

SPACE LEASE AGREEMENT

THIS SPACE LEASE AGREEMENT ("*Lease*") is entered into effective as of January 1, 2022 ("*Effective Date*"), by and between the Lessor and the Lessee hereinafter named. In consideration of the respective covenants, obligations, and agreements of the parties set forth herein, the legal sufficiency of which is acknowledged by each of the undersigned, Lessor and Lessee agree as follows:

ARTICLE 1 - DEFINITIONS AND BASIC LEASE PROVISIONS

1.1 **Definitions and Basic Lease Provisions.** For the purposes of this Lease, the following terms and provisions shall have the respective meanings attributed to them below:

- (a) **Lessor:** POLK COUNTY, TEXAS
- (b) **Lessor's Addresses:**
Notice Address: County Judge, Polk County, Texas
101 W. Church Street, #300
Livingston, Texas 77351
Attn: Hon. Sydney Murphy, County Judge
- (c) **Lessee:** Board of Regents of The University of Texas System, for the use and benefit of The University of Texas Medical Branch at Galveston
- (d) **Lessee's Address:**
Notice Address: UTMB
301 University Blvd.
Galveston, Texas 77555-1666
Attn: Robin Polzin, Program Director, Real Estate Operations
- With a copy to: The University of Texas System
Real Estate Office
201 W. 7th Street, Suite 600
Austin, Texas 78701
Attn: Executive Director of Real Estate
- (e) **Project:** The project or center commonly known as The Polk County Regional Health Center consisting of the land more particularly described in Exhibit A attached hereto and all improvements located thereon, including but not limited to the Building and the Common Areas.
- (f) **Building:** The building in the Project that contains the Leased Premises. The Building has a street address of 410 E. Church Street, Livingston, Polk County, Texas 77351
- (g) **Leased Premises:** Suite B, WIC Regional Office located in the Building, as designated on Exhibit B attached hereto, containing approximately 7,344 rentable square feet.
- (h) **Rent:** Lessee will pay Lessor rent of ONE THOUSAND FOUR

HUNDRED SIXTY EIGHT AND 80/100 DOLLARS (\$1,468.80) per month for use of the Leased Premises under the terms and conditions set forth herein. Any additions or deletions of net usable space to this Lease will be based on a charge of \$0.20 cents per square foot per month.

- (i) **Term:** Sixty (60) months, beginning on the Commencement Date and ending on the Expiration Date described below, subject to extension or sooner termination in accordance with the provisions of this Lease.
- (j) **Commencement Date:** This agreement shall commence on January 1, 2022.
- (k) **Expiration Date:** December 31, 2026.
- (l) **Permitted Use:** Lessee may use the Leased Premises for all lawful purposes, including but not limited to using offices, laboratories and medical facilities for purposes related to the operation of an institution of higher education, and any ancillary use related to any of the foregoing.
- (m) **Landlord's Broker:** none
- (n) **Tenant's Broker:** none

1.2 **Construction.** Each of the foregoing definitions and basic lease provisions shall be construed in conjunction with and limited by the references thereto in the other provisions of this Lease. If there is a conflict between any provisions of this Article 1 and any other provisions of this Lease, the latter will control.

ARTICLE 2 – GRANT

2.1 **Leased Premises.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Leased Premises for the Term, and on the terms and conditions set forth in this Lease.

2.2 **Common Areas.** Lessee is further granted the non-exclusive right to use the portion of the Project which is for the common use of the lessees in the Project, including but not limited to parking areas, ramps, private streets and alleys, landscaping, curbs, loading and unloading areas, sidewalks and walkways, meeting rooms, public restrooms, Project signs, service areas, entrances, lobbies, hallways, elevators, stairways and access ways, and other common facilities in the Project (collectively, "*Common Areas*").

2.3 **Parking Areas.** Lessor shall provide Lessee zero (0) reserved parking spaces and approximately eighty (80) unreserved parking spaces, as designated on Exhibit B attached hereto. The parking spaces must be located within a reasonable distance of the entry to the Leased Premises. The parking charges ("*Parking Charges*") to Lessee are \$0 per month per reserved parking space and \$0 per month per unreserved parking space. The Parking Charges are due and payable as follows: n/a

2.4

ARTICLE 3 - TERM

3.1 **Initial Term.** The initial term of this Lease ("*Initial Term*") shall commence on the Commencement Date and expire on the Expiration Date, unless sooner terminated or extended in accordance with the provisions of this Lease.

3.2 **Extension Term.** Lessee, at its option, may extend and renew this Lease for one (1) additional period of five (5) years (the "*Extension Term*.") if: (i) Lessee sends written notice to Lessor of its intention to do so at least 90 days

prior to the end of Initial Term and (ii) Lessee is not then in default beyond any applicable notice and grace periods under the Lease. The Extension Term exercised hereunder shall begin on the day immediately following the expiration of the Initial Term. All terms, covenants, and provisions of this Lease applicable to the Initial Term shall apply to the Extension Term.

3.3 Early Termination. Lessee is hereby granted the right to terminate the Lease as follows:

(a) Lessee may terminate this Lease at any time during the Term if Lessee's right or authority to conduct business on the Leased Premises as contemplated herein is terminated or discontinued by governmental action. Lessee shall give at least thirty (30) days prior written notice to Lessor of Lessee's intended date of termination of this Lease and shall continue to make its rental payments as due through the date of termination. From and after the date of early termination, the parties shall have no further rights and obligations hereunder except those that expressly survive the termination of this Lease.

(b) Lessee may terminate this Lease without cause at any time during the Term. Lessee shall give at least thirty (30) days prior written notice to Lessor of Lessee's intended date of termination of this Lease. Lessee shall continue to make its rental payments as due through the date of termination. From and after the date of early termination, the parties shall have no further rights and obligations hereunder except those that expressly survive the termination of this Lease.

ARTICLE 4 – DELIVERY AND ACCESSIBILITY INSPECTION

4.1 Delivery.

(a) Lessee hereby acknowledges that it is currently in possession of the Leased Premises and the same are in good condition and repair; in compliance with all applicable laws, codes, regulations and ordinances.

4.2 Accessibility Inspection. Landlord and Tenant acknowledge that the Leased Premises are subject to Chapter 469, *Texas Government Code*, as amended from time to time, concerning accessibility for the disabled, and agree to comply with the requirements thereof, including the following:

(a) On-Site Inspection. Landlord acknowledges that because Tenant is a state agency, by law before the Leased Premises are occupied in whole or in part by Tenant, an on-site inspection of the Project (including the Leased Premises) must be performed by (i) the Texas Department of Licensing and Regulation ("*TDLR*"); (ii) an entity who has contracted with the Texas Commission of Licensing and Regulation ("*TCLR*") pursuant to Section 469.055, *Texas Government Code* (as amended from time to time), or (iii) a person who holds a certificate of registration issued pursuant to Section 469.201, *Texas Government Code* (as amended from time to time), to ensure compliance with the accessibility standards and specifications adopted by *TCLR* (Title 16, *Texas Administrative Code*, Chapter 68, as amended from time to time) under authority of Chapter 469, *Texas Government Code* (as amended from time to time). The term "*Inspector*" as used in this paragraph means any one or more of the following: The *TDLR*, any contracted entity, or any certificated person described above in this Paragraph as authorized to perform on-site inspections.

(b) Repair. If the Inspector finds any condition in the Leased Premises or the Project not in compliance with *TDLR* accessibility standards and specifications (conditions as to which the *TDLR* has waived compliance pursuant to a variance or other written departmental action shall be deemed to be in compliance), Landlord may, but is not obligated, to correct such noncompliance, but if Landlord shall not have corrected such noncompliance by the date that is 60 days after the report of the Inspector shall have been delivered to Landlord or such later date as may be established by the *TDLR* for correction of such non-complying conditions (such period being the "*Cure Period*"), then pursuant to Chapter 469, *Texas Government Code* 469, as amended from time to time, Tenant must terminate this Lease upon written notice to Landlord given within 30 days after the expiration of the *Cure Period* and prior to correction of such noncompliance by Landlord, time being of the essence.

(c) Cooperation. Landlord and Tenant shall provide to *TDLR* and the Inspector all necessary cooperation and information concerning inspection of the Leased Premises and the Project and any corrective action required. Tenant shall pay any fees charged by *TDLR* for inspection of the Leased Premises and the Project under *Texas Government Code* Chapter 469, as amended from time to time.

(d) Cancellation of Lease. If this Lease is cancelled by Tenant pursuant to the provisions of this Section 4.2, the cancellation shall be effective upon written notice to Landlord, and shall not subject Tenant to any claim by

Landlord for Rent or for damages or liability arising from the termination, which are hereby expressly waived by Landlord.

4.2 Accessibility Compliance. Landlord represents and warrants that the Leased Premises and the Project comply with the accessibility standards and specifications adopted by TCLR under authority of Chapter 469, *Texas Government Code* and amendments thereto.

ARTICLE 5 - RENT

5.1 Rent. As compensation to Lessor for the lease of the Leased Premises, Lessee agrees to perform its covenants under this Lease and to pay to Lessor, in the manner and time set forth herein, the Rent described in Section 1.1(h). The Rent is payable by Lessee to Lessor in the monthly installments described in Section 1.1(h). Each monthly installment of Rent is payable in advance, on or before the 5th day of the calendar month for which payment is made (or within 25 days thereafter without penalty). If the first month or last month of the Term is other than a full calendar month, the monthly Rent for such partial month shall be prorated on a daily basis. Rent shall be payable to Lessor at the address specified in Section 1.1(b) or at such other address as Lessor may from time to time designate in writing.

5.2 Funding Contingency. This Lease is made contingent upon the continuation of the availability of funds designated or appropriated to pay for the Lease. In the event the funds become unavailable, Lessee shall have the right to terminate the Lease upon 30 days prior written notice to Lessor.

5.3 Texas State Auditor's Office. Landlord acknowledges and agrees that, notwithstanding anything to the contrary set forth in this Lease, the Texas State Auditor's Office (collectively, with any successor agency thereto, the "State Auditor") is authorized under applicable Texas law (including, without limitation, *Texas Education Code* Sections 51.9335(c), 73.115(c) and 74.008(c)), in each case, as may be amended from time to time, to conduct an audit or investigation in connection with any of the funds or payments received and accepted by Landlord from Tenant pursuant to this Lease. Landlord agrees to cooperate with the State Auditor in the conduct of any such audit or investigation, including, without limitation, providing the State Auditor with all records requested as may be required under applicable Texas law. All costs and expenses of any such audit or investigation by the State Auditor shall be Tenant's sole responsibility, except and unless such audit and investigation determines that the amounts paid by Tenant for the applicable period which are the subject of such audit or investigation were in excess of the amounts properly payable under this Lease, in which event Landlord will pay to Tenant the amount determined to be in excess of the correct amount. In addition, if the excess amounts are greater than five percent (5.0%) than the amounts properly payable under this Lease, Landlord shall reimburse Tenant for the actual and reasonable cost of such audit by the State Auditor.

ARTICLE 6 - OCCUPANCY AND USE

6.1 Permitted Use Of Leased Premises. Lessee shall use the Leased Premises solely for the Permitted Use, except as otherwise agreed in writing by Lessor.

6.2 Lawful Use of Leased Premises. Lessor represents and warrants to Lessee that the Permitted Use of the Leased Premises does not violate any building code, zoning ordinance, restrictive covenant, or deed restriction applicable to the Leased Premises. Without releasing the foregoing warranty by Lessor, Lessee agrees not to use the Leased Premises for any purpose that violates any federal, state or local statute, ordinance or regulation that is applicable to Lessee or Lessee's use and occupancy of the Leased Premises.

