

LEASE AGREEMENT

ARTICLE ONE BASIC TERMS

This Article One contains the Basic Terms of this Lease Agreement (this "Lease") between the Landlord and Tenant named below. Other Articles, Sections and Paragraphs of the Lease referred to in this Article I explain and define the Basic Terms and are to be read in conjunction with the Basic Terms.

- Section 1.01 Date of Lease: August 1, 2022.
- Section 1.02 Landlord: American National Insurance Company,
a Texas insurance company
- Section 1.03 Address of Landlord: One Moody Plaza
Galveston, Texas 77550
Attn: Rachel Ferem
Email: Rachel.ferem@americannational.com
- 2525 South Shore Blvd., Suite 200
League City, Texas 77573
Attn: Kam DeBondy
Email: Kam.DeBondt@ANICO.com
- 2525 South Shore Blvd., Suite 207
League City, Texas 77573
Attn: Scott Webb
Email: Scott.Webb@ANICO.com
- Section 1.04 Tenant: Galveston Independent School District
- Section 1.05 Address of Tenant: P.O. Box 660
Galveston, TX 77553
Attn: Dr. Jerry Gibson
Email: jerrygibson@gisd.org
- Section 1.06 Property: The real property shown as the cross-hatched area on Exhibit A attached to this Lease and incorporated in this Lease for all purposes by this reference, together with the warehouse, containing approximately 24,400 SF, and other improvements located thereon, having a street address of 4302 Avenue Q, Galveston, Texas 77550. Notwithstanding the foregoing, Tenant's rights shall be nonexclusive with respect to the common

driveway (the "Common Drive") and the electronic access gate (the "Access Gate") located on the Property that also serves the Adjacent Property (as defined in Section 5.07), subject to the further provisions of this Lease, including, without limitation Section 5.07 of this Lease.

Section 1.07 Lease Term: Ten (10) years, beginning on the Date of Lease and ending on July 31, 2032.

Section 1.08 Base Rent: \$1.00 per year in the Lease Term.

ARTICLE TWO LEASE TERM

Section 2.01 Lease of Property For Lease Term. Landlord leases the Property to Tenant and Tenant leases the Property from Landlord for the Lease Term, subject to early termination or extension in accordance with the provisions of this Lease.

Section 2.02 Delay in Commencement. Landlord shall deliver possession of the Property to Tenant on the Date of Lease, and Tenant shall accept same, in its current "**AS IS, WHERE IS**" and "**WITH ALL FAULTS**" condition. Tenant acknowledges that no representations as to the repair of the Property, nor promises to alter, remodel or improve the Property, have been made by Landlord, except as are expressly set forth in this Lease.

Section 2.03 Holding Over. Tenant shall vacate the Property upon the expiration or earlier termination of this Lease. Tenant shall reimburse Landlord for and indemnify Landlord against all damages which Landlord incurs from Tenant's delay in vacating the Property. If Tenant does not vacate the Property upon the expiration or earlier termination of the Lease and Landlord thereafter accepts rent from Tenant, Tenant's occupancy of the Property shall be a "month-to-month" tenancy, subject to all of the terms of this Lease applicable to a month-to-month tenancy.

ARTICLE THREE PAYMENT OF BASE RENT

Upon execution of this Lease, Tenant shall pay Landlord the Base Rent for the entire Lease Term, in advance, without offset, deduction or prior demand. The Base Rent shall be payable at the Address of Landlord or at such other place as Landlord may designate in writing.

ARTICLE FOUR OTHER CHARGES PAYABLE BY TENANT

Section 4.01 Additional Rent. All charges payable by Tenant other than Base Rent are called "Additional Rent." Unless this Lease provides otherwise, Tenant shall pay all Additional Rent then due, if any with the next monthly installment of Base Rent. The term "rent" shall mean Base Rent and Additional Rent.

Section 4.02 Property Taxes.

- (a) Real Property Taxes. Tenant shall pay, during the Lease Term, the annual Real Property Taxes assessed on the Property. "Real Property Taxes" are real property taxes applicable to the Property as shown on the tax bill for the most recent tax fiscal year.
- (b) Personal Property Taxes. Tenant shall pay all taxes charged against trade fixture, furnishings, equipment or any other personal property belonging to Tenant. Tenant shall have personal property taxed separately from the Property. If any of Tenant's personal property is taxed with the Property, Tenant shall pay Landlord the taxes for the personal property within 15 days after Tenant receives a written statement from Landlord for such personal property taxes.

Section 4.03 Utilities. Tenant shall pay, directly to the appropriate supplier, the cost of all natural gas, heat, light, power, sewer service, telephone, water, refuse disposal and other utilities and services supplied to the Property. However, if any services or utilities are jointly metered with other property, Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of such utilities and services and Tenant shall pay such share to Landlord within 15 days after receipt of Landlord's written statement. Notwithstanding the foregoing to the contrary, unless otherwise required by Landlord, electricity for the Property shall continue to be metered in the name of, and the electricity service provider selected by, Landlord, but electricity service shall be billed directly to and paid by Tenant. Tenant shall not be permitted to change electric providers for the property without Landlord's prior written consent, such consent to be at Landlord's sole and absolute discretion.

Section 4.04 Insurance Policies.

- (a) Liability Insurance. During the Lease Term, Tenant shall, at its sole cost and expense, maintain the following insurance policies:
 - (i) Commercial general liability insurance (sometimes known as broad form comprehensive general liability insurance) without any pollution exclusions whatsoever, insuring Tenant against liability for bodily injury, property damage (including loss of use of property) and personal injury arising out of the operation, use or occupancy of the Property. Tenant shall name Landlord as an additional insured under such policy. The initial amount of such

insurance shall be \$1,000,000 per occurrence and shall be subject to periodic increase based upon inflation, increased liability awards, recommendation of Landlord's professional insurance advisers and other relevant factors. The liability insurance obtained by Tenant under this Section 4.04(a) shall (i) be primary and non-contributing; (ii) contain cross-liability endorsements; and (iii) insure Landlord against Tenant's performance under Section 5.05, if the matters giving rise to the indemnity under Section 5.05 result from the negligence of Tenant. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease. Landlord may also obtain comprehensive public liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability arising out of ownership, operation, use or occupancy of the Property. The policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

- (ii) Worker's compensation insurance for all employees of Tenant or others engaged on or with respect to the Property.
 - (iii) Comprehensive automobile liability insurance to cover owned, long-term leased, hired and non-owned automobiles (including medical payments and uninsured motorist coverages) in the minimum amount of \$1,000,000 per occurrence for bodily injury and \$500,000 per occurrence for property damage.
 - (iv) Additional insurance or increased coverage as required by Landlord in its reasonable discretion.
- (b) Property. During the Lease Term, Landlord shall maintain policies of insurance covering loss of or damage to the Property in the full amount of its replacement value. Such policy shall be an "all risk" policy. Tenant shall not do or permit anything to be done which invalidates any such insurance policies.
- (c) Payment of Premiums.
- Landlord shall pay the Base Premiums for the insurance policies maintained by Landlord under Section 4.04(b). The "Base Premiums" are the insurance premiums paid by Landlord during the 12-month period immediately preceding the Date of Lease.
- (d) General Insurance Provisions.

