2,256,050	(200,493)
Change in net position (less depreciation)	$ 1,085,890	$ 699,450	$ 386,440

CASH ACCOUNTS

Cash and Cash Equivalents - The Authority maintains two interest bearing bank accounts and one non-interest bearing account. The operating account is held at Plains Capital Bank and a secondary account is held at Peoples Bank for the purpose of investing the money in an insured cash sweep program. Every effort is made to maximize the interest income on these accounts while protecting principal. Due to unprecedented low interest rates, the Authority is not investing in the Insured Cash Sweep Program and has transferred most of the cash into the Plains Capital Bank where the interest rate is more favorable. The non-interest bearing account is used for the sole purpose of managing the EDA grant.

INFRASTRUCTURE ASSETS

The Authority is comprised of approximately 2,046 acres of land area as follows:

Airfield	1,629 acres
Southwest Landfill	100 acres
Cantonment/Main Campus Area	192 acres
Housing Area/Recreation Field	125 acres
Total Acres	2,046 acres

Electric

The electrical supply/power grid for the Authority consists of a large electrical grid with 49.26 miles of overhead electrical lines. This is a 1954 power grid that has had and continues to receive major upgrades. The entire power grid was sold to South Plains Electrical Cooperative (SPEC) who has been responsible for and is maintaining and upgrading the network. We do not anticipate any additional cost to the Authority for the upgrade of this system due to the current agreements. Management regularly reviews the long-standing contract between the Authority and SPEC to better plan for both aerial and underground delivery of telecommunications infrastructure. A further review of the obligations of SPEC to the Authority continues to ensure SPEC complies with their duty to provide a more consistent power supply as well as support current redundant power services currently provided to the Authority by SPEC.

In 2013 the Authority entered into an agreement with SPEC for the long-term lease (which has been paid in full) of a standby, emergency generator dedicated to the Data Center operations and certain other Authority operations. This should significantly upgrade the capabilities and sustainability of the data center. SPEC has converted the main Authority power grid into a "in phase" power source which will prevent significant campus wide power outages and assure consistent power supply. SPEC plans to upgrade the substation on the Authority property to support further campus power needs well into the future. In 2013 and 2104, SPEC, Authority management, and Texas Tech University began planning for the expansion and the build out of the power grid on the north and northeastern portions of the airfield. That planning has led to a build out of the power grid along the northeastern, northern, and northwestern segments of the airfield and should complement future development in those areas in addition to the buildouts completed in 2015 by Group NIRE, GAMESA, and Sandia National Labs.

SPEC continues to provide responsive service support to the Authority and open collaboration with management. It should be noted that SPEC does not hold a "blanket easement" provision within the operating agreement between the Authority and SPEC. This provides for systematic and ongoing dialogue as service expansion and new easements are sought to assure growth and infrastructure support for the Authority, its customers, the surrounding service areas, and SPEC.

INFRASTRUCTURE ASSETS (Continued)

Natural Gas

The natural gas system, sold to Atmos Energy, consists of 17.84 miles of underground gas line. The system is a 1940 – 1950 system and has been inspected with most repairs identified and completed in prior years. At present time, we do not anticipate any major cost associated with this system. Atmos Energy is obligated to inspect and repair the system per the purchase agreement. Such a sale transferred risk, eliminated maintenance costs, and created both one-time and recurring income for the Authority.

Water and Wastewater

The Authority purchases water from the City of Lubbock who also processes all the Authority's wastewater. The water distribution system is subject to TCEQ compliance and consists of a 500,000-gallon elevated water tower and a 250,000-gallon underground storage tank with 73.99 miles of water lines throughout the 2,046-acre property. The sewer system consists of 20.46 miles of sewer lines. Both systems are currently in standard operating condition and have experienced no major difficulty. There are occasional water breaks due to the age of the system (1940 – 1950). The cost of repairs has been minimal compared to the previous years' experience. The residual and unknown risk of this liability were recognized by management and reflected in a specific allocation within the balance sheet for water infrastructure. However, the nature of the aging system and aging main water pumps present a yet undetermined capital investment need in the future. Further, the condition of the water reaching the LRRA water delivery system, which is the most distant delivery point from the City of Lubbock water service, presents increasing general treatment costs.

The relatively flat pipeline delivering water from the City of Lubbock system presents ongoing and increasing water testing needs and water system enhancements such as chloramines boosting equipment and circulation pump systems. A SCADA monitoring system to support remote monitoring of water intake from the City of Lubbock has been installed and is operational. This will enable management to both monitor water intake and control loss of water in the system with increasing sensing capabilities. The Authority continues to invest in water system training for its staff and has increased dialogue with TCEQ.

Communications and Fiber

The telephone system is a 1954 copper wire infrastructure with 200 twisted pairs of phone cables throughout the property delivered via both aerial poles and buried conduit. These cables terminate at the meet me point in Building 20, Communications Building, and are distributed throughout the major buildings of the campus. This system has largely been abandoned as the Authority transitioned from using copper; we are now exclusively on a fiber network. Agreements with four (4) independent Internet Service Providers; Vexus, Suddenlink, Windstream, and Unite Private Network (UPN) were reached to allow redundancy and better support the Data Center. Management continues to explore the most cost-effective means of providing the most reliable telecommunications to its customers and for its own operations.

INFRASTRUCTURE ASSETS (Continued)

Communications and Fiber (Continued)

The Authority completed installation of a fiber optic network in June of 2004. This was a result of a $1.7 million EDA grant to install this network with 144 strands of fiber. We anticipate modest income generation from the utilization and lease of the fiber optic network. To better support fiber and the Data Center, we have partnered with a third-party company, Switch IT Support. In addition, to accommodate a new customer and provide redundancy, we have invested a significant number of resources in infrastructure upgrades including a new roof, lightning rod system, HVAC system, air handlers, and security for Building 36, the Data Center. The Data Center and the availability of the fiber optic network provides both direct economic opportunities as well as value added attractions for current and potential customers. A Service Organization Control (SOC) audit was recently completed for the Data Center.

Roads

The Authority has 37 miles of streets with 12.69 curbed miles on the inner campus. We have instituted an annual seal coat program where a certain percent of the roads and parking lots are seal coated each year. This program is possible through the participation in a "small municipality paving co-op" through an interlocal agreement which provides a cost effective and on-going, preventative street maintenance program. In addition to participating in this seal coat program, we attempt to partner with Lubbock County for assistance in street repair and maintenance as well as seek out all state and federal grant opportunities.

Management continues to evaluate and prioritize the capital equipment needs/expenditures and capital facility improvements necessary to maintain and improve the property infrastructure. These projects will be funded and allocated based upon increasing cash flow and necessity.

Airfield

The airfield consists of three runways as follows:

- Two runways, 10,500' x 150' – North/South: The center 10,500-foot runway remains open and operative to daylight /daytime Visual Flight Rules traffic. The westernmost 10,500-foot runway has been closed and serves as commercial access and buffer for activities involving commercial wind turbine construction and related research.

- One runway, 6,500' x 100' – North /South: This runway is operational, and the Authority provides baseline maintenance for both this runway and the center 10,500-foot runway.

The total amount of acreage of the airfield is approximately 1,629 acres. The airfield is in good condition, except for the northern end of the westernmost runway which is experiencing expansion joint failure and erosion and has ongoing maintenance issues. We do not anticipate any major expenses in this area unless the airfield is leased. Ground traffic control responsibilities were added to the Operations department to both maximize safety and usage of the airfield.

SUBSEQUENT EVENTS AND PROSPECTIVE CONDITIONS

As of April 21, 2022, subsequent events include the loss of customers in the amount of approximately $1.1 million and a promissory note from a customer related to a default on a lease agreement.

ENVIRONMENTAL ISSUES ASSOCIATED WITH THE PROPERTY

During the time the U.S. Air Force operated Reese Air Force Base, certain chemicals (specifically, trichloroethylene, (TCE) used in cleaning and maintaining the aircraft engines leaked into the groundwater, thus contaminating the land and groundwater along a certain leaching path stretching miles from the property. The Air Force has taken full responsibility for the clean-up which includes contamination of land and groundwater as well as contamination from the Southwest Landfill, the solid waste disposal site formerly used by Reese Air Force Base. The Air Force will remain responsible for the cleanup of these sites for the duration of the time it takes to close out all sites.

Clean up of TCE was completed in 2013 and three-years' post-remedy monitoring resulted in no contamination.

The Air Force continues to investigate the release of perfluorinated compounds (PFC's) resulting from the use of aqueous film-forming foam (AFFF). AFFF was used by the Air Force for firefighting purposes which dates to the 1970's. The EPA considers PFC's to be an emerging contaminate; they have issued a Lifetime Health Advisory (HA). In addition, TCEQ has set Protective Concentration Levels (PCL's). Well sampling on and around the former base property has resulted in levels exceeding the EPA health advisory limit and/or the TCEQ PCL's.

As of April 2022, the Air Force sampled 527 wells with 250 residential and three small public wells exceeding limits. To date, 240 treatment systems have been installed and two small public systems have been connected to the City of Lubbock water system; another is in process. All properties exceeding limits are either receiving bottled water or have a treatment system or both. Since LRRA purchases water from the City of Lubbock, none of our customers are affected.

CONTACTING MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for its financial performance. If you have questions about this report or need additional financial information, contact the Lubbock Reese Redevelopment Authority's Office, 9801 Reese Blvd., Suite 200, Lubbock, TX 79416, (806) 885-6592.

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Lubbock Reese Redevelopment Authority

Basic Financial Statements

Lubbock Reese Redevelopment Authority
Statement of Net Position – Business-Type Activities

September 30,		2021
Assets		
Current assets		
Cash and cash equivalents	$	4,744,064
Accounts receivable		183,502
Prepaid expenses		11,779
Total current assets		4,939,345
Noncurrent assets		
Capital assets		
Land		1,481,401
Construction in progress		82,823
Buildings		2,008,999
Infrastructure and related improvements		5,470,003
Computers and office equipment		193,524
Buildings and improvements		4,193,944
Vehicles		166,626
Grounds equipment		341,118
Less accumulated depreciation		(6,946,951)
Total capital assets, net		6,991,487
Net pension asset		39,055
Total noncurrent assets		7,030,542
Total assets		11,969,887
Deferred outflows of resources		
Employer contributions subsequent to the measurement date		15,089
Change in assumptions		43,381
Differences between expected and actual experience		1,713
Total deferred outflows of resources		60,183
Total assets and deferred outflows of resources	$	12,030,070

The accompanying notes are an integral part of these financial statements.

Lubbock Reese Redevelopment Authority
Statement of Net Position – Business-Type Activities (Continued)

September 30,		2021
Liabilities		
Current liabilities		
Accounts payable	$	102,247
Accrued expenses		101,782
Refundable deposits		62,190
Unearned revenues		302,118
Compensated absences		6,556
Current portion of lease liability		3,206
Total current liabilities		578,099
Noncurrent liabilities		
Lease liability due after one year		5,036
Total noncurrent liabilities		5,036
Total liabilities		583,135
Deferred inflows of resources		
Net difference between projected and actual investment earnings		45,172
Differences between expected and actual experience		1,470
Total deferred inflows of resources		46,642
Net position		
Net investment in capital assets		6,983,245
Unrestricted		4,417,048
Total net position		11,400,293
Total liabilities, deferred inflows of resources and net position	$	12,030,070

The accompanying notes are an integral part of these financial statements.

Lubbock Reese Redevelopment Authority
Statement of Revenues, Expenses, and Changes in Net Position – Business-type Activities

For the year ended September 30,		2021
Operating revenues		
Charges for services		
Lease income	$	2,245,350
Common area maintenance		720,540
Usage fees		321,836
Contract work income		21,553
Utility franchise fee		33,734
Total operating revenues		3,343,013
Operating expenses		
Salaries and benefits		973,778
Contract services		19,717
General and liability insurance		179,448
Repairs and maintenance		623,413
Building maintenance materials		29,505
Marketing and promotional expenses		50,948
Travel expenses		1,425
Printing and advertising		1,151
Depreciation expense		605,244
Telephone		2,400
Office supplies		30,880
Training and tuition expenses		1,485
Utilities		415,829
Professional services		
Accounting and auditing fees		31,976
Legal fees		26,746
Computer software and maintenance		38,224
Other operating expenses		
Board expenses		1,655
Internet charges		20,514
Postage		1,926
Meeting expenses		4,444
Licenses and fees		1,079
Total operating expenses		3,061,787
Operating income		281,226

Lubbock Reese Redevelopment Authority
Statement of Revenues, Expenses, and Changes in Net Position – Business-type Activities (Continued)

For the year ended September 30,		2021
Nonoperating revenues (expenses)		
Insurance proceeds		188,523
Interest expense/bank charges		(523)
Miscellaneous income		400
Interest income		10,497
Total nonoperating revenues (expenses)		198,897
Increase in net position		480,123
Net position, beginning of year		10,920,170
Net position, end of year	$	11,400,293

The accompanying notes are an integral part of these financial statements.

For the year ended September 30,		2021
Operating activities		
Cash received from customers for services	$	3,425,017
Cash payments to employees		(913,480)
Cash payments to suppliers for goods and services		(1,467,195)
Net cash provided by operating activities		1,044,342
Capital and related financing activities		
Principal paid on capital debt		(3,029)
Interest paid on capital debt		(523)
Purchases and construction of capital assets		(636,369)
Net cash (used) for capital and related financing activities		(639,921)
Investing activities		
Proceeds from the settlement of insurance claims		188,523
Cash receipts from miscellaneous income		400
Cash receipts from interest		10,497
Net cash provided by investing activities		199,420
Net increase in cash and cash equivalents		603,841
Cash and cash equivalents, beginning of year		4,140,223
Cash and cash equivalents, end of year	$	4,744,064

The accompanying notes are an integral part of these financial statements.

For the year ended September 30,		2021
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$	281,226
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation		605,244
Noncash pension expense		712
Decrease in assets		
Accounts receivable		44,704
Prepaid expenses		(11,779)
Increase (decrease) in liabilities		
Accounts payable		27,349
Accrued expenses		58,195
Compensated absences		1,391
Refundable deposits		28,180
Unearned revenues		9,120
Net cash provided by operating activities	$	1,044,342

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In June 1997, the Texas State Legislature enacted Public Law Chapter 703, establishing the Lubbock Reese Redevelopment Authority (the "Authority") as a political subdivision of the State of Texas. The Authority was entrusted with investigating the acquisition, development and management of the properties within the geographical boundaries of the former Reese Air Force Base in Lubbock, Texas (the "Base") which closed September 30, 1997. The Authority is the successor in interest to the Lubbock Reese Redevelopment Authority Corporation, a nonprofit corporation organized under the Texas Non-Profit Corporation Act and succeeds to all rights and liabilities of the Corporation.

The Authority's seven member board is comprised of five members appointed by the governing body of the City of Lubbock, one member appointed by the governing body of the County of Lubbock, and the executive director of the South Plains Association of Governments.

The Authority's responsibilities include maintaining the property of the former Base in a manner consistent with its lease agreement with the U. S. Air Force ("Air Force") and cooperative agreement with the Air Force Real Property Agency (AFRPA), formerly the Air Force Base Conversion Agency (AFBCA), dated August 1997. Additionally, the Authority obtained a Federal grant through the Office of Economic Adjustment (OEA) to implement the Base reuse plan that was designed to enhance the economic development opportunities of the former Base facilities and replace the estimated 2,500 jobs lost due to the Base closure. The Authority also obtained funds through interlocal cooperative agreements with the City and County of Lubbock to facilitate the reuse plan as well.

On August 25, 1999, the United States Air Force transferred approximately 2046 acres of land, associated facilities, infrastructure and personal property to the Authority via the execution of Economic Development Conveyance ("EDC") and Lease in Furtherance of Conveyance documents. This EDC document, which is a mechanism used by the Federal government to transfer former military installations to local reuse authorities for job creation and economic development purposes, transferred control of the Base property to the Authority for the sum of $3,200,000, as evidenced by a promissory note, and through a 50 year lease, with commitments from the Air Force to transfer title to the property upon meeting the requirements of Section 120(h)(3)(B) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

On November 21, 2000, the Authority entered into an agreement with the Air Force to amend the EDC agreement. The amended EDC provided that the Air Force forgive the balance due of $3,200,000 under the promissory note described in preceding paragraphs. In consideration of the Air Force canceling the promissory note, releasing the lien of the Deed of Trust, and amending the EDC agreement, the Authority agreed to reinvest the proceeds from any sale, lease, or other use of the EDC premises received by the Authority during the period ending seven years from November 1, 2000 (the reinvestment period), to pay for, or offset the costs of, public investment on or related to the former Reese AFB.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

If, at the end of the reinvestment period, the Authority has not reinvested or committed for reinvestment, all of the proceeds generated from the sale, lease or equivalent of the EDC premises, the Authority agrees that these amounts shall become due and payable to the Air Force. This provision will only apply if the Authority is not able to demonstrate to the satisfaction of the Air Force, that excess proceeds not reinvested at the end of the reinvestment period will be used for an allowable expenditure after the end of the reinvestment period.

On September 25, 2006, the Air Force transferred title to the property in accordance with the EDC document.

Reporting Entity

The accompanying basic financial statements present the activities of the Authority, which is a political subdivision of the State of Texas. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Authority has no component units.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Financial Statement Presentation

The government-wide financial statements for business-type activities (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) display information about the primary government (the “Authority”). These statements include the financial activities of the overall government, except for fiduciary activities (where applicable). Business-type activities are financed in whole or in part by fees charged to external parties.

Due to the fact that the Authority is engaged in only business-type activities it is required to present only the financial statements required for enterprise funds, the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows. The Authority has chosen to also present its enterprise funds at the fund level in the supplemental information section of the report.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operations. The principal operating revenue of the Authority’s enterprise fund is charges for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Authority’s basic financial statements are reported using the economic resources measurement focus. These statements are reported on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Authority receives (or gives) value without directly giving (or receiving) equal value in exchange include grants, entitlements, investment earnings and donations (if any). On an accrual basis, revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been met.

Budgetary Information

The Authority does not have a legally adopted budget; and therefore, does not present a budget.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, and cash in banks with various financial institutions. For purposes of the statement of cash flows, the Authority considers all highly liquid investments with original maturities of three months or less, to be cash equivalents. In addition, those amounts that have associated restrictions are not considered cash equivalents. For more information on cash and cash equivalents, deposits and investments, see Note 2.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Receivables and Payables

All receivables do not have allowance for uncollectible balances and consist primarily of the unpaid balances due from customer billings. Payables are shown net of discounts and represent liabilities not paid as of the last day of the fiscal period.

Interfund Activities and Transactions

All interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Capital Assets

Purchased or constructed capital assets are reported at cost in the accompanying financial statements. Donated capital assets are recorded at their estimated fair value at the date of donation. Infrastructure assets consist of road and parking lot networks, the fiber optic and telecommunications network, and other non-building improvements. These assets have been recorded at cost or estimated fair value at the date of receipt. The cost of normal maintenance and repairs that do not add value to the asset or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (In Years)
Buildings and Improvements	5 to 40
Infrastructure and Related Improvements	5 to 20
Computers and Office Equipment	3 to 10
Furniture and Fixtures	5 to 15
Vehicles	5
Grounds Maintenance Equipment	5 to 15

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until that time. The Authority has three types of items that qualify for reporting in this category related to reporting under GASB 68, which total $60,183 in the statement of net position. The amounts are further detailed in Note 10. These amounts are deferred and recognized as outflows of resources in future periods and will increase the net pension asset in future periods.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two types of items that qualify for reporting in this category related to reporting under GASB 68, which total $46,642 in the statement of net position. The amounts are further detailed in Note 10. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension asset in future periods.

