

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

Date: Wednesday, October 25, 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		Tim Pierce
1. Action Item – Election of LRRRA Officers for fiscal Year 2024. Nominations for President, Vice President, and Treasurer/Secretary per the Recommendation of the Nominations Committee are as follows: Tim Pierce, Tim Collins, and John Hamilton, respectively	TAB 1	Tim Pierce
2. Discussion Item – LRRRA Committee Assignments for FY2024	TAB 2	Tim Pierce
3. 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 3	Tim Pierce
<p>4. 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</p> <p>b. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters:</p> <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 <p>c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney</p>	TAB 4	<p>John Tye Muvat Musa</p> <p>Muvat Musa</p> <p>Darrell Guthrie</p>
5. Action Item – Consider the Minutes of the September 27, 2023, Board of Directors Meeting	TAB 5	Tim Pierce

6. Action Item – Consider a Resolution Authorizing the Execution of Signature Cards by the Executive Committee for PlainsCapital Bank and Peoples Bank	TAB 6	Murvat Musa
7. Action Item – Consider Lease for VRC Companies, LLC, Building 535	TAB 7	Murvat Musa
8. Action Item – Consider Resolution Authorizing CEO/ED to Negotiate the Termination of Leases and Settle any Claims with Receivers for Royal Bengal Logistics and North American Aerospace	TAB 8	Murvat Musa
9. Information Item – Legislative Update	TAB 9	Darrell Guthrie
10. Discussion Item – Financial Reports	TAB 10	Sandy Hamilton
11. Discussion Item – Reese Events & Activities	TAB 11	Murvat Musa
Adjourn the Meeting		

Lubbock Reese Redevelopment Authority (LRRRA) will post this meeting agenda on its front doors and on its website at <http://www.reesetechnologycenter.com/agendas/> by 5:00 p.m., Friday, October 20, 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.

AGENDA ITEM 1
ELECTION OF LRRA OFFICERS FOR FY 2024
EXECUTIVE SUMMARY

The LRRA By-Laws require an Annual Meeting of the Board of Directors to be held in October each year for the purpose of electing officers, an Executive Committee, consisting of a President, Vice President, and Secretary/Treasurer; each to serve a one-year term.

At the September 2023 meeting, the Nominating Committee put forth their nominations for these positions which include Tim Pierce as President, Tim Collins as Vice President, and John Hamilton as Secretary/Treasurer.

**BOARD ACTION ITEM #2023-1025-001
ELECTION OF LRRRA OFFICER FOR FY2024**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
OCTOBER 25, 2023**

Item to be Considered:

Election of the LRRRA Officers for the Fiscal Year 2024

Previous Board Action:

- a. The Board of Directors elect's officers, an Executive Committee, consisting of a President, Vice-President, and Secretary/Treasurer each year at the Board of Directors Annual Meeting in October.

Statement of Pertinent Facts:

- a. The Board of Directors must elect officers for each fiscal year per the LRRRA by-laws.
- b. The following officers have been nominated for FY 2024:
 - President: Tim Pierce
 - Vice-President: Tim Collins
 - Secretary/Treasurer: John Hamilton

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 approves the election of the above named LRRRA Officers for the Fiscal Year 2024 as submitted on this 25th day of October 2023."

Tim Pierce, President

ATTEST:

Board Member

AGENDA ITEM 2
ASSIGNMENT OF COMMITTEES BY THE LRRA BOARD PRESIDENT FOR FY2024
EXECUTIVE SUMMARY

Each year, the LRRA Board President assigns board member to various committees. A list of LRRA committees and who has been assigned is attached.

This is a discussion item therefore no action is needed.

FY2024
LRRA Board of Directors
Officers & Committees

OFFICERS:

Executive Committee:

President: Tim Pierce

Vice-President: Tim Collins

Secretary/Treasurer: John Hamilton

COMMITTEES:

Lease Review Committee:

Chair: George McMahan

Vice-Chair: Tim Collins

Compensation Committee:

Chair: Tim Pierce

Vice-Chair: Tim Collins

Member: John Hamilton

Project Review Committee:

As Needed

Major Real Estate Resolutions Committee:

Chair: John Tye

Vice-Chair: John Hamilton

Officer Nominations: (not a standing committee)

As Needed

ITEM 3

Citizen Comments

ITEM 4

EXECUTIVE SESSION

Information to be provided at
meeting

Lubbock Reese Redevelopment Authority
Board of Directors Meeting Minutes
September 27, 2023

The Lubbock Reese Redevelopment Authority held a regular meeting at 8:00 a.m. September 27, 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.

MEMBERS PRESENT:

Steve Verett	Todd McKee	Tim Pierce
George McMahan	Tim Collins	John Hamilton
John Tye		

MEMBERS ABSENT:

OTHERS PRESENT:

Reese Staff: Murvat Musa-Executive Director, Chris Evans-Operations Manager, Sandra Hamilton-Manager of Accounting, Andrea Hamilton-Operations, Customer Service, Marketing Coordinator, Cecilia Davila-Administrative Assistant

Legal Counsel: Darrell Guthrie via teleconference

Others: Jane Dever Jeff Mustin

Call the meeting to order.

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

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

ITEM 2 Hold an Executive Session, Steve Verett called the Executive Session to order at 8:03 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 Accounting
Manager of Operations
Operations Lead
Service Technician
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.

No action was taken in the Executive Session.

Reconvene the Board of Directors Meeting

Steve Verett adjourned the Executive Session at 8:54 a.m. and reconvened Open Session at 8:55 a.m.

- ITEM 3 Consider the Minutes of the August 23, 2023, Board of Directors Meeting.**
Action Item - John Hamilton moved to approve the minutes of the August 23, 2023, Board of Directors meeting. John Tye seconded; the motion passed 7-0.
- ITEM 4 Consider LRRR Board of Directors Meeting Schedule and LRRR Holiday Schedule.**
Action Item – Tim Pierce moved to approve the LRRR Board of Directors Meeting Schedule and LRRR Holiday Schedule. Todd McKee seconded; the motion passed 7-0.
- ITEM 5 Nominating Committee Recommendation for Executive Committee.**
Discussion Item – Steve Verett presented Nominating Committee Recommendation for the Executive Committee. Tim Pierce as President, Tim Collins as Vice President, John Hamilton as Secretary/Treasurer. No action was taken.
- ITEM 6 Consider Resolution for Application for Funding through US Department of Transportation - SMART Grant.**
Action Item. – Todd McKee moved to approve the Resolution for Application for Funding through US Department of Transportation - SMART Grant. John Tye seconded; the motion passed 5-0. John Hamilton and Tim Pierce recused themselves from discussion and voting.

- ITEM 7 Consider FY2024 Operating, Data Center/Fiber Optics, & Capital Budgets**
Action Item. – Todd McKee moved to approve the FY2024 Operating, Data Center/Fiber Optics, & Capital Budgets. John Tye seconded; the motion passed 6-0.
 John Hamilton recused himself from discussion and voting.
- ITEM 8 Financial Reports**
Discussion Item. - No action required. Sandra Hamilton presented the August financial reports.
- ITEM 9 Reese Events and Activities**
Discussion Item. - No action required. Murvat Musa presented Reese activities and upcoming events to the Board.
- ITEM 10 Administer Oath of Office to Tim Collins, Jeff Mustin, and Jane Dever as Board Members**
Action Item. – Steve Verett administered the Oath of Office to Time Collins, Jeff Mustin and Jane Dever as Board Members.
- ITEM 11 Recognize Steve Verett and Todd McKee for Their Years of Service**
Presentation Item. – The Board and staff recognized Steve Verett and Todd McKee for their years of service.

Adjournment

Steve Verett adjourned the meeting at 9:32 a.m.

