

LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
REGULAR MEETING AND ANNUAL 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, October 26, 2022

Time: 8:00 a.m.

Place: Reese Technology Center, LRRR 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. a. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.072, regarding certain matters concerning real property. Discussions regarding interest in the lease, sale, or value of buildings and property. b. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters: <ul style="list-style-type: none"> • Executive Director • Manager of Business Development • Manager of Accounting • Manager of Operations • Operations Lead • Service Technician • Service Technician • Administrative Coordinator • Administrative Assistant • Board of Directors c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney.	TAB 2	John Tye Muvat Musa Steve Verett Muvat Musa Darrell Guthrie
3. Action Item – Election of LRRRA Officers for Fiscal Year 2023 and Board Committee Assignments	TAB 3	Steve Verett
4. Action Item – Consider the Minutes of the September 28, 2022, Board of Directors Meeting	TAB 4	Steve Verett

5. Action Item – Consider Lease for Edge Logistics, Inc., d/b/a Aerolane for Building 792	TAB 5	Murvat Musa
6. Discussion Item – Financial Reports	TAB 6	Sandy Hamilton
7. Discussion Item – Reese Events & Activities	TAB 7	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, October 21, 2022.

by: Lacy Elliott
Lacy Elliott, Administrative Coordinator

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

ITEM 1

Citizen Comments

ITEM 2

EXECUTIVE SESSION

Information to be provided at
meeting
(if applicable)

AGENDA ITEM 3
ELECTION OF LRRRA OFFICERS AND COMMITTEE ASSIGNMENTS
FOR FISCAL YEAR 2023
EXECUTIVE SUMMARY

Each year at the Annual Meeting of the LRRRA Board of Directors (held in October), the Board votes on an Executive Committee and the Board President appoints board members to serve on various committees.

Attached is the FY2022 list of Executive Committee members and committee assignments and a proposed list for FY2023. You will notice that they are the same. The current Executive Committee members have indicated they are willing to serve another year if approved by the Board.

FY2022
LRRA Board of Directors
Officers & Committees

OFFICERS:

Executive Committee:

President: Steve Verett

Vice-President: Todd McKee

Secretary/Treasurer: Tim Pierce

COMMITTEES:

Lease Review Committee:

Chair: Todd McKee

Vice-Chair: George McMahan

Member: Tim Collins

Compensation Committee:

Chair: Steve Verett

Vice-Chair: Todd McKee

Member: Tim Pierce

Project Review Committee:

As Needed

Major Real Estate Resolutions Committee:

Chair: John Tye

Vice-Chair: John Hamilton

Officer Nominations: (not a standing committee)

As Needed

**FY2023 PROPOSED
LRRRA Board of Directors
Officers & Committees**

OFFICERS:

Executive Committee:

President: Steve Verett

Vice-President: Todd McKee

Secretary/Treasurer: Tim Pierce

COMMITTEES:

Lease Review Committee:

Chair: Todd McKee

Vice-Chair: George McMahan

Member: Tim Collins

Compensation Committee:

Chair: Steve Verett

Vice-Chair: Todd McKee

Member: Tim Pierce

Project Review Committee:

As Needed

Major Real Estate Resolutions Committee:

Chair: John Tye

Vice-Chair: John Hamilton

Officer Nominations: (not a standing committee)

As Needed

BOARD ACTION ITEM #2022-1026-120

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
OCTOBER 27, 2022**

Item to be Considered:

Approve the Election of the LRRRA Officers for the Fiscal Year 2023

Previous Board Action:

- a. The Board of Directors reviews and approves their annual officer elections as a routine matter.

Statement of Pertinent Facts:

- a. The Board of Directors must elect officers for the next fiscal year per the LRRRA Bylaws.
- b. The following officers have been selected for FY 2023:
 - President:
 - Vice-President:
 - Secretary:

Advice, Opinions, Recommendations and Motion:

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

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby Approves the Election of the LRRRA Officers for the Fiscal Year 2023 as submitted on this 26th day of October 2022.”

Steve Verett, Vice-President

ATTEST:

Board Member

Lubbock Reese Redevelopment Authority

Board Meeting Minutes

September 28, 2022

The Lubbock Reese Redevelopment Authority held a regular meeting at 8:00 a.m. Wednesday, September 28, 2022, at the Reese Technology Center, LRRRA Board Room, 9801 Reese Boulevard, Suite 200, Lubbock, TX 79416.

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

MEMBERS PRESENT:

Steve Verett
Tim Collins

Todd McKee
John Hamilton

John Tye
George McMahan

MEMBERS ABSENT:

Tim Pierce

OTHERS PRESENT:

Reese Staff:

Murvat Musa-Executive Director, Sandy Hamilton-Manager of Accounting, Chris Evans-Manager of Operations, Lacy Elliott-Administrative Coordinator, Cecilia Davila-Administrative Assistant.

Legal Counsel:

Darrell Guthrie

Others:

James Bolin, Paul Schendel, Colby Stevens, Mark Dieter of KBR, Eric Nardo of Navy

Call the meeting to order.

Steve Verett called the meeting to order at 8:09 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 8:11 a.m.

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

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

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

No action was taken in the Executive Session.

Reconvene the Board of Directors Meeting

Steve Verett adjourned the Executive Session at 9:02 a.m. and reconvened Open Session at 9:07 a.m.

ITEM 3 KBR Leadership Presentation

Discussion Item –James Bolin, Paul Schendel, Colby Stevens, and Mark Dieter of KBR presented the LRRRA Board of Directors with a plaque in recognition of KBR’s 10-year anniversary of operating their test facility at Reese.

