SW/vv
05/07/15
Item #12

AN ORDINANCE 2015-05-07-0369

AUTHORIZING THE EXECUTION OF ADDITIONAL LA VILLITA LEASE AGREEMENTS SELECTED IN RESPONSE TO THE REQUEST FOR PROPOSAL PROCESS FOR RETAIL SHOPS, GALLERIES, WORKING ARTIST STUDIOS, AND RESTAURANTS.

* * * * *

WHEREAS, on July 9, 2014, a Request for Proposal (RFP) was issued to seek proposals from qualified respondents interested in operating a Gallery, Working Artist Studio Gallery, and Retail establishment in the Historic La Villita District; and

WHEREAS, a second RFP was issued on July 23, 2014 seeking proposals to operate a restaurant concept; and

WHEREAS, the goal of the RFPs was to re-structure the retail mix and enhance the visitor experience to align La Villita with best practices and continue to advance towards the objectives of the 1939 La Villita Ordinance and the 1981 La Villita Resolution; and

WHEREAS, all current tenants were eligible to respond; and The Gallery, Working Artist Studio Gallery, and Retail Shop RFP closed on November 12, 2014 at which time twenty-two (22) proposals were submitted for twenty-one (21) spaces; three available spaces did not receive proposals for tenancy; and

WHEREAS, of the proposals submitted, fifteen were from current tenants and seven were from non-tenants; four current tenants did not submit proposals; and

WHEREAS, the restaurant RFP closed on December 5, 2014, at which time two (2) proposals were submitted, however, prior to evaluation one respondent withdrew from the process; and

WHEREAS, after the review by four (4) Evaluation Panels comprised of experts and staff, the panels recommended executing leases with fifteen (15) respondents for Retail Shops, Galleries and Working Artist Studios and one (1) lease with the Restaurant respondent; and

WHEREAS, on April 2, 2015, City Council authorized the award of 9 new La Villita lease agreement by approving Ordinance 2015-04-02-0025; and

WHEREAS, the final leases are being brought forth for City Council consideration and approval; **NOW THEREFORE:**

SW/vv
05/07/15
Item #12

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager or her designee, or the Director of the Department for Culture and Creative Development or his designee, is authorized to execute additional La Villita Lease Agreements selected in response to the request for proposal process for retail shops, galleries, working artist studios, and restaurants. A copy of the retail and restaurant leases are attached hereto and incorporated herein for all purposes as **Attachment I, II** and **III**.

SECTION 2. Funds generated by this ordinance will be deposited into Fund 11001000, Internal Order 280002800002 and General Ledgers 4407720 Lease - Land and Buildings, 4407718 Service Charge - Tenant Utilities and 4407711 Lease – Patio Space.

SECTION 3. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SECTION 4. This ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.

PASSED AND APPROVED this 7th day of May, 2015.

M A Y O R
Ivy R. Taylor

ATTEST:

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

for Martha G. Sepeda, Acting City Attorney

Agenda Item:	**12 (in consent vote: 5, 6, 7, 8, 9, 10, 12, 13, 15, 17, 18, 19, 22, 24, 25B)**
Date:	05/07/2015
Time:	09:27:20 AM
Vote Type:	Motion to Approve
Description:	An Ordinance authorizing the execution of additional La Villita Lease Agreements selected in response to the request for proposal process for retail shops, galleries, working artist studios, and restaurants. [Ed Belmares, Assistant City Manager; Felix N. Padron, Director, Culture and Creative Development]
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Ivy R. Taylor	Mayor		x				
Roberto C. Trevino	District 1		x				x
Alan Warrick	District 2		x			x	
Rebecca Viagran	District 3		x				
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				
Michael Gallagher	District 10		x				

La Villita Working Artist Studio Lease

Villita Stained Glass Building #1

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1. Basic Information, Definitions.

Authorizing Ordinance:

Landlord:	City of San Antonio
Landlord's Address:	P.O. Box 839966, San Antonio, Texas 78283-3966 (Attention: Laura Raffaniello)
Tenant:	Villita Stained Glass
Tenant's Address:	418 La Villita, San Antonio, Texas 78205

Premises:	Building Number 1 located at 418 Villita Street and depicted on the attached **Exhibit A**. Premises includes an Outdoor Display Area depicted on **Exhibit B** that consists of a total area of 776 square feet.
Permitted Use:	A retail business managed and operated by working artist, artisan, or craft person that exhibits and sells works of art of craft that are produced by hand. A minimum of 50% of art or craft exhibited and available for purchase must be created/produced within the gallery by hand by the artist, artisan, craft person or artist collaborative operating and managing the gallery. An additional 40% of the art or craft exhibited and available for purchase must be created/produced by hand by an artist, artisan, or craft person, either off premises or on the premises.
Commencement Date:	August 1, 2015
Construction/Set up Phase:	The time period during which Tenant any renovations, construction or setup prior to opening for operations not to exceed 120 days after commencement
Tenant's Work:	The installation in the interior of the Premises of all necessary furniture, fixtures, lighting and equipment in accordance with Attachment II.
Initial Term:	August 1, 2015 to July 31, 2020
First Renewal Option Term:	August 1, 2020 to July 31, 2022
Second Renewal Option Term:	August 1, 2022 to July 31, 2024
Security Deposit:	None
Retail Space Rate:	$1.25 per square foot monthly
Common Area Maintenance (CAM) Fees:	$0.12 per square foot monthly
Utilities Fees:	$0.23 per square foot monthly
Address for Payment of Rent:	City of San Antonio, Treasury Division, Central Billing Station, P.O. Box 839975, San Antonio, Texas 78283-3975
Common Areas:	All areas, space, equipment, facilities, and services

provided from time to time by Landlord for the common use and benefit of the tenants of the La Villita Area, their employees, volunteers, agents, customers, and other invitees, including access roads, driveways, sidewalks, landscaped space, public washrooms, pedestrian walkways or plazas within La Villita.

Director: The Director of the City of San Antonio's Department for Culture and Creative Development or such other successor department as designated by Landlord.

2. Grant, Use.

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

2.02. Landlord hereby agrees to permit Tenant use of above described Premises. Tenant agrees that the Premises shall be utilized for the sole purpose of arts, crafts, and skills display and retail sales.

2.02.01. Tenant agrees that it will cooperate with CITY in facilitating the intended objectives set forth in Ordinance 01-355 dated October 12, 1939 which was re-confirmed by resolution dated July 7, 1981 defining the goals, objectives, and policies of La Villita insofar as they may still be applicable. The Tenant further agrees that its lease of the Premises is conditioned on Tenant's maintaining the following breakdown of Tenant's inventory: a retail business that exhibits and sells works of art or craft that are produced by hand off premises. A minimum of 50% of art or craft exhibited and available for purchase must be created/produced within the gallery by hand by the artist, artisan, craft person or artist collaborative operating and managing the gallery. An additional 40% of the art or craft exhibited and available for purchase must be created/produced by hand by an artist, artisan, or craft person, either off premises or on the premises as defined in TENANT'S response to the La Villita RFP in Attachment A, Part Three, Proposed Plan and attached to this lease agreement as ATTACHMENT I.

2.02.02. The Tenant further agrees that its lease of the Premises is conditioned on following the Merchandising Display Plan attached hereto as Attachment II adopted from Tenant's RFP response.

2.02.02. Both the inventory requirements contained in Attachment I and the Merchandising Display Plan contained in Attachment II may be changed with written approval of the Landlord, acting by and through the Director, provided however any requests for changes must be submitted in writing at least 45 days in advance of the requested change. Written request must include description and images of any new arts and or craft TENANT requests authority to sell, the proposed revised Merchandising Display Plan as well as valid goal and objective for said request. It shall be within the

Director's sole discretion to determine whether a change in Tenant's inventory or Merchandising Display Plan shall be allowed.

2.02.03. TENANT understands and agrees that any violation of the above stated inventory restrictions and Merchandising Display Plan would be a material breach of this Agreement, that just compensation for the harm suffered by CITY that would be caused by such violations would be difficult to quantify, and that the following charges and procedures are a reasonable and good faith estimate by the parties of the extent of the damage which is reasonably certain to occur in the event of a violation:

1. The first violation shall result in a written notice from CITY. TENANT shall immediately cure matter upon receipt of this notice.
2. TENANT shall pay CITY $50.00 for each violation thereafter. Each day during which TENANT has failed to cure the violation shall be deemed a separate violation.
3. At the Landlord's option, the fifth or any succeeding violation, including a single violation for which TENANT has failed to cure for 5 days, may be deemed a material breach and default and cause for lease termination without opportunity to cure.

2. 03. In using the Premises for the purposes described in this section, the Tenant may, with the prior written permission of the Director arrange for associates to learn, demonstrate, exhibit or practice a specific art or craft on said Leased Premises. Such associates shall be considered as invitees of the Tenant and not as sublessees.

2.04. The Tenant covenants and agrees that it will operate and conduct its business except during the Construction/Set Up Phase or while the Premises are untenantable by reason of fire or other casualty. The Tenant agrees to conduct its business in the Premises at all time in a first-class manner consistent with reputable business standards and practices for such business.

2.05. The Tenant agrees to maintain the following minimum hours of operation except for during the Construction/Set Up Phase: 10:00 a.m. to 6:00 p.m. Monday through Saturday and 11:00 a.m. – 4:00 p.m. on Sundays. Tenant may close the Premises on the following traditional holidays: Easter Sunday, Thanksgiving Day, Christmas Day, and New Year's Day.

2.05.01. The Director or a designee of the Director shall have authority to approve temporary closings in emergency situations such as a Death or medical emergency in the immediate family of Tenant or Tenant's employee. Tenant shall notify the Director within 24 hours of any such emergency closing.

2.05.02. The Director or a designee of the Director shall have authority authorize temporary closings in response to weather emergencies.

2.05.03. Tenant agrees to remain open for extended hours from 6:00 PM to 9:00 PM twice a month for special promotional days as may be designated by the Director. Landlord will give Tenant a minimum of 45 days written notice prior to these events.

2.05.04. TENANT understands and agrees that any violation of the above stated operating hours requirements would be a material breach of this Agreement, that just compensation for the harm suffered by CITY that would be caused by such violations would be difficult to quantify, and that the following charges and procedures are a reasonable and good faith estimate by the parties of the extent of the damage which is reasonably certain to occur in the event of a violation:

1. The first violation during any one year period shall result in a written notice from CITY.
2. TENANT shall pay CITY $50.00 for each violation thereafter occurring during that one year period.
3. At the Landlord's option, the fifth or any succeeding violation occurring during a one year period may be deemed a material breach and default and cause for lease termination without opportunity to cure.

2.06. The Tenant agrees to comply with any and all sign design guidelines, provisions, and limitations in place now or in the future, including those within the City of San Antonio Unified Development Code and any applicable Master Plans. Tenant shall not place any signs on the Premises that are not directly related to the provision of Tenant's commercial operations. Tenant shall not place any political signs.

3. Rent.

3.01. Rent includes all sums due to Landlord under this lease, whether Base Rent, Common Area Maintenance (CAM) Fees, Utilities Fees, reimbursement for repairing damages caused by Tenant, express liquidated damages provided for herein, or otherwise, no matter how denominated.

3.02. Base Rent is comprised of charges for leased retail space. Tenant shall not be charged for Outdoor Display Area depicted in Exhibit B. Base Rent, Common Area Maintenance (CAM) Charges, and Utilities payment for the first year of the Initial Term are as follows:

	Amount Per Square Foot Per Month	**Square Feet**	**Total Amount Per Month**
Base Rent	$1.25	776	$970.00
Common Area Maintenance Fees	$0.12	776	$93.12
Utilities Fees	$0.23	776	$178.48

3.03. Base Rent, Common Area Maintenance Fees, and Utilities Fees are as set forth above. Base Rent will increase 2% annually on each anniversary of the Commencement Date. Common Area Maintenance Fees payment will increase 2.5% annually on each anniversary of

the Commencement Date. Utilities payment will increase 2.5% annually on each anniversary of the Commencement Date.

3.0. Tenant must pay Base Rent, Common Area Maintenance Fees, and Utilities Fees payments in the amounts described in this section in advance on the first day of each month, beginning the earlier of 60 days after lease commencement or the day that Tenant begins commercial operations selling its merchandise to the public, i.e. no rent shall be paid during the Construction Phase. If Tenant begins operations on a day other than the first day of the month Rent shall be prorated by the day for that month and shall be paid on the day on which operations commence. If Tenant is delinquent in paying any Rent, Tenant must pay to Landlord upon demand a late charge of $50.00. Tenant shall be charged a fee for any insufficient funds checks used to pay the rent and shall be subject to other rules and regulations adopted by Landlord's Treasury Division, including the insufficient funds fee. Late charges are in addition to all Landlord's other rights and remedies.

3.05. Tenant's covenant to pay Rent and Landlord's covenants are independent. Tenant may not abate Rent for any reason.

4. Common Areas.

4.01. "Common Areas" mean all areas, space, equipment, facilities, and services provided from time to time by Landlord for the common use and benefit of the tenants of the La Villita Area, their employees, volunteers, agents, customers, and other invitees, including access roads, driveways, sidewalks, landscaped space, public washrooms, pedestrian walkways or plazas within La Villita.

4.02. Tenant has the non-exclusive right to use the Common Areas as constituted from time to time, such use to be in common with others and subject to such reasonable rules and regulations as the Landlord may from time to time prescribe. Such use must be requested in writing a minimum of 30 days in advance.

4.03. Landlord may change the Common Areas, including, without limitation, their dimensions and location, without prior consultation with, Tenant.

4.04. Landlord will, subject to events beyond its reasonable control, manage, operate, and maintain the Common Areas, except for damage caused by Tenant or those whose presence is through Tenant.

5. Term, Termination, Renewal.

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

5.02. Either party may terminate this lease on 90 days' written notice.

5.03. If Tenant is not in default under the Lease, Tenant may ask to renew this Lease for two additional two-year terms by giving Landlord six months prior written notice before expiration of the previous term. Landlord's acquiescence in Tenant's holding over is not

acquiescence to renewal. Renewal is effected only after written notice of intent to renew, negotiated agreement on rent for the renewal term, and approval of the proposed renewal by further City Council ordinance. Though no renewal is effective unless approved by City Council, Landlord has no duty to present a proposed renewal to Council, even though Tenant has given the requisite notice.

5.04. Renewal Terms are governed by this Lease just as the Initial Term, except for Rent. Rent will be renegotiated prior to the Renewal Term.

6. Tenant's Affirmative Promises.

Tenant promises that it will:

6.01. Accept the Premises in their present condition "AS IS," the Premises being currently suitable for the Permitted Use.

6.02. Obey (a) all applicable laws relating to the use, condition, and occupancy of the Premises and Building; (b) any requirements imposed by utility companies serving or insurance companies covering the Premises or Building; and (c) any rules and regulations for the Premises and Common Areas adopted by Landlord.

6.03. Cooperate with the Landlord in facilitating the intended objectives set forth in Ordinance 01-355 dated October 12, 1939 that was reconfirmed by resolution dated July 7, 1981 defining the goals, objectives, and policies of La Villita insofar as they may still be applicable.

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

6.05. Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, normal wear excepted. Such maintenance shall include the provision of any necessary pest control measures subject to all applicable laws, rules and regulations and reasonable regulations established by Landlord.

6.06. After casualty loss not terminating the lease, rebuild the interior partitions/walls, ceilings, wiring, light fixtures, and plumbing.

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

6.08. Vacate the Premises and return all keys to the Premises on the last day of the Term, subject to any holdover rights.

6.09. On request, execute an estoppel certificate that states the Commencement Date and Termination Date of the lease, identifies any amendments to the lease, describes any rights to extend the Term or purchase rights, lists defaults by Landlord, and provides any other information reasonably requested. If Landlord sells the Premises, Tenant must deliver to the buyer or the buyer's lender a subordination, nondisturbance, and attornment agreement

reasonably satisfactory to the buyer and its lender. Tenant's obligation to deliver the agreement may be conditioned on buyer's agreement to honor this Lease according to its terms, but buyer will not be estopped to act on Tenant's default under this Lease.

6.10. Maintain a fully functioning lock system on the premises. Any changes to the lock systems shall receive the prior written approval of the Landlord through Director and any and all other necessary departments, boards or commissions of the City of San Antonio, including, but not limited to, the Historic and Design Review Commission; and ensure that the Landlord through Director or his/her designee will be provided a copy of keys to enter the leased premises.

6.11. Sales Reports: Tenant shall provide Landlord a copy of all written sales tax reports reported to the Texas State Comptroller ("Comptroller") contemporaneously with such report being delivered to Comptroller. If Comptroller rules do not require Tenant to make a monthly sales tax report, Tenant's quarterly or annual report to the City shall include a monthly breakdown of total sales.

6.12. Tenant agrees to work with and/or participate in programs provided by the City to enhance and increase potential business practices and maximize business plans such as but not limited to: merchandising, display layout, finance, customer experience, sales, marketing, etc.

7. Indemnity.

7.01. TENANT covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to TENANT' activities under this Agreement, including any acts or omissions of TENANT, any agent, officer, director, representative, employee, Tenant or subcontractor of TENANT, and their respective officers, agents employees, directors and representatives while in the exercise of the rights or performance of the duties under this Agreement. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT TENANT AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

7.02. The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. TENANT shall advise the CITY in writing within 36 hours of any claim or demand against the CITY or TENANT known to TENANT related to or arising

out of TENANT' activities under this AGREEMENT and shall see to the investigation and defense of such claim or demand at TENANT's cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving TENANT of any of its obligations under this paragraph.

8. Tenant's Negative Promises.

Tenant promises that it will not:

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

8.02. Create a nuisance.

8.03. Interfere with any other tenant's normal business operations or Landlord's management of La Villita.

8.04. Permit waste.

8.05. Use the Premises in any way that would increase insurance premiums or void insurance on the Premises.

8.06. Alter the Premises without Landlord's written consent.

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

8.08. Make repair, maintenance or cleaning requests to City personnel other than the City's On-site Facility Manager.

9. Landlord's Affirmative Promises.

Landlord promises that it will:

9.01. Lease to Tenant the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.

9.02. Obey all applicable laws with respect to Landlord's operation of La Villita and its Common Areas. Landlord's On-Site Facility Manager shall maintain a form for the reporting of repairs, shall track the progress of the requested repairs and be Tenant's point of contact for all official information regarding such repairs. Landlord shall within a reasonable period of time make all necessary repairs reported to the On-site Facility Manager.

9.03. Repair, replace, and maintain the (a) roof, (b) foundation, (c) Common Areas, (d) structural soundness of the exterior walls, doors, and windows, and (e) HVAC serving the Premises.

9.04 Seek input from Tenants and take Tenant's concerns into consideration during programming, operation, policy and/or budget decisions. Landlord shall be open to accepting

input from Tenant which can be submitted to the Facilities Manager in writing at any time during the Lease term.

10. Landlord's Negative Promise.

10.01. Landlord promises that it will not interfere with Tenant's possession of the Premises as long as Tenant is not in default.

10.02. Landlord promises that it will not communicate with any person regarding lease and contract issues other than Tenant and such persons as Tenant has indicated in writing are Tenant's attorneys, agents and/or lobbyists.

11. Construction of Premises and Alterations.

11.01. All improvements required for Tenant's Work to be made to the Premises shall be substantially as set forth in **Attachment II** and any other requirements required by the City. Tenant shall construct and install all of its improvements (including both fixtures and equipment) to the Premises so that the Premises will provide attractive, well-designed facilities that promote the marketing of merchandise, products and/or services and present a positive image to La Villita patrons.

11.02. Tenant shall immediately apply for and diligently pursue, at Tenant's expense, any and all permits required to perform Tenant's Work. Tenant, at its expense, shall construct, equip and complete the Tenant's Work at all times with due diligence and in a good and workmanlike manner in accordance with all applicable legal and code requirements, in order to complete the same and open the Premises for business to the public no later than 120 days after the Commencement Date.

11.03. All such construction shall be completed free and clear of all liens, encumbrances and security instruments. If any mechanics', materialmens' or other lien is filed against the Premises or any interest in this Agreement as a result of any work or act of Tenant, Tenant shall fully and completely discharge the lien and have it released from record by payment or posting a bond within 20 days after the filing thereof.

11.04. Tenant shall deliver to the Director a copy of the Certificate of Occupancy with respect to the Premises within 20 days after Tenant's receipt thereof from the City.

11.05. Tenant shall not construct, or allow to be constructed, any improvements or structures on the Leased Premises nor shall Tenant make, or allow to be made, any alterations to the Leased Premises without the prior written approval of the Landlord through Director and any and all other necessary departments, boards or commissions of the City of San Antonio, including, but not limited to, the Historic and Design Review Commission.

11.06. Tenant shall not attach anything to the exterior of the Premises including but not limited to telecommunications or other electronic equipment.

11.07. Physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at the end of the Term and at

Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Commencement Date, normal wear excepted.

11.08. The City will provide rental abatements in the amount of 80% of approved, documented, and verified capital improvements to the lease space over the first five (5) years of the lease agreement. Any and all improvements must be reviewed and approved by City.

12. Insurance.

12.01. Prior to the commencement of any work under this Agreement, Tenant shall furnish copies of all required endorsements and completed Certificate(s) of Insurance to the City's Department for Culture & Creative Development, which shall be clearly labeled "*La Villita – Retail Shops, Galleries & Working Artist Galleries*" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept a Memorandum of Insurance or Binder as proof of insurance. The certificate(s) must have the agent's signature and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the City. The City shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Department for Culture & Creative Development. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.

12.02. The City reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverage and their limits when deemed necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will City allow modification whereby City may incur increased risk.

12.03. A Tenant's financial integrity is of interest to the City; therefore, subject to Tenant's right to maintain reasonable deductibles in such amounts as are approved by the City, Tenant shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Tenant's sole expense, insurance coverage written on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

TYPE	***AMOUNTS***
1. Workers' Compensation	Statutory Limits
2. Employers' Liability	$500,000/$500,000/$500,000
3. Broad form Commercial General Liability Insurance to include coverage for the following: a. Premises operations b. Independent Contractors	For Bodily Injury and Property Damage of $1,000,000 per occurrence; $2,000,000 General Aggregate, or its equivalent in Umbrella or Excess

c. Products/completed operations d. Personal Injury e. Contractual Liability f. Damage to property rented by Tenant g. Host Liquor Liability, if alcoholic beverages are served on the Premises h. Liquor Legal Liability Insurance if alcoholic beverages are sold on the Premises	Liability Coverage f. $100,000
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	Combined Single Limit for Bodily Injury and Property Damage of $1,000,000 per occurrence

12.04. Tenant agrees to require, by written contract, that all subcontractors providing goods or services hereunder obtain the same insurance coverage required of Tenant herein, and provide a certificate of insurance and endorsement that names the Tenant and the CITY as additional insured. Tenant shall provide the CITY with said certificate and endorsement prior to the commencement of any work by the subcontractor. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes.

12.05. As they apply to the limits required by the City, the City shall be entitled, upon request and without expense, to receive copies of the policies, declaration page, and all endorsements thereto and may require the deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Tenant shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Tenant shall pay any costs incurred resulting from said changes.

City of San Antonio
Attn: Finance Department – Purchasing Division
P.O. Box 839966
San Antonio, Texas 78283-3966

12.06. Tenant agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:

- Name the City, its officers, officials, employees, volunteers, and elected representatives as additional insured by endorsement, as respects operations and activities of, or on

behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation and professional liability policies;

- Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City is an additional insured shown on the policy;
- Workers' compensation, employers' liability, general liability and automobile liability policies will provide a waiver of subrogation in favor of the City; and
- Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance notice for nonpayment of premium.

12.07. Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, Tenant shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Tenant's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

12.08. In addition to any other remedies the City may have upon Tenant's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Tenant to stop work hereunder, and/or withhold any payment(s) which become due to Tenant hereunder until Tenant demonstrates compliance with the requirements hereof.

12.09. Nothing herein contained shall be construed as limiting in any way the extent to which Tenant may be held responsible for payments of damages to persons or property resulting from Tenant's or its subcontractors' performance of the work covered under this Agreement.

12.10. It is agreed that Tenant's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.

12.11. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided.

12.12. Tenant and any Subcontractors are responsible for all damage to their own equipment and/or property.

12.13. If Tenant makes leasehold improvements, Tenant must provide Builder's Risk Insurance Coverage, Worker's Compensation and Employer's Liability Insurance Coverage, Professional Liability Insurance Coverage and any other liability or other insurance required by Landlord's Risk Manager. The policies likewise must be in amounts required by Landlord's Risk Manager and must cover all risks of physical loss during the term of any construction contract and until work is accepted by the City of San Antonio. Tenant must maintain the insurance during the construction phase. Tenant or its contractors or subcontractors must further provide payment and performance bonds naming Landlord as indemnitee. If the construction is minor, Tenant may request the requirements of this Section be waived, but a waiver may be granted only by Landlord's Risk Manager. In deciding whether to waive, Landlord's Risk manager has absolute discretion. The Risk Manager may make the waiver without further action

of council.

12.14. Tenant understands and agrees that violation of the insurance requirements of this section would be a material breach of this lease and cause for the Landlord to terminate without the opportunity to cure. Because Landlord's damages from such a breach would be difficult to estimate or quantify, Tenant accepts the amount of $50 per day in violation of this section as a reasonable, negotiated estimate of Landlord's damages.

13. Release of Claims/Subrogation.

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

14. Environmental Matters.

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

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

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

14.04. In its use of the Premises, Tenant must comply with all applicable Environmental Laws and must cause its employees, agents, and contractors on the Premises to do so as well. Tenant will obtain all permits required under Environmental Law for its use of the Premises. At least 180 days before expiration of any such permit, Tenant must present proof to Landlord that it has applied for renewal.

14.05. Tenant must not allow the Release of any Hazardous Material from its use of the Premises on, onto, or from the Property. Tenant further must not to handle, use, or otherwise manage any Hazardous Material on the Premises or the Property in violation of any Environmental Laws or in any but a reasonable and prudent manner.

14.06. Tenant must to immediately provide to Landlord copies of: (i) any documents required to be submitted to a Governmental Authority under Environmental Law; (ii) any notice alleging a violation of Environmental Law, or (iii) any demand from or allegation by any third party in relation to Hazardous Materials or Environmental Law. Tenant must promptly deliver to Landlord any information it receives regarding any Release of Hazardous Materials on, to, from, or about the Premises.

14.07. Landlord may conduct, at Tenant's expense, periodic inspections of the Premises and Tenant's operations thereon to assure compliance with Tenant's environmental covenants. Tenant need not pay the expense of more than one such inspection in any 12-month period.

14.08. If Tenant breaches any of its representations, warranties or covenants, Tenant at its sole expense, must take all actions required, including environmental cleanup of the Premises, to comply with the representations, warranties, and covenants or applicable law. Tenant must take all action required by applicable Environmental Laws. If Tenant's actions under this provision involve cleaning up a Release of Hazardous Materials, Tenant must perform the cleanup consistently with residential use of the Premises and will not use any institutional controls or engineering controls in lieu of clean-up. Tenant will further obtain a Certificate of Completion from the TCEQ's Voluntary Cleanup Program. Institutional controls include laws, rules, or regulations or private prohibitions limiting use of a property, such as a prohibition against water well use within a certain contaminated track or area of a local government's jurisdiction. Engineering controls mean physical apparatus such as an asphalt or concrete cap, detention basin, extraction well, or other engineered device to control, contain, or remove pollutants.

14.09. Tenant must indemnify Landlord and hold Landlord and its officials, employees, and contractors from loss, cost, liability, or expense (including, but not limited to, attorneys' fees and expenses, including all attorney's fees and expenses incurred by Tenant in enforcing this indemnity) arising from or relating to breach of Tenant's environmental representations, warranties, and covenants.

15. Landlord's Municipal Powers.

Landlord is a municipality as well as landlord under this Lease. As a municipality, it may from time to time exercise municipal powers unrelated to the Lease that will nevertheless adversely affect Tenant. Such actions may include redirection of traffic, street closures, or other actions intended to facilitate public safety, the public interest, or the conduct of major events. No such action by Landlord as a municipality is a breach of Landlord's duties as landlord or entitles Tenant to any relief under this Lease. Likewise, no breach of contract or other duty by municipal utility providers is a breach of Landlord's duties as landlord or entitles Tenant to any relief under this Lease. Tenant has no more rights under this Lease than it would if its landlord were a private entity.

16. Prohibited Interests in Contracts.

16.01. The Charter of the City of San Antonio and its Ethics Code prohibit a City officer or employee, as defined in Section 2-52 of the Ethics Code, from having a financial interest in any contract with the City or any City agency such as city owned utilities. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City

of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale:

(i) a City officer or employee;

(ii) his parent, child or spouse;

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

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

16.02. Tenant warrants and certifies as follows:

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

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

16.03. Tenant acknowledges that City's reliance on the above warranties and certifications is reasonable.

17. Casualty/Total or Partial Destruction.

17.01. If the Premises are damaged by casualty and can be restored within ninety days, Landlord will, if funding is available, at its expense, restore the roof, foundation, exterior doors, windows, Common Areas, and structural soundness of the exterior walls of the Premises. Restoration must be to substantially the same condition existing before the casualty. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within ninety days from the date of written notification by Tenant to Landlord of the casualty, Tenant may terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

17.02. If the Premises cannot be restored within ninety days from the date of written notification by Tenant to Landlord, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within ten days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

17.03. To the extent the Premises are untenantable after the casualty; the Rent will be adjusted as may be deemed fair and reasonable by Landlord.

17.04. If Landlord is obligated to rebuild or chooses to do so, Tenant must promptly rebuild and restore all improvements the maintenance of which are its responsibility under this Lease. Restoration must be to substantially the same condition existing before the casualty.

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

17.06 If, during any approved renovations, the interior of the Premises is found to be damaged by water due to Landlord's failure to perform its maintenance obligations or asbestos or lead paint is discovered Landlord will, if funding is available, at its expense, restore the damaged interior areas of the Premises, excluding Tenant's furniture, fixtures and other personal property. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within ninety days from the date of written notification by Tenant to Landlord of the casualty, Tenant may as its sole remedy terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

17.07 If the Premises cannot be restored within ninety days from the date of written notification by Tenant to Landlord, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within ten days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

18. Condemnation/Substantial or Partial Taking.

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

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

18.03. Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

19. Holdover.

If Tenant holds over after termination or expiration of this Lease, the terms of this Lease apply during the holdover period, except (A) the Lease shall have a month to month term, and (B) the Base Rent is 110% of what it was immediately before the term ended.

20. Contractual Lien.

20.01. To secure the payment of Rent and the full performance of this Lease by Tenant, Tenant hereby grants to Landlord an express first and prior security interest and contract lien on all property (including fixtures, furniture, furnishings, equipment, chattels, merchandise, goods, inventory, and all other personal property) that may now or hereafter be placed in the Premises and all additions, accessions and replacement thereto, and all proceeds therefrom and also upon all proceeds of any insurance that may accrue to Tenant by reason of destruction of or damage to any such property ("Collateral"). Tenant must not remove the Collateral from the Premises without Landlord's written consent until Rent arrearages then due to Landlord are paid in full. Tenant waives all exemption laws in favor of this lien and security interest. Landlord does not

waive its statutory lien, and this lien and security interest is cumulative with the statutory lien.

20.02. In case of an event of default, Landlord may, in addition to any other remedies, enter the Premises and take possession of any and all personal property of Tenant situated on the Premises, without liability for trespass or conversion. This lien may be foreclosed with or without court proceedings by public or private sale provided Landlord gives Tenant at least 10-days notice of the time and place of sale. Landlord has the right to bid and purchase at the sale. Any sale or disposition of the Collateral made under this section is commercially reasonable (A) if held at the Premises or where the Collateral is located and (A) if the time, place, and method of sale and a general description of the Collateral to be sold is advertised in a daily newspaper published in the county in which the property is located for five consecutive days before the date of sale. Tenant must inform Landlord as soon as reasonably possible after receiving the notice of sale about any and all prospects of whom Tenant is aware who have any interest in purchasing any of the Collateral. Tenant must further inform Landlord of any marketing or selling activity that Tenant believes will bring a fair sale price for the Collateral, balancing the cost of the activity. Should Tenant fail to cooperate in offering information to assist in the disposition of the Collateral, Tenant should not be heard to complain about the Landlord's disposition made according to this Lease.

20.03. The proceeds from any disposition of the Collateral, less any and all expenses connected with the taking of possession, holding and selling of the Collateral (including reasonable attorney's fees and other expenses), will be applied as a credit against the indebtedness secured by the security interest granted in this paragraph. Any surplus goes to Tenant or as otherwise required by law, and the Tenant must pay any deficiencies forthwith. Contemporaneously with the execution of this Lease (and if requested hereafter by Landlord), Tenant shall execute and deliver to Landlord Uniform Commercial Code financing statements in sufficient form so that, when properly filed, the security interest will be perfected. If Landlord requests, Tenant must also execute and deliver to Landlord Uniform Commercial Code financing statement change instruments in sufficient form to reflect any proper amendment of, modification in, or extension of the contract lien and security interest hereby granted. A carbon, photographic, or other reproduction of this Lease is sufficient as a financing statement. In addition to all of its rights, Landlord also has all the rights and remedies of a secured party under the Uniform Commercial Code as adopted in Texas. Landlord may execute any financing statement as agent for Tenant so that the document is in proper form to be filed.

21. Default, Remedies for Default.

21.01. *Events of Default.* If Tenant permits or fails to prevent any of the following occurrences, it is a Tenant event of default:

21.01.01. Tenant fails to pay any installment of Rent when due.

21.01.02. Tenant fails to comply with any term, provision or covenant of this Lease, other than the payment of rental or expenses demanded by Landlord and does not cure such failure within 30 days after written notice thereof to Tenant, or any representation or warranty by Tenant is false or misleading in any material respect when given to Landlord.

21.01.03. This Lease for the Premises or any part thereof is taken upon execution or by other process of law directed against Tenant, or is taken upon or subject to any attachment at the instance of any creditor or claimant against Tenant, and the attachment is not to be discharged or disposed of within 30 days after the levy thereof.