- (i) Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than 30 days' written notice prior to any cancellation or modification of such coverage.
- (ii) If Tenant fails to deliver any policy, certificate or renewal to Landlord required under this Lease within the prescribed time period or if any such policy is cancelled or modified during the Lease Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance within 15 days after receipt of a statement that indicates the cost of such insurance.
- (iii) Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" of A-12 or better, as set forth in the most current issue of "Best Key Rating Guide". Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in the form and amounts described in this Section 4.04 may not be available in the future. Tenant acknowledges that the insurance described in this Section 4.04 is for the primary benefit of Landlord. If at any time during the Lease Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time. Landlord makes no representation as to the adequacy of such insurance to protect Landlord's or Tenant's interests. Therefore, Tenant shall obtain any such additional property or liability insurance which Tenant deems necessary to protect Landlord and Tenant.
- (iv) Unless prohibited under any applicable insurance policies maintained, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual waiver of subrogation.

Section 4.05 Late Charges. Tenant's failure to pay rent promptly may cause Landlord to incur unanticipated costs. The exact amount of such costs are impractical or extremely difficult to ascertain. Such costs may include, but are not limited to, processing and

accounting charges and late charges which may be imposed on Landlord by any ground lease, mortgage or trust deed encumbering the Property. Therefore, if Landlord does not receive any rent payment within 10 days after it becomes due, Tenant shall pay Landlord a late charge equal to 10% of the overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of such late payment.

Section 4.06 Interest on Past Due Obligations. Any amount owed by Tenant to Landlord which is not paid when due shall bear interest at the rate of 15% per annum from the due date of such amount. However, interest shall not be payable on late charges to be paid by Tenant under this Lease. The payment of interest on such amounts shall not excuse or cure any default by Tenant under this Lease. If the interest rate specified in this Lease is higher than the rate permitted by law, the interest rate is hereby decreased to the maximum legal interest rate permitted by law.

ARTICLE FIVE USE OF PROPERTY

Section 5.01 Permitted Uses. Tenant may use the Property for any lawful purpose.

Section 5.02 Manner of Use. Tenant shall not cause or permit the Property to be used in any way which constitutes a violation of any Governmental Requirements, defined below, or which constitutes a nuisance or waste. Tenant shall obtain and pay for all permits, including a Certificate of Occupancy, required for Tenant's occupancy of the Property and shall promptly take all actions necessary to comply with all applicable Laws regulating the use by Tenant of the Property, including the Occupational Safety and Health Act. "Governmental Requirements" includes all current and future federal, state and local laws, rules, orders, ordinances, regulations, requirements and directives including those of any governmental or quasi-governmental agencies and commissions having jurisdiction.

Section 5.03 Hazardous Substances and Indemnity.

- (a) Tenant shall not cause or permit any Hazardous Substance (as hereinafter defined) to be used, stored, deposited, generated or disposed of on or in the Property by Tenant, its agents, contractors, (including, without limitation, tenant's depositors), invitees (collectively the "Tenant Parties" and individually a "Tenant Party") except as is consistent with the operation, cleaning and maintenance of other Tenant owned or leased facilities and is not in violation of any Governmental Requirement regulating Hazardous Substances. **ONLY TO THE EXTENT PERMITTED BY LAW, TENANT SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS LANDLORD, ITS AGENTS, CONTRACTORS AND INVITEES (COLLECTIVELY THE "LANDLORD PARTIES" AND INDIVIDUALLY A "LANDLORD PARTY") FROM AND AGAINST**

ANY AND ALL SUITS, ACTIONS, CLAIMS, DEMANDS, DAMAGES, FINES, JUDGMENTS, SETTLEMENTS, PENALTIES, LIABILITIES, LOSSES, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, A DECREASE IN VALUE OF THE PROPERTY, DAMAGES CAUSED BY LOSS OR RESTRICTION OF RENTABLE OR USABLE SPACE OR ANY DAMAGES CAUSED BY ADVERSE IMPACT ON MARKETING OF THE SPACE, AND ANY AND ALL SUMS PAID FOR SETTLEMENT OF CLAIMS AND REASONABLE ATTORNEYS' AND CONSULTANTS FEES ARISING DURING OR AFTER THE LEASE TERM) ARISING OUT OF, AS A RESULT OF OR CAUSED BY THE USE, GENERATION, STORAGE, DEPOSIT OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE ON OR IN THE PROPERTY BY ANY TENANT PARTY OR OTHER CONTAMINATION OF THE PROPERTY FOR WHICH ANY TENANT PARTY IS LEGALLY LIABLE (COLLECTIVELY, "ENVIRONMENTAL CLAIMS"), EVEN IF SUCH ENVIRONMENTAL CLAIMS ARE ATTRIBUTABLE IN PART TO THE NEGLIGENCE OR STRICT LIABILITY OF ANY LANDLORD PARTIES, BUT NOT THE LANDLORD PARTIES' GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THIS INDEMNIFICATION INCLUDES, WITHOUT LIMITATION, ANY AND ALL COST INCURRED BECAUSE OF ANY INVESTIGATION, CLEANUP, REMOVAL, MONITORING, REMEDIATION AND RESTORATION, WHETHER VOLUNTARY OR REQUIRED BY ANY APPLICABLE LAWS. WITHOUT LIMITING THE FOREGOING, IF THE TENANT CAUSES OR PERMITS THE PRESENCE OF ANY HAZARDOUS SUBSTANCE ON THE PROPERTY WHICH RESULTS IN CONTAMINATION, TENANT SHALL PROMPTLY, AT ITS SOLE EXPENSE, TAKE ANY AND ALL NECESSARY ACTIONS TO RETURN THE PROPERTY TO THE CONDITION EXISTING PRIOR TO THE PRESENCE OF ANY SUCH HAZARDOUS SUBSTANCE ON THE PROPERTY. TENANT SHALL IMMEDIATELY NOTIFY LANDLORD OF ANY SUCH REMEDIAL ACTION. THE PROVISIONS OF THIS SECTION 5.03(a) SHALL BE IN ADDITION TO ANY OTHER OBLIGATIONS AND LIABILITIES TENANT MAY HAVE TO LANDLORD AT LAW OR IN EQUITY AND SHALL SURVIVE THE TRANSACTIONS CONTEMPLATED HEREIN AND SHALL SURVIVE THE TERMINATION OF THIS LEASE. NOTHING HEREIN SHALL CONSTITUTE A WAIVER OF GOVERNMENTAL IMMUNITY. Tenant shall undertake all tests, inspections, surveillance, and observations as reasonably necessary to confirm that no items being stored in or at the Property are or contain Hazardous Substances.

