

AN ORDINANCE **2017-05-25-0383**

AUTHORIZING, UPON APPROVAL AND RELEASE OF SUPPLEMENTAL GRANT FUNDS FROM THE OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION, A FIVE-YEAR LEASE WITH BRASS LEFTOUT, LLC FOR OFFICE SPACE AT 4402 WEST PIEDRAS STREET TO BE USED FOR THE TEXAS ANTI-GANG INITIATIVE AT AN ANNUAL RENT OF \$694,404.00 IN THE FIRST YEAR INCREASING TO \$720,819.60 IN THE FIFTH AND FINAL YEAR OF THE TERM.

* * * * *

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

SECTION 1. The City Manager and her designee, severally, are authorized and directed to execute and deliver on behalf of the City an instrument in the form of **Attachment I**, which is incorporated for all purposes as if fully set forth. The City Manager and her designee, severally, should take all other actions conducive to effectuate the transaction, including agreeing to non-material changes to the approved form and executing and delivering ancillary documents and instruments conducive to effectuating the transaction.

SECTION 2. Fund 2205517001 entitled "Texas Anti-Gang 2016" and Internal Order 117000000218 and General Ledger number 5206010 are hereby designated for use in the accounting for the fiscal transaction of this contract.

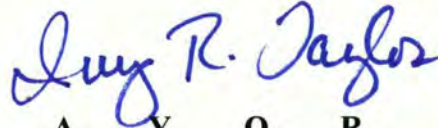
SECTION 3. Funding is contingent upon approval and release of supplemental grant funds. Payment not to exceed the budgeted amount is authorized and should be encumbered with a purchase order.

Year	Monthly Rent	Annual Rent
1	57,867.00	694,404.00
2	58,393.17	700,718.04
3	58,935.13	707,221.56
4	59,493.34	713,920.08
5	60,068.30	720,819.60

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

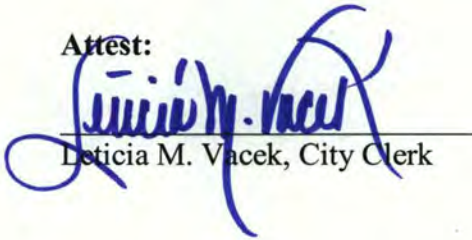
SECTION 5. This Ordinance shall be effective immediately upon passage by eight or more affirmative votes; otherwise, it shall be effective on the tenth day after passage.

PASSED AND APPROVED this 25th day of May, 2017.

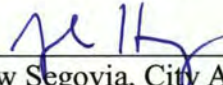


M A Y O R
Ivy R. Taylor

Attest:


Leticia M. Vacek, City Clerk

Approved As To Form:


for Andrew Segovia, City Attorney

Agenda Item:	10 (in consent vote: 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14)						
Date:	05/25/2017						
Time:	09:18:11 AM						
Vote Type:	Motion to Approve						
Description:	An Ordinance authorizing, upon approval and release of supplemental grant funds from the Office of the Governor, Criminal Justice Division, a five-year lease with Brass LeftOut, LLC for office space at 4402 West Piedras Street to be used for the Texas Anti-Gang Initiative at an annual rent of \$694,404.00 in the first year increasing to \$720,819.60 in the fifth and final year of the term. [Erik Walsh, Deputy City Manager; William P. McManus, Chief of Police]						
Result:	Passed						
Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Treviño	District 1		x				x
Alan Warrick	District 2		x				
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x			x	
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

**Office Lease
(SAPD/TAG Lease)**

Table of Contents

1. Basic Information, Definitions	2
2. Grant.....	4
3. Rent	5
4. Term, Renewal.	6
5. Tenant's Affirmative Promises.....	7
6. Tenant's Negative Promises.....	8
7. Landlord's Affirmative Promises.....	9
8. Landlord's Negative Promises.....	11
9. Repair, Maintenance, and Replacement Responsibilities.....	12
10. Alterations.....	13
11. Insurance.....	13
12. Release of Claims, Subrogation.....	15
13. Indemnity.....	15
14. Casualty: Total or Partial Destruction.....	17
15. Condemnation: Substantial or Partial Taking.....	18
16. Holdover.....	19
17. Default.....	19
18. Warranty Disclaimer; As Is, Where Is.....	21
19. Environmental.....	21
20. Appropriations.....	24
21. Dispute Resolution.....	24
22. Prohibited Interests in Contracts.....	25
23. Miscellaneous.....	26
24. Public Information.....	28
25. Security Deposit.....	28
26. Brokerage Fees.....	28
27. Subordination and Estoppel Certificates.....	29
28. Assignment and Subletting.....	30
29. Security.....	30
Exhibit A: Graphic Depiction of Premises.....	32
Exhibit B: Cleaning and Maintenance Schedule.....	33
Exhibit C: Work Letter.....	36
Exhibit D: Occupancy Commencement Memorandum.....	52
Exhibit E: Initial Cost Memorandum.....	54
Exhibit F: Graphic Depiction of Parking.....	57
Exhibit G: Authorizing Ordinance.....	58

1. Basic Information, Definitions.

Authorizing Ordinance: _____, which shall be attached as Exhibit G to this Lease subsequent to the Binding Date and prior to the Occupancy Commencement Date

Landlord: Brass LeftOut, LLC

Landlord's Address: 4440 Piedras Drive, Suite 150, San Antonio, Texas 78228

Tenant: City of San Antonio

Tenant's Address: P.O. Box 839966, San Antonio, Texas 78283-3966
(Attention: Manager, Leasing Division)

Premises: The 26,811 rentable square feet located in a portion of the building as that term is defined below located at 4402 West Piedras Street, San Antonio, Bexar County, Texas, 78228 together with the exclusive parking spaces referred to in subsection 2.01, more fully described in the space plan attached as Exhibit A.

Lease or Agreement: This Office Lease

Building or Houston Building: The Houston Building located at 4402 West Piedras Street, San Antonio, Bexar Texas, 78228 consisting of 36,400 rentable square feet and the surrounding sidewalks, drives and land area (the "Property").

Permitted Use: General office use of the Office of the City of San Antonio's managed Texas Anti-Gang Initiative (TAG) administrative offices and/or other City of San Antonio Police Department and or other City of San Antonio office functions.

Building Operating Hours: Monday thru Friday from 6:00 AM to 6:00 PM including holidays and Saturday from 7:00 AM to 2:00 PM.

Occupancy Commencement Date: As provided in Section 2.02 of this Agreement.

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

Initial Term: Five years beginning the first day of the first full month following the Occupancy Commencement Date.

Address for Payment of Rent: Brass Centerview 2016, LLC, 4440 Piedras Drive, Suite 150, San Antonio, Texas 78228.

Asbestos Survey Deadline: 30 days from the Binding Date.

Common Areas: The Building lobby, elevators, stairwells, restrooms and corridors; the Property streets and driveways, non-exclusive parking space and sidewalks intended for use of all Building tenants. Landlord has exclusive control over and right to manage the Common Areas.

Essential Services: (a) HVAC to the Premises reasonable for the Permitted Use (inclusive of needs unique to specialized equipment installed by Landlord as part of the Tenant Improvements during and after Building Operating Hours; (b) hot and cold water for lavatories and drinking; (c) the cleaning and maintenance services on **Exhibit B**; (d) elevator service to provide access to and from the Premises; (e) electricity for normal office machines and the Building's standard lighting reasonable for the Permitted Use; and (f) lighting in Common Areas and fluorescent lights in the Building's standard light fixtures on the Premises.

Office Park: Brass Professional Center

Council or City Council: The City Council of the City of San Antonio, Texas

Lease Year: A full twelve (12) month period during the term of the Lease, with the first Lease Year commencing on the Commencement Date and terminating on the date immediately preceding the anniversary of the first day of the Lease Year. For illustration purposes only, if the Commencement Date is July 1, 2017, the first Lease Year shall be from July 1, 2017 to June 30, 2018, and the second Lease Year shall be from July 1, 2018 to June 30, 2019.

