

**LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
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, June 22, 2022

Time: 8:00 a.m.

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

| AGENDA ITEMS | TAB | SPEAKER |
|--|-------|--|
| Call the Meeting to Order | | 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. Presentation & Discussion Item – USAF AFCEC PFAS Update | TAB 2 | Paul Carroll |
| 3. a. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.072, regarding certain matters concerning real property. Discussions regarding interest in the lease, sale, or value of buildings and property. b. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters: <ul style="list-style-type: none"> • Executive Director • Manager of Business Development • Manager of Accounting • Manager of Operations • Operations Lead • Service Technician • Service Technician • Administrative Coordinator • Administrative Assistant • Board of Directors c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney. | TAB 3 | John Tye Murvāt Musa Don Provost Steve Verett Murvāt Musa Darrell Guthrie |
| 4. Action Item – Consider the Minutes of the May 25, 2022, Board of Directors Meeting and the May 31, 2022, Executive Committee Meeting | TAB 4 | Steve Verett |

| | | |
|--|-------|----------------|
| 5. Action Item – Consider Lease for SES Civil and Environmental, LLC d/b/a Aerostar SES LLC, Buildings 20, 1301, and Laydown | TAB 5 | Don Provost |
| 6. Action Item – Consider Lease for South Plains Electric Cooperative, Inc. (SPEC) for Building 59 | TAB 6 | Don Provost |
| 7. Discussion Item – Preliminary FY2023 Operating, Fiber Optics, & Capital Budgets | TAB 7 | Murvat Musa |
| 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 (LRRRA) will post this meeting agenda on its front doors and on its website at <http://www.reesetechnologycenter.com/agendas/> by 5:00 p.m., Friday, June 17, 2022.

by: 
Lacy Elliott, Administrative Coordinator

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

ITEM 1

Citizen Comments

Air Force Civil Engineer Center

Integrity - Service - Excellence



PFAS Update

June 22, 2022

ITEM 3

EXECUTIVE SESSION

Information to be provided at
meeting
(if applicable)

Lubbock Reese Redevelopment Authority
Board Meeting Minutes
May 25, 2022

The Lubbock Reese Redevelopment Authority held a regular meeting at 8:00 a.m. Wednesday, May 25, 2022, at the Reese Technology Center, LRRR Board Room, 9801 Reese Boulevard, Suite 200, Lubbock, TX 79416.

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

| | | | |
|--------------------------------|--------------|---------------|----------------|
| <u>MEMBERS PRESENT:</u> | Steve Verett | Todd McKee | John Tye |
| | Tim Pierce | John Hamilton | George McMahan |
| | Tim Collins | | |

MEMBERS ABSENT: None

OTHERS PRESENT:
Reese Staff: Murvat Musa-Executive Director, Don Provost-Manager of Business Development, Chris Evans-Manager of Operations, Lacy Elliott-Administrative Coordinator, Cecilia Davila-Administrative Assistant.

Legal Counsel: Darrell Guthrie via video conference

Others: Mitchell Burt of KBR,

Call the meeting to order.

Steve Verett called the meeting to order at 8:00 a.m.

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

ITEM 2 **Hold an Executive Session.** Steve Verett called the Executive Session to order at 8:02 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 8:43 a.m. and reconvened Open Session at 8:44 a.m.

ITEM 3 Consider the Minutes of the April 27, 2022, Board of Directors Meeting

Action Item – George McMahan moved to approve the minutes of the April 27, 2022, Board of Directors meeting and Todd McKee seconded; the motion passed 7-0.

ITEM 4 Consider Interlocal Cooperation Agreement with the city of Abernathy on behalf of KBR

Action Item – Tim Pierce moved to approve the Interlocal Cooperation Agreement with the city of Abernathy on behalf of KBR, and John Hamilton seconded; the motion passed 7-0.

ITEM 5 Financial Reports

Discussion Item – No action required. Murvat Musa presented the April financial reports.

ITEM 6 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 9:05 a.m.

Content of minutes agreed to and approved by:

Approved by _____
Steve Verett, President

ATTEST:

LRRR Board Member

**LUBBOCK REESE REDEVELOPMENT AUTHORITY
EXECUTIVE / COMPENSATION COMMITTEE MEETING MINUTES
May 31, 2021**

The Lubbock Reese Redevelopment Authority held a meeting of the Executive / Compensation Committee of the Board of Directors at 3:30 p.m. on Tuesday, May 31, 2022, at Peoples Bank, 5820 82nd Street, Lubbock, TX 79424.

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

Members Present: Todd McKee Steve Verett Tim Pierce

Members Absent: None

Others Present

Reese Staff: Murvat Musa

Legal Counsel: None

Others: None

Call the meeting to order

Steve Verett called the meeting to order at 3:30 p.m.

ITEM 1 Employee Policy Manual: Sick Leave, Vacation Leave and Paid Time Off Programs

Discussion Item – No action required. Murvat Musa presented for discussion proposed changes to the Employee Policy Manual about sick leave, vacation leave, and paid time off programs to the Compensation Committee.

Steve Verett adjourned the meeting at 4:45 p.m.

Content of minutes agreed to and approved by:

Approved by _____
Steve Verett, Compensation Committee Chairman

ATTEST:

LRRR Compensation Committee Member

AGENDA ITEM 5
EXECUTIVE SUMMARY
SES Civil and Environmental, LLC
Buildings #20, #1301, and 1,500 SF of Laydown

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

SES Civil and Environmental has been a Reese customer for over 3 years. This new lease, which will consolidate three separate agreements, is structured to match their contract with the Air Force for the next 14 months plus two renewal options for one year each. Also, an additional 531 square feet has been added in building 20 for a total of 1,910 square feet.

SES is currently paying \$8.65 per square foot for buildings #20 and #1301, and \$1.36 per square foot for 1,500 square feet of laydown. Their current leases expire on June 30, 2022.

- Rent for buildings 20 and 1301 for 14 months will be \$9 per square foot with 3% increases for each renewal year
- Rent for laydown will be \$1.36 per square foot, fixed for renewals

See attached deal sheet and lease for more details.

Staff is requesting that the Board authorize the Chief Executive Officer/Executive Director to execute this lease subject to negotiation of final terms and conditions.

Deal Sheet
Aerostar SES, LLC – May 13, 2022
Lease Renewal for Building 1301, Building 20 and Laydown
“Subject to Board Approval”

Prospective Tenant:

SES Civil and Environmental, LLC
1006 Floyd Culler Court
Oak Ridge, TN 37830
865-481-7837

Broker:

None

Company Information:

Aerostar has been located at Reese since April of 2019 in buildings 20 & 1301 and have performed well under the agreement. We considered them a good partner of Reese and expect that as long as they have the Air Force contract for managing the contaminate at Reese, they will be located here.

Permitted Uses:

Tenant may use the premises for the purpose of an environmental field office.

Premises:

Building 1301 (1,785 square feet) – Exhibit A
305 Hoover Drive
Lubbock, TX 79416

Building 20 (1,910 square feet) – Exhibit B
9927 Reese Blvd.
Lubbock, TX 79416

1,500 square feet of Laydown – Exhibit C

See site plan for building and laydown locations – Exhibit D

Type of Lease:

Modified Gross Lease

Primary Term: Building 1301

The lease term of 14 months to match Aerostar's Air Force contract.

Rent: Building 1301 - \$9.00 per square foot.

| Initial Term Lease - 14 Months | Total Base Rent | Total Monthly Base Rent | Annual Base Rent Per Square Foot of Floor Area of the Premises (1,785 square feet) |
|---------------------------------------|------------------------|--------------------------------|---|
| Year 1 July 1, 2022 – August 31, 2023 | \$18,742.50 | \$1,338.75 | \$9.00 |
| Total | \$18,742.50 | | |
| 1 st Renewal - 12 Months | \$16,546.95 | \$1,378.91 | \$9.27 |
| 2 nd Renewal - 12 Months | \$17,046.75 | \$1,420.56 | \$9.55 |

Renewal Options:

Two (2) options to renew for one (1) year each, automatically unless Landlord receives 180 days prior written notice not to renew. Base rent will be increased 3% annually for the renewal periods.

Primary Term: Building 20

The lease term of 14 months to match Aerostar's Air Force contract.

An additional 531 square feet was added for use of conference room.*Rent:** Building 20 – 9.00 per square foot.

| Initial Term Lease – 14 Months | Total Base Rent | Total Monthly Base Rent | Annual Base Rent Per Square Foot of Floor Area of the Premises (1,910 square feet) |
|---------------------------------------|------------------------|--------------------------------|---|
| Year 1 July 1, 2022 – August 31, 2023 | \$20,055.00 | \$1,432.50 | \$9.00 |
| Total | \$20,055.00 | | |
| 1 st Renewal – 12 Months | \$17,705.70 | \$1,475.48 | \$9.27 |
| 2 nd Renewal – 12 Months | \$18,240.50 | \$1,520.04 | \$9.55 |

Renewal Options:

Two (2) options to renew for one (1) year each, automatically unless Landlord receives 180 days prior written notice not to renew. Base rent will be increased 3% annually for the renewal periods.

Primary Term: 1,500 square feet of laydown.

The lease term of 14 months to match Aerostar's Air Force contract.

Rent: 1,500 square feet of laydown

| Initial Term Lease – 14 Months | Total Base Rent | Total Monthly Base Rent | Annual Base Rent Per Square Foot of Floor Area of the Premises (1,500 square feet) |
|---------------------------------------|------------------------|--------------------------------|---|
| Year 1 July 1, 2022 – August 31, 2023 | \$2,380.00 | \$170.00 | \$1.36 |
| Total | \$2,380.00 | | |
| 1 st Renewal – 12 Months | \$2,040.00 | \$170.00 | \$1.36 |
| 2 nd Renewal – 12 Months | \$2,040.00 | \$170.00 | \$1.36 |

Renewal Options:

Two (2) options to renew for one (1) year each, automatically unless Landlord receives 180 days prior written notice not to renew.

Utilities:

Tenant is responsible for their pro-rated share of utilities in Building 20 which is co-located, and all utilities in Building 1301.

Maintenance & Expenses:

Leased on “as is” basis. No make ready improvement costs to Reese.

Exhibit A

BUILDING #1301
APPROXIMATELY 1,785 sq ft

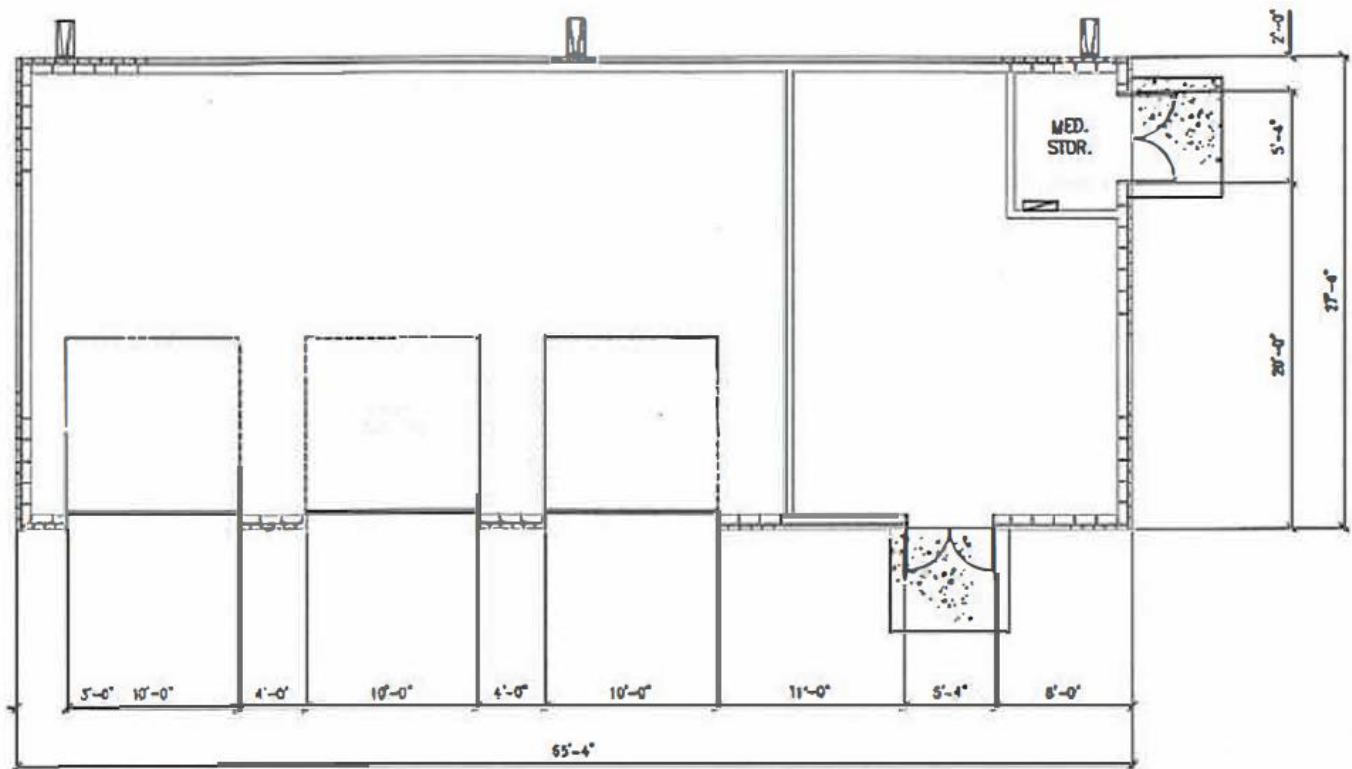


Exhibit B

BUILDING 20

EXHIBIT B

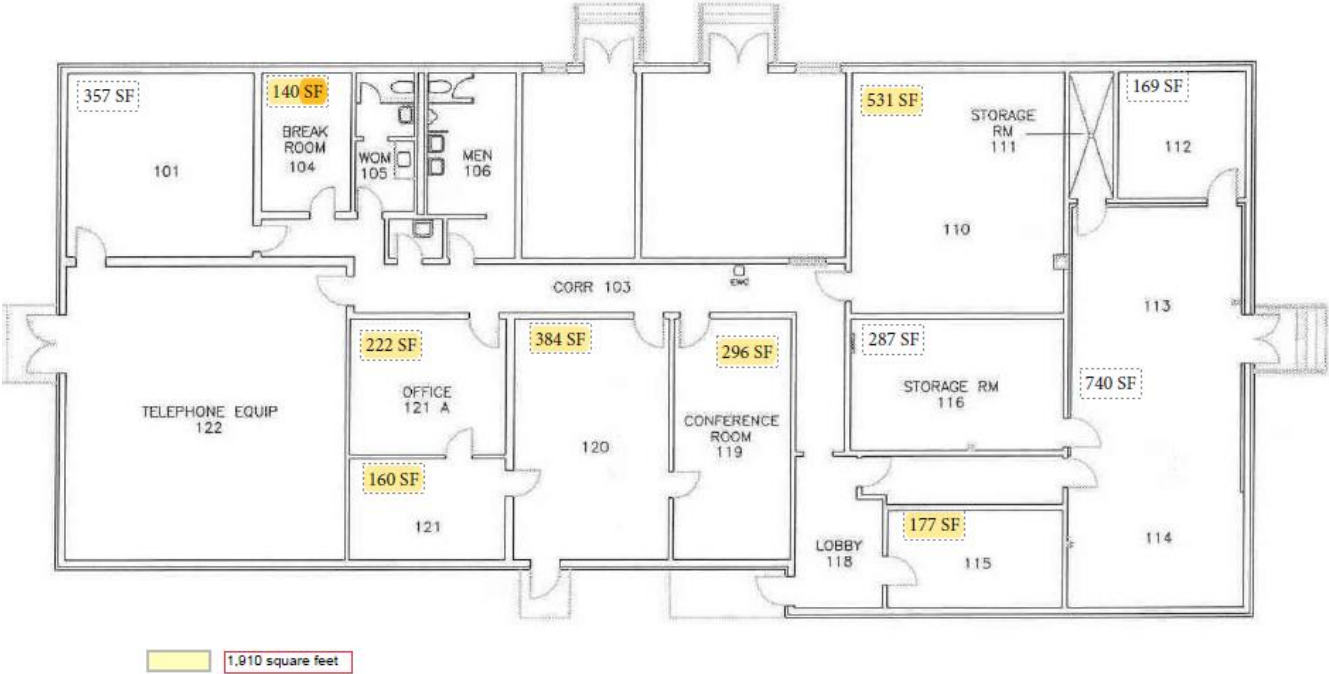


Exhibit C



SITE PLAN



STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

**SES CIVIL AND ENVIRONMENTAL, L.L.C., an Alaska limited liability company, d/b/a
AEROSTAR SES, L.L.C., an Alaska limited liability company**

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 1301

305 Hoover Drive

And

Reese Technology Center Building No. 20

9927 Reese Boulevard

And

Laydown Area

Lubbock, Texas 79416

STANDARD INDUSTRIAL LEASE

This Standard Industrial Lease (the "Lease") is made this ____ day of June 2022, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as "Landlord") and SES CIVIL AND ENVIRONMENTAL, L.L.C., an Alaska limited liability company, d/b/a AEROSTAR SES, L.L.C., an Alaska limited liability 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: SES Civil and Environmental, L.L.C., whose Federal Taxpayer Identification Number is _____.