21.01.04. Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or voluntarily takes advantage of any such law or act by answer or otherwise, or is dissolved, or makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they mature.

21.01.05. Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant is instituted against Tenant, as the case may be, or a receiver or trustee of all or substantially all of the property of Tenant is appointed, and such proceeding is not dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment.

21.01.06. Tenant deserts, vacates or abandons all or any portion of the Premises, or ceases to physically occupy any substantial portion of the Premises and continuously operate its business on the Premises, or fails to commence business operations in the Premises on or before the Commencement Date. If Tenant removes or makes preparations to remove its goods, equipment, inventory, and fixtures (other than in the normal course of business) in amounts sufficient to indicate a probable intent to vacate the Premises, Tenant's breach is established conclusively.

21.01.07. Tenant does or permits to be done anything which creates a lien upon the Premises.

21.01.08. The business operated by Tenant is closed for failure to pay any State sales tax as required or for any other reason, other than repairs, death of the principals of Tenant, or normal business holidays.

21.01.09. This Lease or the estate of Tenant hereunder is transferred to, or passes to any other person or party except in a manner permitted herein.

21.02. *Remedies for Default*. Upon the occurrence of any Tenant event of default, Landlord has the option to pursue anyone or more of the following:

21.02.01. In addition to, and without limiting any other remedies available to Landlord at law or in equity, immediately terminate this Lease and all rights of Tenant hereunder. Upon termination, Tenant must immediately surrender the Premises to Landlord. If Tenant fails to do so, Landlord may, without prejudice to any other remedy, enter and take possession of the Premises or any part thereof and expel or remove Tenant

and any other person who may be occupying the Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages.

21.02.02. Enter upon and take possession of the Premises or any part thereof and expel or remove Tenant and any other person who may be occupying said Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefor without having terminated the Lease.

21.02.03. Enter upon the Premises, by force if necessary, without being liable for prosecution or any claim for damages, and do whatever Tenant is obligated to do under the terms of this Lease. In such case, Tenant must reimburse Landlord on demand for expenses Landlord may incur in thus effecting compliance with Tenant's obligations. Landlord is not liable for any damages resulting to the Tenant from such action.

21.02.04. Alter all locks and other security devices at the Premises without terminating this Lease. If Landlord does so:

(i) Landlord need not allow Tenant re-entry to the Premises or provide Tenant with a new key unless and until Tenant cures any and all defaults under this Lease,

(ii) Landlord may refuse to give Tenant a new key unless Tenant establishes a security deposit by an amount determined by Landlord,

(iii) If Landlord does provide Tenant with a key, it will do so only during the Landlord's regular business hours, and

(iv) Tenant must pay Landlord all costs and expenses incurred by Landlord in connection with altering the locks and other security devices.

Landlord's remedies and rights under this Lease entirely supersede and supplant the provisions of Texas Property Code § 93.002.

21.03. *Repossession and Alteration of Locks.* Landlord's exercise of one or more remedies is not acceptance of Tenant's purported surrender of the Premises, whether by agreement or by operation of law. Surrender can occur only by the written agreement of Landlord and Tenant. No such alteration of locks or other security devices and no removal or other exercise of dominion by Landlord over the property of Tenant or others at the Premises is unauthorized or constitutes conversion. Tenant consents to Landlord's exercise of dominion over Tenant's property within the Premises in case of Tenant's default. Tenant waives (A) all claims for damages by reason of such reentry, repossession, or alteration of locks or other security devices and (B) all claims for damages by reason of any distress warrant, forcible detainer proceedings, sequestration proceedings, or other legal process. Re-entry by Landlord may be pursuant to judgment obtained in forcible detainer proceedings or other legal proceedings or without the necessity for any legal proceedings, as Landlord may elect. Landlord is not liable

in trespass or otherwise for such re-entry. Landlord's remedies and rights under this Lease entirely supersede and supplant the provisions of Texas Property Code § 93.002.

21.04. *Effect of Termination.* If Landlord terminates the Lease for an event of default, then despite the termination, Tenant is liable for and must pay Landlord, at the Address for Payment of Rent, all Rent accrued to the date of termination. Landlord's acceptance of past-due rent after termination does not reinstate the Lease.

21.05. *Effect if No Termination.* If Landlord repossesses the Premises without terminating the Lease, then Tenant is liable for and must pay Landlord, at the Address for Payment of Rent, all Rent accrued to the date of repossession, plus Rent due during the remainder of the term until the date of expiration. Tenant's obligation is diminished by any net sums thereafter received by Landlord through reletting the Premises (after deducting expenses of reletting). Tenant is liable for the full Rent for the remainder of the Lease term if the Premises are not relet. In no event is Tenant entitled to any excess of any rental obtained by reletting over and above the Rent. Actions to collect amounts due by Tenant to Landlord may be brought at one time or from time to time, on one or more occasions, without the necessity of Landlord's waiting until expiration of the Lease term. In the alternative, if Landlord relets the Premises, Landlord may recover from Tenant (A) the unpaid Rent accrued before Tenant's default, plus (B) the then present value of the amount by which the Rent for the remainder of the term exceeds the rental received from reletting the Premises. Present value is computed by allowing interest at 1% in excess of the discount rate of the Federal Reserve Bank of Dallas, Texas. No repossession of the Premises by Landlord hereunder is either an acceptance of surrender or an election to terminate this Lease. Neither does it cause a forfeiture of Rent remaining to be paid during the balance of the Lease term, unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding Landlord's right to relet and collect the difference in rental values, Landlord may, at any time after default, terminate this Lease. Landlord also may decline to repossess the Premises, and may from time to time, without terminating this Lease, recover all rent as it becomes due.

21.06. *Liability for Costs Incurred.* If Tenant defaults, in addition to any other sum required by this Lease, Tenant must also pay to Landlord, at the Address for Payment of Rent, (A) brokers and management fees incurred by Landlord in connection with reletting the whole or any part of the Premises; (B) the costs of removing and storing Tenant's or any other occupant's property, (C) the costs of repairing, altering, remodeling, or otherwise putting the Premises into a condition acceptable to a new tenant or tenants, (D) all rental concessions as a result of reletting, and (E) any and all other costs, fees, and expenses associated with reletting the Premises and all reasonable expenses incurred by Landlord in repossessing the Premises and in enforcing or defending Landlord's rights and/or remedies, including reasonable attorney's fees, which shall be not less than 10% of all sums then owing by Tenant to Landlord.

21.07. *Obligation to Reimburse.* If Tenant fails to timely make any payment or cure any default, Landlord, without an obligation to do so and without waiving default, may make the payment or remedy the other default for the account of Tenant (and enter the Premises for such purposes). Thereupon Tenant must pay upon demand, all costs, expenses, and disbursements (including reasonable attorney's fees) incurred by Landlord in taking the remedial action.

21.08. *Default by Landlord.* If Landlord defaults, Tenant's exclusive remedy is an action for damages (Tenant hereby waiving the benefit of any laws granting it a lien upon the property of Landlord or on rent due Landlord). Tenant is not permitted to withhold Rent. Before filing any such action Tenant must give Landlord 30-days prior written notice specifying the alleged default and giving Landlord opportunity to cure. Unless and until Landlord fails to timely cure a default after written notice, Tenant has no remedy or cause of action by reason thereof. All obligations of Landlord are covenants, not conditions. Landlord's liability to Tenant for default is limited to actual, direct, but not consequential, damages. **Tenant hereby waives its statutory lien under § 91.004 of the Texas Property Code.**

21.09. *Payments After Termination.* Tenant's payment of money to Landlord after termination or after notice of default (other than a demand for payment of money within any applicable cure period) does not reinstate, continue, or extend the term or affect any notice given to Tenant prior to the payment. After the service of a suit or after any final judgment granting Landlord possession of the Premises, Landlord may receive and collect any sums due under the terms of this Lease or may otherwise exercise any of its rights and remedies hereunder. Such payment, whether as rent or otherwise, does not waive any notice or a termination of Tenant's right of possession, or in any manner affect any suit theretofore commenced or judgment previously obtained.

21.10. *Rights Respecting Personal Property.* If Landlord takes possession of the Premises under the authority of this Lease, Landlord may keep in place and use all furniture, fixtures, and equipment at the Premises, including that owned by or leased to Tenant at all times before foreclosure thereon by Landlord or repossession thereof by any lessor thereof or lienholder thereon. Landlord may also remove from the Premises (without obtaining a distress warrant, writ of sequestration, or other legal process) all or any part of the furniture, fixtures, equipment, and other property and place same in storage anywhere in the county in which the Premises are located. In such case, Tenant is liable to Landlord for costs incurred by Landlord in the removal and storage and must indemnify Landlord from all loss, damage, cost, expense, and liability arising from or relating to the removal and storage. Landlord also may relinquish all or any part of the furniture, fixtures, equipment, and other property to any person ("Claimant") who presents to Landlord a copy of any instrument represented to have been executed by Tenant, if the instrument purports to grant Claimant the right under various circumstances to take possession of the property. Landlord need not inquire into the authenticity of the instrument or Tenant's or Tenant's predecessor's signature thereon. Landlord further need not investigate or inquire into the validity of the factual or legal basis on which Claimant purports to act. Tenant hereby indemnifies Landlord from all loss, cost, liability, or expense arising from or relating to Landlord's relinquishment of property to a Claimant. These rights of Landlord are additional to any other rights that Landlord has or may hereafter have at law or in equity. Tenant stipulates that the rights herein granted Landlord are commercially reasonable.

21.11. *Cumulative Remedies.* Each right and remedy provided to Landlord in this Lease is cumulative to every other right or remedy provided to Landlord by this Lease or applicable law, including, but not limited to, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Landlord of one or more of the right or remedy does not

preclude the simultaneous or later exercise by Landlord of another remedy. All costs incurred by Landlord in collecting any amounts and damages owed by Tenant under this Lease or to enforce any provision of it, including reasonable attorneys' fees from the date any such matter is turned over to litigation counsel, are also recoverable by Landlord from Tenant.

22. Landlord's Mitigation of Damages.

Any duty imposed by law on Landlord to mitigate damages after a default by Tenant under this Lease will be satisfied in full if Landlord undertakes to lease the Premises to another tenant (a "Substitute Tenant") in accordance with the following criteria:

22.01. Landlord will have no obligation to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete possession of the Premises including without limitation, the final and unappealable legal right to relet the Premises free of any claim of Tenant;

22.02. Landlord will not be obligated to lease or show the Premises on a priority basis, or offer the Premises to a prospective tenant when other space in the Building suitable for the prospective tenant's use is (or soon will be) available;

22.03. Landlord will not be obligated to lease the Premises to a Substitute Tenant for a Rent less than the current fair market Rent then prevailing for similar uses in comparable buildings in the same market area as the Building, nor will Landlord be obligated to enter into a new lease under terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building.

22.04. Landlord will not be obligated to enter into a lease with a Substitute Tenant whose use would:

(i) violate any restriction, covenant, or requirement contained in the lease of another tenant of La Villita;

(ii) adversely affect the reputation of La Villita; or

(iii) be incompatible with other users of La Villita.

22.05. Landlord will not be obligated to enter into a lease with any proposed Substitute Tenant that does not have, in Landlord's reasonable opinion, sufficient financial resources to operate the Premises in a first class manner; and

22.06. Landlord will not be required to expend any amount of money to alter, remodel, or otherwise make the Premises suitable for use by a proposed Substitute Tenant unless:

(i) Tenant pays any such sum to Landlord in advance of Landlord's execution of a lease with the proposed Substitute Tenant (which payment will not be in lieu of any damages or other sums to which Landlord may be entitled as a result of Tenant's default under this Lease; or

(ii) Landlord, in Landlord's reasonable discretion, determines that any such expenditure is financially justified in connection with entering into a lease with the prospective Substitute Tenant.

23. Tenant's Bankruptcy.

In addition to other available remedies, if Tenant becomes the subject of a voluntary or involuntary bankruptcy, reorganization, composition, or other similar proceeding under the federal bankruptcy laws:

23.01. "Adequate protection" of Landlord's interest in the Premises pursuant to Sections 361 and 363 (or their successor sections) of the Bankruptcy Code, 11 U.S.C., Paragraph 101, et seq., as amended from time to time ("Bankruptcy Code"), before assumption or assignment of the Lease by Tenant include but are not limited to all (or any part) of the following:

(i) continued payment by Tenant of all Rent due and owing hereunder and the performance of all other covenants and obligations hereunder by Tenant;

(ii) hiring security guards to protect the Premises if Tenant abandons or ceases operations, the obligation of Tenant only to be effective so long as Tenant remains in possession and control of the Premises to the exclusion of Landlord;

(iii) furnishing an additional/new security deposit by Tenant in the amount of three times the then-current monthly Base Rental and Additional Rent payable hereunder.

23.02. "Adequate assurance of future performance" by Tenant or any assignee of Tenant pursuant to Bankruptcy Code Section 365 includes (but is not be limited to) payment of an additional/new Security Deposit in the amount of three times the then-current monthly Base Rental and Additional Rent payable hereunder.

23.03. Any person or entity to which this Lease is assigned pursuant to the Bankruptcy Code, assumes, without further act or deed, all obligations of Tenant arising under this Lease on and after the effective date of such assignment. Any such assignee must, on demand by Landlord, execute and deliver to Landlord an instrument confirming the assumption of liability.

23.04. Despite anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of the Landlord under this Lease, whether or not expressly denominated as "rent", constitute "rent" for the purposes of Section 502(b)(6) of the Bankruptcy Code.

23.05. If this Lease is assigned to any person or entity pursuant to the Bankruptcy Code, any and all monies or other considerations payable or otherwise to be delivered to Landlord (including Base Rentals and other rent hereunder) remain the exclusive property of Landlord and are not property of Tenant or of the bankruptcy estate of Tenant. Any and all monies or other considerations constituting Landlord's property under the preceding sentence not paid or delivered to Landlord must be held in trust by Tenant or Tenant's bankruptcy estate for the benefit of Landlord and must be promptly paid to Landlord.

23.06. If Tenant assumes this Lease and proposes to assign it to a specific assignee on specific terms, Tenant must deliver to Landlord notice of the proposed assignment. The notice must set forth (i) the name and address of the proposed assignee; (ii) all terms and conditions of the offer, and (iii) the adequate assurance to be provided Landlord to assure the assignee's future performance under the Lease. Tenant must deliver the notice no later than 20 days after Tenant's receipt of the proposal, but in no event later than 10 days before Tenant applies to a court of competent jurisdiction for authority and approval of the proposed assumption and assignment. Landlord thereupon has the prior right and option to accept the assignment itself on the same terms and conditions and for the same consideration, if any, as Tenant's proposed assignee, less any brokerage commission otherwise payable by the proposed assignee. Landlord must exercise its prior right and option by delivering notice to Tenant not later than 30 days after Landlord's receipt of the notice.

23.07. To the extent permitted by law, this Lease is a contract under which applicable law excuses Landlord from accepting performance from (or rendering performance to) any person other than Tenant.

24. Warranty Disclaimer.

24.01. There are no implied warranties of merchantability, of fitness for a particular purpose, or of any other kind arising out of this lease, and there are no warranties that extend beyond those expressly stated in this lease. Without limitation, this Lease contains no express or implied warranty that the Premises have no latent defects or that the Premises are or will remain suitable for Tenant's purposes.

24.01. Tenant acknowledges it has had ample opportunity to perform due diligence regarding the Premises and accepts the Premises in their present condition, as-is.

25. Abandoned Property.

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

26. Appropriations.

All obligations of the City of San Antonio under this instrument are funded through the City of San Antonio General Fund and are subject to the discretion of City Council whether to appropriate funding for any given year of a term. If the City Council fails to appropriate money for this Lease in an annual City of San Antonio Budget, the City may terminate this Lease and have no further liability.

27. Sublease, Assignment.

Tenant cannot assign or sublease this lease without Landlord's prior written consent. Assignments include any transaction in which (A) a material part of Tenant's assets are sold outside the ordinary course of business or (B) a change in the identity of those owning, holding, or controlling the power to vote of 50% of the equity interest in Tenant. Tenant shall pay to Landlord an assignment fee of $2,000.00 for any assignment.

28. Dispute Resolution.

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

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

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

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

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

28.06. Mediator fees must be borne equally.

28.07. The parties need not mediate before going to court (1) for either party to seek emergency injunctive relief or (2) for Landlord to seek forcible entry and detainer relief against Tenant.

29. Miscellaneous.

29.01. *Applicable Law*. This Agreement is entered into in San Antonio, Bexar County, State of Texas. **It's Construction And The Rights, Remedies, And Obligations Arising Under It Are Governed by The Laws of The State Of Texas.** Both parties' obligations under this agreement are performable in San Antonio, Bexar County, Texas, and venue for any action arising under this agreement is only in Bexar County, Texas.

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

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

29.04. *Integration*. **This Written Agreement Represents The Final Agreement Between The Parties And May Not Be Contradicted By Evidence Of Prior,**

Contemporaneous, Or Subsequent Oral Agreements Of The Parties. There Are No Oral Agreements Between The Parties.

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

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

29.07. *Notices.* Notices must be in writing and by certified mail, return receipt requested, addressed to the parties at their respective addresses set forth at the beginning. If the addressee is a corporation, notices must be addressed to the attention of its President. Notice is complete three days after deposit, properly addressed and postage prepaid, with the United States Postal Service. Failure to use certified mail does not defeat the effectiveness of notice actually received, but such notice is effective only on actual receipt. Address for notice may be changed by giving notice.

29.08. *Pronouns.* Plural constructions include the singular, and singular constructions include the plural. Whether a pronoun is masculine, feminine, or neuter does not affect meaning or application of the relevant term. The words "herein," "hereof," and other, similar compounds of the word "here" refer to the entire Agreement, not just to a part of it.

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

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

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

29.12. *Administrative Actions and Agreements.* The Director of Capital Improvements Management Services ("CIMS") and the Assistant Director for Real Estate of CIMS may, without further council action, agree to, sign, and deliver on behalf of the City all consents, certificates, memoranda, estoppels, and modifications of nonmaterial rights and obligations arising under this Lease and may declare Tenant defaults and pursue remedies for such defaults,

including terminating this Lease. This paragraph does not authorize lease amendments or renewals without council consent.

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

29.15 **Tenant understands and agrees to comply with the *Non-Discrimination Policy* of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate in its operations under this lease agreement on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein.**

30. Night in Old San Antonio (NIOSA) and Other Events.

30.01. The Landlord reserves the right to grant the San Antonio Conservation Society or its successors, assigns, or subcontractors a Lease of all or any portion of adjacent property and/or a concession to sell beverages, food, and other items on all or any portion of La Villita, other than the premises hereby expressly demised, during specified hours on those dates in each year of the duration of the lease in which the Society may sponsor all or any part of the event known as NIOSA within La Villita. The Tenant expressly recognized that any right, privilege, or leasehold interest granted to the San Antonio Conservation Society for NIOSA under a separate lease and/or concession contract controlling access to La Villita is superior to any such right, privilege or leasehold interest granted Tenant under this Lease Agreement.

30.02. Rental Fee will be abated during the 16 days annually during month which NIOSA occurs. All other Fees will not be abated.

30.03. Except in the case of NIOSA and holidays stated above, the gates to La Villita will remain open from 7:00 a.m. until 6:00 p.m. daily. However, the Tenant understands, acknowledges and agrees that the Landlord will also from time to time accommodate various functions or events. Such accommodation may require temporary closures of points of access to La Villita and plazas, streets, and open areas in and around La Villita and/or controlled or limited access to the Leased Premises. Such closures and/or controlled or limited access shall not prevent pedestrian access to the Leased Premises entrance free of charge before 6:00 P.M. The Tenant expressly recognizes that any such accommodation and also any and all of the Landlord's fee simple ownership rights and interest as Landlord hereunder are superior to any right, privilege or leasehold interest granted the Tenant under this Lease Agreement and the Tenant hereby agrees to cooperate fully with the Landlord on notification of such accommodation. The Tenant further waives any and all claims for damages, including but not limited to, loss of business, which the Tenant may suffer as a result of any such accommodation by the Landlord as limited by this paragraph.

31. Public Information.

Tenant acknowledges that this instrument is public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public. Nothing in this agreement waives an otherwise applicable exception to disclosure.

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

Landlord:	**Tenant:**
City of San Antonio, a Texas municipal corporation	**Villita Stained Glass**
_____ Signature	Mesillyn Adame Signature
_____ Name	Mesillyn Adame Name
_____ Title	Owner Title
_____ Date	4-14-15 Date

Approved as to Form:

_____
City Attorney

Exhibit A: La Villita Building Map

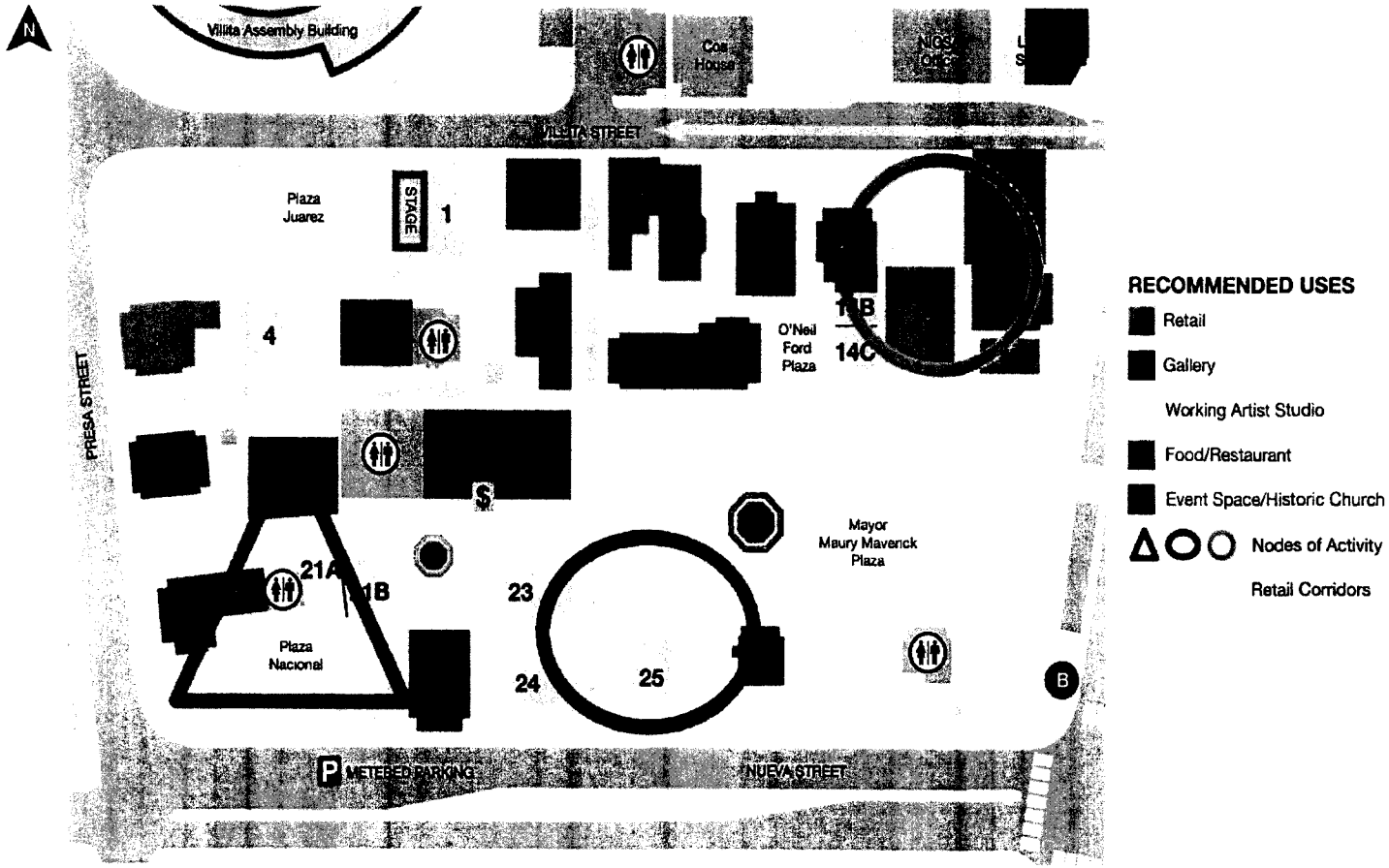


Exhibit B: Photo of Building 1

BUILDING 1

776 sq ft

Use: Working Artist Studio

Bowen/Kirchner House, c. 1870
This house appears on an 1873 map and was built either by San Antonio Postmaster John Bowen, who bought the property in 1851, or by Auguste Kirchner, who bought it from Bowen in 1871. The original house is built of caliche block.

GENERAL ASSESSMENT RATING: 4-Good

EXTERIOR FEATURES

Walls. Masonry walls in satisfactory condition. Plaster finish in fair condition but loose in some areas; requires some repairs.
Roof. Metal roof in fair condition but needs cleaning at slightly sloping area. Entire roof should be repainted to prolong its function. Gutters need to be cleaned.
Windows and doors. Windows in fair condition but need caulking and repainting.

INTERIOR FEATURES
Floors. Tenant-provided carpet.
Ceilings. Painted wooden boards in good condition.
Walls. Painted plaster walls in good condition, partly covered by tenant-provided display boxes.

MECHANICAL, ELECTRICAL, AND PLUMBING REPORT

Air-conditioning and heating. Chilled water/electric heat fan-coil installed in 1980s reported by tenant to be sufficient. Unit does not bring in outside air.
Plumbing. Utility sink with cold water only; no leaks reported.
Electrical. The interior panel board appears to be in working order but does not have an interior cover nor any additional capacity. Countertop receptacle near the sink is not GFCI type.

Attachment I

- Items made from stained glass including:

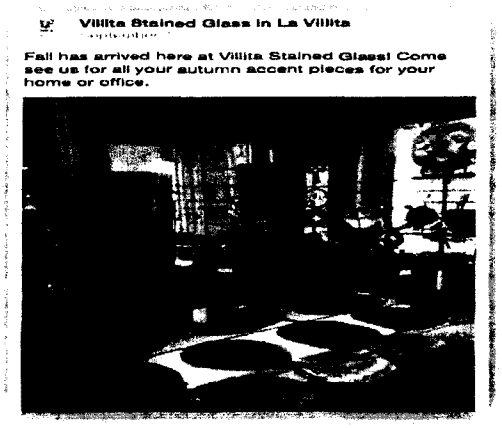
Window panels, lamps, candle boxes, cheese boards, kaleidoscopes, business card holders	Picture frames, 3-D stained glass window panels, small sun catchers, jewelry boxes, crosses, and night lights	Fused glass items including picture frames, business card holders, crosses, jewelry made with dichroic glass
Cheese boards made from recycled glass	Glass paper weights and figurines made of glass	Glass jewelry, reading glasses, crystals
Mosaics made from stained glass and broken plates	Glass fan pulls	Quality glass bowls and vases
Wine bottle toppers	Glass birthday candle holders	Glass wind chimes, rare coins
10% of inventory to include pewter car charms, measuring spoons, a variety of pocket tokens		

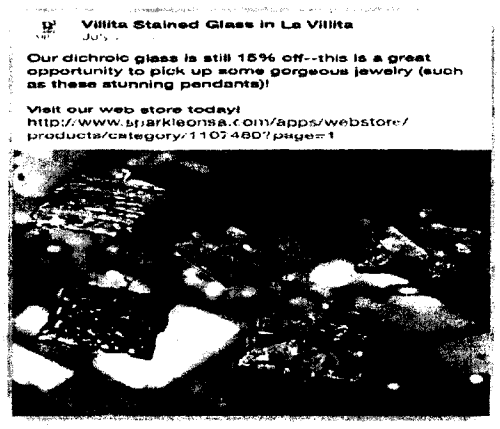
- Villita Stained Glass will be used as 1/3 gallery space, 1/3 workshop/demonstration space, and 1/3 administration/marketing space
- See attached Proposed Plan

Proposed Plan - RFP Attachment A, Part Three
Category A: Working Artist Studio Galleries

Within a maximum of four single space pages, with 12 point font, please provide the following:

1. Provide a vision statement for the Working Artist Studio Gallery.
   I want to enhance the visitor experience and customer flow for La Villita.
2. Provide an operational plan for the Working Artist Studio Gallery. I want to enhance my website and set up links with the convention and visitors bureau. I will enhance the visitor experience by offering "make and take" workshops. I will showcase local artists and foster an appreciation of glass art in the community.
3. Describe how you will use the space to create your art or craft.
   a. 1/3 of the space is gallery and display; 1/3 of the space is for workshop training and demonstrations; 1/3 administration and marketing
   b. The building is already divided into 3 rooms.
4. Describe how you will enhance the visitor experience at the Working Artist Studio Gallery within La Villita for both local residents and tourists. I will be offering classes for tuition for the tourist with delegates in the conventions. My belief is that this offers something beyond the pure shopping experience.
5. Define how the Working Artist Studio Gallery will embrace the authentic nature of San Antonio, her history and culture. The art classes will be focused on southwestern culture involving only local artist, and San Antonio history/culture.
6. Identify through marketing and other techniques how you will build sales, awareness, and the image of the Working Artist Studio Gallery as part of La Villita. Provide copies of any advertisements previously used. Please visit our website at www.sparkleonsa.com. We will continue to enhance the website with enrollment opportunity in classes offed by myself and local artists. These classes can be attended while their spouses are attending their convention meetings. These classes will provide an alternative to shopping and working out. Examples of previous advertisements are below. We also have an advertisement Guest Book Informant.





   a. Include a description of how you will use social media (Facebook, Twitter, Instagram, etc.) to promote and market the Working Artist Studio Gallery. Provide examples of social media you have previously used. I do have a Facebook page and am on Twitter.

I have thought about starting a Blog for attendee's who have already attended our workshops and demonstrations.

7. Describe any physical changes that you propose for the interior of the lease space
   a. Explain how proposed physical changes would support your vision for the Working Artist Studio Gallery. Removing current work station and installing worktables with four work stations. Second a screen door to prevent interruption of the classes, but with a sign instructing observer as to how to enroll in future sessions.
   b. Explain how proposed physical changes would support the use of the space for creation of your art or craft. It would create an intimate space for interaction with the instructor.
   c. Explain how proposed physical changes would impact or enhance the visitor experience. It would give them something to do, teach them new ideas, and foster creativity.

8. Describe how you plan to display the art or craft within the space. Updated lighting in showroom and workroom.
   a. Provide images of current or previous exhibitions, including gallery or artist booths at fairs, you have hosted, curated, or managed, with information of these exhibitions. See class pic.
   b. Up to ten percent (10%) of the works for sale may be art related products that are not created by hand. Describe how you plan to display art related products within the space. We have some products at various prices that could appeal to all demographics.
9. Each Working Artist Studio Gallery will be required to host a minimum of four (4) exhibits of art or craft each lease year. Each exhibit shall include an opening reception plus another special event associated with the exhibit, such as a workshop or artist talk. Describe your plans for hosting rotating exhibits in the Working Artist Studio Gallery, including the number of exhibits you commit to host each lease year. If selected, this information will be incorporated into your lease agreement. We will hold four which will be in conjunction with are ongoing classes and demonstrations.

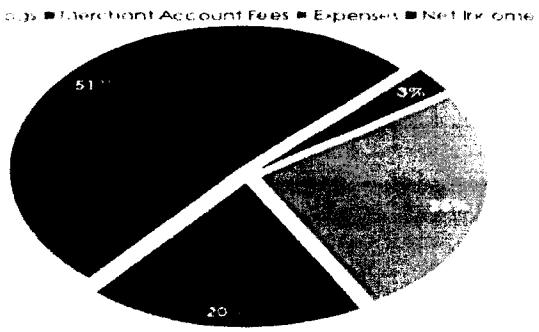
10. Provide a detailed budget for your organization in order to operate and maintain restaurant. There is no intention nor have there been any discussions about a restaurant. I hope this is an oversight on the board's part. Our budget is on the next page.
    a. Describe the business plan for start up and marketing. As an established, successful business there is no funds needed to start-up and the funds set-aside for marketing will continue to be utilized.
    b. How will you pay for ongoing maintenance and operation costs? I will continue to pay for maintenance and operations as I have been doing so. Please see my company budget on the following page.

11. The City of San Antonio will work with individual tenants and the La Villita Tenants Association to plan and implement monthly programming to activate La Villita. Good to hear

Villita Stained Glass 2013

MERCHANDISE SALES OF$184,599.55

Cost of Goods Sold	$94,534
Merchant Account Fees	$ 5,460.76
Expenses	$48,197.30
net Income	$36,407.49



12. Define the type of art or craft, a required minimum of fifty percent (50%), that will be created, exhibited, and available for purchase in the Working Artist Studio Gallery, including images of the types of work to be sold. See attached images.
This information will be used by the rating committee to assess this area. In your response, please utilize **RFP Exhibit 12** which provides definitions of various types of art and craft. If you plan to sell items not included in **RFP Exhibit 12**, please provide a definition of your art or craft.

13. Define the type of art or craft, a required minimum of forty percent (40%), that will be exhibited and available for purchase in the Working Artist Studio Gallery, including images of the types of work to be sold.
This information will be used by the rating committee to assess this area. In your response, please utilize **RFP Exhibit 12** which provides definitions of various types of art and craft. If you plan to sell items not included in **RFP Exhibit 12**, please provide a definition of your art or craft. Item made from stained glass including:

Window panels, lamps, candle boxes, cheese boards, Kaleidoscopes, business card holders,	Picture frames, 3 D stained glass window panels, small sun catchers, jewelry boxes, crosses, night lights	Fused glass items including picture frames, business card holders, crosses, jewelry made with dichroic glass
Cheese boards made from recycled bottles	Glass paperweights, and figurines made of glass	Glass jewelry
Mosaics made from stained glass and broken plates	Glass fan pulls	Quality glass bowels and vases
Wine bottle toppers	Glass birthday candle holders	Glass wind chimes

a. Up to ten percent (10%) of the works for sale may be art related products that are not created by hand. Describe the items you propose to sell in your shop that may comprise

a maximum 10% of inventory. Include details explaining how these items will relate to the art or craft. Please include any images. If selected, this information will be incorporated into your lease agreement. Pewter car charms, measuring spoons, a variety of pocket tokens.

