

**NOTICE OF ECONOMIC DEVELOPMENT CORPORATION WORKSHOP
CITY OF SOUTH PADRE ISLAND**

THURSDAY, OCTOBER 1, 2020
10:00 AM AT THE MUNICIPAL BUILDING,
CONFERENCE ROOM, 2ND FLOOR
4601 PADRE BOULEVARD, SOUTH PADRE ISLAND, TEXAS

1.Call to Order

2.Public Comments

This is an opportunity for citizens to speak to the board relating to agenda or non-agenda items. Speakers are required to address the board at the podium and give their name before addressing their concerns. [Note: State law will not permit the board to discuss, debate or consider items that are not on the agenda. Citizen comments may be referred to City Staff or may be placed on the agenda of a future board meeting]

3.Regular Agenda

- 3.1. Discussion regarding the operating agreement for the South Padre Island Birding and Nature Center

4.Adjourn

5.NOTE:

One or more members of the City of South Padre Island City Council may attend this meeting; if so, this statement satisfies the requirements of the OPEN MEETINGS ACT.

DATED

Darla Lapeyre, Executive Director

I, THE UNDERSIGNED AUTHORITY, DO HEREBY CERTIFY THAT THE ABOVE NOTICE OF MEETING OF THE ECONOMIC DEVELOPMENT CORPORATION OF THE CITY OF SOUTH PADRE ISLAND, TEXAS IS A TRUE AND CORRECT COPY OF SAID NOTICE AND THAT I POSTED A TRUE AND CORRECT COPY OF SAID NOTICE ON THE BULLETIN BOARD AT CITY HALL/MUNICIPAL BUILDING ON , AT/OR BEFORE 10:00 AM AND REMAINED SO POSTED CONTINUOUSLY FOR AT LEAST 72 HOURS PRECEDING THE SCHEDULED TIME OF SAID MEETING.

Darla Lapeyre, Executive Director

THIS FACILITY IS WHEELCHAIR ACCESSIBLE, AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT BUILDING OFFICIAL, BELINDA TARVER AT (956)761-8103.

Agenda: OCTOBER 1, 2020

**CITY OF SOUTH PADRE ISLAND
ECONOMIC DEVELOPMENT CORPORATION
AGENDA REQUEST FORM**

MEETING DATE: October 1, 2020

NAME & TITLE: Darla Lapeyre, EDC Director

DEPARTMENT: Economic Development Council

ITEM

Discussion regarding the operating agreement for the South Padre Island Birding and Nature Center

ITEM BACKGROUND

The Board will discuss the operating agreement between the EDC and Birding and Nature Center. Staff will provide some history and background.

BUDGET/FINANCIAL SUMMARY

n/a

COMPREHENSIVE PLAN GOAL

n/a

LEGAL REVIEW

Sent to Legal:

Approved by Legal:

RECOMMENDATIONS/COMMENTS:

Lease and Operations Agreement

Basic Information

Date: October 1, 2014

Owner: South Padre Island Economic Development Corporation, an economic development corporation incorporated pursuant to the Texas Local Government Code

Owner's Address: 6801 Padre Blvd., South Padre Island, TX 78597

Tenant/Operator: South Padre Island Birding and Nature Center, Inc., a non-profit corporation

Tenant/Operator's Address: 6801 Padre Blvd., South Padre Island, TX 78597

Tenant/Operator's Trade Name: Birding and Nature Center

Premises/Center

Street address/suite: 6801 Padre Blvd.

City, state, zip: South Padre Island, TX 78597

Term (months): 12 months

Commencement Date: October 1, 2014

Termination Date: September 30, 2015, unless earlier terminated in accordance with the terms of this agreement. The Lease and Operations Agreement (hereinafter "the Agreement"), Term will be automatically extended for an additional 12 months unless either Owner or Tenant/Operator gives the other party written notice of intent to terminate at least 60 days before the applicable Termination Date. However, the Base Rent will be discussed and agreed to by the parties 60 days prior to the extension.

Base Rent (Annually): \$10.00

Tenant/Operator's Pro Rata Share: currently 100 %

Permitted Use: The "Birding and Nature Center," open to the public, for charitable, educational, cultural, community, scientific and research purposes and events, including, but not limited to, as a nature center providing environmental education and promoting conservation action through programs, classes and other activities; as a sanctuary for the protection of birds, other wildlife and their habitat; as a venue for fundraising, private party, wedding, community, parking concessions and other events; together with uses incidental thereto; and consisting of office, theater and classroom space, meeting space, storage, exhibits, food concession(s), a shop for the sale of items determined by the Tenant/Operator, demonstration gardens, interpretive areas and trails, and driveways and parking areas.

