

COMMERCIAL OFFICE LEASE

FOR

TETCO CENTER

LANDLORD:

TETCO CENTER L.P.

AND

TENANT:

SANDERFORD & CARROLL P.C.

DATE

NOVEMBER 18, 2019

### LEASE SUMMARY

The following summary of key lease provisions is provided for the convenience of the parties. Where applicable, more detail is provided in the referenced lease section. Should any conflict arise in the interpretation of any lease provision, the language set forth in the body of the lease shall be controlling over the provisions set forth in this lease summary.

(a) **Landlord -** TETCO Center L.P.  
1100 NE Loop 410, Suite 400  
San Antonio, TX 78209  
  
Attn: Property Manager  
(See Section 25.(b))

(b) **Tenant -** Sanderford & Carroll P.C.  
1100 NE Loop 410, Suite 550  
San Antonio, TX 78209  
Attn: Bethany Beck

And

Sanderford & Carroll P.C.  
2110 Birdcreek Drive  
Temple, TX 76502  
Attn: Brian Carroll  
(See Section 25.(b))

(c) **Property Manager -** Reata Property Management  
1100 NE Loop 410, Suite 400  
San Antonio, Texas 78209  
Attn: Property Manager  
(See Section 25.(b))

(d) **Premises -** approximately 2,394 square feet of space on the fifth floor, Suite 550, of an office building located at 1100 NE Loop 410, San Antonio, Texas (see Section 1.(a)).

(e) **Term** – December 9, 2019 to December 31, 2022 (see Section 2.(a)).

(f) **Commencement Date** – December 9, 2019 (see Section 2.(a) and Exhibit “B”).

(g) **Termination Date** – December 31, 2022 (see Section 2.(a) and Exhibit “B”).

(h) **Rent** - The Minimum Rent during the Term of this Lease shall be as follows (see Section 3.(a)):

<u>Dates</u>	<u>Monthly Rent Installments</u>	<u>Annual Minimum</u>	<u>P.S.F.</u>
December 9 – 31, 2019	\$3,463.57	\$3,463.57	\$23.50
Jan. – Dec. 2020	\$4,668.25	\$56,259.00	\$23.50
Jan. – Dec. 2021	\$4,788.00	\$57,456.00	\$24.00
Jan. – Dec. 2022	\$4,887.75	\$58,653.00	\$24.50

(i) **Renewal Options** – Two (2) successive term(s) of one (1) years (see Section 2.(b)).

(j) **Security Deposit** – \$9,336.50 (see Section 3.(c)).

(i) **Guarantor** - NONE, (see Exhibit F).

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## COMMERCIAL OFFICE BUILDING LEASE

This LEASE is made as of this \_\_\_\_ day of October 2019 by and between TETCO CENTER L.P. ("Landlord"), and SANDERFORD & CARROLL P.C., a Professional Corporation. ("Tenant").

### 1. Premises.

- (a) Premises. Landlord hereby leases to Tenant that certain space (the "Premises"), consisting of approximately 2,394 square feet of Rentable Area (as defined herein), being the fifth floor, Suite 550, of an office building located at 1100 NE Loop 410, City of San Antonio, State of Texas, (the "Building"), as shown on Exhibit "A", attached hereto and incorporated herein, together with a non-exclusive right, subject to the provisions hereof, to use all appurtenances thereunto, including, but not limited to, any other areas designated by Landlord for use by tenants of the Building (the Building, the real property on which the Building is situated, and other areas and appurtenances are hereinafter collectively called the "Building Complex").
- (b) Rentable Area. For purposes of this Lease, "Rentable Area" shall mean a measure of area expressed in square feet computed using BOMA Standards in effect as of the Commencement Date. The square footage of Rentable Area set forth herein is estimated only. Upon the completion of construction or within 30 days after Tenant's occupancy of the Premises, Landlord's architect may re-measure the Premises and certify the new square footage of Rentable Area in the Premises, which number shall be used to calculate all amounts set forth herein based on Rentable Area. If Tenant disagrees with the calculations of Landlord's architect, Tenant may have an independent architect re-measure the Premises within thirty (30) days of Tenant's receipt of Landlord's calculations. If the two measurements vary by 10% or less, the number that is midway between the two measurements will be used. If the two measurements vary by more than 10%, the two architects shall choose a third architect who shall be compensated equally by Landlord and Tenant to re-measure the Premises according to BOMA Standards in effect as of the Commencement Date, and certify the new square footage of Rentable Area in the Premises, which number shall be deemed correct and used to calculate all amounts set forth herein based on Rentable Area. The parties agree that the ratio of Rentable Area to Usable Area (as defined under the BOMA Standard) (the "R/U Ratio") shall be 1.16 for the Premises. In the event that neither Landlord nor Tenant remeasures the Premises after completion of construction or, in any event, no later than thirty (30) days after occupancy by Tenant, the parties hereby agree that the Rentable Area as set forth in subparagraph 1.(a) above shall be deemed accurate.

