

# 2024 Retail Lease

(ACS Spay and Neuter Clinic – Las Palmas Shopping Center)

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## 1. Basic Information, Definitions.

**Effective Date:** The date of execution of the Lease by both Parties.  
Landlord agrees to execute the Lease prior to Tenant's presentation of the Lease for approval by the City Council of the City of San Antonio.

**Authorizing  
Authority/Ordinance:**

**Landlord:** TCP Las Palmas Partners, LTD.  
c/o TCP Realty Services

**Landlord's Address:** 500 Akard Street, Suite 3240  
Dallas, TX 75201

**Tenant:** City of San Antonio

**Tenant's Address:** P.O. Box 829966, San Antonio, Texas 78283-3966  
(Attention: Leasing, Building and Equipment Services Department)

**Premises:** Suite 120; 3,700 rentable SF total area as shown on **Exhibit A-1**, which is 1.63% of the total area of the shopping center known as Las Palmas Shopping Center (the "Shopping Center") located on 20.5 acres at 803 Castroville Road, as shown on **Exhibit A-2**

**Common Areas** All portions of the Shopping Center including parking areas, open to public or considered accessible by the public and not exclusive to any other tenant in the Shopping Center.

**Permitted Use:** Office/animal hospital use for the City of San Antonio or vendors contracted by COSA for veterinary services primarily engaged in spaying and neutering pets and other uses as conducted by Animal Care Services or its partners

**Occupancy  
Commencement Date:** The date of the Premises is suitable for Tenant's use which could include Tenant's vendors installation of cabling systems or other network equipment prior to the Rent Commencement Date.

**Rent Commencement  
Date:** First day of the first full month after following the date of issuance of the Landlord-obtained Certificate of Occupancy, which is estimated to be later than 180 days after the Effective Date of the lease. The commencement date will be memorialized on a Lease Commencement Memorandum attached and

incorporated hereto as **Exhibit C**.

**Initial Term:** Five (5) years commencing on the Rent Commencement Date.

**Renewal:** As long as Tenant is not in default, one 5-year option to renew upon 180 days written notice, at a rate that will increase as provided in **Exhibit F** to this Lease. At time of Renewal, Landlord shall provide an allowance equal to the expended costs to refurbish, paint and re-carpet the entire Premises not to exceed \$10 PSF.

**Rent:** Specified in Section 3.

**Parking:** Landlord to provide Tenant 12 unreserved car parking spaces at no additional charge within the portion of the Shopping Center as depicted in **Exhibit E** for staff and volunteers. Landlord further acknowledges Tenant will require additional parking for its clients/customers which is anticipated to be on average 80 per day, 40 in the morning and 40 in the afternoon, many of which will be simply drop-off or pick-up. Access to these Tenant parking spaces will be on a non-reserved basis but accessible, to the extent they are available, at all times Tenant is open for business.

**Essential Services** Includes servicing HVAC plus water and sewer connections.

**Address for Payment of** TCP Las Palmas Partners, LTD.

**Rent:** C/O TCP Realty Services  
500 Akard Street, Suite 3240  
Dallas, TX 75201

## **2. Grant.**

2.01. Landlord leases the Premises to Tenant, and Tenant takes the Premises from Landlord on the terms and conditions of this lease ("Lease").

2.02. Tenant's right of occupancy begins at the Occupancy Commencement Date. Move-in ready means that the Premises are finished-out according to the requirements of this Lease, except for minor items such as are routinely corrected with a punch list.

2.03. This agreement is binding on the parties on the later of the signatures of the two parties (the "Effective Date").

### 3. Rent.

3.01. Rent will be paid as of the Rent Commencement Date as follows:

Monthly Rent Chart					
	Year 1	Year 2	Year 3	Year 4	Year 5
Rent Including CAM	7,615.83	7,640.80	7,666.53	7,693.02	7,720.31
Tax Rent	965.08	994.03	1,023.85	1,054.57	1,086.21
Insurance Rent	329.92	339.82	350.01	360.51	371.33
Total Monthly Rent	8,910.83	8,974.65	9,040.39	9,108.10	9,177.85

Only the Tax Rent and Insurance Rent shall be subject to adjustment during the term based on the actual increases documented by Landlord. Not later than April 1<sup>st</sup> of each year after the end of the 1<sup>st</sup> year of the Initial Term Landlord will provide to Tenant an accounting including sufficient evidence that payment was made including paid receipts documenting the actual cost for Property Taxes paid to Bexar County including the cost of any consultant fees expended by Landlord to protest the property tax amount along with Landlord's incurred expense to provide the Insurance required by this Lease. In the event that Landlord's documentation indicates an annual expenditure for taxes or insurance in excess of what was paid in the respective calendar year as indicated in the chart above, then within the later of (i) 30 days of the Tenant's receipt of Landlord request for payment or (ii) 30 days from the date Landlord provides any additional documentation requested by Tenant to support Landlord's request for payment, Tenant shall pay the excess amount. Likewise, if Landlord's incurred expenses are less than what was paid by Tenant for Taxes and Insurance rents then the Tenant shall receive a credit. In the event the Shopping Center is sold during the term then Tenant shall only be responsible for the prorated expenses for a particular year pro-rated for the portion of the year that the successor Landlord actually owned the Shopping Center.

3.02. Tenant must pay the Rent in the amount described in this section in advance on the first day of each month or within 10 days thereafter without penalty. Tenant further may be more than 10 days late twice in a calendar year without penalty. On the third and each later occasion in a calendar year on which Tenant is more than 10 days late, Landlord may deliver to Tenant written notice of delinquency. If Tenant does not pay the full amount due within 15 days from delivery of Landlord's notice, then Tenant shall pay a late charge of 5% of the delinquent amount as additional rent. The late charge represents a fair and reasonable estimate of costs Landlord will incur because of the late payment. Tenant shall pay eighteen percent (18%) interest on balance due that is ten or more days delinquent. Interest and late charges are in addition to all Landlord's other rights and remedies.

3.03. Tenant's covenant to pay Rent and Landlord's covenants are independent. Except as otherwise provided, Tenant shall not abate Rent.

3.04. Prior to receiving payment under the terms of this Lease, Landlord and any successor in interest to Landlord will register the entity that will receive payment with the City of San Antonio as a vendor including providing all reasonable tax information requested by Tenant.

#### **4. Term, Renewal, and Termination.**

4.01. The term of this Lease is the Initial Term, unless sooner terminated as provided in this Lease.

4.02. Termination. As long as Tenant is not in default, Tenant shall have the one time right to terminate this Lease effective at the end of the 36<sup>th</sup> month of the Initial Term with not less than 180 days prior written notice to Landlord.

4.03. Renewal. So long as Tenant is not in default, Tenant shall have one, five (5) year renewal option with 180 days written notice to Landlord prior to Lease expiration. The rent during the renewal term will be paid as provided in Section 1 (subject to annual adjustment as provided in Section 3.01) of this Lease. At time of Renewal, Landlord shall provide an allowance equal to the cost to refurbish, paint and re-carpet the entire Premises not to exceed \$10 PSF.

#### **5. Tenant's Affirmative Promises.**

Tenant promises that it will:

5.01. Obey (a) all applicable laws relating to the use, condition, and occupancy of the Premises and shopping center; (b) any requirements imposed by utility companies serving or insurance companies covering the Premises or Shopping Center; and (c) any rules and regulations for the Shopping Center and common areas adopted by Landlord.

5.02. Allow Landlord to enter the Premises to perform Landlord's obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants.

5.03. Submit in writing to Landlord any request for repairs, replacement, and maintenance that are obligations of Landlord. Such request for repairs shall be made within ten (10) days from the date Tenant notices the need for the repair, except for Essential Services, the repairs for which shall be initiated within one (1) business day after Landlord has received notice from Tenant of the requirement to make said repair or if the utilities for Landlord is responsible are interrupted, Tenant may restore the utility and deduct its incurred cost from the Rent next due.

