

LEASE AGREEMENT

by and between

MERCANTILE PARTNERS, L.P.

(Landlord)

and

TARRANT COUNTY, TEXAS

(Tenant)

For property located at:

**5001 N. Riverside Drive, Suite 101
Fort Worth, Texas**

INDEX TO LEASE AGREEMENT

	<u>Page</u>
ARTICLE I	GRANT AND TERM
Section 1.01	Leased Premises 1
Section 1.02	Term; Renewal..... 1
ARTICLE II	RENT; SECURITY DEPOSIT
Section 2.01	Accrual of Rent..... 2
Section 2.02	Minimum Guaranteed Rent..... 2
Section 2.03	Additional Rent..... 2
Section 2.04	Past Due Rent and Additional Rent 2
Section 2.05	Security Deposit..... 2
ARTICLE III	CONDUCT OF BUSINESS
Section 3.01	Use of Premises..... 3
Section 3.02	Additional Use of the Premises 3
ARTICLE IV	MAINTENANCE; REPAIRS; ALTERATIONS; LANDLORD'S RIGHT OF ACCESS
Section 4.01	Repairs and Maintenance 4
Section 4.02	Major Alterations by Tenant 5
Section 4.03	Construction Work by Tenant within Leased Premises 5
Section 4.04	Landlord's Right of Access 6
Section 4.05	Finish Work; Finish Budget; Tenant's Work..... 7
ARTICLE V	SIGNS
Section 5.01	Signs 9
ARTICLE VI	UTILITIES; TRASH RECEPTACLES; NO OUTSIDE STORAGE
Section 6.01	Utilities; Trash Receptacles 9
Section 6.02	Tenant's Obligation for Payment of Taxes, Insurance and Common Area Maintenance 9
ARTICLE VII	TENANT'S FURNITURE AND FIXTURES WITHIN LEASED PREMISES
Section 7.01	Tenant's Furniture and Fixtures within the Leased Premises..... 11
ARTICLE VIII	LIABILITY, INDEMNITY, AND INSURANCE
Section 8.01	Indemnity; Tenant Insurance 11
Section 8.02	Landlord Indemnity..... 11
Section 8.03	Tenant's Property Insurance..... 12
Section 8.04	Landlord's Insurance..... 12
Section 8.05	Waiver of Subrogation 12
ARTICLE IX	DAMAGE BY CASUALTY
Section 9.01	Damage to Leased Premises..... 12
ARTICLE X	EMINENT DOMAIN
Section 10.01	Condemnation..... 14

Section 10.02	Landlord's Damages	14
Section 10.03	Tenant's Damages	14
ARTICLE XI ASSIGNMENT AND SUBLETTING		
Section 11.01	Assignment and Subletting	14
ARTICLE XII ESTOPPEL CERTIFICATE; SUBORDINATION; ATTORNMENT; NON-DISTURBANCE		
Section 12.01	Execution of Estoppel Certificate	15
Section 12.02	Subordination and Attornment	15
Section 12.03	Non-Disturbance	16
ARTICLE XIII DEFAULTS AND REMEDIES		
Section 13.01	Tenant Default; Landlord Remedies	16
ARTICLE XIV INSOLVENCY		
Section 14.01	Insolvency of Tenant	17
ARTICLE XV HOLDING OVER		
Section 15.01	Holding Over	18
ARTICLE XVI MISCELLANEOUS		
Section 16.01	Notices	18
Section 16.02	No Partnership	19
Section 16.03	Captions and Index	19
Section 16.04	Waiver	19
Section 16.05	Force Majeure	19
Section 16.06	Place of Performance.....	19
Section 16.07	Entire Agreement	19
Section 16.08	Commission	19
Section 16.09	Law Governing; Partial Invalidity.....	19
Section 16.10	(Intentionally deleted).....	20
Section 16.11	Recording	20
Section 16.12	Successors.....	20
Section 16.13	Accord and Satisfaction	20
Section 16.14	Quiet Enjoyment.....	20
Section 16.15	Time of Essence	20
Section 16.16	Authority to Execute	20
Section 16.17	Landlord's Right to Sell	20
Section 16.18	Disclaimer	20
Section 16.19	Gender; Singular and Plural.....	21
Section 16.20	Negation of Personal Liability	21
Section 16.21	Tenant's Obligations Regarding Hazardous Substances	21
Section 16.22	Right to Contest	25
Section 16.23	Parking	25
Section 16.24	Determination of Additional Rent	25
Section 16.25	25

LEASE AGREEMENT

This Lease Agreement ("Lease") made and entered into this ____ day of _____, 2023, by and between, MERCANTILE PARTNERS, L.P., a Texas limited partnership, hereinafter referred to as "Landlord", and TARRANT COUNTY, TEXAS, hereinafter referred to as "Tenant".

ARTICLE I

GRANT AND TERM

SECTION 1.01. Leased Premises.

In consideration of the obligation of Tenant to pay rent as herein provided and in consideration of the other terms, covenants and conditions hereof, Landlord hereby demises and leases to Tenant, and Tenant hereby takes from Landlord those certain premises ("Leased Premises"), within the City of Fort Worth, County of Tarrant, State of Texas, in the building ("Improvements" or "Building") located on the real property ("Land" or "Real Property") more particularly described in the legal description attached hereto and made a part hereof as Exhibit "B", such Leased Premises containing approximately 47,500 square feet of Rentable Area (such 47,500 square feet constitutes the "Rentable Area" as such term is used in this Lease) as shown on the floor plan attached hereto as Exhibit "A" and made a part hereof.

TO HAVE AND TO HOLD said Leased Premises for a term commencing and ending on the dates specified in Section 1.02 all upon the terms and conditions set forth in this Lease.

SECTION 1.02. Term; Renewal.

The term of this Lease shall commence on December 1, 2023 (the "Commencement Date") and shall end (unless sooner terminated or extended as hereinafter provided) on the last day of the thirty-sixth (36th) full calendar month following the Rental Commencement Date (as hereinafter defined). The "Rental Commencement Date" of this Lease shall be the Commencement Date. Subject to Section 16.05 of this Lease and any Tenant Delays (as hereinafter defined), Landlord shall use commercially reasonable efforts to cause the Leased Premises to be ready for occupancy on or before December 1, 2023 ("Delivery Date").

Tenant shall have, and is hereby given, two (2) options to renew and extend the term of this Lease, such options to follow consecutively upon the expiration of the initial term of this Lease and any renewal terms then in effect, provided that at the time the option to renew is exercised ("Exercise Date"), this Lease shall be in full force and effect and Tenant shall not be in default beyond applicable notice and cure periods specified in this Lease. Such renewal options shall each be for a term of one (1) year. Such options shall be exercised by Tenant's giving to Landlord written notice of Tenant's intention to renew and extend the term of this Lease, such notice to be given at least sixty (60) days before the expiration of term of this Lease then in effect. If Landlord does not receive Tenant's written notice of Tenant's intention to renew within such sixty (60) day period, Tenant shall be deemed to have waived Tenant's right to renew the term of this Lease. The renewal and extension of this Lease shall be on and under the same covenants, agreements, terms, provisions, and conditions as are contained herein for the initial term of this Lease. Tenant may not exercise a renewal option if Tenant is in default under this Lease at the time of the exercise of the renewal option.

ARTICLE II

RENT; SECURITY DEPOSIT

SECTION 2.01. Accrual of Rent.

Rent shall accrue hereunder commencing on the Rental Commencement Date as defined in Section 1.02 of this Lease.

SECTION 2.02. Minimum Guaranteed Rent.

In addition to additional rent and other sums specified in this Lease, Tenant agrees to pay to Landlord at Landlord's place of business at 2650 Meacham Blvd., Fort Worth, Tarrant County, Texas 76137-4203 (or at such other place as Landlord may in writing designate), without any prior demand therefor and without any deduction or set-off whatsoever, and as fixed rent, during the term of this Lease Minimum Guaranteed Rent (herein so called) as follows:

Beginning December 1, 2023 through November 30, 2026 an amount equal to \$49,479.17 per month (\$12.50 per square foot of Rentable Area).

The term "Month" as used in this Section 2.02 shall mean calendar months beginning on the month of December 1, 2023, and each calendar month thereafter during the term of this Lease and any renewals of the term of this Lease. Minimum Guaranteed Rent shall be due and payable monthly commencing on the Rental Commencement Date and continuing on the first day of each Month thereafter. If the Rental Commencement Date, the date the term of this Lease expires or the effective date of any termination of this Lease is on a day other than the first day of a Month, Minimum Guaranteed Rent shall be prorated based on the number of days this Lease was in effect during such partial Month.

SECTION 2.03. Additional Rent.

Tenant shall pay as additional rent any money or other charges required to be paid by Tenant under this Lease, whether or not the same be designated "additional rent". If such amounts or charges are not paid at the time provided in this Lease, they shall nevertheless, if not paid when due, be collectible as additional rent with the next installment of rent thereafter falling due hereunder, but nothing herein contained shall be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or limit any other remedy of Landlord.

SECTION 2.04. Past Due Rent and Additional Rent.

Tenant shall pay to Landlord a "late charge" for any installment of Minimum Guaranteed Rent, additional rent or other payment specified herein, if such payment is not made within ten (10) days after receipt of a written notice, which notifies Tenant that a payment has not been received to reimburse Landlord for the extra expense involved in handling such delinquent payment. Tenant shall pay interest on all delinquent payments at the statutory interest rate set forth in Texas Government Code Sec. 2251.025. Any such late charges shall be payable within ten (10) days after receipt of Landlord's notice. Neither the assessment nor the collection by Landlord of any late charge provided for herein shall constitute a waiver by Landlord of any of the other rights or remedies which Landlord has under this Lease or under applicable law as a result of Tenant's failure to timely pay any rentals due hereunder.

SECTION 2.05. Security Deposit.

Intentionally omitted.

ARTICLE III
CONDUCT OF BUSINESS

SECTION 3.01. Use of Premises.

(a) The Leased Premises may be used and occupied only for general office uses, so long as such uses are deemed in Landlord's reasonable opinion to have little or no odor, do not require material handling equipment that generates excessive noise, do not generate excessive truck traffic, and are not overly disruptive to other tenants.

(b) Tenant shall use the Leased Premises for conducting the business specified in Section 3.01(a) as the permitted use, and will not use or permit or suffer the use of, the Leased Premises for any other business or purpose without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Nothing contained in this Lease shall constitute a representation or warranty by Landlord that Tenant's particular use of the Leased Premises will continue to be permitted under applicable laws or regulations. Tenant shall, at Tenant's sole cost and expense, remove all of Tenant's personal property from the Leased Premises and surrender possession to Landlord of the Leased Premises on or before the effective date of any termination or expiration of this Lease. Upon the expiration or other termination of this Lease, Tenant shall, at Tenant's sole cost and expense, repair any and all damage caused by Tenant or Tenant's agents, servants or employees and shall restore the portions of the Leased Premises which Tenant is required to repair under this Lease to the condition which existed at the time the Tenant improvements were initially completed, ordinary wear and tear and casualty loss excepted. Any property of Tenant not so removed by Tenant within thirty (30) days after the expiration or termination of this Lease shall become the property of Landlord.

