

RIVER WALK LEASE AGREEMENT

This Lease Agreement is made and entered into by and between the **CITY OF SAN ANTONIO**, a Texas Municipal Corporation (hereinafter referred to as "**CITY**"), acting herein through its City Manager, or her designated representative, pursuant to Ordinance No. _____, passed and approved by the City Council on the _____ day of _____, 2019, and FSI Restaurant Development, Ltd., d/b/a Saltgrass Steakhouse, a Texas Corporation, (hereinafter referred to as "**LESSEE**"), acting by and through its duly authorized officers, WITNESSETH:

1. DEMISE OF PREMISES

1.1. **CITY**, for and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by **LESSEE**, does hereby lease and demise to **LESSEE**, and **LESSEE** does hereby rent and accept from **CITY** for the term hereinafter set out, the real property owned by the **CITY** in the San Antonio River Walk Area as outlined on the drawing which is attached hereto as Exhibit A incorporated by reference herein for the purposes of this Lease Agreement, the same as if fully copied and set forth at length. Said real property and improvements (hereinafter referred to as the Leased Premises) are further described as follows:

1.1.1. An area containing 512.50 square feet of City-owned River Walk patio space located directly south of the building known as the "Casino Club Building" and is located at 502 River Walk, San Antonio, TX 78205 and as specifically outlined on the drawing which is attached hereto as Exhibit A.

2. USE OF PREMISES

- 2.1. **LESSEE** agrees that the Leased Premises shall be utilized for the sole purpose of outdoor dining, including the service of food and alcoholic and non-alcoholic beverages, in accordance with applicable statutes, laws, ordinances, rules and regulations of the United States, the State of Texas, and the City of San Antonio, Texas.
- 2.2. **CITY'S** Reservation of Rights – In addition to the **CITY'S** Reservations set out in Article 15 and other sections of the Lease Agreement, **CITY** reserves the right to a public right-of-way along the River Walk area to follow a path designated by the **CITY** for safe passage by pedestrians and identified in Exhibit A. **LESSEE** shall keep said right of way free of obstructions in the form of either fixed or movable objects and shall not allow patrons to queue, or wait for entrance into **LESSEE'S** business establishment, in said public right of way. **LESSEE** shall comply with the **CITY'S** laws pertaining to queuing along the River Walk area and in addition to the right of way restrictions described above, shall not use any public space along the River Walk area for the queuing or waiting of patrons without first obtaining the consent of **CITY**. Failure to comply with this section may, at **CITY'S** option, constitute default under this Lease Agreement.

3. TERM, AND TERMINATION

- 3.1. The term of this Lease is for a five (5) year period beginning on March 26, 2019 and ending on March 25, 2024.

- 3.2. The right is expressly reserved to the **CITY** to terminate this Lease Agreement for the following:
- 3.2.1. In the event this Lease Agreement is deemed to be inconsistent with the public use of the property; or
 - 3.2.2. In the event the use of the Leased Premises shall have been deemed a nuisance by a court of competent jurisdiction; or
 - 3.2.3. In the event **LESSEE** shall default in the performance of any covenants or agreements contained herein and shall fail to remedy same following thirty (30) calendar days' written notice of such default, save and except a ten (10) calendar days' notice period will apply in the case of default in the payment of rent; or
- 3.3. In the event of termination in relation to 3.2.1. or 3.2.2. above, the **CITY** shall give **LESSEE** notice in writing at least thirty (30) calendar days prior to the termination date.
- 3.4. **LESSEE** or **CITY** may cancel this Lease Agreement by giving ninety day's written notice to the other party.
- 3.5. Provided **LESSEE** is not then in default under the terms of this Lease Agreement, **LESSEE** shall have the option to renew the term of this Lease Agreement for one additional five (5) year period. **LESSEE** shall notify **CITY** in writing no earlier than one year prior to the expiration date of the lease term and at least six (6) months before the expiration date of the lease term. Renewal is effective only after written notice of intent to renew is received, agreement on rent for renewal term is negotiated, and proposed renewal is approved in writing by the Director of the Center City Development and Operations Department and/or their designee. If **LESSEE** holds over after termination, it shall be considered a tenancy at sufferance and the provisions of **ARTICLE 16. HOLDING OVER** will apply.

