

020907

VOL. 270 PAGE 0056

LEASE AGREEMENT

Effective Date: May 1, 2014

Basic Information

Landlord: Coke County, Texas

Landlord's Address: 13 East 7th
Robert Lee, Texas 76945
Attn: Judge Roy Blair

Tenant: Garrison General Contractors, LLC

Tenant's Address: 11865 I10 West
Suite 605
San Antonio, Texas 78230

Premises: The property locally referred to as the former Coke County Juvenile Detention Center, which is more fully described by metes and bounds on Exhibit "A" hereto, including the land and Improvements thereon. For purposes of this Lease Agreement (the "Lease"), the Premises does not include any right to the minerals, oil and gas, or groundwater located under the land.

Occupant: Tenant, or any person who uses or resides in the Premises through an agreement with Tenant as permitted by this Lease.

Occupied Portion of Premises: That portion of the Premises identified and agreed upon by Landlord and Tenant to be the portion that Tenant may occupy or permit others to occupy pursuant to the terms of this Lease. In order to establish the Occupied Portion of the Premises, both Landlord and Tenant shall sign an amendment to this Lease Agreement that identifies by depiction and/or description the Occupied Portion of the Premises.

Improvements: All buildings and other improvements now or hereafter located on the land.

Term (months): Thirty (30) months after the Effective Date, unless sooner terminated in accordance with the provisions of this lease.

Tenant's Right of Termination: At any time during the period beginning on the Commencement Date, and ending six months thereafter (the "Initial Six Month Period") Tenant shall have the right to terminate this Lease without cause by providing Landlord with written notice of its intent to so terminate, and such termination shall be effective as of the last day of that six month period. Upon termination, neither party will have any obligations under this Lease except those that survive termination.

Commencement Date: Effective Date set forth above, being the date on which this Lease is fully executed by the parties.

Termination Date: At the expiration of the Term.

Monthly Rent: \$1125.00 per month until the Premises or any portion of the Premises are occupied by five (5) or more Occupants, at which time the Rent shall automatically increase to \$3625.00 per month for each month in which the Premises or any portion of the Premises is occupied by five (5) or more Occupants during all or any portion of such month. Tenant shall promptly notify Landlord when this occupancy level has been reached, as well as during any period when the occupancy level drops below five Occupants. Tenant will maintain records showing the identity, permanent address, and phone number of each person occupying the Premises, and will make this information available to Landlord on a monthly basis (unless the parties agree to a different time period), and upon Landlord's request.

Tenant shall promptly provide Landlord with all other information regarding Tenant's use of the Premises that is reasonably requested by Landlord in writing.

Taxes: Tenant shall be responsible for paying all taxes assessed against Tenant's personal property and the Tenant's leasehold estate, if any.

Utility Services: Beginning on the effective date of this Lease, Tenant shall be responsible for obtaining and maintaining at its own expense for all utility services on the Premises that are needed for Tenant's Permitted Uses and for Tenant to perform the Maintenance Requirements described in Section B. 1. f. below.

Security Deposit: \$1,000.00

Permitted Uses:

1. Due Diligence. Tenant shall have the right to conduct due diligence activities on the Premises in order to determine its suitability for Tenant's purchase or use for the purposes described in 2 and 3 below. The due diligence activities shall not include the right to remove or damage any portion of the Premises.
2. Alterations. Tenant, with the prior written consent of Landlord, may make alterations to the Premises to render it suitable for residential occupancy by one or more persons as provided in 3. below. Landlord must approve the proposed improvements and plans and specifications and the contractor to be used by Tenant prior to Tenant commencing any such improvements, which shall not be unreasonably denied or delayed. Such approval by Landlord will not in any way relieve Tenant of its obligations under this Lease or constitute a determination by Landlord that the designed improvements comply with applicable laws, are adequate for Tenant's Permitted Uses, or are properly designed. All design documents must be prepared in a non-negligent manner and in accordance with the professional standard of care and performance customary among architects for the type of alterations being undertaken. If under State law, the services of a licensed architect or engineer are required for the design of the alterations, Tenant must engage the services of an architect or engineer to prepare the plans and specifications and require that person to provide professional liability insurance with commercially reasonable coverage. For all improvements whose contract price exceeds \$25,000.00, Tenant's contractor must provide payment and performance bonds each in the amount of 100% of the cost of the construction (unless this requirement is waived by Landlord in writing), with the Landlord named as a co-obligee on the bonds with the Tenant, and the Contractor's Insurance prior to the commencement of construction activities. Landlord shall not unreasonably withhold its consent to Tenant's alterations, provided that (i) Landlord has approved the proposed changes, the plans, specifications, and contractor, (ii) the lease amendments have been made as provided in this section, (iii) Tenant has provided Landlord with satisfactory evidence that the Tenant Insurance, Contractor Insurance and any required payment and performance bonds are in place; and (iv) Tenant is not in default under this Lease. Tenant shall require its contractor to provide a one-

year warranty against defects in labor or materials on work performed, beginning on the date of substantial completion, that automatically transfers to Landlord on termination of the Lease.

