

## SUBLEASE AGREEMENT

This Sublease Agreement (“Sublease”) is made and entered into effective this \_\_\_\_ day of \_\_\_\_\_, 2014 (“Sublease Effective Date”), by and between the Town of Addison, Texas, a Texas home rule municipality (“Sublandlord” or “Addison”), and The Dallas Entrepreneur Center, a \_\_\_\_\_ [*type of entity and state of formation*] (“Subtenant” or “the DEC”) (Sublandlord and Subtenant may sometimes hereinafter be collectively referred to as the “Parties” and individually as a “Party”).

### Basic Lease Provisions

Unless the context clearly indicates a different meaning, the words and phrases set forth below in this Basic Lease Provisions shall have the following meanings when used in this Sublease:

- Sublandlord:** Town of Addison, Texas
- Subtenant:** The Dallas Entrepreneur Center, a \_\_\_\_\_ [*type of entity and state of formation*] \_\_\_\_\_.
- Prime Landlord:** 14671-14683 Midway Road LP, a Texas limited partnership
- Prime Lease:** Office Lease Agreement between Prime Landlord and Sublandlord with an Effective Date of \_\_\_\_\_, 2014, a true and correct copy of which is attached to the Sublease as Exhibit 1.
- Lease Premises:** Approximately 14,800 rentable square feet located at 14681 Midway Road, Suite No. 200 of Building 5 of that development known as Office in the Park (the Office in the Park development, consisting of seven (7) buildings containing approximately 183,446 rentable square feet situated on a tract of land containing approximately 11.2967 acres being referred to in this Sublease as the “Property”).
- Building:** Building 5 of that development known as Office in the Park (the Office in the Park development, consisting of seven (7) buildings containing approximately 183,446 rentable square feet situated on a tract of

land containing approximately 11.2967 acres).

**Property:**

That tract of land on which the Building is situated that contains approximately 11.2967 acres of land, and including the Building and all other improvements on the said tract of land.

**Sublease Premises:**

That portion of the Lease Premises described and depicted on Exhibit 2 attached hereto and incorporated herein by this reference, without any representation by Sublandlord whatsoever as to the actual square feet contained in the Sublease Premises, the Lease Premises, the Building, or the Property, or any portions of any of them.

**Commencement Date:**

The later of (a) the date that Subtenant and Sublandlord shall have signed this Sublease or (b) \_\_\_\_\_, 2014 (but if Subtenant and Sublandlord have not each signed this Sublease by \_\_\_\_\_, 2014, this Sublease shall have no force or effect whatsoever and be null and void).

**Rent Commencement Date:**

The Commencement Date.

**Expiration Date:**

The last day of the Term or, if applicable, the Renewal Term (as "Renewal Term" is defined in Section 3, below) (the Expiration Date being the date upon which the Term (or Renewal Term, if applicable) expires solely as the result of the lapse of time, and is the same day as the expiration date of the Prime Lease (and as the same may be extended by Sublandlord) as the result of the lapse of the term of the Prime Lease).

**Term:**

A period of 60 months commencing on the Commencement Date and ending on the 60<sup>th</sup> full calendar month following the Commencement Date (and such period may be extended for the Renewal Term in accordance with and subject to the

provisions of Section 3, below, and any other applicable provisions of this Sublease), subject however, to the earlier termination of this Sublease.

**Permitted Use:**

General office use for the sole purpose of stimulating job growth and driving the Addison economy and as set forth in Exhibit 3 attached hereto and incorporated herein by this reference and as further described in Section 4(a) of this Sublease. Such use is, however, only as and to the extent permitted by the Prime Lease.

**Broker(s):**

None.

**Recitals:**

A. Addison is a tenant of the Lease Premises pursuant and subject to the Prime Lease.

B. The DEC is is a business support structure focused on stimulating job growth and driving the local economy, and has an office located at 1333 North Stemmons Freeway, Suite 110, Dallas, Texas 75207 ("Dallas Office").

C. Sublandlord desires to sublease the Sublease Premises to Subtenant, and Subtenant desires to sublease the Sublease Premises from Sublandlord, upon the terms and subject to the conditions set forth in this Sublease, and subject to the provisions of the Prime Lease, as the same may be amended from time to time.

**NOW THEREFORE**, for and in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sublandlord and Subtenant agree as follows:

1. Recitals. Subtenant and Sublandlord acknowledge the above Recitals to this Sublease are correct, and the same are incorporated by reference into this Sublease.

2. Sublease Premises, Use. Sublandlord hereby subleases to Subtenant, and Subtenant hereby subleases from Sublandlord, the Sublease Premises. Subtenant may only use the Sublease Premise for the Permitted Use, and for no other use or purpose whatsoever without the prior written consent of Sublandlord. Subtenant shall not leave the Sublease Premises vacant, but shall continuously throughout the term of this Sublease conduct and carry on in the entirety of the Sublease Premises the Permitted Use (including as described in Section 4(a), below) on a regular basis, except during periods in which the Sublease Premises may not be occupied as a result of a fire or other casualty, or during any commercially reasonable period necessary for

making repairs and alterations, all such repairs and alterations to be diligently pursued to completion.

During the Term and except for the Dallas Office location, neither Subtenant nor any of its board members, officers, officials, employees, representatives, or agents, or any affiliate of or related to Subtenant, shall own, establish, operate, manager, or provide consulting or advisory services to, an entrepreneurial or business start-up facility or concept that competes with, may compete with, or is intended to compete with the use and operation of the Sublease Premises by Subtenant pursuant to this Sublease and that is located within 15 miles of the Sublease Premises, without the prior written consent of Sublandlord.

3. Term. This Sublease shall commence on the Commencement Date and continue for the Term, subject, however, to the earlier termination of this Sublease.

If Sublandlord is entitled to and does exercise its option to renew the Prime Lease for the Renewal Term (as defined in Exhibit E to the Prime Lease and so called herein), then in that instance the Term of this Sublease may be extended at Subtenant's option (referred to herein as the "Sublease Option") for the same period of time for which Sublandlord has extended the term of the Prime Lease, subject to and in accordance with the following and provided the Sublease Option Condition (defined herein) is satisfied at the time Subtenant exercises the Sublease Option:

(a) If and when Sublandlord exercises its option to renew the Prime Lease for the Renewal Term, Sublandlord shall promptly give Subtenant written notice of that exercise (the "Sublandlord Option Notice"). Upon giving the Sublandlord Option Notice to Subtenant, Subtenant may exercise the Sublease Option by giving Sublandlord written notice of such exercise (the "Subtenant Option Exercise Notice") no later than fifteen (15) days after Subtenant receives the Sublandlord Option Notice (the "Sublease Option Date").

(b) Should Subtenant fail to timely and validly exercise the Sublease Option by giving Sublandlord the Subtenant Option Exercise Notice by the Sublease Option Date, or if the Sublease Option Condition is not satisfied so as to entitle Subtenant to exercise the Sublease Option, then the Sublease Option shall be null and void and of no further force or effect. The term "Sublease Option Condition" means that, as of the time of Subtenant's purported exercise of the Sublease Option, Subtenant is not then in breach of this Sublease and Subtenant has never, at any time, been in default of any provision of this Sublease beyond any applicable cure period.

4. Rent.

(a) In using the Sublease Premises for the Permitted Use, Subtenant shall regularly market and promote the Sublease Premises to entrepreneurial business start-ups ("Business Start-Ups") to locate and operate their businesses within the Sublease Premises. For purposes hereof, "Business Start-Ups" mean businesses that are newly formed and in the early stages of development and operation.

The use of the Sublease Premises for such Business Start-Ups is the essential purpose of this Sublease, and promotes economic development and stimulates business and commercial activity in Addison. In using the Sublease Premises for the Permitted Use, Subtenant shall, at a minimum, conduct the same type and level of operations and functions at the Sublease Premises as it conducts, on the Sublease Effective Date, at its offices located at 1333 North Stemmons Freeway, Dallas, Texas 75207. Those operations and functions are generally outlined and described at the Subtenant's Internet website at [www.thedec.co](http://www.thedec.co) and in Exhibit \_\_\_\_ attached to this Sublease and incorporated herein.

