

LEASE AGREEMENT

STATE OF TEXAS §

COUNTY OF COMANCHE §

THIS AGREEMENT OF LEASE, made this 10th day of April, 2023, by and between the City of De Leon, Texas, a Municipal Corporation and body politic, of Comanche County, Texas acting herein by its duly authorized Mayor, hereinafter called "Lessor", and the De Leon Area Historical Society, a Texas non-profit organization, acting herein by its duly authorized representative, hereinafter called "Lessee".

In consideration of the mutual covenants and agreements set forth, and other good and valuable consideration, Lessor does hereby demise and lease to Lessee, and Lessee does hereby lease from Lessor, the following building: The old Depot building located at the corner of W. La Salle Street and North Texas Street, De Leon, Texas, as depicted on the attached Exhibit "A.", hereinafter called the "leased premises."

ARTICLE 1. TERM

1.01. The term of this Lease Agreement shall be twenty-five (25) years commencing on the 10th day of April 2023, and ending on the 9th day of April, 2048, unless sooner terminated as hereinafter provided.

1.02 Lessee may, if it is not in default either on the date required for the notice or on the date such extension commences, extend the lease term for an additional period of twenty-five (25) years. All of the terms and covenants of this lease apply to all extended lease terms. Lessee may exercise an option to extend this lease by giving Lessor notice of its intention to do so not later than six (6) months before the then current lease term expires. Notice of an intention to exercise an option under this lease must, to be effective, be sent by mail or fax to Lessor at the address provided herein and must be postmarked no later than the latest date provided in this section for Lessee's exercising the option.

1.03 Early termination. The lease shall expire upon the cessation and/or termination of the De Leon Area Historical Society and may be subject to early termination as provided in Article 10.

ARTICLE 2. RENT

2.01. As consideration for this Lease and the use of the leased premises, Lessee shall operate a museum displaying historical memorabilia, artifacts and other items of historical significance for the benefit of the citizens of the City of De Leon and surrounding area.

ARTICLE 3. USE OF PREMISES

3.01. Lessee will use the leased premises for purposes of a museum displaying historical memorabilia, artifacts and other items of historical significance for the benefit of the citizens of the City of De Leon and surrounding area, as well as a meeting space for only related uses, unless Lessor shall give Lessee prior written consent to change the use.

ARTICLE 4. MAINTENANCE AND SURRENDER

4.01. Lessee and Lessor acknowledge that the acceptance of possession of the leased premises constitutes an agreement between the Lessor and the Lessee that many hours and money have already been contributed by volunteers to rehab the train depot, for which the Lessor is grateful for, due to the fact that it will be an attractive feature for the community and part of De Leon's heritage.

4.02 Lessee will, throughout the Lease term and any extensions of it, at its own expense and risk, maintain the leased premises and all improvements on them in good order and condition, including but not limited to making all repairs and replacements necessary to keep the leased premises and improvements in that condition, free of trash, debris and tall grass and weeds. Notwithstanding the foregoing, Lessor shall be responsible for any needed maintenance and repairs to the following: foundation, exterior walls, roof replacement, parking areas and walks, HVAC replacement, plumbing and electrical systems. All maintenance, repairs, and replacements required by this section must be performed promptly when required.

4.03. Lessee shall deliver up the premises in a clean and sanitary condition at the termination of this Lease Agreement, in good repair and condition, reasonable wear and tear and damage by fire, tornado, or other casualty excepted. Lessee has rights to apply for grant or funds in the Lessors behalf, subject to City Council approval.