6.3 No Nuisance. Lessee will not use, occupy or permit the use or occupancy of the Leased Premises in any manner that constitutes waste or a public or private nuisance.

6.4 Hazardous and Toxic Materials.

(a) Definition of Hazardous Materials. For purposes of this Lease, "*Hazardous Materials*" shall mean bio-medical and bio-hazardous materials and waste, asbestos-containing materials, and all other materials, substances, wastes and chemicals classified as hazardous or toxic substances, materials, wastes or chemicals under then-applicable local, state and federal governmental laws, rules or regulations or that are subject to any "right-to-know" laws or

requirements.

(b) Lessee's Covenants Regarding Hazardous Material. Lessee shall not knowingly incorporate into, or use or otherwise place or dispose of at the Leased Premises or any other portion of the Project any Hazardous Materials, save and except for the use, generation and storage on the Leased Premises of commercially reasonable quantities of (i) cleaning and office supplies; and (ii) Hazardous Materials used, generated or stored in the ordinary course of Lessee's Permitted Use of the Leased Premises, and then only if such Hazardous Materials are in reasonable quantities and are used, stored and disposed of by Lessee in accordance with applicable law.

(c) Lessor's Covenants. Lessor warrants and represents to Lessee that as of the Commencement Date, the Project (including, without limitation, the Building and the Leased Premises) are free of all Hazardous Materials except for commercially reasonable quantities of routine cleaning, maintenance and office supplies stored, handled, used and disposed of by Lessor in the ordinary course of Lessor's operation and maintenance of the Project, in accordance with the requirements of applicable law. During the Term, Lessor shall not introduce, store, use or dispose of any Hazardous Materials at the Project (including, without limitation, the Building and the Leased Premises), save and except for the use and storage of cleaning, office and maintenance supplies used in the ordinary course of Lessor's operation and maintenance of the Project and then only if such materials are in reasonable quantities and are stored, handled, used and disposed of in accordance with applicable law.

(d) Notice of Hazardous Materials. If either Lessor or Lessee has knowledge of the presence of Hazardous Materials other than those permitted under Sections 6.4 (b) and (c) above in or on the Leased Premises or any other portion of the Project, the party having knowledge shall notify the other party thereof in writing promptly after obtaining such knowledge.

(e) Violations. If a party to this Lease shall ever violate the provisions of Section 6.4(b) or (c) or otherwise contaminate the Leased Premises, the Building or the Project, that party shall at its expense (i) remediate the violation in compliance with all then current and applicable governmental standards, laws, rules and regulations and then prevalent industry practice and standards; and (ii) repair any damage to the Leased Premises, the Building or the Project within such period of time as may be reasonable under the circumstances ("*Environmental Corrective Work*"). A party obligated to perform Environmental Corrective Work shall notify the other party in writing of its proposed method, time and procedure for such Environmental Corrective Work and the other party shall have the right to require reasonable changes in such method, time or procedure and/or to require the same to be done after Normal Business Hours.

(e) Hazardous Materials Indemnification. Lessor shall indemnify Lessee from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, any and all sums paid for settlement of claims and for fees for attorneys, consultants, and experts) arising during or after the Lease term from or in connection with the presence or suspected presence of Hazardous Materials in or on the Leased Premises, unless the Hazardous Materials are present solely as a result of negligence, willful misconduct, or other acts of Lessee or Lessee's agents, employees, contractors or invitees. Without limitation of the foregoing, this indemnification includes any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by a federal, state or local agency or political subdivision, unless the Hazardous Materials are present solely as a result of negligence, willful misconduct, or other acts of Lessee, Lessee's agents, employees, contractors or invitees. This indemnification shall specifically include any and all costs due to Hazardous Materials that flow, diffuse, migrate, or percolate into, onto or under the Leased Premises during or after the term of the Lease.

6.5 HIPAA. The parties understand and agree that Lessee is a licensed health care provider who is required to comply with state and federal privacy laws as to Lessee's patients, including the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 and all amendments thereto (commonly known as the "Privacy Standards"), as promulgated by the U.S. Department of Health and Human Services pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto ("*HIPAA*"). In the event that in its use of the Leased Premises for the Permitted Use, Lessee creates, stores or maintains "protected health information" ("*PHI*"), as that term is defined by 45 CFR §160.103 and all amendment thereto, in the Leased Premises, the parties agree that nothing in this Lease gives Lessor or Lessor's employees and agents any right to access, use or disclose PHI and that Lessor and its employees and agents

shall never need or seek access to, or the use of, any PHI of Lessee. However, in the event PHI is accessed (whether inadvertently or otherwise) by Lessor or its employees or agents, the party discovering such disclosure shall promptly notify the other party and Lessor agrees to promptly take commercially reasonable measures to prevent any subsequent dissemination by Lessor or Lessor's employees or agents of such PHI to third parties. The parties agree that the provisions of this Section do not create, and are not intended to create, a "business associate" relationship between the parties as that term is defined by the Privacy Standards.

The parties further agree that in the event that Lessor or its employees or agents have a lawful right to enter into the Leased Premises without the permission and/or knowledge of Lessee, Lessor shall have no right to access PHI or deprive Lessee of access to such PHI, provided that Lessee shall take reasonable efforts to safeguard PHI confidentially and securely so as to prevent Lessor or its employees or agents from inadvertently coming into contact with PHI on the Leased Premises. This Section 6.6 shall be interpreted to ensure that, to the extent possible, Lessee remains in compliance with HIPAA and all other state and federal privacy laws. To the extent that any other provision of this Lease can be read to provide Lessor with any right to access PHI, this Section 6.6 shall govern.

6.6 Quiet Possession. Lessor warrants to Lessee that Lessee shall have the quiet possession of the Leased Premises for the entire Term hereof, subject to all of the terms and conditions of this Lease. Lessor hereby represents and warrants to Lessee that Lessor's interest in the Project is not a leasehold interest and that there are no restrictions, conditions or covenants in favor of any third party that would require such third party's consent to Lessor's execution and performance of this Lease.

6.7 Permits. Lessor, at its expense, shall obtain the certificate of occupancy, if any, and any other governmental permissions or permits required for Lessee's physical occupancy of the Leased Premises. Lessee, at its expense, shall obtain any other governmental licenses or permits required specifically for Lessee's Permitted Use of the Leased Premises. If any subsequent alteration or improvement made to the Leased Premises by or at the request of Lessee requires either the issuance of a new permission or permit, or the modification or amendment of an existing permit, Lessee shall, at its expense, procure such permission, permit, modification or amendment.

6.8 Signage. Lessee may install any signs desired by Lessee to indicate lessee's name, location and purpose, but all signs must be prepared and installed in conformity with Lessor's rules and regulations and must be consistent with building décor. Any special signage requirements of lessee contrary to the above must be mutually agreed to in writing by the Parties. Lessee may install signage (i) on or next to the doors of the Leased Premises, (ii) or on any pylon or monument (if any) located on the Project that has been designated by Lessor for the display of signage by tenants and other occupants of the Building.

6.9 Lessor's Rules and Regulations. To the extent authorized by the Constitution and laws of the State of Texas, Lessee will abide by all reasonable rules and regulations promulgated by Lessor for the proper operation of the Project that do not unreasonably interfere with Lessee's use of the Leased Premises and are equally applicable to all Project Lessees and other occupants. Any rule or regulation promulgated by Lessor after the Commencement Date shall be effective to Lessee no earlier than 30 days after Lessee has received a written copy of the rule. In case of any conflict between the provisions of this Lease and any of the foregoing rules and regulations as originally or as hereafter promulgated by Lessor, the provisions of this Lease shall control.

6.10 Compliance with Laws. Lessor shall maintain the Project and all appurtenant Lessee improvements in compliance with all applicable federal, state, municipal or other laws, ordinances, rules and regulations, including, without limitation, the Americans with Disabilities Act of 1990 (*Public Law 101-336*), Chapter 469, *Texas Government Code*, and the administrative rules and regulations adopted by the Texas Department of Licensing and Regulation (Title 16, *Texas Administrative Code*, Chapter 68) under authority of Chapter 469, in each case as amended from time to time.

ARTICLE 7 - UTILITIES AND SERVICES

7.1 Services To Be Provided. Except as otherwise expressly provided in this Lease, Lessor agrees at its sole cost and expense to furnish (or cause third parties to furnish) all of the following utilities and services to the Leased Premises (collectively, "*Lessor's Services*"):

(a) Heat and Air Conditioning. During Normal Business Hours, Lessor shall ventilate and furnish to the Leased Premises and the Common Areas heat or air conditioning ("HVAC"), as appropriate for the season, at such temperatures and in such amounts as is customary in buildings of comparable size, quality and in the general vicinity of the Building, with such adjustments as Lessor reasonably deems necessary for the comfortable occupancy of the Leased Premises. Upon request, Lessor shall make available, at Lessee's expense, after hours heat or air conditioning of the Leased Premises on the same terms, conditions and rates as offered by Lessor to other Lessees in the Project.

(b) Electricity. On a 24 hour per day, 7 day per week basis, electric current in amounts reasonable and customary for the Permitted Use.

(c) Gas. On a 24 hour per day, 7 day per week basis, in amounts reasonable and customary for the Permitted Use.

(d) Water. On a 24 hour per day, 7 day per week basis, in amounts reasonable and customary for the Permitted Use, hot and cold running water for drinking, cleaning and lavatory purposes.

(e) Garbage Services: Polk County provides two large dumpsters at the Regional Health Center for Lessee to utilize for proper waste disposal. The dumpsters are available to Lessee for use at no additional cost.

(f) Telecommunications. Connections within the Leased Premises to telecommunications lines and cables for telephone, cable and internet service reasonable and customary for the Permitted Use; provided that Tenant shall be responsible for (i) wiring costs associated with connecting its telecommunications equipment to the connections provided by Landlord; and (ii) costs charged for the telecommunication services used by Tenant in the Leased Premises.

(g) Maintenance. Except as otherwise provided herein, Lessor shall maintain and keep in a good state of repair the Leased Premises, including maintenance and repair of the exterior and/or roof of the Building, and repair of any defects in the Building and its central systems including, but not limited to, the plumbing, fire alarm, and electrical systems, all of which shall be performed diligently and promptly by Lessor at its sole cost and expense. Lessee agrees to maintain and keep in a good state of repair the Improvements, reasonable wear and tear, and to the extent provided, casualty loss, excepted. Lessee further agrees to comply with all the laws, regulations, and ordinances and rules and regulations of governmental agencies having jurisdiction in the maintenance and upkeep of the Improvements, and to keep at all times the Leased Premises in a neat, clean, and sanitary condition.

(h) Janitorial. Janitorial services to the Leased Premises are provided by Lessee at its expense.

7.2 Utilities. All utilities are or will be separately metered to the Leased Premises as of the Commencement Date, and that Tenant shall pay directly to the utility provider all costs and fees for such services to the Leased Premises, including Electricity, Natural Gas, Water, Telephone, Cable TV, and Internet.

ARTICLE 8 – MAINTENANCE AND REPAIRS

8.1 Lessor's Obligation to Maintain and Repair. Lessor shall, at Lessor's sole cost and expense, maintain in good condition and working order (and in connection therewith, replace or repair as necessary) the Project, including without limitation the Building's foundation, exterior and load-bearing walls, roof and other structural elements and the Building's plumbing, electrical, mechanical and HVAC systems (collectively, "*Structural and Mechanical Elements*"), except that : (i) Lessor shall not be responsible for the those items to be maintained by Lessee pursuant to Section 8.2 below, and (ii) the cost of performing any maintenance, repairs or replacements attributable to the negligence or willful misconduct of Lessee or Lessee's employees or agents shall be paid by Lessee, except to the

extent covered by insurance policies (plus any applicable deductible) maintained or required to be maintained by Lessor.