Unearned Revenues

Certain revenues do not meet the measurable and available criteria for revenue recognition and, accordingly, these revenues are unearned in the business-type activities. Unearned revenue consisted entirely of lease income received but unearned as of the last day of the fiscal period.

Compensated Absences

The Authority's employees are granted vacation and sick leave in varying amounts. Upon termination, an employee is paid the full amount of unused accumulated vacation days. Accumulated sick leave is not payable upon termination. The liability for compensated absences reported in the financial statements consists of unpaid accumulated vacation leave balances. This liability has been calculated using the number of hours of unpaid leave per employee multiplied by each respective employee's current pay rate.

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Authority's employees' pension plan (TCDRS) and additions to/deductions from TCDRS fiduciary net position have been determined on the same basis as they are reported by the TCDRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Categories and Classification of Net Position

The Authority's net position is classified into the following net position categories:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of these assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.

Restricted - Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted - All other categories of net position. In addition, unrestricted net position may be designated for use by management of the Authority. This requirement limits the area of operations for which expenditures of net position may be made, and require that unrestricted net position be designated to support future operations in these areas.

Revenues and Expenses

Operating revenue includes activities that have the characteristics of an exchange transaction, such as (a) lease income, (b) common area maintenance, (c) usage fees, (d) contract work income, and (e) utility franchise fees.

Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as (a) insurance proceeds and (b) interest income. These revenue streams are recognized under GASB Statement No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*. Revenues are recognized when all applicable eligibility requirements have been met.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Authority are management's estimate of depreciation on assets over their estimated useful lives, net pension asset and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 21, 2022. See Note 13 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

The Authority has implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of this statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The Authority has evaluated these criteria and determined that some funds previously reported as fiduciary funds should now be classified as governmental funds. The implementation of this Statement had no impact on the Authority's reporting in the current fiscal year.

The Authority also implemented GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The implementation of this Statement had no impact on the Authority's reporting in the current fiscal year.

The Authority further implemented Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32. The requirements of this Statement will exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74. The implementation of this Statement had no impact on the Authority's reporting in the current year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The Authority additionally implemented Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this Statement had no impact on the Authority's reporting in the current year.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based o payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. (This new effective date reflects the immediate implementation of GASB Statement No. 95.)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In January 2020, GASB Statement No. 92, *Omnibus 2020*, was issued. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The requirements of this statement are effective periods beginning after June 15, 2021. Earlier application is encouraged and is permitted by topic.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The exceptions to the existing provisions for hedge accounting termination and lease modifications in this Statement will reduce the cost of the accounting and financial reporting ramifications of replacing IBORs with other reference rates. The reliability and relevance of reported information will be maintained by requiring that agreements that effectively maintain an existing hedging arrangement continue to be accounted for in the same manner as before the replacement of a reference rate. As a result, this Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The Authority is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: CASH AND CASH EQUIVALENTS

The Authority maintains all of its cash balances in two banks located in Lubbock, Texas.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy is to collateralize balances in excess of Federal Depository Insurance Corporation (FDIC) through a surety bond or securities equal to the balance not covered by FDIC insurance coverage.

At September 30, 2021, the carrying amount of the Authority's bank deposits was $4,140,223 and the respective bank balances totaled $4,737,077. Of the total bank balance, $432,719 was insured through the FDIC. The remaining balance was collateralized with pledged government securities held by the financial institution's trust department with a market value of $4,459,870 as of September 30, 2021. Below is a summary of deposit account and cash equivalent balances as of September 30, 2021:

Account Type	Balance
Cash on hand	
Petty Cash	$ 98
Demand Deposits	
Sweep Account	19,987
EDA Grant Account	162,732
General Account	4,561,247
Total cash and cash equivalents	$ 4,744,064

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable are deemed fully collectible by management and are comprised of the following amounts at September 30, 2021:

Source	Nature of Receivable	Balance
Tenants and customers	Leases, CAM, and usage fees	$ 183,502
Total accounts receivable		$ 183,502

NOTE 4: OPERATING LEASES – LESSOR

During the fiscal year ended September 30, 2021, the Authority entered into or renewed eight lease agreements with various parties for certain property obtained from the Air Force under the EDC and Lease in Furtherance of Conveyance document. These leases range from one year to ten years in length with both flat and graduated rent income over the life of the leases.

In addition, the Authority issues various Right of Entry and Right of Usage agreements during the year for varying lengths of time. These agreements are normally for terms of one year or less.

Rental receipts included in the statement of revenues, expenses, and changes in net position – business-type activities for the year ended September 30, 2021 were $2,245,350. Rental receipts for non-cancelable operating leases commitments greater than one year are as follows:

For the year ended September 30,	Future Rental Receipts
2022	$ 1,930,253
2023	1,627,606
2024	1,404,106
2025	547,615
2026	400,095
2027-2031	1,387,196
	$ 7,296,871

NOTE 5: INTER-FUND TRANSACTIONS

Net operating transfers made to supplement other funding sources and allow reimbursements between funds, in the normal course of operations, were as follows:

Transfers in	Transfer out	Amount
EDA Grant Fund	Fiber Optic Fund	$ 197,684
EDA Grant Fund	General Fund	3,852

NOTE 6: CAPITAL ASSETS

The capital assets of the Authority are presented below:

Asset Description	Beginning Balances	Assets Placed In Service	Assets Reclassed from CIP	Ending Balances
Capital assets not being depreciated				
1500 Land	$ 1,481,401	$ -	$ -	$ 1,481,401
1450 Construction in progress	6,559	82,823	(6,559)	82,823
Capital assets being depreciated				
1505 Buildings	2,008,999	-	-	2,008,999
1515 Building improvements	4,090,111	103,833	-	4,193,944
1535 Infrastructure and related improvements	5,096,446	366,998	6,559	5,470,003
1510 Computers and office equipment	177,979	15,545	-	193,524
1520 Vehicles	166,626	-	-	166,626
1530 Grounds maintenance equipment	273,947	67,171	-	341,118
Total capital assets	$ 13,302,068	$ 636,370	$ -	$ 13,938,438

The accumulated depreciation on capital assets of the Authority is presented below:

Accumulated Depreciation on Capital Assets being Depreciated	Beginning Balances	Current Year Depreciation	Reductions in Accumulated Depreciation	Ending Balances
1505 Buildings	$ (681,617)	$ (50,225)	$ -	$ (731,842)
1515 Building improvements	(2,155,135)	(229,000)	-	(2,384,135)
1535 Infrastructure and related			-	
improvements	(3,088,403)	(259,479)	-	(3,347,882)
1510 Computers and office			-	
equipment	(167,179)	(6,860)	-	(174,039)
1520 Vehicles	(91,554)	(23,663)	-	(115,217)
1530 Grounds maintenance			-	
equipment	(157,819)	(36,017)	-	(193,836)
Total accumulated depreciation	(6,341,707)	(605,244)	-	(6,946,951)
Net capital assets	$ 6,960,361			$ 6,991,487

NOTE 7: LONG-TERM DEBT AND LIABILITIES

***Capital* Leases**

In April 2019, the Authority entered into a 5-year lease with BBS Financial for a new copy machine. Lease payments are $295 a month through fiscal year 2020 and then will increase by $1 every year until the lease is paid off.

The Authority has calculated interest on these payments based on their incremental borrowing rate, as neither lease contained a stated rate of interest.

Interest of $523 was charged to expenses during the fiscal year ended September 30, 2021.

The Authority's long-term debt at September 30, 2021 consisted of the following:

Capital lease	$	8,242
Less: current maturities		(3,206)
	$	5,036

Estimated maturities of long-term debt are as follows:

Fiscal year ending September 30,		
2022	$	3,206
2023		3,392
2024		1,644
	$	8,242

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2021, was as follows for the statement of net position:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Capital leases	$ 11,271	$ -	$ 3,029	$ 8,242	$ 3,206
Compensated absences	5,165	28,829	27,438	6,556	6,556

Compensated absences will be liquidated in future periods from business-type activities.

NOTE 8: EDC CONVEYANCE

On August 25, 1999, the United States Air Force transferred approximately 2,046 acres of land, associated facilities, infrastructure and personal property to the Authority via the execution of Economic Development Conveyance ("EDC") and Lease in Furtherance of Conveyance documents. This EDC document, which is a mechanism used by the Federal government to transfer former military installations to local reuse authorities for job creation and economic development purposes, transferred control of the Base property to the Authority for the sum of $3,200,000, as evidenced by a promissory note, and through a 50 year lease, with commitments from the Air Force to transfer title to the property upon meeting the requirements of Section 120(h)(3)(B) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

On August 24, 2000, the United States Air Force transferred title to buildings which represented housing for military families. At that time, the Authority sold all such houses except for the base housing office building. The base housing office building has been recorded at an estimated fair value of $15,000 in these financial statements.

On November 21, 2000, the Authority entered into an agreement with the Air Force to amend the EDC agreement. The amended EDC provided that the Air Force forgive the balance due of $3,200,000 under the promissory note described in preceding paragraphs. In consideration of the Air Force canceling the promissory note, releasing the lien of the Deed of Trust, and amending the EDC agreement, the Authority agreed to reinvest the proceeds from any sale, lease, or other use of the EDC premises received by the Authority during the period ending seven years from November 1, 2000 (the reinvestment period), to pay for, or offset the costs of, public investment on or related to the former Reese AFB.

On October 5, 2002, the United States Air Force transferred approximately 1,620 acres of land and associated facilities and infrastructure to the Authority that includes the old airstrips in connection with the EDC agreement above. The land and airfield has been recorded at an estimated fair value of $270,000 in these financial statements.

On September 25, 2006, the United States Air Force transferred title to the remaining property in accordance with the EDC document. At that time, the balance in the EDC Conveyance asset was reclassified to its appropriate capital asset category.

NOTE 8: EDC CONVEYANCE (Continued)

Below is a schedule of the individual assets making up the total balance and the status of the property under the Lease in Furtherance of Conveyance.

Description of Property	Status of Conveyance	Effective Date	Recorded Balance	
Main Campus/Former Housing/Rec Fields – 317 acres	Deeded/ Title Transferred	9/25/2006	$	3,200,000
BLDG # 1111 Former Commander's House	Deeded/ Title Transferred	8/24/2000		15,000
Airfield/Terry County Auxiliary Airfield – 1,629 acres	Deeded/ Title Transferred	10/5/2002		270,000

The following are the capital asset categories including all activity on the property since conveyance:

Description	Recorded as Land		Recorded as Buildings	
Main Campus/Former Housing/Rec Fields	$	992,939	$	1,918,000
BLDG # 1111 Former Commander's House		-		15,000
Airfield/Terry County Auxiliary Airfield		488,462		-
Totals	$	1,481,401	$	1,933,000

NOTE 9: RISK MANAGEMENT

The Authority is a member of the Texas Municipal League (TML) Joint Insurance Fund (the "Fund"). The Fund is a self-insurance pool, which behaves as a cooperative for the purposes of providing insurance benefits for political and public entities. Through the Fund, the Authority maintains general liability coverage in the amount of $10,000,000 as well as property and casualty insurance. The Authority has undertaken a Risk Management Program with the assistance of TML and other resources. The Authority does not anticipate losses in excess of the limits of the general liability coverage; therefore, no accrual for loss contingencies has been made.

NOTE 10: TCDRS RETIREMENT PLAN

Plan Description - Lubbock Reese Redevelopment Authority provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P. O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 5 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 5 years of service, but must leave their accumulated contributions in the plan to receive any employer-financed benefit.

Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided - Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Contributions - The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Net Pension Asset - The TCDRS pension asset amounts, net pension asset amounts, and sensitivity information were based on an annual actuarial valuation performed as of December 31, 2020. The TCDRS pension asset amounts were rolled forward from the valuation date to the Plan year ending December 31, 2020, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date December 31, 2020.

NOTE 10: TCDRS RETIREMENT PLAN (Continued)

Actuarial Assumptions. Methods and assumption used to determine contribution rates are as follows:

Valuation Date:	Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions reflected. 2019: New inflation, mortality and other assumptions were reflected.

NOTE 10: TCDRS RETIREMENT PLAN (Continued)

Change in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: No changes in plan provisions were reflected in the Schedule.
	2019: No changes in plan provisions were reflected in the Schedule.
	2020: No changes in plan provisions were reflected in the Schedule.

Other Key Actuarial Assumptions. All actuarial assumptions that determined the total pension liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

	Beginning Date	Ending Date
Valuation date	Dec. 31, 2019	Dec. 31, 2020
Measurement date	Dec. 31, 2019	Dec. 31, 2020
Employer's fiscal year	October 1, 2020	September 30, 2021

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a long-term time horizon; the most recent analysis was performed in March 2021.

NOTE 10: TCDRS RETIREMENT PLAN (Continued)

See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 - December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation [1]	Geometric Real Rate of Return (Expected minus inflation) [2]
US Equities	Dow Jones US Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (net) Index	2.5%	4.55%
International Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.25%
International Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment – Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	2.11%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index[3]	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[4]	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[5]	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

[1]Target asset allocation adopted at the March 2021 TCDRS Board meeting.
[2]Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.00%, per Cliffwater's 2021 capital market assumptions.
[3]Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
[4]Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.
[5]Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

NOTE 10: TCDRS RETIREMENT PLAN (Continued)

	December 31, 2020	December 31, 2019
Total pension liability	$ 1,290,113	$ 1,159,860
Fiduciary net position	1,329,168	1,231,021
Net pension liability (asset)	(39,055)	(71,162)
Fiduciary net position as a % of total pension liability	103.03%	106.14%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actual assumptions below.

	December 31, 2020	December 31, 2019
Discount rate	7.60%	8.10%
Long-term expected rate of return, net of investment expense	7.60%	8.10%

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of December 31, 2019	$ 1,159,859	$ 1,231,021	$ (71,162)
Changes for the year			
Service cost	42,908	-	42,908
Interest on total pension liability	94,456	-	94,456
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	2,570	-	2,570
Effect of assumptions changes or inputs	65,071	-	65,071
Refund of contributions	(14,266)	(14,266)	-
Benefit payments	(60,485)	(60,485)	-
Administrative expenses	-	(973)	973
Member contributions	-	31,252	(31,252)
Net investment income	-	127,117	(127,117)
Employer contributions	-	16,188	(16,188)
Other	-	(686)	686
Balances as of December 31, 2020	$ 1,290,113	$ 1,329,168	$ (39,055)

NOTE 10: TCDRS RETIREMENT PLAN (Continued)

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 1,470	$ 1,713
Changes in assumptions	-	43,381
Net difference between projected and actual earnings on pension plan investments	45,172	-
Authority's contributions subsequent to the measurement date	-	15,089
Total	$ 46,642	$ 60,183

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31	
2021	$ 6,741
2022	20,905
2023	(23,483)
2024	(5,711)
2025	-
Thereafter	-
Total	$ (1,548)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following table shows the sensitivity of the net pension asset to changes in the discount rate. In particular, the tables present the Authority's net pension asset in the plan that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.60%) or one percentage point higher (8.60%) than the single discount rate.

Payables to the pension plan. At September 30, 2021 there were no contributions due and payable to the plan for the Authority.

NOTE 11: RELATED PARTY TRANSACTIONS

During the year ended September 30, 2021, the Authority utilized agreements that were put in place during fiscal year 2017 for various building improvements throughout the Authority and the rental of the firing range.

One of the agreements is with the engineering/architectural firm, Parkhill, Smith & Cooper, at which one of the board members is employed. The services were for seal coating of various streets and other contracted services in the amount of $7,607.

The other agreement was with South Plains Association of Governments, where again, a board member is employed. No transactions occurred during fiscal year 2021.

In addition, one of the board members is employed at one of the banking institution's the Authority utilizes.

NOTE 12: COMMITMENTS AND CONTINGENCIES

The Authority's outstanding commitments for contracts at September 30, 2021, was $153,114, which relates to a seal coat project and a roofing commitment. The remaining amount on the contracts are approximately $145,114.

NOTE 13: SUBSEQUENT EVENTS

Events occurring after September 30, 2021, have been evaluated for possible adjustments to the financial statements or disclosure as of April 21, 2022, which is the date the financial statements were available to be issued. Such events include the loss of approximately $1.1 million due to a lessee electing to decrease the amount of acreage from 68 acres to 2 acres and a promissory note from a customer related to a default on a lease agreement in the amount of $14,771.

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REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT’S DISCUSSION AND ANALYSIS

Schedule of Changes in the Authority's Net Pension Liability/(Asset) and Related Ratios
Last Ten Fiscal Years*

As of and for the year ended September 30, *Measurement Date December 31,*	**2021** **2020**	2020 2019
Total Pension Liability		
Service cost	**$ 42,909**	$ 53,033
Interest on total pension liability	**94,456**	89,160
Effect of plan changes	**-**	-
Effect of assumption changes or inputs	**65,071**	-
Effect of economic/demographic (gain) or losses	**2,569**	(4,408)
Benefit payments/refunds of contributions	**(74,751)**	(50,296)
Net change in total pension liability	**130,254**	87,489
Total pension liability, beginning	**1,159,859**	1,072,370
Total pension liability, ending (a)	**1,290,113**	1,159,859
Fiduciary Net Position		
Employer contributions	**16,188**	13,346
Member contributions	**31,252**	30,194
Investment income net of investment expenses	**127,117**	174,742
Benefit payments/refunds of contributions	**(74,751)**	(50,296)
Administrative expenses	**(973)**	(938)
Other	**(686)**	(60)
Net change in fiduciary net position	**98,147**	166,988
Fiduciary net position, beginning	**1,231,021**	1,064,033
Fiduciary net position, ending (b)	**1,329,168**	1,231,021
Net pension liability / (asset) = (a) - (b)	**$ (39,055)**	$ (71,162)
Fiduciary net position as a % of total pension liability	**103.03%**	106.14%
Pensionable covered payroll	**$ 603,880**	$ 586,290
Net pension liability/(asset) as a % of covered payroll	**-6.47%**	-12.14%

* The amounts presented were determined as of December 31. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Lubbock Reese Redevelopment Authority will present information for those years for which information is available.