(d) Tenant Address: 1006 Floyd Culler Court, Oak Ridge, TN 37830.

(e) Guarantor: [NOT APPLICABLE].

(f) Guarantor's Address: [NOT APPLICABLE].

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

(h) Premises means those certain buildings located at 305 Hoover Drive, Lubbock, Texas 79416, which is commonly known as Building #1301 containing approximately 1,785 square feet of floor area, and identified on the site plan attached hereto as **Exhibit A** (the "Building #1301 Site Plan"); 9927 Reese Boulevard, Lubbock, Texas 79416, which is commonly known as Building #20 containing approximately 1,910 square feet of floor area, and identified on the site plan attached hereto as **Exhibit B** (the "Building #20 Site Plan") (collectively Buildings #1301 and #20 are referred to as the "Building"); and that certain Laydown area containing approximately 1,500 square feet of surface area (the "Laydown Area"), and identified on the site plan attached hereto as **Exhibit C** (the "Laydown Area Site Plan"). Collectively, the Building and the Laydown Area are identified as the "Premises" on the site plan attached hereto as **Exhibit D** (the "Site Plan").

(i) Initial Term (Years): Fourteen (14) months.

(j) Extensions: Two (2) extension periods of one (1) year, subject to the rights set forth in Section 1(k).

(k) Option to Extend Term: Tenant shall have two (2) renewal options of one (1) year each, such renewal option to be exercised automatically unless Landlord receives written notice from Tenant of its desire not to exercise the option to extend term no less than one hundred eighty days (180) days prior to expiration of the Initial Term. Without receipt of such notice, this Lease shall be extended automatically for the period specified in Section 1(j) without the necessity for the execution of any further instrument and upon the same terms and conditions as are contained in this Lease, except the then existing Base Rent will be increased by a fixed three percent (3%) annually during each year of the Extension Period, subject to the Base Rent for the Laydown Area shall not increase. The adjustment in the Base Rent will be determined by multiplying the then existing Base Rent specified in the lease ("Base Rent") by 1.03, which will result in a "Revised Renewal Period Base Rent."

(l) Delivery Date: July 1, 2022.

(m) Commencement Date: July 1, 2022.

(n) Termination Date: August 31, 2023.

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

Building #1301

| <u>Initial Term</u> <u>Lease 14 Months</u> | <u>Total Term</u> <u>Base Rent</u> | <u>Total Monthly</u> <u>Base Rent</u> | <u>Term Base Rent Per</u> <u>Square Foot of Floor</u> <u>Area of the Premises</u> |
|---|---|--|--|
| July 1, 2022 – August 31, 2023 | \$18,742.50 | \$1,338.75 | \$9.00 |
| 1st Renewal - 12 Months | \$16,546.95 | \$1,378.91 | \$9.27 |
| 2nd Renewal - 12 Months | \$17,046.75 | \$1,420.56 | \$9.55 |

Building #20

| <u>Initial Term</u> <u>Lease 14 Months</u> | <u>Total Term</u> <u>Base Rent</u> | <u>Total Monthly</u> <u>Base Rent</u> | <u>Term Base Rent Per</u> <u>Square Foot of Floor</u> <u>Area of the Premises</u> |
|---|---|--|--|
| Year 1 July 1, 2022 – August 31, 2023 | \$20,055.00 | \$1,432.50 | \$9.00 |
| 1 st Renewal – 12 Months | \$17,705.70 | \$1,475.48 | \$9.27 |
| 2 nd Renewal – 12 Months | \$18,240.50 | \$1,520.04 | \$9.55 |

Laydown Area

| <u>Initial Term</u> <u>Lease 14 Months</u> | <u>Total Term</u> <u>Base Rent</u> | <u>Total Monthly</u> <u>Base Rent</u> | <u>Term Base Rent Per</u> <u>Square Foot of Floor</u> <u>Area of the Premises</u> |
|---|---|--|--|
| Year 1 July 1, 2022 – August 31, 2023 | \$2,380.00 | \$170.00 | \$1.36 |
| 1 st Renewal – 12 Months | \$2,040.00 | \$170.00 | \$1.36 |
| 2 nd Renewal – 12 Months | \$2,040.00 | \$170.00 | \$1.36 |

(p) **Security Deposit**: Landlord may retain the previous Security Deposit of \$1,190.00. 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**: [NOT APPLICABLE]

(r) **Early Termination Fee**: [NOT APPLICABLE]

(s) **Permitted Use**: Tenant may use the premises for the purpose of an environmental field office (collectively, "Permitted Use").

(t) **Landlord's Address for Payment of Rent**: Payment of Rent may be made by check and delivered to Landlord's address, or by electronic funds transfer to Landlord's bank account at:

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

2. DEFINITIONS

(a) **"Common Areas"** means all facilities and areas of the Project that are intended and designated by Landlord from time to time for the common, general, and nonexclusive use of all Tenants and Tenants of the Project, including parking lots. Landlord has the exclusive control over and right to manage the Common Areas. Tenant shall have the right to use the Common Areas, but shall maintain all responsibility and liability for its conduct, or the conduct of its agents, employees and persons invited onto the Common Areas or Premises by Tenant. Subject to the terms and conditions of this Lease, Landlord hereby grants Tenant the right to use the Premises for the Permitted Use for the Term of this Agreement, and to use the streets, alleys and other portions of the Project necessary to obtain access to the Premises for the Permitted Use.

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

insurance Tenant is required to maintain.

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

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

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

3. RENT AND RENT INVOICES

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

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

4. REAL ESTATE TAXES AND OTHER TAXES

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

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

5. TENANT COVENANTS

(a) **Tenant Agrees to –**

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

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

(3) Obey (i) all applicable federal, state, and local laws relating to the use, condition, and occupancy of the Premises; (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, Operating Manual, Section 1, Construction Project Review, as amended, and as may be amended from time to time.

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

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

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

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

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

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

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

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

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

(13) INDEMNIFY, DEFEND, AND HOLD LANDLORD HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES OR PROJECT, OR ARISING FROM TENANT'S ACCESS TO, PRESENCE ON, OR USE OF THE PREMISES OR PROJECT. 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.

(b) Tenant agrees not to—

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

(2) Create a nuisance.

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

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

(5) Change Landlord's lock system.

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

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

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

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

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

(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) INTENTIONALLY BLANK.

(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) INTENTIONALLY BLANK.

6. LANDLORD COVENANTS

(a) Landlord agrees to –

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

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

(3) Repair and maintain the (i) roof, (ii) roof membrane, (iii) foundation, (iv) floor slab, (v) structural soundness of the exterior walls, excluding windows, window glass, plate glass, and doors, (vi) load bearing walls, (vii) utility lines running to the exterior wall of the structure, and (viii) Common Areas.

(4) Return the Security Deposit to Tenant, less itemized deductions, if any, within sixty (60) days after the last day of the Term.

(b) Landlord agrees not to—

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

- (2) Unreasonably withhold consent to a proposed assignment or sublease.

7. COMMON AREAS

(a) Right to Use Common Areas. Tenant will have the nonexclusive right to use the Common Areas subject to any reasonable rules and regulations that Landlord may prescribe.

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

8. UTILITIES AND TRASH REMOVAL

(a) Payment of Utility Bills. Tenant will promptly pay all charges for electricity, water, gas, telephone service, sewer service, and other utilities (collectively, the "Utilities") furnished to the Premises directly to the provider of such service, subject to the Utilities for Building #20 shall represent a pro rata share of the utility charges for this building.

(b) Trash Removal. Tenant shall install, in compliance with applicable Laws at a location on the outside of the Premises, a trash dumpster. Tenant shall pay for collection of its own trash.

9. DAMAGE BY CASUALTY

(a) Notice of Damage and Estimated Repair Time. If the Premises is damaged or destroyed by fire or other casualty ("Casualty"), Landlord will, within thirty (30) days after the date of the Casualty, notify Tenant ("Landlord's Casualty Notice") of the number of days, from the date of the Casualty, that Landlord estimates will be required to complete the repair and restoration. If neither Tenant, nor Landlord, elects to terminate this Lease as set forth below, then the damage or destruction of the Premises will, at the expense of Landlord, be repaired and restored, 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 fifty percent (50%) 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 fifty percent (50%) 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 fifty percent (50%) 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. 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) 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.

(b) 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. Landlord to maintain proper insurance coverage of the building, Tenant is only responsible for its owned fixtures, equipment and leasehold improvements

(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 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. 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; however, it is expressly understood and agreed that Landlord expressly reserves the right to deny any request for alterations submitted by the Tenant. 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. Except as otherwise provided herein, 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; and

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

h. Default by Tenant/Landlord's Remedies. Landlord's remedies for Tenant's default are to (1) enter and take possession of the Premises; (2) enter the Premises and perform Tenant's obligations; (3) apply the Security Deposit to pay arrears of Rent to repair any damage or injury, or to pay any expense or liability incurred by Landlord as a result of the default; and (4) terminate this Lease by written notice and 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, subject to the provisions of Section 1(k). If Tenant remains in possession of the Premises after the expiration of the Term without execution of a new lease extending the Term, Tenant will be deemed to be occupying the Premises as a tenant at will, subject to all of the terms of this Lease as may be applicable to a month to month tenancy and at One Hundred Fifty Percent (150%) of the monthly installment of the Base Rent set forth in Section 1(o) for the twelve (12) month period prior to expiration of the Term, except that thereafter either Landlord or Tenant may terminate this Lease upon thirty (30) days' notice to the other; provided that Landlord, by the terms hereof, is not deemed to consent to any such holdover by Tenant and may exercise all rights provided by law to remove Tenant from the Premises upon giving Tenant the notice described herein.

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

LANDLORD:

Lubbock Reese Redevelopment Authority
9801 Reese Boulevard
Suite 200
Lubbock, Texas 79416
Attn: Executive Director
Telephone: (806) 885-3597
Email: mmusa@reesecenter.com

TENANT:

SES Civil and Environmental, LLC
1006 Floyd Culler Court
Oak Ridge, TN 37830
Telephone: 865-481-7837
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, 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 FREE TRADE ZONE 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")

SES CIVIL AND ENVIRONMENTAL,
L.L.C. ("Tenant")

By: Murvat Musa, Chief Executive Officer
and Executive Director

Date

By:

Printed Name:

Title:

Date

EXHIBIT A

Building #1301 Site Plan

BUILDING #1301
APPROXIMATELY 1,785 sq ft

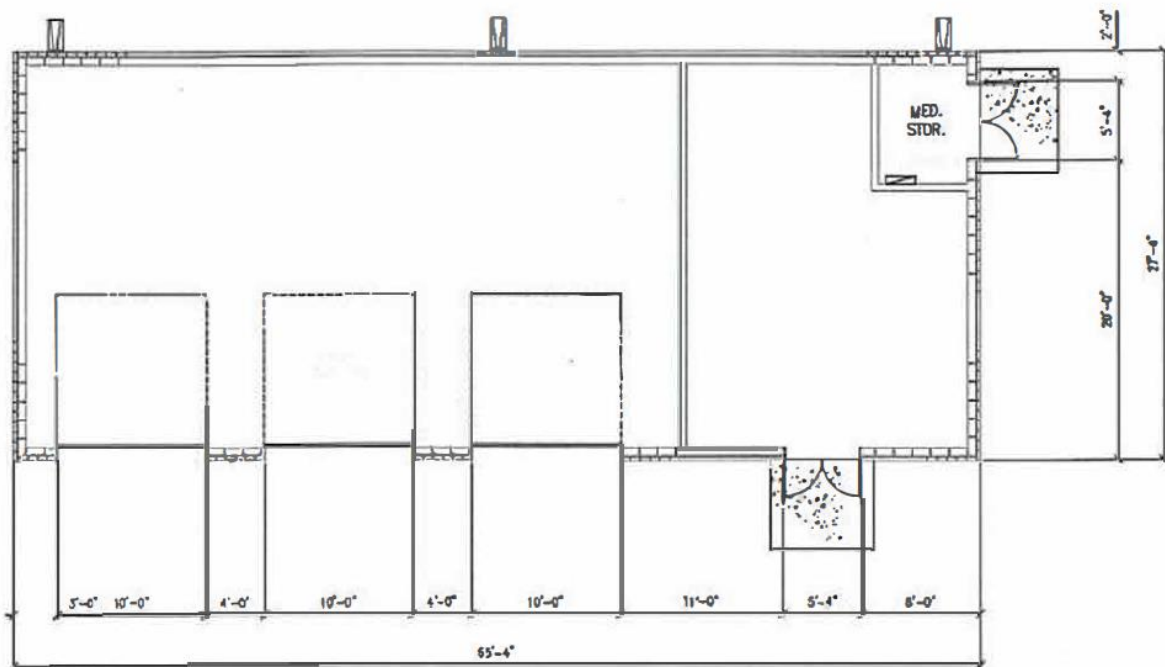


EXHIBIT B

Building #20 Site Plan

BUILDING 20

EXHIBIT B

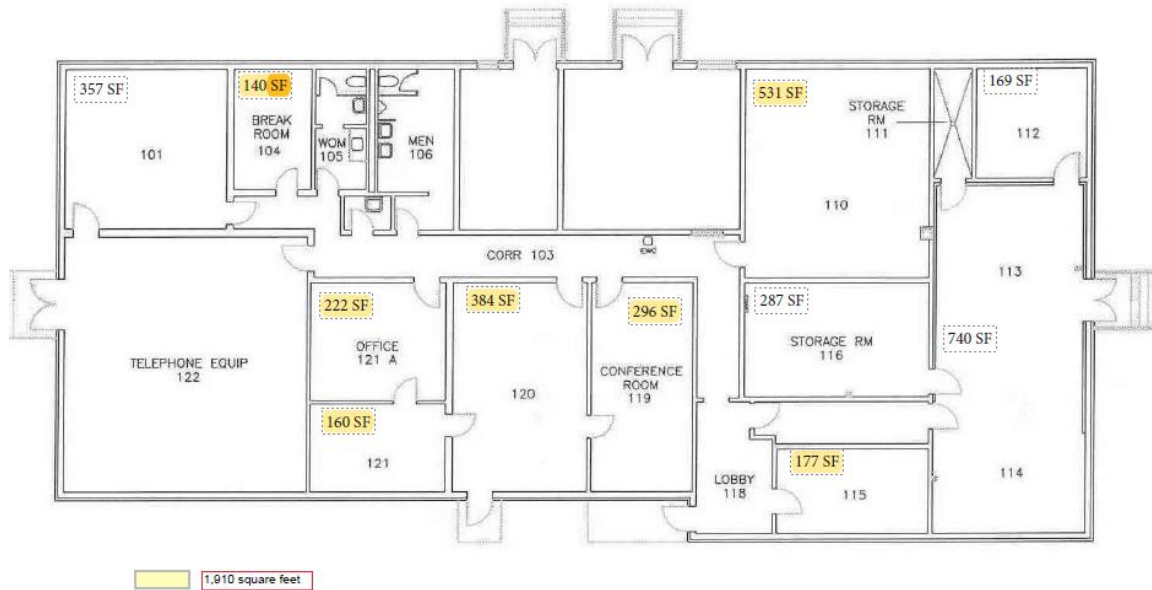


EXHIBIT C

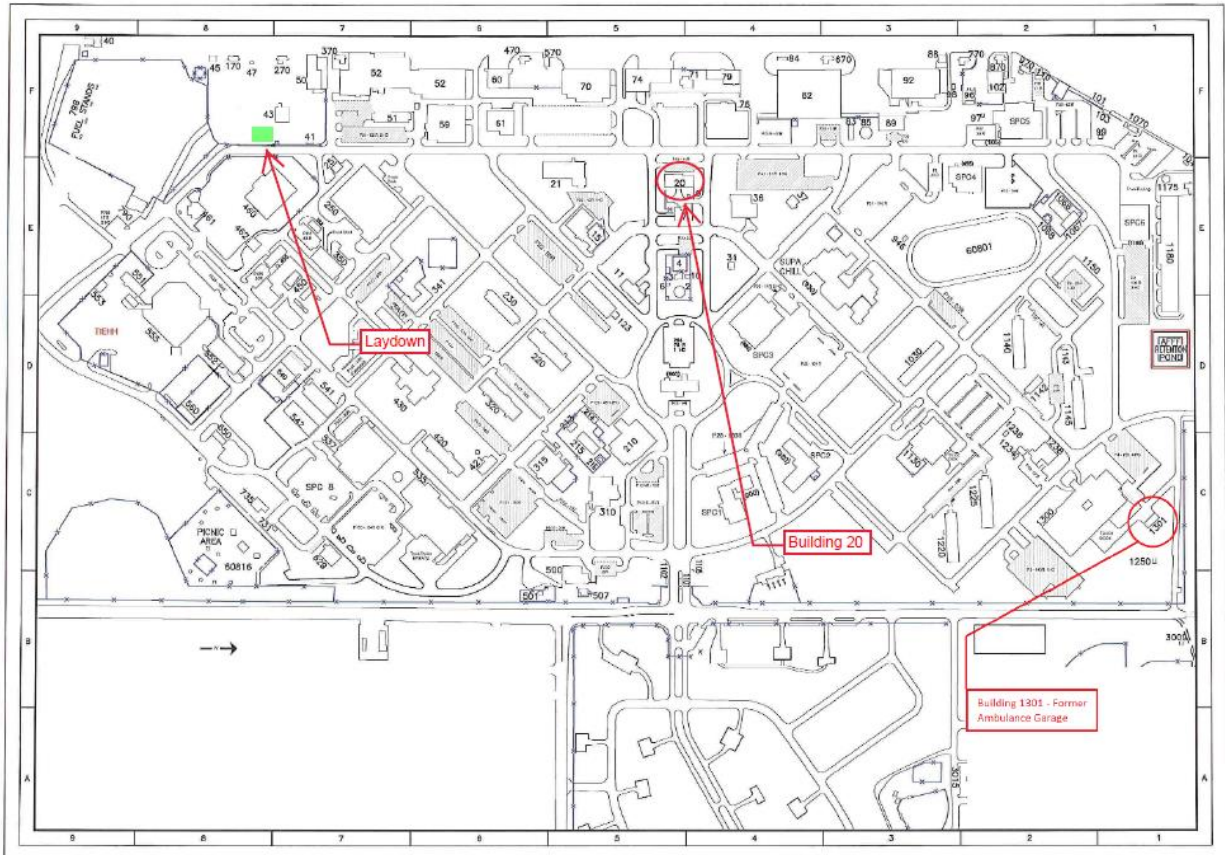
Laydown Area Site Plan



EXHIBIT D

Site Plan

SITE PLAN



**BOARD ACTION ITEM #2022-0622-113
LEASE FOR SES/AEROSTAR – B20, 1301, & LAYDOWN**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
JUNE 22, 2022**

Item to be Considered:

Consider a New Lease for SES Civil and Environmental, LLC dba Aerostar SES, LLC for Buildings 20, 1301, and Laydown

Previous Board Action:

In March of 2019, the Board approved a lease for SES / Aerostar.

Statement of Pertinent Facts:

- a. Aerostar is a contractor for the USAF, contracted to undertake a portion of the environmental cleanup of the PFAS-contaminated groundwater around Reese. As such, they are unable to commit to long-term lease periods because of the unpredictable nature of the federal government contract.
- b. New lease terms have been structured to align with the USAF contract in place.
- c. Current Leases for Buildings 20, 1301, and laydown expire June 30, 2022
- d. Proposed lease adds 531 SF of space in Building 20 for a total of 1,910 SF
 - 1. Term: 14 months with two one-year renewal options
 - 2. Rate: \$9/SF with 3% increases in renewal years
- e. Laydown Rate, fixed throughout lease term, is \$1.36/SF

Advice, Opinions, Recommendations and Motion:

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

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby authorizes its CEO/Executive Director to Execute the Lease for SES Civil and Environmental, LLC dba Aerostar SES, LLC for Buildings 20, 1301, and Laydown, subject to negotiation of final terms and conditions, on this 22nd day of June 2022.”

Steve Verett, Vice-President

ATTEST:

Board Member

AGENDA ITEM 6
SOUTH PLAINS ELECTRIC COOPERATIVE (SPEC) – BUILDING #59
EXECUTIVE SUMMARY

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

South Plains Electric Cooperative (SPEC) is a local electric company that services over 6,000 square miles in west Texas that includes Reese Technology Center. SPEC has been a valued partner over the years, and we are excited to have them as a customer. They will be using Building 59 to store and maintain their mobile substations until they can find a more permanent option.

SPEC will be leasing Building 59, previously leased by Zachry for \$2.53 per square foot, for three years at a rate of \$3.10 per square foot with 3% annual increases. There will also be one option to renew for 12 months on a month-to-month basis. The chart below shows the lease rate and option year.

See attached deal sheet and lease for more details.

| Initial Term Lease Years | Total Annual Base Rent | Total Monthly Base Rent | Annual Base Rent Per Square Foot of Floor Area of the Premises (25,277 sq ft) |
|---------------------------------|-------------------------------|--------------------------------|--|
| Year 1 | \$78,358.70 | \$6,529.89 | \$3.10 |
| Year 2 | \$80,886.40 | \$6,740.53 | \$3.20 |
| Year 3 | \$83,414.10 | \$6,951.18 | \$3.30 |

Staff is requesting that the Board authorize the Chief Executive Officer/Executive Director to execute this lease subject to negotiation of final terms and conditions.

Deal Sheet
South Plain Electric Cooperative (SPEC) – May 29, 2022
Building 59
“Subject to Board Approval”

Prospective Tenant:

South Plains Electric Cooperative, Inc.
4727 S. Loop 289
Suite 200
Lubbock, TX 79424

Broker:

None

Company Background:

South Plains Electric Cooperative (SPEC), established in 1937, is a not-for-profit organization providing electric service to its members, of which LRRRA is one. SPEC is owned and controlled by the members they service in the counties of Childress, Cottle, Crosby, Dickens, Floyd, Foard, Garza, Hale, Hall, Hardeman, Hockley, Kent, King, Lamb, Lubbock, Lynn, Motley, and Stonewall. Their headquarter office is in Lubbock.

SPEC maintains over 10,000 miles of line within their 6,600 square miles of service area, serving about 38,000 members with more than 63,000 meters throughout their service territory; their annual growth rate is 3%. To serve their members, SPEC purchases power from two generation and transmission cooperatives: Golden Spread Electric Cooperative and Brazos Electric Cooperative. SPEC is connected to both the Southwest Power Pool and the Electric Reliability Council of Texas power grids. SPEC is a domestic organization governed by an elected board of directors who are also members of SPEC and are elected by the membership.

Financials:

SPEC's total assets at year end 2020 were over \$427 million. Their total revenues at that time were over \$149 million with total expenses of about \$130 million leaving a net margin of about \$19 million. For detailed financial information, see their latest financial statements here:

<https://spec.coop/sites/default/files/2020%20Annual%20Report.pdf>

Permitted Use:

Tenant may use the premises to store and maintain mobile substations and associated equipment.

Premises:

Building 59 (25,277 square feet) – Exhibit A
1004 Davis Dr.
Lubbock, Tx 79416

Type of Lease:

Modified Gross Lease

Primary Term for Building 59 (25,277 square feet):

This building was previously leased to Zachry for \$2.53 per square foot. Tenant will pay \$3.10 per square foot for a total of three (3) years with a 3% annual increase.

Rent:

| Initial Term Lease Years | Total Annual Base Rent | Total Monthly Base Rent | Annual Base Rent Per Square Foot of Floor Area of the Premises (25,277 sq ft) |
|---------------------------------|-------------------------------|--------------------------------|--|
| Year 1 | \$78,358.70 | \$6,529.89 | \$3.10 |
| Year 2 | \$80,886.40 | \$6,740.53 | \$3.20 |
| Year 3 | \$83,414.10 | \$6,951.18 | \$3.30 |
| Total | \$242,659.20 | | |

Renewal Options:

Tenant may continue leasing building 59 on a month-to-month at a lease rate of \$3.40 per square foot for a total of 12 months.

Termination Option:

None

Security Deposit:

Tenant will pay a deposit equal to one month's rent in the amount of \$6,529.89.

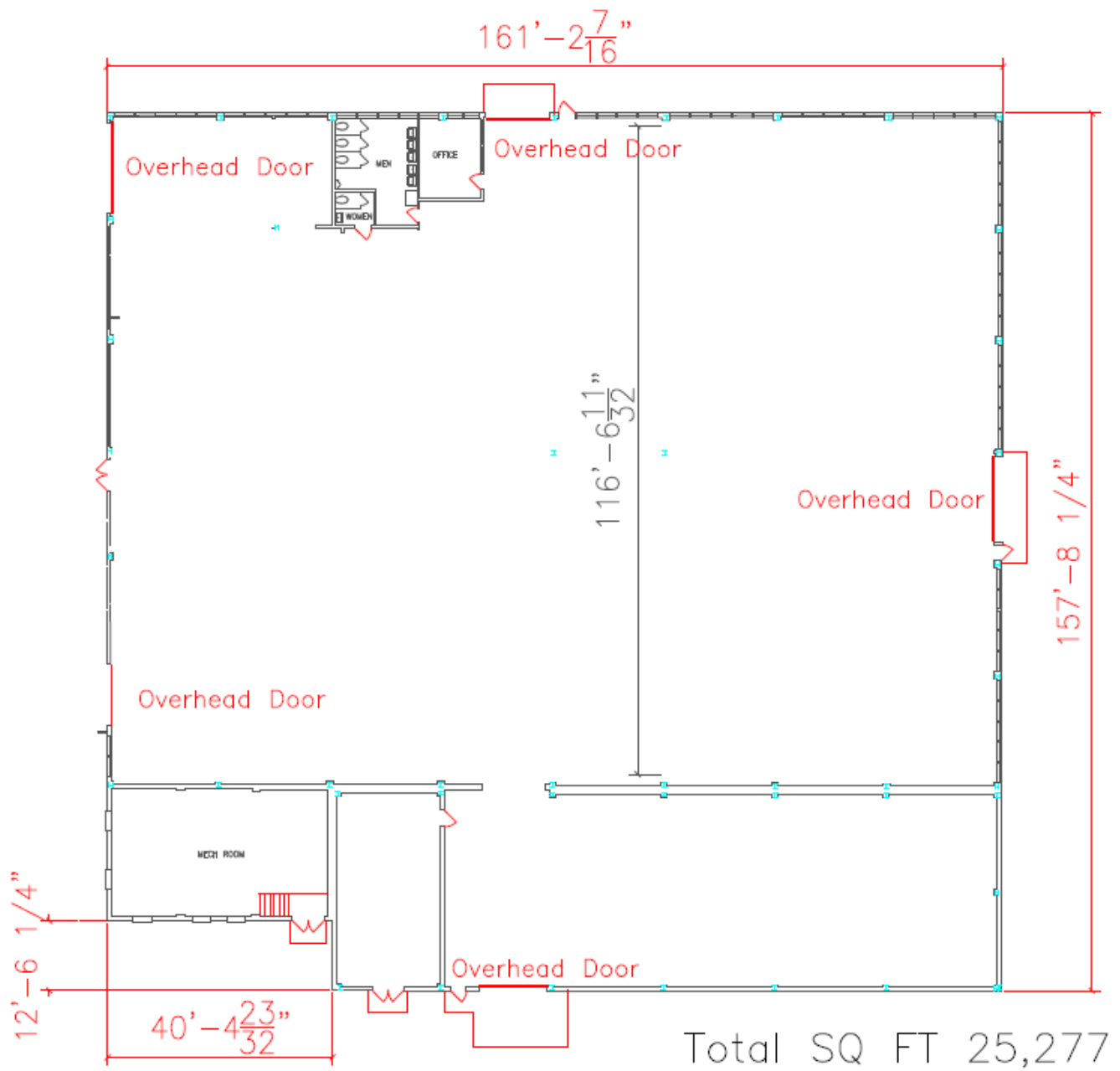
Utilities:

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

Maintenance & Expenses:

There is no make ready expense to Reese.

Exhibit A



Site Location



STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

SOUTH PLAINS ELECTRIC COOPERATIVE, INC., a Texas cooperative corporation

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 59

1004 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 SOUTH PLAINS ELECTRIC COOPERATIVE, INC., a Texas cooperative corporation (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: SOUTH PLAINS ELECTRIC COOPERATIVE, INC., a Texas cooperative corporation, whose Federal Taxpayer Identification Number _____.

(d) Tenant Address: 4727 S. Loop 289, Suite 200, Lubbock, TX 79424.

(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 1004 Davis Drive, Lubbock, Texas 79416, which is commonly known as Building # 59, and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"), and containing approximately 25,277 square feet of floor area.

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

(j) Extensions: Month to month for a period not to exceed twelve (12) months, subject to the rights set forth in Section 1(k).

(k) Option to Extend Term: Tenant shall have the option to extend the term on a month-to-month basis for a period not to exceed twelve (12) months, 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, and the month-to-month Base Rent shall be \$3.40 per square foot or \$7,161.22 per month (the “Month-to-Month Rent”).

