

5-5-5-
9788

STATE OF TEXAS

ja COUNTY OF ~~HIDALGO~~ *Cameron*

LEASE AGREEMENT

THIS LEASE, made and entered into this 15 day of August, 1986, by and between JULIAN ASHHEIM, Trustee of the Estate of Ike Bollack, hereinafter called LANDLORD and CHARTER MARKETING COMPANY, hereinafter called TENANT, WITNESSETH:

I. PREMISES LEASED.

For and in consideration of the rents, terms, covenants and conditions herein contained, LANDLORD hereby leases to TENANT, and TENANT hereby leases and rents from LANDLORD, all that certain real property situated in the County of ~~Hidalgo~~ *Cameron*, State of Texas, described in Exhibit "A" attached hereto and incorporated herein by reference, together with all buildings and improvements upon said real property, and together with the right, title and interest of LANDLORD in and to any roads, streets and ways bounding said real property, all of which are hereinafter called the "Premises."

II. TERM.

This lease shall be for a term of five (5) years commencing August 15, 1986, and ending August 14, 1991, unless terminated or extended as hereinafter provided.

III. RENT.

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combined single limit, so as to insure the LANDLORD in the event of any claim being made for personal or property damage as a result of TENANT'S use or occupancy of the leased Premises, except in the case of negligence on the part of the LANDLORD.

TENANT shall, at its own expense, maintain all-risk property insurance in amount equal to the replacement cost of the Premises.

TENANT shall furnish LANDLORD, upon demand, with Certificates of Insurance evidencing such insurance.

VII. RIGHTS OF LANDLORD ON DEFAULT.

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In the event of TENANT'S failure to perform any of the provisions of this Lease on TENANT'S part to be performed, *except payment of rent within 30 days* and upon failure of TENANT to remedy the same within THIRTY (30) days after receipt of written notice from LANDLORD so to do, or if any proceeding be instituted against TENANT in bankruptcy, *or assignment for benefit of creditors* then, and in each such event, LANDLORD, at its option, may forthwith terminate this Lease. Anything herein contrary to the terms and provisions of or regulations under any state or federal law shall be modified to conform to the terms and provisions thereof.

VIII. IMPROVEMENTS.

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TENANT shall have the right, at its own expense, from time to time during the Lease term, to improve or make additions to the Premises, provided that such improvements are made in a workmanlike manner and in compliance with all applicable laws or regulations. Any such additions or improvements shall be considered as personal property, and TENANT shall have the option, at any time during this Lease term, or within the sixty (60) day period provided in Section X hereof, to remove such property from

promptly be endorsed over to Tenant by Landlord. Upon receipt of such proceeds, Tenant shall promptly commence to restore the building or other improvements to a condition at least as good as that existing immediately prior to such casualty. If however, such casualty occurs during the last two years of the original or any renewal or extension term of this Lease and results in damage to the building or other improvements to the extent of 60% or more of the replacement cost of such building or improvements, then in such event Tenant shall have the option to terminate this Lease by giving written notice to LANDLORD of TENANT'S intention to terminate the Lease within thirty (30) days following the date of such casualty, and by turning over to Landlord such insurance proceeds as Tenant has received (less any amount payable to any secured party of Tenant). During the period that the Premises are unsuitable, in Tenant's sole judgment, for the normal conduct of its business thereon, all rental payments shall abate until total repairs and restoration are completed. If Tenant elects to operate its business before the Premises are totally repaired and restored, the rent payable hereunder shall be reduced in proportion to the extent Tenant's normal and customary business operations are interfered with by reason of such casualty. If any casualty occurs which is not covered by such policy of insurance and is not the fault of Tenant, then Tenant shall have the right to terminate this Lease by giving written notice to Landlord of Tenant's intention to terminate within ten (10) days following the date of such casualty.

XI. EMINENT DOMAIN.

If the entire Premises or a material part thereof, as determined in TENANT'S sole opinion, is taken by virtue of the exercise of the power of

If at any time during the term of this Lease or any extension thereof, LANDLORD shall receive a bona fide offer from any third party to purchase the Premises, and the offer shall be satisfactory to LANDLORD, TENANT shall be given the privilege of purchasing the Premises at the price and on the terms of the offer so made. LANDLORD shall send TENANT a copy of the contract or other written evidence of such offer, and shall notify TENANT of LANDLORD'S intention to accept the offer. TENANT shall have thirty (30) days after receipt of such notice within which to notify LANDLORD of TENANT'S intention to purchase the Premises on the same or no less favorable terms as those set forth in such offer. In the event TENANT elects to purchase the Premises, the closing shall occur within sixty (60) days of TENANT'S notice of intention to purchase

If TENANT shall not elect to purchase the Premises within the period provided, LANDLORD shall be at liberty to sell the Premises to the proposed grantee on the same price and terms set forth in the offer sent to TENANT. Such grantee shall take the Premises subject to this Lease and all of the terms and conditions set forth herein, including, without limitation, TENANT'S options to renew the term of this Lease, TENANT'S option to purchase the Premises, and TENANT'S right of first refusal, it being the intent of the parties hereto that TENANT shall have all of the rights hereunder for so long as this Lease remains in effect.

XIV. SUBLETTING AND ASSIGNMENT.

TENANT may sublet all or any part of the Premises and may assign this Lease, but no such subletting or assignment shall release TENANT from TENANT'S obligations hereunder.

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heirs, executors, administrators, successors and assigns of the parties hereto.

XIX. SHORT FORM LEASE.

The parties hereto shall, at the request of either party, execute a short form lease and have it properly acknowledged for the purpose of recording. Such short form lease shall have included therein such of the provisions hereof as may be requested by either of the parties, but shall not include the amount of rental payable hereunder. Either of the parties hereto may, at its expense, cause such short form lease to be recorded in the proper recording office for the Premises.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first hereinabove written.

WITNESS

LANDLORD

Ina M. Edwards

Adelle J. Walker

Julian Ashheim

ATTEST

TENANT
CHARTER MARKETING COMPANY

John E. Ross
John E. Ross -Secretary

John H. Deese
John H. Deese -Vice President
Market Development