ITEM 4 Consider the Minutes of the August 24, 2022, Board of Directors Meeting

Action Item – Tim Collins moved to approve the minutes of the August 24, 2022, Board of Directors meeting and John Tye seconded; the motion passed 6-0.

ITEM 5 Consider LRRRA Board of Directors Meeting Schedule and LRRRA Holiday Schedule.

Action Item – Todd McKee moved to approve the 2022 – 2023 LRRRA Board of Directors Meeting Schedule and LRRRA Holiday Schedule, and John Tye seconded; the motion passed 6-0.

ITEM 6 Consider Easement Improvement Agreement, Easement, and Partial Release of Restrictive Easements for Safety Area for Group NIRE and GE.

Action Item – Tim Collins moved to approve the Easement Improvement Agreement, Easement, and Partial Release of Restrictive Easements for Safety Area for Group NIRE and GE, Todd McKee seconded; the motion passed 6-0.

ITEM 7 **Consider FY2023 Operating, Data Center/Fiber Optics, & Capital Budgets. Action Item** – John Hamilton moved to approve the FY2023 Operating, Data Center/Fiber Optics, & Capital Budgets. Todd McKee seconded, and the motion passed 6-0.

ITEM 8 **Financial Reports**
Discussion Item – No action required. Sandra Hamilton presented the August financial reports.

ITEM 9 **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 9:50 a.m.

Content of minutes agreed to and approved by:

Approved by _____
Steve Verett, President

ATTEST:

LRRRA Board Member

AGENDA ITEM 5
EXECUTIVE SUMMARY
Edge Logistics, Inc., d/b/a Aerolane
Building 792 and Pad Site

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

Edge Logistics (d/b/a Aerolane) is a member of the UAS Matador Consortium in collaboration with TTUHSC, SPC, BNSF, and 2THEDGE and is a new customer for Reese.

Aerolane plans to use Building 792 (Hush House) for drone operations that cross multiple programs including healthcare (organ delivery) and infrastructure maintenance. In addition to using the building, they will be installing a portable office trailer on the property and the lease rate reflects both those components.

This lease is for three years at \$8 per square foot and 3% annual increases. There is one option to renew for an additional two years. 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.



Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Deal Sheet

Edge Logistics, Inc. d/b/a Aerolane
Building 792
"Subject to Board Approval"

September 21, 2022

Prospective Tenant:

Edge Logistics, Inc., a Delaware company (dba Aerolane)

This organization is part of the UAS (drone) Consortium in collaboration with TTUHSC, SPC, and BNSF.

Premises:

Building 792 (Estimated 3,940 SF)
1309 Runway Drive
Lubbock, TX 79416

Pad site of 75' X 35' (estimated 2,625 SF) to be used to place a modular office building on the west side of building 792.

Financials:

In lieu of providing personal financial statements of the owners and since this company is relatively new with little history, the owners have opted to prepay 12 months of rent.

Type of Lease:

Modified Gross Lease

Primary Term for Building 792 (3,940 SF) and Pad Site (2,625 SF):

Tenant will pay \$8.00 per SF 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 (3,940 sq ft)
Year 1	\$31,520.00	\$2,626.67	\$8.00
Year 2	\$32,465.60	\$2,705.47	\$8.24
Year 3	\$33,450.60	\$2,787.55	\$8.49
Total	\$97,436.20		

**Renewal Options:**

Tenant shall have one (1) option to renew for two (2) years. Each option year will have a 3% annual increase.

Termination Option:

In the event the FAA program is cancelled, Tenant will provide 90 days written notice to terminate the lease and will pay the remainder of that year's lease term.

Security Deposit:

Tenant will pay a deposit equal to one month's rent in the amount of \$2,626.67.

Utilities:

Tenant is responsible for all utilities to be paid directly to provider for both Building 792 and any modular buildings.

Maintenance & Expenses:

There is no make ready expense to Reese.

Construction Expenses to Tenant:

1. Tenant shall pay for fiber installation to Building 792 and to the modular office building, the cost of which is approximately \$20,000.
2. Tenant shall be responsible for placement and installation of the office building and all needed hookups to water, wastewater, electric, and gas and any other services needed at Tenant's expense.

Other items:

1. Tenant will be allowed to sublease the space to several other organizations. This is standard in all leases.
2. 24/7/365 access to leased facility and runway may be restricted if it interferes with other customers. Specifically, over night during a KBR event. These events will be communicated to the Tenant and access coordinated if necessary.
3. Placement of a handful of external private IP cameras (closed circuit) to monitor internal and external area of hush house, modular building and runway approaches will be allowed but we may ask you to turn them off on occasion, generally when KBR is having an event.
4. One additional modular building placed next to the first building to allow for temporary crew rest locations and additional workshop/material support will be allowed and rate will be negotiated at that time.

STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

EDGE LOGISTICS, INC., a Delaware corporation d/b/a AEROLANE

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 792 and adjacent pad site

1309 Runway 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 EDGE LOGISTICS, INC., a Delaware corporation, d/b/a AEROLANE (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: EDGE LOGISTICS, INC., a Delaware corporation, d/b/a AEROLANE, whose Federal Taxpayer Identification Number _____.

(d) Tenant Address: _____.

(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 1309 Runway Drive, Lubbock, Texas 79416, which is commonly known as Building # 792 and a 75'x 35' pad site (approximately 2,625 square feet, hereinafter the "Premises Pad Site") immediately adjacent to the Premises and identified collectively as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"). It is expressly understood and agreed by the Parties that the Tenant may place one modular building on the Premises Pad Site.