In facilitating Business Start-Ups, Subtenant will require those Business Start-Ups that locate within or use the Sublease Premises to pay a fee, the amount of which is based upon the extent of use by the Business Start-Up of the services to be provided to the Business Start-Up by Subtenant ("Business Start-Up Fee"). As of the Effective Date, the opportunity offered by Subtenant to a Business Start-Up is referred to by Subtenant as a "membership," and there are three levels of membership (see Exhibit \_\_\_\_) and a corresponding Business Start-Up Fee applicable to the membership level. During the Term, Subtenant shall pay to Sublandlord an amount equal to ten percent (10%) of all Business Start-Up Fees received and/or collected by or on behalf of Subtenant (such amount being referred to herein as "Base Rent") in accordance with the following:

- (i) Each month during the Term Subtenant shall pay to Sublandlord Base Rent calculated and based upon Business Start-Up Fees received and/or collected by or on behalf of Sublandlord for the immediately prior month (or partial month, if applicable). Such payment shall be made on or before the 10<sup>th</sup> day of each month, with the first payment of Base Rent being due and payable on or before the 10<sup>th</sup> day of the month next following the month in which the Commencement Date occurs. Base Rent shall be payable without notice or demand and without set-off, deduction, or abatement.
- (ii) Simultaneously with the payment of Base Rent, Subtenant shall provide to Sublandlord a written statement that includes: (A) the name of each Business Start-Up, (B) the amount of the Business Start-Up Fee paid by each Business Start-Up for the immediately prior month, (C) the total amount of Business Start-Up Fees received and/or collected by or for Subtenant during the immediately prior month, (D) the amount of Base Rent being paid for the then applicable month, and (E) the total (cumulative) amount of Business Start-Up Fees collected by Subtenant and the total (cumulative) amount of Base Rent paid during the then applicable calendar year.

The remaining ninety percent (90%) of Business Start-Up Fees shall be used by Subtenant solely for the following purposes without the prior written consent of Sublandlord: (1) facilitating payment for the individual described in subsection (b) of this Section, (2) providing furniture and technology (e.g., computers, etc.) necessary so that the Sublease Premises can be used for the purposes intended by this Sublease, (3) hosting events directly related to the purposes of this Sublease, (4) providing coffee, snacks and other amenities to the persons (members) that use the Sublease Premises for the purpose set forth herein. Within 30 days after the end of each calendar year while this Agreement is in effect and more often as requested by

Sublandlord (and within 30 days after the termination or expiration of this Sublease), Subtenant will give to Sublandlord a written statement that details the of the remaining 90% of Business Start-Up Fees that is in form and content acceptable to Sublandlord.

Business Start-Up Fees shall be at or about the highest amounts charged by Subtenant at its Dallas Office location and at any other entrepreneurial or business start-up locations owned, managed, or operated by Subtenant or any person or affiliate related to Subtenant. From time to time as requested by Sublandlord, Subtenant shall provide to Sublandlord a list of all such locations and all amounts charged at such locations. Sublandlord may from time to time review the Business Start-Up Fees and provide comments to Subtenant regarding them, and Subtenant shall give reasonable consideration to such comments.

Upon Subtenant's approval of any Business Start-Up to operate from or to use the Sublease Premises or any portion thereof, Subtenant will provide to Sublandlord a copy of any agreement between Subtenant and the Business Start-Up and any other documentation or materials pertaining to such operation or use by the Business Start-Up. Subtenant shall be responsible to monitor the conduct and activities of all Business Start-Ups and their owners, employees, representatives, and agents, and to ensure that their conduct and activities are in accordance with and do not violate this Sublease or the Prime Lease. All activities, operations and use of the Sublease Premises by any Business Start-Up shall be subject to the provisions

The Sublease Premises shall not be used for, and no Business Start-Up shall promote, sell, encourage, lease, license, operate, or manage, directly or indirectly, anything or any activity that relates or has to do with a violation of law; libelous, defamatory, obscene, pornographic, abusive or otherwise offensive content; gambling; prostitution; any act involving moral turpitude; lottery tickets or other public gaming tickets; unsolicited mass distribution of e-mail; multi-level marketing; hate materials; or hacking/suveillance/interception/descrambling equipment. If Sublandlord, in its sole and absolute discretion determines that this provision is being violated, Sublandlord shall notify Subtenant of the same and Subtenant shall immediately cause the violation to be stopped, failing which Subtenant may take such action as Sublandlord deems necessary or appropriate in order to cause the violation to be stopped and/or may terminate this Sublease without notice or opportunity to cure by Subtenant.

(b) Subtenant shall provide an individual to manage and oversee the use of the Sublease Premises on business days between the hours of 8:00 a.m. and 5:00 p.m. Subtenant shall be responsible for payment of all compensation and benefits to such person. Subtenant shall provide the name and contact information for such person to Sublandlord to enable Sublandlord to be able to get into contact with such person at all times. For purposes of this Sublease, "business day" means Monday through Friday, exclusive of holidays; and "holidays" means New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Friday immediately following Thanksgiving Day, Christmas Eve, and Christmas Day.

(c) As part of Subtenant's ongoing relationship with Business Start-Ups, Subtenant will encourage Business Start-Ups to locate their business on a more permanent basis in Addison.

(d) Late Fees and Returned Check Charges. In addition to any other remedy set forth in this Sublease, at law, in equity, or otherwise, if payment of Rent is not made by the fifth day following the date on which such amount is due and payable, Subtenant shall pay to Sublandlord a late charge equal to the greater of (i) \$250.00, or (ii) 8% of such overdue payment. In the event any check of Subtenant is returned to Sublandlord for non-payment, Sublandlord shall assess an administrative charge in the amount of \$50.00 on each check so returned. Subtenant shall pay all late fees or returned check administrative charges on the first day of the month following the month in which such fee or charge was incurred. Such fees and charges shall be deemed additional Rent (hereafter defined).

(e) Rent Defined. Base Rent and all other monies payable by Subtenant to Sublandlord under this Sublease are collectively referred to herein as "Rent." Sublandlord shall have the same rights and remedies for non-payment of any Rent. The obligation to pay Rent is an independent, unconditional covenant.

5. Common Area. Subject to all of the provisions of the Prime Lease and this Sublease, Subtenant and its employees, agents, invitees, and customers shall have the non-exclusive right to the use of the Common Area (as it exists and is intended for such purposes, from time to time) to the same extent as Sublandlord. The term "Common Area" has the meaning set forth in Paragraph 7 (Common Area) of the Prime Lease or as may be otherwise described in the Prime Lease. Subtenant's use of the Common Area is in all things subject to and shall be in compliance with the terms and provisions of the Prime Lease applicable to the use of the Common Area by Sublandlord (as the Tenant under the Prime Lease).

6. Prime Lease.

(a) Sublease Subordinate to Prime Lease; Terms; Subject to Law. This Sublease is subject and subordinate to the Prime Lease and to all other matters and interests to which the Prime Lease is or shall be subordinate. Notwithstanding any other provision of this Sublease, the Term of this Sublease shall not extend beyond the term of the Prime Lease, and upon the expiration or termination of the Prime Lease this Sublease shall automatically terminate.

Subtenant represents and warrants that it has read and is familiar with the terms of the Prime Lease and agrees that no provisions of this Sublease shall be deemed to grant Subtenant any rights greater than those accorded to Sublandlord as Tenant under the Prime Lease. The terms, covenants, and conditions set forth in the Prime Lease are incorporated herein by reference, except to the extent they are inapplicable, modified by or inconsistent with the provisions of this Sublease. Nothing contained in this Sublease shall be construed to create privity of estate or contract between Subtenant and Prime Landlord.

Capitalized terms not otherwise defined in this Sublease shall have the meanings ascribed to such terms in the Prime Lease. This Sublease is subject to all Applicable Laws (as defined in Section 17(d), below).

(b) Description of Parties' Obligations. It is not practical in this Sublease to enumerate and to allocate specifically all of the rights and obligations of the parties under the

Prime Lease. Accordingly, in order to afford Subtenant the benefits of this Sublease and those provisions of the Prime Lease which, by their nature, are intended to benefit the party in possession of the Sublease Premises, and in order to protect Sublandlord against a default by Subtenant which might, in turn, cause a default by Sublandlord under the Prime Lease, the Parties agree to the general allocation of rights, duties, obligations and responsibilities set forth in this Section 6.

(c) Subtenant agrees that it will not, by its act or omission to act, cause default under the Prime Lease. Further, notwithstanding any provision in this Sublease or the Prime Lease to the contrary, Subtenant shall have no right, power or authority, without the prior written approval of Sublandlord, to materially adversely affect Sublandlord's interests, rights or remedies under, the Prime Lease. Except as otherwise expressly provided herein, (1) Subtenant shall perform all affirmative covenants and shall refrain from performing any act which is prohibited by the Prime Lease where the obligation to perform or refrain from performing is by its nature imposed upon the party in possession of the Sublease Premises (*e.g.*, use, maintenance and repair of the Sublease Premises), (2) if applicable, Subtenant shall perform affirmative covenants which are also covenants of Sublandlord under the Prime Lease prior to the date when Sublandlord's performance is required under the Prime Lease, and (3) if Subtenant fails to fulfill its obligations under this Section 6(c) or as otherwise set forth in this Sublease, Sublandlord shall have the right to cure, at Subtenant's sole expense (such expenses of any nature or kind whatsoever being payable to Sublandlord immediately upon demand) any such failure by Subtenant.

