

**LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
REGULAR MEETING AGENDA OF THE BOARD OF DIRECTORS**

Date: Wednesday, June 26, 2024

Time: 8:00 a.m.

Place: Reese Technology Center, LRRRA Board Room, 9801 Reese Blvd, Suite 200, Lubbock, TX 79416

AGENDA ITEMS	TAB	SPEAKER
Call the Meeting to Order		Tim Pierce
1. Citizen Comments - Any citizen wishing to appear before a regular meeting of the Lubbock Reese Redevelopment Authority Board of Directors, regarding any matter posted on the Board Agenda, shall complete the sign-up form provided at the meeting, no later than 7:45 a.m.	TAB 1	Tim Pierce
2. Action Item – Administer Oath of Office to Brian Kimberly as Board Member	TAB 2	Tim Pierce
3. a. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.072, regarding certain matters concerning real property. Discussions regarding interest in the lease, sale, or value of buildings and property. b. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters: <ul style="list-style-type: none"> • Executive Director • Manager of Business Development • Manager of Accounting • Manager of Operations • Operations Lead • Service Technician • Service Technician • Service Technician • Operations, Marketing, Customer Care Coordinator • Administrative Assistant • Board of Directors c. Hold an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney.	TAB 3	John Tye Muvat Musa Muvat Musa Darrell Guthrie
4. Action Item – Election of LRRRA Officers for Fiscal Year 2024 to Replace Tim Collins, Board VP, who is no longer on the Board	TAB 4	Tim Pierce
5. Action Item – Consider Minutes of the May 22, 2024, Board of Directors Meeting	TAB 5	Tim Pierce

6. Action Item – Consider New Lease for DKHS Biotechnology, LLC for Building 37	TAB 6	Murvat Musa
7. Action Item – Consider New Lease for GEO Reentry Services, LLC for Building 500	TAB 7	Murvat Musa
8. Action Item – Consider Resolution for Application for Funding through US Department of Transportation – 2024 DOT SMART Grant	TAB 8	Murvat Musa
9. Action Item – Consider Interlocal Cooperation Agreement with South Plains Association of Governments for Application Development and Administration Services, 2024 DOT SMART Grant	TAB 9	Murvat Musa
10. Action Item – Consider Texas Municipal League Intergovernmental Risk Pool Cyber Liability and Data Breach Response Interlocal Agreement	TAB 10	Murvat Musa
11. Discussion Item – Preliminary FY2025 Operating, Data Center/Fiber Optics, & Capital Budgets	TAB 11	Murvat Musa
12. Discussion Item – Financial Reports	TAB 12	Sandy Hamilton
13. Discussion Item – Reese Events & Activities	TAB 13	Murvat Musa
Adjourn the Meeting		Tim Pierce

Lubbock Reese Redevelopment Authority (LRRRA) will post this meeting agenda on its front doors and on its website at <http://www.reesetechnologycenter.com/agendas/> by 5:00 p.m., Friday, June 21, 2024.

by: _____
Murvat Musa, ED/CEO

The LRRRA Board meetings are available to all persons regardless of disability. To notify the LRRRA of your attendance or if you require special assistance, please contact them at (806) 885-6592 or write Reese Technology Center, 9801 Reese Blvd., Suite 200, Lubbock, Texas 79416 at least 48 hours in advance of the meeting.

ITEM 1

Citizen Comments

ITEM 2

Oath of Office

ITEM 3

EXECUTIVE SESSION

Information to be provided at
meeting
(if applicable)

AGENDA ITEM 4
ELECTION OF LRRRA OFFICERS FOR FY2024 TO FILL VACANCY
EXECUTIVE SUMMARY

In October 2023, as required by the LRRRA By-Laws, the Annual Meeting of the Board of Directors was held for the purpose of electing officers; an Executive Committee, consisting of a President, Vice President, and Secretary/Treasurer; each to serve a one-year term. At that meeting the following were elected:

- President: Tim Pierce
- Vice President: Tim Collins
- Secretary/Treasurer: John Hamilton

In April 2024, Tim Collins resigned his position on the LRRRA Board of Directors to become Lubbock City Council District 6 Councilman necessitating his officer position be filled.

The nominees for those positions are John Hamilton for Vice President and George McMahan for Secretary/Treasurer.

The Board will be electing officers at the June 26, 2024, Board meeting to be in effect for the remainder of the 2024 fiscal year.

**BOARD ACTION ITEM #2024-0626-018
ELECTION OF LRRRA OFFICERS FOR FY2024 TO FILL VACANCY**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
JUNE 26, 2024**

Item to be Considered:

Election of the LRRRA Officers for the Fiscal Year 2024 to fill Vacancy upon Resignation of Tim Collins who Resigned to be City of Lubbock Councilman

Previous Board Action:

- a. The Board of Directors elect's officers, an Executive Committee, consisting of a President, Vice-President, and Secretary/Treasurer each year at the Board of Directors Annual Meeting in October.
- b. At the October 2023 meeting, the following were elected to serve as officers:
 - i. President: Tim Pierce
 - ii. Vice-President: Tim Collins
 - iii. Secretary/Treasurer: John Hamilton

Statement of Pertinent Facts:

- a. The resignation of Tim Collins necessitates an election to fill his vacant seat.
- b. The following officers have been nominated for the remainder of the 2024 fiscal year:
 - Vice-President: John Hamilton
 - Secretary/Treasurer: George McMahan

Advice, Opinions, Recommendations, and Motion:

If the Board of Directors concurs, the following motion is in order:

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority approves the election of the above named LRRRA Officers for the Fiscal Year 2024 as submitted on this 26th day of June 2024.”

Tim Pierce, President

ATTEST:

Board Member

Lubbock Reese Redevelopment Authority
Minutes of the Regular Meeting of the Board of Directors
May 22, 2024

The Lubbock Reese Redevelopment Authority held its Regular Meeting at 8:00 a.m. May 22, 2024, at the Reese Technology Center, LRRR Board Room, 9801 Reese Boulevard, Suite 200, Lubbock, TX 79416.

These are the minutes of the regular meeting of the Board of Directors of the Lubbock Reese Redevelopment Authority, a State of Texas Political Subdivision.

MEMBERS PRESENT

Tim Pierce, President	George McMahan	
John Hamilton, Secretary/Treasurer	Jeff Mustin	
John Tye	Julie Holladay	

MEMBERS ABSENT None

OTHERS PRESENT

Reese Staff:

Murvat Musa	CEO/Executive Director
Chris Evans	Operations Manager
Sandra Hamilton	Accounting Manager
Andrea Hamilton	Operations, Customer Care, & Marketing Coordinator
Cecilia Davila	Administrative Assistant

Legal Counsel: Darrell Guthrie via video conference

Visitors: Brian Kimberly, Mitchel Burt-KBR

Call the meeting to order.

Tim Pierce called the meeting to order at 8:06 a.m.

ITEM 1 Citizen Comments - Tim Pierce called for any citizen comments. There were none.

ITEM 2 Executive Session – Tim Pierce called the Executive Session to order at 8:07 a.m.

- a. Held an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.072, regarding certain matters concerning real property.

Discussions regarding interest in the lease, sale, or value of buildings and property.

- b. Held an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.074(a), Deliberations Regarding Personnel Matters.

Executive Director
Manager of Accounting
Manager of Operations
Operations, Customer Care, Marketing Coordinator
Operations Lead
Service Technician
Service Technician
Service Technician
Administrative Assistant
Board of Directors

- c. Held an Executive Session, in accordance with V.T.C.A. Government Code, Section 551.071, Consultation with Attorney.

No action taken in the Executive Session.

Reconvene the Board of Directors Meeting

Tim Pierce adjourned the Executive Session at 9:25 a.m. and reconvened Open Session at 9:30 a.m.

ITEM 3 Approved the Minutes of the April 24, 2024, Board of Directors Meeting

George McMahan moved to approve the minutes of the April 24, 2024, Board of Directors meeting, John Hamilton seconded; the motion passed 6-0.

ITEM 4 Approved the FY2024 Employee Performance Incentive Bonus Plan

John Hamilton moved to approve the FY2024 Employee Performance Incentive Bonus Plan, John Tye seconded; the motion passed 6-0.

ITEM 5 Financial Reports

Sandra Hamilton presented the April financial reports.

ITEM 6 Reese Events and Activities

Murvat Musa presented Reese Technology Center activities and upcoming events to the Board of Directors.

Adjournment

Tim Pierce adjourned the meeting at 9:44 a.m.

Content of minutes agreed to and approved by:

Approved by _____
Tim Pierce, President

ATTEST:

LRRRA Board Member

AGENDA ITEM 6
EXECUTIVE SUMMARY
DKHS BIOTECHNOLOGY, LLC, BUILDING 37

The Lease Review Committee has reviewed and supports the following new lease.

Please note we have a Non-Disclosure Agreement with this company.

DKHS Biotechnology, LLC has been a Reese customer since 2019 and has performed well under their lease agreement. Their current lease expires August 31, 2024, and presented here is a new lease for Building 37, which is the building they currently occupy.

Lease Summary for Building 37

- DKHS will continue to lease Building 37, which is approximately 1,945 square feet, for lab/office space.
- The starting base rent of \$8.50 per square foot is slightly less than their current rate of \$9.36 per square foot. Staff support DKHS's request for a reduction in rent to help them meet its financial goals and to keep them in Building 37 as they have been an excellent customer. They are still trying to recover from the negative effects of the pandemic on their business.
- Base rent will increase 4% annually for the initial term and all options years.

The Deal Sheet and Lease are attached for your review.

The Staff recommends the Board approve this lease.

May 30, 2024

DEAL SHEET

Building 37, Approximately 1,945 square feet
DKHS Biotechnology, LLC.
“Subject to Board Approval”

TENANT

DKHS Biotechnology, LLC.
c/o: Song Luo, PhD
5831 100th street
Lubbock, Tx 79424

Please note – we have a Non-Disclosure Agreement with this company.

DKHS Biotechnology/Dr. Song Luo has been a customer of Reese since 2019 and has performed well under their lease agreement. They are at the end of the current lease and this deal sheet is for a new lease as they desire to stay at Reese. As we have five years’ experience with DKHS, staff have no issues with their performance or their ability to pay as they have paid on time for the last five years.

DKHS Biotechnology, LLC develops competitive hybrids for agricultural applications. More specifically, the company produces a series of vegetable hybrid seeds. Products are produced using DKHS’ proprietary plant breeding methodology based on the state-of-the-art molecular biology techniques. These technologies are used to produce inbred lines and hybrid seeds.

PERMITTED USES

Tenant may use premises for the purpose of lab and office space.

PREMISES

Building 37 (1,945 sq ft)
304 Eisenhower Dr.
Lubbock, TX 79416

TYPE OF LEASE

Modified Gross Lease

PRIMARY TERM

Tenant will pay \$8.50 per square foot (slightly less than the current rate of \$9.36 per square foot they are paying now), with a 4% annual increase for a total of three (3) years. The customer requested a rate reduction due to market conditions caused by COVID and his attempt to recover from that. Staff supports the reduction in order to keep his lab located at Reese and because he has been a high performing customer.

Rent

Initial Term Lease Years	Total Annual Base Rent	Total Monthly Base Rent	Annual Base Rent Per Square Foot (1,945 sq ft)
Year 1	\$16,532.50	\$1,377.71	\$8.50
Year 2	\$17,193.80	\$1,432.82	\$8.84
Year 3	\$17,874.55	\$1,489.55	\$9.19
Total Initial Term	\$51,600.85		
Renewal Year 1	\$18,594.20	\$1,549.52	\$9.56
Renewal Year 2	\$19,333.30	\$1,611.11	\$9.94

RENEWAL OPTIONS

Two options to renew for one (1) year each. Base rent will be increased 4% annually for each renewal period.

SECURITY DEPOSIT

Landlord will retain the deposit that was previously paid in the amount of \$1,296.67.

TERMINATION OPTION

None.

UTILITIES

Tenant is responsible for all utilities paid directly to the provider.

MAKE READY EXPENSES:

There are no make ready expenses to Reese as this customer has occupied the building for the last five years.

STANDARD INDUSTRIAL LEASE

BETWEEN

**LUBBOCK REESE REDEVELOPMENT AUTHORITY, a Political
Subdivision of the State of Texas**

AS LANDLORD

AND

DKHS BIOTECHNOLOGY, L.L.C., a Texas limited liability company

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 37

304 Eisenhower Drive

Lubbock, Texas 79416

STANDARD INDUSTRIAL LEASE

This Standard Industrial Lease (the "Lease") is made this ____ day of June 2024, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as "Landlord") and DKHS BIOTECHNOLOGY, L.L.C., a Texas limited liability company, (hereinafter referred to as "Tenant"). Landlord and Tenant are also referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

1. BASIC LEASE PROVISIONS

(a) Landlord: Lubbock Reese Redevelopment Authority, a political subdivision of the State of Texas, whose Federal Taxpayer Identification Number is 75-2713717.

(b) Landlord Address: 9801 Reese Blvd., Suite 200, Lubbock, TX 79416.

(c) Tenant: DKHS Biotechnology, L.L.C., whose Federal Taxpayer Identification Number is _____.

(d) Tenant Address: DKHS Biotechnology, L.L.C., Attn: Song Luo, PhD, 5831 100th Street, Lubbock, Texas 79424.

(e) Guarantor: Song Luo, PhD.

(f) Guarantor's Address: 5831 100th Street, Lubbock, Texas 79424.

(g) Project: means the land, together with the Premises (as defined below) and all other improvements constructed thereon, and all rights, privileges, easements, and appurtenances pertaining thereto, known as Reese Technology Center and located in Lubbock County, Texas.

(h) Premises means that certain building ("Building") located at 304 Eisenhower Drive, Lubbock, Texas 79416, which is commonly known as Building #37, and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan"), and containing approximately 1,945 square feet of floor area, respectively.

(i) Initial Term (Years): Three (3) years.

(j) Extensions: Two (2) extension periods of one (1) year each, subject to the rights set forth in Section 1(k).

(k) Option to Extend Term: Tenant shall have two (2) renewal options of one (1) year each. Landlord shall provide written notice to Tenant of Tenant's right to exercise the option to extend the term (the "Notice to Extend Term"). Landlord shall provide the Notice to Extend Term no less than one hundred twenty (120) days prior to expiration of the Initial Term. Tenant shall provide Landlord written notice of its intension to exercise the Option to Extend Term within thirty (30) days of the receipt of the Notice to Extend Term. If the Tenant exercises its Option to Extend Term, this Lease shall be extended automatically for the period specified in Section 1(j) without

the necessity for the execution of any further instrument and upon the same terms and conditions as are contained in this Lease, except the then existing Base Rent will be increased by a fixed four percent (4%) annually during each year of the extension period. The adjustment in the Base Rent will be determined by multiplying the then existing Base Rent specified in the lease (“Base Rent”) by 1.04, which will result in a “Revised Base Rent.” If Tenant does not respond in writing of its intent to exercise its Option to Extend Term within the above reference time frame. Landlord may market the Premises and the Lease shall terminate on the Termination Date.

- (l) Delivery Date: August 1, 2024.
- (m) Commencement Date: August 1, 2024.
- (n) Termination Date: July 31, 2027.

(o) Base Rent: The parties agree that the Base Rent set forth herein is what is commonly referred to as a "modified gross lease" and that Base Rent already includes, and Tenant shall not have to pay for Common Area (as defined below) Maintenance fees, grounds keeping-mowing expenses, parking, Landlord’s insurance, and any other charges incurred by Landlord with respect to the Premises, except as otherwise provided in this Lease. Said Base Rent does not include, and Tenant is solely responsible for any and all charges associated with utilities, dumpsters, telephone service, internet service, Tenant renovations, Premises maintenance, or housekeeping services, except as otherwise provided in this Lease. Subject to this paragraph, Base Rent shall be no less than set forth below, the then existing Base Rent will be increased by a fixed four percent (4%) annually during each year of the Lease. The adjustment in the Base Rent will be determined by multiplying the then existing Base Rent specified during the Lease Term (“Base Rent”) by 1.04, which will result in a “Revised Base Rent.”

Initial Term Lease Years	Total Annual Base Rent	Total Monthly Base Rent	Annual Base Rent Per Square Foot of Floor Area of the Premises
Year 1	\$16,532.50	\$1,377.71	\$8.50
Year 2	\$17,193.80	\$1,432.82	\$8.84
Year 3	\$17,874.55	\$1,489.55	\$9.19
Renewal Year 1	\$18,594.20	\$1,549.52	\$9.56
Renewal Year 2	\$19,333.30	\$1,611.11	\$9.94

(p) Security Deposit: Tenant has previously paid a security deposit of \$1,296.67 on the Premises. Landlord agrees to accept this security deposit as security on the Premises. If Tenant defaults, Landlord may use the Security Deposit to pay arrears of Rent, to repair any damage or injury, or to pay any expense or liability incurred by Landlord as a result of the default.

- (q) Termination: [NOT APPLICABLE]
- (r) Early Termination Fee: [NOT APPLICABLE]

(s) Permitted Use: Tenant may use the Premises for lab and office space (collectively, "Permitted Use"). Any chemical storage in or near the building must meet Industry Safety Standards, to include the marking of products with the appropriate chemical hazard warning labels and placards.

(t) Landlord's Address for Payment of Rent: Payment of Rent may be made by check and delivered to Landlord's address, or by electronic funds transfer to Landlord's bank account at:

Plains Capital Bank
5010 University
Lubbock, TX 79413
Routing Number - 111322994
Account Number - 7260002003
Deposits need to indicate: LUBBOCK REESE REDEVELOPMENT AUTHORITY

2. DEFINITIONS

(a) "Common Areas" means all facilities and areas of the Project that are intended and designated by Landlord from time to time for the common, general, and nonexclusive use of all Tenants and Tenants of the Project, including parking lots. Landlord has the exclusive control over and right to manage the Common Areas. Tenant shall have the right to use the Common Areas, but shall maintain all responsibility and liability for its conduct, or the conduct of its agents, employees and persons invited onto the Common Areas or Premises by Tenant. Subject to the terms and conditions of this Lease, Landlord hereby grants Tenant the right to use the Premises for the Permitted Use for the Term of this Agreement, and to use the streets, alleys and other portions of the Project necessary to obtain access to the Premises for the Permitted Use.

(b) "Injury" means (1) harm to or impairment or loss of property or its use, (2) harm to or death of a person, or (3) "personal and advertising injury" as defined in the form of liability insurance Tenant is required to maintain.

(c) "Landlord" means Landlord and its agents, officers, servants, employees, consultants, invitees, licensees, or visitors.

(d) "Rent" means Base Rent plus any other amounts of money payable by Tenant to Landlord.

(e) "Tenant" means Tenant and its agents, contractors, employees, invitees, licensees, or visitors.

3. RENT AND RENT INVOICES

(a) Rent. Tenant agrees to pay to Landlord the Base Rent and any Utility charges billed by the Landlord set forth in Sections 1(o) and 8(a), respectfully, in advance, on the 1st day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date. Rent will be considered past Due and in default if not received by the 10th of the month.

(b) Rent Invoices. All invoices from Landlord to Tenant for any Rent due under this Lease will be sent to the address set forth in Section 12(m) or to such other address as Tenant may designate by notice to Landlord.

4. REAL ESTATE TAXES AND OTHER TAXES

(a) Real Estate Taxes. Tenant will pay or cause to be paid to the appropriate governmental authorities, prior to delinquency, all Real Estate Taxes. "Real Estate Taxes" means all real property taxes and assessments that become due and payable during the Term and are assessed by the applicable taxing governmental authority against the Premises. Tenant shall only be responsible for said taxes incurred by Tenant during the term, to include any extension, of this Lease. Tenant shall not be responsible for any back taxes or assessments incurred by a third party or prior to the Delivery Date.

(b) Notice Regarding Other Taxes. If assessed, Tenant shall during the Term be responsible for payment, prior to delinquency, of all taxes assessed against and levied upon the trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises. If applicable, Tenant shall during the Term pay to Landlord monthly with the payment of Base Rent all sales or rental taxes assessed by any governmental authority against the Rent payable by Tenant hereunder. Tenant hereby agrees to hold Landlord harmless from all costs, expenses, interest and penalties that Landlord may incur as a result of Tenant's failure to pay the taxes set forth in this Section 4.

5. TENANT COVENANTS

(a) Tenant Agrees to –

(1) Lease the Premises for the entire Term beginning on the Delivery Date and ending on the Termination Date.

(2) Accept the Premises in their present condition "AS IS, WHERE IS CONDITION," the Premises being currently suitable for the Permitted Use. Tenant shall have the right to perform improvements to the Premises, subject to Landlord's approval of the plan and specifications prior to any work being initiated. Furthermore, Tenant agrees and assures that any plans submitted and subsequent work performed for any renovation or alteration to the Premises must comply with the federal Americans with Disabilities Act ("ADA") and the Texas Accessibility Standards ("TAS") requirements and adhere to the International Building Code, as required by the LRRRA Covenants, Restrictions and Landscape Standards, as may be amended.

(3) Obey (i) all applicable federal, state, and local laws relating to the use, condition, and occupancy of the Premises and related to the Permitted Use; (ii) any requirements imposed by utility companies serving or insurance companies covering the Premises; and (iii) any rules and regulations for the Premises and Common Areas adopted by Landlord, to include the Reese Technology Center, Operating Manual, Section 1, Construction Project Review, as amended, and as may be amended from time to time.

(4) Pay a late charge of five (5) percent of any Rent not received by Landlord by the tenth (10th) day after it is due.

(5) Following a twenty four (24) hour notice, allow Landlord to enter the Premises to perform Landlord's obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants; provided however, that such notice requirements shall not apply in the event of Tenant's request for Landlord to come onto the Premises to perform Landlord's obligations on the Premises, or in the event of an actual emergency situation that Landlord reasonably believes will result in personal injury, loss of life or property damage to the Premises. In such situation, Landlord will notify Tenant as soon after the entry as is reasonably possible.

(6) Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, reasonable wear excepted, including any improvements thereon, to the satisfaction of the Landlord or, in lieu of such repair or replacement, Tenant shall pay to Landlord an amount sufficient to compensate Landlord for the loss sustained by Landlord by reason of any damage to or destruction of Landlord's property.

(7) Keep the sidewalks, service ways, and loading areas adjacent to the Premises clean and unobstructed.

(8) Submit in writing to Landlord any request for repairs, replacement, and maintenance that are the obligations of Landlord.

(9) If requested, deliver to Landlord a financing statement perfecting the security interest created by this lease.

(10) Vacate the Premises and return all keys to the Premises on the last day of the Term.

(11) If accessed, pay an additional cleaning fee in the event such cleaning is required as a result of any act of the Tenant or as a result of activities, which are part of the Tenant's use of the Premises. Tenant hereby agrees to pay such fee within ten (10) days of notification of fee assessment.

(12) On request, execute an estoppel certificate that states the Delivery Date, Commencement Date, and Termination Date of the lease, identifies any amendments to the lease, describes any rights to extend the Term or purchase rights, lists defaults by Landlord, and provides any other information reasonably requested.

(13) INDEMNIFY, DEFEND, AND HOLD LANDLORD HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES OR PROJECT; OR THAT IS RELATED TO TENANT'S PERMITTED USE. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE

TERM, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

(14) Not Used.

(b) Tenant agrees not to and agrees to ensure that its agents, contractors, employees, invitees, licensees, sub-lessees, or visitors do not do any of the following

- (1) Use the Premises for any purpose other than the Permitted Use.
- (2) Create a nuisance, to include but not limited to noxious odors.
- (3) Interfere with any other tenant's normal business operations or Landlord's management of the Premises or Project.
- (4) Use the Premises in any way that would increase insurance premiums or void insurance on the Premises or the Project.
- (5) Change Landlord's lock system.
- (6) Allow a lien to be placed on the Premises.
- (7) Assign this lease or sublease any portion of the Premises without Landlord's prior express written consent.
- (8) Use the roof on the Premises, except as may be specifically authorized in writing by the Landlord.
- (9) Place any signs on the Premises without Landlord's written consent.
- (10) Bring suit against Landlord in connection with any claim or suit arising pursuant to Section 5(a)(13).
- (11) Use any portion of the Premises for wind energy development or the installation or use of any facilities related to wind energy development or generation.
- (12) Interfere with the wind energy project being conducted on the westernmost boundary of the Project.
- (13) Take any action that shall significantly interfere with or impair the availability, accessibility, flow, frequency or direction of air and wind over and above any portion of the Premises or the Project.

(14) Take any action that in any way interferes with or impairs the transmission of electric, electromagnetic or other forms of energy to or from the wind energy project, or interferes with or impairs Landlord's wind energy tenant's access to the wind energy project.

6. LANDLORD COVENANTS

(a) Landlord agrees to –

(1) Lease to Tenant the Premises for the entire Term beginning on the Delivery Date and ending on the Termination Date.

(2) Obey all applicable laws with respect to Landlord's operation of the Premises and Project.

(3) Subject to the requirements of Section 5(a)(2), repair and maintain the (i) roof, (ii) foundation, (iii) structural soundness of the exterior walls, excluding windows, window glass, plate glass, and doors, and (iv) Common Areas.

(4) Return the Security Deposit to Tenant, less itemized deductions, if any, within sixty (60) days after the last day of the Term.

(b) Landlord agrees not to—

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

(2) Subject to Section 12.q., unreasonably withhold consent to a proposed assignment or sublease.

7. COMMON AREAS

(a) Right to Use Common Areas. Tenant will have the nonexclusive right to use the Common Areas subject to any reasonable rules and regulations that Landlord may prescribe.

