

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

*The Board of Directors will convene in-person and via video conference.
You may join the meeting by video here: <https://us02web.zoom.us/j/87800647305>.*

Date: **Tuesday, June 27, 2023**

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. Discussion Item – LRRRA FY2022 Annual Financial Audit	TAB 2	Renee Babb in person. AJ Bowers & Sara Specht via video
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• Operations, Marketing, Customer Care Coordinator• Administrative Assistant• Board of Directors c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney.	TAB 3	John Tye Murvat Musa Steve Verett Murvat Musa Darrell Guthrie
4. Action Item – Consider the Minutes of the May 24, 2023, Board of Directors Meeting	TAB 4	Steve Verett

5. Discussion Item – Board President to Appoint Nominating Committee for FY2024 Executive Committee	TAB 5	Steve Verett
6. Action Item – Consider Lease for AECOM for Building 20 and Laydown	TAB 6	Murvat Musa
7. Action Item – Consider Short-Term, 6 Months, Lease for TTUHSC for Building 74	TAB 7	Murvat Musa
8. Action Item – Consider Lease for D&S Residential Holdings, LLC/Sevita for Building 1111	TAB 8	Murvat Musa
9. Discussion Item – Preliminary FY2024 Operating, Data Center/Fiber Optics, & Capital Budgets	TAB 9	Murvat Musa
10. Discussion Item – Financial Reports	TAB 10	Sandy Hamilton
11. Discussion Item – Reese Events & Activities	TAB 11	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 23, 2023.



by: _____
Murvat Musa, ED/CEO

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

FY2022

Annual Financial Audit
Presentation

ITEM 3

EXECUTIVE SESSION

Information to be provided at
meeting
(if applicable)

Lubbock Reese Redevelopment Authority

Board of Directors Meeting Minutes

May 24, 2023

The Lubbock Reese Redevelopment Authority held a regular meeting at 8:00 a.m. Wednesday, May 24, 2023, 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	Tim Collins
	George McMahan	John Tye	

<u>MEMBERS ABSENT:</u>	Tim Pierce	John Hamilton
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OTHERS PRESENT:

Reese Staff:	Murvat Musa-Executive Director, Chris Evans-Manager of Operations, Sandra Hamilton-Manager of Accounting, Andrea Hamilton-Operations, Customer Service, Marketing Coordinator, Cecilia Davila-Administrative Assistant
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Legal Counsel:	Darrell Guthrie
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Others:	Mitchel Burt of KBR
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Call the meeting to order.

Steve Verett called the meeting to order at 8:03 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 8:07 a.m.

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

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

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

No action was taken in the Executive Session.

Reconvene the Board of Directors Meeting

Steve Verett adjourned the Executive Session at 8:51 a.m. and reconvened Open Session at 8:52 a.m.

ITEM 3 Consider the Minutes of the April 21, 2023, Executive Committee Meeting and the April 26, 2023, Board of Directors Meeting

Action Item – Todd McKee moved to approve the Minutes April 21, 2023, Executive Committee Meeting and the April 26, 2023, Board of Directors Meeting. John Tye seconded; the motion passed 5-0.

ITEM 4 Consider Awarding Engineering Services to Parkhill for EDA Grant

Action Item – Tim Collins moved to approve Awarding Engineering Services to Parkhill for EDA Grant. Todd McKee seconded; the motion passed 5-0.

ITEM 5 Consider Resolution Approving an Application for Funding Through the Economic Development Administration

Action Item – Tim Collins moved to approve the Resolution Approving an Application for Funding Through the Economic Development Administration. Todd McKee seconded; the motion passed 5-0.

ITEM 6 Consider Interlocal Cooperation Agreement with the city of Abernathy on behalf of KBR

Action Item – John Tye moved to approve the Interlocal Cooperation Agreement with the city of Abernathy on behalf of KBR. Todd McKee seconded; the motion passed 5-0.

ITEM 7

Financial Reports

Discussion Item – No action required. Sandra Hamilton presented the April financial reports.

ITEM 8

Reese Events and Activities

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

Adjournment

Steve Verett adjourned the meeting at 9:11 a.m.

Content of minutes agreed to and approved by:

Approved by _____
Steve Verett, President

ATTEST:

LRRRA Board Member

AGENDA ITEM 5
EXECUTIVE SUMMARY
APPOINT NOMINATING COMMITTEE FOR
FY 2024 EXECUTIVE COMMITTEE

Because Steve Verett and Todd McKee will be terming out of their Board positions this fiscal year, the Board President needs to appoint a Nominating Committee whose recommendations for an Executive Committee, to include a President, Vice President, and Secretary/Treasurer, will be presented to the Board at the October Board Meeting for consideration.

Because we will be losing both a President and Vice President this year, the following will take place at the September and October meetings:

September meeting: Steve will preside over the meeting. The two new board members, Jeff Mustin and Dr. Jane Dever, will be sworn in by Steve but they will not take their board positions until October. Tim Collins will also be re-sworn in and he will participate in the September meeting.

October meeting: because we will not have a president or vice president, Tim Pierce, who is the Secretary/Treasurer, will preside over the meeting and the board will consider the nominations brought forth for the new Executive Committee for FY2024 to include a President, Vice President, and Secretary/Treasurer.

Action needed at this meeting: Steve Verett needs to appoint a Nominations Committee. This action does not require a board vote.

AGENDA ITEM 6
EXECUTIVE SUMMARY
AECOM, BUILDING 20 & LAYDOWN

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

AECOM has been a good customer at Reese since May 2020 and is one of two customers that contract with the United States Air Force to provide the investigation and remediation for the environmental contamination at Reese. Their current agreement expired in May 2023.

This new agreement is for 27 months (to match their Air Force contract) and includes the current space they occupy in Building 20 as well as 10,500 square feet of laydown. There are two extension periods for one year each. The office rent will start at \$9 per square foot and the laydown is \$1.50 per square foot. They both have escalations of 4% annually.

Staff is recommending Board approval for this lease.

STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

AECOM, a Delaware corporation

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 2

9927 Reese Boulevard

Lubbock, Texas 79416

And

Designated Airfield Laydown Area

STANDARD INDUSTRIAL LEASE

This Standard Industrial Lease (the “Lease”) is made this ____ day of June 2023, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as “Landlord”) and AECOM, a Delaware 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: AECOM, a Delaware corporation, whose Federal Taxpayer Identification Number is _____.

(d) Tenant Address: One California Plaza, 300 S. Grand Ave, Suite 900, Los Angeles, CA 90071, Attn: Real Estate Department, with a copy to DLA Piper LLP (US), 303 Colorado Street, Suite 3000, Austin, TX 78701, Attn: J. Pieratt.

(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 that certain building (“Building”) located at 9927 Reese Boulevard, Lubbock, Texas 79416, which is commonly known as Building #20, comprised of Suite Nos. 112, 113, and 116 and containing approximately 1,196 square feet of floor area and identified on the site plan attached hereto as **Exhibit A** (the “Building #20 Space”); and, that approximate 10,500 square feet of laydown area on the site plan attached hereto as **Exhibit B** (the “Laydown Area”). The Building #20 Space and the Laydown Area collectively shall comprise the **“Premises.”**

(i) Initial Term (Years): Two (2) Years and three (3) Months.

(j) Extensions: Two (2) extension periods of one (1) year each, 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 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 ninety (90) days prior to

expiration of the Initial Term or any subsequent renewal 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 four percent (4%) 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 1.04, which will result in a “Revised Base Rent.”

(l) Delivery Date: July 1, 2023.

(m) Commencement Date: July 1, 2023.

(n) Termination Date: September 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, Premises maintenance, or housekeeping services, except as otherwise provided in this Lease. Subject to this paragraph, Base Rent shall be no less than set forth below:

<u>Initial Term Lease Years</u>	<u>Total Annual Base Rent</u>	<u>Total Monthly Base Rent</u>	<u>Annual Base Rent Per Square Foot of Floor Area of the Premises</u>
Year 1 (July 1, 2023 — June 30, 2024)			
Building #20 Space	\$10,764.00	\$897.00	\$9.00
Laydown Area	\$15,750.00	\$1,312.50	\$1.50
Year 2 (July 1, 2024 – June 30, 2025)			
Building #20 Space	\$11,194.56	\$932.88	\$9.36
Laydown Area	\$16,380.00	\$1,365.00	\$1.56
Year 3 (July 1, 2025 – September 30, 2025, 3 months)			
Building #20 Space	\$2,909.28	\$969.76	\$9.73
Laydown Area	\$4,252.50	\$1,417.50	\$1.62

(p) Security Deposit: The current security deposit of \$1,194.00 shall be retained by the Landlord. 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) Relocation Option: [NOT APPLICABLE]

(s) Permitted Use: Tenant may use the Building #20 Space for the purpose of an environmental field office, general office use and use of the Laydown Area for the storage of associated equipment and supplies (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 – 7260002003
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 Lubbock Reese Redevelopment Authority 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 AECOM 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 and any Utility charges billed by the Landlord set forth in Sections 1(o) and 8(a), respectfully, in advance, on the 1st day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date (as defined in Section 1(m)). Rent will be considered past Due and in default if not received by the 10th of the month and after written notice is received from Landlord.

(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 1(d) 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. Notwithstanding the foregoing, Landlord hereby represents and warrants to Tenant that Landlord is exempt from paying Real Estate Taxes and Tenant's Real Estate Taxes shall be limited to (i) taxes assessed on Tenant's personal property within the Premises, if any and (ii) taxes assessed on the value of this Lease, if any, levied by the Lubbock County Appraisal District pursuant to the applicable sections of the Texas Tax Code. "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, other than cosmetic alterations. 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, as applicable. Notwithstanding the foregoing, Landlord shall deliver the Premises in clean, broom swept condition with all utilities in good working order, in full compliance with applicable laws and the Building systems and structure in good working order and condition.

(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 and after written notice from Landlord is received.

(5) Following a forty-eight (48) 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 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 reasonable 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) Vacate the Premises and return all keys to the Premises on the last day of the Term.

(10) 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.

(11) 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.

(12) 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.

(13) NOT USED.

(14) Tenant acknowledges and agrees that no equipment of any kind placed in the Laydown will be permanently attached without the expressed written consent of the Landlord, such consent not to be unreasonably withheld, conditioned or delayed.

(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, except as otherwise provided under this Lease.

(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)(12).

(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 USED.

(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) NOT USED.

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) Landlord has provided the Premises on an "as is" basis for the use of the Premises for the Permitted Use for Tenant, and in this regard, Tenant accepts the Premises in their present "as is" condition. 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. There is working plumbing, heating, venting, cooling, electrical, security and other mechanical systems in the Premises, in operable condition, and therefore Landlord shall not assume responsibility to maintain the same. Upon receipt of written notice of defect or needed repairs of items required to be maintained by Landlord under this Paragraph, Landlord shall commence repair within ten (10) business days after such notice and pursue such repairs with due diligence to completion. If any such condition for which Landlord is responsible prevents Tenant from making normal use of the Premises, then Tenant shall be relieved from any of its obligations under the Lease (including the obligation to pay Rent) from the date such condition commenced until normal use of the Premises is restored, and if such condition continues for more than thirty (30) consecutive days, then Tenant may terminate this Lease by written notice to Landlord and Tenant shall have no further liability under this Lease.

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

(5) EXCEPT AS PROHIBITED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, AND TO THE FULLEST EXTENT PERMITTED, INDEMNIFY, DEFEND, AND HOLD TENANT HARMLESS FROM ANY INJURY AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS, OCCURRING IN ANY PORTION OF THE COMMON AREAS. **THE INDEMNITY CONTAINED IN THIS PARAGRAPH (I) IS INDEPENDENT OF LANDLORD'S INSURANCE, (II) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (III) WILL SURVIVE THE END OF THE TERM, AND (IV) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF TENANT BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TENANT.**

(b) Landlord agrees not to –

(1) Interfere with Tenant's possession of the Premises as long as Tenant is not in default (beyond any notice and cure periods).

(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. Subject to Section 3(a), Tenant shall promptly pay all charges for electricity, water, gas, telephone service, sewer service, and other utilities furnished to the Premises directly to the utility providing such service. (b) Trash Removal. Tenant shall be responsible for installation of a trash dumpster at a location on the outside of the Premises and compliance with applicable Landlord rules and regulations. 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 that in the event of a Casualty and provided that neither party chooses to terminate this Lease, Rent will be proportionately reduced to reflect the percentage of the Premises which is no longer tenantable.

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. Landlord and its successors and assigns shall indemnify, defend, reimburse and hold Tenant, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Materials which existed on the Premises prior to Tenant's occupancy or which are caused by the negligence or willful misconduct of Landlord, its agents or employees. Landlord's obligations, as and when required by the Environmental Laws, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(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) Testing: Landlord acknowledges that Tenant shall have the right (but not obligation and at Tenant’s sole cost and expense) to conduct a Phase I Environmental Study on or before ninety (90) days following the Commencement Date (“Base Line Study”). Should Tenant conduct a Base Line Study, Tenant will provide a copy thereof to Landlord. The Base Line Study is intended to demonstrate the level of contamination of the Premises, if any, at the time of the Commencement Date. At the time Tenant vacates the Premises, in the event Landlord wishes to pursue any claim against Tenant with respect to the presence of Hazardous Materials on the Premises, Landlord (at Landlord’s sole cost and expense) may conduct an additional environmental assessment of the Premises identical or reasonable equivalent in scope to the Base Line Study to demonstrate the level of contamination of the Premises, if any, at the time Tenant vacates the Premises (“Exit Study”). If (and only if) the Exit Study reveals contamination not described in the Base Line Study, then, to the extent that such contamination resulted from the

actions of Tenant, then Landlord shall have the right to enforce its rights against Lesser under this Lease.

(e) 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.

(f) Self-Insurance. Notwithstanding (a) through (d) above, Landlord authorizes Tenant to self-insure.

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; provided, however, as a condition to such removal, Landlord shall identify such physical additions or improvements to be removed concurrently with providing consent thereto. All alterations (except for cosmetic 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 abated to reflect the percentage of the Premises which is no longer tenantable.

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

(d) Personal Property Lien. Landlord hereby waives any and all lien rights to Tenant's personal property located within the Premises whether under the terms of this Lease or arising under the Texas Property 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 and failing to provide Essential Services to Tenant within ten days after written notice.

(f) Default by Landlord/Tenant's Remedies. Tenant's remedies for Landlord's default are to sue for damages and, if Landlord does not provide an Essential Service for thirty (30) days after default, terminate this Lease. As used herein, "Essential Services" means utility connections reasonably necessary for occupancy of the Building #20 Space for the Permitted Use.

(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 within five (5) days written notice from Landlord;
and

(6) failure by Tenant to perform or observe any of Tenant's non-monetary covenants contained in this Lease within thirty (30) days after written notice from Landlord; provided, however, Tenant shall have additional time to cure such non-monetary default, provided that Tenant is diligently pursuing such cure.

(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

TENANT:

One California Plaza
300 S. Grand Ave, Suite 900
Los Angeles, CA 90071
Attn: Real Estate Department

With a copy to:

DLA Piper LLP (US)
303 Colorado Street, Suite 3000
Austin, TX 78701
Attn: J. Pieratt

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, Landlord certifies that the individual or business entity named in this Lease is not ineligible to receive the specified Lease and acknowledges that this Lease may be terminated and payment withheld if this certification is inaccurate.

(aa) Chapter 2270 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 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")

AECOM ("Tenant")

By: Murvat Musa, Chief Executive Officer

By:

Date

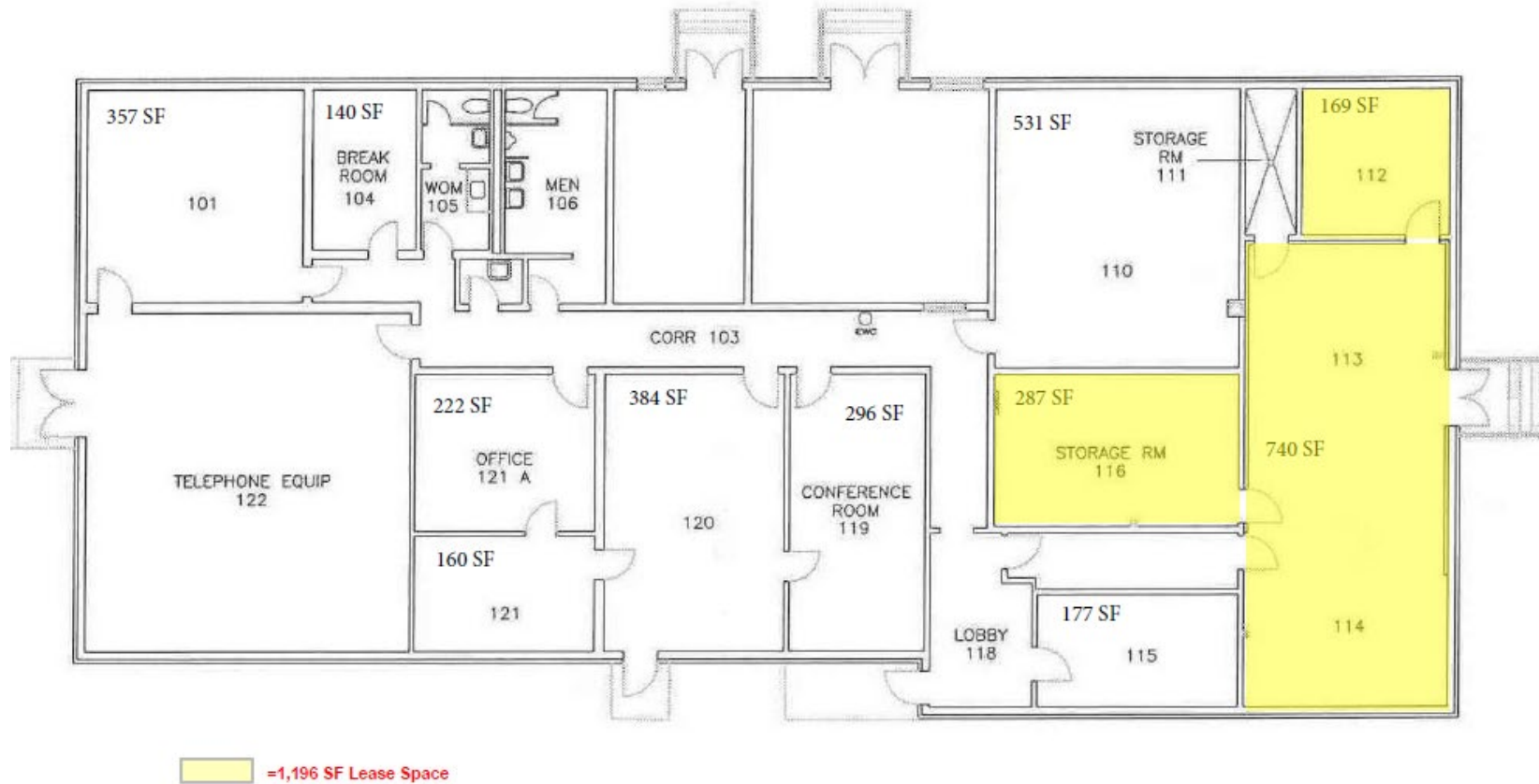
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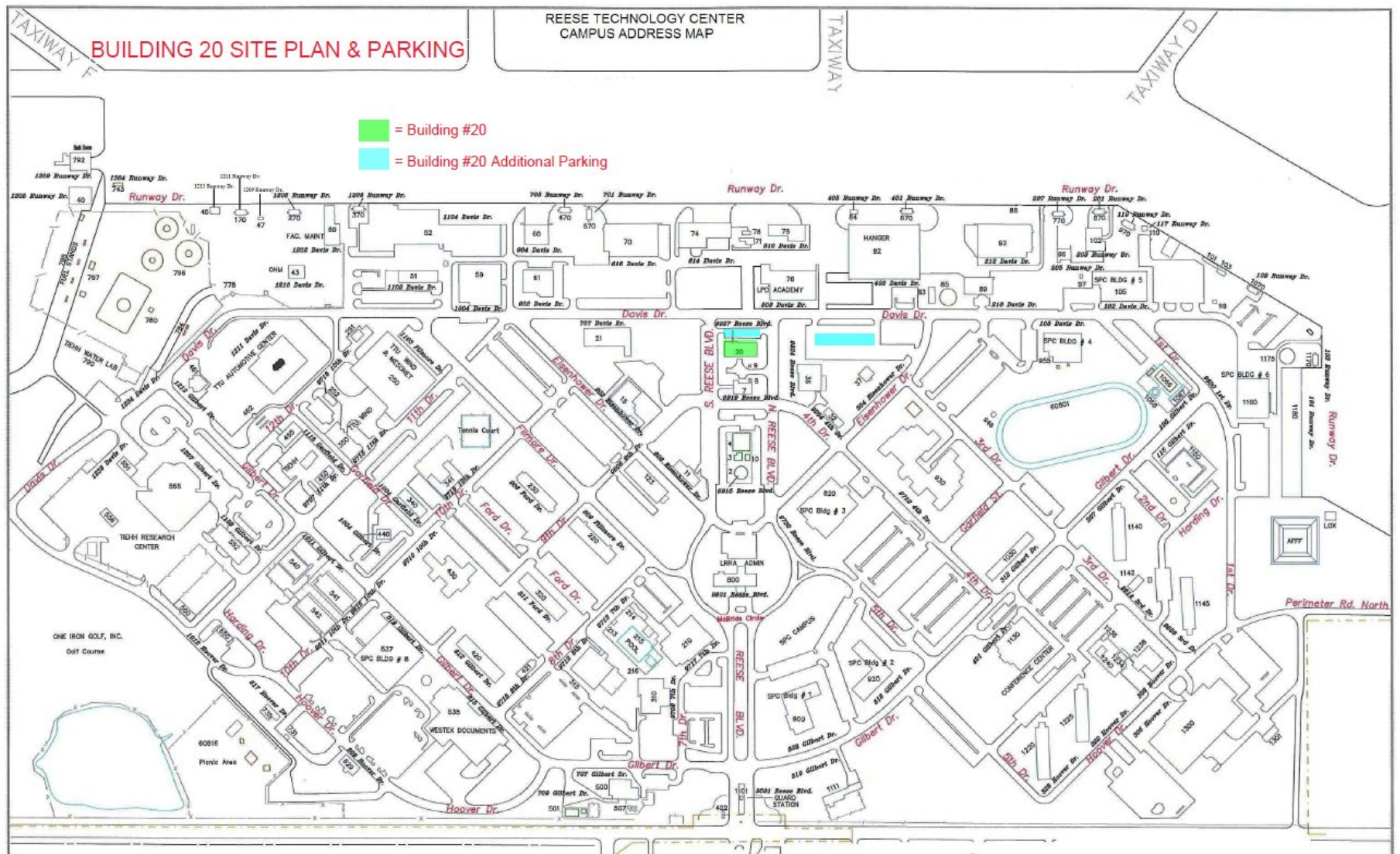
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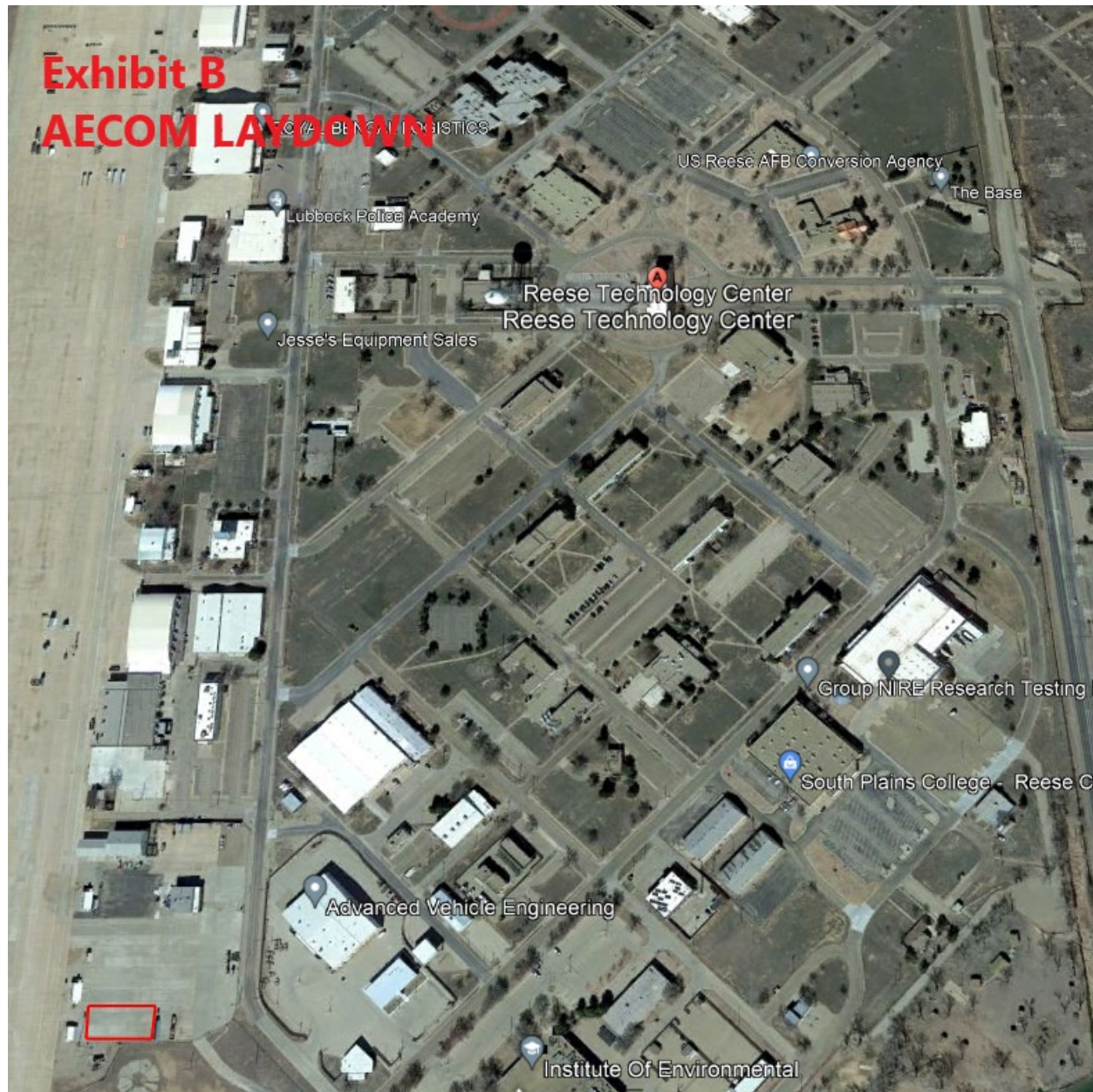
Date

BUILDING 20

EXHIBIT A







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BOARD ACTION ITEM No. 2023-0627-139
AECOME LEASE BUILDING 20 & LAYDOWN

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY
June 27, 2023

Item to be Considered:

Approve new Lease for AECOM Building 20 and Laydown

Previous Board Action:

The board approved a lease for AECOM in May 2020.

Statement of Pertinent Facts:

- a) AECOM is an existing customer. The Air Force has contracted with AECOM to do the investigation and remediation portion of the ground water contamination at Reese.
- b) Building 20 lease is for 27 months at a rate of \$9.00/SF with two (2) one-year renewal options. Rent increases 4% each year.
- c) Laydown space includes 10,500 SF at \$1.50/SF for the same period and rate increases.
- d) The terms of the lease are structured to match their contract with the Air Force.

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 lease for B20 and Laydown for AECOM, and authorizes its CEO/Executive Director to execute the lease upon the negotiation of final terms and conditions, as submitted on this 27th day of June 2023."

Steve Verett - President

ATTEST:

LRRA Board Member

AGENDA ITEM 7
EXECUTIVE SUMMARY
TTUHSC, BUILDING 74, 6 MONTH LEASE

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

TTUHSC, as part of the Matador UAS Consortium, needs a very short-period, 6-month, lease for building 74 while the actual long-term lease for building 74 is being negotiated. The reason for this is due to a donor issue. The donor who will be providing most of the money for the buildout of building 74 (the budget of which is \$5 million) is unwilling to release money until TTUHSC has secured a lease for building 74 and TTUHSC is unwilling to sign a lease for building 74 without the donor money. To solve this issue, TTUHSC has requested a 6-month lease for \$1 per month to appease the donor and get that money.

The semi-completed lease is attached for your review. As you will notice, it's not what you would normally see as we are using a standard template that TTUHSC provided to move this quickly. There are a few outstanding items yet to be negotiated.

Staff is recommending Board approval for this lease.

LEASE AGREEMENT

This Space Lease Agreement (“Lease”) is entered into effective as of July 1, 2023, by and between the Landlord (a political subdivision of the State of Texas) and the Tenant (a Texas public institution of higher education) hereinafter named. Both Landlord and Tenant are referred to herein as “Party” or, collectively “Parties.” In consideration of the respective covenants, obligations and agreements of the Parties set forth herein, the legal sufficiency of which is acknowledged by each of the undersigned, Landlord and Tenant agree as follows:

Article 1 Definitions and Basic Lease Provisions

1.1 **Definitions and Basic Lease Provisions.** For the purposes of this Lease, the following terms and provisions shall have the respective meanings set forth below:

1.1.1 **Landlord** Lubbock Reese Redevelopment Authority,

1.1.2 **Landlord’s Addresses:**

Notice Address:

ATTN: Chief Executive Officer
9801 Reese Blvd., Suite 200
Lubbock, TX 79416

or such other place as Landlord may designate in writing to Tenant pursuant to Section 17.1.

Rent Payment Address:

ATTN: Director of Finance
9801 Reese Blvd., Suite 200
Lubbock, TX 79416

or such other place as Landlord may designate in writing to Tenant pursuant to Section 17.1.

1.1.3 **Tenant:**

Texas Tech University Health Sciences Center
Texas public institution of higher education, for the use and benefit of its College/School/Department of _____.

Tenant’s Address:

Texas Tech University Health Sciences Center
3601 4th Street, MS 9021
Lubbock, Texas, 79430
Attn: Managing Director, Purchasing Office

or such other place as Tenant may designate in writing to Landlord pursuant to Section 17.1.

1.1.4 **Real Property:**

The Real Property or center commonly known as 614 Davis Drive, Lubbock, Texas 79416, which is commonly known as Building #74 (the “Building”) and more particularly described in Exhibit A attached hereto and incorporated herein for all purposes and all improvements located thereon, including but not limited to the Building and parking areas.

1.1.5 **Building:**

The building on the Real Property that contains the Leased Premises at street address: 614 Davis Drive, Lubbock, Texas 79416.

1.1.6 **Leased Premises:**

The floor space located in the Building, as designated on Exhibit B attached hereto and incorporated herein for all purposes, containing approximately 11,300 rentable square feet.

1.1.7 **Rent:**

Rent Periods (Months)	Monthly Rent	Annual Rent	Square foot/year
1-6	\$1.00	N/A	N/A

See also Article 7 for additional potential costs of utilities and services.

1.1.8 **Initial Term:**

Six (6) months, beginning on the Commencement Date and ending on the Expiration Date described below, subject to extension or sooner termination in accordance with the provisions of this Lease. The term "Lease Term," as used herein, shall include the Initial Term and all valid extensions of the Lease, as described in Section 3.2 below, unless the context clearly indicates to the contrary.

1.1.9 **Commencement Date:**

July 1, 2023.

1.1.10 **Expiration Date:**

December 31, 2023.

1.1.11 **Permitted Use:**

Tenant may use the Leased Premises for all lawful purposes, including, but not limited to: Tenant may use the Premises for the purpose of research, storage, maintenance, operations, and office space associated with TTUHSC's participation in the Matador UAS Consortium and any ancillary use related to the foregoing.

1.1.12 **Normal Business Hours:**

Monday – Friday 6:00 a.m. to 6 p.m.

- 1.2 **Construction.** Each of the foregoing definitions and basic lease provisions shall be construed in conjunction with and limited by the references thereto in the other provisions of this Lease. If there is a conflict between any provisions of this Article 1 and any other provisions of this Lease, the other provisions will control.

Article 2

Grant

- 2.1 **Leased Premises.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Leased Premises for the Lease Term, on the terms and conditions set forth in this Lease.
- 2.2 **Common Areas.** Tenant is further granted the non-exclusive right to use the portion of the Real Property which is for the common use of the tenants in the Real Property including, but not limited to, parking areas, ramps, private streets and alleys, landscaping, curbs, loading and unloading areas, sidewalks and walkways, meeting rooms, public restrooms, Real Property signs, service areas, entrances, lobbies, hallways, elevators, stairways and access ways, and other common facilities in the Real Property (collectively, "Common Areas").

Article 3

Term

- 3.1 **Initial Term.** The initial term of this Lease ("Initial Term") shall commence on the Commencement Date and expire on the Expiration Date, unless sooner terminated or extended in accordance with the provisions of this Lease.
- 3.2 **Failure of Appropriations.** The Parties hereby acknowledge and agree Tenant is a state of Texas public institution of higher education and adopts its budget for a period of one year beginning on September 1st of each year. This Lease is made and entered into in accordance with and subject to the provisions of the Texas Constitution, and is made contingent upon the continuation of the availability of money appropriated by the Texas legislature ("Legislature"), and/or allocation of funds by

the TTUS Board of Regents, (“Regents”), and/or other sources to pay for the Lease. Landlord acknowledges that appropriation and allocation of funds are beyond Tenant’s control. If the Legislature fails to appropriate, or Regents fail to allocate, necessary funds, or if there is a reduction of funding from other revenue sources, Tenant may terminate this Lease without penalty upon written notice to Landlord effective on the date funds are depleted or on the following August 31st, whichever occurs first. Should this Lease terminate under the provisions of this Section, Tenant will provide Landlord with written notice as soon as is reasonably possible of the pending termination under this provision. This Lease may be funded wholly or partially with federal funds. Landlord shall comply with all applicable provisions of federal law. Tenant utilizes <http://www.gsa.gov> and <https://www.ecfr.gov> for all federal guidelines.

Article 4

Delivery and Accessibility Inspection

4.1 Delivery.

- 4.1.1 **Required Delivery Condition.** Landlord agrees to deliver possession of the Leased Premises to Tenant on or before July 1, 2023 (“Required Delivery Date”) (i) broom clean, in good condition and repair; (ii) free of all rights of possession other than Tenant’s right of possession pursuant to the this Lease, (iii) in compliance with all applicable laws, codes, regulations and ordinances; and (iv) with all Tenant Improvements (if any) completed in accordance with the provisions of Exhibit C, attached hereto and incorporated herein for all purposes (collectively, the “Required Delivery Condition”).
- 4.1.2 If occupancy of the Leased Premises will be delayed beyond the Required Delivery Date for any reason, Landlord shall give Tenant immediate written notice of the cause for delay and the date the Leased Premises will be ready for occupancy.
- 4.1.3 **Delayed Delivery.** If Landlord is unable to give Tenant possession of the Leased Premises in the Required Delivery Condition by the Required Delivery Date for any reason, Tenant may either (i) terminate this Lease by delivering written notice thereof to Landlord at any time before possession of the Leased Premises is delivered to Tenant, in which event the Parties shall have no further obligations under this Lease, except for those obligations that expressly survive the termination of this Lease, or (ii) opt to extend the Expiration Date by the same number of days between the Required Delivery Date and the date Landlord actually delivers possession of the Leased Premises to Tenant in the Required Delivery Condition.
- 4.1.4 If Landlord’s ability to deliver possession by the Required Delivery Date in the Required Delivery Condition is delayed as a result of Tenant’s negligence or willful misconduct or Force Majeure (hereinafter defined) of not more than ten (10) days in the aggregate, the Required Delivery Date shall be postponed for a period of time equivalent to the period caused by such delay, and Tenant may terminate this Lease or opt to extend the Expiration Date as provided in the immediately preceding clause (c) following the expiration of such period of time.
- 4.1.5 Notwithstanding anything to the contrary herein, Tenant is not obligated to pay Rent and other sums under this Lease or to perform any of the covenants and conditions herein contained until the Leased Premises have been delivered in the Required Delivery Condition. In the event the Lease is terminated under this Section 4.1, Landlord shall refund all Rent and other sums Tenant has prepaid or deposited with Landlord within ten (10) business days after Landlord receives written notice of termination from Tenant.

- 4.2 **Accessibility Compliance.** Landlord represents and warrants that the Building and the Leased Premises comply with the accessibility standards and specifications adopted by TCLR under authority of Chapter 469, Texas Government Code and amendments thereto.

Article 5

Rent

- 5.1 **Rent.** As compensation to Landlord for the lease of the Leased Premises, Tenant agrees to perform its covenants under this Lease and to pay to Landlord, in the manner and time set forth herein, the Rent described in Section 1.1.7. Beginning on the Commencement Date the Rent is payable by Tenant to Landlord in the monthly installments described in Section 1.1.7. Each monthly installment of Rent is payable in advance, on or before the fifth day of the calendar month for which payment is made. If the first month or last month of the Lease Term is other than a full calendar month, the monthly Rent for such partial month shall be prorated on a daily basis. Rent shall be payable to Landlord at the address specified in Section 1.1.7 or at such other

address as Landlord may from time to time designate in writing.

- 5.2 **Late Charges.** If any installment of Rent or any other payment payable by Tenant to Landlord under this Lease shall not be paid within fifteen (15) days of the due date, then, to the extent authorized under applicable state law and the Constitution of Texas, such delinquent amount shall accrue interest from the fifteenth (15th) day after the date due until paid in accordance with Chapter 2251 of the Texas Government Code.
- 5.3 **Texas State Auditor's Office.** Landlord acknowledges and agrees that acceptance of funds under this Lease constitutes acceptance of the authority of the Texas State Auditor's Office, Texas Tech University System Office of Audit Services, or any successor agency (collectively, "Auditor"), to conduct an audit or investigation in connection with those funds. Landlord agrees to cooperate with the Auditor in the conduct of the audit or investigation, including providing all records requested. Landlord will include this provision in all contracts with subcontractors.