2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
$ 41,088	$ 31,198	$ 44,461	$ 36,071	$ 44,244
81,655	74,418	69,110	64,273	59,812
-	-	-	(3,091)	-
-	8,929	-	7,852	-
9,545	17,448	(7,311)	(1,145)	(11,595)
(52,803)	(52,296)	(48,020)	(44,124)	(27,615)
79,485	79,697	58,240	59,837	64,846
992,885	913,188	854,949	795,111	730,265
1,072,370	992,885	913,188	854,949	795,111
9,973	12,744	14,490	14,354	13,316
27,857	27,584	25,421	24,664	25,509
(20,676)	141,692	66,845	9,045	57,939
(52,803)	(52,296)	(48,020)	(44,124)	(27,615)
(855)	(732)	(725)	(649)	(667)
(334)	(168)	11,487	(3,309)	1,101
(36,838)	128,824	69,497	(19)	69,583
1,100,871	972,047	902,550	902,569	832,986
1,064,033	1,100,871	972,047	902,550	902,569
$ 8,337	$ (107,986)	$ (58,859)	$ (47,601)	$ (107,457)
99.22%	110.88%	106.45%	105.57%	113.51%
$ 551,673	$ 508,429	$ 493,271	$ 510,174	$ 528,654
1.51%	-21.24%	-11.93%	-9.33%	-20.33%

See notes to the required supplementary information.

Schedule of the Authority's Contributions
Last Ten Fiscal Years*

	2021	2020
Actuarially determined contributions	**$ 15,089**	$ 11,584
Contributions in relation to the actuarially determined contributions	**(15,089)**	(11,584)
Contribution deficiency (excess)	**$ -**	$ -
Covered payroll	$ 625,032	$ 603,880
Contributions as a percentage of covered payroll	**2.41%**	1.92%

* The amounts presented were determined as of December 31. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Lubbock Reese Redevelopment Authority will present information for those years for which information is available.

2019	2018	2017	2016	2015
$ 12,957	$ 12,198	$ 14,035	$ 19,901	$ 13,316
(12,957)	(12,198)	(14,035)	(19,901)	(13,316)
$ -	$ -	$ -	$ -	$ -
$ 586,290	$ 551,673	$ 508,429	$ 493,271	$ 510,174
2.21%	2.21%	2.76%	4.03%	2.61%

See notes to the required supplementary information.

NOTES TO REQUIRED PENSION SUPPLEMENTARY INFORMATION

NOTE 1: CHANGES OF BENEFIT TERMS

There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of December 31, 2020.

NOTE 2: CHANGES OF ASSUMPTIONS

There were no modifications to the assumptions that were reflected in the actuarial valuation as of December 31, 2020.

NOTE 3: METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Normal [1]
Amortization Method	
Recognition of economic demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	Same as funding valuation.
Salary Increases	Same as funding valuation.
Investment Rate of Return	7.60% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Lubbock Reese Redevelopment Authority are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Same as funding valuation.
Turnover	Same as funding valuation.
Mortality	Same as funding valuation.

[1] Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

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SUPPLEMENTARY INFORMATION

Lubbock Reese Redevelopment Authority
Combining Statement of Net Position

September 30, 2021	General Fund	Fiber Optic/ Data Center Operations Fund	EDA Grant Fund	Totals
Assets				
Current assets				
Cash and cash equivalents	$ 4,581,332	$ -	$ 162,732	$ 4,744,064
Receivables				
Accounts receivable	169,088	14,414	-	183,502
Prepaid expenses	-	11,779	-	11,779
Total current assets	4,750,420	26,193	162,732	4,939,345
Noncurrent assets				
Capital assets				
Land	1,481,401	-	-	1,481,401
Construction in progress	35,464	-	47,359	82,823
Buildings	2,008,999	-	-	2,008,999
Infrastructure and related improvements	3,727,289	1,742,714	-	5,470,003
Computers and office equipment	99,202	94,322	-	193,524
Buildings and improvements	3,943,104	250,840	-	4,193,944
Vehicles	166,626	-	-	166,626
Grounds equipment	182,731	158,387	-	341,118
Less accumulated depreciation	(4,875,727)	(2,071,224)	-	(6,946,951)
Total capital assets, net	6,769,089	175,039	47,359	6,991,487
Net pension asset	39,055	-	-	39,055
Total noncurrent assets	6,808,144	175,039	47,359	7,030,542
Total assets	11,558,564	201,232	210,091	11,969,887
Deferred outflows of resources				
Employer contributions subsequent to the measurement date	15,089	-	-	15,089
Changes in assumptions	43,381	-	-	43,381
Differences between expected and actual experience	1,713	-	-	1,713
Total deferred outflows of resources	60,183	-	-	60,183
Total assets and deferred outflows of resources	$ 11,618,747	$ 201,232	$ 210,091	$ 12,030,070

Lubbock Reese Redevelopment Authority
Combining Statement of Net Position (Continued)

September 30, 2021	General Fund	Fiber Optic/ Data Center Operations Fund	EDA Grant Fund	Totals
Liabilities				
Current liabilities				
Accounts payable	$ 88,484	$ 5,208	$ 8,555	$ 102,247
Accrued expenses	101,782	-	-	101,782
Refundable deposits	61,967	223	-	62,190
Unearned revenues	283,235	18,883	-	302,118
Compensated absences	6,556	-	-	6,556
Current portion of lease liability	3,206	-	-	3,206
Total current liabilities	545,230	24,314	8,555	578,099
Noncurrent liabilities				
Lease liability due after one year	5,036	-	-	5,036
Total noncurrent liabilities	5,036	-	-	5,036
Total liabilities	550,266	24,314	8,555	583,135
Deferred inflows of resources				
Net difference between projected and actual investment earnings	45,172	-	-	45,172
Differences between expected and actual experience	1,470	-	-	1,470
Total deferred inflows of resources	46,642	-	-	46,642
Net position				
Net investment in capital assets	6,760,847	175,039	47,359	6,983,245
Unrestricted	4,260,992	1,879	154,177	4,417,048
Total net position	11,021,839	176,918	201,536	11,400,293
Total liabilities, deferred inflows, and net position	$ 11,618,747	$ 201,232	$ 210,091	$ 12,030,070

Lubbock Reese Redevelopment Authority
Combining Statement of Revenues, Expenses, and Changes in Net Position

For the year ended September 30, 2021	General Fund	Fiber Optic/ Data Center Operations Fund	EDA Grant Fund	Totals
Operating revenues				
Charges for services				
Lease income	$ 2,047,660	$ 197,690	$ -	$ 2,245,350
Common area maintenance	720,540	-	-	720,540
Usage fees	296,792	25,044	-	321,836
Contract work income	21,553	-	-	21,553
Utility franchise fees	33,734	-	-	33,734
Total operating revenues	3,120,279	222,734	-	3,343,013
Operating expenses				
Salaries and benefits	973,778	-	-	973,778
Contract services	13,694	6,023	-	19,717
General and liability insurance	170,541	8,907	-	179,448
Repairs and maintenance	623,413	-	-	623,413
Building maintenance materials	25,735	3,770	-	29,505
Marketing and promotional expenses	50,948	-	-	50,948
Travel expenses	1,425	-	-	1,425
Printing and advertising	1,151	-	-	1,151
Depreciation expense	570,909	34,335	-	605,244
Telephone	2,400	-	-	2,400
Office supplies	30,880	-	-	30,880
Training and tuition expenses	1,485	-	-	1,485
Utilities	348,216	67,613	-	415,829
Professional services				
Accounting and auditing fees	31,976	-	-	31,976
Legal fees	26,746	-	-	26,746
Computer software and maintenance	-	38,224	-	38,224
Other operating expenses				
Board expenses	1,655	-	-	1,655
Internet charges	-	20,514	-	20,514
Postage	1,926	-	-	1,926
Meeting expenses	4,444	-	-	4,444
Licenses and fees	1,079	-	-	1,079
Total operating expenses	2,882,401	179,386	-	3,061,787
Operating income	237,878	43,348	-	281,226

Lubbock Reese Redevelopment Authority
Combining Statement of Revenues, Expenses, and Changes in Net Position (Continued)

For the year ended September 30, 2021	General Fund	Fiber Optic/ Data Center Operations Fund	EDA Grant Fund	Totals
Nonoperating revenues (expenses)				
Insurance proceeds	188,523	-	-	188,523
Interest expense/bank charges	(523)	-	-	(523)
Miscellaneous income	400	-	-	400
Interest income	10,497	-	-	10,497
Total nonoperating revenues (expenses)	198,897	-	-	198,897
Income (loss) before transfers				
Transfers, net	(197,684)	(3,852)	201,536	-
Change in net position	239,091	39,496	201,536	480,123
Net position, beginning of year	10,782,748	137,422	-	10,920,170
Net position, end of year	$ 11,021,839	$ 176,918	$ 201,536	$ 11,400,293

Lubbock Reese Redevelopment Authority
Combining Statement of Cash Flows

For the year ended September 30, 2021	General Fund	Fiber Optic/ Data Center Operations Fund	EDA Grant Fund	Totals
Operating activities				
Cash received from customers for services	$ 3,192,448	$ 232,569	$ -	$ 3,425,017
Cash payments to employees	(913,480)	-	-	(913,480)
Cash payments to suppliers for goods and services	(1,314,204)	(161,546)	8,555	(1,467,195)
Net cash provided by operating activities	964,764	71,023	8,555	1,044,342
Noncapital financing activities				
Operating subsidies and transfers to other funds	(197,684)	(3,852)	201,536	-
Net cash provided by/(used) for noncapital financing activities	(197,684)	(3,852)	201,536	-
Capital and related financing activities				
Principal paid on capital debt	(3,029)	-	-	(3,029)
Interest paid on capital debt	(523)	-	-	(523)
Purchases and construction of capital assets	(521,839)	(67,171)	(47,359)	(636,369)
Net cash (used) for capital and related financing activities	(525,391)	(67,171)	(47,359)	(639,921)
Investing activities				
Proceeds from the settlement of insurance claims	188,523	-	-	188,523
Cash receipts from miscellaneous income	400	-	-	400
Cash receipts from interest	10,497	-	-	10,497
Net cash provided by investing activities	199,420	-	-	199,420
Net increase in cash and cash equivalents	441,109	-	162,732	603,841
Cash and cash equivalents, beginning of year	4,140,223	-	-	4,140,223
Cash and cash equivalents, end of year	$ 4,581,332	$ -	$ 162,732	$ 4,744,064

Lubbock Reese Redevelopment Authority
Combining Statement of Cash Flows (Continued)

For the year ended September 30, 2021	General Fund	Fiber Optic/ Data Center Operations Fund	EDA Grant Fund	Totals
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 237,878	$ 43,348	$ -	$ 281,226
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	570,909	34,335	-	605,244
Noncash pension expense	712	-	-	712
(Increase) decrease in assets				
Accounts receivable	38,742	5,962	-	44,704
Prepaid expenses	-	(11,779)	-	(11,779)
Increase (decrease) in liabilities				
Accounts payable	23,510	(4,716)	8,555	27,349
Accrued expenses	58,195	-	-	58,195
Compensated absences	1,391	-	-	1,391
Refundable deposits	28,180	-	-	28,180
Unearned revenues	5,247	3,873	-	9,120
Net cash provided by operating activities	$ 964,764	$ 71,023	$ 8,555	$ 1,044,342

Required Communications
April 2022

Lubbock Reese Redevelopment Authority
Table of Contents
September 30, 2021

Carr, Riggs & Ingram, LLC
2403 82nd Street
Lubbock, TX 79423

806.745.6789
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REQUIRED COMMUNICATION

April 21, 2022

To the Board of Directors and Management
of Lubbock Reese Redevelopment Authority

Lubbock Reese Redevelopment Authority
9801 Reese Blvd., Suite 200
Lubbock, Texas 79416

Dear Management and Members of the Board:

We are pleased to present the results of our audit of the 2021 financial statements of Lubbock Reese Redevelopment Authority (the "Authority").

This report to Board of Directors and management summarizes our audit, the report issued and various analyses and observations related to the Authority's accounting and reporting. The document also contains the communications required by our professional standards.

Our audit was designed, primarily, to express an opinion on the Authority's 2021 financial statements. We considered the Authority's current and emerging business needs, along with an assessment of risks that could materially affect the financial statements, and aligned our audit procedures accordingly. We conducted the audit with the objectivity and independence that you expect. We received the full support and assistance of the Authority's personnel.

At Carr, Riggs & Ingram, LLC ("CRI"), we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to provide any feedback you believe is appropriate to ensure that we do not overlook a single detail as it relates to the quality of our services.

This report is intended solely for the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate this opportunity to work with you. If you have any questions or comments, please contact me at 505-883-2727 or rlemmon@cricpa.com.

Very truly yours,

Robert Lemmon

Robert Lemmon
Partner

As discussed with the Board of Directors and management during our planning process, our audit plan represented an approach responsive to the assessment of risk for the Authority. Specifically, we planned and performed our audit to:

- Perform audit services, as requested by the Board of Directors, in accordance with auditing standards generally accepted in the United States of America, in order to express an opinion on the Authority's financial statements for the year ended September 30, 2021;

- Communicate directly with the Board of Directors and management regarding the results of our procedures;

- Address with the Board of Directors and management any accounting and financial reporting issues;

- Anticipate and respond to concerns of the Board of Directors and management; and

- Address other audit-related projects as they arise and upon request.

We have audited the financial statements of Lubbock Reese Redevelopment Authority (the "Authority") for the year ended September 30, 2021 and have issued our report thereon dated April 21, 2022. Professional standards require that we provide you with the following information related to our audit:

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Auditors' responsibilities under generally accepted auditing standards	As stated in our engagement letter dated June 24, 2021 and the addendum dated February 8, 2022 our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities. As part of our audit, we considered the internal control of the Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.
Client's responsibility	Management, with oversight from those charged with governance, is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with the applicable framework. Management is responsible for the design and implementation of programs and controls to prevent and detect fraud. Management is responsible for overseeing nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.
Planned scope and timing of the audit	Our initial audit plan was not significantly altered during our fieldwork.
Management judgments and accounting estimates *The process used by management in forming particularly sensitive accounting estimates and the basis for the auditors' conclusion regarding the reasonableness of those estimates.*	Please see the following section titled "Accounting Policies, Judgments and Sensitive Estimates and CRI Comments on Quality."

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Potential effect on the financial statements of any significant risks and exposures *Major risks and exposures facing the Authority and how they are disclosed.*	No such risks or exposures were noted.
Significant accounting policies, including critical accounting policies and alternative treatments within generally accepted accounting principles and the auditors' judgment about the quality of accounting principles • *The initial selection of and changes in significant accounting policies or their application; methods used to account for significant unusual transactions; and effect of significant policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.* • *Critical accounting policies and practices applied by the Authority in its financial statements and our assessment of management's disclosures regarding such policies and practices (including any significant modifications to such disclosures proposed by us but rejected by management), the reasons why certain policies and practices are or are not considered critical, and how current and anticipated future events impact those determinations;* • *Alternative treatments within GAAP for accounting policies and practices related to material items, including recognition, measurement, presentation and disclosure alternatives, that have been discussed with client management during the current audit period, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor; Furthermore, if the accounting policy selected by management is not the policy preferred by us, discuss the reasons why management selected that policy, the policy preferred by us, and the reason we preferred the other policy.*	Significant accounting policies used by the Authority are described in Note 1 to the financial statements. New accounting policies were adopted during the fiscal year as a result of the following recently issued accounting pronouncements: • Statement No. 84, *Fiduciary Activities* • Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61* • Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* • Statement No. 98, *The Annual Comprehensive Financial Report* The adoption of GASB Statement No. 84, 90, 97 and 98 had no impact on the financial statements. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were: • The disclosure of capital assets in Note 6 to the financial statements. • The disclosure of net pension asset in Note 10 to the financial statements. We noted no transaction entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. The financial statement disclosures are neutral, consistent, and clear.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Significant difficulties encountered in the audit *Any significant difficulties, for example, unreasonable logistical constraints or lack of cooperation by management.*	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Disagreements with management *Disagreements, whether or not subsequently resolved, about matters significant to the financial accounting, reporting, or auditing matter, that could be significant to the financial statements or the auditors' report. This does not include those that came about based on incomplete facts or preliminary information.*	We are pleased to report that no such disagreements arose during the course of our audit.
Other audit findings or issues *Matters significant to oversight of the financial reporting practices by those charged with governance. For example, an entity's failure to obtain the necessary type of audit, such as one under Government Auditing Standards, in addition to GAAS.*	None noted.
Matters arising from the audit that were discussed with, or the subject of correspondence with, management *Business conditions that might affect risk or discussions regarding accounting practices or application of auditing standards.*	None noted.
Corrected and uncorrected misstatements *All significant audit adjustments arising from the audit, whether or not recorded by the Authority, that could individually or in the aggregate have a significant effect on the financial statements. We should also inform the Board of Directors about uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented, that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Any internal control deficiencies that could have prevented the misstatements.*	See "Summary of Audit Adjustments" section.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Major issues discussed with management prior to retention *Any major accounting, auditing or reporting issues discussed with management in connection with our initial or recurring retention.*	Discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
Consultation with other accountants *When management has consulted with other accountants about significant accounting or auditing matters.*	To our knowledge, there were no such consultations with other accountants.
Written representations *A description of the written representations the auditor requested (or a copy of the representation letter).*	We have requested certain representations from management that are included in the management representation letter, which was provided separately and is dated April 21, 2022.
Internal control deficiencies *Any significant deficiencies or material weaknesses in the design or operation of internal control that came to the auditors' attention during the audit.*	No items came to the auditors' attention during the audit.
Fraud and illegal acts *Fraud involving senior management or those responsible for internal controls, or causing a material misstatement of the financial statements, where the auditor determines there is evidence that such fraud may exist. Any illegal acts coming to the auditors' attention involving senior management and any other illegal acts, unless clearly inconsequential.*	We are unaware of any fraud or illegal acts involving management or causing material misstatements of the financial statements.
Other information in documents containing audited financial statements *The external auditors' responsibility for information in a document containing audited financial statements, as well as any procedures performed and the results.*	Our responsibility related to documents (including annual reports, websites, etc.) containing the financial statements is to read the other information to consider whether: Such information is materially inconsistent with the financial statements; and we believe such information represents a material misstatement of fact. We have not been provided any such items to date and are unaware of any other documents that contain the audited financial statements.
Significant unusual accounting transactions *Auditor communication with governance to include auditors' views on policies and practices management used, as well as the auditors' understanding of the business purpose.*	No significant unusual accounting transactions were noted during the year.

MATTER TO BE COMMUNICATED	AUDITORS' RESPONSE
Required Supplementary Information *The auditors' responsibility for required supplementary information accompanying the financial statements, as well as any procedures performed and the results.*	We applied certain limited procedures to the required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.
Supplementary Information in relation to the financial statements as a whole *The auditors' responsibility for supplementary information accompanying the financial statements, as well as any procedures performed and the results.*	We made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We are required to communicate our judgments about the quality, not just the acceptability, of the Authority's accounting principles as applied in its financial reporting. We are also required to communicate critical accounting policies and sensitive accounting estimates. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates. The table below summarizes our communications regarding these matters:

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Depreciation of fixed assets	The Authority depreciates fixed assets using the straight-line method.	X	The Authority depreciates fixed assets over their estimated useful lives which are based on the experience with similar assets and guidance provided by ASC 360.	The Authority's recognition methods and disclosures appear appropriate.
Compensated absences	Liabilities for compensated absences attributable to services already rendered are accrued as employees earn the rights to those benefits. The Authority follows the provisions of Section C60: *Compensated Absences*, of the GASB Codification when reporting these liabilities.	X	The Authority estimates the accrued liabilities for compensated absences using leave balances accrued at the end of the fiscal year multiplied by the pay rate in effect for each employee as of the end of the fiscal year.	The Authority's policies are in accordance with all applicable accounting guidelines and GASB.