4. RENTAL

- 4.1. The monthly lease rate for the first Lease year shall be \$2.83 per square foot per month and shall increase by a rate of 2.5% per year, commencing upon the anniversary date of each remaining Lease year. Payment may be paid in one lump sum in advance or in monthly installments in advance on the first day of each month in accordance with the following schedule:
- 4.1.1. 3/26/2019 – 3/25/2020 (\$2.83 per square foot per month): \$17,404.56 payable in on lump sum in advance or \$1,450.38 per month
 - 4.1.2. 3/26/2020 – 3/25/2021 (\$2.90 per square foot per month): \$17,835.00 payable in on lump sum in advance or \$1,486.25 per month
 - 4.1.3. 3/26/2021 – 3/25/2022 (\$2.97 per square foot per month): \$18,265.56 payable in on lump sum in advance or \$1,522.13 per month
 - 4.1.4. 3/26/2022 – 3/25/2023 (\$3.04 per square foot per month): \$18,696.00 payable in on lump sum in advance or \$1,558.00 per month

4.1.5. 3/26/2023 – 3/25/2024 (\$3.12 per square foot per month): \$19,188.00 payable in on lump sum in advance or \$1,599.00 per month

4.2. Payment shall be submitted to:

**City of San Antonio
Revenue Division
P. O. Box 839975
San Antonio, Texas 78283-3975**

ALL MONTHLY PAYMENTS OF RENT ARE DUE ON OR BEFORE THE FIRST DAY OF EACH AND EVERY MONTH DURING THE TERM OF THIS LEASE AGREEMENT.

4.3. A fifty dollar (\$50.00) late charge will be assessed on any payment received on the eleventh (11th) calendar day of the applicable month or any day thereafter. All past due rentals under the terms of this Lease Agreement shall bear interest at the rate of 12% per annum from the date due until paid in full by LESSEE, or at the highest rate allowed by law, should 12% be deemed usurious.

4.3.1. The ten (10) calendar day period before the fifty dollar (\$50.00) late charge is applied should not be considered a "GRACE PERIOD;" nor shall the late charge provision be considered as an "option" for rental payments to be made late. All payments are considered late if not received in the CITY'S Treasury office by the close of business on the first day of each month.

4.3.2. At any time during the Lease term if more than two (2) Insufficient Funds Checks are presented to the CITY in payment of rental or other considerations during a twenty-four (24) month period, LESSEE will be placed on a cash or money order basis for the following two (2) Lease years. No exceptions will be made

4.3.3. At any such time, should the CITY'S Department of Finance establish and issue uniform policies related to late payment of rent and/or Insufficient Funds Checks, which may be contrary to the terms stated in subsections 4.3.1 – 4.3.2 above, the Department of Finance's policies shall prevail. CITY shall make every effort to formally notify LESSEE of any such change(s) in advance.

4.3.4. Notwithstanding anything to the contrary set forth in this Lease Agreement, if LESSEE shall fail to make the timely payment of any rent or any additional charges due the CITY from LESSEE or the payment of any other money due the CITY from LESSEE under the terms of this Lease, and any such failure shall be repeated two (2) times in any period of twelve (12) consecutive months, then notwithstanding that any such failure shall have been cured within the period after notice, as provided in this Lease, any further similar failure within said twelve (12) month period shall be deemed to be a Repeated Event of Default.

4.3.5. In the event of a Repeated Event of Default, CITY, without giving LESSEE any notice and without affording LESSEE an opportunity to cure the default, may terminate this Lease forthwith without notice to LESSEE.

- 4.4. Payment shall be made in a manner consistent with Treasury division rules and regulations and shall be subject to various charges and requirements for failure to comply with those rules including, but not limited to, charges and requirements imposed for the submittal of insufficient fund checks.

