

EXHIBIT B
Sublease
Lone Star Recreational Center

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Authorizing Ordinance:

Lease: That certain Lease agreement by and between The City of San Antonio and the Boys and Girls Clubs of San Antonio, Inc. ("Lease") coterminous with this Sublease Agreement ("Sublease"). The Boys and Girls Clubs of San Antonio, Inc. is the Landlord under the Lease and the Subtenant under the Sublease. The City is the Tenant in both the Lease and Sublease agreements.

Tenant: City of San Antonio

Landlord's Address: P.O. Box 839966, San Antonio, Texas 78283-3966

Address for Rent Payment: P.O. Box 839966, San Antonio, Texas 78283-3966

Subtenant: **The Boys and Girls Clubs of San Antonio, Inc.**
(the Subtenant is the same entity as the Landlord
in the underlying Lease)

Subtenant's Address: 600 S.W. 19th Street, San Antonio, TX 78207

Premises: A parcel containing approximately 1.979 acres of gross area located at 829 Nogalitos, San Antonio, Bexar County, Texas, more particularly described on **Exhibit A**, which is incorporated herein for all purposes.

Permitted Use: Community recreational facility ("Facility").

Sublease Commencement Date: The effective date of the Authorizing Ordinance

Term: Until the expiration of 20 years from the Lease Commencement Date

Rent: In consideration of Subtenant's construction and operation of the Facility, there will be no rent.

Construction Completion Date: September of 2016.

Background:

In 2012, the City of San Antonio (City) held a Bond Election and received voter approval to fund a variety of Parks, Recreation & Open Space Improvements pursuant to such bonds. Among the Parks, Recreation & Open Space Improvements projects approved is the "Lone Star Recreational Facility" project, described in the official bond brochure as "Lone Star Recreational Center LF: Development of a recreation facility in the Lone Star neighborhood that may include land acquisition." The City must comply with official brochure terms and conditions including fulfillment of a public purpose in accordance with all applicable laws of public funding and authorizing instruments for the public funding. The City identified the The Boys and Girls Clubs of San Antonio, Inc. as the appropriate party to partner with. The City has committed funding for the construction of a recreation facility which will be provided to The Boys and Girls Clubs of San Antonio according to the terms of a funding agreement separate from this ground lease. The public benefit to be provided is recreational facilities, operated under non-profit regulations, available to the citizens of San Antonio.

1. Demise of Premises.

Tenant subleases the Premises to Subtenant and Subtenant subleases the Premises from Tenant under the terms of this Sublease. Subtenant is to have and hold the Premises, together with all rights, privileges, easements, appurtenances, and immunities belonging to or in any way appertaining to them. The foregoing includes easements, rights, and privileges of Subtenant, existing now or at any time during the Lease term, in, to, or under adjacent streets, sidewalks, alleys, party walls, and property contiguous to the Premises and reversions that may later accrue to Tenant by the closing of any street, sidewalk, or alley.

2. Sublease Term.

2.01. The Term is as stated above.

Termination

2.02. This Sublease terminates without further notice when the Term expires.

3. Rent.

3.01. In consideration of Subtenant's construction and operation of the Facility, there will be no rent.

4. Taxes.

Payment by Subtenant

4.01. Subtenant must pay and discharge all taxes, general and special assessments, and other charges of any kind levied on or assessed against the Premises and all interests in the Premises and all improvements and other property on them during the Sublease term. Subtenant hereby indemnifies Tenant and holds it harmless from all loss, cost, liability, or expense arising from or relating to such taxes, charges, and assessments.

5. Utilities.

Subtenant must pay or cause to be paid all charges for water, heat, gas, electricity, sewers, and all other utilities used on the Premises throughout the Sublease term, including any connection fees.

6. Use of Premises.

Permitted Use of Premises

6.01. Subtenant may use the Premises only for the Permitted Use, unless Landlord otherwise consents in writing.

Prohibited Use Of Premises

6.02. Subtenant must not use or permit the Premises to be used:

- a. for any activity violating any applicable local, state, or federal law, rule, or regulation; or
- b. for any activity which shall violate the terms of the bonds used to finance the improvements, including any bond covenants and any applicable federal regulations regarding tax exempt debt.