(d) Rights to Prime Landlord's Obligations. Subtenant has the right to receive all of the services and benefits with respect to the Sublease Premises which are to be provided by Prime Landlord under the Prime Lease. Notwithstanding the foregoing, Subtenant hereby acknowledges and agrees that: (1) no representation or warranty made by Prime Landlord in the Prime Lease shall be deemed to be a representation or warranty made by Sublandlord to Subtenant hereunder; (2) Sublandlord shall have no duty to perform any obligations of Prime Landlord which are by their nature the obligation of an owner or manager of real property and Subtenant shall look solely to Prime Landlord for the performance thereof, including, without limitation, the provision of services, maintenance, repairs, and compliance with legal requirements; (3) Sublandlord shall have no responsibility for or be liable to Subtenant for any default, failure or delay on the part of Prime Landlord in the performance by Prime Landlord of any of its obligations under the Prime Lease, nor shall such default, failure or delay by Prime Landlord affect this Sublease or waive or defer the performance of any of Subtenant's obligations hereunder; and (4) notwithstanding the foregoing provisions of subsection (3), provided that Subtenant pays all costs and expenses of Sublandlord allocable to Sublandlord under the Prime Lease, and indemnifies and holds Sublandlord harmless in connection therewith, Sublandlord shall, upon written notice from Subtenant, reasonably cooperate with Subtenant in obtaining Prime Landlord's performance of its obligations under the Prime Lease.

(e) Additional Prime Landlord Services. If Subtenant requires additional services of Sublandlord and Prime Landlord is obligated in the Prime Lease to furnish those services to Sublandlord, then Subtenant shall pay to Sublandlord all of Prime Landlord's charges for such services within five days after Subtenant's receipt of an invoice therefor. If a charge for such



additional services is attributable to the use of such services both by Sublandlord and Subtenant, the cost thereof shall be equitably divided between Sublandlord and Subtenant.

(f) Exclusions of Certain Provisions of Prime Lease; Signage. Notwithstanding any provision herein to the contrary, Subtenant shall not have any rights or obligations under the following provisions of the Prime Lease: (i) renewal rights, (ii) option rights, (iii) right of first refusal rights, (iv) early termination rights, and (v) signs and signage.

(g) No Assignment, Subletting or Other Transfer by Subtenant; Transfer by Sublandlord. Notwithstanding any provision in this Sublease or the Prime Lease to the contrary, Subtenant shall have no right, power or authority to sell, assign, mortgage, hypothecate, encumber, transfer or otherwise convey any interest of Prime Landlord or Sublandlord in the Prime Lease, to assign, sell, mortgage, hypothecate, encumber, transfer or otherwise convey Subtenant's interest or any portion thereof in this Sublease, or to sublet the Sublease Premises, in whole or in part, by operation of law or otherwise without the prior written consent of Sublandlord. Further, Subtenant shall not permit the Sublease Premises, the Premises, the Building, or the Property to become subject to any mechanics', laborers' or materialman's liens on account of labor or material furnished or claimed to have been furnished to Subtenant for work performed or claimed to have been performed on the Sublease Premises. Sublandlord may, however, assign or otherwise convey or transfer its interest under the Prime Lease as permitted by the terms and conditions thereof, and upon such assignment, conveyance, or transfer, Sublandlord shall be released from all of its covenants and obligations hereunder.

A transfer of the controlling stock (if applicable) or ownership interest in Subtenant or a change in the entity structure of Subtenant shall be deemed an assignment of this Sublease, requiring the prior written consent of Sublandlord. Subtenant shall give to Sublandlord, as may be requested by Sublandlord from time to time, the names of all individuals or entities that have or had an ownership interest in Subtenant and their respective percentage of ownership. Subtenant shall reimburse Sublandlord for all costs, including without limitation attorney's fees, incurred by Sublandlord in connection with the review, approval, and preparation of documentation related to any requested assignment, sublease, or transfer by Subtenant.

(h) Shortened Time Limits. Time is of the essence of this Sublease. Except as otherwise expressly set forth herein or in the event of an emergency, the time limits contained in the Prime Lease for the giving of notices, making payments or demands or performing of any act, condition or covenant by Sublandlord are hereby changed for the purposes of this Sublease by shortening the same in each instance by three (3) days so that Subtenant shall have a lesser time to perform hereunder than Sublandlord has under the Prime Lease.

(i) Rights Afforded to Sublandlord. Sublandlord shall be entitled to the same access to the Sublease Premises as Prime Landlord has to the Premises pursuant to the Prime Lease and to all other rights and remedies which Prime Landlord has under the Prime Lease with respect to Sublandlord. Accordingly, Subtenant shall not change the locks to the Sublease Premises unless it provides Sublandlord with two (2) sets of copies thereof. Further, wherever the Prime Lease requires the consent of Prime Landlord, the consent of Sublandlord shall also be required.

7. Prime Landlord's Consent to Sublease. This Sublease and the obligations of the Parties may be expressly conditioned upon Prime Landlord's consent hereto in accordance with the Prime Lease. Subtenant agrees to furnish to Sublandlord such information as may be reasonably necessary to obtain such consent, and to enter into such agreements among Prime Landlord, Sublandlord and Subtenant as Prime Landlord may reasonably require. Any delay in Prime Landlord's furnishing such consent shall not postpone or extend the Expiration Date.

8. Default and Remedies.

(a) Subtenant shall be in default of this Sublease if: (1) Subtenant fails to timely pay when due any amounts required to be paid by Subtenant hereunder and such failure continues uncured for a period of seven (7) days after written notice thereof to Subtenant; (2) Subtenant fails to perform or comply with any other covenant or obligation of this Sublease or the Prime Lease required to be performed by Subtenant or with which Subtenant must comply, and such failure continues uncured for a period of 10 days after written notice thereof to Subtenant; (3) Subtenant is declared insolvent by law, an assignment of Subtenant's property is made for the benefit of creditors, a receiver is appointed for Subtenant or Subtenant's property, or an involuntary petition is filed against Subtenant in bankruptcy which is not dismissed within 30 days of filing; or (4) Subtenant vacates the Sublease Premises for more than 10 consecutive days, not caused by casualty, construction, reconstruction, repair or maintenance.

(b) Prime Landlord Claims. If Prime Landlord shall claim or otherwise allege in writing that a use of, action or inaction involving, or other circumstances concerning, the Sublease Premises is in violation of any provision of the Prime Lease or may become a default under the Prime Lease, then Subtenant shall, promptly after written notice from Sublandlord or Prime Landlord, cease such use or action, or take such action or cause such circumstances to be changed so that the basis or alleged basis for such claim or allegation shall no longer exist.

(c) Sublandlord Remedies. Upon the occurrence of a default by Subtenant under this Sublease, and in addition to all of the rights and remedies available to Sublandlord pursuant to law, in equity or otherwise: (1) Sublandlord shall have the same rights and remedies with respect to such default by Subtenant as Prime Landlord has with respect to a breach or default (an "Event of Default" under the Prime Lease) of the Prime Lease by Sublandlord; (2) Sublandlord shall have the right to terminate this Sublease and to re-enter and repossess the Sublease Premises without prejudice to any remedies for damages, including, without limitation, recovery of accrued unpaid Rent; and (3) Sublandlord may terminate Subtenant's right to possession of the Sublease Premises without terminating this Sublease or releasing Subtenant from any of its obligations hereunder, including, without limitation, the obligation to pay Rent, whereupon the right of Subtenant to possession of the Sublease Premises shall cease. In the event Sublandlord terminates Subtenant's right to possession pursuant to subsection (3), Sublandlord shall have the right to later terminate the Sublease and / or relet the Sublease Premises, and, at Subtenant's cost and expense, change the locks and other entry devices of the Sublease Premises, make repairs, alterations and additions in or to the Sublease Premises, and redecorate the same to the extent deemed necessary by Sublandlord. Subtenant shall pay such costs and expenses on demand, including without limitation brokerage and attorney's fees incurred by Sublandlord. The rights and remedies afforded to Sublandlord pursuant to the Prime Lease and this Sublease, at law or in

equity or otherwise, are cumulative, and may be pursued successively or concurrently as Sublandlord may elect. Further, the failure of Sublandlord to insist upon the strict performance of any provision of this Sublease or the Prime Lease, or to exercise any right or remedy hereunder or available at law or in equity or otherwise, shall under no circumstances be construed as a waiver or relinquishment of any provision, right or remedy.