5.04. Vacate the Premises and return all keys, codes and combinations (if applicable) to the Premises promptly upon expiration of the Term, subject to any holdover rights. At the time Premises is vacated, Tenant may leave in place, at its option, any network cabling or other wiring installed by Tenant above the ceiling.

5.05. If applicable, timely pay all property taxes accrued against Tenant's personal property located in the Premises.

5.06. Tenant, at its expense, shall install a ventilation system and take any other reasonable steps sufficient to prevent objectionable odors from permeating into other areas of the shopping center. Said ventilation system shall vent through the roof and be included in Tenant's plans and specifications as required herein. Approval of said plans shall not relieve the Tenant of its obligation as provided within this paragraph.

Landlord acknowledges that certain unpleasant odors will be present in the Premises and are inherent in the operation of the business of an animal clinic even when run in a competent and professional fashion in compliance with applicable legal requirements. This does not, however, relieve Tenant of the obligation to cooperate with Landlord as herein provided to prevent odors from emanating from the Premises in a manner that causes a nuisance to other tenants on the property. In this regard, it is expressly agreed that if Tenant installs a ventilation system in the Leased Premises in accordance with the plans therefore that are approved by Landlord as per the terms of this Lease, and the odor constituting the nuisance in question at any given time does not result from Tenant's negligence or poor operational practices in the Leased Premises, Tenant's sole obligation in the event of an odor from the Leased Premises that results in a nuisance to another tenant on the property shall be to promptly and diligently make (or, at Landlord's option, pay Landlord [within 10 days of Landlord's request] the cost of making) such modifications to its ventilation system or otherwise cooperate with Landlord in instituting means for the discontinuance of such odor nuisance as Landlord may prescribe.

5.07. Tenant shall have the obligation and duty to keep all of the Common Areas of the Shopping Center in immediate proximity to the Premises free and clear of any obstructions, debris, waste, refuse or dangerous condition created or permitted by Tenant or its personnel, contractors, invitees, licensees and customers, or otherwise resulting from Tenant's operations at the Shopping Center, and Tenant agrees to police the Common Areas in immediate proximity to the Premises for trash and debris before 8:00 AM each morning following Tenant's business being open the preceding day, and clean up all trash, refuse, debris and garbage. If Tenant fails to remove such debris, waste or trash prior to such time, then Landlord may, in addition to its other remedies for such default, remove the debris, waste or trash and the cost incurred by Landlord in so doing, including a ten percent (10%) overhead fee to Landlord, and bill Tenant for this additional service, which will be paid or disputed by Tenant within 30 days of receipt of Landlord's bill. Tenant shall be able to place furniture in the immediate front of the Premises for use of patrons and shall remove such furniture at end of each business day so as to not be left out overnight.

5.08. All garbage, refuse, trash, medical waste and other waste shall be kept in the kind of container, placed in all areas, and prepared for collection in the manner and at the times and places specified by Landlord, subject to section 19.06 of this Lease. If Landlord designates a Hazardous Material removal program as that term is defined in Section 19.02 of this Lease, pertaining to Hazardous Material discovered on the Shopping Center, Tenant shall comply with Landlord's reasonable request to accommodate the removal of the Hazardous Material. Landlord reserves the right to require that Tenant participate in any recycling program designated by Landlord.

5.09. Tenant shall use, at Tenant's cost, such pest and rodent extermination contractor as Landlord may direct and at such intervals as Landlord may require. In the event Landlord determines that Tenant's Permitted Use is the source of the pest problem and Tenant refuses to take action to cure the issue within 30 days of Landlord's notice to comply, then Landlord may arrange for pest control (in which case, Tenant shall pay Tenant's Proportionate Share of the cost thereof or such other share as Landlord may fairly and reasonably determine) to Landlord within 30 days of receipt of Landlord's written accounting of why the Permitted Use was the source of the pest problem and what charges were incurred by Landlord. Tenant shall have the right to dispute Landlord's assertions and until such time that the matter is mutually agreed to, Tenant shall not be liable for paying Landlord's charges. Tenant shall provide Landlord with evidence of Tenant's compliance with this provision within five (5) days after Landlord's written request.

5.10. All animals shall be leashed or contained and controlled by owner/attendant.

5.11. No loitering of animals outside of the Premises.

5.12. The area in front of the Premises shall be power washed as needed to prevent odor.

5.13. Tenant shall patrol the area 300 feet from the Premises to pick up any animal waste.

5.14. No overnight boarding of animals except in emergency situations.

## **6. Tenant's Negative Promises.**

Tenant promises that it will not:

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

6.02. Create a nuisance.

6.03. Permit waste.

6.04. Use the Premises in any way that would increase insurance premiums or void insurance on the Shopping Center.

6.05. Intentionally deleted.

6.06. Alter the Premises in any way that affects the structural integrity of the Premises without first getting Landlord's consent.

6.07. Allow a lien to be placed on the Premises.

6.08. Except as provided in Section 25 of this Lease, assign this Lease or sublease any portion of the Premises without Landlord's written consent, which must not be unreasonably withheld.

6.09. Tenant shall not use the Common Areas, including areas adjacent to the Premises, for any purpose other than ingress and egress and any such use thereof shall be subject to the other provisions of this Lease, including these rules. Without limiting the generality of the foregoing, Tenant shall not use the common areas to canvass, solicit business or information from, or distribute any article or material to other tenants, occupants, or invitees of the shopping center. Tenant shall not allow anything to remain in any passageway, sidewalk, court, corridor, stairway, entrance, exit, elevator, shipping areas or closets, electrical closets, storage closets, and other such closets, rooms and areas shall be used only for the purposes and in the manner designated by Landlord, and may not be used by Tenant, or its contractors, agents, employees, or other parties without Landlord's prior written consent.

6.10. No noise emanating from the Premises shall be at a volume such that the decibel level of the sound measured from a distance of five (5) feet from any exterior wall (or the opposite side of any interior common demising wall separating the Premises from adjacent tenant space in the shopping center) is disturbing to other tenants or the public during the hours of 7:00 a.m. and 9:00 p.m., or such that the volume (as so measured) exceeds applicable legal limitations at any other time or, if no legal limitations apply in the area, then the level determined by Landlord in its sole discretion as constituting an annoyance to nearby property owners or the public at large.

## **7. Landlord's Affirmative Promises.**

Landlord promises that it will:

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

7.02. Obey all applicable laws with respect to Landlord's operation of the Shopping Center and common areas.

7.03. Provide the Essential Services.

7.04. **Landlord's Work.** Landlord shall facilitate and substantially complete all aspects of the renovation and expansion of the Premises in accordance with **Exhibit B** ("Landlord's Work"), attached hereto and incorporated, with Landlord using its reasonable efforts to do so no later than 180 days after the date of issuance of the building permit for the Premises; provided, however, should there arise unavoidable causes or unforeseen circumstances beyond the Landlord's control (including but not limited to change orders initiated by Tenant, delays in receiving materials and supplies, or issues in obtaining other required permits, licenses or approval from any governmental related entity), then the aforesaid time period for completing Landlord's Work shall be extended for a reasonable period of time to compensate therefor. Landlord shall provide an allowance of \$20.00 per rentable square foot (\$74,000.00) within the Base Rent for Tenant's anticipated retrofit of the Premises ("Improvement Allowance") in accordance with



**Exhibit B.** Upon commencement of the Lease, Landlord shall reconcile its actual expenses for all improvements limited to costs incurred to design and engineer the construction plans and the actual cost of construction, no other costs shall be charged against the Improvement Allowance.