7. Construction by Subtenant.

7.01. Conditions

General Conditions: Subtenant may erect, maintain, alter, remodel, reconstruct, rebuild, replace, and remove buildings and other improvements on the Premises and may change the contour of the Premises, subject to the following:

- a. Subtenant bears the cost of the work.
- b. Subtenant keeps the Premises free of mechanics' and material men's liens.
- c. Except for routine maintenance of existing buildings and improvement, Subtenant notifies Tenant, before work begins, of the time work will begin and the general nature of the work.
- d. Subtenant has secured Tenant's approval of all plans in the manner provided for later in this Sublease.

Specific Conditions: Subtenant may construct a minimum 20,000 square foot multi-function recreation center, the total cost of the Facility is estimated to be \$3,800,000.00. Construction costs are to be paid by Subtenant in the amount of approximately \$2,000,000.00 and Tenant in the amount of up to \$1,792,000.00. Subtenant has committed to raising its share of the funds necessary to construct the Facility and agreed to fund on-going operations, once completed. This Sublease is subject to the Funding Agreement entered into between Subtenant and Tenant. Subtenant shall provide evidence to Tenant that \$2,000,000.00 in project funds have been expensed prior to the receipt of any City funding under the Funding Agreement. In the event the scope of the project is adjusted downward, the City shall have the option of adjusting its commitment downward accordingly.

Beginning Construction

7.03. Subtenant expects to begin construction of the Facility not later than the Construction Commencement Date of September 2015 or after all necessary permits and other authorizations are issued, whichever is later.

Tenant's Approval of Plans

7.04. The following rules govern Tenant's approving construction, additions, and alterations of buildings or other improvements on the Premises:

a. **Written Approval Required.** No building or other improvement may be constructed on the Premises unless the plans, specifications, and proposed location of the building or other improvement have received Tenant's written approval. All buildings or other improvements must comply with the approved plans, specifications, and proposed location. No material addition to or alteration of any building or structure erected on the Premises may be begun until plans and specifications covering the exterior of the proposed addition or alteration have been first submitted to and approved by Tenant.

b. **Submission of Plans.** Subtenant must, at its own expense, engage a licensed architect or engineer to prepare plans and specifications for constructing the Facility or for constructing any other buildings or improvements or additions or alterations to any buildings or improvements that require Tenant's approval under subparagraph a above. Subtenant must submit three copies of detailed working drawings, plans, and specifications for all improvements for Tenant's approval within 30 days after this Sublease is executed, but not later than 30 days before construction is to begin. If Subtenant wishes to construct any other buildings or improvements or make any additions or alterations to buildings or improvements for which Tenant's approval is required under Subsection (a) above, Subtenant must submit copies of detailed working drawings, plans, and specifications for Tenant's approval before the project begins.

c. **Tenant's Approval.** Tenant will promptly review and approve all plans submitted to it or note in writing any required changes or corrections. Subtenant must comply with changes or corrections required by Tenant, and Subtenant must resubmit plans showing the changes and corrections within 15 days after the corrections or changes have been noted. Minor changes in work or materials not affecting the general character of the building project may be made at any time without Tenant's approval, but a copy of the altered plans and specifications must be furnished to Tenant.

d. **Exception to Tenant's Approval.** The following items do not require submission to, and approval by, Tenant:

i. Minor repairs and alterations necessary to maintain existing structures and improvements in a useful state of repair and operation.

ii. Changes and alterations required by an authorized public official with authority or jurisdiction over the buildings or improvements to comply with legal requirements.

e. Effect of Approval. Tenant's approval of any plans and specifications applies only to the conformity of the plans and specifications to the general architectural plan for the Premises. It does not excuse Subtenant from any governmental permits, licenses, or other requirements of general applicability, including adherence to City adopted building/construction codes. Further, Tenant's approval does not constitute approval of the architectural or engineering design. By approving the plans and specifications, Tenant assumes no liability or responsibility for the architectural or engineering design or for any defect in any building or improvement constructed from the plans or specifications.

Ownership of Buildings, Improvements, and Fixtures

7.05. Any buildings, improvements, additions, alterations, and fixtures (except furniture and trade fixtures) constructed, placed, or maintained on any part of the Premises during the Sublease term become part of the real property of the Premises and must remain on the Premises when the Sublease terminates.