Operating Hours:

The minimum hours of operation are listed below and may be extended at the discretion of the Tenant. Operator:

[except Thanksgiving Day and Christmas Day – Premises closed]

Weekdays: 9:00 a.m. to 5:00 p.m.

Saturdays: 9:00 a.m. to 5:00 p.m.

Sundays: 9:00 a.m. to 5:00 p.m.

Tenant/Operator's Insurance: As required by Insurance Addendum

Owner's Insurance: As required by Insurance Addendum

Tenant/Operator's Rebuilding Obligations: If the Premises/Center are damaged by windstorm, hurricane, fire or other elements, Tenant/Operator will be responsible for repairing or rebuilding from insurance proceeds any Tenant/Operator leasehold improvements

A. Definitions

A.1. "Agent" means agents, contractors, employees, licensees, and, to the extent under the control of the principal, invitees.

A.2. "CAM Charge" means the reasonable cost of ownership, operation, and maintenance of the Common Areas.

A.3. "Common Areas" means all facilities and areas of the Premises/Center that are intended and designated by Owner from time to time for the common, general, and nonexclusive use of owner and all tenants/operators of the Premises/Center, including but not limited to access drives, sidewalks, open areas, parking lots, *etc.* Owner has the exclusive control over and a superior right to manage the Common Areas.

A.4. "Essential Services" means utility connections reasonably necessary for occupancy of the Premises/Center for the Permitted Use, provided, however, that Tenant/Operator shall be responsible for all charges related to Tenant's usage of electricity, water, sewer, gas, cable, telephone and digital services.

A.5. Intentionally omitted.

A.6. "Injury" means (a) harm to or impairment or loss of property or its use, (b) harm to or death of a person, or (c) "personal and advertising injury" as defined in the form of liability insurance Tenant/Operator is required to maintain.

A.7. Intentionally omitted.

A.8. "Performance Standards" means the standards set forth on the attached Schedule A.8, as the same are amended and supplemented from time to time. Owner and Tenant/Operator agree to cooperate with each other in scheduling meetings well in advance of each Term so that Owner and Tenant/Operator can mutually agree upon Performance Standards based on the parties' budgets.

A.9. "Rent" means Base Rent plus any other amounts of money payable by

Tenant/Operator to Owner.

A.10. “Taxes and Insurance” means all ad valorem taxes and all insurance costs incurred by Owner with respect to the Premises/Center.

B. Tenant/Operator’s Obligations

B.1. Tenant/Operator agrees to—

B.1.a. Lease, manage and operate the Premises/Center for the entire Term beginning on the Commencement Date and ending on the Termination Date.

B.1.b. Accept the Premises/Center in their present condition “AS IS,” the Premises/Center being currently suitable for the Permitted Use.

B.1.c. Obey (i) all laws relating to Tenant/Operator’s use, maintenance of the condition, and occupancy of the Premises/Center and Tenant/Operator’s use of any Common Areas in the Premises/Center; (ii) any requirements imposed by utility companies serving or insurance companies covering the Premises/Center or Premises/Center; and (iii) any rules and regulations of the Premises/Center adopted by Owner.

B.1.d. Pay within 10 days after demand by Owner the Base Rent to Owner at Owner’s Address.

B.1.e. Use a security/lock system approved by Owner and provide Owner with such keys and codes as are necessary to access all areas of the Premises.

B.1.f. If required by Owner, pay Tenant/Operator’s Pro Rata Share of the monthly CAM Charge and monthly Taxes and Insurance on or before the first day of each month. The initial charges are based on Owner’s estimates and are set forth in the Basic Terms. Owner may adjust the monthly payment from time to time by notice to Tenant/Operator. If the actual amount of Tenant/Operator’s Pro Rata Share of actual costs for any period exceeds the amount paid by Tenant/Operator, Tenant/Operator will pay to Owner the deficiency within fifteen days following notice from Owner; if the amount paid by Tenant/Operator exceeds Tenant/Operator’s Pro Rata Share of the actual cost, then the surplus will be credited to the next payment due by Tenant/Operator, or Owner may refund the net surplus.

B.1.g. Obtain and pay for all utility services used by Tenant/Operator and not provided by Owner.

