

LEASE AGREEMENT

Between

PORT AUTHORITY OF SAN ANTONIO

Landlord

and

CITY OF SAN ANTONIO

Tenant

in

Building No. 940

located at

**638 Davy Crockett
Port San Antonio
San Antonio, Texas 78226**

APPENDIX 1
BASIC TERMS

Lease Date: June_____, 2020

Tenant: CITY OF SAN ANTONIO

Address of Tenant: Leasing Division
P.O. Box 839966
San Antonio, Texas 78282 **Telephone:** (210) 207-7723

Contact: Chris Kurzon

Tenant's Broker: N/A

Landlord's Broker: Cavender & Hill

Landlord: PORT AUTHORITY OF SAN ANTONIO

Address: 907 Billy Mitchell Blvd.
San Antonio, Texas 78226-1802

Contact: Property Management **Telephone:** 210-362-7800

Building: Building No. 940, located at 638 Davy Crockett, San Antonio, Texas 78226-1802

Premises: 20,363 square feet, being Suite TBD in Building 940 (the "Building"), together with certain improvements located therein and the surrounding grounds and parking areas (if any) (the "Premises"), together with non-exclusive ingress/egress thereto; the Premises being more particularly described on **APPENDIX A**

Term: 180 full months and any partial months

Commencement Date:

The first day of the first full month following the date that is the later of: (i) completion of Landlord's Work and Tenant Improvements, or (ii) issuance of a Certificate of Occupancy; the Commencement Date will be codified in a Commencement Date Letter executed by Landlord and Tenant.

Rent Commencement Date: Same as Commencement Date

Termination Date: As codified in Commencement Date Letter

Extended Term: One 5-year renewal option, with 180 days prior written notice to Landlord (See Paragraph 6.1)

Beneficial Occupancy: Tenant will have the right to access the Premises prior to the Commencement Date for the purpose of installing telecom systems, computer equipment, safes, signage, furniture systems, tele-data cabling and audio/visual equipment and such access will be governed by this Lease and all of its terms will be applicable as if the Lease had commenced.

Base Rental: \$0.00 per annum/ \$0.00 per month

Infrastructure Charge: \$0.00 per annum/ \$0.00 per month

Common Area Maintenance: \$0.00 per annum/ \$0.00 per month

HVAC Maintenance Cost: Tenant will pay monthly to Landlord the cost to provide the HVAC Maintenance, Repair and Replacement services in accordance with Section 9.1.1, inclusive of Landlord's standard markup on materials and outsourced work.

Landlord's Property Insurance: \$0.00 per annum/ \$0.00 per month

Property Management Fee: 0% of Base Rental and Additional Rent

**Tenant's
Liability Insurance:** Tenant is self-insured (See Paragraph 15.2)

**Tenant
Improvement
Allowance and
Repayment:**

Landlord will provide Tenant with up to \$2,705,885.00 Tenant Improvement Allowance ("TI Allowance") of which \$2,205,885.00 will be repaid by Tenant within 30 days of the Commencement Date. The remaining TI Allowance of up to \$500,000.00 will be repaid by December 31, 2021 with an interest charge of \$10.00. Tenant and Landlord will confirm the total TI Allowance expended within 30 days after the Lease Commencement Date. Tenant may choose to pay down the balance of the TI Allowance at any time and in any amount without penalty. At the time of any reduction in the unamortized TI Allowance balance, Landlord will recalculate the December 2021 payment based on the remaining balance and Landlord will notify Tenant of such change in the amount of the payment in writing. If Tenant does not pay the entire TI Allowance prior to January 1, 2022, the remaining balance will be paid by Tenant on a mortgage style amortization with equal monthly payments over the remaining term of the Lease plus 7% annual interest rate applied on a 30/360-day basis ("TI Amortization").

Security Deposit: None

Permitted Use: For use as the Alamo Regional Security Operations Center and for no other use. (See Section 18.)

Parking Ratio: Tenant will have 81 non-exclusive parking spots. (See Paragraph 11)

This **APPENDIX 1** containing the Basic Terms is incorporated into and made a part of the lease attached hereto (the "Lease").

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and entered into by and between **Port Authority of San Antonio**, a Defense Base Development Authority, a political subdivision of the state of Texas ("Landlord") as lessor, and **City of San Antonio**, a Texas Municipality ("Tenant"), as lessee.

1. **RECITALS.** Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord certain land, buildings, or portions thereof, as more particularly described in **APPENDIX 1** (the "Premises"), located on Port San Antonio, at the rental and subject to the terms, covenants and conditions set forth in this Lease.

2. **GRANT OF LEASE.** In consideration of the mutual obligations of Landlord and Tenant set forth in this Lease, Landlord leases to Tenant, and Tenant takes from Landlord, the Premises to have and to hold, subject to the terms, covenants and conditions in this Lease.

3. **U.S. GOVERNMENT RIGHT OF ACCESS.** All of the real property now known as Port San Antonio was previously owned by the United States of America ("Government") being the former Kelly Air Force Base. The Government has conveyed title to the real property identified as the Land herein to Landlord. In the conveyance document, the Government placed some restrictive covenants on the use of the Premises and retained liability for certain environmental contamination which predated Landlord's possession of the Premises. As a result, some of the terms and conditions of this Lease relate to ongoing responsibilities that the Government has for the environmental condition of Port San Antonio, which may affect the Premises

4. **TERM AND PREMISES**

4.1 Lease Term. The Term of this Lease is set out on **APPENDIX 1**. If the Extended Term (defined in Paragraph 6.1) is exercised as permitted, then all references to the "Term" in this Lease will also include the period of time covered by the Extended Term.

4.1.1 *Cancellation of Lease by Tenant. Tenant may cancel this Lease and be free of all its obligations if the Commencement Date has not occurred as a result of Premises not being "Move-in ready" by April 30, 2021, plus any additional days for delays that are beyond Landlord's control. "Move-in ready" means that Tenant has been granted a Certificate of Occupancy identifying City of San Antonio as Tenant for the Premises and the Premises are finished-out according to the requirements of this Lease, except for minor items such as are routinely corrected with a punch list.*

4.2 Premises. The Premises are set out on **APPENDIX 1**.

4.2.1 Building Size. Landlord has the on-going right to increase the square footage of the Building and Tenant's Proportionate Share will be adjusted accordingly.

4.3 Acceptance of the Premises. *At Landlord's sole cost and expense, subject to reimbursement as proved in the APPENDIX 1, Landlord will tender the Premises in clean condition with all improvements completed in accordance with APPENDIX B.* Except as expressly provided in this Lease, Landlord makes no warranty or representation, express or implied or arising by operation of law, with respect to the Premises including, but in no way limited to, any warranty of condition, suitability or fitness for a particular purpose. Tenant will pay for the cost of the Certificate of Occupancy, a copy of which will be provided to Landlord, and any required inspection related to Tenant's occupancy of the Premises.

4.3.1 Environmental Condition of Premises. Upon written request, Landlord will provide Tenant with the environmental reports related to the Premises (if any), prepared by the Air Force.

4.4 Fire Protection System. Intentionally omitted.

4.5 Landlord's Easement. Landlord retains an easement to itself and its successors and assigns, on, over, under and across the Premises for utilities, storm water drainage and any other similar land use or infrastructure feature, whether to the benefit of the of Premises or not.

4.6 Landlord's Access to Roof. Landlord reserves the right to exclusive possession of the Building's rooftop and Landlord may grant access to third parties to use the Building's rooftop and may charge a fee to do so.

4.6.1 Antenna. Tenant may install one antenna on a portion of the roof for a fee of \$2,000 annually, subject to Landlord review of the location, specifications, plans, and weight of the equipment and availability of rooftop space.

5. RENT.

5.1 Base Rental. Intentionally omitted

5.1.1 Property Management Fee. Intentionally omitted

5.1.2 Rent Escalation. Intentionally omitted

5.2 Security Deposit. Intentionally omitted

6. EXTENDED TERM AND TENANT IMPROVEMENTS.

6.1 Extended Term. If authorized on **APPENDIX 1**, and as long as Tenant is not in default, Tenant may extend the Term as set out on **APPENDIX 1** on the same terms as set out on **APPENDIX 1**, provided, however, Tenant may extend only if Tenant gives written notice of such extension to Landlord no later than 180 days prior to the date on which the Term would otherwise expire.

6.2 Initial Tenant Improvements. Landlord has agreed to make the Tenant Improvements set forth on the attached **APPENDIX B**.