Right to Remove Improvements

7.06. Subtenant may, at any time while it occupies the Premises, or within a reasonable time thereafter, remove any furniture, machinery, equipment, or other trade fixtures owned or placed by Subtenant in, under, or on the Premises. Before the Sublease terminates, Subtenant must repair any damage to any buildings or improvements on the Premises resulting from removal. Any such items not removed by termination become Landlord's property.

8. Encumbrance of Leasehold Estate.

8.01. Subtenant may not encumber its leasehold interest.

9. Repairs, Maintenance, and Restoration.

Subtenant's Duty to Maintain and Repair

9.01. Subtenant must keep and maintain all buildings and improvements erected on the Premises in a good state of appearance and repair (except for reasonable wear and tear) at Subtenant's own expense.

Damage or Destruction

9.02. If any building or improvement constructed on the Premises is damaged or destroyed by fire or any other casualty, regardless of the extent of the damage or destruction, Subtenant must, within one year from the date of the damage or destruction, begin to repair, reconstruct, or replace the damaged or destroyed building or improvement at its own cost. Subtenant must pursue the repair,

reconstruction, or replacement with reasonable diligence and restore the building to substantially the condition it was in before the casualty. However, if beginning or completing this restoration is prevented or delayed by war, civil commotion, acts of God, strikes, fire or other casualty, or any other reason beyond Subtenant's control, the time for beginning or completing the restoration (or both) will automatically be extended for the period of each such delay.

10. Mechanic's Liens.

Subtenant must not cause or permit any mechanic's or other liens to be filed against the fee of the Premises or against Subtenant's leasehold interest (excluding any leasehold mortgage). If such a lien is recorded, Subtenant must either cause it to be removed, or if Subtenant in good faith wishes to contest the lien, take timely action to do so at Subtenant's sole expense. If Subtenant contests the lien, Subtenant must indemnify Tenant and hold it harmless from all loss, cost, liability, or expense arising from the lien contest. If Subtenant loses the contest, Subtenant must cause the lien to be discharged and removed before any judgment is executed.

11. Condemnation.

The rights of the parties with regard to condemnation are wholly determined by the provisions contained in the Lease.

12. Insurance

Allocation of Claims

12.01. Tenant disclaims any employee, agent, or invitee relationship with any person whose presence on the Premises is through Subtenant. Any and all claims resulting from any obligation for which Subtenant may be held liable under any workers' compensation, unemployment compensation, disability benefits, similar statutory scheme, or common law negligence is the sole obligation and responsibility of Subtenant.

Required Insurance

12.02. Subtenant must provide and maintain in full force and effect with respect to the Premises from the Commencement Date of this Sublease and for the duration of this Sublease and any extensions thereof, insurance coverage written on an occurrence form, by companies authorized and admitted to do business in the State of Texas and rated A or better by A.M. Best Company and/or otherwise acceptable to Tenant, in the following types and amounts:

Type:	Amount:
1. Worker's Compensation	Statutory, with a Waiver of subrogation in favor of Landlord

- | | |
|--|--|
| 2. Employer's Liability | \$500,000/\$500,000/\$500,000 with a Waiver of Subrogation in favor of Landlord |
| 3. Commercial General Public Liability Insurance to include (but not be limited to coverage for) coverage for the following: | For Bodily Injury, Death, and Property Damage of \$1,000,000 per occurrence; \$2,000,000 general aggregate, or its equivalent in umbrella or excess liability coverage |
| (a) Premises/Operations | |
| (b) Independent Contractors | |
| (c) Products/Completed Operations | |
| (d) Contractual Liability | |
| (e) Personal Injury Liability | |
| (f) Broad-Form Property Damage, to include Fire Legal Liability | Coverage for replacement cost of Tenant's improvements |
| (g) Host Liquor Liability Insurance, if alcoholic beverages are served on the Premises | |
| (f) Liquor Legal Liability Insurance, if alcoholic beverages are sold on the Premises | |
| 4. Business Automobile Liability to include coverage for: | Combined Single Limit for Bodily Injury, Death, and Property Damage of \$1,000,000.00 per occurrence |
| (a.) Owned/Leased Automobiles | |
| (b.) Non-owned Automobiles | |
| (c) Hired Automobiles | |
| 5. Property Insurance for physical damage to the property of the Subtenant, including improvements and betterments | Coverage for replacement cost of Tenant's improvements. |

