



**LEASE AGREEMENT
BETWEEN
TEXAS FACILITIES COMMISSION
AND
THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM
FOR THE USE AND BENEFIT OF
THE UNIVERSITY OF TEXAS AT AUSTIN**

THIS LEASE AGREEMENT ("Lease") is between the State of Texas, by and through the Texas Facilities Commission ("Lessor" or "TFC"), and The Board of Regents of The University of Texas System for the use and benefit of The University of Texas at Austin, an agency of the State of Texas ("Lessee"), wherein Lessor leases to Lessee the state-owned property comprised of two buildings and grounds, located at 1507 Lavaca Street, Austin, Texas, 78701 ("Leased Premises").

Lessor, acting on behalf of the State of Texas, hereby leases the Leased Premises under the following terms and conditions and pursuant to the authority of the Texas Government Code, Title 6, Subtitle B, Chapter 663, §663.105:

- 1. LEASED PREMISES.** The Leased Premises is to be occupied by Lessee and used solely for purposes related to the operation of a child care facility subject to and in accordance with the provisions of the Texas Government Code, §663.001 et seq. relating to Child Care Services for State Employees; Texas Human Resources Code, §42.001 et seq., relating to providing child care services; and any other applicable federal, state or local law or regulation.

The Leased Premises is comprised of the North Building having approximately 3,362 gross square feet and the South Building having approximately 3,606 gross square feet. The second floor of the South Building is inaccessible and expressly excluded as part of the Leased Premises. Lessee shall have no access to the second floor of the South Building without the express written consent of Lessor for each requested access. The Leased Premises also includes a parking area, walks, driveways, and an outdoor play area located between the North and South Buildings.

The Leased Premises will be delivered to Lessee in accordance with plans and specifications attached hereto as Exhibit A and incorporated herein by reference for all purposes.

- 2. RENT.** The monthly rent for this Lease is nil. Lessee agrees that performance pursuant to the contract for child care services and operation and management of the State of Texas Child Care Program designated as TFC Contract No. 15-052-000 ("Contract") between Lessor and

Lessee relating to the operation and management of a child care center upon the Leased Premises constitutes good and valuable consideration for this Lease.

3. **TERM.** The Lease shall commence on June 1, 2015 ("Commencement Date"). The term of this Lease shall be for six (6) years and three (3) months from June 1, 2015 through August 31, 2021. The Lease may be renewed for two (2) additional two (2) year periods upon the same terms and conditions if the Contract is renewed and extended according to the terms and conditions set out therein.
4. **RELATIONSHIP OF PARTIES.** This Lease constitutes a landlord-tenant relationship only and shall be governed by the laws as applied to these relationships. Lessee understands and acknowledges that neither the State of Texas nor TFC either waive and have not waived their sovereign immunity from suit or liability by entering into or performing under this Lease.
5. **IMPROVEMENTS AND ALTERATIONS BY LESSEE.** After Commencement Date, Lessee, at its sole cost and expense, has the right to install within the Leased Premises any fixtures, equipment, facilities, and other improvements required by Lessee for conduct of Lessee's business on the Leased Premises. Lessee may not use the Leased Premises for any purpose except as stated in Paragraph 1, or make a major alteration or physical addition in or to the Leased Premises, without Lessor's prior written consent. Lessee shall not install, without written consent from Lessor, any devices in the Leased Premises that create an unusually heavy load on floors, or require unusual demand for electrical power. Lessee shall not modify, construct or make any alteration to the Leased Premises' heating, cooling, electrical, gas, water, sewer or security systems without prior written consent from Lessor's contract administrator identified in Paragraph 21. On termination of the Lease, by lapse of time or otherwise, Lessee at its option and expense may remove from the Leased Premises all equipment, appliances or other property owned by Lessee. Lessee shall deliver the Leased Premises to Lessor in good order and condition, and will make reasonable repairs as necessitated by removal of Lessee's property. Lessee will be liable for damages to the Leased Premises except from reasonable use, ordinary wear and tear excepted. Lessor makes no warranties, express or implied, as to the suitability or condition of the Leased Premises and improvements. All improvements to the buildings on the Leased Premises, or any system installed on the Leased Premises shall be the property of the State of Texas and may not be removed by the Lessee.
6. **CONSUMABLES, FURNITURE, AND EQUIPMENT.** Unless stated otherwise, the consumables, furniture, and indoor equipment, excepting kitchen fixtures, are the property of the Lessee. Lessee may not remove any fixtures without the prior express, written permission of Lessor.
7. **ACCESS CONTROL.** Lessor shall provide twenty-four (24) hours per day site access control to the Leased Premises. Lessee may, at its own expense, install its own security system ("Lessee's Security System") in the Leased Premises; provided, however, that Lessee shall coordinate the installation and operation of Lessee's Security System with Lessor to assure that Lessee's Security System is compatible with Lessor's security system. To the