Article 6 Occupancy and Use

- 6.1 **Permitted Use Of Leased Premises.** Tenant shall use the Leased Premises solely for the Permitted Use set forth in Section 1.1.1, except as otherwise agreed in writing by Landlord.
- 6.2 **Lawful Use of Leased Premises.** Landlord represents and warrants to Tenant that the Permitted Use of the Leased Premises does not violate any building code, zoning ordinance, restrictive covenant, or deed restriction applicable to the Leased Premises. Without releasing the foregoing warranty by Landlord, Tenant agrees not to use the Leased Premises for any purpose that violates any federal, state or local statute, ordinance or regulation that is applicable to Tenant or Tenant's use and occupancy of the Leased Premises.
- 6.3 **No Nuisance.** Tenant will not use, occupy, or permit the use or occupancy of the Leased Premises in any manner that constitutes waste or a public or private nuisance.
- 6.4 **Hazardous and Toxic Materials:**
- 6.4.1 **Definition of Hazardous Materials.** For purposes of this Lease, "Hazardous Materials" shall mean bio-medical and bio-hazardous materials and waste, asbestos-containing materials, and all other materials, substances, wastes and chemicals classified as hazardous or toxic substances, materials, wastes or chemicals under then-applicable local, state, and federal governmental laws, rules, or regulations or that are subject to any "right-to-know" laws or requirements.
- 6.4.2 **Tenant's Covenants Regarding Hazardous Material.** Subject to Exhibit D, Tenant shall not knowingly incorporate into, or use or otherwise place or dispose of at the Leased Premises or any other portion of the Real Property any Hazardous Materials, save and except for the use, generation and storage on the Leased Premises of commercially reasonable quantities of (i) cleaning and office supplies; and (ii) Hazardous Materials used, generated or stored in the ordinary course of Tenant's Permitted Use of the Leased Premises, and then only if such Hazardous Materials are in reasonable quantities and are used, stored and disposed of by Tenant in accordance with applicable law.
- 6.4.3 **Landlord's Covenants.** Landlord warrants and represents to Tenant that as of the Commencement Date, the Real Property (including, without limitation, the Building and the Leased Premises) are free of all Hazardous Materials except for commercially reasonable quantities of routine cleaning, maintenance, and office supplies stored, handled, used, and disposed of by Landlord in the ordinary course of Landlord's operation and maintenance of the Real Property, in accordance with the requirements of applicable law. During the Lease Term, Landlord shall not introduce, store, use, or dispose of any Hazardous Materials at the Real Property (including, without limitation, the Building and the Leased Premises), save and except for the use and storage of cleaning, office, and maintenance supplies used in the ordinary course of Landlord's operation and maintenance of the Real Property and then only if such materials are in reasonable quantities and are stored, handled, used, and disposed of in accordance with applicable law.
- 6.4.4 **Notice of Hazardous Materials.** If either Landlord or Tenant has knowledge of the presence of Hazardous Materials other than those permitted under Sections 6.4.2 and 6.4.3 above in or on the Leased Premises or any other portion of the Real Property, the Party having knowledge shall notify the other Party thereof in writing promptly after obtaining such knowledge.

- 6.4.5 **Violations.** If a Party to this Lease shall ever violate the provisions of [Section 6.4.2](#) or [6.4.3](#) or otherwise contaminate the Leased Premises, the Building or the Real Property, that Party shall at its expense (i) remediate the violation in compliance with all then current and applicable governmental standards, laws, rules, and regulations and then prevalent industry practice and standards; and (ii) repair any damage to the Leased Premises, the Building or the Real Property within such period of time as may be reasonable under the circumstances (“[Environmental Corrective Work](#)”). A Party obligated to perform Environmental Corrective Work shall notify the other Party in writing of its proposed method, time, and procedure for such Environmental Corrective Work and the other Party shall have the right to require reasonable changes in such method, time, or procedure and/or to require the same to be done after Normal Business Hours.
- 6.5 **Landlord’s Access.** After reasonable prior written notice to Tenant, Landlord and its authorized agents shall have the right during Normal Business Hours, except as otherwise reasonably requested in writing by Tenant, to enter the Leased Premises to (i) inspect the Leased Premises; (ii) show the Leased Premises to prospective lenders or purchasers; (iii) fulfill Landlord’s obligations or exercise its rights under this Lease. Notwithstanding the foregoing, Landlord will not be required to give Tenant prior notice of Landlord’s entry unto the Leased Premises in case of emergency involving the threat of imminent harm to person(s) or material damage to property, but Landlord will notify Tenant of such entry within 48 hours thereafter. Landlord’s entry under this provision shall be made in a reasonable manner and shall not unreasonably interfere with the operation of Tenant’s business.
- 6.6 **HIPAA.** For purposes of this Section of the Lease, “protected health information” (“[PHI](#)”) shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 and all amendments thereto (commonly known as the “[Privacy Standards](#)”), as promulgated by the U.S. Department of Health and Human Services pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto (“[HIPAA](#)”). In the event that in its use of the Leased Premises for the Permitted Use, Tenant creates, stores, or maintains PHI in the Leased Premises, the Parties agree that neither Landlord nor Landlord’s employees and agents shall need access to, or the use of, any PHI of Tenant. However, in the event PHI is seen by or disclosed (whether inadvertently or otherwise) to Landlord or its employees or agents, the Party discovering such disclosure shall promptly notify the other Party and Landlord agrees to promptly take commercially reasonable measures to prevent any subsequent dissemination by Landlord or Landlord’s employees or agents of such PHI to third parties. The Parties agree that the provisions of this Section do not create, and are not intended to create, a “business associate” relationship between the Parties as that term is defined by the Privacy Standards.
- 6.7 **Quiet Possession.** Landlord warrants to Tenant that Tenant shall have the quiet possession of the Leased Premises for the entire Lease Term hereof, subject to all of the terms and conditions of this Lease.
- 6.8 **Permits.** Landlord, at its expense, shall obtain the certificate of occupancy, if any, and any other governmental permissions or permits required for Tenant’s physical occupancy of the Leased Premises. Tenant, at its expense, shall obtain any other governmental licenses or permits required specifically for Tenant’s Permitted Use of the Leased Premises. If any subsequent alteration or improvement made to the Leased Premises by or at the request of Tenant requires either the issuance of a new permission or permit, or the modification or amendment of an existing permit, Tenant shall, at its expense, procure such permission, permit, modification, or amendment.
- 6.9 **Signage.** Subject to the terms, conditions and specifications set out in [Exhibit D](#) attached hereto and incorporated herein for all purposes, Tenant may install signage identifying its presence in the Building on (i) each exterior door to the Leased Premises, and (ii) any pylon or monument (if any) located on the Real Property that has been designated by Landlord for the display of signage by tenants and other occupants of the Building.
- 6.10 **Landlord’s Rules and Regulations.** Tenant has received a current copy and will abide by all reasonable rules and regulations promulgated by Landlord for the proper operation of the Real Property that do not unreasonably interfere with Tenant’s use of the Leased Premises and are equally applicable to all Real Property tenants and other occupants. Any rule promulgated by Landlord after the Commencement Date shall be effective to Tenant no earlier than thirty (30) days after Tenant has received a written copy of the rule.
- 6.11 **Compliance with Laws.** Landlord shall maintain the Real Property and all appurtenant improvements in compliance with all applicable federal, state, municipal, or other laws, ordinances, rules, and regulations, including, without limitation, the Americans with Disabilities Act of 1990 (Public Law 101-336), Chapter 469, Texas Government Code, and the administrative rules and regulations adopted by the Texas Department of Licensing and Regulation (Title 16, Texas Administrative Code, Chapter 68) under authority of Chapter 469, in each case as may be amended from time to time.

- 6.12 **Clery Act Responsibilities.** The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, 20 U.S.C. §1092(f), as amended from time to time (the “Clery Act”) imposes a legal duty on Tenant to disclose to its campus community and to the U.S. Department of Education timely and annual information about certain incidents that occur on its campus and at certain off-campus, non-campus, and public property locations. These incidents include: (i) murder; (ii) sex offenses, forcible or nonforcible; (iii) robbery; (iv) aggravated assault; (v) burglary; (vi) motor vehicle theft; (vii) manslaughter; (viii) arson; (ix) arrests or persons referred for campus disciplinary action for liquor law violations, drug-related violations, and weapons possession; (x) all incidents described in the foregoing clauses (i) through (viii) in which the victim is intentionally selected because of his/her actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability; and (xi) larceny-theft, simple assault, intimidation; destruction, damage, or vandalism of property, and other crimes involving bodily injury to any person, in which the victim is intentionally selected because of his/her actual or perceived race, gender, religion, sexual orientation, ethnicity, or disability. Landlord agrees to assist Tenant in fulfilling these duties by providing to Tenant information about all such crimes that become known to it and that occur at the Real Property or adjacent to it during the Initial Term or any Extension Term. Landlord will report this information to Tenant through written notice given in accordance with this Section 6.12 immediately upon learning of this information.

Article 7

Utilities and Services

- 7.1 **Services to be Provided.** Subject to Exhibit D and except as otherwise expressly provided in this Lease, Landlord agrees at its sole cost and expense to furnish (or cause third parties to furnish) all of the following utilities and services to the Leased Premises (collectively, “Landlord’s Services”):
- 7.1.1 **Heat and Air Conditioning.** During Normal Business Hours, Landlord shall ventilate and furnish to the Leased Premises and the common areas of the Building heat or air conditioning (“HVAC”), as appropriate for the season, at such temperatures and in such amounts as is customary in buildings of comparable size, quality, and in the general vicinity of the Building, with such adjustments as Landlord reasonably deems necessary for the comfortable occupancy of the Leased Premises. Upon request, Landlord shall make available, at Tenant’s expense, after hours heat or air conditioning of the Leased Premises on the same terms, conditions, and rates as offered by Landlord to other tenants in the Building.
 - 7.1.2 **Electricity.** On a 24 hour per day, seven day per week basis, electric current in amounts reasonable and customary for the Permitted Use.
 - 7.1.3 **Gas.** On a 24 hour per day, seven day per week basis, in amounts reasonable and customary for the Permitted Use.
 - 7.1.4 **Water.** On a 24 hour per day, seven day per week basis, in amounts reasonable and customary for the Permitted Use, hot and cold running water for drinking, cleaning and lavatory purposes.
 - 7.1.5 **Bulbs and Ballasts.** Replacement of Building-standard bulbs and ballasts as necessary.
 - 7.1.6 **Janitorial.** Janitorial services to the Building and Leased Premises in a manner and to a standard that is customary in buildings of comparable size, quality, and in the general vicinity of the Building, but in no event less than the greater of (i) five days weekly, or (ii) the frequency with which janitorial services are provided to other tenants in the Building.
 - 7.1.7 **Telecommunications.** Connections within the Leased Premises to telecommunications lines and cables for telephone, cable and internet service reasonable and customary for the Permitted Use; provided that Tenant shall be responsible for (i) wiring costs associated with connecting its telecommunications equipment to the connections provided by Landlord; and (ii) costs charged for the telecommunication services used by Tenant in the Leased Premises.
 - 7.1.8 **Maintenance.** Landlord shall maintain in good condition and repair all electric, water, sewer, and other utility lines and facilities in the Real Property that serve the Leased Premises and which are necessary for or used in the provision of the Landlord Services to the Leased Premises.
 - 7.1.9 **Elevator Service.** If applicable, Elevator service on a 24 hour per day, seven day per week basis. Landlord shall provide automatic elevator facilities during Normal Business Hours and have at least one (1) elevator available for use at all other times
- 7.2 **Additional Services.** If additional services to Tenant are reasonably necessary, and providing the additional service is operationally and economically feasible, then Landlord may, when requested by Tenant and at Tenant's cost, (i) install and

maintain separate utility metering devices; (ii) install supplementary heating or air conditioning units, or modify the existing heating or air conditioning system in the Premises; (iii) with respect to lighting beyond Building standard, purchase and replace light bulbs and ballasts, and/or fixtures; or (iv) with respect to additional cleaning work, instruct Landlord's janitorial contractor to provide the above-standard services.

- 7.3 **Utilities.** The costs to Tenant of all utilities servicing the Leased Premises are included within the Rent, save and except those specifically marked with "X" below, Landlord and Tenant acknowledge and agree that the following utilities designated by "X" are or will be separately metered to the Leased Premises as of the Commencement Date, and that Tenant shall pay directly to the utility provider all costs and fees for such designated services to the Leased Premises:

<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Natural Gas	<input checked="" type="checkbox"/> Water
<input checked="" type="checkbox"/> Phone Lines	<input checked="" type="checkbox"/> Cable TV	<input checked="" type="checkbox"/> Internet

- 7.4 **Telecommunication Equipment.** In the event that Tenant wishes at any time to utilize the services of a telephone or telecommunications provider whose equipment is not then servicing the Building, no such provider shall be permitted to install its lines or other equipment within the Building without first securing the prior written approval of the Landlord, which approval shall not be unreasonably withheld, conditioned, or delayed.
- 7.5 **Service Interruption.** In the event that Landlord's Services to the Leased Premises are materially interrupted for any reason, Tenant agrees to promptly notify Landlord in writing of such interruption. Upon learning of any material interruption to the Landlord's Services, Landlord agrees to promptly and diligently thereafter use commercially reasonable efforts to restore the Landlord's Services to the Leased Premises. If the interruption of Landlord Services (i) materially interferes with Tenant's Permitted Use of the Leased Premises for five (5) or more consecutive business days, and (ii) is not attributable to the negligence or willful misconduct of Tenant, then Tenant shall be entitled to an equitable abatement or reduction of Rent for the period of such interruption, effective as of the first day of loss of service. In the event that an interruption of Landlord's Services to the Leased Premises (i) is not caused by the negligence or willful misconduct of Tenant, and (ii) substantially and materially interferes with Tenant's Permitted Use of the Leased Premises, or is reasonably expected to substantially and materially interfere with Tenant's Permitted Use of the Leased Premises, for a period of thirty (30) or more consecutive calendar days, Tenant at its option may terminate this Lease upon written notice to Landlord; provided, however, that if such interruption of the Landlord's Services is attributable to fire, weather or other casualty governed by Article 11 of this Lease, then the provisions of Article 11 shall control over the provisions of this sentence.

Article 8 Maintenance and Repairs

- 8.1 **Landlord's Obligation to Maintain and Repair.** Subject to Exhibit D, Landlord shall, at Landlord's sole cost and expense, maintain in good condition (and in connection therewith, replace, or repair as necessary) the Real Property, the Building and those portions of the Building's plumbing, electrical, mechanical, and HVAC systems located within the Leased Premises; save and except that to the extent such damage is attributable to the negligence or willful misconduct of Tenant or Tenant's employees or agents, Tenant shall be responsible for the reasonable, actual costs of repair incurred by Landlord as mutually agreed in writing by the Parties prior to repair.
- 8.2 **Tenant's Obligation to Maintain and Repair.** Except as to (i) those items to be maintained by Landlord pursuant to Section 8.1, and (ii) any damage to the Leased Premises attributable to the negligence or willful misconduct of Landlord or Landlord's employees or agents, which damage shall be repairable by Landlord at Landlord's sole cost and expense, Tenant shall at its sole cost and expense, (i) maintain and keep in good condition and repair the interior of the Leased Premises; (ii) repair or replace any damage or injury done to the Leased Premises or any other part of the Real Property to the extent the same is caused by the negligence or willful misconduct of Tenant or Tenant's employees or agents; and (iii) maintain all telephone and telecommunications equipment and wiring installed in the Leased Premises by Tenant.

Article 9 Tenant Alterations and Liens

- 9.1 **Tenant Alterations.** Tenant shall not make any alterations, additions, or improvements with a value in excess of \$ [REDACTED] to the Leased Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. If the Landlord consents to such alterations, additions, or improvements, the Parties shall at the time agree in writing as to whether the whole or any part of the alterations, additions, or improvements will at the expiration or earlier termination of the Lease Term be left in place on the Leased Premises or removed from the Leased Premises by and at the expense of Tenant.

9.2 **Condition at Termination.** All alterations, installations, additions, and improvements made and installed and paid for by Landlord shall become the property of Landlord and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the Lease Term. Upon the expiration or within thirty (30) days after the earlier termination of the Lease, Tenant shall deliver the Leased Premises to Landlord in the same condition as when delivered to Tenant, reasonable wear and tear, damage by casualty or condemnation, and alterations, additions, or improvements required to be left in place as set forth in Section 9.1 above excepted. Notwithstanding anything to the contrary herein, Tenant may remove from the Leased Premises at any time any and all machinery, equipment, trade fixtures, furniture, furnishings, and other personal property owned by Tenant provided that Tenant repairs any damage to the Leased Premises caused by such removal.

9.3 **Liens.** Tenant shall keep the Leased Premises, the Building, and the Real Property free from all liens arising out of any work performed, materials furnished, or obligations incurred by or for Tenant.

Article 10 Insurance

10.1 **Landlord's Insurance.** At all times during the Lease Term, Landlord shall at its expense maintain in force and effect a policy of property insurance (including earthquake and flood) covering the Real Property in an amount equal to not less than the full replacement cost thereof; provided that Landlord shall not be obligated to insure any trade fixtures or personal property that Tenant may have placed upon the Leased Premises. Landlord must also maintain at its expense a policy or policies of commercial general liability insurance insuring against loss of life, bodily injury, and/or property damage in commercially reasonable amounts, and in no event less than one million dollars (\$1,000,000.00) per occurrence with a two million dollars (\$2,000,000.00) aggregate and including Tenant as an additional insured. All insurance policies required of Landlord under this Section 10.1 shall be issued by an AM Best A-VII or better carrier duly licensed in the State of Texas. Each of such insurance policies shall also be properly endorsed to provide for not less than thirty (30) days advance written notice to Tenant of any cancellation or material modification or change of such insurance policy. The coverages required herein shall not limit the liability of Landlord.

10.2 Tenant's Insurance

10.2.1 **Limitations on Tenant's Insurance.** Landlord acknowledges that Tenant is an agency of the State of Texas and may only obtain insurance from third parties as authority may be granted to Tenant by state law or as may be reasonably implied by such law. Tenant shall have no obligation under this Lease to obtain policies of insurance and shall have the right, in Tenant's sole discretion, to determine whether Tenant will maintain policies of insurance, operate programs of self-insurance, or utilize any other program of risk-protection in connection with Tenant's operations.

10.2.2 **Liability Insurance.** Landlord acknowledges that because Tenant is an agency of the State of Texas, liability for the tortious conduct of the agents and employees of Tenant (other than the medical liability of medical staff physicians) or for injuries caused by conditions of tangible state property is provided for solely by the provisions of the Texas Tort Claims Act, Texas Civil Practice and Remedies Code, Chapter 101, as amended from time to time.

10.2.3 **Workers Compensation Insurance.** Workers compensation insurance coverage for employees of Tenant will be provided by Tenant as mandated by the provisions of Texas Labor Code, Chapter 503, as amended from time to time.

10.3 **Waiver of Subrogation.** Landlord and Tenant each agree that with respect to any third-party insurance policy maintained, or required to be maintained, by it under this Lease, such policy of insurance shall contain a waiver of the insurer's subrogation rights with respect to any amounts paid under such policy or policies. Landlord and Tenant each agree to (i) immediately give written notice to each insurance company that has issued to it, or in the future issues to it, policies of insurance with respect to this Lease; (ii) cause such insurance policies to be properly endorsed, as necessary, to evidence the waiver of the insurer's subrogation rights; and (iii) provide reasonable proof of such waiver of subrogation rights to the other Party. Further, to the extent of insurance proceeds received, the Parties respectively waive and release any and all claims against the other Party for damages caused or contributed to by the other Party.

Article 11 Fire and Casualty

11.1 **Repairs Taking Over 120 Days.** In the event that the Leased Premises or any portion of the Building or the Real Property reasonably necessary for Tenant's use and occupancy of the Leased Premises for the Permitted Use should be so damaged by fire or other casualty that, according to Landlord's reasonable estimate, rebuilding or repairs of such fire or other casualty

damage cannot be completed within one hundred twenty (120) days following the date of such fire or other casualty ("Casualty Date"), within thirty (30) days of the Casualty Date, Landlord shall deliver to Tenant written notice of Landlord's reasonable estimate as to the time necessary to rebuild or repair such fire or other casualty damage (but not including any trade fixtures or personal property of Tenant in the Leased Premises) to substantially the same condition that existed immediately prior to the fire or other casualty ("Casualty Repair Period"). Within thirty (30) days from the date of Landlord's delivery of such notice to Tenant, either Party may upon written notice to the other Party terminate this Lease upon written notice to the other. If neither Party timely gives such notice of termination of the Lease, then Landlord shall promptly commence, and thereafter pursue with reasonable diligence, the rebuilding or repair of the damage caused by the fire or other casualty to substantially the same condition that existed immediately prior to the happening of the fire or other casualty; provided, however, that Landlord is not required to rebuild, repair, or replace any trade fixtures or personal property that may have been placed by Tenant within the Leased Premises. If the Lease is not terminated as provided under this paragraph and either (i) the rebuilding or repair work is not substantially completed before the expiration of the Casualty Repair Period, or (ii) Landlord has not commenced such rebuilding or repair work within sixty (60) days after the Casualty Date, then Tenant may terminate this Lease with written notice to Landlord within thirty (30) days following the expiration of the Casualty Repair Period or the above-described 60-day period (as applicable).

