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2018-0153

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is made and entered into by and between **MIDTOWN CENTRAL SQUARE, LLC.**, a Texas limited liability company ("**Landlord**"), whose address for purposes hereof is 5555 West Loop, South, Suite 100, Bellaire, Texas 77401; Attention: Keeley Megarity; and the **CITY OF HOUSTON, TEXAS**, a municipal corporation situated in Harris, Fort Bend and Montgomery Counties ("**Tenant**"), whose address for purposes hereof is P. O. Box 1562, Houston, Texas 77251, Attention: Director, General Services Department.

ARTICLE 1.

Certain Definitions, Basic Provisions and Cross References

Section 1.1 The following definitions, basic provisions and cross references are placed at the beginning of this Lease for easy reference to certain material terms and provisions of this Lease. Landlord and Tenant hereby agree that each and every provision contained in this Lease is material to the agreements between Landlord and Tenant relating to the Leased Premises (hereinafter defined), and no implication is intended, nor shall any implication be inferred, that the failure to define or reference a term, provision, covenant, agreement or condition in this Article 1 shall mean that such term, provision, covenant, agreement or condition is not material or an integral part of this Lease. This Lease should be read carefully and in full for all the terms, provisions, covenants, agreements and conditions that are material to the intent and agreements of the parties under this Lease.

- (a) "Project" means the land, together with the office building located thereon and any improvements, common areas and parking facilities thereon located and having a street address of 2100 Travis, Houston, Harris County, Texas 77002, and as shown on **Exhibit "A"**, attached and made a part of this Lease.
- (b) "Leased Premises" means (i) floors nine (9), and ten (10) of the office building of the Project, each floor being approximately 21,923 square feet for a total of approximately 43,846 square feet of net rentable square feet of space out of the Project and (ii) the parking facilities adjacent to and in front of the building, as shown on **Exhibit "B"**, attached and made a part of this Lease, together with all alterations, repairs, additions and improvements made pursuant to this Lease, including those shown on **Exhibit "D"**, attached and made a part of this Lease, such space being commonly known by its mailing address of 2100 Travis, Houston, Texas 77002.
- (c) "Occupancy Date" means the earlier of: (i) the date Tenant conducts regular business in the Leased Premises, (ii) the date that is five (5) days after the date of Substantial Completion (hereinafter defined in the Work Letter) of the Leased Premises, or (iii) the date that Substantial Completion of the Leased Premises would have occurred but for Delay (hereinafter defined in

the Work Letter), calculated by subtracting the number of days of Delay from the actual date of Substantial Completion. Landlord and Tenant estimate that Substantial Completion of the Leased Premises will occur on January 2, 2019. Notwithstanding anything to the contrary in this Lease, if Substantial Completion of the Leased Premises occurs prior to February 1, 2019, Tenant may elect, by delivering written notice of the same to Landlord, to occupy the Leased Premises (the "Early Occupancy") as of such prior date. During any Early Occupancy, Tenant shall be subject to all of the terms and conditions of this Lease, except that Tenant shall not be obligated to pay Rent. Landlord and Tenant agree to execute the Certificate of Commencement, in the form attached and made a part of this Lease as Exhibit "C", as soon as reasonably practical after the Occupancy Date.

- (d) "Lease Term" means ten (10) years commencing on February 1, 2019, for floors nine (9) and ten (10), unless sooner terminated or extended pursuant to the terms of this Lease subject to Section 1.1(e) hereof.
- (e) "Lease Effective Date" means the date of countersignature by the City Controller, provided that Landlord has already affixed its signature to the Lease before Tenant's signature is affixed. Tenant acknowledges and agrees that (i) Landlord's affixation of its signature to this Lease and delivery of the same to Tenant shall constitute an offer to lease the Leased Premises to Tenant on the terms and conditions contained in this Lease, and (ii) if Tenant fails to cause the Lease Effective Date to occur within thirty (30) days after Tenant's receipt of the same, Landlord shall have the right to withdraw such offer upon delivering written notice of such withdrawal to Tenant.
- (f) "Monthly Rent" means the following amount due to Landlord each calendar year during the Lease Term, payable monthly and is based on the rental rate based on square footage measurement of the Leased Premises as follows:

Floors 9 and 10 (43,846 Sq. Ft. of net rentable area)

Years	Full Service Gross Rent/SF/Year	Monthly Rent
1	\$11.50	\$42,019.08
2	\$22.00	\$80,384.33
3	\$22.50	\$82,211.25
4	\$23.00	\$84,038.16
5	\$23.50	\$85,865.08
6	\$27.00	\$98,653.50
7	\$27.50	\$100,480.41
8	\$28.00	\$102,307.33

9	\$28.50	\$104,134.25
10	\$29.00	\$105,961.16

- (g) "Additional Rent" shall mean that, in addition to the Monthly Rent, Tenant shall pay to the Landlord "Operating Expenses" (as further described in Section 3 below and in Exhibit "E", attached hereto and incorporated for all purposes). Monthly Rent, Operating Expenses and any other amounts to be paid by Tenant under the terms of this Lease shall be referred to collectively as "Rent."
- (h) "Permitted Uses" means any and all uses as required for Tenant's Housing and Community Development Department for general office purposes and for no other purpose without Landlord's prior written consent, which shall not be unreasonably withheld or delayed so long as the use is for general office purposes.
- (i) "Hours of Operation" shall mean 7:00 a.m. to 7:00 p.m. on Mondays through Fridays; and 7:00 a.m. to 1:00 p.m. on Saturdays; and excluding New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day and any other holidays officially observed by the City of Houston.
- (j) "Renewal Term" means Tenant shall have two (2) options to renew this Lease for two (2) additional five-year terms at the then prevailing Market Rate (hereinafter defined), subject to Section 3.4 in this Lease for floors nine (9) and ten (10).
- (k) "Expansion Option" means Tenant shall have twelve (12) months from the Lease Effective Date to exercise the Expansion Option for all or a portion of the fourth (4th) floor of the Project at the below rental rates.

Years	Full Service Gross Rent/SF/Year
1	\$24.50
2	\$25.00
3	\$25.50
4	\$26.00
5	\$26.50

In Tenant's notice to Landlord in exercising the Expansion Option, Tenant shall request the desired number of square feet of the 4th floor it desires to lease, and Landlord will identify and select the location and configuration of the space to be leased to Tenant on the 4th Floor based on the square footage requested by Tenant.

In addition, Tenant shall have the option to extend the term of the lease of the Floor 4 space under the Expansion Option under the following rental rates for a period of either a two (2) or five (5) year term that is to be selected at the sole discretion of the Tenant by written notice to Landlord at the time of exercising the Expansion Option. The Rent during the Renewal Term for the lease of the Floor 4 space under the Expansion Option shall be based on dollars per square foot as set forth below:

Year 1 of Renewal	\$24.00 RSF per year
Year 2 of Renewal	\$24.50 RSF per year
Year 3 of Renewal	\$25.00 RSF per year
Year 4 of Renewal	\$25.50 RSF per year
Year 5 of Renewal	\$26.00 RSF per year

- (l) "Work Letter" shall mean the letter between Landlord and Tenant concerning build-out of the Leased Premises, such letter to be substantially in the form of **Exhibit "D-1"** attached hereto and incorporated herein.

ARTICLE 2.

Granting Clause

Landlord hereby demises and leases to Tenant, and Tenant hereby rents, accepts and takes from Landlord, the Leased Premises TO HAVE AND TO HOLD said Leased Premises for the Lease Term, all upon the terms, provisions, covenants, agreements and conditions set forth in this Lease.

ARTICLE 3.

Rent; Operating Expenses; Expansion Option

Section 3.1 Tenant agrees to pay to Landlord each month during the Lease Term, without demand (except as expressly provided in Section 3.2), deduction or offset, the Rent. The first Rent payment shall commence on February 1, 2019. Subsequent Rent payments shall be due and payable on the first (1st) day of each calendar month during the Lease Term. Rent payments shall be prorated for any partial month. NO SECURITY DEPOSIT SHALL BE REQUIRED FROM TENANT.

Section 3.2

(a) "Base Operating Expenses" shall be defined as the actual Operating Expenses incurred by Landlord for the calendar year of 2018 (subject to adjustment pursuant to Section 3.2(e)). Notwithstanding anything contained herein to the contrary, the Base Operating Expenses shall never be lower than \$10.00 per rentable square foot per year. "Operating Expenses" shall be defined as all reasonable costs, charges, and expenses incurred directly by Landlord with respect to operating, repairing, landscaping, maintaining, managing, and insuring the Project, as determined on an accrual basis by Landlord's accountant in accordance with generally accepted accounting principles, consistently applied, which shall include, but not be limited to, the heating, cooling,