- (b) Definition. As used herein, "Hazardous Substance" means any substance that is regulated or hereafter is regulated by the State of Texas or the United States government, including, without limitation, (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. The term "Hazardous Substance" includes any and all material or substances that are defined as "hazardous waste," "extremely hazardous waste" or a "hazardous substance" pursuant to Governmental Requirements. The term "Hazardous Substance" includes but is not restricted to, asbestos, polychlorobiphenyls ("PCBs") and petroleum products (to the extent such petroleum products are in amounts exceeding what is reasonably necessary to fuel, lubricate or otherwise run and maintain reasonable equipment and machinery at the Property in a warehouse capacity), lead, cyanide, or DDT.
- (c) Tenant's Liability. **WITHOUT IN ANY WAY NEGATING THE ABSOLUTE PROHIBITION AGAINST THE USE, STORAGE, GENERATION, DEPOSIT OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE ON THE PROPERTY OR WITHOUT LIMITING THE GENERALITY OF THE INDEMNITY AND DEFINITION OF ENVIRONMENTAL CLAIMS IN SECTION 5.03(a), TENANT HEREBY AGREES THAT IT SHALL BE FULLY LIABLE FOR ALL SUITS, ACTIONS, CLAIMS, DEMANDS, DAMAGES, FINES, JUDGMENTS, SETTLEMENTS, PENALTIES, LIABILITIES, LOSS, COSTS AND EXPENSES (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS AND CONSULTANT'S FEES AND REASONABLE LITIGATION EXPENSE) (INDIVIDUALLY A "CLAIM" AND COLLECTIVELY THE "CLAIMS") ARISING OUT OF, AS A RESULT OF OR CAUSED BY THE USE, STORAGE, GENERATION, DEPOSIT OR DISPOSAL OF ANY HAZARDOUS SUBSTANCE KEPT ON THE PROPERTY, AND TENANT SHALL GIVE IMMEDIATE NOTICE TO LANDLORD OF ANY VIOLATION OR POTENTIAL VIOLATION OF THE PROVISIONS OF SECTION 5.03. ONLY TO THE EXTENT PERMITTED BY LAW, TENANT SHALL INDEMNIFY, AND HOLD HARMLESS THE LANDLORD PARTIES FROM AND AGAINST ANY AND ALL CLAIMS OF WHATEVER KIND OR NATURE, KNOWN OR UNKNOWN, CONTINGENT OR OTHERWISE, ARISING OUT OF, AS A RESULT OF OR CAUSED BY: (A) THE PRESENCE, DISPOSAL, RELEASE OR THREATENED RELEASE OF ANY SUCH HAZARDOUS SUBSTANCE THAT IS ON, FROM OR AFFECTING THE SOIL, WATER, VEGETATION, BUILDINGS, PERSONAL PROPERTY,**

PERSONS, ANIMALS OR OTHERWISE LOCATED ON OR AROUND THE PROPERTY; (B) ANY PERSONAL INJURY (INCLUDING DEATH) OR PROPERTY DAMAGE (REAL OR PERSONAL) ARISING OUT, AS A RESULT OF OR CAUSED BY SUCH HAZARDOUS SUBSTANCE; (C) ANY LAWSUIT BROUGHT OR THREATENED, SETTLEMENT REACHED OR GOVERNMENT ORDER RELATING TO SUCH HAZARDOUS SUBSTANCE; OR (D) ANY VIOLATION OF ANY GOVERNMENTAL REQUIREMENTS EVEN IF ANY OF THE CLAIMS REFERRED TO IN THIS SECTION 5.03(c) ARE ATTRIBUTABLE IN PART TO THE NEGLIGENCE OR STRICT LIABILITY OF ANY LANDLORD PARTIES, BUT NOT THE LANDLORD PARTIES' GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE PROVISIONS OF THIS SECTIONS 5.03(c) SHALL BE IN ADDITION TO ANY OTHER OBLIGATIONS AND LIABILITIES TENANT MAY HAVE TO LANDLORD AT LAW OR IN EQUITY AND SHALL SURVIVE THE TRANSACTIONS CONTEMPLATED HEREIN AND SHALL SURVIVE THE TERMINATION OF THIS LEASE. NOTHING HEREIN SHALL CONSTITUTE A WAIVER OF GOVERNMENTAL IMMUNITY.

Section 5.04 Signs and Auctions. Tenant shall not place any signs on the Property without Landlord's prior written consent. Tenant shall not conduct or permit any auctions or sheriff's sales at the Property.