6.3 Future Tenant Improvements. Tenant may, during the Term, construct improvements to the Premises in accordance with plans and specifications approved in advance by Landlord to be completed at the sole cost of Tenant and made in accordance with all the conditions set out in Section 12. **Contact Landlord's Property Manager at (210) 362-7800 before conducting any work on the Premises.**

6.4 Relocation Space. Intentionally omitted

7. INFRASTRUCTURE CHARGE AND COMMON AREA MAINTENANCE

7.1 Tenant's Share of Infrastructure Charge. Intentionally omitted

7.2 Tenant's Share of Common Area Maintenance Charges. Intentionally omitted

7.2.1. Common Area. *At no charge to Tenant, Landlord will maintain the Common Areas of the property on which the Premises is located including, but not limited to: roof maintenance and replacement (including keeping the roof free of leaks); landscape maintenance and replacement; parking lot maintenance and replacement; and all exterior lighting.*

7.2.2 Audit of CAM. Intentionally omitted

8. REAL PROPERTY TAXES AND PERSONAL PROPERTY TAXES

8.1 Reduction or Elimination of Infrastructure Charge. Intentionally omitted

8.2 Landlord's Ad Valorem Taxes.

(A) In the event that *Port Authority of San Antonio* loses its tax exempt status and Ad Valorem Taxes accrue against the Premises, Tenant will be liable for and pay: 100% of the Landlord's Ad Valorem Taxes for each and every Building (land and improvements valuation) fully occupied by Tenant or Tenant's "Proportionate Share" of partially leased Building, the Proportionate Share being a fraction, the numerator of which will be the number of gross rentable square feet of Premises leased by Tenant and the denominator of which is the total gross rentable square feet of the whole Building, multiplied by the tax due on the whole Building (land and improvements valuation); and 100% of Landlord's Ad Valorem Taxes against the Tenant's Designated Parking Areas (if any); and 100% of Landlord's Ad Valorem Taxes that accrue, if ever, against the Premises to the extent due to improvements constructed thereon by Tenant. *This provision is only applicable as long as Port Authority of San Antonio owns the property, in the event the property is sold, transferred or otherwise placed into the ownership of another party other than the Port Authority of San Antonio and such a change in ownership status results in Ad Valorem taxes being assessed against the Building, then Tenant shall not be responsible for the payment of any Ad Valorem taxes and Landlord shall be solely responsible for their payment.*

(B) If, at any time during the Term of this Lease, there is levied, assessed or imposed on Landlord a tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon rents from the Premises, in lieu of ad valorem taxes (collectively, the "Other Taxes"), then Other Taxes will be paid by Tenant to the appropriate authority in a timely manner or to Landlord upon demand.

8.3 Tenant's Leasehold Taxes. Intentionally omitted

8.4 Personal Property Taxes. Intentionally omitted

9. LANDLORD'S REPAIRS AND MAINTENANCE.

9.1 Landlord, at its own cost and expense, will maintain the structural soundness of the: (i) roof structure; (ii) foundation; (iii) concrete floors; (iv) interior structural columns; (v) *Common Areas*; and (vi) exterior walls of the Building, in good repair, REASONABLE WEAR AND TEAR AND DAMAGE CAUSED BY TENANT, ITS EMPLOYEES, CONTRACTORS OR AGENTS EXCLUDED. The term "walls" will not include windows, glass or plate glass, any doors, special store fronts or office entries, and the term "foundation" will not include loading docks and the term "concrete floors" will not include floor coverings, such as vinyl or carpeting. Tenant will promptly give Landlord written notice of any known defect or need for repairs, after which Landlord will have reasonable opportunity to make the repairs or cure the defect.

9.1.1 HVAC Maintenance, Repair and Replacement. In addition to Section 9.1 above, Landlord agrees to maintain, repair or replace HVAC systems as follows:

(i) Landlord will be responsible for procuring the contracts, hiring the contractors and taking any other means necessary to affect preventive maintenance of the HVAC system as recommended by the manufacturer. Landlord will commence repair of the HVAC system in a timely manner after being notified by Tenant of an issue. If the repair is significant enough that in Tenant's opinion, the lack of adequate HVAC adversely impairs Tenant's use of the Premises or any portion thereof in excess of 10% of the Premises, then "timely manner" means that Landlord will schedule an appointment with an HVAC contractor to trouble shoot the problem and to begin the repair process within 1 business day;

(ii) Tenant will pay, on a monthly basis, the HVAC Maintenance Cost as provided in APPENDIX I; and

(iii) In the event the replacement or repair of the HVAC system would be considered a capital expense as that term is commonly used for federal income tax purposes, requiring the repair or replacement be amortized over a period of years, then only the annual amortized amount (payable monthly) will be owed by Tenant to Landlord. For example, if an entire HVAC unit needs to be replaced at a cost of \$50,000 which for capital purposes has a life expectancy of 10 years, then only the annual amortized portion of the expense, in this case \$5,000 (payable \$416.66 monthly), will be assessed during each remaining year in the Lease Term occurring after the completion of such replacement.

10. TENANT'S REPAIRS AND MAINTENANCE

10.1 Maintenance of Premises and Appurtenances. Tenant, at its own cost and expense, will maintain, repair and, if necessary, replace all parts of the Premises, and promptly make all such necessary repairs and replacements to the Premises, except for those elements of the Premises to be maintained by Landlord under Section 7.2.1 (Common Area) or Section 9 above. Tenant's obligation to maintain, repair and make replacements to the Premises will cover, but not be limited to: pest control (including termites); janitorial services; trash removal; electrical, plumbing, and other mechanical systems within and exclusively serving the Premises; the maintenance, repair and replacement of the interior and exterior walls, windows and doors. Tenant will not make, or permit to be made, any penetration in the roof of the Premises without prior approval from Landlord. In the event that any such roof penetration is required in connection with any repairs, maintenance, or replacement required to be made by Tenant hereunder, Tenant will use Landlord's approved roof contractor to perform the work.

10.2 Preventative System Maintenance. Tenant, at its own cost and expense, will with its own staff service or will enter into a regularly scheduled preventive maintenance/service contract with a maintenance contractor approved by Landlord for servicing all hot water, electrical, plumbing, sprinkler and other mechanical systems and equipment within and exclusively serving the Premises. The service contracts must include all services suggested by the equipment manufacturer and must become effective within 30 days of the date Tenant takes possession of the Premises and continue in effect throughout the Term. Landlord will cooperate with Tenant in making all warranties on any such items applicable to the Premises available for the benefit of Tenant. Copies of said services or inspections will be made available to Landlord at Landlord's request.

10.3 Landlord's Option to Maintain Premises. If Tenant fails to maintain the Premises in accordance with the terms of this Section 10 and, after 30 days written notice Landlord will have the right to perform, in whole or in part, maintenance, repairs and replacements to the Premises that are otherwise Tenant's obligations under this Section 10; in which event Tenant will be liable for the cost and expense of these repairs, replacements, maintenance and other similar items and will reimburse Landlord upon demand.

11. PARKING. Tenant will have the number of non-exclusive spaces set out on **APPENDIX 1**. No parking spaces will be designated for Tenant's exclusive use, unless otherwise indicated by Landlord. Tenant and its employees, customers and licensees have the right to use, without fee, or charge the common parking area adjacent to the Building, as designated in writing by Landlord, subject to (i) all rules and regulations promulgated by Landlord, and (ii) rights of ingress and egress of other lessees or sublessees of Landlord. Landlord will not be responsible for enforcing Tenant's parking rights against any third parties. Tenant agrees not to park on any public or private streets adjacent to or in the vicinity of the Premises.

12. ALTERATIONS, TRADE FIXTURES AND RETURN CONDITION.

12.1 Approvals for Alterations. Tenant will not make any alterations, additions or improvements ("Alterations") to the Premises that require permitting without the prior written approval of Landlord and will be subject to Landlord's Design and Development Standards as they exist at that time. Landlord's approval will require the submission of a complete set of plans and specifications ("Submissions"). Tenant will be responsible for compliance with The Americans with Disabilities Act of 1990, as amended, within the Premises only. **As required by Texas law, Tenant will obtain a payment bond for all improvements over \$25,000 and a performance bond for all improvements over \$100,000, in form and content acceptable to Landlord before beginning the Alterations.** Tenant will, during the construction of any Alterations, withhold a retainage equal to at least 10% of the cost of the Alterations until the expiration of 30 days following the completion thereof in order to protect the Premises and the Building against liens and encumbrances. All Alterations will be performed in compliance with all applicable governmental laws, regulations, codes, standards and any other requirements of Landlord and in a good and workmanlike manner so as not to damage or alter the primary structure or structural qualities of the Improvements or other improvements situated on the Premises.

12.2 Trade Fixtures. Tenant, at its own cost and expense, may erect shelves, bins, machinery and trade fixtures and special improvements necessary for its use as it desires, provided that: these items do not alter the basic character of the Premises or the Building; these items do not overload or damage same; these items may be removed without material injury to the Premises; and the construction, erection or installation thereof complies with all applicable governmental laws, ordinances and regulations.

12.3 Removal of Trade Fixtures/Return Condition of Premises. Without implying any consent of Landlord thereto, all Alterations erected by Tenant will be and remain the property of Tenant during the Term of this Lease; and upon termination or expiration, they become the property of Landlord. All shelves, bins, machinery, special improvements, trade fixtures and personal property installed by Tenant will be removed on or before the earlier to occur of the day of termination or expiration of this Lease or vacating of the Premises, at which time Tenant will restore the Premises to a useable condition, except for normal wear and tear; damage or destruction of the Premises or any part thereof which Landlord is required to repair or restore; and changes resulting from condemnation.