AREA	ACCOUNTING POLICY	CRITICAL POLICY?	JUDGMENTS & SENSITIVE ESTIMATE	COMMENTS ON QUALITY OF ACCOUNTING POLICY & APPLICATION
Defined benefit pension plan	The Authority participates in the Texas County & District Retirement System (TCDRS), an agent multiple-employer plan administered by TCDRS. TCDRS utilizes an independent actuary to provide an actuarial valuation report specific to each participating employer. This report provides each participating employer with estimates of the total pension liability/(asset), fiduciary net position, related deferred outflows/inflows and actuarially required contributions in accordance with the provisions of GASB 68.	X	Key assumptions utilized by the actuary in making the estimates in accordance with GASB 68. The total pension asset was determined by an actuarial valuation as of December 31, 2020 with a measurement date of December 31, 2020.	We evaluated the assumptions used by the actuary in estimating the Authority's total pension asset, the fiduciary net position, and the related deferred outflows/inflows and found them to be in accordance with the provisions of GASB 68 and reasonable in relation to the financial statements taken as a whole.

During the course of our audit, we accumulate differences between amounts recorded by the Authority and amounts that we believe are required to be recorded under GAAP reporting guidelines. Those adjustments are either recorded (corrected) by the Authority or passed (uncorrected). Uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even if, in the auditors' judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

The following list details the resulting journal entries from the audit of the financial statements of Lubbock Reese Redevelopment Authority as of September 30, 2021 and for the year then ended. The following are entries for which management provided to us for audit (**client requested adjustments**).

Client Proposed Adjustments

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		3301		
CAJE: Client Request 2 - True-up Insurance Prop & Liab FYE2021				
400-1410	PREPAID INSURANCE		4.00	
400-5140	WORKMAN'S COMPENSATION		358.00	
600-1410	PREPAID INSURANCE		67.00	
400-1410	PREPAID INSURANCE			358.00
400-5350	INSURANCE			4.00
600-5350	INSURANCE			67.00
Total			**429.00**	**429.00**
Adjusting Journal Entries JE # 2		3301		
CAJE: Client Request 3: Depreciation True-up				
400-5305	DEPRECIATION EXPENSE		75.00	
400-1590	ACCUMULATED DEPRECIATION			75.00
Total			**75.00**	**75.00**
Adjusting Journal Entries JE # 3		3301		
CAJE: Client Request 4: Reclass EDA Gatehouse Media				
400-1900	NET TRANSFER BETWEEN FUNDS		861.00	
500-1455	CIP- EDA GRANT - FENCE 2021		861.00	
400-5400	PRINTING & ADVERTISING			861.00
500-1900	NET TRANSFER BETWEEN FUNDS			861.00
Total			**1,722.00**	**1,722.00**
Adjusting Journal Entries JE # 5		3301		
CAJE: Client Request 5: Accrue Bonuses and Incentive Pay				
400-5100	SALARIES		60,000.00	
400-5100	SALARIES		5,500.00	
400-2105	ACCRUED SALARIES PAYABLE			60,000.00
400-2105	ACCRUED SALARIES PAYABLE			5,500.00
Total			**65,500.00**	**229,214.00**

The following details the **recorded (corrected) adjustments resulting from the audit** of the financial statements of the Authority as of September 30, 2021 and for the year then ended.

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 4		4502		
To record the NPA adjustments for TCDRS.				
400-1850	DEF OUTFLOWS-ER CONTRIBUTIONS		3,505.00	
400-1875	DEF OUTFLOWS-CHANGE IN ASSUMPTIONS		43,381.00	
400-2400	DIF BETWEEN EXPECTED AND ACTUAL EXPERIENCE		1,469.00	
400-5150	TCDRS RETIREMENT		712.00	
400-1415	NET PENSION ASSET			32,107.00
400-1800	NET DIF BETWEEN EXPECTED AND ACTUAL			15,492.00
400-1855	DEFERRED OUTFLOW- DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXP			1,468.00
Total			**49,067.00**	**49,067.00**
Adjusting Journal Entries JE # 6		1100.02		
To eliminate the immaterial negative prepaid expense on the FS.				
400-1410	PREPAID INSURANCE		63.00	
600-1900	NET TRANSFER BETWEEN FUNDS		63.00	
400-1900	NET TRANSFER BETWEEN FUNDS			63.00
600-1410	PREPAID INSURANCE			63.00
Total			**126.00**	**126.00**

QUALITATIVE MATERIALITY CONSIDERATIONS

In evaluating the materiality of audit differences when they do arise, we consider both quantitative and qualitative factors, for example:

- Whether the difference arises from an item capable of precise measurement or whether it arises from an estimate, and, if so, the degree of imprecision inherent in the estimate.
- Whether the difference masks a change in earnings or other trends.
- Whether the difference changes a net decrease in assets to additions, or vice versa.
- Whether the difference concerns an area of the Authority’s operating environment that has been identified as playing a significant role in the Authority’s operations or viability.
- Whether the difference affects compliance with regulatory requirements.
- Whether the difference has the effect of increasing management’s compensation – for example, by satisfying requirements for the award of bonuses or other forms of incentive compensation.
- Whether the difference involves concealment of an unlawful transaction.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

Carr, Riggs & Ingram, LLC
2403 82nd Street
Lubbock, TX 79423

806.745.6789
806.748.3888 (fax)
CRIcpa.com

INTERNAL CONTROL RELATED MATTERS

April 21, 2022

To the Board of Directors
Lubbock Reese Redevelopment Authority
Lubbock, Texas

In planning and performing our audit of the financial statements of Lubbock Reese Redevelopment Authority, (the "Authority") as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Lubbock, Texas

ITEM 3

EXECUTIVE SESSION

Information to be provided at meeting
(if applicable)

Lubbock Reese Redevelopment Authority
Board Meeting Minutes
March 23, 2022

The Lubbock Reese Redevelopment Authority held a regular meeting at 8:00 a.m. Wednesday, March 23, 2022, at the Reese Technology Center, LRRA 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.

MEMBERS PRESENT:	Steve Verett	Todd McKee	Tim Pierce
	John Tye	Tim Collins	George McMahan

MEMBERS ABSENT: John Hamilton

OTHERS PRESENT:

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.

Legal Counsel: None

Others: Mitchell Burt and Mark Dieter of KBR, Eric Nardo of USN / NAVAIR

Call the meeting to order.
Steve Verett called the meeting to order at 8:02 a.m.

ITEM 1 **Citizen Comments** Steve Verett called for any citizen comments. There were none.

ITEM 2 **KBR Presentation**
Discussion Item – Mark Dieter made a presentation showing recent facility upgrades and discussed KBR's current initiatives at Reese. Eric Nardo emphasized the importance of Reese to the KBR/United States Navy contract.

ITEM 3 **Hold an Executive Session** Steve Verett called the Executive Session to order at 8:18 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
Steve Verett adjourned the Executive Session at 9:03 a.m. and reconvened Open Session at 9:04 a.m.

ITEM 4 **Consider the Minutes of the February 23, 2022, Board of Directors Meeting**
Action Item – Tim Collins moved to approve the minutes of January 26, 2022, and John Tye seconded; the motion passed 6-0.

ITEM 5 **Consider City of Lubbock Interlocal Wholesale Wastewater Contract**
Action Item – John Tye moved to approve the City of Lubbock Interlocal Wholesale Wastewater Contract and George McMahan seconded; the motion passed 6-0.

ITEM 6 **Consider Awarding Bid for Partial Roof Replacement, Building 210**
Action Item – Tim Collins moved to award the bid for Patrial Roof Replacement on Building 210 to Schrader Roofing and John Tye seconded; the motion passed 6-0.

ITEM 7 **Financial Reports**
Discussion Item – No action required. Sandy Hamilton presented the February financial reports.

ITEM 8 **Reese Events and Activities**

Discussion Item – No action required. Murvat Musa presented Reese activities and upcoming events to the Board.

Adjournment

Steve Verett adjourned the meeting at 9:36 a.m.

Content of minutes agreed to and approved by:

Approved by ________________________________

Steve Verett, President

ATTEST:

____

LRRA Board Member

AGENDA ITEM 5
EXECUTIVE SUMMARY
STONEWALL FABRICATION AND CONSTRUCTION, LLC – B89

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

Stonewall Fabrication and Construction has been a Reese customer for one year. This new three-year lease will replace the one-year lease that is expiring. The owner, MaCade Gholston, is a former Zachry employee and over the past year he has proven his business model to be successful and his payment history with Reese has been good.

Stonewall Fabrication, still a young company, specializes in fabrication of components related to Power Distribution Centers. MaCade's focus is to capitalize on the business left behind by Zachry in west Texas. To supplement his business, he also plans to fabricate other custom products such as trailers, smokers, and signs.

Stonewall is currently paying $4 per square foot for Building 89 with lease expiring April 30, 2022. The chart below shows the new lease rates for each year. He will also have one option to renew for two more years. See attached deal sheet and lease for more details.

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (6,951 square feet)
Year 1, May 1, 2022 – April 30, 2023	$31,279.50	$2,606.63	$4.50
Year 2, May 1, 2023 – April 30, 2024	$34,755.00	$2,896.25	$5.00
Year 3, May 1, 2024 – April 30, 2025	$38,230.50	$3,185.88	$5.50
Total	**$104,265.00**		

Staff is requesting Board approval for this lease subject to final terms and negotiations with the Chief Executive Officer/Executive Director.

Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Deal Sheet
Stonewall Fabrication and Construction, LLC. – March 14, 2022
Lease Renewal for Building 89
"Subject to Board Approval"

Tenant:
MaCade Gholson, Owner
Stonewall Fabrication and Construction, LLC
210 Davis Drive, Building 89
Lubbock, TX 79416

Broker:
None

Background Information:
Reese originally offered Stonewall Fabrication a one-year (1) lease at the reduced rate of $4.00 per square foot to help support MaCade, a former Zachry superintendent, in starting his own fabrication company. It was understood that Reese would reassess the terms of the deal after the completion of the first year, and after proving out his business model, in hopes of negotiating a rate that more accurately reflects the current market.

Due to Stonewalls successful first year, Reese has decided to offer a three (3) year lease at a rate consistent with the market.

Premises:
Building 89 See floor plan and site plan below.
210 Davis Drive, B89
Lubbock, TX 79416

Financials:
Stonewall Fabrication and Construction is an existing customer with a good payment history.

Permitted Uses:
Tenant may use the premises for the purpose of fabrication and construction services.

Type of Lease:
Modified Gross Lease

Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Primary Term for Building 89 (Estimated 6,951 square feet):
Tenant will pay $4.50 per square foot with $0.50 per square foot annual increase for three (3) years.

Rent is:

Initial Term Lease Years	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (6,951 square feet)
Year 1, May 1, 2022 – April 30, 2023	$31,279.50	$2,606.63	$4.50
Year 2, May 1, 2023 – April 30, 2024	$34,755.00	$2,896.25	$5.00
Year 3, May 1, 2024 – April 30, 2025	$38,230.50	$3,185.88	$5.50
Total	**$104,265.00**		

Renewal Options:
One option to renew for two (2) years with $0.50 annual increases.

Security Deposit:
Landlord will retain the previously paid deposit of $2,317.

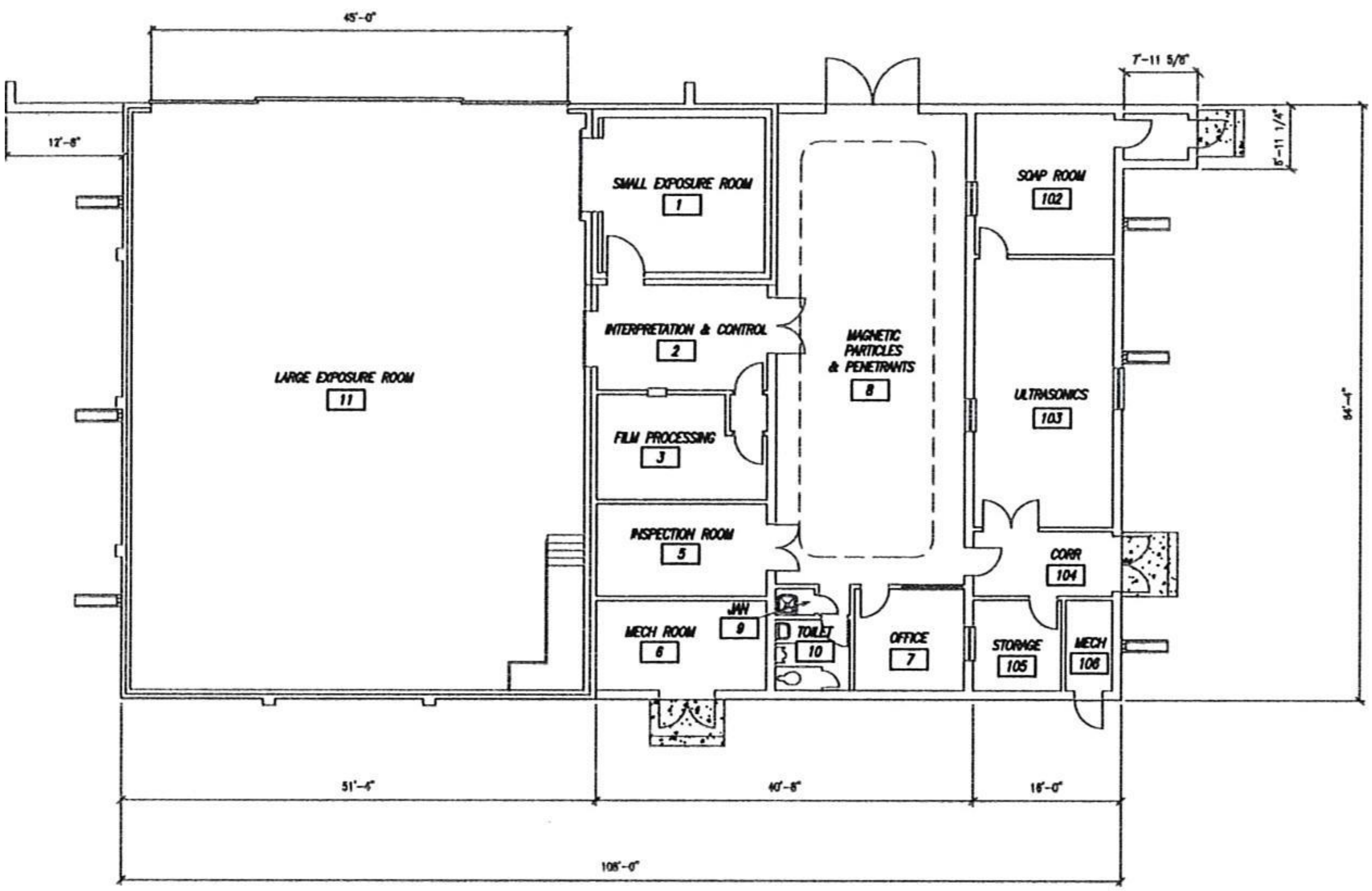
Make-Ready Expenses to Reese:
None

Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Floor Plan:

HANGAR 89
APPROXIMATELY 6,951 SF



NORTH →

Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

STONEWALL FABRICATION AND CONSTRUCTION, L.L.C., a Texas limited company

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Hangar No. 89

210 Davis Drive

Lubbock, Texas 79416

STANDARD INDUSTRIAL LEASE

This Standard Industrial Lease (the "Lease") is made this _____ day of _________, 2022, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as "Landlord") and STONEWALL FABRICATION AND CONSTRUCTION, L.L.C., a Texas limited company (hereinafter referred to as "Tenant"). Landlord and Tenant are also referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

1. BASIC LEASE PROVISIONS

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

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

(c) Tenant: STONEWALL FABRICATION AND CONSTRUCTION, L.L.C., a Texas limited company, whose Federal Taxpayer Identification Number 85-2686876.

(d) Tenant Address: 210 Davis Drive, Building 89, Lubbock, TX 79416.

(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 210 Davis Drive, Lubbock, Texas 79416, which is commonly known as Building # 89 (a/k/a "Hangar #89"), and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"), and containing approximately 6,951 square feet of floor area and associated parking space identified on **Exhibit B** (the "Parking Spaces and Laydown Area"), attached hereto.

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

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

(k) Option to Extend Term: Tenant shall have one (1) renewal option of two (2) years, such option to be exercised automatically unless Landlord receives written notice from Tenant of its desire not to exercise the option to extend term no less than one hundred eighty days (180) days prior to expiration of the Initial Term. Without receipt of such notice, this Lease shall be extended automatically for the period specified in Section 1(j) without the necessity for the execution of any further instrument and upon the same terms and conditions as are contained in this Lease, except the then existing Base Rent will be increased by a fixed $0.50 each year of the extension period. The adjustment in the Base Rent will be determined by adding $0.50 to the then existing Base Rent specified in the lease ("Base Rent"), which will result in a "Revised Base Rent" for each year of the extension period.

(l) Delivery Date: May 1, 2022.

(m) Commencement Date: May 1, 2022.

(n) Termination Date: April 30, 2025.

(o) Base Rent: The parties agree that the Base Rent set forth herein is what is commonly referred to as a "modified gross lease" and that Base Rent already includes, and Tenant shall not have to pay for Common Area (as defined below) Maintenance fees, grounds keeping-mowing expenses, parking, Landlord's insurance, and any other charges incurred by Landlord with respect to the Premises, except as otherwise provided in this Lease. Said Base Rent does not include, and Tenant is solely responsible for any and all charges associated with utilities, dumpsters, telephone service, internet service, Tenant renovations, Premise's 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:

Initial Term Lease Years	**Total Annual Base Rent**	**Total Monthly Base Rent**	**Annual Base Rent Per Square Foot of Floor Area of the Premises**
Year 1, May 1, 2022 – April 30, 2023	$31,279.50	$2,606.63	$4.50
Year 2, May 1, 2023 – April 30, 2024	$34,755.00	$2,896.25	$5.00
Year 3, May 1, 2024 – April 30, 2025	$38,230.50	$3,185.88	$5.50

(p) Security Deposit: $2,317.00. If Tenant defaults, Landlord may use the Security Deposit to pay arrears of Rent, to repair any damage or injury, or to pay any expense or liability incurred by Landlord as a result of the default.

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

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

(s) Permitted Use: Tenant may use the Premises for the purpose of fabrication and construction services (collectively, "Permitted Use").

(t) Right of First Refusal: N/A.

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

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

2. DEFINITIONS

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

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

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

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

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

3. RENT AND RENT INVOICES

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

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

4. REAL ESTATE TAXES AND OTHER TAXES

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

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

5. TENANT COVENANTS

(a) Tenant Agrees to –

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

(2) Accept the Premises in their present condition “AS IS, WHERE IS CONDITION,” the Premises being currently suitable for the Permitted Use. Tenant shall have the right to perform improvements to the Premises, subject to Landlord’s approval of the plan and specifications prior to any work being initiated. Furthermore, Tenant agrees and assures that any plans submitted and subsequent work 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 LRRA 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 (10^{th}) day after it is due.

