

STATE OF TEXAS §

COUNTY OF WEBB §

**AGRICULTURAL AND HUNTING LEASE
Penjamo and Llano Pastures
Texas School Lands
Survey Nos. 1383, 1384, approx. 8,829.57 acres**

This lease made this _____ day of _____ 2012, by and between WEBB COUNTY, TEXAS, a political subdivision of the State of Texas, hereinafter referred to as LESSOR acting herein by and through Danny Valdez, its County Judge, as authorized by the Commissioners Court of Webb County, Texas, and SEYMON DEUTSCH, P.O. Box 1120, in Laredo, Webb County, Texas 78042 hereinafter referred to as LESSEE.

RECITALS

WHEREAS, the State of Texas granted LESSOR the herein described lands under Article 7, Section 6-7, of the Constitution of the State of Texas for educational purposes; and

WHEREAS, the LESSOR may lease said lands under authority of the Constitution of the State of Texas. Chapter 263 of the Texas Local Government Code, and Chapter 17 of the Texas Education Code; and

WHEREAS, LESSOR complied with the competitive bidding requirements of the Texas Local Government Code, Sections 263.003 and 263.007 in making this Agricultural and Hunting Lease; and

WHEREAS, LESSEE herein was duly awarded this lease at a meeting of the Webb County Commissioners Court held May 29, 2012 and this contract was approved on June 25, 2012.

NOW, THEREFORE, the parties hereby agree as follows:

**I.
DEMISE OF PROPERTY**

That LESSOR, in consideration of the rentals herein reserved and agreed to be paid to it by LESSEE, and of the terms, covenants and conditions herein contained to be observed, kept, and performed on the part of the LESSEE, has LEASED, LET AND DEMISED unto LESSEE, the surface of the following described land in Webb County, Texas, to wit:

El Penjamo Pasture containing approximately 4,364.53 acres of land granted to Webb County, Texas as School Lands by the State of Texas being Survey No. 1383 in said County, and located approximately 36 miles Northeast of Laredo, Texas.

El Llano Pasture containing approximately 4,465.04 acres of land granted to Webb County, Texas as School Lands by the State of Texas, being Survey No. 1384 in said County, and located approximately 38 miles Northeast of Laredo, Texas.

(Lessor and Lessee agree that each has knowledge of the location and boundaries of said land and each waives a metes and bounds description thereof.)

for agricultural grazing and hunting purposes only, and subject to the terms of any valid and subsisting oil, gas, mineral leases and geophysical exploration agreements covering said land or any part thereof now of record in Webb County, Texas, and to any oil, gas, mineral leases, geophysical exploration agreements, and water or water estate exploration, development or production that may be made in the future by LESSOR covering said lands, or any part thereof and LESSOR herein reserves the non-exclusive right to develop, explore for, drill for, produce process, transmit, transport, and lay pipelines to transmit subsurface water in on or under the demised premises.

**II.
TERM**

The term of the lease shall be for a period of three (3) years beginning the 24th day of June 2012, and ending on the 23rd day of June, 2015.

**III.
OPTION TO EXTEND**

LESSEE shall have the right to and option to re-let the premises for an additional two (2) year term, under the same terms and conditions as agreed to hereunder, provided that LESSEE provides written notice to LESSOR of LESSEE's intention to do so no later than six (6) months prior to the expiration of the primary lease term. Notice by any other means shall not operate to invoke the provisions of this article.