extent that Lessee's Security System is not compatible with Lessor's security system, Lessee shall not be entitled to install or operate it. Lessee shall be solely responsible, at Lessee's sole cost and expense, for the monitoring, operation and removal of Lessee's Security System; provided further, however, that notwithstanding the foregoing, Lessee may install any security system that is independent of and which does not affect Lessor's security system.

8. **MAINTENANCE.** Lessor agrees to maintain the parking areas, walks, driveways, roof, building exterior, plumbing system, heating system, air conditioning and ventilating equipment, fire protection equipment and electrical system and provide structural pest control. Lessee agrees, at its own expense, to maintain the Leased Premises, improvements and appurtenances thereto in good repair, and in at least as good a condition as that in which they were delivered, allowing for reasonable wear and tear. Lessee must keep all other components of the Leased Premises, the Building, and all appurtenant improvements in good repair and condition during the term of this Lease. Lessee's obligation to maintain includes, without limitation, the following: repair and patch wall, ceiling, door, and floor surfaces; painting as needed; replacement of broken window glass; repair of window shades, blinds and/or drapes, fasteners and sash cord or chains; building interior; miscellaneous valves; woodwork, locks, floor surface and coverings; light fixtures, and the replacement of all defective or burned-out light bulbs, fluorescent tubes, ballasts and starters. If Lessee does not maintain the Leased Premises and all appurtenances thereto in good repair, reasonable wear and tear excepted, Lessor shall notify Lessee. If, within 10 days after Lessor gives notice, Lessee has not repaired any defects as requested, or fails to promptly take all reasonable and necessary actions to effect such repairs, and thereafter work diligently and without unnecessary delays toward timely completion of all repairs, then Lessee will be in default under the terms of this Lease and Lessor may take action in accordance with this Lease, as well as state and local law. Any repairs related to safety of any employees and property, such as broken locks, doors, windows, and other defects creating security or health risks, shall be completed by Lessee as quickly as possible after oral or written notice to Lessor. All materials used during the performance of general maintenance work by Lessee under this provision shall match the existing interior finishes of the Leased Premises and are subject to prior review by Lessor's contract administrator to ensure conformity. In the event non-conforming materials are used by Lessee, Lessor at its sole option may require Lessee to replace such materials with conforming materials.
9. **UTILITIES, TELEPHONE, AND JANITORIAL EXPENSES.** All telephone, janitorial charges, and pest control expenses (excluding structure), are the responsibility of the Lessee. The electric, water, wastewater and natural gas utility accounts that serve the Leased Premises are in the name of Lessor.
10. **PAYMENT.** Any payments that become due to TFC or the State of Texas under an amendment to this Lease shall be made payable to:

Texas Facilities Commission
Fiscal Management
Post Office Box 13047
Austin, Texas 78711-3047