### 2. Term and Renewal.

- (a) The term of this Lease shall be for a period of thirty-six (36) months and twenty-three (23) days (the "Original Term") beginning at 12:01 a.m. on December 9, 2019, ("Commencement Date"), and terminating at 12:00 midnight on the last day of December 2022 ("Termination Date"). Prior to occupying the Premises, Tenant shall execute and deliver a letter to Landlord, in the form attached hereto as Exhibit "B", confirming: (1) the Commencement Date and the Termination Date of the initial term (as those terms are defined therein); and, (2) that Tenant has accepted the Premises. The failure of the parties to execute such letter shall not defer the Commencement Date or otherwise invalidate this Lease.
- (b) Substantial Completion
- (1) The taking of possession by Tenant shall be deemed to conclusively establish that Landlord has achieved Substantial Completion of the Premises in accordance with the Tenant Plans (subject to Landlord's obligations to complete punch list items). Within thirty (30) days of taking possession of the Premises, Tenant shall deliver to Landlord a letter of acceptance of the Premises (in the form of the attached Exhibit "B"), which letter may be subject to Landlord's obligation to complete so called punch list items.

- (c) Renewal Terms. Provided that Tenant is not in default under this Lease, Tenant shall have the right of extending this Lease for two (2) successive terms of one (1) year each ("Renewal Term"), beginning immediately upon the Termination Date. Tenant may exercise the option to extend the Original Term by written notice to Landlord delivered at least six (6) months prior to the expiration of the Original Term to renew for the first extension, and at least six (6) months prior to the expiration of the first extension to renew for a second extension. If Tenant exercises its option to extend as provided herein, this Lease shall be extended for the Renewal Term on the same terms and conditions set forth in this Lease, except that the annual Base Rent for the Renewal Term shall be \$25.00 per square foot for January 1, 2023 to December 31, 2023 and \$25.00 per square foot for January 1, 2024 to December 31, 2024.

**3. Rent; Security Deposit.**

- (a) Base Rent. Tenant shall pay annual rent for the Premises ("Base Rent") to Landlord, from the Commencement Date and throughout the Original Term, in the amounts set forth below:

<u>Dates</u>	<u>Monthly Rent Installments</u>	<u>Annual Minimum</u>	<u>P.S.F.</u>
December 9 – 31, 2019	\$3,463.57	\$3,463.57	\$23.50
Jan. – Dec. 2020	\$4,668.25	\$56,259.00	\$23.50
Jan. – Dec. 2021	\$4,788.00	\$57,456.00	\$24.00
Jan. – Dec. 2022	\$4,887.75	\$58,653.00	\$24.50

All Base Rent shall be payable in monthly installments, paid in advance, on the first (1<sup>st</sup>) day of each calendar month during the Original Term and any Renewal Term. Any rents paid after the first (1<sup>st</sup>) day of each calendar month shall be subject to a late fee of fifty (\$50) dollars or ten (10%) percent of the unpaid balance whichever is greater. In the case of insufficient funds or returned checks Tenant shall pay an additional fee of fifty (\$50) dollars per occurrence. Base Rent for the first and last months of the Original Term shall be prorated based upon the number of days during each of the months that the Term was in effect. All Base Rent shall be paid without notice, demand, deduction or offset, except as may be provided elsewhere in this Lease, at the office of Landlord set forth in Section 25, or to such other person or at such other place as Landlord may designate in writing. Base Rent and Parking Rent (if any), as defined herein, shall collectively be referred to as "Rent".