**IV.
RENTALS**

LESSEE shall pay LESSOR as rent for the entire three (3) year term of this lease, the sum of **Three Hundred Forty-Four Thousand Three Hundred and Fifty-Three Dollars and Twenty-Three Cents (\$344,353.23)** which amount shall be payable to LESSOR at Laredo, Webb County, Texas, in three (3) annual installments of **One Hundred Fourteen Thousand Seven Hundred and Eighty-Four Dollars and Forty-One Cents (\$114,784.41)**. The first such installment being payable on or before the first day of the term of this lease, with LESSEE herein being given credit (after first deducting there from the cost of all advertising and other related expenses) for the certified check in the amount of **Five Thousand Seven Hundred and Forty Dollars (\$5,740.00)**, accompanying LESSEE's bid and the remaining two (2) installments being due and payable on or before each anniversary date thereafter until fully paid. Past due rentals shall bear interest at the rate of ten percent (10%) per annum from its due date LESSEE covenants and agrees with LESSOR to pay all installments of rent and interest incurred. All rentals shall be paid to LESSOR by cashier's check payable to:

Webb County Treasurer's Office
1110 Washington St., Ste 202
Laredo Texas 78040

At the inception of this lease, LESSEE shall secure the rentals for the period of June 24, 2012 through June 23, 2015 with an Irrevocable Standby Letter of Credit in the total amount of **Three Hundred Forty-Four Thousand Three Hundred and Fifty-Three Dollars and Twenty-Three Cents (\$344,353.23)** drawn on a bank acceptable to LESSOR.

**V.
OPERATIONS ON SUBJECT PROPERTY**

Operations by LESSEE on subject property shall be limited to grazing and hunting activities. LESSEE agrees not to use all or part of the leased premises or any improvement situated upon the leased premises for any use or purpose in violation of any valid and applicable law, regulation or ordinance of the United States, the State of Texas, or other lawful authority having jurisdiction over the leased premises.

**VI.
GRAZING**

LESSEE is hereby granted the right to utilize the subject property for the grazing of approved livestock. LESSEE shall not place, store, or keep any livestock in or on the premises unless LESSEE is the sole owner thereof. LESSEE shall limit its grazing operations on the subject property to cattle. The grazing of sheep and goats on the demised property is expressly prohibited.

LESSEE agrees not to cause or allow the land leased hereunder to be overstocked with cattle or animals in such a manner as to materially injure the property for such grazing purposes or to cause the land to be used in a manner that will commit waste thereon. LESSEE shall stock the land so that no fewer than twenty-five (25) acres shall be allowed per cow.

**VII.
HUNTING**

LESSEE is hereby granted the right to sublease the property for the hunting of deer and upland game birds and varmints, provided that each hunter's name, address and telephone number

is submitted to LESSOR, if available, prior to subletting and is approved by LESSOR in writing. LESSEE, at his sole cost and expense, shall consult with a game biologist to aid in all game surveys and harvests and to implement wildlife management and conservation practices. All game surveys, harvest records, and game biologist recommendations shall be furnished to LESSOR. Game shall be harvested in accordance with good and prudent game management plans, as directed from time to time by LESSOR and the Texas Parks and Wildlife Department. LESSEE shall conduct all hunting activities in accordance with all applicable laws, rules, requirements and proclamations of the State of Texas, the Texas Parks and Wildlife Department and the United States. LESSEE shall keep and maintain at all times proper hunting permits and harvest records and shall provide copies thereof to LESSOR as requested. LESSEE shall supervise and be responsible for all hunting conducted on the premises and shall require each hunter to execute, on forms provided by LESSOR, such releases of liability and covenants not to sue, as LESSOR desires. It is further understood and agreed by the parties hereto that violation of any game laws by LESSEE, assignees, sub-lessees or invitees shall result in the immediate termination of this lease. Day leasing is strictly prohibited.