14. Describe how the art and/or craft to be exhibited and sold reflects and celebrates the authentic nature of San Antonio's history and culture. Art is a big part of San Antonio history and culture. In San Antonio you can find sculptures and artwork, art galleries, more than 25 museums, over 40 performing arts stages and many cultural arts festivals. Villita Stained Glass brings a touch of cultural history to La Villita. The bright colors reflect the bright colors used in the city's Mexican Heritage, and the way many art pieces are developed utilize skills and techniques that glass artists used in San Antonio many years ago. We would also like to point out that our store and products correlate with the Ordinance that was found in October 1939 stating that what they were doing with La Villita was "recreating the Little Spanish Village: for the promotion of understanding and peace between the American nations; to preserve Spanish and Southwestern Culture; to foster arts and crafts." It was a two-year project sponsored by the city and the National Youth Administration (NYA).
    b. Describe how the art related items mentioned in Section B. 2. a. celebrate the authentic nature of San Antonio's history and culture. We want to point out that per sanantonio.com, it is stores like Villita Stained Glass, and "these artistic attractions make San Antonio one of the top 25 cities for art in the United States." Our art pieces and techniques reflect the colors, designs, and the skills that have been used in glass art for many years in SA and what contribute to the Art Shopping value at La Villita.
15. Provide details, including images of their work, of specific individual artists, craft persons, artisans, and/or artist collaborative(s) who will be represented by the gallery and who's work will be exhibited and sold within the gallery; include CV, Biography, and images of current and previous work for each artist, craft person, artisan, or artist collaborative. **This shall not be considered part of the four page narrative limit.**

*Note – this is at the end of this section since it is not considered part of the 4 page response.

16. Please list the building for which you are submitting your proposal: Building #___one_____
    a. If your proposal is not the highest rated for the above listed building, are you willing to negotiate for another building? Yes _____ No .X_____
        i. If Yes, please list your 2nd Choice building: Building #_____
    b. If your proposal is not the highest rated for your 2nd Choice Building, are you willing to negotiate for another building? Yes_____ No_____
        i. If Yes, please list your 3rd Choice building: Building #_____
    c. If your proposal is not the highest rated for your 3rd Choice Building, are you willing to negotiate for another building? Yes_____ No_____

Please note, respondents will be required to state their preferences for the building or buildings which they are interested in leasing from the City. The highest rated respondents shall each in turn be provided the opportunity to negotiate for their first choice building provided that a higher rated respondent has not selected that building. In the event that all of respondent's building preferences have been assigned to higher rated respondents, then City shall offer the respondent the opportunity to select from among the remaining buildings not assigned to another respondent.

15. Provide details, including images of their work, of specific individual artists, craft persons, artisans, and/or artist collaborative(s) who will be represented by the gallery and who's work will be exhibited and sold within the gallery; include CV, Biography, and images of current and previous work for each artist, craft person, artisan, or artist collaborative. **This shall not be considered part of the four page narrative limit.**

On the following pages you will find bios on Melvilyn Adame, as owner, and our vendors.

Melvilyn Adame, Owner

I am an artist and business owner at Villita Stained Glass in La Villita in downtown San Antonio near the Riverwalk. I love glass in all of its art forms. I have worked at Villita Stained Glass for 27 years, and I really enjoy being able to share that with the people who walk into my shop every day.

Education

Abilene Christian University 1971-74

Business Experience

OWNER, VILLITA STAINED GLASS — 2007-PRESENT

In taking over the business in 2007, I maintained the job I had already been doing, but in addition, I became responsible for all decision making. This included hiring and managing store employees, tracking inventory, acquiring new merchandise, managing contracts with our artists, and much more.

ASSOCIATE, VILLITA STAINED GLASS — 1987-2007

My roles at Villita Stained Glass included sales and customer service. I also did the week to week accounting for the business. In addition, I went to market as the buyer and stayed on top of the current trends in glass art in order to offer items that would most appeal to our customers.

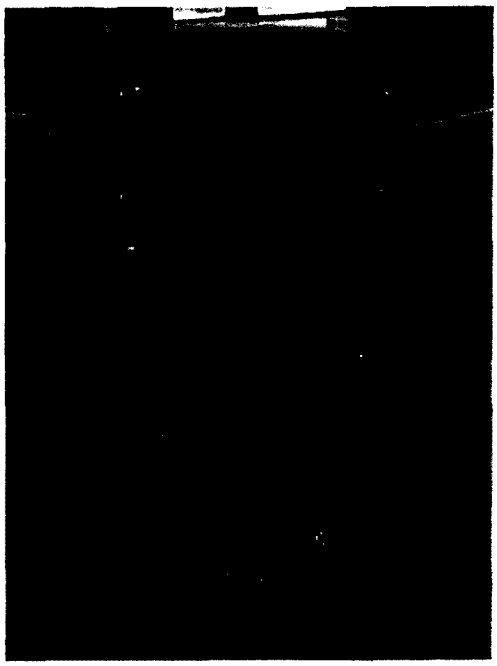
Artistic Experience

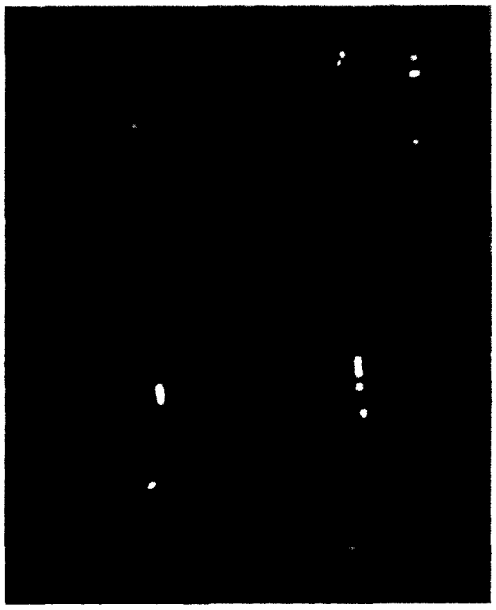
ARTIST, VILLITA STAINED GLASS — 1987-PRESENT

My business experience has been invaluable, but I believe another great asset is my artistic skills and experience. In my years at Villita Stained Glass, I have acquired many skills as an artist including lamp work, stained glass, mosaics, jewelry making, soldering, and more. Lamp work is my passion, and you can often find me in my studio at Villita Stained Glass crafting unique glass beads while customers and tourists watch.

a. References available upon request
b. I have run a successful business in La Villita for 32 years and the business has remained profitable.
c. Include any reviews written about retail shops or galleries you have managed, owned, or operated. Reviews in various publications include Southern Living Magazine, the Current magazine, Texas highways', and Lady's Day Out.

The following are examples of my bead work:

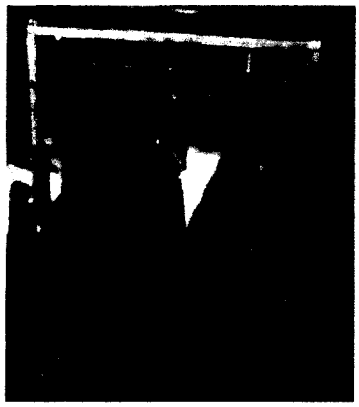


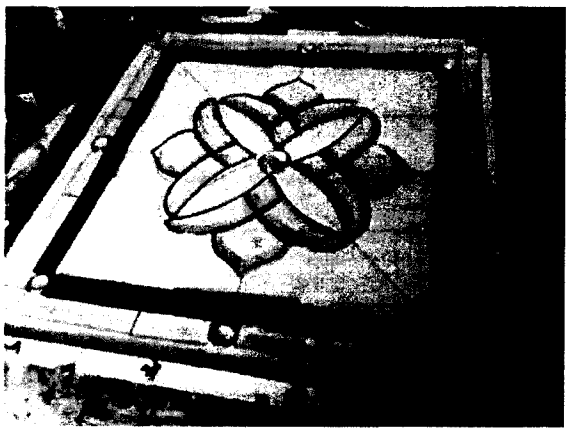


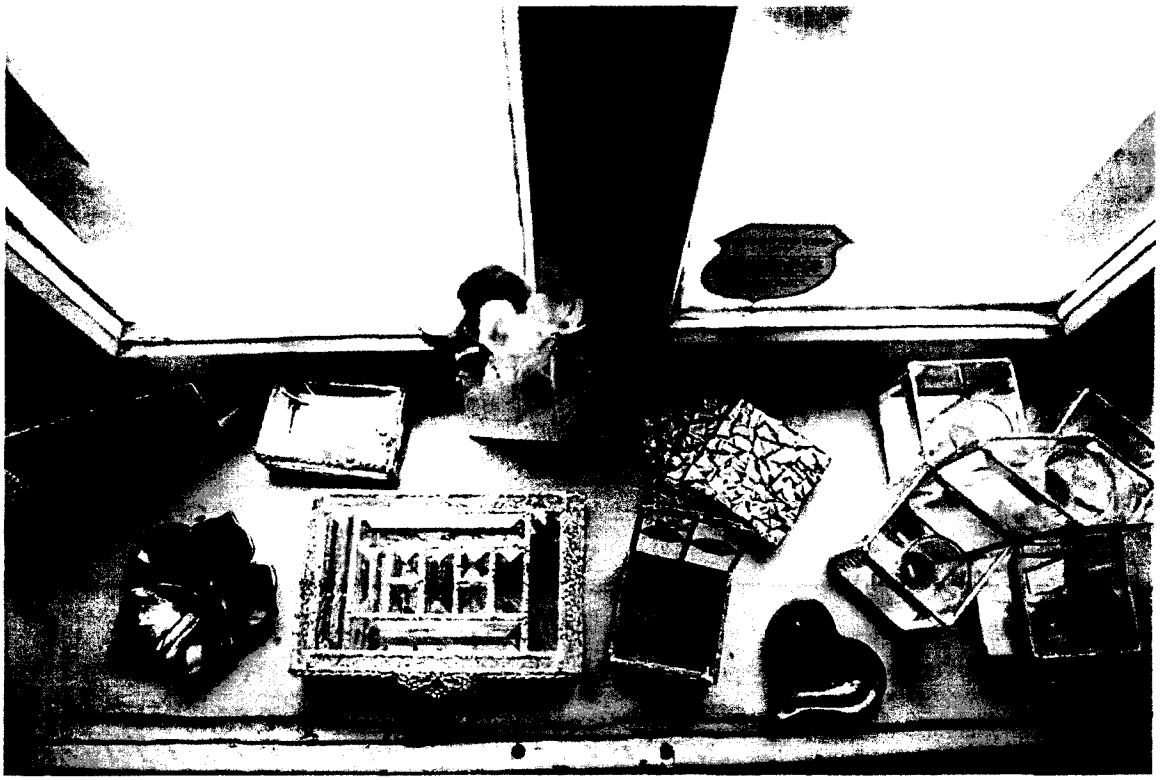
Rosita Bay

I have worked and taught classes at stained glass studios in San Antonio for over twenty years. My classes teach others how to make jewelry boxes, stained glass lamp shades and kaleidoscopes, and my work is on display at several galleries in San Antonio and locations outside Texas. I have participated in many art showings and sales in the past in such places as Holy Spirit, San Fernando Cathedral, and the Peace Market. My work has been on display and available for purchase at La Villita for the past 30 years, and now includes fused art using many types of glass and bottles of all sorts. In addition, custom work is available upon request, and my work is never mass-produced. Each creation is unique.

Below you will find a few examples of my work:







Barbara Garstecki

Experience: 2009-Present: River Art Group Gallery - Gallery Operator & Supply Position, Sales Associate - Maintains supplies for the Gallery, organizes monthly promotions, and addresses and resolves daily issues. Sales Position – Assist customers in finding art and ring up purchases to make the sale.

Experience: 1999 to present – Self-employed artist in San Antonio, Texas, displaying art for sale in Stained Glass Store and River Art Gallery in La Villita.

2006-2009 Volunteering Program-Providing art classes at St. Irene School, Warrenville, IL via Art Appreciation Program

Education: I completed 5 years of Art School at PLSP in Nowy Wisnicz, Poland, my home country. My studies included all the techniques of painting, drawing, weaving tapestries, sculpting, and studying the history of art. I updated my education in the U.S. to include Stained Glass art at a local college.

Skills: I am a self-employed Artist working with a large variety of mediums: oil paintings, stained glass, and mosaics. I also create my own designs and patterns, and I do custom orders as well. I frame my own art. I have lots of experience working in galleries and selling art to customers. I am very knowledgeable of the history of art and of all techniques and mediums.

Qualifications and Skills:

- Skilled with many different mediums of art: oil paintings, stained glass, and mosaics
- Skilled in creating original designs and pattern and custom orders
- Framing Art
- Experience working in galleries and selling art to customers
- Knowledgeable of the history of art and of all techniques and mediums

Education:
Poskie Liceum Sztuk Plastycznych (PLSP)
Nowy Wisznicz, Poland
(High School with specialization in Art Education)
1987-1992

- Techniques of painting, drawing, weaving tapestries, sculpting,
- Studies of art history

College of DuPage
Wheaton, IL
1993, 1999

- English courses
- Stained Glass Art

Work Experience:

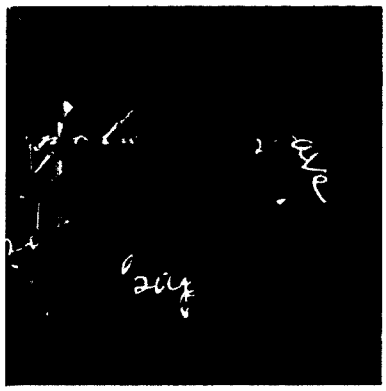
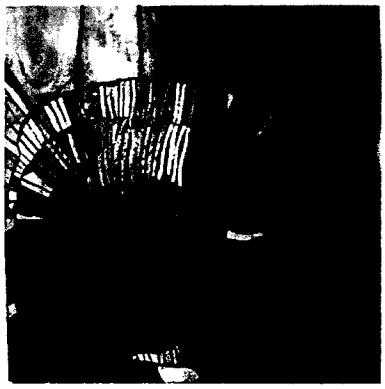
River Art Gallery
San Antonio, TX
Gallery Operator, Gallery Supplier, Sales Associate
2009-Present

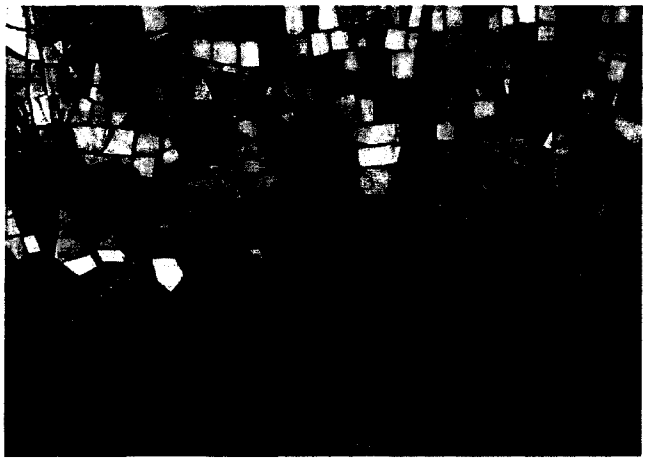
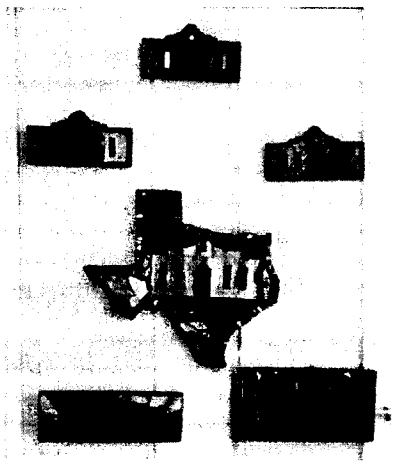
- Maintains supplies for the Gallery
- Organizes monthly promotions
- Addresses and resolves daily issues
- Assist customers in finding art and ring up purchases to make the sale

Basia's Art
San Antonio, TX
Artist Owner
1999-Present

- Designing Artwork for sale in galleries
- Working with clients to create custom orders
- Displaying art for sale in Stained Glass Store and River Art Gallery in La Villita.

Below you will find examples of my work:

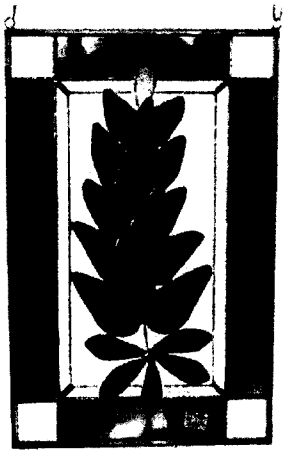



Donna Andrew

I am Donna Andrew and have lived in San Antonio since I graduated from Texas State University. I became a research scientist at Southwest Foundation for Research and Education and then later at the University of Texas Health Science Center.

After almost twenty years in medical research I retired to be a stay at home mom with my son and daughter. Finding time between the kids' activities, my hobby of working with stained glass became a part time career. I participated in numerous arts and crafts shows including the Starving Artist Show at La Villita and the Wimberly Market Days, worked for several local glass studios constructing and installing windows for the Parade of Homes and the Air Force Village Chapel, and for fourteen years had a retail outlet in Gruene. For the last dozen years I've created a variety of stained glass panels and suncatchers for Villita Stained Glass.

Below are examples of my work:



Renee Omer

Background
With a background in art from college, I apprenticed with Dot Weld, owner of Weld Stained Glass, in San Marcos. This was a large studio employing six fulltime craftsmen and several part-time employees, supervised by Dot. In 1987 she offered me a full partnership with her in her studio. I declined and went into business for myself. I have had a waiting list for my work ever since.

All my works are my own original designs and I copyright them. All commission work is one of a kind and I protect my clients' rights to their design. I never reproduce a private commission. I became a member of the Professional Stained Glass Guild in 1991.

Awards
Art shows are juried by a board of artists and professionals connected to the art museum sponsoring them. Some of the art shows I participated in held competitions in conjunction with their exhibitions.

Great Hills Annual Art Show-**Best of Show** – Austin

Red River Revel sponsored by the Baton Rouge Art Museum-**Best of Media** - Baton Rouge Cultural Arts Fair -**2 Awards of Excellence** (Highest honor awarded) – Austin

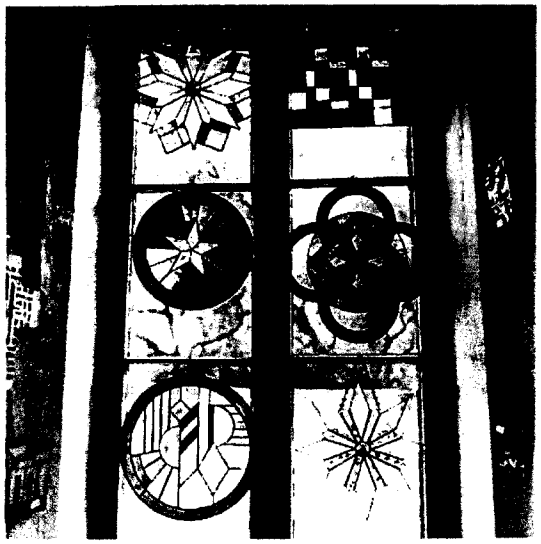
Park City Art Show sponsored by the Kimball Art Center, one of the most prestigious art shows in the United States. Of the 10,000 artists competing to attend, I was one of the few who won a place, and one of only 2 stained glass artists.

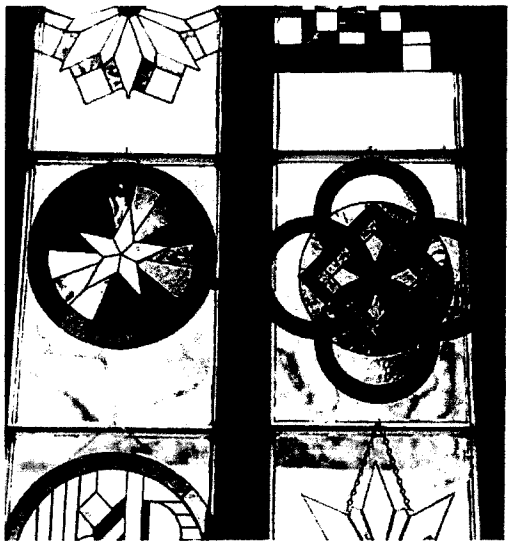
I no longer travel to art shows, being too busy with my projects in studio. I have clients come from all over the United States to purchase my art, some making it a yearly event. Aside from what I show myself, **Villita Stained Glass is the only studio I allow to handle my pieces**.
Church Commissions

I have done hundreds of private commissions. I have also done work for several churches in Texas. Following are two I particularly enjoyed.
St. John Episcopal Church, Silsbee, Texas- A large rose window featuring Christ with children gathered around Him. I enjoyed the gentle subject and the reason the window was commissioned it for the church.

First Baptist Church of Stockdale, Stockdale, Texas- One, nine foot by six foot, mural in the baptistery, twelve, three and a half foot by eleven and a half foot windows in the sanctuary, two of the previous size across the front of the church, and a four foot round rose window in the steeple. I enjoyed the challenge of creating a concept for a diverse church committee, winning the opportunity to work with the committee in competition with three other studios out of Texas and Mexico and doing a large enough project to fully realize my vision. There were seventeen windows and a mural in all.

The following are examples of my work:





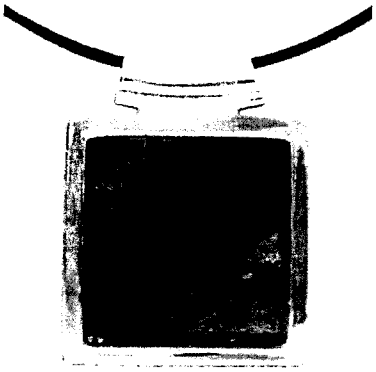
David Mercer

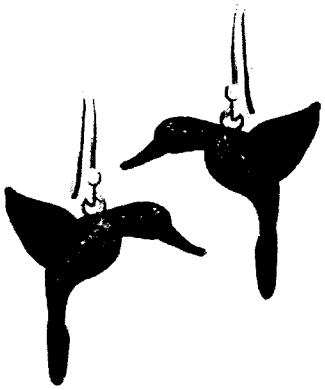
My name is David Mercer, from White Fish Bay in Milwaukee, WI. I started in the jewelry business in Mexico City around 1970; then moved to Taxco (Silver Capital of the World) for a few years. This is where I polished my jewelry skills. I met my lovely Wife in Mexico City; together, we started designing jewelry (by then, mostly gold and precious stones) and moved to Guadalajara; where we had our 2 Daughters and a Son.

We have been doing Dichroic Glass Jewelry for 15 years. It has been a very enjoyable and colorful project in our lives. Dichroic Glass is made by infusing metal oxides in a vacuum chamber into the glass. We then combine the different colors to make our finished pieces.

We have done many trade shows, from the small community art markets to the largest jewelry shows in the world (Hong Kong, Italy, USA). We have met incredible companies during these shows and during our business travels. One of these businesses is Villita Stained Glass, in the heart of San Antonio. We have had the pleasure on knowing and doing business with Ms. Adame since early 2012.

Here are some pictures of pieces we manufacture.





Attachment II

Merchandising Plan
Update lighting in showroom and workroom

Proposed Tenant Improvements
- Estimated Cost $5,000.00
- Change workshop table in back of space to accommodate four workspaces plus an instructor's space
- Update lighting in showroom and workroom
- Re-paint interior

La Villita Retail Lease

Patricia L. Henry Building #6

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1. Basic Information, Definitions.

Authorizing Ordinance:

Landlord:	City of San Antonio
Landlord's Address:	P.O. Box 839966, San Antonio, Texas 78283-3966 (Attention: Laura Raffaniello)
Tenant:	Patricia L. Henry
Tenant's Address:	418 Villita, San Antonio, Texas 78205

Premises:	Building Number 6 located at 418 Villita Street and depicted on the attached **Exhibit A**. Premises includes an Outdoor Display Area depicted on **Exhibit B** that consists of a total area of 1,180 square feet.
Permitted Use:	For the display and sale of hand-made arts and crafts and related products while maintaining a displayed inventory ratio of a minimum 90% Latin American Arts & Crafts and no more than 10% Local Arts & Crafts, and no other uses. Tenants initial inventory is listed in Attachment I.
Commencement Date:	August 1, 2015
Construction/Set up Phase:	The time period during which Tenant any renovations, construction or setup prior to opening for operations not to exceed 120 days after commencement
Tenant's Work:	The installation in the interior of the Premises of all necessary furniture, fixtures, lighting and equipment in accordance with Attachment II.
Initial Term:	August 1, 2015 to July 31, 2020
First Renewal Option Term:	August 1, 2020 to July 31, 2022
Second Renewal Option Term:	August 1, 2022 to July 31, 2024
Security Deposit:	None
Retail Space Rate:	$1.25 per square foot monthly
Common Area Maintenance (CAM) Fees:	$0.12 per square foot monthly
Utilities Fees:	$0.23 per square foot monthly
Address for Payment of Rent:	City of San Antonio, Treasury Division, Central Billing Station, P.O. Box 839975, San Antonio, Texas 78283-3975
Common Areas:	All areas, space, equipment, facilities, and services provided from time to time by Landlord for the common use and benefit of the tenants of the La Villita Area, their employees, volunteers, agents, customers, and other invitees, including access roads, driveways, sidewalks, landscaped space, public washrooms, pedestrian walkways or plazas within La

Villita.

Director: The Director of the City of San Antonio's Department for Culture and Creative Development or such other successor department as designated by Landlord.

2. Grant, Use.

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

2.02. Landlord hereby agrees to permit Tenant use of above described Premises. Tenant agrees that the Premises shall be utilized for the sole purpose of arts, crafts, and skills display and retail sales.

2.02.01. Tenant agrees that it will cooperate with CITY in facilitating the intended objectives set forth in Ordinance 01-355 dated October 12, 1939 which was re-confirmed by resolution dated July 7, 1981 defining the goals, objectives, and policies of La Villita insofar as they may still be applicable. The Tenant further agrees that its lease of the Premises is conditioned on Tenant's maintaining the following breakdown of Tenant's inventory: a minimum of 90% of Tenant's displayed inventory must consist of Latin Americal Arts & Crafts ("Class 1 Inventory"); and a maximum of 10% of Tenant's displayed inventory must consist of Local Arts & Crafts. ("Class 2 Inventory") as defined in TENANT'S response to the La Villita RFP in Attachment A, Part Three, Proposed Plan and attached to this lease agreement as ATTACHMENT I.

2.02.02. The Tenant further agrees that its lease of the Premises is conditioned on following the Merchandising Display Plan attached hereto as Attachment II adopted from Tenant's RFP response.

2.02.02. Both the inventory requirements contained in Attachment I and the Merchandising Display Plan contained in Attachment II may be changed with written approval of the Landlord, acting by and through the Director, provided however any requests for changes must be submitted in writing at least 45 days in advance of the requested change. Written request must include description and images of any new arts and or craft TENANT requests authority to sell, the proposed revised Merchandising Display Plan as well as valid goal and objective for said request. It shall be within the Director's sole discretion to determine whether a change in Tenant's inventory or Merchandising Display Plan shall be allowed.

2.02.03. TENANT understands and agrees that any violation of the above stated inventory restrictions and Merchandising Display Plan would be a material breach of this Agreement, that just compensation for the harm suffered by CITY that would be caused by such violations would be difficult to quantify, and that the following charges and procedures are a reasonable and good faith estimate by the parties of the extent of the damage which is reasonably certain to occur in the event of a violation:

1. The first violation shall result in a written notice from CITY. TENANT shall immediately cure matter upon receipt of this notice.
2. TENANT shall pay CITY $50.00 for each violation thereafter. Each day during which TENANT has failed to cure the violation shall be deemed a separate violation.
3. At the Landlord's option, the fifth or any succeeding violation, including a single violation for which TENANT has failed to cure for 5 days, may be deemed a material breach and default and cause for lease termination without opportunity to cure.

2. 03. In using the Premises for the purposes described in this section, the Tenant may, with the prior written permission of the Director arrange for associates to learn, demonstrate, exhibit or practice a specific art or craft on said Leased Premises. Such associates shall be considered as invitees of the Tenant and not as sublessees.

2.04. The Tenant covenants and agrees that it will operate and conduct its business except during the Construction/Set Up Phase or while the Premises are untenantable by reason of fire or other casualty. The Tenant agrees to conduct its business in the Premises at all time in a first-class manner consistent with reputable business standards and practices for such business.

2.05. The Tenant agrees to maintain the following minimum hours of operation except for during the Construction/Set Up Phase: 10:00 a.m. to 6:00 p.m. Monday through Saturday and 11:00 a.m. – 4:00 p.m. on Sundays. Tenant may close the Premises on the following traditional holidays: Easter Sunday, Thanksgiving Day, Christmas Day, and New Year's Day.

2.05.01. The Director or a designee of the Director shall have authority to approve temporary closings in emergency situations such as a Death or medical emergency in the immediate family of Tenant or Tenant's employee. Tenant shall notify the Director within 24 hours of any such emergency closing.

2.05.02. The Director or a designee of the Director shall have authority authorize temporary closings in response to weather emergencies.

2.05.03. Tenant agrees to remain open for extended hours from 6:00 PM to 9:00 PM twice a month for special promotional days as may be designated by the Director. Landlord will give Tenant a minimum of 45 days written notice prior to these events.

2.05.04. TENANT understands and agrees that any violation of the above stated operating hours requirements would be a material breach of this Agreement, that just compensation for the harm suffered by CITY that would be caused by such violations would be difficult to quantify, and that the following charges and procedures are a reasonable and good faith estimate by the parties of the extent of the damage which is reasonably certain to occur in the event of a violation:

1. The first violation during any one year period shall result in a written notice from CITY.

2. TENANT shall pay CITY $50.00 for each violation thereafter occurring during that one year period.
3. At the Landlord's option, the fifth or any succeeding violation occurring during a one year period may be deemed a material breach and default and cause for lease termination without opportunity to cure.

2.06. The Tenant agrees to comply with any and all sign design guidelines, provisions, and limitations in place now or in the future, including those within the City of San Antonio Unified Development Code and any applicable Master Plans. Tenant shall not place any signs on the Premises that are not directly related to the provision of Tenant's commercial operations. Tenant shall not place any political signs.

3. Rent.

3.01. Rent includes all sums due to Landlord under this lease, whether Base Rent, Common Area Maintenance (CAM) Fees, Utilities Fees, reimbursement for repairing damages caused by Tenant, express liquidated damages provided for herein, or otherwise, no matter how denominated.

3.02. Base Rent is comprised of charges for leased retail space. Tenant shall not be charged for Outdoor Display Area depicted in Exhibit B. Base Rent, Common Area Maintenance (CAM) Charges, and Utilities payment for the first year of the Initial Term are as follows:

	Amount Per Square Foot Per Month	**Square Feet**	**Total Amount Per Month**
Base Rent	$1.25	1,180	$1,475.00
Common Area Maintenance Fees	$0.12	1,180	$141.60
Utilities Fees	$0.23	1,180	$271.40

3.03. Base Rent, Common Area Maintenance Fees, and Utilities Fees are as set forth above. Base Rent will increase 2% annually on each anniversary of the Commencement Date. Common Area Maintenance Fees payment will increase 2.5% annually on each anniversary of the Commencement Date. Utilities payment will increase 2.5% annually on each anniversary of the Commencement Date.

3.0. Tenant must pay Base Rent, Common Area Maintenance Fees, and Utilities Fees payments in the amounts described in this section in advance on the first day of each month, beginning the earlier of 60 days after lease commencement or the day that Tenant begins commercial operations selling its merchandise to the public, i.e. no rent shall be paid during the Construction Phase. If Tenant begins operations on a day other than the first day of the month Rent shall be prorated by the day for that month and shall be paid on the day on which operations

commence. If Tenant is delinquent in paying any Rent, Tenant must pay to Landlord upon demand a late charge of $50.00. Tenant shall be charged a fee for any insufficient funds checks used to pay the rent and shall be subject to other rules and regulations adopted by Landlord's Treasury Division, including the insufficient funds fee. Late charges are in addition to all Landlord's other rights and remedies.

3.05. Tenant's covenant to pay Rent and Landlord's covenants are independent. Tenant may not abate Rent for any reason.

4. Common Areas.

4.01. "Common Areas" mean all areas, space, equipment, facilities, and services provided from time to time by Landlord for the common use and benefit of the tenants of the La Villita Area, their employees, volunteers, agents, customers, and other invitees, including access roads, driveways, sidewalks, landscaped space, public washrooms, pedestrian walkways or plazas within La Villita.

4.02. Tenant has the non-exclusive right to use the Common Areas as constituted from time to time, such use to be in common with others and subject to such reasonable rules and regulations as the Landlord may from time to time prescribe. Such use must be requested in writing a minimum of 30 days in advance.

4.03. Landlord may change the Common Areas, including, without limitation, their dimensions and location, without prior consultation with, Tenant.

4.04. Landlord will, subject to events beyond its reasonable control, manage, operate, and maintain the Common Areas, except for damage caused by Tenant or those whose presence is through Tenant.

5. Term, Termination, Renewal.

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

5.02. Either party may terminate this lease on 90 days' written notice.

5.03. If Tenant is not in default under the Lease, Tenant may ask to renew this Lease for two additional two-year terms by giving Landlord six months prior written notice before expiration of the previous term. Landlord's acquiescence in Tenant's holding over is not acquiescence to renewal. Renewal is effected only after written notice of intent to renew, negotiated agreement on rent for the renewal term, and approval of the proposed renewal by further City Council ordinance. Though no renewal is effective unless approved by City Council, Landlord has no duty to present a proposed renewal to Council, even though Tenant has given the requisite notice.

5.04. Renewal Terms are governed by this Lease just as the Initial Term, except for Rent. Rent will be renegotiated prior to the Renewal Term.

6. Tenant's Affirmative Promises.
Tenant promises that it will:

6.01. Accept the Premises in their present condition "AS IS," the Premises being currently suitable for the Permitted Use.

6.02. Obey (a) all applicable laws relating to the use, condition, and occupancy of the Premises and Building; (b) any requirements imposed by utility companies serving or insurance companies covering the Premises or Building; and (c) any rules and regulations for the Premises and Common Areas adopted by Landlord.