The exhibits to this Lease are:

- Exhibit A: Graphic Depiction of Premises
- Exhibit B: Cleaning and Maintenance Schedule
- Exhibit C: Work Letter
- Exhibit D: Occupancy Commencement Memorandum
- Exhibit E: Initial Cost Memorandum
- Exhibit F: Graphic Depiction of Parking
- Exhibit G: Authorizing Ordinance

2. Grant.

2.01. Landlord leases the Premises to Tenant, and Tenant takes the Premises from Landlord on the terms and conditions of this Lease. As a part of the Lease, Landlord must provide Tenant a total of 112 parking spaces, all at no charge, of which 100 parking spaces are reserved at the Houston Building and enclosed in a secured, fenced, parking lot adjacent to the Premises (Reserved Parking Spaces) constructed in compliance with the Base Building Improvements identified in Exhibit C of this Lease, Work Letter. The number of Reserved Parking Spaces may vary slightly, but in no event shall be less than 96 full-size, i.e. non compact size, parking spaces, based on the final layout of the fencing. Landlord will provide another 12 parking spaces, (subject to increase on a per space basis in the event the secured area is not able to accommodate the entire 100 full-size parking spaces), outside of the secured parking area in surface lots located adjacent to the Houston Building excluding any handicap spaces required to make the entire Building ADA compliant. Furthermore, effective 30 days following Tenant's written request and continuing for the duration of Initial Term and any renewal thereof, Landlord will make up to an additional 24 full-size parking spaces available to Tenant (exclusive of handicap spaces) in the parking area on the Property. Exhibit F graphically depicts parking lot and space location and configuration.

2.02. The Occupancy Commencement Date, which is the date by which Tenant is obliged to commence payment of rent, must occur within the following window:

- A. No earlier than the date that a certificate of occupancy for the Premises is issued, or
- B. No later than the date the Tenant commences business in the Premises as evidenced by employees of Tenant working from the Premises. Notwithstanding this condition, in no event, regardless of when Tenant commences operation from the Premises shall the Occupancy Commencement Date be later than 30 days after the date the certificate of occupancy for the Premises is issued.

The parties will confirm the actual Occupancy Commencement Date in the Occupancy Commencement Memorandum substantially in the form attached as **Exhibit D**. Tenant must sign or contest Landlord's proposed Occupancy Commencement Memorandum within 30 days of Tenant's receipt of the same or Landlord's proposed Occupancy Commencement Memorandum shall be deemed accepted and agreed to by Tenant.

2.03. If, after accounting for Tenant Delay or Force Majeure, (as those terms are defined elsewhere in this Lease), Landlord has not completed the Tenant Improvements by the later to occur (a) of 150 days after the Binding Date, or (b) October 1, 2017, Tenant may choose to cancel this Lease by delivering written notice of termination to Landlord.

3. Rent.

3.01. Rent is due as of the Occupancy Commencement Date, and will be paid in accordance with the chart below. In the event that the Occupancy Commencement Date is not the first of the month, then the rent shall be prorated based on the number of days occurring in that month effective as of the Occupancy Commencement Date with the next rent payment due for a full month.

Period	Base Rent	Operating Expenses Rent	Total Monthly Rent
Months 1 - 12	\$40,328.00	\$17,539.00	\$57,867.00
Months 13 - 24	\$40,328.00	\$18,065.17	\$58,393.17
Months 25 - 36	\$40,328.00	\$18,607.13	\$58,935.13
Months 37 - 48	\$40,328.00	\$19,165.34	\$59,493.34
Months 49 - 60	\$40,328.00	\$19,740.30	\$60,068.30

3.02. Tenant must pay Rent in the amounts described in this Section 3 in advance on the first day of each month or within 8 days thereafter without penalty. Tenant further may be more than 8 days late (but no more than 30 days late) twice in a calendar year without penalty. On the third and each later occasion in a calendar year on which Tenant is more than 8 days late, Landlord may deliver to Tenant written notice of delinquency. If Tenant does not pay the full amount due within five (5) business days from delivery of Landlord's notice, then Tenant owes a late charge of 5% of the delinquent amount as additional rent. The late charge represents a fair and reasonable estimate of costs Landlord will incur because of the late payment. Interest and late charges are in addition to all Landlord's other rights and remedies.

3.03. If Landlord receives prepaid rent from or for the account of Tenant, Landlord has discretion to decide how to apply the prepaid rent unless expressly stated otherwise in the Lease.

3.04. Tenant's covenant to pay Rent and Landlord's covenants are independent. Except to the extent expressly provided in this Lease to the contrary, all Rent is due without notice, demand, offset or deduction.

3.05. For all purposes under this Lease when a calculation must be made based on the total rentable square feet in the Premises, the calculation must be based on 26,811 rentable square feet.

4. Term, Renewal.

4.01. The Term of this Lease is the *Initial Term* and any renewal terms exercised by Tenant pursuant to Section 4.02, unless sooner terminated as provided in this Lease.

4.02. So long as Tenant is not then in default under this Lease, and no event has occurred which with the giving of notice, passage of time, or both, would constitute a default under this Lease, Tenant may renew this Lease for one 5-year term by giving Landlord 120-days' prior written notice before expiration of the previous term. Renewals are on the same terms and conditions as the Initial Term, except for Rent which shall be comprised of two components: (1) base rent equal to \$20.15 per square foot annually during the entire Renewal Term; and (2) operating expense rent for the first Lease Year of the Renewal Term shall be limited to Landlord's actual costs to operate the Premises during the 12 month period ending as of December 31st prior to the commencement of the Renewal Term. Calculation of operating expense rent shall be limited to actual expenses incurred to provide the Essential Services and any other building services specifically required by this Lease during that 12 month period and exclude any payments for property tax or other taxes that were delinquent, prepaid, in arrears or otherwise represent more than a single year's tax liability with the overall goal to derive a fair representation of Premises operating costs for a 12 month period. The operating expense portion of the Renewal Term rent will be set for the first 12 months of the Renewal Term and then adjusted upwardly by 3% annually for the remainder of the Renewal Term. Tenant shall not be entitled to a tenant improvement or replacement allowance in connection with the Renewal Term.

5. Tenant's Affirmative Promises.

Tenant promises that it will:

5.01. Obey (a) all applicable laws relating to the use, condition, and occupancy of the Premises and Building; (b) any requirements imposed by utility companies serving or insurance companies covering the Premises or Building; and (c) any rules and regulations for the Building and Common Areas adopted by Landlord from time to time; (d) keep the Premises and fixtures in good working order, and; (e) repair and replace special equipment or decorative treatments above Landlord's Work installed by or at Tenant's request that serve the Premises only. Repairs or replacements required under subsection 5.01 (d) and (e) shall be made within a reasonable time (depending on the nature of the repair or replacements needed) after Tenant's receipt of notice or actual knowledge of Tenant of the need for a repair or replacement.

5.02. Obtain and pay for all cable TV services, telephone services and internet communication services used, or contracted for, by Tenant and/or its Tenant Authorized Occupants. "Tenant Authorized Occupants" means the entities and agencies that are designated as members of the TAG task force.

5.03. Allow Landlord to enter the Premises to perform Landlord's obligations, to inspect, repair and maintain the Premises, and show the Premises to prospective purchasers, lenders or investors.

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

5.05. Vacate the Premises, surrender the Premises to Landlord in broom clean condition and return all keys to the Premises promptly upon expiration of the Term, subject to any holdover rights expressly set forth in this Lease. On surrender, Tenant shall upon request by Landlord remove from the Premises its personal property, trade fixtures, and any alterations required to be removed by Landlord and repair any damage to the Premises caused by the removal within ten (10) days after vacating the Premises. Any items not removed by Tenant as required above shall be considered abandoned. Landlord may dispose of abandoned items as Landlord chooses and bill Tenant for the cost of their disposal, minus any net revenues received by Landlord for their disposal.

6. Tenant's Negative Promises.

Tenant promises that it will not:

6.01. Create a nuisance including with respect to other tenants or the Office Park.

6.02. Interfere with any normal business operations or Landlord's management of the Building or the Office Park.

6.03. Permit waste.

6.04. Use the Premises in any way that would increase insurance premiums, trigger additional insurance coverage by Landlord's mortgagee, or void insurance on the Building.

6.05. Change, alter or disable Landlord's lock system or any one or more individual locks. Notwithstanding this fact, Landlord recognizes that the Premises is used for law enforcement purposes and as such, access to certain rooms in the Premises is limited, as a result, from time to time, Tenant shall be allowed to re-key interior doors as necessary and not provide keys to Landlord.

6.06. Alter the Premises.

6.07. Allow a lien to be placed on the Premises, the Building, any portion of the Office Park, or Tenant's interest under this Lease, and will not bind, or attempt to bind, the Landlord for the payment of any money in connection with the construction, repair, alteration, addition, or reconstruction in, on, or about the Premises.

6.08. Except as to assignment or sublet of all or any portion of the Premises to an affiliate of Tenant, which right Tenant shall automatically have, Tenant shall not assign this lease or sublease any portion of the Premises without Landlord's written consent, which must not be unreasonably withheld the terms of which are as provided in more detail in Section 28 of this Lease.