(b) Maintenance of Common Areas. At all times during the Term, Landlord will maintain the Common Areas; provided however, that if the Tenant causes any injuries, damage or other calamity to occur in the Common Areas with respect to the chemicals that Tenant is using on its Leased Premises, the Tenant shall be responsible for the repair and maintenance of the Common Areas so effected by such injury, calamity or damage.

8. UTILITIES AND TRASH REMOVAL

(a) Payment of Utility Bills. Subject to Section 3(a), Tenant will promptly pay all charges for electricity, water, gas, telephone service, stormwater service, and other utilities furnished to the Premises directly to the provider of such service.

(b) Trash Removal. Tenant shall install, in compliance with applicable Laws at a location on the outside of the Premises, a trash dumpster. Tenant shall pay for collection of its own trash.

9. DAMAGE BY CASUALTY

(a) Notice of Damage and Estimated Repair Time. If the Premises is damaged or destroyed by fire or other casualty ("Casualty"), Landlord will, within thirty (30) days after the date of the Casualty, notify Tenant ("Landlord's Casualty Notice") of the number of days, from the date of the Casualty, that Landlord estimates will be required to complete the repair and restoration. If neither Tenant, nor Landlord, elects to terminate this Lease as set forth below, then the damage or destruction of the Premises will, at the expense of Landlord, be repaired and restored, unless Casualty is determined to have been caused by intentional or unintentional neglect of the Tenant, at which the damage or destruction will be at the expense of the Tenant.

(b) Tenant's Right to Terminate. If more than thirty-five percent (35%) of the floor area of the Premises is damaged or destroyed due to Casualty, then Tenant will have the right to terminate this Lease, effective as of the date of Casualty, by notice given to Landlord within fifteen (15) days after Tenant's receipt of Landlord's Casualty Notice.

(c) Landlord's Right to Terminate. If more than thirty-five percent (35%) of the floor area of the Premises is damaged or destroyed by Casualty during the Term, then Landlord may elect to terminate this Lease effective as of the date of the Casualty by notice given to Tenant not later than fifteen (15) days after Landlord delivers Landlord's Casualty Notice to Tenant.

(d) Landlord's Repair Obligation. Landlord's obligation will be to restore all portions of the Premises and the Common Areas in the immediate vicinity of and surrounding the Premises (including but not limited all parking areas surrounding the Premises and all sidewalks, roadways, driveways and access ways leading to and from the Premises) affected by a Casualty (exclusive of Tenant's fixtures and equipment) to their condition immediately preceding such Casualty, subject to available insurance proceeds. If Landlord for any reason whatsoever fails (1) to commence the repair and restoration work required hereunder within ninety (90) days from the date of the Casualty, (2) to proceed diligently to complete such repair and restoration work, or (3) fails to complete same within the estimated time set forth in Landlord's Casualty Notice, plus the number of days of delay caused by Uncontrollable Events, then, Tenant will have the right to terminate this Lease by giving Landlord notice and upon the giving of such notice, this Lease will terminate and the Parties will be liable for their respective obligations to the date of termination and will have no liability for obligations arising after that date, except for those obligations which expressly survive termination. Landlord agrees should damage occur in over thirty-five percent (35%) of the floor area no rent will be due or if mutually agreed a reduced rent will be paid, provided Tenant can use the portion of the Premises not damaged.

10. HAZARDOUS MATERIALS

(a) Landlord's Obligations. Landlord represents and warrants that on the Delivery Date the Premises and the Project shall be in compliance with all Environmental Laws. During the Term, Landlord will not use, generate, place, store, release or otherwise dispose of, or permit

the use, generation, placing, storage, release or disposal of, Hazardous Materials in the Project, except in accordance with all Environmental Laws.

(b) Tenant's Obligations. During the Term, Tenant will not use, generate, place, store, release or otherwise dispose of Hazardous Materials in the Premises or the Common Areas, except in accordance with all Environmental Laws, and subject to the Reservations recorded in the Deed Without Warranty Between the United States of America and Landlord recorded in the Real Property Records of Lubbock County, Texas at Deed Record 2006041652. Notwithstanding anything to the contrary contained in this Lease, Landlord acknowledges and agrees that Tenant shall have the right to use and store in the Premises in Tenant's ordinary course of business Hazardous Materials in accordance with Environmental Laws. In the event of a breach of the foregoing, Tenant will promptly undertake remediation or removal in accordance with all Environmental Laws. Tenant will indemnify, defend and hold Landlord and Landlord's Affiliated Parties harmless from and against, and reimburse Landlord and Landlord's Affiliated Parties for, all Hazardous Materials Liabilities asserted against or incurred by Landlord or Landlord's Affiliated Parties as a result of a breach of Tenant's obligations under this paragraph. Notwithstanding anything to the contrary contained herein, in no event shall Tenant be liable for Hazardous Materials existing in, on or about the Premises or the Project prior the Tenant's occupancy of the Premises. Tenant shall provide Landlord a copy of Tenant's plan for responding to hazardous waste, fuel, and chemical spills no later than the Commencement Date.

(c) Definitions. As used herein,

(i) "Hazardous Materials" shall be construed broadly to include any toxic or hazardous substance, material, or waste, and any other contaminant, pollutant or constituent thereof, including without limitation, chemicals, compounds, by-products, petroleum or petroleum products, and polychlorinated biphenyls, the presence of which requires investigation or remediation under any Environmental Laws or which are or become regulated, listed or controlled by, under or pursuant to any Environmental Laws;

(ii) "Environmental Laws" means all federal, state, regional or local statutes, laws, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative interpretations thereof, or similar laws of foreign jurisdictions where the Tenant conducts business, whether currently in existence or hereinafter enacted or promulgated, any of which govern, or purport to govern, or relate to pollution, protection of the environment, public health and safety, air emissions, water discharges, hazardous or toxic substances, solid or hazardous waste or occupational health and safety, as any of these terms are or may be defined in such statutes, laws, rules, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative interpretations thereof, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, 42 U.S.C. §9601, et seq. (collectively "CERCLA"); the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and subsequent Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §6901 et seq. (collectively "RCRA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Clean Water Act, as amended, 33 U.S.C. §1311, et seq.; the Clean Air Act, as amended (42 U.S.C. §7401-7642); the Toxic Substances Control Act, as amended, 15 U.S.C. §2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act as amended, 7 U.S.C. §136-

136y ("FIFRA"); the Emergency Planning and Community Right-to-Know Act of 1986 as amended, 42 U.S.C. §11001, et seq. (Title III of SARA) ("EPCRA"); and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §651, et seq. ("OSHA"); and

(iii) "Hazardous Materials Liabilities" means all claims, damages, losses, forfeitures, expenses or liabilities arising from or caused in whole or in part, directly or indirectly, by a breach by the other Party of its representations, warranties or covenants under Section 10(a) or (b), including, without limitation, all costs of defense (including reasonable attorneys' fees and other costs of litigation), all consultants' fees, and all costs of investigation, repair, remediation, restoration, cleanup, detoxification or decontamination, and/or preparation and implementation of any closure, remedial action or other required plan.

(d) Survival. The provisions of this Section 10 will survive the expiration or earlier termination of this Lease.

(e) Hazardous Materials. Tenant agrees to provide Landlord access to the Leased Premises for periodic inspections concerning the Hazardous Materials uses in its operations, to provide Landlord with a list of any and all Hazardous Materials used in its operations or which are brought on to the Leased Premises by Tenant, and shall provide Landlord with Material Safety Data Sheets for all Hazardous Materials, its security procedures and Hazardous Materials safety plans, policies and procedures to be utilized by the Tenant for protection of Tenant's employees health, safety and well-being, as well as for the plans, policies and procedures designed to protect the health, safety and well-being of any person on the Reese Technology Center Campus that may come in contact with the Hazardous Materials and chemicals in use by the Tenant.

11. INSURANCE AND WAIVER OF SUBROGATION

A Certificate of Insurance for each coverage identified below shall be submitted to Landlord prior to the Delivery Date. Tenant shall provide to Landlord proof of the required insurance on or before the expiration date of each expiring policy, and cause each required policy to require insurer to give Landlord notice of termination of any policy prior to the expiry of its term. Specifically, Tenant is required to have:

(a) Commercial General Liability Insurance. Commercial General Liability Insurance covering the Premises and Tenant's use thereof, not including Common Areas, against claims for bodily injury, death or property damage occurring upon, in or about the Premises (including contractual indemnity and liability coverage), such insurance to provide coverage of not less than \$500,000.00 per occurrence and \$1,000,000.00 annual aggregate. Landlord shall be included as an additional insured against claims for bodily injury, death, or property damage occurring upon, in or about the Premises; or that is related to the Permitted Use.

(b) Tenant's Property Insurance. Property insurance on an all-risk basis (including coverage against fire, wind, tornado, vandalism, malicious mischief, water damage and sprinkler leakage) covering all Tenant owned fixtures, equipment, and leasehold improvements, and other personal property located in the Premises and endorsed to provide one hundred percent (100%) replacement cost coverage. Such policy shall be written in the name of Tenant.

(c) Workers Compensation' and Employer's Liability Insurance. Workers' compensation insurance shall be in an amount meeting applicable state statutory requirement and the employer's liability limits shall be in an amount not less than \$1,000,000.00 per bodily injury by accident and \$1,000,000.00 per employee for bodily injury by disease.

(d) Other Requirements of Insurance. All such insurance will be issued and underwritten by companies with an A.M. Best rating of "A" or better and size rating of "VI" or better and Tenant will use good faith efforts to obtain a policy that will contain endorsements that (1) such insurance may not lapse with respect to Landlord or be canceled with respect to Landlord without the insurance company giving Landlord at least thirty (30) days prior written notice of such cancellation, (2) Tenant will be solely responsible for payment of premiums, and (3) in the event of payment of any loss covered by such policy, this insurance shall apply as primary insurance with respect to any overlapping coverage afforded to the Landlord except for loss arising from Common Areas.

(e) Release of Claims/Subrogation. LANDLORD AND TENANT RELEASE EACH OTHER AND LIENHOLDER FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES OR BUILDING, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE BUILDING, AND LOSS OF BUSINESS OR REVENUES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LEASE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LANDLORD AND TENANT WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE RELEASED PARTY.

12. ADDITIONAL LANDLORD AND TENANT AGREEMENTS

a. 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 Delivery Date, normal wear excepted. All alterations shall require the prior written consent of Landlord. In addition to the requirements of Section 5(a)(2), Tenant agrees at its sole cost and expense to comply with all Laws when performing any alterations, including obtaining any governmental permits which may be required in connection therewith. Should Tenant desire to renovate the Premises and such renovations would require alterations to the Premises, then Tenant shall submit plans and specifications for such renovations to Landlord for its approval, such approval not to be unreasonably withheld, delayed or conditioned. Landlord shall have fourteen (14) days from receipt of Tenant's plans and specifications to approve or disapprove same. In the event Landlord fails to disapprove of said plans and specifications within such fourteen (14) day period, then the plans and specifications shall be deemed approved. After completion of any alterations or

improvements that require consent of Landlord hereunder, Tenant shall provide Landlord with a copy of Tenant's plans and specifications for such alterations or improvements.

b. Abatement. Tenant's covenant to pay Rent and Landlord's covenants are independent. Except as otherwise provided herein, Tenant will not be entitled to abate Rent for any reason.

c. Condemnation/Substantial or Partial Taking

(1) If the Premises cannot be used for the purposes contemplated by this lease because of condemnation or purchase in lieu of condemnation, this lease will terminate.

(2) If there is a condemnation or purchase in lieu of condemnation and this lease is not terminated, Landlord will, at Landlord's expense, restore the Premises, and the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.

(3) Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

d. Uniform Commercial Code. Tenant grants Landlord a security interest in Tenant's personal property now or subsequently located on the Premises. This lease is a security agreement under the Uniform Commercial Code. Furthermore, Tenant authorizes Landlord to file a UCC-1 Financing Statement with the Texas Secretary of State to perfect its interest in Tenant's personal property now or subsequently located on the Premises, without any further signature or authorization of the Tenant, and this Lease and security agreement contained herein shall serve as a financing statement and may be filed if necessary.

e. Default by Landlord/Events. Defaults by Landlord are failing to comply with any provision of this lease within thirty (30) days after written notice.

f. Default by Landlord/Tenant's Remedies. Tenant's remedies for Landlord's default are to sue for damages.

g. Default by Tenant/Events. Defaults by Tenant are:

(1) making an assignment for the benefit of its creditors;

(2) the levying on or against Tenant's property;

(3) the institution in court of competent jurisdiction of proceedings for the reorganization, liquidation, or voluntary dissolution of Tenant, or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the Tenant's property, if the proceedings are not dismissed, and any receiver, trustee, or liquidator appointed therein is not discharged within thirty (30) days after the proceedings are instituted;

(4) the filing of a mechanic's lien against the Premises in connection with work contracted for by Tenant that is not released by payment or bond or otherwise (including indemnification reasonably satisfactory to Landlord) within thirty (30) days of Tenant's receipt of written notice of the existence of such mechanic's lien, provided, however, that Tenant shall have an affirmative duty to notify Landlord of the existence or threat of any such mechanic's lien being filed against the Premises if and when Tenant receives any notice of the threatened mechanic's lien from any claimant;

(5) failing to pay timely Rent;

(6) failure by Tenant to perform or observe any of Tenant's non-monetary covenants contained in this Lease;

(7) abandoning or vacating a substantial portion of the Premises; and

(8) failing to comply within ten (10) days after written notice with any provision of this Lease.

h. Default by Tenant/Landlord's Remedies. Landlord's remedies for Tenant's default are to (1) enter and take possession of the Premises; (2) enter the Premises and perform Tenant's obligations; apply the Security Deposit and Early Termination Fee to pay arrears of Rent, to repair any damage or injury, or to pay any expense or liability incurred by Landlord as a result of the default; and (4) terminate this Lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages. If the Tenant fails to cure any default within ten (10) days after being locked out of the Premises, Landlord may consider all of Tenant's personal property Abandoned Property, as set forth in Section 12.u.

i. Remedies Cumulative. The rights and remedies given to Landlord and Tenant in this Lease are distinct, separate and cumulative remedies, and the exercise of any one or more of them will not be deemed to exclude Landlord's or Tenant's rights to exercise any or all of the others which are given in this Lease, or at law or in equity, unless such remedies are expressly excluded.

j. Default/Waiver/Mitigation. It is not a waiver of default if the non-defaulting Party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this lease does not preclude pursuit of other remedies in this lease or provided by applicable law. Landlord and Tenant have a duty to mitigate damages.

k. Representations and Indemnities of Broker Relationships. Tenant and Landlord each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder in connection with this Lease, and that no one is entitled to any commission or finder's fee in connection herewith. Tenant and Landlord do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar Party by reason of any dealings or

actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

1. Holdover. No holding over by Tenant, whether with or without the consent of Landlord, will extend the Term. If Tenant remains in possession of the Premises after the expiration of the Term without execution of a new lease extending the Term, Tenant will be deemed to be occupying the Premises as a tenant at will, subject to all of the terms of this Lease as may be applicable to a month to month tenancy and at One Hundred Fifty Percent (150%) of the monthly installment of the Base Rent set forth in Section 1(m) for the twelve (12) month period prior to expiration of the Term, except that thereafter either Landlord or Tenant may terminate this Lease upon thirty (30) days' notice to the other; provided that Landlord, by the terms hereof, is not deemed to consent to any such holdover by Tenant and may exercise all rights provided by law to remove Tenant from the Premises upon giving Tenant the notice described herein.

m. Notices. Any notices sent or required to be given hereunder must in writing and sent by certified mail, return receipt requested, or nationally recognized overnight courier to the following addresses:

LANDLORD:

Lubbock Reese Redevelopment Authority
9801 Reese Boulevard
Suite 200
Lubbock, Texas 79416
Attn: Executive Director
Telephone: (806) 885-6592

TENANT:

DKHS Biotechnology, L.L.C.
5831 100th Street
Lubbock, Texas 79424.
Attention: Song Luo, PhD
Telephone: (312) 259-5289
Email: songluo@dkhsbiotech.com

Notices will be deemed given on the date received (or refused) when addressed to the parties at the addresses set forth above or in either case to such other addresses as Landlord or Tenant may designate to the other by notice. Notice may also be given by regular mail, personal delivery, courier delivery, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein. Without limiting the foregoing, any notice required or permitted to be given under this Lease may be sent by e-mail at the appropriate e-mail address set forth in this Section 12.m, as the same may be amended, or to such other e-mail address as Landlord or Tenant may from time to time designate in a notice to the other; provided that such e-mailed notice expressly states that it represents a notice under Section 12.m. of this Lease. Any e-mailed notice shall be deemed given on the date

of delivery, provided that (i) such delivery is reasonably confirmed as received by the recipient (i.e., no error report is received by the sender); and (ii) if delivery occurs after 5:00 p.m. in the time zone of the recipient or on a non-business day, then such notice shall be deemed received on the first business day after the day of delivery.

n. Attorney's Fees. If either Party retains an attorney to enforce this Lease, the Party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.

o. Governing Law. This Lease shall be governed in accordance with the laws of the State of Texas, and all obligations of the Parties are performable in Lubbock County, Texas.

p. Entire Agreement. This Lease, together with the attached exhibits and riders, is the entire agreement of the Parties, and there are no oral representations, warranties, agreements, or promises pertaining to this lease or to any expressly mentioned exhibits and riders not incorporated in writing in this lease.

q. Assignment and Subletting by Tenant. Tenant may have the right, with the prior written consent of Landlord, which consent shall not be unreasonable withheld, conditioned or delayed, to assign this Lease, and any interest therein, provided each assignee assumes in writing all of Tenant's obligations under this Lease and Tenant shall remain liable for each and every obligation under this lease. Landlord hereby grants its consent for Tenant to sublet the Premises or any thereof, or any right or privilege pertinent thereto.

The foregoing notwithstanding, Tenant may assign its entire interest under this Lease to an Affiliate or to a successor to Tenant by purchase, merger, consolidation or reorganization without the consent of Landlord, provided that all of the following conditions are satisfied (a "Permitted Transfer"): (1) no uncured event of default exists under this Lease; (2) Tenant's successor shall own all or substantially all of the assets of Tenant; and (3) Tenant shall give Landlord written notice at least thirty (30) days prior to the effective date of the proposed purchase, merger, consolidation or reorganization. The term "Affiliate" means any person or entity controlling, controlled by or under common control with Tenant. Tenant's notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied.

r. Assignment by Landlord. Landlord is expressly given the right to assign any or all of its interest under the terms of this Lease, provided the assignee expressly assumes all obligations of Landlord hereunder.

s. Amendment of Lease. This Lease may be amended only by an instrument in writing signed by Landlord and Tenant.

t. Limitation of Warranties. 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.

u. Abandoned Property. Landlord may retain, destroy, or dispose of any property left on the Premises at the end of the Term.

v. Heirs, Successors, and Assigns. This Lease and the covenants, agreements and representations herein contained will be binding upon, and inure to the benefit of, the Parties hereto and their respective heirs, executors, administrators, successors, and assigns.

w. Rules of Construction. This Lease will be construed with equal weight for the rights of both Parties, the terms hereof having been determined by fair negotiation with due consideration for the rights and requirements of both Parties.

x. Severability. If any term or provision of this Lease is found to be invalid, illegal or unenforceable, the remaining terms and provisions hereof will not be affected thereby; and each term and provision hereof will be valid and enforceable to the fullest extent permitted by Laws.

y. Headings. The captions, section numbers and paragraph numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, amplify, limit, construe or describe the scope or interest of any section of this Lease.

z. Trafficking of Persons. Under §2155.0061, Texas Government Code, Tenant certifies that the individual or business entity named in the Agreement is not ineligible to receive the specified Agreement and acknowledges that the Agreement may be terminated if this certification is inaccurate.

aa. Chapter 2271 of the Texas Government Code. Tenant acknowledges that in accordance with Chapter 2270 of the Texas Government Code, the Landlord is prohibited from entering into a contract with a company for goods or services unless the contract contains a written verification from the Tenant that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The terms “boycott Israel” and “company” shall have the meanings ascribed to those terms in Section 808.001 of the Texas Government Code. ***By signing this Lease, Tenant certifies that Tenant’s signature provides written verification to the Landlord that Tenant: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the Lease.***

bb. Counterparts; Signatures. This Lease may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Lease and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Lease and of signature pages by facsimile transmission, email or other electronic means (including, without limitation, DocuSign or other third-party electronic signature verification service) shall constitute effective execution and delivery of this Lease as to the parties and may be used in lieu of the original Lease for all purposes. Signatures of the parties transmitted by facsimile, email or other electronic means (including, without limitation, DocuSign or other third party electronic signature verification service) shall be deemed to be their original signatures for all purposes.

13. AFFIRMATIVE REPRESENTATIONS CONCERNING FTZ-260 AND OPERATION OF AIRFIELD

a. Free Trade Zone (FTZ). The Lubbock Economic Development Authority (“LEDA”) has applied and previously received approval for eligible tenants of the Project to be able to take advantage of the benefits of its FTZ. Tenants that are eligible to participate must apply through LEDA and pay the application fees and any monthly fees associated with the volume of goods that are transported into and out of the FTZ. Interested tenants should contact the LEDA for specific details regarding the application process and the fees and regulations associated with the program.

b. Airfield. Landlord currently has Federal Aviation Administration approval to operate the airstrips located within the Project. The 6,500-foot north-south runway can accommodate large cargo aircrafts such as a C-130. While Landlord anticipates that there may be changes with respect to the use of the three (3) primary landing strips that are now in operation (including that the westernmost runway is non-operational, except in the case of a federal, state or local emergency), Landlord intends to continue to operate the 6,500-foot north-south runway and will make the use of such runway available to Tenant in accordance with the existing Federal Aviation Administration certification. With regard to the westernmost runway, Landlord has restricted use of such runway based on the operation of the commercial grade wind turbines that exist on the Project to the west of such runway, and Tenant agrees that it may not have access to such runway. All flight arrangements must be approved through Landlord and any tenant utilizing the runway for such flights must comply with the daytime Visual Flight Rule. Notwithstanding the foregoing, Landlord agrees that it will not cause or permit any material change in size, location or configuration of any airstrip or runway which will have an adverse effect on Tenant's ability to operate in the Premises or which will adversely affect access to the Premises.

14. SECURITY CONDITIONS

Landlord and Tenant acknowledge and agree that the Project is located on property formerly owned and operated by the United States Air Force as the Reese Air Force Base, and that certain portions of the Project have been previously utilized by local, state and federal governmental entities (hereinafter, “the Government”) in times of state or national emergencies to provide temporary evacuation shelters and other such uses. Additionally, Landlord has other tenants of the Project that require controlled access to the Airfield during certain operations. Landlord represents that the Government may continue to utilize the Project during the Term of this Lease in times of state or national emergency (with or without Landlord’s express consent), and other tenants of the Project, when approved by the Landlord, may require controlled access to the Airfield, and that such use could adversely affect Tenant’s ability to access the Premises and/or use the Common Areas due to additional security measures; provided, however, that such adverse impact shall only delay and shall not unreasonably deny access by Tenant to the Premises.

Tenant acknowledges and agrees that, in the event that the Government utilizes any portion of the Project in a time of state or national emergency or when the Landlord authorizes other tenants of the Project to control access to the Airfield, Tenant, its employees, officers, agents, and contractors will comply with all reasonable security regulations imposed by the Landlord or applicable governmental agency, including the requirement to obtain and display security identification cards and to comply with reasonable security procedures.

The execution of this Agreement by Landlord shall not be considered a waiver of Landlord's sovereign immunity to suit.

IN WITNESS WHEREOF, having read and intending to be bound by the terms hereof, the Parties have signed this Lease on the date(s) set forth below.