6.03. Cooperate with the Landlord in facilitating the intended objectives set forth in Ordinance 01-355 dated October 12, 1939 that was reconfirmed by resolution dated July 7, 1981 defining the goals, objectives, and policies of La Villita insofar as they may still be applicable.

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

6.05. Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, normal wear excepted. Such maintenance shall include the provision of any necessary pest control measures subject to all applicable laws, rules and regulations and reasonable regulations established by Landlord.

6.06. After casualty loss not terminating the lease, rebuild the interior partitions/walls, ceilings, wiring, light fixtures, and plumbing.

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

6.08. Vacate the Premises and return all keys to the Premises on the last day of the Term, subject to any holdover rights.

6.09. On request, execute an estoppel certificate that states the Commencement Date and Termination Date of the lease, identifies any amendments to the lease, describes any rights to extend the Term or purchase rights, lists defaults by Landlord, and provides any other information reasonably requested. If Landlord sells the Premises, Tenant must deliver to the buyer or the buyer's lender a subordination, nondisturbance, and attornment agreement reasonably satisfactory to the buyer and its lender. Tenant's obligation to deliver the agreement may be conditioned on buyer's agreement to honor this Lease according to its terms, but buyer will not be estopped to act on Tenant's default under this Lease.

6.10. Maintain a fully functioning lock system on the premises. Any changes to the lock systems shall receive the prior written approval of the Landlord through Director and any and all other necessary departments, boards or commissions of the City of San Antonio, including, but not limited to, the Historic and Design Review Commission; and ensure that the Landlord through Director or his/her designee will be provided a copy of keys to enter the leased

premises.

6.11. Sales Reports: Tenant shall provide Landlord a copy of all written sales tax reports reported to the Texas State Comptroller ("Comptroller") contemporaneously with such report being delivered to Comptroller. If Comptroller rules do not require Tenant to make a monthly sales tax report, Tenant's quarterly or annual report to the City shall include a monthly breakdown of total sales.

6.12. Tenant agrees to work with and/or participate in programs provided by the City to enhance and increase potential business practices and maximize business plans such as but not limited to: merchandising, display layout, finance, customer experience, sales, marketing, etc.

7. Indemnity.

7.01. TENANT covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to TENANT' activities under this Agreement, including any acts or omissions of TENANT, any agent, officer, director, representative, employee, Tenant or subcontractor of TENANT, and their respective officers, agents employees, directors and representatives while in the exercise of the rights or performance of the duties under this Agreement. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT TENANT AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

7.02. The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. TENANT shall advise the CITY in writing within 36 hours of any claim or demand against the CITY or TENANT known to TENANT related to or arising out of TENANT' activities under this AGREEMENT and shall see to the investigation and defense of such claim or demand at TENANT's cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving TENANT of any of its obligations under this paragraph.

8. Tenant's Negative Promises.

Tenant promises that it will not:

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

8.02. Create a nuisance.

8.03. Interfere with any other tenant's normal business operations or Landlord's management of La Villita.

8.04. Permit waste.

8.05. Use the Premises in any way that would increase insurance premiums or void insurance on the Premises.

8.06. Alter the Premises without Landlord's written consent.

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

8.08. Make repair, maintenance or cleaning requests to City personnel other than the City's On-site Facility Manager.

9. Landlord's Affirmative Promises.

Landlord promises that it will:

9.01. Lease to Tenant the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.

9.02. Obey all applicable laws with respect to Landlord's operation of La Villita and its Common Areas.

9.03. Repair, replace, and maintain the (a) roof, (b) foundation, (c) Common Areas, (d) structural soundness of the exterior walls, doors, and windows, and (e) HVAC serving the Premises. Landlord's On-Site Facility Manager shall maintain a form for the reporting of repairs, shall track the progress of the requested repairs and be Tenant's point of contact for all official information regarding such repairs. Landlord shall within a reasonable period of time make all necessary repairs reported to the On-site Facility Manager.

9.04 Seek input from Tenants and take Tenant's concerns into consideration during programming, operation, policy and/or budget decisions. Landlord shall be open to accepting input from Tenant which can be submitted to the Facilities Manager in writing at any time during the Lease term.

10. Landlord's Negative Promise.

10.01. Landlord promises that it will not interfere with Tenant's possession of the Premises as long as Tenant is not in default.

10.02. Landlord promises that it will not communicate with any person regarding lease and contract issues other than Tenant and such persons as Tenant has indicated in writing are Tenant's attorneys, agents and/or lobbyists.

11. Construction of Premises and Alterations.

11.01. All improvements required for Tenant's Work to be made to the Premises shall be substantially as set forth in **Attachment II** and any other requirements required by the City. Tenant shall construct and install all of its improvements (including both fixtures and equipment) to the Premises so that the Premises will provide attractive, well-designed facilities that promote the marketing of merchandise, products and/or services and present a positive image to La Villita patrons.

11.02. Tenant shall immediately apply for and diligently pursue, at Tenant's expense, any and all permits required to perform Tenant's Work. Tenant, at its expense, shall construct, equip and complete the Tenant's Work at all times with due diligence and in a good and workmanlike manner in accordance with all applicable legal and code requirements, in order to complete the same and open the Premises for business to the public no later than 120 days after the Commencement Date.

11.03. All such construction shall be completed free and clear of all liens, encumbrances and security instruments. If any mechanics', materialmens' or other lien is filed against the Premises or any interest in this Agreement as a result of any work or act of Tenant, Tenant shall fully and completely discharge the lien and have it released from record by payment or posting a bond within 20 days after the filing thereof.

11.04. Tenant shall deliver to the Director a copy of the Certificate of Occupancy with respect to the Premises within 20 days after Tenant's receipt thereof from the City.

11.05. Tenant shall not construct, or allow to be constructed, any improvements or structures on the Leased Premises nor shall Tenant make, or allow to be made, any alterations to the Leased Premises without the prior written approval of the Landlord through Director and any and all other necessary departments, boards or commissions of the City of San Antonio, including, but not limited to, the Historic and Design Review Commission.

11.06. Tenant shall not attach anything to the exterior of the Premises including but not limited to telecommunications or other electronic equipment.

11.07. Physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at the end of the Term and at Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Commencement Date, normal wear excepted.

11.08. The City will provide rental abatements in the amount of 80% of approved, documented, and verified capital improvements to the lease space over the first five (5) years of the lease agreement. Any and all improvements must be reviewed and approved by City.

12. Insurance.

12.01. Prior to the commencement of any work under this Agreement, Tenant shall furnish copies of all required endorsements and completed Certificate(s) of Insurance to the City's Department for Culture & Creative Development, which shall be clearly labeled "*La Villita – Retail Shops, Galleries & Working Artist Galleries*" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept a Memorandum of Insurance or Binder as proof of insurance. The certificate(s) must have the agent's signature and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the City. The City shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Department for Culture & Creative Development. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.

12.02. The City reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverage and their limits when deemed necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will City allow modification whereby City may incur increased risk.

12.03. A Tenant's financial integrity is of interest to the City; therefore, subject to Tenant's right to maintain reasonable deductibles in such amounts as are approved by the City, Tenant shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Tenant's sole expense, insurance coverage written on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

TYPE	***AMOUNTS***
1. Workers' Compensation	Statutory Limits
2. Employers' Liability	$500,000/$500,000/$500,000
3. Broad form Commercial General Liability Insurance to include coverage for the following: a. Premises operations b. Independent Contractors c. Products/completed operations d. Personal Injury e. Contractual Liability f. Damage to property rented by Tenant g. Host Liquor Liability, if	For Bodily Injury and Property Damage of $1,000,000 per occurrence; $2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage f. $100,000

alcoholic beverages are served on the Premises h. Liquor Legal Liability Insurance if alcoholic beverages are sold on the Premises	
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	Combined Single Limit for Bodily Injury and Property Damage of $1,000,000 per occurrence

12.04. Tenant agrees to require, by written contract, that all subcontractors providing goods or services hereunder obtain the same insurance coverage required of Tenant herein, and provide a certificate of insurance and endorsement that names the Tenant and the CITY as additional insured. Tenant shall provide the CITY with said certificate and endorsement prior to the commencement of any work by the subcontractor. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes.

12.05. As they apply to the limits required by the City, the City shall be entitled, upon request and without expense, to receive copies of the policies, declaration page, and all endorsements thereto and may require the deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Tenant shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Tenant shall pay any costs incurred resulting from said changes.

City of San Antonio
Attn: Finance Department – Purchasing Division
P.O. Box 839966
San Antonio, Texas 78283-3966

12.06. Tenant agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:

- Name the City, its officers, officials, employees, volunteers, and elected representatives as additional insured by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation and professional liability policies;
- Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City is an additional insured shown on the policy;
- Workers' compensation, employers' liability, general liability and automobile liability policies will provide a waiver of subrogation in favor of the City; and

- Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance notice for nonpayment of premium.

12.07. Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, Tenant shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Tenant's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

12.08. In addition to any other remedies the City may have upon Tenant's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Tenant to stop work hereunder, and/or withhold any payment(s) which become due to Tenant hereunder until Tenant demonstrates compliance with the requirements hereof.

12.09. Nothing herein contained shall be construed as limiting in any way the extent to which Tenant may be held responsible for payments of damages to persons or property resulting from Tenant's or its subcontractors' performance of the work covered under this Agreement.

12.10. It is agreed that Tenant's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.

12.11. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided.

12.12. Tenant and any Subcontractors are responsible for all damage to their own equipment and/or property.

12.13. If Tenant makes leasehold improvements, Tenant must provide Builder's Risk Insurance Coverage, Worker's Compensation and Employer's Liability Insurance Coverage, Professional Liability Insurance Coverage and any other liability or other insurance required by Landlord's Risk Manager. The policies likewise must be in amounts required by Landlord's Risk Manager and must cover all risks of physical loss during the term of any construction contract and until work is accepted by the City of San Antonio. Tenant must maintain the insurance during the construction phase. Tenant or its contractors or subcontractors must further provide payment and performance bonds naming Landlord as indemnitee. If the construction is minor, Tenant may request the requirements of this Section be waived, but a waiver may be granted only by Landlord's Risk Manager. In deciding whether to waive, Landlord's Risk manager has absolute discretion. The Risk Manager may make the waiver without further action of council.

12.14. Tenant understands and agrees that violation of the insurance requirements of this section would be a material breach of this lease and cause for the Landlord to terminate without the opportunity to cure. Because Landlord's damages from such a breach would be difficult to estimate or quantify, Tenant accepts the amount of $50 per day in violation of this section as a reasonable, negotiated estimate of Landlord's damages.

13. Release of Claims/Subrogation.

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

14. Environmental Matters.

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

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

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

14.04. In its use of the Premises, Tenant must comply with all applicable Environmental Laws and must cause its employees, agents, and contractors on the Premises to do so as well. Tenant will obtain all permits required under Environmental Law for its use of the Premises. At least 180 days before expiration of any such permit, Tenant must present proof to Landlord that it has applied for renewal.

14.05. Tenant must not allow the Release of any Hazardous Material from its use of the Premises on, onto, or from the Property. Tenant further must not to handle, use, or otherwise manage any Hazardous Material on the Premises or the Property in violation of any Environmental Laws or in any but a reasonable and prudent manner.

14.06. Tenant must to immediately provide to Landlord copies of: (i) any documents required to be submitted to a Governmental Authority under Environmental Law; (ii) any notice alleging a violation of Environmental Law, or (iii) any demand from or allegation by any third party in relation to Hazardous Materials or Environmental Law. Tenant must promptly deliver to Landlord any information it receives regarding any Release of Hazardous Materials on, to, from, or about the Premises.

14.07. Landlord may conduct, at Tenant's expense, periodic inspections of the Premises and Tenant's operations thereon to assure compliance with Tenant's environmental covenants. Tenant need not pay the expense of more than one such inspection in any 12-month period.

14.08. If Tenant breaches any of its representations, warranties or covenants, Tenant at its sole expense, must take all actions required, including environmental cleanup of the Premises, to comply with the representations, warranties, and covenants or applicable law. Tenant must take all action required by applicable Environmental Laws. If Tenant's actions under this provision involve cleaning up a Release of Hazardous Materials, Tenant must perform the cleanup consistently with residential use of the Premises and will not use any institutional controls or engineering controls in lieu of clean-up. Tenant will further obtain a Certificate of Completion from the TCEQ's Voluntary Cleanup Program. Institutional controls include laws, rules, or regulations or private prohibitions limiting use of a property, such as a prohibition against water well use within a certain contaminated track or area of a local government's jurisdiction. Engineering controls mean physical apparatus such as an asphalt or concrete cap, detention basin, extraction well, or other engineered device to control, contain, or remove pollutants.

14.09. Tenant must indemnify Landlord and hold Landlord and its officials, employees, and contractors from loss, cost, liability, or expense (including, but not limited to, attorneys' fees and expenses, including all attorney's fees and expenses incurred by Tenant in enforcing this indemnity) arising from or relating to breach of Tenant's environmental representations, warranties, and covenants.

15. Landlord's Municipal Powers.

Landlord is a municipality as well as landlord under this Lease. As a municipality, it may from time to time exercise municipal powers unrelated to the Lease that will nevertheless adversely affect Tenant. Such actions may include redirection of traffic, street closures, or other actions intended to facilitate public safety, the public interest, or the conduct of major events. No such action by Landlord as a municipality is a breach of Landlord's duties as landlord or entitles Tenant to any relief under this Lease. Likewise, no breach of contract or other duty by municipal utility providers is a breach of Landlord's duties as landlord or entitles Tenant to any relief under this Lease. Tenant has no more rights under this Lease than it would if its landlord were a private entity.

16. Prohibited Interests in Contracts.

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

(i) a City officer or employee;

(ii) his parent, child or spouse;

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

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

16.02. Tenant warrants and certifies as follows:

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

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

16.03. Tenant acknowledges that City's reliance on the above warranties and certifications is reasonable.

17. Casualty/Total or Partial Destruction.

17.01. If the Premises are damaged by casualty and can be restored within ninety days, Landlord will, if funding is available, at its expense, restore the roof, foundation, exterior doors, windows, Common Areas, and structural soundness of the exterior walls of the Premises. Restoration must be to substantially the same condition existing before the casualty. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within ninety days from the date of written notification by Tenant to Landlord of the casualty, Tenant may terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

17.02. If the Premises cannot be restored within ninety days from the date of written notification by Tenant to Landlord, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within ten days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

17.03. To the extent the Premises are untenantable after the casualty; the Rent will be adjusted as may be deemed fair and reasonable by Landlord.

17.04. If Landlord is obligated to rebuild or chooses to do so, Tenant must promptly rebuild and restore all improvements the maintenance of which are its responsibility under this Lease. Restoration must be to substantially the same condition existing before the casualty.

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

17.06 If, during any approved renovations, the interior of the Premises is found to be damaged by water due to Landlord's failure to perform its maintenance obligations or asbestos or

lead paint is discovered Landlord will, if funding is available, at its expense, restore the damaged interior areas of the Premises, excluding Tenant's furniture, fixtures and other personal property. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within ninety days from the date of written notification by Tenant to Landlord of the casualty, Tenant may as its sole remedy terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

17.07 If the Premises cannot be restored within ninety days from the date of written notification by Tenant to Landlord, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within ten days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

18. Condemnation/Substantial or Partial Taking.

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

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

18.03. Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

19. Holdover.

If Tenant holds over after termination or expiration of this Lease, the terms of this Lease apply during the holdover period, except (A) the Lease shall have a month to month term, and (B) the Base Rent is 110% of what it was immediately before the term ended.

20. Contractual Lien.

20.01. To secure the payment of Rent and the full performance of this Lease by Tenant, Tenant hereby grants to Landlord an express first and prior security interest and contract lien on all property (including fixtures, furniture, furnishings, equipment, chattels, merchandise, goods, inventory, and all other personal property) that may now or hereafter be placed in the Premises and all additions, accessions and replacement thereto, and all proceeds therefrom and also upon all proceeds of any insurance that may accrue to Tenant by reason of destruction of or damage to any such property ("Collateral"). Tenant must not remove the Collateral from the Premises without Landlord's written consent until Rent arrearages then due to Landlord are paid in full. Tenant waives all exemption laws in favor of this lien and security interest. Landlord does not waive its statutory lien, and this lien and security interest is cumulative with the statutory lien.

20.02. In case of an event of default, Landlord may, in addition to any other remedies, enter the Premises and take possession of any and all personal property of Tenant situated on the Premises, without liability for trespass or conversion. This lien may be foreclosed with or without court proceedings by public or private sale provided Landlord gives Tenant at least 10-

days notice of the time and place of sale. Landlord has the right to bid and purchase at the sale. Any sale or disposition of the Collateral made under this section is commercially reasonable (A) if held at the Premises or where the Collateral is located and (A) if the time, place, and method of sale and a general description of the Collateral to be sold is advertised in a daily newspaper published in the county in which the property is located for five consecutive days before the date of sale. Tenant must inform Landlord as soon as reasonably possible after receiving the notice of sale about any and all prospects of whom Tenant is aware who have any interest in purchasing any of the Collateral. Tenant must further inform Landlord of any marketing or selling activity that Tenant believes will bring a fair sale price for the Collateral, balancing the cost of the activity. Should Tenant fail to cooperate in offering information to assist in the disposition of the Collateral, Tenant should not be heard to complain about the Landlord's disposition made according to this Lease.

20.03. The proceeds from any disposition of the Collateral, less any and all expenses connected with the taking of possession, holding and selling of the Collateral (including reasonable attorney's fees and other expenses), will be applied as a credit against the indebtedness secured by the security interest granted in this paragraph. Any surplus goes to Tenant or as otherwise required by law, and the Tenant must pay any deficiencies forthwith. Contemporaneously with the execution of this Lease (and if requested hereafter by Landlord), Tenant shall execute and deliver to Landlord Uniform Commercial Code financing statements in sufficient form so that, when properly filed, the security interest will be perfected. If Landlord requests, Tenant must also execute and deliver to Landlord Uniform Commercial Code financing statement change instruments in sufficient form to reflect any proper amendment of, modification in, or extension of the contract lien and security interest hereby granted. A carbon, photographic, or other reproduction of this Lease is sufficient as a financing statement. In addition to all of its rights, Landlord also has all the rights and remedies of a secured party under the Uniform Commercial Code as adopted in Texas. Landlord may execute any financing statement as agent for Tenant so that the document is in proper form to be filed.

21. Default, Remedies for Default.

21.01. *Events of Default.* If Tenant permits or fails to prevent any of the following occurrences, it is a Tenant event of default:

21.01.01. Tenant fails to pay any installment of Rent when due.

21.01.02. Tenant fails to comply with any term, provision or covenant of this Lease, other than the payment of rental or expenses demanded by Landlord and does not cure such failure within 30 days after written notice thereof to Tenant, or any representation or warranty by Tenant is false or misleading in any material respect when given to Landlord.

21.01.03. This Lease for the Premises or any part thereof is taken upon execution or by other process of law directed against Tenant, or is taken upon or subject to any attachment at the instance of any creditor or claimant against Tenant, and the attachment is not to be discharged or disposed of within 30 days after the levy thereof.

21.01.04. Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or voluntarily takes advantage of any such law or act by answer or otherwise, or is dissolved, or makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they mature.

21.01.05. Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant is instituted against Tenant, as the case may be, or a receiver or trustee of all or substantially all of the property of Tenant is appointed, and such proceeding is not dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment.

21.01.06. Tenant deserts, vacates or abandons all or any portion of the Premises, or ceases to physically occupy any substantial portion of the Premises and continuously operate its business on the Premises, or fails to commence business operations in the Premises on or before the Commencement Date. If Tenant removes or makes preparations to remove its goods, equipment, inventory, and fixtures (other than in the normal course of business) in amounts sufficient to indicate a probable intent to vacate the Premises, Tenant's breach is established conclusively.

21.01.07. Tenant does or permits to be done anything which creates a lien upon the Premises.

21.01.08. The business operated by Tenant is closed for failure to pay any State sales tax as required or for any other reason, other than repairs, death of the principals of Tenant, or normal business holidays.

21.01.09. This Lease or the estate of Tenant hereunder is transferred to, or passes to any other person or party except in a manner permitted herein.

21.02. *Remedies for Default.* Upon the occurrence of any Tenant event of default, Landlord has the option to pursue anyone or more of the following:

21.02.01. In addition to, and without limiting any other remedies available to Landlord at law or in equity, immediately terminate this Lease and all rights of Tenant hereunder. Upon termination, Tenant must immediately surrender the Premises to Landlord. If Tenant fails to do so, Landlord may, without prejudice to any other remedy, enter and take possession of the Premises or any part thereof and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages.

21.02.02. Enter upon and take possession of the Premises or any part thereof and expel or remove Tenant and any other person who may be occupying said Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefor without having terminated the Lease.

21.02.03. Enter upon the Premises, by force if necessary, without being liable for prosecution or any claim for damages, and do whatever Tenant is obligated to do under the terms of this Lease. In such case, Tenant must reimburse Landlord on demand for expenses Landlord may incur in thus effecting compliance with Tenant's obligations. Landlord is not liable for any damages resulting to the Tenant from such action.

21.02.04. Alter all locks and other security devices at the Premises without terminating this Lease. If Landlord does so:

(i) Landlord need not allow Tenant re-entry to the Premises or provide Tenant with a new key unless and until Tenant cures any and all defaults under this Lease,

(ii) Landlord may refuse to give Tenant a new key unless Tenant establishes a security deposit by an amount determined by Landlord,

(iii) If Landlord does provide Tenant with a key, it will do so only during the Landlord's regular business hours, and

(iv) Tenant must pay Landlord all costs and expenses incurred by Landlord in connection with altering the locks and other security devices.

Landlord's remedies and rights under this Lease entirely supersede and supplant the provisions of Texas Property Code § 93.002.

21.03. *Repossession and Alteration of Locks*. Landlord's exercise of one or more remedies is not acceptance of Tenant's purported surrender of the Premises, whether by agreement or by operation of law. Surrender can occur only by the written agreement of Landlord and Tenant. No such alteration of locks or other security devices and no removal or other exercise of dominion by Landlord over the property of Tenant or others at the Premises is unauthorized or constitutes conversion. Tenant consents to Landlord's exercise of dominion over Tenant's property within the Premises in case of Tenant's default. Tenant waives (A) all claims for damages by reason of such reentry, repossession, or alteration of locks or other security devices and (B) all claims for damages by reason of any distress warrant, forcible detainer proceedings, sequestration proceedings, or other legal process. Re-entry by Landlord may be pursuant to judgment obtained in forcible detainer proceedings or other legal proceedings or without the necessity for any legal proceedings, as Landlord may elect. Landlord is not liable in trespass or otherwise for such re-entry. Landlord's remedies and rights under this Lease entirely supersede and supplant the provisions of Texas Property Code § 93.002.

21.04. *Effect of Termination*. If Landlord terminates the Lease for an event of default, then despite the termination, Tenant is liable for and must pay Landlord, at the Address for Payment of Rent, all Rent accrued to the date of termination. Landlord's acceptance of past-due rent after termination does not reinstate the Lease.

21.05. *Effect if No Termination.* If Landlord repossesses the Premises without terminating the Lease, then Tenant is liable for and must pay Landlord, at the Address for Payment of Rent, all Rent accrued to the date of repossession, plus Rent due during the remainder of the term until the date of expiration. Tenant's obligation is diminished by any net sums thereafter received by Landlord through reletting the Premises (after deducting expenses of reletting). Tenant is liable for the full Rent for the remainder of the Lease term if the Premises are not relet. In no event is Tenant entitled to any excess of any rental obtained by reletting over and above the Rent. Actions to collect amounts due by Tenant to Landlord may be brought at one time or from time to time, on one or more occasions, without the necessity of Landlord's waiting until expiration of the Lease term. In the alternative, if Landlord relets the Premises, Landlord may recover from Tenant (A) the unpaid Rent accrued before Tenant's default, plus (B) the then present value of the amount by which the Rent for the remainder of the term exceeds the rental received from reletting the Premises. Present value is computed by allowing interest at 1% in excess of the discount rate of the Federal Reserve Bank of Dallas, Texas. No repossession of the Premises by Landlord hereunder is either an acceptance of surrender or an election to terminate this Lease. Neither does it cause a forfeiture of Rent remaining to be paid during the balance of the Lease term, unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding Landlord's right to relet and collect the difference in rental values, Landlord may, at any time after default, terminate this Lease. Landlord also may decline to repossess the Premises, and may from time to time, without terminating this Lease, recover all rent as it becomes due.

21.06. *Liability for Costs Incurred.* If Tenant defaults, in addition to any other sum required by this Lease, Tenant must also pay to Landlord, at the Address for Payment of Rent, (A) brokers and management fees incurred by Landlord in connection with reletting the whole or any part of the Premises; (B) the costs of removing and storing Tenant's or any other occupant's property, (C) the costs of repairing, altering, remodeling, or otherwise putting the Premises into a condition acceptable to a new tenant or tenants, (D) all rental concessions as a result of reletting, and (E) any and all other costs, fees, and expenses associated with reletting the Premises and all reasonable expenses incurred by Landlord in repossessing the Premises and in enforcing or defending Landlord's rights and/or remedies, including reasonable attorney's fees, which shall be not less than 10% of all sums then owing by Tenant to Landlord.

21.07. *Obligation to Reimburse.* If Tenant fails to timely make any payment or cure any default, Landlord, without an obligation to do so and without waiving default, may make the payment or remedy the other default for the account of Tenant (and enter the Premises for such purposes). Thereupon Tenant must pay upon demand, all costs, expenses, and disbursements (including reasonable attorney's fees) incurred by Landlord in taking the remedial action.

21.08. *Default by Landlord.* If Landlord defaults, Tenant's exclusive remedy is an action for damages (Tenant hereby waiving the benefit of any laws granting it a lien upon the property of Landlord or on rent due Landlord). Tenant is not permitted to withhold Rent. Before filing any such action Tenant must give Landlord 30-days prior written notice specifying the alleged default and giving Landlord opportunity to cure. Unless and until Landlord fails to timely cure a default after written notice, Tenant has no remedy or cause of action by reason thereof. All obligations of Landlord are covenants, not conditions. Landlord's liability to Tenant for default

is limited to actual, direct, but not consequential, damages. **Tenant hereby waives its statutory lien under § 91.004 of the Texas Property Code.**

21.09. *Payments After Termination.* Tenant's payment of money to Landlord after termination or after notice of default (other than a demand for payment of money within any applicable cure period) does not reinstate, continue, or extend the term or affect any notice given to Tenant prior to the payment. After the service of a suit or after any final judgment granting Landlord possession of the Premises, Landlord may receive and collect any sums due under the terms of this Lease or may otherwise exercise any of its rights and remedies hereunder. Such payment, whether as rent or otherwise, does not waive any notice or a termination of Tenant's right of possession, or in any manner affect any suit theretofore commenced or judgment previously obtained.

21.10. *Rights Respecting Personal Property.* If Landlord takes possession of the Premises under the authority of this Lease, Landlord may keep in place and use all furniture, fixtures, and equipment at the Premises, including that owned by or leased to Tenant at all times before foreclosure thereon by Landlord or repossession thereof by any lessor thereof or lienholder thereon. Landlord may also remove from the Premises (without obtaining a distress warrant, writ of sequestration, or other legal process) all or any part of the furniture, fixtures, equipment, and other property and place same in storage anywhere in the county in which the Premises are located. In such case, Tenant is liable to Landlord for costs incurred by Landlord in the removal and storage and must indemnify Landlord from all loss, damage, cost, expense, and liability arising from or relating to the removal and storage. Landlord also may relinquish all or any part of the furniture, fixtures, equipment, and other property to any person ("Claimant") who presents to Landlord a copy of any instrument represented to have been executed by Tenant, if the instrument purports to grant Claimant the right under various circumstances to take possession of the property. Landlord need not inquire into the authenticity of the instrument or Tenant's or Tenant's predecessor's signature thereon. Landlord further need not investigate or inquire into the validity of the factual or legal basis on which Claimant purports to act. Tenant hereby indemnifies Landlord from all loss, cost, liability, or expense arising from or relating to Landlord's relinquishment of property to a Claimant. These rights of Landlord are additional to any other rights that Landlord has or may hereafter have at law or in equity. Tenant stipulates that the rights herein granted Landlord are commercially reasonable.

21.11. *Cumulative Remedies.* Each right and remedy provided to Landlord in this Lease is cumulative to every other right or remedy provided to Landlord by this Lease or applicable law, including, but not limited to, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Landlord of one or more of the right or remedy does not preclude the simultaneous or later exercise by Landlord of another remedy. All costs incurred by Landlord in collecting any amounts and damages owed by Tenant under this Lease or to enforce any provision of it, including reasonable attorneys' fees from the date any such matter is turned over to litigation counsel, are also recoverable by Landlord from Tenant.

22. Landlord's Mitigation of Damages.

Any duty imposed by law on Landlord to mitigate damages after a default by Tenant under this Lease will be satisfied in full if Landlord undertakes to lease the Premises to another tenant (a "Substitute Tenant") in accordance with the following criteria:

22.01. Landlord will have no obligation to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete possession of the Premises including without limitation, the final and unappealable legal right to relet the Premises free of any claim of Tenant;

22.02. Landlord will not be obligated to lease or show the Premises on a priority basis, or offer the Premises to a prospective tenant when other space in the Building suitable for the prospective tenant's use is (or soon will be) available;

22.03. Landlord will not be obligated to lease the Premises to a Substitute Tenant for a Rent less than the current fair market Rent then prevailing for similar uses in comparable buildings in the same market area as the Building, nor will Landlord be obligated to enter into a new lease under terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building.

22.04. Landlord will not be obligated to enter into a lease with a Substitute Tenant whose use would:

(i) violate any restriction, covenant, or requirement contained in the lease of another tenant of La Villita;

(ii) adversely affect the reputation of La Villita; or

(iii) be incompatible with other users of La Villita.

22.05. Landlord will not be obligated to enter into a lease with any proposed Substitute Tenant that does not have, in Landlord's reasonable opinion, sufficient financial resources to operate the Premises in a first class manner; and

22.06. Landlord will not be required to expend any amount of money to alter, remodel, or otherwise make the Premises suitable for use by a proposed Substitute Tenant unless:

(i) Tenant pays any such sum to Landlord in advance of Landlord's execution of a lease with the proposed Substitute Tenant (which payment will not be in lieu of any damages or other sums to which Landlord may be entitled as a result of Tenant's default under this Lease; or

(ii) Landlord, in Landlord's reasonable discretion, determines that any such expenditure is financially justified in connection with entering into a lease with the prospective Substitute Tenant.

23. Tenant's Bankruptcy.

In addition to other available remedies, if Tenant becomes the subject of a voluntary or involuntary bankruptcy, reorganization, composition, or other similar proceeding under the federal bankruptcy laws:

23.01. "Adequate protection" of Landlord's interest in the Premises pursuant to Sections 361 and 363 (or their successor sections) of the Bankruptcy Code, 11 U.S.C., Paragraph 101, et seq., as amended from time to time ("Bankruptcy Code"), before assumption or assignment of the Lease by Tenant include but are not limited to all (or any part) of the following:

(i) continued payment by Tenant of all Rent due and owing hereunder and the performance of all other covenants and obligations hereunder by Tenant;

(ii) hiring security guards to protect the Premises if Tenant abandons or ceases operations, the obligation of Tenant only to be effective so long as Tenant remains in possession and control of the Premises to the exclusion of Landlord;

(iii) furnishing an additional/new security deposit by Tenant in the amount of three times the then-current monthly Base Rental and Additional Rent payable hereunder.

23.02. "Adequate assurance of future performance" by Tenant or any assignee of Tenant pursuant to Bankruptcy Code Section 365 includes (but is not be limited to) payment of an additional/new Security Deposit in the amount of three times the then-current monthly Base Rental and Additional Rent payable hereunder.

23.03. Any person or entity to which this Lease is assigned pursuant to the Bankruptcy Code, assumes, without further act or deed, all obligations of Tenant arising under this Lease on and after the effective date of such assignment. Any such assignee must, on demand by Landlord, execute and deliver to Landlord an instrument confirming the assumption of liability.

23.04. Despite anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of the Landlord under this Lease, whether or not expressly denominated as "rent", constitute "rent" for the purposes of Section 502(b)(6) of the Bankruptcy Code.

23.05. If this Lease is assigned to any person or entity pursuant to the Bankruptcy Code, any and all monies or other considerations payable or otherwise to be delivered to Landlord (including Base Rentals and other rent hereunder) remain the exclusive property of Landlord and are not property of Tenant or of the bankruptcy estate of Tenant. Any and all monies or other considerations constituting Landlord's property under the preceding sentence not paid or delivered to Landlord must be held in trust by Tenant or Tenant's bankruptcy estate for the benefit of Landlord and must be promptly paid to Landlord.

23.06. If Tenant assumes this Lease and proposes to assign it to a specific assignee on specific terms, Tenant must deliver to Landlord notice of the proposed assignment. The notice must set forth (i) the name and address of the proposed assignee; (ii) all terms and conditions of the offer, and (iii) the adequate assurance to be provided Landlord to assure the assignee's future

performance under the Lease. Tenant must deliver the notice no later than 20 days after Tenant's receipt of the proposal, but in no event later than 10 days before Tenant applies to a court of competent jurisdiction for authority and approval of the proposed assumption and assignment. Landlord thereupon has the prior right and option to accept the assignment itself on the same terms and conditions and for the same consideration, if any, as Tenant's proposed assignee, less any brokerage commission otherwise payable by the proposed assignee. Landlord must exercise its prior right and option by delivering notice to Tenant not later than 30 days after Landlord's receipt of the notice.

23.07. To the extent permitted by law, this Lease is a contract under which applicable law excuses Landlord from accepting performance from (or rendering performance to) any person other than Tenant.

24. Warranty Disclaimer.

24.01. There are no implied warranties of merchantability, of fitness for a particular purpose, or of any other kind arising out of this lease, and there are no warranties that extend beyond those expressly stated in this lease. Without limitation, this Lease contains no express or implied warranty that the Premises have no latent defects or that the Premises are or will remain suitable for Tenant's purposes.