VIII. IMPROVEMENTS

LESSEE shall, at his sole cost and expense, replace the perimeter fences that are in poor condition. LESSEE shall contact abutting landowners regarding to participation in the cost of the replacement of the fences and in the event the abutting landowners do not participate LESSEE shall maintain and repair the fences so that they are strong enough to turn cattle. LESSEE shall, at his sole cost and expense, maintain all senderos that are adjacent to perimeter fences. Additionally, LESSEE, at his sole cost and expense, shall plow and reseed all previously prepared fields with buffel grass and millet, but not less than 365 acres, and shall maintain and repair all cattle pens. LESSEE shall, at his sole cost and expense, have the right at any time and from time to time during the term of this lease to erect, maintain, alter, remodel, reconstruct, rebuild or

replace buildings or other improvements on the leased premises, including but not limited to: fences, corrals, water wells, water tanks, water lines, water storage facilities, dwellings, existing roads, as well as undertaking brush control and grass seeding measures, subject to the following general conditions:

- a). Any and all improvements (excluding routine maintenance and upkeep) must have the prior approval of LESSOR.
- b). The cost of any such work shall be borne and paid for the LESSEE.
- c). The leased premises shall at all times be kept free of mechanics and materialmen's liens.

LESSOR shall be notified in writing of the time of commencement and general nature of any such work, other than routine maintenance of existing buildings or improvements, at the time of commencement.

IX. EXISTING IMPROVEMENTS

LESSEE shall take good care of the leased premises and all fences and improvements thereon to the sole satisfaction of LESSOR, LESSEE shall keep all improvements and fences, at LESSEE's sole expense, in good repair and order and shall not, to the best of his ability, permit or allow waste or damage to be committed or permitted on any portion of said premises or improvements.

LESSEE agrees to maintain the fences now existing upon, across and around said property and leave them in as good a condition upon termination of this lease as they are now in, reasonable wear and tear expected. LESSEE further agrees that he will cause said fences herein leased to be maintained in such a state as can be reasonably expected to turn cattle.

**X.
OWNERSHIP OF BUILDINGS, IMPROVEMENTS, AND FIXTURES**

All repairs, additions, equipment, fixtures and improvements made, placed or installed by LESSEE in, about or upon the leased premises (except personal property belonging to LESSEE and not attached to the premises) shall immediately become the property of LESSOR, and shall remain upon and be surrendered with the leased premises as a part thereof upon the termination or expiration of this lease.

**XI.
UTILITIES**

LESSEE shall pay or cause to be paid all charges for water, heat, gas, electricity, and all other utilities used by LESSEE on the leased premises throughout the term of this lease, including any connection fees.

**XII.
GEOPHYSICAL OPERATIONS**

LESSEE shall not interfere, in any way, with any oil, gas or other geophysical operations, or those operations relative, supportive or incidental thereto, conducted in, on or under the demised property. However, it shall be the duty of the LESSEE to report to LESSOR any and all observed actual or potential violations of State or Federal law, rules and/or regulations involving any oil, gas or geophysical operations, related, supportive or incidental thereto, in and on the property.

**XIII.
SURFACE DAMAGES**

LESSOR hereby expressly reserves the right to receive and retain any monies paid for the right of exploring and prospecting for minerals and mineral indications on the subject property. It is expressly understood that LESSEE SHALL NOT receive any monies for rentals or damages to the above described property, including but not limited to seismic damages, well site location damages, and pipeline right-of-way damages, and that any money paid by reason of any geophysical operation in, on or under the land described herein shall be paid to LESSOR.

**XIV.
INSPECTION BY LESSOR**

LESSEE shall permit and allow LESSOR's designated officials, agents, representatives, and officers in and upon said demised premises from time to time to inspect same.

**XV.
ACTUAL SETTLER**

LESSEE is not and shall not, during the term hereof, claim any rights as an "actual settler" under Section 6 of Article VII of the Constitution of the State of Texas, and LESSEE expressly disclaims such rights with respect to the leased premises.

**XVI.
INSURANCE AND INDEMNIFICATION**

Insurance on Buildings and Improvements

At all times during the term of this lease, it shall be the responsibility of LESSEE to keep all buildings and other improvements located or being constructed on the leased premises insured against loss or damage by fire, with extended coverage endorsement or its equivalent.