5. ACCEPTANCE AND CONDITION OF PREMISES

- 5.1. **LESSEE** has had full opportunity to examine the Leased Premises and acknowledges that there is in and about them nothing dangerous to life, limb, or health and hereby waives any claim for damages that may arise from defects of that character after occupancy. **LESSEE'S** taking possession of the Leased Premises shall be conclusive evidence of **LESSEE'S** acceptance thereof in good order and satisfactory condition, and **LESSEE** hereby accepts the Leased Premises in its present AS IS, WHERE IS, WITH ALL FAULTS CONDITION as suitable for the purpose for which leased. **LESSEE** accepts the Leased Premises with the full knowledge, understanding, and agreement that **CITY** disclaims any warranty of suitability for **LESSEE'S** intended commercial purposes.
- 5.2. **LESSEE** agrees that no representations, respecting the condition of the Leased Premises, and no promises to decorate, alter, repair, or improve the Leased Premises, either before or after the execution hereof, have been made by **CITY** or its agents to **LESSEE** unless the same are contained herein or made a part hereof by specific reference herein.

6. UTILITIES

- 6.1. **LESSEE** shall furnish and pay for all gas, water, electricity, sewer, cable TV, or other utilities, if any, which may be necessary for its operations as authorized herein on the Leased Premises. **LESSEE** further agrees to pay all monthly charges associated with effective maintenance of said operation. Should connection or reconnection of any utility become necessary, **LESSEE** agrees to pay any expenses therefore, unless the same is caused by any acts undertaken by **CITY**.

7. IMPROVEMENTS

- 7.1. **LESSEE** shall not construct, or allow to be constructed, any improvements, or structures on the Leased Premises nor shall **LESSEE** make, or allow to be made, any alterations to the Leased Premises without the prior written approval of the **CITY** through **DIRECTOR** and any and all other necessary departments, boards or commissions of the **CITY OF SAN ANTONIO**, including, but not limited to, the Historic and Design Review Commission.
- 7.2. **LESSEE** covenants that it shall not bind, or attempt to bind, **CITY** for the payment of any money in connection with the construction, repair, alteration, addition, or reconstruction in, on, or about the Leased Premises. Further, **LESSEE** agrees to remove, within thirty (30) calendar days after filing, by payment or provisions for bonding, any mechanic's or materialman's liens filed against the Leased Premises and to indemnify **CITY** in connection with such liens to the extent of any damages, expenses, attorney's fees, or court costs incurred by **CITY**.

8. MAINTENANCE OF PROPERTY

- 8.1. **LESSEE** shall, at all times, maintain the sidewalks adjacent to the Leased Premises free from obstructions of any kind and shall maintain a minimum clearance of six (6) feet on the sidewalk adjacent to the River Walk free and clear of any tables or other property placed by **LESSEE** on such Leased Premises, and **LESSEE** shall not use any of said sidewalk area in the exercise of privileges granted herein, except to pass to and from the Leased Premises; however, **LESSEE'S** use may at no time obstruct public access to the six (6) feet River Walk public right-of-way.
- 8.2. **LESSEE** shall, at all times, keep or cause to be kept the Leased Premises free of litter, trash, paper, and other waste and shall conform with all applicable garbage, sanitary, and health regulations of the **CITY**.
- 8.3. **LESSEE** shall, at its sole expense, keep the Leased Premises in good order, repair, and leasable condition at all times during the term hereof and shall promptly repair all damages to the Leased Premises or replace any broken fixtures or appurtenances within a reasonable period of time. All such repairs and replacements shall be subject to the approval of the **CITY** through the **DIRECTOR** and any and all other necessary departments, boards, or commissions of the **CITY**, including, but not limited to, the Historic and Design Review Commission. If **LESSEE** does not promptly make such arrangements, **CITY** may, but is not required to, make such repairs and replacements and the costs paid or incurred by **CITY** for such repairs and replacements shall be deemed additional rent due and payable forthwith.
- 8.4. **LESSEE** will, at the termination of this Lease Agreement, return the Leased Premises to **CITY** in as good condition as at the commencement of the term hereof, usual wear and tear, acts of God, or unavoidable accident only excepted.
- 8.5. **LESSEE** agrees to hold **CITY** harmless for any theft, damages, or destruction of signs, goods and/or other property of **LESSEE** both during the term of this Lease and as so left on the Leased Premises after **LESSEE** vacates the Leased Premises. If said signs, goods and any other property placed by **LESSEE** upon the Leased Premises are not removed by **LESSEE** within thirty (30) calendar days after the Leased Premises are vacated, then the **CITY** may remove same without further notice or liability.