(l) Delivery Date: July 1, 2022.

(m) Commencement Date: July 1, 2022.

(n) Termination Date: June 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 or the Month-to-Month Rent, if the Option to Extend Term is exercised by the Tenant:

| <u>Initial Term Lease Years</u> | <u>Total Annual Base Rent</u> | <u>Total Monthly Base Rent</u> | <u>Annual Base Rent Per Square Foot of Floor Area of the Premises</u> |
|--|--|---|--|
| Year 1, July 1, 2022 – June 30, 2023 | \$78,358.70 | \$6,529.89 | \$3.10 |
| Year 2, July 1, 2023 – June 30, 2024 | \$80,886.40 | \$6,740.53 | \$3.20 |
| Year 3, July 1, 2024 – June 30, 2025 | \$83,414.10 | \$6,951.18 | \$3.30 |

(p) Security Deposit: \$6,529.89. 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 to store and maintain mobile substations and associated equipment (collectively, “Permitted Use”).

(t) Right of First Refusal: Not Applicable.

(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) or the Month-to-Month Rent (collectively, "Rent"), 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 10th of the month.

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

4. REAL ESTATE TAXES AND OTHER TAXES

(a) Real Estate Taxes. Tenant will pay or cause to be paid to the appropriate governmental authorities, prior to delinquency, all Real Estate Taxes. "Real Estate Taxes" means all real property taxes and assessments that become due and payable during the Term and are

assessed by the applicable taxing governmental authority against the Premises. Tenant shall only be responsible for said taxes incurred by Tenant during the term, to include any extension, of this Lease. Tenant shall not be responsible for any back taxes or assessments incurred by a third party or prior to the Delivery Date.

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

5. TENANT COVENANTS

(a) Tenant Agrees to –

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

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

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

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

(5) Following a twenty four (24) hour notice, allow Landlord to enter the Premises to perform Landlord’s obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants; provided however, that such notice requirements shall not apply in the event of Tenant's request for Landlord to come onto the Premises to perform Landlord's obligations on the Premises, or in the event of an actual emergency situation that Landlord

reasonably believes will result in personal injury, loss of life or property damage to the Premises. In such situation, Landlord will notify Tenant as soon after the entry as is reasonably possible.

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

(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) Not Applicable.

(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 renewable energy development or the installation or use of any facilities related to renewable energy development or generation, subject to existing agreements and easements relating to the Project.

(12) Not Applicable.

(13) Not Applicable.

(14) Not Applicable.

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. It is specifically understood and agreed that "doors" does not include any overhead door or hangar door.

(b) Landlord agrees not to—

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

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

7. COMMON AREAS

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

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

8. UTILITIES AND TRASH REMOVAL

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

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

9. DAMAGE BY CASUALTY

(a) Notice of Damage and Estimated Repair Time. If the Premises is damaged or destroyed by fire or other casualty ("Casualty"), Landlord will, within thirty (30) days after the date of the Casualty, notify Tenant ("Landlord's Casualty Notice") of the number of days, from

the date of the Casualty, that Landlord estimates will be required to complete the repair and restoration. If neither Tenant, nor Landlord, elects to terminate this Lease as set forth below, then the damage or destruction of the Premises will, at the expense of Landlord, be repaired and restored, unless Casualty is determined to have been caused by intentional or unintentional neglect of the Tenant, at which the damage or destruction will be at the expense of the Tenant.

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

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

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

10. HAZARDOUS MATERIALS

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

(b) Tenant's Obligations. During the Term, Tenant will not use, generate, place, store, release or otherwise dispose of Hazardous Materials in the Premises or the Common Areas, except in accordance with all Environmental Laws, and subject to the Reservations recorded in the Deed Without Warranty Between the United States of America and Landlord recorded in the Real Property Records of Lubbock County, Texas at Deed Record 2006041652. Notwithstanding anything to the contrary contained in this Lease, Landlord acknowledges and agrees that Tenant

shall have the right to use and store in the Premises in Tenant's ordinary course of business Hazardous Materials in accordance with Environmental Laws, and subject to Section 10(e), below. In the event of a breach of the foregoing, Tenant will promptly undertake remediation or removal in accordance with all Environmental Laws. Tenant will indemnify, defend and hold Landlord and Landlord's Affiliated Parties harmless from and against, and reimburse Landlord and Landlord's Affiliated Parties for, all Hazardous Materials Liabilities asserted against or incurred by Landlord or Landlord's Affiliated Parties as a result of a breach of Tenant's obligations under this paragraph. Notwithstanding anything to the contrary contained herein, in no event shall Tenant be liable for Hazardous Materials existing in, on or about the Premises or the Project prior the Tenant's occupancy of the Premises. Tenant shall provide Landlord a copy of Tenant's plan for responding to hazardous waste, fuel, and chemical spills no later than the Commencement Date.

(c) Definitions. As used herein,

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

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

(iii) "Hazardous Materials Liabilities" means all claims, damages, losses, forfeitures, expenses or liabilities arising from or caused in whole or in part, directly or indirectly, by a breach by the other Party of its representations, warranties or covenants under Section 10(a) or (b), including, without limitation, all costs of defense (including reasonable attorneys' fees and other costs of litigation), all consultants' fees, and all costs of investigation, repair, remediation,

restoration, cleanup, detoxification or decontamination, and/or preparation and implementation of any closure, remedial action or other required plan.

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

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

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

11. INSURANCE AND WAIVER OF SUBROGATION

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

(a) Commercial General Liability Insurance. Commercial General Liability Insurance covering the Premises and Tenant's use thereof, not including Common Areas, against claims for bodily injury, death or property damage occurring upon, in or about the Premises (including contractual indemnity and liability coverage), such insurance to provide coverage of not less than \$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 or the month to month extension period without execution of a new lease extending the Term, Tenant will be deemed to be occupying the Premises as a tenant at will, subject to all of the terms of this Lease as may be applicable to a month to month tenancy and at One Hundred Fifty Percent (150%) of the monthly installment of the Base Rent set forth in Section 1(m)

for the twelve (12) month period prior to expiration of the Term, except that thereafter either Landlord or Tenant may terminate this Lease upon thirty (30) days' notice to the other; provided that Landlord, by the terms hereof, is not deemed to consent to any such holdover by Tenant and may exercise all rights provided by law to remove Tenant from the Premises upon giving Tenant the notice described herein.

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

LANDLORD:

Lubbock Reese Redevelopment Authority
9801 Reese Boulevard
Suite 200
Lubbock, Texas 79416
Attn: Executive Director
Telephone: (806) 885-3597
Email: mmusa@reesecenter.com

TENANT:

South Plains Electric Cooperative
Attn: _____
4727 S. Loop 289
Suite 200
Lubbock, TX 79424
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.

/-----SIGNATURE PAGE FOLLOWS-----/

LUBBOCK REESE
REDEVELOPMENT AUTHORITY
("Landlord")

SOUTH PLAINS ELECTRIC
COOPERATIVE, INC.
("Tenant")

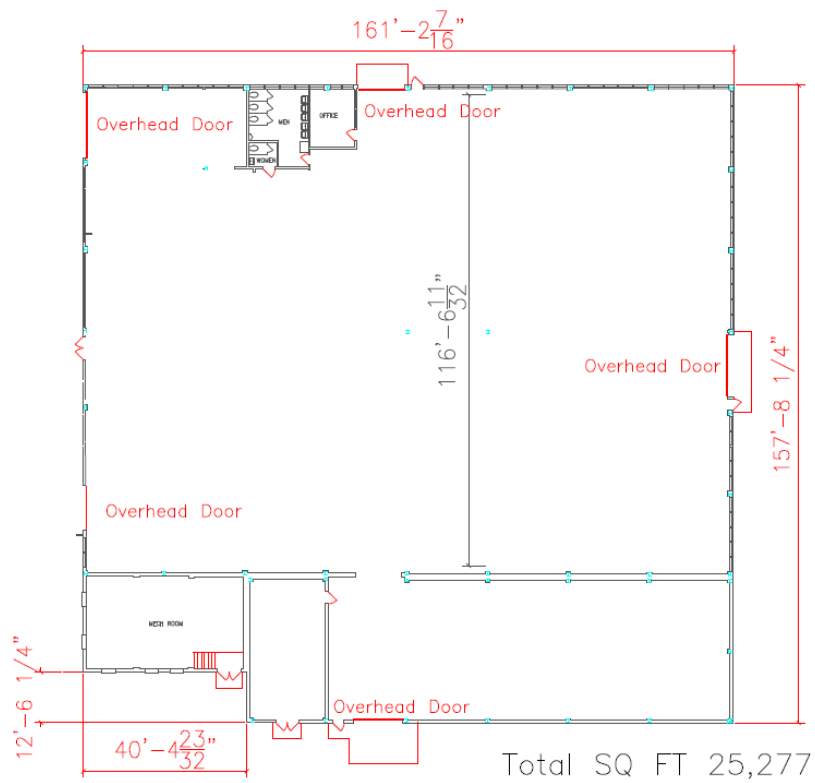
By: Murvat Musa, CEO/ED

By: _____

Date

Date

EXHIBIT A Site Plan



**BOARD ACTION ITEM #2022-0622-114
SPEC LEASE FOR B59**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
JUNE 22, 2022**

Item to be Considered:

Consider Lease for South Plains Electric Cooperative, Inc. (SPEC) for Building 59

Previous Board Action:

None

Statement of Pertinent Facts:

- a. South Plains Electric Cooperative will be a new customer. SPEC is the not-for-profit electricity provider for rural areas around Lubbock County and beyond, including Reese.
- b. Use of Premises: Storage and Maintenance of Mobile Substation Units
- c. Proposed Lease for Building 59:
 - 1. Term: 3 years
 - 2. Rate: \$3.10/SF in first year, annual increases of 3% thereafter
 - 3. Renewal Options: one 12-month option to renew (on a month-to-month basis)
 - 4. Renewal Option Rate: if exercised, rate will be \$3.40/SF

Advice, Opinions, Recommendations and Motion:

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

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby authorizes its CEO/Executive Director to Execute the Lease for South Plains Electric Cooperative, LLC for Building 59, subject to negotiation of final terms and conditions, on this 22nd day of June 2022.”

Steve Verett, Vice-President

ATTEST:

Board Member

AGENDA ITEM 7

EXECUTIVE SUMMARY

FY2023 OPERATING BUDGET

We are pleased to present you with the following preliminary Operating Budget for Fiscal Year 2023. A summary of FY2022 and five years comparison are below.

Current Year – FY 2022

- We project total income at FYE to be \$3,095,780 which is about even with what was budgeted.
- On the expense side, we expect total expenses of \$2,774,397, which is about 4% less than what was budgeted.
- We project to end FY 2022 with net income before depreciation of \$321,383 versus the budgeted amount of \$241,480; a 33% increase caused by less than expected expenses for professional services.

Proposed Budget – FY 2023

- Our proposed FY 2023 budget calls for total income of \$3,208,400. Affecting this increase are several new customers filling all the vacancies left by the departure of Zachry Industrial.
- Total expenses for FY2023 are projected to be \$2,354,750, a decrease of 15% from FY2022 projected year end. This decrease is due to removing the expense for the clean-up of the Reese Business Park which cost approximately \$650,000.

OPERATING FUND - COMPARISON

| | FY 2019 - Audited | FY 2020 - Audited | FY 2021 - Audited | FY 2022 - Projected | FY 2023 - Proposed |
|-------------------|----------------------|----------------------|----------------------|------------------------|-----------------------|
| TOTAL INCOME | \$ 2,978,541 | \$ 3,129,779 | \$ 3,319,176 | \$ 3,095,780 | \$ 3,208,400 |
| TOTAL EXPENSES | \$ 2,621,989 | \$ 1,984,442 | \$ 2,311,492 | \$ 2,774,397 | \$ 2,354,750 |
| | | | | | |
| NET INCOME | \$ 356,552 | \$ 1,145,337 | \$ 1,007,684 | \$ 321,383 | \$ 853,650 |
| | | | | | |

Amounts do not include depreciation & capital expenses.

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

The decrease in net income for the projected FY2022 budget is due to the cleanup of RBP.

GENERAL OPERATING BUDGET - FY2023 PROPOSED

| | A | B | C | D | E | F | G | H | I | J | K | L |
|----|---------------|------|-----|----------------------------------|--|--------------------------------|-----------------------------------|---|--------------------------------|--|---|--|
| | | | | DESCRIPTION | FYE 2022 ACTUAL YTD MAY 31, 2022 | FYE 2022 APPROVED BUDGET | FYE 2022 PROJECTED YEAR END | FYE 2022 % Change Approved Budget to Projected Year End | FYE 2023 PROPOSED BUDGET | % Change FYE22 Projected YE to FYE23 Proposed | % Change FYE22 Approved Budget to FYE23 Proposed | Notes |
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | Column F to G | | Column G to I | Column F to I | |
| 3 | INCOME | 4200 | 0 | Lease | \$ 1,360,538.40 | \$ 2,100,000.00 | \$ 2,040,807.60 | -2.82% | \$ 2,150,000.00 | 5.35% | 2.38% | Leases currently in place. Assumes customers will exercise option |
| 4 | | 4250 | 0 | CAM | \$ 480,191.76 | \$ 720,000.00 | \$ 720,287.64 | 0.04% | \$ 734,400.00 | 1.96% | 2.00% | TTU, SPC, COL pay monthly. TTU agreement for FY22 has no increase |
| 5 | | 4260 | 0 | Usage Fees | \$ 184,437.57 | \$ 250,000.00 | \$ 276,656.36 | 10.66% | \$ 275,000.00 | -0.60% | 10.00% | FY21 = \$297 FY20=\$312, FY19=\$322K |
| 6 | | 4300 | 0 | Contract Work | \$ 6,868.44 | \$ 15,000.00 | \$ 10,302.66 | -31.32% | \$ 10,000.00 | -2.94% | -33.33% | KBR Event extras |
| 7 | | 4350 | 0 | Insurance Proceeds | \$ 3,975.00 | \$ - | \$ 3,975.00 | 100.00% | \$ - | -100.00% | 0.00% | Not budgeted |
| 8 | | 4400 | 0 | Interest Income | \$ 7,757.82 | \$ 7,500.00 | \$ 11,636.73 | 55.16% | \$ 10,000.00 | -14.07% | 33.33% | PCB 25 bps on account and Peoples Bank 0 bps on Sweep Account |
| 9 | | 4600 | 0 | Misc | \$ 47.04 | \$ - | \$ 47.04 | 100.00% | \$ - | -100.00% | 0.00% | Not budgeted |
| 10 | | 4650 | 423 | Utility Franchise Fee - Electric | \$ 15,936.75 | \$ 20,000.00 | \$ 23,905.13 | 19.53% | \$ 20,000.00 | -16.34% | 0.00% | SPEC franchise fees, pays monthly based on customer usage |
| 11 | | 4650 | 439 | Utility Franchise Fee - Gas | \$ 8,181.49 | \$ 9,000.00 | \$ 8,181.49 | -9.09% | \$ 9,000.00 | 10.00% | 0.00% | Atmos franchise fees pays once per year |
| 12 | INCOME TOTAL | | | | \$ 2,067,934.27 | \$ 3,121,500.00 | \$ 3,095,799.64 | -0.82% | \$ 3,208,400.00 | 3.64% | 2.78% | |
| 13 | | | | | | | | | | | | |
| 14 | PAYROLL | 5100 | 0 | Salaries | \$ 566,776.46 | \$ 780,000.00 | \$ 741,776.46 | -4.90% | \$ 795,000.00 | 7.18% | 1.92% | Includes \$ for MBD incentive cap \$100k and other for rest of emp \$60K |
| 15 | | 5110 | 0 | Payroll Taxes | \$ 39,013.56 | \$ 59,000.00 | \$ 58,520.34 | -0.81% | \$ 61,000.00 | 4.24% | 3.39% | Based on number above |
| 16 | | 5120 | 116 | Insurance - Health | \$ 49,416.51 | \$ 85,000.00 | \$ 74,124.77 | -12.79% | \$ 93,000.00 | 25.46% | 9.41% | budgeted for a 10% rate increase. Will have actual in August |
| 17 | | 5120 | 117 | Insurance - Dental/Vision | \$ 2,791.24 | \$ 4,900.00 | \$ 4,423.24 | -9.73% | \$ 4,900.00 | 10.78% | 0.00% | budgeted for no rate increase |
| 18 | | 5120 | 118 | Insurance - Life/AD&D | \$ 193.05 | \$ 350.00 | \$ 289.58 | -17.26% | \$ 350.00 | 20.87% | 0.00% | budgeted for no rate increase |
| 19 | | 5120 | 119 | Insurance - LTD | \$ 3,983.77 | \$ 6,200.00 | \$ 5,975.66 | -3.62% | \$ 7,800.00 | 30.53% | 25.81% | Principle Financial |
| 20 | | 5120 | 120 | Insurance - Dread Disease | \$ 2,030.21 | \$ 3,700.00 | \$ 3,240.21 | -12.43% | \$ 3,700.00 | 14.19% | 0.00% | Manhattan |
| 21 | | 5140 | 121 | Insurance - Workers Comp | \$ 5,631.02 | \$ 8,000.00 | \$ 8,446.53 | 5.58% | \$ 8,700.00 | 3.00% | 8.75% | TML - assumes 8% rate increase |
| 22 | | 5150 | 131 | Retirement - TCDRS | \$ 15,364.78 | \$ 28,000.00 | \$ 23,047.17 | -17.69% | \$ 31,000.00 | 34.51% | 10.71% | Rate changes in January 23 from 3.95% to 3.81% but will pay higher rate |
| 23 | | 5700 | 211 | Payroll Service | \$ 813.27 | \$ 1,000.00 | \$ 1,219.91 | 21.99% | \$ 1,400.00 | 14.76% | 40.00% | Snelling fees for processing payroll. Price increase at 7/2022 |
| 24 | PAYROLL TOTAL | | | | \$ 686,013.87 | \$ 976,150.00 | \$ 921,063.85 | -5.64% | \$ 1,006,850.00 | 9.31% | 3.15% | |