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

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

(k) Option to Extend Term: Tenant shall have one (1) renewal option of two (2) years, such option to be exercised automatically unless Landlord receives written notice from Tenant of its desire not to exercise the option to extend term no less than one hundred eighty days (180) days prior to expiration of the Initial Term. Without receipt of such notice, this Lease shall be extended automatically for the period specified in Section 1(j) without the necessity for the execution of any further instrument and upon the same terms and conditions as are contained in this Lease, except

the then existing Base Rent will be increased by a fixed three percent (3%) annually during each year of the Extension Period. The adjustment in the Base Rent will be determined by multiplying the then existing Base Rent specified in the lease ("Base Rent") by 1.03, which will result in a "Revised Renewal Period Base Rent."

(l) Delivery Date: November 1, 2022.

(m) Commencement Date: November 1, 2022.

(n) Termination Date: October 31, 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, trash dumpsters, telephone service, internet service, Tenant renovations, Premises maintenance, or housekeeping services, except as otherwise provided in this Lease. Subject to this paragraph, Base Rent shall be no less than set forth below, the then existing Base Rent will be increased by a fixed three percent (3%) annually during each year of the Lease Term. The adjustment in the Base Rent will be determined by multiplying the then existing Base Rent specified during the Lease Term ("Base Rent") by 1.03, which will result in a "Revised Base Rent."

Initial Term Lease Year	Total Annual Rent	Total Monthly Payment	Annual Base Rent Per Square Foot Area (3,940 square feet)
Year 1	\$31,520.00	\$2,626.67	\$8.00
Year 2	\$32,465.60	\$2,705.47	\$8.24
Year 3	\$33,450.60	\$2,787.55	\$8.49
Renewal Year 1	\$34,435.60	\$2,869.63	\$8.74
Renewal Year 2	\$35,460.00	\$2,955.00	\$9.00

It is expressly understood and agreed to by the Parties that should Tenant install an additional modular building next to the first modular building on the Premises Pad Site that the Parties shall negotiate a Revised Annual Base Rent for the Premises. This additional modular building shall be for temporary crew rest and additional workshop/material support associated with the Permitted Use.

(p) Security Deposit: Landlord agrees to accept as a security deposit one (1) months Base Rent in the amount of \$2,626.67. 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: Subject to Section 1(r), this Lease is terminable by Landlord, if Tenant is in default on this Lease and provided the Landlord is not in default on this Lease,

Landlord's termination of this Lease shall not relieve Tenant of the obligation to pay the Rent and other charges set forth in this Lease for the term of the Lease.

(r) Tenant's Option to Terminate: The Lease is terminable by the Tenant upon ninety (90) days written notice to the Landlord of the Federal Aviation Administration ("FAA") program providing funding being cancelled for the Permitted Use, as set forth in Section 1(t).

(s) Early Termination Fee: Upon providing ninety (90) days written notice of its option to Terminate the Lease, Tenant shall pay the remainder of that year's lease term or three (3) months' Rent, whichever is greater.

(t) Permitted Use: Tenant may use the Premises for the purposes of support to unmanned aerial system (UAS) operations, testing, and training as part of the UAS Matador Consortium and provided for in FAA program number _____, the "Permitted Use."

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

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

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

2. DEFINITIONS

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

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

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

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

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

3. RENT AND RENT INVOICES

(a) Rent. Tenant agrees to pay to Landlord the first twelve (12) months Base Rent, as set forth in Section 1(o), in the amount of \$31,520.00 in advance on or before the Commencement Date, without deduction or setoff. Thereafter, beginning with the payment of Base Rent due on November 1, 2023, Tenant agrees to pay to Landlord the Base Rent set forth in Section 1(o), in advance on the 1st business day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date. Rent will be considered Past Due and in default if not received by the 10th of the month.

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

2. REAL ESTATE TAXES AND OTHER TAXES

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

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

5. TENANT COVENANTS

(a) Tenant Agrees to –

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

(2) Accept the Premises in their present condition “AS IS, WHERE IS CONDITION,” the Premises being currently suitable for the Permitted Use. Tenant shall have the right to perform improvements to the Premises, to include the installation of the modular office building and all needed hookups to water, wastewater, electric, gas, fiber optic cabling, and any other services needed at Tenant’s expense, 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 Reese Technology Center Operating Manual, as amended, and 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 Operating Manual, as amended, and as may be amended from time to time, which do not unreasonably interfere with Tenant's use of the Premises and are equally applicable to all Project tenants. For subparagraph (iii) of this paragraph, reasonableness is as determined in good faith by Tenant within 30 days after receiving from Landlord a written copy of the requirement, rule, or regulation in question.

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

(16) [Not Applicable]

(17) Tenant shall provide Landlord evidence of FAA approval at least thirty (30) days in advance of beginning to provide the FAA Permitted Uses.

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

(19) Tenant shall pay for fiber optic installation to the Premises and to any modular office building installed on the Premises.

(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) Subject to Section 12.q., 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) [Not Applicable]

(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) Violate the restrictions and limitations identified in Sections 6(a)(5) and (6).

6. LANDLORD COVENANTS

(a) Landlord agrees to –

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

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

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

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

(5) Subject to the requirements of Sections 13.b. and 14, allow Tenant 24/7/365 access to the Premises, runway, and airfield ("UAS Facilities"). Landlord expressly reserves the right to restrict access to the UAS Facilities, if Tenant's use interferes with use by other customers of the Landlord. Landlord will notify Tenant of any event that will limit or restrict access to the UAS Facilities.

