

ORDINANCE 2018-06-21-0478

APPROVING A LEASE AGREEMENT WITH RE OFFICE – TX II, LLC FOR 3,120 SQUARE FEET OF OFFICE SPACE LOCATED AT 4606 CENTERVIEW DRIVE FOR A TERM OF SEVEN YEARS COMMENCING UPON THE COMPLETION OF IMPROVEMENTS TO THE SPACE AT AN INITIAL ANNUAL RENT OF \$57,720.00 AND INCREASING TO AN ANNUAL RENT OF \$62,400.00 DURING THE FINAL YEAR.

* * * * *

WHEREAS, this ordinance authorizes the lease of 3,120 square feet of office space located at 4606 Centerview Drive with RE Office-TX II, LLC for a term of seven years to accommodate the use by the San Antonio Police Department’s Psychological Services Office; and

WHEREAS, the initial annual rent will be \$57,720.00, increasing each year during the term, with an annual rent of \$62,400.00 during the final 12 months; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager and her designee, severally, are authorized and directed to execute and deliver on behalf of the City a lease with RE Office-TX II, LLC. A lease agreement in substantially final form is attached hereto and incorporated herein for all purposes as **Exhibit I**. The City Manager and designee, severally, should take all other actions reasonably necessary or convenient to effectuate the transaction, including executing and delivering all ancillary instruments and agreements conducive to effectuating the transaction.

SECTION 2. Funding for this ordinance in the amount of \$48,100.00 is available in Fund 11001000, Cost Center 1703100001, and General Ledger 5206010 as part of the Fiscal Year 2018 Budget.

SECTION 3. Payment not to exceed the budgeted amount is authorized to RE Office-TX II, LLC and should be encumbered with a purchase order. Additional funding for this ordinance is contingent upon City Council approval of the City’s operating budget and the availability of funds for subsequent Fiscal Years.

SECTION 4. The financial allocations in this ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager’s designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this ordinance.


SECTION 5. This ordinance is effective immediately upon passage by eight affirmative votes; otherwise it is effective on the tenth day after passage.

VS
06/21/18
Item No. 25B

Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 7. This Ordinance becomes effective 10 days after passage, unless it receives the eight votes requisite to immediate effectiveness under San Antonio Municipal Code § 1-15, in which case it becomes effective immediately.

PASSED AND APPROVED this 21st day of June, 2018.



M A Y O R
Ron Nirenberg

ATTEST:



Deticia M. Vacek, City Clerk

APPROVED AS TO FORM:



Andrew Segovia, City Attorney

Agenda Item:	21 (in consent vote: 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18A, 18B, 19, 20, 21, 22, 23, 24, 25A, 25B, 25C, 27, 28, 29, 30, 31, 34, 35A, 35B, 36, 37, 38, 39, 40, 41, 42, 43, 46, 47, 49, 50, 51, 52, 53, 54, 56A, 56B, 56C, 56D, 56E)						
Date:	06/21/2018						
Time:	09:39:05 AM						
Vote Type:	Motion to Approve						
Description:	Ordinance approving a lease agreement with RE Office-TX II, LLC for 3,120 square feet of office space located at 4606 Centerview Drive for seven years starting when the improvements to the space are completed at an initial annual rent of \$57,720.00 and increasing to an annual rent of \$62,400.00 during the final year. [Lori Houston, Assistant City Manager; John Jacks, Director, Center City Development and Operations]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ron Nirenberg	Mayor		x				
Roberto C. Treviño	District 1		x			x	
William Cruz Shaw	District 2		x				x
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Greg Brockhouse	District 6		x				
Ana E. Sandoval	District 7		x				
Manny Pelaez	District 8		x				
John Courage	District 9		x				
Clayton H. Perry	District 10		x				

LC
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Exhibit I

Office Lease Agreement
(SAPD – Psychological Services Division)

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1. Basic Information, Definitions.

Authorizing Ordinance:

Landlord: RE Office – TX II, LLC, a Colorado limited liability company

By: Bow River Capital RE II, LLC,
a Delaware limited liability company,
its Manager

Landlord’s Address: 1780 South Bellaire St., 8th Floor
Denver, CO 80222

Tenant: City of San Antonio through its San Antonio Police Department

Tenant's Address: P.O. Box 829966, San Antonio, Texas 78283-3966
(Attention: Leasing Manager, Center City Development Office)

Premises: Approximately 3,120 of rentable square feet constituting Suite 110, in the Sabine building (Building) located at 4606 Centerview Drive, San Antonio, Texas, 78228 as graphically depicted on **Exhibit A**.

Permitted Use: General Office

Commencement Date: As provided in Section 2.02

Binding Date: This Lease is binding on the parties on the later of (A) the effective date of the Authorizing Ordinance or (B) the later of the signatures of the two parties.

Initial Term: Seven years from the Commencement Date

Renewal Term: One, seven-year term

Address for Payment of Rent: CBRE
P.O. Box 641053
Dallas, TX 75264-1053

Common Areas: All facilities and areas of the Building and related land are intended and designated by Landlord from time to time for the common, general, and nonexclusive use of all Building tenants, including parking areas. Landlord has exclusive control over and right to manage the Common Areas.

Security Deposit: None.

Essential Services: (a) HVAC to the Premises reasonable for the Permitted Use; (b) hot and cold water for break room sink, lavatories and drinking; (c) the cleaning and maintenance services on **Exhibit C** on the schedule set out in that exhibit; (d) elevator service, if necessary, to provide access to and from the Premises; (e) electricity for normal office machines and the Building's standard lighting reasonable for the Permitted Use; and (f) lighting in Common Areas and fluorescent lights in the Building's standard light fixtures on the Premises.

The exhibits to this Lease are:

- Exhibit A: Graphic Depiction of Premises
- Exhibit B: Commencement Memorandum
- Exhibit C: Cleaning and Maintenance Schedule
- Exhibit D: Work Letter
- Exhibit E: Initial Cost Memorandum

2. Grant.

2.01. Landlord leases the Premises to Tenant, and Tenant takes the Premises from Landlord on the terms and conditions of this Lease, including, but not limited to completion of the Landlord's Work set forth in **Exhibit D** attached hereto. Upon Lease commencement, Landlord will provide a total of 11 parking spaces free of charge, unreserved and in common.

2.02. The **Commencement Date** will be the first day of the first full month following the date of issuance of the Landlord-obtained Certificate of Occupancy, provided the Premises is move-in ready. Move-in ready means that the Premises are finished-out according to the requirements of Exhibit D of this Lease, except for minor items such as are routinely corrected with a punch list, which may not be later than thirty (30) days after Landlord obtains the Certificate of Occupancy with respect to the Landlord's Work. This period may be extended by mutual agreement of the parties. The parties will confirm the actual Commencement Date in the Commencement Memorandum substantially in the form attached as **Exhibit B**.