9. TAXES AND LICENSES

- 9.1. **LESSEE** shall pay, on or before their respective due dates, to the appropriate collecting authority, all Federal, State and local taxes and fees which are now or may hereafter be levied upon the Leased Premises, or upon **LESSEE**, or upon the business conducted on the Leased Premises, or upon any of **LESSEE'S** property used in connection therewith, and shall maintain in current status all Federal, State, and local licenses and permits required for the operation of the business conducted by **LESSEE**. Failure to comply with the foregoing provisions shall constitute grounds for termination of this Lease Agreement by the **CITY**.

10. ASSIGNMENT AND SUBLETTING

- 10.1. Except as to the parent or subsidiary, **LESSEE** shall not assign this Lease Agreement, or allow same to be assigned by operation of law or otherwise, or sublet/subcontract the

Leased Premises or any part thereof without the prior written consent of CITY which may be given only by or pursuant to an ordinance enacted by the City Council of San Antonio, Texas. Any assignment or subletting by LESSEE without such permission shall constitute grounds for termination of this Lease Agreement by the CITY.

- 10.2. Without the prior written consent of LESSEE, CITY shall have the right to transfer and assign, in whole or in part, any of its rights and obligations under this Lease Agreement and in the property referred to herein; and, to the extent that such assignee assumes CITY'S obligations hereunder, CITY shall, by virtue of such assignment, be released from such obligation.
- 10.3. The receipt by the CITY of rent from an assignee, or occupant of the Leased Premises shall not be deemed a waiver of the covenant in this Lease Agreement against assignment and or an acceptance of the assignee, or occupant as a LESSEE, or a release of the LESSEE from further observance or performance by the LESSEE of the covenants contained in this Lease Agreement. No provision of this Lease Agreement shall be deemed to have been waived by the CITY unless such waiver is in writing and signed by the CITY.

11. DEFAULT AND REMEDIES

- 11.1. The following events shall be deemed to be events of default by LESSEE under this Lease Agreement:
 - 11.1.1. LESSEE shall fail to pay any installment of rent as provided for in this Lease Agreement and such failure shall continue for a period of ten (10) calendar days.
 - 11.1.2. The subletting of any part of the Leased Premises.
 - 11.1.3. The encroachment on the public right-of-way beyond the authorized Leased Premises.
 - 11.1.4. LESSEE shall fail to comply with any term, provision, or covenant of this Lease Agreement, other than the payment of rent, and shall not cure such failure within thirty (30) calendar days after written notice thereof to LESSEE, unless LESSEE has undertaken to effect such cure within such thirty (30) calendar day period and is diligently pursuing the same to completion.
- 11.2. Upon the occurrence of an event of default as heretofore provided, CITY may, at its option, declare this Lease Agreement, and all rights and interests created by it, terminated. Upon CITY electing to terminate, this Lease Agreement shall cease and come to an end as if that were the day originally fixed herein for the expiration of the term hereof; or CITY, its agents or attorney may, at its option, resume possession of the Leased Premises and re-let the same for the remainder of the original term for the best rent CITY, its agents or attorney may obtain for the account of LESSEE without relieving LESSEE of any liability hereunder as to rent still due and owing in this Lease Agreement, or any extension thereof, as applicable. LESSEE shall make good any deficiency.
- 11.3. Any termination of this Lease Agreement as herein provided, shall not relieve LESSEE

from the payment of any sum or sums that shall then be due and payable or become due and payable to CITY hereunder, or any claim for damages then or theretofore accruing against LESSEE hereunder, and any such sum or sums or claim for damages by any remedy provided for by law, or from recovering damages from LESSEE for any default hereunder. All rights, options and remedies of CITY contained in this Lease Agreement shall be cumulative of the other, and CITY shall have the right to pursue any one or all of such remedies or any other remedy or relief available at law or in equity, whether or not stated in this Lease Agreement. No waiver by CITY of a breach of any of the covenants, conditions or restrictions of this Lease Agreement shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other covenant, condition or restriction herein contained.