- (b) Parking. Landlord will provide Tenant five (5) unreserved parking spaces. During the initial term of this Lease, the aforementioned parking spaces shall be provided at no charge to Tenant. Subject to availability, Tenant shall have the option, at its own cost, of leasing additional reserved parking spaces, unreserved parking spaces, or surface parking spaces. Parking for these additional spaces shall be subject to monthly charges at the current rates being charged to tenants that are not affiliated with Landlord or TETCO Center L.P., which rates are subject to adjustment from time to time, subject to a maximum increase of 2% per annum. Tenant shall have access to the parking spaces 24 hours a day, seven days a week. From time to time, the parking manager may adopt such rules and regulations for the Covered Spaces and Surface Lot to provide for the safety of its users, the care and cleanliness of the Surface Lot, and the preservation of good order therein. Tenant agrees to obey all such rules and regulations. The violation of any of such rules and regulations by Tenant, after any applicable notice and cure period, shall be deemed a breach of this Lease by Tenant affording Landlord all the remedies set forth herein. Landlord shall not be responsible to Tenant for the nonperformance by any other occupant of the Covered Spaces or Surface Lot of any of said rules and regulations.
- (c) Additional Rent. During the Term of this Lease, Tenant shall pay to Landlord as "Additional Rent", Tenant's Proportionate Share (as defined herein) of the Operating Expenses (as defined herein) for the Building that exceeds the Operating Expenses for the Base Year of 2019. "Tenant's Proportionate Share" shall mean a fraction, the numerator of which is the Rentable Area of the Premises and the

denominator of which is the Rentable Area of the Building. Tenant's Rentable Area of the Premises is 98,667 sf and the total Rentable Area of the Building is 98,667 sf, therefore, Tenant's Proportionate Share is 2.426%.

- (1) Thirty (30) days prior to the Commencement Date and then on or before the beginning of each calendar year, thereafter Landlord shall, by written notice to Tenant, specify Landlord's estimate of Tenant's obligation under this Section 3(c) for the upcoming calendar year. Tenant shall pay one-twelfth (1/12) of Tenant's Proportionate Share of the Operating Expenses for each year of the Term, and Renewal Term, if applicable, on the first day of each calendar month.
- (2) Within ninety (90) days after the end of each calendar year, Landlord shall provide Tenant a written summary of the actual Operating Expenses for the calendar year, determined on an accrual basis by Landlord and broken down by principal categories of expense. The statement shall also set forth all amounts paid by Tenant on account during such calendar year. Any difference between Tenant's obligation and the amounts paid by Tenant on account shall be paid or refunded, as the case may be, within 30 days after the statement is provided. Landlord shall have the right to adjust the estimated Additional Rental from time to time during the term of this Lease and such adjusted estimated Additional Rental shall be payable in advance on a monthly basis thereafter. The effect of the exercise by Landlord of Landlord's rights under this paragraph is that Tenant will pay Additional Rental monthly in advance before the final year end calculation of Operating Expenses. Failure by Landlord to furnish to Tenant the Landlord's estimate of or collect Additional Rental before the final year end calculation of Operating Expenses shall not excuse Tenant from the obligation of paying Additional Rental.
- (3) Landlord shall keep its Operating Expense records for the Premises at its business offices and shall make such records available for inspection or audit by Tenant's accounting firm, at Tenant's sole cost and expense. This audit right shall be limited to reputable, nationally recognized accounting firms that have been approved in advance by Landlord. Landlord's Operating Expense records shall be made available for inspection at such offices within 72 hours after Landlord's receipt of written notice from Tenant requesting such an inspection. Tenant may not conduct any inspection of such records during Landlord's annual corporate audit periods. Tenant may inspect or audit Landlord's records for the time period of up to two (2) calendar years prior to the date of Tenant's notice (unless Landlord was not the landlord during that time or does not possess the requested records). Upon completion of Tenant's audit, Tenant shall provide Landlord with a complete copy of its accountant's report or findings. In the event such inspection or audit shall reveal that Tenant paid an amount less than Tenant's Proportionate Share of the Operating Expenses, then Tenant shall pay such difference to Landlord within thirty (30) days of completion of Tenant's audit. In the event such inspection or audit shall reveal that Tenant paid an amount in excess of Tenant's Proportionate Share of the Operating Expenses then Landlord shall, at Landlord's option, either pay Tenant the amount of the overpayment within thirty (30) days of receipt of written notice to that effect from Tenant or provide Tenant with an equivalent credit against Operating Expenses for the current year. Tenant's notice to Landlord shall include reasonable supporting documentation and all associated calculations.
- (4) "Operating Expenses" shall mean:
  - a) all reasonable operating expenses of any kind or nature which are necessary, ordinary or customarily incurred with respect to the operation and maintenance of the Building Complex as determined in accordance with generally accepted accounting principles and shall include, but shall not be limited to:
    - (i) Costs of maintenance and replacement of landscaping; maintenance, repair, striping and resurface coating of parking areas (but not repaving); maintenance of Building exterior; and maintenance of