Content of minutes agreed to and approved by:

Approved by _____
 Tim Pierce, President

ATTEST:

 LRRR Board Member

AGENDA ITEM 6
EXECUTION OF SIGNATURE CARDS BY THE EXECUTIVE COMMITTEE
EXECUTIVE SUMMARY

On October 23, 2019, the Board passed a resolution that established a written policy of including each member of the Executive Committee of the Board of Directors on the signature cards for each LRRRA financial institution. With the current turnover among the Executive Committee due to members terming out and the election of new officers, new signature cards must be executed.

Staff requests Board approval for a resolution (attached) authorizing the execution of signature cards by the Executive Committee at PlainsCapital Bank and Peoples Bank.

BOARD ACTION ITEM #2023-1025-002
RESOLUTION AUTHORIZING EXECUTION OF SIGNATURE CARDS

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
October 25, 2023

Item to be Considered:

- a. Approve a resolution regarding the execution of signature cards by members of the Executive Committee at financial institutions that provide financial services to LRRRA.

Previous Board Action:

- a. When members of the Executive Committee, which is composed of the President, Vice-President, and Secretary/Treasurer of the LRRRA Board of Directors change, a board resolution is approved authorizing, by individual name, the Executive Committee members to sign checks on behalf of the authority. To accomplish this, the members of the Executive Committee must execute signature cards with the financial institutions used by LRRRA.

Statement of Pertinent Facts:

- a. Section 3501.102(b) of the Texas Special District Local Laws Code grants the authority the power to select its depository, establish its fiscal year, adopt an annual operating budget, establish a system of accounts, and invest its money.
- b. Sections 3.3d.(2) and (4), Check Requests and Check Signing Limits, of the LRRRA Purchase, Procurement, and Payment of Goods and Services Policy and Procedure Manual provides the procedure requiring either one or two “members” of the Board to sign checks on behalf of the Authority in certain situations.
- c. On October 23, 2019, the Board passed a Resolution that established a written policy of including each member of the Executive Committee on LRRRA signature cards, which necessitates the execution of new signature cards when members of the Executive Committee are approved by the board to serve as President, Vice President, and Secretary/Treasurer.
- d. At the October 25, 2023, LRRRA Board of Directors meeting the following were elected: Tim Pierce as President, Tim Collins as Vice President, and John Hamilton as Secretary/Treasurer.

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 following resolution relating to the execution of signature cards at the financial institutions approved by the Board of Directors, the members of the Executive Committee, consisting of the President, Vice-President, and Secretary/Treasurer, who are selected at each annual meeting of the Board of Directors, are authorized to execute signature cards at financial institutions approved by the Board of Directors, and subject to rules and regulations adopted by the Board relating to same, as submitted on this 25th day of October 2023.

Approved by: _____
Tim Pierce, President

ATTEST: _____
LRRA Board Member

AGENDA ITEM 7
VRC COMPANIES LLC, BUILDING 535, LEASE
EXECUTIVE SUMMARY

The Lease Review Committee has reviewed and supports this new lease.

In 2017, WesTex Documents, a document storage and shredding company and a longtime customer of Reese, sold their company to VRC Companies, LLC “VRC”. As part of that sale, VRC assumed the then existing WesTex Documents lease for Building 535. That lease, dated April 2010, will expire on November 14, 2023.

This new lease is for seven years with one option to renew for an additional five years. The starting rent is \$5 per square foot, up from the current rate of \$4.07 per square foot, with increases of 3% or the CPI-U. Please see the attached Deal Sheet and Lease for more details.

VRC has been a great customer for Reese and the staff is excited to continue this relationship and is requesting Board approval for this new lease.



Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Deal Sheet

Vital Records Control, LLC aka VRC Companies, LLC

Building 535

“Subject to Board Approval”

Prospective Customer:

VRC Companies, LLC
5400 Meltech Blvd., Suite 101
Memphis, TN 38118

Premises:

Building 535 (Estimated 44,048 SF)
815 S Gilbert Drive
Lubbock, TX 79416

Background:

In 2017, WesTex Documents, a document storage and shredding company and a longtime customer of Reese, sold their company to VRC Companies, LLC “VRC”. As part of that sale, VRC assumed the then existing WesTex Documents lease for Building 535. That lease, dated April 2010, will expire on November 14, 2023.

VRC has been a good customer of Reese and has performed well under the lease. Management is pleased that VRC has decided to keep their Reese operations.

Type of Lease:

Modified Lease Terms

Primary Term for Building 535 (44,048 SF):

Tenant is currently paying \$4.07 per square foot. This new lease will be for seven years with one option to renew for an additional five years. Rent will start at \$5 per square foot with 3% annual increases or the CPI-U, whichever is greater.



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Rent: (assumes a 3% annual increase)

Initial Year Term	Price Per Square Foot	Monthly Rent	Annual Rent
Year 1	\$5.00	\$18,353.33	\$220,240.00
Year 2	\$5.15	\$18,903.93	\$226,847.20
Year 3	\$5.30	\$19,454.53	\$233,454.40
Year 4	\$5.46	\$20,041.84	\$240,502.08
Year 5	\$5.63	\$20,665.85	\$247,990.24
Year 6	\$5.80	\$21,289.87	\$255,478.40
Year 7	\$5.97	\$21,913.88	\$262,966.56
TOTAL			\$1,687,478.88

Renewal Options:

Tenant shall have one (1) option to renew for five (5) years. The option year will have a 3% annual increase or the CPI-U, whichever is greater.

Termination Option:

None

Security Deposit:

None.

Utilities:

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

Maintenance & Expenses:

There is no make ready expense to Reese.

STANDARD INDUSTRIAL LEASE

BETWEEN

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

AS LANDLORD

AND

VRC COMPANIES, L.L.C., a Delaware limited liability company

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 535

815 South Gilbert Drive

Lubbock, Texas 79416

STANDARD INDUSTRIAL LEASE

This Standard Industrial Lease (the "Lease") is made this ____ day of _____, 2023, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as "Landlord") and VRC COMPANIES, L.L.C., a Delaware limited liability company (hereinafter referred to as "Tenant"). Landlord and Tenant are also referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

1. BASIC LEASE PROVISIONS

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

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

(c) Tenant: VRC COMPANIES, L.L.C., a Delaware limited liability company, whose Federal Taxpayer Identification Number 82-0796581.

(d) Tenant Address: 5384 Poplar Ave. – Suite 500, Memphis, TN 38119.

(e) Guarantors: N/A

(f) Guarantors' Addresses: N/A

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

(h) Premises means that certain building ("Building") located at 815 S. Gilbert Drive, Lubbock, Texas 79416, which is commonly known as Building #535, and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"), and containing approximately 44,048 square feet of floor area.

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

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

(k) Option to Extend Term: Tenant shall have one (1) renewal option of five (5) years, such option to be exercised automatically unless Landlord receives written notice from Tenant of its desire not to exercise the option to extend term no less than one hundred eighty days (180) days prior to expiration of the Initial Term. Without receipt of such notice, this Lease shall be extended automatically for the period specified in Section 1(j) without the necessity for the execution of any further instrument and upon the same terms and conditions as are contained in this Lease, except the then existing Base Rent will be increased by the greater of a fixed three percent (3%) each year of the extension period or the CPI-U during the previous lease term year or renewal option year.

The adjustment in the Base Rent will be determined by multiplying the greater of the then existing Base Rent specified in the lease ("Base Rent") by 1.03 or by the CPI-U, which will result in a "Revised Base Rent" for each year of the extension period.

(l) Delivery Date: December 1, 2023.

(m) Commencement Date: December 1, 2023.