All construction must be performed in a good and workmanlike manner, in accordance with applicable laws and the design documents approved by Landlord. Tenant will initial, and will obtain Landlord's initials on a set of the final plans approved by Landlord. No material changes may be made to the design of the Improvements as approved by Landlord unless Landlord has approved such changes in writing.

3. Occupancy. Tenant may use the Occupied Portion of the Premises to maintain a small office for its own use during the Term of the Lease and may further sublease all or any portion of the Occupied Portion of the Premises, with Landlord's consent, which shall not be unreasonably delayed or denied, under an agreement with one or more persons ("Occupancy Agreement") for their temporary occupancy, including those employed as laborers within the area, and Tenant's office use in connection therewith. Tenant will provide Landlord with a copy of the agreement form that Tenant intends to use as an Occupancy Agreement for Landlord's approval. The Occupancy Agreement must set out the lease terms that are applicable to the use of the Premises by the Occupant, including a provision that the Occupant's right to occupy the Premises will automatically terminate upon the termination of this Lease, unless the Landlord thereafter expressly enters into a written Occupancy Agreement with the Occupant(s).

Landlord shall not unreasonably delay or withhold its consent to Tenant's use of the Premises for such occupancy, provided that: (i) Tenant has rendered the Premises suitable for such use in accordance with all applicable laws, and has provided Landlord with a written certification to that effect, and copies of any required Certificates of Occupancy issued by the city or other regulatory agency with authority; (ii) Landlord has approved the Occupancy Agreement form, which shall not be unreasonably delayed or denied; (iii) Tenant has provided satisfactory evidence to Landlord that all Tenant Insurance required by this Lease is in effect; and (iv) Tenant is not in default under this Lease.

Tenant shall be responsible for maintaining the Occupied Portion of the Premises in a safe and clean condition suitable for Tenant's Permitted Use, and shall be solely liable for any claims and causes of action for personal injury or property damage arising from: (i) the condition of the Occupied Portion of the Premises; and (ii) Tenant's use of the Premises and the activities conducted thereon beyond that contemplated by this Lease, including, without limitation, any damage to the Premises caused by the Tenant, the Occupants, their respective employees, invitees, and third persons with whom they contract.

Tenant's Insurance: Tenant will obtain and maintain the insurance required to be provided by Tenant in accordance with the Insurance Addendum attached hereto. Tenant's insurance shall include property insurance on Tenant's personal property and any Improvements that Tenant makes to the Premises that are removable or otherwise not insured under the Landlord's property insurance on the Improvements. It is Tenant's obligation to determine for itself which improvements made by Tenant are covered by Landlord's insurance for purposes of this section.

Landlord's Insurance: Landlord will obtain and maintain the insurance required to be provided by Landlord in accordance with the Insurance Addendum attached hereto, which includes the property insurance on the Improvements based on the replacement value of the Improvements on the Effective Date, as the same may be modified by any changes made to the Premises by Tenant during the Term. If Tenant makes any alterations to the Improvements, Tenant, Landlord and Landlord's insurance carrier shall agree on any change in the replacement value of the Improvements, and the insurance coverage shall be adjusted based on the revised

value. In the event of a conflict, Landlord and Tenant agree that the insurer's reasonable determination of replacement value shall control.

Contractor's Insurance: Tenant will require its design professionals and construction contractor to obtain and maintain the insurance required to be provided by them in accordance with the Insurance Addendum attached hereto.

A. Additional Defined Terms

A.1. "Injury" means (a) harm to or impairment or loss of property or its use, (b) harm to or death of a person, or (c) claims of unconstitutional discrimination in connection with the use or sublease.

A.2. "Rent" means the Base Rent plus any other amounts of money payable by Tenant to Landlord under this lease.

B. Tenant's Obligations

B.1. Tenant agrees to—

B.1.a. Lease the Premises for the entire Term beginning on the Commencement Date and ending on the earlier of: (i) the Termination Date; (ii) Tenant's exercise of its option to terminate the Lease as provided herein; or (iii) Tenant's purchase of the Premises pursuant to a subsequently negotiated and executed contract for sale, if any.

B.1.b. Accept the Premises in their present condition "AS IS," the Premises being currently suitable for item 1 of the Permitted Uses. Tenant's purchase of the Premises from Landlord, if any, construction of improvements on the Premises as allowed by this Lease, or use and/or occupation of the Premises by others shall constitute Tenant's certification to Landlord and agreement that Tenant has determined that the Premises are suitable for Tenant's use.

B.1.c. Comply with (i) all applicable laws relating to Tenant's use, maintenance of the condition, and occupancy of the Premises, (ii) the terms and provisions of this Lease, and (iii) any requirements imposed by utility companies serving the Premises, and (iv) any requirements imposed by Tenant's insurers or Landlord's property insurer.

B.1.d. Pay monthly, in advance, on the first day of the month, the Rent to Landlord at Landlord's Address.

B.1.e. Pay a late charge of 5 percent of any Rent not received by Landlord by the tenth day after it is due.