8.2 Lessee's Obligation to Maintain and Repair. Lessee shall, at Lessee's sole cost and expense, maintain in good condition and working order (and in connection therewith, replace and repair as necessary) the interior of the Leased Premises, except that: (i) Lessee shall not be responsible for maintaining the Structural and Mechanical Elements (no matter where located) and other items to be maintained by Lessor pursuant to Section 8.1 above, and (ii) any damage to the Leased Premises attributable to the negligence or willful misconduct of Lessor or Lessor's employees or agents shall be repairable by Lessor at Lessor's sole cost and expense.

Lessee shall remove the sprinkler heads inside the Leased Premises.

ARTICLE 9 – LESSEE ALTERATIONS AND LIENS

9.1 Lessee Alterations. Lessee has the right to install within the Leased Premises any and all fixtures, equipment, and other personal property required by Lessee for the conduct of the Permitted Use. Except as provided otherwise herein, Lessee shall not make any material alterations, additions or improvements to the Leased Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Any such alterations, additions or improvements made hereunder will, at the expiration or earlier termination of the Term, be left in place on the Leased Premises and become the sole property of Lessor.

9.2 Condition at Termination. All alterations, installations, additions and improvements made and installed and paid for by Lessor shall become the property of Lessor and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the Term of this Lease. Upon the expiration or within 30 days after the earlier termination of the Lease, Lessee shall deliver the Leased Premises to Lessor in the same condition as when delivered to Lessee, reasonable wear and tear, damage by casualty or condemnation, Lessor's maintenance, repair and replacement obligations hereunder, damage for which Lessee is not responsible under the terms of this Lease, and alterations, additions or improvements required to be left in place as set forth in Section 9.1 above excepted. Notwithstanding anything to the contrary herein, Lessee may remove from the Leased Premises at any time any and all machinery, equipment, trade fixtures, furniture, furnishings and other personal property owned by Lessee provided that Lessee repairs any damage to the Leased Premises caused by such removal.

9.3 Liens. Lessee shall keep the Leased Premises, the Building and the Project free from all liens arising out of any work performed, materials furnished or obligations incurred by or for Lessee.

ARTICLE 10 - INSURANCE

10.1 Lessor's Insurance. At all times during the Lease Term, Lessor at its sole cost and expense shall maintain a special causes of loss policy of insurance issued by and bonded upon an insurance company licensed in the State of Texas, covering the Leased Premises and leasehold improvements (exclusive of the contents), in an amount equal to not less than eighty percent (80%) of the replacement cost thereof. Lessee shall have no interest in the policy or policy proceeds and Lessor shall not be obligated to insure any furnishings, equipment, trade fixtures or other personal property which Lessee may place or cause to be placed upon the Leased Premises. Lessor must also maintain a policy or policies of commercial general liability insurance insuring lessor against loss of life, bodily injury and/or property damage with respect to the Common Areas, operation of the Building, parking lots and other improvements associated with the land upon which the Leased Premises are located, and any other losses caused by or related to the duties and obligations of Lessor under this Lease.

10.2 Lessee's Insurance.

(a) Limitations on Lessee's Insurance. Lessor acknowledges that Lessee is an agency of the State of Texas and has only such authority to obtain insurance from third parties as is granted to Lessee by state law or as may be reasonably implied by such law. Lessee shall have no obligation under this Lease to obtain policies of insurance and shall have the right, in Lessee's sole discretion, to determine whether Lessee will maintain policies of insurance, operate programs of self-insurance, or utilize any other program of risk-protection in connection with Lessee's operations.

(b) Liability Insurance. Lessor acknowledges that because Lessee is an agency of the State of Texas, liability for the tortious conduct of the agents and employees of Lessee (other than the medical liability of medical staff physicians) or for injuries caused by conditions of tangible state property is provided for solely by the provisions of the Texas Tort Claims Act, *Texas Civil Practice and Remedies Code*, Chapter 101, as amended from time to time.

(c) Workers Compensation Insurance. Workers compensation insurance coverage for employees of Lessee will be provided by Lessee as mandated by the provisions of *Texas Labor Code*, Chapter 503, as amended from time to time.

10.3 Waiver of Subrogation. Lessor and Lessee (to the extent Lessee is authorized by the Constitution and laws of the State of Texas) each agree that with respect to any third-party insurance policy maintained, or required to be maintained, by it under this Lease, such policy of insurance shall contain a waiver of the insurer's subrogation rights with respect to any amounts paid under such policy or policies. Landlord and Tenant each agree to (i) immediately give written notice to each insurance company that has issued to it, or in the future issues to it, policies of insurance with respect to this Lease; (ii) cause such insurance policies to be properly endorsed, as necessary, to evidence the waiver of the insurer's subrogation rights; and (iii) provide reasonable proof of such waiver of subrogation rights to the other party. Further, to the extent of insurance proceeds received, the parties respectively waive and release any and all claims against the other party for damages caused or contributed to by the other party.

ARTICLE 11 - FIRE AND CASUALTY

11.1 Repairs Taking Over 120 Days. In the event that the Leased Premises or any portion of the Building or the Project reasonably necessary for Lessee's use and occupancy of the Leased Premises for the Permitted Use should be so damaged by fire or other casualty that, according to Lessor's reasonable estimate, rebuilding or repairs of such fire or other casualty damage cannot be completed within 120 days following the date of such fire or other casualty ("*Casualty Date*"), within 30 days of the Casualty Date, Landlord shall deliver to Tenant written notice of Landlord's reasonable estimate as to the time necessary to rebuild or repair such fire or other casualty damage (but not including any trade fixtures or personal property of Tenant in the Leased Premises) to substantially the same condition that existed immediately prior to the fire or other casualty ("*Casualty Repair Period*"). Within 30 days from the date of Landlord's delivery of such notice to Tenant, either party may upon written notice to the other party terminate this Lease upon written notice to the other. If neither party timely gives such notice of termination of the Lease, then Lessor shall promptly commence, and thereafter pursue with reasonable diligence, the rebuilding or repair of the damage caused by the fire or other casualty to substantially the same condition that existed immediately prior to the happening of the fire or other casualty; provided, however, that Lessor is not required to rebuild, repair or replace any trade fixtures or personal property that may have been placed by Tenant within the Leased Premises. If the Lease is not terminated as provided under this paragraph and either (i) the rebuilding or repair work is not substantially completed before the expiration of the Casualty Repair Period, or (ii) Landlord has not commenced such rebuilding or repair work within 60 days after the Casualty Date, then Tenant may terminate this Lease with written notice to Landlord within 30 days following the expiration of the Casualty Repair Period or the above-described 60-day period (as applicable).

11.2 Repairs Taking Under 120 Days. In the event that the Leased Premises or any portion of Building or the Project reasonably necessary for Lessee's use and occupancy of the Leased Premises for the Permitted Use are damaged by fire or other casualty and, in accordance with Lessor's reasonable estimate, rebuilding or repairs of such damage can be completed within 120 days following the Casualty Date, Lessor shall within 30 days of the Casualty Date (i) deliver written notice of such estimate to Lessee, and (ii) promptly commence, and thereafter pursue with reasonable diligence, the rebuilding or repair of the damage caused by the fire or other casualty to substantially the same condition that existed immediately prior to the happening of the fire or other casualty; provided, however, that Lessor is not required to rebuild, repair or replace any trade fixtures or personal property that may have been placed by Tenant within the Leased Premises. If either (i) the rebuilding or repair work is not substantially completed within such 120 day period or (ii) Landlord has not commenced such rebuilding and repair work within 60 days after the Casualty Date, then Tenant may terminate this Lease with written notice to Landlord within 30 days after such 120-day period or 60-day period (as applicable).

11.3 Rent Abatement. Rent shall be equitably abated during the period and to the extent that any unrepaired

casualty under this Article 11 interferes with Lessee's Permitted Use of the Leased Premises. If the Lease is terminated as provided under this Article 11, any Rent paid in advance by Lessee and which Lessor is not entitled to receive hereunder shall be refunded to Lessee.

ARTICLE 12 - CONDEMNATION

12.1 Condemnation Affecting Leased Premises. If the Leased Premises, the Building or the Project shall be taken or condemned in whole or in part for any public purpose or sold to a condemning authority in lieu of taking ("Taking"), and which Taking, in Lessee's reasonable opinion, will substantially interfere with Lessee's Permitted Use for the balance of the Term, Lessee may terminate this Lease by delivering written notice of termination to Lessor within 30 days after the date of vesting of title ("Date of Taking") is known by the parties. A termination under this paragraph shall be effective as of the Date of Taking, and Rent shall be apportioned as of that date. Any Rent paid for a period thereafter shall be refunded to Lessee.

12.2 Condemnation Without Termination. In the event of a Taking and the Lease is not terminated as provided in Section 12.1 above, then this Lease shall continue in full force and effect, provided that (i) if the Taking includes any portion of the Leased Premises, Rent shall be reduced on a pro rata basis in light of the reduction in the net square rentable footage of the Leased Premises; and (ii) if the Taking includes any portion of the Building or Project that interferes with Lessee's Permitted Use, Rent shall be adjusted as equitable under the circumstances. Following any Taking under this Section, Lessor shall at its sole expense promptly and diligently restore and reconstruct the Project, the Building or the Leased Premises (as applicable) to substantially its former function and condition, to the extent that such is commercially feasible.

12.3 Condemnation Proceeds. Lessor shall receive the award payable as a result of a Taking, to the extent such award is in excess of Lessee's leasehold interest. Lessee shall have the right to recover from such authority through a separate award (i) the value at the time of the Taking of the leasehold estate created hereunder; (ii) the value of any personal property of Lessee taken by the proceedings; and (iii) such compensation as may be awarded to Lessee on account of moving and relocation expenses and depreciation to and removal of Lessee's property.

ARTICLE 13 - TAXES

13.1 Lessee's Obligations. Lessee shall be liable for and shall pay, prior to delinquency, any and all taxes and assessments levied against Lessee's personal property and trade fixtures placed by Lessee in or about the Leased Premises.

13.2 Lessor's Obligations. Lessor shall be liable for and shall pay, prior to delinquency, any and all taxes and assessments levied against the Project.

ARTICLE 14 - SUBLETTING AND ASSIGNING

14.1 Sublease and Assignment. Without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed, Lessee shall not assign, sublease or otherwise transfer any whole or part of the Leased Premises to any other person; save and except that without the necessity of Lessor's consent, Lessee may assign, sublease or otherwise transfer the Leased Premises or any portion thereof to another state agency or institution of The University of Texas System. Lessee shall deliver to Lessor a copy of each assignment, sublease or other transfer instrument entered into by Lessee promptly after the execution thereof, whether or not Lessor's consent is required in connection with such assignment, sublease or other transfer.

ARTICLE 15 - DEFAULT

15.1 Default By Lessee. It shall be an event of default by Lessee under this Lease if Lessee fails to (i) pay any Rent or other monetary obligation owing to Lessor under this Lease when due and such failure is not cured within thirty (30) days after Lessor delivers written notice of default and demand for payment to Lessee; or (ii) perform any other obligation of this Lease for more than 30 days after Lessor delivers written notice of such default and demand

for performance to Lessee, provided that if such failure cannot be reasonably cured within said 30 day period, Lessee shall not be in default hereunder so long as Lessee commences curative action within such 30 day period and diligently and continuously pursues the curative action to completion. Upon the occurrence of an event of default by Lessee, Lessor may (to the extent permitted by the statutes and the Constitution of the State of Texas) (i) terminate this Lease upon written notice to Lessee, (ii) cure such default and be reimbursed by Lessee upon demand for the reasonable costs of such cure, and/or (iii) exercise any other remedy available at law, in equity or by statute for such default.