2.03. Tenant's right of occupancy begins at the date of issuance of the Landlord-obtained Certificate of Occupancy. Tenant's first rent payment is effective on the Commencement Date. Tenant may cancel this Lease and be free of all its obligations if the Commencement Date has not occurred within 180 days from the Binding Date.

2.04. This Lease is binding on the parties on the Binding Date.

3. Rent.

3.01. Rent for the Initial Term will be paid according to the following rental schedule:

Initial Term Year	Term	Rental Rate	Monthly Rent
1	Months 1-12	\$18.50/RSF	\$4,810.00
2	Months 13-24	\$18.75/RSF	\$4,875.00
3	Months 25-36	\$19.00/RSF	\$4,940.00
4	Months 37-48	\$19.25/RSF	\$5,005.00
5	Months 49-60	\$19.50/RSF	\$5,070.00
6	Months 61-72	\$19.75/RSF	\$5,135.00
7	Months 73-84	\$20.00/RSF	\$5,200.00

Any Lease renewal shall be paid according to the following rental schedule:

Renewal Term Year	Term	Rental Rate	Monthly Rent
1	Months 1-12	\$20.00/RSF	\$5,200.00
2	Months 13-24	\$20.00/RSF	\$5,200.00
3	Months 25-36	\$20.50/RSF	\$5,330.00
4	Months 37-48	\$20.50/RSF	\$5,330.00
5	Months 49-60	\$21.00/RSF	\$5,460.00
6	Months 61-72	\$21.00/RSF	\$5,460.00
7	Months 73-84	\$21.50/RSF	\$5,590.00

3.02. Tenant must pay Rent in the amounts described in this section in advance on the first day of each month or within 10 days thereafter without penalty. Tenant further may be more than 10 days late twice in a calendar year without penalty. On the third and each later occasion in a calendar year on which Tenant is more than 10 days late, Landlord may deliver to Tenant written notice of delinquency. If Tenant does not pay the full amount due within 15 days from delivery of Landlord's notice, then Tenant shall pay Landlord a late charge of 5% of the delinquent amount as additional rent. The late charge represents a fair and reasonable estimate of costs Landlord will incur because of the late payment. Interest and late charges are in addition to all Landlord's other rights and remedies.

3.03. If Landlord receives prepaid rent from or for the account of Tenant, Landlord must apply the prepaid rent according to Tenant's directions.

3.04. Tenant's covenant to pay Rent and Landlord's covenants are independent. Except as otherwise provided, Tenant must not abate Rent.

4. Term, Renewal and Termination.

4.01. The term of this Lease is the Initial Term of seven years, unless sooner terminated as provided in this Lease.

4.02. Tenant may renew this lease for one seven-year term (Renewal Term) on the same terms and conditions contained in this Lease with 120 days prior written notice to Landlord. All renewals must be approved by City Council. If this renewal is exercised, Tenant may give Landlord a description of improvements and refurbishments it wants made to the Premises ("Tenant's Plan"). Landlord must diligently work with Tenant to develop construction-ready drawings for such improvements and complete such improvements at its sole cost and expense within 120 days after receipt of Tenant's Plan. Landlord need not perform work under this paragraph that is projected to cost more than \$46,800.00 ("Tenant Improvements Allowance"). If Tenant desires work projected to cost more than \$46,800.00, Tenant must pay the difference. Tenant reserves the right to use any

remaining balance of the Tenant Improvement Allowance as a rent credit to be applied to the next rent due until such time as the credit has been fully applied.

4.03. Tenant may terminate this Lease without default on the 36th, 48th, 60th or 72nd month anniversary of the Commencement Date, or on the 24th, 36th, 48th, 60th or 72nd month anniversary of the Renewal Term Commencement Date, with 180-days prior written notice to Landlord. If Tenant does terminate under this paragraph during the Initial Term only, it must pay to Landlord the unamortized portions of the Tenant finish-out allowance paid by Landlord. All amortization is calculated at seven percent (7%) interest over the initial term of this Lease. The amount of Tenant finish-out is determined by an Initial Cost Memorandum substantially in the form of **Exhibit E**.

5. Tenant's Affirmative Promises.

Tenant promises that it will:

5.01. Obey (a) all applicable laws relating to the use, condition, alterations to and occupancy of the Premises and Building; (b) any requirements imposed by utility companies serving or insurance companies covering the Premises or Building; and (c) any rules and regulations for the Building and Common Areas adopted by Landlord.

5.02. Obtain and pay for all utility services used by Tenant and not provided by Landlord limited to telecommunication services, cable services, and other internet services.

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

5.04. Submit in writing to Landlord any request for repairs, replacement, and maintenance that are obligations of Landlord.

5.05. Vacate the Premises and return all keys to the Premises promptly upon expiration of the Term, subject to any holdover rights.

5.06. On request, no later than 30 days from the date of Landlord's request, execute an estoppel certificate that states the Commencement Date, and duration 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. As of the date Landlord executes this Lease, this Lease is subject and subordinate to any and all matters of record, ground or underlying leases, mortgages and deeds of trust affecting the property upon which the Premises is located. Tenant will attorn to a new landlord on the condition the new landlord agrees to enter into a non-disturbance agreement with Tenant and to accept the obligations of the Landlord under this Lease. Apart from the above and any Lease amendment agreed upon by Landlord and Tenant, Tenant need not sign anything purporting to modify Tenant's obligations in any respect, except for a change in the address for notice or payment of rent.

6. Tenant's Negative Promises.

Tenant promises that it will not:

- 6.01. Use the Premises for any purpose other than the Permitted Use.
- 6.02. Create a nuisance.
- 6.03. Interfere with any other tenant's normal business operations or Landlord's management of the Building.
- 6.04. Permit waste.
- 6.05. Use the Premises in any way that would increase insurance premiums or void insurance on the Building.
- 6.06. Change Landlord's lock system.
- 6.07. Alter the Premises.
- 6.08. Allow a lien to be placed on the Premises.
- 6.09. Assign this lease or sublease any portion of the Premises without Landlord's written consent, which must not be unreasonably withheld.

