

STATE OF TEXAS

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BOAT STALL LEASE AGREEMENT

COUNTY OF WILLACY

This Lease Agreement is made and entered into as of the ___ day of _____, by and between **WILLACY COUNTY NAVIGATION DISTRICT**, a Navigation District organized and existing under Article XVI, Section 59 of the Constitution of the State of Texas, acting through the Chairman of its Port Commission (hereinafter called "Lessor"), and _____ a _____ corporation (hereinafter called "Lessee"), upon the following terms and conditions, to-wit:

1. LEASED PREMISES

For and in consideration of the rents, covenants and promises herein contained to be kept, performed and observed by Lessee, Lessor does hereby lease and demise to Lessee, and Lessee does hereby rent and accept from Lessor that real property referred to herein as "the leased premises", more particularly described as BOAT STALL # _____ for the purpose of mooring one vessel having a maximum length of _____ feet, Vessel ID # _____, together with (a) access to the leased premises via common walkways and (b) so much of the adjacent pier/walkway as Lessor may from time to time determine for the purpose of erecting and maintaining the improvements described herein, subject to all reservations, dedications, restrictions, easements and outstanding interests of record or apparent on the ground affecting the leased premises.

2. TERM

2.01. Primary Term. The primary term of this lease shall be for a period of one year, beginning on the ___ day of _____ and ending at 11:59 p.m. on the ___ day of _____.

2.02. Renewal Option(s). Provided Lessee is not in default at the end of the primary term, then Lessee shall have the right and option to renew and extend this lease for subsequent and additional one (1) year periods, which shall automatically occur unless either party notifies the other that the lease will not be renewed, which notice shall be given not later than ninety (90) days prior to the expiration of any calendar lease year.

All terms, conditions, covenants and obligations performable by Lessee hereunder shall remain in full force and effect during the primary term and any extensions of this lease, or upon any holding over by Lessee. Upon the termination of this lease or Lessee's tenancy, whenever and however such termination occurs, Lessee agrees that the leased premises shall be surrendered to Lessor promptly and in the same condition as when leased, except for any improvements which may be left by Lessee.

3. RENT

3.01. Rent. In consideration for this lease, Lessee agrees to pay to Lessor as annual rental each year in advance the rental established by the Navigation and Canal Commissioners of Lessor from time to time.

4. USE

4.01. Permitted Use. The premises leased by and let to Lessee hereunder are to be used by Lessee as a boat stall and for no other use. Lessee accepts the leased premises and all existing access thereto as suitable for its purposes AS IS, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED. Lessor shall not be required to make any improvements to the leased premises or to repair any damages to the leased premises. The parties agree that Lessor undertakes no additional obligations whatsoever with respect to the leased premises, except as specifically set forth herein.

4.02. Prohibited Use. Lessor will not (a) use, occupy or permit the use or occupancy of the leased premises for any purpose or in any manner which is or may be directly or indirectly, (i) inconsistent with the permitted use set forth above, (ii) in violating of any law or regulation, as referred to herein, (iii) dangerous to life or property or a public or private nuisance, (iv) disruptive to the activities of any other tenant or occupant of property adjacent to or near the leased premises; (b) commit or permit to remain any waste to the leased premises; or (c) commit or permit to be committed any act or circumstance on or about the leased premises which would or might justify any insurance carrier in cancelling or adjusting the rates of any insurance policies maintained by Lessor or Lessee and covering the leased premises.

4.03. Hazardous Materials. Lessee shall not cause or permit any hazardous materials to be generated, treated, stored on or about the leased premises or transferred to the leased premises in contravention of Lessor's tariffs or any other legal requirement. The term "hazardous materials" shall mean any flammables, explosives, radioactive materials, hazardous waste, toxic substances or related materials, including substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "solid waste" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sec. 9601, et. seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801, et. seq.; the Resources Conservation and Recovery Act, 42 U.S.C. Sec. 6901, et. seq.; the Toxic Substance Control Act, as amended, 15 U.S.C. 2601 et. seq.; Lessor's Tariff; the Texas Health and Safety Code; or any other legal requirement.

5. INDEMNITY AND INSURANCE

5.01. Indemnity. In consideration for this lease, Lessee agrees to indemnify and hold and save Lessor harmless from any and all liabilities, costs, demands, claims and expenses, including reasonable attorney's fees and court costs incurred by Lessor in connection with Lessee's use or occupancy of the leased premises, whether as a result of a claim or demand by any third party, or as a result of the expenditure of monies by Lessor in order to cure any default by Lessee. The parties expressly acknowledge and agree that Lessee shall be responsible for and shall reimburse Lessor for any and all damage to Lessor's property caused by any person, firm or corporation, invitee or independent contractor who may use or occupy the leased premises or come upon or around Lessor's facilities at the invitation or request of Lessee or in connection with any agreement or contract with Lessee. Before any claim is made by Lessor upon Lessee under this indemnity agreement, Lessor shall first notify Lessee in writing, and in the case of a claim being made upon Lessor by a third party, Lessee shall be afforded the opportunity to defend or compromise such claim.