In addition to the Improvement Allowance, Landlord shall provide an Additional Tenant Improvement Allowance (“Additional TI Allowance”) equal to \$125.00 per RSF (\$462,500.00) to be spent by Landlord’s general contractor, or as requested by Tenant to pay vendors retained by Tenant and/or Landlord in connection with the design and construction of the Premises, to construct a complete surgical facility to accomplish the Permitted Use and shall provide a small panel on the pylon signage facing Castroville Road the specifics of which will be covered in the Lease as indicated on Exhibit D.

Tenant shall pay Landlord for all Landlord’s Work billed by Landlord’s contractors, architect and engineers (subject to credit for the Improvement Allowance) to complete the improvements by making periodic progress payments (not to exceed one payment in any thirty (30) day period), within 10 days after application by Landlord and a lump sum within the later of (i) 30 days after the Commencement Date, or (ii) 30 days after the date Landlord confirms the total final actual cost to construct the Tenant Improvements including documentation executed by the General Contractor, architect and any other persons hired by Landlord to complete the tenant improvements. The amount reimbursed by Tenant shall not exceed the Additional TI Allowance, subject to the terms of the paragraph below.

In the event the cost to complete Landlord TI Work exceeds the sum of the Improvement Allowance and Additional TI Allowance (“Total Allowance”), Tenant shall either (a) agree to reimburse Landlord for such excess cost (in the same manner as provided for herein) and Landlord shall proceed to completion, or (b) accept the Leased Premises as complete in their condition when the Landlord’s Work costs have reached the Total Allowance.

Wherever the terms of this Section conflict with the Exhibit B Work Letter, the terms of this Section shall prevail.

#### **7.05. Mold.**

7.05.01. Process of Assessment. If Tenant suspects or identifies the presence of mold within the Premises after taking possession, Landlord shall engage a licensed mold assessor (“assessor”) to make an inspection not later than the third business day from the date Tenant notifies Landlord in writing of the issue (Tenant’s Mold Notice). As used herein, “business day” shall mean any non-holiday Monday through Friday. Landlord’s assessor shall, within 10 business days from the date of the Tenant’s Mold Notice, provide Landlord and Tenant a report of the findings of the inspection (Assessor’s Report). If the Assessor’s Report concludes that mold is present, Landlord shall notify Tenant, in writing (Landlord’s Mold Notice), not later than the third business day from the date Landlord and Tenant receive the report, of its intention to remediate the mold. The Landlord’s Mold Notice must also include a schedule outlining the period of time it will take for a licensed remediation contractor to complete the work. Failure to make this date is an event of default. If Landlord elects to remediate the mold, Landlord must retain a licensed

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

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

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

7.06. Landlord, at Landlord's sole cost and expense will provide Tenant an asbestos survey, in accordance with the provisions of § 6-293 of the City Code of the City of San Antonio, Texas, for the Premises no later than 10 days after the Effective Date. In the event the asbestos survey reveals the presence of friable asbestos, Landlord will, at Landlord's sole cost and expense hire a professional environmental remediation company to encapsulate and/or remediate the friable asbestos, and upon completion, provide Tenant with a new or updated asbestos survey indicating that there is no friable asbestos present in the Premises. In the event the asbestos survey identifies friable asbestos, then within 30 days of completion of Landlord's required removal of the friable asbestos, Landlord will deliver to Tenant an Asbestos Survey of the Premises confirming that the asbestos has been abated.

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

7.08. Pay all property taxes assessed against the property of which the Premises are part on or before the assessment of interest or penalties for late payment.

7.09. Landlord at its sole cost and expense shall provide two new 4-ton HVAC heat pump type units to serve the heating and cooling needs of the front portion of the Premises. Landlords related HVAC work will include all costs of the installation including, but not limited to: electrical

services, demo of existing units, roof work to accommodate the equipment with any structural work or supply and return duct work suitable for the required distribution system. Such costs shall be reimbursed by Tenant through the Additional TI Allowance.

## **8. Landlord's Negative Promises.**

Landlord promises that it will not:

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

8.02. Unreasonably withhold consent to a proposed assignment or sublease.

## **9. Repair, Maintenance and Replacement Responsibilities.**

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

<i>Item</i>	<i>Tenant Responsibility</i>	<i>Landlord Responsibility</i>
HVAC repair, maintenance, and replacement	No	Yes
Janitorial Services to Premises including the cleaning of exterior window glass.	Yes	No
Periodic Garbage Collection Services	Yes	No
Janitorial Services to Common Areas	No	Yes
Utility Services	Electricity and Gas Water and Sewer	No
Parking Lot Maintenance including Parking Lot Lighting	No	Yes
Landscaping	No	Yes
Exposed Electrical Systems including lights and tubes	Yes	No
Concealed Electrical Systems including Common Area Lighting	No	Yes

Exposed Plumbing Systems and in wall Plumbing Systems above the slab line	Yes	No
Concealed plumbing systems below the slab	No	Yes
Pest Control	Yes	No
Pest Control in the Common Areas	No	Yes
Security Services to Shopping Center <sup>(1)</sup>	No	Yes

(1) refers to provision of a security officer patrolling the Shopping Center during normal business hours.

In addition to the responsibilities outlined above, Landlord shall maintain, at its sole cost and expense, the basic structure including the: foundation; all exterior walls; exterior doors and hardware; all exterior glass and; roof including damage to ceiling tiles in the Premises caused by roof leaks.

## **10. Alterations.**

At the termination of the Lease, subject to Tenant's election and without creating any obligation to do so, Tenant may (without any damage to the Premises) remove all or any specific technology or HVAC systems installed by Tenant and not installed by Landlord in the Premises including but not limited to telephone cabling, network systems, alarm systems, HVAC exclusively serving the Tenant's communication room or other low voltage access systems (Technology Systems). In the event Tenant elects to leave in place all or any portion of the Technology Systems, the Technology Systems will become the property of Landlord. However, Tenant will not remove any other betterments or other improvements installed in, on or to the Premises as part of the initial Tenant Improvements without Landlord's prior written consent, and any physical additions or improvements to the Premises made by Landlord on behalf of Tenant will become the property of Landlord.

## **11. Insurance.**

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

11.02. Landlord must maintain Commercial General Liability insurance of not less than \$2,000,000 and property and casualty insurance for physical damage to the Premises in the amount of 100% of replacement cost.

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

“This insurance cannot be canceled until ten (10) days prior written notice has been given to or non-renewed until after 30-days’ prior written notice has been given to:

City Clerk, City of San Antonio City Hall/2nd Floor P. O. Box 839966 San Antonio, Texas 78283-3966 Attention: Risk Manager	and	Building and Equipment Services P. O. Box 839966 San Antonio, Texas 78283-3966
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"The insurance provided by Landlord is primary to any insurance or self-insurance maintained by the City of San Antonio."

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

For the Commercial General Liability insurance policy only, the insurance policy required by Section 11.02 must contain the following clause:

“The City of San Antonio, its officials, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of, the named insured performed under this Lease with the City of San Antonio.”

11.02.02. Within 30 days after the Effective Date and promptly after Tenant’s later request, Landlord must, at its own expense, deliver certificates to Tenant’s Risk Manager and to the City Clerk, reflecting all required insurance coverage, together with copies of policies and endorsements. All endorsements and certificates must be signed by an authorized representative of the insurance agent and must include the signatory’s company affiliation and title.