{SIGNATURE PAGE FOLLOWS}

LUBBOCK REESE
REDEVELOPMENT AUTHORITY
("Landlord")

DKHS BIOTECHNOLOGY, L.L.C.
("Tenant")

By: Murvat Musa, CEO

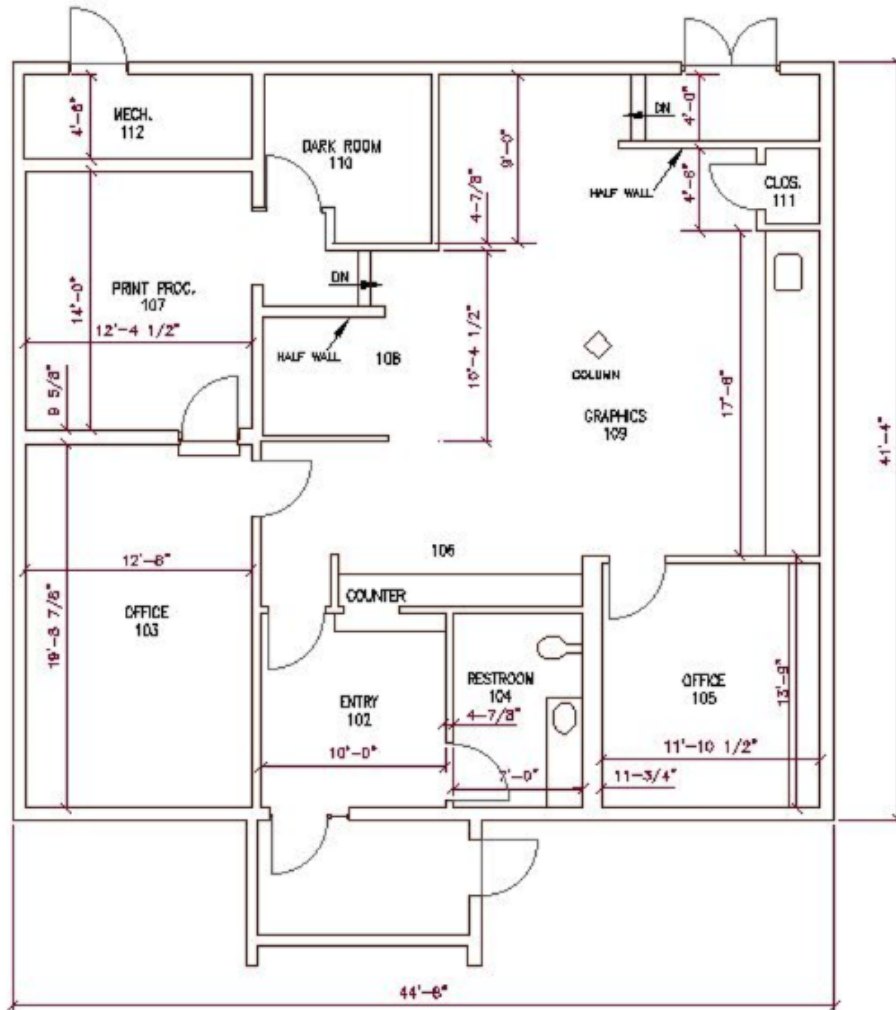
By: Song Luo, PhD, President

Date

Date

EXHIBIT A

Site Plan



**BOARD ACTION ITEM No. 2024-0626-019
LEASE FOR DKHS BIOTECHNOLOGIES, BUILDING 37**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY
June 26, 2024**

Item to be Considered:

Lease for DKHS Biotechnology, LLC for Building 37

Previous Board Action:

The Board previously approved a lease for DKHS June 26, 2019

Statement of Pertinent Facts:

- a) DKHS will continue to lease Building 37, which is approximately 1,945 square feet, for lab/office space.
- b) Starting base rent is \$8.50 per square foot.
- c) Base rent will increase 4% annually for both the initial term and all option years.

Advice, Opinions, Recommendations, and Motion:

If the Board of Directors concurs, the following motion is in order:

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby approves the lease for DKHS Biotechnology, LLC for Building 37, and authorizes its CEO/Executive Director to execute the lease subject to negotiation of final terms and conditions, as submitted, on this 26th day of June 2024.”

Tim Pierce, President

ATTEST:

LRRRA Board Member

AGENDA ITEM 7
EXECUTIVE SUMMARY
GEO REENTRY SERVICES, LLC, BUILDING 500

The Lease Review Committee has reviewed and supports the following new lease.

GEO Reentry Services, LLC provides administrative services for probationary clients referred by its contract client, the Federal Bureau of Prisons. This office will serve to deliver comprehensive programming for individuals transitioning back into the community. The office will serve a maximum of 50 participants who are living and working in the community. Read the attached Deal Sheet for details of their operations.

The lease is contingent upon GEO being awarded a federal contract which is expected to be September 1, 2024. This five-year agreement is a full-service lease with tenant improvements that cost approximately \$155,900, amortized over five years at 8%, which are added to their rent schedule. Rent starts at \$14.64 per square foot, with 3% annual increases, for 6,720 square feet of space.

GEO will have an option to terminate the lease early, but doing so will require them to refund Reese for the remaining unamortized expenses as well as brokerage fees.

The Deal Sheet and Lease are attached for your review.

The Staff recommends the Board approve this lease.

Deal Sheet

GEO Reentry Services, LLC Building 500 “Subject to Board Approval”

May 31, 2024

Prospective Tenant:

GEO Reentry Services, LLC

Premises:

Building 500 – 6,720 square feet of leasable space

707 Gilbert Drive

Lubbock, TX 79416

See Exhibit A for floor plan and site plan.

Broker:

Plante Moran Realpoint, 5% commission of gross rents for the initial term only. See Exhibit B.

Company Information:

The GEO Group will operate a business professional office which provides administrative services for probationary clients referred by its contract client, the Federal Bureau of Prisons. GEO has operated non-residential reentry centers for correctional agencies since 1996, delivering structured reentry services and comprehensive programming for individuals transitioning back into the community. GEO has a national operating presence and continues to provide excellent services through its more than 90 existing Day Reporting Centers locations contracted by a variety of city, state, and county governments across the United States.

The Federal Bureau of Prisons recently issued 15 RFPs to expand its early release reentry program and one of those locations will be in Lubbock, Texas. No such location in Lubbock currently exists. GEO has responded to this RFP to establish a program in Lubbock which is necessitating the need for this site. The lease will be contingent on GEO being awarded the contract.

This facility will operate 12 hours Monday-Friday and 8 hours on Saturday/Sunday and expects a total of 10-12 staff at full capacity. GEO facilities are not open to the public and GEO does not expect to see more than 12 visiting participants within the premises at any given time. The program will be open to a maximum of 50 participants at any given time. Program participants are living and working locally within the community, and typically utilize public transportation for services thus GEO is a non-intensive parking user. GEO has a strict no loitering policy which will be monitored by security cameras both inside and outside the building. Additionally, as each client will be on early release, they will be required to have a place to live, a job, and will be monitored with electronic ankle monitors.

The GEO Group, Inc, (NYSE: GEO), led by Executive Chairman, George Zoley, is a publicly traded corporation whose business lines include support services for secure facilities, processing centers, and reentry centers as well as enhanced in-custody rehabilitation, post-release support, and electronic monitoring programs in the United States, Australia, South Africa, and the United Kingdom. Financial highlights of the first quarter 2024 include total revenues of \$605.7 million, with

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net income of \$22.7 million and EBITDA of \$117.6 million. As of 12/31/2023 their total assets were \$3.69 billion, total revenues for the year were \$2.41 billion with net income of \$113.8 million and EBITDA of \$507.2 million. For more details on their financial condition, click here: <https://investors.geogroup.com/news-events-reports/investor-news>.

Type of Lease:

Modified Gross Lease – See Exhibit B for rent details.

This Lease is contingent upon the award of a contract by the Federal Bureau of Prisons which is expected to be September 1, 2024.

Renewal Options:

Tenant shall have three (3) option to renew for one (1) year each. Tenant shall give Landlord 90 days written prior notice to exercise the renewal at a mutually agreed-to rate and upon the written agreement of the Landlord.

Termination Option:

In the event Tenant loses its government contract, either in its entirety or with respect to the portion related to the geographic market relevant to the Premises, Tenant may terminate this Lease upon 60 days' written notice to Landlord.

Additionally, beginning on the first day of the 13th month from the Commencement Date of the Lease, Tenant shall have the right to terminate the Lease for any reason upon 180 days' written notice to Landlord.

Following termination of the Lease under either of these termination provisions, Tenant shall, **pay to Landlord all applicable unamortized documented expenses associated with the Tenant Improvements and brokerage fees as a lump-sum payment within 10 business days of the termination date.**

Security Deposit:

None

Utilities:

Tenant is responsible for all utilities to be paid directly to provider.

Tenant Improvements to be provided by Landlord:

The Landlord will provide turnkey tenant improvements to include, new walls, removing existing walls, new doors, paint, new flooring, bathroom modifications, lighting upgrades, and plumbing fixtures estimated at \$155,900. These costs will be amortized over five years at 8% and included in each month's rent payment. See chart below for the amortization.

Turnkey Tenant Improvements		
\$155,900 @ 8% interest for 5 years		
interest	principal	total
\$ 11,517.37	\$ 26,415.71	\$ 37,933.08
\$ 9,324.88	\$ 28,608.20	\$ 37,933.08
\$ 6,950.41	\$ 30,982.67	\$ 37,933.08
\$ 4,378.86	\$ 33,554.22	\$ 37,933.08
\$ 1,593.88	\$ 36,339.20	\$ 37,933.08
\$ 33,765.40	\$ 155,900.00	\$ 189,665.40

Reese Technology Center

Technology ★ Research ★ Engineering ★ Education ★ Manufacturing

Exhibit A



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Exhibit A

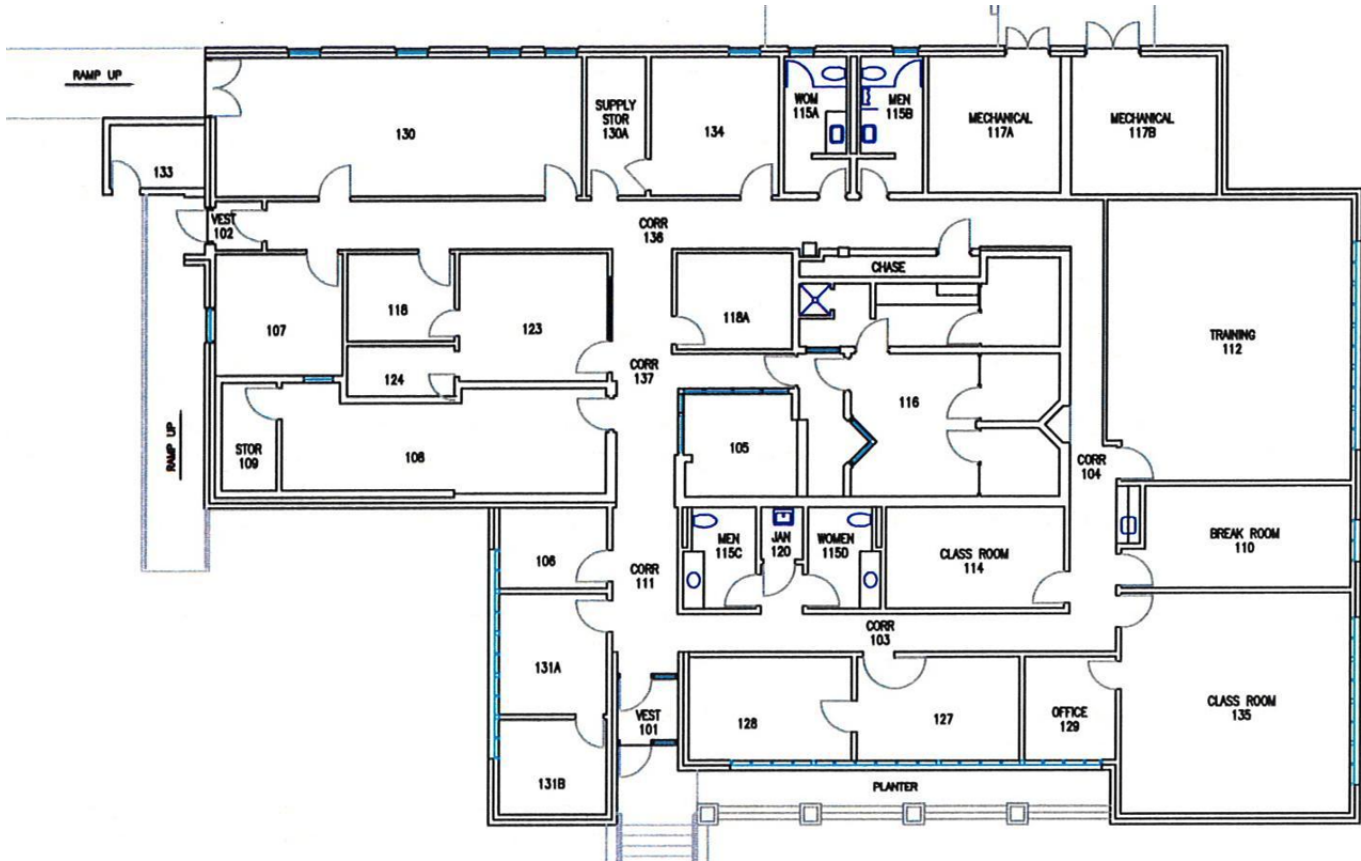


Exhibit B

Initial Term	Leased Square Feet	Base Rent Per Square Foot with 3%/Annual Increases	Added For Full Service Lease with 3%/Annual Increases	Annual Full Service Rent Per Square Foot	Annual Rent	Monthly Rent	Annual Amortized Cost of TI	Monthly Amortized Cost of TI	Total Annual Rent	Total Monthly Rent	Total Annual Rent Per Square Foot
Year 1	6,720	\$ 8.00	\$ 1.00	\$ 9.00	\$ 60,480.00	\$ 5,040.00	\$ 37,933.08	\$ 3,161.09	\$ 98,413.08	\$ 8,201.09	\$ 14.64
Year 2	6,720	\$ 8.24	\$ 1.03	\$ 9.27	\$ 62,294.40	\$ 5,191.20	\$ 37,933.08	\$ 3,161.09	\$ 100,227.48	\$ 8,352.29	\$ 14.91
Year 3	6,720	\$ 8.49	\$ 1.06	\$ 9.55	\$ 64,163.23	\$ 5,346.94	\$ 37,933.08	\$ 3,161.09	\$ 102,096.31	\$ 8,508.03	\$ 15.19
Year 4	6,720	\$ 8.74	\$ 1.09	\$ 9.83	\$ 66,088.13	\$ 5,507.34	\$ 37,933.08	\$ 3,161.09	\$ 104,021.21	\$ 8,668.43	\$ 15.48
Year 5	6,720	\$ 9.00	\$ 1.13	\$ 10.13	\$ 68,070.77	\$ 5,672.56	\$ 37,933.08	\$ 3,161.09	\$ 106,003.85	\$ 8,833.65	\$ 15.77
Total Rent					\$ 321,096.53		\$ 189,665.40		\$ 510,761.93		
Broker Fee of 3%					\$ 16,054.83		\$ 9,483.27		\$ 25,538.10		

STANDARD INDUSTRIAL LEASE

BETWEEN

**LUBBOCK REESE REDEVELOPMENT AUTHORITY, a Political
Subdivision of the State of Texas**

AS LANDLORD

AND

GEO REENTRY SERVICES, LLC, a Florida limited liability company

AS TENANT

FOR PREMISES LOCATED AT

Reese Technology Center Building No. 500

707 S. Gilbert Drive

Lubbock, Texas 79416

STANDARD INDUSTRIAL LEASE

This Standard Industrial Lease (the "Lease") is made this ____ day of June 2024, by and between LUBBOCK REESE REDEVELOPMENT AUTHORITY, a political subdivision of the State of Texas (hereinafter referred to as "Landlord") and GEO REENTRY SERVICES, LLC, a Florida limited liability company (hereinafter referred to as "Tenant"). Landlord and Tenant are also referred to herein individually as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

1. BASIC LEASE PROVISIONS

(a) Landlord: Lubbock Reese Redevelopment Authority, a political subdivision of the State of Texas, whose Federal Taxpayer Identification Number is 75-2713717.

(b) Landlord Address: 9801 Reese Blvd., Suite 200, Lubbock, TX 79416.

(c) Tenant: GEO REENTRY SERVICES, LLC, a Florida limited liability company, whose Federal Taxpayer Identification Number _____.

(d) Tenant Address: 4955 Technology Way, Boca Raton, FL 33431-3367.

(e) Guarantors: Not Applicable.

(f) Guarantors' Addresses: Not Applicable.

(g) Project: means the land, together with the Premises (as defined below) and all other improvements constructed thereon, and all rights, privileges, easements, and appurtenances pertaining thereto, known as Reese Technology Center and located in Lubbock County, Texas.

(h) Premises means that certain building ("Building") located at 707 S. Gilbert Drive, Lubbock, Texas 79416, which is commonly known as Building #500, and identified as the "Premises" on the site plan attached hereto as **Exhibit A** (the "Site Plan") and containing approximately 6,720 square feet of floor area and the use of the adjacent parking area.

(i) Initial Term (Years): Five (5) Years.

(j) Extensions: Three (3) extension periods of one (1) year each, subject to the rights set forth in Section 1(k).

(k) Option to Extend Term: Tenant shall have three (3) renewal options of one (1) year each, such option to be exercised automatically unless Landlord receives written notice from Tenant of its desire not to exercise the option to extend term no less than ninety (90) days prior to expiration of the Initial Term. Upon receipt of such notice, the Landlord shall provide written notice to Tenant within fourteen (14) days of receipt of the Tenant's notice either accepting or rejecting the Tenant's exercise of the Option to Extend Term Parties. The Parties agree to negotiate in good faith a new Base Rent rate. All other terms and conditions as are contained in this Lease, except the then existing Base Rent shall remain the same unless expressly revised.

- (l) Delivery Date: September 1, 2024.
- (m) Commencement Date: September 1, 2024.
- (n) Termination Date: August 31, 2029.

(o) Base Rent: The parties agree that the Base Rent set forth herein is what is commonly referred to as a "modified gross lease" and that Base Rent already includes, and Tenant shall not have to pay for Common Area (as defined below) Maintenance fees, grounds keeping-mowing expenses, parking, Landlord's insurance, and any other charges incurred by Landlord with respect to the Premises, except as otherwise provided for in this Lease. Said Base Rent does not include, and Tenant is solely responsible for any and all charges associated with utilities, telephone service, internet service, janitorial service, trash collection, or subsequent Tenant renovations after completion of the Tenant Improvements, except as otherwise provided in this Lease. Subject to this paragraph, Base Rent shall be no less than as set forth more fully in **Exhibit B**.

- (p) Security Deposit: Not Applicable.

(q) Termination: This Lease is terminable by Landlord if Tenant is in default on this Lease, as set forth in Section 12.g., provided that Landlord is not in default on this Agreement, as set forth in Section 12.e., subject to the following options: (1) in the event Tenant loses its federal government contract with the Bureau of Prisons (the "BoP Contract), either in its entirety or with respect to the portion related to the geographic market relevant to the Premises, Tenant may terminate this Lease upon sixty (60) days written notice to the Landlord; or (2) beginning on the first day of the 13th month from the Commencement Date, Tenant shall have the right to terminate the Lease for any reason upon 180 days written notice to Landlord. The "Section 1(q) Termination Date" shall be set as the date following the expiration of the applicable Notice period set forth in Section 1(q)(1) or (2).

(r) Early Termination Fee: Following termination of the Lease pursuant to either 1(q)(1) or (2), above, Tenant shall pay to Landlord the remaining principle balance due, to include any pro rata portion of any month, for any Tenant Improvements, as set forth in **Schedule C-1 (Tenant Improvements Payment Schedule)**, remaining due as of the "Section 1(q) Termination Date;" and reimburse the pro-rata share of any Brokerage Fees paid by Landlord pursuant to Section 12.k. for the period beginning on the "Section 1(q) Termination Date" through the Termination Date, as set forth in Section 1(n), above. The Tenant shall pay this Early Termination Fee to the Landlord as a lump-sum payment within ten (10) business days of the "Section 1(q) Termination Date."

(s) Permitted Use: Tenant may use the Premises for the purpose of operating an administrative services office for probationary clients referred by its federal government contract with the Federal Bureau of Prisons for delivering structured reentry services and comprehensive programming for individuals transitioning back into the community (the "Program"); it is expressly understood that Tenant may operate 12 hours per day on Monday-Friday and 8 hours per day on Saturday/Sunday (collectively, the "Permitted Use"). It is expressly understood and agreed to by the Parties that (1) no Program participants will remain overnight at the Premises or on the Project and (2) that the Premises shall not be utilized for any Immigration Customs

Enforcement (ICE) related purpose or program without the expressed written consent of the Landlord.

(t) Landlord's Address for Payment of Rent: Payment of Rent may be made by check and delivered to Landlord's address, or by electronic funds transfer to Landlord's bank account at:

Plains Capital Bank
5010 University
Lubbock, TX 79413
Routing Number - 111322994
Account Number - 7260002003
Deposits need to indicate: LUBBOCK REESE REDEVELOPMENT AUTHORITY

2. DEFINITIONS

(a) "Common Areas" means all facilities and areas of the Project that are intended and designated by Landlord from time to time for the common, general, and nonexclusive use of all tenants of the Project, including parking lots. Landlord has the exclusive control over and right to manage the Common Areas.

(b) "Injury" means (1) harm to or impairment or loss of property or its use, (2) harm to or death of a person, or (3) "personal and advertising injury" as defined in the form of liability insurance Tenant is required to maintain.

(c) "Landlord" means Landlord and its agents, officers, servants, employees, consultants, invitees, licensees, or visitors.

(d) "Rent" means Base Rent plus any other amounts of money payable by Tenant to Landlord.

(e) "Tenant" means Tenant and its agents, contractors, employees, invitees, licensees, or visitors.

3. RENT AND RENT INVOICES

(a) Rent. Tenant agrees to pay to Landlord the Base Rent and any Utility charges billed by the Landlord set forth in Sections 1(o) and 8(a), respectfully, in advance, on the 1st day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date. Rent will be considered past Due and in default if not received by the 10th of the month.

(b) Tenant Improvement Payment. Tenant shall also pay Landlord for the actual cost of the Tenant Improvements, as set forth in **Exhibit C**, in sixty (60) equal installments on the 1st day of each calendar month during the Term, without deduction or setoff, commencing on the Commencement Date (as defined in Section 1(m)) until paid in full, as provided for in **Schedule C-1** (Tenant Improvement Payment Schedule). These payments are also reflected in Exhibit B as part of the total payment due on the 1st day of each month.

(c) Rent Invoices. All invoices from Landlord to Tenant for any Rent, Tenant Improvement Payment, or other fee due under this Lease will be sent to the address set forth in Section 12(m) or to such other address as Tenant may designate by notice to Landlord.

(d) Independent Requirements. It is expressly understood and agreed by the Parties that the Rent and Construction Payment are separately payable and independent of each other and are separately due and payable pursuant to the terms of this Lease. In the event of a Tenant default under the terms of this Lease, the outstanding balance due on the Tenant Improvement Payment shall be immediately due and payable. Notwithstanding the foregoing, the terms Rent and Tenant Improvement Payment may be collectively referred to as "Rent" in this Lease.

4. REAL ESTATE TAXES AND OTHER TAXES

(a) Real Estate Taxes. Tenant will pay or cause to be paid to the appropriate governmental authorities, prior to delinquency, all Real Estate Taxes. "Real Estate Taxes" means all real property taxes and assessments that become due and payable during the Term and are assessed by the applicable taxing governmental authority against the Premises. Tenant shall only be responsible for said taxes incurred by Tenant during the term, to include any extension of this Lease. Tenant shall not be responsible for any back taxes or assessments incurred by a third party or prior to the Delivery Date. Real Estate Taxes for the calendar years in which the Term commences and ends will be prorated by days.

(b) Notice Regarding Other Taxes. If assessed, Tenant shall during the Term be responsible for payment, prior to delinquency, of all taxes assessed against and levied upon the trade fixtures, furnishings, equipment, and all other personal property of Tenant contained in the Premises. If applicable, Tenant shall during the Term pay to Landlord monthly with the payment of Base Rent all sales or rental taxes assessed by any governmental authority against the Rent payable by Tenant hereunder. Tenant hereby agrees to hold Landlord harmless from all costs, expenses, interest, and penalties that Landlord may incur as a result of Tenant's failure to pay the taxes set forth in this Section 4.

5. TENANT COVENANTS

(a) Tenant Agrees to –

(1) Lease the Premises for the entire Term beginning on the Delivery Date and ending on the Termination Date.

(2) Subject to completion of the Tenant Improvements provided for in **Exhibit C**, accept the Premises in their present condition "AS IS, WHERE IS CONDITION," the Premises being currently suitable for the Permitted Use. Tenant shall have the right to perform additional improvements to the Premises, subject to Landlord's approval of the plan and specifications prior to any work being initiated. Furthermore, Tenant agrees and assures that any plans submitted, and subsequent work performed for any renovation or alteration to the Premises must comply with the federal Americans with Disabilities Act ("ADA") and the Texas Accessibility Standards ("TAS") requirements and adhere to the International Building Code, as required by the Reese Technology

Center Operating Manual, Land and Building Use Section, as amended, and as may be amended from time to time.

(3) Obey (i) all applicable federal, state, and local laws relating to the use, condition, and occupancy of the Premises and related to the Permitted Use; (ii) any requirements imposed by utility companies serving or insurance companies covering the Premises; and (iii) any rules and regulations for the Premises and Common Areas adopted by Landlord, to include the Reese Technology Center Operating Manual, Land and Building Use Section, as amended, and as may be amended from time to time.

(4) Pay a late charge of five (5) percent of any Rent not received by Landlord by the tenth (10th) day after it is due.

(5) Following a twenty four (24) hour notice, allow Landlord to enter the Premises to perform Landlord's obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants; provided however, that such notice requirements shall not apply in the event of Tenant's request for Landlord to come onto the Premises to perform Landlord's obligations on the Premises, or in the event of an actual emergency situation that Landlord reasonably believes will result in personal injury, loss of life or property damage to the Premises. In such situation, Landlord will notify Tenant as soon after the entry as is reasonably possible.

(6) Pay to Landlord an amount sufficient to compensate Landlord for the loss sustained by Landlord by reason of any damage to or destruction of the Premises or the Project by Tenant, to include those items set forth in Section 6(a)(4).

(7) Keep the sidewalks, service ways, and loading areas adjacent to the Premises clean and unobstructed.

(8) Submit in writing to Landlord any request for repairs, replacement, and maintenance that are the obligations of Landlord.

(9) If requested, deliver to Landlord a financing statement perfecting the security interest created by this lease.

(10) Vacate the Premises and return all keys to the Premises on the last day of the Term.

(11) Provide its own interior janitorial services and routine cleaning. If accessed, pay an additional cleaning fee in the event such cleaning is required as a result of any act of the Tenant or as a result of activities which are part of the Tenant's use of the Premises. Tenant hereby agrees to pay such fee within ten (10) days of notification of fee assessment.