- 11.4. Upon any such expiration or termination of this Lease Agreement, LESSEE shall quit and peacefully surrender the Leased Premises to CITY, and CITY, upon or at any time after such expiration or termination, may, without further notice, enter upon and re-enter the Leased Premises and possess and repossess itself thereof, by force, summary proceedings, ejectment or otherwise, and may dispossess LESSEE and remove LESSEE and all other persons and property, including all signs, furniture, trade fixtures, and other personal property which may be disputed as to its status as fixtures, from the Leased Premises, and such action by CITY shall not constitute CITY'S acceptance of abandonment and surrender of the Leased Premises by LESSEE nor prevent CITY from pursuing all legal remedies available to it.

12. INDEMNIFICATION

- 12.1 LESSEE covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to LESSEE'S activities under this Agreement, including any acts or omissions of LESSEE, any agent, officer, director, representative, employee, consultant or sublessee of LESSEE, and their respective officers, agents employees, directors and representatives while in the exercise of the rights or performance of the duties under this Agreement. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT LESSEE AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.
- 12.2 The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. LESSEE shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or LESSEE known to LESSEE related to or arising out of LESSEE'S activities under this AGREEMENT and shall see to the investigation and defense of such claim or demand at LESSEE'S cost. The CITY shall have the right, at its option and at its

own expense, to participate in such defense without relieving LESSEE of any of its obligations under this paragraph.

13. INSURANCE REQUIREMENTS

- 13.1 Prior to the commencement of any work under this Agreement, LESSEE shall furnish copies of all required endorsements and completed Certificate(s) of Insurance to the City's Center City Development & Operations Department, which shall be clearly labeled "FSI Restaurant Development, Ltd.; d/b/a Saltgrass Steakhouse" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The CITY will not accept a Memorandum of Insurance or Binder as proof of insurance. The certificate(s) must have the agent's signature and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the CITY. The CITY shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Center City Development & Operations Department. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.
- 13.2 The CITY reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverages and their limits when deemed necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will CITY allow modification whereby CITY may incur increased risk.
- 13.3 A LESSEE'S financial integrity is of interest to the CITY; therefore, subject to LESSEE'S right to maintain reasonable deductibles in such amounts as are approved by the CITY, LESSEE shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at LESSEE'S sole expense, insurance coverage written on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

TYPE	AMOUNTS
1. Workers' Compensation 2. Employers' Liability	Statutory \$500,000/\$500,000/ \$500,000
3. Broad form Commercial General Liability Insurance to include coverage for the following: a. Premises/Operations b. Independent Lessees c. Products/Completed Operations d. Personal Injury e. Contractual Liability f. Damage to property rented by LESSEE	For Bodily Injury and Property Damage of \$1,000,000 per occurrence; \$2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage f. \$100,000

4. Liquor Liability	<u>\$1,000,000 per occurrence, \$2,000,000 aggregate</u>
---------------------	--

- 13.4 **LESSEE** agrees to require, by written contract, that all sublessees providing goods or services hereunder obtain the same insurance coverages required of **LESSEE** herein, and provide a certificate of insurance and endorsement that names the **LESSEE** and the **CITY** as additional insureds. Respondent shall provide the **CITY** with said certificate and endorsement prior to the commencement of any work by the sublessee. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes.
- 13.5 As they apply to the limits required by the **CITY**, the **CITY** shall be entitled, upon request and without expense, to receive copies of the policies, declaration page, and all endorsements thereto and may require the deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). **LESSEE** shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to **CITY** at the address provided below within ten (10) calendar days of the requested change. **LESSEE** shall pay any costs incurred resulting from said changes.

City of San Antonio
 Attn: Center City Development & Operations Department
 P.O. Box 839966
 San Antonio, Texas 78283-3966

- 13.6 **LESSEE** agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:
- 13.6.1 Name the **CITY**, its officers, officials, employees, volunteers, and elected representatives as additional insureds by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the **CITY**, with the exception of the workers' compensation and professional liability policies;
- 13.6.2 Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the **CITY** is an additional insured shown on the policy;
- 13.6.3 Workers' compensation, employers' liability, general liability and automobile liability policies will provide a waiver of subrogation in favor of the **CITY**.
- 13.6.4 Provide advance written notice directly to **CITY** of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10)

calendar days advance notice for nonpayment of premium.