Section 5.05 General Indemnity and Waiver. A. Only to the extent permitted by law, Tenant shall **INDEMNIFY, DEFEND** and **HOLD HARMLESS** Landlord Parties from and against any and all Claims arising out of, as a result of or caused by any of the following (collectively, "Tenant Liabilities" and individually a "Tenant Liability"): (a) Tenant's use or occupancy of the Property; (b) the conduct of Tenant's business or anything else done or permitted by any Tenant Party to be done in or about the Property, or its use of the Property (including, without limitation, use by any depositor or other Tenant Party); (c) any breach or default in the performance of Tenant's obligations under this lease; (d) any misrepresentation or breach of warranty by Tenant under this Lease; or (e) other acts, omissions or strict liability of any Tenant Party including, without limitation, any depositor. Tenant shall **DEFEND** Landlord Parties against any such Tenant Liabilities at Tenant's expense with counsel reasonably acceptable to Landlord Parties, or, at Landlord's election, Tenant shall reimburse Landlord for any reasonable attorneys fees or costs incurred by Landlord in connection with any such Claim. As a material part of the consideration to Landlord, Tenant assumes all risk of damage to property or injury to persons (including death) in or about the Property at the instance of or request of or attendant to the business or pleasure of Tenant to the extent arising out of as a result of or caused by any cause, and Tenant hereby WAIVES all such Claims in respect thereof against the Landlord Parties, **EVEN IF ANY SUCH CLAIMS ARE**

ATTRIBUTABLE IN PART TO THE NEGLIGENCE OR STRICT LIABILITY OF ANY LANDLORD PARTIES, BUT NOT THE LANDLORD PARTIES' GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OR BREACH OF THIS LEASE. THE PROVISIONS OF THIS SECTION 5.05 SHALL BE IN ADDITION TO ANY OTHER OBLIGATIONS AND LIABILITIES TENANT MAY HAVE TO LANDLORD AT LAW OR IN EQUITY AND SHALL SURVIVE THE TRANSACTIONS CONTEMPLATED HEREIN AND SHALL SURVIVE THE TERMINATION OF THIS LEASE.

Section 5.06 Quiet Possession. If Tenant pays the rent and complies with all other terms of this Lease, Tenant may occupy and enjoy the Property for the full Lease Term, subject to the provisions of this Lease.

Section 5.07 Common Drive and Access Gate. Notwithstanding any other provision of this Lease, Tenant acknowledges and agrees that Landlord will continue to use the Common Drive and Access Gate in connection with Landlord's operations in the building located at 4401 Ave P ½, Galveston, Texas (the "Adjacent Property"). As such, both Landlord and Tenant shall have the non-exclusive right to use the Common Drive and Access Gate for all lawful purposes to extent any such use does not prohibit the other party from enjoying its right to use the Common Drive and the Access Gate. No parking, curbs, barriers or other obstructions, other than the Access Gate, shall be allowed on the Common Drive that would prohibit either Landlord or Tenant from the use and enjoyment of the Common Drive. Upon execution of this Lease, Landlord shall, at its sole cost and expense, install such equipment on the Adjacent Property is necessary, in Landlord's discretion, for the operation of the Access Gate so that, upon completion of such installation, the Access Gate shall be, and throughout the Lease Term shall remain, fully operational from both the Property and the Adjacent Property.

ARTICLE SIX

CONDITION OF PROPERTY; MAINTENANCE, REPAIRS AND ALTERATIONS

Section 6.01 Existing Conditions. Tenant accepts the Property in its "**AS IS, WHERE IS**" and "**WITH ALL FAULTS**" condition as of the execution of the Lease, subject to all recorded matters, laws, ordinances, and governmental regulations and orders. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation as to the condition of the Property or the suitability of the Property for Tenant's intended use. Tenant represents and warrants that Tenant has made its own inspection of and inquiry regarding the condition of the Property and is not relying on any representations of Landlord or any Broker with respect thereto.

Section 6.02 Landlord Repair or Security Obligations.

- (a) Other than repair and maintenance necessary due to Tenant's acts or omissions, Landlord shall keep all the structural portions of the Property in

good order, condition and repair at its sole cost and expense, excepting maintenance and repair of the roof, which shall be the responsibility of the Tenant at Tenant's sole cost and expense.

- (b) If Landlord fails to maintain, repair or replace the Property as required by this Section 6.02(a), Tenant may, upon 10 days' prior notice to Landlord (except that no notice shall be required in the case of an emergency), perform such maintenance or repair (including replacement, as needed) on behalf of Landlord. In such case, Landlord shall reimburse Tenant for all reasonable costs incurred in performing such maintenance or repair immediately upon demand.
- (c) Subject to the provisions of Section 6.02(a), Article Seven and Article Eight, Landlord shall have no duty of upkeep, repair, maintenance or security whatsoever with respect to the Property. Tenant waives the benefit of any present or future law which might give Tenant the right to repair the Property at Landlord's expense or to terminate the Lease because of the condition of the Property. In no event shall Landlord have any obligation or responsibility for providing any police or security service for the Property. Tenant shall be solely responsible for, and shall assume all risk to, persons and property while in, on or about the Property.

Section 6.03 Exemption of Landlord from Liability. **LANDLORD SHALL NOT BE LIABLE FOR ANY DAMAGE OR INJURY TO THE PERSON, BUSINESS (OR ANY LOSS OF INCOME THEREFROM), GOODS, WARES, MERCHANDISE OR OTHER PROPERTY OF TENANT, TENANT'S EMPLOYEES, INVITEES, CUSTOMERS OR ANY OTHER PERSON IN OR ABOUT THE PROPERTY, INCLUDING, WITHOUT LIMITATION, SUCH DAMAGE OR INJURY CAUSED BY OR RESULTING FROM: (A) FIRE, STEAM, ELECTRICITY, WATER, GAS OR RAIN; (B) THE BREAKAGE, LEAKAGE, OBSTRUCTION OR OTHER DEFECTS OF PIPES, SPRINKLERS, WIRES, APPLIANCES, PLUMBING, AIR CONDITIONING OR LIGHTING FIXTURES OR ANY OTHER CAUSE; (C) CONDITIONS ARISING IN OR ABOUT THE PROPERTY OR FROM OTHER SOURCES OR PLACES; OR (D) ANY ACT OR OMISSION OF ANY OTHER TENANT OF LANDLORD OR THIRD PARTY, INCLUDING, WITHOUT LIMITATION, CRIMINAL ACTS. LANDLORD SHALL NOT BE LIABLE FOR ANY SUCH DAMAGE OR INJURY EVEN THOUGH THE CAUSE OF OR THE MEANS OF REPAIRING SUCH DAMAGE OR INJURY ARE NOT ACCESSIBLE TO TENANT; AND EVEN IF SUCH DAMAGE OR INJURY IS ATTRIBUTABLE IN PART TO THE NEGLIGENCE, GROSS NEGLIGENCE OR STRICT LIABILITY OF LANDLORD, ANREM CORPORATION, OR ANY OTHER PROPERTY MANAGER, EXCEPT FOR ANY SUCH DAMAGE OR INJURY TO THE EXTENT ARISING OUT OF, AS A RESULT OF OR CAUSED BY**

LANDLORD'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR BREACH OF THIS LEASE.