- 11.2 **Repairs Taking Under 120 Days.** In the event that the Leased Premises or any portion of Building or the Real Property reasonably necessary for Tenant's use and occupancy of the Leased Premises for the Permitted Use are damaged by fire or other casualty and, in accordance with Landlord's reasonable estimate, rebuilding or repairs of such damage can be completed within one hundred twenty (120) days following the Casualty Date, Landlord shall within thirty (30) days of the Casualty Date (i) deliver written notice of such estimate to Tenant, and (ii) promptly commence, and thereafter pursue with reasonable diligence, the rebuilding or repair of the damage caused by the fire or other casualty to substantially the same condition that existed immediately prior to the happening of the fire or other casualty; provided, however, that Landlord is not required to rebuild, repair, or replace any trade fixtures or personal property that may have been placed by Tenant within the Leased Premises. If either (i) the rebuilding or repair work is not substantially completed within such one hundred twenty (120) day period or (ii) Landlord has not commenced such rebuilding and repair work within sixty (60) days after the Casualty Date, then Tenant may terminate this Lease with written notice to Landlord within thirty (30) days after such 120-day period or 60-day period (as applicable).
- 11.3 **Rent Abatement.** Rent shall be equitably abated during the period and to the extent that any unrepaired casualty under this Article 11 interferes with Tenant's Permitted Use of the Leased Premises. If the Lease is terminated as provided under this Article 11, any Rent paid in advance by Tenant and which Landlord is not entitled to receive hereunder shall be refunded to Tenant.

Article 12 Condemnation

- 12.1 **Condemnation Affecting Leased Premises.** If the Leased Premises, the Building or the Real Property shall be taken or condemned in whole or in part for any public purpose or sold to a condemning authority in lieu of taking ("Taking"), and which Taking, in Tenant's reasonable opinion, will substantially interfere with Tenant's Permitted Use for the balance of the Lease Term, Tenant may terminate this Lease by delivering written notice of termination to Landlord within thirty (30) days after the date of vesting of title ("Date of Taking") is known by the Parties. A termination under this paragraph shall be effective as of the Date of Taking, and Rent shall be apportioned as of that date. Any Rent paid for a period thereafter shall be refunded to Tenant.
- 12.2 **Condemnation Without Termination.** In the event of a Taking and the Lease is not terminated as provided in Section 12.1 above, then this Lease shall continue in full force and effect, provided that (i) if the Taking includes any portion of the Leased Premises, Rent shall be reduced on a pro rata basis in light of the reduction in the net square rentable footage of the Leased Premises; and (ii) if the Taking includes any portion of the Building or Real Property that interferes with Tenant's Permitted Use, Rent shall be adjusted as equitable under the circumstances. Following any Taking under this Section, Landlord shall at its sole expense promptly and diligently restore and reconstruct the Real Property, the Building or the Leased Premises (as applicable) to substantially its former function and condition, to the extent that such is commercially feasible.
- 12.3 **Condemnation Proceeds.** Landlord shall receive the award payable as a result of a Taking, to the extent such award is in excess of Tenant's leasehold interest. Tenant shall have the right to recover from such authority through a separate award (i) the value at the time of the Taking of the leasehold estate created hereunder; (ii) the value of any personal property of Tenant taken by the proceedings; and (iii) such compensation as may be awarded to Tenant on account of moving and relocation expenses and depreciation to and removal of Tenant's property.

Article 13 Taxes

- 13.1 **Tenant's Obligations.** Tenant shall be liable for and shall pay, prior to delinquency, any and all taxes and assessments levied against Tenant's personal property and trade fixtures placed by Tenant in or about the Leased Premises to the extent Tenant is not exempt from such taxes as a public institution of higher education.
- 13.2 **Landlord's Obligations.** Landlord shall be liable for and shall pay, prior to delinquency, any and all taxes and assessments levied against the Real Property.
- 13.3 **Payment of Taxes Owed by Another.** If any taxes for which a Party is liable under this Article 13 are not separately assessed and are levied or assessed against the other Party, then the Party responsible for such taxes shall pay the same to the other Party within ten (10) business days following written demand.

Article 14 Subletting and Assigning

- 14.1 **Sublease and Assignment.** Without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed, Tenant shall not assign, sublease, or otherwise transfer any whole or part of the Leased Premises to any other person; save and except that without the necessity of Landlord's consent, Tenant may assign, sublease, or otherwise transfer the Leased Premises or any portion thereof to another state agency, institution of higher education, or component of the Texas Tech University System. Tenant shall deliver to Landlord a copy of each assignment, sublease, or other transfer instrument entered into by Tenant promptly after the execution thereof, whether or not Landlord's consent is required in connection with such assignment, sublease, or other transfer.

Article 15 SNDA and Estoppel Certificate

- 15.1 **Subordination and Non-Disturbance.** If Landlord's interest in the Real Property is now or hereafter encumbered by a mortgage, deed of trust, or other lien (hereafter, whether one or more, "Lien") in favor of any third person ("Lienholder"), then Landlord agrees to obtain in favor of Tenant from each such Lienholder and cause to be recorded in the public records of the county in which the Real Property is located a written subordination and non-disturbance agreement of a form reasonably acceptable to both the Lienholder and Tenant, to the effect that, among such other matters as Tenant and Lienholder may agree, (i) upon Lienholder's written request, Tenant shall subordinate this Lease in favor of such Lien and attorn to and recognize such Lienholder; and (ii) for so long as Tenant is not in default of its obligations under this Lease beyond any applicable notice and cure periods, Tenant's possession of the Leased Premises pursuant to this Lease shall not be disturbed by Lienholder, Lienholder's successors and assigns, and any other person acquiring an interest in the Lien or Real Property by or through Lienholder or the Lien, notwithstanding a foreclosure or conveyance in lieu of foreclosure of such Lien. Landlord and Tenant further agree to execute and deliver such further instruments as may be reasonably required for such purposes and to carry out the intent of this Section.
- 15.2 **Estoppel Certificate.** Within thirty (30) days of written request by one Party to the other Party, the other Party shall, without additional consideration, execute and deliver to the requesting Party an estoppel certificate, consisting of reasonable statements of fact concerning the status of this Lease. If the other Party is unable to make any of the statements contained in the estoppel certificate because the same is untrue, the other Party shall indicate in reasonable detail why such statement is untrue. Any such certificate may be relied upon for the intended transaction for which the certificate was requested.

Article 16 Default

- 16.1 **Default By Tenant.** It shall be an event of default by Tenant under this Lease if Tenant fails to (i) pay any Rent or other monetary obligation owing to Landlord under this Lease when due and such failure is not cured within ten (10) business days after Landlord delivers written notice of default and demand for payment to Tenant; or (ii) perform any other obligation of this Lease for more than thirty (30) days after Landlord delivers written notice of such default and demand for performance to Tenant, provided that if such failure cannot be reasonably cured within said thirty (30) day period, Tenant shall not be in default hereunder so long as Tenant commences curative action within such thirty (30) day period and diligently and continuously pursues the curative action to completion. Upon the occurrence of an event of default by Tenant, Landlord may, to the extent authorized by the statutes and the Constitution of the State of Texas, (i) terminate this Lease upon written notice to Tenant, (ii) cure such default and be reimbursed by Tenant upon demand for the reasonable costs of such cure, and/or (iii) exercise any

other remedy available at law, in equity, or by statute for such default.

- 16.2 **Default by Landlord.** It shall be an event of default by Landlord under this Lease if Landlord fails to perform any of its obligations hereunder and said failure continues for a period of thirty (30) days after Tenant delivers written notice of default and demand for performance to Landlord, provided that if such failure cannot be reasonably cured within said thirty (30) day period, Landlord shall not be in default hereunder so long as Landlord commences curative action within such thirty (30) day period and diligently and continuously pursues the curative action to completion. Upon the occurrence of an event of default by Landlord, Tenant may (i) terminate this Lease upon written notice to Landlord, (ii) cure such default and be reimbursed by Landlord upon demand for the reasonable costs of such cure, and/or (iii) exercise any other remedy available at law, in equity, or by statute for such default.
- 16.3 **Cumulative Remedies.** No right or remedy herein conferred upon or reserved to a Party is intended to be exclusive of any other right or remedy set forth herein or otherwise available to the Party, and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law, in equity, or by statute.
- 16.4 **Dispute Resolution.** In the event that the Parties hereto fail to agree with respect to any matter covered by this agreement, the issue in dispute shall be submitted to non-binding arbitration or to mediation, conducted pursuant to Chapter 154, Alternate Dispute Resolution Procedures, Texas Civil Practice & Remedies Code, each Party to be responsible for its own costs. This clause will survive the expiration or termination of the Agreement, whether for cause or without cause.

TTUHSC DOES NOT WAIVE SOVEREIGN IMMUNITY BY ITS EXECUTION OF OR BY ANY CONDUCT OF ITS REPRESENTATIVES UNDER THIS AGREEMENT, AND THE DISPUTE RESOLUTION PROCESS DOES NOT AFFECT TTUHSC'S RIGHT TO ASSERT ALL CLAIMS AND DEFENSES IN A LAWSUIT.

Article 17

Notices

- 17.1 **Notice.** Any notice or communication required or permitted in this Lease shall be given in writing, sent by (i) personal delivery, with proof of delivery; (ii) nationally recognized overnight courier service that regularly maintains records of items delivered; or (iii) United States mail, postage prepaid, registered, or certified mail, return receipt requested, addressed as provided in [Section 1.1.2](#) or [Section 1.1.3](#), as applicable, or to such other address or to the attention of such other person as shall be designated from time to time in writing by the applicable Party and sent in accordance herewith. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of courier service or mail, as of the date of first attempted delivery at the address and in the manner provided herein.

Article 18

Holding Over

- 18.1 **Holdover.** In the event that Tenant retains possession of the Leased Premises after the expiration or thirty (30) days following the earlier termination of this Lease without the written consent of Landlord, such possession shall constitute and be construed as a month to month tenancy on the same terms, provisions, covenants and agreements of this Lease in effect as of the last day of the Lease Term.

Article 19

Miscellaneous Provisions

- 19.1 **No Waiver.** No waiver by Landlord or by Tenant of any provision of this Lease shall be deemed to be a waiver by that Party of any other provision of this Lease. No waiver by a Party of any breach of this Lease or event of default by the other Party shall be deemed a waiver of any subsequent breach of this Lease or event of default by that other Party of the same or any other provision of this Lease.
- 19.2 **Applicable Law; Venue.** This Lease and all of the rights and obligations of the Parties and any claims arising from this Lease shall be construed, interpreted, and governed by the laws of the State of Texas well as the applicable Federal laws of the United States of America. Venue shall be in the state or federal courts of Lubbock County, Texas.
- 19.3 **Successors and Assigns.** Subject to any provision hereof restricting assignment, subletting and other transfer by Tenant, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the Parties hereto and their respective heirs, personal representatives, successors and assigns.

- 19.4 **Force Majeure.** “Event of Force Majeure” means an event beyond the control of Landlord or Tenant which prevents or makes a Party’s compliance with any of its obligations under this Lease illegal or impracticable, including but not limited to: act of God (including, without limitation, fire, explosion, earthquake, tornado, drought, and flood); war, act or threats of terrorism, hostilities (whether or not war be declared), invasion, act of enemies, mobilization, requisition, or embargo; rebellion, insurrection, military or usurped power, or civil war; contamination or destruction from any nuclear, chemical, or biological event; riot, commotion, strikes, go slows, lock outs, or disorder; epidemic, pandemic, viral outbreak, or health crisis; or directive of governmental authority. No Party will be considered in breach of this Lease to the extent that performance of their respective obligations is prevented or made illegal or impracticable by an Event of Force Majeure that arises during the term (or after execution of the Lease but prior to the beginning of the term). A party asserting an Event of Force Majeure hereunder (“Affected Party”) will give reasonable notice to the other Party of an Event of Force Majeure upon it being foreseen by, or becoming known to, Affected Party. In the event of an Event of Force Majeure, Affected Party will endeavor to continue to perform its obligations under the Lease only so far as reasonably practicable.
- 19.5 **Severability.** If one or more provisions of this Lease, or the application of any provision to any party or circumstance, is held invalid, unenforceable, or illegal in any respect, the remainder of this Lease and the application to other parties or circumstances will remain valid and in full force and effect.
- 19.6 **Recording of Memorandum of Lease.** This Lease shall not be recorded. However, either Party shall have the right to record a memorandum of Lease of the form attached as Exhibit E, at its expense, at any time during the Lease Term hereof and, if requested, the other Party agrees (without charge) to join in the execution thereof.
- 19.7 **Entire Agreement; Modifications; Amendments.** This Lease supersedes all prior agreements, written or oral, between Parties and will constitute the entire Lease and understanding between the Parties with respect to the subject matter hereof. The Lease and each of its provisions will be binding upon the Parties and may be amended, modified, or supplemented only by an instrument in writing executed by all Parties hereto.
- 19.8 **Interpretation of Lease.** Each Party and its counsel have reviewed and revised this Lease after arms-length negotiations. Accordingly, the rule of construction that ambiguities are resolved against the drafting party shall not apply to this Lease or any amendments hereof.
- 19.9 **Headings.** The captions in this Lease are for convenience only and shall not be deemed to define, limit, or affect in any way the scope, meaning, intent, or extent of this Lease or any part of it.
- 19.10 **Authority.** Each Party represents and warrants that (a) such Party has the full power and authority to enter into this Lease and to perform its provisions and (b) the person signing on behalf of such Party has been duly authorized by such Party to sign this Lease on its behalf.
- 19.11 **No Third Party Beneficiaries.** No beneficial rights are given to any third parties by or under this Lease.
- 19.12 **Time of the Essence.** Except as otherwise provided in this Lease, time is of the essence in the performance of each and every provision in this Lease.
- 19.13 **Counterparts.** This Lease may be executed in a number of counterparts, each of which for all purposes shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument.
- 19.14 **Non-Discrimination.** The Landlord shall comply with applicable state laws and requirements, federal laws and requirements, and TTUHSC policies concerning fair employment and employment of people with disabilities, and concerning the treatment of all employees without regard to discrimination by reason of sex, race, national origin, religious belief, age, disability, or status as a disabled veteran or veteran of the Vietnam era or other protected classes in accordance with TTUHSC policies.
- 19.15 **Sanction or Exclusion Search.** Landlord represents and warrants that neither Landlord or any employees or agents who provide items or services under this Lease are excluded, suspended, or debarred from participation in any federal or state health care program or federally funded contracts. Tenant shall conduct searches of Landlord's name against various federal and state sanction and exclusion databases, including, but not limited to the HHS OIG List of Excluded Individuals/Entities (LEIE), the GSA Excluded Parties List System (EPLS), and the Texas HHSC Exclusion List. Landlord agrees to immediately inform Tenant as soon as it is aware that it or any of its employees, agents, or contractors providing items or services under the Lease are subject to the imposition of any such sanctions or exclusion. This Lease shall be subject to immediate termination by Tenant in the event Landlord, or any of its employees, agents, or contractors, is listed on any federal or state sanction/exclusion list as being subject to sanctions or exclusion.

- 19.16 **Cooperation with Tenant's Compliance Programs.** Tenant is an entity subject to the Deficit Reduction Act of 2005 and is required to establish and disseminate policies to be adopted by its Contractors and agents. Accordingly, Landlord agrees that it will comply with federal, state, or local laws or regulations applicable to Landlord's performance under this Lease. Landlord further agrees that it will comply with applicable Tenant Operating Policies and Procedures located at <http://www.ttuhscc.edu/HSC/OP>, including, but not limited to HSC OP 52.06, Standards of Conduct and Ethics Guide, HSC OP 52.03, Compliance Hotline, and HSC OP 52.04, Reporting Violations and Non-Retaliation Policy, as well as all relevant published Tenant compliance programs, which are available on its website: <http://www.ttuhscc.edu/compliance>.
- 19.17 **Conformance with Law.** Each Party represents and warrants that all decisions regarding the medical care of patients shall be based solely upon the professional medical judgment of a patient's attending physician(s) and shall be made in the best interests of patients, that the aggregate benefit given or received under this Lease, whether in cash or in kind, has been determined in advance through a process of arms-length negotiations that were intended to achieve an exchange of goods and/or services consistent with fair market value in the circumstances, and that any benefit given or received under this Lease is not intended to induce, does not require, and is not contingent upon, the admission, recommendation, or referral of any patient, directly or indirectly, to the other Party. Both Parties intend that the terms and conditions of this Lease, and the manner in which the Parties perform are to comply with applicable federal and state laws and regulations, including but not limited to, 42 CFR Part 411 ("Stark") and 42 CFR 1001 et seq. (Anti-kickback).
- 19.18 **Office of Foreign Assets Control (OFAC).** Each Party represents and certifies to the other that (a) it is not a person and/or entity with whom United States ("U.S.") persons or entities are restricted from doing business under U.S. law, executive power, or regulation promulgated thereunder by any regulatory body; (b) no person or entity named on any U.S. list of specially designated nationals or blocked persons has any direct interest in it such that the direct investment in it is prohibited by any U.S. law; (c) it is not in violation of any U.S. money laundering law; and (d) none of its funds have been derived from unlawful activity such that the direct investment in it is prohibited by U.S. law. The foregoing are ongoing covenants of each Party. Each Party shall immediately advise the other Party of any change in the status or accuracy of such representations, and upon request each Party shall recertify such representations and certify in writing the identity of all entities and individuals owning or controlling it.
- 19.19 **No Boycott.** If this Lease has a value of \$100,000 or more that is to be paid wholly or partly from public funds of TTUHSC, and if Landlord is a company, other than a sole proprietorship, with ten (10) or more full-time employees, then pursuant to Texas Government Code § 2270.002, Landlord affirmatively states that it does not boycott Israel and will not boycott Israel during the term of this Lease. In this paragraph, the terms "company" and "boycott Israel" shall have the meanings described in Texas Government Code § 808.001.
- 19.20 **Human Trafficking.** Pursuant to Texas Government Code § 2155.0061, the Landlord certifies that the individual or business entity named in this Lease is not ineligible to receive the specified Lease and acknowledges that this Lease may be terminated and payment withheld if this certification is inaccurate.
- 19.21 **No Conflicts.** Landlord certifies this Lease is not prohibited under Texas Government Code § 2261.252(b) and agrees that if Landlord's certification is or becomes untrue, this Lease is void, and Landlord will not seek and waives its right to seek any legal or equitable remedy for past or future performance under this Lease, including damages, whether under breach of contract, unjust enrichment, or any other legal theory; specific performance; and injunctive relief.
- 19.22 **Exhibits and Attachments.** All Exhibits, attachments, riders, and addenda referred to in this Lease are incorporated in this Lease and made a part hereof for all intents and purposes.
- 19.23 **E-Signatures.** This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, but all of which together shall constitute but one and the same instrument. Signatures to this Agreement transmitted by facsimile, by electronic mail in "portable document format" (".pdf"), or by any other electronic means which preserves the original graphic and pictorial appearance of the Agreement, shall have the same effect as physical delivery of the paper document bearing the original signature.

Signature page follows.

The Parties hereto have executed and delivered this Lease, as of the date first written in this Lease.