ARTICLE 5. OBLIGATIONS OF LESSOR AND LESSEE

Taxes as Additional Rent

5.01.(a) If real property taxes are assessed on the premises because of Lessee's use of the leased premises as a museum due to the execution of this Lease, Lessee will pay in full all real-property taxes imposed on the leased premises during the Lease term before they become delinquent and to keep the leased premises free from any lien or attachment; moreover, as to all periods of time during the term of this Lease, including, any extension term, this covenant of Lessee shall survive the termination of this Lease. With regard to the calendar year during which the Lease expires or is terminated, Lessor at its option may either bill Lessee when the charges become payable, or charge the Lessee an estimate of the taxes (based upon information available for the current year plus, if current year information is not adequate in itself, information relating to the immediately preceding year); provided however, in the event Lessor charges Lessee an estimate of the taxes, Lessor and Lessee shall reconcile the actual amounts payable once the actual charges are known.. This additional rent is payable directly to the entity imposing the tax, assessment, or charge at least thirty (30) days before the date payment is due. Lessee will provide Lessor with a receipt or other evidence of payment for each tax, assessment, or charge paid as soon as a receipt or other evidence is available to Lessee.

(b) Lessee may, at its own expense, contest any tax for which it is responsible under subparagraph a with the written authorization from Lessor. Except as provided in subparagraph (c), Lessee need not pay the tax while the contest is pending, unless required to do so to preserve any arguments of exemption. Except as provided in subparagraph (c), Lessee may prevent Lessor from paying any tax, or charge that Lessee is contesting under this subparagraph, pending resolution of the contest, by depositing with the applicable taxing authority or treasurer, the full amount of the tax or assessment under protest, plus the amount of any penalty that might be imposed for failing to make timely payment and one (1) year of interest at the rate imposed by the entity levying the tax. When the contest is resolved, Lessee may use the money deposited with Lessor to pay any tax or assessment, plus any penalty or interest, due under the final resolution and keep any balance of the deposit. If the deposit is insufficient to pay these amounts, Lessee must immediately pay the balance due to the entity imposing the tax, assessment, or charge.

(c) Notwithstanding subparagraph (b), Lessor may pay, or require Lessee to pay, any tax, assessment, or charge for which Lessee is responsible under subparagraph (a), pending resolution of Lessee's contest of the tax, if failing to pay will subject all or part of the premises to forfeiture or loss.

(d) Lessee shall be liable for all taxes levied or assessed against personal property, furniture or fixtures placed by Lessee in the leased premises.

Alterations, Additions and Improvements

5.02.(a) Lessor has given consent to Lessee to make alterations, additions or improvements to the leased premises and Lessee shall make all alterations, additions, or improvements in accordance with the consent given by Lessor. Consent for nonstructural alterations, additions or improvements shall not be unreasonably withheld by Lessor. Lessee shall have the right at all times to erect or install furniture and fixtures provided that Lessee complies with all applicable governmental laws, ordinances, and regulations. Lessee shall have the right to remove at the termination of this Lease Agreement such items so installed, provided Lessee is not in default of the terms of this Lease Agreement; however, Lessee shall, prior to the termination of this Lease Agreement, repair any damage caused by such removal.

(b) Except to the extent provided in Section 5.02(a), all alterations, additions or improvements made by Lessee shall become the property of Lessor at the termination of this Lease Agreement; however, Lessee shall promptly remove, if Lessor so elects, all alterations, additions and improvements, and any other property placed in the premises by Lessee, and Lessee shall repair any damage caused by such removal.

Rules and Regulations

5.03 Lessee and Lessee's agents, employees and invitees will comply fully with all requirements of the rules and regulations of the building and related facilities. Lessor shall at all times have the right to change such rules and regulations or to promulgate other rules and regulations in such reasonable manner as may be deemed advisable for safety, care or cleanliness of the building and related facilities, or premises, and for preservation of good order therein, all of which rules and regulations, changes and amendments will be forwarded to Lessee in writing and shall be carried out and observed by Lessee. Lessee shall further be responsible for the compliance with such rules and regulations by the employees, servants, agents, visitors and invitees of Lessee.