(n) Termination Date: November 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 (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 for 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	\$220,240.00	\$18,353.33	\$5.00
Year 2	\$226,847.20	\$18,903.93	\$5.15
Year 3	\$233,454.40	\$19,454.53	\$5.30
Year 4	\$240,502.08	\$20,041.84	\$5.46
Year 5	\$247,990.24	\$20,665.85	\$5.63
Year 6	\$255,478.40	\$21,289.87	\$5.80
Year 7	\$262,966.56	\$21,913.88	\$5.97

(p) Security Deposit: Not Applicable.

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

(r) Early Termination Fee: Not Applicable.

(s) Permitted Use: Tenant may use the Premises for the purpose of providing N.A.I.D. certified document destruction, imaging and long-term storage (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 of the Project, including parking lots. Landlord has the exclusive control over and right to manage the Common Areas.

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

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

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

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

3. RENT AND RENT INVOICES

(a) Rent. Tenant agrees to pay to Landlord the Base Rent and any Utility charges billed by the Landlord set forth in Sections 1(o) and 8(a), respectfully, in advance, on the 15th day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date. Rent will be considered past Due and in default if not received by the 25th of the month.

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

4. REAL ESTATE TAXES AND OTHER TAXES

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

(b) Notice Regarding Other Taxes. If assessed, Tenant shall during the Term be responsible for payment, prior to delinquency, of all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the

Premises. If applicable, Tenant shall during the Term pay to Landlord monthly with the payment of Base Rent all sales or rental taxes assessed by any governmental authority against the Rent payable by Tenant hereunder. Tenant hereby agrees to hold Landlord harmless from all costs, expenses, interest and penalties that Landlord may incur as a result of Tenant's failure to pay the taxes set forth in this Section 4.

5. TENANT COVENANTS

(a) Tenant Agrees to –

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

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

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

(4) Pay a late charge of five (5) percent of any Rent not received by Landlord by the twenty-fifth (25th) day after it is due.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) Change Landlord's lock system.

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

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

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

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

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

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

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

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) Not Used.

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

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

(5) Not Used.

(b) Landlord agrees not to—

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

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

7. COMMON AREAS

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

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

8. UTILITIES AND TRASH REMOVAL

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

9. DAMAGE BY CASUALTY

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

(b) Tenant's Right to Terminate. If more than fifty percent (50%) of the floor area of the Premises is damaged or destroyed due to Casualty, then Tenant will have the right to terminate this Lease, effective as of the date of Casualty, by notice given to Landlord within fifteen (15) days after Tenant's receipt of Landlord's Casualty Notice.

(c) Landlord's Right to Terminate. If more than fifty percent (50%) of the floor area of the Premises is damaged or destroyed by Casualty during the Term, then Landlord may elect to terminate this Lease effective as of the date of the Casualty by notice given to Tenant not later than fifteen (15) days after Landlord delivers Landlord's Casualty Notice to Tenant.

(d) Landlord's Repair Obligation. Landlord's obligation will be to restore all portions of the Premises and the Common Areas in the immediate vicinity of and surrounding the Premises (including but not limited all parking areas surrounding the Premises and all sidewalks, roadways, driveways and access ways leading to and from the Premises) affected by a Casualty (exclusive of Tenant's fixtures and equipment) to their condition immediately preceding such Casualty, subject

to available insurance proceeds. If Landlord for any reason whatsoever fails (1) to commence the repair and restoration work required hereunder within ninety (90) days from the date of the Casualty, (2) to proceed diligently to complete such repair and restoration work, or (3) fails to complete same within the estimated time set forth in Landlord's Casualty Notice, plus the number of days of delay caused by Uncontrollable Events, then, Tenant will have the right to terminate this Lease by giving Landlord notice and upon the giving of such notice, this Lease will terminate and the Parties will be liable for their respective obligations to the date of termination and will have no liability for obligations arising after that date, except for those obligations which expressly survive termination. Landlord agrees should damage occur in over fifty percent (50%) of the floor area no rent will be due or if mutually agreed a reduced rent will be paid, provided Tenant can use the portion of the Premises not damaged.

10. HAZARDOUS MATERIALS

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

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

(c) Definitions. As used herein,

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

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

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

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

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

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

11. INSURANCE AND WAIVER OF SUBROGATION

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

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

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

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

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

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

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

12. ADDITIONAL LANDLORD AND TENANT AGREEMENTS

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

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

c. Condemnation/Substantial or Partial Taking

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

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

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

d. Uniform Commercial Code. Tenant grants Landlord a security interest in Tenant's personal property now or subsequently located on the Premises. This lease is a security agreement under the Uniform Commercial Code. Furthermore, Tenant authorizes Landlord to file a UCC-1 Financing Statement with the Texas Secretary of State to perfect its interest in Tenant's personal

property now or subsequently located on the Premises, without any further signature or authorization of the Tenant, and this Lease and security agreement contained herein shall serve as a financing statement and may be filed if necessary.

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

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

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

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

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

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

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

(5) failing to pay timely Rent;

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

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

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

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

h. Default by Tenant/Landlord's Remedies. Landlord's remedies for Tenant's default are to (1) enter and take possession of the Premises; (2) enter the Premises and perform Tenant's obligations; and (3) terminate this Lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary,

and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages. If the Tenant fails to cure any default within ten (10) days after being locked out of the Premises, Landlord may consider all of Tenant's personal property Abandoned Property, as set forth in Section 12.u.

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

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

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

l. Holdover. No holding over by Tenant, whether with or without the consent of Landlord, will extend the Term. If Tenant remains in possession of the Premises after the expiration of the Term without execution of a new lease extending the Term, Tenant will be deemed to be occupying the Premises as a tenant at will, subject to all of the terms of this Lease as may be applicable to a month to month tenancy and at One Hundred Fifty Percent (150%) of the monthly installment of the Base Rent set forth in Section 1(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) 885-6592

TENANT:

VRC Companies, LLC
5384 Poplar Ave – Suite 500, Memphis, TN 38119
Telephone: 901-310-2005
Fax: N/A _____
Email: dpalo@vrcnetwork.com

Notices will be deemed given on the date received (or refused) when addressed to the parties at the addresses set forth above or in either case to such other addresses as Landlord or Tenant may designate to the other by notice. Notice may also be given by regular mail, personal delivery, courier delivery, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein. Without limiting the foregoing, any notice required or permitted to be given under this Lease may be sent by e-mail at the appropriate e-mail address set forth in this Section 12.m, as the same may be amended, or to such other e-mail address as Landlord or Tenant may from time to time designate in a notice to the other; provided that such e-mailed notice expressly states that it represents a notice under Section 12.m. of this Lease. Any e-mailed notice shall be deemed given on the date of delivery, provided that (i) such delivery is reasonably confirmed as received by the recipient (i.e., no error report is received by the sender); and (ii) if delivery occurs after 5:00 p.m. in the time zone of the recipient or on a non-business day, then such notice shall be deemed received on the first business day after the day of delivery.

n. Attorney's Fees. If either Party retains an attorney to enforce this Lease, the Party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.

o. Governing Law. This Lease shall be governed in accordance with the laws of the State of Texas, and all obligations of the Parties are performable in Lubbock County, Texas.

p. Entire Agreement. This Lease, together with the attached exhibits and riders, is the entire agreement of the Parties, and there are no oral representations, warranties, agreements, or promises pertaining to this lease or to any expressly mentioned exhibits and riders not incorporated in writing in this lease.

q. Assignment and Subletting by Tenant. Tenant may have the right, with the prior written consent of Landlord, which consent shall not be unreasonable withheld, conditioned or delayed, to assign this Lease, and any interest therein, provided each assignee assumes in writing all of Tenant's obligations under this Lease and Tenant shall remain liable for each and every obligation under this lease. Landlord hereby grants its consent for Tenant to sublet the Premises or any thereof, or any right or privilege pertinent thereto.