common and other areas used by tenants of the Building Complex, including snow, ice and debris removal;

- (ii) Insurance premiums, including special form or all-risk coverage, together with loss of rent endorsement; commercial general liability insurance; and any other insurance carried by Landlord on the Building Complex or any component parts thereof;
- (iii) Wages and related employee benefits allocated on a prorated basis based on the time spent on activities associated with the maintenance and operation of the Building Complex paid by Landlord to employees or service technicians of Landlord, or to its property manager if the property manager is resident on site or is a full time manager of the Building Complex;
- (iv) Professional building management fees including reasonable fees to Landlord or its affiliates for managing the Building Complex;
- (v) "Real Estate Taxes" including all real property taxes and assessments levied against the Building Complex by any governmental or quasi-governmental authority, including any taxes, assessments, surcharges, or service or other fees of a nature not presently in effect which shall hereafter be levied on the Building Complex as a result of the use, ownership or operation of the Building Complex or for any other reason, whether in lieu of or in addition to any current real estate taxes and assessments; provided, however, that any taxes which shall be levied on the rentals of the Building Complex shall be determined as if the Building Complex were Landlord's only property and provided further, that in no event shall the term "Taxes and Assessments", as used herein, include any federal, state or local income taxes levied or assessed on Landlord, unless such taxes are a specific substitute for real property taxes; such term shall, however, include gross taxes on rentals and expenses incurred by Landlord for tax consultants and in contesting the amount or validity of any such Taxes and assessments but only to the extent the intended benefits of the same would be realized during the Term (all of the foregoing are collectively referred to as "Taxes"). "Assessments" shall include, without limitation, any and all so-called special assessments, commercial rental tax, levy, charge or tax imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, water, drainage or other improvement or special district thereof, against the Premises, the Building or the Building Complex, or any legal or equitable interest of Landlord therein. For the purposes of this Lease, any special assessment shall be deemed payable in the maximum number of installments as is permitted by law, whether or not actually so paid;
- (vi) Costs of extermination, security services, and fire and life safety services;
- (vii) Costs of supplies, including but not limited to, the cost of "relamping" all lighting in the Building as the same may be required from time to time;
- (viii) Costs incurred in connection with obtaining and providing energy for the Building Complex, including but not limited to costs of natural gas, steam, water, sewer, electricity or any other energy sources as well as costs for heating, ventilation, and air conditions services ("HVAC"). Notwithstanding the foregoing, if any utility serving the Premises shall be separately metered pursuant to subparagraph 8(b), Tenant shall be solely liable for payment of such utility;