(6) To the placement of a specified number of external private IP cameras (the "Closed Circuit Cameras") to monitor internal and external areas of the UAS Facilities. It is expressly understood and agreed to by the Parties that Landlord may request, and Tenant will turn off the Closed Circuit Cameras for specified periods of time related to use of the runways and airfield by other customers of the Landlord.

(b) Landlord agrees not to—

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

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

3. COMMON AREAS

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

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

4. UTILITIES AND TRASH REMOVAL

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

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

9. DAMAGE BY CASUALTY

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

(b) Tenant's Right to Terminate. If more than 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.

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

(f) Definitions. As used herein,

(i) "Landlord's Affiliated Parties" shall be construed broadly to include its officers, employees, agents, subcontractors, and the United States Air Force Real Property Agency and its contractors in their role to remediate certain groundwater issues, as set forth in 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, and to include but not limited to per- and polyfluoroalkyl substances (PFAS) around the former Reese Air Force Base.

(ii) "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;

(iii) "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

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

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

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

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

11. INSURANCE AND WAIVER OF SUBROGATION

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

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

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

(f) Release of Claims/Subrogation. LANDLORD AND TENANT RELEASE EACH OTHER AND ANY LIENHOLDER FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES OR BUILDING, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE BUILDING, AND LOSS OF BUSINESS OR REVENUES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LEASE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LANDLORD AND TENANT WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES

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

12. ADDITIONAL LANDLORD AND TENANT AGREEMENTS

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

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

c. Condemnation/Substantial or Partial Taking

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

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

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

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

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

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

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

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

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

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

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

(5) failing to pay timely Rent;

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

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

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

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

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

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

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

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

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

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

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

LANDLORD:

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

With a copy to:

Darrell J. Guthrie
Law Office of Darrell J. Guthrie, PLLC

4414 82nd Street
Ste 212 PMB #328
Lubbock, TX 79424
Email: djg@djguthrielaw.com

TENANT:

Edge Logistics, Inc.
d/b/a Aerolane
_____, President

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, 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. Without limiting the foregoing, any notice required or permitted to be given under this Lease may be sent by e-mail at the appropriate e-mail address set forth in this Section 12.m, as the same may be amended, or to such other e-mail address as Landlord or Tenant may from time to time designate in a notice to the other; provided that such e-mailed notice expressly states that it represents a notice under Section 12.m. of this Lease. Any e-mailed notice shall be deemed given on the date of delivery, provided that (i) such delivery is reasonably confirmed as received by the recipient (i.e., no error report is received by the sender); and (ii) if delivery occurs after 5:00 p.m. in the time zone of the recipient or on a non-business day, then such notice shall be deemed received on the first business day after the day of delivery.

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.

It is expressly understood and agreed that the Tenant may sublet the Premises to BNSF (the “BNSF Sublease”). Therefore, Landlord hereby grants its consent to any BNSF Sublease.

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.***

bb. Counterparts; Signatures. This Lease may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Lease and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Lease and of signature pages by facsimile transmission, email or other electronic means (including, without limitation, DocuSign or other third party electronic signature verification service) shall constitute effective execution and delivery of this Lease as to the parties and may be used in lieu of the original Lease for all purposes. Signatures of the parties transmitted by facsimile, email or other electronic means (including, without limitation, DocuSign or other third party electronic signature verification service) shall be deemed to be their original signatures for all purposes.

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 affect on Tenant's ability to operate in the Premises or which will adversely affect access to the Premises.

14. SECURITY CONDITIONS

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

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

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

/Signature Page Follows/

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

LUBBOCK REESE
REDEVELOPMENT AUTHORITY
("Landlord")

EDGE LOGISTICS, INC. d/b/a AEROLANE
("Tenant")

By: Murvat Musa
Its: Chief Executive Officer

By: _____
Its: _____




Date

Date

Aerolane


Exhibit A

Legend

-  Building #792
-  Parking
-  Trailer Pad Site (2,625 SF)

75'

35'

 Building #792

**BOARD ACTION ITEM #2022-1026-121
AEROLANE LEASE FOR B792**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
OCTOBER 26, 2022**

Item to be Considered:

Consider Lease for Edge Logistics, Inc. d/b/a Aerolane for Building 792

Previous Board Action:

None

Statement of Pertinent Facts:

- a. Aerolane is a new customer for Reese and is a member of the UAS Matador Consortium
- b. Use of Premises: Drone Operations
- c. Pad site for portable office trailer to be installed on property by Building 792
- d. Proposed Lease for Building 792 and Pad Site:
 - 1. Term: 3 years
 - 2. Rate: \$8/SF in first year, annual increases of 3% thereafter
 - 3. Renewal Options: one 2-year option to renew

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 Edge Logistics d/b/a Aerolane for Building 792 and Pad Site, subject to negotiation of final terms and conditions, on this 26th day of October 2023.”

Steve Verett, Vice-President

ATTEST:

Board Member

CASH BALANCES - SEPTEMBER 30, 2022

	8/31/2022	9/30/2022	Change
General Fund Bank Accounts	\$ 2,655,752	\$ 2,710,266	\$ 54,514
Fiber Optic Fund Checking	\$ -	\$ -	\$ -
EDA Grant Checking	\$ 413,204	\$ 233,060	\$ (180,144)
Capital Maintenance - Designated	\$ 855,000	\$ 855,000	\$ -
Petty Cash	\$ 100	\$ 100	\$ -
Total Cash	\$ 3,924,056	\$ 3,798,426	\$ (125,630)
Accounts Receivable - G/F	\$ 304,741	\$ 224,825	\$ (79,916)
Accounts Receivable - F/O	\$ 7,999	\$ 7,999	\$ -
Total Accounts Receivable	\$ 312,740	\$ 232,824	\$ (79,916)
Total Cash & Accounts Receivable	\$ 4,236,796	\$ 4,031,250	\$ (205,546)