15.2 Default by Lessor. It shall be an event of default by Lessor under this Lease if Lessor fails to perform any of its obligations hereunder and said failure continues for a period of 30 days after Lessee delivers written notice of default and demand for performance to Lessor, provided that if such failure cannot be reasonably cured within said 30 day period, Lessor shall not be in default hereunder so long as Lessor commences curative action within such 30 day period and diligently and continuously pursues the curative action to completion. Upon the occurrence of an event of default by Lessor, Lessee may (i) terminate this Lease upon written notice to Lessor, (ii) cure such default and be reimbursed by Lessor upon demand for the reasonable costs of such cure, and/or (iii) exercise any other remedy available at law, in equity or by statute for such default

15.3 Cumulative Remedies. No right or remedy herein conferred upon or reserved to a party is intended to be exclusive of any other right or remedy set forth herein or otherwise available to the party, and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law, in equity or by statute.

15.4 Dispute Resolution Provisions. Lessor acknowledges that Lessee is an agency of the State of Texas and by law may not participate in binding arbitration with private persons. If at any time there is an issue or dispute between Lessor and Lessee regarding this Lease and the performance of a party hereunder, the parties will, within 10 days following mailing of written request for a meeting concerning such issue or dispute, meet in face-to-face negotiations in an attempt to resolve the matter. If thereafter the parties agree to non-binding mediation in a further effort to resolve the dispute, the parties will choose a mutually agreeable third party neutral to mediate the dispute between the parties. Mediation shall be non-binding and shall be confidential. All expenses of mediation, except expenses of the individual parties, shall be shared equally by the parties. Each party shall be represented in the mediation by a person with authority to settle the dispute. If the parties agree to mediation, then the default remedies of Article 16 shall be suspended for a period lasting for the shorter of (i) the end of the mediation, or (ii) 30 days following the date of the agreement to mediate.

ARTICLE 16 - NOTICES

16.1 Notices. Any notice or communication required or permitted in this Lease shall be given in writing, sent by (i) personal delivery, with proof of delivery; (ii) nationally recognized overnight courier service that regularly maintains records of items delivered; or (iii) United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as provided in Section 11(b) or Section 1.1(d), as applicable, or to such other address or to the attention of such other person as shall be designated from time to time in writing by the applicable party and sent in accordance herewith. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of courier service or mail, as of the date of first attempted delivery at the address, as applicable

ARTICLE 17 - HOLDING OVER

17.1 Holding Over. In the event that Tenant retains possession of the Leased Premises after the expiration or 30 days following the earlier termination of this Lease without the written consent of Landlord, such possession shall constitute and be construed as a week to week tenancy on the same terms, provisions, covenants and agreements of this Lease in effect as of the last day of the Term of the Lease; save and except, however, that Rent for the period of such holdover shall be an amount equal to 125% of the Rent in effect immediately preceding the expiration or earlier termination of the Lease Term, prorated on a daily basis.

ARTICLE 18 - MISCELLANEOUS PROVISIONS

18.1 No Waiver. No waiver by Lessor or by Lessee of any provision of this Lease shall be deemed to be a waiver

by that party of any other provision of this Lease. No waiver by a party of any breach of this Lease or event of default by the other party shall be deemed a waiver of any subsequent breach of this Lease or event of default by that other party of the same or any other provision of this Lease.

18.2 **Applicable Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Texas.

18.3 **Successors and Assigns.** Subject to any provision hereof restricting assignment, subletting and other transfer by Lessee, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

18.4 **Force Majeure.** If the performance by a party of any provision of this Lease is delayed or prevented by (i) an act of God such as weather or earthquake; (ii) an act of war or terrorism; or (iii) restriction by any governmental authority ("*Force Majeure*"), then, except as otherwise provided in this Lease, the period for the party's performance of the provision shall be automatically extended for the same amount of time that the party is so delayed or hindered. However, this paragraph shall not relieve a party from its obligations hereunder to pay monies or funds when due.

18.5 **Severability.** If any provision in this Lease is held by a court with jurisdiction to be invalid or inoperative, the remainder of this Lease shall not be affected by that holding and, so far as is reasonable and possible, effect shall be given to the intent manifested in the portion held invalid or inoperative.

18.6 **Amendment.** This Lease may be amended, modified or supplemented only by an instrument in writing executed by all parties hereto.

18.7 **Interpretation of Lease.** Each party and its counsel have reviewed and revised this Lease after arms-length negotiations. Accordingly, the rule of construction that ambiguities are resolved against the drafting party shall not apply to this Lease or any amendments hereof.

18.8 **Headings.** The captions in this Lease are for convenience only and shall not be deemed to define, limit or affect in any way the scope, meaning, intent or extent of this Lease or any part of it.

18.9 **Authority.** Each party represents and warrants that (a) such party has the full power and authority to enter into this Lease and to perform its provisions and (b) the person signing on behalf of such party has been duly authorized by such party to sign this Lease on its behalf.

18.10 **Entire Agreement.** This Lease contains all of the agreements of the parties hereto with respect to the transaction contemplated in this instrument and supersedes any prior understandings or written or oral agreements between the parties concerning the subject matter of this Lease.

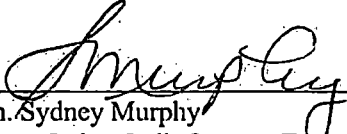
18.11 **Time of the Essence.** Except as otherwise provided in this Lease, time is of the essence in the performance of each and every provision in this Lease.

18.12 **OFAC.** Each party represents and certifies to the other that (a) it is not a person and/or entity with whom United States ("*U.S.*") persons or entities are restricted from doing business under U.S. law, executive power, or regulation promulgated thereunder by any regulatory body; (b) no person or entity named on any U.S. list of specially designated nationals or blocked persons has any direct interest in it such that the direct investment in it is prohibited by any U.S. law; (c) it is not in violation of any U.S. money laundering law; and (d) none of its funds have been derived from unlawful activity such that the direct investment in it is prohibited by U.S. law. The foregoing are ongoing covenants of each party. Each party shall immediately advise the other party of any change in the status or accuracy of such representations, and upon request each party shall recertify such representations and certify in writing the identity of all entities and individuals owning or controlling it.

18.13 **Exhibits and Attachments.** All Exhibits, attachments, riders and addenda referred to in this Lease are incorporated in this Lease and made a part hereof for all intents and purposes.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Lease, as of the date first written in this Lease.

LESSOR: Polk County, Texas

By: 
Hon. Sydney Murphy
County Judge, Polk County, Texas

LESSEE: The Board of Regents of The University of Texas System for the use and benefit of
The University of Texas Medical Branch at Galveston

By: Aaron LeMay 2/21/2022
Name: C. Aaron LeMay, CPA, JD, MSED
Title: UTMB – Interim CFO and VP, Financial Accounting and Reporting

Content Review: OGC/NJA

EXHIBIT A
TO
SPACE LEASE AGREEMENT

Description of Land

101 W CHURCH ST
POLK COUNTY,
LIVINGSTON, TX 77351

LIVINGSTON OT BLK 16

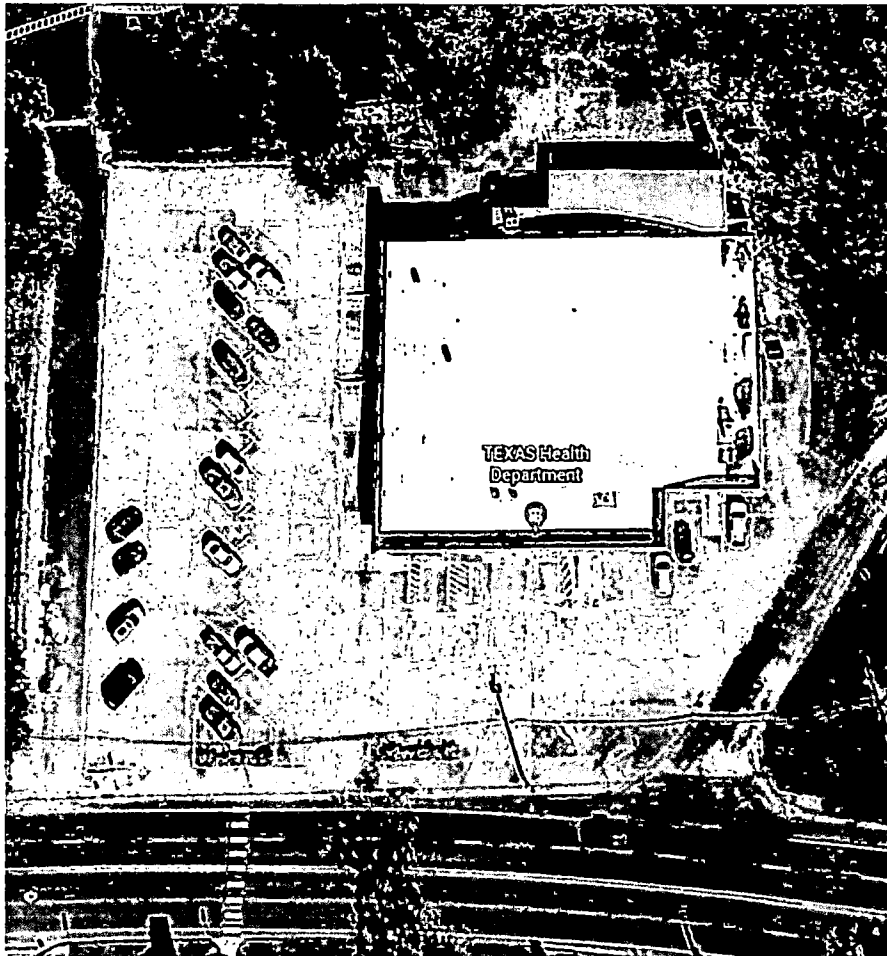
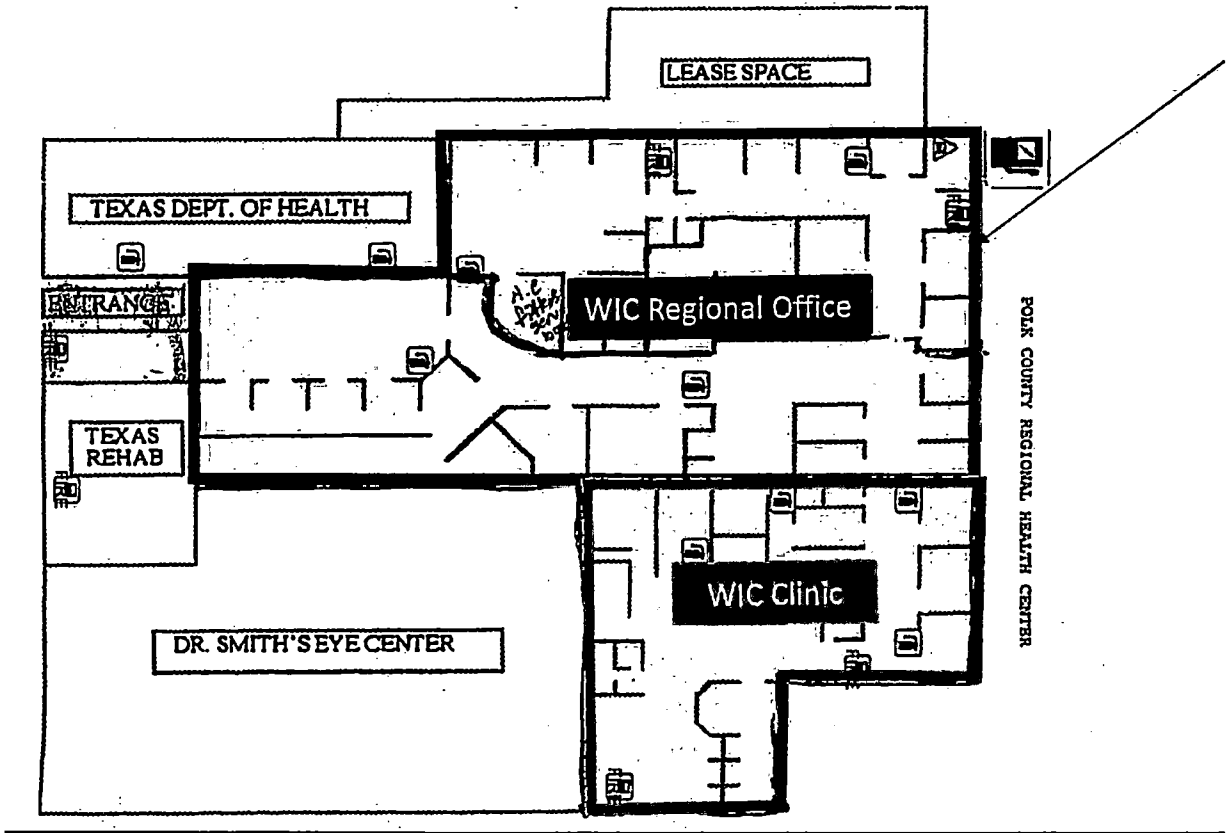