24.01. Tenant acknowledges it has had ample opportunity to perform due diligence regarding the Premises and accepts the Premises in their present condition, as-is.

25. Abandoned Property.

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

26. Appropriations.

All obligations of the City of San Antonio under this instrument are funded through the City of San Antonio General Fund and are subject to the discretion of City Council whether to appropriate funding for any given year of a term. If the City Council fails to appropriate money for this Lease in an annual City of San Antonio Budget, the City may terminate this Lease and have no further liability.

27. Sublease, Assignment.

Tenant cannot assign or sublease this lease without Landlord's prior written consent. Assignments include any transaction in which (A) a material part of Tenant's assets are sold outside the ordinary course of business or (B) a change in the identity of those owning, holding, or controlling the power to vote of 50% of the equity interest in Tenant. Tenant shall pay to Landlord an assignment fee of $2,000.00 for any assignment.

28. Dispute Resolution.

28.01. Before bringing any action arising out of this agreement, including an action for declaratory relief but not an action specifically excepted below, the disputants must first submit

in good faith to mediation. The parties may not assert limitations, laches, waiver, and estoppel based upon attempts to mediate.

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

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

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

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

28.06. Mediator fees must be borne equally.

28.07. The parties need not mediate before going to court (1) for either party to seek emergency injunctive relief or (2) for Landlord to seek forcible entry and detainer relief against Tenant.

29. Miscellaneous.

29.01. *Applicable Law.* This Agreement is entered into in San Antonio, Bexar County, State of Texas. **It's Construction And The Rights, Remedies, And Obligations Arising Under It Are Governed by The Laws of The State Of Texas.** Both parties' obligations under this agreement are performable in San Antonio, Bexar County, Texas, and venue for any action arising under this agreement is only in Bexar County, Texas.

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

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

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

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

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

29.07. *Notices*. Notices must be in writing and by certified mail, return receipt requested, addressed to the parties at their respective addresses set forth at the beginning. If the addressee is a corporation, notices must be addressed to the attention of its President. Notice is complete three days after deposit, properly addressed and postage prepaid, with the United States Postal Service. Failure to use certified mail does not defeat the effectiveness of notice actually received, but such notice is effective only on actual receipt. Address for notice may be changed by giving notice.

29.08. *Pronouns*. Plural constructions include the singular, and singular constructions include the plural. Whether a pronoun is masculine, feminine, or neuter does not affect meaning or application of the relevant term. The words "herein," "hereof," and other, similar compounds of the word "here" refer to the entire Agreement, not just to a part of it.

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

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

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

29.12. *Administrative Actions and Agreements*. The Director of Capital Improvements Management Services ("CIMS") and the Assistant Director for Real Estate of CIMS may, without further council action, agree to, sign, and deliver on behalf of the City all consents, certificates, memoranda, estoppels, and modifications of nonmaterial rights and obligations arising under this Lease and may declare Tenant defaults and pursue remedies for such defaults, including terminating this Lease. This paragraph does not authorize lease amendments or renewals without council consent.

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

29.15 **Tenant understands and agrees to comply with the *Non-Discrimination Policy* of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate in its operations under this lease agreement on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein.**

30. Night in Old San Antonio (NIOSA) and Other Events.

30.01. The Landlord reserves the right to grant the San Antonio Conservation Society or its successors, assigns, or subcontractors a Lease of all or any portion of adjacent property and/or a concession to sell beverages, food, and other items on all or any portion of La Villita, other than the premises hereby expressly demised, during specified hours on those dates in each year of the duration of the lease in which the Society may sponsor all or any part of the event known as NIOSA within La Villita. The Tenant expressly recognized that any right, privilege, or leasehold interest granted to the San Antonio Conservation Society for NIOSA under a separate lease and/or concession contract controlling access to La Villita is superior to any such right, privilege or leasehold interest granted Tenant under this Lease Agreement.

30.02. Rental Fee will be abated during the 16 days annually during month which NIOSA occurs. All other Fees will not be abated.

30.03. Except in the case of NIOSA and holidays stated above, the gates to La Villita will remain open from 7:00 a.m. until 6:00 p.m. daily. However, the Tenant understands, acknowledges and agrees that the Landlord will also from time to time accommodate various functions or events. Such accommodation may require temporary closures of points of access to La Villita and plazas, streets, and open areas in and around La Villita and/or controlled or limited access to the Leased Premises. Such closures and/or controlled or limited access shall not prevent pedestrian access to the Leased Premises entrance free of charge before 6:00 P.M. The Tenant expressly recognizes that any such accommodation and also any and all of the Landlord's fee simple ownership rights and interest as Landlord hereunder are superior to any right, privilege or leasehold interest granted the Tenant under this Lease Agreement and the Tenant hereby agrees to cooperate fully with the Landlord on notification of such accommodation. The Tenant further waives any and all claims for damages, including but not limited to, loss of business, which the Tenant may suffer as a result of any such accommodation by the Landlord as limited by this paragraph.

31. Public Information.

Tenant acknowledges that this instrument is public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public. Nothing in this agreement waives an otherwise applicable exception to disclosure.

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

Landlord:	**Tenant:**
City of San Antonio, a Texas municipal corporation	**Patricia L. Henry**
_____ Signature	Patricia L Henry Signature
_____ Name	Patricia L. Henry Name
_____ Title	owner Title
_____ Date	4-15-15 Date

Approved as to Form:

_____
City Attorney

Exhibit A: La Villita Building Map

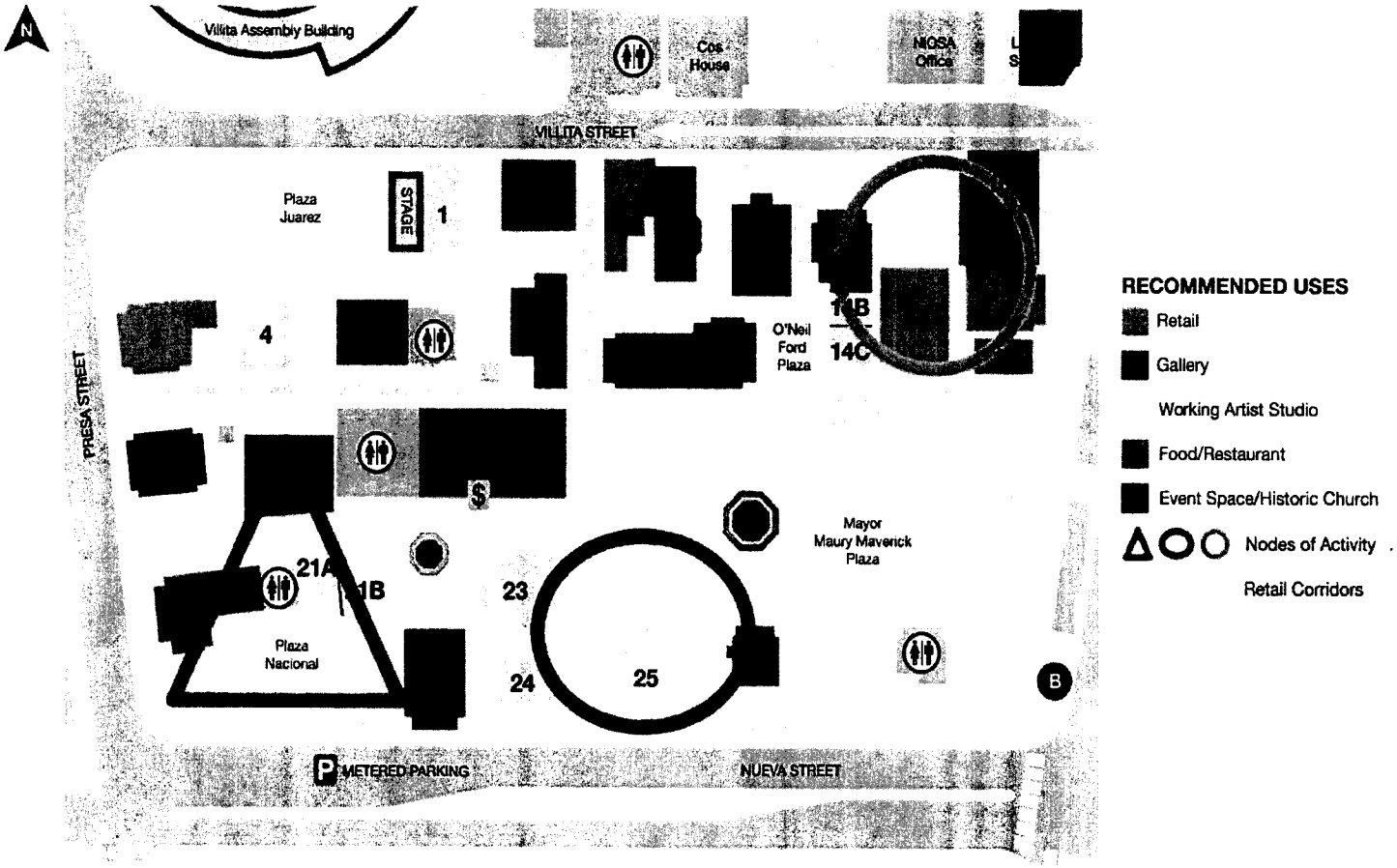


Exhibit B: Photo of Building #6

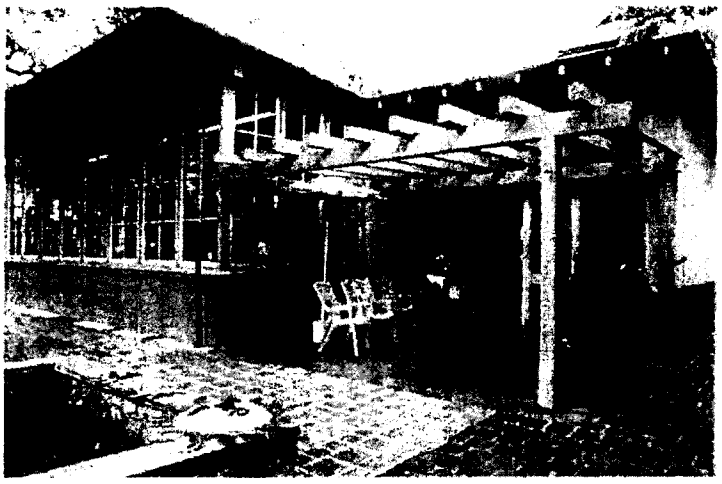
Attachment I

See attached Proposed Plan

Attachment II

Merchandising Plan
Due to limited size of the storefronts in La Villita, wall space, floor space, shelf space and table space must be fully utilized. Upgrades to floors and certain shelving units will be upgraded.

Proposed Tenant Improvements
- Four core enhancements will be completed:
- Museum-style displays for woodcarvings and pottery - $3,500
- Diamond-Polished/Stained Flooring - $3,000
- Track Lighting and Atmospheric Lighting - $2,400
- 21st Century Swappable Graphic Wall-Mounted Displays for Seasonal/Event Stylization - $2,600



BUILDING 6
1,180 sq ft
Use: Gallery

Kitchen Building, c. 1939
The kitchen building was constructed during the National Youth Administration restoration in 1939. It stands on King Phillip V Walk, where the legendary Mrs. Womble's Boarding House once stood.

GENERAL ASSESSMENT RATING: 4-Good

EXTERIOR FEATURES
Walls. Painted plaster in good condition. Arbor beams are deteriorating and in need of repairs/replacement.
Roof. Standing seam metal roof needs cleaning and repainting.
Windows and doors. The numerous windows have been recently repaired and painted, but repairs are superficial. Lower sash of windows and sill are deteriorating.

INTERIOR FEATURES
Floors. Combination of clay tile and carpet. Serviceable condition.
Ceilings. Painted wooden roof decking exposed between wooden beams. Good condition.
Walls. Painted plaster walls in good condition. Moisture is seeping through north wall under windows, probably caused by moisture trapped in adjacent planting bed. Remove planting bed and waterproof lower level of wall/foundation before installing paving.

COMMENTS. Roof needs new rigid insulation to be energy efficient. Consider eliminating some windows to increase display space and provide better energy efficiency.

MECHANICAL, ELECTRICAL, AND PLUMBING REPORT

Air-conditioning and heating. Two 1980s chilled water cooling/electric heating fan-coil units serve this space. The coil on the "front" unit was cleaned

and a relay was replaced in "rear" unit.

Plumbing. Space has one cold-water-only sink that reportedly has no leaks.

Electrical. Electrical appears to be in good working order.

RFP ATTACHMENT A, PART THREE

PROPOSED PLAN

Category C: Retail Shops

Within a maximum of four single space pages, with 12 point font, please provide the following:

1. Provide a vision statement for the Retail Shop.

   To bring to life the cultural traditions of San Antonio and La Villita by offering locals, travelers and visitors the opportunity to experience, appreciate and obtain the finest unique, handmade crafts of Latin America.

2. Provide an operational plan for the Retail Shop.

   Casa Manos Alegres will maintain operating hours between 10am and 6pm (later as required) and continue to offer the finest in Latin American folk art to the public. Our 2015-2016 focus will be on improved flooring, improved lighting, enhancing our annual events and working closely with the City to enhance La Villita. (A detailed operations plan is included as an attachment.)

3. Describe how you will enhance the visitor experience at the Retail Shop within La Villita for both local residents and tourists.

   Casa Manos Alegres has operated successfully for 43 years. In order to further enhance the visitor experience at the store, we will strive to improve upon and enhance the principles that we have already established:

   - **<u>Friendliness:</u> We love visiting with customers. We see ourselves as ambassadors for the city and state. Many individuals who visit for the first time (as well as return visitors) remark that everyone in San Antonio (and Texas) is so friendly. We consciously strive to uphold that expectation. We know that a customer will return to a place that made them have good feelings. They will return to a place where they were made to feel special and where they remember having a good time. The human element is what makes that happen and we have 43 years of collective experience to help us achieve this goal. We are always evolving and fine-tuning our approach to ensuring visitors feel terrific after leaving our gallery.**

   - **<u>Education:</u> Many visitors (and locals) are surprised to see such unique items and artwork from various regions in Mexico. On a daily basis people ask "where is this from?" or "what is the significance of this item?" It is a part of our mission to educate the public on things such as "Dia de los Muertos" or "alebrijes" from Oaxaca or the works of Sergio Bustamante and Melquiades Preciado. We strive to introduce that which is enjoyable, that which is aesthetically pleasing and that**

which is informative about the culture of Mexico and of San Antonio. Part of that outreach has included involving South San High School students with hands-on creation of folk art. Part of it has also included starting up the Dia de los Muertos festival that is now up-and-running in tandem with the City of San Antonio's efforts. We will continue these efforts and as opportunities arise to introduce new concepts, new ideas and new visually-pleasing works of art, we will seize them and bring these things and their histories and stories to our customers and the visiting public.

- Fun: People don't go on vacation to be serious and up-tight. They go to relax, experience somewhere pleasing (and often times new) and to have a good time. To capitalize on this, we play fun music, we engage in fun and happy conversation and we decorate the store to be a "fun" space. Always remembering to include "fun" as part of the recipe helps to underscore our complimentary efforts of friendliness and education.

- Atmosphere: Atmosphere is important to a space. A visitor doesn't wish to go into a dark, dusty space with peeling paint or unpleasant smells or boring colors and aesthetic. Our folk art lends itself to being whimsical and fun, and the merchandising done to display it all has the net effect of creating a whimsical, unique and sometimes "eye-popping" atmosphere. We also do things such as rotate in pleasant seasonal fragrances, continuously rotate around types (and colors) of merchandise so that the space seems continually new and refreshed. We paint the interior every three years and rotate in merchandise that fills the space in an inviting and fun way!

- Oasis: Whether you are on break from a session at the convention center or visiting during your lunch hour from CPS or making the bike ride down from Monte Vista, you want to get away from your day and experience an "oasis" of sorts. We wish to be that cultural oasis. We know we are perceived to be a must-see spot during returns to La Villita and we wish to be a must-see spot for people to visit to just "get away" during their visit to San Antonio (or to downtown from other locales). A fun atmosphere where you can get away to be welcomed and leave with a friendly experience is all your need to establish such an oasis.

4. Define how the Retail Shop will embrace the authentic nature of San Antonio, her history and culture.

The flags of six nations have flown over Texas. The nations of Spain and Mexico have woven their cultural fabric into the tapestry of San Antonio in ways that will always be a part of San Antonio's identity. There is nothing more representative and expressive of a city's culture and identity than its artistic creations. We will embrace San Antonio's authentic nature by

displaying its color and flair in the hand-made artistic creations that are products of its heritage.

On the macro level, as a gallery, we will continue to be an integral part of La Villita's identity, as we have for 43 years. Folks from all over the nation know us as a long-time core portion of La Villita's identity. We have had our doors open, welcoming visitors as the longest-still-existing sole-proprietor tenants in the history of the village. We take pride in our history and we see ourself as "puro La Villita" and "puro San Antonio." Continuing our mission, vision, and operations will embrace this authentic nature.

5. Identify through marketing and other techniques how you will build sales, awareness, and the image of the Retail Shop as part of La Villita. Provide copies of any advertisements previously used.

   a. Include a description of how you will use social media (Facebook, Twitter, Instagram, etc) to promote and market the Gallery. Provide examples of social media you have previously used.

Luckily, we are already very well known as being a part of La Villita. Efforts to maintain this image will focus on being involved with the Department that oversees La Villita and with the operations and efforts of the La Villita Tenants Association to ensure its member businesses are top-notch downtown destinations.

We will help to achieve this goal by ensuring advertising dollars are spent on the most effective avenues of bringing in locals and tourists. We want to be sure the best and brightest are highlighted and that everything that La Villita has to offer is communicated to the public at large.

It is continuous communication, high standards, and stakeholder relationships that will ensure awareness of La Villita as a whole (and subsequently its component businesses) is maintained at a sufficient level.

Over 43 years we have advertised in:

WHERE Guestbook	**Texas Monthly**
KEY Magazine	**Local High School Performance Programs**
Express News	**"Best" of San Antonio**
San Antonio Light	**Dozens of Community Fundraising Publicity Opportunities**
Facebook Targeted Advertising	**Facebook Business Page**
	Google Business Places and many more

We have also worked closely with the La Villita administrators to "pitch in" with other businesses so that more capital can be leveraged (working with the City) to achieve high-quality advertisements. It is sometimes difficult for smaller galleries and stores to afford monthly advertisements on their own. (particularly given the square footage and as a result, revenue constraints that exist amongst the La Villita buildings/businesses).

6. Detail any physical changes that you propose for the interior of the lease space.

We envision four core enhancements for the gallery space:

- **Museum-style displays for woodcarvings and pottery**
- **Diamond-Polished / Stained Flooring**
- **Track Lighting and Atmospheric (Spanish Colonial) Lighting**
- **21st Century Swappable Graphic Wall-Mounted Displays for seasonal/event stylization**

<u>Museum-style displays</u> for woodcarvings and pottery will be installed in the first and third rooms of buildings 6. These displays will utilize the current shelving space to implement museum-quality display places for our fine pottery and wood-carving pieces. Each category will have informative plaques attached, stylized in such a way to elicit the atmosphere and quality found in fine and folk art museums. Being that our wood and pottery artists have much of their work displayed in museums throughout Mexico and the United States, it is fitting to install such a tribute to their handcrafts. The effect of such displays will also enhance our merchandising efforts in line with recommendations made in the Urban Market Collaborative (UMC) Study.

These displays, in conjunction with improved stylized lighting fixtures, diamond-polished concrete floors and wall-mounted (curated) informational boards will elevate the gallery to a level that is usually found only at highly-funded public and private institutions.

These enhancements will further our vision of "bringing to life" the art and cultural traditions of folk art and providing the highest-quality hand-made creations to the general public, in a complimentary atmosphere.

<u>In the interest of space, Question 7 will be provided as part of our attached "operations plan" at the end of this section</u>

7. Describe how you plan to display your products within the space.

   a. Provide images of current or previous exhibitions, including gallery or artist booths at art fairs, you have hosted, curated, or managed, with any additional information or documentation of these exhibitions.

b. Up to ten percent (10%) of the works for sale may be art related products that are not created by hand. Describe how you plan to display art related products within the space.

We propose to implement / enhance the following events to improve upon our already-existing activities and enhance / activate the area:

c. Whimsical Creatures: Artwork Exhibition. April of each year. We will host artwork from master folk-artists Elvis and Arturo Castillo of rural Oaxaca, Mexico. The brothers will display their museum-quality pieces for three weeks during April and perform live exhibitions for 10 days to two weeks. This event will be improved upon from the traditional yearly Spring event we have done with the Castillos for the last 25 years. We hope to work closely with DCCD to elevate the event to a city-wide advertised level. Both Elvis and Arturo are available to provide hands-on workshops to children and young adults on how to paint introductory-level alebrijes.

d. Dia de los Muertos. Working with Ladislao Loera of Frenzy Art and several area schools, Casa Manos Alegres founded the Dia de los Muertos event in La Villita in 2006. The event has grown greatly in scope and scale and we have worked closely with the La Villita Tenants Association and the City of San Antonio to make it a success for these past 8 years. Ladislao Loera of Frenzy Art is nationally known and available with planning for signings and workshops which can be incorporated.

e. FIESTA Folk Art. Each year, prior to the opening day of NIOSA, we intend to hold a pre-NIOSA reception and exhibition. We will work closely with local artists Margaret Reyna and Teri Koslow and Pat Jimenez to institute an annual reception and display of their respective works. All three are well-known San Antonio artists who work with watercolor and oil on canvas, as well as mixed-media and FIESTA-themed crafts.

f. Birthday Party for Frida Kahlo. July of each year. Each July we honor Frida Kahlo and celebrate the anniversary of our gallery (as well as the birthday of its founder, Pat A. Henry) by holding an exhibition and reception. We would like to grow the scale of this event and establish a well-known "Frida Kahlo Birthday Party" where collectors and enthusiasts can gather and celebrate her life and works. Hands-on workshops can be held to make arts and crafts that celebrate her style and life. Poetry readings can be held and images of historic and popular culture can be displayed to tie in the theme. We believe this event has the potential to be grown similarly in size and scale to our Dia de los Muertos event.

g. Our Lady of Guadalupe Reception and Exhibition. Tradition states that the Virgin of Guadalupe appeared near Mexico in December of 1531. In conjunction with this sacred tradition and event we propose to hold an annual Virgin of Guadalupe Reception and accompanying workshop. Artwork of all media and nature concerning the Virgin's image will be displayed. Works of literature, folk and fine art will be discussed and put on exhibit. The La Villita

Tenants Association as a strong history with the Guadalupanas of San Antonio and can access this asset to help maintain the cultural integrity of this icon.

Each of the events listed above can be funded with a small reserve fund set aside for refreshments and hors d'oeuvres. The La Villita Tenants Association can work with the DCCD to help contribute decorations, marketing and support for each event. It is realistic to expect each evening event to take place on a Friday or Saturday night to be followed by a next-day daylight workshop and/or exhibition.

In the interest of space, Questions 9, 11 & 13 will be provided as part of our attached "operations plan" at the end of this section

8. Provide a detailed budget for your organization in order to operate and maintain a Retail Shop.
    a. Describe the business plan for start up and marketing.
    b. How will you pay for ongoing maintenance and operation costs?
9. The City of San Antonio will work with individual tenants and the La Villita Tenants Association to plan and implement monthly programming to activate La Villita.
10. Define the type of products that will be available for purchase in the Retail Shop, including images of the products to be sold.
11. Describe how the products to be sold reflect and celebrate the authentic nature of San Antonio's history and culture..

    The above question was asked in Attachment A, Part 3, Question 4. Answer above.

Provide details, including images of the product or goods to be sold. **This shall not be considered part of the four page narrative limit.**

Provide details, including images of the product or goods to be sold. This shall not be considered part of the four page narrative limit.

12. Please list the building for which you are submitting your proposal: Building #__ 6 ____
d. If your proposal is not the highest rated for the above listed building, are you willing to negotiate for another building? Yes ____YES___ No_____
i. If Yes, please list your 2nd Choice building: Building #__14a__
e. If your proposal is not the highest rated for your 2nd Choice Building, are you willing to negotiate for another building? Yes___ YES ___ No____
i. If Yes, please list your 3rd Choice building: Building #__16_____
f. If your proposal is not the highest rated for your 3rd Choice Building, are you willing to negotiate for another building? Yes____ YES _ No__17___

Please note, respondents will be required to state their preferences for the building or buildings which they are interested in leasing from the City. The highest rated respondents shall each in turn be provided the opportunity to negotiate for their first choice building provided that a higher rated respondent has not selected that building. In the event that all of respondent's building preferences have been assigned to higher rated respondents, then City shall offer the respondent the opportunity to select from among the remaining buildings not assigned to another respondent.

RFP ATTACHMENT B

PRICE SCHEDULE

~~Category B: Galleries~~ Retail

1. Provide a Minimum Annual Guarantee (MAG) of proposed rental payments to the City based upon the square footage of the space. The RFP requires a minimal monthly rental rate of $1.25 per square foot. Provide monthly rate proposed: $__ **1.25** ___

    a. Lease agreements with the City for spaces in La Villita will include separate charges for Utilities and Common Area Maintenance (CAM). These fees are determined by the city and are not part of the RFP process. The Utility and CAM fees are separate from and in addition to proposed Rental Fees.

2. Provide estimated costs for proposed physical improvements to the space. The City will provide rental abatements in the amount of 80% of approved, documented, and verified capital improvements to the lease space over the first five (5) years of the lease agreement. Any and all improvements must be reviewed and approved by City.

    - **Museum-style displays for woodcarvings and pottery: $3,500**
    - **Diamond-Polished / Stained Flooring: $3,000**
    - **Track Lighting and Atmospheric (Spanish Colonial) Lighting: $2,400**
    - **21st Century Swappable Graphic Wall-Mounted Displays for seasonal/event stylization: $2,600**
    - **TOTAL: $11,500**

OPERATIONS PLAN

I. Location

II. Physical Facility

III. Supply Sources

IV. Overview of Products and Display Style

V. Financial Analysis

i. Startup Costs

ii. Capital Equipment List & Supplies

iii. Pro Forma Monthly Cash Flow Projection

iv. Monthly Cash Flow Projection Assumptions

I. Location

Casa Manos Alegres currently occupies building 6 in La Villita. La Villita's adjacent location to the Convention Center makes is a prime spot to welcome visitors and tourists. The gallery's 43 years in existence makes it a well-known locale amongst return visitors to La Villita. Casa Manos Alegres can thrive in its current locale or anywhere along King Philip Walkway or Villita Street.

II. Physical Facility

Casa Manos Alegres currently inhabits approximately 1200 square feet of usable retail space. The greater area of La Villita comprises over 100,000 feet of square footage. The gallery has had over 43 years to develop an operation that fully utilizes its relatively small square footage in an efficient and effective manner. Every wall, shelving opportunity, ceiling spot and corner is utilized to create a warm, colorful, welcoming atmosphere in which to display Latin American folk art.

III. Supply Sources

Casa Manos Alegres has multi-decade relationships with artists and craftspeople all throughout Mexico. Today we deal with artists from most states in Mexico. Some of our artists are multi-generational operations in their villages and town. Attached is a list of the types of art that we find in Mexico and its corresponding native city.

- Aguascalientes- onyx items and doilies
- Campeche- handcrafts of palm jewelry
- Chiapas- seed jewelry, handwoven bracelets, seasonal handmade blouses
- Coahuila- clay products of all types
- Colima- metalwork
- Durango- handcrafted leather
- Guanajuato- pottery and metalwork
- Guerrero- Olinala ware, amate-style work/painted items
- Hidalgo- serapes and sweaters
- Jalisco- pottery, paper mache, glassware
- Michoacán- copper items
- Morelos- paper mache
- Oaxaca- alebrijes (handcarved and handpainted), black pottery, some tin items
- Puebla- talavera
- Querétaro- dolls and baskets
- San Luis Potosi- rebozos
- Sinaloa- sterling silver
- Tamaulipas- leather goods
- Tlaxcala- rugs and serape-styled textile

Featured Artists

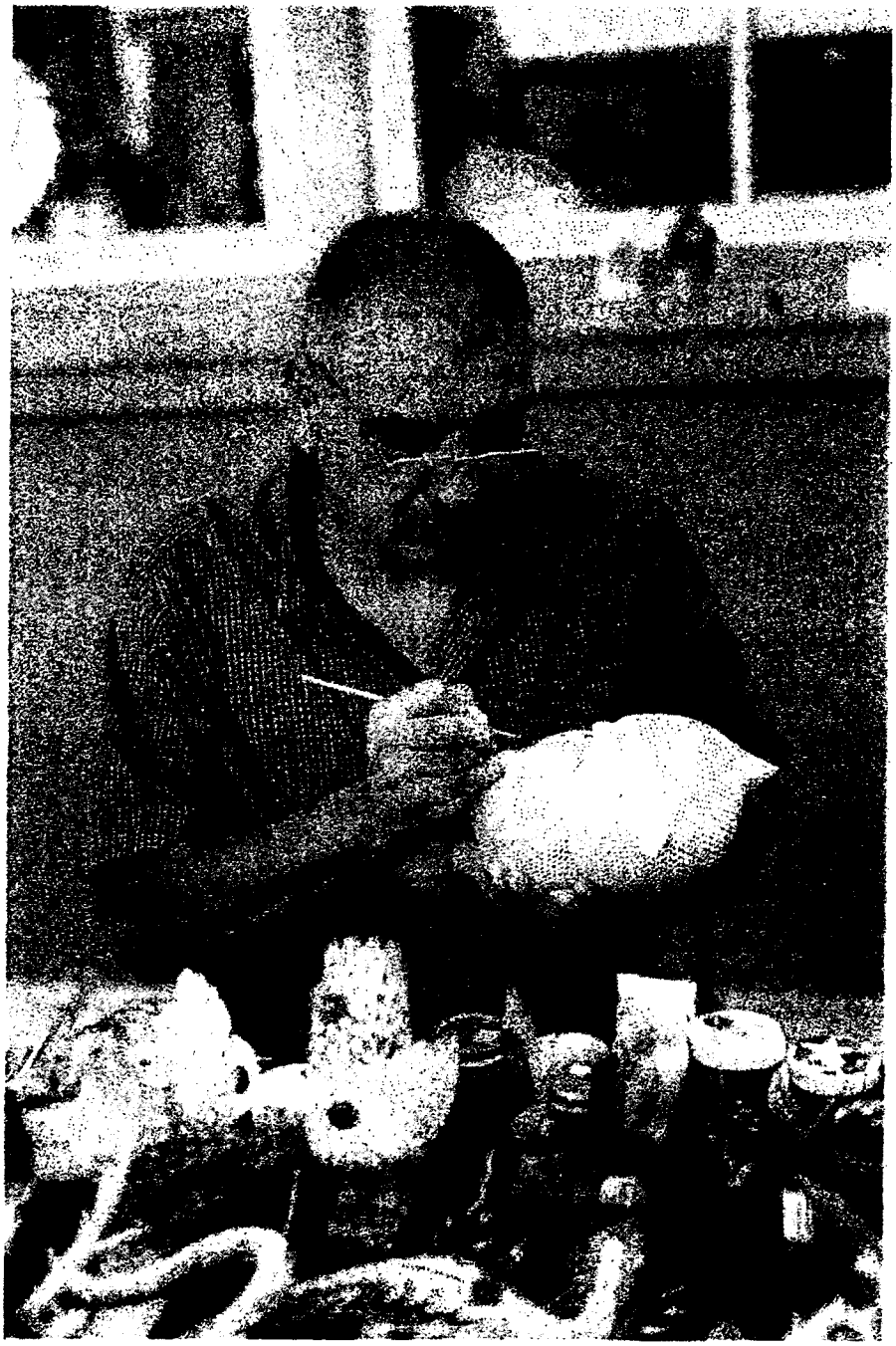
We are known by collectors for featuring the finest crafts produced by several families in particular. Below is a highlight of the major artists that we carry most frequently and some representative examples of their work.

Aguilar Family from Oaxaca Mexico. The Aguilars are known internationally for their beautifully-crafted clay sculptures. They are featured in many high-end galleries and museums in Mexico and the United States. The Aguilars' work in our inventory comes from Irene, Josefina, Guillermina, Concepcion, Juana and Michael. Below is a photo of Irene Aguilar performing an exhibition of her work outside of Casa Manos Alegres during the Spring. Each year she visits us during the Spring and again in November. Her work is of the highest-quality and she is ready and willing to participate in exhibitions, workshops and any other activities to help enhance La Villita.