9. As-Is; Subtenant Improvements.

(a) Condition of Sublease Premises. (i) Subtenant acknowledges that it has inspected the Sublease Premises and all the equipment, apparatus, plumbing, heating, air conditioning, electric, water, waste disposal and other systems relating thereto and the parking lot and the other Common Area of the Property, engaged such professionals and inspectors as Subtenant deems prudent with respect to the same, and reviewed and approved the reports prepared by such professionals and inspectors. Consequently, Subtenant accepts the Sublease Premises and all the equipment, apparatus, plumbing, heating, air conditioning, electric, water, waste disposal and other systems relating thereto and the parking lot and the other Common Area of the Property in their “**AS IS, WITH ALL FAULTS**” condition existing as of the Sublease Effective Date, but subject to Sublandlord’s provision of the Sublandlord Improvements as defined in subsection 9(a)(ii), below. Except to the extent set forth in subsection 9(a)(ii), below, Sublandlord shall have no obligation to perform any alterations, work or repairs (including, without limitation, any electrical work or other work necessary to make the Sublease Premises comply with any Applicable Laws (hereafter defined)) or pay any sums to Subtenant or any other party in order to prepare the Sublease Premises for Subtenant’s occupancy thereof. Subtenant acknowledges that no representations with respect to the condition of the Sublease Premises, or with respect to the condition of any fixtures, equipment, furnishings, installations, or systems therein contained or otherwise connected thereto, have been made to Subtenant by Sublandlord or any other party. Further, Subtenant accepts and approves the manner in which Prime Landlord has maintained and repaired the Sublease Premises and Common Area of the Property as of the Sublease Effective Date.

(ii) Using a contractor or contractors selected by Sublandlord, in its sole discretion, Sublandlord will at its cost (but Sublandlord may receive from Prime Landlord an allowance to reimburse such cost) provide a “finish out” of the Sublease Premises, consisting of painting and cabling (the “Sublandlord Improvements”). It is anticipated that the Sublandlord Improvements will be described in a plan or plans prepared by a design professional selected by Sublandlord in its sole discretion, and such plan or plans, if any, will constitute the maximum extent of the Sublandlord Improvements.

In the event that Subtenant shall be entitled to possession of the Sublease Premises during any period in which Sublandlord is constructing the Sublandlord Improvements pursuant to this subsection, Subtenant shall not interfere with Sublandlord’s completion of the Sublandlord Improvements.

Notwithstanding anything contained herein to the contrary, in the event that Sublandlord does not substantially complete the Sublandlord Improvements on or before the Commencement Date, the Commencement Date shall be extended by the number of days following the

Commencement Date until the date of substantial completion of the Sublandlord Improvements. For purposes hereof, the Sublandlord Improvements shall be deemed to be substantially completed upon the issuance by the Town of Addison of a certificate of occupancy for the Sublease Premises (whether a temporary certificate of occupancy or a permanent certificate of occupancy).

By opening for business in the Sublease Premises, Tenant shall be deemed to have: (a) accepted the Sublease Premises in their “**AS IS, WITH ALL FAULTS**” condition existing as of the Commencement Date, and (b) agreed that the obligations of Landlord to provide the Sublandlord Improvements have been fully performed.

Except for the Sublandlord Improvements, Sublandlord not be obligated to complete or otherwise provide any other work for or to the Sublease Premises.

(b) Improvements. Except for the Sublandlord Improvements, Subtenant acknowledges that Subtenant shall be solely liable for constructing improvements to the Sublease Premises. Except for the Sublandlord Improvements, Sublandlord is not obligated to make any improvements to the Sublease Premises. Prior to commencing the construction of any work or alterations in the Sublease Premises, if any, Subtenant will deliver to Sublandlord full, complete working drawings and specifications for the improvements and alterations Subtenant desires to construct in the Sublease Premises, as well as the names, addresses, and qualifications of all prospective architects, engineers, and licensed, insured and bonded contractors which Subtenant intends to use for performance of the Sublease Premises improvements (collectively, the “TI Materials”). All such construction, including such drawings and specifications, design professionals, and contractors, are subject to Prime Landlord’s prior written approval in accordance with Prime Landlord’s requirements as may be included in the Prime Lease or otherwise, and further subject to Sublandlord’s prior written approval. Sublandlord has no control over the approval process and Prime Landlord’s decision to approve the TI Materials, Plans and Specifications, Subtenant Improvements, and the Contractor(s) is solely at its discretion; further, Sublandlord’s decision to approve the TI Materials, Plans and Specifications, Subtenant Improvements, and the Contractor(s) shall be solely at Sublandlord’s discretion. For purposes of this Sublease, the approved (by Prime Landlord and by Sublandlord) working drawings and specifications are referred to as the “Plans and Specifications,” the improvements shown thereon are referred to as the “Subtenant Improvements,” and the approved (by Prime Landlord and by Sublandlord) general contractor is referred to as the “Contractor.”

Before commencing any Subtenant Improvements, Subtenant will deliver to Sublandlord certificates evidencing proof of insurance of the type required below, as well as copies of all necessary permits and licenses and anything else required by Sublandlord. Throughout the performance and construction of the Subtenant Improvements, Subtenant shall maintain in full force and effect builder's “all risk” insurance and general liability insurance in amounts, types, and with carriers reasonably acceptable to Prime Landlord and to Sublandlord, as well as workers' compensation coverage as required by law. Such insurance policies shall name Prime Landlord, Sublandlord and such additional parties as Prime Landlord and Sublandlord may reasonably request, provided such beneficiary designation is allowed under the Prime Lease, as additional insureds.

In all events, Subtenant shall cause the Subtenant Improvements to be constructed (a) promptly by the approved Contractor, (b) in a good and workmanlike manner, (c) in compliance with all Applicable Laws (hereafter defined), permits, licenses and insurance requirements, (d) in full compliance with all of the reasonable rules and regulations applicable to third party contractors and suppliers performing work at the Property, (e) in compliance with any security requirements of Sublandlord or Prime Landlord, (f) subject to the approval of Sublandlord and Prime Landlord, (g) in compliance with the Prime Lease and in exact conformance with the Plans and Specifications, and (h) entirely at Subtenant's sole cost and expense. Sublandlord and Prime Landlord may, but are not required to, oversee and/or inspect the construction of the Subtenant Improvements. Immediately after completing the Subtenant Improvements, Subtenant shall furnish Sublandlord and Prime Landlord with a certificate of occupancy, Contractor affidavits as required by Applicable Laws (hereafter defined) and Sublandlord, full and final lien waivers (sufficient under Texas law to extinguish all lien rights), and receipted bills covering all labor and materials expended and used in connection with the Subtenant Improvements. **Subtenant hereby releases and will indemnify, protect, defend (with counsel reasonably acceptable to Sublandlord), and hold harmless Sublandlord, Prime Landlord, and their respective agents and employees from and against any and all claims, damages, causes of action, liabilities, or expenses in any manner relating to or arising out of any work performed, materials furnished, or obligations incurred by or for Subtenant or any person or entity claiming by, through, or under Subtenant, in connection with all Subtenant Improvements.**

Notwithstanding Prime Landlord's or Sublandlord's approval or acceptance of any TI Materials, Plans and Specifications, Contractor(s), or Subtenant Improvements, such approval or acceptance shall not constitute nor be deemed a release of the responsibility and liability of Subtenant, its owners, officers, employees, professional consultants, contractors, representatives, and agents for the accuracy and competency of the same and the services provided or the work performed, nor shall such approval or acceptance be deemed to be an assumption of or an indemnification for such responsibility or liability by Prime Landlord or by Sublandlord for any defect, error or omission in the same, it being understood that Sublandlord shall be and remain at all times fully responsible and liable for the same.

In connection with Subtenant's Improvements to the Sublease Premises, at the Expiration Date or upon the earlier termination of this Sublease, Sublandlord may require that Subtenant remove any or all of such Subtenant's Improvements and restore the Sublease Premises to the condition existing prior to the making of the same. The provisions of this paragraph shall survive the expiration or termination of this Sublease.

10. **Parking.** Throughout the Term and subject to the Prime Lease and except as set forth in this Section 10, Subtenant has, in its use and occupancy of the Sublease Premises, the right to the use of parking and parking spaces at the Building in the same manner and subject to the same terms and conditions as the Sublandlord (as Tenant under the Prime Lease) has under the Prime Lease. Subtenant shall have no right to covered parking spaces except as may be first approved in writing by Sublandlord.

11. Repairs; Janitorial Services.

(a) Repairs and Maintenance. Subtenant shall, at its sole expense, make all needed non-structural repairs and replacements, and perform all needed maintenance to the Sublease Premises, in accordance with the Prime Lease (including, without limitation, Section 11.(b) of the Prime Lease) in the same manner and to the same extent as if Subtenant was the Tenant under the Prime Lease. Subtenant shall, in addition, comply with all provisions of the Prime Lease applicable to the Tenant regarding the maintenance, repair and replacement of or to the Sublease Premises.