ventilation, electrical, lighting, water, and plumbing systems serving the Project, insurance, the costs of maintenance and service agreements maintained on such systems, the costs for those services to be provided by Landlord pursuant to Article 9, the cost of alarm service, the cost of supplies and materials associated with any of the activities described herein, and all accounting, legal, and administrative costs (except as outlined in **Exhibit "E"**) of the Project. Except for the amortization charges outlined in **Exhibit "E"** attached hereto and incorporated herein, Operating Expenses shall not include any equipment Landlord installs in or improvements or alterations Landlord makes to the Project that would be considered capital improvements under generally accepted accounting principles. Operating Expenses shall also include "Real Estate Taxes," which shall be defined as all real estate taxes and installments of special and annual assessments (as well as any interest due), attributable to the respective Lease Year, which apply to the Project, including but not limited to the Texas Margin Tax; all personal property taxes which apply to the personal property located in the Project used in connection with the operation and maintenance thereof; and all other governmental charges, general and special, ordinary and extraordinary, foreseen as well as unforeseen, of any kind and nature whatsoever, or other tax, however described, levied or assessed by the United States of America, the State of Texas, or any political subdivision thereof, including county, municipal, or school district taxes, against Landlord for all or any part of the Project. If any assessments are payable in installments and Landlord elects to pay them in installments, Real Estate Taxes for such year shall include only those installments, plus any interest due thereon, attributable to the respective Lease Year. Real Estate Taxes shall also include any reasonable expenses, including legal fees and court costs, incurred in protesting or challenging any Real Estate Taxes. Notwithstanding the foregoing, Real Estate Taxes shall not include penalties, interest, or late charges assessed for failure to timely pay taxes, any net income tax, estate tax, or inheritance tax. Operating Expenses shall also include the costs of (a) capital improvements and/or structural repairs or replacements made in or to the Project (herein "Capital Improvements"), (b) the costs incurred by Landlord to install a new or replacement capital item for the purpose of reducing Operating Expenses (herein "Cost Savings Improvements"), and (c) a reasonable reserve for all other capital improvements and structural repairs and replacements reasonably necessary to permit Landlord to maintain the Project in its current class. The expenditures for Capital Improvements and Cost Savings Improvements shall be amortized over the useful life of such capital improvement or structural repair or replacement (as determined by Landlord). All costs so amortized shall bear interest on the unamortized balance at the rate of twelve percent (12%) per annum or such higher rate as may have been paid by Landlord on funds borrowed for the purpose of construction these capital improvements. Notwithstanding any other provisions contained in this Lease, Operating Expenses shall include management fees up to a maximum of three and half percent (3.5%) of the gross revenues of the Project. Notwithstanding any other provisions contained in this Lease, Operating Expenses shall not include (1) any replacements of the roof, walls, floor slab and structural components unless the replacement of such item is made in order to conform to changes, subsequent to the date of this Lease, in any applicable laws, and (2) the exclusions set forth on the exclusion list attached hereto and incorporated herein as **Exhibit "E"**. The management fee shall be set and fixed in the Base Operating Expenses. Landlord shall continue to maintain complete, accurate, and detailed books and records of Operating Expenses as

it has during its ownership of the Project. Tenant shall not be responsible to pay Tenant's Pro Rata Share of Operating Expenses during the first twelve (12) months of the Lease Term.

(b) "Tenant's Pro Rata Share" means fifteen and 72/100 percent (15.72%) share of the Operating Expenses for the applicable Lease Year based on the square footage of the Leased Premises and means the applicable percentage share (as reasonably determined by Landlord) of the Operating Expenses for the applicable Lease Year based on the square footage of the Floor 4 space for the Expansion Option as determined after the exercise of the Expansion Option. Anything herein to the contrary notwithstanding, it is agreed that in the event the Project is not fully occupied during any Lease Year (including 2018), a reasonable and equitable adjustment shall be made by Landlord in computing the Operating Expenses for such year so that the Operating Expenses (including assessed real estate taxes based on 100% occupancy) are a reasonable approximation of the amount that would have been incurred had the Project been fully occupied during the entirety of such year. Notwithstanding the foregoing, Controllable Operating Expenses shall not increase by more than three percent (3%) (on a cumulative and compounding basis) each year during the Term of the Lease. Landlord agrees that it will utilize a consistent methodology year to year in making such adjustments and, upon Tenant's request, will provide a reasonably detailed explanation of the adjustment made to Real Estate Taxes and to each component of Operating Expenses adjusted by Landlord. Controllable Operating Expenses are expenses within the reasonable control of Landlord thus excluding, without limitation, Ad Valorem taxes, building insurance, Tenant specific utilities and government-mandated increases in minimum wage. Non-controllable expenses shall be limited to Tenant's Pro Rata Share and capped at an increase of six percent (6%) per annum, cumulative and compounded.

(c) Beginning in calendar year 2019, and every Lease Year thereafter, Tenant shall pay Landlord the amount which Landlord estimates as Tenant's Pro Rata Share of Operating Expenses in excess of Base Operating Expenses for each Lease Year ("Additional Rent"). Further, Tenant shall also pay as Additional Rent any tax or excise on rents, gross receipts tax, or other tax, however described, which is levied or assessed by the United States of America, the State of Texas, or any political subdivision thereof, on the payment of or receipt of the Rent, reserved under this Lease; provided, however, that Tenant shall have no obligation to pay Landlord's net income taxes. The amount Landlord has estimated as Additional Rent shall be payable in equal monthly installments, in advance, on the first day of each month over the balance of the Lease Year, with the number of installments being equal to the number of full calendar months in such Lease Year.

(d) From time to time during any applicable Lease Year, if Landlord has a reasonable basis to believe that Real Estate Taxes and excess Operating Expenses for such Lease Year will be materially more or less than previously estimated by Landlord (however, not more than two times during any applicable Lease Year), Landlord may re-estimate the amount of Operating Expenses, and in such event Landlord shall notify Tenant, in writing, of such re-estimate and fix monthly installments of Additional Rent for the then remaining balance of such Lease Year in an amount sufficient to pay the

re-estimated amount over the balance of such Lease Year after giving credit for payments made by Tenant on the previous estimate.

(e) As to each Lease Year, Landlord shall estimate for each such Lease Year:

(i) the total amount of Operating Expenses in excess of Base Operating Expenses;

(ii) Tenant's Pro Rata Share of Operating Expenses in excess of Base Operating Expenses; and

(iii) The computation of the Rent payable during such Lease Year. Said estimate shall be in writing and shall be delivered or mailed to Tenant at the Leased Premises.

(f) Upon completion of each Lease Year, Landlord shall cause its accountants to determine the actual amount of Operating Expenses for such Lease Year and deliver a written certificate of the amounts thereof to Tenant. Landlord shall use commercially reasonable efforts to deliver such certificate to Tenant within one hundred eighty (180) days after the end of each Lease Year. If for any Lease Year Tenant has paid less than its Pro Rata Share of Operating Expenses in excess of Base Operating Expenses, Tenant shall pay the balance of its Additional Rent within fifteen (15) days after the receipt of such certificate. If for any Lease Year Tenant has paid more than its Pro Rata Share of Operating Expenses in excess of Base Operating Expenses, Landlord shall credit such excess against the most current monthly installment or installments due Landlord of Additional Rent, except that if an excess exists at the end of the Term, Landlord shall refund such excess to Tenant, less any amounts due and owing to Landlord under this Lease. In no event shall any adjustments as a result of this Article 2 result in Tenant paying less than the Base Rent in any Lease Year. A pro rata adjustment shall be made to Additional Rent for a fractional Lease Year occurring during the Term based upon the number of days of the Term during said Lease Year as compared to three hundred sixty-five (365) days, and all additional sums payable by Tenant or credits due Tenant as a result of the provisions of this Article 2 shall be adjusted accordingly when finally ascertained.

(g) If Tenant shall dispute any item or items included in the determination of Operating Expenses for a particular Lease Year, and such dispute is not mutually resolved by Landlord and Tenant within sixty (60) days after Tenant has given written notice to Landlord thereof, Tenant may request in writing to audit the books and records of Landlord relating to Operating Expenses; provided, however, unless Tenant shall complete said audit within one hundred twenty (120) days from the date of receipt of Landlord's year-end written certificate and make a claim for adjustment within one hundred eighty (180) days of the date of receipt of Landlord's year-end written certificate, Tenant shall forfeit its right to claim any adjustment to Tenant's pro rata share of Operating Expenses or Real Estate Taxes for such Lease Year.

(h) The audit will be conducted at Tenant's expense by a regionally or nationally recognized certified public accounting firm or a CPA (defined below) or by qualified personnel from Tenant's accounting office. Under no circumstance shall the audit be performed by a firm paid upon a contingency basis. If Tenant's audit reveals that the

Operating Costs charged to Tenant exceed or were less than Tenant's Proportionate Share of the actual Operating Costs (unless challenged by Landlord within ten (10) days after receipt of a complete copy of such audit), then Landlord will reimburse Tenant for any overcharge, or Tenant will pay to Landlord any undercharge, as applicable, promptly after such final determination. In the event of a confirmed overcharge of Operating Costs to Tenant in excess of five percent (5%) of Tenant's Proportionate Share of actual Operating Costs in any such year and Tenant's qualified personnel from its accounting office preformed the audit, then a regionally or nationally recognized certified public accounting firm or a CPA must review and confirm such five percent (5%) overcharge. If a regionally or nationally recognized certified public accounting firm or a CPA confirms an overcharge of Operating Costs to Tenant in excess of five percent (5%) of Tenant's Proportionate Share of actual Operating Costs in any such year, Landlord also shall reimburse Tenant for the reasonable cost of Tenant's audit ("Audit Expense") up to three thousand five hundred and 00/100 dollars (\$3,500.00). If there is a dispute between Landlord and Tenant relating to the determination of whether or not there is an overcharge or undercharge relating to Operating Costs and the parties cannot in good faith resolve such issue within thirty (30) days, then Landlord and Tenant shall use reasonable efforts to agree, within ten (10) days following the expiration of such thirty (30)-day period upon the appointment of one (1) CPA to resolve the matter. If an agreement on a single CPA cannot be reached within the ten (10)-day period, Landlord and Tenant shall each appoint their own respective CPA within ten (10) business days following the elapse of the ten (10)-day period and shall specify the name and address of their respective CPA to the other party prior to the expiration of such ten (10)-business day period; provided, that if one party fails to specify the name and address of its selected CPA within such ten (10)-business day period, the other party shall give the failing party written notice and if within five (5) days after such written notice the failing party still has not specified a CPA, the CPA selected by the other party shall act as the single CPA as if both parties had agreed to the appointment of such CPA as provided above. The selected CPAs shall then meet within ten (10) days of the appointment of the last of the two, and if such CPAs are unable to agree upon such matter within fifteen (15) days, they shall appoint a third CPA within ten (10) business days following expiration of this period. If the two CPAs are unable to agree upon a third CPA within such ten (10)-business day period, the third CPA shall be appointed as soon as reasonably possible thereafter by the American Arbitration Association (or any successor organization, or if no successor organization shall then exist, by a court of competent jurisdiction residing in Harris County, Texas), subject to the qualification requirements set forth below. The term "CPA" shall mean a certified public accountant licensed in the State of Texas. The cost and expense incurred by the CPAs' review shall be borne equally by the parties.