B.1.h. Pay Tenant/Operator’s Pro Rata Share of any utility services provided by Owner, and all charges related to Tenant’s usage of electricity, water, sewer, gas, cable, telephone and digital services.

B.1.i. Allow Owner to enter the Premises/Center to perform Owner’s obligations, inspect the Premises/Center, and show the Premises/Center to others; and upon reasonable prior notice to Tenant/Operator and at mutually agreeable times, to use the Premises/Center in ways not inconsistent with Tenant/Operator’s use.

B.1.j. Repair, replace, and maintain any part of the Premises/Center that Owner is not obligated to repair, replace, or maintain, normal wear excepted.

B.1.k. Keep the sidewalks, service ways, and loading areas adjacent to the Premises/Center clean and unobstructed.

B.1.l. Submit in writing to Owner any request for repairs, replacement, and maintenance that are the obligations of Owner.

B.1.m. (i) Continuously and in good faith conduct on the entire Premises/Center the type of business for which the Premises/Center are leased and established, in an efficient and reputable manner and (ii) except during reasonable periods for repairing, cleaning, and decorating, keep the Premises/Center open to the public for business during Operating Hours so as to produce the maximum amount of Gross Sales.

B.1.n. Meet or exceed the Performance Standards set forth on Schedule A.8 attached hereto.

B.1.o. Vacate the Premises/Center on the last day of the Term.

B.1.p. On request, execute an estoppel certificate that states the Commencement Date and Termination Date of the agreement, identifies any amendments to the agreement, describes any rights to extend the Term or purchase rights, lists defaults by Owner, and provides any other information reasonably requested.

B.1.q. INDEMNIFY, DEFEND, AND HOLD OWNER AND THEIR RESPECTIVE AGENTS, HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES/CENTER. **THE INDEMNITY CONTAINED IN THIS PARAGRAPH (i) IS INDEPENDENT OF TENANT/OPERATOR'S INSURANCE, (ii) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (iii) WILL SURVIVE THE END OF THE TERM, AND (iv) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF OWNER BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF OWNER AND THEIR RESPECTIVE AGENTS.**

***B.2.* Tenant/Operator agrees not to—**

B.2.a. Use the Premises/Center for any purpose other than the Permitted Use.

B.2.b. Create a nuisance.

B.2.c. Interfere with any other tenant/operator's normal business operations or Owner's use of the Premises/Center.

B.2.d. Permit any waste.

B.2.e. Use the Premises/Center in any way that would increase insurance premiums or void insurance on the Premises/Center.

B.2.f. Change Owner’s lock system.

B.2.g. Alter the Premises/Center.

B.2.h. Allow a lien to be placed on the Premises/Center.

B.2.i. Assign this agreement or sublease any portion of the Premises/Center without Owner’s written consent.

B.2.j. Use the roof of the Premises/Center.

B.2.k. Place any signs to which Owner objects on the Premises/Center.

C. Owner’s Obligations

Owner agrees to—

C.1. Lease to Tenant/Operator the Premises/Center for the entire Term beginning on the Commencement Date and ending on the Termination Date.

C.2. Obey all laws relating to Owner’s operation of the Premises/Center.

C.3. Provide the Essential Services.

C.4. Repair, replace, and maintain the building, including the (i) roof, (ii) foundation, (iii) structural soundness of the exterior walls, including windows and doors, (iv) boardwalks, sidewalks and driveways, (v) elevators and stair systems.

C.5. INDEMNIFY, DEFEND, AND HOLD TENANT/OPERATOR HARMLESS FROM ANY INJURY AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY’S FEES AND OTHER FEES AND COURT AND OTHER COSTS, OCCURRING IN ANY PORTION OF THE COMMON AREAS. **THE INDEMNITY CONTAINED IN THIS PARAGRAPH (i) IS INDEPENDENT OF OWNER’S INSURANCE, (ii) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS’ COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (iii) WILL SURVIVE THE END OF THE TERM, AND (iv) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF TENANT/OPERATOR BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF TENANT/OPERATOR.**

D. General Provisions

Owner and Tenant/Operator agree to the following:

D.1. Alterations. Any physical additions or improvements to the Premises/Center made by Tenant/Operator will become the property of Owner. Any alterations or improvements to the Premises/Center must first be approved by the Owner. Owner may require that Tenant/Operator, at the end of the Term and at Tenant/Operator's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises/Center to the condition existing at the Commencement Date, normal wear excepted.