Mechanic's Lien

5.04 Lessee will not permit any mechanic's lien or liens to be placed upon the leased premises or the building or improvements thereon during the term hereof, and in case of the filing of any such lien, Lessee will promptly pay same. If default in payment thereof shall continue for twenty (20) days after written notice thereof from Lessor to Lessee, the Lessor shall have the right and privilege at Lessor's option of paying the same or any portion thereof without inquiry as to the validity thereof, and any amounts so paid, including expenses and interest, shall be so much additional indebtedness hereunder due from Lessee to Lessor and shall be repaid to Lessor immediately on rendition of bill therefor, together with interest at ten per cent per annum until repaid.

ARTICLE 6. UTILITIES

6.01. Lessee shall pay for these utility charges: for electricity, heat used in and about the leased premises during the lease term. Lessee shall be responsible for any costs and/or charges related to

connecting to utility services, and shall pay the any costs for utilities directly to the utility furnishing the service.

6.02. Lessee will pay for all garbage removal from the leased premises during the Lease term.

6.03 Lessor will provide water and sewer to the Lessee at no charge to the Lessee. Lessee agrees to conserve water and only use water for the benefit of the leased premises.

ARTICLE 7. INDEMNITY

7.01. All property of every kind and whatsoever nature, which may be on said leased premises during the term hereof, shall be at the sole risk of Lessee or those claiming or to claim under Lessee and the Lessor shall not be liable to Lessee, or to any other person whatsoever, for any injury, loss or damage to any person or property in or upon said leased premises, or upon any property contiguous thereto. Lessee hereby covenants and agrees to assume all liability for or on account of any injury, loss or damage above-described, and to save Lessor harmless therefrom. Furthermore, Lessor shall not be liable to Lessee or to Lessee's patrons, employees, licensees, permittees or visitors, for any damage to person or property due to the building on said premises or any appurtenances thereof being improperly constructed, or being or becoming in need of repair, nor for any damages from any defects or want of repair of any part of the building of which the leased premises form apart, but Lessee accepts said premises as wholly suitable for the purposes for which same is leased and accepts the building and each and every appurtenance thereof and waives defects therein, and further agrees to hold Lessor harmless from all claims for any such damage.

7.02. Further, Lessee agrees to indemnify and hold Lessor harmless against any and all claims, demands, damages, costs and expenses, including reasonable attorney's fees for the defense thereof, arising from the use of the leased premises or from any breach on the part of Lessee of any conditions of this Lease Agreement, or from any act of guests, invitees in or about the leased premises. In case of any action or proceeding brought against Lessor by reason of any such claim under the indemnity provisions of this Lease Agreement, Lessee, upon written notice from Lessor, covenants to defend such action or proceeding by counsel acceptable to Lessor.

ARTICLE 8. INSURANCE

8.01. Lessor shall, at its own expense during the Lease term, keep all buildings and improvements on the premises insured against loss or damage by fire or theft, with extended coverage, at one-hundred percent (100%) of the fair market value of the property to be insured per year, to include direct loss by windstorm, hail, explosion, riot or riot attending a strike, civil commotion, aircraft, vehicles, and smoke, in the total amounts of not less than the full fair insurable value of the buildings and improvements.

8.02. Lessee, at its own expense, shall provide and maintain in force during the lease term liability insurance. Choice of an insurance company is subject to approval by Lessor, who will not unreasonably withhold approval if the company has a Best's Insurance Rating of B++ or a Best's Financial Performance Rating of VIII or better. The policy must name Lessor as an additional insured, waive the insurance company's subrogation rights against Lessor and must be with one or more insurance companies authorized or admitted to transact business in Texas. Lessor will obtain property insurance on the building. Lessee will be responsible for obtaining insurance, if they choose to do so, on all personal property and contents located on the leased premises.

8.03. Lessee must furnish Lessor with certificates of all insurance required by this article. If Lessee does not provide the certificates when Lessor delivers possession to Lessee or if Lessee allows any insurance required under this article to lapse, Lessor may, at its option, take out and pay the premiums on the necessary insurance to comply with Lessee's obligations under this article. Lessor is entitled to immediate reimbursement from Lessee for all amounts spent to procure and maintain the insurance, with interest at the rate of prime plus three (3) percent annually from the date of payment by Lessor until reimbursed.