(c) Tenant shall have the right to maintain such security protection procedures as Tenant elects, subject to Landlord's reasonable approval, which shall not be unreasonably withheld or delayed, within the Leased Premises. Nothing in this Lease shall constitute, nor be deemed to constitute, a representation or warranty by Landlord of the existence of, nor shall Landlord have any liability or obligation for, any security protection regarding the Leased Premises or with regard to persons and/or property located on or about the Leased Premises. Tenant shall be solely responsible for security protection on or about the Leased Premises.

SECTION 3.02. Additional Use of the Premises.

Tenant covenants and agrees that Tenant at its own cost and expense:

- (a) Will maintain the Leased Premises in a clean, orderly and sanitary condition;
- (b) Will procure at Tenant's sole expense any permits and licenses required for the transaction of business in the Leased Premises and, subject to the provisions of Section 3.02(d), otherwise comply with all laws and ordinances and all rules and regulations of governmental authorities with respect to the use or occupancy of the Leased Premises by Tenant, and will supply, maintain, repair and replace for the Leased Premises any fire extinguishers or other fire prevention equipment and safety equipment required by the aforementioned rules and regulations.
- (c) Will not, without Landlord's prior written consent which shall not be unreasonably withheld or delayed, keep anything within the Leased Premises or use the Leased Premises for any purpose which increases the insurance premium cost or invalidates any insurance policy carried on the Leased Premises or on other parts of the Improvements. If any increase in the cost of general liability or property insurance on the Leased Premises is caused solely by the occupancy or action of Tenant, as evidenced by a written report from the insurance company insuring the Leased Premises, Landlord will notify Tenant in writing of such increase and actions for correction. If after thirty (30) days Tenant has not removed the cause of the increase, Tenant shall pay Landlord the amount of the increase for the Leased Premises as such additional

premiums become due. All personal property and fixtures kept, stored or maintained within the Leased Premises by Tenant shall be at Tenant's sole risk; and

(d) Tenant shall not use the Leased Premises in any manner which will violate any law, statute, or ordinance now in force or which may hereafter be enacted. Tenant shall be required to (a) make changes to the Leased Premises and/or the Improvements of which the Leased Premises is a part if specifically required as a result of the installation of any alterations, additions, or improvements made by or for Tenant, (b) retrofit or upgrade the Leased Premises and/or the Improvements of which the Leased Premises is a part, if required as a result of or in connection with Tenant's use of the Premises and/or the installation of any alterations, additions, or improvements to the Leased Premises made by or for Tenant, or (c) after Tenant's initial occupancy correct any building code or other code violations, if such violations arise as a result of the acts of Tenant or in connection with Tenant's use of the Premises and/or alterations, additions, or improvements made by or for Tenant.

ARTICLE IV

MAINTENANCE; REPAIRS; ALTERATIONS; LANDLORD'S RIGHT OF ACCESS

SECTION 4.01. Repairs and Maintenance.

Except as otherwise specified herein, Tenant shall keep all interior, non-structural portions of the Leased Premises (including, without limitation, the heating systems and equipment, air conditioning systems and equipment and all electrical, water and sewer lines running through and servicing the Leased Premises, and plumbing in the walls, ceilings, glass, doors and door frames) in good condition and working order, as applicable, reasonable wear and tear excepted and damage by fire and other casualty covered by insurance excepted, at Tenant's sole cost and expense throughout the term of this Lease. Tenant shall contract for interior pest control and have the HVAC units serviced at least twice per calendar year and provide Landlord a copy of all paid invoices for this service.

If any repairs required to be made by Tenant hereunder are not made within twenty (20) days after written notice is received by Tenant specifying such repairs, Landlord may at its option make such repairs and Tenant shall pay to Landlord within thirty (30) days after receipt of Landlord's invoice, as additional rent hereunder, the cost of such repairs plus interest per annum from the date such payment is due until repaid by Tenant. At the expiration of this Lease, Tenant shall surrender the Leased Premises in good condition, reasonable wear and tear and loss by fire or other casualty covered by insurance excepted.

Landlord shall, at Landlord's sole cost and expense, maintain in good condition, reasonable wear and tear, damage caused by Tenant or Tenant's agents, servants, employees or invitees excepted, the following:

(a) The structural portions of the Improvements including foundation, load-bearing and exterior walls (but not including any glass), subflooring, parking lot surfaces, sidewalks, parking lot light fixtures and the roof; and

(b) The water, sewer and utility connections which lead into the Improvements.

In providing any maintenance or repairs required by this Lease, Landlord must observe and comply with all applicable federal, state, and local statutes, ordinances, rules, and regulations, including, without limitation, workers' compensation laws, minimum and maximum salary and wage statutes and regulations, and non-discrimination laws and regulations. Landlord shall be responsible for ensuring its compliance with any laws and regulations applicable to its business, including maintaining any necessary licenses and permits.

Landlord shall not be in breach of its obligations under this Section unless Landlord fails to provide the above-defined services or fails to make any payments due to Tenant, or make any repairs or perform maintenance which Landlord is obligated to provide or perform hereunder and such failure persists for twenty (20) days [except in the event of an emergency when such time period is reduced to three (3) business days] after Landlord's receipt of written notice from Tenant of a need for such services, repairs or maintenance. Landlord shall not be liable for and Tenant shall not be entitled to any abatement or reduction of rent by reason of Landlord's failure to furnish any of the foregoing when such a failure is caused by accidents, breakage, repairs, strikes, brownouts, blackouts, lockouts or labor disturbances or labor disputes of any character, or by any other cause, similar or dissimilar, beyond the reasonable control of Landlord, nor shall such failure under such circumstances be construed as a constructive or actual eviction of Tenant; provided, however, if Tenant is unable to reasonably conduct its business within the Leased Premises for a period of two (2) consecutive business days after the commencement of any interruption resulting from Landlord's failure to make the repairs or perform the maintenance after written notice from Tenant, Tenant may abate all rent including additional rent charges defined in Section 6.02 for the unusable portion of the Leased Premises until that portion is again usable by Tenant. Tenant may during this default period as a form of self-help and upon ten (10) days' prior written notice to Landlord, cure such default and deduct Tenant's actual, reasonable out-of-pocket expenses (including, without limitation, reasonable attorneys' fees and court costs) incurred by Tenant from Minimum Guaranteed Rent and additional rent which will come due hereunder after the restoration of such services, repairs, or payments. Payments of any amounts owed to Tenant not paid within thirty (30) days after Landlord's receipt of an invoice from Tenant shall bear interest from the date due until the date paid, at the statutory interest rate set forth in Texas Government Code Sec. 2251.025. If the abatement period extends beyond thirty (30) consecutive calendar days, Tenant may as its sole remedy, if the cause is solely the result of Landlord's default, by providing written notice to Landlord, terminate this Lease. If such interruptions or failures are caused by Landlord's default, Tenant retains all remedies against Landlord, including abatement and termination as set forth herein. Except in the case of Landlord's gross negligence or willful misconduct which is not cured within thirty (30) days after written notice is given by Tenant to Landlord specifying such occurrence which caused Tenant to be unable to use the Leased Premises, Landlord shall not be liable under any circumstances for loss or injury to property or business, however occurring, through or in connection with or incidental to Landlord's failure to furnish any of said service or utilities.

SECTION 4.02. Major Alterations by Tenant.

Tenant shall not make any (i) structural alterations, additions or improvements to the Leased Premises after completion of Tenant's initial improvements or (ii) any non-structural alterations, additions or improvements costing in excess of \$25,000.00 per occurrence, without the prior written consent of Landlord (which consent shall not be unreasonably withheld, conditioned or delayed). Examples of non-structural alterations include, but are not limited to, such things as painting, carpeting, wall paper, and other finishes, including necessary changes to adjust the heating, ventilating and air conditioning components which have an estimated cost of \$25,000.00 or less per occurrence. Such non-structural alterations or alterations costing less than \$25,000.00 may be made by Tenant without Landlord's prior written consent. All structural alterations, additions and improvements which may be made or installed by Tenant upon the Leased Premises may not be removed by Tenant on the termination of this Lease. Any vinyl, linoleum, carpet or other floor covering which may be cemented or otherwise affixed to the floor of the Leased Premises shall immediately become the property of Landlord at the time of installation, all without credit or compensation to Tenant. It is the intention of Landlord and Tenant that the value of any alterations, additions, or improvements to the Leased Premises made or installed by Tenant does not constitute rent to Landlord.

SECTION 4.03. Construction Work by Tenant within Leased Premises.

All of the Tenant's Work (as defined in Section 4.05 of this Lease) and all other construction work done by Tenant within the Leased Premises shall be performed in a good workmanlike manner, in compliance with all governmental requirements, and at such times and in such manner as to cause a minimum of interference with other construction in progress and with the transaction of business in the Leased Premises. During any period of such work, Tenant shall have adequate fire extinguishers within

the Leased Premises. To the extent permitted by Texas law, Tenant agrees to indemnify Landlord and hold Landlord harmless against any loss, liability or damage resulting from such work. Whenever Tenant proposes to do any construction work within the Leased Premises which affects the structure or the exterior of the Improvements or which will cost in excess of \$25,000.00, Tenant shall first furnish to Landlord plans and specifications in reasonable detail covering all such work. Such plans and specifications shall comply with such reasonable requirements as Landlord may from time to time prescribe for such construction. In no event shall construction work be commenced which affects the structure or the exterior of the Improvements or costs in excess of \$25,000.00, without Landlord's prior written approval of such plans and specifications, which approval shall not be unreasonably withheld or delayed. Landlord shall notify Tenant of the particulars, if any, in which the plans and specifications submitted by Tenant to Landlord for Tenant's Work fail to conform herewith or are otherwise not satisfactory to Landlord. After receipt of any such notice from Landlord, Tenant shall cause such plans and specifications to be revised to such extent as may be reasonably necessary to secure Landlord's reasonable approval and, thereupon, Tenant shall submit such plans and specifications as revised for Landlord's approval. When Landlord shall determine that such plans and specifications are satisfactory, Landlord shall so inform Tenant in writing. Tenant shall, at Tenant's sole cost and expense, cause the Leased Premises to be improved, decorated and furnished in accordance with the plans and specifications approved in writing by Landlord. Upon completion of Tenant's construction work, Tenant shall deliver to Landlord an "as built" set of plans and specifications for the Leased Premises.

Tenant shall at no time permit any lien or claim against any part of the Leased Premises to exist or to come into being. Landlord may, from time to time, check with Tenant's contractors to determine if they are being paid timely for their work upon the Leased Premises. Tenant shall not be, nor be construed to be, the agent or nominee for Landlord in connection with any construction activities performed by or for Tenant on the Leased Premises. All costs of improvements, labor, work, materials and equipment installed or placed upon the Leased Premises shall either be paid in full or properly bonded on or before the date Tenant takes occupancy of the Leased Premises. Tenant is required to use a reputable general contractor to complete all of Tenant's construction work. Landlord shall not unreasonably withhold, delay or condition its approval of such contractor. Such general contractor must first be approved in writing by Landlord prior to the commencement of any such construction work. Notwithstanding anything to the contrary contained in this Lease, any construction or alteration to be performed by Tenant which will in any way cut, repair or replace all or any part of the floor slab or exterior concrete of the Leased Premises must be performed by Landlord's contractor. Tenant understands and agrees that any damage to the Leased Premises caused by any of Tenant's construction work shall be repaired at Tenant's sole cost and expense, whether repaired by Tenant or Landlord.