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

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

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

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

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

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

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

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

(13) INDEMNIFY, DEFEND, AND HOLD LANDLORD HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES, OR ARISING FROM TENANT'S ACCESS TO, PRESENCE ON, OR USE OF THE PREMISES OR PROJECT; OR THAT IS RELATED TO TENANT'S PERMITTED USE. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE TERM, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

(14) Not Applicable.

(15) Tenant acknowledges and agrees that the area labeled "Trailer Parking – 3,000 SF" on **<u>Exhibit B</u>** is for the sole purpose of parking trailers. The storage of materials or

equipment may be considered a breach of this agreement and subject to the provisions in Section 12.g.

(16) 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 on a vehicle that has more than two axels.

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

(1) Use the Premises for any purpose other than the Permitted Use.

(2) Create a nuisance, to include but not limited to noxious odors.

(3) Interfere with any other tenant's normal business operations or Landlord's management of the Premises or Project.

(4) Use the Premises in any way that would increase insurance premiums or void insurance on the Premises or the Project.

(5) Change Landlord's lock system.

(6) Allow a lien to be placed on the Premises.

(7) Assign this lease or sublease any portion of the Premises without Landlord's prior express written consent.

(8) Use the roof on the Premises, except as may be specifically authorized in writing by the Landlord.

(9) Place any signs on the Premises without Landlord's written consent.

(10) Bring suit against Landlord in connection with any claim or suit arising pursuant to Section 5(a)(13).

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

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

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

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

6. LANDLORD COVENANTS

(a) Landlord agrees to –

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

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

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

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

(b) Landlord agrees not to—

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

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

7. COMMON AREAS

(a) <u>Right to Use Common Areas</u>. 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) <u>Maintenance of Common Areas</u>. At all times during the Term, Landlord will maintain the Common Areas.

8. UTILITIES AND TRASH REMOVAL

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

9. DAMAGE BY CASUALTY

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

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

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

(d) Landlord's Repair Obligation. Landlord's obligation will be to restore all portions of the Premises and the Common Areas in the immediate vicinity of and surrounding the Premises (including but not limited all parking areas surrounding the Premises and all sidewalks, roadways, driveways and access ways leading to and from the Premises) affected by a Casualty (exclusive of Tenant's fixtures and equipment) to their condition immediately preceding such Casualty, subject to available insurance proceeds. If Landlord for any reason whatsoever fails (1) to commence the repair and restoration work required hereunder within ninety (90) days from the date of the Casualty, (2) to proceed diligently to complete such repair and restoration work, or (3) fails to complete same within the estimated time set forth in Landlord's Casualty Notice, plus the number of days of delay caused by Uncontrollable Events, then, Tenant will have the right to terminate this Lease by giving Landlord notice and upon the giving of such notice, this Lease will terminate and the Parties will be liable for their respective obligations to the date of termination and will have no liability for obligations arising after that date, except for those obligations which expressly survive termination. Landlord agrees should damage occur in over thirty-five percent (35%) of the floor area no rent will be due or if mutually agreed a reduced rent will be paid, provided Tenant can use the portion of the Premises not damaged.

10. HAZARDOUS MATERIALS

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

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

(c) Definitions. As used herein,

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

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

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

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

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

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

11. INSURANCE AND WAIVER OF SUBROGATION

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

(a) Commercial General Liability Insurance. Commercial General Liability Insurance covering the Premises and Tenant's use thereof, not including Common Areas, against claims for bodily injury, death or property damage occurring upon, in or about the Premises (including contractual indemnity and liability coverage), such insurance to provide coverage of not less than $500,000.00 per occurrence and $1,000,000.00 annual aggregate. Landlord shall be included as an additional insured against claims for bodily injury, death, or property damage occurring upon, in or about the Premises; or that is related to the Permitted Use.

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

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

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

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

12. ADDITIONAL LANDLORD AND TENANT AGREEMENTS

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

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

c. Condemnation/Substantial or Partial Taking

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

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

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

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

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

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

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

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

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

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

(4) the filing of a mechanic's lien against the Premises in connection with work contracted for by Tenant that is not released by payment or bond or otherwise (including

indemnification reasonably satisfactory to Landlord) within thirty (30) days of Tenant's receipt of written notice of the existence of such mechanic's lien, provided, however, that Tenant shall have an affirmative duty to notify Landlord of the existence or threat of any such mechanic's lien being filed against the Premises if and when Tenant receives any notice of the threatened mechanic's lien from any claimant;

(5) failing to pay timely Rent;

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

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

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

(9) failing to comply with the requirements set forth in Sections 5(a)(2) and 5(a)(15).

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

i. Remedies Cumulative. The rights and remedies given to Landlord and Tenant in this Lease are distinct, separate and cumulative remedies, and the exercise of any one or more of them will not be deemed to exclude Landlord’s or Tenant’s rights to exercise any or all of the others which are given in this Lease, or at law or in equity, unless such remedies are expressly excluded.

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

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

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

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

LANDLORD:

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

TENANT:

Stonewall Fabrication and Construction, LLC
Attn: MaCade Gholson
210 Davis Drive, Building 89
Lubbock, TX 79416
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. Free Trade Zone (FTZ). The Lubbock Economic Development Authority ("LEDA") has applied and previously received approval for eligible tenants of the Project to be able to take advantage of the benefits of its FTZ. Tenants that are eligible to participate must apply through LEDA and pay the application fees and any monthly fees associated with the volume of goods that are transported into and out of the FTZ. Interested tenants should contact the LEDA 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 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.

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

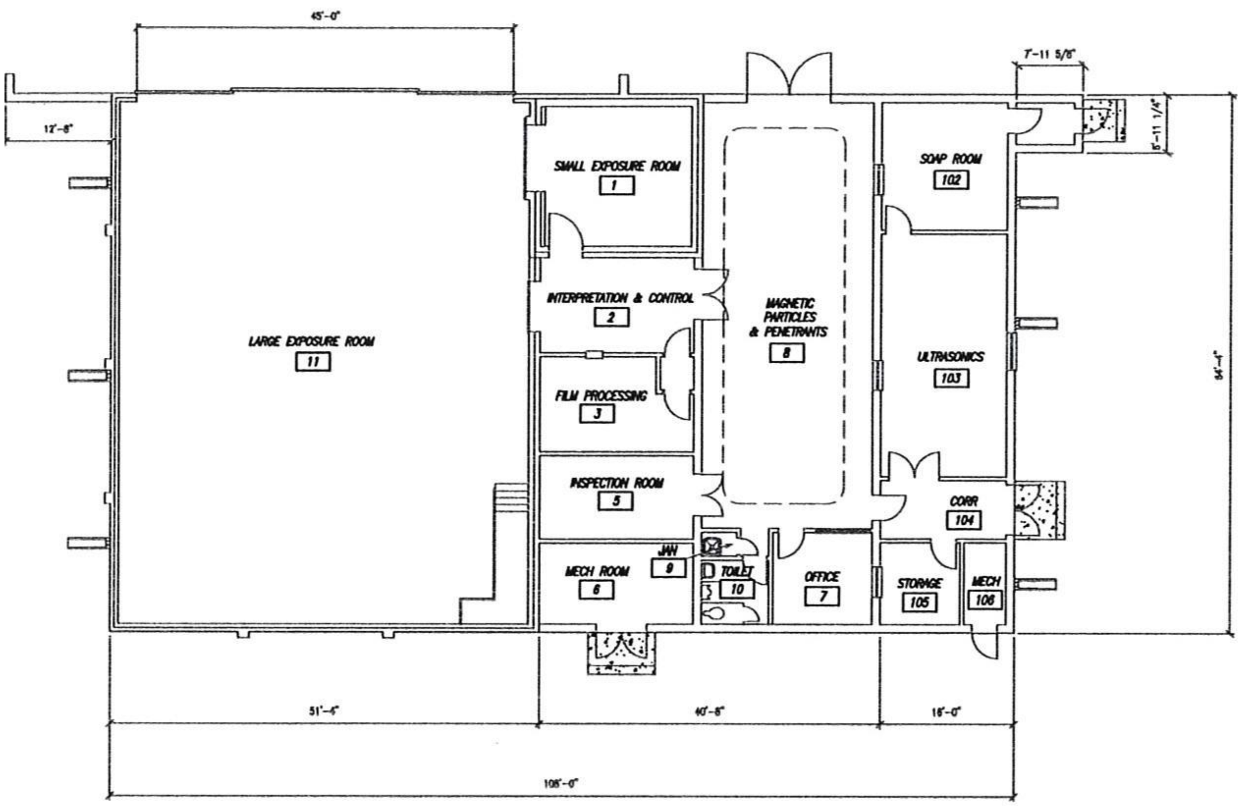
IN WITNESS WHEREOF, having read and intending to be bound by the terms hereof, the Parties have signed this Lease on the date(s) set forth below.

LUBBOCK REESE REDEVELOPMENT AUTHORITY ("Landlord")	STONEWALL FABRICATION AND CONSTRUCTION, L.L.C. ("Tenant")
______________________________	______________________________
By: ________________________	By: ________________________
______________________________	______________________________
Date	Date

EXHIBIT A

Site Plan

HANGAR 89
APPROXIMATELY 6,951 SF



NORTH →

EXHIBIT B

Parking Space and Laydown Area

BOARD ACTION ITEM #2022-0427-109
STONEWALL LEASE FOR B89

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
APRIL 27, 2022

Item to be Considered:

Consider Lease for Stonewall Fabrication and Construction LLC for Building 89

Previous Board Action:

The Board approved Stonewall's first lease in Building 89 in April 2021.

Statement of Pertinent Facts:

a. Stonewall is a current customer in good standing in Building 89.
b. Original lease term was one year and expires 04/30/2022.
c. New lease term is 3 years with one 2-year option to renew.
d. Current rate is $4/SF/YR. New lease rate will start at $4.50/SF/YR with $.50 increases in each year of the lease term.

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 CEO/Executive Director to execute the lease for Stonewall Fabrication & Construction, LLC for Building 89, pending negotiation of final terms and conditions, on this 27th day of April 2022."

____
Steve Verett, President

ATTEST:

____
Board Member

AGENDA ITEM 6
EXECUTIVE SUMMARY
TEXAS TECH UNIVERSITY
CENTER FOR EMERGING ENERGY SCIENCES
DARK FIBER OPTICS LEASE

Texas Tech University, Center for Emerging Energy Sciences, which occupies Building 61 (formerly occupied by Seashore) requires two dark fiber optics strands to connect them to TTU Building 555 at Reese and the greater TTU campus. The fiber is available requiring no build out by Reese.

The attached lease is for two dark fiber optics strands for five years with two, two-year options to extend. The cost of the strands is $250 per strand per month which is the rate we charge for dark fiber optics strands and the rate TTU currently pays for other dark fiber optics strands they lease from us.

Staff is requesting board approval for this agreement subject to final negotiation of terms with TTU by the Chief Executive Officer and Executive Director.

AGREEMENT FOR USE OF DARK FIBER OPTIC STRANDS BETWEEN

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

AS PROVIDER

AND

TEXAS TECH UNIVERSITY - CENTER FOR EMERGING ENERGY SCIENCES, a Texas institution of higher education

AS CUSTOMER

FOR DARK FIBER OPTIC STRANDS AND RELATED SERVICES

Reese Technology Center

Building No. 61

9927 Reese Boulevard North

Lubbock, Texas 79416

AGREEMENT FOR USE OF DARK FIBER OPTIC STRANDS

This Agreement for Use of Dark Fiber Optic Strands (the "Agreement") is made as of the _____ day of April 2022 by and between LUBBOCK REESE REDEVELOPMENTAUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as "Provider") and TEXAS TECH UNIVERSITY - CENTER FOR EMERGING ENERGY SCIENCES, a Texas institution of higher education (hereinafter referred to as "Customer"). Provider and Customer may be referred to herein as "Party" in the singular and "Parties" in the plural.

W I T N E S S E T H:

1. DEFINITIONS

(a) Effective Date: means May 1, 2022.

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

(c) Customer: Texas Tech University - Center for Emerging Energy Sciences, a Texas institution of higher education, whose Federal Taxpayer Identification Number is 75- 6002622.

(d) Leased Space: means access to Building #20 (hereinafter "Bldg. 20") where the Dark Fiber Strands may be accessed by Customer, subject to Provider granting access pursuant to Section 5.3 (below). This Agreement does not define the relationship of the parties with respect to the lease of the real estate, but only defines the relationship as it relates to Provider granting Customer the right to use the Dark Fiber Strands.

(e) Customer Equipment means any and all computer equipment, software, networking hardware or other materials placed by or for Customer in Building 61or in the Leased Space, other than Provider Equipment.

(f) Dark Fiber Strands: means those certain two (2) strands of single-mode connectivity dark fiber optic cable being connected on one end to the Leased Space in Bldg. 20 and on the other ends to Buildings #61 and #555, that Provider agrees to allow Customer the exclusive right to use under the terms of this Agreement.

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

(h) Service Fee: means the "Fixed Service Fees," as set forth in Section 1(i), and "Additional Services Fees," which may be provided for pursuant to the terms of this Agreement (collectively "Service Fees"), and payable pursuant to Section 4.

(i) Monthly Fixed Service Fee:

Equipment Type	**Number**	**Fee Per Equipment Type**	**Total Monthly Fixed Service Fee**
Dark Fiber Optic Cable Strands	2	$250.00	$500.00

The parties agree that the Monthly Fixed Service Fee set forth herein is for the use of the two (2) Dark Fiber Strands.

(j) Permitted Use: Means Customers use of the Dark Fiber Strands to provide data and voice transfer for its operations.

(k) Service Fee Commencement Date: Means the Effective Date (as defined above).

(l) Network Manager and Maintenance Service Provider: Means Provider or its designated agent for network management and maintenance services. On the effective date of this Agreement, Provider identifies, the below, as its network manager and maintenance provider. Provider reserves the right to provide these services directly; or at its sole discretion to employ a different network manager and maintenance provider. Notwithstanding the above, Provider represents and warrants that network management and maintenance services are presently provided pursuant to a contract between Provider and:

Switch-IT Support.
Attention: Jamie Langlois
1655 Main St., Suite 207
Lubbock, TX 79401
(806) 798-2600
support@switchitsupport.com

(m) Provider's Address for Payment of Fees: Payment of Service Fees shall be made to Provider by electronic funds transfer to Provider's bank account at:

Plains Capital Bank
5010 University
Lubbock, TX 79413
Routing Number - 5021 2299 Account
Number - 185256
Deposits need to indicate: LUBBOCK REESE REDEVELOPMENT AUTHORITY

2. SCOPE OF THE AGREEMENT

2.1 Make Ready. While the Dark Fiber Strands are presently installed and ready for use, Customer shall be responsible for installation and professional engineering services to make ready the Dark Fiber Strands for Customer's requirements for use of the Dark Fiber Strands.

2.2 Commencement of Service. Provider will begin service after it receives: (1) receipt of a signed copy of this Agreement and (2) payment of the Monthly Fixed Service Fee, set forth in Section 1(i), above. Provider shall comply in all material respects with any and all applicable building, construction and safety codes for the construction and installation of the Dark Strand Fibers as well as any and all other applicable federal, state and local laws, codes, ordinances, statutes and regulations. Provider shall allow Customer to connect to the Dark Fiber Strands into Provider's facilities, and shall provide all electricity and other utilities at its locations as Customer may reasonably require to provide safe and convenient working conditions for its personnel for the installation of the Dark Fiber Strands into Customer's locations and for the maintenance and repair of the Dark Strand Fibers. To the extent permitted by Texas law, Provider shall have no responsibility for any damage or loss to the Dark Strand Fibers or any portion or component thereof which is on or in a Customer controlled (whether by lease or ownership) location, including any building leased by Customer including the Leased Space, either before or after installation, if such damage or loss results from a fire, other casualty, theft, mysterious disappearance, vandalism or condemnation.

2.3 Grant of Right to Use and License to Use. Unless sooner terminated in accordance with the terms of this Agreement, Provider hereby grants to Customer an Indefeasible Right of Use ("IRU") in the Dark Strand Fibers for an initial term of five (5) years (hereinafter referred to as the "Initial Term"), commencing on the Effective Date. Customer shall have the option to renew this Agreement as provided below.

3. INITIAL TERM AND OPTION TO EXTEND

3.1 Initial Term. This Agreement shall be in effect for a period of five (5) years beginning on the Effective Date, as indicated above, unless extended or terminated as otherwise provided in this Agreement. For the purposes hereof, "Agreement Year" shall be that twelve (12) month period during the Initial Term or any Extension commencing on the Effective Date or the annual anniversary thereof, as may be applicable; provided, however, that if the Effective Date is a day other than the first day of a calendar month, then the first Agreement Year shall include that period of time from the Effective Date up to the first day of the next calendar month and the following twelve (12) months, and any subsequent Agreement Year shall be the twelve (12) month period beginning on the anniversary of the first day of the next calendar month following the Effective Date.

3.2 Option to Extend. Customer shall have two (2), two (2) year options to extend the Agreement upon mutual written agreement of the parties. No additional Service Fees may be charged unless approved by Customer in advance.

4. SERVICE FEES AND INVOICES

4.1 Service Fees. Customer agrees to pay to Provider the Monthly Fixed Service Fee set forth in Section 1(i), in advance, on or before the 5th day of each calendar month during the Term, without deduction or setoff (except as set forth in this Agreement). If the Effective Date does not occur on the first day of a calendar month, the Fixed Service Fee for the first partial calendar month that the Monthly Fixed Service Fee is due will be prorated based on the actual number of days within such calendar month after the Effective Date. If the Term expires or is terminated on a day which is not the last day of the calendar month, the Fixed Service Fee for the final partial calendar month that the Monthly Fixed Service Fee is due will be prorated based on the actual number of days within such calendar month prior to the end of the Term. All charges other than Monthly Fixed Service Fee payable by Customer under this Agreement shall be "Additional Service Fees".

4.2 Service Fee Invoices; Waiver of Recovery of Certain Charges. All invoices from Co- location Provider to Customer for any Service Fee due under this Agreement will be sent by mail or electronic transfer to the address set forth in Section 14.5 or to such other address as Customer may designate by notice to Co-location Provider. Payment for Additional Service Fees shall be due on or before the 5th day of the month following receipt of the invoice. All invoices shall provide support for the basis of the charge(s). All data and information of any kind whatsoever relied upon by Co-location Provider in preparing invoices shall be available at all reasonable times to authorized agents and employees of Customer for purposes of determining the accuracy of such invoices. Customer shall pay Co-location Provider all Fixed Service Fees and undisputed Additional Service Fees by the respective due date. Any invoiced amount that is either undisputed or which is disputed and subsequently found to be due Co-location Provider and which shall remain unpaid after the due date shall accrue interest at one and one-half percent (1.5%) per month, or the highest rate allowed by Texas law, whichever is lower (hereinafter, "the Interest Rate"). Any invoiced amount paid which is either undisputed or which is disputed and subsequently found to be due Customer as a refund shall accrue interest from the date payment was made at the Interest Rate. If Customer disputes any Additional Service Fee, Customer shall notify Co-location Provider in writing of the dispute within 7 days and shall pay the undisputed portion by the due date. If Co-location Provider fails to invoice Customer for any Service Fee due from Customer within twenty-four (24) months after the last day of the calendar year during which such obligation was incurred, Co-location Provider's right to recover such charge or expense will be deemed to have been waived.