- (ix) Costs of storm drainage services;
- (x) Costs of janitorial services and supplies for the Building Complex;
- (xi) Costs of general maintenance and repairs to the Building Complex, including, without limitation, costs of repairing and maintaining plumbing and electrical systems furnished by Landlord, costs of painting and cleaning (including, but not limited to, window and carpet cleaning), costs under HVAC, elevator, electrical, plumbing and other mechanical maintenance contracts; and costs of repairs and replacements of equipment used in connection with such maintenance and repair work and the costs of rental of such equipment;
- (xii) Costs of any capital improvements and structural repairs and replacements designed primarily to reduce Operating Expenses ("Cost Savings Improvements"). The expenditures for Cost Savings Improvements (including, without limitation, fees charged by consultants retained by Landlord for services that are designed to produce a reduction in Operating Expenses or reasonably to improve the operation, maintenance or state of repair of the Building Complex) shall be amortized over the useful life of such capital improvement or structural repair or replacement (as determined by Landlord's accountants using generally accepted accounting principles), provided that the amortized amount of any Cost Savings Improvement shall be limited in any year to the reduction in Operating Expenses as a result thereof;
- (xiii) Costs of trash removal from the Premises and the Building Complex at locations designated by Landlord;
- (xiv) Any other expense that would, under generally accepted accounting principles, be considered a normal maintenance or operating expense.
- (xv) If any of the factors included in "Base Operating Cost" are not payable, billed, or otherwise due so as to allow an accurate calculation of said factors annually (e.g., ad valorem taxes and long-term contracts), the Landlord in its sole discretion, may estimate and prorate said factors on an annual basis, and said factors shall be properly adjusted by Landlord when they actually become due and payable.

"Non-controllable Operating Expenses" are those Operating Expenses that outside of Landlord's reasonable control, including utilities, Real Estate Taxes and insurance.

The Operating Expenses that vary with occupancy and that are attributable to any part of the term in which less than 95% of the rentable area of the building is occupied by tenants will be adjusted by Landlord to the amount that Landlord reasonably believes they would have been if 95% of the rentable area of the Building had been so occupied.

- b) "Operating Expenses" shall expressly exclude Landlord's income taxes, leasing commissions, advertising and promotional expenses; interest on debt or amortization payments on any mortgages or deeds of trust; costs of repairs or other work occasioned by fire, windstorm or other casualty; damages and repairs necessitated by the negligence or willful misconduct of Landlord, its employees, contractors or agents; legal costs and fees relating to refinancing of the Building Complex or disputes with other tenants; leasing costs related to other tenants or a sale of the Building Complex; any penalty, fine or late charges incurred by Landlord due to Landlord's violation of any law, rule or regulation; and any other expense which under generally accepted accounting principles would not be



considered a normal maintenance or operating expense or would be considered a capital improvement, except as otherwise specifically provided herein.

- (5) The computations set forth in this Section shall be made on a calendar year basis except that if this Lease commences on a day other than the first day of a calendar year or terminates on day other than the last day of a calendar year, then the computations shall be made on the basis of the proportion that the number of days that this Lease was in effect for such calendar years bears to three hundred sixty-five (365) days.
- (6) Tenant shall pay any taxes related to Tenant's business, Tenant's equipment, furniture, fixtures or other personal property located in the Premises.
- (d) Deposit. Tenant shall deposit with Landlord a Security Deposit in the amount of \$9,336.50, to be held by Landlord as security for the performance by Tenant of its obligations under this Lease. During the Term and any extensions of this Lease, Landlord may use, apply, retain and commingle (without liability for any interest), all or any part of the Security Deposit to the extent required for the payment of any monetary obligations for which Tenant may be liable or in default hereunder or for any sums that Landlord may expend or any damage Landlord may suffer by reason of Tenant's default with respect to any of the terms of this Lease, including, but not limited to, any deficiency or damage incurred in reletting the Premises. The covenants in this section are personal covenants between Landlord and Tenant and not covenants running with the land. Landlord, Landlord's mortgagee(s), trustee(s) or any purchaser(s) or transferees at a foreclosure sale or a transfer in lieu of foreclosure (collectively "Transferee" or "Transferees"), shall not be liable to Tenant for the return of the Security Deposit, unless such deposit is transferred to such Transferee, in which case, Tenant will look solely to such Transferee for the return thereof. Tenant shall not assign or encumber its interest in the Security Deposit, and neither Landlord nor its successors or assigns shall be bound by any attempted assignment or encumbrance. The Security Deposit shall be repaid to Tenant without interest after the expiration or earlier termination of this Lease or any extension term exercised by Tenant, provided that Tenant has complied with all terms of this Lease. Otherwise, the entire Security Deposit held by Landlord shall be applied by Landlord as provided in this section. Should the amount of the Security Deposit held by Landlord ever fall below that amount set forth in this section, Landlord shall give Tenant notice thereof and Tenant shall immediately deposit with Landlord the funds necessary to bring the Security Deposit to its original amount.