B.1.f. Obtain and pay for all Utility Services for the Occupied Portion of the Premises, together with the Utility Services required for the unoccupied portions of the Premises to enable Tenant to perform the nominal Maintenance Obligations in accordance with the provisions of Exhibit "B" (the "Maintenance Requirements"). Tenant shall enter into agreements with the utilities needed for the Premises in Tenant's name on the Commencement Date of this lease. Tenant understands that Landlord has the right to terminate its agreements with utility providers for services to the Premises at any time following twenty (20) days after the Commencement Date.

B.1.g. Allow Landlord to enter the Premises to perform Landlord's obligations or to remedy a default by Tenant, to inspect the Premises and Tenant's use thereof, and show the Premises to prospective purchasers or tenants.

B.1.h. Perform those Maintenance Requirements identified in the attached Exhibit "B" as being the responsibility of Tenant at all times during the Term of this Lease. Tenant shall be under no obligation to maintain, repair or replace the HVAC, roof and major mechanical building components that are located on the Premises, unless same shall have been installed, materially altered, constructed or replaced by Tenant and/or the need for such maintenance, repair or replacement is due to damage caused by Tenant, an Occupant, or their respective employees, invitees or third parties with whom they contract. However, Tenant shall promptly notify Landlord after Tenant obtains actual knowledge of the need for any maintenance, repair or replacement to the Premises, including those portions of the Premises that are not used or occupied by Tenant or its Occupant(s).

With regard to the Occupied Portion of the Premises, or any portion of the Premises that serves the Occupied Portion of the Premises, Tenant shall have the obligation to perform routine maintenance and repair on the building components that are required for Tenant's Permitted Uses and its obligations to repair, replace or restore those portion of the Premises that have been installed, replaced, altered or constructed by Tenant, save and except that Tenant shall have no obligation to maintain, repair, replace or restore any HVAC system, roof or major mechanical building components (unless the need for such maintenance, repair or replacement is due to damage caused by Tenant, an Occupant, or their respective employees, invitees or third parties with whom they contract, or unless same has been installed, replaced, materially altered or constructed by Tenant).

In the absence of coverage for any loss under any of the insurance required to be provided by Landlord under Exhibit "C" to this Lease Agreement, and provided that Tenant has no obligation to maintain, repair, replace or restore the building or building component under the above provisions, and provided further that Tenant is not in default of its obligations under this Lease, the Landlord shall take diligent action to promptly repair, replace or restore any building or building component, including the HVAC or a major mechanical building component in the Occupied Portion of the Premises that interferes with or otherwise impairs Tenant's Intended Use of the Premises, that ceases to properly function due to normal wear or use. Landlord's obligations under this paragraph shall be limited to the first \$15,000.00 of the actual cost to repair, replace or restore such building or building component. Where the actual cost to repair, replace or restore such building or building component exceeds \$15,000.00, Tenant shall have the option to: (a) agree to be responsible for those actual costs exceeding \$15,000.00, whereupon the work shall proceed upon Tenant's placement of funds equal to the excess costs have been receipted into escrow, Tenant has provided Landlord with written confirmation of the existence of a loan in an amount not less than equal to those actual costs exceeding \$15,000.00, or otherwise by written agreement of Landlord and Tenant; (b) relocate its occupancy to an unoccupied portion of the Premises, whereupon Landlord shall reimburse Tenant for its reasonable actual costs in so relocating up to \$15,000.00; or (c) terminate the Lease Agreement without cause. Landlord will be under no obligation to extend the Term of the Lease for any inconvenience to Tenant as a result of the foregoing.

The foregoing notwithstanding, in the event of an occurrence, including a fire, that poses an imminent threat of personal injury or property damage, Tenant shall take all steps reasonably available and necessary to address the situation in order to prevent, contain or mitigate the condition giving rise to such threats. Tenant shall be entitled to reimbursement from Landlord for costs reasonably incurred by Tenant in taking such action, to the extent that Tenant is not liable for such costs under the terms of this Lease.

B.1.i. Authorize Landlord to file a financing statement perfecting the security interest created by this lease, if required by Landlord.

B.1.j. Notify Landlord promptly after learning of any casualty or damage to the Premises or any accident occurring on the Premises that results in injury or loss of life, but in no event later than 48 hours after Tenant first learns of the same.

B.1.k. Vacate the Premises on the last day of the Term.