Landlord:
Texas Tech University Health Sciences Center

Tenant:
Lubbock Reese Redevelopment Authority

Signature

Signature

Name

Name

Title

Title

Date

Date

Exhibits:

- A. Description of Real Property.
- B. Description of Leased Premises and Parking Areas
- C. Required Delivery Conditions
 - C-1 Plans and Specifications for Tenant Improvements.
- D. Landlord's Additional Requirements and Disclosure
- E.

Exhibit A
to Space Lease Agreement

Description of Real Property

(see attached)

Exhibit B
to Space Lease Agreement

Description of Leased Premises and Parking Areas

(see attached)

Exhibit C
to Space Lease Agreement

Required Delivery Condition

NONE

Exhibit D
to Space Lease Agreement

Landlord's Requirements and Disclosures

1. **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 the Reese Technology Center Research Park and located in Lubbock County, Texas.

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.

3. **Tenant's Obligations.** During the Term, Tenant will not use, generate, place, store, release or otherwise dispose of Hazardous Materials in the Premises or the Common Areas, except in accordance with all Environmental Laws, and subject to the Reservations recorded in the Deed Without Warranty Between the United States of America and Landlord recorded in the Real Property Records of Lubbock County, Texas at Deed Record 2006041652. Notwithstanding anything to the contrary contained in this Lease, Landlord acknowledges and agrees that Tenant shall have the right to use and store in the Premises in Tenant's ordinary course of business Hazardous Materials in accordance with Environmental Laws. Tenant shall be responsible for and ensure that its agents, contractors, employees, invitees, licensees, or visitors, do not use, generate, place, store, release or otherwise dispose of Hazardous Materials in the Premises or the Common Areas. Notwithstanding anything to the contrary contained in this Lease, Landlord acknowledges and agrees that Tenant shall have the right to use and store in the Premises in Tenant's ordinary course of business Hazardous Materials in accordance with Environmental Laws including but not limited to forklift propane, motor oil, anti-freeze, trans-fluid, brake fluid, hydraulic-fluid, air tool oil, WD-40, chain lubricants, bearing grease, oxygen/acetylene, spray paints, mineral spirits, water base paint, gasoline-welder-generator and stencil ink. In the event of a breach of the foregoing, Tenant will promptly undertake remediation or removal in accordance with all Environmental Laws. To the fullest extent permitted by Texas law, Tenant will indemnify, release, defend and hold Landlord harmless from and against, and reimburse Landlord for, all Hazardous Materials Liabilities asserted against or incurred by Landlord as a result of a breach of Tenant's obligations under this paragraph. Notwithstanding anything to the contrary contained herein, in no event shall Tenant be liable for Hazardous Materials existing in, on or about the Premises or the Project prior to 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. The provisions of this Section will survive the expiration or earlier termination of this Lease.

4. **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.

5. **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, Landlord intends to continue to operate the 6,500-foot north-south runway and will make the use of such runway available to Tenant in accordance with the existing Federal Aviation Administration certification. All flight arrangements must be approved through Landlord and any tenant utilizing the runway for such flights must comply with the daytime Visual Flight Rule. Notwithstanding the foregoing, Landlord agrees that it will not cause or permit any material change in size, location or configuration of any airstrip or runway which will have an adverse affect on Tenant's ability to operate in the Premises or which will adversely affect access to the Premises.

6. 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. 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 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, 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. Tenant further agrees that, if Tenant elects to install a security alarm system in the Premises, such alarm system will be compatible with the alarm system utilized by Landlord, if any.

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

BOARD ACTION ITEM No. 2023-0627-140
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER (TTUHSC)
6-MONTH LEASE FOR BUILDING 74

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY
June 27, 2023

Item to be Considered:

Approve 6-month lease for TTUHSC for Building 74

Previous Board Action:

There has been no previous board action.

Statement of Pertinent Facts:

- a. TTUHSC is part of the Matador UAS Consortium and LRRRA has been in negotiations with them for leasing Building 74.
- b. To secure funding from a donor for the buildout of building 74, TTUHSC needs an executed lease, but TTUHSC is reluctant to sign a lease without the donor funding.
- c. To help TTUHSC secure funding, LRRRA will provide them with a 6-month lease at \$1 per square foot until the actual long-term lease is finalized between LRRRA and TTUHSC.

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 lease for B74 TTUHSC and authorizes its CEO/Executive Director to execute the lease upon the negotiation of final terms and conditions, as submitted on this 27th day of June 2023."

Steve Verett - President

ATTEST:

LRRRA Board Member

AGENDA ITEM 8
EXECUTIVE SUMMARY
D&S RESIDENTIAL HOLDINGS LLC/SEVITA
BUILDING 1111

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

D&S Residential Holdings (Sevita) is a new customer for Reese and came to us through a broker, Mohr Partners, Dallas, Texas. They will be leasing building 1111 to provide community-based health and human services to adults with intellectual and/or developmental disabilities. This is a similar business to the previous customer that occupied that building, ResCare. Sevita operates in 41 states and serves about 50,000 individuals. Sevita's current Lubbock location is at Slide and 75th Street. That lease has expired and they are looking for an alternative location.

This lease is for 7 years with two options to renew for five years each. The starting rent of \$12.75 (with 3% annual increases) is higher than our advertised rate of \$12.00 because we will be paying the broker commission of 4% to Mohr Partners. The difference in rent is more than enough to make up for the commission fee. See attached deal sheet and lease for more details.

Staff is recommending Board approval for this lease.



Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Deal Sheet

D&S Residential Holdings LLC or Sevita
Building 1111
"Subject to Board Approval"

June 14, 2023

Prospective Tenant:

D&S Residential Holdings LLC or Sevita
313 Congress Street
Boston, MA 02210

Broker:

Mohr Partners, Inc.
Caitlin Tyner
14643 Dallas Pkwy, Suite 1000
Dallas, TX 75254

Premises:

Building 1111 (Estimated 3,827 SF)
519 Gilbert Drive
Lubbock, TX 79416

Background:

D&S Holdings or Sevita, a wholly owned subsidiary of National Mentor Holdings, Inc., is a provider of home-based and community-based health and human services to adults and children with intellectual and/or developmental disabilities. Founded in 1980, the company evolved into a diversified national network providing an array of services and care in large, growing and highly fragmented markets. The company operates in 41 states and serves 17,800 individuals in residential settings and approximately 31,200 individuals in non-residential settings.

This organization is similar to the one that previously occupied this building, ResCare.

Financials:

As of September 30, 2022, National Mentor Holdings, Inc. and subsidiaries have total assets of (in thousands) \$2,141,588.



Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Type of Lease:

Modified Gross Lease

Primary Term for Building 1111 (3,827 SF):

Tenant will pay \$12.75 per SF for seven (7) years with 3% annual increases. The starting rate is a premium over the advertised rate of \$12 per square foot. This is because we will be paying the broker's fee on this deal and the added cost will help us recoup that fee. The broker's fee is 4% on the initial term only, which totals \$14,952.85. The premium rate will more than cover this commission fee as it will add \$21,930.45 to the lease payments.

Rent:

<u>Initial Term</u> <u>Lease Years</u>	<u>Total Annual</u> <u>Base Rent</u>	<u>Total Monthly</u> <u>Base Rent</u>	<u>Annual Base Rent Per Square Foot of</u> <u>Floor Area of the Premises</u>
Year 1	\$48,794.25	\$4,066.19	\$12.75
Year 2	\$50,248.51	\$4,187.38	\$13.13
Year 3	\$51,741.04	\$4,311.75	\$13.52
Year 4	\$53,310.11	\$4,442.51	\$13.93
Year 5	\$54,917.45	\$4,576.45	\$14.35
Year 6	\$56,563.06	\$4,713.59	\$14.78
Year 7	\$58,246.94	\$4,853.91	\$15.22
TOTAL	\$373,821.36		

Renewal Options:

Tenant shall have two (2) options to renew for five (5) years each. Each option year will have a 3% annual increase.



Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Termination Option:

After the fifth year, the Tenant shall have the option to terminate this agreement if there has been a substantial change in their funding.

Security Deposit:

Tenant will pay a security deposit equal to one month's rent in the amount of \$4,066.19.

Utilities:

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

Maintenance & Expenses:

Reese will replace broken doors and have the building cleaned for Tenant move in.

STANDARD SHORT TERM LEASE

BETWEEN

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

AS LANDLORD

AND

D&S RESIDENTIAL HOLDINGS, L.L.C., a Texas Limited Liability Company

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 1111

519 Gilbert Drive

Lubbock, Texas 79416

STANDARD SHORT TERM LEASE

This Standard Short Term Lease (the “Lease” or “Agreement”) is made this ____ day of June, 2023, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as “Landlord”) and D&S Residential Holdings, L.L.C., a Texas limited liability company (d/b/a D&S Community Services or Sevita) (hereinafter referred to as “Tenant”). Landlord and Tenant may be referred to herein as “Party” in the singular and “Parties” in the plural.

W I T N E S S E T H:

1. 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: D&S Residential Holdings, L.L.C., whose Federal Taxpayer Identification Number is _____.

(d) Tenant Address: 313 Congress St., Boston, MA 02210-1218.

(e) Guarantors: NOT USED.

(f) Guarantors’ Addresses: NOT USED.

(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 approximate 3,827 square feet utilized by Tenant, located at 519 Gilbert Drive, Lubbock, Texas 79416, which is commonly known as Building #1111, and identified on the site plan attached hereto as **Exhibit A** (the "Site Plan"), and containing approximately 3,827 square feet of floor area.

(i) Initial Term: Seven (7) years.

(j) Extensions: Two (2) renewal options of five (5) years each, subject to the rights set forth in Section 1(k).

(k) Option to Extend Term: Tenant shall have two (2) renewal options of five (5) years each. The Lease shall renew automatically unless Tenant provides written notice to Landlord at least ninety (90) days prior to the expiration of the Initial Term or the then effective Extension, as the case may be. Absent receipt of such notice, this Lease will be extended 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%), and the increased rent shall be considered the Fixed Minimum Rent for purposes of determining any subsequent increase of Base Rent pursuant to an

extension of the Lease Term. The Base Rent shall increase by 3% annually during the Term or any Extended Term. The adjustment in the Base Rent will be determined by multiplying the then existing Base Rent specified in the lease ("Base Rent") by 1.03, which will result in a "Revised Base Rent."

(l) Delivery Date: July 1, 2023.

(m) Commencement Date: July 1, 2023.

(n) Termination Date: June 30, 2030.

(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 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 charges further do not include, and Tenant is solely responsible for any and all charges associated with utilities, dumpsters, telephone service, internet service, Tenant renovations, or general surface cleaning, except as otherwise provided in this Lease.

<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	\$48,794.25	\$4,066.19	\$12.75
Year 2	\$50,248.51	\$4,187.38	\$13.13
Year 3	\$51,741.04	\$4,311.75	\$13.52
Year 4	\$53,310.11	\$4,442.51	\$13.93
Year 5	\$54,917.45	\$4,576.45	\$14.35
Year 6	\$56,563.06	\$4,713.59	\$14.78
Year 7	\$58,246.94	\$4,853.91	\$15.22

(p) Security Deposit: Landlord agrees to accept as a security deposit one (1) months Base Rent in the amount of \$4,066.19. 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 the Landlord is not in default on this Agreement. Landlord'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. Notwithstanding the foregoing, Tenant may provide written notice to the Landlord ninety (90) days prior to June 30, 2028, of its intention to terminate the Lease effective June 30, 2028.

(r) Early Termination Fee. In the event that Tenant exercises its right under Section 1(q) to terminate the Lease, Tenant shall make payment to Landlord within thirty (30) days of

Tenant's written notice to terminate the lease of six (6) months of the then existing Base Rent or \$27,458.70.

(s) Permitted Use: Tenant may use the Premises solely for the purpose of vocational and daily living support services to provide day vocational services for adults with special needs (collectively, the "Permitted Use"). Tenant's permitted use is exclusive for the time period of this Lease.

(t) Landlord's Address for Payment of Monthly Charge: Payment of Rent and other monthly charges 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 - 7260002003
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, Tenants, 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, Tenants, or visitors.

3. RENT, TENANT REQUESTED IMPROVEMENT PAYMENTS, AND INVOICES

(a) Rent. Tenant agrees to pay to Landlord the Base Rent and any Utility charges billed by the Landlord set forth in Sections 1(o) and 8(a), respectfully, in advance, on the 1st day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date (as defined in Section 1(m)).

(b) Invoices. All invoices from Landlord to Tenant for any Rent due under this Lease and the Tenant Requested Improvement Payments will be sent to the address set forth in Section 1(d) or to such other address as Tenant may designate by notice to Landlord.

4. REAL ESTATE TAXES AND OTHER TAXES

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

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

5. TENANT COVENANTS

(a) Tenant Agrees to –

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

(2) Accept the Premises in their present condition "AS IS, WHERE IS CONDITION," the Premises being currently suitable for the Permitted Use. 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; (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.

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

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

(6) Only use the Premises during normal business hours.

(7) 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, 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.

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

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

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

(11) Vacate the Premises on the last day of the Term, or sooner if the Lease is terminated by the Landlord prior to the last day of the Term or if the Lease is terminated by the Tenant pursuant to Section 1(q).

(12) Pay an additional cleaning, maintenance and repair fee in the event such cleaning, maintenance or repair 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.

(13) TO THE MAXIMUM EXTENT PERMITTED BY STATE OR FEDERAL LAW, 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 OR ARISING IN ANY WAY FROM TENANT'S EXERCISE OF THE LEASE GRANTED UNDER THIS AGREEMENT. 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) On request of Landlord, move to a different location on the Reese Technology Center campus that is suitable for Tenant's Permitted Use, provided that Tenant may terminate this Lease if requested to move to a different location.

(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 parties' 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) Assign this Lease or sublet any portion of the Premises without Landlord's prior express written consent. This Lease is personal to the Tenant, and therefore it is not assignable and any attempt to assign this Lease, without Landlord's prior written permission, will terminate the Lease.

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

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

(8) 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.

(9) NOT USED.

(10) 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.

(11) NOT USED.

6. LANDLORD COVENANTS

(a) Landlord agrees to –

(1) Lease to Tenant the Premises, or premises of similar quality, suitable for Tenant's Permitted Use on the Reese Technology Center campus, for the entire Term beginning on the Delivery Date and ending on the Termination Date, unless otherwise terminated sooner by the Landlord pursuant to the other terms and conditions of this Agreement.

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

Premises and Project.

(3) Landlord has provided the Premises on an “as is” basis for the use of the Premises by the Tenant, and in this regard Tenant accepts the Premises in their present “as is” condition. Landlord shall only be responsible for maintaining (a) the roof, (b) roof membrane, (c) the structural soundness of the walls, excluding doors and windows, if any, (d) the foundation of the Premises, (e) the HVAC system, and (f) exterior utility lines running to the outside walls of the Premises, ordinary wear and tear excepted, and except for any damage caused by the Tenant or any of Tenant’s agents, contractors, employees, invitees, licensees, or visitors. It is understood and agreed that the roof, roof membrane, and HVAC system are in good condition. Upon receipt of written notice of defect or needed repairs of items required to be maintained by Landlord under this Paragraph, Landlord shall commence repair within ten (10) business days after such notice and pursue such repairs with due diligence to completion. If any such condition for which Landlord is responsible prevents Tenant from making normal use of the Premises, then Tenant shall be relieved from any of its obligations under the Lease (including the obligation to pay Rent) from the date such condition commenced until normal use of the Premises is restored, and if such condition continues for more than thirty (30) consecutive days, then Tenant may terminate this Lease by written notice to Landlord and Tenant shall have no further liability under this Lease.

(b) Landlord agrees not to—

(1) Interfere with Tenant’s use of the Premises, during a period in which Tenant has properly scheduled its use of the Premises in accordance with Landlord’s availability and scheduling requirements, and provided further that Tenant is not in default on its payment or other obligations hereunder.

(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.

(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. Subject to Section 3(a), Tenant shall promptly pay all charges for electricity, water, gas, telephone service, sewer service, and other utilities furnished to the Premises directly to the utility providing such service.

(b) Trash Removal. Tenant shall be responsible for collection and removal of its own trash or any payments associated therewith.

9. DAMAGE BY CASUALTY

(a) Tenant's Right to Terminate. If more than fifty percent (50%) of the Premises is damaged or destroyed due to Casualty, then Tenant will have the right to terminate this Lease.

(b) Landlord's Right to Terminate. If more than fifty percent (50%) of the Premises is damaged or destroyed by Casualty, then Landlord may elect to terminate this Lease effective as of the date of the Casualty, or to attempt to move Tenant to another area on campus that is suitable for Tenant's Permitted Use.

10. HAZARDOUS MATERIALS

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

(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. 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. Tenant shall provide Landlord a copy of Tenant's plan for responding to hazardous waste, fuel, and chemical spills no later than the Commencement Date.

(c) Definitions. As used herein,

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

(ii) "Environmental Laws" means all federal, state, regional or local statutes, laws, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative interpretations thereof, or similar laws of foreign jurisdictions where the Tenant conducts business, whether currently in existence or hereinafter enacted or promulgated, any of which govern, or purport to govern, or relate to pollution, protection of the environment, public health and safety, air emissions, water discharges, hazardous or toxic substances, solid or hazardous waste or occupational health and safety, as any of these terms are or may be defined in such statutes, laws, rules, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative

interpretations thereof, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, 42 U.S.C. §9601, et seq. (collectively “CERCLA”); the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and subsequent Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §6901 et seq. (collectively “RCRA”); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Clean Water Act, as amended, 33 U.S.C. §1311, et seq.; the Clean Air Act, as amended (42 U.S.C. §7401-7642); the Toxic Substances Control Act, as amended, 15 U.S.C. §2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act as amended, 7 U.S.C. §136-136y (“FIFRA”); the Emergency Planning and Community Right-to-Know Act of 1986 as amended, 42 U.S.C. §11001, et seq. (Title III of SARA) (“EPCRA”); and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §651, et seq. (“OSHA”); and

(iii) “Hazardous Materials Liabilities” means all claims, damages, losses, forfeitures, expenses or liabilities arising from or caused in whole or in part, directly or indirectly, by a breach by the other party of its representations, warranties or covenants under Section 13(a) or (b), including, without limitation, all costs of defense (including reasonable attorneys’ fees and other costs of litigation), all consultants’ fees, and all costs of investigation, repair, remediation, restoration, cleanup, detoxification or decontamination, and/or preparation and implementation of any closure, remedial action or other required plan.

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

11. INSURANCE AND WAIVER OF SUBROGATION

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 Tenant’s use of the Premises or the conducting of any activity during the use thereof, against claims for bodily injury, death or property damage occurring upon, in or about the Premises, or any area used by the Tenant to conduct its Permitted Use, regardless of whether the conduct giving rise to the liability is considered part of the Permitted use (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) 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.

(c) 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.

(d) Release of Claims/Subrogation. LANDLORD AND TENANT RELEASE EACH OTHER FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN OR ON THE PREMISES, 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 (when permitted by Landlord to alter the Premises), including obtaining any governmental permits which may be required in connection therewith.

b. Abatement. Tenant’s covenant to pay Rent or any other charges due hereunder and Landlord’s covenants are independent. Except as otherwise provided, Tenant shall not abate any charges owed to Landlord 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, and Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

d. Uniform Commercial Code. To secure Tenant's obligations to Landlord under this Agreement, 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 three (3) days after written notice.

f. Default by Landlord/Tenant's Remedies. Tenant's remedies for Landlord's default are to terminate this Lease without penalty or payment of the full term.