(b) Janitorial Services. Janitorial services to the Sublease Premises are subject to the provisions of the Prime Lease.

12. Insurance.

(a) At all times in connection with this Sublease, Subtenant shall maintain the insurance coverages described herein with financially responsible insurance companies holding a Best Rating of not less than A-VIII and authorized to do business in the State of Texas. Such insurance coverages shall minimally include: (i) a commercial general liability insurance policy with respect to the Sublease Premises and its appurtenances with a limit of not less than \$1,000,000.00 per occurrence / \$2,000,000.00 general aggregate / \$2,000,000.00 completed operations aggregate (and coverage for products/completed operations must be maintained for at least two (2) years after construction work has been completed), and including contractual liability covering, but not limited to, the liability assumed under the indemnification provisions of this Sublease; such coverage must be amended to provide for an each-project aggregate limit of insurance; (ii) workers compensation insurance at statutory limits, including Employers Liability coverage a minimum limits of \$500,000 each-occurrence each accident/\$500,000 by disease each-occurrence/\$500,000 by disease aggregate; (iii) a commercial umbrella liability insurance policy with a limit of not less than \$3,000,000.00; (iv) a "Causes of loss-special form" policy, or its equivalent (f/k/a all risk property insurance policy), insuring all merchandise, leasehold improvements, furniture, fixtures and other personal property, all at their replacement cost; and (iv) if Subtenant serves or permits alcohol in the Sublease Premises pursuant to the terms of this Sublease, an alcohol liability insurance policy (dram shop rider or comparable insurance) or equivalent coverage under Subtenant's general liability policy, with a limit of not less than \$3,000,000.00.

With reference to the foregoing insurance, Subtenant shall specifically endorse applicable insurance policies as follows: (1) Prime Landlord, Sublandlord, Prime Landlord and Sublandlord's managing agents, if any, shall be named as an additional insureds with respect to all such policies; (2) all liability policies shall contain no cross liability exclusions or insured versus insured restrictions applicable to the claims of the Sublandlord or Prime Landlord; (3) a waiver of subrogation in favor of Sublandlord and Prime Landlord shall be contained in the Workers Compensation and all liability policies; (4) all insurance policies shall be endorsed to the effect that Sublandlord will receive at least thirty (30) days' notice prior to cancellation or non-renewal of the insurance; (5) all insurance policies, which name Sublandlord and Prime Landlord as an additional insured, must be endorsed to read as primary coverage regardless of

the application of other insurance; (6) required limits may be satisfied by any combination of primary and umbrella liability insurances; (7) Subtenant may maintain reasonable and customary deductibles (but in any event not exceeding \$10,000.00), subject to approval by Sublandlord; and (8) insurance must be purchased from insurers that are financially acceptable to Sublandlord.

All insurance policies required of Subtenant shall have premiums pre-paid and terms of not less than one year.

All insurance must be written on forms filed with and approved by the Texas Department of Insurance. Certificates of Insurance, satisfactory to Sublandlord, shall be prepared and executed by the insurance company or its authorized agent, delivered to Sublandlord simultaneously with the execution of this Sublease (and updated as needed), and shall contain provisions representing and warranting the following: (1) list each insurance coverage described and required herein, and such certificates will also include a copy of the endorsements necessary to meet the requirements and instructions contained herein; and (2) shall specifically set forth the notice-of-cancellation or termination provisions to the Town of Addison.

Upon request, Subtenant shall furnish Sublandlord with complete copies of all insurance policies certified to be true and correct by the insurance carrier. Sublandlord reserves the right to review the insurance requirements contained herein and to adjust coverages and limits when deemed necessary and prudent by Sublandlord.

(b) Each Party hereby waives and releases all claims and losses for liability and damages that may arise in its favor against the other Party or the other Party's employees, agents, customers and invitees arising out of any loss, damage, or injury to the waiving Party's property occurring in, on, about, or to the Premises, or the Building, the Common Area or personal property within the Building to the extent that the waiving Party either is (a) compensated by insurance, or (b) covered by insurance (or would have been covered had such Party satisfied the insurance provisions of this Lease). The waivers and releases in this subsection (b) will apply regardless of cause, including the negligence of either Party or their respective employees, agents, customers and invitees. Each Party agrees that such insurance carried by either of them shall contain a clause whereby the insurer waives its right of subrogation against the other Party, provided such insurance is available. Because the provisions of this subsection (b) are intended to preclude the assignment of any claim mentioned herein by way of subrogation or otherwise to an insurer or any other person, each Party shall give to each insurance company which has issued to it one or more policies of fire and extended coverage insurance notice of the provisions of this subsection (b) and have such insurance policies properly endorsed, if necessary, to prevent the invalidation of such insurance by reason of the provisions of this subsection (b).

13. Damage, Destruction or Condemnation of the Sublease Premises. In the event of damage or destruction of the Sublease Premises or the taking of all or any part thereof under the power of eminent domain, this Sublease shall terminate only if the Prime Lease is terminated as a result thereof. In the event of any such occurrence, Rent payable hereunder shall abate only as long as and to the extent the rent due from Sublandlord to Prime Landlord under the Prime Lease with respect to the Sublease Premises abates as a result thereof. Subtenant shall possess no claim against Sublandlord or Prime Landlord arising out of or related to any such damage or taking, or

for any portion of the amount that may be awarded as a result. In no event shall Sublandlord or Prime Landlord be liable to Subtenant for any damages related to (a) business interruption or diminution in use of the Sublease Premises, or (b) the value of any unexpired portion of the Term.

14. Risk of Loss. All personal property, including without limitation the personalty of Subtenant and its employees, agents, contractors, or invitees placed in or about the Sublease Premises, or elsewhere on or about the Premises, shall be kept and stored at Subtenant's sole risk. **Subtenant holds Sublandlord harmless from** all claims arising out of damage to, or loss of, the same, resulting from, but not limited to (i) any act (including without limitation, theft) or omission, (ii) roof leaks, (iii) burst, ruptured, leaking, or overflowing pipes, heating or plumbing fixtures, (iv) fire or other casualty, (v) malfunction of electrical wires or fixtures, or (vi) failure of HVAC systems. Sublandlord shall not be liable for any interruption of or loss to Subtenant's business arising from any of the above-described occurrences, or any indirect or consequential damages sustained by Subtenant arising out of the loss of or damage to any such property.

15. Representations And Warranties Of Sublandlord. In connection with this Sublease, Sublandlord represents to Subtenant as follows:

(a) The execution and delivery of this Sublease by Sublandlord has been duly authorized by Sublandlord.

(b) To its actual knowledge, Sublandlord is not in default under the Prime Lease.

16. Representations And Warranties Of Subtenant. In connection with this Sublease, Subtenant represents and warrants to Sublandlord as follows:

(a) Subtenant has been afforded the opportunity to undertake a full and complete investigation, examination, and inspection of the Sublease Premises. Subtenant has determined the Sublease Premises are suitable for Subtenant's intended use, and Subtenant shall bear full responsibility and liability for compliance with Applicable Law (hereafter defined) and any special requirements in connection with Subtenant's use of the Sublease Premises.

(b) Subtenant is a [type of entity, state of formation], duly created and established, validly existing, and in good standing, and has all requisite corporate power and authority to enter into this Sublease, and the same shall be true and correct at all times. The execution and delivery of this Sublease and the consummation of the transactions contemplated by this Sublease are duly authorized by all necessary actions of Subtenant, and upon execution by Subtenant, shall evidence an enforceable obligation of Subtenant.

17. Covenants of Subtenant.

(a) Inurement of Certain Prime Lease Provisions. Except as modified by this Sublease, all rights, obligations, and duties of Sublandlord under the Prime Lease that apply, or by their nature are intended to apply, to the Party in possession of the Sublease Premises shall inure to Subtenant. Except as modified by this Sublease, Subtenant shall assume and perform all



of the duties, covenants, agreements, and obligations of Sublandlord, in its capacity as Tenant under the Prime Lease, as and when required by the Prime Lease, as applicable to the Sublease Premises.

(b) Obligations of Prime Landlord. Subtenant shall look solely to Prime Landlord for the performance of Prime Landlord's obligations under the Prime Lease. Subtenant shall possess no claim against Sublandlord by reason of any default upon the part of the Prime Landlord.