Aged Accounts Receivable as of 09/30/2022

CURRENT	1 - 30 Days - Invoices	31 - 60 Days - Invoices	61 > Days - Invoices	Over 90 Days	TOTAL
202,643.84	61,002.93	-	157.94	-	263,804.71

Aged Accounts Receivable as of 10/14/2022

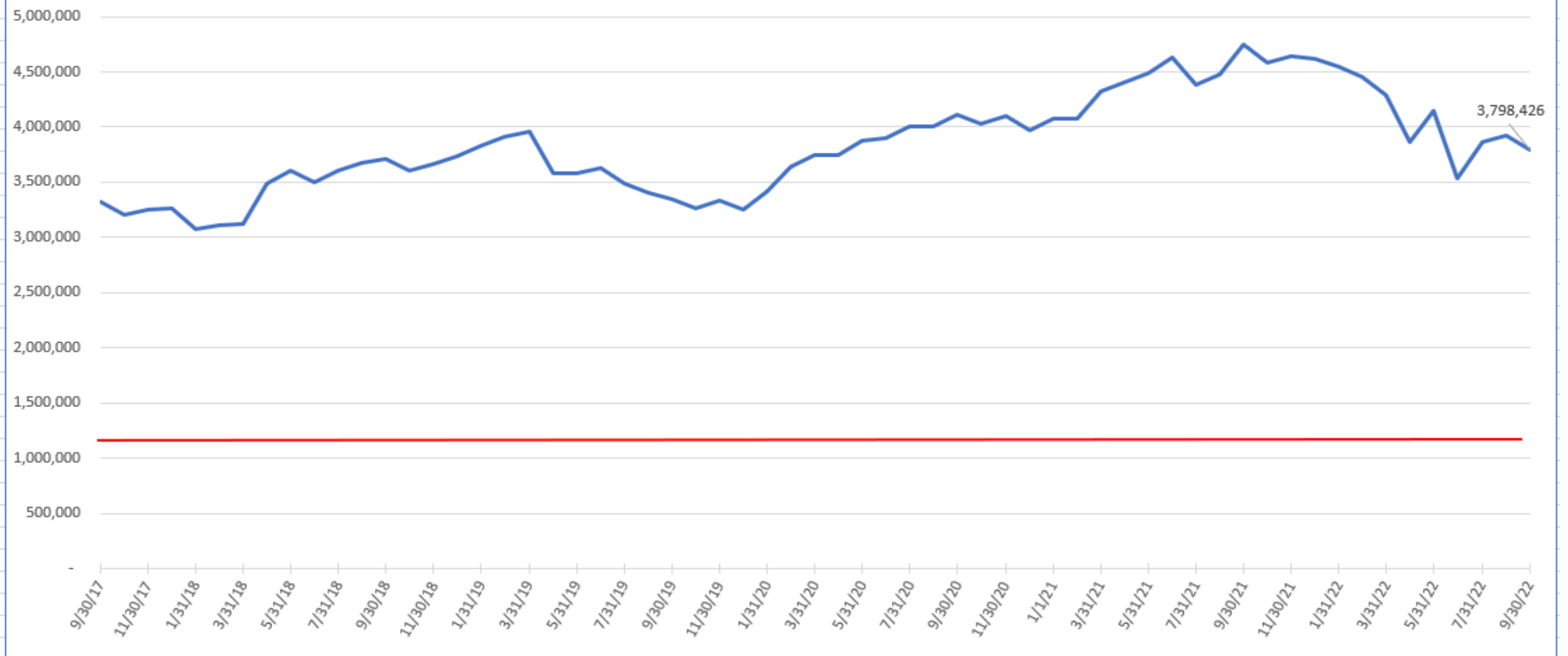
32,989.12	11,270.88	-	-	-	44,260.00
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EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

PURCHASE OF BLDG # 629	60,521.72	CAPITALIZED
PARKHILL - EDA - FINAL CHARGES	30,251.20	CAPITALIZED
PERIMETER FENCE COMPLETION	531,618.75	CAPITALIZED

\$ 622,391.67

LRRA Available Cash
SEPTEMBER 2017 - SEPTEMBER 2022



FINANCIAL HIGHLIGHTS - SEPTEMBER 30, 2022

DESCRIPTION	Month G/F	Month F/O	Month's Total	YTD	G/F YTD	F/O	YTD Total
Operating Revenue	\$ 239,355	\$ 18,694	\$ 258,049	\$ 2,850,086	\$ 229,715	\$ 3,079,801	
Other Revenue - Usage Fees	\$ 35,516	\$ 5,912	\$ 41,428	\$ 306,524	\$ 30,875	\$ 337,399	
Total Revenue	\$ 274,871	\$ 24,606	\$ 299,477	\$ 3,156,610	\$ 260,590	\$ 3,417,200	
Expenses	\$ 182,963	\$ 14,465	\$ 197,428	\$ 2,979,724	\$ 166,431	\$ 3,146,155	
Net Income BPSID	\$ 91,908	\$ 10,141	\$ 102,049	\$ 176,886	\$ 94,159	\$ 271,045	
Interest Income - Plus	\$ 3,907	\$ -	\$ 3,907	\$ 19,939	\$ -	\$ 19,939	
Depreciation - Less	\$ (49,999)	\$ (3,283)	\$ (53,282)	\$ (567,813)	\$ (34,269)	\$ (602,082)	
Net Income	\$ 45,816	\$ 6,858	\$ 52,674	\$ (370,988)	\$ 59,890	\$ (311,098)	