Required Clauses

12.04. Each insurance policy required by this Lease must contain the following clauses:

“This insurance is not canceled, limited in scope or coverage, or non-renewed until after 30 days’ prior written notice has been given to:

- (a) City Clerk, City of San Antonio
City Hall/2nd Floor
P. O. Box 839966

San Antonio, Texas 78283-3966
Attention: Risk Manager

and

(b) **Parks & Recreation Department**
City of San Antonio
P.O. Box 839966
San Antonio, Texas 78283-3966
Attention: Director

"The insurance provided by Subtenant is primary to any insurance or self-insurance maintained by the City of San Antonio."

"Any insurance or self-insurance maintained by the City of San Antonio applies in excess of, and does not contribute with, insurance provided by this policy."

Each insurance policy required by this Sublease, excepting policies for Workers' Compensation and Employer's Liability, 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 Sublease with the City of San Antonio."

Required Deliveries

12.05. Subtenant must require its insurance carrier(s) to deliver to Tenant's Risk Manager and City Clerk, upon request and without expense, copies of policies and endorsements pertinent to the limits required by Tenant. Tenant may request changes in policy terms, conditions, limitations, or exclusions (except where established by law). If Tenant does so and the changes would increase premiums, Tenant will provide 30 days' prior notice to Subtenant and an opportunity to discuss the changes. If Tenant still wants the changes after discussion, Subtenant must make the changes and pay the cost thereof.

Additional Insurance for Improvement Work

12.06. Throughout the time period of any construction activity on the Premises, Subtenant shall provide Builder's Risk Insurance Coverage, Worker's Compensation and Employer's Liability Insurance Coverage, Professional Liability Insurance Coverage and any other liability or other insurance coverage in the amounts and types of coverage approved by Tenant's Risk Manager, covering all risks of physical loss during the term of any construction contract and until work is accepted by the City of San Antonio. Subtenant must procure and maintain the insurance, as well as other insurance coverage enumerated above, in full force and effect during such construction. Also, payment and performance

bonds naming Tenant as indemnitee must be provided by Subtenant or its contractors or subcontractors. If the construction is minor, Subtenant may send a written request to the City's Director of Transportation and Capital Improvements to waive the requirements in this Section.

Certificates

12.07. Prior to the Commencement Date, Subtenant must deliver certificates to Tenant's Risk Manager and the City Clerk from Subtenant's insurance carrier, reflecting all required insurance coverage. 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, Subtenant 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.

Address for Delivery

12.08. The Notices and Certificates of Insurance must be provided to the same addresses as the notices of cancelation.

Liability Not Limited

12.09. Nothing herein contained limits in any way Subtenant's liability for damages to persons or property resulting from Subtenant's activities or the activities of Subtenant's agents, employees, sublessees, or invitees under this Sublease.

Waiver of Claims Against Tenant

12.10. Subtenant waives all claims against Tenant for injury to persons or property on or about the Premises, whether or not caused by Tenant's negligence.

13. Indemnification

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

13.01.01. "Indemnified Claims" mean all loss, cost, liability, or expense, directly or indirectly arising 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 Sublease. Indemnified Claims include attorneys' fees and court costs and include claims arising from property damage and from personal or bodily injury, including death.

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 Subtenant.

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

13.03. If an Indemnitee is finally adjudged to be solely negligent or grossly negligent, in whole or in part, Indemnitor need not further indemnify the so-adjudged Indemnitee from its sole or gross negligence. But despite allegations of Indemnitee negligence, Indemnitor must nevertheless defend all Indemnitees until final adjudication. Indemnitor may not recover sums previously spent defending or otherwise indemnifying the Indemnitee who has been adjudged to be solely negligent and must continue to indemnify other Indemnitees.

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. Assignment and Subletting

Consent Required

14.01. Any attempt at transfer, assignment, or subletting of Subtenant's rights, duties, and obligations hereunder, without the Tenant's prior written consent, is void and, at Tenants option, will terminate the Sublease.