GENERAL OPERATING BUDGET - FY2023 PROPOSED

| | A | B | C | D | E | F | G | H | I | J | K | L |
|----|----------------|------|-----|-------------------------------------|--|--------------------------------|-----------------------------------|---|--------------------------------|--|---|--|
| | | | | DESCRIPTION | FYE 2022 ACTUAL YTD MAY 31, 2022 | FYE 2022 APPROVED BUDGET | FYE 2022 PROJECTED YEAR END | FYE 2022 % Change Approved Budget to Projected Year End | FYE 2023 PROPOSED BUDGET | % Change FYE22 Projected YE to FYE23 Proposed | % Change FYE22 Approved Budget to FYE23 Proposed | Notes |
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | Column F to G | | Column G to I | Column F to I | |
| 25 | ADMINISTRATION | | | | | | | | | | | |
| 26 | | 2651 | 111 | Prin Exp Xerox Lease Copier Payment | \$ 2,116.24 | \$ 3,210.00 | \$ 3,174.36 | -1.11% | \$ 3,400.00 | 7.11% | 5.92% | Principle portion of Xerox lease payment, expires March 2024 |
| 27 | | 5200 | 101 | General Office Supplies | \$ 8,101.11 | \$ 10,000.00 | \$ 12,151.67 | 21.52% | \$ 15,000.00 | 23.44% | 50.00% | General office supplies. Includes Xerox usage expenses |
| 28 | | 5200 | 103 | Office Equip/Software | \$ 9,068.86 | \$ 20,000.00 | \$ 13,603.29 | -31.98% | \$ 20,000.00 | 47.02% | 0.00% | software/hardware. \$9K is software |
| 29 | | 5210 | 101 | Board Expenses | \$ 2,110.54 | \$ 1,500.00 | \$ 3,165.81 | 111.05% | \$ 3,000.00 | -5.24% | 100.00% | Board breakfast |
| 30 | | 5250 | 111 | Interest Exp Xerox Copier Lease | \$ 258.00 | \$ 360.00 | \$ 387.00 | 7.50% | \$ 200.00 | -48.32% | -44.44% | Interest portion of lease payment which expires March 2024 |
| 31 | | 5310 | 107 | Janitorial/Building Maint | \$ 18,865.95 | \$ 25,000.00 | \$ 28,298.93 | 13.20% | \$ 28,000.00 | -1.06% | 12.00% | Valentines. Includes B800, 50, 20 |
| 32 | | 5320 | 106 | Telephone Admin Cell | \$ 1,569.44 | \$ 2,400.00 | \$ 2,354.16 | -1.91% | \$ 2,400.00 | 1.95% | 0.00% | Cell phone reimbursements for 4 emp at \$50 per month |
| 33 | | 5340 | 127 | Postage | \$ 1,025.98 | \$ 2,000.00 | \$ 1,538.97 | -23.05% | \$ 2,000.00 | 29.96% | 0.00% | Postage and cost of machine and equipment |
| 34 | | 5350 | 114 | Insurance - Liability & Property | \$ 124,884.44 | \$ 191,300.00 | \$ 187,326.66 | -2.08% | \$ 205,000.00 | 9.43% | 7.16% | TML. Assumes 8% rate increase |
| 35 | | 5360 | 208 | License and Fee | \$ 524.71 | \$ 1,500.00 | \$ 787.07 | -47.53% | \$ 1,500.00 | 90.58% | 0.00% | TCEQ , boiler, and elevator licenses/fees |
| 36 | | 5363 | 124 | Staff Meetings | \$ 3,810.94 | \$ 5,000.00 | \$ 5,716.41 | 14.33% | \$ 5,000.00 | -12.53% | 0.00% | Staff lunch meetings & employee Christmas Party |
| 37 | | 5363 | 305 | Meetings & Memberships | \$ 2,651.50 | \$ 3,000.00 | \$ 3,977.25 | 32.58% | \$ 4,000.00 | 0.57% | 33.33% | Overflow Chamber events. For those not scheduled |
| 40 | | 5400 | 125 | Recruitment - Customer and New Emp | \$ 955.77 | \$ 1,000.00 | \$ 1,433.66 | 43.37% | \$ 1,000.00 | -30.25% | 0.00% | D&B used for vetting customers |
| 41 | | 5400 | 303 | Advertising & Printing | \$ 758.74 | \$ 2,000.00 | \$ 1,138.11 | -43.09% | \$ 2,000.00 | 75.73% | 0.00% | Stationary - letterhead, envelopes, checks |
| 42 | | 5410 | 132 | Awards & Recognition | \$ 243.95 | \$ 500.00 | \$ 365.93 | -26.82% | \$ 500.00 | 36.64% | 0.00% | Employee service awards |
| 43 | | 5540 | 134 | Prof Services - Document Shredding | \$ 752.29 | \$ 1,200.00 | \$ 1,128.44 | -5.96% | \$ 1,200.00 | 6.34% | 0.00% | VRC storage and shredding. Reduced services in 2020 |
| 44 | | 5540 | 401 | Prof Services - Campus | \$ - | \$ 2,000.00 | \$ - | -100.00% | \$ 2,000.00 | #DIV/0! | 0.00% | Other Staff training and other misc. services |
| 45 | | 5545 | 112 | Serv Contract - Network Maintenance | \$ 4,532.52 | \$ 8,000.00 | \$ 6,798.78 | -15.02% | \$ 8,000.00 | 17.67% | 0.00% | Switch IT support. Maint contract is \$2772 yr |
| 46 | | 5610 | 110 | ED Travel/Meetings | \$ 4,576.27 | \$ 3,500.00 | \$ 6,864.41 | 96.13% | \$ 5,000.00 | -27.16% | 42.86% | ED training/travel |
| 47 | | 5620 | 404 | Campus Training | \$ 2,714.00 | \$ 5,000.00 | \$ 4,071.00 | -18.58% | \$ 5,000.00 | 22.82% | 0.00% | All other employee training, SGR and cyber security |
| 48 | | 5700 | 203 | Audit Fee | \$ 34,200.00 | \$ 37,000.00 | \$ 34,200.00 | -7.57% | \$ 39,000.00 | 14.04% | 5.41% | Per Jimmy \$34,250 for audit and \$5000 for single audit |
| 49 | | 5710 | 113 | Legal Fees | \$ 26,784.88 | \$ 50,000.00 | \$ 40,177.32 | -19.65% | \$ 50,000.00 | 24.45% | 0.00% | FY16 \$61,000, FY17 \$45,000, FY18 \$23,400, FY19 \$38,612, FY20\$36,392 |
| 50 | ADMIN TOTAL | | | | \$ 250,506.13 | \$ 375,470.00 | \$ 358,659.20 | -4.48% | \$ 403,200.00 | 12.42% | 7.39% | |

GENERAL OPERATING BUDGET - FY2023 PROPOSED

| | A | B | C | D | E | F | G | H | I | J | K | L |
|----|-----------------|------|-----|------------------------------|--|--------------------------------|-----------------------------------|---|--------------------------------|--|---|---|
| | | | | DESCRIPTION | FYE 2022 ACTUAL YTD MAY 31, 2022 | FYE 2022 APPROVED BUDGET | FYE 2022 PROJECTED YEAR END | FYE 2022 % Change Approved Budget to Projected Year End | FYE 2023 PROPOSED BUDGET | % Change FYE22 Projected YE to FYE23 Proposed | % Change FYE22 Approved Budget to FYE23 Proposed | Notes |
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | Column F to G | | Column G to I | Column F to I | |
| 51 | | | | | | | | | | | | |
| 52 | UTILITIES | 5380 | 122 | Telephone Land Line | \$ 4,982.55 | \$ 9,300.00 | \$ 7,473.83 | -19.64% | \$ 9,000.00 | 20.42% | -3.23% | Digium \$220/mo and Vexus \$380/mo |
| 53 | | 5380 | 405 | Water/Wastewater | \$ 96,102.13 | \$ 200,000.00 | \$ 144,153.20 | -27.92% | \$ 200,000.00 | 38.74% | 0.00% | COL bill. FY21=\$169K FY20=\$197K FY19=\$200K FY18=\$122K |
| 54 | | 5380 | 423 | Electricity | \$ 98,774.88 | \$ 90,000.00 | \$ 148,162.32 | 64.62% | \$ 150,000.00 | 1.24% | 66.67% | SPEC bill. Significant rate increases |
| 55 | | 5380 | 439 | Gas | \$ 20,975.14 | \$ 15,000.00 | \$ 31,462.71 | 109.75% | \$ 30,000.00 | -4.65% | 100.00% | Atmos bill. |
| 56 | | 5380 | 502 | Internet | \$ 3,978.01 | \$ 4,600.00 | \$ 5,967.02 | 29.72% | \$ 6,200.00 | 3.90% | 34.78% | Vexus for KBR & TV= \$205/mo and UPN billed 20% = \$310/mo |
| 57 | UTILITIES TOTAL | | | | \$ 224,812.71 | \$ 318,900.00 | \$ 337,219.07 | 5.74% | \$ 395,200.00 | 17.19% | 23.93% | |
| 58 | | | | | | | | | | | | |
| 59 | MARKETING | 5430 | 102 | Office Enhancements | \$ 21.92 | \$ 1,000.00 | \$ 32.88 | -96.71% | \$ 1,000.00 | 2941.36% | 0.00% | Décor |
| 60 | | 5430 | 133 | Sponsorships | \$ 7,693.23 | \$ 8,500.00 | \$ 11,539.85 | 35.76% | \$ 8,500.00 | -26.34% | 0.00% | Chamber, LEDA, LBB Apt Assn, FISD, SPC Events, United Way |
| 61 | | 5430 | 301 | Marketing General | \$ 914.54 | \$ 3,000.00 | \$ 1,371.81 | -54.27% | \$ 3,000.00 | 118.69% | 0.00% | Other marketing |
| 62 | | 5430 | 302 | ED Expenses & Customer Gifts | \$ 8,545.95 | \$ 7,000.00 | \$ 12,818.93 | 83.13% | \$ 10,000.00 | -21.99% | 42.86% | ED lunch's with customers, customer gifts/Christmas gifts |
| 63 | | 5430 | 303 | Advertisement & Printing | \$ 560.50 | \$ 2,000.00 | \$ 840.75 | -57.96% | \$ 2,000.00 | 137.88% | 0.00% | Other marketing ads |
| 64 | | 5430 | 304 | Ads in Publications | \$ - | \$ 1,000.00 | \$ - | -100.00% | \$ 1,000.00 | 100.00% | 0.00% | Magazine ads |
| 65 | | 5430 | 305 | Meetings & Memberships | \$ 2,582.75 | \$ 3,000.00 | \$ 2,582.75 | -13.91% | \$ 3,000.00 | 16.16% | 0.00% | MBD Memberships - Highgrounds, etc. and prof orgn meetings |
| 66 | | 5430 | 307 | MBD Meals and Entertainment | \$ 695.91 | \$ 2,000.00 | \$ 1,043.87 | -47.81% | \$ 2,000.00 | 91.60% | 0.00% | MBD customer and potential customer lunches |
| 67 | | 5430 | 310 | MBD Travel | \$ 1,302.28 | \$ 2,000.00 | \$ 1,953.42 | -2.33% | \$ 2,000.00 | 2.38% | 0.00% | Conference travel |
| 68 | | 5430 | 311 | Marketing Training | \$ - | \$ 2,000.00 | \$ - | 0.00% | \$ 2,000.00 | 100.00% | 100.00% | Leadership Lubbock, other |
| 69 | | 5430 | 312 | Technology | \$ 12,842.55 | \$ 25,000.00 | \$ 19,263.83 | -22.94% | \$ 25,000.00 | 29.78% | 0.00% | LoopNet \$4860/yr, Contract Cre8tive \$3800/yr, Adobe Suite \$2300/yr |
| 70 | MARKETING TOTAL | | | | \$ 35,159.63 | \$ 56,500.00 | \$ 51,448.07 | -8.94% | \$ 59,500.00 | 15.65% | 5.31% | |
| 71 | | | | | | | | | | | | |