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

## **12. Release of Claims/Subrogation.**

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

### **13. Indemnity.**

Intentionally Omitted

### **14. Casualty/Total or Partial Destruction.**

14.01. If the Premises or any portion thereof are damaged by casualty and can be restored within 90 days of the date that Landlord is first aware of the damage, Landlord will, at its expense, restore the roof, foundation, common areas, and structural soundness of the exterior walls of the Premises and all leasehold improvements within the Premises, including interior partitions, ceilings, wiring, light fixtures, and plumbing. Restoration must be at no cost to Tenant and in substantially the same condition existing before the casualty. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within 180 days from the loss subject to force majeure delays, Tenant may terminate this lease by written notice delivered to Landlord. Evidence of completion shall include a Certificate of Occupancy or other documentation issued from the City of San Antonio department charged with managing the building permit process that all work has been completed as required by law.

14.02. If the Premises cannot be restored within 180 days, Landlord has the option of whether or not to restore the Premises. If Landlord chooses not to restore or fails to notify Tenant of its intent to restore the Premises within sixty (60) days of the date that Landlord is first aware this Lease shall terminate. If Landlord chooses to restore the Premises, Landlord will notify Tenant of the estimated time to restore in writing. Tenant shall then have 10 days from the date of notice to terminate the Lease. If Tenant does not terminate this Lease, the Lease will continue, and Landlord will restore the Premises as provided above.

14.03. During the period before Landlord completes restoration, the Rent will be adjusted as may be fair and reasonable based on the portion of the Premises deemed unusable by Tenant due to the damage.

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

### **15. Condemnation/Substantial or Partial Taking.**

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

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

15.03. The Award shall be divided between Landlord and Tenant as their respective interests appear, with compensation due Landlord for damage to its reversionary interest, if any,

and to Tenant for damage to its leasehold, if any. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises or the land on which the Premises is situated.

## **16. Holdover.**

If the Lease has not been earlier terminated according to its terms and Tenant is current on rent, both after the Initial Term and after any renewals provided for in this instrument, Tenant may hold-over for up to six additional months on a month-to-month basis. Tenant need not give advance notice of intent to exercise this holdover right. The rent during a holdover shall be the same rate as rent for the last month of the term being held over plus \$1,100 per month to cover the the 15% increase for base rent anticipated if Tenant has timely renewed along with a 3% increase in the CAM, taxes and insurance portions of the rent. Commencing in the 3<sup>rd</sup> month of the holdover the rent paid will be one-hundred fifty percent (150%) of rent for the last month of the Lease term. Council's authorization of this instrument is authority for the City as Tenant to enter into the holdover period without further council action if the Director of the department presently managing this Lease deems the monthly holdover beneficial.

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

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

## **17. Default.**

17.01. *Default by Landlord/Events.* Defaults by Landlord are (i) failing to comply with any provision of this lease within 30 days after written notice, subject to delays due to force majeure; (ii) failing to provide Essential Services to Tenant within 10 days after written notice, subject to delays due to force majeure and; (iii) failure to timely pay for utility services the payment of which is allocated to Landlord under this Lease; and (iv) failure to pay property taxes before assessment of interest or penalty.

17.02. *Default by Landlord/Tenant's Remedies.* Tenant's remedies for Landlord's default are to sue for damages and, if Landlord does not provide an Essential Service within 30 days after default, subject to delays due to force majeure, terminate this lease with ten (10) days written notice. Notwithstanding the foregoing and only as it relates to material defaults that cannot be reasonably cured within thirty (30) days, there shall be no termination of this Lease under the provision of Section 17 provided that Landlord promptly begins to cure such default and thereafter and in good faith diligently prosecutes to cure such default, and in such case the time shall be extended for such period as may be reasonably necessary to do so, but if Landlord shall neglect to proceed in good faith and as speedily as is reasonably possible to remedy the aforesaid default, the Tenant may provide Landlord another notice of at least ten (10) days of its election to terminate

the Lease and at the expiration of said (10) days the Lease shall terminate. Further, if an Essential Service the payment or responsibility to repair of which is allocated to Landlord is in imminent threat of being terminated or has not been repaired within 10 days of Tenant's written notice to Landlord, Tenant may, without prior notice to Landlord, pay some or all the charges and deduct the entire amount paid against the next occurring Rent payment.

17.03. *Default by Tenant/Events.* Defaults by Tenant are (a) failing to pay timely Rent, (b) abandoning or vacating a substantial portion of the Premises, and (c) failing to comply within ten days after written notice with any provision of this lease other than the defaults set forth in (a) and (b) above.

17.04. *Default by Tenant/Landlord's Remedies.* Landlord's remedies for Tenant's default are to (a) enter and take possession of the Premises, after which Landlord may relet the Premises on behalf of Tenant and receive the rent directly by reason of the reletting, Tenant to reimburse Landlord for reasonable reletting expenditures; (b) enter the Premises and perform Tenant's obligations; and (c) terminate this lease by written notice and sue for damages.

## **18. Warranty Disclaimer.**

**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.**

## **19. Environmental.**

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

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

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

19.04. Landlord represents that, to the best of its knowledge, the Premises and the property of which the Premises are a part, if applicable, comply with all applicable Environmental Laws.

19.05. Landlord represents and warrants that, to the best of its knowledge, there has been no Release and there is no threat of Release of any Hazardous Materials on, onto, or from the



Premises and that the Premises has not contained and does not contain any asbestos, underground or aboveground storage tanks, or “PCBs” or “PCB items,” as defined in 40 CFR § 761.3.

19.06. Tenant must not allow the Release of any Hazardous Material from its use of the Premises on, onto, or from the Premises. Tenant further must not handle, use, or otherwise manage any Hazardous Material on the Premises. Tenant shall immediately notify Landlord of any suspected release of any Hazardous Material on, onto or from the Premises in violation of any Environmental Laws or in any but a reasonable and prudent manner.

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

19.08. After the Effective Date, Landlord must permit Tenant and its, representatives and contractors to enter upon the Premises at reasonable times and in a reasonable manner to investigate environmental matters. Tenant may perform such non-invasive tests, including without limitation, soils, and groundwater testing, and any other tests, as the Tenant, in its sole discretion, determines are necessary to identify environmental concerns. The investigation is at Tenant’s sole cost. Tenant must minimize the intrusion upon and inconvenience to Landlord and the ongoing operations at the Premises. If Tenant performs any tests that disturb the Premises, Tenant must restore the Premises. Tenant is responsible for damages arising from its testing on the Premises and for the proper disposal of any wastes generated by its testing.

19.09. Each party must indemnify the other party and its respective officials, employees, and contractors from loss, cost, liability, or expense (including, but not limited to, attorneys’ fees and expenses, including all attorney’s fees and expenses incurred by notifying party in enforcing this indemnity) arising from or relating to breach of the environmental representations, warranties, and covenants set forth herein.

## **20. Appropriations.**

All obligations of the City of San Antonio under this instrument are funded subject to the discretion of City Council whether to appropriate funding. If the City Council fails to appropriate money for any obligation under this agreement, the City may terminate this agreement and have no further liability. Notwithstanding the aforementioned, this lease may only be executed by Tenant after City of San Antonio City Council votes to affirmatively appropriate the Additional Tenant Improvement Allowance including any rent to be paid in fiscal year 2024.

## **21. Dispute Resolution.**

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

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

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

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

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

21.06. Mediator fees must be borne equally.

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

## **22. Prohibited Interests in Contracts.**

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

- (i) a City officer or employee;
- (ii) his parent, child or spouse;
- (iii) a business entity in which the officer or employee, or his parent, child or spouse owns (i) 10% or more of the voting stock or shares of the business entity, or (ii) 10% or more of the fair market value of the business entity;

(iv) a business entity in which any individual or entity above listed is a (i) subcontractor on a City contract, (ii) a partner, or (iii) a parent or subsidiary business entity.

22.02. Landlord warrants and certifies as follows:

(i) Landlord and its officers, employees and agents are neither officers nor employees of the City.