(c) Compliance with Laws. Throughout the Term and at the sole expense of Subtenant, Subtenant shall comply with all current and future laws, constitutional provisions, charters, statutes (including, without limitation, *The Americans With Disabilities Act of 1990* (42 U.S.C., Section 1201, *et seq.*), ordinances, codes, orders, rules, regulations, and requirements of all federal, state and municipal governments, any instrumentality thereof, judicial interpretations thereof, private restrictions recorded in the Official Public Records of Dallas County, Texas, Prime Landlord's and Sublandlord's guidelines, rules and regulations applicable to the Lease Premises, the Building, and/or the Property, and the regulations of the board of fire underwriters having jurisdiction over the Sublease Premises (collectively, "Applicable Laws").

#### 18. SUBTENANT'S INDEMNITY OBLIGATION.

(a) Subtenant agrees to and shall **DEFEND, INDEMNIFY AND HOLD HARMLESS** (i) the Town of Addison, Texas, and the elected officials, the officers, employees, representatives, agents, and volunteers of the Town of Addison, Texas, individually or collectively, in both their official and private capacities (collectively, the "Addison Persons") and each an "Addison Person") and (ii) Prime Landlord and Prime Landlord's lenders and each of their respective owners, officers, partners, directors, managers, employees, agents, and attorneys, (collectively "Prime Landlord Persons" and each a "Prime Landlord Person"), (each of the Addison Persons and the Prime Landlord Persons being collectively the "Sublandlord Indemnitees" and each a "Sublandlord Indemnitee"), from and against any and all claims, actions, proceedings, causes of action, demands, losses, liens, harm, damages, penalties, fines, liabilities, expenses, lawsuits, judgments, costs, and fees (including without limitation, reasonable attorney fees and court costs) of any kind and nature whatsoever made upon, incurred by, suffered by, or asserted against any Addison Person or any Prime Landlord Person or the Sublease Premises, whether directly or indirectly, (collectively for purposes of this Section, "Damages"), that result from, relate to, or arise out of, in whole or in part:

(i) any condition of the Sublease Premises caused in whole or in part by Subtenant or by any of Subtenant's owners, directors, shareholders, partners, managers, officers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, members, invitees, guests, patrons, concessionaires, or any other person or entity for whom Subtenant is legally responsible, and their respective owners, directors, shareholders, partners, officers, managers, employees, agents, representatives, engineers, consultants, contractors, subcontractors, tenants, licensees, members, invitees, guests, patrons, and

concessionaires, or any other person acting by or under the authority or with the permission of Subtenant, Subtenant's tenants, members, or any other person entering the Sublease Premises under express or implied invitation of Subtenant during the Term (each, including Subtenant, being a "Subtenant Person", and collectively, including Subtenant, being the "Subtenant Persons"),

(ii) any construction on or repair to the Sublease Premises, or the Sublease Premises becoming out of repair due to the fault of Subtenant or any other Subtenant Person, for any reason including by failure of equipment, pipes, or wiring, or broken glass, or by the backing up of drains, or by gas, water, steam, electricity or oil leaking, escaping or flowing into the Sublease Premises, regardless of the source, or by dampness or by fire, explosion, falling plaster or ceiling,

(iii) breach of any representations or warranties by Subtenant under this Sublease,

(iv) without limiting any other provision of this Section, any personal injuries (including but not limited to death) to any Subtenant Persons and any third persons or parties arising out of or in connection with this Sublease, and/or

(v) any act or omission of Subtenant or any Subtenant Person under, in connection with, or in the performance of, this Sublease.

**SUCH DEFENSE, INDEMNITY, AND HOLD HARMLESS OBLIGATION SHALL AND DOES INCLUDE DAMAGES ALLEGED OR FOUND TO HAVE BEEN CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE OR GROSS NEGLIGENCE OF THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSON, OR ANY PRIME LANDLORD PERSON, OR BY ANY ACT OR OMISSION BY THE TOWN OF ADDISON, TEXAS, ANY OTHER ADDISON PERSON OR ANY PRIME LANDLORD PERSON THAT WOULD GIVE RISE TO STRICT LIABILITY OF ANY KIND. However, Subtenant's liability under this clause shall be reduced by that portion of the total amount of the Damages (excluding defense fees and costs) equal to the Addison Person or Addison Persons', or Prime Landlord Person's or Prime Landlord Persons', (as the case may be), proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss. Likewise, Subtenant's liability for any Addison Person's or Addison Person's, or any Prime Landlord Person's or Prime Landlord Persons', (as the case may be), defense costs and attorneys' fees shall be reduced by that portion of the defense costs and attorneys' fees equal to the Addison Person's or Addison Persons', or Prime Landlord Person's or Prime Landlord Persons', (as the case may be), proportionate share of the negligence, or conduct that would give rise to strict liability of any kind, that caused the loss.**

(b) If Subtenant has a responsibility pursuant to this Section 18 which involves a claim, demand, action, or proceeding by a third party ("Third Party Claim"), Subtenant shall, following notice and consultation with the appropriate Sublandlord Indemnatee, defend against the Third Party Claim using counsel deemed acceptable to such Sublandlord Indemnatee. In the

event Subtenant has a responsibility pursuant to this Section, but does not defend the Third Party Claim, then the Sublandlord Indemnatee may defend the same and may compromise or settle the same. Subtenant shall promptly pay to Sublandlord Indemnatee upon demand the amount of all indemnifiable Damages incurred, or that otherwise would be incurred, by such Sublandlord Indemnatee in connection with the defense against, investigation of, and settlement of the Third Party Claim. If no settlement of the Third Party Claim is made, Subtenant shall also satisfy any judgment rendered with respect to the same before Sublandlord Indemnatee would otherwise be required to do so, and shall pay all indemnifiable Damages incurred by Sublandlord Indemnatee with respect thereto. The provisions of this Section 18(b) shall be deemed to supplement all other indemnities and similar covenants made hereunder by Subtenant in favor of Sublandlord Indemnitees (or any of them) and shall survive the termination of this Sublease without limitation.

(c) **Except as otherwise provided in this Sublease, and except as may be caused by the gross negligence or willful misconduct of Sublandlord or its agents, employees or contractors, Sublandlord shall not be liable under any circumstance for any injury, loss, damage to, or interference with any merchandise, equipment, fixtures, furniture, furnishings, other personal property of, or the business operations of, Subtenant or anyone in the Sublease Premises [including, without limitation, those claiming by, through or under Subtenant (such as, without limitation, those displaying, creating or storing personal property on or in the Sublease Premises)] occasioned by (i) the act or omission of persons occupying other premises; (ii) any defect, latent or otherwise, in any building, equipment, machinery, utilities, or apparatus; (iii) any breakage or leakage of the roof, walls, floor, pipes or equipment; (iv) any backing up, seepage or overflow of water or sewerage; or (v) flood, rain, snowfall or other element or act of God.**

(d) Subtenant shall promptly advise Sublandlord and Prime Landlord in writing of any claim or demand against the Town of Addison, Texas, any Addison Person, Prime Landlord Person, or Subtenant or any Subtenant Person related to or arising out of Subtenant's activities under this Sublease and shall see to the investigation and defense of such claim or demand at Subtenant's sole expense. The Addison Persons and Prime Landlord Persons, as the case may be, shall have the right, at the Addison Persons' or Prime Landlord Persons' (as the case may be) option and at their own expense, to participate in such defense without relieving Subtenant of any of its obligations hereunder.

(e) The obligation of this indemnity and hold harmless Section, and any other indemnity, hold harmless, and/or defense provision in this Sublease, shall survive the expiration or termination of this Sublease.

19. Notices. All notices and other communications to be given under this Sublease shall be in writing and shall be deemed given, provided, or delivered (a) if personally delivered, on the actual date of delivery on the Party to whom notice is to be given, (b) if sent by a nationally recognized overnight carrier for next business day delivery, on the first business day following deposit of such notice with such carrier unless such carrier confirms such notice was not delivered, then on the day such carrier actually delivers such notice, or (c) if sent by certified U.S. Mail, return receipt requested postage prepaid, on the third business day following the date

of mailing. Addresses for giving, providing, or delivering any such notice or other communications are as follows:

If to Sublandlord:

Town of Addison, Texas  
5300 Belt Line Road  
Dallas, Texas 75254  
Attn: City Manager

If to Subtenant:

The Dallas Entrepreneur Center  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

If to Prime Landlord:

14671-14683 Midway Road LP  
c/o Franks Real Estate, Inc.  
8100 Lomo Alto, Suite 235  
Dallas, Texas 75225

Such addresses may be changed to another address within Texas by giving notice of such change in accordance with this provision, and addressees may be changed by a similar notice.

20. Effect of Prime Lease Termination. This Sublease is conditioned upon the continued existence of the Prime Lease. This Sublease shall automatically terminate upon the termination, cancellation, or expiration of the Prime Lease.