6.09. Tenant shall not place or operate in the Premises any electrically operated equipment or other machinery, other than personal computers, reproduction machines, fax machines, radio equipment and other machinery and equipment normally used in offices for law enforcement purposes, unless installed by Landlord as part of Landlord's Work or Tenant receives Landlord's advance written consent. Landlord shall not unreasonably withhold or delay its consent, but Landlord may require payment for the extra use of electricity caused by operating this equipment or machinery (to the extent that such electricity charges are not billed directly to tenant

by City Public Service). Landlord may require that special, high electricity consumption installations of Tenant such as computer or reproduction facilities (except personal computers or normal office photocopy machines) be separately sub-metered for electrical consumption at Tenant's cost. Tenant's charges for the utilities provided under this Section 6.09 shall be: one hundred ten percent (110%) of Landlord's actual cost of supplying the utilities. Tenant's failure to pay the charges above within thirty (30) days of receiving a proper and correct invoice shall entitle Landlord to the same remedies it has upon Tenant's failure to timely pay Rent.

6.10 Use the Premises for any purpose other than the Permitted Use.

6.11 Mortgage, pledge or otherwise encumber its interest in the Lease or in the Premises,

7. Landlord's Affirmative Promises.

Landlord promises that it will:

7.01. Lease to Tenant the Premises for the entire Term, beginning on the Occupancy Commencement Date.

7.02. Obey all applicable laws with respect to Landlord's operation of the Building and Common Areas, except to the extent such compliance is the obligation of Tenant under this Lease.

7.03. Provide the Essential Services.

7.04. Subject to Section 9 below causing Tenant to be financially responsible for any repairs required due to its negligence or willful misconduct, Landlord will repair, replace, and maintain the (a) roof, (b) foundation, (c) Common Areas, (d) structural soundness of the exterior walls, doors, corridors, and windows, (e) HVAC including HVAC equipment installed by Landlord serving any specialty equipment installed in the Premises, wiring, and plumbing, (f) floors including carpeting or similar floor covering, to the extent necessitated by normal wear and tear, (g) damage to Tenant's improvements, including concealed mechanical systems, caused by failure or malfunctioning of building features or equipment for which Landlord is responsible, (h) fire extinguishers and other fire and life safety devices, (i) other structures or equipment serving the Premises, (j) the exclusive parking area, and (k) all other parts of the Premises the repair, replacement, and maintenance of which is not otherwise expressly allocated to Tenant.

7.05. Deliver to Tenant an Asbestos Survey of the Premises and the Building not later than Asbestos Survey Deadline, in accordance with the provisions of § 6-293 of the City Code of the City of San Antonio, Texas.

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

7.07. Pay all property taxes assessed against the property of which the Premises are part before the assessment of interest or penalties for late payment exclusive of any taxes assessed against the personal property or trade fixtures of Tenant.

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

7.09. Furnish and provide for all fire and other life safety alarm monitoring and maintenance services including any required elevator monitoring devices.

7.10. Provide the Allowances in accordance with the Work Letter, and complete the Premises Finish-out in accordance with the Construction Plans, as detailed in the Work Letter attached as Exhibit C.

7.11. Finish out the Premises with the partitions shown on Exhibit C ("Landlord's Work") no later than the Occupancy Commencement Date. All carpets, colors, door knobs, fittings, cabinets, laminates and other finish-out details must be building standard or better.

7.12. Mold.

7.12.01. **Process of Assessment.** If Tenant suspects or identifies the presence of mold within the Premises after taking possession, Landlord shall engage a licensed mold assessor ("assessor") to schedule an inspection not later than the third business day from the date Tenant notifies Landlord in writing of the issue (Tenant's Mold Notice). Landlord's assessor shall, within 20 business days from the date of the Tenant's Mold Notice, provide Landlord and Tenant a report of the findings of the inspection (Assessor's Report). If the Assessor's Report concludes that mold is present and expressly recommends that the mold be abated, Landlord shall notify Tenant, in writing (Landlord's Mold Notice), not later than the third business day from the date Landlord and Tenant receive the report, of its intention to remediate the mold. The Landlord's Mold Notice must also include a schedule outlining the period of time it will take for a licensed remediation contractor to complete the work. Failure to make this date is an event of default. If Landlord elects to remediate the mold, Landlord must retain a licensed abatement contractor to ensure the abatement is conducted in compliance with current state mold assessment and remediation legal

requirements including the promulgated Mold Assessment and Remediation Rules, last amended on May 20, 2007. Upon completion of the mold remediation, licensed abatement contractor must provide both Landlord and Tenant a report from a licensed environmental testing firm confirming that mold is not present at the Premises.

7.12.02. No Landlord Remediation or Landlord Remediation Taking Longer than 30 days. If Landlord 1.) fails to timely provide Tenant the Landlord's Mold Notice 2.) elects not to remediate provided the Assessor's Report specifically recommends remediation, or 3.) conveys that the remediation is scheduled to take longer than 30 calendar days to be completed, as evidenced by a remediation schedule provided by a licensed remediation contractor, then Tenant may terminate this Lease effective with 3 business days' written notice to Landlord (Tenant's Election to Terminate Notice). If Tenant exercises this option, Tenant's obligation to pay rent will cease effective 3 business days after Landlord's receipt of Tenant's Mold Notice or the date of Landlord's report, whichever occurs later. In such circumstance, Tenant shall have 30 days from the date of this Notice to fully vacate the Premises, or remediate the mold itself and deduct the remediation cost plus 10% for the management of the project from the rent next due until such time that the costs incurred by Tenant including the 10% fee are fully recovered.

7.12.03. Rental Abatement. During any mold assessment and remediation period, whether the work is done by Landlord or by Tenant, the rent will be abated for any portion of the Premises deemed by Tenant unusable due to the presence of mold or the remediation activity related to it.

7.12.04. General Mold Statement. It is agreed and understood that mold spores are present essentially everywhere. Tenant acknowledges and understands that mold can grow in any moist location, including within the Premises. Tenant acknowledges the necessity of good housekeeping, ventilation and moisture control (especially in kitchens, bathrooms, beneath cabinets and around outside walls) for mold prevention. Tenant agrees to immediately notify Landlord if Tenant observes mold/mildew and/or moisture conditions (from any source, including leaks), and allow Landlord to evaluate, make recommendations and take appropriate corrective action, in accordance with Section 7.12.

8. Landlord's Negative Promises.

Landlord promises that it will not:

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

8.02. Unreasonably withhold consent to a proposed assignment or sublease as provided in Section 28 of this Lease.

9. Repair, Maintenance, and Replacement Responsibilities.

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

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

Notwithstanding the foregoing, to the extent that the negligence or willful misconduct of Tenant or Tenant's Authorized Occupants results in damage to the systems described above, Tenant shall be responsible for reimbursement to Landlord of resulting expenses, including a 10% administration fee.

10. Alterations.

Any physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at the end of the Term and at Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Occupancy Commencement Date, normal wear and tear excepted. This section does not authorize Tenant to make any physical additions or improvements to the Premises not otherwise expressly permitted under this Lease or otherwise approved in writing by Landlord.

11. Insurance.

11.01. Tenant will self-insure as it deems advisable against property loss. As a political subdivision of the State of Texas, Tenant is subject to the Texas Tort Claims Act, and the obligations of Tenant and the rights of persons claiming against Tenant are subject to that Act.

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

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

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

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

and

Leasing Division
City of San Antonio
P.O. Box 839966
San Antonio, Texas 78283-3966

“The insurance provided by Landlord is primary to any insurance or self-insurance maintained by the City of San Antonio.”

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

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

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

11.02.02. Within 30 days after the Occupancy Commencement Date and promptly after Tenant’s later request, Landlord must, at its own expense, deliver certificates to Tenant’s Risk Manager and to the City Clerk, reflecting all required insurance coverage, together with copies of policies and endorsements. All endorsements and certificates must be signed by an authorized representative of the insurance company and must include the signatory’s company affiliation and title. If requested by Tenant, Landlord will request on behalf of Tenant documentation acceptable to Tenant that confirms that the individual signing the endorsements and certificates is authorized to do so by the insurance company. Tenant may request changes in policy terms, conditions, limitations, or exclusions (except where established by law); provided, however, that such changes must comply with the minimum insurance requirements of Landlord’s mortgagee, if any. If Tenant does so and the changes would increase premiums, Tenant will discuss the changes. If Tenant still wants the changes after discussion, Landlord must make the changes and Tenant will pay the cost thereof within 30 days of Landlord’s written request for same. If Tenant fails to pay such amounts, Landlord may have the changes rescinded. Tenant’s review and approval of a certificate does not waive the certificate’s noncompliance with the requirements of this Lease.

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

12. Release of Claims, Subrogation.

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

13. Indemnity.

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

13.01.01. "Indemnified Claims" mean all loss, cost, liability, or expense, directly or indirectly arising out of acts or omissions of any person other than an Indemnitee that give rise to assertions of Indemnitee liability under this Contract, whether or not the person is a party to this agreement. Indemnified Claims include attorneys' fees and court costs and include claims arising from property damage and from personal or bodily injury, including death.