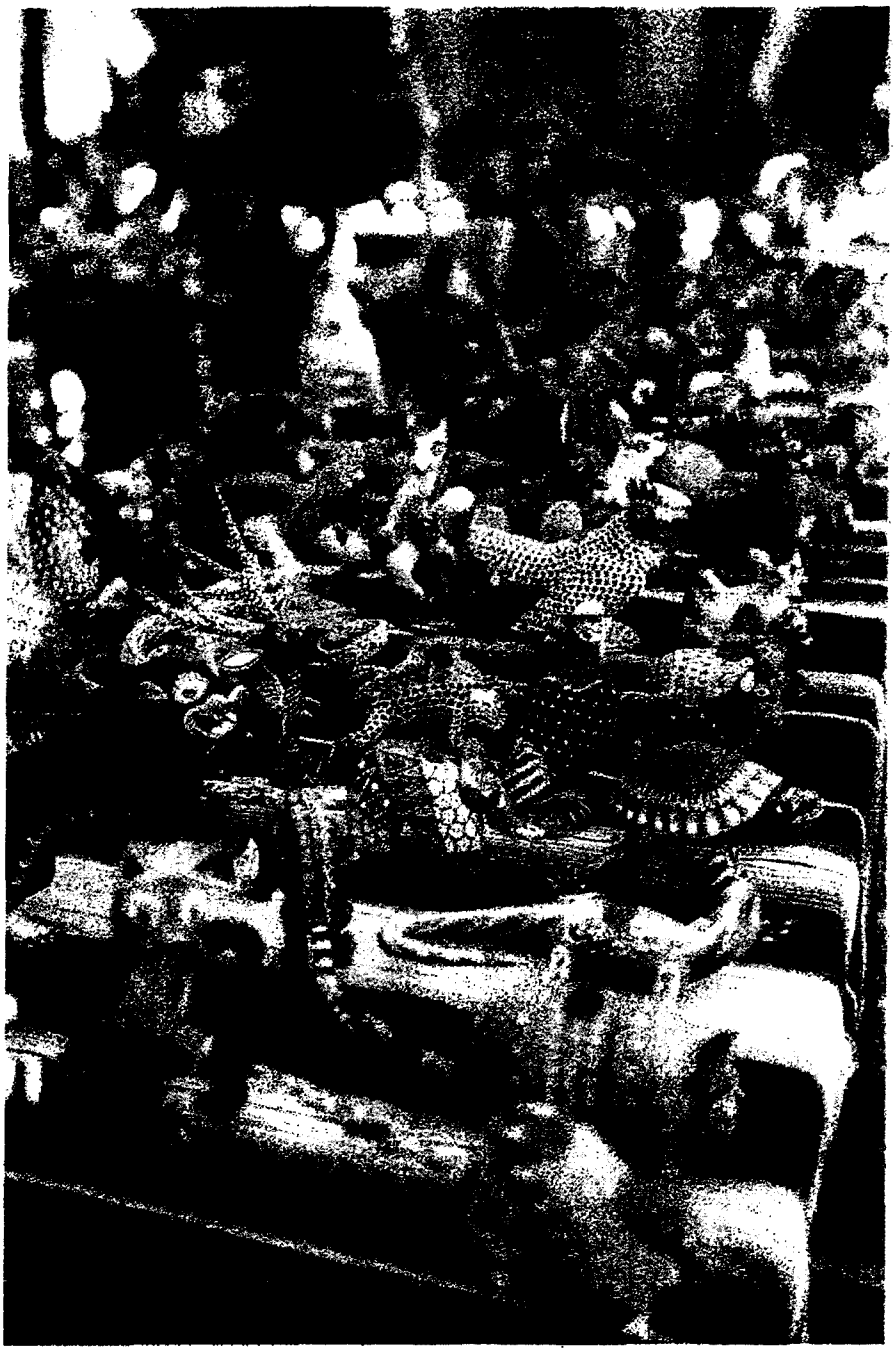
(above: Irene Aguilar, clay artist from Oaxaca; below: more Aguilar work)

Castillo Family from Oaxaca Mexico. The Castillos are known as master woodcarvers and painters. They have been doing business with Casa Manos Alegres since the early 1990s. During this 25 year period they have visited several times each year to sell their works of art and hold one to two-week exhibitions on our patio. They pride themselves on the quality of their "alebrijes" and specialize in whimsical creatures, many of which can only be found in their imaginations. The Castillo brothers include

Arturo, Elvis, and Omar and nephew, Marco. Pictured below are some of their creations, as well as Arturo demonstrating at Casa Manos Alegres.



(more Castillo creations pictured below)



IV. Overview of Products and Display Style

Ninety percent of our inventory is handmade. The 10% of other artistic products that are not always entirely handmade are generally seasonal items that support our handmade inventory and are complimentary in some way. Examples include: some yard art, some mass-produced woven bracelets, some wreaths for the Holidays and

FIESTA (styled in the San Antonio tradition) and some seasonal ornaments. None of this inventory is something you would find at a "Walmart" or big department store. It is still very unique, artistic and colorful, but the small percentage we carry helps to supplement lower-traffic days or provide items that would otherwise be impossible or cost-prohibitive to make by hand.

Due to the limited size of the storefronts in La Villita, we must fully utilize all available wall space, floor space, shelf space and table space. We intend to upgrade our floors and certain shelving units and are open to suggestions to upgrading/improving upon the wall displays. We get daily compliments about the unique atmosphere created by our wall décor, inventory items and color scheme. You will find pictures below to give you an idea of our current art display layout and utilization:

(above: hand-painted clay Nativity piece, displayed on shelving)

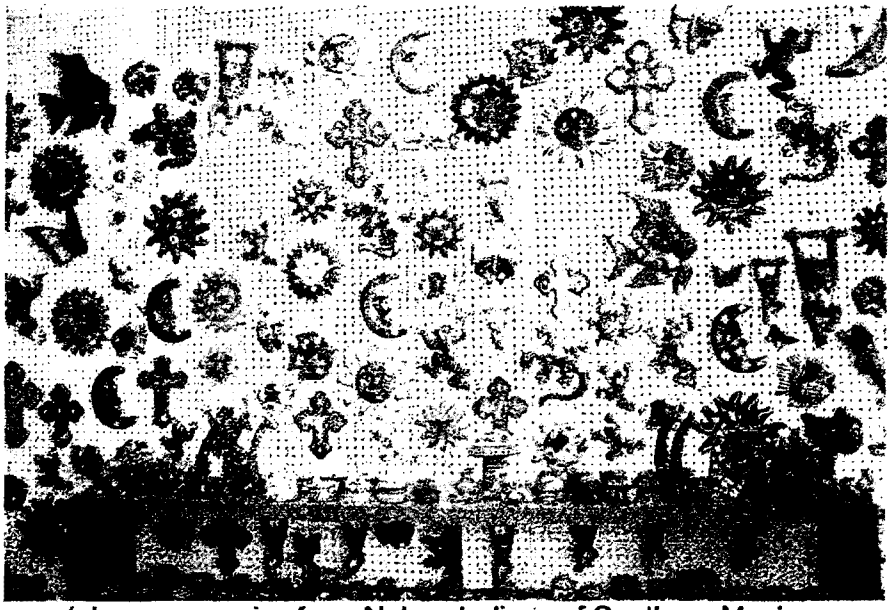
(above: ceramic ants/insects from Oaxaca, Mexico)

(above: amate-style art from Mexico—displayed on custom shelving)

(above: seasonal Talavera ceramic from Mexico—displayed in windows)

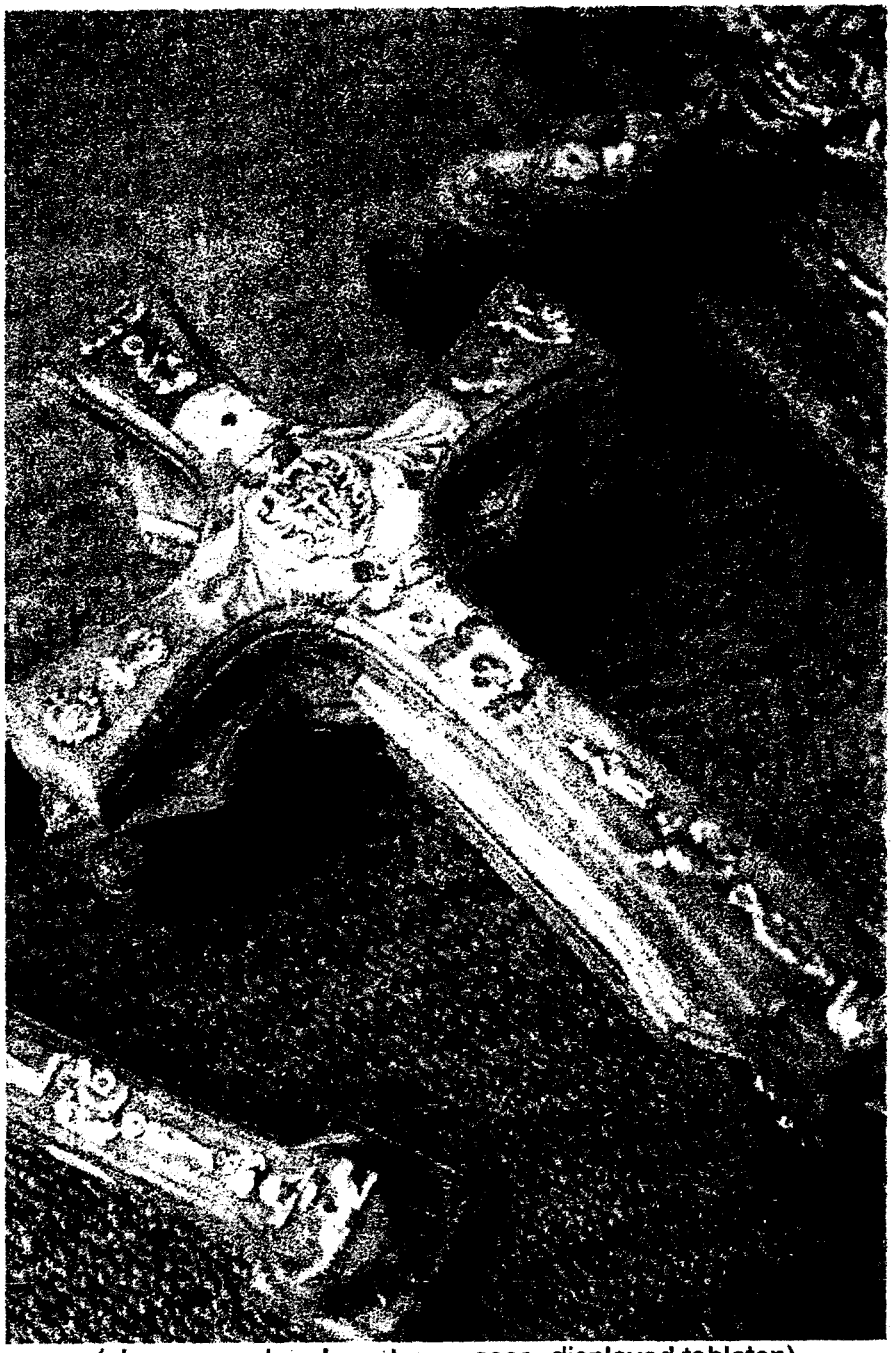
(above: unique Talavera sun, displayed on wall pegboard)

(above: various paintings by local San Antonio artists, displayed on East wall)



(above: ceramics from Nahua Indians of Southern Mexico,
Displayed on South wall)

(above: Catrinas, celebrating the Day of the Dead, in ceramic;
Displayed in vertical glass display cases)



(above: wood and pewter crosses, displayed tabletop)

V. Financial Analysis

Startup Costs
Casa Manos Alegres has been operating "in the black" for four decades. As it is an established gallery, there will be no startup costs. In lieu of startup costs, money can be set aside to fund a) improved marketing and b) interior improvements as outlined in this "proposed plan" regarding interior physical improvements.

Capital Equipment List
Casa Manos Alegres has invested in several pieces of capital equipment over the years. There is no planned purchase of capital equipment for 2015. Items that have been previously purchased are:

- Product displays x3 ($250.00 each)
- Wrapping and checkout table ($800.00)
- Glass Displays x2 ($200.00 each)
- Round top display ($1,500)
- Bookcases, desk, glass displays: ($1,700)
- Cash Register ($350.00)
- Mini Ipad ($380.00)
- Phone ($25.00)
- Refrigerator ($180.00)
- Microwave ($150.00)
- Kitchen / break equipment ($180.00)
- Light Fixtures ($800.00)
- Enamel table ($400.00)
- Seasonal Decorations ($650.00)
- Round Tables ($800.00)
- Fire Extinguishers ($200.00)

Supplies (monthly)

- Cash register tape ($25.00)
- Product bags ($20.00)
- Product bags lg. ($25.00)
- Wrapping paper ($50.00)
- Masking tape ($10.00)
- Assorted Cleaning Supplies ($30.00)
- Assorted Kitchen Supplies ($15.00)
- Pens ($10.00)

2014 PROJECTED AVERAGE MONTHLY CASH FLOW

Casa Manos

Alegres

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12	TOTAL
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	$75,000.00
Cash Sales	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$5,000.00	$60,000.00
Credit Card Sales	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$1,250.00	$60,000.00
	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$15,000.00
	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	$6,250.00	
	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$1,200.00
	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$75.00	$900.00
	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$100.00	$1,200.00
	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$1,568.00	$18,816.00
	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$1,300.00	$15,600.00
	$185.00	$185.00	$185.00	$185.00	$185.00	$185.00	$185.00	$185.00	$185.00	$185.00	$185.00	$185.00	$2,220.00
	$193.00	$193.00	$193.00	$193.00	$193.00	$193.00	$193.00	$193.00	$193.00	$193.00	$193.00	$193.00	$2,316.00
	$37.50	$37.50	$37.50	$37.50	$37.50	$37.50	$37.50	$37.50	$37.50	$37.50	$37.50	$37.50	$450.00
	$85.00	$85.00	$85.00	$85.00	$85.00	$85.00	$85.00	$85.00	$85.00	$85.00	$85.00	$85.00	$1,020.00
												TOTAL OUT	$42,702.00
												pre-tax net	$32,298.00

La Villita Retail Lease

Village Gallery Building #10

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1. Basic Information, Definitions.

Authorizing Ordinance:

Landlord:	City of San Antonio
Landlord's Address:	P.O. Box 839966, San Antonio, Texas 78283-3966 (Attention: Laura Raffaniello)
Tenant:	Patricia L. Henry
Tenant's Address:	418 Villita, San Antonio, Texas 78205

Premises:	Building Number 10 located at 418 Villita Street and depicted on the attached **Exhibit A**. Premises includes an Outdoor Display Area depicted on **Exhibit B** that consists of a total area of 1,441 square feet.
Permitted Use:	Retail business that exhibits and sells works of art or craft that are produced by hand off premises. A minimum of 90% of art or craft exhibited and available for purchase must be created/produced by hand by an artist artisan, or craft person off premises.
Commencement Date:	August 1, 2015
Construction/Set up Phase:	The time period during which Tenant any renovations, construction or setup prior to opening for operations not to exceed 120 days after commencement
Tenant's Work:	The installation in the interior of the Premises of all necessary furniture, fixtures, lighting and equipment in accordance with Attachment II.
Initial Term:	August 1, 2015 to July 31, 2020
First Renewal Option Term:	August 1, 2020 to July 31, 2022
Second Renewal Option Term:	August 1, 2022 to July 31, 2024
Security Deposit:	None
Retail Space Rate:	$1.20 per square foot monthly
Common Area Maintenance (CAM) Fees:	$0.12 per square foot monthly
Utilities Fees:	$0.23 per square foot monthly
Address for Payment of Rent:	City of San Antonio, Treasury Division, Central Billing Station, P.O. Box 839975, San Antonio, Texas 78283-3975
Common Areas:	All areas, space, equipment, facilities, and services provided from time to time by Landlord for the common use and benefit of the tenants of the La Villita Area, their employees, volunteers, agents, customers, and other invitees, including access roads, driveways, sidewalks, landscaped space, public washrooms, pedestrian walkways or plazas within La

Villita.

Director: The Director of the City of San Antonio's Department for Culture and Creative Development or such other successor department as designated by Landlord.

2. Grant, Use.

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

2.02. Landlord hereby agrees to permit Tenant use of above described Premises. Tenant agrees that the Premises shall be utilized for the sole purpose of arts, crafts, and skills display and retail sales.

2.02.01. Tenant agrees that it will cooperate with CITY in facilitating the intended objectives set forth in Ordinance 01-355 dated October 12, 1939 which was re-confirmed by resolution dated July 7, 1981 defining the goals, objectives, and policies of La Villita insofar as they may still be applicable. The Tenant further agrees that its lease of the Premises is conditioned on Tenant's maintaining the following breakdown of Tenant's inventory: a retail business that exhibits and sells works of art or craft that are produced by hand off premises. A minimum of 90% art or craft exhibited and available for purchase must be created/produced by hand by an artist, artisan, or craft person off premises as defined in TENANT'S response to the La Villita RFP in Attachment A, Part Three, Proposed Plan and attached to this lease agreement as ATTACHMENT I.

2.02.02. The Tenant further agrees that its lease of the Premises is conditioned on following the Merchandising Display Plan attached hereto as Attachment II adopted from Tenant's RFP response.

2.02.02. Both the inventory requirements contained in Attachment I and the Merchandising Display Plan contained in Attachment II may be changed with written approval of the Landlord, acting by and through the Director, provided however any requests for changes must be submitted in writing at least 45 days in advance of the requested change. Written request must include description and images of any new arts and or craft TENANT requests authority to sell, the proposed revised Merchandising Display Plan as well as valid goal and objective for said request. It shall be within the Director's sole discretion to determine whether a change in Tenant's inventory or Merchandising Display Plan shall be allowed.

2.02.03. TENANT understands and agrees that any violation of the above stated inventory restrictions and Merchandising Display Plan would be a material breach of this Agreement, that just compensation for the harm suffered by CITY that would be caused by such violations would be difficult to quantify, and that the following charges and procedures are a reasonable and good faith estimate by the parties of the extent of the damage which is reasonably certain to occur in the event of a violation:

1. The first violation shall result in a written notice from CITY. TENANT shall immediately cure matter upon receipt of this notice.
2. TENANT shall pay CITY $50.00 for each violation thereafter. Each day during which TENANT has failed to cure the violation shall be deemed a separate violation.
3. At the Landlord's option, the fifth or any succeeding violation, including a single violation for which TENANT has failed to cure for 5 days, may be deemed a material breach and default and cause for lease termination without opportunity to cure.

2. 03. In using the Premises for the purposes described in this section, the Tenant may, with the prior written permission of the Director arrange for associates to learn, demonstrate, exhibit or practice a specific art or craft on said Leased Premises. Such associates shall be considered as invitees of the Tenant and not as sublessees.

2.04. The Tenant covenants and agrees that it will operate and conduct its business except during the Construction/Set Up Phase or while the Premises are untenantable by reason of fire or other casualty. The Tenant agrees to conduct its business in the Premises at all time in a first-class manner consistent with reputable business standards and practices for such business.

2.05. The Tenant agrees to maintain the following minimum hours of operation except for during the Construction/Set Up Phase: 10:00 a.m. to 6:00 p.m. Monday through Saturday and 11:00 a.m. – 4:00 p.m. on Sundays. Tenant may close the Premises on the following traditional holidays: Easter Sunday, Thanksgiving Day, Christmas Day, and New Year's Day.

2.05.01. The Director or a designee of the Director shall have authority to approve temporary closings in emergency situations such as a Death or medical emergency in the immediate family of Tenant or Tenant's employee. Tenant shall notify the Director within 24 hours of any such emergency closing.

2.05.02. The Director or a designee of the Director shall have authority authorize temporary closings in response to weather emergencies.

2.05.03. Tenant agrees to remain open for extended hours from 6:00 PM to 9:00 PM twice a month for special promotional days as may be designated by the Director. Landlord will give Tenant a minimum of 45 days written notice prior to these events.

2.05.04. TENANT understands and agrees that any violation of the above stated operating hours requirements would be a material breach of this Agreement, that just compensation for the harm suffered by CITY that would be caused by such violations would be difficult to quantify, and that the following charges and procedures are a reasonable and good faith estimate by the parties of the extent of the damage which is reasonably certain to occur in the event of a violation:

1. The first violation during any one year period shall result in a written notice from CITY.

2. TENANT shall pay CITY $50.00 for each violation thereafter occurring during that one year period.
3. At the Landlord's option, the fifth or any succeeding violation occurring during a one year period may be deemed a material breach and default and cause for lease termination without opportunity to cure.

2.06. The Tenant agrees to comply with any and all sign design guidelines, provisions, and limitations in place now or in the future, including those within the City of San Antonio Unified Development Code and any applicable Master Plans. Tenant shall not place any signs on the Premises that are not directly related to the provision of Tenant's commercial operations. Tenant shall not place any political signs.

3. Rent.

3.01. Rent includes all sums due to Landlord under this lease, whether Base Rent, Common Area Maintenance (CAM) Fees, Utilities Fees, reimbursement for repairing damages caused by Tenant, express liquidated damages provided for herein, or otherwise, no matter how denominated.

3.02. Base Rent is comprised of charges for leased retail space. Tenant shall not be charged for Outdoor Display Area depicted in Exhibit B. Base Rent, Common Area Maintenance (CAM) Charges, and Utilities payment for the first year of the Initial Term are as follows:

	Amount Per Square Foot Per Month	**Square Feet**	**Total Amount Per Month**
Base Rent	$1.20	1,441	$1,729.20
Common Area Maintenance Fees	$0.12	1,441	$172.92
Utilities Fees	$0.23	1,441	$331.43

3.03. Base Rent, Common Area Maintenance Fees, and Utilities Fees are as set forth above. Base Rent will increase 2% annually on each anniversary of the Commencement Date. Common Area Maintenance Fees payment will increase 2.5% annually on each anniversary of the Commencement Date. Utilities payment will increase 2.5% annually on each anniversary of the Commencement Date.

3.0. Tenant must pay Base Rent, Common Area Maintenance Fees, and Utilities Fees payments in the amounts described in this section in advance on the first day of each month, beginning the earlier of 60 days after lease commencement or the day that Tenant begins commercial operations selling its merchandise to the public, i.e. no rent shall be paid during the Construction Phase. If Tenant begins operations on a day other than the first day of the month Rent shall be prorated by the day for that month and shall be paid on the day on which operations

commence. If Tenant is delinquent in paying any Rent, Tenant must pay to Landlord upon demand a late charge of $50.00. Tenant shall be charged a fee for any insufficient funds checks used to pay the rent and shall be subject to other rules and regulations adopted by Landlord's Treasury Division, including the insufficient funds fee. Late charges are in addition to all Landlord's other rights and remedies.

3.05. Tenant's covenant to pay Rent and Landlord's covenants are independent. Tenant may not abate Rent for any reason.

4. Common Areas.

4.01. "Common Areas" mean all areas, space, equipment, facilities, and services provided from time to time by Landlord for the common use and benefit of the tenants of the La Villita Area, their employees, volunteers, agents, customers, and other invitees, including access roads, driveways, sidewalks, landscaped space, public washrooms, pedestrian walkways or plazas within La Villita.

4.02. Tenant has the non-exclusive right to use the Common Areas as constituted from time to time, such use to be in common with others and subject to such reasonable rules and regulations as the Landlord may from time to time prescribe. Such use must be requested in writing a minimum of 30 days in advance.

4.03. Landlord may change the Common Areas, including, without limitation, their dimensions and location, without prior consultation with, Tenant.

4.04. Landlord will, subject to events beyond its reasonable control, manage, operate, and maintain the Common Areas, except for damage caused by Tenant or those whose presence is through Tenant.

5. Term, Termination, Renewal.

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

5.02. Either party may terminate this lease on 90 days' written notice.

5.03. If Tenant is not in default under the Lease, Tenant may ask to renew this Lease for two additional two-year terms by giving Landlord six months prior written notice before expiration of the previous term. Landlord's acquiescence in Tenant's holding over is not acquiescence to renewal. Renewal is effected only after written notice of intent to renew, negotiated agreement on rent for the renewal term, and approval of the proposed renewal by further City Council ordinance. Though no renewal is effective unless approved by City Council, Landlord has no duty to present a proposed renewal to Council, even though Tenant has given the requisite notice.

5.04. Renewal Terms are governed by this Lease just as the Initial Term, except for Rent. Rent will be renegotiated prior to the Renewal Term.

6. Tenant's Affirmative Promises.

Tenant promises that it will:

6.01. Accept the Premises in their present condition "AS IS," the Premises being currently suitable for the Permitted Use.

6.02. Obey (a) all applicable laws relating to the use, condition, and occupancy of the Premises and Building; (b) any requirements imposed by utility companies serving or insurance companies covering the Premises or Building; and (c) any rules and regulations for the Premises and Common Areas adopted by Landlord.

6.03. Cooperate with the Landlord in facilitating the intended objectives set forth in Ordinance 01-355 dated October 12, 1939 that was reconfirmed by resolution dated July 7, 1981 defining the goals, objectives, and policies of La Villita insofar as they may still be applicable.

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

6.05. Repair, replace, and maintain any part of the Premises that Landlord is not obligated to repair, replace, or maintain, normal wear excepted. Such maintenance shall include the provision of any necessary pest control measures subject to all applicable laws, rules and regulations and reasonable regulations established by Landlord.

6.06. After casualty loss not terminating the lease, rebuild the interior partitions/walls, ceilings, wiring, light fixtures, and plumbing.

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

6.08. Vacate the Premises and return all keys to the Premises on the last day of the Term, subject to any holdover rights.

6.09. On request, execute an estoppel certificate that states the Commencement Date and Termination Date of the lease, identifies any amendments to the lease, describes any rights to extend the Term or purchase rights, lists defaults by Landlord, and provides any other information reasonably requested. If Landlord sells the Premises, Tenant must deliver to the buyer or the buyer's lender a subordination, nondisturbance, and attornment agreement reasonably satisfactory to the buyer and its lender. Tenant's obligation to deliver the agreement may be conditioned on buyer's agreement to honor this Lease according to its terms, but buyer will not be estopped to act on Tenant's default under this Lease.

6.10. Maintain a fully functioning lock system on the premises. Any changes to the lock systems shall receive the prior written approval of the Landlord through Director and any and all other necessary departments, boards or commissions of the City of San Antonio, including, but not limited to, the Historic and Design Review Commission; and ensure that the Landlord through Director or his/her designee will be provided a copy of keys to enter the leased

premises.

6.11. Sales Reports: Tenant shall provide Landlord a copy of all written sales tax reports reported to the Texas State Comptroller ("Comptroller") contemporaneously with such report being delivered to Comptroller. If Comptroller rules do not require Tenant to make a monthly sales tax report, Tenant's quarterly or annual report to the City shall include a monthly breakdown of total sales.

6.12. Tenant agrees to work with and/or participate in programs provided by the City to enhance and increase potential business practices and maximize business plans such as but not limited to: merchandising, display layout, finance, customer experience, sales, marketing, etc.

7. Indemnity.

7.01. TENANT covenants and agrees to FULLY INDEMNIFY, DEFEND and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to TENANT' activities under this Agreement, including any acts or omissions of TENANT, any agent, officer, director, representative, employee, Tenant or subcontractor of TENANT, and their respective officers, agents employees, directors and representatives while in the exercise of the rights or performance of the duties under this Agreement. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT TENANT AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS FOR THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW.

7.02. The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. TENANT shall advise the CITY in writing within 36 hours of any claim or demand against the CITY or TENANT known to TENANT related to or arising out of TENANT' activities under this AGREEMENT and shall see to the investigation and defense of such claim or demand at TENANT's cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving TENANT of any of its obligations under this paragraph.

8. Tenant's Negative Promises.

Tenant promises that it will not:

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

8.02. Create a nuisance.

8.03. Interfere with any other tenant's normal business operations or Landlord's management of La Villita.

8.04. Permit waste.

8.05. Use the Premises in any way that would increase insurance premiums or void insurance on the Premises.

8.06. Alter the Premises without Landlord's written consent.

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

8.08. Make repair, maintenance or cleaning requests to City personnel other than the City's On-site Facility Manager.

9. Landlord's Affirmative Promises.

Landlord promises that it will:

9.01. Lease to Tenant the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.

9.02. Obey all applicable laws with respect to Landlord's operation of La Villita and its Common Areas.

9.03. Repair, replace, and maintain the (a) roof, (b) foundation, (c) Common Areas, (d) structural soundness of the exterior walls, doors, and windows, and (e) HVAC serving the Premises. Landlord's On-Site Facility Manager shall maintain a form for the reporting of repairs, shall track the progress of the requested repairs and be Tenant's point of contact for all official information regarding such repairs. Landlord shall within a reasonable period of time make all necessary repairs reported to the On-site Facility Manager.

9.04 Seek input from Tenants and take Tenant's concerns into consideration during programming, operation, policy and/or budget decisions. Landlord shall be open to accepting input from Tenant which can be submitted to the Facilities Manager in writing at any time during the Lease term.

10. Landlord's Negative Promise.

10.01. Landlord promises that it will not interfere with Tenant's possession of the Premises as long as Tenant is not in default.

10.02. Landlord promises that it will not communicate with any person regarding lease and contract issues other than Tenant and such persons as Tenant has indicated in writing are Tenant's attorneys, agents and/or lobbyists.

11. Construction of Premises and Alterations.

11.01. All improvements required for Tenant's Work to be made to the Premises shall be substantially as set forth in **Attachment II** and any other requirements required by the City. Tenant shall construct and install all of its improvements (including both fixtures and equipment) to the Premises so that the Premises will provide attractive, well-designed facilities that promote the marketing of merchandise, products and/or services and present a positive image to La Villita patrons.

11.02. Tenant shall immediately apply for and diligently pursue, at Tenant's expense, any and all permits required to perform Tenant's Work. Tenant, at its expense, shall construct, equip and complete the Tenant's Work at all times with due diligence and in a good and workmanlike manner in accordance with all applicable legal and code requirements, in order to complete the same and open the Premises for business to the public no later than 120 days after the Commencement Date.

11.03. All such construction shall be completed free and clear of all liens, encumbrances and security instruments. If any mechanics', materialmens' or other lien is filed against the Premises or any interest in this Agreement as a result of any work or act of Tenant, Tenant shall fully and completely discharge the lien and have it released from record by payment or posting a bond within 20 days after the filing thereof.

11.04. Tenant shall deliver to the Director a copy of the Certificate of Occupancy with respect to the Premises within 20 days after Tenant's receipt thereof from the City.

11.05. Tenant shall not construct, or allow to be constructed, any improvements or structures on the Leased Premises nor shall Tenant make, or allow to be made, any alterations to the Leased Premises without the prior written approval of the Landlord through Director and any and all other necessary departments, boards or commissions of the City of San Antonio, including, but not limited to, the Historic and Design Review Commission.

11.06. Tenant shall not attach anything to the exterior of the Premises including but not limited to telecommunications or other electronic equipment.

11.07. Physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at the end of the Term and at Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Commencement Date, normal wear excepted.

11.08. The City will provide rental abatements in the amount of 80% of approved, documented, and verified capital improvements to the lease space over the first five (5) years of the lease agreement. Any and all improvements must be reviewed and approved by City.

12. Insurance.

12.01. Prior to the commencement of any work under this Agreement, Tenant shall furnish copies of all required endorsements and completed Certificate(s) of Insurance to the City's Department for Culture & Creative Development, which shall be clearly labeled "*La Villita – Retail Shops, Galleries & Working Artist Galleries*" in the Description of Operations block of the Certificate. The Certificate(s) shall be completed by an agent and signed by a person authorized by that insurer to bind coverage on its behalf. The City will not accept a Memorandum of Insurance or Binder as proof of insurance. The certificate(s) must have the agent's signature and phone number, and be mailed, with copies of all applicable endorsements, directly from the insurer's authorized representative to the City. The City shall have no duty to pay or perform under this Agreement until such certificate and endorsements have been received and approved by the City's Department for Culture & Creative Development. No officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.

12.02. The City reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverage and their limits when deemed necessary and prudent by City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding this Agreement. In no instance will City allow modification whereby City may incur increased risk.

12.03. A Tenant's financial integrity is of interest to the City; therefore, subject to Tenant's right to maintain reasonable deductibles in such amounts as are approved by the City, Tenant shall obtain and maintain in full force and effect for the duration of this Agreement, and any extension hereof, at Tenant's sole expense, insurance coverage written on an occurrence basis, unless otherwise indicated, by companies authorized to do business in the State of Texas and with an A.M Best's rating of no less than A- (VII), in the following types and for an amount not less than the amount listed below:

TYPE	***AMOUNTS***
1. Workers' Compensation	Statutory Limits
2. Employers' Liability	$500,000/$500,000/$500,000
3. Broad form Commercial General Liability Insurance to include coverage for the following: a. Premises operations b. Independent Contractors c. Products/completed operations d. Personal Injury e. Contractual Liability f. Damage to property rented by Tenant g. Host Liquor Liability, if	For Bodily Injury and Property Damage of $1,000,000 per occurrence; $2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage f. $100,000

alcoholic beverages are served on the Premises h. Liquor Legal Liability Insurance if alcoholic beverages are sold on the Premises	
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	Combined Single Limit for Bodily Injury and Property Damage of $1,000,000 per occurrence

12.04. Tenant agrees to require, by written contract, that all subcontractors providing goods or services hereunder obtain the same insurance coverage required of Tenant herein, and provide a certificate of insurance and endorsement that names the Tenant and the CITY as additional insured. Tenant shall provide the CITY with said certificate and endorsement prior to the commencement of any work by the subcontractor. This provision may be modified by City's Risk Manager, without subsequent City Council approval, when deemed necessary and prudent, based upon changes in statutory law, court decisions, or circumstances surrounding this agreement. Such modification may be enacted by letter signed by City's Risk Manager, which shall become a part of the contract for all purposes.

12.05. As they apply to the limits required by the City, the City shall be entitled, upon request and without expense, to receive copies of the policies, declaration page, and all endorsements thereto and may require the deletion, revision, or modification of particular policy terms, conditions, limitations, or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Tenant shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided below within 10 days of the requested change. Tenant shall pay any costs incurred resulting from said changes.

City of San Antonio
Attn: Finance Department – Purchasing Division
P.O. Box 839966
San Antonio, Texas 78283-3966

12.06. Tenant agrees that with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following provisions:

- Name the City, its officers, officials, employees, volunteers, and elected representatives as additional insured by endorsement, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation and professional liability policies;
- Provide for an endorsement that the "other insurance" clause shall not apply to the City of San Antonio where the City is an additional insured shown on the policy;
- Workers' compensation, employers' liability, general liability and automobile liability policies will provide a waiver of subrogation in favor of the City; and

- Provide advance written notice directly to City of any suspension, cancellation, non-renewal or material change in coverage, and not less than ten (10) calendar days advance notice for nonpayment of premium.

12.07. Within five (5) calendar days of a suspension, cancellation or non-renewal of coverage, Tenant shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Tenant's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this Agreement.

12.08. In addition to any other remedies the City may have upon Tenant's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Tenant to stop work hereunder, and/or withhold any payment(s) which become due to Tenant hereunder until Tenant demonstrates compliance with the requirements hereof.

12.09. Nothing herein contained shall be construed as limiting in any way the extent to which Tenant may be held responsible for payments of damages to persons or property resulting from Tenant's or its subcontractors' performance of the work covered under this Agreement.

12.10. It is agreed that Tenant's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of San Antonio for liability arising out of operations under this Agreement.

12.11. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this Agreement and that no claim or action by or on behalf of the City shall be limited to insurance coverage provided.