GENERAL OPERATING BUDGET - FY2023 PROPOSED

| | A | B | C | D | E | F | G | H | I | J | K | L |
|-----|--------------------------------|------|-----|--------------------------|--|--------------------------------|-----------------------------------|---|--------------------------------|--|---|--|
| | | | | DESCRIPTION | FYE 2022 ACTUAL YTD MAY 31, 2022 | FYE 2022 APPROVED BUDGET | FYE 2022 PROJECTED YEAR END | FYE 2022 % Change Approved Budget to Projected Year End | FYE 2023 PROPOSED BUDGET | % Change FYE22 Projected YE to FYE23 Proposed | % Change FYE22 Approved Budget to FYE23 Proposed | Notes |
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | Column F to G | | Column G to I | Column F to I | |
| 72 | OPERATIONS | 5900 | 401 | Campus General | \$ 572,667.30 | \$ 680,000.00 | \$ 682,667.30 | 0.39% | \$ 30,000.00 | -95.61% | -95.59% | YTD expense includes \$650K for RBP cleanup |
| 73 | | 5900 | 402 | Shop Supplies | \$ 3,254.76 | \$ 7,000.00 | \$ 4,882.14 | -30.26% | \$ 7,000.00 | 43.38% | 0.00% | Supplies for shop |
| 74 | | 5900 | 403 | Tools & Tool Repair | \$ 664.29 | \$ 5,000.00 | \$ 996.44 | -80.07% | \$ 5,000.00 | 401.79% | 0.00% | Tools and small repairs |
| 75 | | 5900 | 405 | Water System | \$ 7,943.90 | \$ 10,000.00 | \$ 11,915.85 | 19.16% | \$ 10,000.00 | -16.08% | 0.00% | Repairs for water system breaks |
| 76 | | 5900 | 406 | Ops Cell Phone | \$ 3,056.83 | \$ 5,000.00 | \$ 4,585.25 | -8.30% | \$ 5,000.00 | 9.05% | 0.00% | 4 cell phone reimb = \$2400 per yr plus Verizon iPad at \$180/mo |
| 77 | | 5900 | 407 | Work Clothes | \$ 2,970.84 | \$ 2,000.00 | \$ 2,970.84 | 48.54% | \$ 2,000.00 | -32.68% | 0.00% | Per policy, 11 shirts, 6 pants, 3 shorts, 1 jacket, 1 shoes |
| 78 | | 5900 | 417 | Animal/Pest control | \$ 585.00 | \$ 1,000.00 | \$ 877.50 | -12.25% | \$ 1,000.00 | 13.96% | 0.00% | Terminix and other bills associated with pest removal (L. Watson) |
| | | 5900 | 419 | Building Security/Safety | \$ 5,922.21 | \$ 12,000.00 | \$ 8,883.32 | -25.97% | \$ 12,000.00 | 35.08% | 0.00% | All security: S2 - toll tags, badges, software, Corvus - B800, B36, pump house, keys and cores, all fire related |
| 79 | | | | | | | | | | | | |
| 80 | | 5900 | 420 | Roof | \$ - | \$ 5,000.00 | \$ - | -100.00% | \$ 5,000.00 | #DIV/0! | 0.00% | Roof repairs |
| 81 | | 5900 | 421 | HVAC | \$ 29,384.04 | \$ 20,000.00 | \$ 29,384.04 | 46.92% | \$ 20,000.00 | -31.94% | 0.00% | Anthony Mechanical annual maint fees |
| 82 | | 5900 | 422 | Painting | \$ - | \$ 15,000.00 | \$ - | -100.00% | \$ 15,000.00 | #DIV/0! | 0.00% | No large paint projects planned |
| 83 | | 5900 | 423 | Electric | \$ 24,458.31 | \$ 8,000.00 | \$ 24,458.31 | 205.73% | \$ 12,000.00 | -50.94% | 50.00% | LED replacement and some electrical outsourcing |
| 84 | | 5900 | 424 | Fence Repair | \$ 3,975.00 | \$ 3,000.00 | \$ 5,962.50 | 98.75% | \$ 3,000.00 | -49.69% | 0.00% | Fence repairs - mostly collected from insurance |
| 85 | | 5900 | 425 | Plumbing & Irrigation | \$ 3,363.58 | \$ 10,000.00 | \$ 5,045.37 | -49.55% | \$ 10,000.00 | 98.20% | 0.00% | Plumbing repairs |
| 86 | | 5900 | 428 | Cleaning | \$ 2,299.04 | \$ 2,500.00 | \$ 3,448.56 | 37.94% | \$ 2,500.00 | -27.51% | 0.00% | Building cleaning to enable customer walk through. Cintas mat cleaning |
| 87 | | 5900 | 429 | Building Make Ready | \$ 130.16 | \$ 5,000.00 | \$ 130.16 | -97.40% | \$ - | -100.00% | -100.00% | For new customer move in |
| 88 | | 5900 | 430 | Ground Maintenance | \$ 185,907.58 | \$ 285,000.00 | \$ 278,861.37 | -2.15% | \$ 285,000.00 | 2.20% | 0.00% | L&N = \$204,705. Other = \$80,000 |
| 89 | | 5900 | 434 | Signage | \$ - | \$ 3,000.00 | \$ - | -100.00% | \$ 3,000.00 | #DIV/0! | 0.00% | Signs as needed for new customers |
| 90 | | 5900 | 440 | Door Repair | \$ 8,286.58 | \$ 5,000.00 | \$ 12,429.87 | 148.60% | \$ 8,000.00 | -35.64% | 60.00% | Repair of doors |
| 91 | | 5900 | 441 | Environmental | \$ - | \$ 2,500.00 | \$ - | -100.00% | \$ 2,500.00 | 100.00% | 0.00% | Misc. environmental |
| 92 | | 5900 | 442 | Safety Supplies | \$ 327.32 | \$ 2,000.00 | \$ 490.98 | -75.45% | \$ 2,000.00 | 307.35% | 0.00% | Safety equipment; harnesses, etc.. |
| 93 | | 5900 | 445 | Architect & Engineering | \$ 3,646.00 | \$ 40,000.00 | \$ 5,469.00 | -86.33% | \$ 25,000.00 | 357.12% | -37.50% | Parkhill misc engineering fees |
| 94 | | 5900 | 448 | KBR Event Expenses | \$ 2,698.82 | \$ 10,000.00 | \$ 4,048.23 | -59.52% | \$ 10,000.00 | 147.02% | 0.00% | Equipment rented for KBR events. Mostly vehicles. |
| 95 | | 5900 | 449 | Vehicle Repair & Maint | \$ 9,288.65 | \$ 5,000.00 | \$ 13,932.98 | 178.66% | \$ 5,000.00 | -64.11% | 0.00% | Vehicle repairs |
| 96 | | 5900 | 450 | Gas/Fuel | \$ 2,882.23 | \$ 7,000.00 | \$ 4,323.35 | -38.24% | \$ 7,000.00 | 61.91% | 0.00% | Fuel for vehicles and equipment |
| 97 | | 5900 | 451 | Windows | \$ 162.36 | \$ 3,000.00 | \$ 243.54 | -91.88% | \$ 3,000.00 | 1131.83% | 0.00% | Broken window repairs |
| 98 | OPERATIONS TOTAL | | | | \$ 873,874.80 | \$ 1,153,000.00 | \$ 1,106,006.88 | -4.08% | \$ 490,000.00 | -55.70% | -57.50% | |
| 99 | | | | | | | | | | | | |
| 100 | EXPENSE TOTAL | | | | \$ 2,070,367.14 | \$ 2,880,020.00 | \$ 2,774,397.06 | -3.67% | \$ 2,354,750.00 | -15.13% | -18.24% | |
| 101 | NET INCOME BEFORE DEPRECIATION | | | | \$ (2,432.87) | \$ 241,480.00 | \$ 321,402.58 | 33.10% | \$ 853,650.00 | 165.60% | 253.51% | |
| 102 | DEPRECIATION | 5305 | | Depreciation | \$ 368,040.41 | \$ 570,000.00 | \$ 552,060.62 | -3.15% | \$ 600,000.00 | 8.68% | NA | |
| 103 | NET INCOME | | | | \$ (370,473.28) | \$ (328,520.00) | \$ (230,658.03) | -29.79% | \$ 253,650.00 | -209.97% | -177.21% | |

GENERAL OPERATING BUDGET - FY2023 PROPOSED

| | A | B | C | D | E | F | G | H | I | J | K | L |
|-----|--|---|---|-------------|--|--------------------------------|--|---|--------------------------------|--|---|-------|
| | | | | DESCRIPTION | FYE 2022 ACTUAL YTD MAY 31, 2022 | FYE 2022 APPROVED BUDGET | FYE 2022 PROJECTED YEAR END | FYE 2022 % Change Approved Budget to Projected Year End | FYE 2023 PROPOSED BUDGET | % Change FYE22 Projected YE to FYE23 Proposed | % Change FYE22 Approved Budget to FYE23 Proposed | Notes |
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | Column F to G | | Column G to I | Column F to I | |
| 104 | | | | | | | | | | | | |
| 105 | | | | | | | | | | | | |
| 106 | FY 2021 CAPITAL PROJECTS | | | | ACTUAL YTD | APPROVED BUDGET | NOTES | | | | | |
| 107 | EDA Grant Match for Airfield Project | | | | \$ 376,973.59 | \$ 865,600.00 | In process | | | | | |
| 108 | 2021 Seal Coat | | | | \$ 77,509.68 | \$ 75,000.00 | Over budget by \$2,509.68 | | | | | |
| 109 | TOTAL | | | | \$ 454,483.27 | \$ 940,600.00 | | | | | | |
| 110 | | | | | | | | | | | | |
| 111 | | | | | | | | | | | | |
| 112 | FY 2022 CAPITAL PROJECTS | | | | ACTUAL YTD | APPROVED BUDGET | NOTES | | | | | |
| 113 | Bobcat Skid Steer - Actual Purchase John Deere Tractor from Group NIRE | | | | \$ 25,000.00 | \$ 35,000.00 | Under budget by \$10,000 | | | | | |
| 114 | Valve Maintenance Trailer | | | | \$ 68,718.75 | \$ 83,000.00 | Under budget by \$14,281.25 | | | | | |
| 115 | 2022 Seal Coat | | | | \$ 54,592.55 | \$ 75,000.00 | Under budget by \$20,407.45 | | | | | |
| 116 | B210 Lower Roof | | | | \$ - | \$ 50,000.00 | In process, \$98,446 was awarded bid | | | | | |
| 117 | Isolation Valves - South Campus | | | | \$ - | \$ 50,000.00 | on hold due to lack of and cost of materials | | | | | |
| 118 | B92 New Parking Lot | | | | \$ - | \$ 60,000.00 | on hold due to lack of and cost of materials | | | | | |
| 119 | TOTAL | | | | \$ 148,311.30 | \$ 353,000.00 | | | | | | |
| 120 | | | | | | | | | | | | |
| 121 | | | | | | | | | | | | |
| 122 | | | | | | | | | | | | |
| 123 | FY 2023 PROPOSED CAPITAL PROJECTS | | | | | | | | PROPOSED BUDGET | | | |
| 124 | 2023 Seal Coat | | | | | | | | \$ 75,000.00 | | | |
| 125 | Garage Doors - B51, B50, B1301, B74 total of 17 doors | | | | | | | | \$ 60,000.00 | | | |
| 126 | | | | | | | | | | | | |
| 127 | | | | | | | | | | | | |
| 128 | TOTAL | | | | | | | | \$ 135,000.00 | | | |
| 129 | | | | | | | | | | | | |

AGENDA ITEM 7

EXECUTIVE SUMMARY

FY2023 DATA CENTER/FIBER OPTICS BUDGET

We are pleased to present you with the following preliminary Data Center/Fiber Optics budget for Fiscal Year 2023. A summary of FY2022 and five years comparison are below.

Current Year – FY 2022

- We project total income at FYE to be approximately \$255,041, about 23% more than the budgeted amount of \$207,000. This difference is due to United Supermarkets who was scheduled to be moved out of the Data Center over 12 months ago; they continue to operate there and are very slowly moving from a cage to a rack. Additionally, we have added one new rack customer to the Data Center.
- On the expense side, we expect total expenses of \$161,728, an approximate 13% increase than what was budgeted. This increase is due to a large building maintenance expense.
- We project to end FY 2022 with net income before depreciation of approximately \$93,313, versus the budgeted amount of \$64,500 resulting in a 45% increase than what was projected.

Proposed Budget – FY 2023

- Our proposed FY 2023 budget calls for small growth in use of fiber by customers and additional rack space customers resulting in projected income of \$237,000.
- FY 2023 projected expenses, \$164,900, are about even with the FY 2022 projected year end amount of \$161,728. We anticipate additional expenses to service the generator.

DATA CENTER/FIBER OPTICS FUND - COMPARISON

| | FY 2019 - Audited | FY 2020 - Audited | FY 2021 - Audited | FY 2022 - Projected | FY 2023 - Proposed |
|----------------|----------------------|----------------------|----------------------|------------------------|-----------------------|
| TOTAL INCOME | \$ 196,291 | \$ 217,781 | \$ 222,734 | \$ 255,041 | \$ 237,000 |
| TOTAL EXPENSES | \$ 169,211 | \$ 166,652 | \$ 145,051 | \$ 161,728 | \$ 164,900 |
| | | | | | |
| NET INCOME | \$ 27,080 | \$ 51,129 | \$ 77,683 | \$ 93,313 | \$ 72,100 |
| | | | | | |