(ii) Landlord has tendered to the City a Discretionary Contracts Disclosure Statement in compliance with the City's Ethics Code.

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

## **23. Miscellaneous.**

23.01. *Applicable Law.* This Lease is entered into in San Antonio, Bexar County, State of Texas. Its construction and the rights, remedies, and obligations arising under it are governed by the laws of the State of Texas. But the Texas conflicts of law rules must not be used to apply the laws of a jurisdiction other than Texas. Both parties' obligations under this agreement are performable in San Antonio, Bexar County, Texas, and venue for any action arising under this Lease is only in Bexar County, Texas.

23.02. *Severability.* If any part of this agreement is found invalid or unenforceable, the finding does not affect the remainder.

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

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

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

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

23.07. *Notices.* Notices must be in writing and by certified mail, return receipt requested, or by independent delivery service addressed to the parties at their respective addresses set forth at the beginning. If sent by certified mail, notice is complete three days after deposit, properly addressed and postage prepaid, with the United States Postal Service. If sent other than by certified mail, notice is complete on the date shown on the receipt. Address for notice may be changed by giving notice.

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

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

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

23.11. *Administrative Agreements.* The Director of Center City Development and Operations may, without further council action, agree to, sign, and deliver on behalf of the City all consents, certificates, memoranda, estoppels, attornments, and modifications of nonmaterial rights and obligations arising under this Lease and may declare defaults and pursue remedies for such defaults. This paragraph does not authorize lease amendments or renewals without council consent.

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

23.13. *Quiet Enjoyment.* As long as Tenant pays the rent and other charges under this lease and observes the covenants and terms of this lease, Tenant will lawfully and quietly hold, occupy, and enjoy the Premises during the lease term without being disturbed by Landlord or any person claiming under Landlord, except for any portion of the Premises that is taken under the power of eminent domain.

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

23.15. *No Representations by Landlord.* Tenant acknowledges that neither Landlord nor any broker, agent or employee of Landlord has made any representations or promises with respect to the Premises except as expressly set forth in this Lease, and no rights, privileges, easements or licenses are acquired by Tenant except as expressly set forth in this Lease.

23.16. Except as expressly provided in the Lease in Section 17.02, in no circumstances shall the Tenant be entitled to offset or abatement of rent.

23.17. Notwithstanding anything in the Lease to the contrary, in no circumstances shall the Landlord be required to provide security for the Tenant, its employees or invitees, or for the Premises.

## 24. Public Information.

Landlord acknowledges that this instrument is public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public. Nothing in this Lease waives an otherwise applicable exception to disclosure. The parties agree that this Lease shall not be recorded in the public records.

## 25. Assignment and Subleasing.

Tenant may assign this Lease or sublet all or a portion of the Premises with Landlord's written permission, which may not be unreasonably withheld, provided either (i) the assignee or sublessee is another governmental agency and the use classification is consistent with that provided for in Section 1 of this Lease; or (ii) any entity that has either by contract or other means assumed the responsibility for providing the services previously provided by the City at the Premises with a use classification consistent with that provided for in Section 1 of this Lease.

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

### Tenant

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

Signature: \_\_\_\_\_

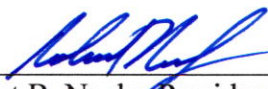
Printed  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### Landlord

**TCP Las Palmas Partners, LTD.**  
By: TCP Las Palmas, Inc, its general  
partner

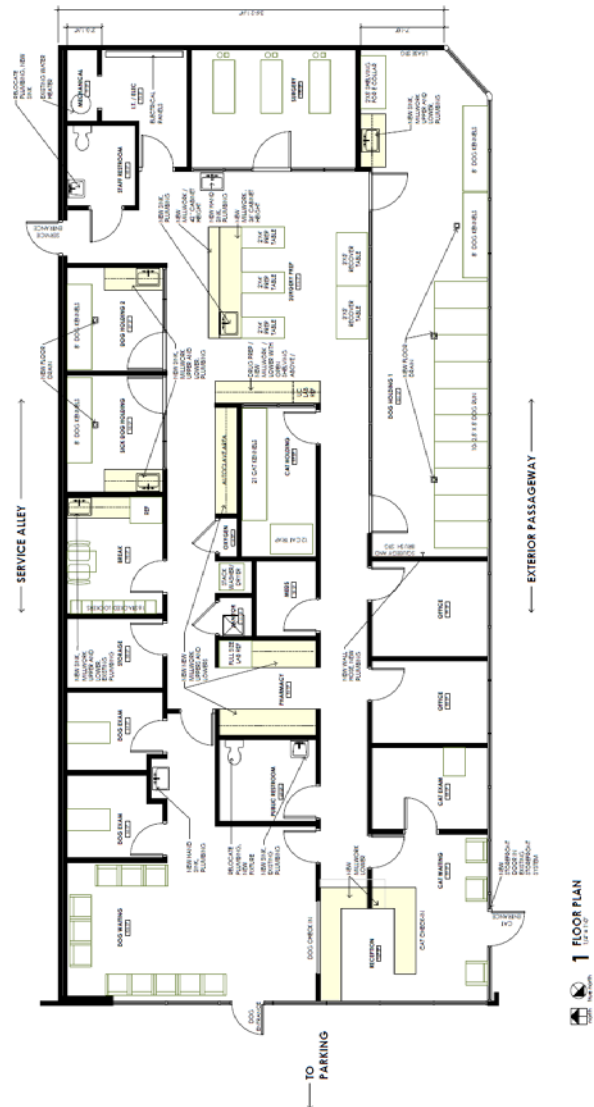
By:  \_\_\_\_\_  
Robert B. Neely, President

Date: 6/10/24

**Approved as to Form:**

\_\_\_\_\_  
City Attorney

## Exhibit A-1: Premises Diagram – Floorplan



## Exhibit A-2: Shopping Center Plan



## Exhibit B: Work Letter

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This Work Letter supplements the Lease executed concurrently herewith, by and between **TCP Las Palmas Partners, LTD.** ("Landlord") as Landlord and City of San Antonio ("Tenant" or "City") as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the same meanings ascribed to them in the Lease.

The parties hereby agree as follows:

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

Tenant Improvement Allowance	\$74,00.00 (i.e. \$20 per rentable square foot)
Additional Tenant Improvement Allowance	\$462,500.00 (i.e. \$125 per rentable square foot)
Maximum Change Order Allowance	\$0
Change Order Payment	Paid in a lump sum within 45 days of the later of (i) Commencement Date or date of receipt of invoice.
City's Construction Representative	Chris Kurzon Real Estate Division PO Box 829966 San Antonio, TX 78283 (210) 207-7723
Landlord's Construction Representative	Rubin Kremling <a href="mailto:rkremling@tcprealty.com">rkremling@tcprealty.com</a> 713 805-8030
City's Address for Work Letter Notice	See Section 1 of the Lease
Landlord's Address for Work Letter Notice	See Section 1 of the Lease
Attachments to Work Letter	Attachment A: Tenant Improvements

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

Landlord represents that all of the work outlined in this Section 2 has been completed (Landlord's Work) prior to the date this Lease is fully executed and delivered to Landlord (Lease Execution Date) or will be completed by the Rent commencement Date and in the event Landlord's Work is not completed at the time of Lease Execution Date, then Landlord shall hire competent professionals to complete Landlord's Work and no portion of the charges incurred to complete Landlord's Work shall be charged to the Tenant Improvement Allowance.