13. SIGNS. Signs, including the size, location, design and content, will comply with the criteria provided by Landlord and will be subject to City code and Landlord's Design and Development Standards as they exist at that time. Tenant may not place any other signs on the exterior of the Premises without Landlord's prior written approval. Tenant must apply for and receive a dig permit from Landlord prior to any digging or posting of signage. Tenant will, at Tenant's sole expense, repair, paint or replace the Building fascia surface to which its signs are or become attached upon Tenant's vacating the Premises or upon the removal or alteration of its signage. All signs, decorations, advertising media, blinds, draperies and other window treatment or bars or other security installations visible from outside the Premises must conform in all respects to the criteria established by Landlord. Tenant will not, without Landlord's prior written consent: make any

changes to the exterior of the Premises, such as painting; install any exterior lights, decorations, flags, or banners; or erect or install any signs, windows or door lettering, placards, decorations or advertising media of any type that can be viewed from the exterior of the Premises.

14. UTILITIES.

14.1 Utilities at Tenant's Cost. Landlord agrees to make available, through third party utility providers, water, sanitary sewer and electricity, telephone and cable service to the Building. Tenant will extend any such utilities not already within the Premises, to and throughout the Premises at Tenant's cost. As part of the Tenant Improvements, the Premises will be separately metered for electricity and Tenant will pay on demand to the utility provider as applicable for utilities and services used by Tenant on or at the Premises for electricity, telephone, data and cable services, together with any taxes, penalties, or surcharges pertaining to the Tenant's utility use and any maintenance charges for utilities imposed by the utility providers.

14.2 Interruption of Utility Service. Landlord will not be liable for any interruption or failure of utility service on the Premises, and Tenant has no rights or claims as a result of any failure, except that if the Premises are rendered unusable by Tenant in whole, or in substantial part, by reason of a material interruption in the supply of any utility service, which continues for more than 48 hours after written notice to Landlord by Tenant, rent will abate with respect to the portion of the Premises so affected from the end of the 48 hour period until the utility service is restored, unless the interruption is caused by the act or omission of Tenant, its employees, agents, contractors, invitees or acts of God or failure caused by the third party utility provider, in which event rent will not abate.

14.3 Utilities Exclusive to Landlord. All utility providers, including, but not limited to, water, chilled water, sanitary sewer, electricity, gas, telephone (except long distance, Internet access and cell phones), cable television and all future technologies related to the delivery of those utilities, will be only those chosen by Landlord and Tenant has no right to contract with or otherwise engage anyone to provide these utilities.

14.4 Telephone Services. Local exchange carriers such as AT&T and Time Warner provide dial tone and data service to various points of demarcation on Port San Antonio. Any communications service above standard voice-grade service, such as standard business lines, dial-up modem lines or single channel ISDN, may entail an additional cost to the Tenant. Tenant may contact Landlord's Property Manager for information on obtaining special services, such as T-1 service and dedicated data circuits, prior to entering into any contracts or agreements to obtain such service with local exchange carriers or other third-party providers. Tenant is responsible for installation of communication lines and systems from the main communications room, one or more of which is located in or around every building, to Tenant's desktops.

15. INSURANCE.

15.1 Landlord's Insurance

(A) Property Insurance. Landlord will maintain "All-Risk" (broad form) insurance coverage for the full replacement cost of the Building (including the Premises) ("Landlord's Property Insurance"), but excluding Tenant's trade fixtures, equipment, inventory and personal property located therein (even that personal property owned by Landlord and leased or supplied to Tenant).

(B) Environmental Insurance. At its option, Landlord will maintain an umbrella insurance policy to protect it from claims for environmental contamination liability. The insurance company will establish the Tenant's rating as one aspect of a risk assessment that is required to activate a tenant's endorsement under the Landlord umbrella policy. In order to underwrite Landlord's coverage and to provide Tenant endorsement as an additional insured, the insurance company and Landlord will jointly perform the required risk assessment in cooperation with the Tenant, which risk assessment will be based on commercially reasonable standards. In the event any activity of Tenant causes an increase in Landlord's premium, Tenant will pay the same. Tenant will not cause or allow to be caused any activity on the Premises that would have the effect of negating Landlord's environmental insurance coverage.

15.2 Tenant's Insurance. *Landlord agrees to accept Tenant's representation of being self-insured, provided however, Tenant agrees to waive any claim against Landlord for damage to any property of Tenant's on the Premises and any injury to persons occurring on the Premises unless and to the extent such injury to persons is solely caused by Landlord.*

15.3 Landlord as Additional Insured. Intentionally omitted

15.4 Prohibited Uses. If any increase in the cost of any insurance on the Premises or the Buildings is caused by Tenant's use of the Premises or because Tenant vacates the Premises, then Tenant will pay the amount of such increase to Landlord upon demand. Tenant will not permit the Premises to be used for any purpose or in any manner not permitted by this Lease that would: void the insurance thereon; increase by any material amount the insurance risk or cost thereof unless Tenant makes the payment required pursuant to the last sentence of this Paragraph 15.4; or cause the disallowance of any sprinkler credits; including without limitation, use of the Premises for the receipt, storage, handling or use of any product, material or merchandise that is explosive or highly inflammable, except as used by Tenant in the ordinary course of its business and in accordance with all applicable state and federal law.

16. FIRE AND CASUALTY DAMAGE.

16.1 Damage or Destruction. If 50% or less of the Premises is damaged by any peril covered by Landlord's Property Insurance maintained by Landlord under Paragraph 15.1, then this Lease will not terminate and Landlord will receive the proceeds from Landlord's Property Insurance and will use those proceeds to substantially restore the Premises to its previous condition, except that Landlord will not be required to rebuild, repair or replace any part of the partitions, fixtures, additions and other improvements that may have been constructed, erected or installed in or about the Premises for the benefit of, by or for Tenant except for those constructed as initial tenant improvements. The rent will be abated on only the part of the Premises damaged beyond Tenant's then use in accordance with this Lease and only so long as the damage was not caused by the acts or omissions of Tenant, its agents or invitees. If the damaged part of the Premises cannot be repaired within 180 days or if more than 50% of the Premises then in use by Tenant is damaged, then either Landlord or Tenant may terminate this Lease.

16.2 Lienholders' Rights in Proceeds. Notwithstanding anything herein to the contrary, if the damaged Premises cannot be restored within 12 months and, if the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or this Lease requires that Landlord's Property Insurance proceeds be applied to such indebtedness, then Landlord has the right to: (i) use other resources to rebuild the Premises as set out in Paragraph 16.1; or (ii) terminate this Lease by delivering 30 days written notice of termination to Tenant.

17. LIABILITY AND INDEMNIFICATION

17.1 Tenant's Indemnification of Landlord, et al. Intentionally omitted

17.2 Limits on Liability of Landlord, et al. Neither Landlord, nor its board of directors, agents, employees, officers or representatives, individually and collectively ("Landlord, Et Al") will be liable in any event for personal injury or loss of Tenant's property caused by fire, flood, water leaks, rain, hail, ice, snow, smoke, lightning, wind, explosion, interruption of utilities or other occurrences. Tenant will give prompt notice to Landlord of any significant accidents involving injury to persons or property. Furthermore, Landlord, Et Al, will not be responsible for lost or stolen personal property, equipment, money or jewelry from the Premises or from the public areas of Port San Antonio, regardless of whether such loss occurs when the area is locked against entry. Landlord, Et Al will not be liable to Tenant or Tenant's employees, customers or invitees for any damages or losses to persons or property caused by any sublessee or their agents or invitees anywhere on Port San Antonio, or for any damages or losses caused by theft, burglary, assault, vandalism or other crimes. Tenant will give Landlord prompt notice of any criminal conduct it actually observes within or about the Premises, or any personal injury or property damage caused thereby. Landlord may, but is not obligated to, enter into agreements with third parties for the provision, monitoring, maintenance and repair of any courtesy patrols or similar services or fire protective systems and equipment and, to the extent these are obtained at Landlord's sole discretion, Landlord, Et Al, will not be liable to Tenant for any damages, costs or expenses which occur for any reason in the event

any such system or equipment is not properly installed, monitored or maintained or any such services are not properly provided. Landlord will use reasonable diligence in the maintenance of existing lighting, if any, in the parking areas servicing the Premises, and Landlord will not be responsible for additional lighting or any security measures in Port San Antonio, the Premises, or the parking areas.