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

13.01.03. "Indemnitor" means Landlord.

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

13.03. If Indemnitor and one or more Indemnitees are finally adjudged to be jointly liable for Indemnified Claim, Indemnitor need not further indemnify the so-adjudged Indemnitees from liability arising from the Indemnitees' adjudicated share of liability. But despite allegations of Indemnitee negligence, Indemnitor must nevertheless defend all Indemnitees until final adjudication. Indemnitor may not recover sums previously spent defending or otherwise indemnifying the Indemnitee who has been adjudged to be negligent and must continue to indemnify other Indemnitees.

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

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

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

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

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

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

14. Casualty: Total or Partial Destruction.

14.01. If the Premises are damaged by casualty and can be restored within 90 days, Landlord will, at its expense, restore the roof, foundation, Common Areas, and structural soundness of the exterior walls of the Premises and all leasehold improvements within the Premises, including interior partitions, ceilings, wiring, light fixtures, and plumbing. Restoration must be to substantially the same condition existing before the casualty. In performing such work, Landlord shall not be responsible for delays outside its control. In no event shall Landlord be required to rebuild, repair or replace and part of Tenant's personal property or Tenant's furniture, fixtures or equipment. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within 90 days from the loss, Tenant may terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

14.02. If the Premises cannot be restored within 90 days, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within 10 days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

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

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

14.05. In the event the holder of a mortgage, deed of trust or other lien on such building at the time of the casualty elects, pursuant to such mortgage, deed of trust or other lien, to require the use of all or part of Landlord's insurance proceeds in satisfaction of all or part of the indebtedness secured by the mortgage, deed of trust or other lien, then Landlord may elect either to terminate this Lease or to proceed to rebuild and repair the Premises provided Tenant has not elected to terminate as provided in Section 14.02 above. Landlord shall give written notice to Tenant of such election within thirty (30) days after the occurrence of such casualty and, if it elects to rebuild and repair, shall proceed to do so with reasonable diligence and at its sole cost and expense.

15. Condemnation: Substantial or Partial Taking.

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

15.02. If entire Premises are not taken, the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.

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

15.04. If title to a part of the Building other than the Premises is condemned, and in Landlord's reasonable opinion, the Building should be restored in a manner that materially alters the Premises, Landlord may cancel this Lease by giving notice to Tenant. Cancellation notice shall be given within one hundred and eighty (180) days following the date title vested. This Lease shall end on the date specified in the cancellation notice, which date shall be at least one hundred and eighty (180) days after the date notice is given.

15.05 If part or all of the Premises are condemned for a limited period of time (Temporary Condemnation), this Lease shall remain in effect. The Rent and Additional Rent and Tenant's obligations for the part of the Premises taken shall abate during the Temporary Condemnation in proportion to the part of the Premises that Tenant is unable to use in its business operations as a result of the Temporary Condemnation if such taking affects the Building of which the Premises is part. However, if a portion of the parking as provided in Section 2.01 herein is taken for Temporary Condemnation Landlord must, at its sole cost and expense, provide replacement parking on a space for space basis within 500 feet of the Building of which the Premises is part. Additionally, if any part of the Temporary Condemnation results in the taking of any portion of the Reserved Parking Spaces, then rent shall be abated at the rate of \$25.00 per space, per month for each Reserved Parking Space taken. Landlord shall receive the entire award for any Temporary Condemnation.

16. Holdover.

16.01. If the Lease has not been earlier terminated according to its terms and Tenant is current on rent, both after the Initial Term and after any renewals provided for in this instrument, Tenant may hold-over for up to six additional months on a month-to-month basis. Tenant need not give advance notice of intent to exercise this hold-over right, and it need not hold over all of the allowable six months. The rent during a holdover is the same as the rent in effect as of the last month of the Initial Term and any renewal period, and all other terms of this Lease apply. In the event Tenant holds over for more than four (4) months, then rent will increase to 125% of the monthly rent for the term being held over on a month-to-month basis. Council's authorization of this instrument is authority for the City as Tenant to enter into the hold-over period without further council action if the Director of the department then managing this Lease on behalf of the City of San Antonio deems the holdover beneficial. Notwithstanding the foregoing, in the event that Landlord has executed a letter of intent with a prospective tenant for all or any portion of the Premises, then Tenant's holdover rights shall be limited to (i) 90 days from the receipt by Tenant of notice that Landlord has executed a letter of intent, if such notice is received prior to the expiration of the then-current Term; or (ii) 60 days from the receipt of such notice, if such notice is received by Tenant after expiration of the then-current term.

16.02. Subject to the last sentence of Section 16.01, if prior notice is required to initiate a renewal under this Lease, the required notice period may include time in the hold-over period. If the required notice of renewal is less than the hold-over period, Tenant may deliver notice in the hold-over period.

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

17. Default.

17.01. *Default by Landlord.* Defaults by Landlord are (i) failing to comply with any provision of this lease within 30 days after written notice, or such longer period of time as may reasonably be required for Landlord to cure such failure, provided Tenant agrees in writing to such longer period; (ii) failing to provide Essential Services to Tenant within 10 days after written notice and; (iii) failure to timely pay for utility services the payment of which is allocated to Landlord under this Lease; and (iv) failure to pay property taxes before assessment of interest or penalty.

17.02. *Tenant's Remedies.* Tenant's remedies for Landlord's default are to sue for damages and, if Landlord does not provide an Essential Service within 30 days after default, terminate this lease. If a utility service the payment of which is allocated to Landlord is in imminent threat of being terminated, Tenant may, without prior notice to Landlord, pay some or all the charges and deduct the entire amount paid against the next occurring Rent payment. Furthermore, if Landlord is in default to reimburse Tenant for costs associated with qualified expenses from the Additional Tenant Improvement Allowance, Tenant may, without prior notice to Landlord, deduct amounts paid against the next occurring Rent payment.

17.03. *Default by Tenant.* Defaults by Tenant are (a) failing to pay timely Rent, subject to the provision established in Section 3.02 of the Lease (b) abandoning or vacating a substantial portion of the Premises, and (c) failing to comply within ten days after written notice with any provision of this lease other than the defaults set forth in (a) and (b) above or such longer period of time as may reasonably be required for Tenant to cure such failure, provided Landlord agrees in writing to such longer period and (d) Tenant's declaration of bankruptcy or insolvency.

17.04. *Landlord's Remedies.* If Tenant defaults under this Lease then at any time thereafter Landlord may at its option:

A. terminate this Lease and Tenant's right to possession of the Premises and sue for damages.

B. without terminating this Lease, reenter, take possession of the Premises and remove all persons and property there from (such property as may be removed may be stored in a public warehouse or elsewhere at the cost of, and for the account of Tenant), all with notice and legal process after which Landlord may relet the Premises on behalf of Tenant and receive the rent directly by reason of the reletting, Tenant to reimburse Landlord for reasonable reletting expenses not to exceed the cost incurred by Landlord to restore the Premises to the condition Tenant is required to surrender the Premises upon expiration of the Lease as called for in Section 5.05 of this Lease plus a brokerage commission of not more than 4% of the monthly rent collected by Landlord.

C. *Statutory Remedies.* If Tenant is in Default for nonpayment of Rent and if Tenant fails to pay same in full when due, then Landlord shall be entitled to change or modify door locks on all entry doors of the Premises and Tenant shall not be entitled to a key to re-enter the Premises until all delinquent Rent is paid in full; provided, however, Landlord shall immediately thereafter post a notice on an entry door to the Premises, stating that Landlord has exercised such lockout rights. If Tenant vacates or abandons the Premises or any significant portion thereof, Landlord may permanently change the locks without notice to Tenant, and Tenant shall not be entitled to a key to re-enter the Premises. The two preceding sentences shall

supersede any conflicting provisions of Section 93.002 of the Texas Property Code or any successor statute.

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

18. Warranty Disclaimer; As Is, Where Is.

18.01. There are no implied warranties of merchantability, of fitness for a particular purpose, or of any other kind arising out of this Lease, and there are no warranties that extend beyond those expressly stated in this lease, and Landlord.

18.02. Tenant agrees that no representations respecting the condition of the Premises, and no promises to decorate, alter, repair, or improve the Premises, either before or after the execution hereof, have been made by the Landlord or its agents to the Tenant unless the same are expressly contained herein or made a part hereof by a specific reference herein.

19. Environmental.

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

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

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

19.04. Landlord represents that, to Landlord's knowledge, the Premises and the property of which the Premises are a part, if applicable, comply with all applicable Environmental Laws as of the Binding Date.

19.05. Landlord represents and warrants in writing that to the best of Landlord's knowledge, there has been no Release of Hazardous Material and that the Premises does not contain any asbestos, underground or aboveground storage tanks, or "PCBs" or "PCB items," as defined in 40 CFR § 761.3.