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 9/30/2022

(In Whole Numbers)

	General Fund	EDA Grant Fund	Data Center / Fiber Optic Fund	Total
ASSETS				
CASH	2,710,366	233,060	-	2,943,426
DESIGNATED-CAPITAL MAINT	610,000	-	-	610,000
WATER INFRASTRUCTURE RESERVE	245,000	-	-	245,000
INVESTMENTS	-	-	-	-
ACCOUNTS RECEIVABLE	224,825	-	17,344	242,170
ALLOWANCE FOR DOUBTFUL	-	-	-	-
INTERFUND TRANSFERS	-	-	-	-
NOTES RECEIVABLE	3,777	-	-	3,777
CONSTRUCTION IN PROGRESS	(231,979)	929,161	-	697,182
PROPERTY AND EQUIPMENT, NET	6,692,281	-	140,770	6,833,051
OTHER ASSETS	51,421	-	6,775	58,196
Total ASSETS	10,305,692	1,162,220	164,889	11,632,802
LIABILITIES				
ACCOUNTS PAYABLE	22,739	-	490	23,229
ACCRUED EXPENSES	109,854	-	4,568	114,422
DEFERRED REVENUE	306,308	-	18,883	325,191
NET PENSION LIABILITIES	(1,713)	-	-	(1,713)
NOTES PAYABLE	5,036	-	-	5,036
INTERFUND TRANSFERS	-	-	-	-
REFUNDABLE DEPOSITS	75,674	-	223	75,896
OTHER LIABILITIES	1,470	-	-	1,470
Total LIABILITIES	519,367	-	24,163	543,531
FUND EQUITY				
BEGINNING OF PERIOD	12,177,186	-	(776,816)	11,400,370
YEAR TO DATE EARNINGS	(370,988)	-	59,890	(311,099)
Total FUND EQUITY	11,806,198	-	(716,927)	11,089,271
TOTAL LIABILITY AND FUND	12,325,565	-	(692,763)	11,632,802

LUBBOCK REESE REDEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
From 10/1/2021 Through 9/30/2022

(In Whole Numbers)

	<u>General Fund</u>	<u>Data Center / Fiber Optic Fund</u>	<u>Total</u>
OPERATING REVENUES	3,156,610	260,589	3,417,199
OPERATING EXPENSES	3,547,537	200,700	3,748,237
OPERATING INCOME(LOSS)	<u><u>(390,927)</u></u>	<u><u>59,890</u></u>	<u><u>(331,037)</u></u>
NONOPERATING INTEREST INCOME	19,939	-	19,939
NET NONOPERATING REVENUES	<u><u>19,939</u></u>	<u><u>-</u></u>	<u><u>19,939</u></u>
INCREASE (DECREASE) IN FUND	<u><u>(370,988)</u></u>	<u><u>59,890</u></u>	<u><u>(311,099)</u></u>
FUND EQUITY, BEGINNING	12,177,186	(776,816)	11,400,370
FUND EQUITY, ENDING	11,806,198	(716,927)	11,089,271

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2021 Through 9/30/2022

(In Whole Numbers)

	General Fund	Data Center / Fiber Optic Fund	Total
LEASES	2,068,062	-	2,068,062
USAGE FEES	306,524	30,875	337,398
PBT CAM FEES	721,488	-	721,488
CONTRACT SERVICES	22,081	-	22,081
DATA CENTER / FIBER OPTIC	-	229,715	229,715
TOTAL OPERATING REVENUE	<u>3,118,155</u>	<u>260,589</u>	<u>3,378,744</u>
UTILITY FRANCHISE FEES	34,480	-	34,480
INSURANCE PROCEEDS	3,975	-	3,975
OTHER MISCELLANEOUS	-	-	-
TOTAL REVENUES	<u>3,156,610</u>	<u>260,589</u>	<u>3,417,199</u>

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2021 Through 9/30/2022

(In Whole Numbers)

	General Fund	Data Center / Fiber Optic Fund	Total
OPERATING EXPENSES			
SALARIES & TAXES	841,376	-	841,376
BENEFITS - HEALTH, RETIREMENT & WKR'S COMP	121,310	-	121,310
INSURANCE - PROPERTY & GENERAL LIABILITY	187,888	9,038	196,926
ADMINISTRATIVE EXPENSES	10,189	-	10,189
GENERAL OFFICE EXPENSES	60,723	3,770	64,493
ACCTG. & AUDITING SERVICES	35,374	-	35,374
COMPUTER SOFTWARE & MAINT.	-	36,140	36,140
INTERNET	-	20,666	20,666
LEGAL SERVICES	44,517	-	44,517
NETWORK MAINTENANCE CONTRACT	7,287	-	7,287
TRAINING & TRAVEL	15,205	-	15,205
MARKETING EXPENSES	55,339	-	55,339
OPERATIONS - GROUND MAINT. AND ENGINEERING	1,200,142	-	1,200,142
UTILITIES	400,227	81,608	481,836
DEPRECIATION EXPENSE	567,813	34,269	602,082
Total OPERATING EXPENSES	3,547,389	185,490	3,732,880