Section 6.04 Tenant's Obligations.

- (a) Except as otherwise expressly provided in this Lease, Tenant shall keep all portions of the Property (including, without limitation, nonstructural, foundations, sprinkler systems, plumbing, electric systems, interior, exterior, landscaped areas, portions, systems and equipment and the Common Drive, Access Gate and Access Gate equipment located on the Property) in good order, condition and repair (including interior repainting and refinishing, as needed). If any portion of the Property or any system or equipment in the Property which Tenant is obligated to repair cannot be fully repaired or restored, Tenant shall promptly replace such portion of the Property or system or equipment in the Property, regardless of whether the benefit of such replacement extends beyond the Lease Term. It is the intention of Landlord and Tenant that, at all times during the Lease Term, Tenant shall maintain the Property in an attractive, clean, aesthetically pleasing and fully operative condition.
- (b) Tenant shall fulfill all of Tenant's obligations under this Section 6.04 at Tenant's sole expense. If Tenant fails to maintain, repair or replace the Property as required by this Section 6.04, Landlord may, upon 10 days' prior notice to Tenant (except that no notice shall be required in the case of an emergency), enter the Property and perform such maintenance or repair (including replacement, as needed) on behalf of Tenant. In such case, Tenant shall reimburse Landlord for all costs incurred in performing such maintenance or repair immediately upon demand. Landlord's reservation of rights under this Lease, such as the right to enter upon or maintain the improvements, shall not be deemed to create any duty on the part of Landlord to exercise any such right, and Landlord expressly advises Tenant that Landlord's intention is that Tenant shall have full responsibility for all such matters.

Section 6.05 Alterations, Additions, and Improvements.

- (a) Tenant shall not make any alterations, additions or improvements to the Property without Landlord's prior written consent, except for non-structural alterations which do not exceed \$25,000. Landlord may require Tenant to provide demolition and/or lien and completion bonds in form and amount satisfactory to Landlord. Tenant shall promptly remove any alterations, additions or improvements constructed in violation of this Section 6.05(a) upon Landlord's written request. All alterations, additions and improvements shall be done in a good and workmanlike manner, in conformity with all applicable laws and regulations, and by a contractor approved by Landlord.

Upon completion of any such work, Tenant shall provide Landlord with "as built" plans, copies of all construction contracts, and proof of payment for all labor and materials.

- (b) Tenant shall pay when due all claims for labor and material furnished to the Property. Tenant shall give Landlord at least 20 days' prior written notice of the commencement of any work on the Property, regardless of whether Landlord's consent to such work is required. Landlord may elect to record and post notices of non-responsibility on the Property.

Section 6.06 Condition upon Termination. Upon the termination of the Lease, Tenant shall surrender the Property to Landlord, broom clean and in the same condition as received except for ordinary wear and tear which Tenant was not otherwise obligated to remedy under any provision of this Lease. In addition, Landlord may require Tenant to remove any alterations, additions or improvements (whether or not made with Landlord's consent) prior to the expiration of the Lease and to restore the Property to its prior condition, all at Tenant's expense. All alterations, additions and improvements become Landlord's property and shall be surrendered to Landlord upon the expiration or earlier termination of the Lease, unless Landlord requires Tenant, in writing to remove any such alterations, additions or improvements and except that Tenant may remove any of Tenant's machinery or equipment which can be removed without material damage to the Property. Tenant shall repair, at Tenant's expense, any damage to the Property caused by the removal of any such machinery or equipment. In no event, however, shall Tenant remove any of the following materials or equipment (which shall be deemed Landlord's property) without Landlord's prior written consent: any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; heaters, air conditioners or any other heating or air conditioning equipment; fencing or security gates; or other similar building operating equipment and decorations.

ARTICLE SEVEN DAMAGE OR DESTRUCTION

Section 7.01 Partial Damage to Property.

- (a) Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Property. If the Property is only partially damaged (i.e., less than 50% of the Property is untenable as a result of such damage or less than 50% of Tenant's operations are materially impaired) and if the proceeds received by Landlord from the insurance policies described in Section 4.04(b) are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall repair the damage as soon as reasonably possible. Landlord may elect (but is not required) to repair any damage to Tenant's fixtures, equipment, or improvements.

- (b) If the insurance proceeds received by Landlord are not sufficient to pay the entire cost of repair, or if the cause of the damage is not covered by the insurance policies which Landlord maintains under Section 4.04(b), Landlord may elect either to (i) repair the damage as soon as reasonably possible, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease as of the date the damage occurred. Landlord shall notify Tenant within 30 days after receipt of notice of the occurrence of the damage whether Landlord elects to repair the damage or terminate the Lease. If Landlord elects to repair the damage, Tenant shall pay Landlord the "deductible amount" (if any) under Landlord's insurance policies and if the damage was due to an act or omission of Tenant, or Tenant's employees, agents, contractors or invitees, the difference between the actual cost of repair and any insurance proceeds received by Landlord. If Landlord elects to terminate the Lease, Tenant may elect to continue this Lease in full force and effect, in which case Tenant shall repair any damage to the Property and any building in which the Property is located. Tenant shall pay the cost of such repairs, except that upon satisfactory completion of such repairs, Landlord shall deliver to Tenant any insurance proceeds received by Landlord for the damage repaired by Tenant. Tenant shall give Landlord written notice of such election within 10 days after receiving Landlord's termination notice.
- (c) If the damage to the Property occurs during the last 3 months of the Lease Term and such damage will require more than 30 days to repair, either Landlord or Tenant may elect to terminate this Lease as of the date the damage occurred, regardless of the sufficiency of any insurance proceeds. The party electing to terminate this Lease shall give written notification to the other party of such election within 30 days after Tenant's notice to Landlord of the occurrence of the damage.

Section 7.02 Substantial or Total Destruction. If the Property is substantially or totally destroyed by any cause whatsoever (i.e., the damage to the Property is greater than partial damage as described in Section 7.01), and regardless of whether Landlord receives any insurance proceeds, this Lease shall terminate as of the date the destruction occurred. Notwithstanding the preceding sentence, if the Property can be rebuilt within six months after the date of destruction, Landlord may elect to rebuild the Property at Landlord's own expense, in which case this Lease shall remain in full force and effect. Landlord shall notify Tenant of such election within 30 days after Tenant's notice of the occurrence of total or substantial destruction. If Landlord so elects, Landlord shall rebuild the Property at Landlord's sole expense, except that if the destruction was caused by an act or omission of Tenant, Tenant shall pay Landlord the difference between the actual cost of rebuilding and any insurance proceeds received by Landlord.