(12) On request, execute an estoppel certificate that states the Delivery Date, Commencement Date, and Termination Date of the lease, identifies any amendments to the lease, describes any rights to extend the Term or purchase rights, lists defaults by Landlord, and provides any other information reasonably requested.

(13) INDEMNIFY, DEFEND, AND HOLD LANDLORD HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES, OR ARISING FROM TENANT'S ACCESS TO, PRESENCE ON, OR USE OF THE PREMISES OR PROJECT; OR THAT IS RELATED TO TENANT'S PERMITTED USE. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE TERM, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD.

(14) Not Used.

(15) Not Used.

(16) Not Used.

(b) Tenant agrees not to and agrees to ensure that its agents, contractors, employees, invitees, licensees, sub-lessees, or visitors do not do any of the following —

(1) Use the Premises for any purpose other than the Permitted Use.

(2) Create a nuisance, to include but not limited to excessive noise and noxious odors.

(3) Interfere with any other tenant's normal business operations or Landlord's management of the Premises or Project.

(4) Use the Premises in any way that would increase insurance premiums or void insurance on the Premises or the Project.

(5) Change Landlord's lock system.

(6) Allow a lien to be placed on the Premises.

(7) Assign this lease or sublease any portion of the Premises without Landlord's prior express written consent.

(8) Use the roof on the Premises, except as may be specifically authorized in writing by the Landlord.

(9) Place any signs on the Premises without Landlord's written consent. Notwithstanding the foregoing, Landlord shall place at its sole cost and expense Tenant roster board signage at various building entrances, if requested by Tenant and agreed to by Landlord.

(10) Bring suit against Landlord in connection with any claim or suit arising pursuant to Section 5(a)(13).

6. LANDLORD COVENANTS

(a) Landlord agrees to –

(1) Lease to Tenant the Premises for the entire Term beginning on the Delivery Date and ending on the Termination Date.

(2) NOT USED.

(3) Obey all applicable laws with respect to Landlord's operation of the Premises and Project.

(4) Subject to the requirements of Sections 5(a)(2) and (6), repair, maintain, and, if necessary, replace the (i) foundation, to include floor slab; (ii) structural soundness of load bearing and exterior walls, including windows, window glass, plate glass, and doors; (iii) Common Areas, to include parking lots associated with the Premises and roads around the property and continuing to where these roads connect with roads maintained and repaired by Lubbock County, the City of Lubbock, the State of Texas, or the United States; (iv) HVAC; (v) plumbing; electrical, and other utility connections to the building. Upon receipt of written notice of defect or needed repairs of items required to be maintained by Landlord under this Paragraph, Landlord shall commence repair within ten (10) business days after such notice and pursue such repairs with due diligence to completion. If any such condition for which Landlord is responsible prevents Tenant from making normal use of the Premises, then Tenant shall be relieved from any of its obligations under the Lease (including the obligation to pay Rent) from the date such condition commenced until normal use of the Premises is restored, and if such condition continues for more than thirty (30) consecutive days, then Tenant may terminate this Lease by written notice to Landlord and Tenant shall have no further liability under this Lease.

(5) Provide Tenant with 24-hour access to the Premises and control of the HVAC thermostat.

(b) Landlord agrees not to—

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

(2) Subject to Section 12(q), unreasonably withhold consent to a proposed assignment or sublease.

7. COMMON AREAS

(a) Right to Use Common Areas. Tenant will have the nonexclusive right to use the Common Areas subject to any reasonable rules and regulations that Landlord may prescribe, to include but not limited to designation of parking areas for Tenant events.

(b) Maintenance of Common Areas. At all times during the Term, Landlord will maintain the Common Areas.

8. UTILITIES AND TRASH REMOVAL

(a) Payment of Utility Bills. Subject to Section 3(a), Tenant shall promptly pay all charges for electricity, water, gas, telephone service, sewer service, and other utilities furnished to the Premises directly to the utility providing such service.

(b) Trash Removal. Tenant shall install, in compliance with applicable Laws at a location immediately adjacent to the outside of the Premises or as designated by the Landlord, a trash dumpster.

9. DAMAGE BY CASUALTY

(a) Notice of Damage and Estimated Repair Time. If the Premises is damaged or destroyed by fire or other casualty ("Casualty"), Landlord will, within thirty (30) days after the date of the Casualty, notify Tenant ("Landlord's Casualty Notice") of the number of days, from the date of the Casualty, that Landlord estimates will be required to complete the repair and restoration. If neither Tenant, nor Landlord, elects to terminate this Lease as set forth below, then the damage or destruction of the Premises will, at the expense of Landlord, be repaired and restored, unless Casualty is determined to have been caused by intentional or unintentional neglect of the Tenant, at which the damage or destruction will be at the expense of the Tenant.

(b) Tenant's Right to Terminate. If more than fifty percent (50%) of the floor area of the Premises is damaged or destroyed due to Casualty, then Tenant will have the right to terminate this Lease, effective as of the date of Casualty, by notice given to Landlord within fifteen (15) days after Tenant's receipt of Landlord's Casualty Notice.

(c) Landlord's Right to Terminate. If more than fifty percent (50%) of the floor area of the Premises is damaged or destroyed by Casualty during the Term, then Landlord may elect to terminate this Lease effective as of the date of the Casualty by notice given to Tenant not later than fifteen (15) days after Landlord delivers Landlord's Casualty Notice to Tenant.

(d) Landlord's Repair Obligation. Landlord's obligation will be to restore all portions of the Premises and the Common Areas in the immediate vicinity of and surrounding the Premises (including but not limited all parking areas surrounding the Premises and all sidewalks, roadways, driveways and access ways leading to and from the Premises) affected by a Casualty (exclusive of Tenant's fixtures and equipment) to their condition immediately preceding such Casualty, subject to available insurance proceeds. If Landlord for any reason whatsoever fails (1) to commence the repair and restoration work required hereunder within ninety (90) days from the date of the Casualty, (2) to proceed diligently to complete such repair and restoration work, or (3) fails to

complete same within the estimated time set forth in Landlord's Casualty Notice, plus the number of days of delay caused by Uncontrollable Events, then, Tenant will have the right to terminate this Lease by giving Landlord notice and upon the giving of such notice, this Lease will terminate and the Parties will be liable for their respective obligations to the date of termination and will have no liability for obligations arising after that date, except for those obligations which expressly survive termination. Landlord agrees should damage occur in over fifty percent (50%) of the floor area no rent will be due or if mutually agreed a reduced rent will be paid, provided Tenant can use the portion of the Premises not damaged.

10. HAZARDOUS MATERIALS

(a) Landlord's Obligations. Landlord represents and warrants that on the Delivery Date the Premises and the Project shall be in compliance with all Environmental Laws. During the Term, Landlord will not use, generate, place, store, release or otherwise dispose of, or permit the use, generation, placing, storage, release or disposal of, Hazardous Materials in the Project, except in accordance with all Environmental Laws.

(b) Tenant's Obligations. During the Term, Tenant will not use, generate, place, store, release or otherwise dispose of Hazardous Materials in the Premises or the Common Areas, except in accordance with all Environmental Laws, and subject to the Reservations recorded in the Deed Without Warranty Between the United States of America and Landlord recorded in the Real Property Records of Lubbock County, Texas at Deed Record 2006041652. In the event of a breach of the foregoing, Tenant will promptly undertake remediation or removal in accordance with all Environmental Laws. Tenant will indemnify, defend and hold Landlord and Landlord's Affiliated Parties harmless from and against, and reimburse Landlord and Landlord's Affiliated Parties for, all Hazardous Materials Liabilities asserted against or incurred by Landlord or Landlord's Affiliated Parties as a result of a breach of Tenant's obligations under this paragraph. Notwithstanding anything to the contrary contained herein, in no event shall Tenant be liable for Hazardous Materials existing in, on or about the Premises or the Project prior the Tenant's occupancy of the Premises. Tenant shall provide Landlord a copy of Tenant's plan for responding to hazardous waste, fuel, and chemical spills no later than the Commencement Date.

(c) Definitions. As used herein,

(i) "Hazardous Materials" shall be construed broadly to include any toxic or hazardous substance, material, or waste, and any other contaminant, pollutant or constituent thereof, including without limitation, chemicals, compounds, by-products, petroleum or petroleum products, and polychlorinated biphenyls, the presence of which requires investigation or remediation under any Environmental Laws or which are or become regulated, listed or controlled by, under or pursuant to any Environmental Laws;

(ii) "Environmental Laws" means all federal, state, regional or local statutes, laws, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative interpretations thereof, or similar laws of foreign jurisdictions where the Tenant conducts business, whether currently in existence or hereinafter enacted or promulgated, any of which govern, or purport to govern, or relate to pollution, protection of the environment, public health and safety, air emissions, water discharges, hazardous or toxic substances, solid or hazardous waste or

occupational health and safety, as any of these terms are or may be defined in such statutes, laws, rules, regulations, codes, orders, permits, ordinances, decrees, rulings or judicial or administrative interpretations thereof, including, without limitation: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendment and Reauthorization Act of 1986, 42 U.S.C. §9601, et seq. (collectively "CERCLA"); the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and subsequent Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §6901 et seq. (collectively "RCRA"); the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801, et seq.; the Clean Water Act, as amended, 33 U.S.C. §1311, et seq.; the Clean Air Act, as amended (42 U.S.C. §7401-7642); the Toxic Substances Control Act, as amended, 15 U.S.C. §2601 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act as amended, 7 U.S.C. §136-136y ("FIFRA"); the Emergency Planning and Community Right-to-Know Act of 1986 as amended, 42 U.S.C. §11001, et seq. (Title III of SARA) ("EPCRA"); and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §651, et seq. ("OSHA"); and

(iii) "Hazardous Materials Liabilities" means all claims, damages, losses, forfeitures, expenses or liabilities arising from or caused in whole or in part, directly or indirectly, by a breach by the other Party of its representations, warranties or covenants under Section 10(a) or (b), including, without limitation, all costs of defense (including reasonable attorneys' fees and other costs of litigation), all consultants' fees, and all costs of investigation, repair, remediation, restoration, cleanup, detoxification or decontamination, and/or preparation and implementation of any closure, remedial action or other required plan.

(d) Hazardous Materials. Tenant agrees to provide Landlord access to the Leased Premises for periodic inspections concerning the Hazardous Materials uses in its operations, to provide Landlord with a list of any and all Hazardous Materials used in its operations or which are brought on to the Leased Premises by Tenant, and shall provide Landlord with Material Safety Data Sheets for all Hazardous Materials, its security procedures and Hazardous Materials safety plans, policies and procedures to be utilized by the Tenant for protection of Tenant's employees health, safety and well-being, as well as for the plans, policies and procedures designed to protect the health, safety and well-being of any person on the Reese Technology Center Campus that may come in contact with the Hazardous Materials and chemicals in use by the Tenant.

(e) Hazardous Waste Permit. Any hazardous waste permit under the Resource Conservation and Recovery Act, or its Texas equivalent, shall be limited to generation and transportation. The Tenant shall not, under any circumstances store any hazardous waste on or about the premises for any period in excess of ninety (90) days. Any violation of this requirement shall be deemed a material breach of this Lease. Hazardous storage facilities will not be available to the Tenant. The Tenant must provide at its own expense such storage facilities; complying with all laws and regulations it needs for temporary (less than ninety (90) days) storage.

(f) Survival. The provisions of this Section 10 will survive the expiration or earlier termination of this Lease.

11. INSURANCE AND WAIVER OF SUBROGATION

A Certificate of Insurance, identifying Landlord as an additional insured, for each coverage identified below shall be submitted to Landlord prior to the Delivery Date. Tenant shall provide to Landlord proof of the required insurance on or before the expiration date of each expiring policy, and cause each required policy to require insurer to give Landlord notice of termination of any policy prior to the expiry of its term. Specifically, Tenant is required to have:

(a) Commercial General Liability Insurance. Commercial General Liability Insurance covering the Premises and Tenant's use thereof, not including Common Areas, against claims for bodily injury, death or property damage occurring upon, in or about the Premises (including contractual indemnity and liability coverage), such insurance to provide coverage of not less than \$1,000,000.00 per occurrence and \$5,000,000.00 annual aggregate, to include a pollution liability insurance rider. Landlord shall be included as an additional insured against claims for bodily injury, death, or property damage occurring upon, in or about the Premises; or that is related to the Permitted Use.

(b) Tenant's Property Insurance. Property insurance on an all-risk basis (including coverage against fire, wind, tornado, vandalism, malicious mischief, water damage and sprinkler leakage) covering all Tenant owned fixtures, equipment, and leasehold improvements, and other personal property located in the Premises and endorsed to provide one hundred percent (100%) replacement cost coverage. Such policy shall be written in the name of Tenant.

(c) Workers Compensation' and Employer's Liability Insurance. Workers' compensation insurance shall be in an amount meeting applicable state statutory requirement and the employer's liability limits shall be in an amount not less than \$1,000,000.00 per bodily injury by accident and \$1,000,000.00 per employee for bodily injury by disease.

(d) Other Requirements of Insurance. All such insurance will be issued and underwritten by companies with an A.M. Best rating of "A" or better and size rating of "VI" or better and Tenant will use good faith efforts to obtain a policy that will contain endorsements that (1) such insurance may not lapse with respect to Landlord or be canceled with respect to Landlord without the insurance company giving Landlord at least thirty (30) days prior written notice of such cancellation, (2) Tenant will be solely responsible for payment of premiums, and (3) in the event of payment of any loss covered by such policy, this insurance shall apply as primary insurance with respect to any overlapping coverage afforded to the Landlord except for loss arising from Common Areas.

(e) Release of Claims/Subrogation. LANDLORD AND TENANT RELEASE EACH OTHER AND ANY LIENHOLDER FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES OR BUILDING, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE BUILDING, AND LOSS OF BUSINESS OR REVENUES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LEASE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LANDLORD AND TENANT WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. THE

RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE RELEASED PARTY.

12. ADDITIONAL LANDLORD AND TENANT AGREEMENTS

a. Alterations or Tenant Improvements. Notwithstanding the Tenant Improvements set forth in **Exhibit C** and obligations set forth in Section 6(a)(4), any additional 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 Delivery Date, normal wear excepted. All alterations shall require the prior written consent of Landlord. Tenant agrees at its sole cost and expense to comply with all Laws when performing any alterations, including obtaining any governmental permits which may be required in connection therewith. Should Tenant desire to renovate the Premises and such renovations would require alterations to the Premises, then Tenant shall submit plans and specifications for such renovations to Landlord for its approval, such approval not to be unreasonably withheld, delayed, or conditioned. Landlord shall have fourteen (14) days from receipt of Tenant's plans and specifications to approve or disapprove same. In the event Landlord fails to disapprove of said plans and specifications within such fourteen (14) day period, then the plans and specifications shall be deemed approved. After completion of any alterations or improvements that require consent of Landlord hereunder, Tenant shall provide Landlord with a copy of Tenant's plans and specifications for such alterations or improvements.

b. Abatement. Tenant's covenant to pay Rent and Landlord's covenants are independent. Tenant will not be entitled to abate Rent for any reason.

c. Condemnation/Substantial or Partial Taking

(1) If the Premises cannot be used for the purposes contemplated by this lease because of condemnation or purchase in lieu of condemnation, this lease will terminate.

(2) If there is a condemnation or purchase in lieu of condemnation and this lease is not terminated, Landlord will, at Landlord's expense, restore the Premises, and the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.

(3) Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

d. Uniform Commercial Code. Tenant grants Landlord a security interest in Tenant's personal property now or subsequently located on the Premises. This lease is a security agreement under the Uniform Commercial Code. Furthermore, Tenant authorizes Landlord to file a UCC-1 Financing Statement with the Texas Secretary of State to perfect its interest in Tenant's personal property now or subsequently located on the Premises, without any further signature or authorization of the Tenant, and this Lease and security agreement contained herein shall serve as a financing statement and may be filed if necessary.

e. Default by Landlord/Events. Defaults by Landlord are failing to comply with any provision of this lease within thirty (30) days after written notice.

f. Default by Landlord/Tenant's Remedies. Tenant's remedies for Landlord's default are to sue for damages.

g. Default by Tenant/Events. Defaults by Tenant are:

(1) making an assignment for the benefit of its creditors;

(2) the levying on or against Tenant's property;

(3) the institution in court of competent jurisdiction of proceedings for the reorganization, liquidation, or voluntary dissolution of Tenant, or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the Tenant's property, if the proceedings are not dismissed, and any receiver, trustee, or liquidator appointed therein is not discharged within thirty (30) days after the proceedings are instituted;

(4) the filing of a mechanic's lien against the Premises in connection with work contracted for by Tenant that is not released by payment or bond or otherwise (including indemnification reasonably satisfactory to Landlord) within thirty (30) days of Tenant's receipt of written notice of the existence of such mechanic's lien, provided, however, that Tenant shall have an affirmative duty to notify Landlord of the existence or threat of any such mechanic's lien being filed against the Premises if and when Tenant receives any notice of the threatened mechanic's lien from any claimant;

(5) failing to pay timely Rent or the Tenant Improvement Payment;

(6) failure by Tenant to perform or observe any of Tenant's non-monetary covenants contained in this Lease;

(7) abandoning or vacating a substantial portion of the Premises; and

(8) failing to comply within ten (10) days after written notice with any provision of this Lease.

h. Default by Tenant/Landlord's Remedies. Landlord's remedies for Tenant's default are to (1) enter and take possession of the Premises and (2) terminate this Lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages. If the Tenant fails to cure any default within ten (10) days after being locked out of the Premises, Landlord may consider all of Tenant's personal property Abandoned Property, as set forth in Section 12.u.

i. Remedies Cumulative. The rights and remedies given to Landlord and Tenant in this Lease are distinct, separate, and cumulative remedies, and the exercise of any one or more of them will not be deemed to exclude Landlord's or Tenant's rights to exercise any or all of the others which are given in this Lease, or at law or in equity, unless such remedies are expressly excluded.

j. Default/Waiver/Mitigation. It is not a waiver of default if the non-defaulting Party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this lease does not preclude pursuit of other remedies in this lease or provided by applicable law. Landlord and Tenant have a duty to mitigate damages.

k. Representations and Indemnities of Broker Relationships. Tenant represents and warrants to the Landlord that it has used the services of Tony Sorgi, Plante Moran Realpoint (the "Broker") in connection with this Lease, and that Broker is entitled to a commission or finder's fee in connection herewith. Landlord shall be responsible for the payment of a five percent (5%) commission to Broker in connection with the Base Rent for the Initial Lease Term, to include the additional Rent paid associated with Tenant Improvements as set forth in **Exhibit B** in the total amount of \$25,538.10 (the "Broker Commission"), subject to in the event that Lease is terminated prior to the completion of the initial Lease Term the Tenant shall refund to the Landlord the prorate share of any Broker Commission for the period between the date of early lease termination and the Termination Date of the Lease, as further explained in Section 1(r). Tenant does hereby agree to indemnify, protect, defend, and hold the Landlord harmless from and against liability for compensation or charges which may be claimed by any unnamed broker, finder, or other similar Party by reason of any dealings or actions of the Tenant, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto. It is expressly understood and agreed that Landlord shall have no obligation to pay Broker any fee associated with any expansion or extension of the Premises or Lease.

l. Holdover. Tenant shall have the exclusive right to holdover and continue this lease on a month-to-month basis for a period of up to four (4) months past the Termination Date set forth in Section 1(n). Rent during such Holdover period shall be at a rate of 110% the then current Rent (the "Initial Holdover Period"). Subject to the Initial Holdover Period, no holding over by Tenant, whether with or without the consent of Landlord, will extend the Term. If Tenant remains in possession of the Premises after the expiration of the Term without execution of a new lease extending the Term, Tenant will be deemed to be occupying the Premises as a tenant at will, subject to all of the terms of this Lease as may be applicable to a month to month tenancy and at One Hundred Fifty Percent (150%) of the monthly installment of the Base Rent set forth in **Exhibit B** for the twelve (12) month period prior to expiration of the Term, except that thereafter either Landlord or Tenant may terminate this Lease upon thirty (30) days' notice to the other; provided that Landlord, by the terms hereof, is not deemed to consent to any such holdover by Tenant and may exercise all rights provided by law to remove Tenant from the Premises upon giving Tenant the notice described herein.

m. Notices. Any notices sent or required to be given hereunder must in writing and sent by certified mail, return receipt requested, or nationally recognized overnight courier to the following addresses:

LANDLORD:

Lubbock Reese Redevelopment Authority
9801 Reese Boulevard
Suite 200
Lubbock, Texas 79416
Attn: Executive Director
Telephone: (806) 885-6592

TENANT:

GEO Reentry Services, LLC
4955 Technology Way
Boca Raton, FL 33431-3367
Attn: _____
Telephone: _____
Fax: _____
Email: _____

With a Copy to:

Notices will be deemed given on the date received (or refused) when addressed to the parties at the addresses set forth above or in either case to such other addresses as Landlord or Tenant may designate to the other by notice. Notice may also be given by regular mail, personal delivery, courier delivery, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein. Without limiting the foregoing, any notice required or permitted to be given under this Lease may be sent by e-mail at the appropriate e-mail address set forth in this Section 12.m, as the same may be amended, or to such other e-mail address as Landlord or Tenant may from time to time designate in a notice to the other; provided that such e-mailed notice expressly states that it represents a notice under Section 12.m. of this Lease. Any e-mailed notice shall be deemed given on the date of delivery, provided that (i) such delivery is reasonably confirmed as received by the recipient (i.e., no error report is received by the sender); and (ii) if delivery occurs after 5:00 p.m. in the time zone of the recipient or on a non-business day, then such notice shall be deemed received on the first business day after the day of delivery.

n. Attorney's Fees. If either Party retains an attorney to enforce this Lease, the Party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.

o. Governing Law. This Lease shall be governed in accordance with the laws of the State of Texas, and all obligations of the Parties are performable in Lubbock County, Texas.

p. Entire Agreement. This Lease, together with the attached exhibits and riders, is the entire agreement of the Parties, and there are no oral representations, warranties, agreements, or promises pertaining to this lease or to any expressly mentioned exhibits and riders not incorporated in writing in this lease.

q. Assignment and Subletting by Tenant. Tenant may have the right, with the prior written consent of Landlord, which consent shall not be unreasonable withheld, conditioned, or delayed, to assign this Lease, and any interest therein, provided each assignee assumes in writing all of Tenant's obligations under this Lease and the assignee has the same or similar financial background as the Tenant or the Tenant remains responsible under the terms of the Lease. Landlord hereby grants its consent for Tenant to sublet the Premises or any thereof, or any right or privilege pertinent thereto.

The foregoing notwithstanding, Tenant may assign its entire interest under this Lease to an Affiliate or to a successor to Tenant by purchase, merger, consolidation or reorganization without the consent of Landlord, provided that all of the following conditions are satisfied (a "Permitted Transfer"): (1) no uncured event of default exists under this Lease; (2) Tenant's successor shall own all or substantially all of the assets of Tenant; and (3) Tenant shall give Landlord written notice at least thirty (30) days prior to the effective date of the proposed purchase, merger, consolidation or reorganization. The term "Affiliate" means any person or entity controlling, controlled by or under common control with Tenant. Tenant's notice to Landlord shall include information and documentation showing that each of the above conditions has been satisfied.

r. Assignment by Landlord. Landlord is expressly given the right to assign any or all of its interest under the terms of this Lease, provided the assignee expressly assumes all obligations of Landlord hereunder.

s. Amendment of Lease. This Lease may be amended only by an instrument in writing signed by Landlord and Tenant.

t. Limitation of Warranties. 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.

u. Abandoned Property. Landlord may retain, destroy, or dispose of any property left on the Premises at the end of the Term.

v. Heirs, Successors, and Assigns. This Lease and the covenants, agreements and representations herein contained will be binding upon, and inure to the benefit of, the Parties hereto and their respective heirs, executors, administrators, successors, and assigns.

w. Rules of Construction. This Lease will be construed with equal weight for the rights of both Parties, the terms hereof having been determined by fair negotiation with due consideration for the rights and requirements of both Parties.

x. Severability. If any term or provision of this Lease is found to be invalid, illegal or unenforceable, the remaining terms and provisions hereof will not be affected thereby; and each term and provision hereof will be valid and enforceable to the fullest extent permitted by Laws.

y. Headings. The captions, section numbers and paragraph numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, amplify, limit, construe or describe the scope or interest of any section of this Lease.

z. Trafficking of Persons. Under §2155.0061, Texas Government Code, Tenant certifies that the individual or business entity named in the Agreement is not ineligible to receive the specified Agreement and acknowledges that the Agreement may be terminated if this certification is inaccurate.

aa. Chapter 2271 of the Texas Government Code. Tenant acknowledges that in accordance with Chapter 2270 of the Texas Government Code, the Landlord is prohibited from entering into a contract with a company for goods or services unless the contract contains a written verification from the Tenant that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. The terms “boycott Israel” and “company” shall have the meanings ascribed to those terms in Section 808.001 of the Texas Government Code. ***By signing this Lease, Tenant certifies that Tenant’s signature provides written verification to the Landlord that Tenant: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the Lease.***

bb. Counterparts; Signatures. This Lease may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Lease and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Lease and of signature pages by facsimile transmission, email or other electronic means (including, without limitation, DocuSign or other third-party electronic signature verification service) shall constitute effective execution and delivery of this Lease as to the parties and may be used in lieu of the original Lease for all purposes. Signatures of the parties transmitted by facsimile, email or other electronic means (including, without limitation, DocuSign or other third party electronic signature verification service) shall be deemed to be their original signatures for all purposes.