4.3 Taxes. All payments required by the Agreement are exclusive of applicable taxes and shipping charges. Customer will be liable for and will pay in full all such applicable amounts (exclusive of income taxes payable by Provider).

5. DARK FIBER STRANDS

5.1 Installation. Provider's grant to Customer of the IRU for the Dark Fiber Strands at the Leased Space for the Permitted Use, is provided on an "AS-IS" basis, and Customer may use the Leased Space only for the purposes of maintaining and operating Customer Equipment and Dark Fiber Strands as necessary to support the Permitted Use. Customer will install Customer Equipment in the Leased Space after obtaining the appropriate authorization from Provider to access Provider's Premises. Provider's Premises include all Provider owned or leased property
including the Customer's Leased Space. Customer will remove and be solely responsible for the disposal or storage of all Customer Equipment packaging material.

5.2 Maintenance of Dark Fiber Strands. All routine maintenance and repair functions and emergency maintenance and repair functions, including cable locate services, for the Dark Fiber Strands shall be performed by or under the direction of Provider, at Customer's sole cost and expense. Customer shall have the right to have an employee or representative available, at Customer's sole cost and expense, to assist Provider in any maintenance or repair of the Dark Fiber Strands. Provider shall use best efforts to provide Customer with forty-eight (48) hours advance notice for all routine maintenance and repair functions by notifying Customer as provided herein. In the event of an emergency, similar notice shall be given to Customer as soon as the emergency is discovered.

(a) Emergency Maintenance. Provider shall use best efforts to respond to any failure, interruption, or impairment in the operation of the Dark Fiber Strands within four (4) hours after receiving a report from Customer of any such failure, interruption, or impairment and Customer reserves the right to have a representative present to assist in any maintenance or repair. Provider recognizes that Customer's objective is to have all fibers restored within twenty-four (24) hours of any failure, interruption, or impairment and Provider will use its best efforts to accomplish this objective. When trouble is encountered on the Dark Fiber Strands, Customer, to assist Provider in its maintenance activities, will diagnose the trouble through optical time-domain reflectometer (OTDR) testing, if possible, and ascertain and notify Provider of the location address to the nearest cross street. Provider shall use its best efforts to perform maintenance and repair to correct any failure, interruption, or impairment in the operation of the Dark Fiber Strands in accordance with its standard emergency maintenance procedures. In the event Provider fails to perform any necessary Emergency Maintenance in accordance with its standard procedures, Customer shall have the right, with notice to Provider, but not the obligation, to immediately undertake such Emergency Maintenance of the Dark Fiber Strands, at Customer's sole cost and expense.

(b) Routine Maintenance. Provider will schedule and perform specific periodic maintenance and repair checks and services, as set forth in Provider's standard Routine Maintenance Standards, from time to time on the Dark Strand Fibers, at Provider's reasonable discretion, upon adequate advance notice to Customer, or at Customer's reasonable request. Customer may request reasonable Routine Maintenance by delivering to Provider, not more than twice per agreement year, for Provider's approval, a statement detailing the maintenance checks and services Customer desires to be performed on the Dark Strand Fibers. In the event Provider fails to perform any Routine Maintenance in accordance with Provider's Routine Maintenance Standards, after written notice by Customer, Customer shall have the right, but not the obligation, to undertake such Routine Maintenance of the Dark Strand Fibers, at Provider's sole cost and expense, using contractors pre-approved by Provider.

(c) In the event Provider after written notice to Customer, at any time during the term of this Agreement discontinues maintenance and/or repair of the Dark Fiber Strands, Customer, or others acting in Customer's behalf, shall have the right, but not the obligation, to thereafter provide for the maintenance and repair of the Dark Fiber Strands, at Customer's sole cost and expense. Any such discontinuance shall be upon no less than six (6) months' prior written notice to Customer. In the event of such discontinuance, Provider hereby grants to Customer or person's acting on Customer's behalf to repair the Dark Fiber Strands, adequate access and easements to the Rights-of-Way and easements on or within which the Dark Strand Fibers are located, for the purpose of permitting Customer, or others acting in Customer's behalf, to undertake such maintenance and repair of the Dark Fiber Strands.

(d) In the event all or any part of the Dark Fiber Strands shall require replacement during the Initial Term of this Agreement, such replacement shall be made as soon as reasonably practical, at Provider's sole cost and expense, unless the reason for replacement is due to the intentional or negligent conduct, actions, or inactions of Customer. If replacement of the Dark Fiber Strands is required in accordance with the preceding sentence, Provider shall give Customer written notice of such replacement as soon as reasonably practical before the replacement optical fiber cable is ordered from the manufacturer.

5.3 Addition or Removal of Customer Equipment. Customer will provide Provider with written notification ten (10) days before Customer wishes to add or remove a piece of Customer Equipment (this does not include replacing a piece of equipment with a similar piece of equipment). Before authorizing the removal of any Customer Equipment, Provider's accounting department will verify that Customer has no payments due to Provider. Once Provider authorizes the addition or removal of Customer Equipment, Customer will remove such Customer Equipment, and will be solely responsible to leave area in good operating condition at its own expense.

5.4 Customer Expansion

(a) Customer may add additional Dark Fiber strands, with a minimum of thirty (30) days written notice to the Provider, in accordance with this Agreement at a rate of no less than $250 per month per strand without the necessity of entering into a new Agreement, subject to the Parties agree to amend the Agreement with the new number of Dark Fibers strands and the Monthly Fixed Service Fee. The Provider reserves the right to refuse any request for additional Dark Fiber strands.

(b) If the Customer expands beyond the capacity of the Leased Space, Customer may secure additional Leased Space from Provider at the rates as mutually agreed to by the Parties in writing, and reflected in a separate agreement.

6. SECURITY

6.1 Provider does not guarantee security of Customer Equipment, the Dark Fiber Strands or of the Leased Space. Provider requires that Customer and Customer's employees comply, to the extent permitted by Texas law, with all Security Procedures as defined on Provider's Security and Access Policies (Exhibit A), and as may be revised from time to time with notice to Customer, in order to maximize the security of the Provider premises. Only individuals whom Customer has identified as "Customer Representatives" (and persons escorted by Customer Representatives), and that have been identified in writing to the Provider or the Network Manager and Maintenance Service Provider will be permitted to enter the Leased Space. Only Customer Representatives will be permitted to request Services on your behalf or to request any support services with respect to Customer Equipment. For good cause, Provider may suspend the right of any Customer Representative or other person to visit the Provider's premises and/or the Leased Space. Provider will assist in security breach detection and identification, but shall not be liable, to the extent permitted by Texas law, for any inability, failure, or mistake in doing so.

7. INTERNET, LOCAL, AND LONG-DISTANCE SERVICES

7.1 Internet, Local and Long-Distance Services. Customer is responsible for ordering all Internet, local and long-distance lines from carriers and ordering any and all necessary cross- connects from Provider. Provider Recurring Service Fees for such cross-connects are as indicated on the Order Form. The carriers will install such circuits in Customer's name. Customer will be solely responsible, to the extent permitted by Texas law, for such circuits and for all payments due to the carriers. Customer will notify the carrier directly when Customer wishes to terminate or modify such circuit. Customer understands that Provider does not own or control these services and that Provider is not responsible or liable, to the extent permitted by Texas law, for performance (or non-performance) of such services.

8. NO RESALE

8.1 Customer shall not resell any portion of the Leased Space or Dark Fiber Strands to any other party.

9. ACCEPTABLE USE GUIDELINES

9.1 Customer must at all times conform its use of and comply with all state and federal laws with respect to its operations in the Leased Space and of its use of the Dark Fiber Strands. If Provider is informed by government authorities or other parties of illegal use of Provider's facilities or Provider otherwise learns of such use or has reason to believe such use may be occurring, then Customer will reasonably cooperate in any resulting investigation by Provider or government authorities. Any applicable government determinations will be binding on Customer to the extent permitted by Texas law. If Customer fails to cooperate with any such investigation or determination, or fails to immediately rectify any illegal use, Customer will be in Breach (defined below) of this Agreement and Provider may immediately suspend Customer's Service.

9.2 Customer Content. Customer, not Provider, has sole and exclusive control over the content residing on the Equipment or being transmitted over the Dark Fiber Strands (the "Customer Content"), and must respond to any notices that the Customer Content violates the Digital Millennium Copyright Act, 17 U.S.C. § 101 et. seq. (the "DMCA") or any other law, rule, or regulation, as amended.

9.3 Equipment. Customer will immediately remove or render non-infringing, at Customer's expense, any Equipment alleged to infringe any patent, trademark, copyright, or other intellectual property right. Customer will promptly notify Provider of any lien(s) on or security interest(s) in the Customer's Equipment.

9.4 Third-Party Software. Customer is fully responsible, to the extent permitted by Texas law, for any third-party software it uses in the Leased Space. Customer shall indemnify and hold Provider harmless from any action against Provider to the extent that it is based on an allegation that such third-party software has infringed an intellectual property right or trade secret, and pay those damages or costs related to the settlement of such action or finally awarded against Provider. Customer's obligation to indemnify shall apply only to the extent permitted by Constitution and laws of the State of Texas and without waiving sovereign immunity.

10. INSURANCE

10.1 Customer will keep in full force and effect during the term of this Agreement insurance or self-insurance in amounts necessary to protect Customer and Provider against: (i) business loss and interruption; (ii) comprehensive general liability; (iii) employer's liability; and (iv) worker's compensation.

11. LIMITATIONS OF LIABILITY

11.1 Personal Injury. Each Customer Representative and any other persons visiting Provider facilities does so at his or her own risk and Provider shall not be liable, to the extent permitted by Texas law, for any harm to such persons resulting from any cause other than Provider's acts or omissions resulting in personal injury to such persons during such a visit. Customer agrees to indemnify protect and save Provider harmless from and against any claim, damage, loss, liability, cost and expense in connection with any personal injury, including death, loss or damage to any property, or facilities of any party (including Provider, Customer or any other party operating or using any part of the Dark Fiber Strands) arising out of or resulting in any way from the acts or omissions to act, negligent or otherwise, of Customer, its employees, servants, contractors and/or agents in connection with the exercise of its rights and obligations under the terms of this Agreement or any breach by such party of any obligation contained herein. Customer's obligation to indemnify shall apply only to the extent permitted by Constitution and laws of the State of Texas and without waiving sovereign immunity.

11.2 Damage to Business. In no event shall either party be liable to the other, any Representative, or any third party for any claims arising out of or related to a party's business, customers or clients, activities at the Leased Space or otherwise, or for any lost revenue, lost profits, replacement goods, loss of technology, rights or service, incidental, punitive, indirect, special, or consequential damages, loss of data, or interruption or loss of use of Service or of any party's business, even if advised of the possibility of such damages, whether under theory of contract, tort (including negligence), strict liability or otherwise. To the extent that this section creates an obligation to identify, Customer's obligation to indemnify shall apply only to the extent permitted by the Constitution and laws of the State of Texas and without waiving sovereign immunity.

11.3 Damage to Equipment. Neither party assumes liability for any damage to, or loss of, any of the other party's Equipment resulting from any cause other than a party's acts or omissions. Unless caused by a party's acts or omissions, neither party shall be liable to the other, any Representative, or any third party for any claims arising out of or related to Equipment for any lost revenue, lost profits, replacement good, loss of technology, rights or services incidental, punitive, indirect or consequential damages, loss of data, or interruption or loss of use of any Equipment, even if advised of the possibility of such damages, whether under theory of contract, tort (including negligence), strict liability or otherwise.

11.4 Limitations. **THE PARTIES ARE AWARE THAT THERE MAY BE CONSTITUTIONAL AND STATUTORY LIMITATIONS ON THE AUTHORITY OF CUSTOMER AND PROVIDER TO ENTER INTO CERTAIN TERMS AND CONDITIONS, INCLUDING TERMS AND CONDITIONS (IF ANY) RELATING TO LIENS ON CUSTOMER'S PROPERTY; DISCLAIMERS AND LIMITATIONS OF WARRANTIES; DISCLAIMERS AND LIMITATIONS OF LIABILITY FOR DAMAGES; WAIVERS, DISCLAIMERS AND LIMITATIONS OF CUSTOMER'S AND PROVIDER'S LEGAL RIGHTS, REMEDIES, REQUIREMENTS, AND PROCESSES; LIMITATIONS OF PERIODS TO BRING LEGAL ACTION; GRANTING CONTROL OF LITIGATION OR SETTLEMENT TO ANOTHER PARTY; LIABILITY FOR ACTS OR OMISSIONS OF THIRD PARTIES; PAYMENT OF ATTORNEYS' FEES; DISPUTE RESOLUTION; INDEMNITIES; ANY PROVISION THAT CREATES AN UNKNOWN OR UNFUNDED LIABILITY; AND CONFIDENTIALITY (COLLECTIVELY, THE "LIMITATIONS"), AND TERMS AND CONDITIONS RELATED TO THE LIMITATIONS WILL NOT BE BINDING ON CUSTOMER OR PROVIDER EXCEPT TO THE EXTENT AUTHORIZED BY THE LAWS AND CONSTITUTION OF THE STATE OF TEXAS.**

12. RELEASE AND DEFENSE OF THIRD-PARTY CLAIMS AND INDEMNIFICATION

12.1 Release and Defense. To extent permitted pursuant to state or federal law, both parties will release the other, its director, officer, employees, affiliate and customers (collectively, the "Covered Entities") from and against any and all claims, actions or demand brought by or against either party and/or any of the Covered Entities by third parties alleging: (a) with respect to the party's business: (i) infringement or misappropriation of any intellectual property rights; (ii) defamation, libel, slander, obscenity, pornography, or violation of the rights of privacy or publicity; or (iii) spamming, or any other offensive harassing or illegal conduct or violation of the Acceptable Use Guidelines or Anti-Spam Policy; (b) any damage or destruction to the Leased Space, the Dark Fiber Strands, premises, Equipment or to any other customer which damage is caused by or otherwise results from the intentional or negligent acts or omissions by a party, representative or designees; (c) any personal injury or property damage to any employee, Representative or other designee arising out of such individual's activities related to the Services, unless such injury or property damage is caused by a party's acts or omissions; or (d) any other damage arising from the Equipment or business (collectively, the "Covered Claims"). In the event of any claim under this paragraph, the damaged party may select its own counsel. To the extent that this section creates an obligation to identify, Customer's or Provider's obligation to indemnify shall apply only to the extent permitted by the Constitution and laws of the State of Texas and without waiving sovereign immunity.

12.2 Notification. Each party will provide the other with prompt written notice of each Covered Claim of which either party becomes aware, and, at the party's sole option, party may elect to participate in the defense and settlement of a Covered Claim, provided that such participation shall not relieve either party of any of its obligation under this Section.

13. TERMINATION AND DEFAULT

13.1 Conditions of Breach. Breach of this Agreement will occur if either party does not fulfill its obligations under this Agreement and such Breach is not cured within thirty (30) days of written notice by the other party. Specifically relating to payment of Service Fees, the Customer will be in Breach of this Agreement if Customer has not paid its undisputed invoice within sixty (60) days of the invoice due date.

13.2 Remedies for Breach. If Customer is in Breach of this Agreement, Provider may (a) discontinue all Services to Customer, including use of the Dark Fiber Strands; (b) disconnect Customer from its Internet, power and telecommunications services; (c) remove Customer Equipment from Leased Space and place it in storage; and (d) order Customer to pay any and all amounts due to the date that the Customer Equipment was removed and order Customer to buy out the remaining term of the Agreement. If Provider is in Breach of this Agreement, Customer may (a) be released from any further payment obligations to Provider, and (b) remove its equipment from Leased Space with the cooperation of Provider, and (c) Provider shall pay any and all reasonable Customer cost to replace the services Provider has promised to provide pursuant to this Agreement, subject to availability of additional fiber strands on Providers network.

13.3 Early Termination. Beginning on the fourth anniversary of the Agreement, Customer may terminate the Agreement for any reason by providing Provider with thirty (30) days prior, written notice. Despite anything in the Agreement to the contrary, in no event will termination give rise to any liability on Customer's part including, but not limited to, Provider's claims for compensation for anticipated profits, unabsorbed overhead, or interest on borrowing. Customer's sole obligation hereunder is to pay Provider for goods and services received prior to the date of termination.

13.4 Estoppel and Waiver. No breach under this Agreement will be deemed to have been waived, nor will either party be guilty of laches, because of the failure of either party to take action pertaining to such breach.

13.5 Remedies Cumulative. The rights and remedies given to Provider and Customer in this Agreement are distinct, separate and cumulative remedies, and the exercise of any one or more of them will not be deemed to exclude Provider's or Customer's rights to exercise any or all of the others which are given in this Agreement, or at law or in equity, unless such remedies are expressly excluded.

13.6 Litigation, Court Costs and Attorneys' Fees. Intentionally deleted.

14. MISCELLANEOUS PROVISIONS

14.1 Force Majeure. "Event of Force Majeure" means an event beyond the control of Provider or Customer which prevents or makes a party's compliance with any of its obligations under the Agreement illegal or impracticable, including but not limited to: act of God (including, without limitation, fire, explosion, earthquake, tornado, drought, and flood); war, act or threats of terrorism, hostilities (whether or not war be declared), invasion, act of enemies, mobilization, requisition, or embargo; rebellion, insurrection, military or usurped power, or civil war; contamination or destruction from any nuclear, chemical, or biological event; riot, commotion, strikes, go slows, lock outs, or disorder; epidemic, pandemic, viral outbreak, or health crisis; or directive of governmental authority. No party will be considered in breach of the Agreement to the extent that performance of their respective obligations is prevented or made illegal or impracticable by an Event of Force Majeure that arises during the term (or after execution of the Agreement but prior to the beginning of the term). A party asserting an Event of Force Majeure hereunder ("Affected Party") will give reasonable notice to the other party of an Event of Force Majeure upon it being foreseen by, or becoming known to, Affected Party. In the event of an Event of Force Majeure, Affected Party will endeavor to continue to perform its obligations under the Agreement only so far as reasonably practicable.

14.2 No Lease. This Agreement is a services agreement and is not intended to and will not constitute a lease of any real or personal property. In particular, Customer acknowledges and agrees that Customer has not been granted any real property interest in the Leased Space or other Provider premises, and Customer has no rights as a Customer or otherwise under any real property or Provider/Customer laws, regulation or ordinances. This Agreement is an indefeasible right to use and license to use the Dark Fiber Strands for the Permitted Use.

14.3 Government Regulations. Customer will not export, re-export, transfer, or make available, whether directly or indirectly, any regulated item or information to anyone outside the U.S. in connection with this Agreement without first complying with all export control laws and regulations which may be imposed by the U.S. Government and any country or organization of nations within whose jurisdiction Customer operates or does business.

14.4 Assignment. Customer may assign its rights or delegate its duties under this Agreement either in whole or in part with the prior written consent of the Provider, which should not be unreasonably withheld. Any attempted assignment or delegation without such consent will be void. This Agreement will bind and inure to the benefit of each party's successors and permitted assigns.