7. Landlord's Affirmative Promises.

Landlord promises that it will:

- 7.01. Lease to Tenant the Premises for the entire Term, beginning on the Commencement Date, subject to Landlord's rights and remedies.
- 7.02. Obey all applicable laws with respect to Landlord's operation of the Building and Common Areas.
- 7.03. Provide the Essential Services, subject to force majeure.
- 7.04. Repair, replace, and maintain the (a) roof, (b) foundation, (c) Common Areas, (d) structural soundness of the exterior walls, doors, corridors, and windows, (e) HVAC, (f) all electrical components and wiring serving or located within the Premises, (g) all plumbing including fixtures, (h) annual inspection and certification of all fire extinguishers within the premises (i) floors (but not carpeting or similar floor covering, unless damaged by a problem with the floor or other maintenance responsibility of the Landlord), (j) damage to Tenant's improvements, including concealed mechanical systems, caused by failure or malfunctioning of building features or equipment for which Landlord is responsible, (k) other structures or equipment serving the Premises, and (l) all

other parts of the Premises the repair, replacement, and maintenance of which is not otherwise expressly allocated to Tenant.

7.05. Mold.

7.05.01. Process of Assessment. If Tenant identifies the presence of mold within the Premises after taking possession, Landlord shall engage a licensed mold assessor ("assessor") to make an inspection not later than the fifth business day from the date Tenant notifies Landlord in writing of the issue (Tenant's Mold Notice). Landlord's assessor shall, within 10 business days from the date of the Tenant's Mold Notice, provide Landlord and Tenant a report of the findings of the inspection (Assessor's Report). If the Assessor's Report concludes that mold is present, Landlord shall notify Tenant, in writing (Landlord's Mold Notice), not later than the fifth business day from the date Landlord and Tenant receive the Assessor's Report, of its intention to remediate the mold. The Landlord's Mold Notice must also include a schedule outlining the period of time it will take for a licensed remediation contractor to complete the work. Failure to make this date is an event of default. If Landlord elects to remediate the mold, Landlord must retain a licensed abatement contractor to ensure the abatement is conducted in compliance with current state mold assessment and remediation legal requirements including the promulgated Mold Assessment and Remediation Rules, last amended on May 20, 2007. Upon completion of the mold remediation, licensed abatement contractor must provide both Landlord and Tenant a report from a licensed environmental testing firm confirming that mold is not present at the Premises.

7.05.02. No Landlord Remediation or Landlord Remediation Taking Longer than 60 days. Tenant may terminate this Lease immediately if Landlord 1) elects not to remediate the mold within the Premises, or 2) fails to timely provide Tenant the Landlord's Mold Notice, or 3) conveys that the remediation is scheduled to take longer than 60 calendar days to be completed, as evidenced by a remediation schedule provided by a licensed remediation contractor, or 4) has not provided Tenant a signed, written statement from a licensed remediation contractor (or, if applicable, a governmental agency) declaring that the Premises is mold-free, within 60 days from the date of Tenant's Mold Notice. The remedies in this Section 7.05.02 and the remedy in Section 7.05.03 are Tenant's sole and exclusive remedies under this Section 7.05.

7.05.03. Rental Abatement. Effective the date of the Tenant's Mold Notice, the rent will be abated for any portion of the Premises deemed by Tenant unusable due to the presence of mold or the remediation activity related to it.

7.06. Landlord must provide an asbestos survey for the Premises no later than the Commencement Date.

7.07. Timely pay when due all charges for utility services to the Premises, except for services the payment of which are expressly allocated to Tenant.

7.08. Pay all property taxes assessed against the property of which the Premises are part on or before the assessment of interest or penalties for late payment.

7.09. Provide at Landlord's expense, Tenant-approved signage including: 1) Name/logo on the monument sign; 2) 2'x2' signage in the main front lobby and in the common area located just inside the building's rear entrance, nearest to the Premises; and 3) Signage on the front door glass of the Premises.

7.10. Landlord's Work.

7.10.1. No later than 180 days from the Binding Date as evidenced by the issuance of a Landlord-obtained Certificate of Occupancy for the post Landlord's Work Premises, Landlord shall complete, at its own cost in an amount not to exceed \$99,840.00 before the Commencement Date, the Landlord's Work pursuant to the plan as depicted in Exhibit A, Depiction of Premises, and further set forth in Exhibit D, Landlord's Work Letter. The following are requirements under this Lease:

- Construction drawings must include all building standard finishes to be utilized in construction.
- Construction drawings must be reviewed and approved by Tenant prior to plans being submitted to the City of San Antonio for permitting. Tenant will provide comments to the landlord within 5 business days of construction document receipt.
- Construction drawings approved by the City of San Antonio will become part of the Lease as Schedule 1– Landlord's Work as set forth in Exhibit D attached hereto.
- The following specifications are made part of and parcel to construction drawings:
 - All ceiling tiles will match and be new or in like new condition;
 - All HVAC supply and return ceiling vents will be the same style and be new or in like new condition;
 - All existing window tinting will be replaced;
 - All IT components, to include the IT equipment room, will be completed in accordance with the City of San Antonio Structured Cabling Infrastructure Guidelines. Landlord acknowledges and agrees that Tenant has supplied it a copy of said guidelines.

7.10.2. Except from delay caused by Tenant's acts or omissions, force majeure or the City, in the event Landlord does not complete its work specified above as evidenced by the issuance of a Landlord-obtained Certificate of Occupancy for the post Landlord's Work Premises within 180 days from the Binding Date, then Tenant may terminate this Lease immediately.

7.11. Allow Tenant the nonexclusive right to use the Common Areas subject to reasonable rules and regulations that Landlord may prescribe.

8. Landlord's Negative Promises.

Landlord promises that it will not:

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

8.02. Unreasonably withhold consent to a proposed assignment or sublease.

9. Repair, Maintenance and Replacement Responsibilities.

Landlord and Tenant each must repair, maintain, and replace, if necessary, any building component allocated to it in the table below:

<i>Item</i>	<i>Tenant Responsibility</i>	<i>Landlord Responsibility</i>
Janitorial Services to Premises	No	Yes
Janitorial Services to Common Areas	No	Yes
Utility Services	No	Yes
Parking Lot Maintenance	No	Yes
Landscaping	No	Yes
Exposed Electrical Systems	No	Yes
Light bulbs and tubes	No	Yes
Concealed Electrical Systems	No	Yes
Exposed Plumbing Systems	No	Yes
Concealed Plumbing Systems including under slab drain lines	No	Yes
HVAC Systems	No	Yes
Pest Control	No	Yes

10. 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 Commencement Date, normal wear excepted.

11. Insurance.

11.01. Tenant will self-insure as it deems advisable against property loss, with respect to claims that would be covered by a Commercial General Liability policy of insurance, limited to an amount of \$1,000,000 per occurrence, \$3,000,000 in the annual aggregate. As a political subdivision of the State of Texas, Tenant is subject to the Texas Tort Claims Act, and the obligations of Tenant and the rights of persons claiming against Tenant are subject to that Act.

11.02. Landlord must maintain Commercial General Liability insurance of not less than \$1,000,000 and property and casualty insurance for physical damage to the Premises in the amount of 100% of replacement cost.