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 the Rent or any other charges due hereunder;

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

(7) failing to comply within three (3) 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) immediately terminate this Lease without further notice to Tenant and in such event, Tenant's right to access the Premises shall be and hereby is automatically revoked; and (2) to sue 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 represents and warrant to the Landlord that it has used the services of Caitlin Tyner, Mohr Partners, Inc., 14643 Dallas Pkwy, Suite 1000, Dallas, Texas 75254 (the "Broker") in connection with this Lease, and that Broker is entitled to a commission or finder's fee in connection herewith. Landlord shall be responsible for the payment of a commission of four percent (4%) of the Base Rent due during the Initial Term of the Lease. It is expressly understood and agreed to by the Broker that the Landlord has no obligation for the payment of a commission on any Extension of the Lease Term, as set forth in Section 1(j). Tenant shall be responsible for the payment of any additional commission or finder's fee in connection with this Lease. Tenant does hereby agree to indemnify, protect, defend and hold the Landlord harmless from and against liability for compensation or charges which may be claimed by the Broker or any such unnamed broker, finder or other similar Party by reason of any dealings or actions of the Tenant, including any costs, expenses, and 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) 885-6592

TENANT:

D&S Residential Holdings, L.L.C.
Attn: _____
313 Congress Street
Boston, MA 02210-1218
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 with respect to the grant of the Lease and right to use the Premises for the Permitted Use hereunder, 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. The parties acknowledge and agree that they have other leases, Leases and agreements with respect to other premises or property located on or about the Project that continue to remain in force and effect, and that this Lease does not in any way alter or amend such other agreements.

q. Assignment by Tenant. This Lease is personal to Tenant, and Tenant has no right to assign this Lease.

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 personal 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, subject to the prohibition on assignments by Tenant.

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 will not be affected thereby; and each term and provision hereof will be valid and enforceable to the fullest extent permitted by law.

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, Landlord certifies that the individual or business entity named in this Lease is not ineligible to receive the specified Lease and acknowledges that this Lease may be terminated and payment withheld if this certification is inaccurate.

aa. Chapter 2270 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.

ADD NEW STATE REQUIREMENTS

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, Landlord intends to continue to operate the 6,500-foot north-south runway and will make the use of such runway available to Tenant in accordance with the existing Federal Aviation Administration certification. All flight arrangements must be approved through Landlord and any Tenant utilizing the runway for such flights must comply with the daytime Visual Flight Rule. Notwithstanding the foregoing, Landlord agrees that it will not cause or permit any material change in size, location or configuration of any airstrip or runway which will have an adverse effect on Tenant’s ability to operate in the Premises or which will adversely affect access to the Premises. If Landlord does, then Tenant shall have the right to terminate this Agreement without penalty.

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")

D&B RESIDENTIAL HOLDINGS, L.L.C.
("Tenant")

By: Murvat Musa
Its: Chief Executive Officer

By:
Its:

Date

Date

Attached



BOARD ACTION ITEM No. 2023-0627-141
D&S RESIDENTIAL HOLDINGS, LLC – SEVITA, LEASE FOR BUILDING 1111

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY
June 27, 2023

Item to be Considered:

Approve lease for D&S Residential Holdings – Sevita for Building 1111

Previous Board Action:

There has been no previous board action.

Statement of Pertinent Facts:

- a. Sevita is a new customer for Reese that came to us from Mohr Partners, Dallas, TX, a tenant representative commercial real estate advisory firm.
- b. Sevita will occupy Building 1111 for the purpose of vocational services for adults with special needs.
- c. This lease is for 7 years with two renewal options of five years each. Rent will increase 3% each year.

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 lease for B1111 D&S Residential Holdings, LLC and authorizes its CEO/Executive Director to execute the lease upon the negotiation of final terms and conditions, as submitted on this 27th day of June 2023."

Steve Verett - President

ATTEST:

LRRRA Board Member

AGENDA ITEM 9
EXECUTIVE SUMMARY
FY2024 DATA CENTER/FIBER OPTICS BUDGET

We are pleased to present you with the following preliminary Data Center/Fiber Optics budget for Fiscal Year 2024. A summary of FY2023 and five years comparison are below.

Current Year – FY 2023

- We project total income at FYE to be approximately \$255,007, about 8% more than the budgeted amount of \$237,000. This difference is due to greater than expected demand for data center services and United Supermarkets' continued occupancy of a cage (that they were to move out of many months ago).
- On the expense side, we expect total expenses of \$160,782, an approximate 5% decrease then the budgeted amount of \$170,100.
- We project to end FY 2023 with net income before depreciation of approximately \$94,225, versus the budgeted amount of \$66,900 resulting in a 41% increase than what was projected.

Proposed Budget – FY 2024

- Our proposed FY 2024 budget calls for stable customers in the data center with income of \$242,000.
- FY 2024 projected expenses, \$174,300, are about 8% greater than the FY 2023 projected year end amount of \$160,782. We plan for additional expenses to service or replace aging equipment.

DATA CENTER/FIBER OPTICS FUND - COMPARISON

	FY 2020 - Audited	FY 2021 - Audited	FY 2022 - Audited	FY 2023 - Projected	FY 2024 - Proposed
TOTAL INCOME	\$ 217,781	\$ 222,734	\$ 265,147	\$ 255,007	\$ 242,000
TOTAL EXPENSES	\$ 166,652	\$ 145,051	\$ 168,516	\$ 160,782	\$ 174,300
NET INCOME	\$ 51,129	\$ 77,683	\$ 96,631	\$ 94,225	\$ 67,700

Amounts do not include depreciation & capital expenses

DATA CENTER/FIBER OPTICS BUDGET - FY2024 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L	
1				DESCRIPTION	FYE 2023 YTD	ACTUAL MAY 31, 2023	FYE 2023 APPROVED BUDGET	FYE 2023 PROJECTED YEAR END	FYE 2023 % Change Approved Budget to Projected Year End	FYE 2024 PROPOSED BUDGET	% Change FYE23 Projected YE to FYE24 Proposed	% Change FYE23 Approved Budget to FYE24 Proposed	NOTES
2	INCOME							Column F to G		Column G to I		Column F to I	
3		4260	0	Usage Fees	\$	18,432.59	\$ 27,000.00	\$ 27,648.89	2.40%	\$ 27,000.00	-2.35%	0.00%	Metered usage charged to customers-United, TTU, & SitePro
5		4800	0	Fiber Optic Income	\$	151,572.16	\$ 210,000.00	\$ 227,358.24	8.27%	\$ 215,000.00	-5.44%	2.38%	Co-location leases, fiber & conduit fees. Include United
6	INCOME TOTAL				\$	170,004.75	\$ 237,000.00	\$ 255,007.13	7.60%	\$ 242,000.00	-5.10%	2.11%	
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	\$	45,440.31	\$ 75,000.00	\$ 68,160.47	-9.12%	\$ 75,000.00	10.03%	0.00%	SPEC bill for data center, avg monthly \$6,000
10		5380	439	Gas	\$	1,525.09	\$ 2,300.00	\$ 2,287.64	-0.54%	\$ 2,300.00	0.54%	0.00%	Atmos bill for data center, avg monthly \$190
11	UTILITIES TOTAL				\$	60,742.68	\$ 99,300.00	\$ 91,114.02	-8.24%	\$ 99,300.00	8.98%	0.00%	
12													
13	ADMINISTRATION	5310	428	Janitorial Cleaning	\$	2,239.19	\$ 3,800.00	\$ 3,358.79	-11.61%	\$ 1,000.00	-70.23%	-73.68%	Cruz \$40 per month. Recently changed vendors and expect a price increase
14		5350	114	Insurance	\$	7,150.16	\$ 11,000.00	\$ 10,725.24	-2.50%	\$ 13,000.00	21.21%	18.18%	TML. Re-rates received. 5% of total ins allocated here. Inc from last yr 22%
16	ADMIN TOTAL				\$	9,389.35	\$ 14,800.00	\$ 14,084.03	-4.84%	\$ 14,000.00	-0.60%	-5.41%	
17													
18	OPERATIONS	5560	0	Building Maintenance	\$	12,534.31	\$ 10,000.00	\$ 18,801.47	88.01%	\$ 15,000.00	-20.22%	50.00%	Expenses for all things related to B36. annual room alert (CPL) monitoring
19		5800	0	Equipment Maintenance	\$	4,921.40	\$ 16,000.00	\$ 7,382.10	-53.86%	\$ 16,000.00	116.74%	0.00%	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	\$ 30,000.00	\$ 29,400.00	-2.00%	\$ 30,000.00	2.04%	0.00%	Switch \$1,950/mo & \$500/mo for United
21	OPERATIONS TOTAL				\$	37,055.71	\$ 56,000.00	\$ 55,583.57	-0.74%	\$ 61,000.00	9.74%	8.93%	
22													
23	EXPENSE TOTAL				\$	107,187.74	\$ 170,100.00	\$ 160,781.61	-5.48%	\$ 174,300.00	8.41%	2.47%	
24													
25	NET INCOME BEFORE DEPRECIATION				\$	62,817.01	\$ 66,900.00	\$ 94,225.52	40.85%	\$ 67,700.00	-28.15%	1.20%	
26	DEPRECIATION	5305	0	Depreciation	\$	26,267.68	\$ 35,000.00	\$ 39,401.52	12.58%	\$ 40,000.00	1.52%	100.00%	
27	NET INCOME				\$	36,549.33	\$ 31,900.00	\$ 54,824.00	71.86%	\$ 27,700.00	-49.47%	-13.17%	
28													
29	FY 2023 CAPITAL PROJECTS												
30	None												
31													
32													
33	FY 2024 CAPITAL PROJECTS												
34	None												
35													
36													

AGENDA ITEM 9

EXECUTIVE SUMMARY

FY2024 OPERATING BUDGET

We are pleased to present you with the following preliminary Operating Budget for Fiscal Year 2024. A summary of FY2023 and five years comparison are below.

Current Year – FY 2023

- We project total income at FYE to be \$3,657,299, which is about 14% greater than what was budgeted. Accounting for this increase is greater than expected interest income, insurance proceeds, and utility franchise fees.
- On the expense side, we expect total expenses of \$2,142,086, which is about 13% less than what was budgeted. Accounting for this is a substantial decrease in payroll as well as decreases in expenses across all departments.
- We project to end FY 2023 with net income before depreciation of \$1,515,213 versus the budgeted amount of \$732,150; a 107% increase.

Proposed Budget – FY 2024

- Our proposed FY 2024 budget calls for total income of \$3,361,000. An additional operations employee is being added.
- Total expenses for FY2024 are projected to be \$2,556,759 which is greater than the FY23 year-end amount because inflation is real. We are seeing consistent increases for materials and services across the board. Additionally, we are budgeting for huge increases for water and wastewater services provided by the city of Lubbock.

OPERATING FUND - COMPARISON

	FY 2020 - Audited	FY 2021 - Audited	FY 2022 - Audited	FY 2023 - Projected	FY 2024 - Proposed
TOTAL INCOME	\$3,129,779	\$ 3,319,176	\$ 3,535,019	\$ 3,657,299	\$ 3,361,000
TOTAL EXPENSES	\$ 1,984,442	\$ 2,311,492	\$ 2,971,355	\$ 2,142,086	\$ 2,556,759
NET INCOME	\$ 1,145,337	\$ 1,007,684	\$ 563,664	\$ 1,515,213	\$ 804,241

Amounts do not include depreciation & capital expenses.

The decrease in net income for FY2022 is due to expenses associated with the cleanup of RBP.

GENERAL OPERATING BUDGET - FY2024 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2023 ACTUAL YTD MAY 31, 2023	FYE 2023 APPROVED BUDGET	FYE 2023 PROJECTED YEAR END	FYE 2023 % Change Approved Budget to Projected Year End	FYE 2024 PROPOSED BUDGET	% Change FYE23 Projected YE to FYE24 Proposed	% Change FYE23 Approved Budget to FYE24 Proposed	Notes
2								Column F to G		Column G to I	Column F to I	
3	INCOME	4200	0	Lease	\$ 1,614,559.56	\$ 2,150,000.00	\$ 2,421,839.34	12.64%	\$ 2,200,000.00	-9.16%	2.33%	Leases currently in place. Assumes customers will exercise option
4		4250	0	CAM	\$ 489,795.68	\$ 734,400.00	\$ 734,693.52	0.04%	\$ 749,000.00	1.95%	1.99%	TTU, SPC, COL pay monthly. 2% increase
5		4260	0	Usage Fees	\$ 167,959.36	\$ 275,000.00	\$ 251,939.04	-8.39%	\$ 275,000.00	9.15%	0.00%	FY 22=\$307 FY21 = \$297 FY20=\$312, FY19=\$322K. Loss of SPC students
6		4300	0	Contract Work	\$ 4,549.10	\$ 10,000.00	\$ 6,823.65	-31.76%	\$ 8,000.00	17.24%	-20.00%	KBR Event extras
7		4350	0	Insurance Proceeds	\$ 72,143.32	\$ -	\$ 72,143.32	100.00%	\$ -	-100.00%	0.00%	Not budgeted
8		4400	0	Interest Income	\$ 89,657.18	\$ 10,000.00	\$ 134,485.77	1244.86%	\$ 100,000.00	-25.64%	900.00%	Averaging 3.50%. Projecting 2.5%
9		4600	0	Misc	\$ 134.40	\$ -	\$ 134.40	100.00%	\$ -	-100.00%	0.00%	Not budgeted
10		4650	423	Utility Franchise Fee - Electric	\$ 17,577.12	\$ 20,000.00	\$ 26,365.68	31.83%	\$ 20,000.00	-24.14%	0.00%	SPEC franchise fees, pays monthly based on customer usage
11		4650	439	Utility Franchise Fee - Gas	\$ 8,874.02	\$ 9,000.00	\$ 8,874.02	-1.40%	\$ 9,000.00	1.42%	0.00%	Atmos franchise fees pays once per year. Notice of amt rec'd July
12	INCOME TOTAL				\$ 2,465,249.74	\$ 3,208,400.00	\$ 3,657,298.74	13.99%	\$ 3,361,000.00	-8.10%	4.76%	
13												
14	PAYROLL	5100	0	Salaries	\$ 431,093.44	\$ 795,000.00	\$ 646,640.16	-18.66%	\$ 725,000.00	12.12%	-8.81%	Includes employee bonuses/rasies of \$75K. Includes addition of an operations employee
15		5110	0	Payroll Taxes	\$ 29,460.63	\$ 61,000.00	\$ 44,190.95	-27.56%	\$ 56,000.00	26.72%	-8.20%	Based on number above
16		5120	116	Insurance - Health	\$ 50,876.30	\$ 95,000.00	\$ 76,314.45	-19.67%	\$ 110,000.00	44.14%	15.79%	Estimated rate increase of 16%
17		5120	117	Insurance - Dental/Vision	\$ 2,683.56	\$ 4,900.00	\$ 4,025.34	-17.85%	\$ 5,700.00	41.60%	16.33%	Estimated rate increase of 16%
18		5120	118	Insurance - Life/AD&D	\$ 87.75	\$ 350.00	\$ 131.63	-62.39%	\$ 400.00	203.89%	14.29%	Estimated rate increase of 16%
19		5120	119	Insurance - LTD	\$ 4,731.78	\$ 7,800.00	\$ 7,097.67	-9.00%	\$ 8,700.00	22.58%	11.54%	Principle Financial
20		5120	120	Insurance - Dread Disease	\$ 2,009.74	\$ 3,700.00	\$ 3,014.61	-18.52%	\$ 3,700.00	22.74%	0.00%	Manhattan
21		5140	121	Insurance - Workers Comp	\$ 5,839.66	\$ 8,700.00	\$ 8,759.49	0.68%	\$ 10,000.00	14.16%	14.94%	TML -actual re=rate is \$9306 + amt for audit
22		5150	131	Retirement - TCDRS	\$ 16,987.27	\$ 31,000.00	\$ 25,480.91	-17.80%	\$ 20,000.00	-21.51%	-35.48%	Rate changes in January 24 from 3.81% to 2.34%
23		5700	211	Payroll Service	\$ 700.55	\$ 1,400.00	\$ 1,050.83	-24.94%	\$ 1,200.00	14.20%	-14.29%	Snelling fees for processing payroll
24	PAYROLL TOTAL				\$ 544,470.68	\$ 1,008,850.00	\$ 816,706.02	-19.05%	\$ 940,700.00	15.18%	-6.76%	

GENERAL OPERATING BUDGET - FY2024 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2023 ACTUAL YTD MAY 31, 2023	FYE 2023 APPROVED BUDGET	FYE 2023 PROJECTED YEAR END	FYE 2023 % Change Approved Budget to Projected Year End	FYE 2024 PROPOSED BUDGET	% Change FYE23 Projected YE to FYE24 Proposed	% Change FYE23 Approved Budget to FYE24 Proposed	Notes
2								Column F to G		Column G to I	Column F to I	
25	ADMINISTRATION											
26		2651	111	Prin Exp Xerox Lease Copier Payment	\$ 2,239.06	\$ 3,400.00	\$ 3,358.59	-1.22%	\$ 3,214.00	-4.31%	-5.47%	Principle portion of Xerox lease payment, expires March 2024
27		5200	101	General Office Supplies	\$ 12,468.96	\$ 15,000.00	\$ 18,703.44	24.69%	\$ 16,000.00	-14.45%	6.67%	General office supplies. Includes Xerox usage expenses
28		5200	103	Office Equip/Software	\$ 7,636.54	\$ 20,000.00	\$ 11,454.81	-42.73%	\$ 20,000.00	74.60%	0.00%	software/hardware. \$13K is software
29		5210	101	Board Expenses	\$ 1,119.04	\$ 3,000.00	\$ 1,678.56	-44.05%	\$ 3,000.00	78.72%	0.00%	Board breakfast
30		5250	111	Interest Exp Xerox Copier Lease	\$ 143.18	\$ 200.00	\$ 214.77	7.39%	\$ 545.00	153.76%	172.50%	Interest portion of lease payment which expires March 2024
31		5310	107	Janitorial/Building Maint	\$ 15,863.76	\$ 28,000.00	\$ 23,795.64	-15.02%	\$ 28,000.00	17.67%	0.00%	changed vandoor to Cruz cost is \$2160/month
32		5320	106	Telephone Admin Cell	\$ 1,130.92	\$ 2,400.00	\$ 1,696.38	-29.32%	\$ 2,400.00	41.48%	0.00%	Cell phone reimbursements for 4 emp at \$50 per month
33		5340	127	Postage	\$ 1,686.57	\$ 2,000.00	\$ 2,529.86	26.49%	\$ 2,500.00	-1.18%	25.00%	Postage and cost of machine and equipment. New machine 6/23
34		5350	114	Insurance - Liability & Property	\$ 135,852.28	\$ 220,000.00	\$ 203,778.42	-7.37%	\$ 245,000.00	20.23%	11.36%	TML. actual rate received
35		5360	208	License and Fee	\$ 350.00	\$ 1,500.00	\$ 525.00	-65.00%	\$ 1,500.00	185.71%	0.00%	TCEQ , boiler, and elevator licenses/fees
36		5363	124	Staff Meetings	\$ 3,362.88	\$ 5,000.00	\$ 5,044.32	0.89%	\$ 5,000.00	-0.88%	0.00%	Staff lunch meetings & employee Christmas Party
37		5363	305	Meetings & Memberships	\$ 1,756.00	\$ 4,000.00	\$ 2,634.00	-34.15%	\$ 4,000.00	51.86%	0.00%	Overflow Chamber events. For those not scheduled
40		5400	125	Recruitment - Customer and New Emp	\$ 55.00	\$ 1,000.00	\$ 82.50	-91.75%	\$ 1,000.00	1112.12%	0.00%	D&B used for vetting customers
41		5400	303	Advertising & Printing	\$ -	\$ 2,000.00	\$ -	-100.00%	\$ 2,000.00	100.00%	0.00%	Stationary - letterhead, envelopes, checks
42		5410	132	Awards & Recognition	\$ 847.78	\$ 500.00	\$ 847.78	69.56%	\$ 500.00	-41.02%	0.00%	Employee service awards and berevment expenses
43		5540	134	Prof Services - Document Shredding	\$ 840.00	\$ 1,200.00	\$ 1,260.00	5.00%	\$ 1,300.00	3.17%	8.33%	VRC storage and shredding
44		5540	401	Prof Services - Campus	\$ 550.00	\$ 2,000.00	\$ 825.00	-58.75%	\$ 2,000.00	142.42%	0.00%	Other Staff training and other misc. services
45		5545	112	Serv Contract - Network Maintenance	\$ 5,926.15	\$ 8,000.00	\$ 10,426.15	30.33%	\$ 14,000.00	34.28%	75.00%	Switch IT support. Maint contract is \$1113 per month as of june 2023
46		5610	110	ED Travel/Meetings	\$ 7,311.00	\$ 5,000.00	\$ 9,311.00	86.22%	\$ 8,000.00	-14.08%	60.00%	ED training/travel
47		5620	404	Campus Training	\$ 4,405.07	\$ 5,000.00	\$ 4,405.07	-11.90%	\$ 5,000.00	13.51%	0.00%	All other employee training, SGR and cyber security
48		5700	203	Audit Fee	\$ 26,200.00	\$ 39,000.00	\$ 39,000.00	0.00%	\$ 39,200.00	0.51%	0.51%	FY24 audit \$36,000. Centralease is \$1200 annual. GASB 96 \$2000
49		5710	113	Legal Fees	\$ 47,475.64	\$ 50,000.00	\$ 72,475.64	44.95%	\$ 75,000.00	3.48%	50.00%	FY21 \$44,517, FY20 \$36,392, FY19 \$38,612
50	ADMIN TOTAL				\$ 277,219.83	\$ 418,200.00	\$ 414,046.93	-0.99%	\$ 479,159.00	15.73%	14.58%	