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

Provider: Lubbock Reese Redevelopment Authority
9801 Reese Boulevard, Suite 200
Lubbock, Texas 79416
Attn: Chief Executive Officer & Executive Director Telephone:
(806) 885-3597
E-mail: mmusa@reesecenter.com

Customer: Texas Tech University System- Center for Emerging Energy Sciences
Attn:

Telephone:
Email:

With a copy to: Texas Tech University Procurement Services

Box 41094
Lubbock, TX 79409
Attn: Contract Management
E-mail: contracting@ttu.edu

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 Provider or Customer may designate to the other by notice.

14.6 Relationship of Parties. Provider and Customer are independent contractors and this Agreement will not establish any relationship of partnership, joint venture, employment, franchise or agency between Provider and Customer. Neither Provider nor Customer will have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent, except as otherwise expressly provided herein.

14.7 Governing Law. This Agreement 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.

14.8 Authority. Customer is duly organized and validly existing and has full power and authority to enter into this Agreement and to perform the obligations of Customer under this Agreement. Provider is duly organized and validly existing and has full power and authority to enter into this Agreement and to perform its obligations under this Agreement.

14.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together shall constitute one and the same instrument.

14.10 Entire Agreement. This Agreement, together with the Order Form and Provider policies referred to in this Agreement represents the complete agreement and understanding of the parties with respect to the subject matter herein, and supersedes any other agreement or understanding, written or oral with respect to the subject matter herein. This Agreement may be modified only through a written instrument signed by both parties. Both parties represent and warrant that they have full corporate power and authority to execute and deliver this Agreement and to perform their obligations under this Agreement and the person whose signature appears above is duly authorized to enter into this Agreement on behalf of the respective party. Should any terms of this Agreement be declared void or unenforceable by any arbitrator or court of competent jurisdiction, such terms will be amended to achieve as nearly as possible the same economic effect as the original terms and the remainder of the Agreement will remain in full force and effect.

14.11 Security Conditions. Provider and Customer 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, Provider has other Customers of the Project that require controlled access to the Airfield during certain operations. Provider 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 Provider's express consent), and other Customers of the Project, when approved by the Provider, may require controlled access to the Airfield, and that such use could adversely affect Customer'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 Customer to the Premises.

Customer 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 Provider authorizes other Customers of the Project to control access to the Airfield, Customer, its employees, officers, agents, and contractors will comply with all reasonable security regulations imposed by the Provider or applicable governmental agency, including the requirement to obtain and display security identification cards and to comply with reasonable security procedures.

14.12 Dispute Resolution. The contested case process provided in Government Code Chapter 2260, Subchapter C, shall be the Co-location Provider's sole and exclusive process for seeking a remedy for any alleged breach of contract by Customer if the parties are unable to resolve their disputes in the ordinary course of business or under Chapter 2260, Subchapter B, unless, after considering the recommendation of the Administrative Law Judge, the Legislature grants the consent to sue under Chapter 107 of the Civil Practices and Remedies Code.

15. WARRANTIES

15.1 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 AGREEMENT, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS AGREEMENT.

Neither the execution of this Agreement by Customer or Provider nor any other conduct of any representative of Customer or Provider relating to this Agreement shall be considered a waiver of Customer's or Provider's sovereign immunity to suit.

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

LUBBOCK REESE
REDEVELOPMENT AUTHORITY
("Provider")

____
By: Murvat Musa
ITS: Chief Executive Officer & Executive Director

____
Date

TEXAS TECH UNIVERSITY
("Customer")

____
By: Jennifer Adling
ITS: Chief Procurement Officer

____
Date

BOARD ACTION ITEM #2022-0427-110
TTU-CEES DARK FIBER LEASE

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
APRIL 27, 2022

Item to be Considered:

Consider Lease for Dark Fiber Optic Strands and Related Services for Texas Tech University (TTU), Center for Emerging Energy Sciences (CEES), Building 61

Previous Board Action:

The Board has previously approved agreements with TTU and other campus customers for leasing strands of dark fiber optics.

Statement of Pertinent Facts:

a. TTU CEES currently occupies Building 61 (formerly Seashore).
b. In order to connect to the TTU network at Building 555 and the greater TTU campus, they need two strands of dark fiber optics.
c. Lease term: 5 years with two 2-year options to extend.
d. Lease rate: $250/strand/month.

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 CEO/Executive Director to execute the lease for Texas Tech University, Center for Emerging Sciences for Dark Fiber Optics Strands, pending negotiation of final terms and conditions, on this 27th day of April 2022."

____
Steve Verett, President

ATTEST:

____
Board Member

AGENDA ITEM 7
EXECUTIVE SUMMARY
EDA GRANT – PERIMETER FENCE IMPROVEMENT
BID AWARD

As you know, we have been awarded an EDA grant for airfield upgrades. This grant is being managed in two parts, one for resealing the joints and repairing concrete cracks on the center 10,500 runway, known as 17C-35C, and the second part is for perimeter fencing.

The Board awarded the joint seal and concrete repair portion of the project at the February 23, 2022, board meeting, therefore, this bid award recommendation is for the perimeter fence portion of the project.

An RFP was issued on March 20, 2022, with bids opened on April 14, 2022. Three bids were received from the following: Abernethy Fence of Canyon, TX, L&J Construction of Anthony, NM, and Delta Specialty Contractors of Monroe, LA. See the attached recommendation of award letter and details of each bid from Parkhill.

Delta Specialty Contractors had the lowest bid which included the Base Bid and Alternates Numbers 2 and 3 for a total of $766,425. Staff does not recommend awarding Alternate 1. The balance remaining, per the chart below, for the perimeter fence is $775,200. The proposed bid is below the grant budget for construction.

Grant Budget	
Admin & Legal Costs	$ 50,000
Engineering Costs	$ 162,200
Construction & Contingencies	$1,517,800
Total Project Cost	**$1,730,000**
Less Portion Awarded for Joint Seal/Concrete	($ 742,600)
Balance Remaining for Perimeter Fence	$ 775,200
Less Perimeter Fence Bid	($ 766,425)
Balance Remaining for Construction & Contingencies	$ 8,775

Our engineers and staff both recommend awarding this bid to Delta Specialty Contractors who is the lowest responsible bidder.

Parkhill

April 20, 2022

Murvat Musa, Executive Director
Lubbock Reese Redevelopment Authority (LRRA)
9801 Reese Blvd Suite 200
Lubbock Texas 79416

Re: LRRA Perimeter Fence Improvement
Recommendation for Award of Construction Contract

Dear Mrs. Musa:

We reviewed bids for the noted Project received Thursday, April 14, 2022, and determined all bids were submitted in accordance with guidelines established in bid documents as well as procedures adopted by Lubbock Reese Redevelopment Authority. Bids were determined tabulated properly and are consistent with figures recorded during the bid opening except for:

- Abernethy Fence:
  - Incorrect summation of Base Bid Item 7, totaling line item as $3,300 instead of $4,160, resulting in a $940 error throughout.
  - Did not provide a signed Addendum.
- L&J Construction:
  - Did not use Bid Form from Addendum resulting in no bids for Base Bid Items 8 and 9.
  - Incorrect summation of Additive Alternate No. 2, totaling items as $5,460 instead of $5,450, resulting in a $10 error; however, TOTAL bid submitted is correct.
  - Did not provide a signed Addendum.

Enclosed is a detailed bid tabulation form for reference.

As indicated on the bid tabulation form, Delta Specialty Contractors (Delta), is the low bidder. Along with their Bid Proposal, Article 3 of Section 00 21 13 – Instruction to Bidders, indicates Bidder must be actively registered on www.Sam.gov. Enclosed in Delta's bid package was an email from Sam.gov indicating Delta began the process of renewing their SAM.gov registration; however, an alert on the SAM.gov website, dated April 7, 2022, indicates a delay in processing registrations. Delta is actively reaching out to the help desk to remedy the issue.

SPAG and Parkhill recommend this effort be considered sufficient if Delta completes the SAM.gov registration before contract execution between LRRA and Delta.

With that caveat, Parkhill recommends the Construction Contract for the LRRA Perimeter Fence Improvement project be awarded to low bidder, Delta, including Base Bid Proposal and Additive Alternates Nos. 2 and 3 items for **total Contract amount of $766,425.00**.

For anything further, please contact me directly at 806.473.3671 or mkrusing@parkhill.com.

Sincerely,

PARKHILL

By______________________
Michael Krusing, PE
Project Manager

MTK/dg
Encl

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Parkhill

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Perimeter Fence Improvement

2pm, Thursday, April 14, 2022

01373320

BASE BID

				PARKHILL		ABERNETHY FENCE 2851 West County Road 283 Canyon Texas 79015		DELTA SPECIALTY CONTRACTORS PO Box 6010 Monroe Louisiana 71211		L&J CONSTRUCTION, INC. PO Box 1943 Anthony New Mexico 88021	
Item No.	**Description**	**Quantity**	**Unit**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**
1	Contractor Mobilization	1	LS	$28,637.50	$28,637.50	$1,500.00	$1,500.00	$35,000.00	$35,000.00	$100,000.00	$100,000.00
2	Remove Existing 5-Strand Barbed Wire Fence	24,800	LF	$2.50	$62,000.00	$0.50	$12,400.00	$1.25	$31,000.00	$0.50	$12,400.00
3	Remove Existing Chain Link Fence	100	LF	$5.00	$500.00	$8.00	$800.00	$5.00	$500.00	$4.50	$450.00
4	New Pedestrian Swing Gate	2	EA	$1,500.00	$3,000.00	$500.00	$1,000.00	$500.00	$1,000.00	$650.00	$1,300.00
5	New 16-foot Clear Opening, Double-Panel, Swing Gate	1	EA	$8,000.00	$8,000.00	$1,200.00	$1,200.00	$3,000.00	$3,000.00	$4,800.00	$4,800.00
6	New 6-foot Chain Link Fence	24,800	LF	$20.00	$496,000.00	$32.00	$793,600.00	$25.50	$632,400.00	$33.50	$830,800.00
7	New 6-foot Chain Link Fence, Installed on Building Foundation	130	LF	$25.00	$3,250.00	$32.00	$4,160.00	$29.00	$3,770.00	$47.00	$6,110.00
8	New 6-foot Chain Link, Installed on Asphalt Pavement	105	LF	$25.00	$2,625.00	$32.00	$3,360.00	$35.00	$3,675.00	$0.00	$0.00
9	New 24-foot Clear Opening, Double Panel, Swing Gate	2	EA	$12,000.00	$24,000.00	$1,400.00	$2,800.00	$4,000.00	$8,000.00	$0.00	$0.00
	TOTAL BASE BID				**$628,012.50**		**$820,820.00**		**$718,345.00**		**$955,860.00**

ADDITIVE ALTERNATE NO. 1

Item No.	**Description**	**Quantity**	**Unit**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**
AA1-1	3-Strand Barbed Wire Fence Top on Base Bid Chain Link Fence	24,800	LF	$2.00	$49,600.00	$1.55	$38,440.00	$2.00	$49,600.00	$2.50	$62,000.00
	TOTAL ADDITIVE ALTERNATE NO. 1				**$49,600.00**		**$38,440.00**		**$49,600.00**		**$62,000.00**

ADDITIVE ALTERNATE NO. 2

Item No.	**Description**	**Quantity**	**Unit**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**
AA2-1	Remove Existing Brick Fence	80	LF	$50.00	$4,000.00	$30.00	$2,400.00	$10.00	$800.00	$10.00	$800.00
AA2-2	New 6-foot Chain Link Fence	80	LF	$20.00	$1,600.00	$32.00	$2,560.00	$40.00	$3,200.00	$50.00	$4,000.00
AA2-3	New Pedestrian Swing Gate	1	EA	$1,500.00	$1,500.00	$500.00	$500.00	$400.00	$400.00	$650.00	$650.00
	TOTAL ADDITIVE ALTERNATE NO. 2				**$7,100.00**		**$5,460.00**		**$4,400.00**		**$5,450.00**

ADDITIVE ALTERNATE NO. 3

Item No.	**Description**	**Quantity**	**Unit**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**	**Unit Price**	**Amount**
AA3-1	Remove Existing Wood Fence	1,680	LF	$1.50	$2,520.00	$5.00	$8,400.00	$4.00	$6,720.00	$8.00	$13,440.00
AA3-2	New R-Panel Fence	1,680	LF	$15.00	$25,200.00	$28.00	$47,040.00	$22.00	$36,960.00	$75.00	$126,000.00
	TOTAL ADDITIVE ALTERNATE NO. 3				**$27,720.00**		**$55,440.00**		**$43,680.00**		**$139,440.00**
	TOTAL BASE BID + ADD ALT 1 + ADD ALT 2 + ADD ALT 3				**$712,432.50**		**$920,160.00**		**$816,025.00**		**$1,162,750.00**
	FROM BID PACKAGE					*no signed addendum $*	*919,200.00*				*did not account for additions from or provide signed Addendum*

BOARD ACTION ITEM #2022-0427-111
AWARD BID FOR EDA GRANT FENCE PROJECT

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
APRIL 27, 2022

Item to be Considered:

Consider Awarding Bid for EDA Perimeter Fence Improvements to Delta Specialty Contractors

Previous Board Action:

On February 23, 2022, the Board approved the first portion of this EDA grant project: joint resealing and concrete repair

Statement of Pertinent Facts:

a. RFP issued on March 20, 2022. Bid opening was on April 14, 2022.
b. Three bids were received for the base plus alternates 2 and 3:

Bidder	**Bid**
Abernethy Fence	$ 881,720.00
L&J Construction	$ 1,100,750.00
Delta Specialty Contractors	$ 766,425.00

c. This bid is below the balance remaining in the grant budget for fencing: $775,000.00
d. Our engineers and staff both recommend awarding this bid to Delta Specialty Contractors who is the lowest responsible bidder.

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 awards the bid for the perimeter fencing portion of the EDA grant project to Delta Specialty Contractors for $766,425.00, on this 27th day of April 2022."

____
Steve Verett, President

ATTEST:

____
Board Member

CASH BALANCES - MARCH 31, 2022

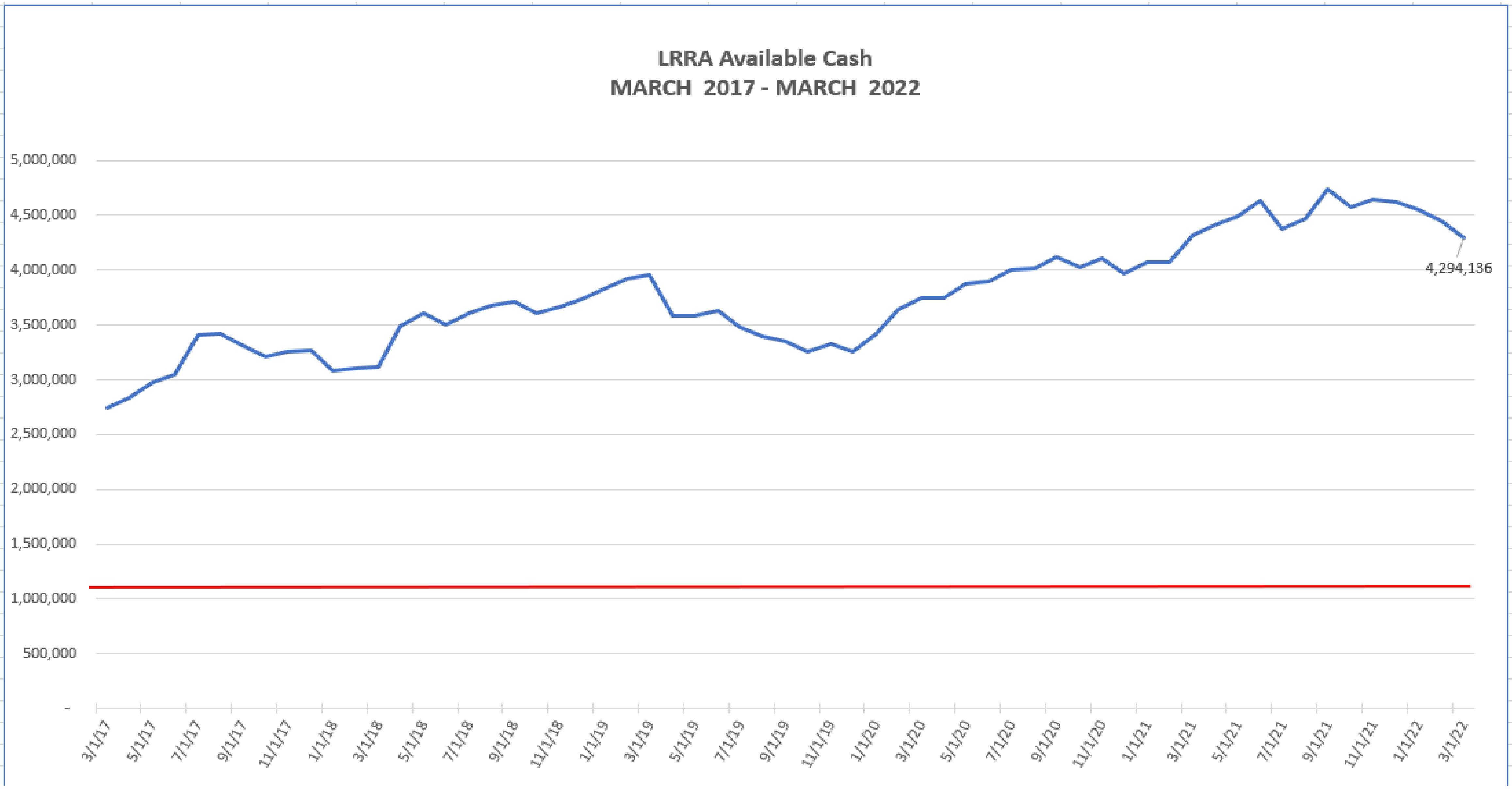
		2/28/2022		3/31/2022		Change
General Fund Bank Accounts	$	3,446,248	$	3,299,398	$	(146,850)
Fiber Optic Fund Checking	$	-	$	-	$	-
EDA Grant Checking	$	146,704	$	139,638	$	(7,066)
Capital Maintenance - Designated	$	855,000	$	855,000	$	-
Petty Cash	$	100	$	100	$	-
Total Cash	**$**	**4,448,052**	**$**	**4,294,136**	**$**	**(153,916)**
Accounts Receivable - G/F	$	204,700	$	195,992	$	(8,708)
Accounts Receivable - F/O	$	7,314	$	7,314	$	-
Total Accounts Receivable	**$**	**212,014**	**$**	**203,306**	**$**	**(8,708)**
Total Cash & Accounts Receivable	**$**	**4,660,066**	**$**	**4,497,442**	**$**	**(162,624)**

Aged Accounts Receivable as of 03/31/2022

CURRENT	1 - 30 Days - Invoices	31 - 60 Days - Invoices	61 > Days - Invoices	Over 90 Days	TOTAL
183,439.67	8,344.08	10,567.55	343.61	524.52	203,219.43