#### **4. Construction.**

- (a) Construction of the Building. Construction of the Building was completed prior to execution of this Lease.
- (b) Construction of Tenant Improvements / Allowance. If requested to do so by Tenant, Landlord, at its sole cost and expense, shall demolish and remove existing tenant improvements from the Premises.

Landlord, at Landlord's sole cost and expense, shall patch walls where applicable, paint suite, clean carpet and repair worn flooring behind the reception desk at Landlord's expense ("Exhibit C") and such work shall be completed no later than December 8, 2019.

#### **5. Use of Premises.**

- (a) The Premises shall be used for general office purposes only, subject to Tenant's compliance with all Applicable Laws and for no other purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Tenant shall not use or occupy the Premises in violation of any present or future Applicable Law or the certificate of occupancy issued for the Premises or

Building. Tenant shall procure, at its sole expense, all permits or licenses required for the transaction of its business at the Premises.

- (b) Tenant shall not permit the Premises or any part thereof to be used in any manner, nor anything to be done therein, brought into, or kept therein, which would in any way: (i) make void or voidable any property/casualty or liability insurance policy then in force with respect to the Building Complex; (ii) make unobtainable at standard rates, from reputable insurance companies authorized to do business in the state where the Premises are located, any property/casualty insurance with extended coverage, or liability, elevator, boiler or other insurance required to be furnished by Landlord under the terms of any lease or mortgage to which this Lease is subordinate; (iii) cause, or in Landlord's reasonable opinion be likely to cause, physical damage to the Building Complex or any part thereof; (iv) constitute a public or private nuisance; (v) impair the appearance, character or reputation of the Building Complex; (vi) discharge objectionable fumes, vapors or odors into the Building air conditioning system or into the Building flues or vents not designed to receive them or otherwise in such manner as may unreasonably offend other occupants of the Building; (vii) impair or interfere with any of the Building services or other areas of the Building Complex, or unreasonably disturb the other tenants or occupants of the Building or the Building Complex; (viii) create waste in, on or around the Premises or the Building Complex; or (ix) make any noise or cause any vibration that may disturb other tenants, except in the course of permitted repairs or alteration at times permitted by Landlord.

#### **6. Compliance with Applicable Laws.**

- (a) **Landlord's Compliance.** Landlord warrants, that on the commencement date of this lease, the Premises (including all tenant improvements installed by Landlord) and the Building will substantially comply with all Applicable Laws. Landlord agrees to secure and deliver to Tenant, prior to occupancy of the Premises, any occupancy permits, required for the lawful occupancy of the Premises. During the term of this lease, Landlord shall comply with all Applicable Laws regarding the Premises, Building, except to the extent Tenant must comply under subsection 6(b) below.
- (b) **Tenant's Compliance.** Tenant shall comply with all Applicable Laws: (i) regarding the physical condition of the Premises, but only to the extent the Applicable Laws pertain to the particular manner in which Tenant uses the Premises; and (ii) that do not relate to the physical condition of the Premises, but relate to the lawful use of the Premises and with which only the occupant can comply, such as laws governing employment of disabled persons and provision of auxiliary aids under the ADA, maximum occupancy, workplace smoking, and illegal business operations, such as gambling.
- (c) **Indemnity.** Landlord agrees to indemnify, defend and hold Tenant harmless from and against any claims, losses or causes of action arising out of Landlord's failure to comply with any Applicable Laws as required by subsection (a), above. Tenant agrees to indemnify, defend and hold Landlord harmless from and against any claims, losses or causes of action arising out of Tenant's failure to comply with any Applicable Laws as required by subsection (b), above.

#### **7. Services and Utilities.**

- (a) Landlord shall provide the following services ("Services") to the Premises and common areas of the Building, if applicable:
  - (1) HVAC during Normal Business Hours (as defined in subparagraph 7(d) below) properly designed to provide comfortable conditions for the intended use and the office layout;
  - (2) passenger elevator services (which may be operatorless, at Landlord's option) to be used in common with others during Normal Business Hours;
  - (3) hot water at standard building temperatures and cold water for drinking, lavatories, kitchenette and toilet purposes, drawn through fixtures installed by