B.1.l. IN AN AMOUNT EQUAL TO TENANT'S PROPORTIONATE SHARE OF THE FAULT FOR SAME ONLY, INCLUDING THE FAULT OF ANY OCCUPANT OR INVITEE, TENANT SHALL INDEMNIFY, DEFEND, AND HOLD LANDLORD, AND LANDLORD'S EMPLOYEES, OFFICIALS, AND MEMBERS OF THE COMMISSIONERS COURT HARMLESS FROM ANY INJURY AND ANY CLAIM, ACTION, LOSS, LIABILITY, OR COST, OR EXPENSE, INCLUDING ATTORNEY'S FEES AND COURT COSTS ARISING OUT OF OR IN CONNECTION WITH: (1) TENANT'S ACTIVITIES ON OR USE OF THE PREMISES; (2) THE CONDITION OF THE PREMISES, INCLUDING THE OCCUPIED PORTION OF THE PREMISES, EXCEPT WHERE LANDLORD IS OTHERWISE RESPONSIBLE FOR SAME AS PROVIDED IN THIS LEASE AGREEMENT OR UNDER APPLICABLE LAW; (3) ANY ACTIONS OR ACTIVITIES CONDUCTED ON THE PREMISES BY TENANT, OCCUPANTS, OR THEIR RESPECTIVE INVITEES, EMPLOYEES AND THIRD PARTIES WITH WHOM THEY CONTRACT; (4) A BREACH OF THIS AGREEMENT BY TENANT; AND/OR (5) AN ENVIRONMENTAL RELEASE OR CONTAMINATION AFFECTING THE PREMISES CAUSED BY TENANT, OCCUPANTS, OR THEIR RESPECTIVE INVITEES, EMPLOYEES AND THIRD PARTIES WITH WHOM THEY CONTRACT. THE OBLIGATIONS SET OUT IN THIS SECTION SHALL SURVIVE TERMINATION OF THE LEASE.

B.2. Tenant agrees not to—

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

B.2.b. Create a nuisance in violation of any applicable laws or ordinances.

B.2.c. Permit any waste.

B.2.d. Use the Premises in any way beyond the Permitted Use that would increase Landlord's insurance premiums or void insurance on the Premises.

B.2.e. Change Landlord's lock system, without Landlord's prior consent. If a change is approved and made, Tenant shall furnish Landlord with two sets of all keys and/or access codes on the same day as the change is made.

B.2.f. Alter the Premises without Landlord's prior, written consent and approval of any proposed alteration. Landlord's prior written consent is required for any alterations.

B.2.g. Allow a lien to be placed on the Premises. Tenant will promptly cause any lien against the Premises that was filed as a result of the actions or inactions of Tenant to be released as soon as Tenant becomes aware of it.

B.2.h. Assign this lease or sublease any portion of the Premises without Landlord's prior written consent. Tenant hereby grants Landlord a security interest in any rents or income obtained from the Premises during the Term to secure Tenant's obligations under this Lease.

C. Landlord's Obligations

C.1. Landlord agrees to—

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

C.1.b. Obey all laws relating to Landlord's operation of the Premises.

C.1.c. Comply with: (i) the terms and provisions of this Lease; (ii) any requirements imposed by utility companies serving the Premises, provided that such requirements do not obligate the Landlord to incur or pay for any costs; and (iii) any requirements imposed by Landlord's insurers.

C.1.d. Return the Security Deposit to Tenant, less itemized deductions, if any, on or before the sixtieth (60) day after the date Tenant surrenders the Premises or, in the event that Tenant later elects to purchase the Property, at closing.

C.2. Landlord agrees not to—

C.2.a. Interfere with Tenant's possession of the Premises as long as Tenant is not in default.

C.2.b. Unreasonably withhold consent to a proposed sublease.

D. General Provisions

Landlord and Tenant agree to the following:

D.1. Alterations. Any permanent physical additions or improvements to the Premises made by Tenant will become the property of Landlord upon termination of the Lease. Landlord may require that Tenant, at the end of the Term and at Tenant's expense, remove any unapproved physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Commencement Date, normal wear excepted.

D.2. Abatement. Tenant's covenant to pay Rent and Landlord's covenants are independent. Except as otherwise provided, Tenant will not be entitled to abate Rent for any reason.

D.3. Insurance. Tenant and Landlord will maintain the respective insurance coverages described in the attached Insurance Addendum throughout the Lease Term.

D.4. Landlord's Right to *Sell the Premises*. TENANT ACKNOWLEDGES THAT LANDLORD INTENDS TO LIST THE PREMISES FOR SALE DURING THE LEASE TERM WITH A LICENSED REAL ESTATE BROKER FOR THE PURPOSE OF SELLING THE PREMISES TO A QUALIFIED PURCHASER.

D.5. Release of Claims/Subrogation. Landlord and Tenant release each other and their respective employees, officers, and in the case of the Landlord, officials and members of the Commissioners Court, from all claims or liabilities for damage to the Premises, damage to or loss of personal property within the Premises, 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 Lease. The party incurring the damage or loss will be responsible for any deductible or self-insured retention under its property insurance, unless the released party caused the damage to the property, in which case said party shall pay or reimburse landlord for the deductible. Landlord and Tenant 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 employees, officers or officials, or in the case of the Landlord, members of the Commissioners Court, but will not apply to the extent the damage or loss is caused by the gross negligence or willful misconduct of any such party.