D.2. Insurance. Tenant/Operator and Owner will maintain the respective insurance coverage described in the Insurance Addendum.

D.3. Release of Claims/Subrogation. Owner AND TENANT/OPERATOR RELEASE EACH OTHER AND THEIR RESPECTIVE AGENTS, FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES/CENTER OR PREMISES/CENTER, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE PREMISES/CENTER, AND LOSS OF BUSINESS OR REVENUES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS AGREEMENT. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. OWNER AND TENANT/OPERATOR WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. **THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY OR ITS AGENTS BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE RELEASED PARTY OR ITS AGENTS.**

D.4. Casualty/Total or Partial Destruction

D.4.a. If the Premises/Center are damaged by casualty and, in Owner's sole discretion, can be restored within ninety days, Owner will, at its expense, restore the roof, foundation, Common Areas, and structural soundness of the exterior walls of the Premises/Center and any improvements within the Premises/Center that are not within Tenant/Operator's Rebuilding Obligations to substantially the same condition that existed before the casualty and Tenant/Operator will, at its expense, be responsible for replacing any of its damaged furniture, fixtures, and personal property and performing Tenant/Operator's Rebuilding Obligations. If Owner fails to complete the portion of the restoration for which Owner is responsible within ninety days from the date of written notification by Tenant/Operator to Owner of the casualty,

Tenant/Operator may terminate this agreement by written notice delivered to Owner before Owner completes Owner's restoration obligations.

D.5.b. If Owner cannot complete the portion of the restoration for which Owner is responsible within ninety days, Owner has an option to restore the Premises/Center. If Owner chooses not to restore, this agreement will terminate. If *Owner* chooses to restore, Owner will notify Tenant/Operator in writing of the estimated time to restore and give Tenant/Operator an option to terminate this agreement by notifying Owner in writing within ten days from receipt of Owner's estimate. If Tenant/Operator does not notify Owner timely of Tenant/Operator's election to terminate this agreement, the agreement will continue and Owner will restore the Premises/Center as provided in D.5.a. above.

D.6. Condemnation/Substantial or Partial Taking

D.6.a. If the Premises/Center cannot be used for the purposes contemplated by this agreement because of condemnation or purchase in lieu of condemnation, this agreement will terminate.

D.6.b. Tenant/Operator will have no claim to the condemnation award or proceeds in lieu of condemnation, except for relocation or other benefits that are payable to Tenant/Operator by the condemning authority but that do not reduce the award or proceeds payable to Owner.

D.7.. Default by Tenant/Operator/Owner's Remedies. Owner's remedies for Tenant/Operator's default are to (a) enter and take possession of the Premises/Center, after which Owner may relet the Premises/Center on behalf of Tenant/Operator and receive the rent directly by reason of the reletting, and Tenant/Operator agrees to reimburse Owner for any expenditures made in order to relet, (b) enter the Premises/Center and perform Tenant/Operator's obligations, and (c) terminate this agreement by written notice and sue for damages. Owner may enter and take possession of the Premises/Center by self-help, by picking or changing locks if necessary, and may lock out Tenant/Operator or any other person who may be occupying the Premises/Center, until the default is cured, without being liable for damages.

D.8.. Default/Waiver/Mitigation. It is not a waiver of default if the non-defaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this agreement does not preclude pursuit of other remedies in this agreement or provided by applicable law. Owner and Tenant/Operator have a duty to mitigate damages.

D.9. Non-Exclusive Use/Reservation of Owner Rights. The Premises/Center are for the non-exclusive use of Tenant/Operator. Owner reserves the right to

- a. use the Premises/Center or portions thereof for Owner's own use from time to time, and agrees to cooperate with Tenant/Operator in scheduling of events to avoid conflicts;
- b. exclusive use of at least one office in the Premises/Center, as designated by Owner, for use by Owner's Executive Director and staff;

c. rent portions of the Premises/Center to other tenants/operators upon reasonable notice to Tenant/Operator provided that Owner reasonably accommodates Tenant/Operator's needs for use of the Premises/Center in the event of any such rental; and

d. allow the use of and tie-ins to the Premises/Center for promoting and facilitating the Eco-Tourism Project and its component parts.

D.10. Holdover. If Tenant/Operator does not vacate the Premises/Center following termination of this agreement, Tenant/Operator will become a Tenant/Operator at will and must vacate the Premises/Center on receipt of notice from Owner. No holding over by Tenant/Operator, whether with or without the consent of Owner, will extend the Term.