Aged Accounts Receivable as of 04/21/2022

101,012.19	1,480.00	3,672.27	-	-	106,164.46


LRRA Available Cash
MARCH 2017 - MARCH 2022
5,000,000
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
500,000
-
4,294,136
3/1/17
5/1/17
7/1/17
9/1/17
11/1/17
1/1/18
3/1/18
5/1/18
7/1/18
9/1/18
11/1/18
1/1/19
3/1/19
5/1/19
7/1/19
9/1/19
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5/1/20
7/1/20
9/1/20
11/1/20
1/1/21
3/1/21
5/1/21
7/1/21
9/1/21
11/1/21
1/1/22
3/1/22

FINANCIAL HIGHLIGHTS - MARCH 2022

DESCRIPTION	Month G/F	Month F/O	Month's Total	YTD G/F	YTD F/O	YTD Total
Operating Revenue	$ 222,750	$ 18,579	$ 241,329	$ 1,376,143	$ 112,385	$ 1,488,528
Other Revenue - Usage Fees	$ 19,161	$ 1,422	$ 20,583	$ 116,227	$ 9,031	$ 125,258
Total Revenue	$ 241,911	$ 20,001	$ 261,912	$ 1,492,370	$ 121,416	$ 1,613,786
Expenses	$ 372,370	$ 12,446	$ 384,816	$ 1,626,480	$ 79,046	$ 1,705,526
Net Income BPSID	$ (130,459)	$ 7,555	$ (122,904)	$ (134,110)	$ 42,370	$ (91,740)
Interest Income - Plus	$ 921	$ -	$ 921	$ 5,554	$ -	$ 5,554
Depreciation - Less	$ (45,445)	$ (2,550)	$ (47,995)	$ (272,671)	$ (15,301)	$ (287,972)
Net Income	$ (174,983)	$ 5,005	$ (169,978)	$ (401,227)	$ 27,069	$ (374,158)

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

TRACTOR	**25,000.00**	**FIXED ASSETS**
3RD PMT FORMER HOUSING CLEARING PROJECT	**128,279.70**	**EXPENSES**
	$ 153,279.70	

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Balance Sheet
As of 3/31/2022

(In Whole Numbers)

	General Fund	EDA Grant Fund	Fiber Optic Fund	Total
ASSETS				
CASH	3,299,398	139,638	-	3,439,035
DESIGNATED-CAPITAL MAINT	610,000	-	-	610,000
WATER INFRASTRUCTURE RESERVE	245,000	-	-	245,000
INVESTMENTS	-	-	-	-
ACCOUNTS RECEIVABLE	195,992	-	7,314	203,305
ALLOWANCE FOR DOUBTFUL	-	-	-	-
INTERFUND TRANSFERS	-	-	-	-
NOTES RECEIVABLE	3,777	-	-	3,777
CONSTRUCTION IN PROGRESS	36,147	61,899	-	98,045
PROPERTY AND EQUIPMENT, NET	6,563,956	-	159,737	6,723,694
OTHER ASSETS	149,322	-	13,828	163,150
Total ASSETS	**11,103,592**	**201,536**	**180,879**	**11,486,007**
LIABILITIES				
ACCOUNTS PAYABLE	9,099	-	-	9,099
ACCRUED EXPENSES	119,903	-	4,568	124,470
DEFERRED REVENUE	231,558	-	18,883	250,441
NET PENSION LIABILITIES	-	-	-	-
NOTES PAYABLE	6,663	-	-	6,663
INTERFUND TRANSFERS	-	-	-	-
REFUNDABLE DEPOSITS	69,144	-	223	69,366
OTHER LIABILITIES	1,470	-	-	1,470
Total LIABILITIES	**437,836**	**-**	**23,673**	**461,509**
FUND EQUITY				
BEGINNING OF PERIOD	12,177,186	-	(776,816)	11,400,370
YEAR TO DATE EARNINGS	(401,228)	-	27,069	(374,158)
Total FUND EQUITY	**11,775,958**	**-**	**(749,747)**	**11,026,211**
TOTAL LIABILITY AND FUND BALANCE	**12,213,794**	**-**	**(726,074)**	**11,487,720**

LUBBOCK REESE REDEVELOPMENT AUTHORITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

From 10/1/2021 Through 3/31/2022

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
OPERATING REVENUES	1,492,369	121,416	1,613,786
OPERATING EXPENSES	1,899,151	94,347	1,993,498
OPERATING INCOME(LOSS)	**(406,781)**	**27,069**	**(379,712)**
NONOPERATING INTEREST INCOME	5,554	-	5,554
NET NONOPERATING REVENUES	5,554	-	5,554
INCREASE (DECREASE) IN FUND EQUITY	**(401,228)**	**27,069**	**(374,158)**
FUND EQUITY, BEGINNING	**12,177,186**	**(776,816)**	**11,400,370**
FUND EQUITY, ENDING	**11,775,958**	**(749,747)**	**11,026,211**

LUBBOCK REESE REDEVELOPMENT AUTHORITY
SUPPLEMENTAL SCHEDULE OF REVENUES
From 10/1/2021 Through 3/31/2022

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
LEASES	989,143	-	989,143
USAGE FEES	116,227	9,031	125,258
PBT CAM FEES	360,144	-	360,144
CONTRACT SERVICES	2,990	-	2,990
FIBER OPTIC/WIRELESS INCOME	-	112,385	112,385
TOTAL OPERATING REVENUE	**1,468,503**	**121,416**	**1,589,920**
UTILITY FRANCHISE FEES	19,891	-	19,891
INSURANCE PROCEEDS	3,975	-	3,975
TOTAL REVENUES	**1,492,369**	**121,416**	**1,613,786**

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2021 Through 3/31/2022

(In Whole Numbers)

	General Fund	Fiber Optic Fund	Total
OPERATING EXPENSES			
SALARIES & TAXES	501,185.00	0.00	501,185.00
BENEFITS - HEALTH, RETIREMENT & WKR'S COMP	59,276.00	0.00	59,276.00
INSURANCE - PROPERTY & GENERAL LIABILITY	93,663.00	4,930.00	98,593.00
ADMINISTRATIVE EXPENSES	5,841.00	0.00	5,841.00
GENERAL OFFICE EXPENSES	31,364.00	1,885.00	33,249.00
ACCTG. & AUDITING SERVICES	11,632.00	0.00	11,632.00
COMPUTER SOFTWARE & MAINT.	0.00	18,495.00	18,495.00
INTERNET	0.00	10,333.00	10,333.00
LEGAL SERVICES	17,808.00	0.00	17,808.00
NETWORK MAINTENANCE CONTRACT	3,366.00	0.00	3,366.00
TRAINING & TRAVEL	6,163.00	0.00	6,163.00
MARKETING EXPENSES	24,572.00	0.00	24,572.00
OPERATIONS - GROUND MAINT. AND ENGINEERING CONTRACTS	724,525.00	0.00	724,525.00
UTILITIES	147,084.00	33,723.00	180,807.00
DEPRECIATION EXPENSE	272,671.00	15,301.00	287,972.00
Total OPERATING EXPENSES	**1,899,151.00**	**84,666.00**	**1,983,817.00**

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 3/1/2022 Through 3/31/2022

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	160,949	175,000	(14,051)	989,143	1,050,000	(60,857)
PBT Cam Fees	60,024	60,000	24	360,144	360,000	144
Usage Fees	19,161	20,833	(1,672)	116,227	125,000	(8,773)
Contract Services	-	1,250	(1,250)	2,990	7,500	(4,510)
Utility Franchise Fees	1,777	1,667	110	19,891	19,000	891
Insurance Proceeds	-	-	-	3,975	-	3,975
Total REVENUES	**241,911**	**258,750**	**(16,839)**	**1,492,369**	**1,561,500**	**(69,131)**
EXPENSES						
Salaries & Taxes	133,845	69,917	(63,929)	501,185	419,500	(81,685)
Benefits - Health, Retirement & Wkr's	12,011	11,346	(665)	59,276	68,075	8,799
Insurance -Property & General Liabilities	15,611	15,942	331	93,663	95,650	1,987
Administrative Expenses	1,376	933	(442)	5,841	7,600	1,759
General Office Expenses	4,300	5,355	1,055	31,364	32,130	766
Accounting & Auditing Services	6,152	83	(6,069)	11,632	28,641	17,009
Legal Services	(684)	4,167	4,851	17,808	25,000	7,193
Network Maintenance Contract	548	667	119	3,366	4,000	634
Training & Travel	11	708	698	6,163	4,250	(1,913)
Marketing Expenses	1,684	4,708	3,024	24,572	28,250	3,678
Operations	164,982	96,083	(68,898)	724,525	576,500	(148,025)
Utilities	32,536	30,908	(1,628)	147,084	124,450	(22,634)
Total EXPENSES	**372,370**	**240,818**	**(131,553)**	**1,626,480**	**1,414,046**	**(212,434)**
NIBPSID	**(130,459)**	**17,932**	**(148,392)**	**(134,111)**	**147,454**	**(281,564)**
NON OPERATING REVENUE						
Interest Income	921	625	296	5,554	3,750	1,804
Total NON OPERATING REVENUE	**921**	**625**	**296**	**5,554**	**3,750**	**1,804**
DEPRECIATION						
Depreciation Expense	(45,445)	(47,500)	2,055	(272,671)	(285,000)	12,329
Total DEPRECIATION	**(45,445)**	**(47,500)**	**2,055**	**(272,671)**	**(285,000)**	**12,329**
Increase (Decrease) In Fund Equity	**(174,983)**	**(28,943)**	**(146,041)**	**(401,228)**	**(133,796)**	**(267,432)**

GENERAL FUND

Explanation of Significant Budget Variances **2022 MARCH**

		Month Variance		YTD Variance		Explanations	Projected Outcome at Year End
Expenses, Salaries & Taxes	**5100, 5110**	**$ (63,929)**	**OVER**	**$ (81,685)**	**OVER**	Incentive for QTR 2 2022 was paid	Year End is expected to be on budget
Expenses, Accounting & Auditing Services	**5700**	**$ (6,069)**	**OVER**	**$ 17,009**	**UNDER**	Audit costs have not been paid	Year End is expected to be on budget.
Expenses, Operations	**5900**	**$ (68,898)**	**OVER**	**$ (148,025)**	**OVER**	Reese Business Park clean-up - 3 payments totaling to date $ 487,865.70	Year End is expected to be on budget
Expenses, Utilities	**5380**	**$ (1,628)**	**OVER**	**$ (22,634)**	**OVER**	Budget $ were small for thru March May starts the larger $ - actuals were higher	Year End is expected to be on budget.

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 3/1/2022 Through 3/31/2022

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	1,422.00	1,000.00	422.00	9,031.00	6,000.00	3,031.00
Fiber Optic/Wireless Income	18,579.00	16,250.00	2,329.00	112,385.00	97,500.00	14,885.00
Total REVENUES	**20,001**	**17,250**	**2,751**	**121,416**	**103,500**	**17,916**
EXPENSES						
Insurance -Property & General Liabilities	822.00	833.00	12.00	4,930.00	5,000.00	70.00
General Office Expenses	314.00	317.00	3.00	1,885.00	1,900.00	15.00
Computer Software & Maintenance	2,941.00	2,917.00	(24.00)	18,495.00	17,500.00	(995.00)
Internet	1,722.00	1,833.00	111.00	10,333.00	11,000.00	667.00
Building Maintenance & Repairs	531.00	833.00	303.00	9,681.00	5,000.00	(4,681.00)
Utilities	6,117.00	5,142.00	(975.00)	33,723.00	30,850.00	(2,873.00)
Total EXPENSES	**12,446**	**11,875**	**(571)**	**79,046**	**71,250**	**(7,796)**
NIBPSID	**7,555**	**5,375**	**2,180**	**42,371**	**32,250**	**10,121**
DEPRECIATION						
Depreciation Expense	(2,550.00)	(2,917.00)	366.00	(15,301.00)	(17,500.00)	2,199.00
Total DEPRECIATION	**(2,550)**	**(2,917)**	**366**	**(15,301)**	**(17,500)**	**2,199**
Increase (Decrease) In Fund Equity	**5,005**	**2,458**	**2,547**	**27,069**	**14,750**	**12,319**

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 3/1/2022 Through 3/31/2022

COMBINED FUNDS

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Monthly Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	160,949.00	175,000.00	(14,051.00)	989,143.00	1,050,000.00	(60,857.00)
PBT Cam Fees	60,024.00	60,000.00	24.00	360,144.00	360,000.00	144.00
Usage Fees	20,584.00	21,833.00	(1,250.00)	125,258.00	131,000.00	(5,742.00)
Contract Services	0.00	1,250.00	(1,250.00)	2,990.00	7,500.00	(4,510.00)
Utility Franchise Fees	1,777.00	1,667.00	110.00	19,891.00	19,000.00	891.00
Insurance Proceeds	0.00	0.00	0.00	3,975.00	0.00	3,975.00
Fiber Optic/Wireless Income	18,579.00	16,250.00	2,329.00	112,385.00	97,500.00	14,885.00
Total REVENUES	**261,912.00**	**276,000.00**	**(14,088.00)**	**1,613,786.00**	**1,665,000.00**	**(51,214.00)**
EXPENSES						
Salaries & Taxes	133,845.00	69,917.00	(63,929.00)	501,185.00	419,500.00	(81,685.00)
Benefits - Health, Retirement & Wkr's	12,011.00	11,346.00	(665.00)	59,276.00	68,075.00	8,799.00
Insurance -Property & General Liabilities	16,432.00	16,775.00	343.00	98,593.00	100,650.00	2,057.00
Administrative Expenses	1,376.00	933.00	(442.00)	5,841.00	7,600.00	1,759.00
General Office Expenses	4,614.00	5,672.00	1,058.00	33,249.00	34,030.00	781.00
Accounting & Auditing Services	6,152.00	83.00	(6,069.00)	11,632.00	28,641.00	17,009.00
Computer Software & Maintenance	2,941.00	2,917.00	(24.00)	18,495.00	17,500.00	(995.00)
Internet	1,722.00	1,833.00	111.00	10,333.00	11,000.00	667.00
Legal Services	(684.00)	4,167.00	4,851.00	17,808.00	25,000.00	7,193.00
Network Maintenance Contract	548.00	667.00	119.00	3,366.00	4,000.00	634.00
Training & Travel	11.00	708.00	698.00	6,163.00	4,250.00	(1,913.00)
Marketing Expenses	1,684.00	4,708.00	3,024.00	24,572.00	28,250.00	3,678.00
Operations	164,982.00	96,083.00	(68,898.00)	724,525.00	576,500.00	(148,025.00)
Building Maintenance & Repairs	531.00	833.00	303.00	9,681.00	5,000.00	(4,681.00)
Utilities	38,653.00	36,050.00	(2,603.00)	180,807.00	155,300.00	(25,507.00)
Total EXPENSES	**384,817.00**	**252,693.00**	**(132,124.00)**	**1,705,525.00**	**1,485,296.00**	**(220,229.00)**
NIBPSID	**(122,904.00)**	**23,307.00**	**(146,212.00)**	**(91,740.00)**	**179,704.00**	**(271,444.00)**
NON OPERATING REVENUE						
Interest Income	921.00	625.00	296.00	5,554.00	3,750.00	1,804.00
Total NON OPERATING REVENUE	**921.00**	**625.00**	**296.00**	**5,554.00**	**3,750.00**	**1,804.00**
DEPRECIATION						
Depreciation Expense	(47,995.00)	(50,417.00)	2,421.00	(287,972.00)	(302,500.00)	14,528.00
Total DEPRECIATION	**(47,995.00)**	**(50,417.00)**	**2,421.00**	**(287,972.00)**	**(302,500.00)**	**14,528.00**
Increase (Decrease) In Fund Equity	**(169,978.00)**	**(26,484.00)**	**(143,494.00)**	**(374,158.00)**	**(119,046.00)**	**(255,112.00)**

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 3/1/2022 Through 3/31/2022

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

(In Whole Numbers)

	Current Month Actual	Prior Year's Month Actual	Variance	YTD Actual	Prior Year's YTD Actual	Variance
REVENUES						
Leases	160,949	191,213	(30,264)	989,143	1,071,846	(82,703)
PBT Cam Fees	60,024	60,024	-	360,144	360,144	-
Usage Fees	20,584	18,908	1,676	125,258	130,192	(4,934)
Contract Services	-	-	-	2,990	14,653	(11,663)
Utility Franchise Fees	1,777	1,430	347	19,891	23,081	(3,190)
Insurance Proceeds	-	150,570	(150,570)	3,975	150,570	(146,595)
Fiber Optic/Wireless Income	18,579	15,622	2,957	112,385	91,298	21,087
Total REVENUES	**261,912**	**437,767**	**(175,855)**	**1,613,786**	**1,841,783**	**(227,997)**
EXPENSES						
Salaries & Taxes	133,845	92,575	41,270	501,185	407,083	94,102
Benefits - Health, Retirement & Wkr's Comp	12,011	12,045	(34)	59,276	66,969	(7,693)
Insurance -Property & General Liabilities	16,432	14,950	1,482	98,593	89,775	8,818
Administrative Expenses	1,376	533	843	5,841	4,310	1,531
General Office Expenses	4,614	8,969	(4,355)	33,249	39,812	(6,563)
Accounting & Auditing Services	6,152	30,980	(24,828)	11,632	31,452	(19,820)
Computer Software & Maintenance	2,941	2,941	-	18,495	18,445	50
Internet	1,722	1,695	27	10,333	10,169	164
Legal Services	(684)	4,104	(4,788)	17,808	15,822	1,986
Network Maintenance Contract	548	1,141	(593)	3,366	3,737	(371)
Training & Travel	11	-	11	6,163	947	5,216
Marketing Expenses	1,684	1,957	(273)	24,572	28,627	(4,055)
Operations	164,982	48,508	116,474	724,525	257,235	467,290
Building Maintenance & Repairs	531	258	273	9,681	5,668	4,013
Utilities	38,653	19,406	19,247	180,807	145,054	35,753
Total EXPENSES	**384,817**	**240,062**	**144,755**	**1,705,525**	**1,125,105**	**580,420**
NIBPSID	**(122,904)**	**197,704**	**(320,608)**	**(91,740)**	**716,678**	**(808,418)**
NON OPERATING REVENUE						
Interest Income	921	898	23	5,554	5,065	489
Total NON OPERATING REVENUE	**921**	**898**	**23**	**5,554**	**5,065**	**489**
DEPRECIATION						
Depreciation Expense	(47,995)	(47,995)	-	(287,972)	(287,972)	-
Total DEPRECIATION	**(47,995)**	**(47,995)**	**-**	**(287,972)**	**(287,972)**	**-**
Increase (Decrease) In Fund Equity	**(169,978)**	**150,607**	**(320,585)**	**(374,158)**	**433,771**	**(807,929)**

APRIL 2022 – EVENTS & ACTIVITIES

	DATE	EVENT
APRIL	April 5-6, 2022	Matador UAS Consortium Summit
	April 27, 2022	LRRA Board of Directors Meeting
LOOKING AHEAD		
MAY	May 4-5, 2022	High Ground Annual Meeting
	May 25, 2022	LRRA Board of Directors Meeting
JUNE	June 8-9, 2022	Healthcare and Economic Development in Rural Texas Symposium
	June 22, 2022	LRRA Board of Directors Meeting
	June 23, 2022	TML Regional Meeting (Host: Reese Technology Center)