- 13.7 Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, **LESSEE** shall provide a replacement Certificate of Insurance and applicable endorsements to **CITY**. **CITY** shall have the option to suspend **LESSEE'S** performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.
- 13.8 In addition to any other remedies the **CITY** may have upon **LESSEE'S** failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the **CITY** shall have the right to order **LESSEE** to stop work hereunder, and/or withhold any payment(s) which become due to **LESSEE** hereunder until **LESSEE** demonstrates compliance with the requirements hereof.
- 13.9 Nothing herein contained shall be construed as limiting in any way the extent to which **LESSEE** may be held responsible for payments of damages to persons or property resulting from **LESSEE'S** or its sublessees' performance of the work covered under this Agreement.
- 13.10 It is agreed that **LESSEE'S** insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.
- 13.11 It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the **CITY** shall be limited to insurance coverage provided.
- 13.12 **LESSEE** and any Sublessees are responsible for all damage to their own equipment and/or property.

14. RULES AND REGULATIONS AND PROHIBITED USES

- 14.1. **LESSEE** shall observe and comply with all laws and ordinances of the **CITY** affecting **LESSEE'S** business, including but not limited to, the **CITY'S** noise ordinance and the provisions concerning operation of businesses in the River Walk area in the Downtown Central Business District.
- 14.2. No advertisements, signs, decorations or displays shall be placed in, on, or about the Leased Premises without the prior written approval of the **CITY** through the **DIRECTOR** or her designee, and any and all other necessary departments, boards or commissions of the **CITY**, including, but not limited to, the Historic and Design Review Commission. **LESSEE** agrees to remove all signs from the Leased Premises when **LESSEE** vacates the Leased Premises.
- 14.3. **LESSEE** shall be allowed to place only those chairs, tables, umbrellas, hostess stations, and/or any other furnishings as approved by **CITY** and all applicable boards and/or commissions of the **CITY**, including, but not limited to the Historic and Design Review Commission (HDRC).
- 14.4. Encroachment on the public sidewalk beyond the authorized Leased Premises or into the

Public Right-of-Way is not permitted.

- 14.5. No activity or method of operation shall be allowed in, on, or about the Leased Premises, which exposes patrons thereof to nudity or to partial nudity. For the purposes of this provision, the following definitions apply:
 - 14.5.1. Nudity means total absence of clothing or covering for the human body.
 - 14.5.2. Partial nudity means exposure of the female breast or the exposure of the male or female pubic area or buttocks.
 - 14.5.3. Any nudity as specified above will constitute a violation of this Article and result in an Event of Default.
- 14.6. The operation of massage business, tanning salon, gambling casino, or gambling of any nature shall not be allowed in, on, or about the Leased Premises.
- 14.7. Discrimination because of race, color, sex, age, handicap, or national origin, directly or indirectly, in employment or in the use of or admission to the Leased Premises is prohibited.
- 14.8. LESSEE shall not, except as may otherwise be permitted by applicable laws and regulations, pay less than the minimum wage required by Federal and State statutes and CITY ordinances to persons employed in its operations hereunder.
- 14.9. LESSEE shall not place speakers or amplified music on or near the patio of the Leased Premises or in any other location outside the enclosed building on an side of the premises that can be seen from the San Antonio River. LESSEE shall comply with the CITY's laws pertaining to noise. LESSEE agrees to comply with any requests by the CITY's park police, police officers or noise abatement officers to close the windows and doors of LESSEE'S business establishment after the hour of 11:00 p.m., except as necessary for entry to and exit from the establishment. Such requests shall be limited to instances in which the officers have measured a nighttime noise decibel level at the establishment exceeding the requirements of Chapter 21 of the City Code of the City of San Antonio immediately prior to making such request. Failure to comply with this section may, at CITY's option, may constitute default under this lease agreement.
- 14.10. LESSEE shall not engage in, or allow its employees, agents, invitees, guests or any other person to engage in vending on the Leased Premises, other than the ordinary and customary restaurant service with wait staff bringing food and beverages to LESSEE'S customers seated at tables within the Leased Premises.
- 14.11. LESSEE shall abide by Vending Requirements and Regulations as set forth in Section 16-236 of the City Code of the City of San Antonio and Section 35-679 of the Unified Development Code.
 - 14.11.1. Notwithstanding the preceding, LESSEE shall be allowed to provide entertainment to its customers in the form of traditional Mariachis so long as such Mariachis are employees of LESSEE, and the Mariachis are not allowed to engage in solicitation of business to LESSEE'S customers or any other persons on the Premises.