Liability Insurance

At all times during the term of this lease, LESSEE shall provide and keep in force liability insurance covering LESSOR, as an additional insured, and LESSEE for liability for properly damage and personal injury. This insurance shall be carried by one or more insurance companies duly authorized to transact business in Texas, selected by LESSEE and approved by LESSOR, and shall be paid for by LESSEE. The insurance provided pursuant to this section shall be in the amount of not less than \$100,000.00 for property damage and not less than \$500,000.00 for one person and \$1,000,000.00 for one accident for personal injury. This insurance shall protect LESSOR and LESSEE against liability to any employees or servants of LESSEE and to any other person or persons whose property damage or personal injury arises out of or in connection with the occupation, use, or condition of the leased premises.

Indemnification of Lessor

LESSOR SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE, OR INJURY OF ANY KIND OR CHARACTER TO ANY PERSON OR PROPERTY ARISING FROM ANY USE OF THE LEASED PREMISES, OR ANY PART OF THE LEASED PREMISES, OR CAUSED BY ANY DEFECT IN ANY BUILDING, STRUCTURE IMPROVEMENT, EQUIPMENT, OR FACILITY ON THE LEASED PREMISES OR CAUSED BY OR ARISING FROM ANY ACT OR OMISSION OF LESSEE, OR OF ANY OF ITS AGENTS, EMPLOYEES, LICENSEES, OR INVITEES, OR BY OR FROM ANY ACCIDENT, FIRE OR OTHER CASUALTY ON THE LAND, OR OCCASIONED BY THE FAILURE OF LESSEE TO MAINTAIN THE PREMISES IN SAFE CONDITION. LESSEE WAIVES ALL CLAIMS AND DEMANDS ON ITS BEHALF AGAINST LESSOR FOR ANY SUCH LOSS, DAMAGE, OR INJURY, AND AGREES TO INDEMNIFY AND HOLD LESSOR ENTIRELY FREE AND HARMLESS FROM ALL LIABILITY FOR ANY SUCH LOSS, DAMAGE, OR INJURY OF OTHER PERSONS, AND FROM ALL COSTS AND EXPENSES ARISING FROM ANY CLAIMS OR DEMANDS OF OTHER PERSONS CONCERNING ANY SUCH LOSS, DAMAGE OR INJURY.

XVII. SALE OF SUBJECT PROPERTY

This lease is subject to the condition that LESSOR reserves the right to sell the land covered hereby or any part thereof, and any such sale may, at LESSOR'S option, be either subject to this lease or free and clear thereof; in which latter event LESSEE shall be refunded the proportionate part of unearned installments of rentals previously paid, and shall be given a reasonable time within which to remove his stock and personal property from the premises.

XVIII.
ABANDONMENT BY LESSEE

In the event said demised premises is abandoned or vacated by LESSEE, LESSOR shall have the right, but not the obligation, to lease the same for the remainder of the period covered hereby; and if rent is not received through such leasing in an amount at least equal to the rent provided for hereunder, LESSEE shall pay and satisfy any deficiency which might exist between the amount of rent herein provided for and that received through such leasing, and all expenses incurred by LESSOR by reason thereof. LESSOR shall have the right to treat such abandonment or vacation of the premises as a breach of this agreement, and LESSOR may, at its option, enforce any and rights granted to it hereunder including, but not limited to, termination of this lease.

XIX.
TERMINATION ON DEFAULT

In the event LESSEE shall make default in the payment of any installment of rent when due, or in the performance or observance of any of the covenants and conditions herein contained, LESSOR may, at LESSOR's discretion; declare this lease terminated, and LESSOR's agents, officers and representatives shall have the power to immediately enter upon and hold, occupy and repossess by law and expel and remove LESSEE and all persons or property occupying said premises, using such force and means as LESSOR may consider necessary without being liable to LESSEE for any damages that might be considered thereby.

XX.
POSSESSION AT TERMINATION

LESSEE shall at the termination of this lease by lapse of time or otherwise, surrender and yield to LESSOR immediate peaceful possession of the leased premises together with all additions and improvements thereto, in good condition.