Within ten (10) days after completion of Tenant's construction work, excluding the Finish Work as defined in Section 4.05 below which is being constructed by Landlord, Tenant shall furnish to Landlord the following:

(a) The affidavit of the general contractor performing Tenant's construction work that such work has been completed substantially in accordance with the plans and specifications previously approved in writing by Landlord, and that all artisans, mechanics and materialmen engaged in or supplying materials or labor in connection with Tenant's construction work have been paid in full or a bond in a sum sufficient to pay all such mechanics and materialmen has been obtained by Tenant;

(b) A waiver of lien with respect to the Leased Premises executed by the general contractor and each major subcontractor engaged in supplying materials for Tenant's construction work, except for any such contractors or subcontractors for which Tenant has obtained a bond to pay any claims by such persons as provided herein; and

(c) A copy of the Certificate of Occupancy, or similar certificate, evidencing acceptance of the Leased Premises by the appropriate governmental authorities, to the extent such certificates are required in addition to the Certificate of Occupancy Landlord is required to obtain pursuant to Section 4.05.

SECTION 4.04. Landlord's Right of Access.

Except for secured areas designated by Tenant and emergencies, Landlord shall have the right to enter upon the Leased Premises during business hours upon twenty-four (24) hours' written notice for the purpose of inspecting the same, or of making repairs or additions to the Leased Premises. In the case of emergencies, Landlord shall not be required to provide advance notice to access the Leased Premises. Tenant shall be obligated to provide Landlord with access to the Leased Premises, except for secured areas, following twenty-four (24) hours' notice by Landlord for the purpose of showing the Leased Premises to prospective tenants or purchasers (but as to prospective tenants only during the last 90 days of the Term of this Lease). Tenant may have an escort present at any inspection or showing of the Leased Premises.

SECTION 4.05. Finish Work; Tenant's Work.

(a) Finish Work. Landlord agrees deliver the Leased Premises in good working order and free from trash and debris. Otherwise, Tenant agrees to accept the Leased Premises in the current "AS-IS" condition.

(b) Tenant Access. Landlord will permit Tenant and its agents to enter the Leased Premises on or after August 1, 2023 in order that Tenant may perform through its own contractors (to be first approved in writing by Landlord), such other work, decorations and the installation of furniture, fixtures and equipment as Landlord may approve at the same time that Landlord's contractors are working in the Leased Premises, such approval not to be unreasonably withheld or delayed. All work so performed by or on behalf of Tenant by Tenant or its agents, servants or contractors is referred to in this Lease as the "Tenant's Work". The foregoing license to enter the Leased Premises is conditioned upon Tenant's workmen working with minimal interference with the labor employed by Landlord or Landlord's contractors. Such license is further conditioned upon workers' compensation and public liability insurance for bodily injury and property damage, all in amounts and with companies and on forms satisfactory to Landlord, being provided and at all times maintained by Tenant and Tenant's contractors engaged in the performance of such work, and upon delivery of certificates of such insurance to Landlord prior to proceeding with such work. Landlord shall not be liable in any way for any injury, loss or damage which may occur to any of Tenant's furniture, fixtures, equipment, decorations or installations so made prior to the Completion Date, the same being placed in the Leased Premises solely at Tenant's risk, and, to the extent permitted by the Texas Constitution, laws, and rules, and without waiving any immunities or defenses available to Tennant as a governmental entity, Tenant agrees to indemnify and hold Landlord harmless from any and all claims, demands, actions, damages, fines, suits, losses, liabilities, expenses and judgments arising out of or relating to activities of Tenant and Tenant's contractors, workmen, or mechanics.

(c) Compliance with Laws. Notwithstanding anything to the contrary contained in this Lease, Tenant shall be responsible for compliance with all Applicable Laws in connection with performing Tenant's Work and in making any other improvements made by Tenant to the Leased Premises. In connection with Tenant's Work, Tenant, at Tenant's sole cost and expense, shall file any required architectural, mechanical and electrical drawings in order to obtain all necessary permits for the construction of Tenant's Work. Landlord agrees, if requested by Tenant, to cooperate with Tenant in obtaining all such permits. Tenant shall have the right, at Tenant's sole cost and expense, during the Lease term to supplement, furnish and install, or cause to be furnished or installed, additional direct meters, transformers, risers, conduits, feeders and switchboards necessary to furnish the Leased Premises with electricity at quantities, locations and specifications required by Tenant. For any such additional or supplemental electrical upgrades which substantially affect the then-current electrical system, Tenant shall, prior to installation, furnish to Landlord for Landlord's written approval, which approval shall not be unreasonably withheld or delayed, complete plans for such electrical work which is to be installed within the Leased Premises. Tenant shall also have the right to install its own fire alarm and security system and establish security procedures or supplement Landlord's system or services, if any, which serves the Leased Premises.

ARTICLE V

SIGNS

SECTION 5.01. Signs.

The design, size, materials, lighting and location of all signs on the Leased Premises must be first approved in writing by Landlord. No sign shall be installed unless and until Landlord's written approval of such sign has been obtained by Tenant. Subject to the foregoing approval rights by Landlord, Tenant may have one (1) sign mounted above the main entry on the eastern elevation of the Building. Tenant, at Tenant's sole cost and expense, shall maintain all such signs installed by Tenant in good condition at all times. Upon the expiration or sooner termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all of Tenant's signage from the Leased Premises. Any damage caused by the removal of such signage shall be repaired at Tenant's sole cost and expense.

ARTICLE VI

UTILITIES; TRASH RECEPTACLES; NO OUTSIDE STORAGE

SECTION 6.01. Utilities; Trash Receptacles.

(a) Tenant shall promptly pay when due all charges for gas, telephone, water, electricity and other utilities consumed upon the Leased Premises. Utilities to the Leased Premises shall be separately metered.

(b) Tenant shall furnish, at Tenant's sole cost and expense, trash and garbage receptacles and trash and garbage removal from the Leased Premises.

(c) Tenant shall, at Tenant's sole cost and expense, provide or have provided, janitorial service to the Leased Premises in order to keep the Leased Premises in good, clean and orderly condition.

(d) Tenant shall not store or place anything outside of the interior walls of the Leased Premises without Landlord's prior written approval.

SECTION 6.02. Tenant's Obligation for Payment of Taxes, Insurance and Common Area Maintenance.

In addition to the Minimum Guaranteed Rent, Tenant shall pay the following amounts in additional rent in accordance with the following provisions:

(a) For each calendar year during Tenant's occupancy, including the first and last partial calendar years, Landlord shall provide an estimate of Costs (as hereinafter defined) for the forthcoming calendar year. Landlord shall provide Tenant an opportunity to review such estimate and the basis for making the estimate by delivering the estimate at least thirty (30) days prior to the commencement of the forthcoming calendar year. Tenant shall pay to Landlord an amount equal to the forthcoming year's estimate of Costs per square foot of Rentable Area in the Improvements times the Rentable Area of the Leased Premises, in monthly installments equal to one-twelfth (1/12th) of the total amount of such estimate. Such payments shall be due and payable to Landlord at the same time as Minimum Guaranteed Rent is due and payable to Landlord.

(b) By June 1 of each calendar year during Tenant's occupancy, or as soon thereafter as possible, Landlord shall furnish to Tenant a statement of Landlord's Costs for the previous calendar year. If the actual Costs per square foot of Rentable Area in the Improvements for any calendar year are less than the estimated Costs per square foot of Rentable Area in the Improvements for such calendar year, Landlord shall pay to Tenant within thirty (30) days after the issuance of such statement, Tenant's proportionate share, calculated as described above, of the difference between the estimated Cost per

square foot of Rentable Area in the Improvements and the actual Costs per square foot of Rentable Area in the Improvements for such calendar year. Likewise, if the actual Costs per square foot of Rentable Area in the Improvements for any calendar year are greater than the estimated Costs per square foot of Rentable Area in the Improvements for such calendar year, Tenant shall pay to Landlord within thirty (30) days after the issuance of such statement, Tenant's proportionate share, calculated as described above of the difference between the estimated Cost per square foot of Rentable Area in the Improvements and the actual Costs per square foot of Rentable Area in the Improvements for such calendar year. The effect of this reconciliation payment or adjustment is that Tenant will pay during the term of this Lease its share of Costs.

(c) All Costs shall be paid by Tenant in the proportion which Tenant's Rentable Area of the Leased Premises bears to the total Rentable Area of the Improvements.

(d) "Costs" as used herein shall consist of the following:

(i) Cost of all maintenance, cleaning, and service agreements for the Improvements and common areas and the equipment therein, common area utility charges, management fees (which management fees shall be calculated based on the Minimum Guaranteed Rent) and fees charged by the Mercantile Business Park;

(ii) Cost of all insurance relating to the Improvements, including the cost of casualty and liability insurance applicable to the Improvements and Landlord's personal property used in connection therewith;

(iii) All taxes, assessments, and other governmental charges, whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing the Improvements and the real property on which the Improvements are located or by others, subsequently created or otherwise, and any other taxes and assessments attributable to the Improvements or its operation, but specifically excluding any income, excess profits, or franchise taxes of Landlord. It is agreed that Tenant will be responsible for ad valorem taxes on its personal property and on the value of Tenant's leasehold improvements. Should any tax on the Improvements be abated, Tenant shall remain responsible for the unabated tax amount. Upon request by Tenant, Landlord shall provide Tenant with a copy of the property tax statements affecting the Leased Premises. Tenant shall have the right, at Tenant's sole cost and expense, to contest the amount of such taxes with the applicable taxing authority concurrently with Landlord or solely in the event Landlord does not contest such taxes;

(iv) Cost of repairs and general maintenance (excluding repairs and general maintenance paid by Tenant or other third parties or which could be paid by proceeds of insurance received in connection with any damage giving rise to such repairs and maintenance, and alterations attributable solely to tenants of the Improvements other than Tenant and also excluding repairs of casualty losses which Landlord is obligated to perform hereunder);

(v) Amortization of the cost of installation of capital investment items which are primarily for the purpose of reducing operating costs or which may be required by governmental authority. All such costs shall be amortized over the reasonable life of the capital and investment items by an additional charge to be added to rent and paid by Tenant as additional rent, with a reasonable life and amortization schedule being determined by Landlord in accordance with generally accepted accounting principals, but in no event to extend beyond the reasonable life of the Improvements;

(vi) All supplies and materials used in the operation and maintenance of the Improvements; and

(vii) Costs of all maintenance and repairs to the common areas located in or about the Improvements, including, without limitation, the parking lot, truck courts, lighting, landscaping and other items located within the boundaries described in Exhibit "B", but excluding repairs of those casualty losses which Landlord is obligated to perform hereunder.

Tenant, at Tenant's expense, shall have the right at all reasonable times, following prior written notice to Landlord, to audit Landlord's books relating to this Lease for any year or years which the addition of rent specified in this Section 6.02 is charged to Tenant; or, at Landlord's sole discretion, Landlord will provide such audit, prepared by a certified public accountant. Landlord will provide to Tenant, upon request, a copy of Landlord's computer printout and other relevant information used by Landlord in computing such additional rent.