Section 3.3 Landlord will invoice Tenant at the Leased Premises, Attention: Chief Operating Officer, Housing and Community Development Department (or such other person designated by Tenant in writing to Landlord), no later than the twenty-fifth (25th) day of each month for the Rent due and payable on or before the first (1st) day of the next succeeding month, to ensure the timely receipt of the Rent on or before the first (1st) day of each month. Notwithstanding anything contained in this Lease to the contrary, Landlord acknowledges and agrees that all Rent and any other payments payable to Landlord by Tenant shall be made only by warrant that must be a negotiable instrument

payable and/or wire transfer to Landlord's account as directed by Landlord by the first (1st) day of each month issued by the City of Houston City Controller within ten (10) days of receipt of an invoice by Tenant. Rent will be made payable to Landlord at 5555 West Loop South, Suite 100, Bellaire, Texas 77401, Attention: Keeley Megarity, or to such other address as Landlord may provide to Tenant in writing from time to time. Landlord hereby admits its knowledge and notice that the ability of Tenant to make Rent and any other payments payable to Landlord by Tenant is completely dependent upon and limited by the extent to which funds may be certified by the City of Houston City Controller as available for use in making Monthly Rents under this Lease. Notwithstanding the foregoing, provided Landlord has sent the required invoice, Tenant acknowledges that it will be in default of its obligations under this Lease if it has not tendered payment of the Rent on or before the first (1st) day of each month during the Lease Term. If Landlord fails to send the required invoice, Tenant shall not be relieved of any of its obligations or liabilities under this Lease, except that Tenant's obligation to pay the Monthly Rent applicable to such required invoice will be temporarily relieved until Landlord sends such required invoice, at which time such obligation shall be fully restored.

Section 3.4 Provided that Tenant is not in default of any of its obligations under this Lease, and by providing no less than twelve (12) or more than fifteen (15) months prior written notice, for floors nine (9) and ten (10), Tenant shall have two (2) options to renew this Lease for two (2) additional five (5) year terms (each a "Renewal Term") at the then current Market Rate. "Market Rate" shall be the then-prevailing fair market rental value rate (determined on a "gross" lease basis as of the exercising of the respective provision by Tenant) charged to tenants for space of comparable size and conditions, in comparable office buildings and locations in the area of Houston, Harris County, Texas located within a two (2) mile radius of the Project, taking into consideration the following: 1) location, quality and age of the building; 2) use, location, size and/or floor level(s) of the space in question, including view, elevator lobby exposure, etc.; 3) definition of "rentable" area with respect to which rental rates are computed; 4) extent of leasehold improvements in the premises (other than those in the Leased Premises paid for by Tenant) or to be provided, and/or any leasehold improvement allowance; 5) abatements (including with respect to the base rental, operating expenses and real estate taxes, and parking charges); 6) inclusion of parking charges in rental; 7) lease takeovers/assumptions; 8) programming/space, planning/interior, architecture and engineering allowances; 9) relocation allowance; 10) refurbishment allowances; 11) distinction between "gross" and "net" lease; 12) base year or dollar amount for escalation purposes (operating expenses, real estate taxes and management fee); 13) any other adjustments (including by way of indexes) to base rental; 14) credit standing of the tenant; 15) term or length of lease; 16) the time the particular rental rate under consideration was agreed upon and became or is to become effective; and 17) any other concession or inducement and/or relevant term or condition in making such fair market value rental rate determination. In each and every instance under the Lease in which Market Rate is to be determined, integral to such determination shall be all relevant economic factors as enumerated above (unless this Lease expressly provides otherwise), including, but not limited to, lease takeovers, abatements, leasehold improvements and other allowances. If there is a dispute between Landlord and Tenant relating to the determination of the Market Rate and the parties cannot in good faith resolve such issue within thirty (30) days,

then either Landlord or Tenant may at their sole discretion (i) terminate the negotiations or (ii) use reasonable efforts to agree within ten (10) days following the expiration of such thirty (30) day period upon the appointment of one (1) broker to resolve the matter. If an agreement on a single broker cannot be reached within the ten (10)-day period, Landlord and Tenant shall each appoint their own respective broker within ten (10) business days following the elapse of the ten (10)-day period and shall specify the name and address of their respective broker to the other party prior to the expiration of such ten (10)-business day period; provided, that if one party fails to specify the name and address of its selected broker within such ten (10)-business day period, the other party shall give the failing party written notice and if within five (5) days after such written notice the failing party still has not specified a broker, the broker selected by the other party shall act as the single broker as if both parties had agreed to the appointment of such broker as provided above. The selected brokers shall then meet within ten (10) days of the appointment of the last of the two, and if such brokers are unable to agree upon such matter within fifteen (15) days, they shall appoint a third broker within ten (10) business days following expiration of this period. If the two brokers are unable to agree upon a third broker within such ten (10) business day period, the third broker shall be appointed as soon as reasonably possible thereafter by the American Arbitration Association (or any successor organization, or if no successor organization shall then exist, by a court of competent jurisdiction residing in Harris County, Texas), subject to the qualification requirements set forth below. The term "broker" shall mean a real estate broker licensed in the State of Texas who has at least fifteen (15) years of experience with leasing of office buildings and locations in the area of Houston, Harris County, Texas located within a two (2) mile radius of the Project and have brokered and completed at least three (3) office leases in excess of 25,000 square feet in such area during the immediately preceding twelve (12) months. The cost and expense incurred by the brokers' review shall be borne equally by the parties.

Expansion Option space for all or a portion of floor four (4) of the office building of the Project shall be exercised by the Tenant within twelve (12) months from execution of the Lease Effective Date. In the event the Tenant exercises the Expansion Option, Tenant shall have the option to renew the Expansion Option space for a period of two (2) or five (5) years. Renewal term for the Expansion Option space if exercised, is at the sole discretion of the Tenant and shall be based on the dollars per square foot as described in Section 1.1(k).

In the event of such Expansion Option space and renewal thereof, if any, "Lease Term" as used in this Lease, shall include the Expansion Option and Renewal Term, and such renewal of this Lease shall be upon the same terms and conditions applicable during the original Lease Term, except that Rent for the Renewal Term shall be as established above.

Section 3.5 Except as expressly provided to the contrary in this Lease (including, without limitation, Article 4), Tenant shall not be required to pay for cost adjustments resulting from operating expense escalations during the Lease Term; provided, however, the parties acknowledge and agree that with respect to any Renewal Term for floors nine (9) and ten (10), Rent shall be adjusted to the Market Rate, which shall include adjustments to operating expenses as of the commencement of such Renewal Term. The

Operating Expenses of the Expansion Option and Renewal Term for the lease of the Floor 4 space under the Expansion Option, if exercised, shall be calculated in accordance with Section 3.4 and "Base Operating Expenses" shall be defined as the actual Operating Expenses incurred by Landlord for the calendar year of 2024 (subject to adjustment pursuant to Section 3.2(c).

Section 3.6 Tenant may terminate this Lease at any time after three (3) years from commencement date of the Lease; however, Tenant shall provide Landlord with at least a six month written notice of termination and reimburse the Landlord the unamortized portion of the broker commission fees over the Lease term.

ARTICLE 4.

Improvements, Maintenance and Repair of the Leased Premises

Section 4.1 Landlord, at its sole cost and expense, shall build out the Leased Premises as listed in the Work Letter attached as **Exhibit "D-1"** to this Lease (the "Work Letter") and the Tenant Specifications (hereinafter defined in the Work Letter and attached as **Exhibit "D"** to this Lease), as listed below and as may additionally be agreed upon in writing by the Parties. Tenant shall not be entitled to make any changes to the Tenant Specifications set forth on **Exhibit "D"**. Landlord shall not be required to make any alterations or improvements to the Leased Premises, including data wiring and IT equipment, except as expressly set forth in this Lease and the exhibits hereto.

Tenant shall be provided 6.0 watts per usable square foot for high - and low - voltage requirements, to include "Building Standard" lighting and convenience outlets, but not including any electricity for any item that requires a voltage other than 120 volts, single phase. All Building Standard electrical power shall be supplied by Landlord.