11.02.01. Each insurance policy of Landlord required by this Lease must contain the following clauses:

“This insurance for the Building cannot be canceled, limited in scope or coverage, or non-renewed until after 60-days’ prior written notice has been given to:

City Clerk, City of San Antonio
City Hall/2nd Floor
P. O. Box 839966
San Antonio, Texas 78283-3966
Attention: Risk Manager

and

Center City Development Office
City of San Antonio
P.O. Box 839966
San Antonio, Texas 78283-3966
Attention: Leasing Manager

“The insurance provided by Tenant with respect to the Premises is primary to any insurance maintained by Landlord. The insurance provided by Landlord with respect to the Common Areas is primary to any insurance maintained by Tenant.”

“Any insurance maintained by Landlord with respect to the Premises applies in excess of, and does not contribute with, insurance provided by the City of San Antonio. Any insurance maintained by Tenant with respect to the Common Areas applies in excess of, and does not contribute with, insurance provided by Landlord.”

Each insurance policy required by this Lease must contain the following clause:

“The City of San Antonio, its officials, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of, the named insured performed under this Lease with the City of San Antonio. This policy cannot be invalidated as to Tenant because of Landlord’s breach of representation, warranty, declaration, or condition of this policy.”

11.02.02. Within 30 days after the Commencement Date and promptly after Tenant's later request, Landlord must, at its own expense, deliver certificates to Tenant's Risk Manager and to the City Clerk, reflecting all required insurance coverage, together with copies of policies and endorsements. All endorsements and certificates must be signed by an authorized representative of the insurance company and must include the signatory's company affiliation and title. If requested by Tenant, Landlord must send Tenant documentation acceptable to Tenant that confirms that the individual signing the endorsements and certificates is authorized to do so by the insurance company.

11.02.03. The Notices and Certificates of Insurance must be provided to the same addresses as for notices of cancellation.

12. Release of Claims/Subrogation.

The insurance requirements of this Lease are a bargained-for allocation of risk of loss. Landlord and Tenant each release the other from claims arising from injury or loss to either of them or to third parties to which they are liable, if the injury or loss is covered by insurance the waiving party is required by this Lease to maintain, whether or not the party actually has the insurance ("Covered Claims"). This release is additional to and does not limit any other release contained in this lease. Landlord and Tenant, to the maximum extent allowable without causing cancellation of a required policy, will require their insurers to waive subrogation against each other for Covered Claims.

13. Indemnity.

13.01. These definitions apply to the indemnity provisions of this Contract:

13.01.01. "Indemnified Claims" mean all loss, cost, liability, or expense, directly or indirectly arising, in whole or in part, out of acts or omissions of any person other than an Indemnitee that give rise to assertions of Indemnitee liability under this Contract, whether or not the person is a party to this Lease. Indemnified Claims include attorneys' fees and court costs and include claims arising from property damage and from personal or bodily injury, including death. Indemnified Claims also include claims in which an Indemnitee shares liability with the Indemnitor, excluding only claims as to which Indemnitees are solely negligent.

13.01.02. "Indemnitees" means the City of San Antonio and its elected officials, officers, employees, agents, and other representatives, collectively, against whom an Indemnified Claim has been asserted.

13.01.03. "Indemnitor" means Landlord.

13.02. Indemnitor must indemnify Indemnitees, individually and collectively, from all Indemnified Claims.

13.03. If one or more Indemnitees are finally adjudged to bear fault outside the scope of this indemnity, Indemnitor need not further indemnify the so-adjudged Indemnitees from liability arising from the Indemnitees' adjudicated share of liability. But despite allegations that one or more Indemnitees bear such fault, Indemnitor must nevertheless defend all Indemnitees until final adjudication and all appeals have been exhausted. An Indemnitee may but need not waive appeals. Indemnitor may not recover sums previously spent defending or otherwise indemnifying Indemnitees finally adjudged to bear fault outside the scope of this indemnity and must continue to indemnify other Indemnitees if claims are still asserted against them.

13.04. There are no third-party beneficiaries of this indemnity other than the category of people and entities included within the definition of Indemnitees.

13.05. Indemnitor must promptly advise the City of San Antonio in writing of any Indemnified Claim and must, at its own cost, investigate and defend the Indemnified Claim. Whether or not the City of San Antonio is an Indemnitee as to a particular Indemnified Claim, the City of San Antonio may require Indemnitor to replace the counsel Indemnitor has hired to defend Indemnitees. The City may also require Indemnitor to hire specific-named counsel for so long as the named counsel's hourly rates do not exceed the usual and customary charges for counsel handling sophisticated and complex litigation in the locale where the suit is pending. No such actions release or impair Indemnitor's obligations under this indemnity paragraph, including its obligation to pay for the counsel selected by City. Regardless of who selects the counsel, the counsel's clients are Indemnitees, not Indemnitor.

13.06. In addition to the indemnity required under this Contract, each Indemnitee may, at its own expense, participate in its defense by counsel of its choosing without relieving or impairing Indemnitor's obligations under this indemnity paragraph.

13.07. Indemnitor may not settle any Indemnified Claim without the consent of the City of San Antonio, whether or not the City is an Indemnitee as to the particular Indemnified Claim, unless (A) the settlement will be fully funded by Indemnitor and (B) the proposed settlement does not contain an admission of liability or wrongdoing by any Indemnitee. The City's withholding its consent as allowed in the preceding sentence does not release or impair Indemnitor's obligations of this indemnity paragraph. Even if the City of San Antonio is not an Indemnitee as to a particular Indemnified Claim, Indemnitor must give City at least 20 days advance written notice of the details of a proposed settlement before it becomes binding. Any settlement purporting to bind an Indemnitee must first be approved by City Council.

13.08. Nothing in this Contract waives governmental immunity or other defenses of Indemnitees under applicable law.

13.09. If, for whatever reason, a court refuses to enforce this indemnity as written, and only in that case, the parties must contribute to any Indemnified Claim 5% by the Indemnitees and 95% by the Indemnitor. Indemnitor need look only to the City of San Antonio for Indemnitees' 5% if the City of San Antonio is an Indemnified Party as to a particular Indemnified Claim.