18. PERMITTED USE. The Premises will be used for the purpose set out on **APPENDIX 1** and for no other use or purpose without the prior written consent of Landlord, which may be withheld for any reason. Tenant will comply with all governmental laws, ordinances and regulations including but not limited to the Emergency Planning Community Right to Know Act (42 U.S.C. §11001) regarding hazardous materials stored on Port San Antonio applicable to the use of the Premises and will promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisances in, upon or connected with the Premises, all at Tenant's sole expense. Tenant will not permit any objectionable or unpleasant odors, smoke, dust, gas, noise or vibrations to emanate from the Premises, nor take any other action that would constitute a nuisance or would disturb, unreasonably interfere with or endanger Landlord or any other lessees or sublessees anywhere on Port San Antonio.

19. HAZARDOUS WASTE AND ENVIRONMENTAL LAW VIOLATIONS.

19.1 Definitions. The term "Hazardous Substances," as used in this Lease, means pollutants, contaminants, pesticides, toxic or hazardous wastes, radioactive materials or any other substances, the use or the removal of which is required or the use of which is restricted, prohibited or penalized by any "Environmental Law(s)," which term means any federal, state or local statute, ordinance, regulation or other law of a governmental authority relating to pollution or protection of the environment or the regulation of the storage or handling of Hazardous Substances.

19.2 Tenant's Activities Related to Hazardous Waste. Tenant agrees that:

(A) No activity will be conducted on the Premises that will produce any Hazardous Substances, except for activities that are part of the ordinary course of Tenant's business activities (the "Permitted Activities"), provided that the Permitted Activities are conducted in accordance with all Environmental Laws and timely written notice of compliance is provided to Landlord. Tenant is responsible for obtaining any required permits or authorizations and paying any fees and providing any testing required by any governmental agency and Tenant will provide Landlord with copies of all permits, authorization, notices of non-compliance and administrative actions;

(B) The Premises will not be used in any manner for the storage of any Hazardous Substances, except for the temporary storage of materials required to conduct Permitted Activities ("Permitted Materials") provided that the Permitted Materials are properly stored in a manner and location meeting the requirements of all Environmental Laws. Tenant is responsible for obtaining any required permits or authorizations and paying any fees and providing any testing required by any governmental agency, and Tenant must provide Landlord, upon request, documentation as reasonably required to satisfy Landlord of Tenant's compliance;

(C) Except for the Permitted Materials, Tenant will not permit any Hazardous Substances to be brought onto the Premises, and if so brought, they will be immediately removed, properly disposed of and, if spilled, all required clean-up procedures will be diligently undertaken by Tenant in accordance with all Environmental Laws and at Tenant's cost. Tenant will also develop Hazardous Substances management and spill response plans.

19.3 Inspection and Correction. Landlord and its agents and representatives have the right, but not the obligation, to enter the Premises upon notice for the purpose of inspecting the storage, use and disposal of any Permitted Materials or for any other reason to ensure compliance with all Environmental Laws. If it is determined, in Landlord's sole opinion, after review of applicable environmental laws and receipt of opinion from legal counsel or other qualified expert, that any Permitted Materials are being improperly stored, used or disposed of, then Tenant will make timely and appropriate corrective action as reasonably requested by Landlord. If Tenant fails to begin corrective action within 24 hours, Landlord may report the violation to the Texas Commission on Environmental Quality or perform any work as Landlord deems necessary to correct the situation or both and Tenant will reimburse Landlord, on demand, for any and all costs associated with any work that is necessary to bring the Premises into compliance with Environmental Laws. If at any time during or after the Term of this Lease, the Premises are found to have been contaminated by Tenant or any of its agents or invitees with Hazardous Substances, Tenant will diligently institute clean-up procedures in accordance with the applicable requirements of governmental authorities, at Tenant's sole cost.

19.4 Indemnity. Intentionally omitted

20. RIGHT OF ENTRY AND CLOSEOUT INSPECTION.

20.1 Right of Entry. Landlord's agents and representatives have the right to enter the Premises at any reasonable time during business hours, with notice (or at any time in case of emergency): to inspect the Premises for any reason; to maintain, repair, connect, extend, and modify utilities; to make any other repairs as may be required or permitted pursuant to this Lease; and during the last 6 months of the Term, for the purpose of showing the Premises and to install signs stating the Premises are available for lease.

20.2 Closeout Inspection. Tenant will notify Landlord in writing at least 90 days prior to vacating the Premises and Tenant will arrange to meet with Landlord for a joint operational close-out inspection by Landlord's property manager and, if required by Landlord, an environmental due diligence report to be paid for by Tenant. Tenant will pay to close-out all of Tenant's regulatory permits. If Tenant fails to give notice or to arrange for inspection, then Landlord's close-out inspection of the Premises will be deemed correct for the purpose of determining Tenant's responsibility for repairs and restoration of the Premises, and Tenant's liability for environmental contamination.

21. ASSIGNMENT AND SUBLETTING.

21.1 Approval Required. With 3 days prior notice and a copy of the Sublease, Tenant will have the right to sublease a part of the Premises to VIA Metropolitan Transit, City Public Service ("CPS"), San Antonio Water System ("SAWS") and Bexar County or to substitute any of its subsidiaries or affiliates, including any parent or successor entity, including other governmental entities, as occupants of the Premises without the Landlord's prior consent; provided that, Tenant is not in Default and Tenant remains liable for this Lease; otherwise, Tenant will not have the right to sublet the Premises, assign or otherwise transfer or encumber this Lease, or any interest in this Lease, without the prior written consent of Landlord. Any attempted assignment, subletting, transfer or encumbrance by Tenant in violation of the terms and covenants of this Section 21 will be void.

21.2 Existing Tenants or Prospects. Landlord expressly reserves the right to refuse to give its consent to any assignment or subletting to an assignee or subtenant (or any party that, directly or indirectly, controls or is controlled by or is under common control with the proposed assignee or subtenant) that is an existing tenant on Port San Antonio or a party with whom Landlord is then actively negotiating to lease space on Port San Antonio. Without in any way limiting Landlord's right to refuse the consent to any assignment or subletting of this Lease, Landlord reserves the right to refuse to give such consent if in Landlord's opinion: (i) the Premises are or may be adversely affected; (ii) the business reputation of the proposed assignee or subtenant is unacceptable; or (iii) the financial worth of the proposed assignee or subtenant is insufficient to meet the obligations hereunder.

21.3 Transferees. Any assignee, lessee or transferee of Tenant's interest in this Lease (collectively referred to as "Transferees"), by assuming Tenant's obligations hereunder, will assume liability to Landlord for the payment of all amounts payable by Tenant and the performance of all obligations of Tenant hereunder. No assignment, subletting or other transfer, whether or not consented to by Landlord or permitted hereunder, will relieve Tenant of its liability under this Lease. If an Event of Default occurs while the Premises or any part thereof are assigned or sublet, then, in addition to any other remedies provided in Section 26 or provided by law, Landlord may collect directly from Transferee all rents payable to the Tenant or Landlord and apply the collected rent against any amounts due Landlord under this Lease. This collection will not be construed to constitute a novation or a release of Tenant from the further performance of Tenant's obligations under this Lease. If Landlord consents to any subletting or assignment by Tenant and any category of rent subsequently received by Tenant under any lease is in excess of the same category of rent payable under this Lease, or any additional consideration is paid to Tenant by the assignee under any assignment, then Landlord may declare such excess rents under any lease or additional consideration for any assignment, following deduction for the costs associated with obtaining such lease, to be due and payable to Landlord as additional rent under this Lease.

22. CONDEMNATION. If 50% or more of the Premises are taken for any public or quasi-public use under governmental law, ordinance or regulation, or by right of eminent domain or private purchase in lieu thereof, and the taking prevents or materially interferes with the use of the remainder of the Premises for the purpose for which they were leased to Tenant, then this Lease will terminate and the rent will be abated during the unexpired portion of this Lease, effective on the

date of taking. If less than 50% of the Premises are taken for any public or quasi-public use under any governmental laws, ordinance or regulation, or by right of eminent domain or private purchase in lieu thereof, or if the taking does not prevent or materially interfere with the use of the remainder of the Premises for the purpose for which they were leased to Tenant, then this Lease will not terminate, but the rent payable during the unexpired portion of this Lease will be reduced to the extent as may be fair and reasonable under the circumstances. All compensation awarded in connection with or as a result of any of the foregoing proceedings will be the property of Landlord, and Tenant hereby assigns any interest in any award to Landlord; except Landlord will have no interest in any award made to Tenant for the loss of business or goodwill or for the taking of Tenant's trade fixtures and personal property or for relocation expense, whether or not a separate award for such items is made to Tenant. If the condemnation procedures of the relevant jurisdiction do not permit separate claims by landlords and tenants, Landlord's award will be equitably divided between Landlord and Tenant to compensate Tenant for lost tenant improvements installed by Tenant (not including Initial Tenant Improvements), business disruption, and the cost of moving Tenant's business and goods to an alternate location.