The HVAC system shall have sufficient cooling and heating capacity to maintain an average inside air temperature of 72 degrees +/- 2% FDB and relative humidity at 50% +/- 8% during summer and 72 degrees FDB during winter based on 99.6% ASHRAE design conditions. Without limiting the foregoing, if any of Tenant's electrical equipment, including without limitation, the computer server equipment and mail room equipment to be installed in the Leased Premises, requires conditioned air in excess of the standard amount for conventional office building operation in the City of Houston, then all reasonable costs and expenses incurred from time to time in connection with such excess air conditioning equipment, including, without limitation, all costs and expenses relating to the design, installation, operation, maintenance, repair and replacement thereof shall be the responsibility of Tenant. Landlord shall provide HVAC service at times outside of Hours of Operation upon Tenant's request with Tenant paying for such after-hours HVAC at Landlord's current after hours HVAC rates, which after hours HVAC rate may be

changed by Landlord from time to time during the Lease Term based on the increase in electrical costs in Landlord's electrical contract. If the Landlord increases the after-hours HVAC rate based on such contract, then Tenant shall have the right to review such electrical contract.

Section 4.2 In the event the Landlord has not substantially completed the build out of the Leased Premises by January 2, 2019 (or February 1, 2019 if extended as provided in Section 1.1(e)), Tenant may, upon thirty (30) day written notice, terminate the Lease without any further obligation to the Landlord. In the event the Landlord presents Tenant build-out plans or related documents for review and approval during the build-out phase, Tenant shall respond within three (3) business days; and any failure to timely respond will extend the above deadline by the number of days Tenant exceeds such three (3) business days. Moreover, such date shall be further extended by one (1) day for each day of Delay (as such term is defined in **Exhibit "D-1"** attached hereto).

Section 4.3

(a) Landlord shall provide Tenant up to three (3) unreserved parking spaces in the garage attached to the Project per one thousand square feet leased (3/1,000) at a rate of sixty-five dollars (\$65.00) per space per month exclusive of applicable taxes. Landlord shall abate unreserved garage parking rental for the first three (3) years of the Lease. Tenant may elect to convert up to ten percent (10%) of the above allocable ratio to reserved spaces during the term of the Lease at a rate of one hundred twenty dollars (\$120.00) per month per space. After the first 12 months of the Lease Term, Tenant shall have one time right of cancellation of the reserved spaces and the rental charge for such reserved spaces shall be terminated.

(b) Tenant shall notify Landlord no later than the last day of the twelve (12) month of the Lease of the number of parking spaces it desires whether reserved or unreserved. Landlord reserves the right, after thirty (30) days advance written notice to Tenant, to locate unreserved parking spaces in excess of two spaces per one thousand (2/1,000) square feet leased to a parking facility within two (2) blocks of the Project during the remainder of the Term or Tenant will at its cost, move 80 of the unreserved parking spaces to 700 Pierce with the remaining 40 unreserved parking spaces staying in the garage.

(c) Tenant may park up to thirty (30) vehicles needing overnight storage on the roof of the garage attached to the Project at no cost to the Tenant during the Lease term.

(d) All visitor surface parking serving all of the tenants of the Project and their invitees in front of the Project and all visitor parking on the first floor of the Project garage will be designated as one (1) hour parking. Landlord reserves the right to make changes to the number of visitor parking spaces as well as the parking charges to the visitors to use such spaces.

(e) Landlord shall restripe the surface parking lot at 700 Pierce.

Section 4.4 Landlord shall provide at no cost to Tenant, in a good and workmanlike manner and in accordance with all applicable law, a building card key access system for entry into the Project and Leased Premises. Landlord shall provide Tenant with 180 card keys at no cost to Tenant; additional card keys shall cost Tenant \$2.00 for each card key.

Section 4.5 Landlord shall provide base building carpet for the Leased Premises as set forth in the Work Letter.

Section 4.6 Subject to the terms of this Section 4.6, Landlord shall provide as a part of Operating Expenses all maintenance and make any necessary repairs and replacements to the foundation; the walls; plate glass windows, doors, door closure devices and other exterior openings; window and door frames; locks and hardware securing the Leased Premises; molding; exterior lighting fixtures; natural gas, water, sanitary sewer and electricity lines; the roof; heating and air conditioning equipment; and electrical, mechanical and plumbing equipment serving the Leased Premises. In addition, Landlord shall keep the sidewalks, parking areas and service areas adjacent to the Leased Premises in good and clean condition. In the event the Leased Premises shall be in need of repairs required to be made by the Landlord, Tenant shall give immediate written notice thereof to Landlord. Tenant shall be responsible for the cost to maintain, repair or replace any of the foregoing to the extent necessitated by the negligence or willful misconduct of Tenant, its agents, employees or contractors.

Section 4.7 On the Occupancy Date, Landlord shall deliver the Leased Premises to Tenant in a vacant condition, free of debris and furniture, and provide it in clean, good working order, with all pre-existing mechanical, electrical and plumbing systems in good working condition. Landlord shall have the Leased Premises in compliance with the Americans with Disabilities Act and the regulations thereunder and all other applicable regulatory codes applicable to the Project (collectively, the "Accommodation Laws") as enacted and interpreted as of the Occupancy Date, and any repairs, remodeling or retrofitting required for Landlord to be in compliance with the foregoing as of the Occupancy Date shall be performed by Landlord, at Landlord's sole cost and expense.

Section 4.8 By taking possession of the Leased Premises, Tenant is deemed to have accepted the Leased Premises and agreed that the Leased Premises is in good order and satisfactory condition. Following the Occupancy Date, (a) Tenant shall assume all responsibility for compliance with the Accommodation Laws (as enacted and interpreted after the Occupancy Date) relating to the interior of the building on the Leased Premises and the activities conducted by Tenant therein, and (b) Landlord shall retain all responsibility for compliance with the Accommodation Laws (as enacted and interpreted after the Occupancy Date) relating to the exterior of the building and the parking areas on the Leased Premises (excluding the Covered Parking, which shall be the responsibility of Tenant). In the event Tenant fails to comply with the requirements of this Section 4.8 within a reasonable time after written notice from Landlord, Landlord shall have the right to perform the same on Tenant's behalf and at Tenant's expense.

Section 4.9 At the expiration or termination of this Lease, Tenant shall surrender the Leased Premises in good condition, excluding reasonable wear and tear, Landlord's maintenance obligations and loss by fire or other casualty excepted, and shall surrender all keys for the Leased Premises to Landlord.

ARTICLE 5.
General Services

Section 5.1 Except as expressly provided to the contrary in this Lease, Landlord agrees to provide and maintain, as a part of Operating Expenses, the following services:

- (a) Working and adequate central heating, ventilation and air conditioning during Tenant's hours of operation;
- (b) Cold water for drinking, lavatory and toilet purposes drawn through fixtures installed by Landlord and hot water for lavatory purposes;
- (c) Shades, blinds, or the like, as may be agreed upon by Landlord and Tenant;
- (d) Building standard LED lighting fixtures installed by Landlord and replacement of defective LED lamps in such fixtures as needed from time to time. Lighting for the parking areas directly west of the building of the Project shall be operated and maintained using lighting per City of Houston Lighting Code;
- (e) Janitorial services and supplies in and about the Leased Premises, once per day and five days per week; provided that Landlord shall have use of the mechanical rooms for storage of janitorial and maintenance supplies associated with the operation of the Project;
- (f) All areas in and about the Leased Premises, including, but not limited to, all restrooms and the public areas and elevator lobbies on all floors shall comply with the Accommodation Laws, subject to Section 4.7 of this Lease. The maintenance of the public areas will occur during all Hours of Operation, including, but not limited to, removal of all trash and maintain compliance with all applicable law;
- (g) Pest control services throughout the Leased Premises as needed by Tenant; and
- (h) Trash dumpsters and disposal service as needed by Tenant during all Hours of Operation for commercially reasonable volumes and types of trash produced by Tenant (and Tenant only) at the Leased Premises; provided, however, Tenant shall not use the dumpsters provided by Landlord hereunder for the disposal of any Hazardous Material (hereinafter defined).

- (i) Landlord shall provide on-site security guard and lobby receptionist with the following hours:

Security Guard: 5:00 pm – 7:00 am – seven days per week

Lobby Receptionist: 7:00 am – 5:00 pm Monday - Friday

For the purposes hereof, "Essential Services" shall mean 50% of HVAC, 50% of the electricity and 50% of the water and all elevators serving the Leased Premises. In the event of service interruption of Essential Services to the Leased Premises which such failure (i) is the result of conditions within Landlord's reasonable control and (ii) continues for more than four (4) consecutive business days after written notice to Landlord by Tenant of such interruption of Essential Services, Monthly Rent shall be abated for the period commencing on the sixth (6th) business day of interruption of such Essential Services and terminating on the day of restoration of the Essential Services. Failure to re-establish Essential Services for more than thirty (30) consecutive days shall constitute default and Tenant, at its sole discretion, may terminate the Lease.

Section 5.2 Landlord shall pay, before delinquency, all taxes and assessments of every nature which are levied upon or assessed against the Project by any political subdivision and for whatever purpose.

Section 5.3 Tenant shall be responsible for all charges for telephone, internet, and other communication services furnished to the Leased Premises. Upon the termination of this Lease, Tenant shall have the right to remove any telephone equipment owned by Tenant. Tenant shall promptly repair any damage to the Leased Premises caused by such removal.