19.06. Tenant represents, warrants and covenants, as applicable, to Landlord that:

- (A) The conduct of Tenant's business at the Premises does not involve and will not involve under operating methods presently intended to be utilized the use, handling, generation, manufacture, production, discharge, treatment, removal, transport, or disposal of any Hazardous Material, except those Hazardous Materials that (i) are normally found in an office environment; or (ii) that may be encountered during the course of a police investigation; provided, however, that with respect to Hazardous Materials relating to police investigations, Tenant shall handle such materials in accordance with the practice and policies of Tenant concerning the storage and handling of controlled substances.
- (B) The conduct of Tenant's business at the Premises does not and will not under operating methods presently intended to be utilized require the issuance to or possession by Tenant of any license, permit, or other governmental or quasi-governmental consent or approval relating to the use, handling, generation, manufacture, production, storage, release, discharge, treatment, removal, transportation, decontamination, cleanup, disposal, or presence of Hazardous Materials (the "Environmental Permits").
- (C) In the event of any release of Hazardous Materials used in the ordinary course of business and contemplated in subsection (A) above on the Premises by Tenant or any of Tenant's Authorized Occupants, then Tenant shall agree to timely notify Landlord and any other entities as required by State law and Tenant shall be solely responsible for the costs associated with any cleanup related to the release. Any release of Hazardous Materials not contemplated as in the ordinary course of business and are latent and undiscovered by Tenant are specifically excluded from this provision.

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

19.08. Within fifteen (15) days after the Binding Date, Landlord must permit Tenant and its representatives and contractors to enter upon the Premises at reasonable times and in a reasonable manner to investigate environmental matters. Tenant may perform, or have performed a Phase 1 environmental assessment on the Premises. No additional environmental investigations beyond a Phase 1 environmental assessment may be performed by Tenant without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion. In the event Landlord withholds its consent to allow Tenant to proceed with further environmental assessment, then Tenant shall have the right to terminate this Lease. The investigation is at Tenant's sole cost. Tenant must minimize the intrusion upon and inconvenience to Landlord and the ongoing operations at the Premises. If Tenant performs any tests that disturb the Property, Tenant must restore the Property. Tenant is responsible for damages arising from its testing on the Property and for the proper disposal of any wastes generated by its testing.

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

20. Appropriations.

All obligations of the City of San Antonio under this instrument are funded subject to the discretion of City Council whether to appropriate funding. If the City Council fails to appropriate money for any obligation under this agreement (an “**Event of Non-Appropriation**”), the City may terminate this agreement and have no further liability. Upon the occurrence of an Event of Non-Appropriation, the City agrees to peaceably surrender possession of the Premises and all other fixtures and personal property purchased, directly or indirectly, with the Landlord funds, including without limitation, the Allowances (as described in **Exhibit C** to this Lease). Notwithstanding this fact, Tenant shall be allowed to remove, but not required to do so, any furniture fixtures or other improvements installed by Landlord for which the cost of was reimbursed by Tenant to Landlord during the Initial Term

21. Dispute Resolution.

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

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

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

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

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

21.06. Mediator fees must be borne equally.

21.07. The parties need not mediate before going to court (1) for either party to seek emergency injunctive relief or (2) for Landlord to seek forcible entry and detainer relief against Tenant.

22. Prohibited Interests in Contracts.

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

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

22.02. Landlord warrants and certifies as follows:

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

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

23. Miscellaneous.

23.01. *Applicable Law.* This Agreement is entered into in San Antonio, Bexar County, State of Texas. **Its Construction And The Rights, Remedies, And Obligations Arising Under It Are Governed by The Laws of The State Of Texas.** But the Texas conflicts of law rules must not be used to apply the laws of a jurisdiction other than Texas. Both parties' obligations under this agreement are performable in San Antonio, Bexar County, Texas, and venue for any action arising under this agreement is only in Bexar County, Texas.

23.02. *Severability.* If any part of this agreement is found invalid or unenforceable, the finding does not affect the remainder. Furthermore, should any provision of this Lease be found to be invalid or unenforceable, then same shall be reformed to the extent necessary to be valid and enforceable under applicable law.

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

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

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

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

23.07. *Notices.* Notices must be in writing and by certified mail, return receipt requested, addressed to the parties at their respective addresses set forth at the beginning of this Lease. Notice is complete three days after deposit, properly addressed and postage prepaid, with the United States Postal Service. Failure to use certified mail does not defeat the effectiveness of notice actually received, but such notice is effective only on actual receipt. Address for notice may be changed by giving notice in accordance with this Section 23.07.

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

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

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

23.11. *Administrative Agreements.* The director of the department in which City's leasing personnel are employed may, without further council action, agree to, sign, and deliver on behalf of the City all consents, certificates, memoranda, estoppels, and modifications of nonmaterial rights and obligations arising under this Lease and may declare defaults and pursue remedies for such defaults. This paragraph does not authorize lease amendments or renewals without council consent.

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

23.13. *Quiet Enjoyment.* As long as Tenant pays the rent and other charges under this lease and observes the covenants and terms of this lease, Tenant will lawfully and quietly hold, occupy, and enjoy the Premises during the lease term without being disturbed by Landlord or any person claiming under Landlord, except for any portion of the Premises that is taken under the power of eminent domain. Further, Tenant acknowledges that Landlord owns other buildings in the area and that all of the tenants now or hereafter located in any portion of the Office Park are entitled to respectful and quiet enjoyment. Tenant shall not interfere with such quiet enjoyment or perform or permit any acts or omissions causing a nuisance which may interfere with such other parties' quiet enjoyment.

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

23.15. *Limitation on Liability.* Anything in the Lease to the contrary notwithstanding, in consideration of the benefits accruing hereunder, Tenant, on behalf of itself and all successors and assigns of Tenant, covenants and agrees that, in the event of any actual or alleged failure, breach or default hereunder by Landlord, Tenant's recourse against Landlord for monetary damages will be limited to the value of the Building. The obligations under this Lease do not constitute personal obligations of the direct and indirect partners, directors, officers, members or shareholders of Landlord, any member of Landlord, or any affiliate of Landlord, and Tenant shall not seek recourse against the direct and indirect partners, directors, officers, members or shareholders of Landlord, any member of Landlord, or any affiliate of Landlord, or any of their personal assets for satisfaction of any liability in respect to the Lease

23.16. *Time is of the Essence.* Time is of the essence of each provision of this Lease.

23.17. *Force Majeure.* Landlord shall not be liable for any delays which are due to fire, accident, unanticipated adverse weather, strikes, riots, shortages of labor or materials, war, governmental laws, regulations or restrictions, acts of God, or other causes beyond the control of Landlord

24. Public Information.

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

25. Security Deposit.

Tenant will not be required to pay a Security Deposit.

26. Brokerage Fees.

Landlord represents to Tenant that Landlord has not dealt with any broker regarding this Lease other than Magi Real Estate. Tenant represents to Landlord that Tenant has not dealt with any broker regarding this Lease other than Providence Commercial Real Estate Services, Inc. Landlord shall be solely responsible for payment of any brokerage commission due to Magi Real Estate and Providence Real Estate based on agreement these brokerage firms have independently entered into. The parties expect that Magi Real Estate will share its commission with Providence Commercial Real Estate Services, Inc. In no event shall the Tenant be responsible for payment of any brokerage commissions associated with this Lease.

27. Subordination and Estoppel Certificates.

27.01. *Subordination.* This Lease is subject and subordinate to any mortgage or deed of trust which may encumber the Property as of the Binding Date ("Prior Loan"). This clause shall be self-operative and no further instrument of subordination, however, Tenant shall, at Landlord's request, or upon the request of Landlord's mortgagee, execute promptly any certificate or instrument evidencing such subordination that Landlord, or Landlord's mortgagee, may request. In the event of the enforcement by the trustee or the beneficiary under deed of trust related to the Prior Loan or other remedies provided for by law or by such Prior Loan, Tenant will, upon request of any person or party succeeding to the interest of Landlord as a result of such enforcement, automatically become the Tenant of such successor in interest without change in the terms or other provisions of this Lease, and Tenant shall execute such instruments as said successor-in-interest may reasonably require to evidence same.