EXHIBIT B
TO
SPACE LEASE AGREEMENT

Description of Leased Premises and Parking Areas



SPACE LEASE AGREEMENT

THIS SPACE LEASE AGREEMENT ("*Lease*") is entered into effective as of January 1, 2022 ("*Effective Date*"), by and between the Lessor and the Lessee hereinafter named. In consideration of the respective covenants, obligations, and agreements of the parties set forth herein, the legal sufficiency of which is acknowledged by each of the undersigned, Lessor and Lessee agree as follows:

ARTICLE 1 - DEFINITIONS AND BASIC LEASE PROVISIONS

1.1 Definitions and Basic Lease Provisions. For the purposes of this Lease, the following terms and provisions shall have the respective meanings attributed to them below:

- (a) **Lessor:** POLK COUNTY, TEXAS
- (b) **Lessor's Addresses:**
- Notice Address: County Judge, Polk County, Texas
101 W. Church Street, #300
Livingston, Texas 77351
Attn: Hon. Sydney Murphy, County Judge
- (c) **Lessee:** Board of Regents of The University of Texas System, for the use and benefit of The University of Texas Medical Branch at Galveston
- (d) **Lessee's Address:**
- Notice Address: UTMB
301 University Blvd.
Galveston, Texas 77555-1666
Attn: Robin Polzin, Program Director, Real Estate Operations
- With a copy to: The University of Texas System
Real Estate Office
201 W. 7th Street, Suite 600
Austin, Texas 78701
Attn: Executive Director of Real Estate
- (e) **Project:** The project or center commonly known as The Polk County Regional Health Center consisting of the land more particularly described in Exhibit A attached hereto and all improvements located thereon, including but not limited to the Building and the Common Areas.
- (f) **Building:** The building in the Project that contains the Leased Premises. The Building has a street address of 410 E. Church Street, Livingston, Polk County, Texas 77351
- (g) **Leased Premises:** Suite C WIC Clinic located in the Building, as designated on Exhibit B attached hereto, containing approximately 3,290 rentable square feet.

- (h) **Rent:** Lessee will pay Lessor rent of SIX HUNDRED FIFTY EIGHT AND NO/100 DOLLARS (\$658.00) per month for use of the Leased Premises under the terms and conditions set forth herein. Any additions or deletions of net usable space to this Lease will be based on a charge of \$0.20 cents per square foot per month.
- (i) **Term:** Sixty (60) months, beginning on the Commencement Date and ending on the Expiration Date described below, subject to extension or sooner termination in accordance with the provisions of this Lease.
- (j) **Commencement Date:** This agreement shall commence on January 1, 2022.
- (k) **Expiration Date:** December 31, 2026.
- (l) **Permitted Use:** Lessee may use the Leased Premises for all lawful purposes, including but not limited to using offices, laboratories and medical facilities for purposes related to the operation of an institution of higher education, and any ancillary use related to any of the foregoing..
- (m) **Landlord's Broker:** none
- (n) **Tenant's Broker:** none

1.2 **Construction.** Each of the foregoing definitions and basic lease provisions shall be construed in conjunction with and limited by the references thereto in the other provisions of this Lease. If there is a conflict between any provisions of this Article 1 and any other provisions of this Lease, the latter will control.

ARTICLE 2 – GRANT

2.1 **Leased Premises.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Leased Premises for the Term, and on the terms and conditions set forth in this Lease.

2.2 **Common Areas.** Lessee is further granted the non-exclusive right to use the portion of the Project which is for the common use of the lessees in the Project, including but not limited to parking areas, ramps, private streets and alleys, landscaping, curbs, loading and unloading areas, sidewalks and walkways, meeting rooms, public restrooms, Project signs, service areas, entrances, lobbies, hallways, elevators, stairways and access ways, and other common facilities in the Project (collectively, "**Common Areas**").

2.3 **Parking Areas.** Lessor shall provide Lessee zero (0) reserved parking spaces and approximately eighty (80) unreserved parking spaces, as designated on Exhibit B attached hereto. The parking spaces must be located within a reasonable distance of the entry to the Leased Premises. The parking charges ("**Parking Charges**") to Lessee are \$0 per month per reserved parking space and \$0 per month per unreserved parking space. The Parking Charges are due and payable as follows: n/a

ARTICLE 3 - TERM

3.1 **Initial Term.** The initial term of this Lease ("**Initial Term**") shall commence on the Commencement Date and expire on the Expiration Date, unless sooner terminated or extended in accordance with the provisions of this Lease.

3.2 **Extension Term.** Lessee, at its option, may extend and renew this Lease for one (1) additional period of five

(5) years (the "*Extension Term*.") if: (i) Lessee sends written notice to Lessor of its intention to do so at least 90 days prior to the end of Initial Term and (ii) Lessee is not then in default beyond any applicable notice and grace periods under the Lease. The Extension Term exercised hereunder shall begin on the day immediately following the expiration of the Initial Term. All terms, covenants, and provisions of this Lease applicable to the Initial Term shall apply to the Extension Term.

3.3 Early Termination. Lessee is hereby granted the right to terminate the Lease as follows:

(a) Lessee may terminate this Lease at any time during the Term if Lessee's right or authority to conduct business on the Leased Premises as contemplated herein is terminated or discontinued by governmental action. Lessee shall give at least thirty (30) days prior written notice to Lessor of Lessee's intended date of termination of this Lease and shall continue to make its rental payments as due through the date of termination. From and after the date of early termination, the parties shall have no further rights and obligations hereunder except those that expressly survive the termination of this Lease.

(b) Lessee may terminate this Lease without cause at any time during the Term. Lessee shall give at least thirty (30) days prior written notice to Lessor of Lessee's intended date of termination of this Lease. Lessee shall continue to make its rental payments as due through the date of termination. From and after the date of early termination, the parties shall have no further rights and obligations hereunder except those that expressly survive the termination of this Lease.

ARTICLE 4 – DELIVERY AND ACCESSIBILITY INSPECTION

4.1 Delivery.

(a) Lessee hereby acknowledges that it is currently in possession of the Leased Premises and the same are in good condition and repair; in compliance with all applicable laws, codes, regulations and ordinances.

4.2 Accessibility Inspection. Landlord and Tenant acknowledge that the Leased Premises are subject to Chapter 469, *Texas Government Code*, as amended from time to time, concerning accessibility for the disabled, and agree to comply with the requirements thereof, including the following:

(a) On-Site Inspection. Landlord acknowledges that because Tenant is a state agency, by law before the Leased Premises are occupied in whole or in part by Tenant, an on-site inspection of the Project (including the Leased Premises) must be performed by (i) the Texas Department of Licensing and Regulation ("*TDLR*"); (ii) an entity who has contracted with the Texas Commission of Licensing and Regulation ("*TCLR*") pursuant to Section 469.055, *Texas Government Code* (as amended from time to time), or (iii) a person who holds a certificate of registration issued pursuant to Section 469.201, *Texas Government Code* (as amended from time to time), to ensure compliance with the accessibility standards and specifications adopted by *TCLR* (Title 16, *Texas Administrative Code*, Chapter 68, as amended from time to time) under authority of Chapter 469, *Texas Government Code* (as amended from time to time). The term "*Inspector*" as used in this paragraph means any one or more of the following: The *TDLR*, any contracted entity, or any certificated person described above in this Paragraph as authorized to perform on-site inspections.

(b) Repair. If the Inspector finds any condition in the Leased Premises or the Project not in compliance with *TDLR* accessibility standards and specifications (conditions as to which the *TDLR* has waived compliance pursuant to a variance or other written departmental action shall be deemed to be in compliance), Landlord may, but is not obligated, to correct such noncompliance, but if Landlord shall not have corrected such noncompliance by the date that is 60 days after the report of the Inspector shall have been delivered to Landlord or such later date as may be established by the *TDLR* for correction of such non-complying conditions (such period being the "*Cure Period*"), then pursuant to Chapter 469, *Texas Government Code* 469, as amended from time to time, Tenant must terminate this Lease upon written notice to Landlord given within 30 days after the expiration of the *Cure Period* and prior to correction of such noncompliance by Landlord, time being of the essence.

(c) Cooperation. Landlord and Tenant shall provide to *TDLR* and the Inspector all necessary cooperation and information concerning inspection of the Leased Premises and the Project and any corrective action required. Tenant shall pay any fees charged by *TDLR* for inspection of the Leased Premises and the Project under *Texas Government Code* Chapter 469, as amended from time to time.

(d) Cancellation of Lease. If this Lease is cancelled by Tenant pursuant to the provisions of this Section

4.2, the cancellation shall be effective upon written notice to Landlord, and shall not subject Tenant to any claim by Landlord for Rent or for damages or liability arising from the termination, which are hereby expressly waived by Landlord.

4.2 Accessibility Compliance. Landlord represents and warrants that the Leased Premises and the Project comply with the accessibility standards and specifications adopted by TCLR under authority of Chapter 469, *Texas Government Code* and amendments thereto.

ARTICLE 5 - RENT

5.1 Rent. As compensation to Lessor for the lease of the Leased Premises, Lessee agrees to perform its covenants under this Lease and to pay to Lessor, in the manner and time set forth herein, the Rent described in Section 1.1(h). The Rent is payable by Lessee to Lessor in the monthly installments described in Section 1.1(h). Each monthly installment of Rent is payable in advance, on or before the 5th day of the calendar month for which payment is made (or within 25 days thereafter without penalty). If the first month or last month of the Term is other than a full calendar month, the monthly Rent for such partial month shall be prorated on a daily basis. Rent shall be payable to Lessor at the address specified in Section 1.1(b) or at such other address as Lessor may from time to time designate in writing.

5.2 Funding Contingency. This Lease is made contingent upon the continuation of the availability of funds designated or appropriated to pay for the Lease. In the event the funds become unavailable, Lessee shall have the right to terminate the Lease upon 30 days prior written notice to Lessor.