23. HOLDING OVER. At the termination of this Lease by its expiration or otherwise, Tenant will immediately deliver possession of the Premises to Landlord with all repairs and maintenance required in this Lease to be performed by Tenant completed. If, for any reason, Tenant retains possession of the Premises after the expiration or termination of this Lease, or unless the parties hereto otherwise agree in writing, Tenant's possession will be deemed to be a tenancy at will only, and all of the other terms and provisions of this Lease will be applicable during this hold-over period. No holding over by Tenant, whether with or without consent of Landlord, will operate to extend this Lease except as otherwise expressly provided. The preceding provisions of this Section 23 will not be construed as consent for Tenant to retain possession of the Premises in the absence of written consent thereto by Landlord.

24. QUIET ENJOYMENT. Upon payment by Tenant of the Base Rental and all other sums due hereunder, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant will peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Landlord or any other person lawfully or equitably claiming by, through or under Landlord.

25. EVENTS OF DEFAULT. Each of the following events ("Event of Default") will be deemed to be a default in or breach of Tenant's obligations under this Lease:

25.1 Failure to Pay. If Tenant fails to pay any installment of the TI Amortization required herein when due, or any other payment or reimbursement to Landlord required in this Lease when due, and Tenant's failure continues for a period of 10-days after the date of written notice from Landlord, except Tenant is entitled to only two 10-day notices per each 12-month period, after which failure to pay is an immediate default.

25.2 Vacation or Abandonment. If Tenant vacates or abandons all or a substantial portion of the Premises for more than 6 months whether or not Tenant is in default of the rental payments due under this Lease.

25.3 Liens on Premises. If Tenant fails to discharge any lien placed upon the Premises in violation of Sections 27 and 28 hereof within 30 days after any such lien or encumbrance is filed against the Premises.

25.4 All Other Lease Violations. If Tenant fails to comply with any term, provision or covenant of this Lease (other than those listed above in this Section 25) and has not cured such failure within 30 days after the date of written notice from Landlord. If, however, the time required to return to compliance exceeds the 30-day period, Tenant will not be in default if Tenant, within the 30-day period, begins the actions necessary to bring it into compliance with this Lease in accordance with a compliance schedule submitted to, and accepted by Landlord.

25.5 Cross Default. In the event Tenant has any other lease or leases with Landlord, then an event of default under such other lease or leases will be an event of default of this Lease and an event of default under this Lease will be an event of default in the other lease or leases.

25.6 Chronic Violations. If Tenant fails more than twice within any 12-month period to observe or perform any covenant, condition or agreement of this Lease (including without limitation, the payment of rent), regardless of whether such defaults have been cured by Tenant, any subsequent default will at the election of Landlord, in its sole and absolute discretion, be deemed a non-curable Event of Default.

25.7 Falsification of Information. If Tenant or any agent of Tenant intentionally falsifies any report or misrepresents other material information required to be furnished to Landlord pursuant to this Lease.

25.8 Tenant's or Guarantor's Dissolution or Liquidation. The commencement of steps or proceedings toward the dissolution, winding up or other termination of the existence of the Tenant or of any guarantor of Tenant's obligations, or toward the liquidation of either of their respective assets.

25.9 Bankruptcy. The commencement of a case under any chapter of the Federal Bankruptcy Code by or against Tenant or any guarantor of Tenant's obligations hereunder, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant or any such guarantor as bankrupt or insolvent, or the reorganization of Tenant or any such guarantor, or an arrangement by Tenant or any such guarantor with its creditors, unless the petition is filed or case commenced by a party other than Tenant or any such guarantor and is withdrawn or dismissed within 60 days after the date of its filing.

25.10 Assignment or Attachment. The making of an assignment by Tenant or any guarantor of Tenant's Lease obligations for the benefit of its creditors, or if in any other manner Tenant's interest in this Lease passes to another by operation of law, including without limitation, by attachment, execution or similar legal process, which is not discharged or vacated with 60 days.

25.11 Appointment of Receiver or Trustee. The appointment of a receiver or trustee for the business or property of Tenant or any guarantor of Tenant's Lease obligations, unless such appointment is vacated within 30 days of its entry.

25.12 Evidence of Inability to Pay. Intentionally omitted

25.13 Diminution in Financial Status of Guarantor. Intentionally omitted

26. REMEDIES UPON DEFAULT.

26.1 Right to Terminate or Repossess. Upon each occurrence of an Event of Default, Landlord has the option to pursue any one or more of the following remedies without any additional notice or demand:

(A) Terminate this Lease;

(B) Enter upon and take possession of the Premises without terminating this Lease;

(C) Make payments or take actions to fulfill whatever Tenant is obligated to pay or perform under the terms of this Lease to third parties, and Tenant agrees that Landlord will not be liable for any damages resulting to Tenant from such actions;

(D) And in the event that Landlord elects to terminate or repossess, Tenant will immediately vacate the Premises, and if Tenant fails to do so, Landlord, without waiving any other remedy it may have, may enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim of damages therefore. Landlord may change the locks for any Event of Default and in the event of any violation of Section 93.002 of the Texas Property Code by Landlord or by any agent or employee of Landlord, Tenant hereby expressly waives any and all rights Tenant may have under Paragraph (g) of Section 93.002.

26.2 Damages Upon Termination. If Landlord terminates this Lease pursuant to Paragraph 26.1, Tenant will be liable for and will pay to Landlord the sum of all rental and other payments owed to Landlord under this Lease accrued to the date of termination, plus as liquidated damages, an amount equal to (i) the present value of the total rental and other payments owed hereunder for the remaining portion of the Term, calculated as if the Term expired on the date set forth in Paragraph 4.1 (as extended, if applicable), less (ii) the present value of the then fair market rental for the Premises for such period, provided that, because of the difficulty of ascertaining the fair market value and in order to achieve a reasonable estimate of liquidated damages, Landlord and Tenant stipulate and agree that the fair market rental does not exceed 75% of the rental amount for such period as set forth in Section 5.

26.3 Damages Upon Repossession. If Landlord repossesses the Premises pursuant to Paragraph 26.1 without terminating this Lease, Tenant will be liable for and will pay Landlord on demand all rental and other payments owed to Landlord under this Lease, accrued to the date of

repossession, plus all rental and other payments owed under this Lease for the remaining portion of the Term, calculated as if the Term expired on the date set forth in Paragraph 4.1 (as extended, if applicable), diminished by all amounts actually received by Landlord through reletting the Premises during the remaining Term. Actions to collect amounts due by Tenant to Landlord under this paragraph may be brought from time to time without the necessity of Landlord's waiting until expiration of the Term.

26.4 Costs of Reletting, Removing, Repairs and Enforcement. Upon an Event of Default, in addition to any amount required to be paid under this Section 26, Tenant also will be liable for and will pay to Landlord (i) reasonable brokers' fees, and all other costs and expenses incurred by Landlord in connection with reletting the whole or any part of the Premises; (ii) the costs of removing, storing or disposing of Tenant's or any other occupant's property; (iii) the costs of repairing, altering, remodeling or otherwise putting the Premises into condition acceptable to a new lessee; (iv) any and all costs and expenses incurred by Landlord in effecting compliance with Tenant's obligations under this Lease; and (v) all reasonable expenses incurred in connection with such enforcement or defense, including, but not limited to, reasonable attorneys' fees. All costs incurred by Landlord pursuant to (i) and (iii) above, will be amortized over the term of the lease with the new tenant, and Tenant will only be liable for those costs allocated to the Term of this Lease.

26.5 Late Charge. In the event Tenant fails to make any payment due under this Lease within 5 days after such payment is due, including, without limitation, any rental payment, in order to help defray the additional cost to Landlord for processing late payments and not as interest, Tenant will pay to Landlord on demand a late charge in an amount equal to 5% of such payment. The late charge will be in addition to all of Landlord's other rights and remedies under this Lease or at law and will not be construed as liquidated damages or as limiting Landlord's remedies in any manner.

26.6 Interest on Past Due Amounts. If Tenant fails to pay to Landlord when due any sum under any provision of this Lease and Tenant's failure to pay continues for 10 days after the due date, then Tenant will pay to Landlord interest on the overdue amounts from the date due until paid at an annual rate which equals the lesser of 18% or the highest rate then permitted by law.

26.7 No Implied Acceptances or Waivers. Exercise by Landlord of any one or more remedies hereunder or otherwise available will not be deemed to be an acceptance by Landlord of Tenant's surrender of the Premises, it being understood that Tenant's surrender can be effected only by the written agreement of Landlord. Tenant and Landlord further agree that forbearance by Landlord to enforce any of its rights under this Lease or at law or in equity will not be a waiver of Landlord's right to enforce any one or more of its rights, including any right previously forborne, in connection with any existing or subsequent default. No re-entry or taking possession of the Premises by Landlord will be construed as an election on its part to terminate this Lease, unless a written notice of such intention is given to Tenant, and, notwithstanding any reletting or re-entry or taking possession of the Premises, Landlord may at any time thereafter elect to terminate this Lease for a previous default. Pursuit of any remedies provided in this Section 26 will not preclude the pursuit of any other remedy provided under this Lease or any other remedies provided by law, nor will pursuit of any remedy provided under this Lease

constitute a forfeiture or waiver of any rent due to Landlord under this Lease or of any damages occurring to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of any rent following an Event of Default under this Lease will not be construed as Landlord's waiver of the Event of Default. No waiver by Landlord of any violation or breach of any of the terms, provisions and covenants of this Lease will be deemed or construed to constitute a waiver of any other violation or default.