D.6. Casualty/Total or Partial Destruction

- a. If: (i) any portion of the Premises is damaged or destroyed by casualty during the Lease Term; (ii) coverage for such damage or destruction exists under the insurance required to be provided by Landlord and/or Tenant under Exhibit "C" hereto; (iii) the actual cost to complete such repair, replacement and/or restoration does not exceed \$150,000.00; (iv) Tenant is not in default of its obligations under the Lease; and (v) further still that such work is capable of being completed within the remaining period of the Lease Term, then Landlord shall promptly repair, replace or restore such portion of the Premises. Landlord shall not be obligated to repair, replace or restore such portions of the Premises that have been damaged or destroyed by casualty for which coverage is not available under any of the insurance required under Exhibit "C" beyond that set forth in Section B.1.h., *supra*. Where the actual cost to repair, replace or restore such casualty exceeds \$150,000.00 and/or is incapable of being completed within the remaining period of the Lease Term, Tenant shall have the option to: (a) agree to be responsible for those actual costs exceeding \$150,000.00, whereupon the work shall proceed upon Tenant's placement of funds equal to the excess costs have been receipted into escrow, Tenant has provided Landlord with written confirmation of the existence of a loan in an amount not less than equal to those actual costs exceeding \$150,000.00, or otherwise by written agreement of Landlord and Tenant; (b) relocate its occupancy to an unoccupied portion of the Premises, whereupon Landlord shall reimburse Tenant for its reasonable actual costs in so relocating up to \$15,000.00; or (c) terminate the Lease Agreement without cause.
- b. To the extent the Occupied Portions of the Premises are uninhabitable after the casualty, and Tenant does not elect to terminate the Lease Agreement as provided in D.6.a above, the Monthly Rent will be adjusted as may be fair and reasonable.

6. *Condemnation/Substantial or Partial Taking*

- a. If the Occupied Portion of the Premises cannot be used for the purposes contemplated by this Lease because of condemnation or purchase in lieu of condemnation, this lease will terminate.
- b. If there is a condemnation or purchase in lieu of condemnation and this lease is not terminated, but Tenant's ability to use the Occupied Portion of the Premises for the purposes contemplated by this Lease is adversely affected, the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.
- c. Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation received by Landlord, save and except for that portion of the award or proceeds equal to the value of Tenant's improvements.

D.8. *Uniform Commercial Code.* Tenant grants Landlord a security interest in Tenant's personal property now or subsequently located on the Premises. This lease is a security agreement under the Uniform Commercial Code. Landlord may file financing statements or continuation statements to perfect or continue the perfection of the security interest.

D.9. *Default by Landlord/Events.* Defaults by Landlord are failing to comply with any provision of this lease within thirty (30) days after Landlord's receipt of written notice of same from Tenant.

D.9. *Default by Landlord/Tenant's Remedies.* Tenant's remedies for Landlord's default are to sue for damages.

D.10. *Default by Tenant/Events.* Defaults by Tenant are (a) failing to pay timely Rent, (b) abandoning or vacating the Premises without payment of Rent or performing Tenant's other obligations under this Lease, and (c) failing to comply with any provision of this Lease within thirty (30) days after Tenant's receipt of written notice of same from Landlord.

D.11. *Default by Tenant/Landlord's Remedies.* Landlord's remedies for Tenant's default are, in addition to any other rights or remedies provided by this Lease, or available at law or equity, to (a) enter and take possession of the Premises, after which Landlord may relet the Premises on behalf of Tenant and receive the rent directly by reason of the reletting (b) enter the Premises and perform Tenant's obligations, in which event Tenant shall reimburse Landlord upon demand for the amounts expended by Landlord, and/or (c) terminate this Lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages.

D.13. *Default/Waiver/Mitigation.* It is not a waiver of default if the nondefaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this lease does not preclude pursuit of other remedies in this lease or provided by applicable law. Landlord and Tenant have a duty to mitigate damages.

D.14. *Security Deposit.* If Tenant defaults, Landlord may use the Security Deposit to pay arrears of Rent, to repair any damage or injury, or to pay any expense or liability incurred by Landlord as a result of the default. In addition, Landlord may apply rents or any other income from the Premises payable to Tenant for the payment of such amounts.

D.15. *Holdover.* If Tenant does not vacate the Premises following termination of this lease, Tenant will become a tenant at will and must vacate the Premises on receipt of notice from Landlord. No holding over by Tenant, whether with or without the consent of Landlord, will extend the Term.

D.16. *Alternative Dispute Resolution.* Landlord and Tenant agree to mediate in good faith before filing suit for damages.

D.17. *Attorney's Fees.* If either party retains an attorney to enforce this lease, the party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court costs.

D.18. *Venue.* Exclusive venue is in the county in which the Premises are located.

D.19. *Entire Agreement.* All addenda and exhibits to the lease are incorporated into the lease. This lease including such addenda or exhibits constitutes the entire agreement of the parties concerning the lease of

the Premises by Landlord to Tenant. There are no representations, warranties, agreements, or promises pertaining to the Premises or the lease of the Premises by Landlord to Tenant that are not set forth in this lease and merged herein, and Tenant is not relying on any statements or representations of Landlord, its employees, officers, officials or members of the Commissioner Court that are not in this lease.

D.20. *Amendment of Lease.* This Lease may be amended only by an instrument in writing signed by Landlord and Tenant.