13. AFFIRMATIVE REPRESENTATIONS CONCERNING FTZ-260 AND OPERATION OF AIRFIELD

a. Free Trade Zone (FTZ). The Lubbock Economic Development Authority (“LEDA”) has applied and previously received approval for eligible tenants of the Project to be able to take advantage of the benefits of its FTZ. Tenants that are eligible to participate must apply through LEDA and pay the application fees and any monthly fees associated with the volume of goods that are transported into and out of the FTZ. Interested tenants should contact the LEDA

for specific details regarding the application process and the fees and regulations associated with the program.

b. Airfield. Landlord currently has Federal Aviation Administration approval to operate the airstrips located within the Project. The 6,500-foot north-south runway can accommodate large cargo aircrafts such as a C-130. While Landlord anticipates that there may be changes with respect to the use of the three (3) primary landing strips that are now in operation (including that the westernmost runway is non-operational, except in the case of a federal, state or local emergency), Landlord intends to continue to operate the 6,500-foot north-south runway and will make the use of such runway available to Tenant in accordance with the existing Federal Aviation Administration certification. With regard to the westernmost runway, Landlord has restricted use of such runway based on the operation of the commercial grade wind turbines that exist on the Project to the west of such runway, and Tenant agrees that it may not have access to such runway. All flight arrangements must be approved through Landlord and any tenant utilizing the runway for such flights must comply with the daytime Visual Flight Rule. Notwithstanding the foregoing, Landlord agrees that it will not cause or permit any material change in size, location or configuration of any airstrip or runway which will have an adverse effect on Tenant's ability to operate in the Premises or which will adversely affect access to the Premises.

14. SECURITY CONDITIONS

Landlord and Tenant acknowledge and agree that the Project is located on property formerly owned and operated by the United States Air Force as the Reese Air Force Base, and that certain portions of the Project have been previously utilized by local, state and federal governmental entities (hereinafter, "the Government") in times of state or national emergencies to provide temporary evacuation shelters and other such uses. Additionally, Landlord has other tenants of the Project that require controlled access to the Airfield during certain operations. Landlord represents that the Government may continue to utilize the Project during the Term of this Lease in times of state or national emergency (with or without Landlord's express consent), and other tenants of the Project, when approved by the Landlord, may require controlled access to the Airfield, and that such use could adversely affect Tenant's ability to access the Premises and/or use the Common Areas due to additional security measures; provided, however, that such adverse impact shall only delay and shall not unreasonably deny access by Tenant to the Premises.

Tenant acknowledges and agrees that, in the event that the Government utilizes any portion of the Project in a time of state or national emergency or when the Landlord authorizes other tenants of the Project to control access to the Airfield, Tenant, its employees, officers, agents, and contractors will comply with all reasonable security regulations imposed by the Landlord or applicable governmental agency, including the requirement to obtain and display security identification cards and to comply with reasonable security procedures.

The execution of this Agreement by Landlord shall not be considered a waiver of Landlord's sovereign immunity to suit.

/-----Signature Page Follows-----/

IN WITNESS WHEREOF, having read and intending to be bound by the terms hereof, the Parties have signed this Lease on the date(s) set forth below.

LUBBOCK REESE
REDEVELOPMENT AUTHORITY
("Landlord")

GEO Reentry Services, LLC
("Tenant")

By: Muvat Musa, CEO

By: _____

Date

Date

EXHIBIT A

Site Plan



EXHIBIT B

Rent Schedule

Initial Term	Leased Square Feet	Base Rent Per Square Foot with 3% Annual Increases	Added For Full Service Lease with 3% Annual Increases	Annual Full Service Rent Per Square Foot	Annual Rent	Monthly Rent	Annual Amortized Cost of TI	Monthly Amortized Cost of TI	Total Annual Rent	Total Monthly Rent	Total Annual Rent Per Square Foot
Year 1	6,720	\$ 8.00	\$ 1.00	\$ 9.00	\$ 60,480.00	\$ 5,040.00	\$ 37,933.08	\$ 3,161.09	\$ 98,413.08	\$ 8,201.09	\$ 14.64
Year 2	6,720	\$ 8.24	\$ 1.03	\$ 9.27	\$ 62,294.40	\$ 5,191.20	\$ 37,933.08	\$ 3,161.09	\$ 100,227.48	\$ 8,352.29	\$ 14.91
Year 3	6,720	\$ 8.49	\$ 1.06	\$ 9.55	\$ 64,163.23	\$ 5,346.94	\$ 37,933.08	\$ 3,161.09	\$ 102,096.31	\$ 8,508.03	\$ 15.19
Year 4	6,720	\$ 8.74	\$ 1.09	\$ 9.83	\$ 66,088.13	\$ 5,507.34	\$ 37,933.08	\$ 3,161.09	\$ 104,021.21	\$ 8,668.43	\$ 15.48
Year 5	6,720	\$ 9.00	\$ 1.13	\$ 10.13	\$ 68,070.77	\$ 5,672.56	\$ 37,933.08	\$ 3,161.09	\$ 106,003.85	\$ 8,833.65	\$ 15.77
Total Rent					\$ 321,096.53		\$ 189,665.40		\$ 510,761.93		
Broker Fee of 5%					\$ 16,054.83		\$ 9,483.27		\$ 25,538.10		

EXHIBIT C

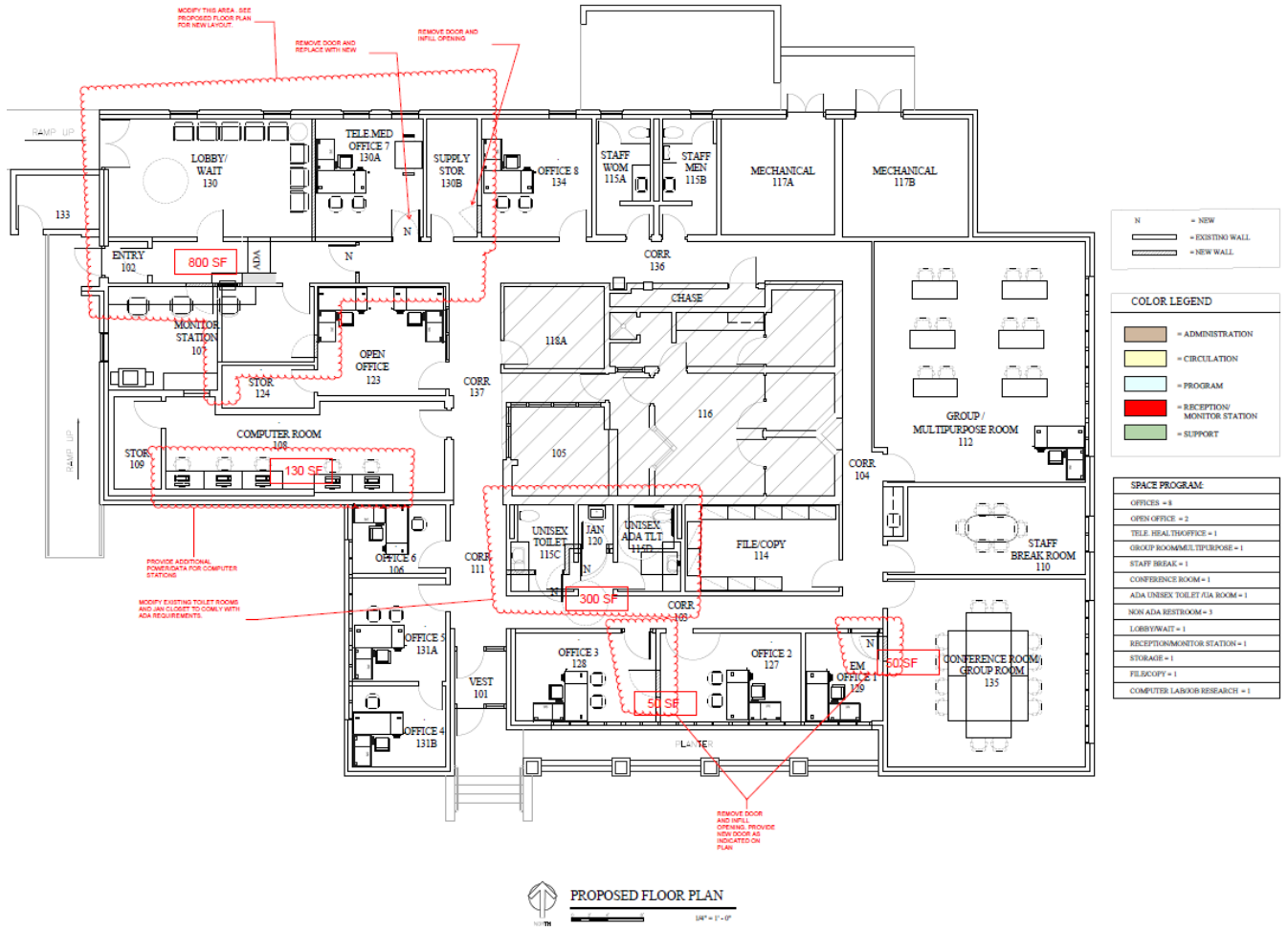
Tenant Leasehold Improvements

1. Landlord agrees to make the following Tenant Improvements to the Premises in plans agreed to by the Parties and as depicted in the Statement of Work, below:
 - (a) Installation of new walls and removal of certain existing walls;
 - (b) Installation of new doors and removal of certain existing doors;
 - (c) Paint;
 - (d) Installation of new flooring;
 - (e) Modification of bathroom;
 - (f) Installation of lighting upgrades; and
 - (g) Installation of new plumbing fixtures.

2. The estimated cost of the Tenant Improvements is \$155,900.00. It is expressly understood and agreed to by the Parties that there shall be no change to the amount due here for the Tenant Improvements after execution of the Lease. These costs will be amortized over the Initial Term of the Lease at eight percent (8%) and identified as the Tenant Improvement Payment, which shall be included in each month's rent payment. See attached **Schedule C-1** (Tenant Improvement Payment Schedule).

EXHIBIT C

Statement of Work



SCHEDULE C-1

Tenant Improvement Payment Schedule

Principal	\$155,900.00
Interest Rate	8.00%
Term	60 months
Monthly Payment	\$3,161.09

Month	Interest	Principal	Ending Balance
1	\$1,039.33	\$2,121.76	\$153,778.24
2	\$1,025.19	\$2,135.90	\$151,642.34
3	\$1,010.95	\$2,150.14	\$149,492.20
4	\$996.61	\$2,164.48	\$147,327.73
5	\$982.18	\$2,178.91	\$145,148.82
6	\$967.66	\$2,193.43	\$142,955.39
7	\$953.04	\$2,208.05	\$140,747.34
8	\$938.32	\$2,222.77	\$138,524.56
9	\$923.50	\$2,237.59	\$136,286.97
10	\$908.58	\$2,252.51	\$134,034.46
11	\$893.56	\$2,267.53	\$131,766.93
12	\$878.45	\$2,282.64	\$129,484.29
End of year 1			
13	\$863.23	\$2,297.86	\$127,186.43
14	\$847.91	\$2,313.18	\$124,873.25
15	\$832.49	\$2,328.60	\$122,544.64
16	\$816.96	\$2,344.13	\$120,200.52
17	\$801.34	\$2,359.75	\$117,840.77
18	\$785.61	\$2,375.48	\$115,465.28
19	\$769.77	\$2,391.32	\$113,073.96
20	\$753.83	\$2,407.26	\$110,666.70
21	\$737.78	\$2,423.31	\$108,243.38
22	\$721.62	\$2,439.47	\$105,803.92
23	\$705.36	\$2,455.73	\$103,348.19
24	\$688.99	\$2,472.10	\$100,876.09
End of year 2			
25	\$672.51	\$2,488.58	\$98,387.50
26	\$655.92	\$2,505.17	\$95,882.33
27	\$639.22	\$2,521.87	\$93,360.45
28	\$622.40	\$2,538.69	\$90,821.77
29	\$605.48	\$2,555.61	\$88,266.16
30	\$588.44	\$2,572.65	\$85,693.51
31	\$571.29	\$2,589.80	\$83,103.71
32	\$554.02	\$2,607.07	\$80,496.64

33	\$536.64	\$2,624.45	\$77,872.20
34	\$519.15	\$2,641.94	\$75,230.26
35	\$501.54	\$2,659.55	\$72,570.70
36	\$483.80	\$2,677.29	\$69,893.42
End of year 3			
37	\$465.96	\$2,695.13	\$67,198.28
38	\$447.99	\$2,713.10	\$64,485.18
39	\$429.90	\$2,731.19	\$61,753.99
40	\$411.69	\$2,749.40	\$59,004.60
41	\$393.36	\$2,767.73	\$56,236.87
42	\$374.91	\$2,786.18	\$53,450.69
43	\$356.34	\$2,804.75	\$50,645.94
44	\$337.64	\$2,823.45	\$47,822.49
45	\$318.82	\$2,842.27	\$44,980.22
46	\$299.87	\$2,861.22	\$42,118.99
47	\$280.79	\$2,880.30	\$39,238.70
48	\$261.59	\$2,899.50	\$36,339.20
End of year 4			
49	\$242.26	\$2,918.83	\$33,420.37
50	\$222.80	\$2,938.29	\$30,482.08
51	\$203.21	\$2,957.88	\$27,524.21
52	\$183.49	\$2,977.60	\$24,546.61
53	\$163.64	\$2,997.45	\$21,549.17
54	\$143.66	\$3,017.43	\$18,531.74
55	\$123.54	\$3,037.54	\$15,494.19
56	\$103.29	\$3,057.80	\$12,436.40
57	\$82.91	\$3,078.18	\$9,358.22
58	\$62.39	\$3,098.70	\$6,259.52
59	\$41.73	\$3,119.36	\$3,140.16
60	\$20.93	\$3,140.16	\$0.00
End of year 5			

**BOARD ACTION ITEM No. 2024-0626-020
LEASE FOR GEO REENTRY SERVICES, BUILDING 500**

**BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY
June 26, 2024**

Item to be Considered:

Contingent Lease for GEO Reentry Services, LLC for Building 500

Previous Board Action:

None

Statement of Pertinent Facts:

- a) GEO will lease Building 500, 6,720 square feet, for five years contingent on a federal award
- b) The starting rent is \$14.64 per square foot which includes full service and tenant improvements. Rent will increase 3% annually.
- c) One time Broker fees of 5% will be paid by LRRRA

Advice, Opinions, Recommendations, and Motion:

If the Board of Directors concurs, the following motion is in order:

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby approves the lease for GEO Reentry Services, LLC for Building 500, and authorizes its CEO/Executive Director to execute the lease subject to negotiation of final terms and conditions, as submitted, on this 26th day of June 2024.”

Tim Pierce - President

ATTEST:

LRRRA Board Member

AGENDA ITEM 8
EXECUTIVE SUMMARY
RESOLUTION FOR APPLICATION FOR A
US DEPARTMENT OF TRANSPORTATION SMART GRANT

Attached is a resolution approving an application for funding through the US Department of Transportation for a Strengthening Mobility and Revolutionizing Transportation (SMART) Grant. The Board previously approved a similar resolution September 27, 2023, however LRRRA was not awarded that round of grant funding.

This planning grant is for \$2,000,000.00 with NO match required and is in furtherance of the mission of the Matador UAS Consortium which includes TTUHSC and several private partners.

This grant is Phase 1 of two phases:

1. Phase 1 is a planning grant only and its purpose is to plan for future UAS rural health use at Reese (specifically Building 74 and the airfield) including how to fly drones over rail and other DOT infrastructure. Allowable expenses in Phase 1 include planning, feasibility analysis, environmental review, permitting, preliminary engineering/design, etc...
2. Phase 2 grant is only eligible to those that receive a Phase 1 grant and it's up to \$15 million and it's for buildout – the partners want to use some of this money to pay for the rest of Building 74 buildout and the airfield lighting among other things.

Reese will be the applicant because of all the partners involved, we are the only ones eligible to apply and we own the property where a large amount of the money is going to be spent.

SPAG will be administering this grant.

Staff are requesting Board approval for this resolution.

RESOLUTION NO. 2024-0626-021
LUBBOCK REESE REDEVELOPMENT AUTHORITY

A RESOLUTION APPROVING AN APPLICATION FOR FUNDING THROUGH THE U.S.
DEPARTMENT OF TRANSPORTATION

BE IT RESOLVED by the Board of Directors of the Lubbock Reese Redevelopment Authority as follows:

SECTION 1.

The Board of Directors has reviewed and hereby approves an application for:

Lubbock Reese Redevelopment Authority dba Reese Technology Center

Total Application Amount: \$2,000,000.00

SECTION 2.

The Board of Directors has reviewed and hereby agrees to comply with all assurances executed in connection with the application and, if funded the award.

SECTION 3.

All funds will be used in accordance with all applicable federal, state, local and programmatic requirements including but not limited to procurement, environmental review, labor standards, real property acquisition, and civil rights requirements.

SECTION 4.

The Board of Directors directs and designates the Executive Director as the Chief Executive Officer and Authorized Representative to act in all matters in connection with this application and the participation in the Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Lubbock Reese Redevelopment Authority held on 26 June 2024 by the following vote: _____.

Tim Pierce, President

ATTEST:

NAME:
Position:

AGENDA ITEM 9
EXECUTIVE SUMMARY
LRRRA – SPAG INTERLOCAL COOPERATION AGREEMENT FOR
APPLICATION DEVELOPMENT AND ADMINISTRATIVE SERVICES
FOR DOT SMART GRANT

Attached is an interlocal cooperation agreement between LRRRA and the South Plains Association of Governments (SPAG) for Application Development and Administrative Services for a U.S. Department of Transportation Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program application as part of the UAS Matador Consortium.

Staff are requesting board approval for the CEO/Executive Director to execute this agreement.

INTERLOCAL COOPERATION AGREEMENT
FOR APPLICATION DEVELOPMENT AND ADMINISTRATION SERVICES
U.S. DOT STRENGTHENING MOBILITY AND REVOLUTIONIZING TRANSPORTATION (SMART) GRANT PROGRAM

THE STATE OF TEXAS	§	
	§	AGREEMENT FOR SERVICES
COUNTY OF LUBBOCK	§	

This Agreement is made and entered into this 26th day of June 2024 by and between the Lubbock Reese Redevelopment Authority, hereinafter referred to as “LRRRA”, being a political subdivision of the State of Texas, and the South Plains Association of Governments, hereinafter referred to as “SPAG”, a political subdivision of the State of Texas organized under Chapter 391 of the local government code, acting by and through its Executive Director.

WHEREAS, both parties to this Agreement are local governments as defined in Chapter 791 of the Texas Government Code, and this Agreement is entered into pursuant to the provisions of said Code which is commonly referred to as The Interlocal Cooperation Act.

WHEREAS, SPAG is agreeable to provide grant application preparation and grant administration expertise (if funded) needed by LRRRA for the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program under the terms and conditions found in this Agreement.

WHEREAS, this Interlocal Agreement is comprised of Part A (Application Development) services to be rendered at no cost to LRRRA and Part B (Project Management) services to be rendered at a cost to be agreed to in an amendment to this Agreement in the event that LRRRA receives funding under the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program from the U.S. Department of Transportation (DOT).

NOW, THEREFORE SPAG agrees to provide application development services at no cost to LRRRA. The following described application development and management services to LRRRA, to-wit:

- A. Application Development
 - 1. Pre-Development (unrelated to project specific development & which may have occurred prior to interlocal agreement under existing SPAG/LRRRA relationships)
 - a. Coordinate public hearing as required for application submittal.
 - b. Assist in the preparation and presentation of required resolution for application submittal to the U.S. Department of Transportation.
 - 2. Provide general advice and technical assistance to LRRRA on application development and regulatory matters.
 - 3. Assist LRRRA in application preparation and development meeting all grant application requirements.

4. Assist in pre-application engineering selection including proper procurement methods as dictated by the U.S. Department of Transportation as appropriate to LRRRA.
5. Coordinate with project engineer to develop and include required service area maps, cost estimates and other documentation as required by the grant application process.
6. Prepare and publish final notice of application submittal as required for application submittal.
7. Final determination on the submission of an application under the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program will be at LRRRA's discretion as noted in their resolution authorizing a local official to submit said application.

B. Project Management

1. Development of details related to project management activities and fees will be specified via an amendment to this Agreement at such time as the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program is selected for funding (if selected).
2. The Project Management amendment will include administrative fees as developed in LRRRA's FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program and all DOT required language for administrative Agreements at the time of FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program funding award.
3. It is expressly understood that the execution of this Interlocal Agreement does not imply or guarantee that LRRRA will receive funding under the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program.
4. The execution of this interlocal agreement establishes a contractual relationship between SPAG and LRRRA prior to the development of an application to the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program and pursuant to the interpretation of 2 CFR 200.317-200.326.

In consideration of the services described in the foregoing paragraph, and in consideration of a future amendment to include project management activities and cost, to be rendered by SPAG, to LRRRA, SPAG agrees that application development activities will be at no cost to LRRRA.

TERMS AND CONDITIONS

Modification/Amendment:

LRRRA and SPAG may, upon mutual agreement, modify or amend this Agreement. Modifications, including any increase or decrease in the amount of compensation or scope of services, will be incorporated into this Agreement, and finalized through a signed, written amendment.

Assignability:

The LRRA and SPAG may assign interest in this Agreement (whether by assignment or novation) with the written consent of the other.

Termination of Agreement for Cause:

If, through any cause, SPAG shall fail to fulfill in a timely and proper manner its obligations under this Agreement, or if SPAG shall violate any of the covenants, conditions, agreements, or stipulations of this Agreement, LRRA shall thereupon have the right to terminate this Agreement by giving written notice to SPAG of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by SPAG under this Agreement shall, at the option of LRRA, become its property and SPAG shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder.

Notwithstanding the above, SPAG shall not be relieved of liability to LRRA for damages sustained by LRRA by virtue of any breach of the Agreement by SPAG, and LRRA may withhold any payments to SPAG for the purpose of set off until such time as the exact amount of damages due LRRA from SPAG is determined.

Termination for Convenience of LRRA:

LRRA may terminate this Agreement at any time by giving at least thirty (30) days' notice in writing to SPAG. If the Agreement is terminated by LRRA as provided herein, SPAG will be paid for the time provided and expenses incurred up to the termination date.

Termination for Convenience of SPAG:

SPAG may terminate this Agreement at any time by giving at least thirty (30) days' notice in writing to LRRA. If the Agreement is terminated by SPAG as provided herein, LRRA will be provided all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs, and reports prepared by SPAG under this Agreement.

Waiver of Extra-Agreementual Liability

SPAG shall not be held liable or responsible for the funding selection and project performance determinations by the U.S. Department of Transportation. It is LRRA's final responsibility to meet all FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program application requirements and project administration requirements (contingent upon funding) associated with the program.

Severability

Should any one or more of the provisions of this agreement be held to be null, void, voidable, or for any reason whatsoever, of no force and effect, such provision(s) shall be construed as severable from the remainder of this agreement and shall not affect the validity of all other provisions of this agreement, which shall remain in full force and effect.

Interest of Members of LRRRA:

No member of the governing body of LRRRA and no other officer, employee, or agent of LRRRA, who exercises any functions or responsibilities in connection with the administration, construction, engineering or implementation of the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program award between DOT and LRRRA, shall have any personal financial interest, direct or indirect, in this Agreement. SPAG shall take appropriate steps to ensure compliance.

Interest of Other Local Public Officials:

No member of the governing body of the Grant Recipient and no other public official of such Grant Recipient, who exercises any functions or responsibilities in connection with the administration, construction, engineering or implementation of the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program award between DOT and LRRRA, shall have any personal financial interest, direct or indirect, in this Agreement; and SPAG shall take appropriate steps to assure compliance.

Interest of SPAG and Employees:

SPAG covenants that it presently has no interest and shall not acquire interest, direct or indirect, with the FY 2024 DOT Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program award between DOT and LRRRA, or any other interest which would conflict in any manner or degree with the performance of its services hereunder. SPAG further covenants that in the performance of this Agreement, no person having any such interest shall be employed.

EXECUTION

Executed this ___ day of _____, 2024.

Lubbock Reese Redevelopment Authority

BY: _____
Muvat Musa, Chief Executive Officer

The South Plains Association of Governments (SPAG)

BY: _____
Tim Pierce, Executive Director

REVIEWED: _____
Tim Schwartz, SPAG Director of Finance

BOARD ACTION ITEM No. 2024-0626-022
INTERLOCAL COOPERATION AGREEMENT WITH SOUTH PLAINS ASSOCIATION OF
GOVERNMENTS (SPAG) FOR GRANT SERVICES

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
June 26, 2024

Item to Be Considered:

Consider Interlocal Cooperation Agreement with SPAG for Application Development and Administrative Service for Department of Transportation SMART Grant

Previous Board Action:

- a. The Board has previously approved service agreements with SPAG to provide application development and administrative services for the management of grants.

Statement of Pertinent Facts:

- b. In September 2023, LRRRA applied for a DOT SMART Grant, however that grant was not awarded. LRRRA is applying for that same grant in the 2024 round of funding.
- c. As with previous grants, SPAG will be providing application development and administrative services to LRRRA for the grant should it be awarded.
- d. An agreement between LRRRA and SPAG must be executed for these services.
- e. Tim Pierce, Executive Director of SPAG, will recuse himself from this vote and a recusal affidavit is attached

Advice, Opinions, Recommendations, and Motion:

If the Board of Directors concurs, the following motion is in order:

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby authorizes the CEO/Executive Director to execute the Interlocal Cooperation Agreement for Application Development and Administrative Service with SPAG for US DOT SMART Grant, on the 26th day of June 2024.”