11. **LICENSES.** It is the sole responsibility of the Lessee to obtain and maintain in full force at all times during the term of this Lease all applicable licenses, certifications and registrations required to operate a child care facility in accordance with state and local laws.
12. **INDEMNITY.** Lessor is not liable for any claims, demands, or causes of action, at law or in equity, losses or damages occurring as a result of the operation of the child care facility on the Leased Premises. **TO THE TO THE EXTENT AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, LESSEE SHALL INDEMNIFY AND HOLD HARMLESS LESSOR, THEIR RESPECTIVE AGENTS, OFFICIALS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS, FROM ALL LIABILITY AND DAMAGES FOR ANY AND ALL INJURIES OR DAMAGES, DIRECT OR INDIRECT, SUSTAINED BY ANY PERSON OR PROPERTY TO THE EXTENT CAUSED BY ANY NEGLIGENCE OCCASIONED BY OR RESULTING FROM PERFORMANCE OF THE TERMS, COVENANTS AND CONDITIONS OF THE LEASE OR THE CONDITION OF THE LEASED PREMISES AND FROM ANY CLAIMS OR AMOUNTS ARISING OR RECOVERABLE UNDER BOTH FEDERAL AND STATE WORKERS COMPENSATION LAWS, TEXAS TORT CLAIMS ACT (CHAPTER 101, TEXAS CIVIL PRACTICE AND REMEDIES CODE), OR ANY OTHER SUCH LAWS. TO THE EXTENT AUTHORIZED BY THE CONSTITUTION AND LAWS OF THE STATE OF TEXAS, LESSEE SHALL FURTHER INDEMNIFY AND HOLD HARMLESS LESSOR, THEIR RESPECTIVE AGENTS, OFFICIALS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AND VOLUNTEERS, FOR ALL CLAIMS, DEMANDS, CAUSES OF ACTION, INJURIES, DAMAGES, LOSSES, COSTS, ATTORNEY'S FEES AND EXPENSES (INCLUDING EXPERT'S AND ATTORNEY'S FEES AND EXPENSES AT ALL LEVELS OF PROCEEDINGS), TO THE EXTENT CAUSED BY ANY NEGLIGENT ACT, OMISSION OR MISCONDUCT OF LESSEE, LESSEE'S AGENTS OR EMPLOYEES, OCCASIONED BY OR RESULTING FROM THE TERMS, COVENANTS AND CONDITIONS OF THE LEASE OR THE CONDITION OF THE LEASED PREMISES; OR FROM BREACH OF ANY REPRESENTATION HEREIN. THE FOREGOING INDEMNIFICATIONS SHALL SURVIVE THE TERM OF THIS LEASE UNTIL ALL CLAIMS HAVE BEEN SETTLED OR RESOLVED AND SUITABLE EVIDENCE TO THAT EFFECT HAS BEEN FURNISHED TO TFC.** Lessee is also an agency of the State of Texas.
13. **SIGNAGE AND REFERENCE TO THE STATE OF TEXAS.** Lessee will not show the State of Texas seal on any signage, communications, or correspondence. Subject to Lessor's written approval of the design and proposed location of signage, Lessee may install signage that indicates Lessee's name, location, and purpose. All signs must be prepared and installed in conformity with Lessor's rules and regulations and must be consistent with building decor.
14. **TERMINATION.** Performance by Lessor under this Lease may be dependent upon the appropriation and allotment of funds by the Texas State Legislature (the "Legislature") and/or the authority granted by Chapter 663, Texas Government Code, to operate a child care

facility under the State of Texas Child Care Program. If the Legislature fails to appropriate or allot the necessary funds or the Legislature terminates authority under Chapter 663, Texas Government Code, then Lessor shall issue written notice to Lessee, and thereafter, Lessor may terminate this Lease without further duty or obligation hereunder. Lessee acknowledges that appropriation, allotment, and authority are beyond the control of TFC.