14. Casualty/Total or Partial Destruction.

14.01. Damages.

Damage to 25% or less of the building or Premises

14.01.1 If the building of which the Premises are part or the Premises are damaged by casualty or made untenable and can be restored within 90 days, Landlord will, at its expense, restore the roof, foundation, Common Areas, and structural soundness of the exterior walls of the Premises and all leasehold improvements within the Premises, including interior partitions, ceilings, wiring, light fixtures, and plumbing. Restoration must be to substantially the same condition existing before the casualty. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within 90 days from the loss, Tenant may terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

Damage to more than 25% of the building or Premises

14.01.2 If the building of which the Premises are part or the Premises are damaged by casualty or made untenable and can be restored within 180 days, Landlord will, at its expense, restore the roof, foundation, Common Areas, and structural soundness of the exterior walls of the Premises and all leasehold improvements within the Premises, including interior partitions, ceilings, wiring, light fixtures, and plumbing. Restoration must be to substantially the same condition existing before the casualty. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within 180 days from the loss, Tenant may terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

14.02. If the Premises cannot be restored within 90 days in instances of damage to 25% or less of the building or 180 days in instances of more than 25% damage to the building or the Premises, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within 10 days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

14.03. During the period before Landlord completes restoration, the Rent will be adjusted as may be fair and reasonable.

14.04. As with the insurance requirements, the rebuilding obligations of this paragraph are a bargained-for allocation of risk.

15. Condemnation/Substantial or Partial Taking.

15.01. If the Premises or any portion of them are taken by eminent domain, or sale in lieu of eminent domain, by any entity other than Tenant, the Lease automatically terminates as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first.

15.02. In case of a partial taking, if Tenant does not terminate the Lease, the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.

15.03. Tenant has no claim to the condemnation award or proceeds in lieu of condemnation.

16. Holdover.

16.01. If the Lease has not been earlier terminated according to its terms and Tenant is current on rent, both after the Initial Term and after any renewals provided for in this instrument, Tenant may hold-over for up to three additional months on a month-to-month basis. Tenant need not give advance notice of intent to exercise this hold-over right, and it need not hold over all of the allowable three months. The rent during a hold over is the same as the rent for the term being held over, and all other terms of this Lease apply. If after the three month permissible holdover, Tenant remains in possession of the Premises, the lease shall continue on a month to month basis and either party shall have the right to terminate upon 30 days prior written notice with all terms and conditions of this Lease in effect except rent which shall be at 125% of the rent then in effect at the commencement of the permissible holdover period. Council's authorization of this instrument is authority for the City as Tenant to enter into the hold-over period without further council action if the Director of Center City Development and Operations Department deems the holdover beneficial.

16.02. If prior notice is required to initiate a renewal under this Lease, the required notice period may include time in the hold-over period. If the required notice of renewal is less than the hold-over period, Tenant may deliver notice in the hold-over period.

16.03. Whenever this Lease refers to its term, events to occur during the term, or rights and obligations of Landlord and Tenant during the term, a hold-over period is considered a part of the term.

17. Default.

17.01. *Default by Landlord/Events.* Defaults by Landlord include any of the following: (i) failing to comply with any provision of this lease within 30 days after written notice; (ii) failing to provide Essential Services to Tenant within 5 business days after written notice; (iii) failure to timely pay for utility services the payment of which is

allocated to Landlord under this Lease; (iv) failure to pay property taxes before assessment of interest or penalty; and (v) the Commencement Date has not occurred within 180 days from the Binding Date.

17.02. *Default by Landlord/Tenant's Remedies.* Tenant's remedies for Landlord's default are to sue for damages and terminate the Lease. Further, if (i) an Essential Service has not been provided and the Landlord is in default, Tenant may self-remedy without prior notice to Landlord, by paying some or all charges related to providing service and deducting amounts paid against the next occurring Rent payment; or (ii) a utility service the payment of which is allocated to Landlord is in imminent threat of being terminated, Tenant may, without prior notice to Landlord, pay some or all the charges and deduct the entire amount paid against the next occurring Rent payment.

17.03. *Default by Tenant/Events, Subject to section 7. Landlord's Affirmative Promises.* Defaults by Tenant are (a) failing to pay timely Rent, and (b) failing to comply within thirty days after written notice with any provision of this lease other than the defaults set forth in (a) above.

17.04. *Default by Tenant/Landlord's Remedies.* Landlord's remedies for Tenant's default are to (a) enter and take possession of the Premises, after which Landlord may relet the Premises on behalf of Tenant and receive the rent directly by reason of the reletting, and, subject to appropriation, Tenant to reimburse Landlord for reasonable reletting expenditures; (b) enter the Premises and perform Tenant's obligations; (c) terminate this lease by written notice and sue for damages; and (d) all other remedies available to Landlord under applicable law.

17.05. *Waiver of Liens.* As required by Article XI, § 9 of the Texas Constitution, Landlord waives all common law and statutory liens in the property of Tenant, including the lien that might otherwise arise under § 54.021 of the Texas Property Code.

18. Warranty Disclaimer.

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.

19. Environmental.

19.01. "Environmental Laws" means applicable federal, state, and local laws relating to protection of the public health, welfare, and the environment, including without limitation, those laws relating to the storage, handling, and use of chemicals and other hazardous substances, those relating to the generation, processing, treatment, storage, transport, disposal, or other management of waste materials of any kind, and those relating to the protection of environmentally sensitive areas.

19.02. "Hazardous Material" means "hazardous substance," "pollution or contaminant," "petroleum," and "natural gas liquids," as those terms are defined by or used in Environmental Laws, or that are regulated because of their effect or potential effect on human health and the environment.

19.03. "Release" means depositing, spilling, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing.

19.04. Landlord represents that, to the best of its knowledge, as of the date of this Lease, the Premises and the property of which the Premises are a part, if applicable, comply with all applicable Environmental Laws. Landlord must cause its employees, agents, contractors, tenants, and other persons occupying or present on or about the property on which the Premises are located (other than the Premises) (collectively, "Occupants") to comply with all applicable Environmental Laws.

19.05. Landlord represents and warrants that, to the best of its knowledge, as of the date of this Lease, there has been no Release and there is no threat of Release of any Hazardous Materials on, onto, or from the Premises and that the Premises has not contained and does not contain any asbestos, underground or aboveground storage tanks, or "PCBs" or "PCB items," as defined in 40 CFR §761.3. Before the Commencement Date, Landlord must provide Tenant the Operation and Maintenance Plan pertaining to asbestos in the building on which the Premises are located, if any. Landlord must thereafter update the report as required by state and federal law.

19.06. Tenant must not allow the Release of any Hazardous Material from its use of the Premises on, onto, or from the Property. Tenant further must not to handle, use, or otherwise manage any Hazardous Material on the Premises or the Property in violation of any Environmental Laws or in any but a reasonable and prudent manner. If Tenant commits or permits any Release of any Hazardous Material from its use of the Premises, Tenant shall, at Tenant's cost, cause such Hazardous Materials to be removed in compliance with applicable state and federal laws until a "no further action" letter is received by Landlord with respect to such Release.