Section 7.03 Temporary Reduction of Rent. Tenant shall not be entitled to any compensation, reduction or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Property.

Section 7.04 Waiver. Tenant waives the protection of any statute, code or judicial decision which grants a tenant the right to terminate a lease in the event of the substantial or total destruction of the leased property. Tenant agrees that the provisions of Section 7.02 above shall govern the rights and obligations of Landlord and Tenant in the event of any substantial or total destruction to the Property.

ARTICLE EIGHT CONDEMNATION

If all or any portion of the Property is taken under the power of eminent domain or sold under the threat of that power (all of which are called "Condemnation"), this Lease shall terminate as to the part taken or sold on the date the condemning authority takes title or possession, whichever occurs first. If more than 20% of the floor area of the building in which the Property is located, or which is located on the Property, is taken, either Landlord or Tenant may terminate this Lease as of the date the condemning authority takes title or possession, by delivering written notice to the other within 10 days after receipt of written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority takes title or possession). If neither Landlord nor Tenant terminates this Lease, this Lease shall remain in effect as to the portion of the Property not taken, except that the Base Rent and Additional Rent shall be reduced in proportion to the reduction in the floor area of the Property. Any Condemnation award or payment shall be distributed in the following order: (a) first, to any ground lessor, mortgagee or beneficiary under a deed of trust encumbering the Property, the amount of its interest in the Property; (b) second, to Tenant, only the amount of any award specifically designated for loss of or damage to Tenant's trade fixtures or removable personal property; and (c) third, to Landlord, the remainder of such award, whether as compensation for reduction in the value of the leasehold, the taking of the fee, or otherwise. If this Lease is not terminated, Landlord shall repair any damage to the Property caused by the Condemnation, except that Landlord shall not be obligated to repair any damage for which Tenant has been reimbursed by the condemning authority. If the severance damages received by Landlord are not sufficient to pay for such repair, Landlord shall have the right to either terminate this Lease or make such repair at Landlord's expense.

ARTICLE NINE ASSIGNMENT AND SUBLETTING

Section 9.01 Landlord's Consent Required. No portion of the Property or of Tenant's interest in this Lease may be acquired by any other person or entity, whether by sale, assignment, mortgage, sublease, transfer, operation of law, or act of Tenant, without Landlord's prior written consent. Landlord has the right to grant or withhold its consent in its sole discretion. Any attempted transfer without consent shall be void and shall constitute a non-curable breach of this Lease.

Section 9.02 No Release of Tenant. No transfer permitted by this Article Nine, whether with or without Landlord's consent, shall release Tenant or change Tenant's primary liability to pay the rent and to perform all other obligations of Tenant under this Lease. Landlord's acceptance of rent from any other person is not a waiver of any provision of this Article Nine. Consent to one transfer is not a consent to any subsequent transfer. If Tenant's transferee defaults under this Lease, Landlord may proceed directly against Tenant without pursuing remedies against the transferee. Landlord may consent to subsequent assignments or modifications of this Lease by Tenant's transferee, without notifying Tenant or obtaining its consent. Such action shall not relieve Tenant's liability under this Lease.

Section 9.03 No Merger. No merger shall result from Tenant's sublease of the Property under this Article Nine, Tenant's surrender of this Lease or the termination of this Lease in any other manner. In any such event, Landlord may terminate any or all subtenancies or succeed to the interest of Tenant as sublandlord under any or all subtenancies.

ARTICLE TEN DEFAULTS; REMEDIES

Section 10.01 Covenants and Conditions. Tenant's performance of each of Tenant's obligations under this Lease is a condition as well as a covenant. Tenant's right to continue in possession of the Property is conditioned upon such performance. Time is of the essence in the performance of all covenants and conditions.

Section 10.02 Defaults. Tenant shall be in material default under this Lease:

- (a) If Tenant abandons the Property or if Tenant's vacation of the Property results in the cancellation of any insurance described in Section 4.04;
- (b) If Tenant fails to pay rent or any other charge when due;
- (c) If Tenant fails to perform any of Tenant's non-monetary obligations under this Lease for a period of 30 days after written notice from Landlord; provided that if more than 30 days are required to complete such performance, Tenant shall not be in default if Tenant commences such performance within the 30-day period and thereafter diligently pursues its completion. However, Landlord shall not be required to give such notice if Tenant's failure to perform constitutes a non-curable breach of this Lease. The Notice required by this Paragraph is intended to satisfy any and all notice requirements imposed by law on Landlord and is not in addition to any such requirement.
- (d) (i) If Tenant makes a general assignment or general arrangement for the benefit of creditors; (ii) if a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by or against Tenant and is not

dismissed within 30 days; (iii) if a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease and possession is not restored to Tenant within 30 days; or (iv) if substantially all of Tenant's assets located at the Property or of Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure which is not discharged within 30 days. If a court of competent jurisdiction determines that any of the acts described in this subparagraph (d) is not a default under this Lease, and a trustee is appointed to take possession (or if Tenant remains a debtor in possession) and such trustee or Tenant transfers Tenant's interest hereunder, then Landlord shall receive, as Additional Rent, the excess, if any, of the rent (or any other consideration) paid in connection with such assignment or sublease over the rent payable by Tenant under this Lease.

Section 10.03 Remedies. On the occurrence of any material default by Tenant, Landlord may, at any time thereafter with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have:

- (a) Terminate Tenant's right to possession of the Property by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Property to Landlord and, if Tenant fails to do so, Landlord may, without prejudice to any other remedy which Landlord may have for possession or arrearages in rental, enter upon and take possession of the Property and expel or remove Tenant and any other person who may be occupying said Property or any part thereof, without being liable for prosecution or any claim of damages therefor. In either event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default;
- (b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant has abandoned the Property, in which event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due; or
- (c) Pursue any other remedy now or hereafter available to landlord under the laws or judicial decisions of the state in which the Property is located.

Section 10.04 Cumulative Remedies. Landlord's exercise of any right or remedy shall not prevent it from exercising any other right or remedy.