26.8 Reletting of Premises. In the event of any termination of this Lease and/or repossession of the Premises due to an Event of Default, Landlord will use reasonable efforts to re-let the Premises and to collect rental after reletting, with no obligation to accept any lessee that Landlord deems undesirable or to expend any funds in connection with reletting or collection of rents therefrom. Tenant will not be entitled to credit for or reimbursement of any proceeds of reletting in excess of the rental owed under this Lease for the period of reletting. Landlord may re-let the whole or any portion of the Premises, for any period, to any lessee and for any use or purpose.

26.9 Landlord's Default. If Landlord fails to perform any of its obligations under this Lease Tenant's exclusive remedy will be an action for damages, but only after Tenant has given Landlord 30 days written notice and unless and until Landlord fails to cure the default, Tenant will not have any remedy or cause of action by reason thereof. All obligations of Landlord under this Lease will be construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of its possession of the Premises and not thereafter. The term "Landlord" will mean only the party identified in on **APPENDIX 1** and only until Landlord transfers its interest in the Premises, after which Landlord will be released and discharged from all covenants and obligations of Landlord thereafter accruing. Notwithstanding any other provision of this Lease, Landlord will not have any personal liability under this Lease and Tenant agrees to look solely to the equity or interest, (including rents), then owned by Landlord in the Premises or the Building. In no event will any deficiency judgment or any money judgment of any kind be sought or obtained against Landlord's directors, employees or agents.

26.10 Tenant's Personal Property. If Landlord repossesses the Premises, or if Tenant vacates or abandons all or any part of the Premises for more than 6 months, then Tenant will remove its personal property from the Premises and if Tenant does not remove its personal property within 30 days of Landlord's demand then, in addition to Landlord's rights under this Section 26, Landlord has the right to (i) keep in place and use, or (ii) remove and store, all of the furniture, fixtures and equipment at the Premises, including that which is owned by or leased to Tenant, at all times prior to repossession by any lessor thereof or third party having a lien thereon. Landlord may dispose of the stored property if Tenant does not claim the property within 10 days after the date the property is stored. Landlord will give Tenant at least 10 days prior written notice of the intended disposition. Landlord will also have the right to relinquish possession of all or any portion of Tenant's furniture, fixtures, equipment and other property to any person ("Claimant") who presents to Landlord a copy of any instrument represented by Claimant to have been executed by Tenant (or any predecessor of Tenant) granting Claimant the right under various circumstances to take possession of Tenant's furniture, fixtures, equipment or other property, without the necessity on the part of Landlord to inquire into the authenticity or legality of said instrument. The rights of Landlord stated in this Paragraph 26.10 are in addition

to any and all other rights that Landlord has or may hereafter have at law or in equity, and Tenant stipulates and agrees that the rights granted Landlord under this paragraph are commercially reasonable.

27. MORTGAGES. Tenant may not encumber its leasehold interest whether by mortgage or otherwise without obtaining Landlord's prior written consent. Tenant agrees that this Lease will be subordinate to any ground lease or underlying lease, first-lien mortgage or deed of trust or other first or second lien covering the Premises, upon and subject to the following terms and conditions. Tenant's subordination is conditioned on execution and delivery to Tenant by each lessor under a ground lease or underlying lease, each mortgagee, lien holder and beneficiary of a first- or second-lien deed of trust by whom subordination is requested, of a nondisturbance agreement reasonably acceptable to Tenant. With respect to any lessor, mortgagee, etc., whose interest is in existence prior to the beginning of the Term, Landlord agrees, upon written request of Tenant, to obtain a nondisturbance agreement within 30 days of the execution of this Lease. The nondisturbance agreement will be in recordable form and will recognize Tenant's rights under this Lease in the event Landlord's interest is terminated while this Lease is in effect. The nondisturbance agreement will include a provision to the effect that in the event of a termination of the ground or underlying lease or foreclosure of the mortgage, deed of trust or other lien in favor of the secured party, or upon a sale of the property encumbered thereby pursuant to the trustee's power of sale, or upon a transfer of the Premises by deed in lieu of foreclosure, then for so long as Tenant is not in material default under the terms, covenants and conditions of this Lease, this Lease will continue in full force and effect as a direct lease between the owner or succeeding owner of the Premises, as landlord, and Tenant for the balance of the Term, upon and subject to all of the terms, covenants and conditions of this Lease. The nondisturbance agreement will not in any event include any terms that are inconsistent with the terms of this Lease or that adversely affect Tenant's rights, or increase Tenant's obligations, under this Lease. Tenant will not pursue any remedy available to Tenant under this Lease for any default on the part of Landlord without first giving written notice by certified or registered mail, return receipt requested, to any mortgagee, trustee or holder of any mortgage or deed of trust, the name and post office address of which Tenant has received written notice, specifying the default in reasonable detail and affording the mortgagee, trustee or holder a reasonable opportunity (not less than 30 days) to make performance, at its election, for and on behalf of Landlord.

28. MECHANIC'S LIENS. The Premises are publicly owned property and are not subject to mechanic's and materialmen's liens under Texas law. Tenant has no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord or Tenant in the Premises.

29. MISCELLANEOUS.

29.1 Consent by Landlord/Tenant. Whenever in this Lease, Landlord's or Tenant's consent, permission or approval is required and has been properly requested, such consent, permission or approval will not be unreasonably withheld, delayed or conditioned, unless such right has been specifically reserved elsewhere in this Lease.

29.2. Interpretation. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

29.3 Binding Effect. Except as otherwise expressly provided in this Lease, the terms, provisions and covenants and conditions in this Lease apply to, inure to the benefit of and are binding upon the parties hereto and upon their respective successors and assigns. Landlord has the right to transfer and assign, in whole or in part, its rights and obligations in the Premises and in the Buildings and other property that are the subject of this Lease.

29.4 Evidence of Authority. Tenant represents, covenants and warrants to Landlord that (i) it is a duly formed entity in accordance with the applicable requirements of the jurisdiction in which it has been formed and, if such jurisdiction is other than the jurisdiction in which the Premises is located it is duly qualified in such jurisdiction to transact business, (ii) it has the full right, power and authority to enter into this Lease, (iii) any and all corporate or other such action necessary to approve and ratify the entering into of this Lease by Tenant has been taken (and Tenant agrees to provide evidence thereof to Landlord upon Landlord's request) and (iv) the person executing this Lease on behalf of Tenant has been empowered with all necessary authority to do so and thereby to bind Tenant fully to all of the terms and conditions hereof.

29.5 Force Majeure. Neither the Landlord nor Tenant, together with their respective agents, employees, officers and representatives, individually and collectively, will be held responsible for delays in the performance of its obligations under this Lease (except for Base Rental and Additional Rent and other payments owed by Tenant to Landlord) when caused by material shortages, acts of God, epidemics, labor disputes or other events beyond the control of Landlord or Tenant, as the case may be.

29.6 Payments Constitute Rent. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, will constitute rent.

29.7 Estoppel Certificates. Tenant agrees, from time to time, within 10 days after written request of Landlord, to deliver to Landlord, or its designee, an estoppel certificate stating that this Lease is in full force and effect, the date to which rent has been paid, the unexpired term of this Lease, any defaults existing under this Lease (or the absence thereof) and any other factual or legal matters pertaining to this Lease as may be requested by Landlord. It is understood and agreed that Tenant's obligations to furnish estoppel certificates in a timely fashion is a material inducement for Landlord's execution of this Lease.

29.8 Entire Agreement. This Lease constitutes the entire understanding and agreement of Landlord and Tenant with respect to the subject matter of this Lease and contains all of the covenants and agreements of Landlord and Tenant with respect thereto. Landlord and Tenant each acknowledge that no representations, inducements, promises or agreements, oral or written, have been made by Landlord or Tenant, or anyone acting on behalf of Landlord or Tenant, which are not contained in this Lease, and any prior agreements, promises, negotiations or representations not expressly set forth in this Lease are of no force or effect. EXCEPT AS

SPECIFICALLY PROVIDED IN THIS LEASE, TENANT HEREBY WAIVES THE BENEFIT OF ALL WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PREMISES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTY THAT THE PREMISES ARE SUITABLE FOR ANY PARTICULAR PURPOSE. THE PREMISES ARE HEREBY PROVIDED TO TENANT AND TENANT HEREBY ACCEPTS THE PREMISES AS-IS, WHERE-IS. Landlord's agents and employees do not and will not have authority to make oral exceptions, changes, or amendments to this Lease, or factual representations not expressly contained in this Lease. Under no circumstances will Landlord or Tenant be considered an agent of the other. This Lease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto. The foregoing warranty waiver provisions are not intended to relieve the United States Government from any liability for any environmental contamination released by the United States Government, nor to require Tenant to be responsible for clean-up, remediation, or third-party liability resulting from environmental contamination, except to the extent released or aggravated by Tenant.