Landlords Work shall include:



- 2.1 Base Building Improvements. The existing building is accepted as-is subject to Sections 7.06 and 7.09 of the Lease.
- 2.2 Any work that Landlord must undertake to cause the Premises to comply with the access requirements of ADA or make the existing building systems serving the Premises including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. The costs calculated against the Tenant Improvement Allowance shall not include any costs associated with (i) asbestos abatement or compliance with the Environmental provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes"; (ii) if Landlord elects to replace any of the existing HVAC units, the new units shall not utilize CFC refrigerants that are harmful to the atmosphere; (iii) utility costs incurred during construction; (iv) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease; or (v) supervision or overhead of Landlord related thereto including any costs incurred by Landlord to hire a third party to manage the construction of the Tenant Improvements.
- 2.3 Landlord shall be responsible for the delivering to the designated Architect "as built" plans for the Building if in Landlord's possession. In the event the Architect charges additional fees for development or verification of "as built" plans, such fees shall be charged to the project as part of the Tenant Improvement Allowance.

### **3. Building Improvements to be Completed by Landlord and Considered Tenant Improvements ("Landlord TI Work")**

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

### **4. Project Tasks to be Completed Prior to the Lease Execution Date**

- 4.1 Selection of Architect and Engineer.  
As of the Lease Execution Date Landlord shall complete the selection of a qualified licensed architect (Architect) and qualified licensed engineer (Engineer) to complete the Tenant Improvements. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) be granted within three business after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining design/engineering to complete the Tenant Improvements. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.
- 4.2 Preparation of Space Plan.

As of the Lease Execution Date Landlord will receive a Space Plan prepared by Tenant at Tenant's sole cost and expense for the Premises showing all Tenant requested demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, room (collectively the "Space Plan").

4.3 Preliminary Project Budget.

As of the Lease Execution Date Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget"). The Preliminary Budget will outline all costs that will be charged against the Tenant Improvement Allowance, including permit fees, Architectural and Engineering fees and any other costs that Landlord expects will be charged to the Tenant Improvement Allowance. The Preliminary Budget will also indicate any costs attributable to Landlord's Work so that Tenant has a clear understanding of the costs Landlord will incur at its sole expense to complete the project. Such budget shall be revised into final form as provided below.

**5. Preparation of Plans and Specifications and Construction Schedule.**

5.1 Preparation and Approval of Working Drawings.

Within ten days of the Lease Execution Date, Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which must be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.2 Preparation and Approval of Engineering Drawings.

Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Plans") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.3 Integration of Working Drawings and Engineering Drawings into Final Plans.

After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five sets of the Final Plans to Tenant. The Final Plans shall be suitable for a) plan check review and

permitting by local agencies having jurisdiction and, b) for the layout, improvement and finish of the Premises consistent with the design of the Space Plan and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor plans, power, telephone communications safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone sprinklers, doors, (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.4 Approval of Plans by Tenant.

Approval by Tenant shall be deemed to be a representation by Tenant as to the adequacy and correctness of the design of the Tenant Improvements.

5.5 Schedule.

Within 60 days after the Lease Execution Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant, which approval shall not be unreasonably withheld, setting forth the dates for specific completion including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. **Selection of Contractor.**

The Final Plans, as defined in Section 5.3 above, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements and Landlord's Work as designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions and confirmation of which costs are included in the Tenant Improvement Allowance and which costs are considered Landlord's expense pursuant to Section 2 above, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with the Landlord consistent with the terms of the bid to construct the Tenant Improvements.

7. **Final Construction Budget and Payment of Tenant Construction Costs.**

7.1 Construction Budget.

Within ten days of the date the Contractor is selected, Landlord shall submit a construction budget outlining all costs to complete the project in a format similar to the Preliminary Construction Budget referred to herein as the "Final Construction

Budget". Tenant shall have five days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. In the event the cost detailed in the Final Construction Budget is 10% higher than the cost detailed in the Preliminary Construction Budget, then the Final Construction Budget shall be automatically rejected and Landlord at its sole cost and expense shall cause the Architect and Engineer to alter the Final Plans in a manner acceptable to Tenant and that will adhere to a scope that is within the Tenant Improvement Allowance. In lieu of re-bidding the project, at Tenant's option, any allowance available such as the Additional Tenant Improvement Allowance and such Change Order authorization as provided in this Work Letter may be used to finance the cost of Tenant Improvements so that the project can be completed within the allotted Tenant Improvement Allowances as provided below.

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

#### 7.2 Additional Tenant Improvement Allowance.

If the costs of Landlord TI Work are less than the sum of the Tenant Improvement Allowance plus the Additional Tenant Improvement Allowance, the Tenant may use difference to finance the purchase of modular furniture, equipment to be used in the premises and other costs associated with Tenant's relocation into the Premises. Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from the Tenant Delays or force majeure as defined below. The Additional Tenant Improvement Allowance along with any Change Orders shall be paid to Landlord as provided in Section 7.04 of the Lease.

#### 7.3 Method of Payment.

7.3.1 Tenant Improvement Allowance - The monthly rent specified in the Lease includes the amortization of the entire Tenant Improvement Allowance.

7.3.2 Additional Tenant Improvement Allowance - That portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs will be paid to Landlord as provided in Section 7.04 of the Lease.

### 8. Construction of Tenant Improvements.

#### 8.1 Tenant Improvements.

Tenant Improvements to be constructed by Landlord are described generally on Exhibit B hereto.

## 8.2 Bids.

Unless waived by Tenant in writing, any major contractors, subcontractors, and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three bids have been solicited from responsible and qualified persons. Landlord shall submit at least three fixed price bids for construction of the Tenant Improvements to Tenant for its review prior to the award of the construction contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architect and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees.

## 8.3 Permits.

Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

## 8.4 Commencement of Construction.

Landlord shall commence construction of the Tenant Improvements within 15 days after issuance of all such necessary permits. Landlord shall commence and once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure or Tenant Delays.

## 8.5 Construction.

Construction of the Tenant Improvements will be subject to the following terms and conditions:

### 8.5.1 Decorating Decisions.

All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/all wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense, and accrued against Tenant Improvements, in accordance with Tenant's Space Plan. Landlord shall consult with the Tenant with respect to all such decorating services and decisions.

### 8.5.2 Clean-Up and Substandard Work.

Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and

all expenses incurred by Tenant by reason of substandard performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as result of inadequate clean-up.

#### 8.5.3 Compliance with Laws.

Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state, and federal building codes, regulations, and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of Texas. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

#### 9. Change Orders.

Tenant and Landlord may make changes, additions, deletions, or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by City's Construction Representative to be used to pay the costs of all authorized Change Orders but only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders by: (a) payment in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortization of such costs over the initial Term of the Lease at the Change Order Amortization Rate payable in equal monthly installments over the initial term of the lease. Landlord shall submit to the Chief Executive Officer with each requested Change Order (i) the specific cost of the requested change (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the City's Construction Representative.

#### 10. Tenant Improvement Costs Adjustment and Right to Audit.

Within five days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of San Antonio, whichever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of six (6) months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Work

Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord, within 30 days, shall refund to Tenant the amount of any overpayment made by Tenant and all future payments shall be adjusted as appropriate based upon the audit results.

#### 11. Exclusions.

The Tenant Improvement Costs shall not include any costs incurred for asbestos abatement, or if Landlord elects to replace air conditioning units, the cost, if any, to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement or for air conditioning units that do use CFCs if the Landlord elects to replace the existing units, shall be performed at the sole cost and expense of the Landlord.

#### 12. Telephone/Computer Room and Equipment.

Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 20 days prior to the Occupancy Commencement Date.