ARTICLE 6. **Landlord's Right of Access**

Upon twenty-four (24) hour advance written notice to Tenant or without notice in the event of an emergency, Landlord shall have the right to enter upon the Leased Premises for the purpose of inspecting or making repairs, alterations or additions to the Leased Premises, or showing the Leased Premises to prospective lenders, purchasers or, during the last twelve (12) months of the Lease Term, to prospective tenants; provided, however, Tenant shall have the right to select another time or date within twenty-four (24) hours of Landlord's desired time and date for Landlord to enter the Leased Premises in a non-emergency situation. Non-emergency entries upon the Leased Premises by Landlord shall be during normal business hours and coordinated with Tenant so as to minimize the interference with Tenant's use of the Leased Premises; provided, however, Landlord may enter the Leased Premises without advance notice for the purpose of (a) performing routine janitorial and other services that Landlord is required to perform under this Lease, and (b) monitoring Tenant's electrical usage within the Leased Premises in accordance with Section 4.1 of the Lease. Notwithstanding the foregoing, Landlord and Tenant acknowledge and agree that certain areas within the Leased Premises may contain sensitive or confidential information of Tenant and that Landlord will be restricted

from accessing such areas unless accompanied by Tenant. Tenant agrees to notify Landlord in writing of any such restricted areas as soon as reasonably practical after the Occupancy Date.

ARTICLE 7.
Alterations and Fixtures

Tenant shall not make any alterations, additions or improvements, including but not limited to structural work, to the Leased Premises without the prior written consent of Landlord, which consent will not unreasonably be delayed or denied (with respect to non-structural alterations only); however, Tenant shall not be required to obtain any consent whatsoever from Landlord for any alterations, additions or improvements which only involve (i) the installation and removal of unattached, movable furniture and trade fixtures which may be installed without drilling, cutting or otherwise defacing the Leased Premises, or (ii) any interior lighting, window or door lettering, placards, decorations or paintings. All alterations, additions, improvements and unattached, movable furniture and trade fixtures made or installed by Tenant upon the Leased Premises shall remain the property of Tenant and may be removed by Tenant at any time, including upon the expiration or termination of this Lease; provided, however, Tenant shall promptly repair any damage to the Leased Premises caused by such removal. Any linoleum, carpeting or other floor covering which may be cemented or otherwise affixed to the floor of the Leased Premises is a permanent fixture and shall become the property of Landlord.

ARTICLE 8.
Mutual Release

Section 8.1 LANDLORD SHALL RELEASE TENANT FROM AND HEREBY WAIVES WITH RESPECT TO TENANT ANY AND ALL CLAIMS OR LIABILITY FOR ANY INJURY OR DAMAGE TO ANY PERSON OR PROPERTY IN, ON OR ABOUT THE PROJECT OR ANY PART THEREOF, TO THE EXTENT SUCH INJURY OR DAMAGE SHALL BE CAUSED BY THE ACT, NEGLIGENCE, FAULT OF, OR OMISSION BY LANDLORD, OR ITS AGENTS, SERVANTS OR EMPLOYEES, INCLUDING BUT NOT LIMITED TO CLAIMS UNDER THE ACCOMMODATION LAWS (BUT ONLY WITH RESPECT TO CLAIMS RELATING TO VIOLATIONS ARISING AS OF THE OCCUPANCY DATE).

Section 8.2 TENANT SHALL RELEASE LANDLORD FROM AND HEREBY WAIVES WITH RESPECT TO LANDLORD ANY AND ALL CLAIMS OR LIABILITY FOR ANY INJURY OR DAMAGE TO ANY PERSON OR PROPERTY IN, ON OR ABOUT THE PROJECT OR ANY PART THEREOF, TO THE EXTENT SUCH INJURY OR DAMAGE SHALL BE CAUSED BY THE ACT, NEGLIGENCE, FAULT OF, OR OMISSION BY TENANT, OR ITS AGENTS, SERVANTS OR EMPLOYEES, INCLUDING BUT NOT LIMITED TO CLAIMS UNDER THE ACCOMMODATION LAWS (BUT ONLY WITH RESPECT TO CLAIMS RELATING TO VIOLATIONS ARISING AFTER THE OCCUPANCY DATE).

Section 8.3 UPON THE FILING BY ANYONE OF ANY TYPE OF CLAIM, CAUSE OF ACTION OR LAWSUIT AGAINST LANDLORD OR TENANT FOR ANY TYPE OF DAMAGES ARISING OUT OF INCIDENTS FOR WHICH THE OTHER PARTY MAY BE LIABLE, THE PARTY BEING SUBJECT TO SUCH CLAIM, CAUSE OF ACTION OR LAWSUIT SHALL NOTIFY THE OTHER PARTY OF THE SAME.

ARTICLE 9
Casualty and Liability Insurance

Section 9.1 As a part of Operating Expenses, Landlord shall obtain (or cause its applicable vendor or other service professional to obtain) and maintain in full force and effect throughout the Lease Term and any extensions or renewals thereto the following insurance:

(a) Standard Fire and Extended Coverage Insurance insuring the Project and all building-standard improvements or additions to the Leased Premises for the full replacement cost thereof with reasonable deductibles (excepting tenant's personal property and trade fixtures);

(b) Worker's Compensation Insurance in accordance with statutory requirements; and

(c) Commercial General Liability Insurance, including blanket contractual liability, products and completed operations, personal injury, bodily injury, broad form property damage, operations hazard, explosion, collapse and underground hazards for not less than \$1,000,000 combined single limit arising out of any one occurrence and a general 12-month aggregate limit of at least \$2,000,000.

Section 9.2 All insurance policies shall be issued by a company or companies with a valid certificate of authority to do business in the State of Texas issued by the Texas State Board of Insurance and rated "A" or better in the most current edition of Best's Insurance Reports, and all commercial general liability insurance policies shall also name Tenant as an additional insured. Landlord shall deliver to Tenant copies of all insurance certificates and policies required to be carried by Landlord under this Lease, with evidence of payment of premiums for such policies, within thirty (30) days after execution of this Lease. With respect to renewals of such policies, Landlord shall deliver to Tenant an insurance certificate not later than thirty (30) days prior to the end of the expiring term of coverage and deliver to Tenant a copy of such insurance policies promptly upon their receipt by Landlord. Upon Tenant's request and to the extent reasonably available, Landlord shall deliver to Tenant certified copies of such policies. All such policies and certificates shall contain an agreement that the insurer shall notify Tenant in writing not less than thirty (30) days before any material change, reduction in coverage, or cancellation of any policy (or not less than ten (10) days with respect to the non-payment of premiums). All such insurance policies and certificates shall also include a clause or endorsement denying Landlord's insurer any right of subrogation against Tenant (the "Subrogation Waiver Endorsement"). LANDLORD HEREBY WAIVES ANY RIGHT OF RECOVERY, CLAIM, CAUSE OF ACTION OR ACTION AGAINST TENANT

FOR INJURY OR LOSS (INCLUDING, WITHOUT LIMITATION, INJURY OR LOSS CAUSED BY THE SOLE NEGLIGENCE OF TENANT) BY REASON OF ANY CAUSE REQUIRED TO BE INSURED BY LANDLORD IN THIS LEASE, WHICH WAIVER SHALL BE EFFECTIVE FOR PURPOSES OF THE SUBROGATION WAIVER ENDORSEMENT.

Section 9.3 As a political subdivision of the State of Texas and governmental unit, Tenant is self-insured under the Texas Tort Claims Act (Chapter 101, *et seq.*, Tex. Civ. Pac. & Rem. Code Ann.) and its statutory liability is limited to a maximum amount of \$100,000 per person and \$300,000 for each single occurrence for bodily injury or death and \$100,000 for each single occurrence for injury to or destruction of property. Under its status as a political subdivision, Tenant does not provide or purchase insurance for Commercial General Liability, Blanket Contractual Liability, Broad Form Property Damage, Personal and Advertising Injury, Completed Operations/Products Liability, Medical Expenses, and Interest of Employees as additional insureds. Additionally, as a political subdivision, Tenant provides Workers' Compensation benefits to Tenant's employees involved in the performance of this Agreement under a self-insurance plan pursuant to Tex. Labor Code Ann § 504.011, as amended. TENANT HEREBY WAIVES ON ITS OWN BEHALF AND ON BEHALF OF ANY PARTY CLAIMING BY, THROUGH OR UNDER TENANT, ANY RIGHT OF RECOVERY, CLAIM, OR CAUSE OF ACTION AGAINST LANDLORD FOR INJURY OR LOSS (INCLUDING, WITHOUT LIMITATION, INJURY OR LOSS CAUSED BY THE SOLE NEGLIGENCE OF LANDLORD) TO THE EXTENT THAT SUCH INJURY OR LOSS WOULD HAVE BEEN COVERED UNDER STANDARD INSURANCE POLICIES COMMONLY HELD BY LESSEES IN SIMILAR COMMERCIAL OFFICE BUILDINGS IN HOUSTON, HARRIS COUNTY, TEXAS.