5.02. Lessor's Exculpation. Lessor shall have no responsibility or liability to Lessee, or to Lessee's officers, directors, shareholders, partners, employees, agents, contractors or invitees, for bodily injury, death, property damage, business interruption, loss of profits, loss of trade secrets or other direct or consequential damages occasioned by (a) Force Majeure, (b) vandalism, theft, burglary and other criminal acts (other than those committed by Lessor and its employees) or (c) the repair, replacement, maintenance, damage, destruction or relocation of the leased premises.

6. MAINTENANCE AND COSTS

6.01. Utilities. In addition to the rent provided herein, Lessee shall pay to Lessor Lessee's prorata share of the cost of electricity to the leased premises, as determined by Lessor in a manner deemed reasonable by Lessor. Such payments shall be made promptly upon receipt by Lessee of Lessor's invoice. Lessor shall, to the extent Lessor is able to do so, provide water to the leased premises at no cost to Lessee.

6.02. Maintenance. Lessor assumes no responsibility for the maintenance of the leased premises, but rather, Lessee covenants and agrees to at all times maintain the leased premises in a clean and orderly condition and keep the same free of any nuisance. In this connection, Lessee shall keep any and all improvements upon the leased premises in a good state of repair, shall keep the same free of litter and debris, and shall comply with

all reasonable rules, regulations or requests made or promulgated by Lessor for the orderly operation of the Willacy County Navigation District in the interests of Lessor, Lessor's other tenants and the general public.

7. IMPROVEMENTS

7.01. Construction of Improvements. Lessee shall have the right to at any time and from time to time during the term of this lease, at its own expense, erect, maintain, alter, replace, storage boxes adjacent to the leased premises, subject to Lessor's approval of the plans and specifications. Lessor shall have the right to, from time to time, require removal, alteration or reconstruction of such storage boxes if in Lessor's absolute discretion, it is in Lessor's best interests to do so.

7.02. Removal of Improvements. Upon termination of this lease, Lessee shall not have the right to remove any improvements. The parties agree that if Lessor permits Lessee to remove any such improvements, then Lessee will restore the surface of the leased premises free of all obstacles, slabs, stakes, blocks, lines and other debris. All property left upon the leased premises upon the termination of Lessee's tenancy shall become the property of Lessor.

7.03. Reservation of Easements by Lessor. Lessor reserves the right to have rights-of-way and easements on, over and across said leased premises (a) for water lines, pipelines, power lines, telegraph and telephone lines or similar items or (b) for the purpose of repair and/or maintenance of Lessor's piers and docks.

8. COMPLIANCE WITH LAW

Lessee shall be responsible for compliance with any and all codes, ordinances, statutes, regulations or laws of any nature whatsoever promulgated by any governmental subdivision or agency which may exercise jurisdiction or regulatory control over or affecting the leased premises, and Lessee covenants and agrees to comply with such laws.

9. CASUALTY LOSS

9.01. Obligation to Restore.

(a) If the leased premises are wholly destroyed by any casualty, or are so damaged or destroyed that, in Lessor's good faith judgment reasonably exercised that it would be uneconomic to cause the same to be restored, then Lessor shall not be obligated to restore such improvements and this lease shall terminate.

(b) All insurance proceeds arising from policies maintained by Lessor for the damages arising from such casualty shall be distributed and paid directly to Lessor.

9.02. Notice of Damage. Lessee shall immediately notify Lessor of any destruction of or damage to the leased premises.

10. SECURITY INTEREST

As security for Lessee's payment of rent and performance of all of its other obligations under this lease, Lessee hereby grants to Lessor a lien on and security interest in all property of Lessee now or hereafter placed in, added to or constituting a part of the leased premises. This Article 10 shall constitute a security agreement under the Uniform Commercial Code of the State of Texas, and Lessor, as secured party, shall be entitled to all of the rights, remedies and recourses afforded to a secured party under such Uniform Commercial Code, which rights, remedies and recourses shall be cumulative of all other rights, remedies, recourses, liens and security interests afforded Lessor by law, equity or this lease. Lessee appoints Lessor as Lessee's attorney in fact to execute and file such financing statements as Lessor may require.