ARTICLE ELEVEN PROTECTION OF LENDERS

Section 11.01 Subordination. Landlord shall have the right to subordinate this Lease to any ground lease, deed of trust or mortgage encumbering the Property, any advances made on the

security thereof and any renewals, modifications, consolidations, replacements or extensions thereof, whenever made or recorded. Tenant shall cooperate with Landlord and any lender which is acquiring a security interest in the Property or the Lease. Tenant shall execute such further documents and assurances as such lender may require, provided that Tenant's obligations under this Lease shall not be increased in any material way (the performance of ministerial acts shall not be deemed material), and Tenant shall not be deprived of its rights under this Lease. Tenant's right to quiet possession of the Property during the Lease Term shall not be disturbed if Tenant pays the rent and performs all of Tenant's obligations under this Lease and is not otherwise in default. If any ground lessor, beneficiary or mortgagee elects to have this Lease prior to the lien of its ground lease, deed of trust or mortgage and gives written notice thereof to Tenant, this Lease shall be deemed prior to such ground lease, deed of trust or mortgage whether this Lease is dated prior or subsequent to the date of said ground lease, deed of trust or mortgage or the date of recording thereof.

Section 11.02 Attornment. If Landlord's interest in the Property is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee, or purchaser at a foreclosure sale, Tenant shall attorn to the transferee of or successor to Landlord's interest in the Property and recognize such transferee or successor as Landlord under this Lease. Tenant waives the protection of any statute or rule of law which gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Property upon the transfer of Landlord's interest.

Section 11.03 Signing of Documents. Tenant shall sign and deliver any instrument or documents necessary or appropriate to evidence any such attornment or subordination or agreement to do so. If Tenant fails to do so within 10 days after written request, Tenant hereby makes, constitutes and irrevocably appoints Landlord, or any transferee or successor of Landlord, the attorney-in-fact of Tenant to execute and deliver any such instrument or document.

Section 11.04 Estoppel Certificates. Upon Landlord's written request, Tenant shall execute, acknowledge and deliver to Landlord a written statement certifying representations or information with respect to Tenant or the Lease as Landlord may reasonably request or which any prospective purchaser or encumbrancer of the Property may require. Tenant shall deliver such statement to Landlord within 10 days after Landlord's request. Landlord may give any such statement by Tenant to any prospective purchaser or encumbrancer of the Property. Such purchaser or encumbrancer may rely conclusively upon such statement as true and correct. If Tenant does not deliver such statement to Landlord within such 10-day period, Landlord, and any prospective purchaser or encumbrancer, may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been cancelled or terminated except as otherwise represented by Landlord; (iii) that not more than one month's Base Rent or other charges have been

paid in advance; and (iv) that Landlord is not in default under the Lease. In such event, Tenant shall be estopped from denying the truth of such facts.

ARTICLE TWELVE LEGAL COSTS

Section 12.01 Legal Proceedings. If Tenant or Landlord shall be in breach or default under this Lease, such party (the "Defaulting Party") shall reimburse the other party (the "Nondefaulting Party") upon demand for any costs or expenses that the Nondefaulting Party incurs in connection with any breach or default of the Defaulting Party under this Lease, whether or not suit is commenced or judgment entered. Such costs shall include legal fees and costs incurred for the negotiation of a settlement, enforcement of rights or otherwise. Furthermore, if any action for breach of or to enforce the provisions of this Lease is commenced, the court in such action shall award to the party in whose favor a judgment is entered, a reasonable sum as attorneys' fees and costs. The losing party in such action shall pay such attorneys' fees and costs. Only to the extent permitted by law, Tenant shall also INDEMNIFY Landlord against and HOLD Landlord HARMLESS from all costs, expenses, demands and liability Landlord may incur if Landlord becomes or is made a party to any claim or action (a) instituted by Tenant against any third party, or by any third party against Tenant, or by or against any person holding any interest under or using the Property by license of or agreement with Tenant; (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person; (c) otherwise arising out of or resulting from any act or transaction of Tenant or such other person; or (d) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. Tenant shall defend Landlord against any such claim or action at Tenant's expense with counsel reasonably acceptable to Landlord, or, at Landlord's election, Tenant shall reimburse Landlord for any legal fees or costs Landlord incurs in any such claim or action. Nothing herein shall constitute a waiver of Tenant's governmental immunity. The provisions of this Section 12.01 shall be in addition to any other obligations and liabilities Tenant may have to Landlord at law or in equity and shall survive the transactions contemplated herein and shall survive the termination of this Lease.

Section 12.02 Landlord's Consent. Tenant shall pay Landlord's reasonable attorneys' fees incurred in connection with any act which Tenant proposes to do and which requires Landlord's consent.

ARTICLE THIRTEEN MUTUAL TERMINATION OPTION

Either Landlord or Tenant shall have the right to terminate this Lease upon not less than 120 days' prior written notice (a "Termination Notice") to the other. If Landlord is the party providing a Termination Notice, con or before the date of termination (the "Termination Date") specified in the

Termination Notice, Landlord shall pay to Tenant the Cost Reimbursement. If either Landlord or Tenant properly elects to terminate this Lease, the Lease Term shall terminate as of the Termination Date, and Base Rent and other charges shall be apportioned as of the Termination Date and thereafter Landlord and Tenant shall have no further rights or obligations hereunder except those that expressly survive termination of this Lease. For the purposes of this Article Thirteen, “Cost Reimbursement” means the unamortized portion of Tenant’s cost to replace the roof of the building located on the Property, based on the average life/warranty of said roof as indicated by its manufacturer. If Tenant has not replace the roof, the Cost Reimbursement shall be \$0.

ARTICLE FOURTEEN
RIGHT OF FIRST REFUSAL

Section 14.01 Grant of Right of First Refusal. During the Lease Term, Tenant shall have the continuing right of first opportunity (the “ROFO”) to purchase the Property in the event Landlord desires to sell the Property. If Landlord shall, during the Lease Term (including any Renewal Term), desire to offer the Property to sell to any third party, Landlord shall provide to Tenant notice of such desire (the “Offer Notice”), together with the terms on which Landlord desires to sell the Property, including purchase price, anticipated closing date, seller financing or other incentives offered, and any other material terms.

Section 14.02 Exercise of Right. Tenant shall have twenty (20) days from receipt of the Offer Notice to notify Landlord whether or not Tenant is interested in purchasing the Property under the terms contained in the Offer Notice. If Tenant fails to reply to the Offer Notice by written notice to Landlord within the 20 day period, or if Tenant waives its right in writing, Landlord may thereafter sell the Property to any third party in accordance with the terms set out in the Offer Notice.