15. **DEFAULT BY LESSEE.** If Lessee fails to perform pursuant to the Contract or otherwise fails to strictly perform its obligations under this Lease, then Lessor may declare that Lessee is in default by serving notice thereof. In the event that such failure is not cured within thirty (30) days after written notice from Lessor to Lessee of such failure, Lessor may thereafter terminate this Lease and may enter and take possession of the Leased Premises and thereupon will have the remedies now or hereafter provided by law for recovery of damages and repossession of the Leased Premises resulting from Lessee's default.
16. **DEFAULT BY LESSOR.** If Lessor fails to perform its obligations hereunder and such failure is not cured within thirty (30) days after written notice from Lessee to Lessor of such failure, then Lessee may declare that Lessor is in default by serving notice thereof, and Lessee may terminate this Lease as its sole remedy.
17. **ASSIGNMENT.** Lessee may not assign this Lease without the written consent of Lessor. Lessor shall have no duty whatsoever to be reasonable when making the determination to approve an assignment.
18. **ACCESS TO LEASED PREMISES.** Lessor shall have the right to enter the Leased Premises to make inspections without notice.
19. **STRICT PERFORMANCE.** The failure of the Lessor to insist in any one or more instances of strict performance regarding any of the covenants in this Lease shall not be construed as a waiver or relinquishment for any future covenants, but the same shall continue and remain in full force and effect.
20. **GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of Texas and venue of any legal action filed by either Lessor or Lessee shall be in Travis County, Texas, and in a state court of competent jurisdiction. Nothing in this section is intended to waive either the State's or TFC's or Lessee's sovereign immunity.
21. **CONTRACT ADMINISTRATION.** All notices required under this Lease shall be addressed to the respective contract administrator below:

If to Lessor:

Director, Property Management Services
Real Estate and Planning Division
Texas Facilities Commission
Post Office Box 13407
Austin, Texas 78711-3047

With a copy to:

Legal Division
Texas Facilities Commission
Post Office Box 13407
Austin, Texas 78711-3047

If to Lessee:

Name: Amy Wanamaker, Campus Director of Real Estate, University of
Texas at Austin
Address: 1616 Guadalupe St., Suite 2.508
Austin, Texas 78701
Telephone: 512-471-8400

With a copy to:

Executive Director of Real Estate
The Board of Regents of The University of Texas System
201 W. 7th Street, Suite 600
Austin, Texas 78701

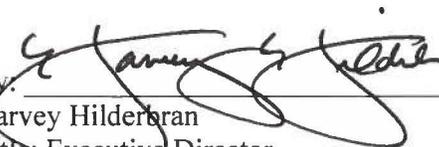
22. AUTHORITY TO EXECUTE. Lessor and Lessee each certify that the persons executing this Lease are duly authorized to bind each respective party in the full performance of this Lease.

23. ENTIRE AGREEMENT. This Lease contains the entire agreement of the parties.

(Signatures on following page)

The parties have executed this Lease on the date(s) below, effective April 20, 2015.

**TEXAS FACILITIES COMMISSION BOARD OF REGENTS FOR THE
UNIVERSITY OF TEXAS SYSTEM FOR THE
USE AND BENEFIT OF THE UNIVERSITY
OF TEXAS AT AUSTIN, an agency of the State
of Texas**

By: 
Harvey Hilderbran
Title: Executive Director
Date: 5/12/15, 2015

By: 
Amy Wartamaker
Title: Campus Director of Real Estate
Date: 5/4, 2015

APPROVED AS TO FORM:



Kay Molina
General Counsel, TFC
Date: 5/12, 2015

GENERAL NOTES

1. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE AND FEDERAL AGENCIES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE AND FEDERAL AGENCIES. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM THE LOCAL, STATE AND FEDERAL AGENCIES.