ARTICLE 10

Damage by Casualty

Section 10.1 . In the event the Leased Premises are wholly or partially damaged or destroyed by a fire, storm, tornado, or other casualty, then, unless this Lease is terminated as hereinafter provided, Landlord shall perform Landlord's Restoration Work (as hereinafter defined) with reasonable dispatch and continuity. "Landlord's Restoration Work" shall mean all of the work necessary to repair and restore the Leased Premises to substantially the same condition the Leased Premises was in immediately prior to such casualty, except for Tenant's trade fixtures and personal property, the restoration of which shall be the sole responsibility of Tenant. Tenant shall give prompt written notice to Landlord of any such damage, and Landlord shall, within thirty (30) days following the receipt of such notice, furnish to Tenant an estimate (the "Estimate") prepared and certified by an independent architect or contractor selected by Landlord and reasonably acceptable to Tenant, of the date (the "Restoration Date") by which Landlord's Restoration Work is reasonably scheduled to be completed. If the Restoration Date is a date later than one hundred eighty (180) days after the date Tenant receives the Estimate, then Tenant may, at its option, terminate this Lease by giving written notice to Landlord within ten (10) days after Tenant's receipt of the Estimate. In any case where the Estimate does not give rise to Tenant's termination right set forth above (as well as any case where Tenant does not elect to exercise its termination right set forth above), Tenant shall have the right to terminate this Lease if for any reason Landlord's Restoration Work is not

completed within thirty (30) days after the Restoration Date. Tenant may exercise the termination right described in the preceding sentence by delivering written notice thereof to Landlord at any time following the Restoration Date and prior to the date Landlord completes Landlord's Restoration Work. If Tenant terminates this Lease as provided in this Section 10.1, then such termination shall be effective on the date specified in Tenant's notice of termination but no later than one hundred eighty (180) days after the date of such notice as if such date were the date fixed for the expiration of the Term. Tenant shall have the option to extend the Lease Term for a period equal to the number of days from the occurrence of the casualty until the Restoration Date, with such extension to be at the same rental rate that was in effect immediately prior to the casualty. Each party shall give the other party immediate written notice of any damage caused to the Leased Premises by fire or other casualty. If the Leased Premises are partially damaged or destroyed or rendered unfit for the operation of Tenant's business, then the Rent shall be abated in proportion to the area of the Leased Premises that has been rendered unfit for the operation of Tenant's business or inaccessible for the period from the date of such damage or destruction until the Landlord's Restoration Work is Substantially Completed (as such term is defined in **Exhibit "D-1"** attached hereto). If the Leased Premises is totally destroyed or rendered unfit for the operation of Tenant's business, then the Rent shall abate completely as of the date of the damage or destruction and until the Landlord's Restoration Work is Substantially Completed (as such term is defined in **Exhibit "D-1"** attached hereto).

ARTICLE 11. **Eminent Domain**

Section 11.1 If any of the floor area of the Leased Premises should be taken for any public or quasi-public use under any governmental law, ordinance or regulation or by right of eminent domain or by private purchase in lieu thereof, which taking materially interferes with Tenant's use and occupancy of the Leased Premises, either party shall have the option to terminate this Lease within thirty (30) days after the above determination. If neither party terminates this Lease within such time period, Landlord shall make all necessary repairs or alterations to make the Leased Premises an architectural whole.

Section 11.2 All compensation awarded for any taking (or the proceeds of a private sale in lieu thereof) of the Project or the Leased Premises shall be the property of Landlord; and Tenant shall not be entitled to any part of the compensation paid for the taking of Tenant's leasehold estate; provided, however, Tenant shall be entitled to seek compensation for any of Tenant's personal property taken by the condemning authority, which would remain the property of Tenant if this Lease expired in accordance with its terms, provided such award in no way diminishes Landlord's award for the taking of the Project, the Leased Premises or any leasehold estate therein.

ARTICLE 12 **Assignment and Subletting**

Section 12.1 Tenant shall not have the right to assign, sublet, transfer or encumber this Lease, or any interest therein, without the prior written consent of Landlord which consent shall not be unreasonably withheld. If Tenant's assignee, sublessee, or transferee will not have similar general office and visitor use as Tenant, then Landlord's denial of consent to such assignment, sublease, or transfer would not be considered unreasonably withheld.

Section 12.2 In the event of the transfer or assignment by Landlord of its interest in any portion of the Leased Premises or this Lease, Landlord shall be released from any obligations hereunder pertaining to such portion of the Leased Premises or this Lease arising after the date of transfer or assignment; however, Landlord shall not be released and will continue to be liable for any obligations arising prior to such transfer or assignment.

ARTICLE 13.

Default by Tenant and Remedies

Section 13.1 The occurrence of any of the following events shall constitute an "Event of Default" by Tenant under this Lease:

- (a) Tenant shall fail to pay any Rent, or any other expense demanded by Landlord as herein provided, and such failure shall continue for a period of ten (10) days after written notice thereof to Tenant by Landlord (provided that Landlord shall not be required to provide such notice more than two (2) times during any calendar year, after which time an Event of Default shall occur immediately upon Tenant's failure to pay Rent and other sums owed when due under the Lease).
- (b) Tenant shall fail to comply with any term, provision or covenant of this Lease, other than the payment of the Rent or expenses demanded by Landlord, and such failure shall continue for a period of thirty (30) days after written notice thereof to Tenant by Landlord.

Section 13.2 Upon the occurrence of an Event of Default under Section 13.1(a), Landlord shall have the option to terminate this Lease, or to pursue any other remedies at law or in equity. Upon the occurrence of an Event of Default under Section 13.1(b), Landlord shall have the option, provided Tenant fails to cure such default after Landlord has given Tenant an additional thirty (30) days prior written notice specifying such default with particularity, to terminate this Lease, or to pursue any other remedies at law or in equity.

ARTICLE 14

Default by Landlord and Remedies

Section 14.1 If Landlord defaults in the performance of any covenants or agreements contained within this Lease and fails to cure such default within thirty (30) days after written notice thereof is given by Tenant describing such default with particularity (provided, however, that if such default cannot reasonably be cured within

said thirty (30) day period said period shall be extended so long as Landlord shall diligently prosecute such cure to completion) then Tenant may, at its option, terminate this Lease or pursue any other remedies available to Tenant at law or in equity. Notwithstanding anything to the contrary contained in this Lease, in the event of a default by Landlord as described above, Tenant shall be entitled to cure such default on behalf of and at the expense of Landlord (hereinafter referred to as "Tenant's Right of Self-Help"), subject to the terms and conditions of this Section 14.1. Tenant shall not be entitled to exercise Tenant's Right of Self-Help unless and until (a) Tenant has provided Landlord with an additional written notice of Landlord's default under this Lease and thirty (30) days thereafter to cure such default and (b) Landlord fails to cure such default within such additional time period. Tenant's Right of Self-Help shall permit Tenant to perform all reasonable and necessary work and make all necessary payments to protect Tenant's continued use and occupancy of the Leased Premises. Landlord shall pay Tenant on demand the reasonable, out-of-pocket costs incurred and any amounts so paid by Tenant on behalf of Landlord arising out of Tenant's exercise of Tenant's Right of Self-Help, together with all interest accrued thereon at a rate of one percent (1%) per month, or if such rate is above the maximum legal rate then at the maximum legal rate, until Tenant has been completely reimbursed.

ARTICLE 15. **Subordination**

Tenant accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter created upon the Project, and to any renewals and extensions thereof. Landlord is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien hereafter placed upon the Project, and Tenant agrees to execute such further instruments subordinating this Lease as Landlord may request. Tenant's subordination shall be expressly conditioned upon Landlord securing a non-disturbance agreement from any lender, which assures Tenant that in the event of foreclosure, or in the event title to the Project is transferred in lieu of such foreclosure, or in the event any lender directly or indirectly becomes the new landlord of the Leased Premises, that the terms of this Lease will not be terminated, disturbed, or adversely affected, so long as Tenant is not in default at such time. Landlord agrees that, within thirty (30) days from the date of execution of this Lease, it will provide Tenant with commercially reasonable non-disturbance agreements in favor of Tenant from any ground lessors, mortgage holders or lien holders then in existence or, if none are in existence, Landlord shall acknowledge that there are no ground lessors, mortgage holders or lien holders. Said non-disturbance agreements shall be recorded, at Tenant's election and at Tenant's sole cost and expense, in the Real Property Records of Harris County, Texas. In the event Landlord fails to provide such non-disturbance agreements within the time frame set forth herein, Tenant shall have the right to terminate this Lease and Landlord shall reimburse Tenant for all of Tenant's out-of-pocket costs incurred in connection with this Lease; provided, however, such right shall be waived unless exercised by Tenant within sixty (60) days after Landlord fails to provide the non-disturbance agreement within the time frame set forth herein.

ARTICLE 16.

Environmental Restrictions

Section 16.1 Neither Landlord nor Tenant shall transport, use, store, maintain, generate, manufacture, handle, dispose, release or discharge any "Hazardous Material" (hereinafter defined) upon or about the Project, nor permit their employees, agents, and contractors to engage in such activities upon or about the Project. However, the foregoing provisions shall not prohibit the transportation to and from, and use, storage, maintenance and handling within the Project of substances customarily used in owning, managing, repairing, leasing, or operating real estate similar to the Project; provided (i) such substances shall be used and maintained only in such quantities as are reasonably necessary and in accordance with applicable law and the manufacturers' instructions therefor and (ii) such substances may be disposed of, released or discharged at the Project if permitted by and in compliance with applicable laws, and shall be transported to and from the Project in compliance with all applicable laws.

Section 16.2 Each party shall promptly notify the other party upon the notifying party becoming aware of: (i) any enforcement, cleanup, or other regulatory action taken or threatened against either party by any governmental or regulatory authority with respect to the presence of any Hazardous Material on the Project, (ii) any demands or claims made or threatened by any party against Landlord, Tenant relating to any loss or injury resulting from any Hazardous Material, (iii) any unlawful release, discharge or nonroutine, improper or unlawful disposal or transportation of any Hazardous Material on or from the Project, and (iv) any matters where the party is required by law to give a notice to any governmental or regulatory authority respecting any Hazardous Materials in Building. At such times as Tenant may reasonably request, Landlord shall provide Tenant with a written list identifying any Hazardous Material then actually known to Landlord to be then used, stored, or maintained upon the Project, a copy of any material safety data sheet ("MSDS") issued by the manufacturer therefore, written information concerning the removal, transportation and disposal of the same, and such other information as the requesting party may reasonably require or as may be required by laws. At such times as Landlord may reasonably request, Tenant shall provide Landlord with an MSDS issued by the manufacturer therefore, written information concerning the removal, transportation and disposal of the same, and such other information as the requesting party may reasonably require or as may be required by laws. The term "Hazardous Material" shall mean any chemical, substance, material or waste or component thereof which is now or hereafter listed, defined or regulated as a hazardous or toxic chemical, substance, material or waste or component thereof by any federal, state or local governing or regulatory body having jurisdiction or under any applicable environmental laws, or which would trigger any employee or community "right-to-know" requirements adopted by any such body, or for which any such body has adopted any requirements for the preparation or distribution of an MSDS.