ARTICLE VII

TENANT'S FURNITURE AND FIXTURES WITHIN LEASED PREMISES

SECTION 7.01. Tenant's Furniture and Fixtures within the Leased Premises.

Tenant, at Tenant's sole cost and expense, shall install all furniture and fixtures within the Leased Premises, which shall remain the property of Tenant upon the expiration or termination of this Lease except as provided in Section 3.01(b) of this Lease.

ARTICLE VIII

LIABILITY, INDEMNITY, AND INSURANCE

SECTION 8.01. Indemnity; Tenant Insurance.

Subject to Section 8.05 of this Lease, Tenant hereby assumes all risks of loss from whatever cause or source arising, including, but not limited to, injury or death to persons and damage to business, property and equipment resulting from occurrences in or on the Leased Premises and Tenant hereby releases Landlord and waives any such claims against Landlord except for any such damage, loss or injury caused by the negligence or willful misconduct of Landlord or Landlord's agents, servants or employees or by Landlord's breach of its obligations under this Lease. To the extent permitted by the Texas Constitution, laws, and rules, and without waiving any immunities or defenses available to Tenant as a governmental entity, Tenant agrees to indemnify and save Landlord harmless from all claims of any nature whatsoever which may be asserted against Landlord (including costs and expenses of investigating and defending against such claims) arising (or alleged to arise) from any act or omission of Tenant or of Tenant's agents, employees, representatives or invitees or from Tenant's breach of its obligations under this Lease which causes any injury (fatal or non-fatal) or damage to any person or the property of any person occurring during the term (or any extension) of this Lease in or about the Leased Premises or in or about the Improvements. At all times while Tenant is using or occupying any part of the Leased Premises under this Lease or any renewal term, Tenant, at Tenant's sole cost and expense, is self-insured for all risks covered by the Texas Tort Claims Act. Tenant shall not be responsible or liable to Landlord for any loss or damage that may be occasioned or caused by the acts or omissions of persons other than Tenant or Tenant's agents, invitees, employees or representatives.

SECTION 8.02. Landlord Indemnity.

Landlord agrees to indemnify and save Tenant harmless from all claims of any nature whatsoever which may be asserted against Tenant (including costs and expense of investigating and defending against such claims) arising (or alleged to arise) from any act or omission of Landlord or Landlord's agents, invitees, employees or representatives or from Landlord's breach of its obligations under this Lease, which causes any injury (fatal or non-fatal) or damage to any person or the property of any person occurring during the term (or any renewal) of this Lease in or about the Leased Premises. Landlord shall not be responsible or liable to Tenant for any loss or damage that may be occasioned or caused by the acts or omissions of persons other than Landlord or Landlord's agents, invitees, employees or representatives.

SECTION 8.03. Tenant's Property Insurance.

Tenant agrees at all times, at its sole expense, to keep its furniture, fixtures, tenant finish improvements and other property situated within the Leased Premises self-insured against fire and theft at one hundred percent (100%) of the full replacement cost.

SECTION 8.04. Landlord's Insurance.

Landlord agrees throughout the term of this Lease to maintain (a) all risk casualty insurance on the Improvements and the structural portions of the Leased Premises (other than those portions of the Improvements required to be insured by Tenant in Section 8.03 above) and the premises of other tenants at the Improvements, written at one hundred percent (100%) of the full replacement cost, less deductibles, and (b) public liability insurance on the common areas of the Improvements and adjoining real property in an amount of not less than that which Tenant is obligated to maintain on the Leased Premises, all of which insurance shall include waivers of subrogation as to Tenant as herein described (collectively "Landlord's Insurance").

SECTION 8.05. Waiver of Subrogation.

All fire and extended coverage insurance and other insurance carried either by Landlord or Tenant covering losses arising out of destruction or damage to the Leased Premises or its contents or to other portions of the Improvements shall provide for a waiver of rights of subrogation against Landlord and Tenant on the part of the insurance carrier. Landlord (for itself and its insurer, and to the extent and on the condition that Tenant carries and maintains the insurance at all times required under Section 8.03) hereby waives any rights, including rights of subrogation, and Tenant (for itself and its insurer, and to the extent and on the condition that Landlord carries and maintains the insurance at all times required under Section 8.04) hereby waives any rights, including rights of subrogation, each may have against the other, for compensation of any loss or damage occasioned to Landlord or Tenant, as the case may be, with regard to their respective property, the Leased Premises, its contents or portions of the Building and adjoining real property, arising from any risk generally covered by the insurance Landlord and Tenant shall carry and maintain under this Lease. The foregoing waivers shall be incorporated into all insurance policies required to be obtained by Landlord and Tenant hereunder, so long as available in the State where the Leased Premises are located and so long as no policy is invalidated thereby. Each party shall immediately notify the other party in writing if such waivers are not available.

ARTICLE IX

DAMAGE BY CASUALTY

SECTION 9.01. Damage to Leased Premises.

(a) If the Leased Premises shall be damaged or destroyed by fire or other casualty, unless Landlord or Tenant elects to terminate this Lease as provided in subparagraph (b) below, Landlord, at its own expense, shall cause such damage to be repaired and the Improvements on the Leased Premises restored to its condition prior to such damage or destruction. If by reason of such occurrence Tenant is not able to occupy the Leased Premises for more than ten (10) consecutive business days, all Rent meanwhile shall be abated proportionately as to the portion of the Leased Premises which Tenant cannot occupy until delivery of possession of the restored premises. Landlord shall not be obligated to spend more than the amount which Landlord receives under Landlord's policies of insurance for such repairs and restoration and which Landlord's mortgagee allows Landlord to use for such repairs plus the amount of Landlord's deductible. If Landlord does not terminate this Lease as provided in this Lease, Landlord agrees to expend an amount of Landlord's own funds sufficient to pay the deductible under any such fire or other casualty insurance carried by Landlord covering the Leased Premises. If Landlord elects to cause the Improvements to be restored but such restoration is not completed within 180 days after the date of such casualty, Tenant may terminate this Lease by written notice delivered to Landlord within twenty (20) days after such period of completion has expired. If the casualty occurs during the final year of the then current term (including as

applicable, any exercised renewal option), either Landlord or Tenant may terminate this Lease by written notice delivered to the other party within sixty (60) days after the date of the casualty. If the amount of insurance proceeds thus received and available for use by Landlord plus Landlord's deductible is insufficient to repair or restore the shell of the Improvements (less any Tenant's Work) to its condition prior to such damage or destruction, Tenant may, at Tenant's sole option, use any insurance proceeds received by Tenant or any other funds available to Tenant to complete such repair and restoration.

(b) In any event in which the Leased Premises are damaged or destroyed from any cause and in Landlord's architect's opinion the Improvements and/or the Leased Premises cannot reasonably be restored or repaired within 180 days of such damage or destruction, then in such event each party shall have the election, exercisable by written notice given to the other party at any time within thirty (30) days after such damage or destruction, to terminate this Lease effective as of the date of such destruction or damage, and in the event this Lease is thus terminated any unused prepaid rent shall be refunded to Tenant, and the parties shall be released from any obligations thereafter accruing under the terms hereof, except those expressly provided in this Lease to survive the termination or expiration of this Lease.

(c) Landlord's obligation to rebuild and repair shall in any event be limited solely to restoring the Improvements (excluding the Tenant's Work) to substantially the condition in which the same existed prior to the casualty, and Tenant agrees that, promptly after completion of such work by Landlord, it will proceed with reasonable diligence and at its sole cost and expense to rebuild, repair and restore all Tenant's Work and its signs, fixtures and equipment constructed or installed by Tenant to substantially the condition in which the same existed at the date that Tenant opened the Leased Premises for business and shall commence doing business in accordance with the provisions of this Lease. Notwithstanding the foregoing provisions of this paragraph (c), if Landlord chooses to rebuild and repair the Leased Premises, any insurance proceeds applicable to equipment shall be used towards replacing such equipment.

(d) Landlord shall not be liable for delays occasioned by adjustment of losses with insurance carriers or by any other cause so long as Landlord shall proceed in good faith. Tenant agrees that during any period of reconstruction or repair of the Leased Premises it will continue the operation of its business within the Leased Premises to the extent practicable. Notwithstanding anything set forth herein to the contrary, Landlord shall not be responsible for any repairs and replacements of damage and/or destruction of the Leased Premises necessitated by burglary or attempted burglary, or any other illegal or forcible entry into the Leased Premises. Tenant covenants that it will give notice to Landlord of any substantial accident or damage, whether such damage is caused by insured or uninsured casualty, occurring in, on or about the Leased Premises as soon as reasonably practicable but in no event longer than ten (10) days after Tenant's actual knowledge of the occurrence of such accident or damage. In no event shall Landlord be liable for interruption to Tenant's business or for damage to or replacement or repair of Tenant's personal property, including inventory, trade fixtures, equipment, furniture and other property removable by Tenant under the provisions of this Lease or to Tenant's leasehold improvements unless caused by Landlord's negligence, willful misconduct or breach of Landlord's obligations under this Lease. During the period from the occurrence of any casualty until Landlord's repairs, if any, are completed, Tenant shall be solely obligated to protect all of its property which may be located within the Leased Premises, all at Tenant's sole cost and expense.

ARTICLE X

EMINENT DOMAIN

SECTION 10.01. Condemnation.

If all or any part of the Leased Premises shall be taken by any public or quasi-public authority under the power of eminent domain, condemnation or expropriation or in the event of a conveyance in lieu thereof, then, and in Landlord's sole but reasonable opinion, the remainder of the Leased Premises, if any, is unsuitable for Tenant's purposes, this Lease shall terminate on the date when Tenant is required to yield possession thereof, and all rentals shall be paid up to that date and Tenant shall have no claim against

Landlord for the value of the unexpired term of this Lease. If the Lease is not terminated by Landlord, Landlord shall restore the remainder of the Leased Premises to its condition prior to such condemnation, as far as possible and to the extent that Landlord's mortgagee permits Landlord to use any condemnation award for such restoration. All rent to be paid by Tenant to Landlord under this Lease shall be abated as to the portion so taken as of the date Tenant is required to yield possession thereof and also as to the remainder until it is rendered suitable for Tenant's use under this Lease.

SECTION 10.02. Landlord's Damages.

In the event of any condemnation or taking as hereinbefore described, Tenant shall not be entitled to any part of the award as damages or otherwise for such condemnation, and Landlord and any mortgagee of Landlord are to receive the full amount of such award as their respective interests may appear. Tenant may pursue Tenant's separate award for damages from the condemning authority as specified in Section 10.03 below so long as such award does not reduce Landlord's award.

SECTION 10.03. Tenant's Damages.

Although all damages in the event of any condemnation are to belong to the Landlord and any mortgagee of Landlord as aforesaid, whether such damages are awarded as full compensation for diminution in value of the leasehold or to the fee of the Leased Premises, Tenant shall have the right to the extent that same shall not diminish the Landlord's or such mortgagee's award to claim and recover from the condemning authority, but not from Landlord or such mortgagee, such compensation as may be separately awarded or recoverable by Tenant in Tenant's own right for or on account of any cost which Tenant might be put in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment and the value of the remainder of Tenant's leasehold estate.