D.21. *"AS IS" CONDITION, NO WARRANTIES.* TENANT ACKNOWLEDGES AND AGREES THAT LANDLORD HAS MADE NO WARRANTIES OR REPRESENTATIONS TO TENANT REGARDING THE PREMISES OR ITS CONDITION OR ITS SUITABILITY FOR TENANT'S INTENDED USE BEYOND THOSE SET FORTH WITHIN THIS LEASE AGREEMENT. TENANT FURTHER ACKNOWLEDGES AND AGREES THAT ANY SURVEYS, ENVIRONMENTAL OR PROPERTY CONDITION INSPECTIONS OR REPORTS OR OTHER INFORMATION REGARDING THE PREMISES PROVIDED BY LANDLORD TO TENANT, WERE PROVIDED SOLELY AS INFORMATION IN OWNER'S POSSESSION REGARDING THE PREMISES, AND WERE PROVIDED WITHOUT ANY WARRANTY OR REPRESENTATION BY LANDLORD AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY OF SUCH INFORMATION. TENANT ACKNOWLEDGES THAT TENANT HAS MADE ITS OWN INSPECTION AND INVESTIGATION OF THE PREMISES AND HAS CHOSEN TO ENTER INTO THIS LEASE BASED ON ITS OWN INSPECTION AND INVESTIGATION, AND THAT TENANT HAS NOT RELIED ON ANY REPRESENTATION OR WARRANTIES BY LANDLORD BEYOND THOSE SET FORTH IN THIS LEASE AGREEMENT. TENANT ACKNOWLEDGES THAT IT IS A MATERIAL TERM OF THIS LEASE AS NEGOTIATED BY THE PARTIES THAT TENANT ACCEPT THE PREMISES IN ITS "AS IS" CONDITION, WITH ALL FAULTS, BOTH LATENT AND PATENT. THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED BY LANDLORD OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE BEYOND THOSE PROVIDED HEREIN.

D.22. *Notices.* Any notice required or permitted under this Lease must be in writing. Any notice required by this Lease 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 lease. 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.23. *Survival of Obligations.* All provisions of this Lease that state that they survive termination and all provisions that are performable or that may be performed after termination of this Lease shall survive termination. All payment obligations by Tenant arising under or in connection with this Lease, and all obligations of Tenant to indemnify or to perform repairs or other obligations that arise during the Term or in connection with this Lease shall survive termination of this Lease, except for termination for cause based upon Landlord's default hereunder. Without limiting the foregoing, Tenant shall continue to be responsible for paying to Landlord all Rent that accrued during the Term and that has not been paid in full at the termination of the Lease.

D.24. *Abandoned Property.* Tenant shall remove all personal property, unwanted items and debris arising during the Term of the Lease from the Premises at the end of the Term, and dispose of them appropriately offsite. Tenant shall leave the Occupied Portion of the Premises in similar or better condition as that received by Tenant at the commencement of the Lease Term. Landlord may retain, destroy, or dispose of

any property left on the Premises at the end of the Term without liability to Tenant or any other person. If Landlord is required to clean the Property, remove debris and/or repair damage caused by Tenant's use or occupancy of the Premises, Landlord may do so and Tenant shall be liable to Landlord for the cost of such clean-up or repair upon demand. These obligations shall survive termination of the Lease.

D. 25. *Assignment.* Tenant may sublet its rights under this Lease without Landlord's consent for short term residency as described in this Lease. Otherwise, Tenant may sublet or assign its rights under this Lease only with the prior written consent of Landlord, which consent may not be unreasonably delayed or withheld. Consent may be withheld for factors that include, but are not limited to, the financial ability of the assignee to perform the payment and indemnification obligations under this Lease. In order for Landlord's consent to be effective, the Tenant and assignee must sign an agreement, with terms reasonably acceptable to Landlord, in which the assignee agrees to assume and perform the Tenant's obligations under this Lease. A purported assignment made without compliance with the terms of this section shall be void and of no effect.

D. 26. *List of Exhibits:*

Exhibit "A": Legal Description of the Premises.

Exhibit "B": Maintenance Requirements.

Exhibit "C": Insurance Requirements

Executed by the parties on the dates set forth below to be effective as of the date of the last party to sign (Effective Date")

COKE COUNTY, TEXAS

GARRISON GENERAL CONTRACTORS, LLC

By: Roy Blair

By: Brian Garrison

Roy Blair, County Judge

Brian Garrison

Date: 04.21.2014

Date: 4/9/2014

EXHIBIT "A"

Legal Description of the Premises

EXHIBIT "A"

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Field Notes

38.91 acres of land comprised of 5.09 acres out of J. B. McCutcheon Survey No. 4, and 33.82 acres out of C. & M. RR. Co. Survey No. 1 Coke County, Texas, said 38.91 acres of land being out of the westerly part of a 95.567 acre tract conveyed to James A. Tidwell from Ozella A. Wilkins, Joe Don Wilkins, Jerry C. Wilkins, and Jan Nita Phillips by deed recorded in Volume 219, Page 209, Deed Records, Coke County, Texas, said 38.91 acres of land being more particularly described by metes and bounds as follows:

BEGINNING at a 1/2" iron pipe found for the northwest corner of this tract and the most westerly northwest corner of said 95.567 acre tract and the southwest corner of a 24.90 acre tract described by deed as recorded in Volume 181, Pages 310-311, Deed Records, Coke County, Texas, said point of beginning being in the east right-of-way line of U. S. Highway No. 277 and being located at Y=803101.2069 and X=2012994.6082, Texas Coordinate System Central Zone;