The foregoing notwithstanding, Tenant may assign its entire interest under this Lease to an Affiliate or to a successor to Tenant by purchase, merger, consolidation or reorganization without

the consent of Landlord, provided that all of the following conditions are satisfied (a “Permitted Transfer”): (1) no uncured event of default exists under this Lease; (2) Tenant’s successor shall own all or substantially all of the assets of Tenant; and (3) Tenant shall give Landlord written notice at least thirty (30) days prior to the effective date of the proposed purchase, merger, consolidation or reorganization. The term “Affiliate” means any person or entity controlling, controlled by or under common control with Tenant. Tenant’s notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied.

r. Assignment by Landlord. Landlord is expressly given the right to assign any or all of its interest under the terms of this Lease, provided the assignee expressly assumes all obligations of Landlord hereunder.

s. Amendment of Lease. This Lease may be amended only by an instrument in writing signed by Landlord and Tenant.

t. Limitation of Warranties. THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.

u. Abandoned Property. Landlord may retain, destroy, or dispose of any property left on the Premises at the end of the Term.

v. Heirs, Successors, and Assigns. This Lease and the covenants, agreements and representations herein contained will be binding upon, and inure to the benefit of, the Parties hereto and their respective heirs, executors, administrators, successors, and assigns.

w. Rules of Construction. This Lease will be construed with equal weight for the rights of both Parties, the terms hereof having been determined by fair negotiation with due consideration for the rights and requirements of both Parties.

x. Severability. If any term or provision of this Lease is found to be invalid, illegal or unenforceable, the remaining terms and provisions hereof will not be affected thereby; and each term and provision hereof will be valid and enforceable to the fullest extent permitted by Laws.

y. Headings. The captions, section numbers and paragraph numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, amplify, limit, construe or describe the scope or interest of any section of this Lease.

z. Trafficking of Persons. Under §2155.0061, Texas Government Code, Tenant certifies that the individual or business entity named in the Agreement is not ineligible to receive the specified Agreement and acknowledges that the Agreement may be terminated if this certification is inaccurate.

aa. Chapter 2271 of the Texas Government Code. Tenant acknowledges that in accordance with Chapter 2270 of the Texas Government Code, the Landlord is prohibited from entering into a contract with a company for goods or services unless the contract contains a written

verification from the Tenant that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The terms “boycott Israel” and “company” shall have the meanings ascribed to those terms in Section 808.001 of the Texas Government Code. ***By signing this Lease, Tenant certifies that Tenant’s signature provides written verification to the Landlord that Tenant: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the Lease.***

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

13. AFFIRMATIVE REPRESENTATIONS CONCERNING FTZ-260 AND OPERATION OF AIRFIELD

a. Free Trade Zone (FTZ). The Lubbock Economic Development Authority (“LEDA”) has applied and previously received approval for eligible tenants of the Project to be able to take advantage of the benefits of its FTZ. Tenants that are eligible to participate must apply through LEDA and pay the application fees and any monthly fees associated with the volume of goods that are transported into and out of the FTZ. Interested tenants should contact the LEDA for specific details regarding the application process and the fees and regulations associated with the program.

b. Airfield. Landlord currently has Federal Aviation Administration approval to operate the airstrips located within the Project. The 10,500-foot (center) and 6,500-foot (east) north-south runways can accommodate large cargo aircraft such as a C-130. While Landlord anticipates that there may be changes with respect to the use of the two (2) primary landing strips that are now in operation, Landlord intends to continue to operate these runways and will make use of such runways available to Tenant in accordance with the existing Federal Aviation Administration certification. The westernmost 10,500-foot runway is only available for emergency use by aircraft. This runway is used for various ground transportation training events. Tenant agrees that it may not have access to this 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 could adversely affect Tenant's operations at the Premises or which could adversely affect access to the Premises.

14. SECURITY CONDITIONS

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

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

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

/-----Signature Page Follows-----/

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

LUBBOCK REESE
REDEVELOPMENT AUTHORITY
("Landlord")

VRC COMPANIES, L.L.C.
("Tenant")

By: Murvat Musa, Chief Executive Officer

By: Danny Palo – Chief Executive Officer

Date

Date

EXHIBIT A

Site Plan

[Attached]

**BOARD ACTION ITEM #2023-1025-003
LEASE FOR VRC COMPANIES, BUILDING 535**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
OCTOBER 25, 2023**

Item to be Considered:

Consider new lease for VRC Companies, LLC for Building 535

Previous Board Action:

- a. In 2017, VRC Companies purchased WestTex Documents and assumed the lease, dated April 2010, for Building 535 which expires November 14, 2023.

Statement of Pertinent Facts:

- a. This new lease is for seven years with one option to renew for an additional five years.
- b. The starting rate is \$5 per square foot with annual increases of 3% or the CPI-U, whichever is greater.
- c. VRC has been a good customer for Reese and has performed well.
- d. The Lease Review Committee has reviewed and supports this new lease.

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 VRC Companies, Building 535 and authorizes its CEO/ED to execute the lease upon the negotiations of final terms and conditions, as submitted on this 25th day of October 2023.”

Tim Pierce, President

ATTEST:

Board Member

AGENDA ITEM 8

RESOLUTION AUTHORIZING THE CEO/ED TO NEGOTIATE TERMINATION OF LEASES AND SETTLE CLAIMS WITH RECEIVERS FOR ROYAL BENGAL LOGISTICS AND NORTH AMERICAN AEROSPACE EXECUTIVE SUMMARY

In June 2023, Royal Bengal Logistics (RBL) was taken into federal receivership for fraudulently raising money through an unregistered securities offering in violation of U.S. Securities and Exchange Commission rules. Staff have been working with the Receivers to ensure a seamless transition of RBL assets and to wind down the maintenance operations at Reese. The Receivers believe they will be ready to shut down operations in Building 82 by the end of November 2023, but probably realistically by year end. Below is a list of the current agreements we have with RBL for which all rents are being paid by the Receivers.

1. Lease Agreement for Royal Bengal Logistics and North American Aerospace, Building 82, effective September 1, 2021
2. First Amendment to Original Lease for Royal Bengal Logistics and North American Aerospace, Building 82, effective May 1, 2023
3. Ground Lease for Royal Bengal Logistics, 2 acres, effective May 1, 2023
4. Right of Usage Agreement, Royal Bengal Logistics, West Runway, effective May 1, 2023

It's now time for Reese to negotiate the termination of these agreements as well as settle all claims with the Receivers. The attached Resolution is needed for the CEO/ED to have the authority to do this.

Staff is recommending the Board approve the attached Resolution.

BOARD ACTION ITEM #2023-1025-004

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRA)
October 25, 2023**

Items to be Considered:

- a. Approve a resolution regarding delegating the Executive Director/Chief Executive Officer (the “CEO”) the authority to act on the Board’s behalf in terminating any agreements with Royal Bengal Logistics and North America Aerospace (collectively, RBL) and settling any claims with the RBL Receiver.

Previous Board Action: None.