#### 13. Delay.

##### 13.1. Tenant Delays and Force Majeure Delays.

Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

##### 13.2. Limitations.

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

(b) Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

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

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

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

#### 14. Tenant Remedies.

If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, Tenant may, at its option:

14.1. Cancel the Lease upon 30 days written notice to Landlord if Tenant fails or elects not to cure the default as provided in Paragraph 17 of the Lease (Landlord Default); or

14.2. Upon 30 days written notice to Landlord if Tenant fails or elects not to cure the default as provided in Paragraph 17 of the Lease (Landlord Default), assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide Tenant Improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors, and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

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



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

15. Representatives.

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

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

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

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

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

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

**Landlord**

**TCP Las Palmas Partners, LTD.**

TCP Las Palmas, Inc, its general partner

By:   
Robert B. Neely, President

Date: 6/10/24

**Tenant**

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

Signature: \_\_\_\_\_

Printed  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Approved:**

\_\_\_\_\_  
City Attorney

Attachment A to Work Letter  
TENANT IMPROVEMENTS

The improvements to be constructed by Landlord and charged to the Total Allowance include the following, as well as all items set forth in the Final Construction Budget as approved:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Air distribution devices to or within the Premises, suitable for Tenant's secondary distribution including an HVAC system large enough in capacity to cool the surgical and animal holding areas using 100% outside air;
- (f) Distribution of electrical services, plumbing services and HVAC within the Premises and domestic hot water heater and associated hot water piping
- (g) Any and all signs for Tenant and the power to such sign devices;
- (h) Security, fire and life-safety systems within the Premises, including exit signs, intercoms and extinguishers;
- (i) Additional and/or above standard electrical capacity; and
- (j) Fiber optic access.

## Exhibit C: Lease Commencement Memorandum

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**Landlord:** TCP Las Palmas Partners, LTD.  
c/o TCP Realty Services

**Tenant:** City of San Antonio

**Lease:** Suite 120; 3,700 rentable SF total area which is 1.63% of the total area of the shopping center known as Los Palmas Shopping Center located at 803 Castroville Road.

**Authorizing Ordinance:** \_\_\_\_\_

### *Predicate Facts:*

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

The Lease Term is to begin on the date of issuance of the Certificate of Occupancy for the Premises. The Rent Commencement Date is the first day of month following the date of issuance of the Landlord-obtained Certificate of Occupancy.

For their mutual benefit, the parties now wish to memorialize the actual commencement date of the Lease's Term.

### *Rights and Obligations:*

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

#### **1. Defined Terms.**

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

#### **2. Lease Commencement.**

The Lease Term commenced on \_\_\_\_\_.

#### **3. Conflict of Terms.**

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

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

**Tenant:**

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

By: \_\_\_\_\_

Printed  
Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Approved as to Form:**

\_\_\_\_\_  
City Attorney

**Landlord:**

**TCP Las Palmas Partners, LTD.**  
by: TCP Las Palmas, Inc., its general  
partner

By: \_\_\_\_\_  
Robert B. Neely, President

Date: \_\_\_\_\_

**Exhibit D Tenant's Signage Rights**



See Exhibit G for Sign Regulations and Criteria

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Exhibit E Parking Plan



## Exhibit F Renewal Term Rent

<u><b>Renewal Term</b></u>			<u><b>Yr 6 Monthly</b></u>	<u><b>Yr 7</b></u>	<u><b>Yr 8</b></u>	<u><b>Yr 9</b></u>	<u><b>Yr 10</b></u>
Base Rent	25.30	93,610	7,800.83	7,800.83	7,800.83	7,800.83	7,800.83
CAM	2.50	10,723	893.60	920.41	948.02	976.46	1,005.75
Tax	3.13	11,581	1,118.80	1,152.36	1,186.93	1,222.54	1,259.22
Ins	1.07	3,959	382.47	393.94	405.76	417.93	430.47
HVAC Cost	0.20	740	71.49	73.63	75.84	78.12	80.46
		Total	10,267.19	10,341.17	10,417.38	10,495.88	10,576.73
		PSF	33.30	33.54	33.79	34.04	34.30
		Total Annual	123,206.28	124,094.04	125,008.56	125,950.56	126,920.76



**EXHIBIT G**  
**RULES AND REGULATIONS**

The following Rules and Regulations, hereby accepted by TENANT, are prescribed by LANDLORD to regulate conduct in and use of the Premises and the Shopping Center:

1. TENANT, its agents, representatives and employees shall not block or obstruct any of the entries, passageways, doors, sidewalks, or other exterior areas of the Shopping Center, or any parking areas, fire lanes, handicapped parking, reserved parking, or other tenant loading zones and docks, or place, empty or throw any rubbish, litter, trash or material of any nature into such areas, or permit such areas to be used at any time except for ingress or egress of TENANT, its agents, representatives, employees, visitors or invitees.

2. TENANT shall assume all liability and risk associated with the movement of furniture, equipment, merchandise or materials within, into or out of the Premises and/or Shopping Center. Safes and other unusually heavy equipment shall be moved into the Premises only with LANDLORD's prior written consent.

3. No sign, door plaque, advertisement or notice shall be displayed, painted or affixed by TENANT, its agents, representatives or employees on any part of the outside of the Premises or the Shopping Center (except signage specifically authorized by the Lease), or in the Common Areas, without the prior written consent of LANDLORD, and then only such color, size, character, style and material and in such places as shall be approved and designated in writing by LANDLORD.

4. LANDLORD shall not be responsible for lost or stolen personal property, equipment, money or any article taken from the Premises or the Common Areas regardless of how or when any such loss occurs.

5. TENANT, its agents, representatives and employees shall not bring into the Premises any flammable fluids (except ordinarily quantities of cleaning products and other reasonable items for the Tenant's permitted use) or explosives of any type without the prior written consent of LANDLORD.

6. TENANT, its agents, representatives or employees shall not use the Premises for housing, lodging or sleeping purposes without the prior written consent of LANDLORD.

7. TENANT, its agents, representatives or employees shall not bring or permit to be brought into the Premises or keep or allow to be kept thereon any live animals of any kind.

8. TENANT, its agents, representatives and employees shall not permit the operation of any musical or sound producing instrument or any type of instrument or device which may be heard outside the Premises (except as expressly permitted by the Lease), or which may emanate electrical waves which will impair radio or television broadcasting or reception from or in the other tenant space in the Shopping Center, nor shall any flashing, strobing, moving or pulsating lights be used in any window display or area visible from the outside of the Premises.

9. TENANT, its agents, representatives and employees shall, before leaving the Premises unattended, close and lock all doors and shut off all running water and other appliances. No cooking or food preparation of any kind shall be permitted in the Premises unless the Tenant's permitted use is a restaurant use; provided, however, use of a microwave for Tenant and its employees is hereby permitted.

10. TENANT and its employees agents and representatives shall comply with posted traffic regulations, restrictions and signage from time to time placed by Landlord in the parking areas of the Shopping Center, and shall not park in any area not striped as a parking space. No employee of TENANT shall keep a disabled vehicle in the parking areas of the Shopping Center for any period except for period of short duration while arrangements for towing are being made. In the event TENANT'S employees or customers park their cars in the parking areas in violation of posted parking or traffic regulations, then LANDLORD at its option shall have the right to tow such vehicle away at the Tenant's cost and expense. No overnight parking allowed.

11. The plumbing facilities in the Premises shall not be used for any other purpose than that for which they are constructed, and no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from a violation of this provision by TENANT or its employees, agents or invitees shall be borne by TENANT. To the extent any food service operation is contemplated by the TENANT's Lease, TENANT shall obtain all necessary permits therefor, shall have and maintain all facilities (including, without limitation, grease traps, sinks, vent hoods, drains, fans, exhausts, fire extinguishers, smoke detectors, occupancy limitation signage, and

similar items) required by applicable laws, ordinances and regulations, and shall at all times operate such facilities in compliance with applicable law.

12. TENANT shall not conduct canvassing, soliciting and peddling in the Shopping Center (including the attachment of flyers to vehicles in the parking areas).