ARTICLE 9. ASSIGNMENT AND SUBLEASE

9.01. Without the prior written consent of Lessor (such consent to be within the sole discretion of Lessor, Lessee shall not have the right to assign this Lease Agreement and any interest therein, and/or to sublet the leased premises, or any part thereof, or any right or privilege pertinent thereto.

ARTICLE 10. TERMINATION

10.01. In case of default of any covenants herein or upon default in performance of the consideration for this Lease as hereinafter set out, Lessor may terminate this lease if any such default continues for one hundred and twenty (120) days after notice thereof in writing to Lessee of Lessor's intention to declare the lease forfeited.

10.02. If the De Leon Area Historical Society ceases to exist, then this Lease will terminate.

ARTICLE 11. MISCELLANEOUS

Notices and Addresses

11.01 All notices provided to be given under this agreement shall be given by certified mail or registered mail, addressed to the proper party, at the following addresses:

LESSOR	LESSEE
THE CITY OF DE LEON P.O. Box 318 De Leon, Texas 76444 Attn: City Manager	DE LEON AREA HISTORICAL SOCIETY 173 North Texas Street De Leon, Texas 76444 Attn: President

Gender

11.02 Words of any gender used in this Lease Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

Parties Bound

11.03 This agreement shall be binding upon and inure to the benefit of the parties hereto and its respective heirs, executors, administrators, legal representative, successors, and assigns where permitted by this agreement.

Texas Law To Apply

11.04 This agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Comanche County, Texas.

Limitation of Warranties

11.05 There are no implied warranties of merchantability, of fitness for a particular purpose, or of any other kind arising out of this lease, and there are no other warranties that extend beyond those expressly stated in this lease.

Use of Common Areas

11.06 Lessee shall have the nonexclusive right to use the common areas subject to such reasonable rules and regulations governing use as Lessor may prescribe.

Legal Construction

11.07 In case any one or more of the provisions contained in this agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision thereof and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Prior Agreements Superseded

11.08 This agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter.

Amendment

11.09 No amendment, modification, or alteration of the terms hereof shall be binding unless the same is in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

Rights and Remedies Cumulative

11.10 The rights and remedies provided by this Lease Agreement are cumulative and the use of any one right or remedy by either party shall not preclude or waiver its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

Waiver of Default

11.11 No waiver by the parties hereto of any default or breach of any term, condition, or covenant of this Lease Agreement shall be deemed to be a waiver of any other breach of the same or any other term, condition, or covenant contained herein.

Attorney's Fees

11.12 In the event Lessor or Lessee breaches any of the terms of this agreement whereby the party not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting party agrees to pay the other party reasonable attorney's fees so incurred by such other party.

IN WITNESS WHEREOF, the undersigned Lessor and Lessee hereto have executed this agreement as of the day and year first above written.

LESSOR:

CITY OF DE LEON, TEXAS

By: *Jan Grisham*
JAN GRISHAM, Its Mayor

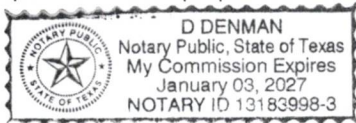
LESSEE:

DE LEON AREA HISTORICAL SOCIETY

By: *Feltz Terrell*
Feltz Terrell, Its Chair Person

**STATE OF TEXAS
COUNTY OF COMANCHE**

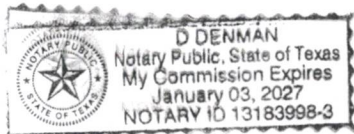
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Jan Grisham known to me to be the person and owner whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of Jan Grisham, and that she executed the same as the act of such corporation for the purposes and consideration therein expressed.



D Denman
Notary Public in and for Comanche County, Texas

**STATE OF TEXAS
COUNTY OF COMANCHE**

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Feltz Terrell known to me to be the person and owner whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of Feltz Terrell, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed.



D Denman
Notary Public in and for Comanche County, Texas