Statement of Pertinent Facts:

- a. Beginning on September 1, 2021, LRRA entered into various agreements with RBL relating to use of Building 82, a ground lease for a redevelopment project, and use of the west runway (see below). RBL made tenant improvements to the leased property, to include but not limited to the installation of a generator and a fuel tank. Additionally, the lease of Building 82 included a \$13,829.50 security deposit. Finally, RBL made unapproved modifications to Building 82. RBL agreements:
 - (1) Lease Agreement for Royal Bengal Logistics and North American Aerospace, Building 82, effective September 1, 2021.
 - (2) First Amendment to Original Lease for Royal Bengal Logistics and North American Aerospace, Building 82, effective May 1, 2023.
 - (3) Ground Lease for Royal Bengal Logistics, 2 acres, effective May 1, 2023.
 - (4) Right of Usage Agreement, Royal Bengal Logistics, West Runway, effective May 1, 2023.
- b. On June 21, 2023, in Securities Exchange Commission, Plaintiff, v. Royal Bengal Logistics, Inc. and Sanjay Singh, Defendants, and Sheetal Singh and Constantina Celicourt, Relief Defendants, in the U.S. District Court for the Southern District of Florida the Court ordered the appointment of a Receiver to oversee the assets of RBL (the “Receiver Order”).
- c. On September 12, 2023, the RBL Receivers were appointed the Receivers of North America Aerospace (NAA) (collectively, “RBL Receivers”).

- d. The RBL Receivers expect to wind up their use of the RBL facilities prior to the end of the 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 delegates to the CEO the authority to terminate any agreements with Royal Bengal Logistics and North America Aerospace and settle any claims with the RBL Receivers upon the negotiation of acceptable terms and conditions, as submitted on this 25th day of October 2023.”

Approved by: _____
Tim Pierce, President

ATTEST: _____
LRRRA Board Member

Legislative Update and Reminder

Update to Lubbock Reese Redevelopment
Authority Board of Directors

October 25, 2023

New Legislation

- S.B. 543 – Transfer of Real Property for Economic Development pursuant to an economic development agreement authorized by Chapter 380 of the Local Government Code
- S.B. 232 – Removal from Office is automatic if plea of guilty or nolo contendere, receives deferred adjudication, or is convicted of specified offenses that breach the public trust
- S.B. 271 – requires notice of breach of computer data, sensitive personal information, etc. not later than 48 hours after discovery of security incident
- H.B. 915 – requires posting notice of workplace violence hotline; TWC provides the poster

New Legislation (cont'd)

- H.B. 679 – in soliciting and awarding a construction contract the RFP may not contain a term requiring a person to have or require a specified experience modifier
- H.B. 2518 – public works contracts requires a term in a lease if the tenant is making improvements to execute a payment or performance bond
- H.B. 3485 – provides guidance on unsigned change orders
- H.B. 9 – establishes the Broadband Equity, Access, and Deployment (BEAD) program and Broadband Infrastructure Fund (BIF)
- H.B. 3810 – requires internal procedures to notify TCEQ immediately of an unplanned condition that has caused a public water supply outage, etc.

New Legislation (cont'd)

- S.B. 785 – surface owner owns right to geothermal energy rights
- S.B. 1238 – provides broadband service funding

Recent Changes to Texas Public Information Act (Tex. Gov't Code Ann. Ch. 552)

New Legislation

- H.B. 3033 –
 - provides definition of business day as a day other than a Saturday or Sunday, a national holiday or state holiday, to include not more than 10 days designated by the Executive Director as a non-business day;
 - Cost recapture provisions for staff time devoted to responding to a PIA request;
 - Establishes 15 business day response time once OAG issues its opinion

Reminders Relating to Texas Open Meetings Act (Tex. Gov't Code Ann. Ch. 551)

Tex. Gov't Code § 552.004

- Effective September 1, 2019 Changes
 - Amends Section 552.004 to require “a current and former officer or employee (defined as a temporary custodian) of a governmental body who maintains public information on a privately owned device to forward or transfer the public information to the governmental body or a governmental body server to be preserved”
 - Amends Section 552.203 to require the public information officer to make reasonable efforts to obtain information in the possession of a temporary custodian of public information.

Tex. Gov't Code §§ 552.233-.235

- Changes (continued)
 - Adds Section 552.233 to make clear that a current or former officer or employee does not have a personal property right to public information created or received while acting in an official capacity; and gives 10 days to respond to a request for the information by the governmental entity.
 - Adds Section 552.234 to provide a means to define the method for receiving PIA requests; and, the government body does not have to respond unless the request is made in the proper form.
 - Adds Section 552.235 that requires the Attorney General to create a form for PIA requests no later than 1 October 2019.
- Key Points
 - **Use your reesecenter.com email address**
 - Develop clear rules for maintaining public information and accepting requests for public information, to include designating one email address for accepting requests

Tex. Gov't Code §§ 552.0222 and 552.110

- Effective for contracts entered into on or after January 1, 2020
- Addresses reduction in access to public information about state and local contracting from 2015 Texas Supreme Court decisions in *Boeing* and *Greater Houston Partnership*
- Changes
 - Adds Section 552.0222 to ensure the public can obtain key contract terms like overall price and deliverables and information indicating whether or not a contractor performed its duties under the contract.
 - Amends Section 552.110 to define the exception to disclosure for maintaining confidentiality of “trade secrets” and certain commercial and financial information.

Tex. Gov't Code §§ 552.1101 and 552.371-.372

- Changes (Continued)
 - Adds Section 552.1101 to define the exception to disclosure for maintaining confidentiality of “proprietary information.”
 - Adds Section 552.371 that requires an entity contracting with a public entity to provide contracting information, if contract is in excess of \$1M.
 - Adds Section 552.372 requiring bids and contracts under Section 552.371 to include certain disclaimers in the bid and contract documents.
- Key Points
 - Requires changes to the Procurement Manual to ensure compliance with these changes.
 - May require notice to those contracting with or bidding on LRRA project in the future.

CASH BALANCES - SEPTEMBER 30, 2023

	8/31/2023	9/30/2023	Change
General Fund Bank Accounts	\$ 3,878,466	\$ 4,040,179	\$ 161,713
Fiber Optic Fund Checking	\$ -	\$ -	\$ -
EDA Grant Checking	\$ 15,002	\$ 15,002	\$ -
Capital Maintenance - Designated	\$ 855,000	\$ 855,000	\$ -
Petty Cash	\$ -	\$ -	\$ -
Total Cash	\$ 4,748,468	\$ 4,910,181	\$ 161,713
Accounts Receivable - G/F	\$ 281,047	\$ 243,725	\$ (37,322)
Accounts Receivable - F/O	\$ 9,376	\$ 9,682	\$ 306
Total Accounts Receivable	\$ 290,423	\$ 253,407	\$ (37,016)
Total Cash & Accounts Receivable	\$ 5,038,891	\$ 5,163,588	\$ 124,697

Aged Accounts Receivable as of 09/30/2023

CURRENT	1 - 30 Days - Invoices	31 - 60 Days - Invoices	61 > Days - Invoices	Over 90 Days	TOTAL
223,464.63	29,930.59	11.50	-	-	253,406.72