12.12. Tenant and any Subcontractors are responsible for all damage to their own equipment and/or property.

12.13. If Tenant makes leasehold improvements, Tenant must provide Builder's Risk Insurance Coverage, Worker's Compensation and Employer's Liability Insurance Coverage, Professional Liability Insurance Coverage and any other liability or other insurance required by Landlord's Risk Manager. The policies likewise must be in amounts required by Landlord's Risk Manager and must cover all risks of physical loss during the term of any construction contract and until work is accepted by the City of San Antonio. Tenant must maintain the insurance during the construction phase. Tenant or its contractors or subcontractors must further provide payment and performance bonds naming Landlord as indemnitee. If the construction is minor, Tenant may request the requirements of this Section be waived, but a waiver may be granted only by Landlord's Risk Manager. In deciding whether to waive, Landlord's Risk manager has absolute discretion. The Risk Manager may make the waiver without further action of council.

12.14. Tenant understands and agrees that violation of the insurance requirements of this section would be a material breach of this lease and cause for the Landlord to terminate without the opportunity to cure. Because Landlord's damages from such a breach would be difficult to estimate or quantify, Tenant accepts the amount of $50 per day in violation of this section as a reasonable, negotiated estimate of Landlord's damages.

13. Release of Claims/Subrogation.

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

14. Environmental Matters.

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

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

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

14.04. In its use of the Premises, Tenant must comply with all applicable Environmental Laws and must cause its employees, agents, and contractors on the Premises to do so as well. Tenant will obtain all permits required under Environmental Law for its use of the Premises. At least 180 days before expiration of any such permit, Tenant must present proof to Landlord that it has applied for renewal.

14.05. Tenant must not allow the Release of any Hazardous Material from its use of the Premises on, onto, or from the Property. Tenant further must not to handle, use, or otherwise manage any Hazardous Material on the Premises or the Property in violation of any Environmental Laws or in any but a reasonable and prudent manner.

14.06. Tenant must to immediately provide to Landlord copies of: (i) any documents required to be submitted to a Governmental Authority under Environmental Law; (ii) any notice alleging a violation of Environmental Law, or (iii) any demand from or allegation by any third party in relation to Hazardous Materials or Environmental Law. Tenant must promptly deliver to Landlord any information it receives regarding any Release of Hazardous Materials on, to, from, or about the Premises.

14.07. Landlord may conduct, at Tenant's expense, periodic inspections of the Premises and Tenant's operations thereon to assure compliance with Tenant's environmental covenants. Tenant need not pay the expense of more than one such inspection in any 12-month period.

14.08. If Tenant breaches any of its representations, warranties or covenants, Tenant at its sole expense, must take all actions required, including environmental cleanup of the Premises, to comply with the representations, warranties, and covenants or applicable law. Tenant must take all action required by applicable Environmental Laws. If Tenant's actions under this provision involve cleaning up a Release of Hazardous Materials, Tenant must perform the cleanup consistently with residential use of the Premises and will not use any institutional controls or engineering controls in lieu of clean-up. Tenant will further obtain a Certificate of Completion from the TCEQ's Voluntary Cleanup Program. Institutional controls include laws, rules, or regulations or private prohibitions limiting use of a property, such as a prohibition against water well use within a certain contaminated track or area of a local government's jurisdiction. Engineering controls mean physical apparatus such as an asphalt or concrete cap, detention basin, extraction well, or other engineered device to control, contain, or remove pollutants.

14.09. Tenant must indemnify Landlord and hold Landlord and its officials, employees, and contractors from loss, cost, liability, or expense (including, but not limited to, attorneys' fees and expenses, including all attorney's fees and expenses incurred by Tenant in enforcing this indemnity) arising from or relating to breach of Tenant's environmental representations, warranties, and covenants.

15. Landlord's Municipal Powers.

Landlord is a municipality as well as landlord under this Lease. As a municipality, it may from time to time exercise municipal powers unrelated to the Lease that will nevertheless adversely affect Tenant. Such actions may include redirection of traffic, street closures, or other actions intended to facilitate public safety, the public interest, or the conduct of major events. No such action by Landlord as a municipality is a breach of Landlord's duties as landlord or entitles Tenant to any relief under this Lease. Likewise, no breach of contract or other duty by municipal utility providers is a breach of Landlord's duties as landlord or entitles Tenant to any relief under this Lease. Tenant has no more rights under this Lease than it would if its landlord were a private entity.

16. Prohibited Interests in Contracts.

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

(i) a City officer or employee;

(ii) his parent, child or spouse;

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

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

16.02. Tenant warrants and certifies as follows:

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

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

16.03. Tenant acknowledges that City's reliance on the above warranties and certifications is reasonable.

17. Casualty/Total or Partial Destruction.

17.01. If the Premises are damaged by casualty and can be restored within ninety days, Landlord will, if funding is available, at its expense, restore the roof, foundation, exterior doors, windows, Common Areas, and structural soundness of the exterior walls of the Premises. Restoration must be to substantially the same condition existing before the casualty. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within ninety days from the date of written notification by Tenant to Landlord of the casualty, Tenant may terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

17.02. If the Premises cannot be restored within ninety days from the date of written notification by Tenant to Landlord, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within ten days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

17.03. To the extent the Premises are untenantable after the casualty; the Rent will be adjusted as may be deemed fair and reasonable by Landlord.

17.04. If Landlord is obligated to rebuild or chooses to do so, Tenant must promptly rebuild and restore all improvements the maintenance of which are its responsibility under this Lease. Restoration must be to substantially the same condition existing before the casualty.

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

17.06 If, during any approved renovations, the interior of the Premises is found to be damaged by water due to Landlord's failure to perform its maintenance obligations or asbestos or

lead paint is discovered Landlord will, if funding is available, at its expense, restore the damaged interior areas of the Premises, excluding Tenant's furniture, fixtures and other personal property. If Landlord fails to complete the portion of the restoration for which Landlord is responsible within ninety days from the date of written notification by Tenant to Landlord of the casualty, Tenant may as its sole remedy terminate this lease by written notice delivered to Landlord before Landlord completes Landlord's restoration obligations.

17.07 If the Premises cannot be restored within ninety days from the date of written notification by Tenant to Landlord, Landlord has an option to restore the Premises. If Landlord chooses not to restore, this lease will terminate. If Landlord chooses to restore, Landlord will notify Tenant of the estimated time to restore and give Tenant an option to terminate this lease by notifying Landlord within ten days. If Tenant does not terminate this lease, the lease will continue, and Landlord will restore the Premises as provided above.

18. Condemnation/Substantial or Partial Taking.

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

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

18.03. Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.

19. Holdover.

If Tenant holds over after termination or expiration of this Lease, the terms of this Lease apply during the holdover period, except (A) the Lease shall have a month to month term, and (B) the Base Rent is 110% of what it was immediately before the term ended.

20. Contractual Lien.

20.01. To secure the payment of Rent and the full performance of this Lease by Tenant, Tenant hereby grants to Landlord an express first and prior security interest and contract lien on all property (including fixtures, furniture, furnishings, equipment, chattels, merchandise, goods, inventory, and all other personal property) that may now or hereafter be placed in the Premises and all additions, accessions and replacement thereto, and all proceeds therefrom and also upon all proceeds of any insurance that may accrue to Tenant by reason of destruction of or damage to any such property ("Collateral"). Tenant must not remove the Collateral from the Premises without Landlord's written consent until Rent arrearages then due to Landlord are paid in full. Tenant waives all exemption laws in favor of this lien and security interest. Landlord does not waive its statutory lien, and this lien and security interest is cumulative with the statutory lien.

20.02. In case of an event of default, Landlord may, in addition to any other remedies, enter the Premises and take possession of any and all personal property of Tenant situated on the Premises, without liability for trespass or conversion. This lien may be foreclosed with or without court proceedings by public or private sale provided Landlord gives Tenant at least 10-

days notice of the time and place of sale. Landlord has the right to bid and purchase at the sale. Any sale or disposition of the Collateral made under this section is commercially reasonable (A) if held at the Premises or where the Collateral is located and (A) if the time, place, and method of sale and a general description of the Collateral to be sold is advertised in a daily newspaper published in the county in which the property is located for five consecutive days before the date of sale. Tenant must inform Landlord as soon as reasonably possible after receiving the notice of sale about any and all prospects of whom Tenant is aware who have any interest in purchasing any of the Collateral. Tenant must further inform Landlord of any marketing or selling activity that Tenant believes will bring a fair sale price for the Collateral, balancing the cost of the activity. Should Tenant fail to cooperate in offering information to assist in the disposition of the Collateral, Tenant should not be heard to complain about the Landlord's disposition made according to this Lease.

20.03. The proceeds from any disposition of the Collateral, less any and all expenses connected with the taking of possession, holding and selling of the Collateral (including reasonable attorney's fees and other expenses), will be applied as a credit against the indebtedness secured by the security interest granted in this paragraph. Any surplus goes to Tenant or as otherwise required by law, and the Tenant must pay any deficiencies forthwith. Contemporaneously with the execution of this Lease (and if requested hereafter by Landlord), Tenant shall execute and deliver to Landlord Uniform Commercial Code financing statements in sufficient form so that, when properly filed, the security interest will be perfected. If Landlord requests, Tenant must also execute and deliver to Landlord Uniform Commercial Code financing statement change instruments in sufficient form to reflect any proper amendment of, modification in, or extension of the contract lien and security interest hereby granted. A carbon, photographic, or other reproduction of this Lease is sufficient as a financing statement. In addition to all of its rights, Landlord also has all the rights and remedies of a secured party under the Uniform Commercial Code as adopted in Texas. Landlord may execute any financing statement as agent for Tenant so that the document is in proper form to be filed.

21. Default, Remedies for Default.

21.01. *Events of Default.* If Tenant permits or fails to prevent any of the following occurrences, it is a Tenant event of default:

21.01.01. Tenant fails to pay any installment of Rent when due.

21.01.02. Tenant fails to comply with any term, provision or covenant of this Lease, other than the payment of rental or expenses demanded by Landlord and does not cure such failure within 30 days after written notice thereof to Tenant, or any representation or warranty by Tenant is false or misleading in any material respect when given to Landlord.

21.01.03. This Lease for the Premises or any part thereof is taken upon execution or by other process of law directed against Tenant, or is taken upon or subject to any attachment at the instance of any creditor or claimant against Tenant, and the attachment is not to be discharged or disposed of within 30 days after the levy thereof.

21.01.04. Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or voluntarily takes advantage of any such law or act by answer or otherwise, or is dissolved, or makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they mature.

21.01.05. Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant is instituted against Tenant, as the case may be, or a receiver or trustee of all or substantially all of the property of Tenant is appointed, and such proceeding is not dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment.

21.01.06. Tenant deserts, vacates or abandons all or any portion of the Premises, or ceases to physically occupy any substantial portion of the Premises and continuously operate its business on the Premises, or fails to commence business operations in the Premises on or before the Commencement Date. If Tenant removes or makes preparations to remove its goods, equipment, inventory, and fixtures (other than in the normal course of business) in amounts sufficient to indicate a probable intent to vacate the Premises, Tenant's breach is established conclusively.

21.01.07. Tenant does or permits to be done anything which creates a lien upon the Premises.

21.01.08. The business operated by Tenant is closed for failure to pay any State sales tax as required or for any other reason, other than repairs, death of the principals of Tenant, or normal business holidays.

21.01.09. This Lease or the estate of Tenant hereunder is transferred to, or passes to any other person or party except in a manner permitted herein.

21.02. *Remedies for Default.* Upon the occurrence of any Tenant event of default, Landlord has the option to pursue anyone or more of the following:

21.02.01. In addition to, and without limiting any other remedies available to Landlord at law or in equity, immediately terminate this Lease and all rights of Tenant hereunder. Upon termination, Tenant must immediately surrender the Premises to Landlord. If Tenant fails to do so, Landlord may, without prejudice to any other remedy, enter and take possession of the Premises or any part thereof and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim of damages.

21.02.02. Enter upon and take possession of the Premises or any part thereof and expel or remove Tenant and any other person who may be occupying said Premises or any part thereof, by force if necessary, without being liable for prosecution or any claim for damages therefor without having terminated the Lease.

21.02.03. Enter upon the Premises, by force if necessary, without being liable for prosecution or any claim for damages, and do whatever Tenant is obligated to do under the terms of this Lease. In such case, Tenant must reimburse Landlord on demand for expenses Landlord may incur in thus effecting compliance with Tenant's obligations. Landlord is not liable for any damages resulting to the Tenant from such action.

21.02.04. Alter all locks and other security devices at the Premises without terminating this Lease. If Landlord does so:

(i) Landlord need not allow Tenant re-entry to the Premises or provide Tenant with a new key unless and until Tenant cures any and all defaults under this Lease,

(ii) Landlord may refuse to give Tenant a new key unless Tenant establishes a security deposit by an amount determined by Landlord,

(iii) If Landlord does provide Tenant with a key, it will do so only during the Landlord's regular business hours, and

(iv) Tenant must pay Landlord all costs and expenses incurred by Landlord in connection with altering the locks and other security devices.

Landlord's remedies and rights under this Lease entirely supersede and supplant the provisions of Texas Property Code § 93.002.

21.03. *Repossession and Alteration of Locks.* Landlord's exercise of one or more remedies is not acceptance of Tenant's purported surrender of the Premises, whether by agreement or by operation of law. Surrender can occur only by the written agreement of Landlord and Tenant. No such alteration of locks or other security devices and no removal or other exercise of dominion by Landlord over the property of Tenant or others at the Premises is unauthorized or constitutes conversion. Tenant consents to Landlord's exercise of dominion over Tenant's property within the Premises in case of Tenant's default. Tenant waives (A) all claims for damages by reason of such reentry, repossession, or alteration of locks or other security devices and (B) all claims for damages by reason of any distress warrant, forcible detainer proceedings, sequestration proceedings, or other legal process. Re-entry by Landlord may be pursuant to judgment obtained in forcible detainer proceedings or other legal proceedings or without the necessity for any legal proceedings, as Landlord may elect. Landlord is not liable in trespass or otherwise for such re-entry. Landlord's remedies and rights under this Lease entirely supersede and supplant the provisions of Texas Property Code § 93.002.

21.04. *Effect of Termination.* If Landlord terminates the Lease for an event of default, then despite the termination, Tenant is liable for and must pay Landlord, at the Address for Payment of Rent, all Rent accrued to the date of termination. Landlord's acceptance of past-due rent after termination does not reinstate the Lease.

21.05. *Effect if No Termination.* If Landlord repossesses the Premises without terminating the Lease, then Tenant is liable for and must pay Landlord, at the Address for Payment of Rent, all Rent accrued to the date of repossession, plus Rent due during the remainder of the term until the date of expiration. Tenant's obligation is diminished by any net sums thereafter received by Landlord through reletting the Premises (after deducting expenses of reletting). Tenant is liable for the full Rent for the remainder of the Lease term if the Premises are not relet. In no event is Tenant entitled to any excess of any rental obtained by reletting over and above the Rent. Actions to collect amounts due by Tenant to Landlord may be brought at one time or from time to time, on one or more occasions, without the necessity of Landlord's waiting until expiration of the Lease term. In the alternative, if Landlord relets the Premises, Landlord may recover from Tenant (A) the unpaid Rent accrued before Tenant's default, plus (B) the then present value of the amount by which the Rent for the remainder of the term exceeds the rental received from reletting the Premises. Present value is computed by allowing interest at 1% in excess of the discount rate of the Federal Reserve Bank of Dallas, Texas. No repossession of the Premises by Landlord hereunder is either an acceptance of surrender or an election to terminate this Lease. Neither does it cause a forfeiture of Rent remaining to be paid during the balance of the Lease term, unless a written notice of such intention is given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding Landlord's right to relet and collect the difference in rental values, Landlord may, at any time after default, terminate this Lease. Landlord also may decline to repossess the Premises, and may from time to time, without terminating this Lease, recover all rent as it becomes due.

21.06. *Liability for Costs Incurred.* If Tenant defaults, in addition to any other sum required by this Lease, Tenant must also pay to Landlord, at the Address for Payment of Rent, (A) brokers and management fees incurred by Landlord in connection with reletting the whole or any part of the Premises; (B) the costs of removing and storing Tenant's or any other occupant's property, (C) the costs of repairing, altering, remodeling, or otherwise putting the Premises into a condition acceptable to a new tenant or tenants, (D) all rental concessions as a result of reletting, and (E) any and all other costs, fees, and expenses associated with reletting the Premises and all reasonable expenses incurred by Landlord in repossessing the Premises and in enforcing or defending Landlord's rights and/or remedies, including reasonable attorney's fees, which shall be not less than 10% of all sums then owing by Tenant to Landlord.

21.07. *Obligation to Reimburse.* If Tenant fails to timely make any payment or cure any default, Landlord, without an obligation to do so and without waiving default, may make the payment or remedy the other default for the account of Tenant (and enter the Premises for such purposes). Thereupon Tenant must pay upon demand, all costs, expenses, and disbursements (including reasonable attorney's fees) incurred by Landlord in taking the remedial action.

21.08. *Default by Landlord.* If Landlord defaults, Tenant's exclusive remedy is an action for damages (Tenant hereby waiving the benefit of any laws granting it a lien upon the property of Landlord or on rent due Landlord). Tenant is not permitted to withhold Rent. Before filing any such action Tenant must give Landlord 30-days prior written notice specifying the alleged default and giving Landlord opportunity to cure. Unless and until Landlord fails to timely cure a default after written notice, Tenant has no remedy or cause of action by reason thereof. All obligations of Landlord are covenants, not conditions. Landlord's liability to Tenant for default

is limited to actual, direct, but not consequential, damages. **Tenant hereby waives its statutory lien under § 91.004 of the Texas Property Code.**

21.09. *Payments After Termination*. Tenant's payment of money to Landlord after termination or after notice of default (other than a demand for payment of money within any applicable cure period) does not reinstate, continue, or extend the term or affect any notice given to Tenant prior to the payment. After the service of a suit or after any final judgment granting Landlord possession of the Premises, Landlord may receive and collect any sums due under the terms of this Lease or may otherwise exercise any of its rights and remedies hereunder. Such payment, whether as rent or otherwise, does not waive any notice or a termination of Tenant's right of possession, or in any manner affect any suit theretofore commenced or judgment previously obtained.

21.10. *Rights Respecting Personal Property*. If Landlord takes possession of the Premises under the authority of this Lease, Landlord may keep in place and use all furniture, fixtures, and equipment at the Premises, including that owned by or leased to Tenant at all times before foreclosure thereon by Landlord or repossession thereof by any lessor thereof or lienholder thereon. Landlord may also remove from the Premises (without obtaining a distress warrant, writ of sequestration, or other legal process) all or any part of the furniture, fixtures, equipment, and other property and place same in storage anywhere in the county in which the Premises are located. In such case, Tenant is liable to Landlord for costs incurred by Landlord in the removal and storage and must indemnify Landlord from all loss, damage, cost, expense, and liability arising from or relating to the removal and storage. Landlord also may relinquish all or any part of the furniture, fixtures, equipment, and other property to any person ("Claimant") who presents to Landlord a copy of any instrument represented to have been executed by Tenant, if the instrument purports to grant Claimant the right under various circumstances to take possession of the property. Landlord need not inquire into the authenticity of the instrument or Tenant's or Tenant's predecessor's signature thereon. Landlord further need not investigate or inquire into the validity of the factual or legal basis on which Claimant purports to act. Tenant hereby indemnifies Landlord from all loss, cost, liability, or expense arising from or relating to Landlord's relinquishment of property to a Claimant. These rights of Landlord are additional to any other rights that Landlord has or may hereafter have at law or in equity. Tenant stipulates that the rights herein granted Landlord are commercially reasonable.

21.11. *Cumulative Remedies*. Each right and remedy provided to Landlord in this Lease is cumulative to every other right or remedy provided to Landlord by this Lease or applicable law, including, but not limited to, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Landlord of one or more of the right or remedy does not preclude the simultaneous or later exercise by Landlord of another remedy. All costs incurred by Landlord in collecting any amounts and damages owed by Tenant under this Lease or to enforce any provision of it, including reasonable attorneys' fees from the date any such matter is turned over to litigation counsel, are also recoverable by Landlord from Tenant.

22. Landlord's Mitigation of Damages.

Any duty imposed by law on Landlord to mitigate damages after a default by Tenant under this Lease will be satisfied in full if Landlord undertakes to lease the Premises to another tenant (a "Substitute Tenant") in accordance with the following criteria:

22.01. Landlord will have no obligation to solicit or entertain negotiations with any other prospective tenants for the Premises until Landlord obtains full and complete possession of the Premises including without limitation, the final and unappealable legal right to relet the Premises free of any claim of Tenant;

22.02. Landlord will not be obligated to lease or show the Premises on a priority basis, or offer the Premises to a prospective tenant when other space in the Building suitable for the prospective tenant's use is (or soon will be) available;

22.03. Landlord will not be obligated to lease the Premises to a Substitute Tenant for a Rent less than the current fair market Rent then prevailing for similar uses in comparable buildings in the same market area as the Building, nor will Landlord be obligated to enter into a new lease under terms and conditions that are unacceptable to Landlord under Landlord's then current leasing policies for comparable space in the Building.

22.04. Landlord will not be obligated to enter into a lease with a Substitute Tenant whose use would:

(i) violate any restriction, covenant, or requirement contained in the lease of another tenant of La Villita;

(ii) adversely affect the reputation of La Villita; or

(iii) be incompatible with other users of La Villita.

22.05. Landlord will not be obligated to enter into a lease with any proposed Substitute Tenant that does not have, in Landlord's reasonable opinion, sufficient financial resources to operate the Premises in a first class manner; and

22.06. Landlord will not be required to expend any amount of money to alter, remodel, or otherwise make the Premises suitable for use by a proposed Substitute Tenant unless:

(i) Tenant pays any such sum to Landlord in advance of Landlord's execution of a lease with the proposed Substitute Tenant (which payment will not be in lieu of any damages or other sums to which Landlord may be entitled as a result of Tenant's default under this Lease; or

(ii) Landlord, in Landlord's reasonable discretion, determines that any such expenditure is financially justified in connection with entering into a lease with the prospective Substitute Tenant.

23. Tenant's Bankruptcy.

In addition to other available remedies, if Tenant becomes the subject of a voluntary or involuntary bankruptcy, reorganization, composition, or other similar proceeding under the federal bankruptcy laws:

23.01. "Adequate protection" of Landlord's interest in the Premises pursuant to Sections 361 and 363 (or their successor sections) of the Bankruptcy Code, 11 U.S.C., Paragraph 101, et seq., as amended from time to time ("Bankruptcy Code"), before assumption or assignment of the Lease by Tenant include but are not limited to all (or any part) of the following:

(i) continued payment by Tenant of all Rent due and owing hereunder and the performance of all other covenants and obligations hereunder by Tenant;

(ii) hiring security guards to protect the Premises if Tenant abandons or ceases operations, the obligation of Tenant only to be effective so long as Tenant remains in possession and control of the Premises to the exclusion of Landlord;

(iii) furnishing an additional/new security deposit by Tenant in the amount of three times the then-current monthly Base Rental and Additional Rent payable hereunder.

23.02. "Adequate assurance of future performance" by Tenant or any assignee of Tenant pursuant to Bankruptcy Code Section 365 includes (but is not be limited to) payment of an additional/new Security Deposit in the amount of three times the then-current monthly Base Rental and Additional Rent payable hereunder.

23.03. Any person or entity to which this Lease is assigned pursuant to the Bankruptcy Code, assumes, without further act or deed, all obligations of Tenant arising under this Lease on and after the effective date of such assignment. Any such assignee must, on demand by Landlord, execute and deliver to Landlord an instrument confirming the assumption of liability.

23.04. Despite anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of the Landlord under this Lease, whether or not expressly denominated as "rent", constitute "rent" for the purposes of Section 502(b)(6) of the Bankruptcy Code.

23.05. If this Lease is assigned to any person or entity pursuant to the Bankruptcy Code, any and all monies or other considerations payable or otherwise to be delivered to Landlord (including Base Rentals and other rent hereunder) remain the exclusive property of Landlord and are not property of Tenant or of the bankruptcy estate of Tenant. Any and all monies or other considerations constituting Landlord's property under the preceding sentence not paid or delivered to Landlord must be held in trust by Tenant or Tenant's bankruptcy estate for the benefit of Landlord and must be promptly paid to Landlord.

23.06. If Tenant assumes this Lease and proposes to assign it to a specific assignee on specific terms, Tenant must deliver to Landlord notice of the proposed assignment. The notice must set forth (i) the name and address of the proposed assignee; (ii) all terms and conditions of the offer, and (iii) the adequate assurance to be provided Landlord to assure the assignee's future

performance under the Lease. Tenant must deliver the notice no later than 20 days after Tenant's receipt of the proposal, but in no event later than 10 days before Tenant applies to a court of competent jurisdiction for authority and approval of the proposed assumption and assignment. Landlord thereupon has the prior right and option to accept the assignment itself on the same terms and conditions and for the same consideration, if any, as Tenant's proposed assignee, less any brokerage commission otherwise payable by the proposed assignee. Landlord must exercise its prior right and option by delivering notice to Tenant not later than 30 days after Landlord's receipt of the notice.

23.07. To the extent permitted by law, this Lease is a contract under which applicable law excuses Landlord from accepting performance from (or rendering performance to) any person other than Tenant.

24. Warranty Disclaimer.

24.01. There are no implied warranties of merchantability, of fitness for a particular purpose, or of any other kind arising out of this lease, and there are no warranties that extend beyond those expressly stated in this lease. Without limitation, this Lease contains no express or implied warranty that the Premises have no latent defects or that the Premises are or will remain suitable for Tenant's purposes.

24.01. Tenant acknowledges it has had ample opportunity to perform due diligence regarding the Premises and accepts the Premises in their present condition, as-is.

25. Abandoned Property.

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

26. Appropriations.

All obligations of the City of San Antonio under this instrument are funded through the City of San Antonio General Fund and are subject to the discretion of City Council whether to appropriate funding for any given year of a term. If the City Council fails to appropriate money for this Lease in an annual City of San Antonio Budget, the City may terminate this Lease and have no further liability.

27. Sublease, Assignment.

Tenant cannot assign or sublease this lease without Landlord's prior written consent. Assignments include any transaction in which (A) a material part of Tenant's assets are sold outside the ordinary course of business or (B) a change in the identity of those owning, holding, or controlling the power to vote of 50% of the equity interest in Tenant. Tenant shall pay to Landlord an assignment fee of $2,000.00 for any assignment.

28. Dispute Resolution.

28.01. Before bringing any action arising out of this agreement, including an action for declaratory relief but not an action specifically excepted below, the disputants must first submit

in good faith to mediation. The parties may not assert limitations, laches, waiver, and estoppel based upon attempts to mediate.

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

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

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

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

28.06. Mediator fees must be borne equally.

28.07. The parties need not mediate before going to court (1) for either party to seek emergency injunctive relief or (2) for Landlord to seek forcible entry and detainer relief against Tenant.

29. Miscellaneous.

29.01. *Applicable Law.* This Agreement is entered into in San Antonio, Bexar County, State of Texas. **It's Construction And The Rights, Remedies, And Obligations Arising Under It Are Governed by The Laws of The State Of Texas.** Both parties' obligations under this agreement are performable in San Antonio, Bexar County, Texas, and venue for any action arising under this agreement is only in Bexar County, Texas.

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

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

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

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

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

29.07. *Notices.* Notices must be in writing and by certified mail, return receipt requested, addressed to the parties at their respective addresses set forth at the beginning. If the addressee is a corporation, notices must be addressed to the attention of its President. Notice is complete three days after deposit, properly addressed and postage prepaid, with the United States Postal Service. Failure to use certified mail does not defeat the effectiveness of notice actually received, but such notice is effective only on actual receipt. Address for notice may be changed by giving notice.

29.08. *Pronouns.* Plural constructions include the singular, and singular constructions include the plural. Whether a pronoun is masculine, feminine, or neuter does not affect meaning or application of the relevant term. The words "herein," "hereof," and other, similar compounds of the word "here" refer to the entire Agreement, not just to a part of it.

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

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

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

29.12. *Administrative Actions and Agreements.* The Director of Capital Improvements Management Services ("CIMS") and the Assistant Director for Real Estate of CIMS may, without further council action, agree to, sign, and deliver on behalf of the City all consents, certificates, memoranda, estoppels, and modifications of nonmaterial rights and obligations arising under this Lease and may declare Tenant defaults and pursue remedies for such defaults, including terminating this Lease. This paragraph does not authorize lease amendments or renewals without council consent.

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

29.15 **Tenant understands and agrees to comply with the *Non-Discrimination Policy* of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate in its operations under this lease agreement on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein.**

30. Night in Old San Antonio (NIOSA) and Other Events.

30.01. The Landlord reserves the right to grant the San Antonio Conservation Society or its successors, assigns, or subcontractors a Lease of all or any portion of adjacent property and/or a concession to sell beverages, food, and other items on all or any portion of La Villita, other than the premises hereby expressly demised, during specified hours on those dates in each year of the duration of the lease in which the Society may sponsor all or any part of the event known as NIOSA within La Villita. The Tenant expressly recognized that any right, privilege, or leasehold interest granted to the San Antonio Conservation Society for NIOSA under a separate lease and/or concession contract controlling access to La Villita is superior to any such right, privilege or leasehold interest granted Tenant under this Lease Agreement.

30.02. Rental Fee will be abated during the 16 days annually during month which NIOSA occurs. All other Fees will not be abated.

30.03. Except in the case of NIOSA and holidays stated above, the gates to La Villita will remain open from 7:00 a.m. until 6:00 p.m. daily. However, the Tenant understands, acknowledges and agrees that the Landlord will also from time to time accommodate various functions or events. Such accommodation may require temporary closures of points of access to La Villita and plazas, streets, and open areas in and around La Villita and/or controlled or limited access to the Leased Premises. Such closures and/or controlled or limited access shall not prevent pedestrian access to the Leased Premises entrance free of charge before 6:00 P.M. The Tenant expressly recognizes that any such accommodation and also any and all of the Landlord's fee simple ownership rights and interest as Landlord hereunder are superior to any right, privilege or leasehold interest granted the Tenant under this Lease Agreement and the Tenant hereby agrees to cooperate fully with the Landlord on notification of such accommodation. The Tenant further waives any and all claims for damages, including but not limited to, loss of business, which the Tenant may suffer as a result of any such accommodation by the Landlord as limited by this paragraph.

31. Public Information.

Tenant acknowledges that this instrument is public information within the meaning of Chapter 552 of the Texas Government Code and accordingly may be disclosed to the public. Nothing in this agreement waives an otherwise applicable exception to disclosure.

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

Landlord:	**Tenant:**
City of San Antonio, a Texas municipal corporation	**Village Gallery**
_____	_____
Signature	Signature
_____	Veronica Glass
Name	Name
_____	Manager
Title	Title
_____	4/21/15
Date	Date

Approved as to Form:

_____

City Attorney

Exhibit A: La Villita Building Map

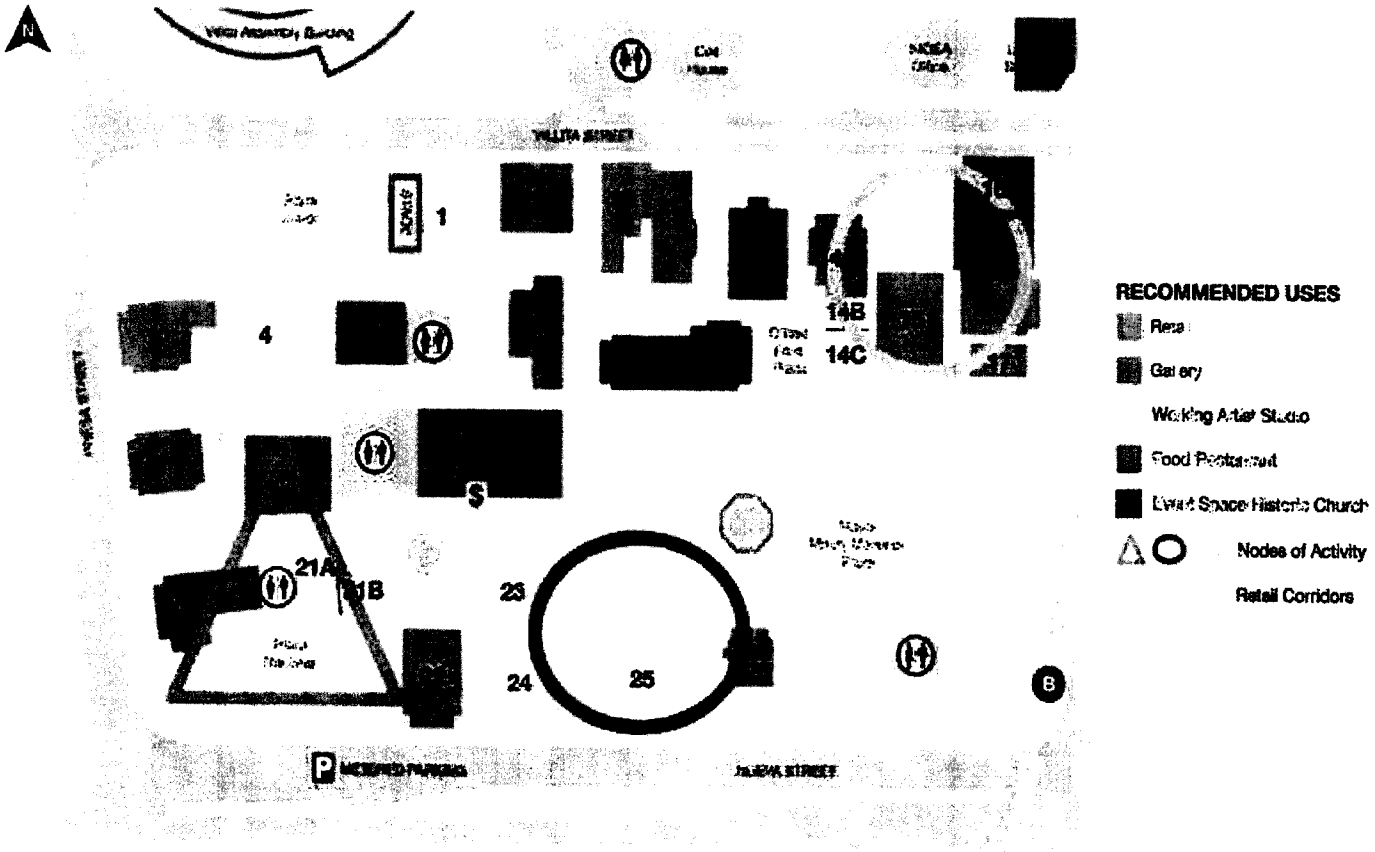
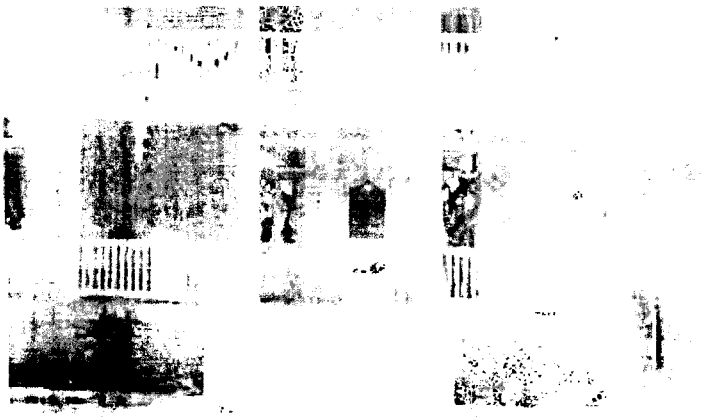


Exhibit B: Photo of Building #10



BUILDING 10
1,441 sq ft
Use: Retail

St. Philips College Homes A, c. 1898
The college was begun in an adobe house just north of this building in 1898 but the existing brick buildings date to the 1900s The City of San Antonio acquired the group of buildings in 1945.