ARTICLE XI

ASSIGNMENT AND SUBLETTING

SECTION 11.01. Assignment and Subletting.

Tenant shall not voluntarily, involuntarily, or by operation of law, assign or transfer (herein collectively referred to as an "assignment") this Lease or any interest of Tenant herein, in whole or in part, nor sublet the whole or any part of the Leased Premises, nor permit the Leased Premises or any part thereof to be used or occupied by others, without first obtaining in each and every instance the prior written consent of Landlord, which consent shall not be unreasonably withheld, if Landlord, in Landlord's sole discretion, deems the assignee's or sublessee's (1) intended use of the Leased Premises meets the standards of the business park of which the Leased Premises are part and will not be disruptive to other tenants and (2) financial condition to be satisfactory. Any consent by Landlord to an assignment or subletting or use or occupancy by others shall be held to apply only to the specific transaction thereby authorized and shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting or use or occupancy by others, nor shall the references anywhere in this Lease to subtenants, licensees and concessionaires be construed as a consent by Landlord to an assignment. In the event any assignment of this Lease or sublease is made with Landlord's consent (or deemed consent), Tenant shall continue to be fully liable for all of the Tenant's obligations under this Lease. Tenant shall require any assignee or sublessee approved by Landlord to execute and deliver to Landlord an assumption of liability agreement in form reasonably satisfactory to Landlord, including an assumption by the assignee or sublessee of all of the obligations of Tenant and the assignee's or sublessee's ratification of and agreement to be bound by all of the provisions of this Lease, as applicable.

Notwithstanding the foregoing, Tenant may assign this Lease or sublease all or any part of the Leased Premises, without Landlord's consent, to:

- i. A corporation that, either directly or through one or more corporations, owns or controls a majority of the voting stock of Tenant;
- ii. A corporation of which a majority of the voting stock is owned or controlled by Tenant, either directly or through one or more corporations;
- iii. A corporation of which a majority of the voting stock is directly or indirectly owned or controlled by the same corporation that directly or indirectly owns or controls a majority of the voting stock of Tenant; or
- iv. A corporation in which Tenant is merged or consolidated, in accordance with applicable statutory provisions for merger or consolidation of corporations, if the liabilities of the corporations participating in such merger or consolidation are assumed by the corporation surviving that merger or created by that consolidation. For purposes of this subsection, the term "corporation" shall include any other type of entity.

ARTICLE XII

ESTOPPEL CERTIFICATE; SUBORDINATION; ATTORNMENT; NON-DISTURBANCE

SECTION 12.01. Execution of Estoppel Certificate.

At any time, and from time to time, within thirty (30) days of the date of written request, each party agrees to execute and deliver to the other party without charge (if not requested more than two (2) times in any twelve (12) month period) and in a form reasonably satisfactory to the requesting party a written statement: (a) ratifying this Lease; (b) confirming the commencement and expiration dates of the term of this Lease; (c) certifying that Tenant is in occupancy of the Leased Premises and that the Lease is in full force and effect and has not been modified, assigned, supplemented or amended except by such writings as shall be stated; (d) certifying that all conditions and agreements under this Lease to be satisfied or performed by the requesting party have to the best of such party's actual, current knowledge been satisfied and performed except as shall be stated; (e) certifying that the responding and requesting parties are to the best of the responding party's actual, current knowledge not in default under the Lease and there are no defenses or offsets against the enforcement of this Lease or stating the uncured defaults and/or defenses actually known or claimed by the responding party; (f) reciting the amount of advance rent, if any, paid by Tenant and the date to which such rent has been paid; and (g) reciting the amount of security deposited with Landlord, if any.

SECTION 12.02. Subordination and Attornment.

Tenant agrees provided that Tenant has been granted a non-disturbance agreement as set forth in Section 12.03 hereof: (a) that, except as hereinafter provided, this Lease is, and all of Tenant's rights hereunder are and shall always be, subject and subordinate to any mortgages or leases of Landlord's property (in sale-leaseback) pursuant to which Landlord has or shall retain the right of possession of the Leased Premises or security instruments (collectively called "Mortgage") that now exist, or may hereafter be placed upon the Leased Premises or the Improvements or any part thereof and to all advances made or to be made thereunder and to the interest thereon, and all renewals, replacements, modifications, consolidations, or extensions thereof; and (b) that if the holder of any such Mortgage ("Mortgagee") or if the purchaser at any foreclosure sale or at any sale under a power of sale contained in any Mortgage shall at its sole option so request, Tenant will attorn to, and recognize such mortgagee or purchaser, as the case may be, as Landlord under this Lease for the balance then remaining of the term of this Lease, subject to all terms of this Lease. Tenant agrees upon demand to execute such further instruments subordinating this Lease as Landlord may reasonably request. Notwithstanding anything to the contrary set forth above, any Mortgagee may at any time subordinate its Mortgage to this Lease without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution, delivery and/or recording and in that event such Mortgagee shall have the same rights with respect to this Lease as though this Lease had been executed and a memorandum thereof recorded prior to the execution, delivery and recording of the Mortgage and as though this Lease had been

assigned to such Mortgagee. Should Landlord or any Mortgagee or purchaser desire confirmation of either such subordination or such attornment, as the case may be, Tenant upon written request, and from time to time, will execute and deliver without charge and in form reasonably satisfactory to Landlord, the Mortgagee or the purchaser all instruments and/or documents that may be requested to acknowledge such subordination and/or agreement to attorn, in recordable form provided that Tenant has been granted a non-disturbance agreement as set forth in Section 12.03 hereof.

SECTION 12.03. Non-Disturbance.

Tenant's obligation to subordinate this Lease shall be conditioned upon Landlord obtaining a non-disturbance agreement from any Mortgagees hereafter holding liens on the Leased Premises, in a form reasonably satisfactory to such Mortgagee, Landlord and Tenant and providing, among other things, that this Lease shall not be altered, modified or terminated nor Tenant's possession disturbed except as permitted in this Lease.

ARTICLE XIII

DEFAULTS AND REMEDIES

SECTION 13.01. Tenant Default; Landlord Remedies.

If Tenant should (a) fail to pay any rent or other charges payable hereunder and such failure to pay should continue and remain unremedied for a period of ten (10) days after notice thereof given by Landlord to Tenant (however Landlord shall only be required to give two (2) such notices to Tenant in any twelve (12) month period prior to such failure constituting a default under this Lease), or (b) fail to perform or observe any other covenant, term, provision or condition of this Lease and such failure to perform should continue and remain unremedied for a period of thirty (30) days after written notice thereof given by Landlord to Tenant properly specifying such failure to perform (provided that if such failure is not reasonably susceptible of being cured within such thirty (30) day period, and Tenant promptly commences to cure such failure and diligently pursues such failure to completion such thirty (30) day period shall be extended until such completion), Tenant shall be deemed to be in default hereunder and Landlord lawfully may, immediately or at any time thereafter, and without further demand or notice, enter into or upon the Leased Premises or any part thereof and repossess same and remove all persons and property therefrom, using such force as may be necessary and as permitted by applicable law (Tenant hereby waiving any claim by reason of such reentry, repossession or removal or by issuance of any distress warrant or writ of sequestration) and without prejudice to any remedies which Landlord may have for arrearages of rent or breach of covenant, and upon such re-entry, Tenant's right to possession of the Leased Premises and leasehold estate and options to renew hereunder shall immediately cease and terminate. Notwithstanding such reentry and termination of Tenant's rights of possession, Tenant agrees that Tenant shall remain liable for the rent due and to become due hereunder, and the same shall be paid by Tenant to Landlord on the regular days stipulated herein for payment of rent; however, if the Leased Premises be relet in whole or in part, Tenant shall be entitled to a credit in the net amount of the rent received by the Landlord as a result of such reletting (after deducting all reasonable costs incurred by Landlord in finding a new tenant and paying any standard brokerage fees or agent's commissions in connection therewith, reasonable remodeling costs, and other costs and expenses incident to the aforesaid repossession of the Leased Premises and reletting of same); Tenant will remain obligated to pay the amount of any deficiency of the rent obtained on such reletting below the rent herein reserved, but if the rent obtained on such reletting is greater than the rent herein reserved, Tenant shall not be entitled to any portion of such excess. Landlord shall have the right to collect from Tenant amounts equal to said deficiencies and damages provided for above by suits or proceedings brought from time to time on one or more occasions without Landlord being obligated to wait until the expiration of the term of this Lease. Landlord agrees to use Landlord's best efforts to relet the Leased Premises after such time as Tenant is no longer in possession of the Leased Premises; however, Landlord shall not be obligated to accept any new tenant for the Leased Premises which, in Landlord's reasonable opinion will not agree to pay a rent equal to the fair rental value of the Leased

Premises (unless Tenant agrees to pay to Landlord any shortfall in rent), is not creditworthy, or is otherwise not reasonably satisfactory to Landlord.

In the alternative, in the event of default by Tenant, Landlord may elect to accelerate all rent due hereunder and to treat the default of Tenant as an entire breach of this Lease, whereupon Tenant will immediately become liable, as damages for such entire breach, for an amount equal to the excess, if any, of (i) the total rent for the balance of the term then remaining, over (ii) the fair market rental value of the Leased Premises for the balance of the term as of the time of default.

In addition to the foregoing, Landlord will also have all other remedies provided by law or in equity for default by Tenant, including, without limitation, the right to terminate this Lease. Tenant will pay Landlord's reasonable expenses incurred in enforcing any of the remedies for default of Tenant. Tenant shall reimburse Landlord for its reasonable attorney fees if Landlord is the prevailing party in a formal administrative or judicial action against Tenant to collect any additional rent required to be paid by Tenant under this Lease.

ARTICLE XIV

INSOLVENCY

SECTION 14.01. Insolvency of Tenant.

Any final adjudication by a federal court of competent jurisdiction that the Tenant is insolvent, after the expiration of applicable appeal periods, automatically shall terminate this Lease and all rights of the Tenant under this Lease, except as otherwise expressly limited by applicable law. If this Lease is terminated because of Tenant's insolvency, the Landlord shall have the right, in addition to all other remedies to which it may be entitled by law for default, to hold the Tenant liable for rental as such rental accrues, or, alternatively, for damages for the entire breach of the Lease pursuant to the second paragraph of Section 13.01 above, and interest and reasonable and actual attorneys' fees as aforesaid.

If (i) a receiver or similar functionary is appointed to take possession of all or substantially all of the assets of the Tenant, or if (ii) the Tenant makes a general assignment for the benefit of creditors, or if (iii) the leasehold estate under this Lease or any portion thereof shall be taken by execution or other process, or if (iv) Tenant files a voluntary petition under the National Bankruptcy Act or similar legislation or an involuntary petition is filed against Tenant, or if (v) a petition for reorganization or rearrangement or other relief is filed by or against the Tenant under the insolvency laws or any similar law, and if in these circumstances such appointment, assignment, reorganization or rearrangement or other proceeding continues for a period of ninety (90) days without being dismissed or stayed, then the Landlord shall have the right, at its election, to terminate this Lease either immediately or within a period of one hundred eighty (180) days after Landlord first becomes so entitled to terminate this Lease, and Landlord shall have the right, in addition to all other remedies to which it may be entitled by law for default to hold Tenant liable for rental deficiencies and damages as same accrue or for the entire breach of this Lease and interest and reasonable and actual attorneys' fees.