THENCE N 88° 06' 58" E along the north line of this tract and the north line of said 95.567 acre tract at 507.55 feet cross the southeasterly line of said Survey No. 4 and the northwesterly line of said Survey No. 1, continuing in all 1087.32 feet to a 3" steel fence corner post found for a point of angle;

THENCE S 59° 10' 32" E 446.91 feet to a 1/2" iron rod found for the east corner of this tract;

THENCE S 25° 07' 43" W 1563.09 feet along an existing fence line to a 1/2" iron rod found for a southeasterly corner of this tract;

THENCE S 64° 30' 47" W 12.55 feet to a 1/2" iron rod set for the south corner of this tract;

THENCE N 61° 35' 53" W 859.97 feet along an existing fence line to a 1/2" iron rod found in the east right-of-way line of said U. S. Highway No. 277 for the southwest corner of this tract;

THENCE N 1° 51' 08" W along the east line of said U. S. Highway No. 277, the west line of this tract and the west line of said 95.567 acre tract at 331.75 feet cross the northwesterly line of said Survey No. 1 and the southeasterly line of said Survey No. 4, continuing in all 1205.39 feet to the place of beginning and containing 38.91 acres of land.

Surveyed on the ground under my supervision on June 30th and July 1st, 1994.

Myrl G. Sudduth
Myrl G. Sudduth
Registered Professional Land Surveyor

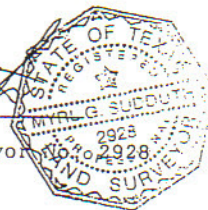


EXHIBIT "B"
MAINTENANCE REQUIRMENTS

LANDLORD'S MAINTENANCE REQUIREMENTS:

In addition to those maintenance and repair obligations expressly set forth in the Lease Agreement, Landlord is required to reasonably maintain the exterior of any Occupied Portion of the Premise, and to reasonably maintain the exterior and interior of any unoccupied portions of the Premises. Landlord is not required to maintain the interior of any Occupied Potion of the Premises beyond those maintenance and repair obligations expressly set forth in the Lease Agreement.

Landlord is responsible for setting and maintaining the HVAC levels within all unoccupied portions of the Premises at a moderate level for the purpose of inhibiting the growth of mold or mildew within such areas, and for replacing filters for same as required. Tenant shall not alter such settings. Landlord shall further provide wrapping or dripping for exterior and interior waterlines in or serving the unoccupied portions of the Premises to prevent damage from freezes.

TENANT'S MAINTENANCE REQUIREMENTS:

In addition to those maintenance and repair obligations expressly set forth in the Lease Agreement, Tenant is required to reasonably maintain the interior of all Occupied Portions of the Premises during the Lease Term. Tenant is further required to reasonably maintain the grounds of the Premises by periodically mowing grass and removing any accumulated trash thereon in an effort to minimize same from becoming an eyesore and/or otherwise becoming a health or safety hazard. Tenant shall not be responsible for maintaining the exterior of any Occupied Potion of the Premises, nor the interior or exterior of any unoccupied portion of the Premises, unless otherwise expressly provided in the Lease Agreement.

Tenant is responsible for setting and maintaining the HVAC levels within all Occupied Portions of the Premises at a moderate level for the purpose of inhibiting the growth of mold or mildew within such areas, and for replacing filters for same as required. Tenant shall further provide wrapping or dripping for exterior and interior waterlines in or serving the Occupied portions of the Premises to prevent damage from freezes.

EXHIBIT "C"
INSURANCE REQUIREMENTS

LANDLORD'S INSURANCE REQUIREMENTS:

Landlord will maintain property insurance on the Improvements existing on the Effective Date, and any permanent Improvements to the Premises constructed during the Term of this Lease in an amount sufficient to fully insure same from loss. Tenant will notify Landlord after Tenant has completed improvements, and the Landlord will notify the insurer to determine whether an increase in coverage limits is required due to the new Improvements. Tenant will be named as an additional insured to the extent its interest may appear. Landlord must also complete and forward the Certificate of Insurance to Tenant whenever a previously identified policy period has expired as verification of continuing coverage.

Landlord shall be responsible for premiums, deductibles if any, stated in such policy. All deductibles shall be disclosed on the Certificate of Insurance or in writing to the Tenant upon request.

The insurance coverage required under this Lease are required minimums and are not intended to limit the responsibility or liability of Landlord.

TENANT'S INSURANCE REQUIREMENTS:

(1) General Requirements.

Tenant shall carry insurance in the types and amounts indicated below for the duration of the Lease.

Tenant must complete and forward the Certificate of Insurance to Landlord when the Lease is executed as verification of coverage required below. Tenant shall not go onto the Premise until the required insurance is in place. Approval of insurance by Landlord shall not relieve or decrease the liability of Tenant hereunder and shall not be construed to be a limitation of liability on the part of Tenant. Tenant must also complete and forward the Certificate of Insurance to Landlord whenever a previously identified policy period has expired as verification of continuing coverage.

Tenant's insurance coverage is to be written by companies licensed to do business in the State of Texas at the time the policies are issued and shall be written by companies with A.M. Best ratings of A VII or better.