11. DEFAULT BY LESSEE

11.01. Events of Default. Each of the following occurrences shall constitute an event of default by Lessee under this lease:

- (a) The failure of Lessee to pay rent as and when due hereunder and the continuance of such failure for a period of five days thereafter;
- (b) The failure of Lessee to perform, comply with or observe any other agreement, obligation or undertaking of Lessee, or any other term, condition or provision, in this lease, and the continuance of such failure for a period of 10 days after written notice from Lessor to Lessee specifying the failure;
- (c) The filing of a petition by or against Lessee (the term "Lessee" meaning, for the purpose of this clause (c), shall include any guarantor) (i) in any bankruptcy or other insolvency proceeding, (ii) seeking any relief under the Code or any similar debtor relief law, (iii) for the appointment of a liquidator or receiver for all or substantially all of Lessee's property or for Lessee's interest in this lease or (iv) to reorganize or modify Lessee's capital structure;
- (d) The admission by Lessee in writing that it cannot meet its obligations as they become due or the making by Lessee (or any guarantor) of an assignment for the benefit of its creditors.

11.02. Remedies of Lessor. Upon any event of default, Lessor may, at Lessor's option and in addition to all other rights, remedies and recourses afforded Lessor hereunder or by law or equity, do any one or more of the following:

- (a) Terminate this lease by the giving of written notice to Lessee, in which event Lessee shall pay to Lessor upon demand the sum of (i) all rent and other amounts accrued hereunder to the date of termination, and (ii) damages in an amount equal to (A) the total rent that Lessee would have been required to pay for the remainder of the term discounted to present value at a discount rate reasonably designated by Lessor minus (B) the then present fair rental value of the leased premises for such period.
- (b) Terminate Lessee's right to possession of the leased premises without terminating this lease by the giving of written notice to Lessee, in which event Lessee shall pay to Lessor upon demand (i) all rent and other amounts accrued hereunder to the date of termination of possession, and (ii) all rent and other sums required hereunder to be paid by Lessee during the remainder of the term, diminished by any net sums thereafter received by Lessor through reletting the leased premises during said period. Reentry by Lessor in the leased premises will not affect the obligations of Lessee hereunder for the unexpired term. Lessor may bring action against Lessee to collect amounts due by Lessee on one or more occasions, without the necessity of Lessor's waiting until expiration of the term.
- (c) Alter or remove any and all locks and other security devices at the leased premises.

11.03. Payment by Lessee. Upon any event of default, Lessee shall also pay to Lessor all costs and expenses incurred by Lessor, including court costs and reasonable attorneys' fees, in (a) retaking or otherwise obtaining possession of the leased premises, (b) removing and storing Lessee's or any other occupant's property, (c) repairing, restoring, altering, remodeling or otherwise putting the leased premises into its original condition, (d) reletting all or any part of the leased premises, (e) paying or performing the underlying obligation which

Lessee failed to pay or perform and (f) enforcing any of Lessor's rights, remedies or recourses arising as a consequence of the event of default.

11.04. Reletting. Upon termination of this lease or upon termination of Lessee's right to possession of the leased premises, Lessor may, but shall not be obligated to, attempt to relet the leased premises. If Lessor does elect to relet, Lessor may relet such portion of the leased premises, for such period, to such Lessee, and for such use and purpose as Lessor, in the exercise of its sole discretion, may choose. Lessee shall not be entitled to the excess of any rent obtained by reletting over the rent herein reserved.

11.05. Lessor's Right to Pay or Perform. If Lessee fails to perform or observe any of its covenants, agreements, or obligations hereunder for a period of 10 days after notice of such failure is given by Lessor, then in addition to all other rights of Lessor provided herein Lessor shall have the right, but not the obligation, at its sole election (but not as its exclusive remedy), to perform or observe the covenants, agreements, or obligations which are asserted to have not been performed or observed at the expense of Lessee and to recover all costs or expenses incurred in connection therewith as rent hereunder by submitting an invoice therefor to Lessee. Any performance or observance by Lessor pursuant to this Section 11.05 shall not constitute a waiver of Lessee's failure to perform or observe.

11.06. Injunctive Relief; Remedies Cumulative. Lessor may restrain or enjoin any event of default or threatened event of default by Lessee hereunder without the necessity of proving the inadequacy of any legal remedy or irreparable harm. The rights, remedies and recourses of Lessor for an event of default shall be cumulative and no right, remedy or recourse of Lessor, whether exercised by Lessor or not, shall be deemed to be in exclusion of any other.