19.07. Landlord represents and warrants that, to the best of its knowledge, as of the date of this Lease (i) with regard to activities and conditions on the Property Landlord has not given, nor was it required to give, and Landlord has not received, any notice that: (a) the Property violates any Environmental Law; (b) there has been a Release, or threat of Release, of Hazardous Materials from the Property; (c) the Landlord may be or is liable, in whole or in part, for costs of cleaning up, remediating, removing, or responding to a Hazardous Materials release; or (d) the Property is subject to a lien under any Environmental Laws; and (ii) no conditions currently exist, or are reasonably foreseeable, that would give rise to such a notice. In case of receipt of such notice, Landlord must immediately provide Tenant a copy.

19.08. Before the Commencement Date, Landlord must permit Tenant and its, representatives and contractors to enter upon the Premises at reasonable times and in a reasonable manner to investigate environmental matters. Tenant may perform such tests,

including without limitation, subsurface testing, soils, and groundwater testing, and any other tests, as the Tenant, in its sole discretion, determines are necessary to identify environmental concerns. The investigation is at Tenant's sole cost. Tenant must minimize the intrusion upon and inconvenience to Landlord and the ongoing operations at the Premises. If Tenant performs any tests that disturb the Property, Tenant must restore the Property. Tenant is responsible for damages arising from its testing on the Property and for the proper disposal of any wastes generated by its testing.

19.09. Landlord must indemnify Tenant and its officials, employees, and contractors from loss, cost, liability, or expense (including, but not limited to, attorneys' fees and expenses, including all attorney's fees and expenses incurred by Tenant in enforcing this indemnity) arising from or relating to breach of Landlord's environmental representations, warranties, and covenants.

20. Appropriations.

All obligations of the City of San Antonio under this instrument are funded subject to the discretion of City Council whether to appropriate funding. If the City Council fails to appropriate money for any obligation under this Lease, the City may terminate this Lease and have no further liability.

21. Dispute Resolution.

21.01. Before bringing any action arising out of this Lease, including an action for declaratory relief but not an action specifically excepted below, the disputants must first submit in good faith to mediation. The parties may not assert limitations, laches, waiver, and estoppel based upon attempts to mediate.

21.02. Filing suit on a claim that should be mediated hereunder waives the filer's right to demand mediation. But one party's waiver does not affect another party's right. A defendant does not waive mediation for so long as, within a reasonable time after appearing, the defendant gives written notice to the plaintiff or its counsel of intent to require compliance with this paragraph.

21.03. Mediation must be conducted in San Antonio, Bexar County, Texas.

21.04. The party desiring relief has the burden to initiate mediation. Waiting for another party to initiate mediation does not waive the right to it.

21.05. If the parties can otherwise agree on a mediator, they may do so. Alternatively, either party may petition any court of competent jurisdiction to appoint a mediator. The only predicate issues the court need consider before appointing a mediator are whether (i) the copy of the contract before the court is authentic and (ii) the contract was duly signed and delivered by all parties to be bound to mediate. If neither of those issues is denied under oath, the court may appoint a mediator upon motion, without trial.

21.06. Mediator fees must be borne equally.

21.07. The parties need not mediate before going to court (i) for either party to seek emergency injunctive relief or (ii) for Landlord to seek forcible entry and detainer relief against Tenant.

22. Prohibited Interests in Contracts.

22.01. The Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as defined in Section 2-52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as city owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale:

- (i) a City officer or employee;
- (ii) his parent, child or spouse;
- (iii) a business entity in which the officer or employee, or his parent, child or spouse owns (i) 10% or more of the voting stock or shares of the business entity, or (ii) 10% or more of the fair market value of the business entity;
- (iv) a business entity in which any individual or entity above listed is a (i) subcontractor on a City contract, (ii) a partner, or (iii) a parent or subsidiary business entity.

22.02. Landlord warrants and certifies as follows, to the best of it's knowledge as of the date of this Lease:

- (i) Landlord and its officers, employees and agents are neither officers nor employees of the City.
- (ii) Landlord has tendered to the City a Discretionary Contracts Disclosure Statement in compliance with the City's Ethics Code.

22.03. Landlord acknowledges that City's reliance on the above warranties and certifications is reasonable.

23. Miscellaneous.

23.01. *Applicable Law.* This Lease is entered into in San Antonio, Bexar County, State of Texas. **Its Construction And The Rights, Remedies, And Obligations Arising Under It Are Governed by The Laws of The State Of Texas.** But the Texas conflicts of law rules must not be used to apply the laws of a jurisdiction other than Texas. Both

parties' obligations under this Lease are performable in San Antonio, Bexar County, Texas, and venue for any action arising under this Lease is only in Bexar County, Texas.

23.02. *Severability.* If any part of this Lease is found invalid or unenforceable, the finding does not affect the remainder.

23.03. *Successors.* This Lease inures to the benefit of and binds the heirs, representatives, successors, and permitted assigns of each party. This clause does not authorize any assignment not otherwise authorized.

23.04. *Integration.* This Written Agreement Represents The Final Agreement Between The Parties And May Not Be Contradicted By Evidence Of Prior, Contemporaneous, Or Subsequent Oral Agreements Of The Parties. There Are No Oral Agreements Between The Parties.

23.05. *Modification.* This Lease may be changed only by a written agreement, signed by the party against whom enforcement of any modification is sought. Subject to that restriction, any of this Lease's terms may be modified by the party entitled to their benefit, but no modification, express or implied, affects the right of the modifying party either (i) to apply any other term or condition or (ii) to apply the same term or condition to a later or earlier occasion. Any modification of this Lease must be authorized by an ordinance adopted by City Council that specifically addresses the modification.

23.06. *Third Party Beneficiaries.* This Lease benefits the parties and their successors and permitted assigns only. It has no third party beneficiaries.

23.07. *Notices.* Notices must be in writing and by certified mail, return receipt requested, or by independent delivery service addressed to the parties at their respective addresses set forth at the beginning. If sent by certified mail, notice is complete three days after deposit, properly addressed and postage prepaid, with the United States Postal Service. If sent other than by certified mail, notice is complete on the date shown on the receipt. Address for notice may be changed by giving notice.

23.08. *Captions.* Paragraph captions are for ease of reference only and do not affect the interpretation.

23.09. *Counterparts.* This Lease may be executed in multiple counterparts, each of which is an original, whether or not all parties sign the same document. Regardless of their number, counterparts constitute only one agreement. In making proof of this Lease, one need not produce or account for more counterparts than necessary to show execution by or on behalf of all parties.

23.10. *Further Assurances.* The parties must execute and deliver such additional documents and instruments as may be necessary to effect fully the provisions hereof. But no such additional documents can alter the rights or obligations of the parties stated in this Lease.