ARTICLE XV

HOLDING OVER

SECTION 15.01. Holding Over.

In the event Tenant remains in possession of the Leased Premises after the expiration of this Lease and without the execution of a new lease or an extension of this Lease or without Landlord's written consent, Tenant shall be deemed to be occupying the Leased Premises as a tenant from month to month at a rental equal to one hundred fifty percent (150%) of the Minimum Guaranteed Rent herein provided and otherwise subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to

a month to month tenancy. Nothing contained in this Lease shall constitute nor be deemed to constitute permission by Landlord to Tenant for Tenant to hold over after the expiration of this Lease.

ARTICLE XVI

MISCELLANEOUS

SECTION 16.01. Notices.

Wherever any notice is required or permitted hereunder such notice shall be in writing. Any notice or document required or permitted to be delivered by Landlord to Tenant hereunder shall be deemed to be delivered, whether actually received or not, on the third day after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to Tenant at the address set out below or at such other address as Tenant has theretofore specified by written notice delivered to Landlord in accordance herewith. Any notice or document required or permitted to be delivered by Tenant to Landlord hereunder shall be deemed to be delivered, whether actually received or not, on the second day after deposit in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to Landlord at the address set out below or at such other address as Landlord has theretofore specified by written notice delivered to Tenant in accordance herewith. Any notice required or permitted hereunder may also be given by reputable overnight courier or hand delivery. If given by overnight courier, such notice shall be deemed delivered on the next day after such notice is delivered to the overnight courier service. If hand delivered, such notice shall be deemed delivered when actually received by the addressee.

TO LANDLORD

Address: Mercantile Partners, L.P.
2650 Meacham Blvd.
Fort Worth, Texas 76137-4203
Phone No. (817) 831-4106
FAX No. (817) 831-7900
Attention: Brian Randolph

TENANT

Address: Mr. Michael Amador, Director
Tarrant County Facilities Management
100 West Weatherford, Room 460b
Fort Worth, Texas 76196
817-884-3344 office

SECTION 16.02. No Partnership.

Nothing herein contained shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent, or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent, nor any other provision contained herein, nor any acts of the parties hereto, shall be deemed to create any relationship between the parties hereto other than the relationship of landlord and tenant. Whenever herein the singular number is used, the same shall include the plural, and the words of any gender shall include each other gender.

SECTION 16.03. Captions and Index.

The captions and Index used in this Lease are for convenience only and do not in any way limit or amplify the terms and provisions hereof.

SECTION 16.04. Waiver.

One or more waivers of any covenant, term or condition of this Lease by either party shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party to or of any act by the other party requiring such consent or approval shall not be deemed to be a waiver or render unnecessary consent or approval of any subsequent similar act.

SECTION 16.05. Force Majeure.

Whenever a period of time is herein prescribed for action to be taken by Landlord or Tenant, Landlord or Tenant shall not be liable or responsible for, and there shall be excluded from the computation of any such period of time, any delays due to strikes, riots, acts of God, war, governmental laws, regulations or restrictions or any other causes of any kind whatsoever which are beyond the reasonable control of Landlord or Tenant. The provisions of this Section 16.05 shall not apply to financial obligations of one party under this Lease to the other.

SECTION 16.06. Place of Performance.

ALL OBLIGATIONS OF LANDLORD AND TENANT UNDER THE TERMS OF THIS LEASE SHALL BE PAYABLE AND PERFORMABLE IN TARRANT COUNTY, TEXAS.

SECTION 16.07. Entire Agreement.

This Lease contains the entire agreement between the parties, and no agreement shall be effective to change, modify or terminate this Lease in whole or in part unless such agreement is in writing and duly signed by the party against whom enforcement of such change, modification or termination is sought.

SECTION 16.08. Commission.

Landlord and Tenant warrant to each other that neither party has had any dealings with any broker, advisor, consultant or agent in connection with the negotiation or execution of this Lease and each party agrees to indemnify the other and hold the other harmless from and against any and all claims, loss, cost or expense (including attorneys' fees and expenses) for other commissions or other compensation and charges claimed by any broker, advisor, consultant or agent.

SECTION 16.09. Law Governing; Partial Invalidity.

THE LAWS OF THE STATE OF TEXAS SHALL GOVERN THE INTERPRETATION, VALIDITY, PERFORMANCE AND ENFORCEMENT OF THIS LEASE. IF ANY PROVISION OF THIS LEASE SHOULD BE HELD TO BE INVALID OR UNENFORCEABLE, THE VALIDITY AND ENFORCEABILITY OF THE REMAINING PROVISIONS OF THIS LEASE SHALL NOT BE AFFECTED THEREBY. ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THE LEASE SHALL BE BROUGHT ONLY IN THE STATE OR FEDERAL COURTS LOCATED IN TARRANT COUNTY, TEXAS, AND THE PARTIES IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF SUCH COURTS.

SECTION 16.10. Intentionally deleted.

SECTION 16.11. Recording.

Tenant agrees that neither this Lease nor any memorandum of this Lease shall be filed of record in the Office of the County Clerk of the County in which the Leased Premises or any portion thereof is situated.

SECTION 16.12. Successors.

The terms, provisions, covenants and conditions contained in this Lease shall apply to, inure to the benefit of and be binding upon the parties hereto, and upon their respective permitted successors in interest and legal representatives except as otherwise expressly provided.

SECTION 16.13. Accord and Satisfaction.

No payment by Tenant or receipt by Landlord of a lesser amount than any payment of rent or additional rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent or additional rent then due and payable, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease, at law or in equity.

SECTION 16.14. Quiet Enjoyment.

Landlord warrants that it has clear and valid title to the Leased Premises and covenants and agrees, provided Tenant pays all Minimum Guaranteed Rent and any additional rent to be paid by Tenant and performs the terms and conditions of this Lease, to secure to Tenant and to maintain for the benefit of Tenant the quiet and peaceful possession of the Leased Premises during the primary term and any renewal term of this Lease.

SECTION 16.15 Time of Essence.

Time is of the essence of this Lease.

SECTION 16.16. Authority to Execute.

Landlord and Tenant represent and warrant to each other that each is fully authorized to enter into this Lease without the joinder of any other person or entity, and the person executing this Lease on behalf of each such party has full authority to do so and that any and all corporate, partnership or joint venture action required has been taken.

SECTION 16.17. Landlord's Right to Sell.

Landlord may at any time sell, exchange or otherwise dispose of Landlord's fee title to the Leased Premises or any part thereof. Upon any such conveyance to an unrelated entity, Landlord shall thereafter be released from all liability thereafter accruing under this Lease if the transferee assumes in writing all of Landlord's obligations under this Lease.

SECTION 16.18. Disclaimer.

EXCEPT FOR LANDLORD'S OBLIGATIONS SPECIFIED IN THIS LEASE, LANDLORD HEREBY SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE OF, AS TO OR CONCERNING (I) THE NATURE AND CONDITION OF THE LEASED PREMISES, INCLUDING, BUT NOT BY WAY OF LIMITATION, THE WATER, SOIL, THE PRESENCE OR NONPRESENCE OF HAZARDOUS OR TOXIC SUBSTANCES IN, ON, ABOUT OR EMANATING FROM THE LEASED PREMISES, GEOLOGY, AND THE SUITABILITY THEREOF AND OF THE LEASED PREMISES FOR ANY AND ALL ACTIVITIES AND USES WHICH TENANT SHALL BE PERMITTED TO CONDUCT THEREON UNDER THIS LEASE, (II) THE MANNER, CONSTRUCTION, CONDITION AND STATE OF REPAIR OR LACK OF REPAIR OF ANY OF THE LEASED PREMISES, AND (III) THE COMPLIANCE OF THE LEASED PREMISES OR ITS OPERATIONS WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENT OR OTHER BODY. SUBJECT TO LANDLORD'S OBLIGATIONS SPECIFIED IN THIS LEASE, THE LEASE OF THE

LEASED PREMISES AS PROVIDED FOR IN THIS LEASE IS MADE ON AN "AS IS" BASIS, AND TENANT EXPRESSLY ACKNOWLEDGES THAT, IN CONSIDERATION OF THE AGREEMENTS OF THE LANDLORD HEREIN, LANDLORD MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, INCLUDING, BUT IN NO WAY LIMITED TO, ANY WARRANTY OF CONDITION, HABITABILITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE LEASED PREMISES. THE PROVISIONS OF THIS SECTION 16.18 SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS LEASE.

SECTION 16.19. Gender; Singular and Plural.

As used herein, the neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the masculine and neuter, and each includes a corporation, partnership, or other legal entity when the context so requires. The singular number includes the plural, and vice versa, whenever the context so requires.

SECTION 16.20. Negation of Personal Liability.

Notwithstanding anything contained in this Lease to the contrary, Tenant agrees that Landlord shall have no personal liability with respect to any of the provisions of this Lease and Tenant shall look solely to the estate and property of Landlord in the Leased Premises (including any insurance proceeds received by Landlord during the pendency of any claim by Tenant against Landlord) for the satisfaction of Tenant's remedies including, without limitation, the collection of any judgment or the enforcement of any other judicial process requiring the payment or expenditure of money by Landlord in the event of any default or breach by Landlord with respect to any of the terms and provisions of this Lease to be observed and/or performed by Landlord, and no other assets of Landlord or any principal of Landlord shall be subject to levy, execution or other judicial process for the satisfaction of Tenant's claim. The provisions of this paragraph shall inure to the benefit of Landlord's successors and assigns and their respective principals. The provisions of this Section 16.20 shall survive the termination or expiration of this Lease.

SECTION 16.21. Tenant's Obligations Regarding Hazardous Substances.

(a) Definition of Hazardous Substances. As used in this Lease, the terms "Hazardous Substance" or "Hazardous Substances" mean any substance, material or waste (regardless whether liquid, solid, gaseous, or combinations thereof, and regardless of the amount thereof) which is, or may be, or may become defined as, hazardous, toxic or in any way (and to any extent) harmful to human health or safety, to property, to wildlife or to air, soil, water or the environment in general. Such terms include, but are not limited to, any substance, material, or waste which is now or may be in the future listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as a hazardous substance (40 CFR Part 302), and amendments thereto, or any substance, material or waste which is now regulated or may become regulated in the future under any local, state or federal law, ordinance, regulation or order; and such terms shall also include, without limitation, any material, waste or substance which is (A) petroleum or a by-product of petroleum, including fuels, (B) asbestos, (C) polychlorinated biphenyl, (D) now or in the future designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. 1251, et seq. (33 U.S.C. 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. 1317), (E) now or in the future defined or listed as "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. 6901, et seq. (42 U.S.C. 6903), (F) now or in the future defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601, et seq. (42 U.S.C. 9601), (G) now or in the future designated or defined as a "solid waste," a "hazardous waste" or a "hazardous substance" under the Texas Revised Civil Statutes Annotated Article 4477-7, as amended by S.B. 1502, 71st Legislature of the State of Texas and as partially codified as Chap. 361, Texas Health and Safety Code, (H) now or in the future designated or defined as an "imminently hazardous chemical substance or chemical substance mixture" under the Toxic Substances Control Act (15 U.S.C. 2601 et seq.), or (I) now or in the future regulated, designated or defined as actually or potentially hazardous, toxic or harmful under any other or similar environmental protection law, ordinance, regulation or order, or amendment or codification thereof.