15. RESERVATIONS: CITY

- 15.1. **CITY** reserves the right to enter the Leased Premises at all reasonable times for the purpose of examining, inspecting, or making repairs as herein provided. **LESSEE** shall not be entitled to an abatement or reduction of rent because of such entry, nor shall said entry be deemed an actual or constructive eviction of **LESSEE** from the Leased Premises. Should construction or other activity by **CITY** prevent **LESSEE'S** use of the Leased Premises for the purposes outlined herein for longer than ten (10) calendar days, then **LESSEE** shall be entitled to an abatement of rent under this Lease Agreement for such period of time and, at **LESSEE'S** option, this Lease Agreement may be terminated or extended for the same number of calendar days **LESSEE'S** use of Leased Premises was denied.
- 15.2. No provision of this Lease Agreement shall operate in any manner to prevent **CITY** from permitting displays, tournaments or amusements, or river walk parades for the benefit of the public.
- 15.3. **CITY** park police and other safety personnel shall have the right of entry on and into the Leased Premises as needed to investigate any circumstances, conditions, or person(s) that may appear to be suspicious. **LESSEE** shall cooperate with all reasonable requests by such personnel to facilitate public safety and orderly conduct by persons in the River Walk area. **LESSEE** expressly understands and agrees that **CITY** has not agreed to act and does not act as an insurer of **LESSEE'S** property and does not guarantee security against theft, vandalism, or injury of whatever nature and kind to persons or property.

16. HOLDING OVER

- 16.1. Should **LESSEE** hold over the Leased Premises, or any part thereof, after the expiration or termination of the term of this Lease Agreement, unless otherwise agreed in writing, such holding over shall constitute and be construed as a tenancy from month to month only, at a rental equal to one-hundred twenty-five percent (125%) of the amount of the rent paid for the last month of the term of this Lease Agreement. The inclusion of the preceding sentence shall not be construed as **CITY'S** consent for the **LESSEE** to hold over.

17. QUIET ENJOYMENT

- 17.1. **CITY** covenants and agrees, subject to the provisions of this Lease Agreement, that **LESSEE**, on paying the rent and all other charges in this Lease Agreement provided for and observing and performing the covenants, agreements and conditions of this Lease Agreement on its part to be observed and performed, shall lawfully and quietly hold, occupy and enjoy the Leased Premises during the term without hindrance or molestation of any kind whatsoever.

18. CONFLICT OF INTEREST

- 18.1. The Charter of the City of San Antonio and the City of San Antonio Code of Ethics prohibit a City officer or employee, as those terms are defined in Section 2-52 of the Code of Ethics, from having a direct or indirect financial interest in any contract with the City. 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:

- 18.1.1. a City officer or employee; his or her spouse, sibling, parent, child or other family member within the first degree of consanguinity or affinity;
 - 18.1.2. an entity in which the officer or employee, or his or her parent, child or spouse directly or indirectly owns (i) 10 percent or more of the voting stock or shares of the entity, or (ii) 10 percent or more of the fair market value of the entity; or
 - 18.1.3. an entity in which any individual or entity listed above is (i) a subcontractor on a City contract, (ii) a partner or (iii) a parent or subsidiary entity.
- 18.2. **LESSEE** warrants and certifies, and this Lease Agreement is made in reliance thereon, that it, its officers, employees and agents do not cause a City employee or officer to have prohibited financial interest in the Lease Agreement. **LESSEE** further warrants and certifies that it has tendered to the City a Contracts Disclosure Statement in compliance with the City's Ethics Code.