29.9 Survival of Obligations. All obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of the Term of this Lease will survive the expiration or earlier termination of the Term hereof, including, without limitation all payment obligations with respect to insurance and all obligations concerning the condition and repair of the Premises for a period of 4 years following the expiration or the termination of the Lease. Upon the expiration or earlier termination of the Term hereof, and prior to Tenant vacating the Premises, Tenant will either repair or will pay to Landlord any amount reasonably estimated by Landlord as necessary to put the Premises in good condition and repair, reasonable wear and tear excluded as required of Tenant by Section 10. Tenant will also, prior to vacating the Premises, pay to Landlord the amount, as estimated by Landlord, of Tenant's obligation hereunder for insurance premiums for the year in which this Lease expires or terminates. These amounts will be used by Landlord for payment of Tenant's obligations, with Tenant being liable for any additional costs therefore upon demand by Landlord, or with any excess to be promptly returned to Tenant after all of Tenant's obligations have been determined and satisfied, as the case may be.

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

29.11 Effective Date. All references in this Lease to "the date hereof" or similar references refer to the Lease Date.

29.12 Broker's Commission. Tenant represents and warrants that it has dealt with and will deal with no broker, agent or other person in connection with this Lease or extensions or amendments to this Lease other than the Tenant broker set out on **APPENDIX 1**, and that no other broker, agent or other person brought about this transaction. Landlord has not used the services of a broker in connection with this Lease unless set out in **APPENDIX 1**.

Notwithstanding the foregoing, the brokers set out in **APPENDIX 1** are to be paid a commission by the Landlord per a separate agreement *and any commissions paid to Landlord's Broker will be the exclusive responsibility of Landlord.*

29.13 Ambiguity. Landlord and Tenant hereby agree and acknowledge that this Lease has been fully reviewed and negotiated by Landlord and Tenant and their respective legal counsel and, accordingly, in the event of any ambiguity in this Lease, Tenant waives the rule of construction that the ambiguity will be resolved against the party who prepared this Lease.

29.14 Joint and Several Liability. If the "Tenant" is comprised of more than one person, the obligations thereunder imposed upon Tenant will be joint and several. If there is a guarantor of Tenant's obligations, the obligations in this Lease imposed upon Tenant will be joint and several obligations of Tenant and the guarantor, and Landlord need not first proceed against Tenant before proceeding against the guarantor, nor will the guarantor be released from its guaranty for any reason whatsoever, including, without limitation, in case of any amendments hereto, waivers hereof or failure to give the guarantor any notices under this Lease.

29.15 Third Party Rights. Nothing herein expressed or implied is intended, nor will be construed, to confer upon or give to any person or entity, other than Landlord and Tenant, together with their respective agents, employees, officers and representatives, individually and collectively, any right or remedy under or by reason of this Lease.

29.16 Exhibits and Attachments. All exhibits, attachments, riders and addenda referred to in this Lease, are incorporated into this Lease and made a part hereof for all intents and purposes as if fully set out in this Lease. All capitalized terms used in such documents will, unless otherwise defined therein, have the same meanings as are set forth in this Lease.

29.17 Applicable Law/Venue. This Lease has been executed in San Antonio, Texas, and will be governed in all respects by the laws of the State of Texas. Venue for any action brought under this Lease will be in Bexar County, Texas, and nowhere else. It is the intent of Landlord and Tenant to conform strictly to all applicable state and federal usury laws. All agreements between Landlord and Tenant, whether now existing or hereafter arising and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever will the amount contracted for, charged or received by Landlord for the use, forbearance or retention of money hereunder or otherwise exceed the maximum amount which Landlord is legally entitled to contract for, charge or collect under the applicable state or federal law. If, from any circumstance whatsoever, fulfillment of any provision hereof would result in exceeding the legal maximum, then the obligation to be fulfilled will be automatically reduced to the legal maximum and, if from any circumstance, Landlord ever receives as interest or otherwise an amount in excess of the legal maximum, then that amount that would be excessive interest will be applied to the reduction of rent under this Lease and, if that amount that would be excessive interest exceeds the rent due, then that additional amount will be refunded to Tenant.

29.18 Time of Essence. Time is of the essence with respect to all of the rights and obligations of Tenant hereunder including, without limitation, Tenant's option rights contained in Paragraph 6.1 hereof if any.

29.19 Recording. At the request of either party, the parties will execute in recordable form a memorandum of this Lease for the purpose of giving notice to third parties of the existence of this Lease, the identity of the Premises, and the length of the Term and Extended Term. Either party may record a memorandum (but not the whole Lease) for the purpose of giving such notice.

29.20 Payment on Demand. Whenever used in this Lease, the phrase "payment on demand" means within 30 days of receipt of a bona fide and reasonably documented invoice.

29.21 Days. Whenever used in this Lease, the term "days" means calendar days.

29.22 Attorney's Fees/Legal Documents. In the event that any action or proceeding is brought to enforce any term, covenant or condition of this Lease on the part of Landlord or Tenant, the prevailing party in such litigation will be entitled to reasonable attorney's fees to be fixed by the court in such action or proceeding. Landlord's estoppels and lien waivers will be provided on Landlord's standard forms only.

29.23 General Terms. As used in this Lease, the terms "herein," "herewith," and "hereof" are references to this Lease, taken as a whole, the term "includes" or "including" means "including, without limitation," and references to a "Section," "subsection," "Paragraph," "subparagraph," or "Appendix" means a Section, subsection, Paragraph, subparagraph or Appendix of this Lease, as the case may be, unless in any such case the context requires otherwise. All references to Landlord or Tenant include their successors and permitted assigns. All references to a given agreement, instrument or other document will be a reference to that agreement, instrument or other document as modified, amended, supplemented and restated through the date as of which such reference is made, and reference to a Law includes any amendment or modification thereof. The singular includes the plural and the masculine includes the feminine and neuter, and vice versa.

29.24 Financial Statements. Intentionally omitted

30. NOTICES. Procedure for Notices. Each provision of this instrument or of any applicable governmental laws, ordinances, regulations and other requirements with reference to the sending, mailing or delivering of notice or the making of any payment by Landlord to Tenant or with reference to the sending, mailing or delivering of any notice or the making of any payment by Tenant to Landlord will be deemed to be complied with when and if the following steps are taken:

(A) All rent and other payments required to be made by Tenant to Landlord under this Lease will be payable to Landlord at the address for Landlord set forth on **APPENDIX 1** or at any other address as Landlord may specify from time to time by written notice delivered in accordance with this Section 30. Tenant's obligation to pay rent and any other amounts to Landlord under the terms of this Lease will not be deemed satisfied until the rent and other amounts have been actually received (as opposed to deemed received as under Paragraph 30.(C) below) by Landlord.

(B) All payments required to be made by Landlord to Tenant under this Lease will be payable to Tenant at the address set forth on **APPENDIX 1**, or at any other address within the continental United States as Tenant may specify from time to time by written notice delivered in accordance with this Section 30.

(C) Except as expressly provided elsewhere in this Lease, any written notice, document or payment required or permitted to be delivered under this Lease will be deemed to be delivered when received or, whether actually received or not, when deposited with Federal Express or 3 days after being mailed in the United States mail, postage prepaid, certified or registered mail, return receipt requested addressed as shown on **APPENDIX 1**.

31. RULES AND REGULATIONS. Tenant will abide by Landlord's Rules and Regulations for the Building, as set out on **APPENDIX C**.

32. APPROPRIATIONS.

All obligations of the City of San Antonio under this Lease are funded subject to the discretion of City Council whether to appropriate funding. Other than the obligation to fund \$1,100,000 for Tenant Improvements payable within 30 days of the Commencement Date, if the City Council fails to appropriate money for any obligation under this Lease, the City may terminate this agreement and have no further liability.