Amounts do not include depreciation & capital expenses

DATA CENTER/FIBER OPTICS BUDGET - FY2023 PROPOSED

| | A | B | C | D | E | F | G | H | I | J | K | L |
|----|--------------------------------|------|-----|-----------------------|--|--------------------------------|-----------------------------------|--|--------------------------------|---|---|---|
| 1 | | | | DESCRIPTION | FYE 2022 ACTUAL YTD MAY 31, 2022 | FYE 2022 APPROVED BUDGET | FYE 2022 PROJECTED YEAR END | FYE 2022 % Change Approved Budget to Projected Year End | FYE 2023 PROPOSED BUDGET | % Change FYE22 Projected YE to FYE23 Proposed | % Change FYE22 Approved Budget to FYE23 Proposed | NOTES |
| 2 | INCOME | | | | | | | Column F to G | | Column G to I | Column F to I | |
| 3 | | 4260 | 0 | Usage Fees | \$ 18,004.41 | \$ 12,000.00 | \$ 27,006.62 | 125.06% | \$ 27,000.00 | -0.02% | 125.00% | Metered usage charged to customers-United, TTU, & SitePro |
| 5 | | 4800 | 0 | Fiber Optic Income | \$ 152,022.94 | \$ 195,000.00 | \$ 228,034.41 | 16.94% | \$ 210,000.00 | -7.91% | 7.69% | Co-location leases, fiber & conduit fees. United to move out?? |
| 6 | INCOME TOTAL | | | | \$ 170,027.35 | \$ 207,000.00 | \$ 255,041.03 | 23.21% | \$ 237,000.00 | -7.07% | 14.49% | |
| 7 | | | | | | | | | | | | |
| 8 | UTILITIES | 5220 | 502 | Internet Charges | \$ 13,777.28 | \$ 22,000.00 | \$ 20,665.92 | -6.06% | \$ 22,000.00 | 6.46% | 0.00% | UPN \$1550/mo 80% billed to DC. Suddenlink \$490 100% to DC |
| 9 | | 5380 | 423 | Electric | \$ 45,885.78 | \$ 60,000.00 | \$ 68,828.67 | 14.71% | \$ 70,000.00 | 1.70% | 16.67% | SPEC bill for data center, avg monthly \$5,700 |
| 10 | | 5380 | 439 | Gas | \$ 1,431.67 | \$ 1,700.00 | \$ 2,147.51 | 26.32% | \$ 2,300.00 | 7.10% | 35.29% | Atmos bill for data center, avg monthly \$190 |
| 11 | UTILITIES TOTAL | | | | \$ 61,094.73 | \$ 83,700.00 | \$ 91,642.10 | 9.49% | \$ 94,300.00 | 2.90% | 12.66% | |
| 12 | | | | | | | | | | | | |
| 13 | ADMINISTRATION | 5310 | 428 | Janitorial Cleaning | \$ 2,513.36 | \$ 3,800.00 | \$ 3,770.04 | -0.79% | \$ 3,800.00 | 0.79% | 0.00% | Valentines \$314.17 per month |
| 14 | | 5350 | 114 | Insurance | \$ 6,572.86 | \$ 10,000.00 | \$ 9,859.29 | -1.41% | \$ 10,800.00 | 9.54% | 8.00% | TML. 8% assumed increase. 5% of total ins allocated here |
| 16 | ADMIN TOTAL | | | | \$ 9,086.22 | \$ 13,800.00 | \$ 13,629.33 | -1.24% | \$ 14,600.00 | 7.12% | 5.80% | |
| 17 | | | | | | | | | | | | |
| 18 | OPERATIONS | 5560 | 0 | Building Maintenance | \$ 13,260.98 | \$ 10,000.00 | \$ 19,891.47 | 98.91% | \$ 10,000.00 | -49.73% | 0.00% | Expenses for all things related to B36 |
| 19 | | 5800 | 0 | Equipment Maintenance | \$ 4,776.40 | \$ 11,000.00 | \$ 7,164.60 | -34.87% | \$ 16,000.00 | 123.32% | 45.45% | Maint contracts. TDI \$4,268/yr, Eaton \$5,891/yr. generator maint scheduled for FY23 |
| 20 | | 5800 | 414 | IT Support/NOC Maint | \$ 19,600.00 | \$ 24,000.00 | \$ 29,400.00 | 22.50% | \$ 30,000.00 | 2.04% | 25.00% | Switch \$1,950/mo & \$500/mo for United. United moving out?? |
| 21 | OPERATIONS TOTAL | | | | \$ 37,637.38 | \$ 45,000.00 | \$ 56,456.07 | 25.46% | \$ 56,000.00 | -0.81% | 24.44% | |
| 22 | | | | | | | | | | | | |
| 23 | EXPENSE TOTAL | | | | \$ 107,818.33 | \$ 142,500.00 | \$ 161,727.50 | 13.49% | \$ 164,900.00 | 1.96% | 15.72% | |
| 24 | | | | | | | | | | | | |
| 25 | NET INCOME BEFORE DEPRECIATION | | | | \$ 62,209.02 | \$ 64,500.00 | \$ 93,313.53 | 44.67% | \$ 72,100.00 | -22.73% | 11.78% | |
| 26 | DEPRECIATION | 5305 | 0 | Depreciation | \$ 21,135.00 | \$ 35,000.00 | \$ 31,702.50 | -9.42% | \$ 35,000.00 | 10.40% | 100.00% | |
| 27 | NET INCOME | | | | \$ 41,074.02 | \$ 29,500.00 | \$ 61,611.03 | 108.85% | \$ 37,100.00 | -39.78% | 25.76% | |
| 28 | | | | | | | | | | | | |
| 29 | FY 2022 CAPITAL PROJECTS | | | | | | | | | | | |
| 30 | None | | | | | | | | | | | |
| 31 | | | | | | | | | | | | |
| 32 | | | | | | | | | | | | |
| 33 | FY 2023 CAPITAL PROJECTS | | | | | | | | | | | |
| 34 | None | | | | | | | | | | | |
| 35 | | | | | | | | | | | | |
| 36 | | | | | | | | | | | | |

FINANCIAL REPORT

May 2022

CASH BALANCES - MAY 31, 2022

| | 4/30/2022 | 5/31/2022 | Change |
|---|---------------------|---------------------|--------------------|
| General Fund Bank Accounts | \$ 2,685,137 | \$ 2,961,029 | \$ 275,892 |
| Fiber Optic Fund Checking | \$ - | \$ - | \$ - |
| EDA Grant Checking | \$ 325,337 | \$ 325,247 | \$ (90) |
| Capital Maintenance - Designated | \$ 855,000 | \$ 855,000 | \$ - |
| Petty Cash | \$ 100 | \$ 100 | \$ - |
| Total Cash | \$ 3,865,574 | \$ 4,141,376 | \$ 275,802 |
| Accounts Receivable - G/F | \$ 256,233 | \$ 207,471 | \$ (48,762) |
| Accounts Receivable - F/O | \$ 13,207 | \$ 8,429 | \$ (4,778) |
| Total Accounts Receivable | \$ 269,440 | \$ 215,900 | \$ (53,540) |
| Total Cash & Accounts Receivable | \$ 4,135,014 | \$ 4,357,276 | \$ 222,262 |

Aged Accounts Receivable as of 05/31/2022

| CURRENT | 1 - 30 Days - Invoices | 31 - 60 Days - Invoices | 61 > Days - Invoices | Over 90 Days | TOTAL |
|------------|------------------------|-------------------------|----------------------|--------------|------------|
| 192,416.94 | 16,231.56 | 4,117.50 | 1,480.00 | 1,568.12 | 215,814.12 |

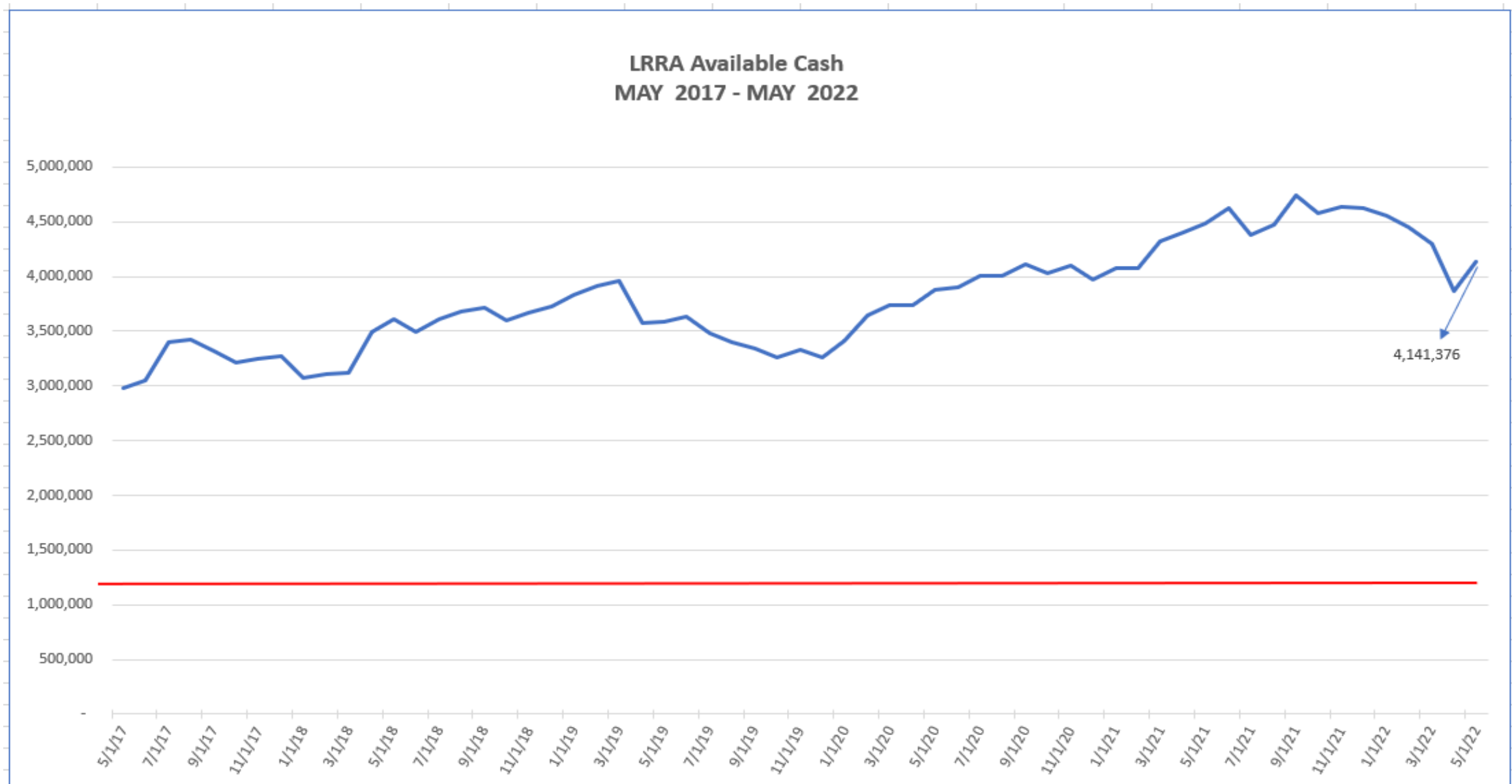
Aged Accounts Receivable as of 06/13/2022

| | | | | | |
|------------|-----------|---|---|---|------------|
| 136,695.52 | 13,910.53 | - | - | - | 150,606.05 |
|------------|-----------|---|---|---|------------|

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

| | |
|------------------------|-----------|
| GROUP SEAL COAT - 2021 | 72,797.77 |
| GROUP SEAL COAT - 2022 | 49,482.10 |

| |
|---------------|
| \$ 122,279.87 |
|---------------|



FINANCIAL HIGHLIGHTS - MAY 2022

| DESCRIPTION | Month G/F | Month F/O | Month's Total | YTD | G/F YTD | F/O | YTD Total |
|----------------------------|--------------|--------------|---------------|--------------|-------------|--------------|--------------|
| Operating Revenue | \$ 275,369 | \$ 19,694 | \$ 295,063 | \$ 1,877,503 | \$ 152,023 | \$ 2,029,526 | |
| Other Revenue - Usage Fees | \$ 34,460 | \$ 1,325 | \$ 35,785 | \$ 182,673 | \$ 11,880 | \$ 194,553 | |
| Total Revenue | \$ 309,829 | \$ 21,019 | \$ 330,848 | \$ 2,060,176 | \$ 163,903 | \$ 2,224,079 | |
| Expenses | \$ 193,282 | \$ 15,773 | \$ 209,055 | \$ 2,068,351 | \$ 107,818 | \$ 2,176,169 | |
| Net Income BPSID | \$ 116,547 | \$ 5,246 | \$ 121,793 | \$ (8,175) | \$ 56,085 | \$ 47,910 | |
| Interest Income - Plus | \$ 1,390 | \$ - | \$ 1,390 | \$ 7,760 | \$ - | \$ 7,760 | |
| Depreciation - Less | \$ (49,924) | \$ (3,283) | \$ (53,207) | \$ (368,040) | \$ (21,135) | \$ (389,175) | |
| Net Income | \$ 68,013 | \$ 1,963 | \$ 69,976 | \$ (368,455) | \$ 34,950 | \$ (333,505) | |

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

GROUP SEAL COAT - 2021 72,797.77

GROUP SEAL COAT - 2022 49,482.10

\$ 122,279.87

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 5/31/2022

(In Whole Numbers)

| | General Fund | EDA Grant Fund | Data Center / Fiber Optic Fund | Total |
|---------------------------------|---------------------|-----------------------|---------------------------------------|-------------------|
| ASSETS | | | | |
| CASH | 2,961,129 | 325,247 | - | 3,286,376 |
| DESIGNATED-CAPITAL MAINT | 610,000 | - | - | 610,000 |
| WATER INFRASTRUCTURE RESERVE | 245,000 | - | - | 245,000 |
| INVESTMENTS | - | - | - | - |
| ACCOUNTS RECEIVABLE | 207,471 | - | 8,429 | 215,900 |
| ALLOWANCE FOR DOUBTFUL | - | - | - | - |
| INTERFUND TRANSFERS | - | - | - | - |
| NOTES RECEIVABLE | 3,777 | - | - | 3,777 |
| CONSTRUCTION IN PROGRESS | (13,344) | 376,974 | - | 363,630 |
| PROPERTY AND EQUIPMENT, NET | 6,468,587 | - | 153,904 | 6,622,490 |
| OTHER ASSETS | 116,978 | - | 11,203 | 128,181 |
| Total ASSETS | 10,599,598 | 702,220 | 173,535 | 11,475,354 |
| LIABILITIES | | | | |
| ACCOUNTS PAYABLE | 6,952 | - | - | 6,952 |
| ACCRUED EXPENSES | 111,786 | - | 4,568 | 116,353 |
| DEFERRED REVENUE | 191,053 | - | 18,883 | 209,936 |
| NET PENSION LIABILITIES | (1,713) | - | - | (1,713) |
| NOTES PAYABLE | 6,126 | - | - | 6,126 |
| INTERFUND TRANSFERS | - | - | - | - |
| REFUNDABLE DEPOSITS | 69,144 | - | 223 | 69,366 |
| OTHER LIABILITIES | 1,470 | - | - | 1,470 |
| Total LIABILITIES | 384,817 | - | 23,673 | 408,490 |
| FUND EQUITY | | | | |
| BEGINNING OF PERIOD | 12,177,186 | - | (776,816) | 11,400,370 |
| YEAR TO DATE EARNINGS | (368,455) | - | 34,950 | (333,505) |
| Total FUND EQUITY | 11,808,731 | - | (741,867) | 11,066,864 |
| TOTAL LIABILITY AND FUND | 12,193,548 | - | (718,193) | 11,475,354 |

LUBBOCK REESE REDEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 From 10/1/2021 Through 5/31/2022

(In Whole Numbers)

| | <u>General Fund</u> | <u>Data Center / Fiber Optic Fund</u> | <u>Total</u> |
|---|-------------------------|---|-------------------------|
| OPERATING REVENUES | 2,060,176 | 163,903 | 2,224,079 |
| OPERATING EXPENSES | 2,436,391 | 128,953 | 2,565,345 |
| OPERATING INCOME(LOSS) | <u>(376,215)</u> | <u>34,950</u> | <u>(341,265)</u> |
| NONOPERATING INTEREST INCOME | 7,760 | - | 7,760 |
| NET NONOPERATING REVENUES | <u>7,760</u> | <u>-</u> | <u>7,760</u> |
| INCREASE (DECREASE) IN FUND EQUITY | <u>(368,455)</u> | <u>34,950</u> | <u>(333,505)</u> |
| FUND EQUITY, BEGINNING | 12,177,186 | (776,816) | 11,400,370 |
| FUND EQUITY, ENDING | 11,808,731 | (741,867) | 11,066,864 |

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2021 Through 5/31/2022

(In Whole Numbers)

| | General Fund | Data Center / Fiber Optic Fund | Total |
|----------------------------------|---------------------|---|------------------|
| LEASES | 1,362,303 | - | 1,362,303 |
| USAGE FEES | 182,673 | 11,880 | 194,553 |
| PBT CAM FEES | 480,192 | - | 480,192 |
| CONTRACT SERVICES | 6,868 | - | 6,868 |
| DATA CENTER / FIBER OPTIC INCOME | - | 152,023 | 152,023 |
| TOTAL OPERATING REVENUE | 2,032,036 | 163,903 | 2,195,939 |
| UTILITY FRANCHISE FEES | 24,118 | - | 24,118 |
| INSURANCE PROCEEDS | 3,975 | - | 3,975 |
| OTHER MISCELLANEOUS REVENUE | 47 | - | 47 |
| TOTAL REVENUES | 2,060,176 | 163,903 | 2,224,079 |