21. No Waiver. No provision of this Sublease shall be deemed to have been waived unless such waiver is evidenced by a writing signed by the Party charged with such waiver. A waiver by Sublandlord of any default, breach, or failure of Subtenant under this Sublease shall not be construed as a waiver of any subsequent or different default, breach, or failure.

Notwithstanding any other provision of this Lease, nothing in this Lease shall or may be deemed to be, or shall or may be construed to be, a waiver or relinquishment of any immunity, defense, or tort limitation to which Sublandlord, its officials, officers, employees, representatives, and agents are or may be entitled, including, without limitation, any waiver of immunity to suit.

22. Surrender. Upon the expiration or earlier termination of this Sublease, Subtenant shall vacate and deliver the Sublease Premises to Sublandlord in the same condition as of the Commencement Date, ordinary wear and tear excepted, provided that Subtenant shall repair all damage to the Sublease Premises as a result of the removal of its personal property and any improvements or alterations required to be removed pursuant to this Sublease. In the event Subtenant fails to comply with the foregoing removal obligations or upon Subtenant being dispossessed by process of law or otherwise, all such property shall be deemed conclusively to be abandoned and Sublandlord may retain, sell, store, destroy or otherwise dispose of the same as Sublandlord so elects in its sole discretion upon prior written notice to Subtenant. Subtenant shall pay Sublandlord on demand all out-of-pocket expenses incurred by Sublandlord in the removal of such property, including, without limitation, the cost of repairing damage to the

Sublease Premises caused by the removal of such property and storage charges (if Sublandlord elects to store such property). Further, in the event the end of the Term coincides with the end of the term under the Prime Lease, Subtenant shall provide Sublandlord with reasonable access to the Sublease Premises to allow Sublandlord to fulfill its obligations under the Prime Lease, including, without limitation, removing any improvements or alterations existing in the Sublease Premises prior to the Commencement Date, and Subtenant shall otherwise reasonably cooperate with Sublandlord in connection with the foregoing. Subtenant's obligations under this Section 22 shall survive the expiration or earlier termination of this Sublease.

23. Holding Over. If Subtenant or anyone claiming under or through Subtenant holds over following the expiration or earlier termination of the Term without the express written consent of Sublandlord, Subtenant shall become a tenant at sufferance only, subject to all of the provisions of this Sublease and the Prime Lease, at a rate equal to the greater of (a) 150% times the Base Rent then in effect pursuant to this Sublease; or (b) 150% times the rental rate per square foot in effect under the Prime Lease upon the date of such expiration. Subtenant shall additionally pay any amount payable, and shall be liable for all loss, damage (including without limitation consequential damages), costs, expenses, and other harm incurred by Sublandlord or otherwise as a result of such holdover, including without limitation any holdover cost or penalty assessed by Prime Landlord in connection with the Sublease Premises. Acceptance by Sublandlord of Rent after such termination shall not constitute a consent to a holdover hereunder or result in a renewal of this Sublease. The foregoing provisions of this paragraph are in addition to and do not affect Sublandlord's right of reentry or any other right or remedy of Sublandlord hereunder or at law, in equity or otherwise.

24. Successors and Assigns. All of the terms, covenants, provisions, and conditions of this Sublease shall be binding upon and inure to the benefit of the successors and assigns of Sublandlord, and the permitted successors and permitted assigns of Subtenant. Except as and to the extent set forth in this Lease, this Lease and all of its provisions are solely for the benefit of the Parties hereto and do not and are not intended to create or grant any rights, contractual or otherwise, to any third person or entity.

25. No Joint Venture. This Sublease does not and shall not create the relationship of principal and agent, partnership, joint venture, joint enterprise, or any other association between Sublandlord and Subtenant, except that of Sublandlord and Subtenant.

26. Brokerage. Each Party represents no real estate broker or agent is involved in this Sublease, and each shall indemnify and hold the other harmless from all damages caused by the breach of this representation.

26A. Unavoidable Delays. If either Sublandlord or Subtenant is delayed in performing any obligation hereunder by any cause beyond the reasonable control of the party required to perform such obligation, the time period for performing such obligation shall be extended by a period of time equal to the period of the delay. For the purpose of this Section:

- (i) A cause shall be beyond the reasonable control of a party when such cause would affect any person similarly situated (such as, but not limited to, war, civil disorder,

catastrophic weather, a power outage, labor strike or truckers' strike) but shall not be beyond the reasonable control of such party when reasonably foreseeable or peculiar to such party (such as, but not limited to, financial inability or ordering materials requiring a long lead time).

(ii) This Section shall not excuse any rental obligations.

(iii) No problem relating to computer systems shall be considered an event of Force Majeure.

27. Severability. In the event any part of this Sublease is held to be unenforceable or invalid, for any reason, the balance of this Sublease shall not be affected and shall remain in full force and effect during the Term of this Sublease. In lieu of any such unenforceable or invalid provision, the Parties agree to negotiate and add hereto a provision as similar in its terms to such unenforceable or invalid provision as may be possible and be enforceable and valid.

28. Memorandum of Record. Neither this Sublease nor a Memorandum or short-form version of this Sublease shall be recorded. Subtenant's recordation of same shall constitute a default in this Sublease.

29. Choice of Law; Venue. This Sublease and all transactions contemplated by this Sublease shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of laws of any jurisdiction. Exclusive venue for any action or proceeding under this Sublease shall lie in Dallas County, Texas.

30. **Certain Statutory Rights, Waiver of Jury Trial, and Right to Counterclaim**. EACH OF SUBLANDLORD AND SUBTENANT HEREBY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY SUMMARY OR OTHER ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS SUBLEASE, THE RELATIONSHIP OF SUBLANDLORD AND SUBTENANT, THE SUBLEASE PREMISES, THE USE AND OCCUPANCY THEREOF, OR ANY CLAIM OF INJURY OR DAMAGES. SUBTENANT ADDITIONALLY HEREBY WAIVES ALL RIGHT TO ASSERT OR INTERPOSE A COUNTERCLAIM OR SET-OFF (OTHER THAN A COMPULSORY COUNTERCLAIM) IN ANY PROCEEDING OR ACTION BY SUBLANDLORD BASED ON NON-PAYMENT OF RENT, EVEN IF SUCH COUNTERCLAIM OR SET-OFF IS BASED ON SUBLANDLORD'S ALLEGED BREACH OF A DUTY TO REPAIR OR ALLEGED BREACH OF QUIET ENJOYMENT, OR ANY OTHER ALLEGATION.

31. Counterparts. This Sublease may be executed in any number of counterparts and by different parties in separate counterparts, each of which, when so executed and delivered, shall be deemed an original and all of which when taken together shall constitute but one and the same instrument. To facilitate execution, facsimile signatures shall be considered binding on the Parties, provided originals thereof are executed, delivered, and received promptly thereafter. Notwithstanding the foregoing, non-receipt of any original counterpart shall not affect the

validity or enforceability of this Sublease, which shall attach upon receipt of a facsimile counterpart, as provided hereunder.

The person executing this Sublease on behalf of Subtenant is an authorized representative of Subtenant and has been authorized by Subtenant to execute this Sublease. The person executing this Sublease on behalf of Sublandlord is an authorized representative of Sublandlord and has been authorized by Sublandlord to execute this Sublease.

32. Exhibits and Schedules. All Exhibits and Schedules referred to herein are intended to be and hereby are specifically made a part of this Sublease.

33. Entire Agreement. This Sublease, including any exhibits or schedules hereto, contains the entire understanding among the Parties and supersedes any prior understanding or agreement between them respecting the within subject matter. There are no representations, warranties, agreements, arrangements, or understandings, oral or written, between or among the Parties relating to the subject matter of this Sublease which are not fully expressed herein.

34. Effectiveness. This Sublease shall not be effective unless and until it has been signed by Sublandlord and Subtenant on or before June 1, 2014.

35. Sublandlord's Right of Termination. Notwithstanding anything in this Sublease stated or implied to the contrary, Sublandlord's obligations as stated in this Sublease are subject to Sublandlord's annual budgeting and appropriation requirements. Sublandlord has and retains the continuing right to terminate this Sublease each year; exercise of such right of termination shall be by written notice given to Subtenant on or before June 30 of any calendar year during the Term, and such termination shall be effective on the September 30 of such calendar year. In the event Sublandlord exercises such option, Subtenant shall entirely vacate the Sublease Premises in accordance with the previous sentence and thereafter, neither Party shall have any further liability after the effective date of the termination.

36. Estoppel. Subtenant shall execute and deliver to Sublandlord within 10 days after Subtenant's receipt of request, such estoppel certificates as Sublandlord or Prime Landlord shall request, therein certifying to the base terms of this Sublease and providing that Sublandlord has not committed an uncured event of default in its performance of this Sublease, or otherwise stating the nature of the default with specificity.