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 9/1/2022 Through 9/30/2022

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	162,249	175,000	(12,751)	2,068,062	2,100,000	(31,938)
PBT Cam Fees	61,224	60,000	1,224	721,488	720,000	1,488
Usage Fees	35,516	20,833	14,683	306,524	250,000	56,524
Contract Services	12,922	1,250	11,672	22,081	15,000	7,081
Utility Franchise Fees	2,960	1,667	1,293	34,480	29,000	5,480
Insurance Proceeds	-	-	-	3,975	-	3,975
Total REVENUES	274,871	258,750	16,121	3,156,610	3,114,000	42,610
EXPENSES						
Salaries & Taxes	46,353	69,917	23,564	841,376	839,000	(2,376)
Benefits - Health, Retirement & Wkr's Comp	10,029	11,346	1,317	121,310	136,150	14,840
Insurance -Property & General Liabilities	16,172	15,942	(231)	187,888	191,300	3,412
Administrative Expenses	969	933	(36)	10,189	13,200	3,011
General Office Expenses	6,388	5,355	(1,033)	60,723	64,260	3,537
Accounting & Auditing Services	111	83	(28)	35,374	38,000	2,626
Legal Services	7,139	4,167	(2,972)	44,517	50,000	5,483
Network Maintenance Contract	591	667	75	7,287	8,000	713
Training & Travel	2,216	708	(1,508)	15,205	8,500	(6,705)
Marketing Expenses	5,551	4,708	(842)	55,339	56,500	1,161
Operations	43,088	96,083	52,995	1,200,142	1,153,000	(47,142)
Building Maintenance & Repairs	-	-	-	148	-	(148)
Utilities	44,355	27,908	(16,446)	400,227	318,900	(81,327)
Total EXPENSES	182,963	237,817	54,855	2,979,724	2,876,810	(102,914)
NIBPSID	91,909	20,933	70,976	176,886	237,190	(60,304)
NON OPERATING REVENUE						
Interest Income	3,907	625	3,282	19,939	7,500	12,439
Total NON OPERATING REVENUE	3,907	625	3,282	19,939	7,500	12,439
DEPRECIATION						
Depreciation Expense	(49,999)	(47,500)	(2,499)	(567,813)	(570,000)	2,187
Total DEPRECIATION	(49,999)	(47,500)	(2,499)	(567,813)	(570,000)	2,187
Increase (Decrease) In Fund Equity	45,817	(25,942)	71,759	(370,988)	(325,310)	(45,678)

GENERAL FUND

Explanation of Significant Budget Variances

2022 SEPTEMBER

		Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
Revenues, Leases	4200, 4201	\$ (12,751)	\$ (31,938)	Reclassified Revenue to Deferred Revenue	Year End is expected to be under budget.
Revenues, Usage	4260	\$ 14,683	\$ 56,524	Utility bills have increased in pricing	Year End is expected to be over budget.
Expenses, Salaries & Taxes	5100, 5110	\$ 23,564	\$ (2,376)	YTD off due to incentive paid out	Year End is expected to be under budget
Expenses, Operations	5900	\$ 52,995	\$ (47,142)	Reese Business Park clean-up	Year End is expected to be over budget
Expenses, Utilities	5380	\$ (16,446)	\$ (81,327)	Utility bills have increased in pricing	Year End is expected to be over budget.

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 9/1/2022 Through 9/30/2022

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	5,912	1,000	4,912	30,875	12,000	18,875
Fiber Optic/Wireless Income	18,694	16,250	2,444	229,715	195,000	34,715
Total REVENUES	24,605	17,250	7,355	267,339	207,000	60,339
EXPENSES						
Insurance -Property & General Liabilities	-	833	833	9,038	10,000	962
General Office Expenses	314	317	2	3,770	3,800	30
Computer Software & Maintenance	2,941	2,917	(24)	36,140	35,000	(1,140)
Internet	1,722	1,833	111	20,666	22,000	1,334
Building Maintenance & Repairs	165	833	668	15,209	10,000	(5,209)
Utilities	9,323	5,142	(4,182)	81,608	61,700	(19,908)
Total EXPENSES	14,465	11,875	(2,590)	166,431	142,500	(23,931)
NIBPSID	10,140	5,375	4,765	94,159	64,500	29,659
DEPRECIATION						
Depreciation Expense	(3,283)	(2,917)	(367)	(34,269)	(35,000)	731
Total DEPRECIATION	(3,283)	(2,917)	(367)	(34,269)	(35,000)	731
Increase (Decrease) In Fund Equity	6,856	2,458	4,398	59,890	29,500	30,390

FIBER OPTIC FUND

Explanation of Significant Budget Variances

2022 SEPTEMBER

		Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
REVENUES, Usage Fees	4260	\$ 4,912	\$ 18,875	Utility bills have increased in pricing	Year End is expected to be over budget
EXPENSES, Utilities	5380	\$ (4,182)	\$ (19,908)	Utility bills have increased in pricing	Year End is expected to be over budget