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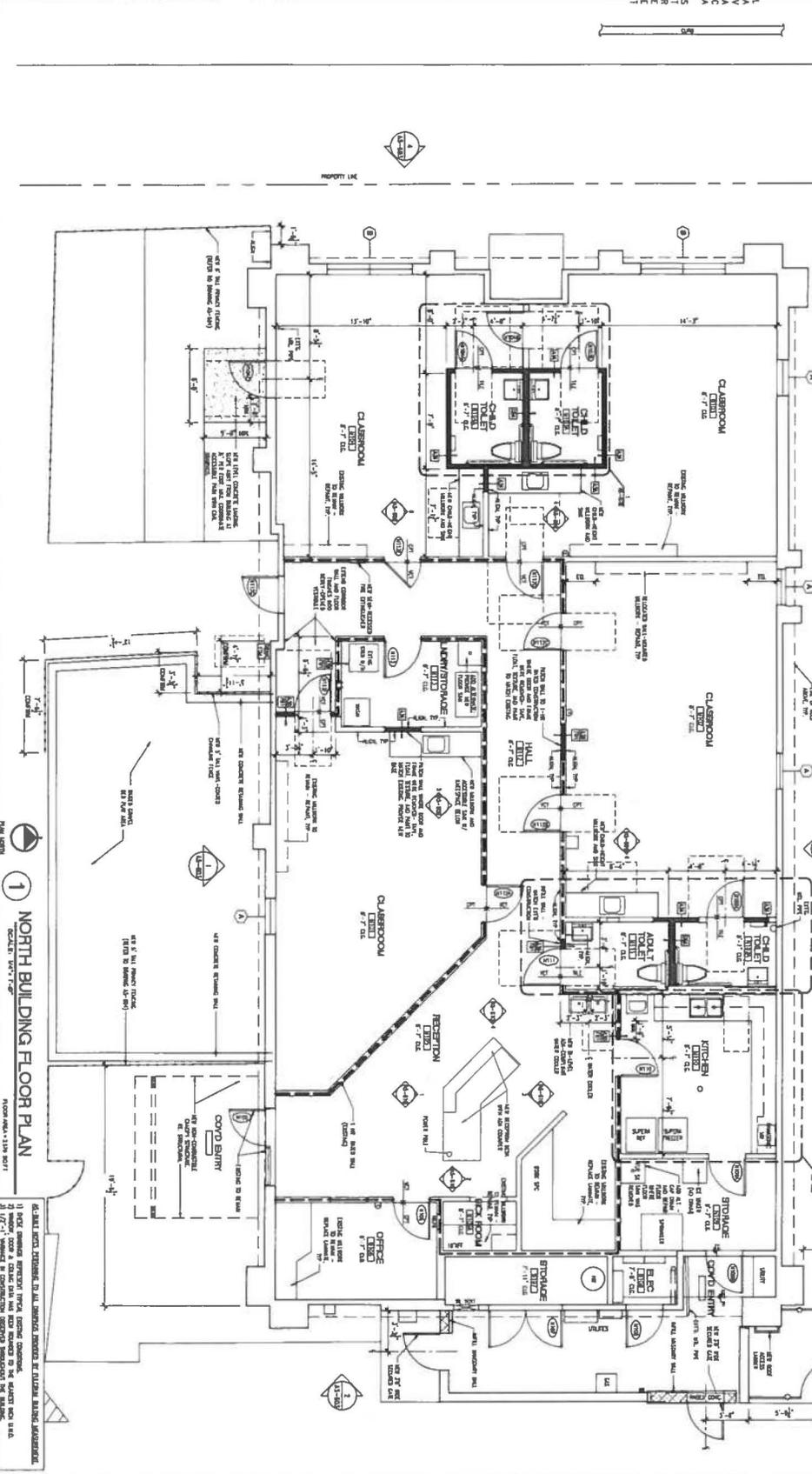
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1 NORTH BUILDING FLOOR PLAN

PROJECT NO. 1507-LAVINIA-SHEEL

DATE: 28 JANUARY 2015

PROJECT NUMBER: 1509-303

Capital Complex Child Care Facility Renovation

1506 & 1507 Lavinia Sheel
Austin, Texas 78701

VERDI

STANSBERRY ENGINEERING CO.

ENCOTECH

ARCHITECTS

15000 Capital Blvd., Suite 100
Austin, Texas 78704
Tel: 512.452.2000
Fax: 512.452.2001

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