**XXI.
CUMULATIVE REMEDIES**

All rights, interests, privileges and remedies herein contained as well as existing by statute, in law and in equity, shall be cumulative and not exclusive; LESSOR shall have the authority to pursue such rights, remedies and privileges as it desires and in such order as it might elect.

**XXII.
LEGAL CONSTRUCTION**

If it shall be determined that any of the agreements or provisions hereof are invalid, illegal or unenforceable, the same shall not affect the other terms, covenants or agreements herein contained, and this agreement shall be construed as if the invalid, illegal or unenforceable provision(s) had never been contained in the lease.

**XXIII.
BANKRUPTCY**

Neither bankruptcy, insolvency, assignment for the benefit of creditors, nor the appointment of a receiver shall affect his lease so long as LESSEE and LESSOR or their respective successors or legal representatives continue to perform all covenants of this lease.

**XXIV.
WAIVER**

No waiver by either party of any default or breach of any covenant, condition or stipulation contained in this lease shall be treated as a waiver of any subsequent default or breach of the same or any other covenant, condition or stipulation of this lease. No act or omission of any official, agent, servant, officer or employee of LESSOR shall act as a waiver of any term or condition herein unless authorized by proper order of the Commissioners Court of Webb County, Texas.

**XXV.
ASSIGNMENTS/SUB-LEASES**

Except as provided herein, LESSEE shall not assign mortgage, pledge or hypothecate all or any portion of this lease or sublet said demised premises in whole or in part or use any portion of said demised premises for any purpose of business other than the purpose for which the premises are leased as stated above, without first obtaining the written consent of the Commissioners Court of Webb County, Texas.

**XXVI.
PARTIES BOUND**

This agreement shall be binding upon and inure to the benefit of the parties to the lease and the terms hereof shall extend to the assigns of LESSOR, and to the heirs, personal representatives, assigns and subtenants of LESSEE, provided, however, that LESSEE shall not assign or sublet any rights hereunder without previous written consent of LESSOR as hereinabove set out.

**XXVII.
PRIOR AGREEMENTS**

This agreement constitutes the sole and only agreement of the parties to the lease and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this lease.

**XXVIII.
MODIFICATIONS**

This contract may not be modified changed or altered except by written agreement by both parties and approved by order of the Commissioners Court of Webb County, Texas.

**XXIX.
APPLICABLE LAW**

This contract is made and entered into in Laredo, Webb County, Texas, and shall be performable at Laredo, Webb County, Texas. The laws of the State of Texas shall apply to any dispute hereunder.

**XXX.
NOTICES**

Any and all notices required to be given under this contract shall be delivered by either personal deliveror mailing to the respective party as follows:

To Lessor:
County Judge/County Treasurer
1000 Houston Street
Laredo, Texas 78040

To Lessee:
Mr. Seymon Deutsch
P.O. Box 1120
Laredo, Texas 78042

**XXXI.
LIMITATION OF WARRANTIES**

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 WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.

**XXXII.
MULTIPLE COUNTERPARTS**

This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement; but in making proof of this Agreement, it shall not be necessary to provide or account for more than one such counterpart.

IN WITNESS WHEREOF, Webb County, Texas, has caused this instrument to be executed in its behalf by Danny Valdez., its County Judge, duly authorized by the Commissioners Court of Webb County, Texas, and Seymon Deutch, as of the day and year first above written.

LESSEE:

LESSOR:

Seymon Deutch

Danny Valdez
Webb County Judge

Margie Ramirez Ibarra
Webb County Clerk

APPROVED AS TO FORM:

Anna L. Cavazos Ramirez
Webb County Attorney*

*By Law, the County Attorney's office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval of their own respective attorneys.

I, Margie Ramirez Ibarra, County Clerk, Webb County, do hereby certify that this is a true and correct copy, as the same appears of record in my office,
Witness my hand and seal of office on

JUL 19 2012

Margie Ramirez Ibarra
Webb County Clerk
By Deputy County Clerk