(b) Compliance with Laws. Tenant shall at all times and in all respects comply with all current and future local, state, and federal laws, ordinances, regulations, and orders (including, without limitation, those described in Paragraph (a)) (collectively, "Hazardous Substances Laws"), and with all permits and license requirements thereunder relating to industrial and human safety or hygiene, to environmental protection, or to the use, analysis, generation, manufacture, storage, release, disposal, transportation or reporting of any Hazardous Substances.

(c) Hazardous Substances Handling, Removal and Disposal. Tenant shall at its own expense procure, maintain in effect, and comply with all terms and conditions of any and all permits, licenses, and other approvals required by any local, state or federal agency or political subdivision for Tenant's use of the Leased Premises, including, without limitation, all necessary permits, licenses and approvals for any use, handling, removal or disposal of Hazardous Substances and any discharge of appropriately treated materials or wastes into or through any sanitary sewer serving the Leased Premises (which in any event shall be permitted only if Tenant gives thirty (30) days' prior written notice of such proposed discharge to Landlord together with true copies of each such regulatory permit, license and approval of the same, and only if such discharge may be done without injury to any person or injury to or contamination of any property including any property of a third party or the Leased Premises). Except as discharged into a sanitary sewer in strict accordance and compliance with all applicable Hazardous Substances Laws and without injury to any person or contamination of any property, including the Leased Premises, Tenant shall cause any and all Hazardous Substances brought onto the Leased Premises by Tenant or Tenant's employees, agents, servants, contractors or invitees to be removed and transported solely by persons duly licensed and permitted by all necessary regulatory authorities to remove and transport the same, and such Hazardous Substances shall be transported only to duly licensed and permitted facilities for final disposal of such Hazardous Substances. Tenant shall in all respects handle, treat, deal with, and manage any and all Hazardous Substances brought onto the Leased Premises by Tenant or Tenant's employees, agents, servants, contractors or invitees in total compliance with all applicable Hazardous Substance Laws and prudent practices regarding management of such Hazardous Substances. Upon expiration or earlier termination of the term of the Lease, Tenant shall cause all Hazardous Substances brought onto the Leased Premises by Tenant or Tenant's employees, agents, servants, contractors or invitees to be removed from the Leased Premises (including, but not limited to, any Hazardous Substances stored in any above ground or underground storage tank, barrel, or drum) and to be transported for use, storage, or disposal elsewhere strictly in accordance with the foregoing and in strict compliance with all applicable Hazardous Substance Laws. Tenant's obligation to remove all Hazardous Substances shall include, but is not limited to, an obligation to remedy (in the manner and with the approvals as provided in Paragraph (e)) all damages caused by Tenant, Tenant's agents, invitees, employees, contractors or representatives to the Leased Premises in any way connected with such Hazardous Substances or the removal thereof, and solely with respect to Hazardous Substances brought onto the Leased Premises by Tenant or Tenant's employees, agents, servants, contractors or invitees to return the Leased Premises to the Landlord in the same condition as existed at the time of Tenant's occupancy thereof.

(d) Notices Concerning Hazardous Substances. If at anytime Tenant shall become aware, or shall have any cause to believe, that a substantial or unusual spill, leak, discharge, release or threatened release of any Hazardous Substance has occurred which is or may be in violation of any Hazardous Substance Laws or of this Lease or that any Hazardous Substance has come to be located at, in, on or under the Leased Premises in a manner which is or may be in violation of Hazardous Substances Law or this Lease, Tenant shall immediately give oral notice thereof to Landlord followed within three (3) days by detailed written notice. In addition, Tenant shall immediately notify Landlord in the same manner of (A) any enforcement, cleanup, removal, or other governmental or regulatory action, or private citizen action, instituted or threatened against Tenant and/or the Leased Premises pursuant to any Hazardous Substances Laws, (B) any claim (regardless whether under any Hazardous Substances Laws or at common law) made or threatened by any person against Tenant or the Leased Premises or relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or claimed to result from any Hazardous Substances brought upon the Leased Premises by Tenant and/or Tenant's employees, invitees, contractors or invitees, and (C) any reports made by any person (including Tenant), of which Tenant has knowledge, to any local, state, or federal governmental agency or political subdivision arising out of or in connection

with any Hazardous Substances in or removed from the Leased Premises, including any third party complaints, notices, warnings, or asserted violations in connection therewith. Tenant shall also supply to Landlord as promptly as possible, and in any event within three (3) days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings, or asserted violations relating in any way to the Leased Premises or Tenant's use thereof. Regardless of any actual or suspected violations of Hazardous Substances Laws or of any provisions of this Lease concerning Hazardous Substances, Tenant shall promptly deliver to Landlord copies of all Tenant's records pertaining to Hazardous Substances, including, without limitation, permits, licenses, and reports and all hazardous waste manifests reflecting the legal and proper removal, storage, transportation, and disposal of all Hazardous Substances removed from the Leased Premises.

(e) Responses to Claim Concerning Hazardous Substances. Tenant shall not enter into any agreement, consent, decree, or compromise in respect to any claims relating to any Hazardous Substances in, on or about the Leased Premises nor enter into any agreement, consent decree, or compromise in respect to any claims relating to any Hazardous Substances in any way connected with the Leased Premises without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene, or otherwise appropriately assert and protect Landlord's interest with respect thereto. In no event shall Tenant have any authority to bind or commit Landlord or its property to any agreement, consent decree or compromise. If the presence of any Hazardous Substances in, on, under or about the Leased Premises which results directly or indirectly in violation of any Hazardous Substances Law or in any pollution or contamination of, or any harm to, the Leased Premises or if any federal, state or local agency or subdivision requires any cleanup, remedial, removal or restoration work at the Leased Premises with respect to Hazardous Substances caused by Tenant or Tenant's agents, invitees, employees, representatives or contractors, Tenant shall promptly and at its sole cost and expense take all actions as are necessary to return the Leased Premises to the condition existing prior to the introduction of any such Hazardous Substances caused by Tenant or Tenant's agents, invitees, employees, representatives or contractors; provided that Landlord's written approval of such actions shall first be obtained and such approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term consequences to the Leased Premises. This obligation of Tenant is continuing and shall survive the termination or expiration of this Lease and any transfer, assignment, assumption or subletting of this Lease and any transfer, assignment, assumption or subletting of the Lease to or by another person, and in no way limits Tenant's liabilities or other obligations under this Lease.

(f) Indemnification of Landlord. To the extent permitted by the Texas Constitution, laws, and rules, and without waiving any immunities or defenses available to Tenant as a governmental entity, To the extent permissible by Texas law for a county in Texas, Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold harmless Landlord, and Landlord's property, and each of Landlord's partners, joint venturers, directors, officers, employees, agents, attorneys, successors, and assigns from and against any and all claims, liabilities, penalties, fines, judgments, liens, forfeitures, damages (including indirect or consequential damages) and losses (including, without limitation, diminution in the value of the property of a third party or of the Leased Premises, and damages for the loss or restriction on use of rentable or usable space or of any amenity of the Leased Premises), costs, and expenses (including attorneys' fees, engineering fees, consultant fees, and expert fees) for or with respect to the death of or injury to any person whomsoever (including third parties), or injury or damage to or contamination of any property whatsoever (including soil and ground water and property of third parties) arising from or caused in whole or in part, directly or indirectly, by (1) the presence of any Hazardous Substances in, on, under or about the Leased Premises or any discharge, threatened release, or releases of any Hazardous Substances at, in or from the Leased Premises caused by Tenant or Tenant's agents, invitees, employees, representatives, or contractors, or Tenant's use, analysis, storage, transportation, disposal, release, threatened release, discharge or generation of any Hazardous Substances to, in, on, under, about or from the Leased Premises, or (2) Tenant's failure to comply with any Hazardous Substances Law, or (3) Tenant's failure to comply with or Tenant's breach of any of Tenant's covenants regarding Hazardous Substances contained in this Lease. Tenant's obligations hereunder shall include, without limitation, and without regard to whether the same were foreseeable or unforeseeable, any and all reasonable costs incurred in connection with any investigation of site conditions, and any and all reasonable

costs of any required or necessary repair, cleanup, detoxification, or decontamination of the Leased Premises and the soil and ground water on or under same, and the preparation and implementation of any closure, remedial action, or other required plans in connection therewith. Tenant's obligations hereunder are continuing and shall survive the expiration or earlier termination of the term of the Lease, and any transfer, assignment, assumption or subletting of the Lease to or by another person. For purposes of the indemnity provisions hereof, any acts, omissions or conduct of Tenant, or by employees, agents, assignees, contractors, or subcontractors of Tenant or others acting for, at the request of, or on behalf of Tenant (regardless whether they are authorized, unauthorized, negligent, intentional, willful or unlawful), shall be strictly attributable to Tenant.

Landlord hereby warrants and represents that as of the date of this Lease, no Hazardous Substances, no waste materials, no hazardous materials, including asbestos, and no Hazardous Substances have been disposed of or placed on the Leased Premises except for minor spills incidental to normal operations. Landlord further warrants and represents that to the best of Landlord's actual, current knowledge, all underground tanks on the Leased Premises were properly registered with the appropriate governmental agency and that such tanks are not leaking. Landlord hereby agrees to indemnify, defend and hold harmless Tenant from and against any and all liability, loss or expense caused by a breach of Landlord's Warranty and representation made by Landlord in this paragraph. The provisions of this paragraph shall survive termination or expiration of this Lease.

(g) Withholding Consent to Proposed Transferees. Without limiting any other provision of this Lease pertaining to Tenant's assignment, subletting or transfer of this Lease or Tenant's interest therein, Tenant acknowledges and agrees that it shall not be unreasonable for Landlord to withhold its consent to any proposed assignment, subletting or transfer of this Lease or of Tenant's interest in this Lease if the anticipated use of the Leased Premises by the proposed assignee, subtenant or transferee (collectively, a "Transferee") involves the generation, storage, use, treatment or disposal of any Hazardous Substances. No permitted assignment, transfer, assumption or subletting of this Lease shall operate to relieve or discharge Tenant of or from any of Tenant's covenants or obligations with respect to Hazardous Substances.

(h) Environmental Monitoring, Inspection, Assessment and Testing. Landlord shall have the right to inspect Tenant's records and the Leased Premises following twenty-four (24) hours' advance written notice to Tenant, any time, and at different times, to determine Tenant's compliance with all Hazardous Substances Laws and with Tenant's covenants with respect to Hazardous Substances in a manner which minimizes any disruption of Tenant's business operations. Such inspections may include, without limitation, an inspection of all of Tenant's records, licenses and permits pertaining in any way to Hazardous Substances; inspection and assessment of the Leased Premises by a professional engineer or consultant of Landlord's choosing; the gathering of samples of substances, discharges, air, soil, and water; and drilling of any holes in the Leased Premises and conducting any other invasive test or sampling which may be necessary to gather information or data in a manner which minimizes any disruption of Tenant's business operations. In the event of any breach of any of Tenant's covenants in this Lease with respect to Hazardous Substances is disclosed or revealed by any such inspection, Tenant shall pay all costs and expenses (including all costs of inspection) to remedy the same to the standards required by all applicable laws, rules and regulations and Landlord shall have the right to terminate this Lease upon thirty (30) days' notice to Tenant.