Notwithstanding anything in this Paragraph or elsewhere in this Lease to the contrary, Tenant agrees that if any person succeeds to the interest of the Landlord hereunder directly or indirectly as a result of any proceedings brought for the foreclosure of, or exercise of power for sale under, any mortgage or deed of trust as referred to above or as a transferee by deed in lieu of foreclosure or in lieu of such exercise of the power of sale, Tenant will attorn to such person only at the written request of such person (regardless of whether or not the Landlord shall have made such a request)

27.02. *Estoppel Certificates.* Within ten (10) business days after notice from Landlord, Tenant shall execute and deliver to Landlord a certificate stating such matters reflecting the status of this Lease or the Premises as Landlord, Landlord's lender, purchaser, or ground Landlord, or other reasonably interested party may reasonably request. If Tenant shall fail to deliver the certificate within 10 business days, provided that Tenant has not objected to the certificate and has not provided alternative language, then any representations of Landlord respecting the matters covered by the certificate shall be conclusively presumed to be accurate. However, Tenant's default shall not be cured thereby, and Tenant shall continue to be obligated to deliver the certificate. Any estoppel certificate to be provided by Tenant shall minimally provide, among other matters reasonably requested, a statement, dated currently, certifying that this Lease is unmodified and in full force and effect (or, if there have been modifications that this Lease is in full effect as modified, identifying such modifications) and the dates to which the rent has been paid, and that no default exists in the observance of this Lease and no event of default has occurred, and is continuing, or specifying such default of which Landlord or Tenant may have knowledge, it being intended that any such statement may be relied upon by the Landlord's lender, any prospective purchaser of the interest of Landlord, and other reasonably interested parties.

28. Assignment and Subletting.

28.01. Tenant shall have the right, with notice to, but without the necessity to obtain consent of, Landlord, written or otherwise, to sublet this Lease to an affiliated entity. Any attempted assignment or subletting by Tenant, except as to an affiliated entity, without such prior written permission shall constitute a default under this Lease.

28.02 Without the prior written consent of the Tenant, the Landlord shall have the right to transfer and assign, in whole or in part, any of its rights and obligations under this Lease and in the Premises, the Building, the Office Park, or any other property, rights, or obligations referred to herein; and, to the extent that such assignee assumes the Landlord's obligations hereunder, the Landlord shall, by virtue of such assignment, be released from such obligations occurring after the effective date of such assignment.

28.03 Except in instance of sublet of the Premises or portion thereof to an affiliated entity as provided herein, the receipt by the Landlord of Rent from an unaffiliated occupant of the Premises shall not be deemed an acceptance of the unaffiliated occupant as a tenant, or a release of the Tenant from further observance or performance by the Tenant of the covenants contained in this Lease. No provision in this Lease shall be deemed to have been waived by the Landlord unless such waiver is in writing and signed by the Landlord.

29. Security

Tenant acknowledges, understands and agrees that Landlord shall have no obligation or responsibility to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant assumes sole responsibility for the protection of Tenant, its agents and invitees and the property of Tenant and of Tenant's agents and invitees from acts of third parties.

Signature Page Follows

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

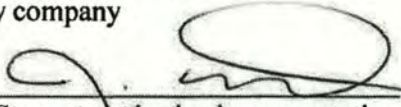
Tenant

Landlord

**City of San Antonio, a Texas
municipal corporation**

**Brass LeftOut, LLC, a Texas limited
liability company**

Signature: _____

By:  _____
James Stewart, authorized representative

Printed
Name: _____

Date: 3/16/17

Title: _____

Date: _____

Attest:

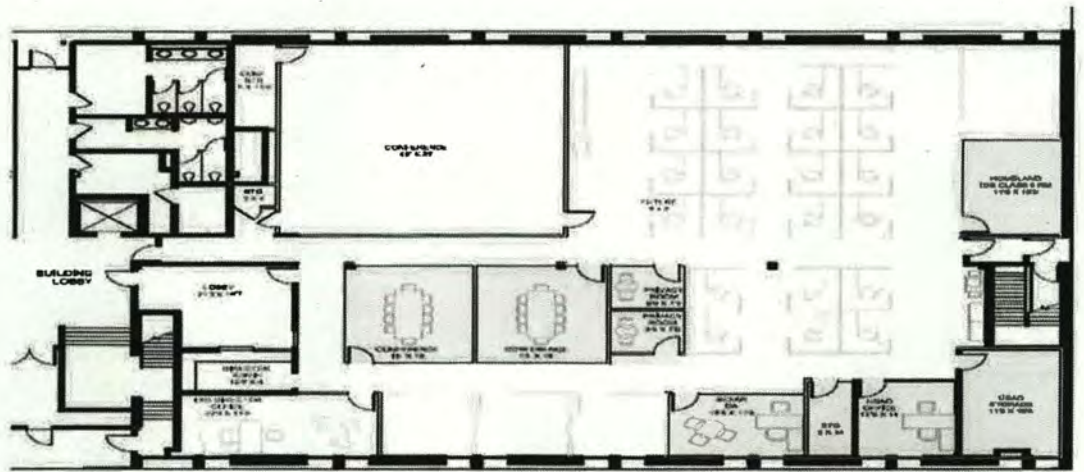
City Clerk

Approved as to Form:

City Attorney

Exhibit A: Graphic Depiction of Premises

1st Floor



SPACE PLAN - SUITE 100

8,611 RSF

Second Floor



SPACE PLAN - SUITE 200

18,200 RSF

Scale: 1/16" = 1'-0"

WALL TYPES

NOTE: NOT ALL SYMBOLS ARE USED.

	EXISTING CONSTRUCTION TO BE REMOVED
	EXISTING CONSTRUCTION TO REMAIN
	NEW CONSTRUCTION

Exhibit B: Cleaning and Maintenance Schedule

Cleaning and Maintenance Schedule

Daily (Monday through Friday)

Carpets Vacuumed

Composition floors dust-mopped

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

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

Chairs and wastebaskets returned to proper position.

Fingerprints removed from glass doors and partitions.

Drinking fountains cleaned, sanitized and polished.

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

Malfunctioning light bulb and tube replaced, as required.

Graffiti expunged as needed after Tenant has given Landlord verbal notice of the existence of graffiti. (the cost of any graffiti removal on the 2nd floor only shall be subject to Tenant's reimbursement of Landlord's reasonable cost for removal)

Day porter service from 9:00 AM to 5:00 PM.

Weekly

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

Windowsills, ledges and wood paneling and molding dusted.

Floors washed in uncarpeted office areas.

Monthly

Picture molding and frames dusted.

Wall vents and ceiling vents vacuumed.

Quarterly

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

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

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

As per Landlord's mechanical maintenance contract or accomplished using Landlord's maintenance staff, HVAC units serviced for preventative maintenance purposes as necessary, all filters changed.

Semi-Annually

All walls treated with vinyl covering washed and stains removed.

Annually

Floors waxed in uncarpeted office areas.

Windows washed as required inside and outside annually.

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

All carpet surfaces to be cleaned using non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. Landlord shall not be required to move furniture or equipment.

As Needed

Touch-up paint all interior painted surfaces in a color and finish to match existing subject to Tenant reimbursing such expense only provided Tenant has approved Landlord's written invoice documenting the cost prior to initiating any of the paint work.

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

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

Carpet professionally spot cleaned as required to remove stains necessitated by ordinary wear and tear; provided, however, that to the extent that direct employees of Landlord or Landlord's management company handle such cleaning and maintenance items, no such written service contract shall be required.

Monitoring and maintenance services for fire extinguishers and other life safety alarm equipment installed at the Premises or building of which the Premises is part.

General

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

Notwithstanding the foregoing, to the extent that the negligence or willful misconduct of Tenant or Tenant's Authorized Occupants results in additional cleaning or maintenance schedules, Tenant shall be responsible for reimbursement to Landlord of resulting expenses, including a 10% administration fee.

Exhibit C: Work Letter

This Work Letter supplements the Lease (the "Lease") dated, _____, 2017, executed concurrently herewith, by and between Brass LeftOut, LLC ("Landlord") as Landlord and City of San Antonio ("Tenant" or "City") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the same meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section.

Tenant Improvement Allowance	\$40.00 per rentable square foot
Additional Tenant Improvement Allowance	\$150,000.00
Additional Tenant Improvement Amortization Rate	Not applicable as any additional TI expended will be paid in lump sum
Maximum Change Order Allowance	\$25,000.00 included as part of the Additional Tenant Improvement Allowance
Change Order Payment	See Section 6.3.2
Rent Reduction per \$1,000 of TI not expended	\$19.80 per month based on an interest rate of 7% amortized over 5 years
City's Construction Representative	Chris Kurzon Real Estate Division 100 West Houston Street, Suite 1800 San Antonio, TX 78205 (210)207-7723
Landlord's Construction Representative	James Stewart Magi Real Estate 10010 San Pedro Ave, Suite 150 San Antonio, TX 78216 (210) 340-5500
City's Address for Work Letter Notice	See Section 1 of the Lease
Landlord's Address for Work Letter Notice	See Section 1 of the Lease
Attachments to Work Letter	Attachment A: Base Building Improvements Attachment B: Plans and Specifications

2. Building Improvements and Other Work to be Completed at Landlord's Expense.

Landlord represents that all of the work outlined in this Section 2 has been completed (Landlord's Work) prior to the Binding Date and in the event Landlord's Work is not completed at the time of Binding Date, then Landlord shall hire competent professionals to complete Landlord's Work and no portion of the charges incurred to complete Landlord's Work shall be charged to the Tenant Improvement Allowance.