Section 16.3 If any Hazardous Material is released, discharged or disposed of by Landlord or Tenant or their respective employees, agents or contractors, on or about the Project in violation of the foregoing provisions, the releasing, discharging or disposing party shall immediately, properly and in compliance with all applicable laws and ordinances, clean up and remove the Hazardous Material from the Project and any other

affected property, at such party's sole cost and expense. Such clean up and removal work shall include, without limitation, any testing, investigation and/or preparation and implementation of any remedial action plan required by any governmental body having jurisdiction. If the releasing, discharging or disposing party shall fail to comply with the provisions of this Section within five (5) days after written notice by the other party, or such shorter time as may be required by law, the other party may (but shall not be obligated to) arrange for such compliance directly through contractors or other parties selected by the other party, at the releasing, discharging or disposing party's expense.

Section 16.4 Landlord represents and warrants to Tenant that, to Landlord's knowledge, (i) the Leased Premises have been tested for airborne fibers (including, but not limited to, asbestos fibers) using the Phase Contrast Microscopy, NIOSH 7400 method, and the amount of airborne fibers on the Leased Premises shown by such testing does not exceed 0.01 fibers per cubic centimeter, and (ii) the air conditioning ducts on the Leased Premises are self-contained from other parts of the Project in a manner which would substantially prevent asbestos containing materials from being transmitted to the Leased Premises through the air conditioning ducts. Landlord has provided or will provide within ten (10) days after the Lease Effective Date copies of all reports in Landlord's possession relating to the tests described above.

Section 16.5 Landlord gives Tenant the right, upon prior written notice to Landlord, to test for airborne fibers, at Tenant's sole cost and expense, during normal business hours within the period of time beginning on the Lease Effective Date and ending thirty (30) days after the Occupancy Date, and in which event Tenant shall promptly provide Landlord with any "Test Result Notice". Unless required otherwise by any federal, state or local law, rule or ordinance governing asbestos testing in Houston, Harris County, Texas (in which case Landlord covenants to comply with such application requirements), such testing shall be performed using Phase Contract Microscopy. If a Test Result Notice reveals that the airborne fiber level in any portion of the Leased Premises exceeds the "Acceptable Level" (defined as the lesser of (i) the lawful legal limit applicable to real estate in Houston, Harris County, Texas, or (ii) 0.01 fibers per cubic centimeter), Landlord shall have the option, for a period of thirty (30) days ("Retest Period") following such Test Result Notice, to conduct, as a part of Operating Expenses, additional testing to verify whether the asbestos fiber level in the Leased Premises exceeds the Acceptable Level. If, upon the expiration of the Retest Period, Landlord has elected not to conduct such additional testing or if Landlord has conducted such additional testing and such additional testing verifies that the asbestos fiber level in the Leased Premises exceeds the Acceptable Level, then Tenant shall have the option to either (a) continue to remain in the Leased Premises with all lease terms and conditions remaining unchanged or (b) terminate this Lease by giving written notice to Landlord (provided that such termination notice must be supplied within thirty (30) days after the expiration of the Retest Period or such right will be deemed waived by Tenant). Rent shall abate during the Retest Period (and any thirty (30) day period thereafter that Tenant is entitled to terminate this Lease), but only to the extent that Tenant does not occupy the Leased Premises during such periods.

If a Test Result Notice reveals that the airborne fiber level in any portion of the Leased Premises exceeds the "Acceptable Level" (defined as the lesser of (i) the lawful legal limit applicable to real estate in Houston, Harris County, Texas, or (ii) 0.01 fibers per cubic centimeter), then Tenant shall have the option, exercisable only for a period of thirty (30) days after Landlord's receipt of the Test Result Notice, to terminate this Lease by giving written notice to Landlord.

ARTICLE 17.

Notices

Wherever any notice is required or permitted hereunder such notice shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered when deposited in the United States mail, postage prepaid, Certified or Registered Mail, Return Receipt Requested, addressed to the parties hereto at their respective addresses set forth in the preamble paragraph of this Lease or such other address as may be specified by written notice.

ARTICLE 18.

Holding Over by Tenant

In the event Tenant remains in the Leased Premises after the end of the Lease Term, Tenant shall become a month-to-month Tenant and pay Landlord a monthly rent equal to the amount paid by Tenant in the last month of the Lease Term for up to three (3) months as long as Tenant starts its relocation process more than six (6) months prior to lease expiration and sends Landlord notice of relocation efforts. Holdover payments will be paid in full month increments. After the three (3) month period the rent shall increase to 125% of the then current rent on a per diem basis.

ARTICLE 19.

Signage

Landlord shall provide and keep in good repair exterior monument signage as part of Operating Expenses. Tenant's sign on Landlord's existing monument sign located on Milam Street shall be located on the middle top panel of such monument sign, and Tenant's sign on Landlord's existing monument sign located on Travis Street shall be located on the bottom left panel of such monument sign. The letters and wording on such signs shall be as mutually agreed to by Landlord and Tenant. All lettering will be provided by Landlord at no expense to the Tenant. Additionally, Landlord shall list Tenant in the Project's directory located in the main lobby of the Project. Landlord shall, at its expense, repair, paint and/or replace the surface to which its signage is attached upon vacation, desertion or abandonment of the Leased Premises by Tenant or removal or alteration of such signage.

ARTICLE 20.

Brokerage

Landlord will pay in full a brokerage commission to Tenant's designated broker Cushman & Wakefield of Texas, Inc. and Landlord's designated broker Transwestern, under a separate commission agreement.

ARTICLE 21.
Estoppel Certificate

Tenant shall from time to time, upon written request by Landlord or a lender, deliver to Landlord or a lender, within thirty (30) days after receipt of such request, a statement in writing certifying: (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, identifying such modifications and certifying that the Lease, as modified, is in full force and effect); (ii) the dates to which Rent has been paid; (iii) that Landlord is not in default under any provision of this Lease (or if Landlord is in default, specifying each such default); (iv) the address to which notices to Tenant shall be sent, and (v) such other matters as may be reasonably requested by Landlord; it being understood that any such statement so delivered may be relied upon in connection with any lease, mortgage or transfer.

Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that: (i) this Lease is in full force and effect and not modified except as Landlord may represent; (ii) not more than one month's Rent has been paid in advance; (iii) there are no defaults by Landlord; and (iv) notices to Tenant shall be sent to Tenant's address as set forth in the preamble of this Lease. Notwithstanding the presumptions of this Article, Tenant shall not be relieved of its obligation to deliver said statement.

ARTICLE 22.
Force Majeure

Landlord shall be excused for the period of any delay in the performance of any obligation hereunder when prevented from so doing by a cause or causes beyond its control, including all labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, inability to obtain or delays in obtaining any governmental approvals or permits, fire or other casualty, inability to obtain or delay in obtaining any material, services or financing, or through acts of God. Tenant shall similarly be excused for delay in the performance of any obligation hereunder; provided:

- (a) nothing contained in this Article or elsewhere in this Lease shall be deemed to excuse or permit any delay in the payment of the Rent, or any delay in the cure of any default which may be cured by the payment of money;
- (b) no reliance by Tenant upon this Article shall limit or restrict in any way Landlord's right of self-help as provided in this Lease; and
- (c) Tenant shall not be entitled to rely upon this Article unless it shall first have given Landlord notice of the existence of any force majeure preventing the

performance of an obligation of Tenant within five days after the commencement of the force majeure.

ARTICLE 23.
Miscellaneous

Section 23.1 Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between Landlord and Tenant, it being understood and agreed that neither the method of computation of rental, nor any other provisions contained herein, nor any acts of Landlord and Tenant, shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant. Whenever herein the singular number is used, the same shall include the plural, and words of any gender shall include each other gender.

Section 23.2 In the event Landlord or Tenant will be interested in pursuing a buyout of the Leased Premises, the parties shall, in good faith, enter into such negotiation during the Initial Lease Term.

Section 23.3 The captions used herein are for convenience only and do not limit or amplify the provisions hereof.

Section 23.4 One or more waivers of any covenant, term or condition of this Lease by either party shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party to or of any act by the other party requiring such consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

Section 23.5 Landlord covenants and agrees that, if Tenant shall perform all of the covenants and agreements herein required to be performed by Tenant, Tenant shall, subject to the terms of this Lease, have the peaceable and quiet enjoyment and possession of the Leased Premises.

Section 23.6 This Lease contains the entire agreement between the parties, and no agreement shall be effective to change, modify or terminate this Lease in whole or in part unless such agreement is in writing and duly signed by the party against whom enforcement of such change, modification or termination is sought. This Lease supersedes all prior proposals.

Section 23.7 The laws of the State of Texas shall govern the interpretation, validity, performance and enforcement of this Lease. Any action brought to enforce or interpret this Lease shall be brought in the court of appropriate jurisdiction in Houston, Harris County, Texas. Should any provision of this Lease require judicial interpretation, Landlord and Tenant hereby agree and stipulate that the court interpreting or considering

the same shall not apply the presumption that the terms hereof shall be more strictly construed against a party by reason of any rule or conclusion that a document should be construed more strictly against the party who prepared the same, it being agreed that all parties hereto have participated in the preparation of this Lease and that each party had full opportunity to consult legal counsel of its choice before the execution of this Lease.