Approved by:

Tim Pierce, Board President

ATTEST:

LRRRA Board Member

AGENDA ITEM 10
EXECUTIVE SUMMARY
LRRRA – TMLIRP INTERLOCAL AGREEMENT FOR
CYBER LIABILITY AND DATA BREACH RESPONSE INSURANCE

Attached is an Interlocal Agreement between LRRRA and the Texas Municipal League Intergovernmental Risk Pool (TMLIRP), which is where LRRRA purchases all its property and liability insurance, to form a self-insurance pool for the purpose of providing coverage against risks which are inherent in operating a political subdivision.

Since TMLIRP first began offering Cyber Liability and Data Breach Response Coverage, which was in 2016, LRRRA has purchased the coverage. Since that time cyber claims have exponentially increased in both frequency and severity and because of this, the Board of Trustees of TMLIRP recently created a new Cyber Fund and for LRRRA to continue to have this coverage, we must “opt-in” by completing the Interlocal Agreement.

A brief overview of the changes includes:

- TMLIRP is creating a separate Cyber Fund, and each Member must join to be covered.
- The total annual payout for cyber claims will be capped at \$25 million.
- LRRRA’s limit of liability will be \$1 million.
- LRRRA’s contribution for this coverage will increase from \$483 to \$1,875

Staff are requesting Board approval for this agreement.

Texas Municipal League Intergovernmental Risk Pool

1821 Rutherford Lane, First Floor • Austin, Texas 78754

CYBER LIABILITY AND DATA BREACH RESPONSE INTERLOCAL AGREEMENT

This Contract and Interlocal Agreement is entered into by and between political subdivisions of this state (hereinafter referred to as "Pool Members") to form a joint self-insurance pool to be named the Texas Municipal League Joint Cyber Liability and Data Breach Response Self-Insurance Fund (hereinafter referred to as the "Fund") for the purpose of providing coverages against risks which are inherent in operating a political subdivision.

WITNESSETH:

The undersigned Pool Member, in accordance with Chapter 2259, Texas Government Code, the Interlocal Cooperation Act, Tex. Gov't Code § 791.001, et seq., and the interpretation thereof by the Attorney General of the State of Texas (Opinion #MW-347, May 29, 1981), and in consideration of other political subdivisions executing like agreements, does hereby agree to become one of the Pool Members of this self-insured pool. The conditions of membership agreed upon by and between the parties are as follows:

1. Definitions of terms used in this Interlocal Agreement.
 - a. Board. Refers to the Board of Trustees of the Fund.
 - b. Fund Year. 12:01 a.m. October 1 through 12:01 a.m. the following October 1.
 - c. Manual Rates. The basic rates applicable to each cyber liability and data breach response classification promulgated by the Insurance Service Office or the Board.
 - d. Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan. The Cyber Liability and Data Breach Response Coverage Document that sets forth in exact detail the coverages provided as part of the overall plan.
 - e. Adjustments. Refers to any offsets to manual premium that may result from the Pool Member's election of deductibles, loss experience, or Fund Modifier which reflects the savings to the Pool Member by entering into this Interlocal Agreement.
 - f. Premium and Contribution. Used interchangeably in some parts of this Interlocal Agreement. Any reference at any time in this Interlocal Agreement to an insurance term not ordinarily a part of self-insurance shall be deemed for convenience only and is not construed as being contrary to the self-insurance concept except where the context clearly indicates no other possible interpretation such as but not limited to the reference to "reinsurance."
 - g. Reimbursable Deductible. The amount that was chosen by this Pool Member to be applicable to the first monies paid by the Fund to effect judgment or settlement of any claim or suit. The Pool Member, upon notification of the action taken, shall promptly reimburse the Fund for all or such part of the deductible amount as has been paid by the Fund. Further, however, the Fund's obligation to pay damages shall be subject to the limits of liability stated in the Declarations of Coverage or Endorsements to this Interlocal Agreement less the stated deductible amount.
 - h. Fund Modifier. A percentage figure that is applied to the manual rates by the Fund to reflect the savings to the Pool Member by entering into this Interlocal Agreement.
 - i. Agreement Period. The continuous period since the Pool Member first became a member of this Fund excluding, however, any period or periods of time therein that the member did not participate as a member of the Pool.
 - j. Declarations of Coverage. The specific indication of the coverages, limits, deductibles, contributions, and special provisions elected by each individual Pool Member. The Declarations of Coverages may be modified by Endorsement.
2. The Board, acting through its agents and Fund staff, is responsible for the administration of all Fund business on behalf of the Pool Members.
3. In consideration of the execution of this Interlocal Agreement by and between the Pool Member and the Fund and of the contributions of the Pool Member, the coverage elected by the Pool Member is afforded according to the terms of the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan. The affirmative declaration of contributions and limits of liability in the Declarations of Coverage and Endorsements determine the applicability of the Self-Insurance Plan.

Each Pool Member agrees to adopt and accept the coverages, provisions, terms, conditions, exclusions, and limitations as further provided for in the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan or as specifically modified by the Pool Member's Declarations of Coverage. This Interlocal Agreement shall be construed to incorporate the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan, Declarations of Coverage, and Endorsements and addenda whether or not physically attached hereto.

4. It is understood that by participating in this risk sharing mechanism to cover cyber liability and data breach response exposures, the Pool Member does not intend to waive any of the immunities that its officers or its employees now possess. The Pool Member recognizes the Texas Tort Claims Act and its limitations to certain governmental functions as well as its monetary limitations and that by executing this Interlocal Agreement does not agree to expand those limitations.
5. The term of this Interlocal Agreement and the self-insurance provided to the Pool Member shall be continuous commencing 12:01 a.m. on the date designated in this Interlocal Agreement until terminated as provided below. Although the self-insurance provided for in this Interlocal Agreement shall be continuous until terminated, the limit of liability of the Fund under the coverages that the Pool Member elects shall be limited during any Fund Year to the amount stated in the Declarations of Coverage for that Fund Year.

This Interlocal Agreement may be terminated by either party giving to the other sixty (60) days' prior written notice of intent to terminate except the Pool Member may terminate this Interlocal Agreement and its coverages thereunder without giving the sixty (60) days' notice if the reason is because of a change by the Fund in the Pool Member's contribution, coverage, or other change in the limits of liability, terms, conditions, exclusions, and limitations provided for in the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan provided that no termination by the Member shall be effective prior to the date that written notice of termination is actually received in the offices of the Fund and provided that the Pool Member agrees to and shall pay the applicable premium and contribution for those coverages it is terminating until the date the notice of termination is actually received by the Fund.

The Fund shall provide the Pool Member with Declarations of Coverage and any Endorsements that determine the applicability of the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan annually by December 1. Such Declarations of Coverage shall include, but not be limited to, the coverage period which shall be the applicable Fund Year, limits, deductibles, contributions, special provisions, and limitations. Changes made during the Fund Year, whether requested by the Pool Member or required by the Fund, will be handled by Endorsement.

It is the intention of the parties that the Pool Member's coverages under this Interlocal Agreement shall remain in full force and effect from Fund Year to Fund Year, subject to the limits of liability that the Fund can provide each Fund Year and the terms, conditions, and limitations that the Fund may require to protect its solvency and to comply with reinsurance requirements, until notice of termination is given as herein provided. Realizing that the Pool Member needs the earliest possible information concerning the Fund coverages, limits, and exclusions, and the Pool Member's contribution that will be required for any new Fund Year, the Fund will endeavor to provide this information as soon as possible before the beginning of each Fund Year. The parties recognize, however, that conditions in the reinsurance industry are such that the Fund may not be able to provide this information to the Pool Member before the beginning of a Fund Year for various reasons including the failure of the Pool Member to timely submit the appropriate exposure summary or delays on the part of reinsurers in getting information to the Fund, and so, to protect the Pool Member from gaps in its coverage and to protect the solvency of the Fund, the parties agree as follows:

If, for any reason other than the Pool Member's failure to provide the information requested in the exposure summary, the Fund has not been able to provide the Pool Member with information concerning available coverages for a new Fund Year or advise the Pool Member of the amount of its contribution for the new Fund Year by the beginning of the Fund Year, the Fund shall nevertheless continue the Pool Member's coverages at the same limits of liability (if still available and if not, then at the highest limit of liability available for the new Fund Year) so that the Pool Member shall at all times remain covered as herein provided and the Pool Member's initial contributions for the new Fund Year shall be determined by a "tentative contribution" as determined by the Board with the Pool Member's actual annual contribution to be credited by the amount paid in accordance with the tentative contribution and adjusted during the Fund Year. In the event the Pool Member does not wish to have its coverages extended or renewed at the end of any Fund Year, the burden shall be upon the Pool Member to give written notice to the Fund as provided hereinabove and the Pool Member agrees to pay as hereinabove stated all contributions or pro rata contributions until the date such written notice is received in the offices of the Fund or the date of termination of this Interlocal Agreement, whichever is later.

6. Commensurate with the execution of this Interlocal Agreement and annually thereafter, the Pool Member shall complete the appropriate exposure summary and deliver it or cause it to be delivered to the Fund, or, if so instructed, to a designated contractor, no later than September 1 of each year and new annual contributions shall be calculated using manual rates times exposure, less any adjustments. Intentional or reckless misstatements on the exposure summary shall be grounds for cancellation. In the event that the Pool Member fails or refuses to submit the appropriate exposure summary, the Fund reserves the right to terminate such Pool Member by giving thirty (30) days' written notice and to collect any and all contributions that are earned pro rata for the period preceding contract termination.

The Pool Member agrees to pay the annual contribution to the Fund in four (4) equal quarterly installments, in advance, commencing at the beginning of this Interlocal Agreement with subsequent installments due the first quarter thereafter. In the event this Interlocal Agreement is terminated as herein provided, the Fund shall promptly repay to the Pool Member any such unearned annual contribution prorated as of the date of termination and the Pool Member agrees during the term of this Interlocal Agreement to promptly pay all reimbursable deductibles upon receipt of statement.

At the end of each and every Fund Year, the Fund may require the Pool Member to submit the actual data requested on the exposure summary as reflected by the books and records of the Pool Member. The Fund reserves the right to audit the records of any Pool Member and adjust contributions accordingly.

In the event that the Pool Member fails or refuses to make the payments, including accrued interest, as herein provided, the Fund reserves the right to terminate such Pool Member by giving them ten (10) days' written notice and to collect any and all amounts that are earned pro rata for the period preceding contract termination. If the amounts owed, including reimbursable deductibles, must be collected by suit, the Pool Member agrees to pay attorneys' fees and costs incurred in such suit.

7. The Fund shall maintain adequate protection from catastrophic losses to protect its financial integrity. Aggregate protection shall also be maintained. The Member's contributions shall be limited to that amount as calculated under this Interlocal Agreement. Notwithstanding anything to the contrary, the total combined aggregate limit of liability of the Fund for all Pool Members in any Fund Year, regardless of the number of occurrences or claims, shall be limited to the amount of money contained in the Fund. As to the Pool annual aggregate limits or the amount of money in the Fund, the Board of Trustees, in its sole discretion, may determine an allocation methodology among affected Pool Members should the Pool annual aggregate limit be reached, or should the money in the Fund be exhausted.
8. Notwithstanding the provisions of the foregoing paragraph, it is agreed the Board shall have the right to adjust the financial protection outlined above and/or amend coverages as it finds available or deems necessary to maintain the fiscal soundness of the Fund at the beginning of or during any Fund Year.
9. The Fund will make available loss control services to the Pool Members to assist them in following a plan of loss control that may result in reduced losses. The Pool Member agrees that it will cooperate in instituting any and all reasonable loss control recommendations. In the event that the recommendations submitted seem unreasonable, the Pool Member has a right to appeal to the Board. The Board shall hear the objections of the Pool Member at its next regularly scheduled meeting and its decisions will be final and binding on all parties. Any Pool Member who does not agree to follow the decision of the Board shall be withdrawn from the Fund immediately.
10. The Pool Member agrees that it will appoint a contact of department head rank, and the Fund shall not be required to contact any other individual except this one person. Any notice to or any agreements with the contact shall be binding upon the Pool Member. The Pool Member reserves the right to change the contact from time to time by giving written notice to the Fund.
11. The Fund agrees to handle all cyber liability and data breach response claims, and provide a defense for any and all cyber liability and data breach response claims covered under this Interlocal Agreement after prompt notice has been given. The Pool Member hereby appoints the Fund staff and Contractors as its agents to act in all matters pertaining to processing and handling of claims covered under this Interlocal Agreement and shall cooperate fully in supplying any information needed or helpful in settlement or defense of such claims. As respects cyber liability and data breach response claims, the Fund staff and Contractors shall carry on all negotiations with the claimant and his/her attorney, when applicable, and negotiate within authority previously granted by the Fund. If a personal appearance by the Pool Member or an employee is necessary, the expense of this appearance will not be the responsibility of the Fund. With the advice and consent of the Fund, the Fund staff and the Contractors will retain and supervise legal counsel for the prosecution and defense of any litigation. All decisions on individual cases shall be made by the Fund through the Fund staff and the Contractors, which include, but are not limited to, the decision to appeal or not to appeal, settlement negotiations, the decision of whether to settle, and other litigation tactics. However, any Pool Member shall have the right in any case to consult with the Fund on any decision made by the Fund staff or Contractors. The Board shall hear the objections of the Pool Member at its next regularly scheduled meeting and its decision will be final and binding on all parties. Any suit brought or defended by the Fund shall be brought or defended only in the name of the Pool Member and/or its officers or employees. There shall be supplied periodically to each Pool Member a computer printout involving a statement of claims. As respects the Texas Municipal League Cyber Liability and Data Breach Response Self-Insurance Plan, the Fund shall have priority in enforcing its subrogation claims against the claims of Pool Member.
12. The Pool Member acknowledges that it has received a copy of the Bylaws of the Fund and agrees to abide by the Bylaws and any amendments thereto.
13. The Fund agrees that all Fund transactions will be annually audited by a nationally recognized certified public accounting firm.
14. If legally required, the Fund shall cause to be filed the necessary tax forms with the Internal Revenue Service.

15. As the administrators of the Fund, the Board shall primarily and consistently keep foremost in their deliberations and decisions in operating the Fund that each of the participating Pool Members is a "self-insured." At least annually, the Board shall carefully review, study, and consider the actual claims or loss experience (including reserves for future claims payments) of each of the Pool Members, the pro rata savings to the Fund resulting from overall loss experience attributed to each Pool Member, and the pro rata portion of the cost of all catastrophic loss protection and aggregate stop loss protection allocated to each Pool Member as well as the pro rata allocation, as determined by the Board of the other and necessary administrative expenses of the Pool, in order to reasonably determine the actual pro rata cost, expense, and loss experience of each Pool Member in order to maintain as nearly as possible an equitable and reasonable self-insurance administration of the Fund as applied to each Pool Member.

The Fund shall maintain case reserves and supplemental reserves computed in accordance with standard actuarial principles, taking into account historical and other data, designed to measure claims development and claims incurred but not yet reported, so that funds will be available to meet these claims as they become due, subject to paragraph 7 above. The Board has complete authority to determine all matters pertaining to the existence and dissolution of the Fund.

16. Venue of any suit or action arising out of or related to this Interlocal Agreement shall be exclusively in the state and federal courts of Travis County, Texas. The parties agree they shall assume their own expenses for attorney's fees in any suit or action arising out of or related to this Interlocal Agreement.
17. The parties agree this Interlocal Agreement may be executed by original written ink signature on paper documents, an exchange of copies showing the original written ink signature on paper documents, or electronic or digital signature technology in such a manner that the signature is unique and verifiable to the person signing. The use of any one or combination of these methods of execution shall constitute a legally binding and valid signing of this Interlocal Agreement, which may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

EMPLOYER MEMBERS' FUND CONTACT (See Section 10):

Member Name _____

Name of Contact _____ Title _____

Mailing Address _____ Email Address _____

Street Address (if different from above) _____

City _____ Zip _____ Phone _____

SIGNATURE OF AUTHORIZED MEMBER OFFICIAL

Title _____ Date _____

Member's Federal Tax I.D. Number _____
This Information is MANDATORY

TO BE COMPLETED BY FUND: (OFFICE USE ONLY)

Effective Date of This Agreement _____

Member Name _____

Contract Number _____

SIGNATURE OF AUTHORIZED FUND OFFICIAL

Title _____ Date _____

BOARD ACTION ITEM No. 2024-0626-023
INTERLOCAL AGREEMENT FOR CYBER LIABILITY INSURANCE WITH TMLIRP

BOARD OF DIRECTORS
LUBBOCK REESE REDEVELOPMENT AUTHORITY (LRRRA)
June 26, 2024

Item to Be Considered:

Interlocal Agreement with Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for Cyber Liability and Data Breach Response Insurance

Previous Board Action:

None

Statement of Pertinent Facts:

1. LRRRA has purchased Cyber Liability and Data Breach Response Insurance from TMLIRP since 2016.
2. TMLIRP has created a Cyber Fund for members who wish to continue to have this insurance coverage.
3. An Interlocal Agreement is required for LRRRA to continue coverage.

Advice, Opinions, Recommendations, and Motion:

If the Board of Directors concurs, the following motion is in order:

“Resolved, that the Board of Directors of the Lubbock Reese Redevelopment Authority hereby approves the Cyber Liability and Data Breach Response Interlocal Agreement, on the 26th day of June 2024.”

Approved by:

Tim Pierce, Board President

ATTEST:

LRRRA Board Member

AGENDA ITEM 11

FY2025 Budget

AGENDA ITEM 11
EXECUTIVE SUMMARY
FY2025 DATA CENTER/FIBER OPTICS BUDGET

We are pleased to present you with the following preliminary Data Center/Fiber Optics budget for Fiscal Year 2025. A summary of FY2024 and five years comparison are below.

Current Year – FY 2024

- We project total income at FYE to be approximately \$270,315, about 12% more than the budgeted amount of \$242,000. This difference is due to greater than expected demand for data center services and United Supermarkets’ continued occupancy of a cage (that they were to move out of many months ago).
- On the expense side, we expect total expenses of \$137,644, an approximate 21% decrease compared to the budgeted amount of \$174,300.
- We project to end FY 2024 with net income before depreciation of approximately \$132,671, versus the budgeted amount of \$67,700 resulting in a 96% increase compared to what was projected.

Proposed Budget – FY 2025

- Our proposed FY 2025 budget calls for stable customers in the data center with income of \$235,000. This assumes United Supermarkets will fully vacate their cage by December 2024.
- FY 2025 projected expenses, \$156,300, are about 14% greater than the FY 2024 projected year end amount of \$137,644. We plan for additional expenses to service or replace aging equipment.

DATA CENTER/FIBER OPTICS FUND - COMPARISON

	FY 2021 - Audited	FY 2022 - Audited	FY 2023 - Unaudited	FY 2024 - Projected	FY 2025 - Proposed
TOTAL INCOME	\$ 222,734	\$ 265,147	\$ 261,940	\$ 270,315	\$ 235,000
TOTAL EXPENSES	\$ 145,051	\$ 168,516	\$ 172,904	\$ 137,644	\$ 156,300
NET INCOME	\$ 77,683	\$ 96,631	\$ 89,036	\$ 132,671	\$ 78,700

Amounts do not include depreciation & capital expenses

DATA CENTER/FIBER OPTICS BUDGET - FY2025 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L	
1				DESCRIPTION	FYE 2024 YTD	ACTUAL MAY 31, 2024	FYE 2024 APPROVED BUDGET	FYE 2024 PROJECTED YEAR END	FYE 2024 % Change Approved Budget to Projected Year End	FYE 2025 PROPOSED BUDGET	% Change FYE24 Projected YE to FYE25 Proposed	% Change FYE24 Approved Budget to FYE25 Proposed	NOTES
2	INCOME							Column F to G		Column G to I	Column F to I		
3		4260	0	Usage Fees	\$ 18,483.57	\$ 27,000.00	\$ 27,725.36	2.69%	\$ 25,000.00	-9.83%	-7.41%	Metered usage charged to customers-United, TTU, & SitePro	
5		4800	0	Fiber Optic Income	\$ 161,726.57	\$ 215,000.00	\$ 242,589.86	12.83%	\$ 210,000.00	-13.43%	-2.33%	Co-location leases, fiber & conduit fees. Include United	
6	INCOME TOTAL				\$ 180,210.14	\$ 242,000.00	\$ 270,315.21	11.70%	\$ 235,000.00	-13.06%	-2.89%		
7													
8	UTILITIES												
9		5220	502	Internet Charges	\$ 13,777.28	\$ 22,000.00	\$ 20,665.92	-6.06%	\$ 22,000.00	6.46%	0.00%	UPN \$1550/mo 80% billed to DC. Optimum \$490 100% to DC	
10		5380	423	Electric	\$ 34,598.36	\$ 75,000.00	\$ 51,897.54	-30.80%	\$ 60,000.00	15.61%	-20.00%	SPEC bill for data center, avg monthly \$5,000	
11		5380	439	Gas	\$ 1,555.57	\$ 2,300.00	\$ 2,333.36	1.45%	\$ 2,300.00	-1.43%	0.00%	Atmos bill for data center, avg monthly \$190	
12	UTILITIES TOTAL				\$ 49,931.21	\$ 99,300.00	\$ 74,896.82	-24.58%	\$ 84,300.00	12.55%	-15.11%		
13	ADMINISTRATION												
14		5310	428	Janitorial Cleaning	\$ 360.00	\$ 1,000.00	\$ 540.00	-46.00%	\$ 1,000.00	85.19%	0.00%	Cruz \$40 per month. Recently changed vendors and expect a price increase	
15		5350	114	Insurance	\$ 9,782.68	\$ 13,000.00	\$ 14,674.02	12.88%	\$ 16,000.00	9.04%	23.08%	TML. Re-rates received 6/11	
16	ADMIN TOTAL				\$ 10,142.68	\$ 14,000.00	\$ 15,214.02	8.67%	\$ 17,000.00	11.74%	21.43%		
17													
18	OPERATIONS												
19		5560	0	Building Maintenance	\$ 6,409.78	\$ 15,000.00	\$ 9,614.67	-35.90%	\$ 15,000.00	56.01%	0.00%	Expenses for all things related to B36. annual room alert (CPL) monitoring	
20		5800	0	Equipment Maintenance	\$ 5,678.67	\$ 16,000.00	\$ 8,518.01	-46.76%	\$ 10,000.00	17.40%	-37.50%	Maint contracts. Anthony Mechanical \$7500	
21		5800	414	IT Support/NOC Maint	\$ 19,600.00	\$ 30,000.00	\$ 29,400.00	-2.00%	\$ 30,000.00	2.04%	0.00%	Switch \$1,950/mo & \$500/mo for United, ARIN	
22	OPERATIONS TOTAL				\$ 31,688.45	\$ 61,000.00	\$ 47,532.68	-22.08%	\$ 55,000.00	15.71%	-9.84%		
23	EXPENSE TOTAL				\$ 91,762.34	\$ 174,300.00	\$ 137,643.51	-21.03%	\$ 156,300.00	13.55%	-10.33%		
24													
25	NET INCOME BEFORE DEPRECIATION				\$ 88,447.80	\$ 67,700.00	\$ 132,671.70	95.97%	\$ 78,700.00	-40.68%	16.25%		
26	DEPRECIATION	5305	0	Depreciation	\$ 26,267.68	\$ 40,000.00	\$ 39,401.52	-1.50%	\$ 46,000.00	16.75%	100.00%		
27	NET INCOME				\$ 62,180.12	\$ 27,700.00	\$ 93,270.18	236.72%	\$ 32,700.00	-64.94%	18.05%		
28													
29	FY 2024 APPROVED CAPITAL PROJECTS												
30	2 New UPS Units - Facility Gateway Corporation				\$ 56,259.20	\$ 60,000.00	\$ 56,259.20	-6.23%					
31													

AGENDA ITEM 11

EXECUTIVE SUMMARY

FY2025 OPERATING BUDGET

We are pleased to present you with the following preliminary Operating Budget for Fiscal Year 2025. A summary of FY2024 and five years comparison are below.

Current Year – FY 2024

- We project total income at FYE to be \$3,532,407, which is about 5% greater than what was budgeted. Accounting for this increase is greater than expected interest income, insurance proceeds, and utility franchise fees.
- On the expense side, we expect total expenses of \$2,441,022, which is about 5% less than what was budgeted. Accounting for this is a decrease in payroll and utilities.
- We project to end FY 2024 with net income before depreciation of \$1,091,385 versus the budgeted amount of \$803,311; a 36% increase.

Proposed Budget – FY 2025

- Our proposed FY 2025 budget calls for total income of \$3,475,000.
- Total expenses for FY2025 are projected to be \$2,717,350 which is greater than the FY24 year-end amount because we continue to see consistent increases for materials and services across the board. Additionally, our insurance rerates, overall, are 25% greater than this fiscal year.

OPERATING FUND - COMPARISON

	FY 2021 - Audited	FY 2022 - Audited	FY 2023 - Unaudited	FY 2024 - Projected	FY 2025 - Proposed
TOTAL INCOME	\$ 3,319,176	\$ 3,535,019	\$ 3,716,656	\$ 3,532,407	\$ 3,475,000
TOTAL EXPENSES	\$ 2,311,492	\$ 2,971,355	\$ 2,357,838	\$ 2,441,022	\$ 2,717,350
NET INCOME	\$ 1,007,684	\$ 563,664	\$ 1,358,818	\$ 1,091,385	\$ 757,650

Amounts do not include depreciation & capital expenses.