5.3 Texas State Auditor's Office. Landlord acknowledges and agrees that, notwithstanding anything to the contrary set forth in this Lease, the Texas State Auditor's Office (collectively, with any successor agency thereto, the "State Auditor") is authorized under applicable Texas law (including, without limitation, *Texas Education Code* Sections 51.9335(c), 73.115(c) and 74.008(c)), in each case, as may be amended from time to time, to conduct an audit or investigation in connection with any of the funds or payments received and accepted by Landlord from Tenant pursuant to this Lease. Landlord agrees to cooperate with the State Auditor in the conduct of any such audit or investigation, including, without limitation, providing the State Auditor with all records requested as may be required under applicable Texas law. All costs and expenses of any such audit or investigation by the State Auditor shall be Tenant's sole responsibility, except and unless such audit and investigation determines that the amounts paid by Tenant for the applicable period which are the subject of such audit or investigation were in excess of the amounts properly payable under this Lease, in which event Landlord will pay to Tenant the amount determined to be in excess of the correct amount. In addition, if the excess amounts are greater than five percent (5.0%) than the amounts properly payable under this Lease, Landlord shall reimburse Tenant for the actual and reasonable cost of such audit by the State Auditor.

ARTICLE 6 - OCCUPANCY AND USE

6.1 Permitted Use Of Leased Premises. Lessee shall use the Leased Premises solely for the Permitted Use, except as otherwise agreed in writing by Lessor.

6.2 Lawful Use of Leased Premises. Lessor represents and warrants to Lessee that the Permitted Use of the Leased Premises does not violate any building code, zoning ordinance, restrictive covenant, or deed restriction applicable to the Leased Premises. Without releasing the foregoing warranty by Lessor, Lessee agrees not to use the Leased Premises for any purpose that violates any federal, state or local statute, ordinance or regulation that is applicable to Lessee or Lessee's use and occupancy of the Leased Premises.

6.3 No Nuisance. Lessee will not use, occupy or permit the use or occupancy of the Leased Premises in any manner that constitutes waste or a public or private nuisance.

6.4 Hazardous and Toxic Materials.

(a) Definition of Hazardous Materials. For purposes of this Lease, "*Hazardous Materials*" shall mean bio-medical and bio-hazardous materials and waste, asbestos-containing materials, and all other materials, substances, wastes and chemicals classified as hazardous or toxic substances, materials, wastes or chemicals under then-applicable

local, state and federal governmental laws, rules or regulations or that are subject to any "right-to-know" laws or requirements.

(b) Lessee's Covenants Regarding Hazardous Material. Lessee shall not knowingly incorporate into, or use or otherwise place or dispose of at the Leased Premises or any other portion of the Project any Hazardous Materials, save and except for the use, generation and storage on the Leased Premises of commercially reasonable quantities of (i) cleaning and office supplies; and (ii) Hazardous Materials used, generated or stored in the ordinary course of Lessee's Permitted Use of the Leased Premises, and then only if such Hazardous Materials are in reasonable quantities and are used, stored and disposed of by Lessee in accordance with applicable law.

(c) Lessor's Covenants. Lessor warrants and represents to Lessee that as of the Commencement Date, the Project (including, without limitation, the Building and the Leased Premises) are free of all Hazardous Materials except for commercially reasonable quantities of routine cleaning, maintenance and office supplies stored, handled, used and disposed of by Lessor in the ordinary course of Lessor's operation and maintenance of the Project, in accordance with the requirements of applicable law. During the Term, Lessor shall not introduce, store, use or dispose of any Hazardous Materials at the Project (including, without limitation, the Building and the Leased Premises), save and except for the use and storage of cleaning, office and maintenance supplies used in the ordinary course of Lessor's operation and maintenance of the Project and then only if such materials are in reasonable quantities and are stored, handled, used and disposed of in accordance with applicable law.

(d) Notice of Hazardous Materials. If either Lessor or Lessee has knowledge of the presence of Hazardous Materials other than those permitted under Sections 6.4 (b) and (c) above in or on the Leased Premises or any other portion of the Project, the party having knowledge shall notify the other party thereof in writing promptly after obtaining such knowledge.

(e) Violations. If a party to this Lease shall ever violate the provisions of Section 6.4(b) or (c) or otherwise contaminate the Leased Premises, the Building or the Project, that party shall at its expense (i) remediate the violation in compliance with all then current and applicable governmental standards, laws, rules and regulations and then prevalent industry practice and standards; and (ii) repair any damage to the Leased Premises, the Building or the Project within such period of time as may be reasonable under the circumstances ("*Environmental Corrective Work*"). A party obligated to perform Environmental Corrective Work shall notify the other party in writing of its proposed method, time and procedure for such Environmental Corrective Work and the other party shall have the right to require reasonable changes in such method, time or procedure and/or to require the same to be done after Normal Business Hours.

(e) Hazardous Materials Indemnification. Lessor shall indemnify Lessee from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including, without limitation, any and all sums paid for settlement of claims and for fees for attorneys, consultants, and experts) arising during or after the Lease term from or in connection with the presence or suspected presence of Hazardous Materials in or on the Leased Premises, unless the Hazardous Materials are present solely as a result of negligence, willful misconduct, or other acts of Lessee or Lessee's agents, employees, contractors or invitees. Without limitation of the foregoing, this indemnification includes any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by a federal, state or local agency or political subdivision, unless the Hazardous Materials are present solely as a result of negligence, willful misconduct, or other acts of Lessee, Lessee's agents, employees, contractors or invitees. This indemnification shall specifically include any and all costs due to Hazardous Materials that flow, diffuse, migrate, or percolate into, onto or under the Leased Premises during or after the term of the Lease.

6.5 HIPAA. The parties understand and agree that Lessee is a licensed health care provider who is required to comply with state and federal privacy laws as to Lessee's patients, including the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 and all amendments thereto (commonly known as the "Privacy Standards"), as promulgated by the U.S. Department of Health and Human Services pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto ("*HIPAA*"). In the event that in its use of the Leased Premises for the Permitted Use, Lessee creates, stores or maintains "protected health information" ("*PHI*"), as that term is defined by 45 CFR §160.103 and all amendment thereto, in the Leased Premises, the parties agree that nothing in this Lease gives Lessor

or Lessor's employees and agents any right to access, use or disclose PHI and that Lessor and its employees and agents shall never need or seek access to, or the use of, any PHI of Lessee. However, in the event PHI is accessed (whether inadvertently or otherwise) by Lessor or its employees or agents, the party discovering such disclosure shall promptly notify the other party and Lessor agrees to promptly take commercially reasonable measures to prevent any subsequent dissemination by Lessor or Lessor's employees or agents of such PHI to third parties. The parties agree that the provisions of this Section do not create, and are not intended to create, a "business associate" relationship between the parties as that term is defined by the Privacy Standards.

The parties further agree that in the event that Lessor or its employees or agents have a lawful right to enter into the Leased Premises without the permission and/or knowledge of Lessee, Lessor shall have no right to access PHI or deprive Lessee of access to such PHI, provided that Lessee shall take reasonable efforts to safeguard PHI confidentially and securely so as to prevent Lessor or its employees or agents from inadvertently coming into contact with PHI on the Leased Premises. This Section 6.6 shall be interpreted to ensure that, to the extent possible, Lessee remains in compliance with HIPAA and all other state and federal privacy laws. To the extent that any other provision of this Lease can be read to provide Lessor with any right to access PHI, this Section 6.6 shall govern.

6.6 Quiet Possession. Lessor warrants to Lessee that Lessee shall have the quiet possession of the Leased Premises for the entire Term hereof, subject to all of the terms and conditions of this Lease. Lessor hereby represents and warrants to Lessee that Lessor's interest in the Project is not a leasehold interest and that there are no restrictions, conditions or covenants in favor of any third party that would require such third party's consent to Lessor's execution and performance of this Lease.

6.7 Permits. Lessor, at its expense, shall obtain the certificate of occupancy, if any, and any other governmental permissions or permits required for Lessee's physical occupancy of the Leased Premises. Lessee, at its expense, shall obtain any other governmental licenses or permits required specifically for Lessee's Permitted Use of the Leased Premises. If any subsequent alteration or improvement made to the Leased Premises by or at the request of Lessee requires either the issuance of a new permission or permit, or the modification or amendment of an existing permit, Lessee shall, at its expense, procure such permission, permit, modification or amendment.

6.8 Signage. Lessee may install any signs desired by Lessee to indicate Lessee's name, location and purpose, but all signs must be prepared and installed in conformity with Lessor's rules and regulations and must be consistent with building décor. Any special signage requirements of Lessee contrary to the above must be mutually agreed to in writing by the Parties. Lessee may install signage (i) on or next to the doors of the Leased Premises, (ii) or on any pylon or monument (if any) located on the Project that has been designated by Lessor for the display of signage by tenants and other occupants of the Building.

6.9 Lessor's Rules and Regulations. To the extent authorized by the Constitution and laws of the State of Texas, Lessee will abide by all reasonable rules and regulations promulgated by Lessor for the proper operation of the Project that do not unreasonably interfere with Lessee's use of the Leased Premises and are equally applicable to all Project Lessees and other occupants. Any rule or regulation promulgated by Lessor after the Commencement Date shall be effective to Lessee no earlier than 30 days after Lessee has received a written copy of the rule. In case of any conflict between the provisions of this Lease and any of the foregoing rules and regulations as originally or as hereafter promulgated by Lessor, the provisions of this Lease shall control.

6.10 Compliance with Laws. Lessor shall maintain the Project and all appurtenant Lessee improvements in compliance with all applicable federal, state, municipal or other laws, ordinances, rules and regulations, including, without limitation, the Americans with Disabilities Act of 1990 (*Public Law 101-336*), Chapter 469, *Texas Government Code*, and the administrative rules and regulations adopted by the Texas Department of Licensing and Regulation (Title 16, *Texas Administrative Code*, Chapter 68) under authority of Chapter 469, in each case as amended from time to time.

ARTICLE 7 - UTILITIES AND SERVICES

7.1 Services To Be Provided. Except as otherwise expressly provided in this Lease, Lessor agrees at its sole cost and expense to furnish (or cause third parties to furnish) all of the following utilities and services to the Leased

Premises (collectively, "*Lessor's Services*"):

(a) Heat and Air Conditioning. During Normal Business Hours, Lessor shall ventilate and furnish to the Leased Premises and the Common Areas heat or air conditioning ("*HVAC*"), as appropriate for the season, at such temperatures and in such amounts as is customary in buildings of comparable size, quality and in the general vicinity of the Building, with such adjustments as Lessor reasonably deems necessary for the comfortable occupancy of the Leased Premises. Upon request, Lessor shall make available, at Lessee's expense, after hours heat or air conditioning of the Leased Premises on the same terms, conditions and rates as offered by Lessor to other Lessees in the Project.

(b) Electricity. On a 24 hour per day, 7 day per week basis, electric current in amounts reasonable and customary for the Permitted Use.

(c) Gas. On a 24 hour per day, 7 day per week basis, in amounts reasonable and customary for the Permitted Use.

(d) Water. On a 24 hour per day, 7 day per week basis, in amounts reasonable and customary for the Permitted Use, hot and cold running water for drinking, cleaning and lavatory purposes.

(e) Garbage Services: Polk County provides two large dumpsters at the Regional Health Center for Lessee to utilize for proper waste disposal. The dumpsters are available to Lessee for use at no additional cost.

(f) Telecommunications. Connections within the Leased Premises to telecommunications lines and cables for telephone, cable and internet service reasonable and customary for the Permitted Use; provided that Tenant shall be responsible for (i) wiring costs associated with connecting its telecommunications equipment to the connections provided by Landlord; and (ii) costs charged for the telecommunication services used by Tenant in the Leased Premises.