Section 23.8 Each and every agreement contained in this Lease is, and shall be construed as, a separate and independent agreement. If any provision of this Lease should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Lease shall not be affected thereby.

Section 23.9 Notwithstanding anything to the contrary in this Lease, all remedies of either party are cumulative and the election of a remedy by a party shall not foreclose such party from pursuing any other equitable or legal remedy.

Section 23.10 The terms, provisions and covenants contained in this Lease shall inure to the benefit of and be binding upon the parties hereto and their successors in interest.

Section 23.11 The Parties have executed this Agreement in multiple copies, each of which is an original. Each person signing this Agreement represents and warrants that he or she is duly authorized and has legal capacity to execute and deliver this Agreement. Each Party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder have been duly authorized and that the Agreement is a valid and legal agreement binding on such Party and enforceable in accordance with its terms.

Section 23.12 Tenant hereby grants the Director of Tenant's General Services Department or his or her designee the right to enforce all legal rights and obligations under this Lease without further authorization from other City officials. Landlord covenants to provide to the City Attorney all documents and records that the City Attorney deems necessary to assist in determining Tenant's compliance with this Lease, with the exception of those documents made confidential by federal or State law or regulation.

Section 23.13 TIME IS OF THE ESSENCE IN THIS LEASE.

Section 23.14 Tenant shall, within 10 business days of Landlord's notification of Substantial Completion, shall pay the Landlord two million six hundred thirty thousand seven hundred sixty and 00/100 dollars (\$2,630,760.00) for the build out of the Leased Premises upon Substantial Completion of the Leased Premises by a wire transfer. Landlord shall provide Tenant with wiring instructions.

Upon payment of the two million six hundred thirty thousand seven hundred sixty and 00/100 dollars (\$2,630,760.00) to the Landlord, the monthly rent shall be decreased by twenty-one thousand nine hundred twenty-three and 00/100 (\$21,923.00) for the term of the Lease.

Section 23.15 Landlord understands that the Tenant may be required to appropriate additional funds for all or portion of the Base Operating Expenses during the Lease term and agrees that:

- (1) Tenant's duty to pay money to Landlord for any purpose under this Lease is limited in its entirety by the provisions of this Section.
- (2) In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of two million six hundred thirty thousand seven hundred sixty and 00/100 dollars (\$2,630,760.00) for Fiscal year 2018 and will appropriate and allocate the sum of one hundred four hundred eighty and 40/100 dollars (\$ 100,480.40) in Fiscal Year 2019 to pay money due under this Lease (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for this Lease, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:
- (3) The City makes a Supplemental Allocation by issuing to Landlord a Service Release Order, or similar form approved by the City Controller, containing the language set out below. When necessary, the Supplemental Allocation shall be approved by motion or ordinance of City Council.

NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS

By the signature below, the City Controller certifies that, upon the request of the responsible director, the supplemental sum set out below has been allocated for the purposes of the Lease out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

\$ _____

The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under this Agreement in excess of the Allocated Funds. Landlord must assure itself that sufficient allocations have been made to pay for services it provides. If Allocated Funds are exhausted, Landlord's only remedy is suspension or termination of this Lease and it has no other remedy in law or in equity against the City and no right to damages of

any kind, except for recoupment of any unpaid Rent due and owing at the time of the suspension or termination of this Lease.

Tenant shall provide Landlord a copy of the City Ordinance approving this Lease.

Section 23.16 This Lease is subject to all terms and provisions of the Charter and Code of Ordinances of the City of Houston, Texas, and is subject to approval by the City Council of the City of Houston, Texas, and the signature of the Mayor and the counter-signature of the City Controller of the City of Houston, Texas to this Lease, and upon such approval and signatures, Tenant represents and warrants that all consents or approvals required for the execution, delivery and performance of this Lease have been obtained and that Tenant has the right and authority to enter into and perform its covenants and agreements contained in this Lease.

[Signature pages follow]

EXECUTED in multiple counterparts, dated as of the date of countersignature by the City Controller, and to be effective upon the Lease Effective Date.

"LANDLORD"

MIDTOWN CENTRAL SQUARE,
LLC., a Texas limited liability
company

By: Keeley Megarity

Name: Keeley Megarity

Title: Managing Member

Tax ID No. 46-2092060

[Execution page for Tenant on following page]

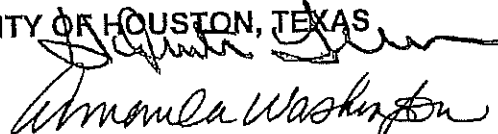
"TENANT"

ATTEST:



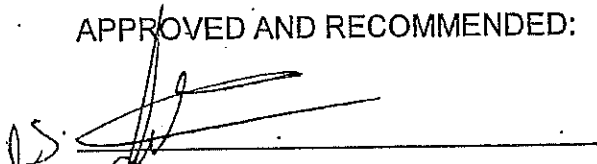
Anna Russell
City Secretary

CITY OF HOUSTON, TEXAS



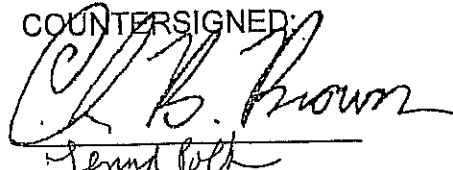
Sylvester Turner
Mayor

APPROVED AND RECOMMENDED:

15. 

Richard A. Vella, Assistant Director
of Real Estate, Design & Construction,
General Services Department

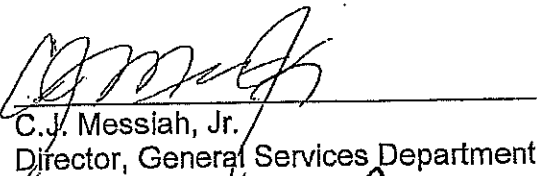
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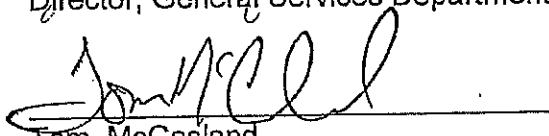
Chris B. Brown
Controller

Countersignature Date:

3-6-18



C.J. Messiah, Jr.
Director, General Services Department



Tom, McCasland
Director, Housing and Community
Development Department

APPROVED AS TO FORM:



Alice Adam
Senior Assistant City Attorney
LD # 0331700069001

EXHIBIT "A"

PROJECT

TRACT 1

All of fractional Block Four Hundred Sixty-one (461) of the City of Houston, on the South Side of Buffalo Bayou in Harris County, Texas, more particularly described as follows:

BEGINNING at the Southeast corner of said Block 461, which is the Northwest corner of the intersection of Travis Street and Webster Avenue and which corner has Texas Lambert Coordinates, South Central Zone, of $X=3,150,831.94$ and $Y=714,168.55$;

THENCE N 57 deg. 05 min. 14 sec. W, called N 55 deg., W 94.40 feet along the North right-of-way line of Webster Avenue, based on a width of 80.00 feet, to a point for corner, said point being the Southwest corner of Block 461 and the Southeast corner of Block 21, of the HADLEY and FRANKLIN ADDITION;

THENCE N 20 deg. 28 min. 53 sec. E, called N 22 deg. 27 min. E, along the common West line of Block 461, SOUTH SIDE OF BUFFALO BAYOU, and the East line of Block 21, of the HADLEY and FRANKLIN ADDITION, for a distance of 256.00 feet, called 255.99 feet, more or less, to a point for corner, said point being on the most Southerly right-of-way line of Gray Avenue, based on a width of 80.00 feet, said point also being the most Northwesterly corner of Block 461 of S.S.B.B. and the most Northeasterly corner of Block 21, of the HADLEY and FRANKLIN ADDITION;

THENCE along the most Southerly right-of-way line of Gray Avenue S 57 deg. 05 min. 14 sec. E, 149.51 feet, called S 55 deg. E, 149.7 feet, to a point for the intersection of the most Southerly right-of-way line of Gray Avenue and the most Westerly right-of-way line of Travis Street, for the most Northeasterly corner of the herein described tract, said point having Lambert coordinates of $X=3,150,967.78$ and $Y=714,373.42$ feet;

THENCE along the most Westerly right-of-way line of Travis Street, based on a width of 80.00 feet S 32 deg. 54 min. 46 sec. W, called S 35 deg. W, 250.00 feet to the POINT OF BEGINNING, and containing 30,488.8 square feet in all, more or less.

TRACT 2

A portion of fractional Block 21, HADLEY and FRANKLIN ADDITION, City of Houston, Harris County, Texas, and being more particularly described by metes and bounds, as follows:

BEGINNING at the most Southwest corner of said Block 21, which also is the intersection of the most Easterly right-of-way line of Milam Street and the most Northerly right-of-way line of Webster Avenue, both based on a width of 80.00 feet, said point has Texas Lambert Coordinates, South Central Zone, $X=3,150,620.39$ and $Y=714,305.48$;

THENCE along said Easterly right-of-way line of Milam Street, N 32 deg. 54 min. 46 sec. E, 121.61 feet, called approximately 125 feet, to a point for the Northwesterly corner of this tract;

THENCE S 57 deg. 05 min. 14 sec. E, 130.79 feet to a point for the most Northeasterly corner of the herein described tract;

THENCE S 20 deg. 28 min. 53 sec. W, 124.53 feet to a point on the most Northerly right-of-way