GENERAL OPERATING BUDGET - FY2024 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2023 ACTUAL YTD MAY 31, 2023	FYE 2023 APPROVED BUDGET	FYE 2023 PROJECTED YEAR END	FYE 2023 % Change Approved Budget to Projected Year End	FYE 2024 PROPOSED BUDGET	% Change FYE23 Projected YE to FYE24 Proposed	% Change FYE23 Approved Budget to FYE24 Proposed	Notes
2								Column F to G		Column G to I	Column F to I	
51												
52	UTILITIES	5380	122	Telephone Land Line	\$ 5,162.70	\$ 9,000.00	\$ 7,744.05	-13.96%	\$ 9,000.00	16.22%	0.00%	Digium \$260/mo and Vexus \$380/mo
53		5380	405	Water/Wastewater	\$ 105,771.04	\$ 200,000.00	\$ 158,656.56	-20.67%	\$ 325,000.00	104.84%	62.50%	COL bill. FY22 \$248, FY21=\$169K FY20=\$197K FY19=\$200K. Water multiplier 1.50 and WW of 1.27
54		5380	423	Electricity	\$ 89,331.65	\$ 150,000.00	\$ 133,997.48	-10.67%	\$ 150,000.00	11.94%	0.00%	SPEC bill. Significant rate increases
55		5380	439	Gas	\$ 13,735.97	\$ 30,000.00	\$ 20,603.96	-31.32%	\$ 25,000.00	21.34%	-16.67%	Atmos bill
56		5380	502	Internet	\$ 4,252.52	\$ 6,200.00	\$ 6,378.78	2.88%	\$ 7,000.00	9.74%	12.90%	Vexus for KBR = \$250/mo and UPN billed 20% = \$310/mo
57	UTILITIES TOTAL				\$ 218,253.88	\$ 395,200.00	\$ 327,380.82	-17.16%	\$ 516,000.00	57.61%	30.57%	
58												
59	MARKETING	5430	102	Office Enhancements	\$ 296.33	\$ 1,000.00	\$ 444.50	-55.55%	\$ 1,000.00	124.97%	0.00%	Décor
60		5430	133	Sponsorships	\$ 12,902.03	\$ 13,000.00	\$ 14,902.03	14.63%	\$ 15,000.00	0.66%	15.38%	Chamber, LEDA, LBB Apt Assn, FISD, SPC Events, United Way
61		5430	301	Marketing General	\$ 4,045.32	\$ 3,000.00	\$ 5,045.32	68.18%	\$ 4,000.00	-20.72%	33.33%	Other marketing
62		5430	302	ED Expenses & Customer Gifts	\$ 10,785.45	\$ 10,000.00	\$ 11,785.45	17.85%	\$ 12,000.00	1.82%	20.00%	ED lunch's with customers, customer gifts/Christmas gifts
63		5430	303	Advertisement & Printing	\$ -	\$ 2,000.00	\$ -	-100.00%	\$ 2,000.00	100.00%	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	\$ 2,109.00	\$ 3,000.00	\$ 3,163.50	5.45%	\$ 3,000.00	-5.17%	0.00%	Marketing Memberships
66		5430	307	Meals and Entertainment	\$ 301.00	\$ 2,000.00	\$ 451.50	-77.43%	\$ 2,000.00	342.97%	0.00%	Marketing customer and potential customer lunches
67		5430	310	Travel	\$ 88.13	\$ 2,000.00	\$ 132.20	-93.39%	\$ 3,000.00	2169.37%	50.00%	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	\$ 12,955.89	\$ 25,000.00	\$ 19,433.84	-22.26%	\$ 25,000.00	28.64%	0.00%	LoopNet \$6480/yr, Contract Cre8tive \$3800/yr, Adobe Suite \$2820/yr
70	MARKETING TOTAL				\$ 43,483.15	\$ 64,000.00	\$ 55,358.33	-13.50%	\$ 70,000.00	26.45%	9.38%	
71												

GENERAL OPERATING BUDGET - FY2024 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
1				DESCRIPTION	FYE 2023 ACTUAL YTD MAY 31, 2023	FYE 2023 APPROVED BUDGET	FYE 2023 PROJECTED YEAR END	FYE 2023 % Change Approved Budget to Projected Year End	FYE 2024 PROPOSED BUDGET	% Change FYE23 Projected YE to FYE24 Proposed	% Change FYE23 Approved Budget to FYE24 Proposed	Notes
2								Column F to G		Column G to I	Column F to I	
72	OPERATIONS	5900	401	Campus General	\$ 21,992.26	\$ 30,000.00	\$ 32,988.39	9.96%	\$ 30,000.00	-9.06%	0.00%	general campus expenses
73		5900	402	Shop Supplies	\$ 4,459.55	\$ 7,000.00	\$ 6,689.33	-4.44%	\$ 7,000.00	4.64%	0.00%	Supplies for shop
74		5900	403	Tools & Tool Repair	\$ 977.73	\$ 5,000.00	\$ 1,466.60	-70.67%	\$ 5,000.00	240.93%	0.00%	Tools and small repairs
75		5900	405	Water System	\$ 8,349.65	\$ 10,000.00	\$ 12,524.48	25.24%	\$ 10,000.00	-20.16%	0.00%	Repairs for water system breaks
76		5900	406	Ops Cell Phone	\$ 3,115.52	\$ 5,000.00	\$ 4,673.28	-6.53%	\$ 5,400.00	15.55%	8.00%	5 cell phone reimb = \$3000 per yr plus Verizon iPad at \$200/mo
77		5900	407	Work Clothes	\$ 1,443.00	\$ 2,000.00	\$ 1,443.00	-27.85%	\$ 2,000.00	38.60%	0.00%	Per policy, 11 shirts, 6 pants, 3 shorts, 1 jacket, 1 shoes
78		5900	417	Animal/Pest control	\$ 585.00	\$ 1,000.00	\$ 877.50	-12.25%	\$ 1,000.00	13.96%	0.00%	Terminix and other bills associated with pest removal (L. Watson)
79		5900	419	Security/Safety	\$ 7,899.78	\$ 12,000.00	\$ 11,849.67	-1.25%	\$ 15,000.00	26.59%	25.00%	All security: S2 - toll tags, badges, software, Corvus - B800, B36, pump house, keys and cores, all fire related
80		5900	420	Roof	\$ 1,376.19	\$ 5,000.00	\$ 2,064.29	-58.71%	\$ 5,000.00	142.21%	0.00%	Roof repairs
81		5900	421	HVAC	\$ 9,009.87	\$ 20,000.00	\$ 13,514.81	-32.43%	\$ 20,000.00	47.99%	0.00%	Anthony Mechanical annual maint fees
82		5900	422	Painting	\$ -	\$ 15,000.00	\$ -	-100.00%	\$ 15,000.00	100.00%	0.00%	No large paint projects planned
83		5900	423	Electric	\$ 25,715.67	\$ 12,000.00	\$ 38,573.51	221.45%	\$ 25,000.00	-35.19%	108.33%	LED replacements - ouside of 60, 70,52,50 = 20 lights
84		5900	424	Fence Repair	\$ 10,463.04	\$ 3,000.00	\$ 10,463.04	248.77%	\$ 5,000.00	-52.21%	66.67%	Fence repairs - mostly collected from insurance
85		5900	425	Plumbing & Irrigation	\$ 3,106.00	\$ 10,000.00	\$ 4,659.00	-53.41%	\$ 10,000.00	114.64%	0.00%	Plumbing repairs
86		5900	428	Cleaning	\$ 2,389.54	\$ 2,500.00	\$ 3,584.31	43.37%	\$ 3,000.00	-16.30%	20.00%	Building cleaning to enable customer walk through. Cintas mat cleaning
88		5900	430	Ground Maintenance	\$ 147,901.98	\$ 300,000.00	\$ 251,852.97	-16.05%	\$ 300,000.00	19.12%	0.00%	L&N = \$204,705. Other = \$95,000
89		5900	434	Signage	\$ 3,089.65	\$ 3,000.00	\$ 4,634.48	54.48%	\$ 3,000.00	-35.27%	0.00%	Signs as needed for new customers
90		5900	440	Door Repair	\$ 85,314.22	\$ 68,000.00	\$ 95,314.22	40.17%	\$ 10,000.00	-89.51%	-85.29%	Repair of doors. Fy23 budget of 17 garage doors at \$60,000
91		5900	441	Environmental	\$ -	\$ 2,500.00	\$ -	-100.00%	\$ 2,500.00	100.00%	0.00%	Misc. environmental
92		5900	442	Safety Supplies	\$ 1,031.33	\$ 2,000.00	\$ 1,547.00	-22.65%	\$ 4,000.00	158.57%	100.00%	Safety equipment; harnesses, etc..
93		5900	445	Architect & Engineering	\$ 11,129.00	\$ 50,000.00	\$ 16,693.50	-66.61%	\$ 50,000.00	199.52%	0.00%	Parkhill misc engineering fees
94		5900	448	KBR Event Expenses	\$ 1,177.83	\$ 10,000.00	\$ 1,766.75	-82.33%	\$ 5,000.00	183.01%	-50.00%	Equipment rented for KBR events. Mostly vehicles.
95		5900	449	Vehicle Repair & Maint	\$ 1,765.99	\$ 5,000.00	\$ 2,648.99	-47.02%	\$ 5,000.00	88.75%	0.00%	Vehicle repairs
96		5900	450	Gas/Fuel	\$ 5,843.04	\$ 7,000.00	\$ 8,764.56	25.21%	\$ 10,000.00	14.10%	42.86%	Fuel for vehicles and equipment
97		5900	451	Windows	\$ -	\$ 3,000.00	\$ -	-100.00%	\$ 3,000.00	100.00%	0.00%	Broken window repairs
98	OPERATIONS TOTAL				\$ 358,135.84	\$ 590,000.00	\$ 528,593.63	-10.41%	\$ 550,900.00	4.22%	-6.63%	
99												
100	EXPENSE TOTAL				\$ 1,441,563.38	\$ 2,476,250.00	\$ 2,142,085.72	-13.49%	\$ 2,556,759.00	19.36%	3.25%	
101	NET INCOME BEFORE DEPRECIATION				\$ 1,023,686.36	\$ 732,150.00	\$ 1,515,213.02	106.95%	\$ 804,241.00	-46.92%	9.85%	
102	DEPRECIATION	5305		Depreciation	\$ 399,395.44	\$ 600,000.00	\$ 599,093.16	-0.15%	\$ 625,000.00	4.32%	4.17%	
103	NET INCOME				\$ 624,290.92	\$ 132,150.00	\$ 916,119.86	593.24%	\$ 179,241.00	-80.43%	35.63%	

GENERAL OPERATING BUDGET - FY2024 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2023 ACTUAL YTD MAY 31, 2023	FYE 2023 APPROVED BUDGET	FYE 2023 PROJECTED YEAR END	FYE 2023 % Change Approved Budget to Projected Year End	FYE 2024 PROPOSED BUDGET	% Change FYE23 Projected YE to FYE24 Proposed	% Change FYE23 Approved Budget to FYE24 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
104												
105												
106												
107	FY 2023 APPROVED CAPITAL PROJECTS								PROPOSED BUDGET			
108	2023 Seal Coat - CANCELLED								\$ 75,000.00			
109	B1238 Rehab. New roof, lighting - POSTPONED UNTIL NEEDED								\$ 60,000.00			
110	TOTAL								\$ 135,000.00			
111												
112												
113	TOTAL APPROVED AND OUTSTANDING CAPITAL PROJECTS AS OF OCTOBER 2023											
114	Isolation Valves - South Campus - Carry Over from FY2022 Approved Budget - CANCELLED								\$ 50,000.00			
115	2023 Seal Coat - CANCELLED								\$ 75,000.00			
116	B1238 Rehab. New roof, lighting - POSTPONED UNTIL NEEDED								\$ 60,000.00			
117	TOTAL								\$ 185,000.00			
118												
119												
120	FY 2024 PROPOSED CAPITAL PROJECTS								PROPOSED BUDGET			
121	2024 Seal Coat								\$ 75,000.00			
122	Storm Drain Inlets - 6 on South End of Tarmac								\$ 100,000.00			
123	HVAC System Controls B20 & B36								\$ 30,000.00			
124	Work Truck								\$ 60,000.00			
125	EDA GRANT MATCH								\$ 1,042,320.00			
126	TOTAL								\$ 1,307,320.00			
127												

AGENDA ITEM 9 EXECUTIVE SUMMARY FY2024 CAPITAL BUDGET

Seal Coat

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



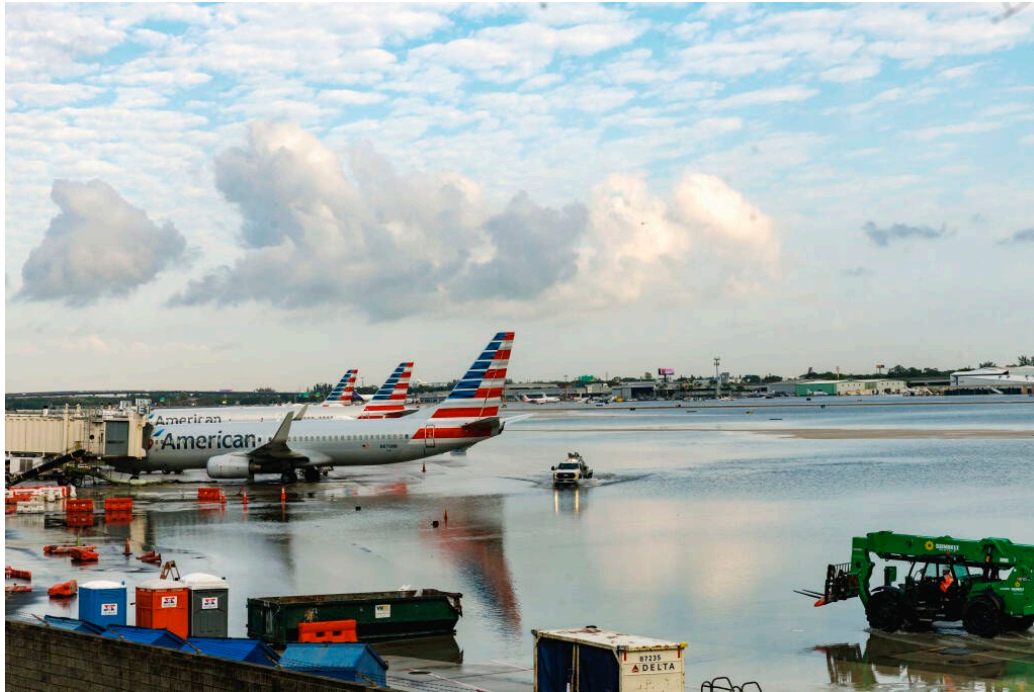
Work Truck

We plan to add an additional operations employee which will necessitate a work truck. In order to get on that functions for its intended use, we need about \$60,000 to get something like this:



Storm Drain Inlets on South Tarmac

The storm drain inlets on the south tarmac are no longer functioning and need replacing. This has been causing a large amount of standing water (when it rains) which is detrimental to the pavement and a safety hazard. The estimated cost of this project is \$100,000.



This is not the actual picture, but it makes the point.

HVAC System Controls for Buildings 20 and 36

This project, which is estimated to cost \$30,000, will provide much needed replacement for system controls for these two buildings. The controls in these two buildings rarely function, which causes a large amount of staff time to adjust the controls manually and is adversely affecting the quality of our customer service. We plan to replace the system with similar controls in building 800 which will allow us to monitor them on the same network and adjust them remotely if needed.