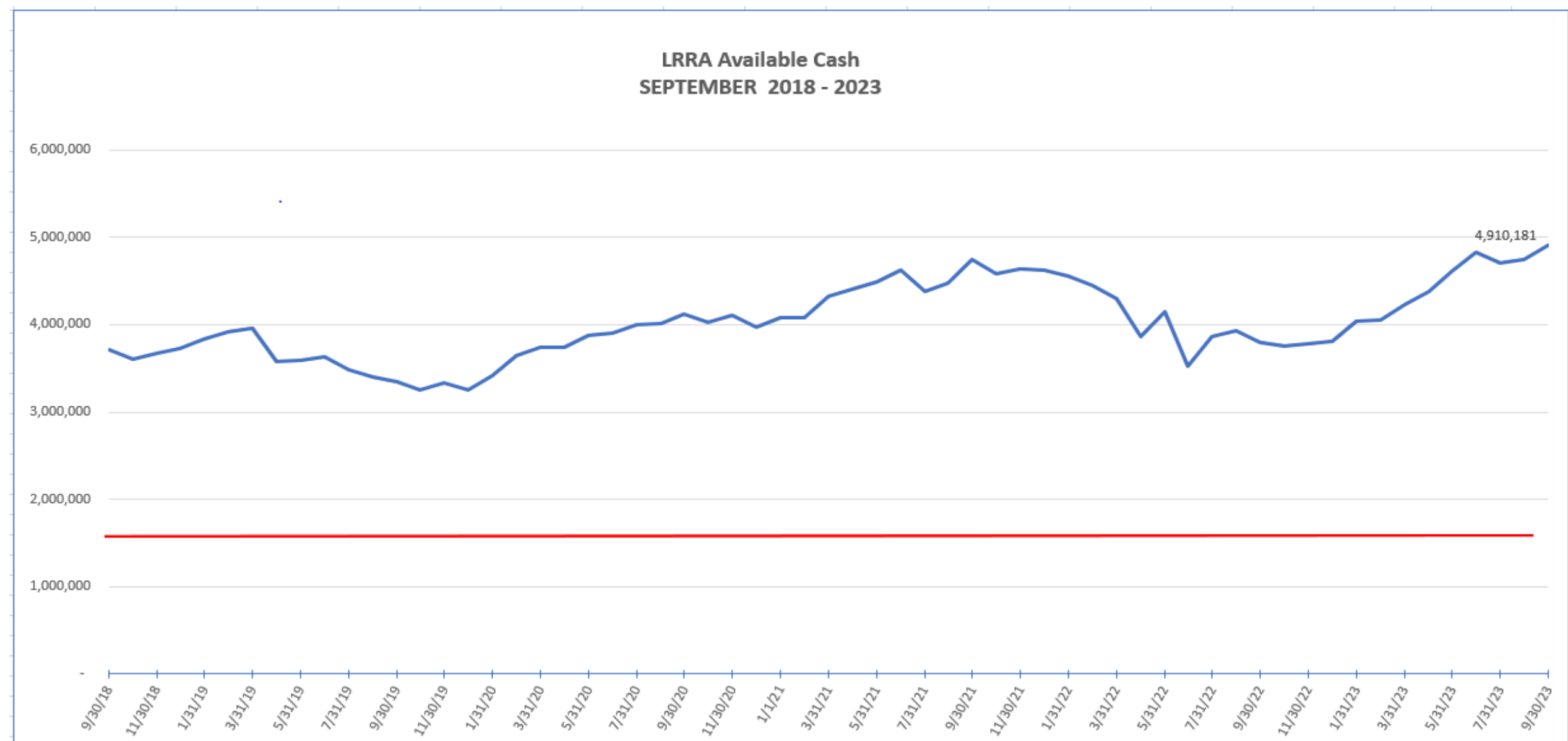
Aged Accounts Receivable as of 10/19/2023

30,448.91	8,233.34	11.50	-	-	38,693.75
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EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

KBR - NEW DOOR HARDWARE	17,860.00	EXPENSES
BLDG # 52 ROOF REPAIR	28,494.00	EXPENSES

\$ 46,354.00



FINANCIAL HIGHLIGHTS - SEPTEMBER 30, 2023

DESCRIPTION	Month G/F	Month F/O	Month's Total	YTD	G/F YTD	F/O	YTD Total
Operating Revenue	\$ 252,342	\$ 20,216	\$ 272,558	\$ 3,205,463	\$ 232,435	\$ 3,437,898	
Other Revenue - Usage Fees	\$ 39,949	\$ 3,580	\$ 43,529	\$ 291,558	\$ 31,026	\$ 322,584	
Total Revenue	\$ 292,291	\$ 23,796	\$ 316,087	\$ 3,497,021	\$ 263,461	\$ 3,760,482	
Expenses	\$ 288,233	\$ 21,691	\$ 309,924	\$ 2,341,045	\$ 168,644	\$ 2,509,689	
Net Income BPSID	\$ 4,058	\$ 2,105	\$ 6,163	\$ 1,155,976	\$ 94,817	\$ 1,250,793	
Interest Income - Plus	\$ 18,389	\$ -	\$ 18,389	\$ 161,231	\$ -	\$ 161,231	
Depreciation - Less	\$ (49,924)	\$ (3,283)	\$ (53,207)	\$ (599,093)	\$ (39,402)	\$ (638,495)	
Net Income	\$ (27,477)	\$ (1,178)	\$ (28,655)	\$ 718,114	\$ 55,415	\$ 773,529	

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 9/30/2023

(In Whole Numbers)

	General Fund	EDA Grant Fund	Data Center / Fiber Optic Fund	Total
ASSETS				
CASH	4,040,179	15,002	-	4,055,181
DESIGNATED-CAPITAL MAINT	610,000	-	-	610,000
WATER INFRASTRUCTURE RESERVE	245,000	-	-	245,000
INVESTMENTS	-	-	-	-
ACCOUNTS RECEIVABLE	243,725	-	9,682	253,407
ALLOWANCE FOR DOUBTFUL	-	-	-	-
INTERFUND TRANSFERS	-	90,629	-	90,629
NOTES RECEIVABLE	-	-	-	-
CONSTRUCTION IN PROGRESS	259,010	1,670,123	-	1,929,133
PROPERTY AND EQUIPMENT, NET	6,142,574	-	110,175	6,252,749
OTHER ASSETS	70,204	-	(64)	70,140
Total ASSETS	11,610,692	1,775,753	119,793	13,506,238
LIABILITIES				
ACCOUNTS PAYABLE	28,496	-	5,617	34,113
ACCRUED EXPENSES	79,903	-	-	79,903
DEFERRED REVENUE	527,605	-	18,694	546,299
NET PENSION LIABILITIES	(24,739)	-	-	(24,739)
NOTES PAYABLE	1,645	-	-	1,645
INTERFUND TRANSFERS	-	-	-	-
REFUNDABLE DEPOSITS	86,213	-	223	86,436
OTHER LIABILITIES	-	-	-	-
Total LIABILITIES	699,123	-	213,694	723,656
FUND EQUITY				
BEGINNING OF PERIOD	10,122,779	1,950,753	143,136	12,216,669
TRANSFERS IN (OUT)	277,911	(175,000)	(102,911)	-
YEAR TO DATE EARNINGS	714,129	-	59,403	773,531
Total FUND EQUITY	11,114,819	1,775,753	99,627	12,990,200
TOTAL LIABILITY AND FUND	11,813,942	1,775,753	124,161	13,713,856

LUBBOCK REESE REDEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 From 10/1/2022 Through 9/30/2023

(In Whole Numbers)

	<u>General Fund</u>	<u>EDA Grant Fund</u>	<u>Data Center / Fiber Optic Fund</u>	<u>Total</u>
OPERATING REVENUES	3,497,022	-	263,461	3,760,484
OPERATING EXPENSES	2,940,138	-	208,045	3,148,184
OPERATING INCOME(LOSS)	<u>556,884</u>	<u>-</u>	<u>55,416</u>	<u>612,300</u>
NONOPERATING INTEREST INCOME	161,231	-	-	161,231
TRANSFERS IN (OUT)	273,925	(175,000)	(98,925)	-
NET NONOPERATING REVENUES	<u>435,156</u>	<u>(175,000)</u>	<u>(98,925)</u>	<u>161,231</u>
INCREASE (DECREASE) IN FUND EQUITY	<u>992,040</u>	<u>(175,000)</u>	<u>(43,509)</u>	<u>773,531</u>
FUND EQUITY, BEGINNING	10,122,779	1,950,753	143,136	12,216,669
FUND EQUITY, ENDING	11,114,819	1,775,753	99,627	12,990,200

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2022 Through 9/30/2023

(In Whole Numbers)