19. SEPARABILITY

- 19.1. If any clause or provision of this Lease Agreement is illegal, invalid, or unenforceable under present or future laws effective during the term of this Lease Agreement, then and in that event it is the intention of the parties hereto that the remainder of this Lease Agreement shall not be affected thereby, and it is also the intention of the parties to this Lease Agreement that in lieu of each clause or provision of this Lease Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Lease Agreement a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

20. NOTICES

- 20.1. Notices to **CITY** required or appropriate under this Lease Agreement shall be deemed sufficient if in writing and mailed, Registered or Certified mail, Postage Prepaid, addressed to:

City of San Antonio
Center City Development & Operations
Department
Contract Services Division
P.O. Box 839966
San Antonio, Texas 78283-3966

City of San Antonio
City Clerk's Office
P.O. Box 839966
San Antonio, Texas 78283-3966

or to such other address as may have been designated in writing by the City Manager of the CITY OF SAN ANTONIO from time to time.

Notices to **LESSEE** shall be deemed sufficient if in writing and mailed, Registered or Certified mail, Postage Prepaid, addressed to **LESSEE** at:

FSI Restaurant Development, Ltd. d/b/a Saltgrass Steakhouse
1510 West Loop South

Houston, Texas 77027

or at such other address on file with the City Clerk as LESSEE may provide from time to time in writing to CITY.

21. PARTIES BOUND

- 21.1. If there shall be more than one party designated as LESSEE in this Lease, they shall each be bound jointly and severally hereunder.
- 21.2. The covenants and agreements herein contained shall insure to the benefit of and be binding upon the parties hereto; their respective heirs, legal representatives, successors, and such assigns as have been approved by CITY.

22. TEXAS LAW TO APPLY

- 22.1. **THIS AGREEMENT SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND ALL OBLIGATIONS OF THE PARTIES CREATED HEREUNDER ARE PERFORMABLE IN BEXAR COUNTY, TEXAS.**

23. LIEN FOR RENT

- 23.1. In consideration of the mutual benefits arising under this Lease Agreement, LESSEE does hereby mortgage, and grant a security interest under the Texas Business and Commerce Code unto CITY, upon all property of LESSEE now or hereafter placed in or upon the Leased Premises (except such part of any property or merchandise as may be exchanged, replaced or sold from time to time in the ordinary course of operations or trade), and such property is hereby subjected to a lien and security interest in favor of CITY and shall be and remain subject to such a lien and security interest in favor of CITY for payment of all rents and other sums agreed to be paid by LESSEE herein. At CITY'S request, LESSEE shall execute and deliver to CITY a financing statement appropriate for use under said Code. Such lien and security interest shall be in addition to and cumulative of CITY'S liens provided by law.

24. RELATIONSHIPS OF PARTIES

- 24.1. Nothing contained herein shall be deemed or construed by the parties hereto or by any third party as creating the relationship of principal and agent, partners, joint ventures, or any other similar such relationships between the parties hereto other than that of CITY and LESSEE.

25. GENDER

- 25.1. Words of gender used in this Lease Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

26. CAPTIONS

- 26.1. The captions contained in this Lease Agreement are for convenience of reference only and in no way limit or enlarge the terms and conditions of this Lease Agreement.

27. ENTIRE AGREEMENT/AMENDMENT

- 27.1. This Lease Agreement, together with its attachments and the authorizing ordinance or ordinances, in writing, constitutes the entire agreement between the parties, any other written or parole agreement with CITY being expressly waived by LESSEE.
- 27.2. No amendment, modification or alteration of the terms of this Lease Agreement shall be binding unless the same is in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.
- 27.3. It is understood that the Charter of the CITY requires that all contracts with the CITY be in writing and adopted by ordinance. All amendments also need approval evidenced by an ordinance.

28. AUTHORITY

- 28.1. The signer of this Lease Agreement for LESSEE hereby represents and warrants that he or she has full authority to execute this Lease Agreement on behalf of LESSEE.

LESSOR:

CITY OF SAN ANTONIO,
A Texas Municipal Corporation

By: _____

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

LESSEE:

FSI Restaurant Development, Ltd. d/b/a
Saltgrass Steakhouse



Printed Name

Steven L. Scheinthal

Signature **Vice President**

Title

1510 West Loop South

Address **Attn: General Counsel**

Houston, TX 77021

City, State, and Zip Code

(713) 850-1010

Area Code/Telephone Number

Legal CF