37. Financial Statements; Books and Records. Subtenant shall deliver to Sublandlord, within 10 days after Subtenant's receipt of request, such financial statements, balance sheets, income statements, tax returns, financial projections and other data reasonably required by Prime Landlord pursuant to the Prime Lease, relating to the financial condition of Subtenant.

In connection with this Lease, Subtenant shall at all times keep and maintain books, data, and records, in accordance with generally accepted accounting principles, regarding the Business Start-Up Fees, including the amounts collected and expended. Sublandlord shall retain such books, data, and records for at least 24 months after the end of each calendar year (or partial calendar year, if the first or last calendar year of this Lease is a partial calendar year) to which

the books, data and records relate. During that period of time, such books, data, and records are subject to inspection and audit by Sublandlord upon Sublandlord giving written notice of Sublandlord's intent to inspect and audit the same. Within 10 days after Subtenant's receipt of such notice, Subtenant shall make all of such books, data, and records available to Sublandlord at the Leased Premises. The provisions of this paragraph shall survive the termination or expiration of this Lease.

38. Waiver of Subtenant's Lien. Subtenant waives its right to assert a lien against Sublandlord, Prime Landlord, Prime Landlord's property, and Sublandlord's property pursuant to Tex. Prop. Code § 91.004.

39. Texas Department of Licensing and Regulation Inspections. Subtenant acknowledges that the Texas Department of Licensing and Regulation (the "Department") requires, upon submitting a building permit application to the local municipality, that an inspection be conducted by the Department to ensure that the Sublease Premises complies with the Americans With Disabilities Act (the "ADA") and the regulations promulgated thereunder, and to the extent the Sublease Premises do not comply, that it will be brought into compliance. In the event that Subtenant, whether at the beginning of the Term, or at any time during the Term, desires to perform work which requires the submittal of a building permit application to the local municipality, then Subtenant shall provide Sublandlord with a copy of the inspection application form submitted to the Department along with a copy of the check showing Subtenant has paid the required inspection fee, as well as a copy of the final Notice of Substantial Compliance Certificate, and failure to do so shall constitute a default under the Sublease. Furthermore, if the Department's inspection requires modifications to be made to the Sublease Premises so as to comply with the ADA, then (a) if and to the extent that the modifications are required in order to comply with requirements of the ADA that were effective as of the Sublease Commencement Date, Sublandlord shall be responsible to perform such necessary modifications, and (b) if and to the extent that the modifications are required in order to comply with requirements of the ADA that became effective on or after the Sublease Commencement Date, Subtenant shall be responsible to perform all such necessary modifications. Subtenant shall defend, indemnify and hold Sublandlord harmless from all loss, costs, actions, damages or claims which Sublandlord may be subject to as a result of Subtenant failing to timely comply with the provisions of this Section.

40. Texas Property Tax Code. Section 41.413 of the Texas Property Tax Code ("Section 41.413") may give Subtenant the right to protest the appraised value of the Sublease Premises (a "Protest") if Sublandlord does not Protest. If Subtenant Protests, the appraisal review board might increase the appraised value of the entire Sublease Premises, which will negatively affect Sublandlord. Accordingly, to the extent permitted by Applicable Law, Subtenant waives its rights to Protest under Section 41.413. Method By Which Charge is Computed.

41. Texas Property Code. Subtenant agrees that all terms of this Sublease for determining charges and amounts of Rent are commercially reasonable and that each such charge or amount constitutes a "method by which the charge is to be computed" for purposes of Section 93.012 of the Texas Property Code.



42. Miscellaneous. Section and subsection headings are for convenience only and shall not be used in interpretation of this Agreement. The words “includes” and “including” are terms of enlargement and not of limitation or exclusive enumeration, and use of the terms does not create a presumption that components not expressed are excluded.

43. Waiver of Rights under Texas Deceptive Trade Practices Act. Subtenant represents and warrants that (i) Subtenant has been afforded the opportunity to be represented by legal counsel in connection with the transactions contemplated by this Sublease and (ii) the Sublease Premise that is the subject of this Lease is not a family residence occupied or to be occupied as Subtenant’s residence. Sublandlord is relying on these representations and warranties to establish the inapplicability of the Texas Business And Commerce Code, Section 17.41 *et seq.* to this Sublease.

44. OFAC Compliance.

(a) Subtenant represents and warrants that (a) Subtenant and each person or entity owning an interest in Subtenant is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control, Department of the Treasury (“OFAC”) and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the “List”), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States, (b) none of the funds or other assets of Subtenant constitute property of, or are beneficially owned, directly or indirectly, by any Embargoed Person (as hereinafter defined), (c) no Embargoed Person has any interest of any nature whatsoever in Subtenant (whether directly or indirectly), (d) none of the funds of Subtenant have been derived from any unlawful activity with the result that the investment in Subtenant is prohibited by law or that the Sublease is in violation of law, and (e) Subtenant has implemented procedures, and will consistently apply those procedures, to ensure the foregoing representations and warranties remain true and correct at all times. The term “Embargoed Person” means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 *et seq.*, The Trading with the Enemy Act, 50 U.S.C. App. 1 *et seq.*, and any Executive Orders or regulations promulgated thereunder with the result that the investment in Subtenant is prohibited by law or Subtenant is in violation of law.

(b) Subtenant covenants and agrees (a) to comply with all requirements of law relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (b) to immediately notify Sublandlord in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if Subtenant has a reasonable basis to believe that they may no longer be true or have been breached, (c) not to use funds from any “Prohibited Person” (as such term is defined in the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism) to make any payment due to Sublandlord under the Lease and (d) at the request of Sublandlord, to provide such information as may be requested by Sublandlord to determine Subtenant’s compliance with the terms hereof.

(c) Subtenant acknowledges and agrees that Subtenant's inclusion on the List at any time during the Term shall be a material default of the Sublease. Notwithstanding anything herein to the contrary, Subtenant shall not permit the Sublease Premise or any portion thereof to be used or occupied by any person or entity on the List or by any Embargoed Person (on a permanent, temporary or transient basis), and any such use or occupancy of the Sublease Premise by any such person or entity shall be a material default of this Sublease.

45. Substitute Premises. Under the Prime Lease, Prime Landlord has the right to relocate Sublandlord one time from the entire Premises (the "Present Premises") into another single (contiguous) location in the Shopping Center (the "New Premises") comparable in size and functionality to the Premises as provided in the Prime Lease ("Relocation Right"). Accordingly, if Prime Landlord exercises such Relocation Right, the Sublease Premises (the "Present Sublease Premises") shall be relocated to a new location within the Shopping Center ("New Sublease Premises") as provided in the Prime Lease. As set forth in the Prime Lease, the costs and expenses associated with such Relocation Right are to be paid by the Prime Landlord, and Sublandlord shall have no responsibility or obligation to pay for any costs or expenses incurred by Subtenant in connection with such relocation. Subtenant shall cooperate with Sublandlord with such relocation.

If Prime Landlord exercises its Relocation Right, Sublandlord shall give Subtenant at least 90 days notice of the approximate date Subtenant is to move to the New Sublease Premises. Subtenant will move its business operations to the New Sublease Premises promptly after Sublandlord notifies Subtenant of the substantial completion of the preparation of the New Sublease Premises and a certificate of occupancy for the New Sublease Premises has been issued by the Town of Addison. The New Sublease Premises will then become the Sublease Premises (instead of the Present Sublease Premises) and the Rent (including, without limitation, all of Subtenant's other monetary obligations payable to Sublandlord under this Sublease) and all the other terms and provisions of this Sublease shall be transferred and continue to apply, without interruption, to the New Sublease Premises from and after the date Subtenant is required to move pursuant to this Section; *provided, however*, that Subtenant shall receive two months free Base Rent in connection with such relocation, commencing with the first full month following Subtenant's relocation to the New Sublease Premises. If Prime Landlord exercises its Relocation Right, it is anticipated that the square footage of the New Sublease Premises will not be materially smaller than the Present Sublease Premises, but if the square footage of the New Sublease Premises is less than the Present Sublease Premises, Base Rent shall be reduced proportionately. If the square footage of the New Sublease Premises is more than the Present Sublease Premises, Base Rent shall not be increased.

*[The Remainder of this Page Intentionally Left Blank.]*

Signature Page To Sublease

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Sublease Effective Date in Dallas County, Texas.

**SUBLANDLORD:**

**TOWN OF ADDISON,**  
an incorporated Texas municipality

By: \_\_\_\_\_  
Lea Dunn, City Manager

**SUBTENANT:**

**THE DALLAS ENTREPRENEUR CENTER**

By: \_\_\_\_\_