Landlord's Work shall include:

- 2.1 Base Building Improvements. Landlord has constructed or shall construct within the Premises at its sole cost and expense the base building improvements described on Attachment A hereto (the "Base Building Improvements").
- 2.2 Any work that Landlord must undertake to cause the Premises to comply with the access requirements of ADA or make the existing building systems serving the Premises including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. The costs calculated against the Tenant Improvement Allowance shall not include any costs associated with (i) asbestos abatement or compliance with the Environmental provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes"; (ii) fire sprinkler system installation or upgrade (as further detailed in Exhibit A); (iii) if Landlord elects to replace any of the existing HVAC units, the new units shall not utilize CFC refrigerants that are harmful to the atmosphere; (iv) utility costs incurred during construction; (v) costs incurred in order to cause the Premises to comply with any structural, mechanical or electrical requirements set forth in the Lease; or (vi) supervision or overhead of Landlord related thereto for project management services including any costs incurred by Landlord to hire a third party to manage the construction of the Tenant Improvements.
- 2.3 Any work that Landlord must undertake to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses, up to 100 lbs per sq. ft .

- 2.4 Landlord shall be solely responsible for the delivering to the designated Architect "as built" plans for the Building. In the event the Architect charges additional fees for development or verification of the "as built" plans, such fees shall be borne solely by the Landlord and shall not be charged against the Tenant Improvement Allowance.

3. Building Improvements to be Completed by Landlord and Considered Tenant Improvements

The term Tenant Improvements shall mean all improvements identified in Exhibit B attached hereto including all construction required to complete the project except that work that is specifically identified as Landlord's Work above.

4. Project Tasks to be Completed Prior to the Binding Date

- 4.1 Selection of Architect.
Landlord and Tenant agree that Dewry Martin Architects (Architect) to complete the Tenant Improvements.
- 4.2 Preparation of Space Plan.
Prior to the Binding Date Landlord shall submit to Tenant a space plan and specifications for the Premises showing all Tenant requested demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, room (collectively the "Space Plan").
- 4.3 Preliminary Project Budget.
As of the Binding Date Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). The Preliminary Budget will outline all costs that will be charged against the Tenant Improvement Allowance, including permit fees, Architectural and Engineering fees and any other costs that Landlord expects will be charged to the Tenant Improvement Allowance. The Preliminary Budget will also indicate any costs attributable to Landlord's Work so that Tenant has a clear understanding of the costs Landlord will incur at its sole expense to complete the project. Such budget shall be revised into final form as provided below.

5. Preparation of Plans and Specifications and Construction Schedule.

- 5.1 Preparation and Approval of Working Drawings. Within ten days of the Binding Date, Landlord shall instruct the Architect to commence preparation of working drawings (the "Working Drawings"), which must be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements including sufficient detail so that an engineer hired by the contractor can prepare the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.
- 5.2 Preparation of Engineering Drawings. Landlord shall cause the contractor as part of its scope to provide services for all engineering drawings prepared by the Engineer that will be hired by the selected contractor, commonly referred to as design build, Showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Plans"). The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.
- 5.3 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five sets of the Final Plans to Tenant. The Final Plans shall be suitable for a) plan check review and permitting by local agencies having jurisdiction and, b) for the layout, improvement and finish of the Premises consistent with the design of the Space Plan and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor plans, power, telephone

communications safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone sprinklers, doors, (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

- 5.4 Approval of Plans by Tenant. Approval of the plans by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.
- 5.5 Schedule. Within 30 days after the Binding Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant, which approval shall not be unreasonably withheld, setting forth the dates for specific completion including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. Final Construction Budget and Payment of Tenant Construction Costs.

- 6.1 Construction Budget. Within Thirty days of the Binding Date, Landlord shall submit a construction budget outlining all costs to complete the project and in a format similar to the Preliminary Construction Budget referred to herein as the "Final Construction Budget". Tenant shall have five days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. In the event the cost detailed in the Final Construction Budget is 10% higher than the cost detailed in the Preliminary Construction Budget, then the Final Construction Budget shall be automatically rejected and Landlord at its sole cost and expense shall cause the Architect and Engineer to alter the Final Plans in a manner acceptable to Tenant and that will adhere to a scope that is within the Tenant Improvement Allowance. In lieu of re-bidding the project, at Tenant's option, any allowance available such as

the Additional Tenant Improvement Allowance and such Change Order authorization as provided in this Work Letter may be used to finance the cost of Tenant Improvements so that the project can be completed within the allotted Tenant Improvement Allowances as provided below.

Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget.

- 6.2 Additional Tenant Improvement Allowance. At Tenant's election, the Additional Tenant Improvement Allowance can be used to fund any deficiency between the Tenant Improvement Allowance and the cost to construct the Tenant Improvements. Furthermore, Tenant may use the Additional Tenant Improvement Allowance to finance the purchase of modular furniture, equipment to be used in the premises and other costs associated with Tenant's relocation into the Premises, not to exceed, in the aggregate, the sum of the base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below (collectively, the "Tenant Improvements Allowances"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from the Tenant Delays or force majeure as defined below. The Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 Method of Payment.

- 6.3.1 Tenant Improvement Allowance - The monthly rent specified in the Lease includes the amortization of the entire Tenant Improvement Allowance. In the event the cost to complete the Tenant Improvements is less than the Tenant Improvement Allowance, Landlord shall reduce the monthly rent proportionately based on the Rent Reduction formula provided in Section 1 herein. Additionally, during the first 9 months of the Initial Term only Tenant may elect to buy down in its entirety or a portion thereof of the monthly rent attributable to the amortization of the Tenant Improvement Allowance. The rent will then be reduced proportionately to account

for Tenant's proportionate buy down of the Tenant Improvement Allowance as paid to Landlord in a lump sum.

6.3.2 Additional Tenant Improvement Allowance - That portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs will be paid to Landlord on or before the later of 30 days after (i) the Commencement Date as that term is defined in the lease or (ii) the date that Landlord invoices tenant for the work attributable to Additional Tenant Improvements including lien release and other documentation to confirm that the vendor providing the Additional Tenant Improvements has been paid in full..

7. Construction of Tenant Improvements.

- 7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Exhibit B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost on Tenant Improvements.
- 7.2 Bids. Tenant and Landlord agree to use Complete Construction Management, LLC, ("Contractor") who shall enter into a contract with Landlord, ("Construction Contract") any major subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three bids have been solicited from responsible and qualified persons. Major Subcontractors shall be limited to the bids for all facets of the carpet, paint, HVAC, electrical work, plumbing, and acoustic ceiling work. Landlord shall submit one fixed price bid for construction of the Tenant Improvements to Tenant including the detailed bids from the three Major Subcontractors for its review prior to the award of the construction contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees.
- 7.3 Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits

for the Tenant Improvements, promptly after approval of the Final Plans.

- 7.4 **Commencement of Construction.** Landlord shall commence construction of the Tenant Improvements within 15 days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure or Tenant Delays.
- 7.5 **Construction.** Construction of the Tenant Improvements will be subject to the following terms and conditions:
 - 7.5.1 **Decorating Decisions.** All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/all wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense, and accrued against Tenant Improvements, in accordance with Tenant's Space Plan. Landlord shall consult with the Tenant with respect to all such decorating services and decisions.
 - 7.5.2 **Clean-Up and Substandard Work.** Contractor will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and Landlord agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as result of inadequate clean-up.
 - 7.5.3 **Compliance with Laws.** Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state, and federal building codes, regulations and ordinances required for beneficial occupancy.

7.6 **Conformed Plans.** Within 60 days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as built") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of Such "as-or "record three and one-half 3W") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders.

Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by City's Construction Representative to be used to pay the costs of all authorized Change Orders but only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant must pay for Change Orders in a lump sum within 30 days of Substantial Completion of the Tenant Improvements. Landlord shall submit to the City's Construction Representative with each requested Change Order (i) the specific cost of the requested change (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the City's Construction Representative.

9. Tenant Improvement Costs Adjustment and Right to Audit.

Within five days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of San Antonio, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of 12 months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord, within 30 days, shall refund to Tenant the amount of any overpayment made by

Tenant and all future payments shall be adjusted as appropriate based upon the audit results.

10. Exclusions. The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, the fire sprinkler system (as provided in Exhibit A), or if Landlord elects to replace air conditioning units, the cost, if any, to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, for the fire sprinkler or for air conditioning units that do use CFCs if the Landlord elects to replace the existing units, shall be performed at the sole cost and expense of the Landlord.