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 9/1/2022 Through 9/30/2022

COMBINED FUNDS

(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	162,249	175,000	(12,751)	2,068,062	2,100,000	(31,938)
PBT Cam Fees	61,224	60,000	1,224	721,488	720,000	1,488
Usage Fees	41,428	21,833	19,594	337,398	262,000	75,398
Contract Services	12,922	1,250	11,672	22,081	15,000	7,081
Utility Franchise Fees	2,960	1,667	1,293	34,480	29,000	5,480
Insurance Proceeds	-	-	-	3,975	-	3,975
Fiber Optic/Wireless Income	18,694	16,250	2,444	229,715	195,000	34,715
Total REVENUES	299,477	276,000	23,477	3,417,199	3,321,000	96,199
EXPENSES						
Salaries & Taxes	46,353	69,917	23,564	841,376	839,000	(2,376)
Benefits - Health, Retirement & Wkr's Comp	10,029	11,346	1,317	121,310	136,150	14,840
Insurance -Property & General Liabilities	16,172	16,775	603	196,926	201,300	4,374
Administrative Expenses	969	933	(36)	10,189	13,200	3,011
General Office Expenses	6,703	5,672	(1,031)	64,493	68,060	3,567
Accounting & Auditing Services	111	83	(28)	35,374	38,000	2,626
Computer Software & Maintenance	2,941	2,917	(24)	36,140	35,000	(1,140)
Internet	1,722	1,833	111	20,666	22,000	1,334
Legal Services	7,139	4,167	(2,972)	44,517	50,000	5,483
Network Maintenance Contract	591	667	75	7,287	8,000	713
Training & Travel	2,216	708	(1,508)	15,205	8,500	(6,705)
Marketing Expenses	5,551	4,708	(842)	55,339	56,500	1,161
Operations	43,088	96,083	52,995	1,200,142	1,153,000	(47,142)
Building Maintenance & Repairs	165	833	668	15,357	10,000	(5,357)
Utilities	53,678	33,050	(20,628)	481,836	380,600	(101,236)
Total EXPENSES	197,428	249,692	52,264	3,146,155	3,019,310	(126,845)
NIBPSID	102,049	26,308	52,264	271,044	301,690	(30,646)
NON OPERATING REVENUE						
Interest Income	3,907	625	3,282	19,939	7,500	12,439
Total NON OPERATING REVENUE	3,907	625	3,282	19,939	7,500	12,439
DEPRECIATION						
Depreciation Expense	(53,283)	(50,417)	(2,866)	(602,082)	(605,000)	2,918
Total DEPRECIATION	(53,283)	(50,417)	(2,866)	(602,082)	(605,000)	2,918
Increase (Decrease) In Fund Equity	52,673	(23,484)	76,157	(311,099)	(295,810)	(15,289)

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

(In Whole Numbers)

	Current Month	Prior Year's			Prior Year's	
	Actual	Month Actual	Variance	YTD Actual	YTD Actual	Variance
REVENUES						
Leases	162,249	201,780	(39,531)	2,068,062	2,047,660	20,402
PBT Cam Fees	61,224	60,276	948	721,488	720,540	948
Usage Fees	41,428	36,259	5,169	337,398	321,837	15,561
Contract Services	12,922	920	12,002	22,081	21,553	528
Utility Franchise Fees	2,960	2,086	874	34,480	33,734	746
Insurance Proceeds	-	-	-	3,975	188,523	(184,548)
Other-Miscellaneous	-	400	(400)	-	400	(400)
Fiber Optic/Wireless Income	18,694	15,010	3,684	229,715	197,690	32,025
Total REVENUES	299,477	316,731	(17,254)	3,417,199	3,531,938	(114,739)
EXPENSES						
Salaries & Taxes	46,353	109,841	(63,488)	841,376	844,144	(2,768)
Benefits - Health, Retirement & Wkr's Comp	10,029	10,629	(600)	121,310	129,634	(8,324)
Insurance -Property & General Liabilities	16,172	14,879	1,293	196,926	179,448	17,478
Administrative Expenses	969	348	621	10,189	11,687	(1,498)
General Office Expenses	6,703	2,712	3,991	64,493	68,040	(3,547)
Accounting & Auditing Services	111	83	28	35,374	31,976	3,398
Computer Software & Maintenance	2,941	2,941	-	36,140	38,224	(2,084)
Internet	1,722	1,751	(29)	20,666	20,514	152
Legal Services	7,139	143	6,996	44,517	26,746	17,771
Network Maintenance Contract	591	358	233	7,287	7,530	(243)
Training & Travel	2,216	-	2,216	15,205	2,911	12,294
Marketing Expenses	5,551	4,953	598	55,339	50,948	4,391
Operations	43,088	25,928	17,160	1,200,142	623,413	576,729
Building Maintenance & Repairs	165	150	15	15,357	6,023	9,334
Utilities	53,678	63,280	(9,602)	481,836	415,829	66,007
Total EXPENSES	197,428	237,995	(40,567)	3,146,155	2,457,066	689,089
NIBPSID	102,049	78,736	23,313	271,044	1,074,872	(803,828)
NON OPERATING REVENUE			-			-
Interest Income	3,907	904	3,003	19,939	10,496	9,443
Total NON OPERATING REVENUE	3,907	904	3,003	19,939	10,496	9,443
DEPRECIATION						
Depreciation Expense	(53,283)	(77,219)	23,936	(602,082)	(605,168)	3,086
Total DEPRECIATION	(53,283)	(77,219)	23,936	(602,082)	(605,168)	3,086
Increase (Decrease) In Fund Equity	52,673	2,421	50,252	(311,099)	480,200	(791,299)



OCTOBER 2022 EVENTS & ACTIVITIES

	DATE	EVENT
OCTOBER	October 12, 2022	CoNetrix CyberSecurity Symposium
	October 20, 2011	Lubbock Chamber Harvest Luncheon
	October 26, 2022	LRRA Board of Directors Meeting
	October 27, 2022	Reese 7 th Annual Customer/Partner Meeting
LOOKING AHEAD		
NOVEMBER	November 1, 2022	Volunteer Center of Lubbock Cornucopia Luncheon
	November 3, 2022	Executive/Compensation Committee Meeting
	November 9, 2022	Lubbock Chamber of Commerce Diversity Summit
	November 9-10, 2022	Future of Rural Texas Symposium – Texas Tribune
	November 10, 2022	Levelland EDC Industry Appreciation Luncheon
	November 14-18, 2022	Matador UAS Consortium Proof of Value Demonstrations
	November 15, 2022	LEDA Economic Forecast Luncheon
	November 24-25, 2022	LRRA CLOSED FOR THANKSGIVING HOLIDAY
	November 30, 2022	LRRA Board of Directors Meeting