13. In the event LANDLORD elects to provide waste disposal for the Shopping Center as a common area maintenance expense for any portion of the Lease Term, and if TENANT must dispose of waste or refuse which will not fit into the dumpster receptacles or which are of a type not accepted by the waste company (including paint and all other hazardous waste material), it shall be the responsibility of TENANT to dispose of such articles at its expense.

14. Neither TENANT nor its employees, agents or representatives shall place or allow to be placed or maintained on or removed from the roof of the Premises any installation or thing of any nature or kind (including satellite dishes, signs, decorative items, advertising paraphernalia, spare construction materials and trash) except as set forth in the Lease.

15. TENANT shall keep the sidewalk and area adjacent to and in the immediate vicinity of the Premises (including all loading areas) swept and free from trash, rubbish, garbage and other debris or refuse.

16. TENANT shall keep in a neat, clean, safe and sanitary condition the area behind the Premises if such an area is designated by LANDLORD for TENANT's use for loading and/or refuse collection.

17. TENANT shall not overload the electrical equipment and systems, plumbing systems or HVAC systems or equipment serving the Premises and shall be responsible for any damage to the Shopping Center equipment or mains resulting from such excessive use.

18. TENANT shall not continue to allow upon the Premises any employee or agent who is known by TENANT to have a record of felony violent crime or felony property crime, or to pose a threat to the safety of others. Tenant shall not allow or tolerate illegal drug use or possession by its employees on the Premises.

19. TENANT shall adopt, disseminate and enforce a policy for its employees at the Premises (excluding Tenant's security) prohibiting the possession of firearms while at or on the property of the Premises and/or the Shopping Center. Tenant shall post proper signs (approved by Landlord as to appearance) prohibiting patrons of the Tenant from bringing firearms onto the Premises.

20. The normal business operating hours of the Shopping Center are 9:00 a.m. to 10:00 p.m., Monday through Friday, 9:00 a.m. to 10:00 p.m. Saturday, and noon to 6:00 p.m. on Sunday, subject to change by Landlord on notice to the tenants; provided, however, Landlord acknowledges that Tenant may operate beyond normal business hours (e.g., 7:00 a.m. to 7:00 p.m. seven (7) days a week).

21. Sign Criteria. These criteria have been established for the purpose of assuring an outstanding Shopping Center, and for the mutual benefit of all lessees. Conformance will be strictly enforced; and any installed nonconforming or unapproved sign must be brought into conformance at the expense of the Tenant. The signage set forth in Exhibit B is approved by Landlord notwithstanding anything contained in this Exhibit D to the contrary.

#### A. GENERAL REQUIREMENTS

1. Tenant shall submit or cause to be submitted to the Project Architect, as designated by Landlord, for approval before fabrication at least three (3) copies of detailed drawings indicating the location, size, layout, design and color of the proposed signs, including all lettering and/or graphics.

2. All permits for signs and their installation shall be obtained by the Tenant or his representative.

3. All signs and design and/or review fees of the Project Architect shall be constructed, installed and paid at Tenant's expense.

4. Tenant shall be responsible for the fulfillment of all requirements of these criteria.

#### B. GENERAL SPECIFICATIONS

1. No animated, flashing, or audible signs will be permitted.

2. No exposed lamps or tubing will be permitted.
3. All signs shall bear UL label, and their installation shall comply with all local building and electrical codes.
4. No exposed raceways, crossovers or conduit will be permitted.
5. All cabinets, conductors, transformers and other equipment shall be concealed.
6. Electrical service to all signs shall be on Tenant's meter.
7. Painted lettering will not be permitted, except as specified pursuant to Section F(2) hereof.

#### C. LOCATION OF SIGNS

1. Signs on the exterior of the shopping center building shall be permitted only for those Tenants having exterior public entrances and as located within the sign areas designated by the Project Architect.
2. Tenants will be permitted to install one illuminated or non-illuminated sign on the storefront. The maximum projection of the sign from the face of the storefront shall be six (6) inches or to the face of the adjacent neutral strip, whichever is greater.
3. No signs perpendicular to the face of the building or storefront will be permitted.

#### D. DESIGN REQUIREMENTS

1. All Tenant storefront entrance/store identification designs shall be subject to the approval of the Project Architect. Imaginative designs which depart from traditional methods and placement will be encouraged.
2. Wording of signs shall not include the product sold except as part of Tenant's trade name or insignia.
3. Tenants shall have identification signs designed in a manner compatible with and complementary to adjacent and facing storefronts and the overall design concept of the Shopping Center.
4. Tenants are encouraged to have signs designed as an integral part of the storefront design and with letter size and location appropriately scaled and proportioned to the overall storefront design. The design of all signs, including style and placement of lettering, size, color, materials and method of illumination, shall be subject to the approval of the Project Architect.
5. Signs designed in the more traditional manner with the lettering applied to a background surface that is part of the storefront shall conform to the following requirements.
  - a. The sign area shall not exceed five percent (5%) of the area of the storefront or twelve (12) square feet, whichever is larger and shall be located at least thirty-six (36) inches from each lease line. Sign area will be measured by circumscribing a rectangle around the main body of the sign.
  - b. The overall length of the sign shall not exceed two-thirds (2/3) of the width of the storefront exposure between neutral strips.
  - c. The maximum height for letters in the body of the signs is fourteen (14) inches. The maximum height for initial capitals is eighteen (18) inches.
6. Signs shall be composed of individual or script lettering. Signs with background panels shall be designed in a manner compatible with the storefront. Sign boxes and cans will not be permitted.
7. All storefronts including plexiglass signs shall be fabricated of material with matte finish.
8. Acrylic retainers used at the perimeter of sign letter faces shall match in color and finish the face of the sides of the sign.

#### E. CONSTRUCTION REQUIREMENTS

1. All exterior signs, bolts, fasteners, and clips shall be of enameling iron with porcelain enamel finish, stainless, steel, aluminum, brass, or bronze. No black iron materials of any type will be permitted.
2. Interior signs only may be fabricated of carbon bearing steel with painted finish.
3. All exterior letters or signs exposed to the weather shall be mounted at least three quarters of an inch (3/4") from the building wall to permit proper dirt and water drainage.
4. All letters shall be fabricated using full-welded construction.
5. Location of all openings for conduit and sleeves in sign installation shall be neatly sealed in a watertight condition.
6. No labels will be permitted on the exposed surface of signs except those required by local ordinance which shall be applied in an inconspicuous location.
7. Sign contractor shall repair any damage to any work caused by his work.
8. Tenant shall be fully responsible for the operations of Tenant's sign contractor.

#### F. MISCELLANEOUS REQUIREMENTS

1. Tenant will be permitted to place upon each entrance of its premises not more than one hundred forty-four (144) square inches of gold leaf or decal application letter not to exceed two inches (2") high block letters, the Tenant's name and address. Where more than one Tenant used the same door, each name and address shall be applied. Color of letter will be as selected by Project Architect.
2. If Tenant has a non-customer door for receiving merchandise, it may have uniformly applied on said door in a location as directed by the Project Architect in two inch (2") high block letters, the Tenant's name and address. Where more than one Tenant used the same door, each name and address shall be applied. Color of letters will be as selected by the Project Architect.
3. Tenant may install on the mall front, if required by the U.S. Post Office, the numbers only for the street address in exact location stipulated by the Project Architect.
4. Except as provided herein, no advertising placards, credit card decals, temporary or permanent signs, banners, pennants, names, insignia, trademarks, or other descriptive material shall be affixed or maintained upon the glass panes and supports of the show windows and doors, or upon the exterior walls of the building or storefront.

NOTE: THE SIGN MUST BE IN PLACE NO LATER THAN 60 DAYS FROM THE DATE LEASE AGREEMENT IS EXECUTED.