The decrease in net income for FY2022 is due to expenses associated with the cleanup of RBP.

GENERAL OPERATING BUDGET - FY2025 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2024 ACTUAL YTD MAY 31, 2024	FYE 2024 APPROVED BUDGET	FYE 2024 PROJECTED YEAR END	FYE 2024 % Change Approved Budget to Projected Year End	FYE 2025 PROPOSED BUDGET	% Change FYE24 Projected YE to FYE25 Proposed	% Change FYE24 Approved Budget to FYE25 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
3	INCOME	4200	0	Lease	\$ 1,407,851.97	\$ 2,200,000.00	\$ 2,111,777.96	-4.01%	\$ 2,300,000.00	8.91%	4.55%	Leases currently in place. Assumes customers will exercise option
4		4250	0	CAM	\$ 501,164.96	\$ 749,000.00	\$ 751,747.44	0.37%	\$ 764,000.00	1.63%	2.00%	TTU, SPC, COL pay monthly. 2% increase
5		4260	0	Usage Fees	\$ 207,996.84	\$ 275,000.00	\$ 311,995.26	13.45%	\$ 275,000.00	-11.86%	0.00%	FY 22=\$307 FY21 = \$297 FY20=\$312, FY19=\$322K. Loss of SPC students
6		4300	0	Contract Work	\$ 16,108.49	\$ 8,000.00	\$ 24,162.74	202.03%	\$ 8,000.00	-66.89%	0.00%	KBR Event extras
7		4350	0	Insurance Proceeds	\$ 48,553.49	\$ -	\$ 48,553.49	100.00%	\$ -	-100.00%	0.00%	Not budgeted
8		4400	0	Interest Income	\$ 158,103.33	\$ 100,000.00	\$ 237,155.00	137.15%	\$ 100,000.00	-57.83%	0.00%	Averaging 4.34%. Projecting 2.5%
9		4600	0	Misc	\$ 13,344.20	\$ -	\$ 13,344.20	100.00%	\$ -	-100.00%	0.00%	Not budgeted
10		4650	423	Utility Franchise Fee - Electric	\$ 17,067.70	\$ 20,000.00	\$ 25,601.55	28.01%	\$ 20,000.00	-21.88%	0.00%	SPEC franchise fees, pays monthly based on customer usage
11		4650	439	Utility Franchise Fee - Gas	\$ 8,069.57	\$ 8,069.57	\$ 8,069.57	0.00%	\$ 8,000.00	-0.86%	-0.86%	Atmos franchise fees pays once per year. Notice of amt rec'd July
12	INCOME TOTAL				\$ 2,378,260.55	\$ 3,360,069.57	\$ 3,532,407.20	5.13%	\$ 3,475,000.00	-1.63%	3.42%	
13												
14	PAYROLL	5100	0	Salaries	\$ 463,891.19	\$ 725,000.00	\$ 695,836.79	-4.02%	\$ 750,000.00	7.78%	3.45%	Includes employee bonuses/rasies of \$75K
15		5110	0	Payroll Taxes	\$ 32,226.66	\$ 56,000.00	\$ 48,339.99	-13.68%	\$ 58,000.00	19.98%	3.57%	Based on number above
16		5120	116	Insurance - Health	\$ 52,753.28	\$ 110,000.00	\$ 79,129.92	-28.06%	\$ 105,000.00	32.69%	-4.55%	Estimated rate increase of 6%. Changing plan to less expensive one
17		5120	117	Insurance - Dental/Vision	\$ 2,024.17	\$ 5,700.00	\$ 3,036.26	-46.73%	\$ 5,700.00	87.73%	0.00%	Principal
18		5120	118	Insurance - Life/AD&D	\$ 195.41	\$ 400.00	\$ 293.12	-26.72%	\$ 400.00	36.47%	0.00%	Principal
19		5120	119	Insurance - LTD	\$ 4,672.53	\$ 8,700.00	\$ 7,008.80	-19.44%	\$ 9,500.00	35.54%	9.20%	Principal. Increase based on age and pay
20		5120	120	Insurance - Dread Disease	\$ 2,014.33	\$ 3,700.00	\$ 3,021.50	-18.34%	\$ 3,900.00	29.08%	5.41%	Manhattan
21		5140	121	Insurance - Workers Comp	\$ 6,097.12	\$ 10,000.00	\$ 9,145.68	-8.54%	\$ 11,000.00	20.28%	10.00%	TML rerate is 9% increase + amt for audit
22		5150	131	Retirement - TCDRS	\$ 13,879.15	\$ 20,000.00	\$ 20,818.73	4.09%	\$ 18,000.00	-13.54%	-10.00%	Rate changes in January 25 from 2.34% to 2.26%
23		5700	211	Payroll Service	\$ 683.35	\$ 1,200.00	\$ 1,025.03	-14.58%	\$ 1,200.00	17.07%	0.00%	Snelling fees for processing payroll
24	PAYROLL TOTAL				\$ 578,437.19	\$ 940,700.00	\$ 867,655.79	-7.76%	\$ 962,700.00	10.95%	2.34%	

GENERAL OPERATING BUDGET - FY2025 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2024 ACTUAL YTD MAY 31, 2024	FYE 2024 APPROVED BUDGET	FYE 2024 PROJECTED YEAR END	FYE 2024 % Change Approved Budget to Projected Year End	FYE 2025 PROPOSED BUDGET	% Change FYE24 Projected YE to FYE25 Proposed	% Change FYE24 Approved Budget to FYE25 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
25				ADMINISTRATION								
26		2651	111	Prin Exp Xerox Lease Copier Payment	\$ 2,330.29	\$ 3,214.00	\$ 3,495.44	8.76%	\$ 3,500.00	0.13%	8.90%	Principle portion of Xerox lease payment, new lease in March 2024
27		5200	101	General Office Supplies	\$ 13,397.51	\$ 16,000.00	\$ 20,096.27	25.60%	\$ 16,000.00	-20.38%	0.00%	General office supplies. Includes Xerox usage expenses
28		5200	103	Office Equip/Software	\$ 14,790.88	\$ 20,000.00	\$ 22,186.32	10.93%	\$ 20,000.00	-9.85%	0.00%	software/hardware. \$13K is software
29		5210	101	Board Expenses	\$ 1,546.30	\$ 3,000.00	\$ 2,319.45	-22.69%	\$ 3,000.00	29.34%	0.00%	Board breakfast
30		5250	111	Interest Exp Xerox Copier Lease	\$ 216.83	\$ 545.00	\$ 325.25	-40.32%	\$ 950.00	192.09%	74.31%	Interest portion of lease payment
31		5310	107	Janitorial/Building Maint	\$ 17,740.00	\$ 28,000.00	\$ 26,610.00	-4.96%	\$ 28,000.00	5.22%	0.00%	changed vandor to Cruz cost is \$2160/month
32		5320	106	Telephone Admin Cell	\$ 1,338.64	\$ 2,400.00	\$ 2,007.96	-16.34%	\$ 2,400.00	19.52%	0.00%	Cell phone reimbursements for 4 emp at \$50 per month
33		5340	127	Postage	\$ 1,414.50	\$ 2,500.00	\$ 2,121.75	-15.13%	\$ 2,500.00	17.83%	0.00%	Postage and cost of machine and equipment. New machine 6/23
34		5350	114	Insurance - Liability & Property	\$ 167,434.66	\$ 245,000.00	\$ 251,151.99	2.51%	\$ 300,000.00	19.45%	22.45%	TML rerates received 6/11
35		5360	208	License and Fee	\$ 275.00	\$ 1,500.00	\$ 412.50	-72.50%	\$ 1,500.00	263.64%	0.00%	TCEQ, boiler, and elevator licenses/fees
36		5363	124	Staff Meetings	\$ 2,480.96	\$ 5,000.00	\$ 3,721.44	-25.57%	\$ 5,000.00	34.36%	0.00%	Staff lunch meetings & employee Christmas Party
37		5363	305	Meetings & Memberships	\$ 2,966.30	\$ 4,000.00	\$ 4,449.45	11.24%	\$ 4,000.00	-10.10%	0.00%	Overflow Chamber events. For those not scheduled
40		5400	125	Recruitment - Customer and New Emp	\$ 1,622.76	\$ 1,000.00	\$ 1,622.76	62.28%	\$ 1,000.00	-38.38%	0.00%	D&B used for vetting customers
41		5400	303	Advertising & Printing	\$ -	\$ 2,000.00	\$ -	-100.00%	\$ 2,000.00	100.00%	0.00%	Stationary - letterhead, envelopes, checks
42		5410	132	Awards & Recognition	\$ 121.24	\$ 500.00	\$ 181.86	-63.63%	\$ 500.00	174.94%	0.00%	Employee service awards and berevement expenses
43		5540	134	Prof Services - Document Shredding	\$ 881.50	\$ 1,300.00	\$ 1,322.25	1.71%	\$ 1,400.00	5.88%	7.69%	VRC storage and shredding. Rate inc from \$105 to \$113.3
44		5540	401	Prof Services - Campus	\$ 606.60	\$ 2,000.00	\$ 909.90	-54.51%	\$ 2,000.00	119.80%	0.00%	Other Staff training and other misc. services. CC fees/CC revenues to offset
45		5545	112	Serv Contract - Network Maintenance	\$ 14,397.78	\$ 14,000.00	\$ 21,596.67	54.26%	\$ 20,000.00	-7.39%	42.86%	Switch IT support. Maint contract is \$1113 per month as of June 2023
46		5610	110	ED Travel/Meetings	\$ 6,030.36	\$ 8,000.00	\$ 9,045.54	13.07%	\$ 10,000.00	10.55%	25.00%	ED training/travel
47		5620	404	Campus Training	\$ 5,943.28	\$ 5,000.00	\$ 5,943.28	18.87%	\$ 7,000.00	17.78%	40.00%	All other employee training, SGR and cyber security
48		5700	203	Audit Fee	\$ 20,500.00	\$ 39,200.00	\$ 39,200.00	0.00%	\$ 43,000.00	9.69%	9.69%	FY25 audit \$37,950. Centralease is \$1200 annual. GASB 87 \$2,000
49		5710	113	Legal Fees	\$ 43,621.60	\$ 75,000.00	\$ 65,432.40	-12.76%	\$ 75,000.00	14.62%	0.00%	FY23 \$72K, FY22 \$47K, FY21 \$45K, FY20 \$36K
50				ADMIN TOTAL	\$ 319,656.99	\$ 479,159.00	\$ 484,152.47	1.04%	\$ 548,750.00	13.34%	14.52%	

GENERAL OPERATING BUDGET - FY2025 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2024 ACTUAL YTD MAY 31, 2024	FYE 2024 APPROVED BUDGET	FYE 2024 PROJECTED YEAR END	FYE 2024 % Change Approved Budget to Projected Year End	FYE 2025 PROPOSED BUDGET	% Change FYE24 Projected YE to FYE25 Proposed	% Change FYE24 Approved Budget to FYE25 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
51												
52	UTILITIES	5380	122	Telephone Land Line	\$ 5,228.36	\$ 9,000.00	\$ 7,842.54	-12.86%	\$ 8,000.00	2.01%	-11.11%	Sangoma \$270/mo and Vexus \$380/mo
53		5380	405	Water/Wastewater/Solid Waste	\$ 129,389.76	\$ 325,000.00	\$ 254,389.76	-21.73%	\$ 315,000.00	23.83%	-3.08%	FY23 \$254, FY22 \$248, FY21=\$169K. Water multiplier 1.50 and WW of 1.27. includes solid waste
54		5380	423	Electricity	\$ 78,528.79	\$ 150,000.00	\$ 132,793.19	-11.47%	\$ 150,000.00	12.96%	0.00%	SPEC bill. Significant rate increases
55		5380	439	Gas	\$ 14,352.48	\$ 25,000.00	\$ 21,528.72	-13.89%	\$ 25,000.00	16.12%	0.00%	Atmos bill
56		5380	502	Internet	\$ 4,103.70	\$ 7,000.00	\$ 6,155.55	-12.06%	\$ 6,000.00	-2.53%	-14.29%	Vexus for KBR = \$100/mo and UPN billed 20% = \$325/mo
57	UTILITIES TOTAL				\$ 231,603.09	\$ 516,000.00	\$ 422,709.76	-18.08%	\$ 504,000.00	19.23%	-2.33%	
58												
59	MARKETING	5430	102	Office Enhancements	\$ 79.00	\$ 1,000.00	\$ 118.50	-88.15%	\$ 1,000.00	743.88%	0.00%	Décor
60		5430	133	Sponsorships	\$ 12,555.00	\$ 15,000.00	\$ 18,832.50	25.55%	\$ 18,000.00	-4.42%	20.00%	Chamber, LEDA, LBB Apt Assn, FISD, SPC Events, United Way
61		5430	301	Marketing General	\$ 127.39	\$ 4,000.00	\$ 191.09	-95.22%	\$ 4,000.00	1993.31%	0.00%	Other marketing . Annual customer cookout
62		5430	302	ED Expenses & Customer Gifts	\$ 15,010.37	\$ 12,000.00	\$ 22,515.56	87.63%	\$ 20,000.00	-11.17%	66.67%	ED lunch's with customers, customer gifts/Christmas gifts
63		5430	303	Advertisement & Printing	\$ 750.00	\$ 2,000.00	\$ 1,125.00	-43.75%	\$ 2,000.00	100.00%	0.00%	Other marketing ads
64		5430	304	Ads in Publications	\$ -	\$ 1,000.00	\$ -	-100.00%	\$ 1,000.00	100.00%	0.00%	Magazine ads
65		5430	305	Meetings & Memberships	\$ 1,002.00	\$ 3,000.00	\$ 1,503.00	-49.90%	\$ 3,000.00	99.60%	0.00%	Marketing Memberships
66		5430	307	Meals and Entertainment	\$ 289.55	\$ 2,000.00	\$ 434.33	-78.28%	\$ 2,000.00	360.48%	0.00%	Marketing customer and potential customer lunches
67		5430	310	Travel	\$ -	\$ 3,000.00	\$ -	-100.00%	\$ 3,000.00	#DIV/0!	0.00%	Conference travel
68		5430	311	Marketing Training	\$ 325.00	\$ 2,000.00	\$ 487.50	0.00%	\$ 2,000.00	100.00%	100.00%	Leadership Lubbock, other
69		5430	312	Technology	\$ 11,454.24	\$ 25,000.00	\$ 17,181.36	-31.27%	\$ 25,000.00	45.51%	0.00%	LoopNet \$6480/yr, Contract Cre8tive \$3800/yr, Adobe Suite \$2820/yr
71	MARKETING TOTAL				\$ 41,592.55	\$ 70,000.00	\$ 62,388.83	-10.87%	\$ 81,000.00	29.83%	15.71%	
72												

GENERAL OPERATING BUDGET - FY2025 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2024 ACTUAL YTD MAY 31, 2024	FYE 2024 APPROVED BUDGET	FYE 2024 PROJECTED YEAR END	FYE 2024 % Change Approved Budget to Projected Year End	FYE 2025 PROPOSED BUDGET	% Change FYE24 Projected YE to FYE25 Proposed	% Change FYE24 Approved Budget to FYE25 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
73	OPERATIONS	5900	401	Campus General	\$ 21,796.39	\$ 30,000.00	\$ 32,694.59	8.98%	\$ 30,000.00	-8.24%	0.00%	general campus expenses
74		5900	402	Shop Supplies	\$ 3,887.94	\$ 7,000.00	\$ 5,831.91	-16.69%	\$ 7,000.00	20.03%	0.00%	Supplies for shop
75		5900	403	Tools & Tool Repair	\$ 8,190.50	\$ 5,000.00	\$ 12,285.75	145.72%	\$ 5,000.00	-59.30%	0.00%	Tools and small repairs
76		5900	405	Water System	\$ 16,793.53	\$ 10,000.00	\$ 25,190.30	151.90%	\$ 15,000.00	-40.45%	50.00%	Repairs for water system breaks
77		5900	406	Ops Cell Phone	\$ 2,930.70	\$ 5,400.00	\$ 4,396.05	-18.59%	\$ 5,400.00	22.84%	0.00%	4 cell phone reimb = \$2400 per yr plus Verizon iPad at \$240/mo
78		5900	407	Work Clothes	\$ 5,164.54	\$ 2,000.00	\$ 5,164.54	158.23%	\$ 2,000.00	-61.27%	0.00%	Per policy, 11 shirts, 6 pants, 3 shorts, 1 jacket, 1 shoes
79		5900	417	Animal/Pest control	\$ 675.00	\$ 1,000.00	\$ 1,012.50	1.25%	\$ 1,000.00	-1.23%	0.00%	Terminix and other bills associated with pest removal (L. Watson)
80		5900	419	Security/Safety	\$ 4,625.93	\$ 15,000.00	\$ 6,938.90	-53.74%	\$ 10,000.00	44.12%	-33.33%	All security: S2 - toll tags, badges, software, Corvus - B800, B36, pump house, keys and cores, all fire related
81		5900	420	Roof	\$ 11,273.02	\$ 5,000.00	\$ 16,909.53	238.19%	\$ 5,000.00	-70.43%	0.00%	Roof repairs
82		5900	421	HVAC	\$ 21,157.58	\$ 20,000.00	\$ 31,736.37	58.68%	\$ 25,000.00	-21.23%	25.00%	Anthony Mechanical annual maint fees \$9750
83		5900	422	Painting	\$ -	\$ 15,000.00	\$ -	-100.00%	\$ 15,000.00	100.00%	0.00%	No large paint projects planned
84		5900	423	Electric	\$ 45,675.35	\$ 25,000.00	\$ 68,513.03	174.05%	\$ 25,000.00	-63.51%	0.00%	LED replacements - outside of 60, 70,52,50 = 20 lights
85		5900	424	Fence Repair	\$ 328.39	\$ 5,000.00	\$ 492.59	-90.15%	\$ 5,000.00	915.05%	0.00%	Fence repairs - mostly collected from insurance
86		5900	425	Plumbing & Irrigation	\$ 11,594.21	\$ 10,000.00	\$ 17,391.32	73.91%	\$ 20,000.00	15.00%	100.00%	Plumbing repairs
87		5900	428	Cleaning	\$ 2,672.08	\$ 3,000.00	\$ 4,008.12	33.60%	\$ 3,000.00	-25.15%	0.00%	Building cleaning to enable customer walk through. Cintas mat cleaning
89		5900	430	Ground Maintenance	\$ 199,456.35	\$ 300,000.00	\$ 299,184.53	-0.27%	\$ 315,000.00	5.29%	5.00%	L&N=\$220k was \$204,705, no rate increase since 1/2018 . Other = \$95k
90		5900	434	Signage	\$ 260.00	\$ 3,000.00	\$ 390.00	-87.00%	\$ 3,000.00	669.23%	0.00%	Signs as needed for new customers
91		5900	440	Door Repair	\$ 23,709.70	\$ 10,000.00	\$ 35,564.55	255.65%	\$ 20,000.00	-43.76%	100.00%	Repair of doors. Fy23 budget of 17 garage doors at \$60,000
92		5900	441	Environmental	\$ -	\$ 2,500.00	\$ -	-100.00%	\$ 2,500.00	100.00%	0.00%	Misc. environmental
93		5900	442	Safety Supplies	\$ 869.76	\$ 4,000.00	\$ 1,304.64	-67.38%	\$ 4,000.00	206.60%	0.00%	Safety equipment; harnesses, etc..
94		5900	445	Architect & Engineering	\$ -	\$ 50,000.00	\$ -	-100.00%	\$ 50,000.00	#DIV/0!	0.00%	Parkhill misc engineering fees
95		5900	446	Solid Waste	\$ -	\$ -	\$ -	#DIV/0!	\$ 30,000.00	#DIV/0!	#DIV/0!	New item broken out from utilities
96		5900	448	KBR Event Expenses	\$ 10,018.73	\$ 5,000.00	\$ 15,028.10	200.56%	\$ 5,000.00	-66.73%	0.00%	Equipment rented for KBR events. Mostly vehicles.
97		5900	449	Vehicle Repair & Maint	\$ 6,504.73	\$ 5,000.00	\$ 9,757.10	95.14%	\$ 5,000.00	-48.76%	0.00%	Vehicle repairs
98		5900	450	Gas/Fuel	\$ 4,881.46	\$ 10,000.00	\$ 7,322.19	-26.78%	\$ 10,000.00	36.57%	0.00%	Fuel for vehicles and equipment
99		5900	451	Windows	\$ 1,999.21	\$ 3,000.00	\$ 2,998.82	-0.04%	\$ 3,000.00	100.00%	0.00%	Broken window repairs
100	OPERATIONS TOTAL				\$ 404,465.10	\$ 550,900.00	\$ 604,115.38	9.66%	\$ 620,900.00	2.78%	12.71%	
101												
102	EXPENSE TOTAL				\$ 1,575,754.92	\$ 2,556,759.00	\$ 2,441,022.21	-4.53%	\$ 2,717,350.00	11.32%	6.28%	
103	NET INCOME BEFORE DEPRECIATION				\$ 802,505.63	\$ 803,310.57	\$ 1,091,384.99	35.86%	\$ 757,650.00	-30.58%	-5.68%	
104	DEPRECIATION	5305		Depreciation	\$ 399,395.44	\$ 625,000.00	\$ 599,093.16	-4.15%	\$ 650,000.00	8.50%	4.00%	
105	NET INCOME				\$ 403,110.19	\$ 178,310.57	\$ 492,291.83	176.09%	\$ 107,650.00	-78.13%	-39.63%	

GENERAL OPERATING BUDGET - FY2025 PROPOSED

	A	B	C	D	E	F	G	H	I	J	K	L
				DESCRIPTION	FYE 2024 ACTUAL YTD MAY 31, 2024	FYE 2024 APPROVED BUDGET	FYE 2024 PROJECTED YEAR END	FYE 2024 % Change Approved Budget to Projected Year End	FYE 2025 PROPOSED BUDGET	% Change FYE24 Projected YE to FYE25 Proposed	% Change FYE24 Approved Budget to FYE25 Proposed	Notes
1												
2								Column F to G		Column G to I	Column F to I	
106												
107												
108	TOTAL APPROVED AND OUTSTANDING CAPITAL PROJECTS AS OF OCTOBER 2024											
109	B1238 Rehab. New roof, lighting - Carry over from FY2023 Budget POSTPONED UNTIL NEEDED								\$ 60,000.00			
110	TOTAL								\$ 60,000.00			
111												
112												
113	FY 2024 APPROVED CAPITAL PROJECTS											
114	2024 Seal Coat				\$ -	\$ 75,000.00	\$ -	-100.00%				
115	Storm Drain Inlets - 6 on South End of Tarmac				\$ -	\$ 100,000.00	\$ -	-100.00%				
116	HVAC System Controls B20 & B36				\$ 39,947.00	\$ 30,000.00	\$ 39,947.00	33.16%				
117	Work Truck				\$ 60,277.02	\$ 60,000.00	\$ 60,277.02	0.46%				
118	EDA GRANT MATCH				\$ -	\$ 1,042,320.00	\$ -	-100.00%				
119	TOTAL				\$ 100,224.02	\$ 1,307,320.00	\$ 100,224.02	-92.33%				
120												
121												
122	FY 2025 PROPOSED CAPITAL PROJECTS											
123	6,500 Runway Rejuvenate in lieu of Annual Seal Coat								\$ 90,000.00			
124	Work Truck to replace totalled pick up truck								\$ 60,000.00			
125	Automated Meter Reading (AMR) Meters											
126	Building 800, 2nd Floor, Floor Replacement								\$ 27,000.00			
127												
128	TOTAL								\$ 177,000.00			

**AGENDA ITEM 11
EXECUTIVE SUMMARY
FY2025 CAPITAL BUDGET**

East, 6,500-foot, Runway

\$90,000 for Reclamite Asphalt Rejuvenator for east runway.



Work Truck

\$60,000 for a work truck to replace pickup truck that was totaled.



Automated Meter Reading (AMR) Meters

We are considering a water meter replacement program but currently do not have an estimate.



Reese Office 2nd Floor – New Flooring

\$27,000 to replace the carpeted flooring on the 2nd floor of Reese office building. We will replace the carpet with quality commercial grade vinyl planks.