(g) Maintenance. Except as otherwise provided herein, Lessor shall maintain and keep in a good state of repair the Leased Premises, including maintenance and repair of the exterior and/or roof of the Building, and repair of any defects in the Building and its central systems including, but not limited to, the plumbing, fire alarm, and electrical systems, all of which shall be performed diligently and promptly by Lessor at its sole cost and expense. Lessee agrees to maintain and keep in a good state of repair the Improvements, reasonable wear and tear, and to the extent provided, casualty loss, excepted. Lessee further agrees to comply with all the laws, regulations, and ordinances and rules and regulations of governmental agencies having jurisdiction in the maintenance and upkeep of the Improvements, and to keep at all times the Leased Premises in a neat, clean, and sanitary condition.

(h) Janitorial. Janitorial services to the Leased Premises are provided by Lessee at its expense.

7.2 Utilities. All utilities are or will be separately metered to the Leased Premises as of the Commencement Date, and that Tenant shall pay directly to the utility provider all costs and fees for such services to the Leased Premises, including Electricity, Natural Gas, Water, Telephone, Cable TV, and Internet.

ARTICLE 8 – MAINTENANCE AND REPAIRS

8.1 Lessor's Obligation to Maintain and Repair. Lessor shall, at Lessor's sole cost and expense, maintain in good condition and working order (and in connection therewith, replace or repair as necessary) the Project, including without limitation the Building's foundation, exterior and load-bearing walls, roof and other structural elements and the Building's plumbing, electrical, mechanical and HVAC systems (collectively, "*Structural and Mechanical Elements*"), except that : (i) Lessor shall not be responsible for the those items to be maintained by Lessee pursuant to Section 8.2 below, and (ii) the cost of performing any maintenance, repairs or replacements attributable to the negligence or willful misconduct of Lessee or Lessee's employees or agents shall be paid by Lessee, except to the

extent covered by insurance policies (plus any applicable deductible) maintained or required to be maintained by Lessor.

8.2 Lessee's Obligation to Maintain and Repair. Lessee shall, at Lessee's sole cost and expense, maintain in good condition and working order (and in connection therewith, replace and repair as necessary) the interior of the Leased Premises, except that: (i) Lessee shall not be responsible for maintaining the Structural and Mechanical Elements (no matter where located) and other items to be maintained by Lessor pursuant to Section 8.1 above, and (ii) any damage to the Leased Premises attributable to the negligence or willful misconduct of Lessor or Lessor's employees or agents shall be repairable by Lessor at Lessor's sole cost and expense.

Lessee shall remove the sprinkler heads inside the Leased Premises.

ARTICLE 9 – LESSEE ALTERATIONS AND LIENS

9.1 Lessee Alterations. Lessee has the right to install within the Leased Premises any and all fixtures, equipment, and other personal property required by Lessee for the conduct of the Permitted Use. Except as provided otherwise herein, Lessee shall not make any material alterations, additions or improvements to the Leased Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed. Any such alterations, additions or improvements made hereunder will, at the expiration or earlier termination of the Term, be left in place on the Leased Premises and become the sole property of Lessor.

9.2 Condition at Termination. All alterations, installations, additions and improvements made and installed and paid for by Lessor shall become the property of Lessor and shall remain upon and be surrendered with the Leased Premises as a part thereof at the end of the Term of this Lease. Upon the expiration or within 30 days after the earlier termination of the Lease, Lessee shall deliver the Leased Premises to Lessor in the same condition as when delivered to Lessee, reasonable wear and tear, damage by casualty or condemnation, Lessor's maintenance, repair and replacement obligations hereunder, damage for which Lessee is not responsible under the terms of this Lease, and alterations, additions or improvements required to be left in place as set forth in Section 9.1 above excepted. Notwithstanding anything to the contrary herein, Lessee may remove from the Leased Premises at any time any and all machinery, equipment, trade fixtures, furniture, furnishings and other personal property owned by Lessee provided that Lessee repairs any damage to the Leased Premises caused by such removal.

9.3 Liens. Lessee shall keep the Leased Premises, the Building and the Project free from all liens arising out of any work performed, materials furnished or obligations incurred by or for Lessee.

ARTICLE 10 - INSURANCE

10.1 Lessor's Insurance. At all times during the Lease Term, Lessor at its sole cost and expense shall maintain a special causes of loss policy of insurance issued by and bonded upon an insurance company licensed in the State of Texas, covering the Leased Premises and leasehold improvements (exclusive of the contents), in an amount equal to not less than eighty percent (80%) of the replacement cost thereof. Lessee shall have no interest in the policy or policy proceeds and Lessor shall not be obligated to insure any furnishings, equipment, trade fixtures or other personal property which Lessee may place or cause to be placed upon the Leased Premises. Lessor must also maintain a policy or policies of commercial general liability insurance insuring Lessor against loss of life, bodily injury and/or property damage with respect to the Common Areas, operation of the Building, parking lots and other improvements associated with the land upon which the Leased Premises are located, and any other losses caused by or related to the duties and obligations of Lessor under this Lease.

10.2 Lessee's Insurance.

(a) Limitations on Lessee's Insurance. Lessor acknowledges that Lessee is an agency of the State of Texas and has only such authority to obtain insurance from third parties as is granted to Lessee by state law or as may be reasonably implied by such law. Lessee shall have no obligation under this Lease to obtain policies of insurance and shall have the right, in Lessee's sole discretion, to determine whether Lessee will maintain policies of insurance, operate programs of self-insurance, or utilize any other program of risk-protection in connection with Lessee's operations.

(b) Liability Insurance. Lessor acknowledges that because Lessee is an agency of the State of Texas, liability for the tortious conduct of the agents and employees of Lessee (other than the medical liability of medical staff physicians) or for injuries caused by conditions of tangible state property is provided for solely by the provisions of the Texas Tort Claims Act, *Texas Civil Practice and Remedies Code*, Chapter 101, as amended from time to time.

(c) Workers Compensation Insurance. Workers compensation insurance coverage for employees of Lessee will be provided by Lessee as mandated by the provisions of *Texas Labor Code*, Chapter 503, as amended from time to time.

10.3 Waiver of Subrogation. Lessor and Lessee (to the extent Lessee is authorized by the Constitution and laws of the State of Texas) each agree that with respect to any third-party insurance policy maintained, or required to be maintained, by it under this Lease, such policy of insurance shall contain a waiver of the insurer's subrogation rights with respect to any amounts paid under such policy or policies. Landlord and Tenant each agree to (i) immediately give written notice to each insurance company that has issued to it, or in the future issues to it, policies of insurance with respect to this Lease; (ii) cause such insurance policies to be properly endorsed, as necessary, to evidence the waiver of the insurer's subrogation rights; and (iii) provide reasonable proof of such waiver of subrogation rights to the other party. Further, to the extent of insurance proceeds received, the parties respectively waive and release any and all claims against the other party for damages caused or contributed to by the other party.

ARTICLE 11 - FIRE AND CASUALTY

11.1 Repairs Taking Over 120 Days. In the event that the Leased Premises or any portion of the Building or the Project reasonably necessary for Lessee's use and occupancy of the Leased Premises for the Permitted Use should be so damaged by fire or other casualty that, according to Lessor's reasonable estimate, rebuilding or repairs of such fire or other casualty damage cannot be completed within 120 days following the date of such fire or other casualty ("*Casualty Date*"), within 30 days of the Casualty Date, Landlord shall deliver to Tenant written notice of Landlord's reasonable estimate as to the time necessary to rebuild or repair such fire or other casualty damage (but not including any trade fixtures or personal property of Tenant in the Leased Premises) to substantially the same condition that existed immediately prior to the fire or other casualty ("*Casualty Repair Period*"). Within 30 days from the date of Landlord's delivery of such notice to Tenant, either party may upon written notice to the other party terminate this Lease upon written notice to the other. If neither party timely gives such notice of termination of the Lease, then Lessor shall promptly commence, and thereafter pursue with reasonable diligence, the rebuilding or repair of the damage caused by the fire or other casualty to substantially the same condition that existed immediately prior to the happening of the fire or other casualty; provided, however, that Lessor is not required to rebuild, repair or replace any trade fixtures or personal property that may have been placed by Tenant within the Leased Premises. If the Lease is not terminated as provided under this paragraph and either (i) the rebuilding or repair work is not substantially completed before the expiration of the Casualty Repair Period, or (ii) Landlord has not commenced such rebuilding or repair work within 60 days after the Casualty Date, then Tenant may terminate this Lease with written notice to Landlord within 30 days following the expiration of the Casualty Repair Period or the above-described 60-day period (as applicable).

11.2 Repairs Taking Under 120 Days. In the event that the Leased Premises or any portion of Building or the Project reasonably necessary for Lessee's use and occupancy of the Leased Premises for the Permitted Use are damaged by fire or other casualty and, in accordance with Lessor's reasonable estimate, rebuilding or repairs of such damage can be completed within 120 days following the Casualty Date, Lessor shall within 30 days of the Casualty Date (i) deliver written notice of such estimate to Lessee, and (ii) promptly commence, and thereafter pursue with reasonable diligence, the rebuilding or repair of the damage caused by the fire or other casualty to substantially the same condition that existed immediately prior to the happening of the fire or other casualty; provided, however, that Lessor is not required to rebuild, repair or replace any trade fixtures or personal property that may have been placed by Tenant within the Leased Premises. If either (i) the rebuilding or repair work is not substantially completed within such 120 day period or (ii) Landlord has not commenced such rebuilding and repair work within 60 days after the Casualty Date, then Tenant may terminate this Lease with written notice to Landlord within 30 days after such 120-day period or 60-day period (as applicable).

11.3 Rent Abatement. Rent shall be equitably abated during the period and to the extent that any unrepaired

casualty under this Article 11 interferes with Lessee's Permitted Use of the Leased Premises. If the Lease is terminated as provided under this Article 11, any Rent paid in advance by Lessee and which Lessor is not entitled to receive hereunder shall be refunded to Lessee.

ARTICLE 12 - CONDEMNATION

12.1 Condemnation Affecting Leased Premises. If the Leased Premises, the Building or the Project shall be taken or condemned in whole or in part for any public purpose or sold to a condemning authority in lieu of taking ("Taking"), and which Taking, in Lessee's reasonable opinion, will substantially interfere with Lessee's Permitted Use for the balance of the Term, Lessee may terminate this Lease by delivering written notice of termination to Lessor within 30 days after the date of vesting of title ("Date of Taking") is known by the parties. A termination under this paragraph shall be effective as of the Date of Taking, and Rent shall be apportioned as of that date. Any Rent paid for a period thereafter shall be refunded to Lessee.

12.2 Condemnation Without Termination. In the event of a Taking and the Lease is not terminated as provided in Section 12.1 above, then this Lease shall continue in full force and effect, provided that (i) if the Taking includes any portion of the Leased Premises, Rent shall be reduced on a pro rata basis in light of the reduction in the net square rentable footage of the Leased Premises; and (ii) if the Taking includes any portion of the Building or Project that interferes with Lessee's Permitted Use, Rent shall be adjusted as equitable under the circumstances. Following any Taking under this Section, Lessor shall at its sole expense promptly and diligently restore and reconstruct the Project, the Building or the Leased Premises (as applicable) to substantially its former function and condition, to the extent that such is commercially feasible.

12.3 Condemnation Proceeds. Lessor shall receive the award payable as a result of a Taking, to the extent such award is in excess of Lessee's leasehold interest. Lessee shall have the right to recover from such authority through a separate award (i) the value at the time of the Taking of the leasehold estate created hereunder; (ii) the value of any personal property of Lessee taken by the proceedings; and (iii) such compensation as may be awarded to Lessee on account of moving and relocation expenses and depreciation to and removal of Lessee's property.

ARTICLE 13 - TAXES

13.1 Lessee's Obligations. Lessee shall be liable for and shall pay, prior to delinquency, any and all taxes and assessments levied against Lessee's personal property and trade fixtures placed by Lessee in or about the Leased Premises.

