

COPY

COMMERCIAL LEASE AGREEMENT

THIS AGREEMENT is entered into on this 27 day of July, 2010, by and between Polk County, a political subdivision of the State of Texas, acting by and through its duly authorized Commissioners Court (hereinafter referred to as TENANT), and Roger and Tyba Wiegrefe (hereinafter referred to as LANDLORD).

I. PURPOSE:

This purpose of this agreement is to set out the terms and conditions under which the LANDLORD shall lease real property to TENANT.

The real property to be leased (hereinafter referred to as "the Premises") is owned outright by LANDLORD, and is commonly known as follows: Gilliland Building, 120 West Church, Livingston, Texas 77351.

LANDLORD desires to lease the Premises to TENANT, and TENANT desires to lease the Premises from LANDLORD for the term, at the rental rate and upon the covenants, conditions and provisions herein set forth. Therefore, in consideration of the mutual promises herein contained, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by the parties, it is agreed as follows:

II. GENERAL TERMS AND CONDITIONS:

- (a) TERM OF LEASE. The initial term of this lease shall be for a period of 12 months commencing on the 27th day of JULY, 2010, and ending on the 26th day of JULY, 2011, unless sooner terminated as hereinafter provided.
- (b) AUTOMATIC RENEWAL OPTION. After the end of the initial term as stated in subsection (a) hereinabove, this lease shall automatically renew under the same terms and conditions on a month-to-month basis. Either party may choose not to renew this lease at the end of the initial term, or before the end of any renewal term, by giving the other party thirty (30) days written notice of their decision not to renew.

MONTHLY RENTAL. TENANT agrees to pay LANDLORD FOUR HUNDRED FIFTY AND NO/100 DOLLARS (\$450.00) per month during the term of this lease. Each monthly installment shall be due in advance on the first day of each calendar month during the lease term to LANDLORD at the following address: 3370 US Highway 59N; Livingston, Texas 77351.

- (c) PAYMENT OF TAXES. LANDLORD shall pay, prior to delinquency, all general real estate taxes and installments of special assessments coming due during the Lease term on the Premises, and all personal property taxes with respect to LANDLORD'S personal property, if any, on the Premises. TENANT shall be responsible for paying all personal property taxes with respect to TENANT'S personal property at the Premises.
- (d) MAINTENANCE OF PROPERTY. During the term of this lease, TENANT may make, at TENANT'S sole expense, routine repairs to the premises, such as routine repairs of floors, walls, ceilings, and other parts of the Premises damaged or worn through normal occupancy. However, repairs to major mechanical systems (i.e. plumbing, septic,

electric) or the roof shall remain the responsibility of LANDLORD, subject to the obligations of the parties as herein set forth.

- (e) UTILITIES. TENANT shall pay all charges for water, sewer, gas, electricity, telephone and other services and utilities used by TENANT on the Premises during the term of this Lease unless otherwise expressly agreed in writing by LANDLORD. In the event that any utility or service provide to the Premises is not separately metered, LANDLORD shall pay the amount due and separately invoice TENANT for TENANT'S pro rata share of the charges. TENANT shall pay such amounts within fifteen (15) days of invoice. TENANT acknowledges that the Premises are designed to provide standard office use electrical facilities, and TENANT hereby agrees not to use any equipment or devices that will overload the wiring capacity of the premises.
- (f) CONDITION OF PREMISES. LANDLORD warrants that the Premises is not in violation of any city, state or local ordinance or statute or any restriction imposed against the Premises.
- (g) FURNISHINGS. LANDLORD hereby covenants and agrees that the TENANT may bring on the Leased Premises any and all furniture, fixtures and equipment reasonably necessary for the efficient exercise of TENANT's governmental responsibilities and the parties agree that all such Property shall remain the Property of the TENANT.
- (h) ALTERATIONS AND IMPROVEMENTS. TENANT shall have authority to make alterations and improvements to the Premises as TENANT may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. TENANT shall have the right to place and install personal property, trade fixtures, equipment, and other temporary installations in and upon the Premises, and fasten the same to the premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by TENANT at eh commencement of the Lease term or placed or installed on the Premises by TENANT thereafter, shall remain TENANT'S property free and clear of any claim by LANDLORD. TENANT shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Premises caused by such removal shall be repaired by TENANT at TENATN'S expense. TENANT hereby agrees to bear all costs and assume all risk associated with said alterations or improvements.
- (i) SIGNS. Upon LANDLORD'S consent, TENANT shall have the right to place on the Premises any signs which are permitted by applicable zoning ordinances and private restrictions. LANDLORD may refuse consent to any proposed signage that unreasonably large, deceptive, unattractive, or otherwise inconsistent with or inappropriate to the Premises. TENANT shall repair all damage to the Premises resulting from the removal of signs installed by the TENANT.
- (j) ENTRY. LANDLORD shall have the right to enter upon the Premises at reasonable hours to inspect the same, provided Landlord shall not thereby unreasonably interfere with TENANT'S business on the Premises.
- (k) CONDEMNATION. If during the term of this lease, said Leased Premises, or any portion thereof, shall be condemned for any purpose, this Lease shall cease when the public authority takes possession of the Premises, and the parties shall account for rental as of that date. Such cessation shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the

condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

- (l) SUBSTANTIAL PROPERTY DAMAGE. If the Premises or any part thereof is so damaged by fire, casualty or structural defects that the same cannot be used for TENANT'S purposes, then TENANT shall have the right within ninety (90) days following damage to elect by notice to LANDLORD to terminate this Lease as of the date of such damage. In the event of minor damage to the Premises which does not render the Premises unusable for TENANT'S purposes, LANDLORD shall promptly repair such damage at LANDLORD'S expense. In making the repairs called for in this subsection, LANDLORD shall not be liable for any delays resulting from strikes, government restrictions, inability to obtain necessary materials or labor, or other matters which are beyond the reasonable control of LANDLORD. TENANT shall be relieved from paying rent and other charges during any portion of the Lease term that the Premises are inoperable or unfit for occupancy or use, in whole or part, for TENANT'S purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to TENANT. The provisions of this subsection extend not only to the matters aforesaid, but also to any occurrence which is beyond TENANT'S reasonable control and which renders the Premises inoperable or unfit for occupancy or use, in whole or in part, for TENANT'S purposes.
- (m) COMMENCEMENT OF OCCUPANCY. TENANT is not obligated to pay rent and other sums under this lease until the Leased Premises is available to TENANT for full occupancy and is suitable for use as office space for a governmental entity. LANDLORD shall provide access to Leased Premises 30 days prior to date when rental obligation commences. If LANDLORD is unable to give TENANT full possession of the Leased Premises on Commencement Date for any reason, LANDLORD shall give TENANT immediate written notice of the cause for the delay and the date the Leased Premises will be ready for occupancy, TENANT may terminate this lease without liability to the State of Texas and seek other leased space.

TENANT may not terminate the lease if the delay of occupancy is caused by TENANT, or by conditions beyond LANDLORD'S control, such as strikes, fire, unavoidable casualties or other unusual circumstances that constitutes a justifiable delay.

If the TENANT so elects, the TENANT may continue to treat this lease as if in full force and effect for a period of no more than 120 days after the lease Commencement Date. During this time, or for as long as possession does not commence, the rent shall not be paid.

- (n) SUBORDINATION. TENANT accepts this Lease subject to and subordinate to any mortgage, deed of trust, or other lien presently existing or hereafter arising upon the Premises, and to any renewals, refinancing and extensions thereof, but TENANT agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. LANDLORD is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Premises, and TENANT agrees upon demand to execute such further instruments subordinating this Lease to the holder of any such liens as LANDLORD may request. TENANT agrees that it will from time to time upon request by LANDLORD execute and deliver to such

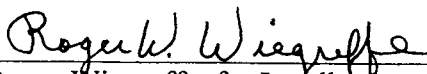
persons as LANDLORD shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating that LANDLORD is not in default hereunder (or if TENANT alleges a default, stating the nature of such alleged default) and further stating such other matters as LANDLORD shall reasonably require.