CASH BALANCES - MAY 31, 2023

	4/30/2023	5/31/2023	Change
General Fund Bank Accounts	\$ 3,495,301	\$ 3,733,233	\$ 237,932
Fiber Optic Fund Checking	\$ -	\$ -	\$ -
EDA Grant Checking	\$ 21,585	\$ 21,585	\$ -
Capital Maintenance - Designated	\$ 855,000	\$ 855,000	\$ -
Petty Cash	\$ -	\$ -	\$ -
Total Cash	\$ 4,371,886	\$ 4,609,818	\$ 237,932
Accounts Receivable - G/F	\$ 352,852	\$ 304,961	\$ (47,891)
Accounts Receivable - F/O	\$ 20,788	\$ 15,074	\$ (5,714)
Total Accounts Receivable	\$ 373,640	\$ 320,035	\$ (53,605)
Total Cash & Accounts Receivable	\$ 4,745,526	\$ 4,929,853	\$ 184,327

Aged Accounts Receivable as of 05/31/2023

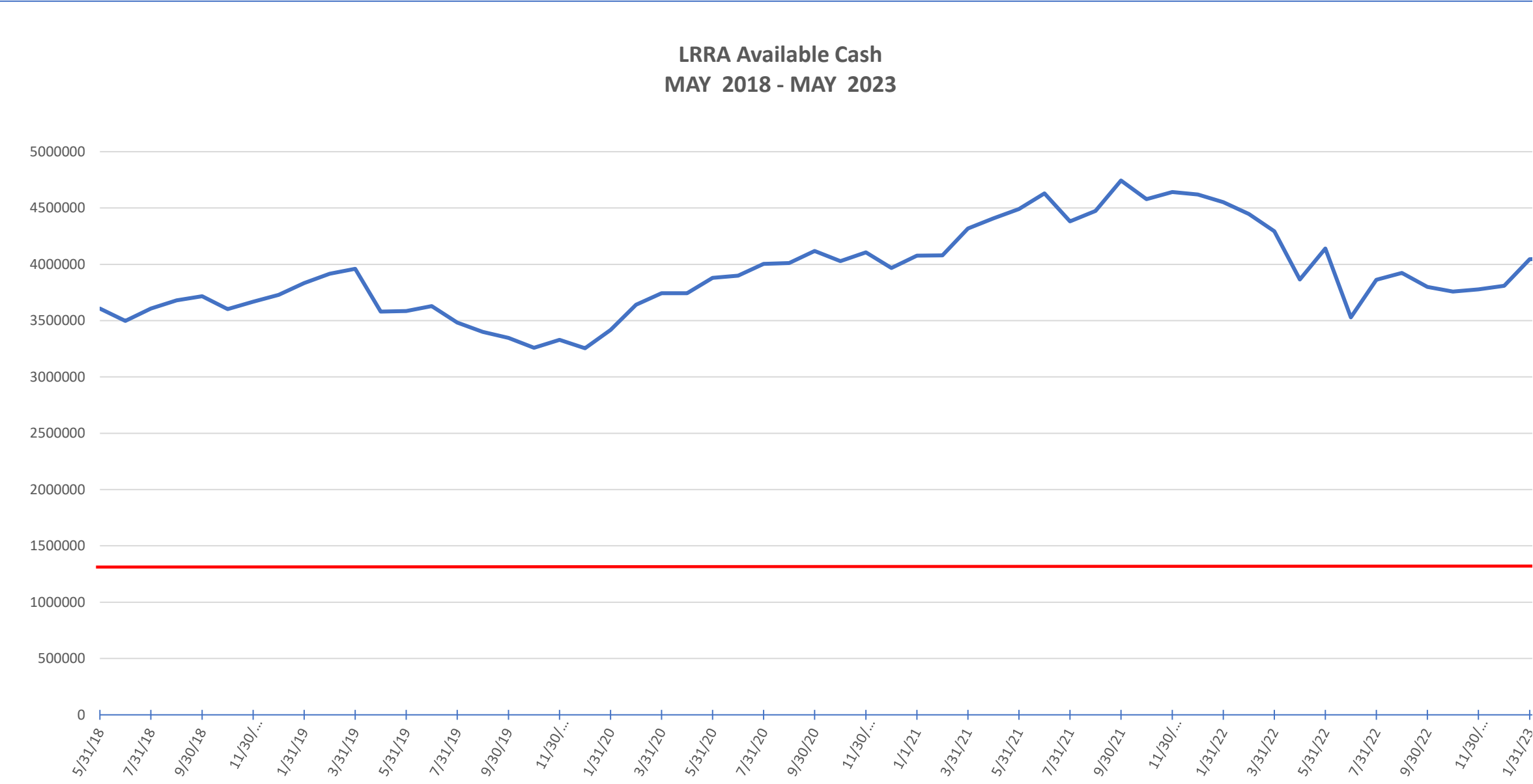
CURRENT	1 - 30 Days - Invoices	31 - 60 Days - Invoices	61 > Days - Invoices	Over 90 Days	TOTAL
302,102.26	17,875.47	-	-	56.73	320,034.46

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

CRICPA - AUDITORS 15,000.00 EXPENSES

\$ 15,000.00

LRRA Available Cash
MAY 2018 - MAY 2023



FINANCIAL HIGHLIGHTS - MAY 31, 2023

DESCRIPTION	Month G/F	Month F/O	Month's Total	YTD	G/F YTD	F/O	YTD Total
Operating Revenue	\$ 313,865	\$ 20,716	\$ 334,581	\$ 2,207,633	\$ 151,572	\$ 2,359,205	
Other Revenue - Usage Fees	\$ 39,440	\$ 2,619	\$ 42,059	\$ 167,959	\$ 18,433	\$ 186,392	
Total Revenue	\$ 353,305	\$ 23,335	\$ 376,640	\$ 2,375,592	\$ 170,005	\$ 2,545,597	
Expenses	\$ 197,009	\$ 11,351	\$ 208,360	\$ 1,439,594	\$ 107,188	\$ 1,546,782	
Net Income BPSID	\$ 156,296	\$ 11,984	\$ 168,280	\$ 935,998	\$ 62,817	\$ 998,815	
Interest Income - Plus	\$ 16,851	\$ -	\$ 16,851	\$ 89,657	\$ -	\$ 89,657	
Depreciation - Less	\$ (49,924)	\$ (3,283)	\$ (53,207)	\$ (399,395)	\$ (26,268)	\$ (425,663)	
Net Income	\$ 123,223	\$ 8,701	\$ 131,924	\$ 626,260	\$ 36,549	\$ 662,809	

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 5/31/2023

(In Whole Numbers)

	<u>General Fund</u>	<u>EDA Grant Fund</u>	<u>Data Center / Fiber Optic Fund</u>	<u>Total</u>
ASSETS				
CASH	3,733,233	21,585	-	3,754,818
DESIGNATED-CAPITAL MAINT	610,000	-	-	610,000
WATER INFRASTRUCTURE RESERVE	245,000	-	-	245,000
INVESTMENTS	-	-	-	-
ACCOUNTS RECEIVABLE	304,961	-	15,074	320,034
ALLOWANCE FOR DOUBTFUL ACCOUNTS	-	-	-	-
INTERFUND TRANSFERS	-	-	-	-
NOTES RECEIVABLE	3,777	-	-	3,777
CONSTRUCTION IN PROGRESS	35,069	1,713,540	-	1,748,608
PROPERTY AND EQUIPMENT, NET	6,342,272	-	123,309	6,465,580
OTHER ASSETS	123,170	-	5,474	128,644
Total ASSETS	<u>11,397,481</u>	<u>1,735,124</u>	<u>143,857</u>	<u>13,276,462</u>
LIABILITIES				
ACCOUNTS PAYABLE	13,648	-	490	14,138
ACCRUED EXPENSES	97,603	-	-	97,603
DEFERRED REVENUE	444,541	-	18,694	463,235
NET PENSION LIABILITIES	(1,713)	-	-	(1,713)
NOTES PAYABLE	2,797	-	-	2,797
INTERFUND TRANSFERS	-	-	-	-
REFUNDABLE DEPOSITS	80,581	-	223	80,803
OTHER LIABILITIES	1,470	-	-	1,470
Total LIABILITIES	<u>638,927</u>	<u>-</u>	<u>19,407</u>	<u>658,333</u>
FUND EQUITY				
BEGINNING OF PERIOD	9,906,427	1,910,124	138,768	11,955,319
TRANSFERS IN (OUT)	225,867	(175,000)	(50,867)	-
YEAR TO DATE EARNINGS	626,260	-	36,549	662,810
Total FUND EQUITY	<u>10,758,554</u>	<u>1,735,124</u>	<u>124,450</u>	<u>12,618,129</u>
TOTAL LIABILITY AND FUND	<u>11,397,481</u>	<u>1,735,124</u>	<u>143,857</u>	<u>13,276,462</u>

LUBBOCK REESE REDEVELOPMENT AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
From 10/1/2022 Through 5/31/2023

(In Whole Numbers)

	General Fund	EDA Grant Fund	Data Center / Fiber Optic Fund	Total
OPERATING REVENUES	2,375,593	-	170,005	2,545,597
OPERATING EXPENSES	1,838,989	-	133,455	1,972,445
OPERATING INCOME(LOSS)	536,603	-	36,549	573,153
NONOPERATING INTEREST INCOME	89,657	-	-	89,657
TRANSFERS IN (OUT)	225,867	(175,000)	(50,867)	-
NET NONOPERATING REVENUES	315,524	(175,000)	(50,867)	89,657
INCREASE (DECREASE) IN FUND EQUITY	852,127	(175,000)	(14,318)	662,810
FUND EQUITY, BEGINNING	9,906,427	1,910,124	138,768	11,955,319
FUND EQUITY, ENDING	10,758,554	1,735,124	124,450	12,618,129

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2022 Through 5/31/2023

(In Whole Numbers)

	General Fund	Data Center / Fiber Optic Fund	Total
LEASES	1,614,560	-	1,614,560
USAGE FEES	167,959	18,433	186,392
PBT CAM FEES	489,796	-	489,796
CONTRACT SERVICES	4,549	-	4,549
DATA CENTER / FIBER OPTIC	-	151,572	151,572
TOTAL OPERATING REVENUE	2,276,864	170,005	2,446,868
UTILITY FRANCHISE FEES	26,451	-	26,451
INSURANCE PROCEEDS	72,143	-	72,143
OTHER MISCELLANEOUS	134	-	134
TOTAL REVENUES	2,375,593	170,005	2,545,597

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2022 Through 5/31/2023

(In Whole Numbers)

	General Fund	Fiber Optic Oper Fund	Total
OPERATING EXPENSES			
SALARIES & TAXES	460,554	-	460,554
BENEFITS - HEALTH, RETIREMENT & WKR'S COMP	83,216	-	83,216
INSURANCE - PROPERTY & GENERAL LIABILITY	135,852	7,150	143,002
ADMINISTRATIVE EXPENSES	7,976	-	7,976
GENERAL OFFICE EXPENSES	40,104	2,239	42,343
ACCTG. & AUDITING SERVICES	26,901	-	26,901
COMPUTER SOFTWARE & MAINT.	-	24,521	24,521
INTERNET	-	13,777	13,777
LEGAL SERVICES	47,476	-	47,476
NETWORK MAINTENANCE CONTRACT	5,926	-	5,926
TRAINING & TRAVEL	11,716	-	11,716
MARKETING EXPENSES	43,483	-	43,483
OPERATIONS - GROUND MAINT. AND ENGINEERING	358,136	-	358,136
UTILITIES	218,254	46,965	265,219
DEPRECIATION EXPENSE	399,395	26,268	425,663
Total OPERATING EXPENSES	1,838,989	120,921	1,959,910

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2023 Through 5/31/2023

GENERAL FUND


(In Whole Numbers)

	Current Month			YTD Actual vs Budget		
	Current Month Actual	Current Month Budget	Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
	Current Month Actual	Current Period Budget - Original	Current Period Budget Variance - Original	YTD Actual	YTD Budget - Original	YTD Budget Variance - Original
REVENUES						
Leases	250,767	179,167	71,600	1,614,560	1,433,333	181,226
PBT Cam Fees	61,224	61,200	24	489,796	489,600	196
Usage Fees	39,440	22,917	16,524	167,959	183,333	(15,374)
Contract Services	-	833	(833)	4,549	6,667	(2,118)
Utility Franchise Fees	1,874	2,417	(543)	26,451	19,333	7,118
Insurance Proceeds	-	-	-	72,143	-	72,143
Other-Miscellaneous	-	-	-	134	-	134
Total REVENUES	353,305	266,533	86,772	2,375,593	2,132,267	243,326
EXPENSES						
Salaries & Taxes	49,074	71,333	22,259	460,554	570,667	110,113
Benefits - Health, Retirement & Wkr's	8,237	12,621	4,384	83,216	100,967	17,751
Insurance -Property & General Liabilities	16,982	18,333	1,352	135,852	146,667	10,814
Administrative Expenses	475	1,017	542	7,976	10,383	2,407
General Office Expenses	6,429	6,133	(296)	40,104	49,067	8,963
Accounting & Auditing Services	16,326	117	(16,210)	26,901	39,933	13,033
Legal Services	8,158	4,167	(3,991)	47,476	33,333	(14,142)
Network Maintenance Contract	824	667	(157)	5,926	5,333	(593)
Training & Travel	750	833	83	11,716	6,667	(5,049)
Marketing Expenses	3,101	5,333	2,232	43,483	42,667	(817)
Operations	50,323	49,167	(1,156)	358,136	393,333	35,198
Utilities	36,332	37,267	935	218,254	238,133	19,879
Total EXPENSES	197,009	206,988	9,978	1,439,594	1,637,150	197,556
NIBPSID	156,296	59,546	96,750	935,999	495,117	440,882
NON OPERATING REVENUE						
Interest Income	16,851	833	16,017	89,657	6,667	82,991
Total NON OPERATING REVENUE	16,851	833	16,017	89,657	6,667	82,991
DEPRECIATION						
Depreciation Expense	(49,924)	(50,000)	76	(399,395)	(400,000)	605
Total DEPRECIATION	(49,924)	(50,000)	76	(399,395)	(400,000)	605
Increase (Decrease) In Fund Equity	123,222	10,379	112,843	626,260	101,783	524,477

GENERAL FUND

Explanation of Significant Budget Variances

2023 MAY

		Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
Revenues, Leases	4200, 4201	\$ 71,600	\$ 181,226	57,763.08 = PrePaid Rent is being moved to Deferred Income	Year End is expected to be over budget.
Expenses, Salaries & Taxes	5100, 5110	\$ 22,259	\$ 110,113	Payroll is less due to staff shortage	Year End is expected to be under budget
Expenses, Accounting & Auditing Services	5700	\$ (16,210)	\$ 13,033	Audit costs are coming in	Year End is expected to be on budget.

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2023 Through 5/31/2023

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	2,619	2,250	369	18,433	18,000	433
Fiber Optic/Wireless Income	20,716	17,500	3,216	151,572	140,000	11,572
Total REVENUES	23,334	19,750	3,584	170,005	158,000	12,005
EXPENSES						
Insurance -Property & General Liabilities	894	917	23	7,150	7,333	183
General Office Expenses	40	317	277	2,239	2,533	294
Computer Software & Maintenance	1,006	3,833	2,827	24,521	30,667	6,145
Internet	1,722	1,833	111	13,777	14,667	889
Building Maintenance & Repairs	3,002	833	(2,168)	12,534	6,667	(5,868)
Utilities	4,687	6,442	1,755	46,965	51,533	4,568
Total EXPENSES	11,351	14,175	2,824	107,188	113,400	6,212
NIBPSID	11,984	5,575	6,409	62,817	44,600	18,217
DEPRECIATION						
Depreciation Expense	(3,283)	(2,917)	(367)	(26,268)	(23,333)	(2,934)
Total DEPRECIATION	(3,283)	(2,917)	(367)	(26,268)	(23,333)	(2,934)
Increase (Decrease) In Fund Equity	8,700	2,658	6,042	36,549	21,267	15,283

FIBER OPTIC FUND

Explanation of Significant Budget Variances

2023 APRIL

	Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
EXPENSES, Building Maintenance & Repairs	\$ (2,168)	\$ (5,868)	Higer than expected maintenance on building/maintenance	Year End is expected to be over budget

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2023 Through 5/31/2023

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	250,767	179,167	71,600	1,614,560	1,433,333	181,226
PBT Cam Fees	61,224	61,200	24	489,796	489,600	196
Usage Fees	42,059	25,167	16,892	186,392	201,333	(14,941)
Contract Services	-	833	(833)	4,549	6,667	(2,118)
Utility Franchise Fees	1,874	2,417	(543)	26,451	19,333	7,118
Insurance Proceeds	-	-	-	72,143	-	72,143
Other-Miscellaneous	-	-	-	134	-	134
Fiber Optic/Wireless Income	20,716	17,500	3,216	151,572	140,000	11,572
Total REVENUES	376,640	286,283	90,357	2,545,597	2,290,267	255,331
EXPENSES						
Salaries & Taxes	49,074	71,333	22,259	460,554	570,667	110,113
Benefits - Health, Retirement & Wkr's Comp	8,237	12,621	4,384	83,216	100,967	17,751
Insurance -Property & General Liabilities	17,875	19,250	1,375	143,002	154,000	10,998
Administrative Expenses	475	1,017	542	7,976	10,383	2,407
General Office Expenses	6,469	6,450	(19)	42,343	51,600	9,257
Accounting & Auditing Services	16,326	117	(16,210)	26,901	39,933	13,033
Computer Software & Maintenance	1,006	3,833	2,827	24,521	30,667	6,145
Internet	1,722	1,833	111	13,777	14,667	889
Legal Services	8,158	4,167	(3,991)	47,476	33,333	(14,142)
Network Maintenance Contract	824	667	(157)	5,926	5,333	(593)
Training & Travel	750	833	83	11,716	6,667	(5,049)
Marketing Expenses	3,101	5,333	2,232	43,483	42,667	(817)
Operations	50,323	49,167	(1,156)	358,136	393,333	35,198
Building Maintenance & Repairs	3,002	833	(2,168)	12,534	6,667	(5,868)
Utilities	41,018	43,708	2,690	265,219	289,667	24,447
Total EXPENSES	208,360	221,163	12,803	1,546,782	1,750,550	203,769
NIBPSID	168,280	65,121	103,159	998,816	539,717	459,099
NON OPERATING REVENUE						
Interest Income	16,851	833	16,017	89,657	6,667	82,991
Total NON OPERATING REVENUE	16,851	833	16,017	89,657	6,667	82,991
DEPRECIATION						
Depreciation Expense	(53,208)	(52,917)	(291)	(425,663)	(423,333)	(2,330)
Total DEPRECIATION	(53,208)	(52,917)	(291)	(425,663)	(423,333)	(2,330)
Increase (Decrease) In Fund Equity	131,923	13,037	118,885	662,810	123,050	539,760

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

(In Whole Numbers)

	Current Month Actual	Prior Year's Month Actual	Variance	YTD Actual	Year's YTD	Variance
REVENUES						
Leases	250,767	211,443	39,324	1,614,560	1,362,303	252,257
PBT Cam Fees	61,224	60,024	1,200	489,796	480,192	9,604
Usage Fees	42,059	35,785	6,274	186,392	194,553	(8,161)
Contract Services	-	1,864	(1,864)	4,549	6,868	(2,319)
Utility Franchise Fees	1,874	2,038	(164)	26,451	24,118	2,333
Insurance Proceeds	-	(47)	47	72,143	3,975	68,168
Other-Miscellaneous	-	47	(47)	134	47	87
Fiber Optic/Wireless Income	20,716	19,694	1,022	151,572	152,023	(451)
Total REVENUES	376,640	330,847	45,793	2,545,597	2,224,079	321,518
EXPENSES						
Salaries & Taxes	49,074	52,531	(3,457)	460,554	605,734	(145,180)
Benefits - Health, Retirement & Wkr's Comp	8,237	10,485	(2,248)	83,216	79,411	3,805
Insurance -Property & General Liabilities	17,875	16,432	1,443	143,002	131,457	11,545
Administrative Expenses	475	569	(94)	7,976	7,983	(7)
General Office Expenses	6,469	4,561	1,908	42,343	45,228	(2,885)
Accounting & Auditing Services	16,326	21,182	(4,856)	26,901	35,013	(8,112)
Computer Software & Maintenance	1,006	2,941	(1,935)	24,521	24,376	145
Internet	1,722	1,722	-	13,777	13,777	-
Legal Services	8,158	3,060	5,098	47,476	26,785	20,691
Network Maintenance Contract	824	711	113	5,926	4,533	1,393
Training & Travel	750	1,122	(372)	11,716	7,390	4,326
Marketing Expenses	3,101	3,245	(144)	43,483	35,160	8,323
Operations	50,323	41,425	8,898	358,136	873,875	(515,739)
Building Maintenance & Repairs	3,002	3,580	(578)	12,534	13,261	(727)
Utilities	41,018	45,490	(4,472)	265,219	272,130	(6,911)
Total EXPENSES	208,360	209,056	(696)	1,546,782	2,176,113	(629,331)
NIBPSID	168,280	121,791	46,489	998,816	47,967	950,849
NON OPERATING REVENUE						
Interest Income	16,851	1,390	46,489	89,657	7,760	46,489
Total NON OPERATING REVENUE	16,851	1,390	46,489	89,657	7,760	46,489
DEPRECIATION						
Depreciation Expense	(53,208)	(53,208)	46,489	(425,663)	(389,175)	46,489
Total DEPRECIATION	(53,208)	(53,208)	46,489	(425,663)	(389,175)	46,489
Increase (Decrease) In Fund Equity	131,923	69,973	46,489	662,810	(333,449)	46,489



June 2023 EVENTS & ACTIVITIES

	DATE	EVENT
JUNE	June 8 – 11	TCMA Conference – Allen, TX - Murvat
	June 13	EDA – SPAG Visit, Jorge Ayala, Regional Director
	June 26-29	American Public Works Association (APWA) Conference - Chris
	Tuesday, June 27	LRRA Board of Directors Meeting
Looking Ahead		
July	July 4	Independence Day/ Office Closed
		NO BOARD MEETING IN JULY