11.07. No Waiver; No Implied Surrender. Provisions of this lease may not be waived orally or impliedly, but only by the party entitled to the benefit of the provision evidencing the waiver in writing. Thus, neither the acceptance of rent by Lessor following an event of default (whether known to Lessor or not), nor any other custom or practice followed in connection with this lease, shall constitute a waiver by Lessor of such event of default or any other event of default. Further, the failure by Lessor to complain of any action or inaction by Lessee, or to assert that any action or inaction by Lessee constitutes (or would constitute, with the giving of notice and the passage of time) an event of default, regardless of how long such failure continues, shall not extinguish, waive or in any way diminish the rights, remedies and recourses of Lessor with respect to such action or inaction. No waiver by Lessor of any provision of this lease or of any breach by Lessee of any obligation of Lessee hereunder shall be deemed to be a waiver of any other provision hereof, or of any subsequent breach by Lessee of the same or any other provision hereof. Lessor's consent to any act by Lessee requiring Lessor's consent shall not be deemed to render unnecessary the obtaining of Lessor's consent to any subsequent act of Lessee. No act or omission by Lessor (other than Lessor's execution of a document acknowledging such surrender) or Lessor's agents, including the delivery of the keys to the leased premises, shall constitute an acceptance of a surrender of the leased premises.

11.08. Defaults by Lessor. Lessor shall not be in default under this lease, and Lessee shall not be entitled to exercise any right, remedy or recourse against Lessor or otherwise as a consequence of any alleged default by Lessor under this lease, unless and until Lessor fails to perform any of its obligations hereunder and said failure continues for a period of 90 days after Lessee gives Lessor written notice thereof specifying, with reasonable particularity, the nature of Lessor's failure; provided, however, that if the failure cannot reasonably be cured within the 90 day time period, Lessor shall not be in default hereunder if Lessor commences to cure the failure within the 90 days and thereafter pursues the curing of same diligently to completion. If Lessor in curing its default hereunder is required to advertise for public bids for the work to complete such cure, then Lessor shall be deemed to have commenced such cure upon commencement of preparation of specifications to be used in advertising such public bids. If Lessor defaults under this lease and, as a consequence of the default, Lessee recovers a money judgment against Lessor, the judgment shall be satisfied only out of, and Lessor hereby agrees to look solely to, the interest of Lessor in the leased premises as the same may then be encumbered, and Lessor shall not be liable for any deficiency. In no event shall Lessee have the right to levy execution against any

property of Lessor other than its interest in the leased premises. Lessee's remedies for a default by Lessor hereunder shall be limited to claims for damages, specific performance and injunctive relief; and in no event shall Lessee be entitled to rescind or terminate this lease or Lessee's obligations hereunder as a consequence of such default by Lessor. Lessor shall not be obligated to impose taxes or any special assessments to satisfy its obligations hereunder.

12. ASSIGNMENT

12.01. Assignment Without Consent Prohibited. Provided Lessee is not in default hereunder, this lease agreement may be assigned by Lessee without the express written consent of Lessor, provided that (i) the assignment does not otherwise alter the terms and provisions of this lease, and (ii) in Lessor's reasonable judgment prudently exercised, the proposed assignee (a) is financially sound, (b) will be a responsible tenant, (c) is creditworthy and (d) assumes all of Lessee's obligations hereunder.

13. MISCELLANEOUS

13.01. Parties Bound. This Lease Agreement shall be binding upon and shall be enforceable by and inure to the benefit of the parties, their respective heirs, executors, personal representatives, successors and, where permitted, assigns.

13.02. Merger. This Lease Agreement contains the sole and only agreement with respect to the subject matter hereof, and no remark, oral or written, not contained herein shall be recognized or enforced. This Agreement may not be modified or amended except by subsequent written agreement executed by all parties.

13.03. Notice. Any notice required or permitted to be delivered hereunder by one party to the other shall be in writing, and the same shall be deemed to have been delivered when actually delivered in person to the address set forth hereafter for the party to whom the notice is directed, or forty-eight (48) hours after deposit with the United States Postal Service, postage pre-paid, by registered or certified mail, addressed to the party to whom such notice is being directed at the address hereinafter specified. The date of postmark by the United States Postal Service shall be deemed to be the date of deposit. The address for the Lessor for all purposes under this Lease Agreement and for all notices hereunder shall be:

Willacy County Navigation District
400 W. Hidalgo, Suite 400
Raymondville, Texas 78580

The address of Lessee for all purposes under this Lease Agreement and for all notices hereunder shall be:

From time to time either party may designate another address for all purposes under this Lease Agreement by delivery to the other party of written notice of such change of address in accordance with the provisions hereof.