	General Fund	Data Center / Fiber Optic Fund	Total
LEASES	2,354,090	-	2,354,090
USAGE FEES	291,558	31,026	322,585
PBT CAM FEES	736,114	-	736,114
CONTRACT SERVICES	6,619	-	6,619
DATA CENTER / FIBER OPTIC	-	232,435	232,435
TOTAL OPERATING REVENUE	3,388,382	263,461	3,651,843
UTILITY FRANCHISE FEES	33,641	-	33,641
INSURANCE PROCEEDS	74,863	-	74,863
OTHER MISCELLANEOUS	136	-	136
TOTAL REVENUES	3,497,022	263,461	3,760,484

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2022 Through 9/30/2023

(In Whole Numbers)

	General Fund	Fiber Optic Oper Fund	Total
OPERATING EXPENSES			
SALARIES & TAXES	684,160	-	684,160
BENEFITS - HEALTH, RETIREMENT & WKR'S COMP	128,466	-	128,466
INSURANCE - PROPERTY & GENERAL LIABILITY	203,778	10,725	214,504
ADMINISTRATIVE EXPENSES	45,117	-	45,117
GENERAL OFFICE EXPENSES	61,701	2,409	64,110
ACCTG. & AUDITING SERVICES	41,406	-	41,406
COMPUTER SOFTWARE & MAINT.	-	36,285	36,285
INTERNET	-	20,666	20,666
LEGAL SERVICES	75,556	-	75,556
NETWORK MAINTENANCE CONTRACT	12,372	-	12,372
TRAINING & TRAVEL	16,718	-	16,718
MARKETING EXPENSES	79,784	-	79,784
OPERATIONS - GROUND MAINT. AND ENGINEERING	600,882	29,000	629,882
UTILITIES	391,104	69,558	460,663
DEPRECIATION EXPENSE	599,093	39,402	638,495
Total OPERATING EXPENSES	2,940,138	208,045	3,148,184

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 9/1/2023 Through 9/30/2023

GENERAL FUND


(In Whole Numbers)

	Current Month Actual	Current Month Budget	Current Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	186,930	179,167	7,764	2,354,090	2,150,000	204,090
PBT Cam Fees	62,645	61,200	1,445	736,114	734,400	1,714
Usage Fees	39,949	22,917	17,032	291,558	275,000	16,558
Contract Services	690	833	(143)	6,619	10,000	(3,381)
Utility Franchise Fees	2,077	2,417	(340)	33,641	29,000	4,641
Insurance Proceeds	-	-	-	74,863	-	74,863
Other-Miscellaneous	-	-	-	136	-	136
Total REVENUES	292,291	266,533	25,758	3,497,022	3,198,400	298,622
EXPENSES						
Salaries & Taxes	49,702	71,333	21,632	684,160	856,000	171,840
Benefits - Health, Retirement & Wkr's Comp	10,841	12,621	1,780	128,466	151,450	22,984
Insurance -Property & General Liabilities	16,982	18,333	1,352	203,778	220,000	16,222
Administrative Expenses	36,315	1,017	(35,299)	45,117	14,200	(30,917)
General Office Expenses	4,000	6,133	2,133	61,701	73,600	11,899
Accounting & Auditing Services	13	117	103	41,406	40,400	(1,006)
Legal Services	5,603	4,167	(1,436)	75,556	50,000	(25,556)
Network Maintenance Contract	1,775	667	(1,108)	12,372	8,000	(4,372)
Training & Travel	280	833	553	16,718	10,000	(6,718)
Marketing Expenses	5,170	5,333	164	79,784	64,000	(15,784)
Operations	90,929	49,167	(41,762)	600,882	590,000	(10,882)
Utilities	66,624	34,267	(32,357)	391,104	395,200	4,096
Total EXPENSES	288,233	203,987	(84,246)	2,341,045	2,472,850	131,805
NIBPSID	4,058	62,546	(58,488)	1,155,977	725,550	430,427
NON OPERATING REVENUE						
Interest Income	18,389	833	17,556	161,231	10,000	151,231
Total NON OPERATING REVENUE	18,389	833	17,556	161,231	10,000	151,231
DEPRECIATION						
Depreciation Expense	(49,924)	(50,000)	76	(599,093)	(600,000)	907
Total DEPRECIATION	(49,924)	(50,000)	76	(599,093)	(600,000)	907
Increase (Decrease) In Fund Equity	(27,477)	13,379	(40,857)	718,115	135,550	582,565

GENERAL FUND

Explanation of Significant Budget Variances

2023 SEPTEMBER

		Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
Expenses, Salaries & Taxes	5100, 5110	\$ 21,632	\$ 171,840	Payroll is less due to staff shortage	Year End is expected to be under budget
Expenses, Administrative Expenses	5360, 5363, 5375, 5410, 5540	\$ (35,299)	\$ (30,917)	36,050 Moved to Bad Debt: Jesse's & Macias	Year End is expected to be over budget
Expenses, Operations	5900	\$ (41,762)	\$ (10,882)	New doors, door hardware, and Bldg # 52 roof repair	Year End is expected to be over budget.
Expenses, Utilities	5380	\$ (32,357)	\$ 4,096	LP&L October bill for the rest of September is usually rec'd & paid by the time to show in Financials	Year End is expected to be over budget.

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 9/1/2023 Through 9/30/2023

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	3,580	2,250	1,330	31,026	27,000	4,026
Fiber Optic/Wireless Income	20,216	17,500	2,716	232,435	210,000	22,435
Total REVENUES	23,796	19,750	4,046	263,461	237,000	26,461
EXPENSES						
Insurance -Property & General Liabilities	894	917	23	10,725	11,000	275
General Office Expenses	45	317	272	2,409	3,800	1,391
Computer Software & Maintenance	2,941	3,833	893	36,285	46,000	9,715
Internet	1,722	1,833	111	20,666	22,000	1,334
Building Maintenance & Repairs	9,753	833	(8,920)	29,000	10,000	(19,000)
Utilities	6,336	6,442	105	69,558	77,300	7,742
Total EXPENSES	21,691	14,175	(7,516)	168,644	170,100	1,456
NIBPSID	2,105	5,575	(3,470)	94,818	66,900	27,918
DEPRECIATION						
Depreciation Expense	(3,283)	(2,917)	(367)	(39,402)	(35,000)	(4,402)
Total DEPRECIATION	(3,283)	(2,917)	(367)	(39,402)	(35,000)	(4,402)
Increase (Decrease) In Fund Equity	(1,179)	2,658	(3,837)	55,416	31,900	23,516

FIBER OPTIC FUND

Explanation of Significant Budget Variances

2023 SEPTEMBER

	Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
EXPENSES, Building Maintenance & Repairs	\$ (8,920)	\$ (19,000)	Cut Fiber Repair and BLDG 36 Boiler Repair	Year End is expected to be over budget