All endorsements naming the Landlord as additional insured, waivers, and notices of cancellation endorsements as well as the Certificate of Insurance shall indicate:

Coke County, Texas
Attn.: County Judge
13 East 7th
Robert Lee, Texas 76945

The "other" insurance clause shall not apply to the Landlord where the Landlord is an additional insured shown on any policy. It is intended that policies required in the Lease, covering both Landlord and Tenant, shall be considered primary coverage as applicable.

If insurance policies are not written for amounts specified below, Tenant shall carry Umbrella or Excess Liability Insurance for any differences in amounts specified. If Excess Liability Insurance is provided, it shall follow the form of the primary coverage.

Landlord shall be entitled, upon request and without expense, to receive certified copies of policies and endorsements thereto and may make any reasonable requests for deletion or revision or modification of particular policy terms, conditions, limitations, or exclusions except where policy provisions are established by law or regulations binding upon either of the parties hereto or the underwriter on any such policies.

Landlord reserves the right to review the insurance requirements set forth during the effective period of this Lease and to make reasonable adjustments to insurance coverage, limits, and exclusions when deemed necessary and prudent by Landlord based upon changes in statutory law, court decisions, the claims history of the industry or financial condition of the insurance company.

Tenant shall not cause any insurance to be canceled nor permit any insurance to lapse during the term of the Lease or any holdover period.

Tenant shall be responsible for premiums, deductibles if any, stated in policies. All deductibles shall be disclosed on the Certificate of Insurance or in writing to the Landlord.

Tenant shall provide Landlord thirty (30) days written notice of erosion of the aggregate limits below occurrence limits for all applicable coverages indicated within the Lease.

The insurance coverages required under this Lease are required minimums and are not intended to limit the responsibility or liability of Tenant.

(2) Business Automobile Liability Insurance. Provide coverage for all owned, non-owned and hired vehicles. The policy shall contain the following endorsements in favor of Landlord or such alternate endorsement designations as Landlord may hereafter specify:

- a) Waiver of Subrogation endorsement TE 2046A or its equivalent;
- b) 30 day Notice of Cancellation endorsement TE 0202A or its equivalent; and
- c) Additional Insured endorsement TE 9901 B or its equivalent.

Provide coverage in the following types and amounts:

A minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage.

(3) Workers' Compensation and Employers' Liability Insurance. Coverage shall be consistent with statutory benefits required by the Texas Workers' Compensation Act (Section 401). The Certificate of Insurance must be presented as evidence of coverage for Tenant. Tenant's policy shall apply to the State of Texas and include these endorsements or their equivalents in favor of Landlord:

- a) Waiver of Subrogation, form WC 420304 or its equivalent; and
- b) 30 day Notice of Cancellation, form WC 420601, or its equivalent.

The minimum policy limits for Employers' Liability Insurance coverage shall be as follows:

\$1,000,000 bodily injury per accident, \$1,000,000 bodily injury by disease policy limit and \$1,000,000 bodily injury by disease each employee.

(4) Commercial General Liability Insurance. The Policy shall contain the following provisions:

- a) Blanket contractual liability coverage for liability assumed under the Lease and all contracts relative to this Lease.
- b) Completed Operations/Products Liability for the duration of the warranty period.
- c) Independent Contractors coverage.
- d) Landlord shall be listed as an Additional Insured, endorsement CG 2010 10 11 (or its equivalent) on a primary and non-contributory basis.
- e) 30-day notice of cancellation in favor of Landlord, endorsement CG 0205, or its equivalent.
- f) Waiver of Transfer of Recovery Against Others in favor of Landlord, endorsement CG 2404, or its equivalent.
- g) Coverage shall not include any endorsements or policy language excluding or limiting Products/Completed Operations coverage, Contractual or Cross Liability.
- h) The policy shall expressly provide coverage for Tenant's leasing activities on the Premises.

Provide coverages A&B with minimum limits as follows:

A combined bodily injury and property damage limit of \$1,000,000 per occurrence.

Per Occurrence Limit shall be at least \$ 1,000,000.

General & Products/Completed Operations Aggregate Limit shall be at least \$1,000,000.

(5) Tenant shall maintain property insurance on Tenant's (i) personal property, fixtures, equipment and (ii) improvements to the leasehold estate not covered by the Landlord's property insurance coverage, in amounts that Tenant deems appropriate.

CONTRACTOR INSURANCE REQUIREMENTS:

Commercial General Liability Insurance, Worker's Compensation Insurance and Employer's Liability Insurance, Business automobile liability insurance in amounts and with coverage comparable to the Tenant's required insurance. In addition, Contractor shall maintain Builders' Risk Insurance. or Installation Insurance on an all risk physical loss form in the amount of the construction contract. Coverage shall continue until the work is accepted by Tenant. Landlord and Tenant shall each be a loss payee on the policy to the extent their interests may appear. If off site storage is permitted, coverage shall include transit and storage in an amount sufficient to protect property being transported or stored. The policy must be endorsed so that it covers loss to existing buildings, and not just the work being performed by the contractor.