15. Default and Remedies.

Termination on Default

15.01. If Subtenant defaults in performing any obligation arising out of this Sublease and does not correct the default in a reasonable time but in no case longer than 30 days after receipt of written notice to Tenant, Tenant may terminate this Sublease. Tenant or its agent or attorney may resume possession of the Premises and relet them for the remainder of the term. Upon any such early termination Subtenant shall, at Tenant's option, owe to Tenant any amount sufficient to repay any outstanding indebtedness used to finance the construction of improvements on the Premises.

Other Remedies

15.02. Termination of this Sublease does not relieve Subtenant from paying (A) money owing to Tenant under the Sublease at the time of termination, or (B) any claim for damages against Subtenant under this Sublease. Termination does not prevent Tenant from enforcing payment by any remedy provided for by law or from recovering from Subtenant for any default. Tenant's rights, options, and remedies under this Sublease are cumulative, and no one of them is exclusive of the other. Tenant may pursue any or all such remedies or any other remedy or relief provided by law, whether or not stated in this lease. No waiver by Tenant of a breach of any covenant or condition of this Sublease is a waiver of any succeeding or preceding breach of the same or any other covenant or condition of this Sublease.

16. General Protective Provisions.

Right of Entry and Inspection

16.01. Subtenant must permit Tenant or its agents, representatives, or employees to enter the Premises to (A) inspect, (B) determine whether Subtenant is complying with this Sublease, (C) maintain, repair, or alter the Premises, or (D) show the Premises to prospective tenants, purchasers, mortgagees, or beneficiaries under trust deeds.

No Partnership or Joint Venture

16.02. The relationship between Subtenant and Tenant is at all times solely that of subtenant and tenant, not that of partners or a joint venturers.

Force Majeure

16.03. If constructing the building, curing any default (other than failure to pay rent, insurance premiums, or taxes), or performing any other obligation is delayed by war; civil commotion; act of God; fire or other casualty; or any other circumstance beyond the control of the party obligated to perform, each party so delayed is excused from performance during the delay period.

Joint and Several Liability

16.04. If the Lease names more than one Tenant or Landlord; the obligations of all Tenants and Landlords are joint and several.

17. Prohibited Interests in Contracts

Prohibited Interest

17.01. 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.

18.08. This Sublease may not be changed orally but only by a written agreement, signed by the party against whom enforcement of any modification is sought. No such modification, express or implied, affects the right of the modifying party to require observance of either (i) any other term or (ii) the same term or condition as it applies on a subsequent or previous occasion.

Third Party Beneficiaries

18.09. This Sublease benefits only the parties hereto and their successors and permitted assigns. There are no third party beneficiaries.

Notices

18.10. Any notice provided for or permitted hereunder must be in writing and by certified mail, return receipt requested, addressed to the parties at their respective addresses set forth in the preamble. If the addressee is a corporation, notices must be addressed to the attention of its President. Notice is complete three days after deposit, properly addressed and postage prepaid, with the United States Postal Service. Failure to use certified mail does not defeat the effectiveness of notice actually received, but such notice is effective only on actual receipt. Address for notice may be changed by giving notice hereunder.

Captions

18.11. Paragraph captions in this Sublease are for ease of reference only and do not affect the interpretation hereof.

Counterparts

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

Further Assurances

18.13. The parties must execute and deliver such additional documents and instruments as may be required to effect fully the provisions hereof. No such additional document(s), however, may alter the rights or obligations of the parties as contained in this Sublease.

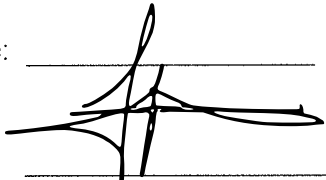
In Witness Whereof, the parties have hereunto caused their representatives to set their hands.

By: _____
Mike Frisbie, P.E.,
City Engineer/ Director, TCI

By: Angie Mock
Angie Mock
CEO

Date: _____

Date: 3/4/15

By: 
Luis De La Torre
Board Chairman

Date: 03/04/15

APPROVED AS TO FORM

CITY ATTORNEY

Date: _____

Attest:

City Clerk