33. PROHIBITED INTEREST IN CONTRACTS.

33.01. The Charter of the City of San Antonio ("City") 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; or*
- (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.*

33.02. Landlord warrants and certifies as follows:

- (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.*

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

DATED as of the date shown in **APPENDIX 1**

LANDLORD:

TENANT:

PORT AUTHORITY OF SAN ANTONIO

CITY OF SAN ANTONIO

By: _____
Name: James E. Perschbach
Its: President & CEO

By: _____
Name: _____
Its: _____

Approved as to Form:

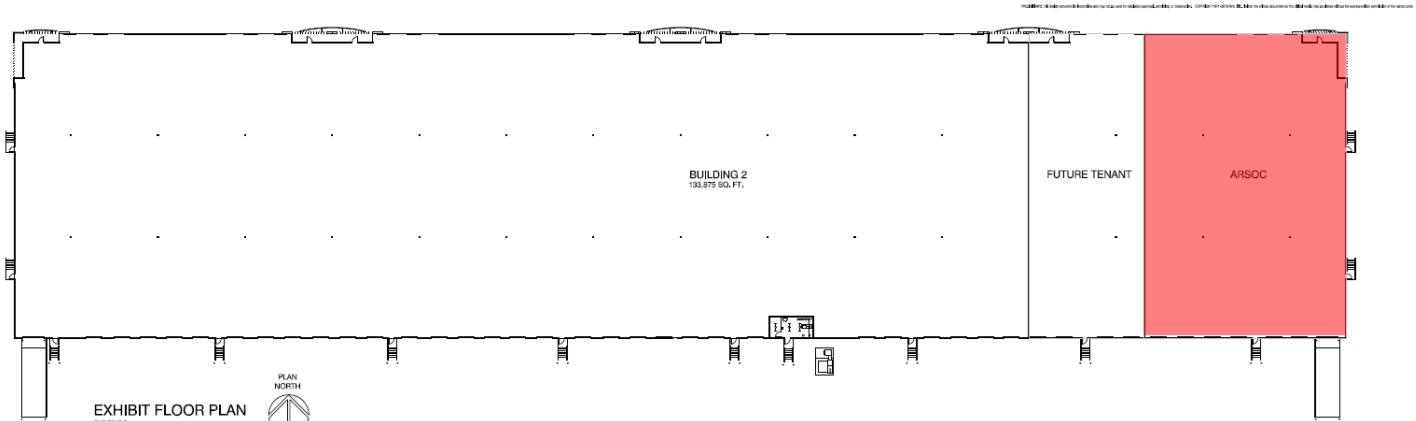
City Attorney

Attest:

City Clerk

APPENDIX A
PREMISES

Building 940 is located at 638 Davy Crockett
San Antonio, Texas 78226 and the Premises are shown, as follows:



638 Davy Crockett
(Building 940)

APPENDIX B
TENANT IMPROVEMENTS

1. Landlord will complete and deliver to Tenant the Premises and all improvements thereto as follows: offices, restrooms, demising walls, architectural plans, and other mutually agreed upon standard tenant improvements (“Tenant Improvements”). Landlord’s Work excludes work to be done by the Tenant, which includes the purchase and installation of telecom systems; computer equipment; shredders; safes; signage; systems furniture; case-goods; tele-data cabling and audio-visual equipment.

2. Subject to Section 4 below, Tenant will bear the entire cost of the Tenant Improvements, including, without limitation, all architectural and engineering fees associated with the preparation of Tenant’s plans and any changes thereto, labor, material and equipment costs, permit fees and overhead and will pay \$2,205,885.00 within 30 days of the Commencement Date and the remaining balance of up to \$500,000 will be paid no later than December 31, 2021 as set out on **APPENDIX 1**.

3. Landlord will submit to Tenant space plans (the “Space Plans”) for the Premises which will address all of the Tenant Improvements to be completed by Landlord. Within 5 days after Tenant’s receipt of the Space Plans it will submit to Landlord in writing any requested changes, and Landlord and Tenant will thereafter work together in good faith to agree upon final Space Plans. After final approval of the Space Plans by Landlord and Tenant and execution of the Lease Agreement, Landlord will submit to Tenant construction drawings and specifications (the “Tenant Improvement Plans”) for all Tenant Improvements. Within 5 days after Tenant’s receipt of the Tenant Improvement Plans, Landlord will submit to Tenant in writing any requested changes, and Landlord and Tenant will work together in good faith to agree upon final Tenant Improvement Plans.

4. Landlord will provide Tenant with the TI Allowance toward Tenant’s costs in constructing the Tenant Improvements set out in **APPENDIX 1**.

5. The Tenant Improvements to be constructed by Landlord will be typical office finish-outs to the Landlord’s standard finishes.

APPENDIX C
RULES AND REGULATIONS

The following rules and regulations will apply, where applicable, to the Property:

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas will not be obstructed by tenants or used by any tenant for any purpose other than ingress and egress to and from the premises and for going from one to another part of the Property.
2. Plumbing, fixtures and appliances will be used only for the purposes for which designed, and no sweepings, rubbish, rags or other unsuitable material will be thrown or placed therein. Damage resulting to fixtures or appliances from misuse by a tenant or such tenant's agents, employees or invitees will be paid by the tenant and Landlord will not in any case be responsible therefore.
3. No signs, advertisements or notices will be painted or affixed on or to any windows or doors or other exterior part of the Property (or be visible from any public or common area) unless their color, size, style and location are first approved in writing by Landlord. Landlord, at tenant's sole cost and expense, will install all letters or numerals by or on doors in tenant's leased premises that are in building standard graphics. No nails, hooks or screws will be driven or inserted in any part of the Building outside the premises except by the Building maintenance personnel nor will any part of the Building be defaced by tenants. No curtains or other window treatments will be placed between the glass and the Building standard window treatments.
4. Landlord will provide and maintain an alphabetical directory board for all tenants in the first floor (main lobby) of the Building and no other directory will be permitted without the prior, written consent of Landlord.
5. Two keys to the locks on the doors entering each tenant's Leased Premises will be furnished by Landlord free of charge, with any additional keys to be furnished by Landlord to each tenant, at tenant's cost. Landlord will provide all locks for other doors in each tenant's leased premises, at the cost of such tenant, and no tenant will place any additional lock or locks on any door in or to its leased premises without Landlord's prior written consent. All such keys will remain the property of Landlord.
6. With respect to work being performed by tenants in any leased premises with the approval of Landlord, tenants will refer all contractors, contractors' representatives and installation technicians to Landlord for Landlord's supervision, approval and control before the performance of any contractual services. This provision will apply to all work performed in the Building including, but not limited to, installation of telephones, telegraph equipment, electrical devices and attachments, doors, entranceways, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings and equipment.

7. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which requires use of elevators or stairways, or movement through the Building entrances or lobby will be restricted to such hours as Landlord will designate. All such movements will be under the supervision of Landlord and in the manner agreed between the tenants and Landlord by pre-arrangement before performance. Such pre-arrangement initiated by a tenant will include determination by Landlord, and subject to its decision and control, as to the time, method, and routing of movement and as to the limitations for safety or other concern, which may prohibit any article, equipment or any other item from being brought into the Building. The tenants are to assume all risks of damage to articles moved and injury to persons, including but not limited to, equipment, property and personnel of Landlord if damaged or injured as a result of acts in connection with carrying out this service for a tenant from time of entering the property to completion of work. Landlord will not be liable for acts of any person engaged in, or any damage or loss to any property or persons resulting from, any act in connection with the service performed for a tenant.

8. Landlord has the right to prescribe the weight and position of safes and other heavy equipment or items, which will in all cases, stand on supporting devices approved by Landlord in order to distribute weight. All damage done to the Building by the installation or removal of any property of a tenant, or done by a tenant's property while in the Building, will be repaired at the expense of the tenant. Tenant will bear all costs incurred by Landlord or Tenant in determining the feasibility or actual installation of any heavy equipment.

9. A tenant will notify the Building manager when safes or other heavy equipment are to be taken in or out of the Building and the moving will be done under the supervision of the Building manager, after written permission from Landlord. Persons employed to move such property must be acceptable to Landlord.

9. Each tenant will cooperate with Landlord's employees in keeping its leased premises neat and clean.

10. Landlord will be in no way responsible to the tenants, their agents, employees or invitees for any loss of property from the leased premises or public areas or for any damages to any property thereon from any cause whatsoever.

11. To ensure orderly operation of the Building, no ice, mineral or other water, towels, newspapers, etc. will be delivered to any leased area except by persons appointed or approved by Landlord in writing.

12. If a tenant requires telegraphic, telephonic, annunciator or other communication service, Landlord will direct the electrician where and how wires are to be introduced and placed. Except as provided in each tenant's lease, electric current will not be used for heating or nonstandard power requirements without Landlord's prior written consent

13. Tenant will not make or permit any improper, objectionable or unpleasant noises or odors in the Building or otherwise interfere in any way with other tenants or persons having business with them.

14. Nothing will be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals will be brought into or kept in, on or about any tenant's leased premises.

15. No machinery of any kind will be operated by tenant on its leased area without the prior written consent of Landlord, nor will any tenant use or keep in the Building any inflammable or explosive fluid or substance.

16. No portion of any tenant's leased premises will at any time be used or occupied as sleeping or lodging quarters.

17. Each tenant and its agents, employees and invitees will park only in those areas designated by Landlord for parking by such tenant and will not park on any public or private streets contiguous to, surrounding or in the vicinity of the Building without Landlord's prior written consent.

18. Landlord will not be responsible for lost or stolen property, money or jewelry from tenant's leased premises or public or common areas regardless of whether such loss occurs when the area is locked against entry or not.