Section 14.03 Excluded Transfers. Tenant’s ROFO shall not apply to any transfer of the Property (i) pursuant to any foreclosure of any mortgage against Landlord’s interest in the Property or any deed given in lieu thereof, or (ii) to any party which controls, is controlled by, or is under common control with Landlord, or (iii) pursuant to condemnation proceedings or under threat thereof.

Section 14.04 Conditions of Exercise. Tenant may only exercise its rights under this Article, and the exercise thereof shall only be effective if at the time of Tenant’s exercise of its rights this Lease is in full force and effect and Tenant is not in default under this Lease beyond any applicable notice, grace or cure periods.

Section 14.05 Closing Date. Closing shall occur on or before the sixtieth (60th) day following Tenant’s exercise of its right pursuant to Section 14.05.

Section 14.06 Title. Landlord shall at closing convey title of the Property to Tenant (or its nominee) by Special Warranty Deed, subject to all matters of record against the

Property except any monetary lien or encumbrance. All matters constituting a monetary lien or encumbrance shall be discharged by Landlord at or before closing.

Section 14.07 Costs. Tenant shall pay the cost of any documentary stamp tax or other taxes and recording fees in connection with the deed or transfer, the cost of obtaining and recording any instruments correcting title defects, any title insurance premiums in connection with the transaction, and the fees of Landlord's attorneys, and Tenant shall pay the surveyor's fees in connection with any survey, and the fees of Tenant's attorneys.

ARTICLE FIFTEEN MISCELLANEOUS PROVISIONS

Section 15.01 Non-Discrimination. Tenant promises, and it is a condition to the continuance of this Lease, that there will be no discrimination against, or segregation of, any person or group of persons on the basis of race, color, sex, creed, national origin or ancestry in the leasing, subleasing, transferring, occupancy, tenure or use of the Property or any portion thereof.

Section 15.02 Landlord's Liability; Certain Duties.

- (a) As used in this Lease, the term "Landlord" means only the current owner or owners of the fee title to the Property or the leasehold estate under a ground lease of the Property at the time in question. Each Landlord is obligated to perform the obligations of Landlord under this Lease only during the time such Landlord owns such interest or title. Any Landlord who transfers its title or interest is relieved of all liability with respect to the obligations of Landlord under this Lease to be performed on or after the date of transfer. However, each Landlord shall deliver to its transferee all funds that Tenant previously paid if such funds have not yet been applied under the terms of this Lease.
- (b) Notwithstanding any term or provision herein to the contrary, the liability of Landlord for the performance of its duties and obligations under this Lease is limited to Landlord's interest in the Property; and further provided, none of Landlord's partners, shareholders, officers or other principals shall have any personal liability under this Lease.

Section 15.03 Severability. A determination by a court of competent jurisdiction that any provision of this Lease or any part thereof is illegal or unenforceable shall not cancel or invalidate the remainder of such provision or this Lease, which shall remain in full force and effect.

- Section 15.04 Interpretation. The captions of the Articles or Sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular. The masculine, feminine and neuter genders shall each include the other. In any provision relating to the conduct, acts or omissions of Tenant, the term "Tenant" shall include Tenant's agents, employees, contractors, invitees, successors or others using the Property with Tenant's expressed or implied permission.
- Section 15.05 Incorporation of Prior Agreements; Modifications. This Lease is the only agreement between the parties pertaining to the lease of the Property and no other agreements are effective. All amendments to this Lease shall be in writing and signed by all parties. Any other attempted amendment shall be void.
- Section 15.06 Notices. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address specified in Article One above, except that upon Tenant's taking possession of the Property, the Property shall be Tenant's address for notice purposes. Notices to Landlord shall be delivered to the address specified in Article One above. All notices shall be effective upon delivery. Either party may change its notice address upon written notice to the other party.
- Section 15.07 Waivers. All waivers must be in writing and signed by the waiving party. Landlord's failure to enforce any provision of this Lease or its acceptance of rent shall not be a waiver and shall not prevent Landlord from enforcing that provision or any other provision of this Lease in the future. No statement on a payment check from Tenant or in a letter accompanying a payment check shall be binding on Landlord. Landlord may, with or without notice to Tenant, negotiate such check without being bound to the conditions of such statement.
- Section 15.08 No Recordation. Tenant shall not record this Lease without prior written consent from Landlord. However, either Landlord or Tenant may require that a "Short Form" memorandum of this Lease executed by both parties be recorded. The party requiring such recording shall pay all transfer taxes and recording fees.
- Section 15.09 Binding Effect; Choice of Law. This Lease binds any party who legally acquires any rights or interest in this Lease from Landlord or Tenant. However, Landlord shall have no obligation to Tenant's successor unless the rights or interests of Tenant's successor are acquired in accordance with the terms of this Lease. The laws of the state in which the Property is located shall govern this Lease.
- Section 15.10 Corporate Authority; Partnership Authority. Each person signing this Lease on behalf of Tenant represents and warrants that he has full authority to do so and that this Lease binds the corporation. Within 30 days after this Lease is signed, Tenant shall

deliver to Landlord a certified copy of a resolution of Tenant's governing board authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to landlord.

Section 15.11 Force Majeure. If Landlord cannot perform any of its obligations due to events beyond Landlord's control, the time provided for performing such obligations shall be extended by a period of time equal to the duration of such events. Events beyond Landlord's control include, but are not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions.

Section 15.12 Execution of Lease. This Lease may be executed in counterparts and, when all counterpart documents are executed, the counterparts shall constitute a single binding instrument. Landlord's delivery of this Lease to Tenant shall not be deemed to be an offer to lease and shall not be binding upon either party until executed and delivered by both parties.

Section 15.13 Survival. All representations and warranties of Landlord and Tenant shall survive the termination of this Lease.

Section 15.14 No Brokers. Tenant and Landlord represent and warrant to each other that no brokers, finders or other parties are or may be entitled to any commission or fee with respect to this Lease or the Property.

Section 15.15 Time is of the Essence. It is expressly agreed by the parties hereto that time is of the essence with respect to this Lease.

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Landlord and Tenant have signed this Lease at the place and on the dates specified adjacent to their signatures below.

LANDLORD:

AMERICAN NATIONAL INSURANCE COMPANY,
a Texas insurance company

By: _____
Name: _____
Title: _____

Date of Signature: July ____, 2022

TENANT:

GALVESTON INDEPENDENT SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

Date of Signature: July ____, 2022