11. Telephone/Computer Room and Equipment. Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 20 days prior to the Projected Commencement Date. During this 20 day period, the Landlord shall be solely responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

12. Delay

12.1. Tenant Delays and Force Majeure Delays. Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Occupancy Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed due to Force Majeure as provided in Section 23.17 of this Lease.

12.2. Limitations.

(a) Notice. No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 5 days of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as

applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) Mitigation. Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten days of Tenant Delays and four days of Force Majeure Delays which occur during the same ten day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date will be extended by 14 days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

13. Tenant Remedies. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within 90 days after the Projected Commencement Tenant may, at its option:

13.1. Cancel the Lease upon 30 days written notice to Landlord if Tenant fails or elects not to cure the default as provided in Paragraph 14 of the Lease (Landlord Default); or

13.2. Upon 30 days written notice to Landlord if Tenant fails or elects not to cure the default as provided in Paragraph 14 of the Lease (Landlord Default), assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all

reasonable times for the purpose constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) (collectively, "Tenants Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly payments over five years and deducted from the rent payable hereunder and under the Lease.

13.3. Any uncured default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

14. Representatives.

14.1. Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this. Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

14.2. Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

15. Early Access. Landlord must permit Tenant to enter the Premises before the Projected Commencement Date to prepare the Premises for Tenant's use and occupancy, including testing and installation of Tenant's equipment. Any such entry into the Premises is under all of the terms of the Lease, except as to Rent.

16. Elevator Usage During Move-In. In the event that the use of the elevator is not sufficient to meet Tenant's requirements, Tenant shall have priority usage of the elevator that services the Premises in order to assist Tenant in the installation of fixtures, furniture and equipment.

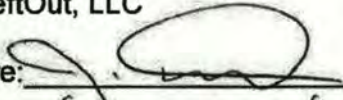
17. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five days of the date the Contractor is selected.

18. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

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

Landlord

Brass LeftOut, LLC

Signature: 

Printed Name: James Stewart

Title: Authorized Agent

Date: 3/16/17

Tenant

City of San Antonio, a Texas municipal corporation

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Approved:

City Attorney

EXHIBIT A to Work Letter Base Building Improvements

A parking area striped and lighted for at least 12 visitor spaces (subject to increase as provided in Section 2.01 of the Lease) along with sufficient handicap accessible parking as required by applicable building codes located outside of the secured parking area which will consist of 100 full size parking spaces (subject to decrease as provided in Section 2.01 of the Lease). As part of Landlord's scope, at its sole cost, the parking area sufficient to accommodate the Reserved Parking Spaces will need to be developed so that it is secure, behind a fence of at least 7 feet in height, 100% screened with a solid material along with two secured and access controlled using a card keys access system installed on both sides main gates along with two separate motorized gates (spaced logically so that traffic can move through the secured parking area with each gate being wide enough to accommodate entering and exiting traffic and compliant with any fire safety requirements of the City's Fire Department) including underground wiring for secure proximity card reader access that is compatible with the City's Hirsch system to enter and leave. This form of key access should be a low voltage proximity type reader with a keypad override tied into at Landlord's expense the low voltage security system located in the main communication room that Tenant will provide for the exterior and interior doors of the building. Landlord shall be solely responsible for installing any required emergency vehicular access that may be required for the building resulting from the installation of the secured access fencing. Included within Landlord's scope for development of the parking needs is the requirement to outfit 6 of the parking spaces with a dedicated 20 amp electrical plug within not more than 3 feet of the space for which the plug is provided;

The cost to abate any asbestos or other hazardous material in the Premises, all of which must be removed by licensed abatement contractors in accordance with State of Texas law prior to City occupancy of the Premises

The cost to make the building ADA compliant including but not limited to any modifications to the parking area, sidewalks and building approaches, doorways or bathroom areas.

The cost of improvements to any building systems shared in common with other tenants, including but not limited to bathrooms and lobbies.

Any funds expended to perform the services detailed or repair or replace any equipment identified in Section 2.2 of this Work Letter.

Exhibit B to Work Letter Preliminary Plans and Specifications

The construction shall generally conform to the building layout as depicted in Exhibit A of this Lease.

The following is a general representation of the materials to be used in the construction of the tenant improvements, the "Preliminary Specifications".

ITEM	STANDARD
Doors (7-0) where applicable	6'-8" x 36" - Solid core p-lam or stain to materially match rest of building
Doors (9-0) Where applicable	106.5" x 36" - Solid core p-lam or stain to materially match rest of building
Frames	Hollow metal or wood casing to match existing
Door hardware	Arrow lever or cylindrical knob to match existing as applicable.
Carpet	Shaw broadloom. Turn key collection - Terra/Fossil or Essential/Prime
Floor base	Roppe - black/brown
Vinyl composite Tile	Armstrong
Mini Blinds	Hunter - Value Master. Color to match existing.
Ceiling tile	2'x4' - 220 Fifth Avenue
Ceiling Grid	DonnDX to fit ceiling tile
Wall Covering	Matera - class 2 commercial wallcovering or comparable. Style/color to match existing where applicable
Duplex Outlets	120 volt, #12 copper wiring (THHN), tied in series up to 10 outlets/circuit/20amps
Quadplex Outlet	same 2 duplex outlets, except not in series

Outlets - Dedicated	120 volt, #12 copper wiring (THHN), tied in direct to breaker - 20amps
Switches - 1-way	277 volt or 120 volt to match electrical power supply, single control, #12 copper wiring (THHN). Max 20 @ 277v/10 @ 120v
Switches - 3-way	277 volt or 120 volt to match electrical power supply, dual control, #12 copper wiring (THHN). Max 20 @ 277v/10 @ 120v
Cover plates	Off-White GE covers or comparable
HVAC Supply Registers	Premiere Air 2'x2'
HVAC Return Registers	Premiere Air 2'x2'
HVAC Duct	metal duct for the plenum and flex duct feeders
Millwork - cabinets	Medium Oak Builders Grade - Home Depot
Millwork - countertops	Wilsonart Laminate - Home Depot in stock supply
Paint	Sherwin Williams Promar 400, eggshell - Ivory Lace
Walls	Floor to Grid height no insulation, 2 1/2" or 3 1/2" metal stud to match existing wall(s) with 5/8" dry wall.

At Tenant's sole discretion, any of the Preliminary Specifications may be substituted subject only to the extent that the costs of materials not result in Landlord expending funds in excess of the allowances.

Exhibit D: Occupancy Commencement Memorandum

Landlord: Brass LeftOut, LLC

Tenant: City of San Antonio

Lease: SAPD TAG Lease for the Houston Building office space consisting of approximately 26,811 SF

Authorizing Ordinance:

Predicate Facts:

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

The Lease Term is five years beginning the first day of the first full month following the Occupancy Commencement Date

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

Rights and Obligations:

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

1. Defined Terms.

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

2. Occupancy

Tenant's right

3. No Default

As a part of
represents to

Do not sign. This is merely an example of what the parties have agreed to deliver when the time comes. This example is not completed and should not be signed.

t, Assignor

- a. The Lease is in full force and effect according to its terms.
- b. Neither party is in default under the Lease.

c. Neither party has any offset or claim against the other that would reduce or impair its obligations under the Lease.

4. Conflict of Terms.

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

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

City of San Antonio, a Texas municipal corporation

Brass LeftOut, LLC a Texas limited liability company

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest:

City Clerk

Approved as to Form:

City Attorney

Exhibit E: Initial Cost Memorandum

Landlord: Brass LeftOut, LLC

Tenant: City of San Antonio

Lease: SAPD/TAG Lease for the Houston Building office space consisting of approximately 0 SF

Authorizing Ordinance:

Predicate Facts:

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

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

Rights and Obligations:

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

1. Defined Terms.

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

2. Tenant Improvements.

Landlord's total costs for tenant improvements under the Lease are ????. This includes:

Tenant Improvement Allowance:		\$
of which the following represents Change Orders:	\$	
Additional Tenant Improvement Allowance:		\$
	TOTAL	\$

3. No Default.

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

- a. The Lease is in full force and effect according to its terms.

b. Neither party is in default under the Lease.

c. Neither party has any offset or claim against the other that would reduce or impair its obligations under the Lease.

4. Conflict of Terms.

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

[*Signature Page Follows*]

In Witness Whereof, the parties have caused their representatives to set their hands to this Initial Cost Memorandum.

City of San Antonio, a Texas municipal corporation

Brass LeftOut, LLC, a Texas limited liability company

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Attest:

City Clerk

Approved as to Form:

City Attorney

Exhibit F: Graphic Depiction of Parking

Exhibit G: Authorizing Ordinance