13.04. Place of Performance. This Lease Agreement shall be construed under the laws of the State of Texas, and all obligations hereunder are regarded as performable in Willacy County, Texas.

13.05. Execution in Multiple Counterparts. This Lease Agreement is executed in multiple counterparts, each of which counterpart shall be deemed to be an original of such Lease Agreement and shall be treated as an original for all purposes.

13.06. No Third Party Beneficiaries. This Lease Agreement does not create and shall not be construed as creating any rights enforceable by any person not a party to this Lease Agreement.

13.07. Severability. If any provision of this Lease Agreement is invalid, illegal, or unenforceable, the balance of this Lease Agreement shall remain in effect at the option of the party for whose benefit such provision was made.

13.08. Incorporation by Reference. Any exhibits to this Lease Agreement whether attached or referred to, are integral parts of this Lease Agreement and are incorporated herein for all purposes.

13.09 Independent Obligations; No Offset. The obligations of Lessee to pay rent and to perform the other undertakings of Lessee hereunder constitute independent unconditional obligations to be performed at the times specified hereunder, regardless of any breach of default by Lessor hereunder. Lessee shall have no right, and Lessee hereby waives and relinquishes all rights which Lessee might otherwise have, to claim any nature of lien against the leased premises or to withhold, deduct from or offset against any rent or other sums to be paid to Lessor by Lessee.

13.10. Time of Essence. Time is of the essence with respect to each date or time specified in this lease by which an event is to occur.

13.11. Signs. Lessee shall not install any signs, placards or other advertising or identifying marks upon the leased premises or upon the exterior of any improvements to or constituting a part of the leased premises without the prior written consent of Lessor. Lessee agrees to remove promptly and to the satisfaction of Lessor (at Lessee's sole cost and expense) upon the expiration or earlier termination of the term any and all such signs, placards or other advertising or identifying marks.

13.12. Relation of the Parties. It is the intention of the parties to create hereby the relationship of Lessor and Lessee, and no other relation is hereby created. Nothing in this lease shall be construed to make the parties partners or joint venturers or to render either party liable for any obligation of the other.

13.13. Construction. Unless the context of this lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the term "includes" or "including" shall mean "including with limitation"; (d) the word "or" has the inclusive meaning represented by the phrase "and/or"; and (e) the words "hereof" or "herein" refer to this entire lease and not merely the section or article number in which such words appear. Article and section headings in this lease are for convenience of reference and shall not affect the construction or interpretation of this lease. Any reference to a particular "article" or "section" shall be construed as referring to the indicated article or section of this lease.

13.14. Attorneys' Fees. If either party initiates any litigation against the other relating to this lease, then the prevailing party shall be entitled to recover, in addition to all damages allowed by law and other relief, all court costs and reasonable attorneys' fees incurred in connection with such litigation.

13.15. Recording. Neither this lease (including any exhibit hereto) nor any memorandum hereof shall be recorded without the prior written consent of Lessor.

13.16. Force Majeure. Lessee shall be entitled to rely upon Force Majeure as an excuse for timely performance hereunder only as expressly provided herein and shall not be entitled to rely upon Force Majeure as an excuse for timely performance unless Lessee (a) uses its best efforts to overcome the effects of the event of Force Majeure, (b) gives written notice to Lessor within 5 days after the occurrence of the event describing with reasonable particularity the nature thereof, (c) commences performance of its obligation hereunder immediately upon the cessation of the event and (d) gives written notice to Lessor within 5 days after the cessation of the event advising Lessor of the date upon which the event ceased to constitute an event of Force Majeure.

13.17. Interpretation. Both Lessor and Lessee and their respective legal counsel have reviewed and have participated in the preparation of this lease. Accordingly, no presumption will apply in favor of either Lessor or Lessee in the interpretation of this lease or in the resolution of the ambiguity of any provision hereof.

LESSOR:

WILLACY COUNTY NAVIGATION DISTRICT

BY: _____
Chairman, Board of Navigation and Canal Commissioner

LESSEE:

(Name of organization, if not an individual)

BY: _____
Signature of individual Less or organization representative

ITS: _____
(Title, if not an individual)

ASSIGNMENT OF LEASE

Boat Stall No. _____
Port Mansfield, Texas

Date: _____

I, _____, do hereby assign, transfer and convey to _____, the attached lease to have and to hold the same for the remaining portion of the term mentioned in said lease.

ASSIGNOR: _____

I, _____, do hereby assume the obligations of this lease.

ASSIGNEE: _____

ADDRESS: _____

ASSIGNMENT APPROVED:
WILLACY COUNTY NAVIGATION DISTRICT

By: _____, Chairman

_____, Secretary

Date: _____