D.11. Entire Agreement. This agreement, its exhibits, addenda, and riders are the entire agreement of the parties concerning the occupation and operation of the Premises/Center by Tenant/Operator. There are no unwritten representations, warranties, agreements, or promises pertaining to the Premises/Center, and Tenant/Operator is not relying on any statements or representations of any agent of Owner, that are not in this agreement and any exhibits, addenda, and riders. This agreement supersedes all prior agreements between the parties concerning the occupation and operation of the Premises/Center by Tenant/Operator, including that Operations Agreement dated 6/21/11, as the same was subsequently amended.

D.12. Amendment of Agreement. This agreement may be amended only by an instrument in writing signed by Owner and Tenant/Operator.

D.13. Limitation of Warranties. THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS AGREEMENT, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS AGREEMENT.

D.14. Notices. Any notice required or permitted under this agreement must be in writing. Any notice required by this agreement will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

D.15. Use of Common Areas. Tenant/Operator will have the nonexclusive right to use the Common Areas subject to such reasonable rules and regulations that Owner may prescribe.

D.16. Abandoned Property. Owner may retain, destroy, or dispose of any property left on the Premises/Center at the end of the Term.

Insurance Addendum to Lease

This insurance addendum is part of the lease.

A. Tenant/Operator agrees to maintain—

1. Causes of loss—special form insurance on Tenant/Operator's leasehold improvements and personal property in the Premises/Center in an amount equal to the full replacement cost, including any windstorm insurance coverage desired by Tenant/Operator for its personal property in the Premises/Center.
2. Worker's Compensation insurance covering all of Tenant/Operator's employees.

B. Owner agrees to maintain—

1. Causes of loss—special form insurance upon the building in which the Premises/Center are located in an amount equal to the full replacement cost.
2. Commercial general liability insurance, including contractual liability insurance coverage, covering: (1) the property in which the Premises/Center are located, (2) Owner's operations, and (3) Tenant/Operator's operations within the Premises/Center, in the Building and on the Property, with combined single limits of not less than \$1,000,000 per occurrence for bodily injury or property damage.
3. Windstorm and flood insurance on the building in an amount equal to the full replacement cost.
4. Owner shall maintain the policy for the benefit of Owner and Tenant/Operator. However, Tenant/Operator shall reimburse Owner for all costs associated with the policy.

C. Owner and Tenant/Operator agree that—

The causes of loss—special form insurance policies maintained by them shall contain (a) an agreed evaluation provision in lieu of a co-insurance clause, (b) an increased-cost-of-construction clause, (c) debris removal coverage, and (d) a waiver-of-subrogation clause in favor of the party not carrying the insurance.

D. Authority of Signatories: The person signing on behalf of Owner and Tenant/Operator each represent, warrant and covenant that such person has authority to enter into and sign this lease on behalf of the party for whom each is signing, and that all requisite action by such party for entering into this lease and authorizing such person to sign on behalf of such party has occurred.

SOUTH PADRE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

Ray Bailey
By: Ray Bailey
Its: President

SOUTH PADRE ISLAND BIRDING AND
NATURE CENTER, INC.

Lynne Tate
By: LYNNE TATE
Its: President

SCHEDULE A.8
[Performance Standards]

A.8.1. Budget Submission. On or before May 1 of each calendar year, Tenant/Operator shall submit to Owner and seek approval of a written proposed Budget for the upcoming fiscal year [October 1 through September 30). Owner may approve or disapprove the proposed Budget in Owner's reasonable discretion. Tenant/Operator shall thereafter submit revised proposed Budgets as may be requested by Owner until such time as Tenant/Operator has submitted a Budget acceptable to Owner.

A.8.2. Funding of Budget Shortfalls. Provided that Tenant/Operator has met the Performance Standards set forth in this Schedule, Owner shall pay Tenant/Operator expenditures approved by Owner.

A.8.3. Monthly Financial Reports. At the regularly scheduled monthly meetings of Owner, Tenant/Operator shall provide Owner with monthly financial reports, including Cash Flow, Balance Sheet, and Profit/Loss Statements for the period previous to the current period, prepared by a certified public accountant according to generally accepted principals consistently applied.

A.8.4. Standards: The parties agree to meet and develop mutually agreeable performance standards by March 1, 2015, which performance standards each party will present to its next regularly-scheduled Board for approval by such party. The approved performance standards shall become an amendment to this lease.