AGENDA ITEM 12

May 2024
Financial
Statements

CASH BALANCES - MAY 31, 2024

	4/30/2024	5/31/2024	Change
General Fund Bank Accounts	\$ 4,581,295	\$ 4,704,820	\$ 123,525
Fiber Optic Fund Checking	\$ -	\$ -	\$ -
EDA Grant Checking	\$ 89,485	\$ 65,686	\$ (23,799)
Capital Maintenance - Designated	\$ 855,000	\$ 855,000	\$ -
Petty Cash	\$ -	\$ -	\$ -
Total Cash	\$ 5,525,780	\$ 5,625,506	\$ 99,726
Accounts Receivable - G/F	\$ 197,309	\$ 170,232	\$ (27,077)
Accounts Receivable - F/O	\$ 15,019	\$ 8,951	\$ (6,068)
Total Accounts Receivable	\$ 212,328	\$ 179,183	\$ (33,145)
Total Cash & Accounts Receivable	\$ 5,738,108	\$ 5,804,689	\$ 66,581

Aged Accounts Receivable as of 05/31/2024

CURRENT	1 - 30 Days - Invoices	31 - 60 Days - Invoices	61 > Days - Invoices	Over 90 Days	TOTAL
152,169.24	12,221.21	5,590.14	16,075.35	(6,873.06)	179,182.88

EXTRAORDINARY EXPENSES/CAPITAL EXPENSES & OTHER

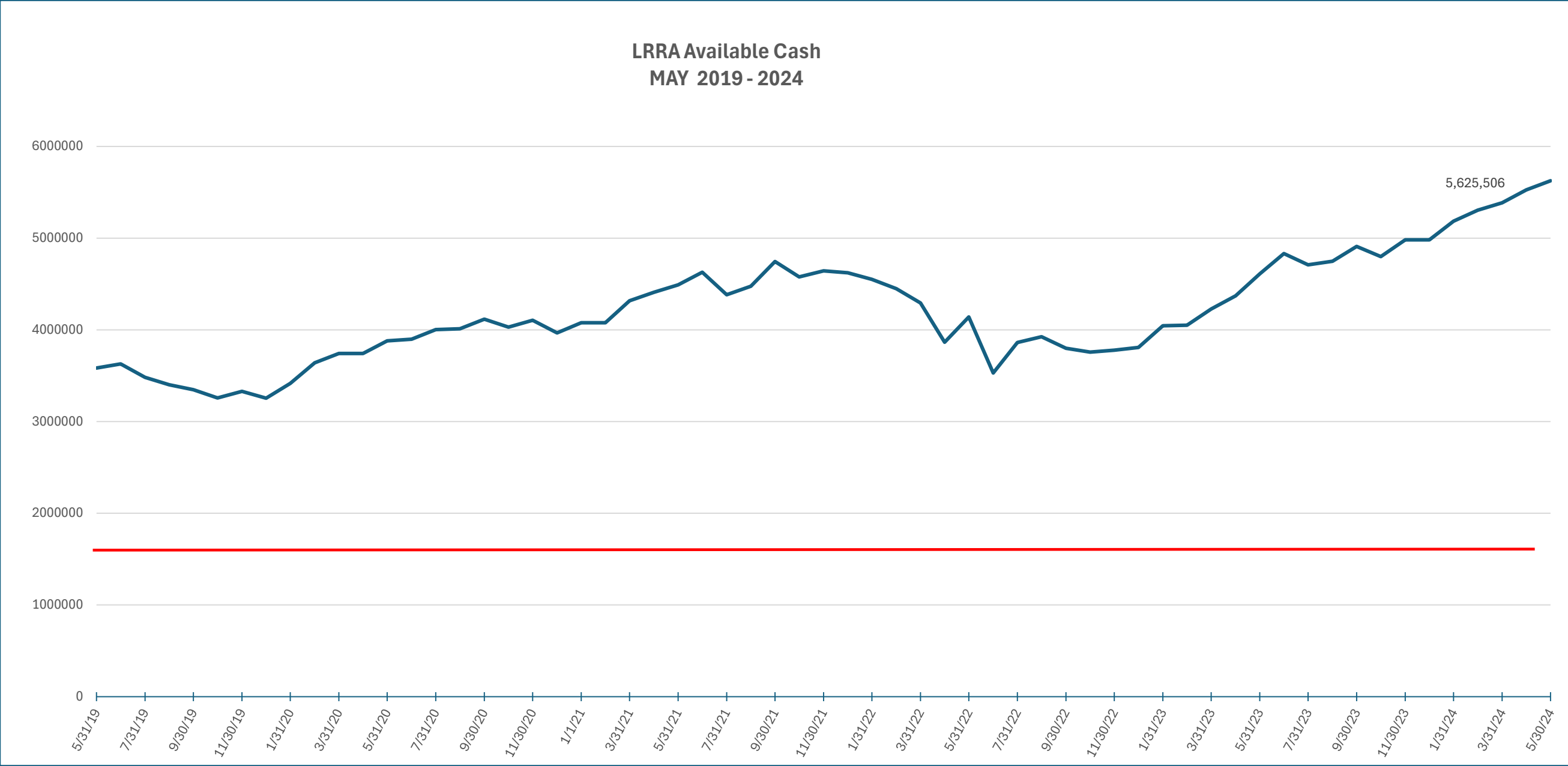
ENGINEERING SERVICES - PARKHILL

23,798.67

CAPITALIZED

\$ 23,798.67

LRRR Available Cash
MAY 2019 - 2024



FINANCIAL HIGHLIGHTS - MAY 31, 2024

DESCRIPTION	Month	G/F	Month	F/O	Month's Total	YTD	G/F	YTD	F/O	YTD	Total
Operating Revenue	\$ 222,078		\$ 20,216		\$ 242,294		\$ 2,012,160		\$ 161,726		\$ 2,173,886
Other Revenue - Usage Fees	\$ 56,858		\$ 2,113		\$ 58,971		\$ 207,997		\$ 18,484		\$ 226,481
Total Revenue	\$ 278,936		\$ 22,329		\$ 301,265		\$ 2,220,157		\$ 180,210		\$ 2,400,367
Expenses	\$ 222,564		\$ 12,645		\$ 235,209		\$ 1,542,425		\$ 91,762		\$ 1,634,187
Net Income BPSID	\$ 56,372		\$ 9,684		\$ 66,056		\$ 677,732		\$ 88,448		\$ 766,180
Interest Income - Plus	\$ 21,697		\$ -		\$ 21,697		\$ 158,103		\$ -		\$ 158,103
Depreciation - Less	\$ (49,924)		\$ (3,283)		\$ (53,207)		\$ (349,471)		\$ (26,268)		\$ (375,739)
Net Income	\$ 28,145		\$ 6,401		\$ 34,546		\$ 486,364		\$ 62,180		\$ 548,544

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 5/31/2024

(In Whole Numbers)

	Data Center /			
	General Fund	EDA Grant Fund	Fiber Optic Fund	Total
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	5,559,820	-	-	5,559,820
RESTRICTED CASH AND CASH EQUIVALENTS	-	65,686	-	65,686
ACCOUNTS RECEIVABLE	170,232	-	8,951	179,183
LEASES RECEIVABLE, CURRENT - GASB 87	1,694,234	-	80,874	1,775,108
INVESTMENT	-	-	-	-
DUE FROM FEDERAL GOVERNMENT	-	(112,157)	-	(112,157)
PREPAID EXPENSES	91,271	-	2,830	94,102
DUE FROM TRANSFERS	-	-	-	-
Total CURRENT ASSETS	7,515,558	(46,471)	92,655	7,561,742
NONCURRENT ASSETS				
LEASES RECEIVABLE, NET OF CURRENT PORTION	4,938,173	-	112,654	5,050,827
Total NONCURRENT ASSETS	4,938,173	-	112,654	5,050,827
CAPITAL ASSETS				
LAND	1,481,401	-	-	1,481,401
CONSTRUCTION IN PROGRESS	5,303	78,282	-	83,585
BUILDINGS	2,070,050	-	-	2,070,050
INFRASTRUCTURE AND RELATED IMPROVEMENTS	5,611,189	-	1,751,519	7,362,708
COMPUTERS AND OFFICE EQUIPMENT	133,971	-	150,581	284,552
BUILDINGS IMPROVEMENTS	4,431,081	-	250,840	4,681,921
VEHICLES	226,903	-	-	226,903
GROUND MAINTENANCE EQUIPMENT	277,450	-	158,387	435,837
RIGHT TO USE LEASE ASSET - GASB 87	15,500	-	-	15,500
BASE CONVEYANCE	-	-	-	-
BASE HOUSING	-	-	-	-
OTHER	-	-	-	-
LESS ACCUMULATED DEPRECIATION	(6,503,889)	-	(2,161,194)	(8,665,084)
LESS ACCUMULATED DEPRECIATION - GASB 87	(15,500)	-	-	(15,500)
Total CAPITAL ASSETS	7,733,459	78,282	150,133	7,961,874
NET PENSION ASSET				
NET PENSION ASSETS, NET	215,327	-	-	215,327
Total NET PENSION ASSET	215,327	-	-	215,327
Total ASSETS	20,402,517	31,811	355,442	20,789,770
DEFERRED OUTFLOWS OF RESOURCES				
EMPLOYER CONTRIBUTIONS SUBSEQUENT TO THE MEASUREMENT	16,500	-	-	16,500
CHANGE IN ASSUMPTIONS	21,691	-	-	21,691
DIFFERENCES BETWEEN EXPECTED AND ACTUAL EXPERIENCE	24,739	-	-	24,739
Total DEFERRED OUTFLOWS OF RESOURCES	62,930	-	-	62,930
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	20,465,447	31,811	355,442	20,852,700

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Balance Sheet
As of 5/31/2024

(In Whole Numbers)

	Data Center /			
	General Fund	EDA Grant Fund	Fiber Optic Fund	Total
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	30,531	16,809	490	47,830
ACCRUED EXPENSES	62,508	-	-	62,508
REFUNDABLE DEPOSITS	97,918	-	-	97,918
UNEARNED REVENUES	424,118	-	20,216	444,333
COMPENSATED ABSENSES	9,604	-	-	9,604
LEASE LIABILITY, CURRENT	1,645	-	-	1,645
LEASE PAYABLES	-	-	-	-
DUE TO TRANSFERS	-	-	-	-
OTHER LIABILITIES	-	-	-	-
Total CURRENT LIABILITIES	626,323	16,809	20,706	663,838
NON-CURRENT LIABILITIES				
LEASE LIABILITY, NET OF CURRENT PORTION	(2,330)	-	-	(2,330)
Total NON-CURRENT LIABILITIES	(2,330)	-	-	(2,330)
Total LIABILITIES	623,993	16,809	20,706	661,507
DEFERRED INFLOWS OF RESOURCES				
NET DIFF BETWEEN PROJECTED AND ACTUAL INVESTMENT	183,474	-	-	183,474
CHANGE IN ASSUMPTION	6,460	-	-	6,460
LEASES - GASB 87	6,422,697	-	189,160	6,611,857
Total DEFERRED INFLOWS OF RESOURCES	6,612,631	-	189,160	6,801,791
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	7,236,624	16,809	209,866	7,463,298
FUND EQUITY				
BEGINNING OF PERIOD	12,771,967	15,002	103,812	12,890,781
TRANSFERS IN (OUT)	20,415	-	(20,415)	-
YEAR TO DATE EARNINGS	436,440	-	62,180	498,620
Total FUND EQUITY	13,228,823	15,002	145,576	13,389,401
TOTAL LIABILITY, FUND BALANCE, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	20,465,447	31,811	355,442	20,852,700

Total report

- - - -

LUBBOCK REESE REDEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
 From 10/1/2023 Through 5/31/2024

(In Whole Numbers)

	General Fund	EDA Grant Fund	Data Center / Fiber Optic Fund	Total
OPERATING REVENUES	2,220,157	-	180,210	2,400,367
OPERATING EXPENSES	1,941,820	-	118,030	2,059,850
OPERATING INCOME(LOSS)	278,337	-	62,180	340,517
NONOPERATING INTEREST INCOME	158,103	-	-	158,103
TRANSFERS IN (OUT)	20,415	-	(20,415)	-
NET NONOPERATING REVENUES	178,519	-	(20,415)	158,103
INCREASE (DECREASE) IN FUND	456,856	-	41,764	498,620
FUND EQUITY, BEGINNING	12,771,967	15,002	103,812	12,890,781
FUND EQUITY, ENDING	13,228,823	15,002	145,576	13,389,401

LUBBOCK REESE REDEVELOPMENT AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES

From 10/1/2023 Through 5/31/2024

(In Whole Numbers)

	General Fund	Data Center / Fiber Optic Fund	Total
OPERATING REVENUES			
LEASE INCOME	1,407,852	-	1,407,852
DATA CENTER / FIBER OPTIC INCOME	-	161,726	161,726
COMMON AREA MAINTENANCE/PBT CAM FEES	501,165	-	501,165
USAGE FEES	207,997	18,484	226,480
CONTRACT WORK INCOME	16,108	-	16,108
UTILITY FRANCHISE FEES	25,137	-	25,137
Total OPERATING REVENUES	2,158,260	180,210	2,338,469
NON-OPERATING REVENUES			
INSURANCE PROCEEDS	48,553	-	48,553
INTEREST EXPENSE / BANK CHARGES	(217)	-	(217)
MISCELLANEOUS INCOME	13,344	-	13,344
INTEREST INCOME	158,103	-	158,103
Total NON-OPERATING REVENUES	219,784	-	219,784
TOTAL REVENUES	2,378,044	180,210	2,558,253

LUBBOCK REESE REDEVELOPMENT AUTHORITY

Statement of Revenues and Expenditures

From 10/1/2023 Through 5/31/2024

(In Whole Numbers)

	Data Center / Fiber Optic		
	General Fund	Fund	Total
OPERATING EXPENSES			
COMPENSATION AND BENEFITS:			
SALARIES AND BENEFITS	577,754	-	577,754
CONTRACT SERVICES	15,886	6,390	22,276
GENERAL AND LIABILITY INSURANCE	167,435	9,783	177,217
Total COMPENSATION AND BENEFITS:	761,074	16,172	777,247
BUILDING REPAIRS AND MAINTENANCE:			
REPAIRS AND MAINTENANCE	394,045	-	394,045
BUILDING MAINTENANCE MATERIALS	17,740	360	18,100
MARKETING AND PROMOTIONAL EXPENSES	41,714	-	41,714
TRAVEL EXPENSES	6,030	-	6,030
PRINTING AND ADVERTISING	1,623	-	1,623
DEPRECIATION EXPENSE	399,395	26,268	425,663
TELEPHONE	1,339	-	1,339
OFFICE SUPPLIES	28,247	-	28,247
TRAINING AND TUITION EXPENSES	5,943	-	5,943
UTILITIES	212,024	36,154	248,178
Total BUILDING REPAIRS AND MAINTENANCE:	1,108,100	62,782	1,170,881
PROFESSIONAL SERVICES			
ACCOUNTING AND AUDITING FEES	21,183	-	21,183
LEGAL FEES	42,622	-	42,622
Total PROFESSIONAL SERVICES	63,805	-	63,805
COMPUTER SOFTWARE AND MAINTENANCE			
COMPUTER SOFTWARE AND MAINTENANCE	-	25,299	25,299
Total COMPUTER SOFTWARE AND MAINTENANCE	-	25,299	25,299
OTHER OPERATING EXPENSES			
BOARD EXPENSES	1,546	-	1,546
BANK CHARGES	217	-	217
INTERNET CHARGES	-	13,777	13,777
POSTAGE	1,415	-	1,415
MEETING EXPENSES	5,389	-	5,389
LICENSES AND FEES	275	-	275
Total OTHER OPERATING EXPENSES	8,841	13,777	22,618
Total OPERATING EXPENSES	1,941,820	118,030	2,059,850

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2024 Through 5/31/2024

GENERAL FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Current Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	157,284	183,333	(26,050)	1,407,852	1,466,667	(58,815)
PBT Cam Fees	62,646	62,417	229	501,165	499,333	1,832
Usage Fees	56,858	22,917	33,941	207,997	183,333	24,663
Contract Services	485	667	(182)	16,108	5,333	10,775
Utility Franchise Fees	1,663	1,667	(4)	25,137	21,403	3,734
Insurance Proceeds	-	-	-	48,553	-	48,553
Other-Miscellaneous	-	-	-	13,344	-	13,344
Total REVENUES	278,934	271,000	7,934	2,220,157	2,176,070	44,088
EXPENSES						
Salaries & Taxes	76,484	65,083	(11,400)	496,118	520,667	24,549
Benefits - Health, Retirement & Wkr's Comp	8,979	13,208	4,229	81,636	105,667	24,031
Insurance -Property & General Liabilities	21,505	20,417	(1,088)	167,435	163,333	(4,101)
Administrative Expenses	432	1,025	593	7,273	10,450	3,177
General Office Expenses	5,030	6,287	1,257	52,126	50,297	(1,829)
Accounting & Auditing Services	87	100	13	21,183	40,000	18,817
Legal Services	6,315	6,250	(65)	42,622	50,000	7,378
Network Maintenance Contract	1,629	1,167	(462)	14,398	9,333	(5,064)
Training & Travel	1,218	1,083	(135)	11,974	8,667	(3,307)
Marketing Expenses	5,586	5,833	248	41,593	46,667	5,074
Operations	52,371	45,908	(6,463)	394,045	367,267	(26,778)
Utilities	42,927	57,517	14,590	212,024	308,033	96,010
Total EXPENSES	222,564	223,879	1,315	1,542,425	1,680,380	137,955
NIBPSID	56,370	47,121	9,249	677,733	495,690	182,043
NON OPERATING REVENUE						
Interest Income	21,697	8,333	13,364	158,103	66,667	91,437
Total NON OPERATING REVENUE	21,697	8,333	13,364	158,103	66,667	91,437
DEPRECIATION						
Depreciation Expense	(49,924)	(52,083)	2,159	(399,395)	(416,667)	17,271
Total DEPRECIATION	(49,924)	(52,083)	2,159	(399,395)	(416,667)	17,271
Increase (Decrease) In Fund Equity	28,143	3,371	24,771	436,440	145,690	290,751

GENERAL FUND

Explanation of Significant Budget Variances

2024 MAY

		Month Variance	YTD Variance	Explanations	Projected Outcome at Year End
Revenues, Leases	4200, 4201	\$ (26,050)	\$ (58,815)	Due to loss of RBL and JESSE	Year End is expected to be under budget.
Revenues, Insurance Proceeds	4350	\$ -	\$ 48,553	Insurance Proceeds for DODGE RAM TRUCK - TOTALED	Year End is over budget.
Expenses, Salaries & Taxes	5100, 5110	\$ (11,400)	\$ 24,549	3 payrolls in May	Year End is expected to be under budget
Expenses, Operations	5900	\$ (6,463)	\$ (26,778)	Roof repairs, new man doors, new roll up garage door	Year End is expected to be on budget.

LUBBOCK REESE REDEVELOPMENT AUTHORITY
Statement of Revenues and Expenditures
From 5/1/2024 Through 5/31/2024

DATA CENTER / FIBER OPTIC FUND

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Current Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Usage Fees	2,113	2,250	(137)	18,484	18,000	484
Fiber Optic/Wireless Income	20,216	17,917	2,299	161,726	143,333	18,393
Total REVENUES	22,329	20,167	2,162	180,210	161,333	18,876
EXPENSES						
Insurance -Property & General Liabilities	1,132	1,083	(48)	9,783	8,667	(1,116)
General Office Expenses	45	83	38	360	667	307
Computer Software & Maintenance	6,924	3,833	(3,090)	25,299	30,667	5,368
Internet	1,722	1,833	111	13,777	14,667	889
Building Maintenance & Repairs	(2,113)	1,250	3,363	6,390	10,000	3,610
Utilities	4,935	6,442	1,507	36,154	51,533	15,379
Total EXPENSES	12,645	14,525	1,880	91,762	116,200	24,438
NIBPSID	9,684	5,642	4,042	88,447	45,133	43,314
DEPRECIATION						
Depreciation Expense	(3,283)	(3,333)	50	(26,268)	(26,667)	399
Total DEPRECIATION	(3,283)	(3,333)	50	(26,268)	(26,667)	399
Increase (Decrease) In Fund Equity	6,401	2,308	4,092	62,180	18,467	43,713

COMBINED FUNDS

(In Whole Numbers)

	Current Month Actual	Current Month Budget	Current Month Actual vs Budget Variance	YTD Actual	YTD Budget	YTD Actual vs Budget Variance
REVENUES						
Leases	157,284	183,333	(26,050)	1,407,852	1,466,667	(58,815)
PBT Cam Fees	62,646	62,417	229	501,165	499,333	1,832
Usage Fees	58,970	25,167	33,804	226,480	201,333	25,147
Contract Services	485	667	(182)	16,108	5,333	10,775
Utility Franchise Fees	1,663	1,667	(4)	25,137	21,403	3,734
Insurance Proceeds	-	-	-	48,553	-	48,553
Other-Miscellaneous	-	-	-	13,344	-	13,344
Fiber Optic/Wireless Income	20,216	17,917	2,299	161,726	143,333	18,393
Total REVENUES	301,263	291,167	10,096	2,400,367	2,337,403	62,964
EXPENSES						
Salaries & Taxes	76,484	65,083	(11,400)	496,118	520,667	24,549
Benefits - Health, Retirement & Wkr's Comp	8,979	13,208	4,229	81,636	105,667	24,031
Insurance -Property & General Liabilities	22,636	21,500	(1,136)	177,217	172,000	(5,217)
Administrative Expenses	432	1,025	593	7,273	10,450	3,177
General Office Expenses	5,075	6,370	1,295	52,486	50,963	(1,523)
Accounting & Auditing Services	87	100	13	21,183	40,000	18,817
Computer Software & Maintenance	6,924	3,833	(3,090)	25,299	30,667	5,368
Internet	1,722	1,833	111	13,777	14,667	889
Legal Services	6,315	6,250	(65)	42,622	50,000	7,378
Network Maintenance Contract	1,629	1,167	(462)	14,398	9,333	(5,064)
Training & Travel	1,218	1,083	(135)	11,974	8,667	(3,307)
Marketing Expenses	5,586	5,833	248	41,593	46,667	5,074
Operations	52,371	45,908	(6,463)	394,045	367,267	(26,778)
Building Maintenance & Repairs	(2,113)	1,250	3,363	6,390	10,000	3,610
Utilities	47,862	63,958	16,096	248,178	359,567	111,389
Total EXPENSES	235,209	238,404	3,195	1,634,187	1,796,580	162,393
NIBPSID	66,054	52,763	13,291	766,180	540,823	225,357
NON OPERATING REVENUE						
Interest Income	21,697	8,333	13,364	158,103	66,667	91,437
Total NON OPERATING REVENUE	21,697	8,333	13,364	158,103	66,667	91,437
DEPRECIATION						
Depreciation Expense	(53,208)	(55,417)	2,209	(425,663)	(443,333)	17,670
Total DEPRECIATION	(53,208)	(55,417)	2,209	(425,663)	(443,333)	17,670
Increase (Decrease) In Fund Equity	34,543	5,680	28,864	498,620	164,156	334,464

MONTHLY & YTD COMPARISONS OF CURRENT & PRIOR YEAR'S ACTUALS

(In Whole Numbers)

	Current Month Actual	Prior Year's Month Actual	Variance	YTD Actual	Prior Year's YTD Actual	Variance
REVENUES						
Leases	157,284	250,767	(93,483)	1,407,852	1,614,560	(206,708)
PBT Cam Fees	62,646	61,224	1,422	501,165	489,796	11,369
Usage Fees	58,970	42,059	16,911	226,480	186,392	40,088
Contract Services	485	-	485	16,108	4,549	11,559
Utility Franchise Fees	1,663	1,874	(211)	25,137	26,451	(1,314)
Insurance Proceeds	-	-	-	48,553	72,143	(23,590)
Other-Miscellaneous	-	-	-	13,344	134	13,210
Fiber Optic/Wireless Income	20,216	20,716	(500)	161,726	151,572	10,154
Total REVENUES	301,263	376,640	(75,377)	2,400,367	2,545,597	(145,230)
EXPENSES						
Salaries & Taxes	76,484	49,074	27,410	496,118	467,110	29,008
Benefits - Health, Retirement & Wkr's	8,979	8,237	742	81,636	83,216	(1,580)
Insurance -Property & General Liabilities	22,636	17,875	4,761	177,217	143,002	34,215
Administrative Expenses	432	475	(43)	7,273	7,976	(703)
General Office Expenses	5,075	6,469	(1,394)	52,486	42,343	10,143
Accounting & Auditing Services	87	16,326	(16,239)	21,183	26,901	(5,718)
Computer Software & Maintenance	6,924	1,006	5,918	25,299	24,521	778
Internet	1,722	1,722	-	13,777	13,777	-
Legal Services	6,315	8,158	(1,843)	42,622	47,476	(4,854)
Network Maintenance Contract	1,629	824	805	14,398	5,926	8,472
Training & Travel	1,218	750	468	11,974	11,716	258
Marketing Expenses	5,586	3,101	2,485	41,593	43,483	(1,890)
Operations	52,371	50,323	2,048	394,045	358,136	35,909
Building Maintenance & Repairs	(2,113)	3,002	(5,115)	6,390	12,534	(6,144)
Utilities	47,862	41,018	6,844	248,178	265,219	(17,041)
Total EXPENSES	235,209	208,360	26,849	1,634,187	1,553,338	80,849
NIBPSID	66,054	168,280	(102,226)	766,180	992,260	(226,080)
NON OPERATING REVENUE						
Interest Income	21,697	16,851	4,846	158,103	89,657	68,446
Total NON OPERATING REVENUE	21,697	16,851	4,846	158,103	89,657	68,446
DEPRECIATION						
Depreciation Expense	(53,208)	(53,208)	-	(425,663)	(425,663)	-
Total DEPRECIATION	(53,208)	(53,208)	-	(425,663)	(425,663)	-
Increase (Decrease) In Fund Equity	34,543	131,923	(97,380)	498,620	656,254	(157,634)



June 2024 EVENTS & ACTIVITIES

	DATE	EVENT
June	June 3	Annual Employee Cybersecurity Training
	June 20-23	Annual TCMA Conference – Murvat
	June 26	LRRA Board Meeting
	June 27	SPAG/TML Quarterly Meeting
Looking Ahead		
July		NO BOARD MEETING
August	August 7	Reese Annual Customer Cookout
	August 20	Vulpes Chamber Ribbon Cutting
	August 28	LRRA Board Meeting