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 9/1/2023 Through 9/30/2023

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	186,930	179,167	7,764	2,354,090	2,150,000	204,090
PBT Cam Fees	62,645	61,200	1,445	736,114	734,400	1,714
Usage Fees	43,529	25,167	18,362	322,585	302,000	20,585
Contract Services	690	833	(143)	6,619	10,000	(3,381)
Utility Franchise Fees	2,077	2,417	(340)	33,641	29,000	4,641
Insurance Proceeds	-	-	-	74,863	-	74,863
Other-Miscellaneous	-	-	-	136	-	136
Fiber Optic/Wireless Income	20,216	17,500	2,716	232,435	210,000	22,435
Total REVENUES	316,087	286,283	29,804	3,760,484	3,435,400	325,084
EXPENSES						
Salaries & Taxes	49,702	71,333	21,632	684,160	856,000	171,840
Benefits - Health, Retirement & Wkr's Comp	10,841	12,621	1,780	128,466	151,450	22,984
Insurance -Property & General Liabilities	17,875	19,250	1,375	214,504	231,000	16,496
Administrative Expenses	36,315	1,017	(35,299)	45,117	14,200	(30,917)
General Office Expenses	4,045	6,450	2,405	64,110	77,400	13,290
Accounting & Auditing Services	13	117	103	41,406	40,400	(1,006)
Computer Software & Maintenance	2,941	3,833	893	36,285	46,000	9,715
Internet	1,722	1,833	111	20,666	22,000	1,334
Legal Services	5,603	4,167	(1,436)	75,556	50,000	(25,556)
Network Maintenance Contract	1,775	667	(1,108)	12,372	8,000	(4,372)
Training & Travel	280	833	553	16,718	10,000	(6,718)
Marketing Expenses	5,170	5,333	164	79,784	64,000	(15,784)
Operations	90,929	49,167	(41,762)	600,882	590,000	(10,882)
Building Maintenance & Repairs	9,753	833	(8,920)	29,000	10,000	(1,900)
Utilities	72,960	40,708	(32,252)	460,663	472,500	11,837
Total EXPENSES	309,925	218,162	(91,762)	2,509,689	2,642,950	133,261
NIBPSID	6,162	68,121	(61,959)	1,250,795	792,450	458,345
NON OPERATING REVENUE						
Interest Income	18,389	833	17,556	161,231	10,000	151,231
Total NON OPERATING REVENUE	18,389	833	17,556	161,231	10,000	151,231
DEPRECIATION						
Depreciation Expense	(53,208)	(52,917)	(291)	(638,495)	(635,000)	(3,495)
Total DEPRECIATION	(53,208)	(52,917)	(291)	(638,495)	(635,000)	(3,495)
Increase (Decrease) In Fund Equity	(28,656)	16,038	(44,694)	773,531	167,450	606,081


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

(In Whole Numbers)

	Current Month Actual	Prior Year's Month Actual	Variance	YTD Actual	Prior Year's YTD Actual	Variance
REVENUES						
EDA Grant	-	838,533	(838,533)	-	838,533	(838,533)
Leases	186,930	(21,518)	208,448	2,354,090	1,884,295	469,795
PBT Cam Fees	62,645	60,024	2,621	736,114	720,288	15,826
Usage Fees	43,529	41,428	2,101	322,585	337,398	(14,813)
Contract Services	690	13,922	(13,232)	6,619	23,081	(16,462)
Utility Franchise Fees	2,077	2,960	(883)	33,641	34,480	(839)
Insurance Proceeds	-	-	-	74,863	3,975	70,888
Other-Miscellaneous	-	231,979	(231,979)	136	231,979	(231,843)
Fiber Optic/Wireless Income	20,216	11,000	9,216	232,435	222,021	10,414
Total REVENUES	316,087	1,178,328	(862,241)	3,760,484	4,296,050	(535,566)
EXPENSES						
Salaries & Taxes	49,702	57,408	(7,706)	684,160	852,374	(168,214)
Benefits - Health, Retirement & Wkr's	10,841	(25,215)	36,056	128,466	86,066	42,400
Insurance -Property & General Liabilities	17,875	16,432	1,443	214,504	197,186	17,318
Administrative Expenses	36,315	50,969	(14,654)	45,117	60,189	(15,072)
General Office Expenses	4,045	6,788	(2,743)	64,110	64,579	(469)
Accounting & Auditing Services	13	111	(98)	41,406	35,374	6,032
Computer Software & Maintenance	2,941	2,941	-	36,285	36,140	145
Internet	1,722	1,722	-	20,666	20,666	-
Legal Services	5,603	7,139	(1,536)	75,556	44,517	31,039
Network Maintenance Contract	1,775	591	1,184	12,372	7,287	5,085
Training & Travel	280	2,216	(1,936)	16,718	15,205	1,513
Marketing Expenses	5,170	5,551	(381)	79,784	55,339	24,445
Operations	90,929	66,957	23,972	600,882	1,224,011	(623,129)
Building Maintenance & Repairs	9,753	165	9,588	29,000	15,357	13,643
Utilities	72,960	49,668	23,292	460,663	477,825	(17,162)
Total EXPENSES	309,925	243,444	66,481	2,509,689	3,192,114	(682,425)
NIBPSID	6,162	934,884	(928,722)	1,250,795	1,103,936	146,859
NON OPERATING REVENUE						
Interest Income	18,389	326,975	(308,586)	161,231	343,007	(181,776)
Total NON OPERATING REVENUE	18,389	326,975	(308,586)	161,231	343,007	(181,776)
DEPRECIATION						
Depreciation Expense	(53,208)	(76,060)	22,852	(638,495)	(624,859)	(13,636)
Total DEPRECIATION	(53,208)	(76,060)	22,852	(638,495)	(624,859)	(13,636)
Increase (Decrease) In Fund Equity	(28,656)	1,185,799	(1,214,455)	773,531	822,084	(48,553)

October 25, 2023

LRRR Quarterly Investments and Collateralization Report

Bank and Account Title	Account Number Ending	Interest Yield	Benchmark Rate (6-Month US T-Bill)	Quarterly Earned	Interest July - Sept 2023	Quarterly Interest Earned Apr - Jun 2023	Quarterly Interest Earned Jan - Mar 2023	Quarterly Interest Earned Oct - Dec 2022	FY2023 Interest Earned YTD	Balance as of 9/30/23	FDIC Insured or Collateralization (market value)
PlainsCapital Operating Account	5256	5.12%	5.34%	\$	1,109.50	\$ 5,329.96	\$ 5,642.15	\$ 20,691.39		\$ -	\$ -
PlainsCapital Operating Account	2003	5.06%	5.34%	\$	8,407.71	\$ 9,648.74	\$ 4,940.37	\$ 131.63		\$ 917,255.66	\$ -
Totals PlainsCapital				\$	9,517.21	\$ 14,978.70	\$ 10,582.52	\$ 20,823.02	\$ 55,901.45	\$ 917,255.66	\$ 1,467,339.00
Peoples Bank ICS/Sweep Account*	151	4.60%	5.34%	\$	44,855.72	\$ 33,633.95	\$ 24,145.57	\$ 2,684.80		\$ 4,050,382.66	\$ 250,000.00
Peoples Bank EDA	575	0.00%	5.34%	\$	-	\$ -	\$ -	\$ -		\$ 15,001.91	\$ 250,000.00
Totals Peoples Bank				\$	44,855.72	\$ 33,633.95	\$ 24,145.57	\$ 2,684.80	\$ 105,320.04	\$ 4,065,384.57	
Total of All Accounts				\$	54,372.93	\$ 48,612.65	\$ 34,728.09	\$ 23,507.82	\$ 161,221.49	\$ 4,982,640.23	
<div> <div>Per our Investment Policy our Weighted Average Maturity (WAM) is 6 months. Our investments are all cash and available immediately</div> <div></div> </div>											
*No more than \$250,000 (the FDIC insured amount) is invested in each bank as part of this program											



October 2023 EVENTS & ACTIVITIES

	DATE	EVENT
October	October 4-6	Texas Municipal League Conference – Dallas, TX
	October 19	Lubbock Chamber Harvest Luncheon
	October 25	LRRA Board of Director’s Meeting
	October 26	High Ground of Texas – Annual Meeting, Plainview, TX
	October 31	Reese Annual Customer/Partner Business Meeting
Looking Ahead		
November	November 6	Lubbock Chamber Legislative Appreciation Luncheon
	November 7	LEDA Lubbock Economic Forecast Luncheon
	November 8	Underwood HR Law Seminar
	November 16	Texas Conference for Women – Austin, TX