13.2 Lessor's Obligations. Lessor shall be liable for and shall pay, prior to delinquency, any and all taxes and assessments levied against the Project.

ARTICLE 14 - SUBLETTING AND ASSIGNING

14.1 Sublease and Assignment. Without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed, Lessee shall not assign, sublease or otherwise transfer any whole or part of the Leased Premises to any other person; save and except that without the necessity of Lessor's consent, Lessee may assign, sublease or otherwise transfer the Leased Premises or any portion thereof to another state agency or institution of The University of Texas System. Lessee shall deliver to Lessor a copy of each assignment, sublease or other transfer instrument entered into by Lessee promptly after the execution thereof, whether or not Lessor's consent is required in connection with such assignment, sublease or other transfer.

ARTICLE 15 - DEFAULT

15.1 Default By Lessee. It shall be an event of default by Lessee under this Lease if Lessee fails to (i) pay any Rent or other monetary obligation owing to Lessor under this Lease when due and such failure is not cured within thirty (30) days after Lessor delivers written notice of default and demand for payment to Lessee; or (ii) perform any other obligation of this Lease for more than 30 days after Lessor delivers written notice of such default and demand

for performance to Lessee, provided that if such failure cannot be reasonably cured within said 30 day period, Lessee shall not be in default hereunder so long as Lessee commences curative action within such 30 day period and diligently and continuously pursues the curative action to completion. Upon the occurrence of an event of default by Lessee, Lessor may (to the extent permitted by the statutes and the Constitution of the State of Texas) (i) terminate this Lease upon written notice to Lessee, (ii) cure such default and be reimbursed by Lessee upon demand for the reasonable costs of such cure, and/or (iii) exercise any other remedy available at law, in equity or by statute for such default.

15.2 **Default by Lessor.** It shall be an event of default by Lessor under this Lease if Lessor fails to perform any of its obligations hereunder and said failure continues for a period of 30 days after Lessee delivers written notice of default and demand for performance to Lessor, provided that if such failure cannot be reasonably cured within said 30 day period, Lessor shall not be in default hereunder so long as Lessor commences curative action within such 30 day period and diligently and continuously pursues the curative action to completion. Upon the occurrence of an event of default by Lessor, Lessee may (i) terminate this Lease upon written notice to Lessor, (ii) cure such default and be reimbursed by Lessor upon demand for the reasonable costs of such cure, and/or (iii) exercise any other remedy available at law, in equity or by statute for such default

15.3 **Cumulative Remedies.** No right or remedy herein conferred upon or reserved to a party is intended to be exclusive of any other right or remedy set forth herein or otherwise available to the party, and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law, in equity or by statute.

15.4 **Dispute Resolution Provisions.** Lessor acknowledges that Lessee is an agency of the State of Texas and by law may not participate in binding arbitration with private persons. If at any time there is an issue or dispute between Lessor and Lessee regarding this Lease and the performance of a party hereunder, the parties will, within 10 days following mailing of written request for a meeting concerning such issue or dispute, meet in face-to-face negotiations in an attempt to resolve the matter. If thereafter the parties agree to non-binding mediation in a further effort to resolve the dispute, the parties will choose a mutually agreeable third party neutral to mediate the dispute between the parties. Mediation shall be non-binding and shall be confidential. All expenses of mediation, except expenses of the individual parties, shall be shared equally by the parties. Each party shall be represented in the mediation by a person with authority to settle the dispute. If the parties agree to mediation, then the default remedies of Article 16 shall be suspended for a period lasting for the shorter of (i) the end of the mediation, or (ii) 30 days following the date of the agreement to mediate.

ARTICLE 16 - NOTICES

16.1 **Notices.** Any notice or communication required or permitted in this Lease shall be given in writing, sent by (i) personal delivery, with proof of delivery; (ii) nationally recognized overnight courier service that regularly maintains records of items delivered; or (iii) United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as provided in Section 11(b) or Section 1.1(d), as applicable, or to such other address or to the attention of such other person as shall be designated from time to time in writing by the applicable party and sent in accordance herewith. Any such notice or communication shall be deemed to have been given either at the time of personal delivery or, in the case of courier service or mail, as of the date of first attempted delivery at the address, as applicable

ARTICLE 17 – HOLDING OVER

17.1 **Holding Over.** In the event that Tenant retains possession of the Leased Premises after the expiration or 30 days following the earlier termination of this Lease without the written consent of Landlord, such possession shall constitute and be construed as a week to week tenancy on the same terms, provisions, covenants and agreements of this Lease in effect as of the last day of the Term of the Lease; save and except, however, that Rent for the period of such holdover shall be an amount equal to 125% of the Rent in effect immediately preceding the expiration or earlier termination of the Lease Term, prorated on a daily basis.

ARTICLE 18 - MISCELLANEOUS PROVISIONS

18.1 **No Waiver.** No waiver by Lessor or by Lessee of any provision of this Lease shall be deemed to be a waiver by that party of any other provision of this Lease. No waiver by a party of any breach of this Lease or event of default

by the other party shall be deemed a waiver of any subsequent breach of this Lease or event of default by that other party of the same or any other provision of this Lease.

18.2 **Applicable Law.** This Lease shall be governed by and construed in accordance with the laws of the State of Texas.

18.3 **Successors and Assigns.** Subject to any provision hereof restricting assignment, subletting and other transfer by Lessee, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

18.4 **Force Majeure.** If the performance by a party of any provision of this Lease is delayed or prevented by (i) an act of God such as weather or earthquake; (ii) an act of war or terrorism; or (iii) restriction by any governmental authority ("*Force Majeure*"), then, except as otherwise provided in this Lease, the period for the party's performance of the provision shall be automatically extended for the same amount of time that the party is so delayed or hindered. However, this paragraph shall not relieve a party from its obligations hereunder to pay monies or funds when due.

18.5 **Severability.** If any provision in this Lease is held by a court with jurisdiction to be invalid or inoperative, the remainder of this Lease shall not be affected by that holding and, so far as is reasonable and possible, effect shall be given to the intent manifested in the portion held invalid or inoperative.

18.6 **Amendment.** This Lease may be amended, modified or supplemented only by an instrument in writing executed by all parties hereto.

18.7 **Interpretation of Lease.** Each party and its counsel have reviewed and revised this Lease after arms-length negotiations. Accordingly, the rule of construction that ambiguities are resolved against the drafting party shall not apply to this Lease or any amendments hereof.

18.8 **Headings.** The captions in this Lease are for convenience only and shall not be deemed to define, limit or affect in any way the scope, meaning, intent or extent of this Lease or any part of it.

18.9 **Authority.** Each party represents and warrants that (a) such party has the full power and authority to enter into this Lease and to perform its provisions and (b) the person signing on behalf of such party has been duly authorized by such party to sign this Lease on its behalf.

18.10 **Entire Agreement.** This Lease contains all of the agreements of the parties hereto with respect to the transaction contemplated in this instrument and supersedes any prior understandings or written or oral agreements between the parties concerning the subject matter of this Lease.

18.11 **Time of the Essence.** Except as otherwise provided in this Lease, time is of the essence in the performance of each and every provision in this Lease.

18.12 **OFAC.** Each party represents and certifies to the other that (a) it is not a person and/or entity with whom United States ("*U.S.*") persons or entities are restricted from doing business under U.S. law, executive power, or regulation promulgated thereunder by any regulatory body; (b) no person or entity named on any U.S. list of specially designated nationals or blocked persons has any direct interest in it such that the direct investment in it is prohibited by any U.S. law; (c) it is not in violation of any U.S. money laundering law; and (d) none of its funds have been derived from unlawful activity such that the direct investment in it is prohibited by U.S. law. The foregoing are ongoing covenants of each party. Each party shall immediately advise the other party of any change in the status or accuracy of such representations, and upon request each party shall recertify such representations and certify in writing the identity of all entities and individuals owning or controlling it.

18.13 **Exhibits and Attachments.** All Exhibits, attachments, riders and addenda referred to in this Lease are incorporated in this Lease and made a part hereof for all intents and purposes.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Lease, as of the date first written in this Lease.

LESSOR: Polk County, Texas

By: *Sydney Murphy*
Hon. Sydney Murphy
County Judge, Polk County, Texas

LESSEE: The Board of Regents of The University of Texas System for the use and benefit of
The University of Texas Medical Branch at Galveston

By: *Aaron LeMay* 2/21/2022
Name: C. Aaron LeMay, CPA, JD, MSED
Title: UTMB – Interim CFO and VP, Financial Accounting and Reporting

Content Review: OGC/NJA

EXHIBIT A
TO
SPACE LEASE AGREEMENT

Description of Land

101 W CHURCH ST
POLK COUNTY,
LIVINGSTON, TX 77351

LIVINGSTON OT BLK 16

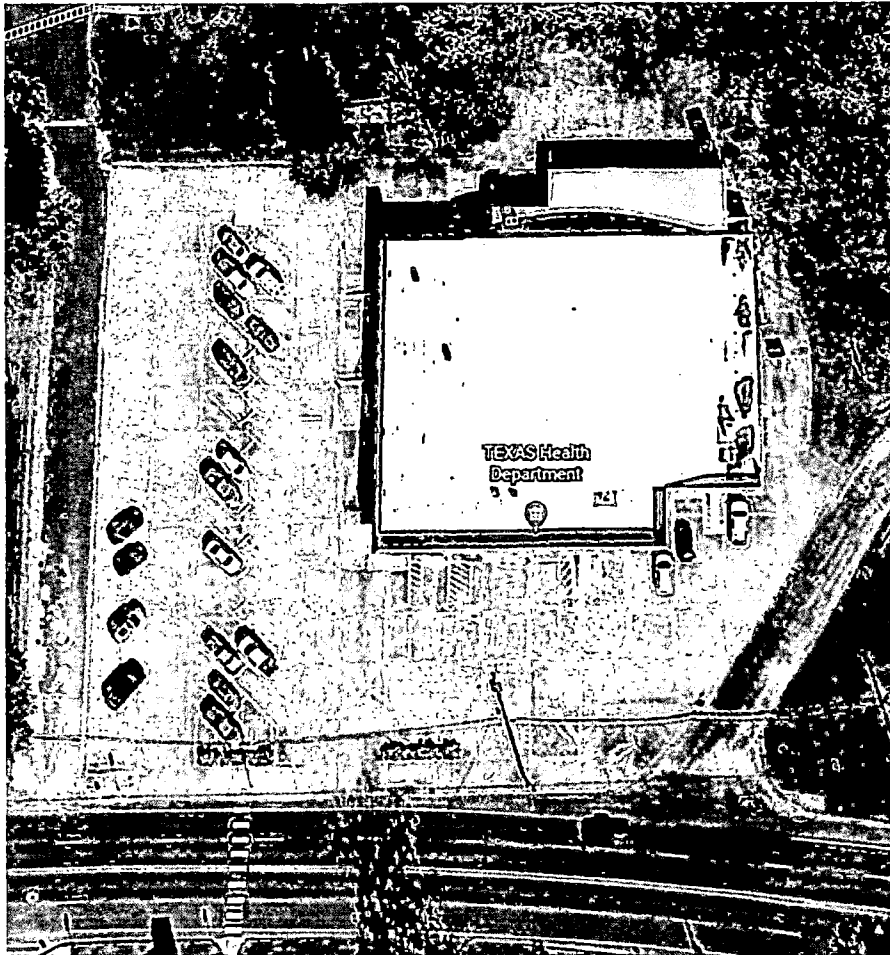


EXHIBIT B
TO
SPACE LEASE AGREEMENT

Description of Leased Premises and Parking Areas