23.11. *Administrative Agreements.* The Director of the Center City Development Office may, without further council action, agree to, sign, and deliver on behalf of the City all consents, certificates, memoranda, estoppels, attornments, and modifications of nonmaterial rights and obligations arising under this Lease and may declare defaults and pursue remedies for such defaults. This paragraph does not authorize lease amendments or renewals without council consent.

23.12. *Conflicts Between Numbers Stated Two Ways.* Whenever there is a conflict between numbers stated more than one way, either by using both words and numerals or by stating a fixed amount and a calculation, the highest number controls.

23.13. *Quiet Enjoyment.* As long as Tenant pays the rent and other charges under this lease and observes the covenants and terms of this lease, Tenant will lawfully and quietly hold, occupy, and enjoy the Premises during the lease term without being disturbed by Landlord or any person claiming under Landlord, except for any portion of the Premises that is taken under the power of eminent domain.

23.14. *Incorporation of Exhibits.* All exhibits to this Lease are incorporated into it for all purposes as if fully set forth.

24. Public Information.

Landlord acknowledges that this instrument is public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public. Nothing in this Lease waives an otherwise applicable exception to disclosure.

25. Brokerage Commission.

Landlord acknowledges that Tenant's broker of record shall be Providence Commercial, ("Tenant's Broker"). If a transaction is consummated, Tenant's Broker shall be paid a commission by the Landlord equal to 4% of the total gross value of the lease, 50% upon lease signing and 50% upon occupancy. Landlord's broker of record shall be Transwestern who shall be paid a fee pursuant to separate agreement with Landlord.

In Witness Whereof, the parties have caused their representatives to set their hands.

Tenant

Landlord

City of San Antonio, a Texas
municipal corporation

RE Office – TX II, LLC, a Colorado
limited liability company

By: _____

By: Bow River Capital RE II, LLC,
a Colorado limited liability company,
its Manager

Printed
Name: _____

By: MB/L

Title: _____

Printed
Name: Nicholas B Kancilja

Date: _____

Title: Manager

Date: 5/22/18

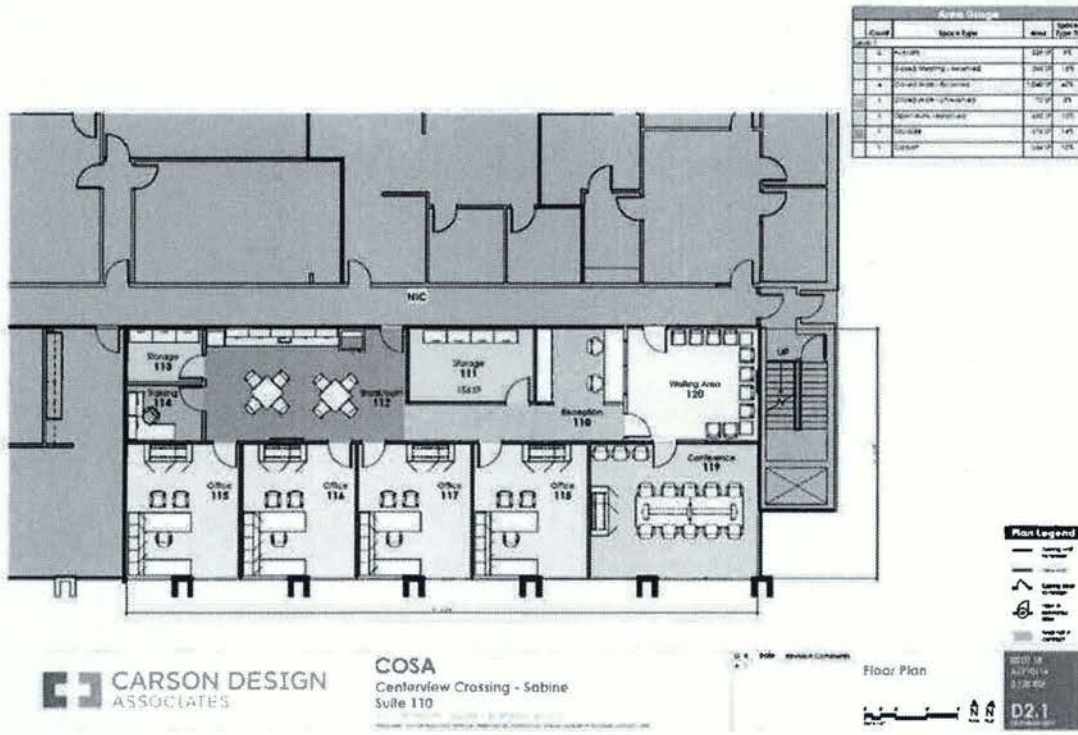
Attest:

City Clerk

Approved as to Form:

City Attorney

Exhibit A: Depiction of Premises



CARSON DESIGN ASSOCIATES

COSA
CenterView Crossing - Sabine
Suite 110

Floor Plan
D2.1

Exhibit B: Commencement Memorandum

RE Office – TX II, LLC, a Colorado limited liability company

Landlord: By: Bow River Capital RE II, LLC,
a Colorado limited liability company,
its Manager

Tenant: City of San Antonio, a Texas municipal corporation

Lease: Approximately 3,120 of rentable square feet constituting
Suite 110, in the Sabine building located at 4606
Centerview Drive, San Antonio, Texas

Authorizing Ordinance:

Predicate Facts:

Landlord and Tenant are parties to the Lease, which was authorized by the Authorizing Ordinance.

For their mutual benefit, the parties now wish to memorialize the actual Commencement Date of the Lease's Term.

Rights and Obligations:

Now Therefore, in consideration of the premises, the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms.

All terms used in this memorandum and not otherwise defined herein but defined in the Lease have the meanings ascribed to them in that instrument.

2. Commencement Date.

The Lease term commences: _____

3. Initial Term.

The Initial Term is from _____ to _____

4. Rent Schedule.

Initial Term Year	Term	Rent Period		Monthly Rent
		From	To	
1	Months 1-12			\$4,810.00
2	Months 13-24			\$4,875.00
3	Months 25-36			\$4,940.00
4	Months 37-48			\$5,005.00
5	Months 49-60			\$5,070.00
6	Months 61-72			\$5,135.00
7	Months 73-84			\$5,200.00

5. Conflict of Terms.

This instrument controls over anything to the contrary in the Lease.

In Witness Whereof, the parties have caused their representatives to set their hands.

City of San Antonio, a Texas municipal corporation

RE Office – TX II, LLC, a Colorado limited liability company

By: _____

By: Bow River Capital RE II, LLC, a Colorado limited liability company, its Manager

Printed Name: _____

By: _____

Title: _____

Printed Name: _____

Date: _____

Title: Manager

Attest:

Date: _____

City Clerk

Approved as to Form:

City Attorney

Exhibit C: Cleaning and Maintenance Schedule

Cleaning and Maintenance Schedule

Daily (Monday through Friday)

Carpets Vacuumed

Composition floors dust-mopped

To the extent accessible, desks, desk accessories and office furniture dusted. Papers and folders left on desk, not to be moved.