(i) Conflicting Provisions and Cumulative Effect. Nothing herein limits any common law right or remedy of the Landlord or any common law duty or obligation of the Tenant with respect to the subject matter hereof. Nothing herein limits any right or remedy of the Landlord under any other term or provision of the Lease or any duty or obligation of the Tenant under any other term or provision of the Lease. However, in the event of any conflict between the terms and provisions of this Section 16.21 and the other terms and provisions of the Lease, with respect to the manufacture, generation, analysis, storage, handling, use, treatment, reporting, release, removal, transportation or disposal of Hazardous Substances or with respect to the rights, remedies, duties and obligations in connection therewith, such conflict shall be resolved in favor of this Section 16.21, which shall control such subject. The terms, covenants, obligations,

provisions and agreements contained in this Section 16.21 shall survive the termination or expiration of this Lease.

SECTION 16.22. Right to Contest.

Tenant will have the right to contest by appropriate proceedings diligently conducted in good faith in the name of Tenant, or with the prior written consent of Landlord, in the name of Landlord, or both, without cost or expense to Landlord, the validity or application of any law, ordinance, order, rule, or regulation or legal requirement of any nature affecting this Lease. Tenant may delay compliance with any such law, ordinance, order, rule, regulation pending the outcome of any contest proceedings, even if a lien, charge, or liability may be incurred by reason of such delay, so long as (a) such contest or delay does not subject Landlord to civil or criminal liability, (b) Tenant furnishes to Landlord security, reasonably satisfactory to Landlord, against any loss or injury by reason of any contest or delay, (c) such contest does not impair any pending sale or financing of the Leased Premises by Tenant, and (d) such contest, lien or charge does not put Landlord in default of any loan Landlord may have which is secured by the Leased Premises. Landlord will not be required to join any proceedings referred to in this Section 16.22 unless the provision of any applicable law, rule, or regulation at the time in effect requires that such proceedings be brought by or in the name of Landlord. In that event, Landlord will join the proceedings or permit them to be brought in its name if Tenant pays all related expenses (including Landlord's reasonable attorneys' fees).

SECTION 16.23. Parking.

During the term of this Lease, Landlord shall make available to Tenant at no additional cost to Tenant for Tenant and Tenant's employees and visitors 237 unreserved surface parking spaces in the general marked automobile parking spaces around the Building.

SECTION 16.24. Determination of Additional Rent.

Landlord and Tenant agree that each provision of this Lease for determining charges, amounts and additional rent payable by Tenant including, without limitation, payments for operating expenses, taxes, utility costs and other charges and expenses is commercially reasonable and, as to each such charge or amount, constitutes a "method by which the charge is to be computed" for purposes of Section 93.012 of the Texas Property Code. Landlord and Tenant are knowledgeable and experienced in commercial transactions and agree that the provisions of this Lease for determining charges, amounts and additional rent payable by Tenant including, without limitation, operating expenses, taxes, utility costs and other charges and expenses are commercially reasonable and valid even though such methods may not state a precise mathematical formula for determining such charges. **ACCORDINGLY, TENANT VOLUNTARILY AND KNOWINGLY WAIVES ALL RIGHTS AND BENEFITS OF TENANT SUCH SECTION 93.012 OF THE TEXAS PROPERTY CODE, AS SUCH SECTION NOW EXISTS OR AS MAY BE HEREAFTER AMENDED OR SUCCEEDED.**

SECTION 16.25.

It is expressly understood that the Tenant has available the total maximum sums of funds hereinafter certified by the County Auditor of Tarrant County for the purpose of satisfying the Tenant's obligations under the terms and provisions of this Lease; that notwithstanding anything to the contrary, the liability of the Tenant to pay under the terms and provisions of this Lease is limited to this sum, plus additional amounts of funds from time to time certified available pursuant to Sections 111.061 through 111.073 of the Local Government Code, as amended, for the purpose of satisfying the Tenant's obligations under the terms and provisions of this Lease; and that when and if all funds so certified are expended for the purpose of satisfying the Tenant's obligations under the terms and provisions of this Lease, the sole and exclusive remedy of the Landlord shall be the termination of this Lease with 90 days written notice by Landlord to the Tenant. Tenant shall be obligated to pay the Cancellation Payment (as defined below) to Landlord within sixty (60) days of receiving such termination notice.

Tenant will do all things lawful to obtain, to request and to pursue funds from which the rental payments may be made, in this and in ensuing years, including for any period of hold over, renewal, extension, or renegotiation of the terms and provisions of this Lease including:

- a) Requesting the continuation and renewal of funding to the extent necessary to make the rental payments due hereunder; and,
- b) Using its best efforts to see that such funding is approved in the necessary county budget.

In the event that insufficient funds are appropriated by Commissioners Court to make the rental payments due hereunder or the county fails to provide for such payments in its budget, this Lease shall terminate. The Tenant shall give ninety (90) days written notice of such termination to the Landlord.

The effective date of any such termination by Tenant shall be ninety (90) days after the receipt of such written notice of termination from Tenant, subject to Tenant's compliance with the provisions of this paragraph. If Tenant timely elects to terminate this lease, such termination shall be effective only if Tenant shall (i) have paid all rent and other sums owing by Tenant to Landlord through the effective date of such termination (ii) not be in default under any of the terms, conditions or provisions of this lease as of the date of Landlord's receipt of such notice of termination or of the effective date of such termination, and (iii) pay in cash ("Cancellation Payment") to Landlord within sixty (60) days after the date of Landlord's receipt of such termination notice the sum of the unamortized cost (at a rate of 9%) and all other tenant improvements paid for by Landlord. Neither Landlord nor Tenant shall have any obligations to the other following such termination and payment by Tenant to Landlord of the Cancellation Payment and other sums owing by Tenant to Landlord except those obligations of Landlord and Tenant under this lease through the effective date of such termination and those obligations which survive the expiration or termination of this lease as specified in this lease.

SECTION 16.26. Texas Public Information Act.

Tenant advises Landlord that Tenant is a governmental body under Chapter 552 of the Texas Government Code and that certain information that is collected, assembled, or maintained in connection with the transaction of official business by a governmental body is considered public information potentially subject to disclosure pursuant to a valid Texas Public Information Act ("TPIA") request. Landlord's trade secrets, certain financial information, and proprietary information may be subject to an exception to disclosure under Chapter 552 of the Texas Government Code, Subchapter C. If a TPIA request is made on Tenant to disclose Landlord information that may be subject to an exception from disclosure, Tenant will (i) promptly notify Landlord of such request for disclosure, and (ii) decline to release such information and file a written request with the Texas Attorney General's office seeking a determination as to whether such information may be withheld.

SECTION 16.27. Chapters 2271, 2252, and 2274 Texas Government Code Verification.

(a) Boycott of Israel Prohibited. In compliance with Section 2271.001 et seq. of the Texas Government Code, Landlord verifies that neither it nor any of its affiliates currently boycott Israel and neither it nor any of its affiliates will boycott Israel during the term of this Lease. "Boycott Israel" is defined in Section 808.001(1) of the Texas Government Code.

(b) Scrutinized Business Operations Prohibited. In compliance with Section 2252.151 et seq. of the Texas Government Code, Landlord warrants and represents that: (1) neither Landlord nor any of its affiliates engages in scrutinized business operations in Sudan; (2) neither Landlord nor any of its affiliates engages in scrutinized business operations in Iran; and (3) neither Landlord nor any of its affiliates engages in scrutinized business operations with designated foreign terrorist organizations. "Scrutinized business operations in Sudan" is defined in Section 2270.0052 of the Texas Government Code. "Scrutinized business operations in Iran" is defined in Section 2270.0102 of the Texas Government Code. "Scrutinized business operations with designated foreign terrorist organizations" is defined in Section 2270.0152 of the Texas

Government Code. Landlord further represents and warrants that neither Landlord nor any of its affiliates appears on any of the Texas Comptroller's Scrutinized Companies Lists.

(c) Boycott of Certain Energy Companies Prohibited. In compliance with Section 2274.002 of the Texas Government Code (added by 87th Legislature, S.B. 13), Landlord verifies that neither it nor any of its affiliates currently boycott energy companies and neither it nor any of its affiliates will boycott energy companies during the term of this Lease. "Boycott energy company" is defined in Section 809.001(1) (added by 87th Legislature, S.B. 13) and means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by subsection (A).

(d) Discrimination against Firearm Entities or Firearm Trade Associations Prohibited. In compliance with Section 2274.002 of the Texas Government Code (added by 87th Legislature, S.B. 19), Landlord verifies that neither it nor any of its affiliates have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and neither it nor any of its affiliates will discriminate during the term of the Lease against a firearm entity or firearm trade association. "Discriminate against a firearm entity or firearm trade association" is defined in Section 2274.001(3) (added by 87th Legislature, S.B. 19) and means, with respect to the entity or association, to: (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; the term does not include: (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship: (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (bb) for any traditional business reason that is specific to the Tenant or potential Tenant and not based solely on an entity's or association's status as a firearm entity or firearm trade association.

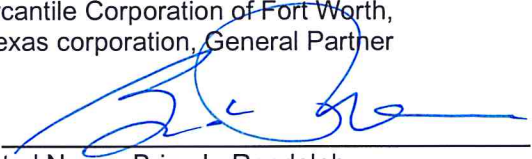
[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

EXECUTED as of the day, month and year first above written (which is referred to in this Lease as "the date of this Lease" or similar references).

LANDLORD:

MERCANTILE PARTNERS, L.P.,
a Texas limited partnership

By: Mercantile Corporation of Fort Worth,
a Texas corporation, General Partner

By: 
Printed Name: Brian L. Randolph
Title: President

TENANT:

TARRANT COUNTY, TEXAS

By: _____
Printed Name: Tim O'Hare _____
Title: County Judge _____
Date: _____

By: _____
County Auditor

**CERTIFICATION OF FUNDS AVAILABLE
FOR THE AMOUNT OF \$ _____**

***APPROVED AS TO FORM:**

By: _____
Assistant District Attorney

* By law, the District 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 by their own respective attorney(s).

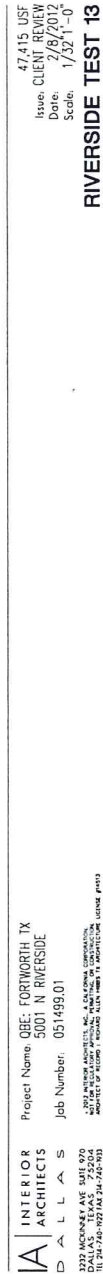


Exhibit "B"

Lots 3R1, 3R, 6R1 and 6R in Block 3A of the Mercantile Center Addition, an addition to the City of Fort Worth, Tarrant County, Texas.