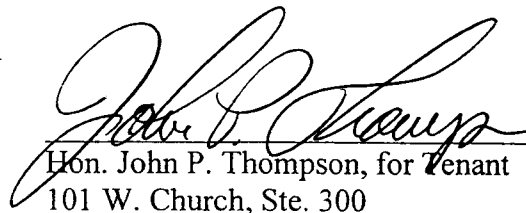
- (o) SECURITY DEPOSIT. The Security Deposit shall be held by LANDLORD without liability for interest and as security for the performance by TENANT of TENANT'S covenants and obligations under this Lease, I being expressly understood that the Security Deposit shall not be considered an advance payment of rental or a measure of LANDLORD'S damages in case of default by TENANT. Unless otherwise provide by mandatory non-waivable law or regulation, LANDLORD may commingle the Security Deposit with LANDLORD'S other funds. LANDLORD may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary t make good any arrearages of rent or to satisfy any other obligation of TENANT hereunder. If TENANT is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by LANDLORD to TENANT.
- (p) USE. TENANT shall not use the Premises for the purposes of storing, manufacturing, or selling any explosives, flammables, or other inherently dangerous substance, chemical, thing, or device.
- (q) SUBLEASE AND ASSIGNMENT. TENANT shall have the right, without LANDLORD'S consent, to assign this lease to any corporation with which TENANT may merge or consolidate, to any subsidiary of TENANT, to any corporation under common control with TENANT, or to any association or entity whom TENANT desires to perform its functions on the Premises. Except as set forth herein, TENANT shall not sublease all or any part of the Premises, or assign this lease in whole or in part without LANDLORD'S consent, such consent not to be unreasonably withheld or delayed.
- (r) QUIET POSSESSION. LANDLORD covenants and warrants that upon performance by TENANT of its obligations hereunder, LANDLORD will keep and maintain TENANT in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Premises during the term of this Lease.
- (s) INSURANCE. If the Premises are damaged by fire or other casualty resulting from any act of negligence of TENANT or any of TENATN'S agents, employees, or invitees, rent shall not be diminished or abated while such damages are under repair, and TENANT shall be responsible for the costs of repair not covered by insurance. LANDLORD shall maintain fire and extended overage insurance on the Premises in an amount equal to the appraised value of the Premises. TENANT shall be responsible, at its expense, for fire and extended overage insurance on all of its personal property located in the Premises. Each party shall maintain, at its own expense, a policy or policies of comprehensive general liability insurance with respect to the respective activities of each in the Premises with the premiums thereon fully paid on or before the due date, issued by and binding upon some insurance company approved by LANDLORD, such insurance to afford minimum protection of not less than \$1,000,000 combined single limit coverage of bodily injury, property damage or a combination thereof. LANDLORD shall be listed as an additional insured on TENANT'S policy or policies of comprehensive general liability insurance, and TENANT shall provide LANDLORD with current Certificates of Insurance evidencing TENANT'S compliance with this Paragraph. LANDLORD shall not be required to maintain insurance against thefts within the Premises.

- (t) DEFAULT. If default shall be made by TENANT in the payment of rent when due to LANDLORD as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to TENANT by LANDLORD, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by TENANT, and such default shall continue for thirty (30) days after notice thereof in writing to TENANT by LANDLORD without correction thereof then having been commenced and thereafter diligently prosecuted, LANDLORD may declare the term of this lease ended and terminated by giving TENANT written notice of said intention, and if possession of the Premises is not surrendered, LANDLORD may re-enter the Premises. LANDLORD shall have, in addition to the remedy provided above, any other right or remedy available to LANDLORD on account of any TENANT default, either in law or equity. LANDLORD shall use reasonable efforts to mitigate its damages.
- (u) CHOICE OF LAW. This agreement shall be governed, construed and interpreted by, through and under the laws of the State of Texas. Venue of any dispute arising hereunder shall be in Polk County, Texas.
- (v) EFFECTIVE DATE. This lease shall be effective as of the date that all parties execute this lease contract. All proposals, negotiations, notices, and representations with reference to matters covered by this lease are merged in this instrument and no amendment or modification thereof shall be valid unless evidenced in writing and signed by all parties as identified below.
- (w) SEVERABILITY. This written contract constitutes the entire agreement of the parties hereto, and the finding that any part or section of this contract is unenforceable shall not affect the enforceability of the remaining parts or sections.
- (x) WAIVER. No waiver of any default of LANDLORD or TENANT hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by LANDLORD or TENANT shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.
- (y) NOTICE. Any notice required or permitted under this lease shall be deemed sufficiently given or served if sent by United States mail, return receipt requested, addressed as follows:

LANDLORD: ROGER & TYBA WIEGREFFE
3370 US HIGHWAY 59N
LIVINGSTON, TEXAS 77351

TENANT: HON. JOHN P. THOMPSON
COUNTY JUDGE, POLK COUNTY
101 W. CHURCH, STE. 300
LIVINGSTON, TEXAS 77351


Roger Wiegrefe, for Landlord
3370 US Highway 59N
Livingston, TX 77351


Hon. John P. Thompson, for Tenant
101 W. Church, Ste. 300
Livingston, TX 77351