Wastebaskets and other trash receptacles including recycling receptacles emptied; remove trash from the building to an area designated outside of the Premises.

Chairs and wastebaskets returned to proper position.

Fingerprints removed from glass doors and partitions.

Drinking fountains cleaned, sanitized and polished.

Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.

Malfunctioning light bulb and tube replaced, as required.

Graffiti expunged as needed after Tenant has given Landlord verbal notice of the existence of graffiti.

Recycling containers at individual desks emptied and delivered to a central location within the Premises using a collection container provided by Tenant.

Day porter service from 8:00 AM to 5:00 PM.

Weekly

Low-reach areas such as, but not limited to, chair rungs, baseboards and insides of doorjamb dusted.

Deliver Tenant's large recycle containers to the pick-up location designated by the City and return it to its place of origin.

Recycling barrels wheeled to a location outside the building of which the Premises is part

for pickup by Tenant's designated recycling vendor.

Windowsills, ledges and wood paneling and molding dusted.

Floors washed in uncarpeted office areas.

Monthly

Floors waxed in uncarpeted office areas.

Picture molding and frames dusted.

Wall vents and ceiling vents vacuumed.

As per Landlord's mechanical maintenance contract, HVAC chiller water checked for bacteria, chiller water conditioned as necessary.

Quarterly

High-reach areas, such as, but not limited to, door frames, tops of partitions and hanging light fixtures dusted.

Light fixtures cleaned and dusted, but not less frequently than Quarterly.

Wood furniture polished.

Mini-blinds cleaned as required, but not less frequently than Quarterly.

As per Landlord's mechanical maintenance contract, HVAC units serviced for preventative maintenance purposes, all filters changed.

Semi-Annually

All painted wall and door surfaces washed and stains removed.

All walls treated with vinyl covering washed and stains removed.

All carpet to be cleaned using non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer.

Annually

Windows washed as required inside and outside annually.

Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

As Needed

Touch-up paint all interior painted surfaces in a color and finish to match existing.

Premises and the sidewalks, driveways, parking areas and all means of ingress and egress serving the Premises should be maintained in good repair, and in clean and safe condition at all times.

All lawns, shrubbery and foliage on the grounds of which the Premises are part should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

Carpet professionally spot cleaned as required to remove stains.

General

Landlord must, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

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Exhibit D: Landlord's Work Letter

Landlord shall, at Landlord's cost, perform the improvements in the Premises described in the space plans, accompanying pricing notes and forthcoming construction drawings attached hereto as Schedule 1 (collectively, "Landlord's Work"). Tenant shall have the right to request change orders to the scope of the Landlord's Work subject to Landlord's approval which will not be unreasonably withheld. Landlord approved Tenant requested change orders will be at Tenant's sole cost and expense. Notwithstanding any contrary provision contained in this Lease, if there shall be a delay or there are delays in the City issuing a Certificate of Occupancy, or its equivalent, with respect to the Landlord's Work as a result of any of the following (collectively, "Tenant Delays"):

- (1) Tenant's failure to timely approve any matter requiring Tenant's approval;
- (2) A breach by Tenant of the terms of this Work Letter or this Lease; or
- (3) Any other acts or omissions of Tenant, or its agents, or employees then, notwithstanding anything to the contrary set forth in this Lease or this Work Letter and regardless of the actual date the Certificate of Occupancy, or its equivalent, is issued, the Commencement Date shall be deemed to be the date that the Certificate of Occupancy, or its equivalent, would have been issued by the City if no Tenant Delay or Delays, as set forth above, had occurred.

Prior to the commencement of Landlord's Work, a schedule shall be provided to Tenant outlining all milestone dates anticipated during the project including projection of the completion date for Landlord's Work. Included in the construction schedule will be a date upon which all improvements to Tenant's IT room and any other IT infrastructure to be installed by Landlord as part of Landlord's Work will be completed, (IT Room Completion Date). Landlord agrees that the IT Room Completion Date will not be less than 30 days prior to the date projected for completion of Landlord's Work. As of the IT Completion Date, Tenant and its contractors shall have access to the Premises for the purpose of completing installation of furniture systems, IT infrastructure, low voltage communication and security systems and any other work for which Tenant is responsible and deems necessary for completion prior to the Commencement Date.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Schedule 1 to Exhibit D: Landlord's Work

Construction Drawings will be added to this **Schedule 1 to Exhibit D** prior to Building Permit application.

Exhibit D

Initial Cost Memorandum

(If this is used, it must tie into early termination penalty or other provision of this lease)

RE Office – TX II, LLC, a Colorado limited liability company

Landlord: By: Bow River Capital RE II, LLC,
a Colorado limited liability company,
its Manager

Tenant: City of San Antonio, a Texas municipal corporation

Lease: Approximately 3,120 of rentable square feet constituting Suite 110, in the Sabine building located at 4606 Centerview Drive, San Antonio, Texas

Authorizing Ordinance:

Predicate Facts:

Landlord and Tenant are parties to the Lease, which was authorized by the Authorizing Ordinance.

The leasing commission and tenant improvement costs are relevant to the parties' rights and obligations under the Lease.

For their mutual benefit, the parties now wish to memorialize the actual costs.

Rights and Obligations:

Now Therefore, in consideration of the premises, the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Defined Terms.

All terms used in this memorandum and not otherwise defined herein but defined in the Lease have the meanings ascribed to them in that instrument.

2. Lease Commission.

The total lease commission paid or to be paid by Landlord regarding the Lease is \$ _____.

3. Tenant Improvements.

Landlord's total cost for tenant improvements under the Lease is \$ _____.

4. No Default.

As a part of the inducement to Landlord to execute and deliver this consent, Assignor represents to Landlord and Assignee that:

- a. The Lease is in full force and effect according to its terms.
- b. Neither party is in default under the Lease.
- c. Neither party has any offset or claim against the other that would reduce or impair its obligations under the Lease.

5. Conflict of Terms.

This instrument controls over anything to the contrary in the Lease.

In Witness Whereof, the parties have caused their representatives to set their hands.

City of San Antonio, a Texas
municipal corporation

RE Office - TX II, LLC, a Colorado
limited liability company

By: _____

By: Bow River Capital RE II, LLC,
a Colorado limited liability
company, its Manager

Printed
Name: _____

By: _____

Title: _____

Printed
Name: _____

Date: _____

Title: Manager

Attest:

Date: _____

City Clerk

Approved as to Form:

City Attorney