GENERAL ASSESSMENT RATING: 4-Good

EXTERIOR FEATURES
Walls. Brick walls repointed in 1982. In good condition, but an area on the west wall needs repointing. Brick is being repointed. Two-story wooden porch in good condition; decking requires repairs at first level and replacement at second level. Several columns need repairs or replacement. Deteriorated wood siding has been replaced.
Roof. In good condition.
Windows and doors. Wooden window frames and sash need general repairs and repainting. Three windows and door in stairwell should be replaced. Windows into basement have been repaired.

INTERIOR FEATURES
Floors. Pine boards in good condition but need to be revarnished or covered for preservation.
Ceilings. Painted gypsum board in good condition.
Walls. Painted plaster, painted gypsum board, painted brick, and painted siding in good condition.

COMMENTS. Rear doors have water damage. Doors need to be properly sealed, glazed, and painted or replaced. Oleanders should be removed from the planting bed along King Philip V Street and replaced with paving on a sand base to prevent further damage to masonry walls.

MECHANICAL, ELECTRICAL, AND PLUMBING REPORT

Air-conditioning and heating. Single five-ton chilled water cooling/electric heating fan-coil installed in 2006 would not adequately cool and heat this two-story space if not for a window unit installed in one of the upstairs rooms. The upstairs restroom does not have an exhaust fan.

Plumbing. Tank toilet and cold-water-only sink in a private restroom intended for tenants' use only. The toilet does not adequately flush toilet paper without regularly clogging. The cold water sink faucet drips.

Electrical. Several disconnects do not appear to have adequate clearance. First-level panel board appears modern and in good working order. Panel board on second level appears to be in working order but is an older model. It may become increasingly difficult to acquire new circuit breaker replacements.

Attachment I

- Exhibit and offer for sale pottery, ceramics, tiles, jewelry, metalwork, wood, glass, giclees, paintings, prints, and photographs. As well as handmade crafts and art items made in America by craftsmen, artisans or artists not listed above, to be displayed at different times during the year as would be appropriate.

- Seasonally featured artist exhibits or art and/or craft, hosted in gallery throughout each respective lease year, will commence with a relaxed and enjoyable reception, in which the current spotlighted artist will be available for discussion about their work. Following the reception, we will host a formal question and answer session with each artist, including a demonstration of their current process, as well as possible slide shows and /or power point presentations. The five exhibits will be held in conjunction with the events listed below:

  - C.A.M. Comtemporary Art Month
  - La Villita Annual Starving Artist Art Show
  - Dia De Los Muertos Celebration in La Villita
  - Luminaria
  - Holiday Open House

PROPOSED PLAN
Category B: Galleries

1. Provide a vision statement for the Gallery.

   To become one of San Antonio's leading sellers of high quality, handcrafted, stoneware pottery and crafts. We aim to do this by providing a dynamic offering of one-of-a-kind functional and decorative crafts, which speak to the vibrant San Antonio culture found nowhere else in the world. Each piece of functional pottery will be made from local clays and colorful glazes. Customers wanting to take home a piece of San Antonio culture will be captivated by the varied assortment of handmade items. Thus, increasing new business and expanding our loyal customer base with many who will repeatedly visit our San Antonio gallery many more times to come.

2. Provide an operational plan for the Gallery.

   We plan to have our gallery open every day from 10 AM to 6 PM, to provide our employees with a working knowledge of the cash register and credit card machines, and to curate space inside and out to keep our gallery atmosphere fresh.

3. Describe how you will enhance the visitor experience at the Gallery within La Villita for both local residents and tourists.

   As San Antonio natives, we realize how extraordinarily unique the shopping experience in La Villita truly is. Through our gallery, we strive to make each visitor's experience a special one. The atmosphere on our front porch is always warm and inviting, and we welcome each customer with a smile and a friendly hello, displaying the Texas motto of friendship. Embracing our central south Texas roots, all of our pottery is made from local clay, and our signature bright and vibrant glaze designs are uniquely San Antonio. For those visitors not interested in pottery, our gallery offers a very large variety of handcrafted options to choose from. And when a one-of-a-kind piece is what our visitors are looking for, we will custom create the desired piece, working closely with our guests to ensure the perfect gift. Although these services are available to all of our gallery's visitors, we realize our out-of-town guests may require additional services, such as shipping availability or information about local activities. For these reasons, we provide international shipping for all of our merchandise, and make sure to stay current on local events in order to answer any questions visitors may have about what to do while visiting San Antonio.

4. Define how the Gallery will embrace the authentic nature of San Antonio, her history and culture.

   For us, embracing the history and culture of San Antonio, especially La Villita, is equivalent to embracing our own family history and culture. As previously stated, we are San Antonio natives, with our ancestors being among the founding families of San Antonio *and* Texas, specifically listed as property owners in La Villita. My wife's ancestor Erastus "Deaf" Smith, who was a founding father of Texas, fighting at the Battle of the Alamo, as well as an instrumental figure in defeating Santa Ana, established his home in La Villita in 1828, on the northwest corner of Nueva and South Presa. Our connection to this unique place truly goes back to the very beginning. Through our gallery, we love sharing this rich history and culture with customers from all over the world. Our traditional handcrafted pottery and unique glazes reflect native Texas colors, and have helped to establish our brand over the last 40 years as being authentic to La Villita and San Antonio.

5. Identify through marketing and other techniques how you will build sales, awareness, and the image of the Gallery as part of La Villita. Provide copies of any advertisements previously used.

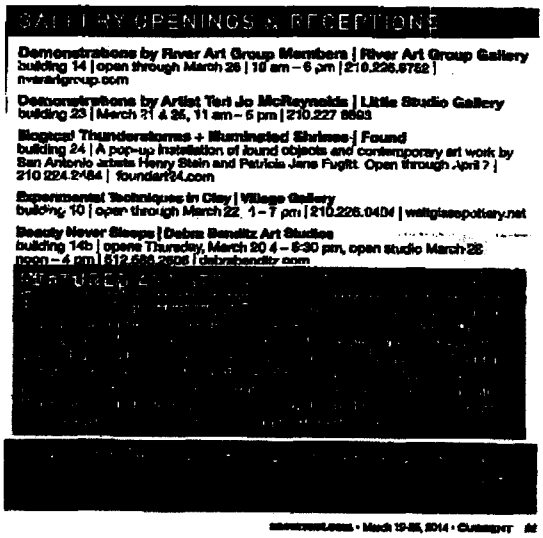
   We have 40 years of return customers, as well as an extensive email and mailing list of customers from all over the world. Our doors are open seven days a week, with regular La Villita hours.

Aequus Nox | Equinox Gallery
building 4 | exhibits open Thursday, March 20 through April 4, 10 am – 6 pm, opening reception Thursday, March 20, 6 – 9 pm | 210.281.0706 | ASGalleryLaVillita@att.net | alejandroalfuentes.com

The Face: An Enduring Iconography | Nueva Street Gallery
building 22 | opening reception Thursday, March 20, 5 – 7 pm. 210.229.9810 | nuevastreetgallery.com

Clay Forms by Artist Ryan Lacler | Village Gallery
building 10 | opens on March 23 through April 15, 4 – 7 pm | 210.226.0404 | wellglassepottery.net

The Scent of Something Real Coming Near | Nueva Street Gallery
building 22 | opening reception Saturday, March 29, 4 – 6 pm. 210.229.9810 | nuevastreetgallery.com



a. Include a description of how you will use social media (Facebook, Twitter, Instagram, etc) to promote and market the Gallery. Provide examples of social media you have previously used.

We participate in all La Villita events, posting announcements and pictures throughout our social media pages of current happenings in La Villita. Through these marketing channels, we not only enjoy opportunities to announce the arrivals of exciting new merchandise to a large audience, but we utilize these media outlets, like Facebook, to connect with individual customers as well, working collaboratively with guests to customize special orders. Along with the big announcements of new merchandise or current sales, you will often find us sharing pictures of our many distinctive pieces currently in stock, or posting fun tips like a special recipe to be used in our pottery.

6. Detail any physical changes that you propose for the interior of the lease space.

With a fresh coat of paint, and a refinishing of the floors, the gallery will look a bit fresher and more inviting. The electrical wiring also needs to be reworked so that electrical outlets will be located in more convenient places.

a. Explain how proposed physical changes would support your vision for the Gallery.
This supports our vision statement by having the gallery look more professional.

b. Explain how proposed physical changes would impact or enhance the visitor experience.
Visitor experience will be enhanced by walking into a clean and well lit gallery, which will increase new business and visits from our customers.

7. Describe how you plan to display the art or craft within the space.

I plan to display the art or craft within the space very much as it is currently displayed. I have designed and constructed very specific displays that showcase our pottery, as well as the craft items, giving the gallery a more craftsman style look.

a. Provide images of current or previous exhibitions, including gallery or artist booths at art fairs, you have hosted, curated, or managed, with any additional information or documentation of these exhibitions.

b. Up to ten percent (10%) of the works for sale may be art related products that are not created by hand. Describe how you plan to display art related products within the space.

At this time I have no intention of selling 10% related products that are not created by an artist or craftsman.

8. Each Gallery will be required to host a minimum of five (5) exhibits of art and/or craft each lease year. Each exhibit shall include an opening reception plus another special event associated with the exhibit, such as a workshop or artist talk. Describe your plans for hosting rotating exhibits in the gallery, including the number of exhibits you commit to host each lease year. If selected, this information will be incorporated into your lease agreement.

Each of our seasonally featured artist exhibits of art and/or craft, hosted in our gallery throughout each respective lease year, will commence with a relaxed and enjoyable reception, in which the current spotlighted artist will be available for open discussion about their work. Following the reception, we will host a formal question and answer session with each artist, including a demonstration of their creative process, as well as possible slide shows and/or power point presentations. Our five exhibits will be held in conjunction with the events listed below:

1. C.A.M. Contemporary Art Month
2. The La Villita Annual Starving Artist Art Show
3. Dia De Los Muertos Celebration at La Villita
4. Luminaria: Arts Night in San Antonio
5. Holiday Open House

9. Provide a detailed budget for your organization in order to operate and maintain a Gallery.

Our budget already exists. We have had our gallery in La Villita for 40 years, our money comes from our sales. Although we have all of these things we would like to update with a new cash register point-of-sale machine and a new outdoor sign.

a. Describe the business plan for start up and marketing.

Description	Amount per Month
Rent	$1816.82
Employees	$1440
Telephone	$100

Credit Card Machine	$300
Consignment to Artist	$5000
New Point-of-Sale	$125
New Outdoor Sign	$25
Insurance for Village	$150.33
Website Domain	$10
Advertising	$50
Operating Supplies	$200
Total Amounts	$8137.13

b. How will you pay for ongoing maintenance and operation costs?

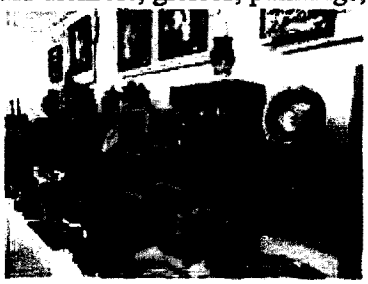
We will pay for ongoing maintenance and operation cost through our gallery sales.

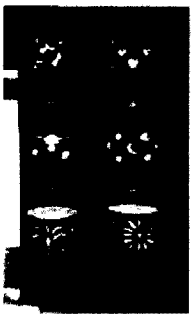
10. The City of San Antonio will work with individual tenants and the La Villita Tenants Association to plan and implement monthly programming to activate La Villita.

We are always happy to demonstrate and work with the city and the La Villita tenants Association.

11. Define the type of art or craft that will be sold in the Gallery, including images of the types of work to be sold. This information will be used by the rating committee to assess this area.

I will exhibit and offer for sale pottery, ceramics, tiles, jewelry, metalwork, wood, Glass-blown and dichroic, giclees, paintings, prints and photographs





a. Up to ten percent (10%) of the works for sale may be art related products that are not created by hand. Describe the items you propose to sell in your shop that may comprise a maximum 10% of inventory. Include details explaining how these items will relate to the art or craft. Please include any images. If selected, this information will be incorporated into your lease agreement.

Giclees-A print of an original painting printed on museum quality canvas, and touched up by the artist with paint. These craft items and paintings will be by regional and national craftsmen and artist. At this time we do not carry anything that is not handmade.

12. Describe how the art and/or craft to be exhibited and sold reflects and celebrates the authentic nature of San Antonio's history and culture.

The crafts and art sold in our shop reflex and celebrates the authentic nature of San Antonio's history and culture by preserving the early Texas and Spanish culture. The building we are in was built in 1889 and became the first college for black girls. We celebrate this first freedom by featuring African-American artist and showing their work in our shop. In fact we have many artist with diverse backgrounds represented in our shop. They sell their artwork which are true to design and of good quality and workmanship. We are proud to sell handmade items in accordance with the 1939 La Villita ordinance that the City Council passed.

a. Describe how the art related items mentioned in Section B. 1. a. celebrate the authentic nature of San Antonio's history and culture.

We are not selling any art related items at this time.

14. Please list the building for which you are submitting your proposal: Building #_____

   a. If your proposal is not the highest rated for the above listed building, are you willing to negotiate for another building? Yes X_____ No_____

      i. If Yes, please list your 2nd Choice building: Building #_2_____

   b. If your proposal is not the highest rated for your 2nd Choice Building, are you willing to negotiate for another building? Yes_X_____ No_____

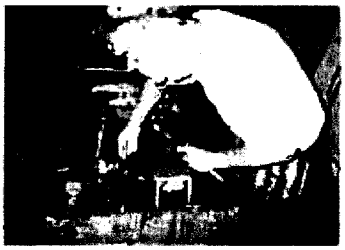
      i. If Yes, please list your 3rd Choice building: Building #_____

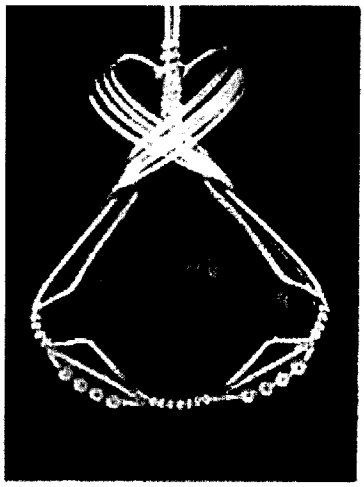
   c. If your proposal is not the highest rated for your 3rd Choice Building, are you willing to negotiate for another building? Yes_____ No_____

13. Provide details, including images of their work, of specific individual artists, craft persons, artisans, and/or artist collaborative(s) who will be represented by the gallery and who's work will be exhibited and sold within the gallery; include CV, Biography, and images of current and previous work for each artist, craft person, artisan, or artist collaborative. **This shall not be considered part of the four page narrative limit.**

Welcome!

I am a Texas stone artist who cuts raw rock and then mounts the finished stone in precious metal using my own designs. The raw stone you see at the top of each photo is the actual 'rock' rock used to cut the pendent. Please check my calendar for upcoming shows and learn how I cut rock on the 'about us' page. See you at a show!





I am a jewelry artist located in New Braunfels, Texas. All of my jewelry is cut from raw rough rock and wrapped in precious wire. The most common question people ask is, 'How I cut the rock'. Here is how it is done:

Most rock is extremely hard, but varies in hardness. This difference in hardness allows 'harder rock' to cut 'softer rock'. Since the hardest rock known is diamond, every cutting tool I use has small amounts of industrial diamond powder on it.

First large pieces of rock are located that would be suitable for cutting. I obtain the rough rock on rock hunting trips to Colorado, from mines around the world, or from other rock collectors. I often purchase the rock directly from the miner. Only certain rough rocks polish well and have good color. One of the most difficult tasks is selecting the 'right' material to cut.

Once selected, I decide which way to orient the rock for cutting. The rock 'whispers' how it wants to be cut. The rock has had millions of years to think about this!

After listening, the rock is cut into a slab using the machine pictured above. The slab is my 'painters canvas'. I look at the slab and determine which part has the most interesting colors and patterns to make into a pendent.

The stone is then trimmed and shaped by hand against grinders. The stone is polished to a mirror finish. I can tell you that 99.9% of all the pendants on the webpage look better in real life than in the photo. The camera never, ever captures the deep colors and bright luster of the stone.

After polishing, the stone is hand wrapped. I only use sterling silver wire and 14k rolled gold wire. Both will last a lifetime of wear.

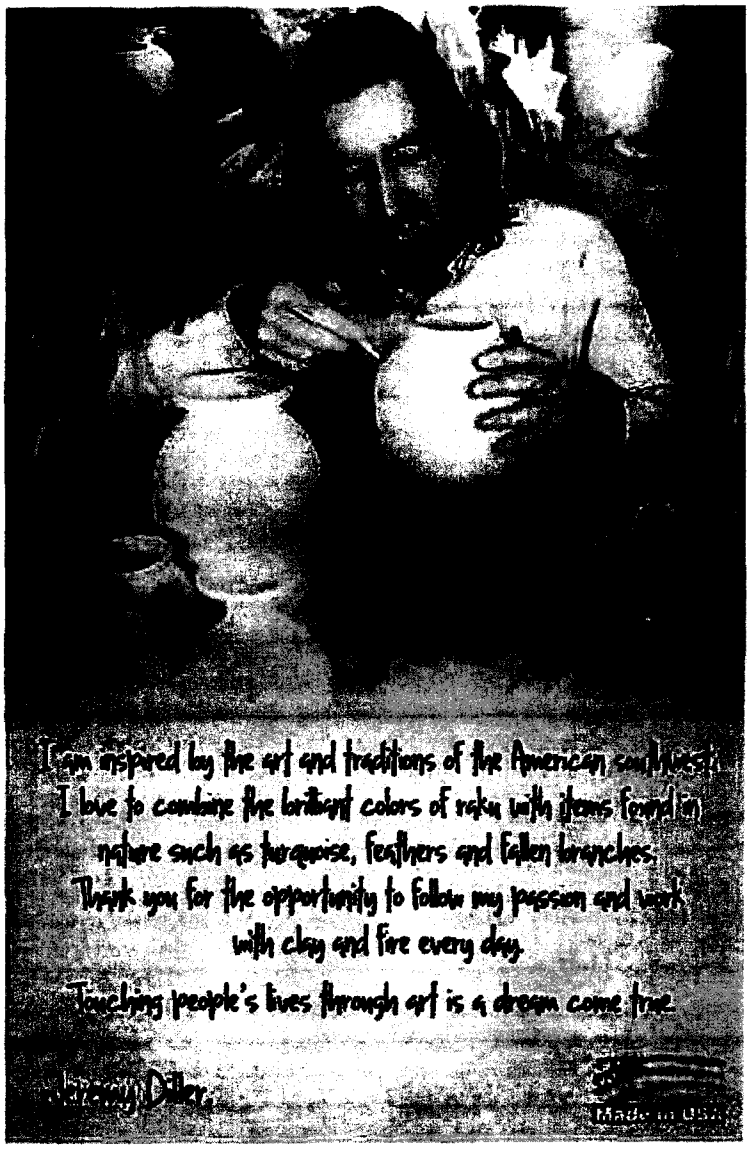
Every stone I cut is fully guaranteed and is as unique as the person wearing it!

Robert Wolf
Stone Artist

713-628-1831

NAIA
CRITICS
Member National Association of Independent Artists

Texas Commission on the Arts
Investing in a Creative Texas

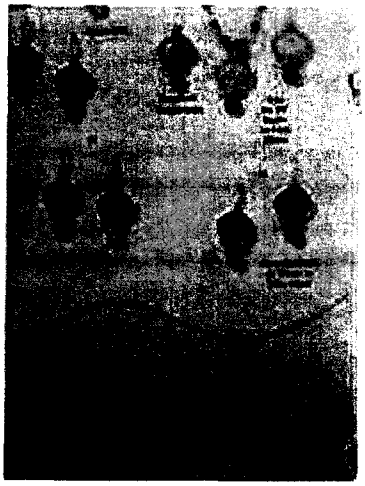

I am inspired by the art and traditions of the American southwest.
I love to combine the brilliant colors of raku with items found in
nature such as turquoise, feathers and fallen branches.
Thank you for the opportunity to follow my passion and work
with clay and fire every day.
Touching people's lives through art is a dream come true.
Made in USA

Sierra

by SONOMA ART WORKS

Sierra designs are created in the design studio of Sonoma Art Works, located in Sonoma Valley amidst the vineyards of northern California's wine country.

The jewelry is designed by the artist *Cheryl Sirkus* whose designs begin on her sketch pad and are transformed into the precious metals that are used.

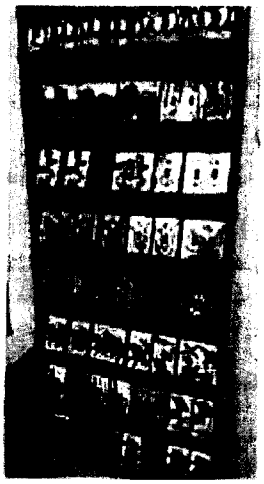


The majority of our original designs have been hand cast in sterling silver and 14k gold vermeil. They capture the feeling of elegance and femininity in a very understated way. We are pleased to share them with you!

Adrienne Blum Enamels

Home Landscapes Nature Ocean Botanical Kitchen

Welcome to Adrienne Blum Enamels!



For almost forty years, Adrienne Blum Enamels has been creating beautifully handcrafted decorative enamel switch plates and enamel outlet covers in an array of themes. Enameling has been performed for thousands of years, by many cultures, and Adrienne Blum Enamels uses many of the same methods that have been used since antiquity:

Adrienne Blum Enamels uses ground glass, which is applied by hand to a metal backing. The piece is then fired in a kiln, at 1200–1300 degrees Fahrenheit, for about four or five minutes. The glass melts, fuses to the backing, and acquires a fine, glossy finish. Our products may be cleaned with soap and water, which is ideal for kitchens and baths.

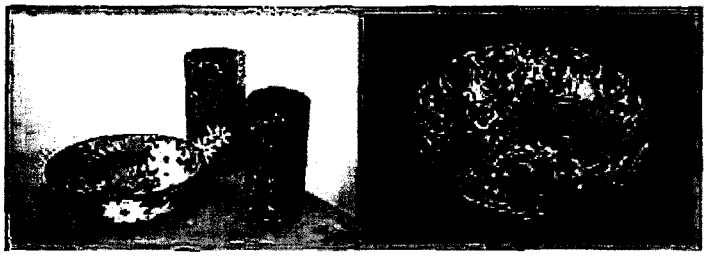
Adrienne Blum Enamels is proud of our products and designs, and guarantees unique, highly decorative, enamel switch plates and enamel outlet covers in your favorite color schemes.

Tom Hicks

As a young boy Tom enjoyed drawing and painting. But when it was time to go to college, he decided to be practical and majored in business and history. After service in the Navy he started a career in banking and accounting.

But through the years Tom took workshops and classes in painting, printmaking, stained glass and drawing. While in Houston, he even took a class in clay sculpture. In Christy Rodgers' tile class at ClayWays, Tom discovered he could paint on clay. He used underglazes, glazes and the texture of the clay itself to create images and effects. He also studied at Austin Community College with Sharon Smith. His first efforts were paintings of dogs on tiles. He graduated from tiles to platters and bowls. He discovered floral designs.

Tom retired in 2001. He began to devote more time to his clay. He attended majolica workshops at Santa Fe Clay and at the Southwestern Craft Center in San Antonio. He tried earthenware, stoneware and porcelain. Some efforts worked and some didn't.



In 2005 he moved to Lubbock to be closer to his parents. But he still works in clay and has found joy in creating his clay. Where else can a 60 something man still play in the mud?

ART OF
MICHAEL ANTHONY PAGLIA

"Every child is an artist. The problem is how to remain an artist once he grows up."
Pablo Picasso (1881-1973)

Biography

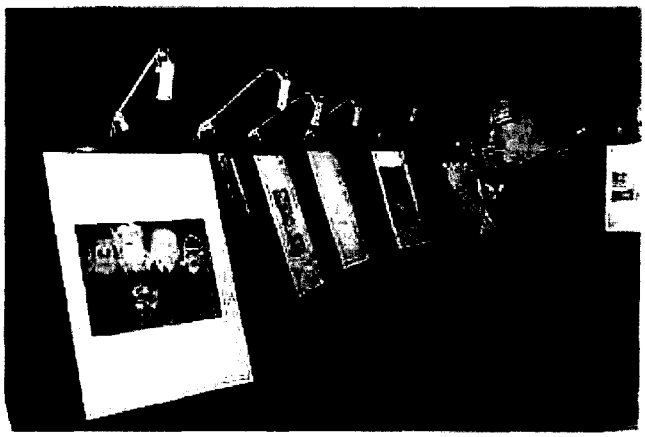
"Texas Young Master"

Michael Anthony Paglia was born in Florida, and then spent 14 years in western Pennsylvania before moving to Texas with his family.

In the Spring of 2004 Michael won First Place -Middle School Division of the "Fiesta in San Antonio" Student Art Contest. Later that year his "Pancho Claus" drawing was selected out of 1080 entries as the 2004 Official Christmas Card of San Antonio. In March, 2005 Michael's work "Grande Finale" was selected from approximately 1000 entries as the Overall Winner of the 2005 "Fiesta in San Antonio" Student Art Contest

In March, 2006 The Texas Commission on the Arts named Michael a "Texas Young Master" and selected him for their Texas Young Masters Scholarship Program. In August, 2006 his Texas "Anti-Gang Poster Contest" entry was judged Overall Winner. His poster now serves as a visual encouragement to high school students across the state of Texas.

Michael graduated from high school in San Antonio in May 2008. Presently he is studying media art and film production and working on commercial art projects in California.



Click to go to J. Davis Studio website

John & Robin Davis are the husband and wife team behind J. Davis Studio.

John first became interested in ceramics while watching his grandmother produce delicate figurines when he was a young boy. He's never been far from home – his first studio was an abandoned adobe on his grandparents' land, and he bought his first kiln when he graduated high school and rented a local building in town that had a few advantages on the abandoned adobe, such as running water and electricity. Before he'd finished college, John had purchased the building and opened a gallery. Robin soon joined him as wife and later as his business partner, and J. Davis Studio as it exists today was fully formed.

Initially, John was known for his graceful vases inlaid with floral and cactus designs inspired by the colors and flora of the Chihuahuan Desert. Though these vases are still a favorite with galleries and collectors across the United States and Canada, John's pottery evolved into the distinctive pieces you can see on our site through a fascination with their daughters' favorite playtime activity: digging for buried treasure in the ground surrounding their rural Far West Texas home.

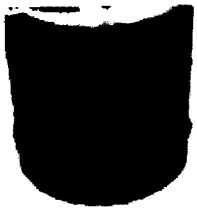
The girls would bring their finds to John, showing him the way that age made their various keepsakes turn amazing colors from the heat and the chemicals in the soil. John became interested in creating pottery with that same feeling of eternal endurance, like an object unearthed from a prehistoric archaeological dig.

He found the look he was seeking in 16th century Japan. A firing technique called Raku was developed to create pottery for Japanese tea ceremonies, and the result was an ethereal, almost otherworldly glaze that inspired awe and amazement. You can learn more about the Raku technique here, but it's enough to say that John was captivated by the beauty of the technique. It gave the impression, fresh out of the kiln, of being simultaneously as old as the pyramids and as beautifully fragile as a butterfly's wings.

John set himself to mastering this extremely difficult, volatile technique, and his creations attest to how well he learned the skill.

At J. Davis Studios, we make Raku Christmas ornaments, candlesticks, vases and keepsake boxes, and we are known far and away for our *innerSpirit* Rattles.

Rattles have been used for meditation in countless cultures, and are commonly used in music for a strong, subtle rhythm that seeps through the main harmony and into the mind. Their



gentle sounds sink deeply into us, lulling us into a place of safety and creating the perfect environment for contemplation.

While many use rattles to channel their thoughts or awaken certain emotions, others simply find the sound of a rattle soothing to the ear, and the smooth feel of our Raku pottery comforting in the hand. We're certain you'll find your innerSpirit Rattle a source of delight, comfort, and beauty in your life.

As Robin says, "The Chihuahuan Desert is isolated, harsh, and rugged, but the beauty and peacefulness of our area reinforces faith, and encourages an appreciation of even the smallest things in life. I believe the rattles carry a little of this emotion inside each one."

The rattles carry the spirit of the desert with them all over the United States, in galleries, catalogs, gift shops, hospitals, churches, national parks, and museums. For those of you who have never stumbled across them in person, you can see the beautiful work here on our site and order yours to hold it in your hand.

Factory Tour

Every piece of our metal art begins with inspiration from our spectacular natural environment in Moab, Utah. By combining technology, production, and handcrafted finishes, we offer our customers art that is both unique and affordable. We seek to amuse and entertain when we create a product. Our designs are inspired by the amazing rock art and critters of the canyons, then we infuse them with our own sense of motion (and humor, sometimes) to give them life!

Heidi White Designs

Sunset on the farm, at home, in Castroville, TX

Meet The Artist

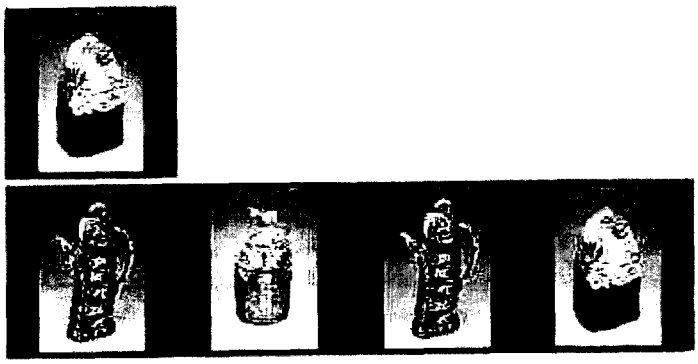
In 2006, after the birth of her second child, Heidi White left her nine year career as a nurse, to stay home and raise her two children on the farm where she grew up in Castroville, Texas.

In August of that same year, on a whim, she took a class on making fused glass and wire jewelry and an artist was born!

Over the next years she began to incorporate her new love for glass, stone and wire jewelry into the unique one-of-a-kind designs she is known for today.

"I am always trying new designs. I like to keep things fresh and new! I also like to keep everyone guessing what I will come up with next?"

In her spare time Heidi enjoys spending time with her husband and children. She loves family gatherings on the farm and at the river. Heidi also has fun shopping and swimming with friends and family.



Gint Sabaliauskas & Regina Sabaliauskas

I and my wife Regina work with clay, making whimsical sculptures.

To create our work we use very thin slabs of clay which is mixed with glass dust, each detail is hand carved and joined together using liquid clay, finished work is dried and fired in high temperatures of 270f, after we paint it with glaze and fire one more time. The finished works due to high temperature firing have weight as fine china and structural tension as glass. This technique been developed in my family in 1950's. For some work we use raku firing. I specialized in carving, Regina in painting-glazing.

We do not use assistants or apprentices.

To work with clay I started from childhood in my family's studio in Lithuania. Our work was exhibited in galleries in Baltic countries, Germany, France.

In 1922 we started to live in Colorado and since we have studio here.

RFP ATTACHMENT B

PRICE SCHEDULE

Category B: Galleries

1. Provide a Minimum Annual Guarantee (MAG) of proposed rental payments to the City based upon the square footage of the space. The RFP requires a minimal monthly rental rate of $1.15 per square foot. Provide monthly rate proposed: $1.20

    a. Lease agreements with the City for spaces in La Villita will include separate charges for Utilities and Common Area Maintenance (CAM). These fees are determined by the city and are not part of the RFP process. The Utility and CAM fees are separate from and in addition to proposed Rental Fees.

2. Provide estimated costs for proposed physical improvements to the space. The City will provide rental abatements in the amount of 80% of approved, documented, and verified capital improvements to the lease space over the first five (5) years of the lease agreement. Any and all improvements must be reviewed and approved by City.

With a fresh coat of paint, and a refinishing of the floors, the gallery will look a bit fresher and more inviting. The electrical wiring also needs to be reworked so that electrical outlets will be located in more convenient places. Estimated costs will be approximately $7,000.

Attachment II

Merchandising Plan
Display art and craft within the space very much as it is currently displayed. Village Gallery has designed and constructed very specific displays that showcase pottery, as well as the craft items, giving the gallery a more craftsman style look.

Proposed Tenant Improvements
- Estimated Cost $7,000.00
- Fresh coat of paint
- Floor refinishing
- Electrical Rewiring