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2021 Through 5/31/2022

(In Whole Numbers)

| | <u>General Fund</u> | <u>Data Center / Fiber Optic Fund</u> | <u>Total</u> |
|--|----------------------------|--|-------------------------|
| OPERATING EXPENSES | | | |
| SALARIES & TAXES | 605,790 | - | 605,790 |
| BENEFITS - HEALTH, RETIREMENT & WKR'S COMP | 79,411 | - | 79,411 |
| INSURANCE - PROPERTY & GENERAL LIABILITY | 124,884 | 6,573 | 131,457 |
| ADMINISTRATIVE EXPENSES | 7,983 | - | 7,983 |
| GENERAL OFFICE EXPENSES | 42,714 | 2,513 | 45,228 |
| ACCTG. & AUDITING SERVICES | 35,013 | - | 35,013 |
| COMPUTER SOFTWARE & MAINT. | - | 24,376 | 24,376 |
| INTERNET | - | 13,777 | 13,777 |
| LEGAL SERVICES | 26,785 | - | 26,785 |
| NETWORK MAINTENANCE CONTRACT | 4,533 | - | 4,533 |
| TRAINING & TRAVEL | 7,390 | - | 7,390 |
| MARKETING EXPENSES | 35,160 | - | 35,160 |
| OPERATIONS - GROUND MAINT. AND ENGINEERING CONTRACTS | 873,875 | - | 873,875 |
| UTILITIES | 224,813 | 47,317 | 272,130 |
| DEPRECIATION EXPENSE | 368,040 | 21,135 | 389,175 |
| Total OPERATING EXPENSES | <u>2,436,391</u> | <u>115,692</u> | <u>2,552,084</u> |

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2022 Through 5/31/2022

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 | 211,443 | 175,000 | 36,443 | 1,362,303 | 1,400,000 | (37,697) |
| PBT Cam Fees | 60,024 | 60,000 | 24 | 480,192 | 480,000 | 192 |
| Usage Fees | 34,460 | 20,833 | 13,626 | 182,673 | 166,667 | 16,006 |
| Contract Services | 1,864 | 1,250 | 614 | 6,868 | 10,000 | (3,132) |
| Utility Franchise Fees | 2,038 | 1,667 | 371 | 24,118 | 22,333 | 1,785 |
| Insurance Proceeds | - | - | - | 3,975 | - | 3,975 |
| Other-Miscellaneous | - | - | - | 47 | - | 47 |
| Total REVENUES | 309,828 | 258,750 | 51,078 | 2,060,176 | 2,079,000 | (18,824) |
| EXPENSES | | | | | | |
| Salaries & Taxes | 52,531 | 69,917 | 17,386 | 605,790 | 559,333 | (46,457) |
| Benefits - Health, Retirement & Wkr's | 10,485 | 11,346 | 861 | 79,411 | 90,767 | 11,356 |
| Insurance -Property & General Liabilities | 15,611 | 15,942 | 331 | 124,884 | 127,533 | 2,649 |
| Administrative Expenses | 569 | 933 | 365 | 7,983 | 9,467 | 1,483 |
| General Office Expenses | 4,247 | 5,355 | 1,108 | 42,714 | 42,840 | 126 |
| Accounting & Auditing Services | 21,182 | 83 | (21,098) | 35,013 | 37,667 | 2,653 |
| Legal Services | 3,060 | 4,167 | 1,107 | 26,785 | 33,333 | 6,548 |
| Network Maintenance Contract | 711 | 667 | (45) | 4,533 | 5,333 | 801 |
| Training & Travel | 1,122 | 708 | (414) | 7,390 | 5,667 | (1,724) |
| Marketing Expenses | 3,245 | 4,708 | 1,463 | 35,160 | 37,667 | 2,507 |
| Operations | 41,425 | 96,083 | 54,659 | 873,875 | 768,667 | (105,208) |
| Utilities | 39,096 | 30,908 | (8,187) | 224,813 | 187,267 | (37,546) |
| Total EXPENSES | 193,282 | 240,818 | 47,535 | 2,068,351 | 1,905,540 | (162,811) |
| NIBPSID | 116,546 | 17,932 | 98,613 | (8,174) | 173,460 | (181,634) |
| NON OPERATING REVENUE | | | | | | |
| Interest Income | 1,390 | 625 | 765 | 7,760 | 5,000 | 2,760 |
| Total NON OPERATING REVENUE | 1,390 | 625 | 765 | 7,760 | 5,000 | 2,760 |
| DEPRECIATION | | | | | | |
| Depreciation Expense | (49,924) | (47,500) | (2,424) | (368,040) | (380,000) | 11,960 |
| Total DEPRECIATION | (49,924) | (47,500) | (2,424) | (368,040) | (380,000) | 11,960 |
| Increase (Decrease) In Fund Equity | 68,011 | (28,943) | 96,954 | (368,455) | (201,540) | (166,915) |

GENERAL FUND

Explanation of Significant Budget Variances

2022 MAY

| | | Month Variance | | YTD Variance | | Explanations | Projected Outcome at Year End |
|--|------------|----------------|----------------|--------------|----------------|---|---------------------------------------|
| Expenses, Salaries & Taxes | 5100, 5110 | \$ | 17,386 UNDER | \$ | (46,457) OVER | Incentive for QTR 2 2022 was paid | Year End is expected to be on budget |
| Expenses, Accounting & Auditing Services | 5700 | \$ | (21,098) UNDER | \$ | 2,653 UNDER | Audit costs have not been paid | Year End is expected to be on budget. |
| Expenses, Operations | 5900 | \$ | 54,659 UNDER | \$ | (105,208) OVER | Reese Business Park clean-up - 4 payments totaling to date \$ 558,637.20 WITH | Year End is expected to be on budget |
| Expenses, Utilities | 5380 | \$ | (8,187) OVER | \$ | (37,546) OVER | Budget \$ were small for thru March May starts the larger \$ - actuals are higher | Year End is expected to be on budget. |

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2022 Through 5/31/2022

DATA CENTER / FIBER OPTIC 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 | 1,325 | 1,000 | 325 | 11,880 | 8,000 | 3,880 |
| Fiber Optic/Wireless Income | 19,694 | 16,250 | 3,444 | 152,023 | 130,000 | 22,023 |
| Total REVENUES | 21,019 | 17,250 | 3,769 | 163,903 | 138,000 | 25,903 |
| EXPENSES | | | | | | |
| Insurance -Property & General Liabilities | 822 | 833 | 12 | 6,573 | 6,667 | 94 |
| General Office Expenses | 314 | 317 | 3 | 2,513 | 2,533 | 20 |
| Computer Software & Maintenance | 2,941 | 2,917 | (24) | 24,376 | 23,333 | (1,043) |
| Internet | 1,722 | 1,833 | 111 | 13,777 | 14,667 | 889 |
| Building Maintenance & Repairs | 3,580 | 833 | (2,747) | 13,261 | 6,667 | (6,594) |
| Utilities | 6,394 | 5,142 | (1,253) | 47,317 | 41,133 | (6,184) |
| Total EXPENSES | 15,773 | 11,875 | (3,898) | 107,818 | 95,000 | (12,818) |
| NIBPSID | 5,246 | 5,375 | (129) | 56,085 | 43,000 | 13,085 |
| DEPRECIATION | | | | | | |
| Depreciation Expense | (3,283) | (2,917) | (367) | (21,135) | (23,333) | 2,198 |
| Total DEPRECIATION | (3,283) | (2,917) | (367) | (21,135) | (23,333) | 2,198 |
| Increase (Decrease) In Fund Equity | 1,962 | 2,458 | (496) | 34,950 | 19,667 | 15,283 |

COMBINED FUNDS

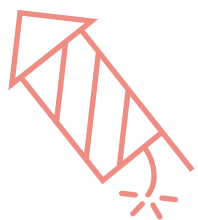
(In Whole Numbers)

| | Current Month Actual | Current Month Budget | Actual vs Budget Variance | YTD Actual | YTD Budget | YTD Actual vs Budget Variance |
|--|-------------------------|-------------------------|---------------------------------|------------------|------------------|-------------------------------------|
| REVENUES | | | | | | |
| Leases | 211,443 | 175,000 | 36,443 | 1,362,303 | 1,400,000 | (37,697) |
| PBT Cam Fees | 60,024 | 60,000 | 24 | 480,192 | 480,000 | 192 |
| Usage Fees | 35,785 | 21,833 | 13,952 | 194,553 | 174,667 | 19,886 |
| Contract Services | 1,864 | 1,250 | 614 | 6,868 | 10,000 | (3,132) |
| Utility Franchise Fees | 2,038 | 1,667 | 371 | 24,118 | 22,333 | 1,785 |
| Insurance Proceeds | - | - | - | 3,975 | - | 3,975 |
| Other-Miscellaneous | - | - | - | 47 | - | 47 |
| Fiber Optic/Wireless Income | 19,694 | 16,250 | 3,444 | 152,023 | 130,000 | 22,023 |
| Total REVENUES | 330,847 | 276,000 | 54,847 | 2,224,079 | 2,217,000 | 7,079 |
| EXPENSES | | | | | | |
| Salaries & Taxes | 52,531 | 69,917 | 17,386 | 605,790 | 559,333 | (46,457) |
| Benefits - Health, Retirement & Wkr's Comp | 10,485 | 11,346 | 861 | 79,411 | 90,767 | 11,356 |
| Insurance -Property & General Liabilities | 16,432 | 16,775 | 343 | 131,457 | 134,200 | 2,743 |
| Administrative Expenses | 569 | 933 | 365 | 7,983 | 9,467 | 1,483 |
| General Office Expenses | 4,561 | 5,672 | 1,110 | 45,228 | 45,373 | 146 |
| Accounting & Auditing Services | 21,182 | 83 | (21,098) | 35,013 | 37,667 | 2,653 |
| Computer Software & Maintenance | 2,941 | 2,917 | (24) | 24,376 | 23,333 | (1,043) |
| Internet | 1,722 | 1,833 | 111 | 13,777 | 14,667 | 889 |
| Legal Services | 3,060 | 4,167 | 1,107 | 26,785 | 33,333 | 6,548 |
| Network Maintenance Contract | 711 | 667 | (45) | 4,533 | 5,333 | 801 |
| Training & Travel | 1,122 | 708 | (414) | 7,390 | 5,667 | (1,724) |
| Marketing Expenses | 3,245 | 4,708 | 1,463 | 35,160 | 37,667 | 2,507 |
| Operations | 41,425 | 96,083 | 54,659 | 873,875 | 768,667 | (105,208) |
| Building Maintenance & Repairs | 3,580 | 833 | (2,747) | 13,261 | 6,667 | (6,594) |
| Utilities | 45,490 | 36,050 | (9,440) | 272,130 | 228,400 | (43,730) |
| Total EXPENSES | 209,056 | 252,693 | 43,637 | 2,176,169 | 2,000,540 | (175,629) |
| NIBPSID | 121,791 | 23,307 | 98,484 | 47,910 | 216,460 | (168,550) |
| NON OPERATING REVENUE | | | | | | |
| Interest Income | 1,390 | 625 | 765 | 7,760 | 5,000 | 2,760 |
| Total NON OPERATING REVENUE | 1,390 | 625 | 765 | 7,760 | 5,000 | 2,760 |
| DEPRECIATION | | | | | | |
| Depreciation Expense | (53,208) | (50,417) | (2,791) | (389,175) | (403,333) | 14,158 |
| Total DEPRECIATION | (53,208) | (50,417) | (2,791) | (389,175) | (403,333) | 14,158 |
| Increase (Decrease) In Fund Equity | 69,973 | (26,484) | 96,458 | (333,505) | (181,874) | (151,632) |

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

(In Whole Numbers)

| | Current Month Actual | Prior Year's Month Actual | Variance | | Prior Year's YTD Actual | Variance |
|--|-------------------------|------------------------------|-----------------|------------------|----------------------------|------------------|
| | | | | YTD Actual | | |
| REVENUES | | | | | | |
| Leases | 211,443 | 158,632 | 52,811 | 1,362,303 | 1,361,503 | 800 |
| PBT Cam Fees | 60,024 | 60,024 | - | 480,192 | 480,192 | - |
| Usage Fees | 35,785 | 27,855 | 7,930 | 194,553 | 187,578 | 6,975 |
| Contract Services | 1,864 | - | 1,864 | 6,868 | 16,493 | (9,625) |
| Utility Franchise Fees | 2,038 | 1,685 | 353 | 24,118 | 26,391 | (2,273) |
| Insurance Proceeds | - | 30,751 | (30,751) | 3,975 | 185,214 | (181,239) |
| Other-Miscellaneous | - | - | - | 47 | - | 47 |
| Fiber Optic/Wireless Income | 19,694 | 18,372 | 1,322 | 152,023 | 125,292 | 26,731 |
| Total REVENUES | 330,847 | 297,318 | 33,529 | 2,224,079 | 2,382,663 | (158,584) |
| EXPENSES | | | | | | |
| Salaries & Taxes | 52,531 | 51,116 | 1,415 | 605,790 | 510,108 | 95,682 |
| Benefits - Health, Retirement & Wkr's Comp | 10,485 | 10,828 | (343) | 79,411 | 87,273 | (7,862) |
| Insurance -Property & General Liabilities | 16,432 | 14,992 | 1,440 | 131,457 | 119,717 | 11,740 |
| Administrative Expenses | 569 | 356 | 213 | 7,983 | 4,895 | 3,088 |
| General Office Expenses | 4,561 | 6,853 | (2,292) | 45,228 | 50,896 | (5,668) |
| Accounting & Auditing Services | 21,182 | 81 | 21,101 | 35,013 | 31,617 | 3,396 |
| Computer Software & Maintenance | 2,941 | 5,075 | (2,134) | 24,376 | 26,461 | (2,085) |
| Internet | 1,722 | 1,695 | 27 | 13,777 | 13,558 | 219 |
| Legal Services | 3,060 | 1,647 | 1,413 | 26,785 | 21,473 | 5,312 |
| Network Maintenance Contract | 711 | 642 | 69 | 4,533 | 4,781 | (248) |
| Training & Travel | 1,122 | 66 | 1,056 | 7,390 | 1,152 | 6,238 |
| Marketing Expenses | 3,245 | 4,551 | (1,306) | 35,160 | 35,868 | (708) |
| Operations | 41,425 | 32,064 | 9,361 | 873,875 | 329,200 | 544,675 |
| Building Maintenance & Repairs | 3,580 | (2,079) | 5,659 | 13,261 | 3,589 | 9,672 |
| Utilities | 45,490 | 18,210 | 27,280 | 272,130 | 180,121 | 92,009 |
| Total EXPENSES | 209,056 | 146,096 | 62,960 | 2,176,169 | 1,420,709 | 755,460 |
| NIBPSID | 121,791 | 151,222 | (29,431) | 47,910 | 961,954 | (914,044) |
| NON OPERATING REVENUE | | | | | | |
| Interest Income | 1,390 | 903 | 487 | 7,760 | 6,822 | 938 |
| Total NON OPERATING REVENUE | 1,390 | 903 | 487 | 7,760 | 6,822 | 938 |
| DEPRECIATION | | | | | | |
| Depreciation Expense | (53,208) | (47,995) | (5,213) | (389,175) | (383,963) | (5,212) |
| Total DEPRECIATION | (53,208) | (47,995) | (5,213) | (389,175) | (383,963) | (5,212) |
| Increase (Decrease) In Fund Equity | 69,973 | 104,130 | (34,157) | (333,505) | 584,813 | (918,318) |



JUNE 2022 – EVENTS & ACTIVITIES

| | DATE | EVENT |
|--|----------------|--|
| JUNE | June 2, 2022 | Cybersecurity Training for Reese Staff |
| | 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) |
| LOOKING AHEAD | | |
| JULY | July 4, 2022 | LRRA CLOSED FOR INDEPENDENCE DAY HOLIDAY |
| | July 14, 2022 | 4 th Annual Customer Appreciation Cookout – Fajita Fiesta |
| THERE WILL BE NO LRRA BOARD OF DIRECTORS MEETING IN JULY | | |
| AUGUST | | |
| | | |

