

FIRST AMENDMENT TO LEASE AGREEMENT

THIS FIRST AMENDMENT TO LEASE AGREEMENT ("**Amendment**") is dated effective as of July 10, 2001, by and between **THE FROST NATIONAL BANK**, a national banking association ("**Landlord**") and **THE CITY OF CORPUS CHRISTI** ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into that certain Lease Agreement dated as of May 17, 2000 ("**Lease**") for certain premises consisting of (a) approximately 41,289.00 rentable square feet on the 1st, 2nd, 3rd and 4th floors in the four-story office building commonly referred to as the Port/Leopard Building (the "**Building**") located on Tract I of the real property more particularly described on Exhibit A-1 attached to the Lease as reflected on the floor plan of the Leased Premises attached as Exhibit A-2 to the Lease and (b) Tract II and Tract III more particularly described on Exhibit A-1 attached to the Lease ("**Leased Premises**") located in the City of Corpus Christi, Nueces County, Texas.

B. Tenant has requested and Landlord has agreed to increase the Tenant Improvement Allowance by \$500,000.00 in accordance with the terms set forth in this Amendment.

C. Landlord and Tenant desire to memorialize the increase of the Tenant Improvement Allowance as more particularly provided herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the above-stated recitals, the sum of \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Additional Tenant Improvement Allowance. Landlord hereby agrees to provide Tenant an additional tenant improvement allowance in the amount of \$500,000.00 (the "**Additional Allowance**"). Tenant shall use the Additional Allowance for the construction of tenant improvements in accordance with the terms outlined on Exhibit B to the Lease and those certain plans and specifications dated December 15, 2000 prepared by Morgan Spear Associates, Inc., Project No. 4201 and Drawing No. PBG-620. Landlord shall advance the Additional Allowance to Tenant in a single advance on August 15, 2001. Notwithstanding anything contained herein or in the Lease to the contrary, the Additional Allowance will be advanced prior to any advance of the Tenant Improvement Allowance.

In consideration of Landlord's providing Tenant the Additional Allowance and in addition to the Base Rental payable by Tenant to Landlord under Section 4.1(a) of the Lease, Tenant hereby agrees to pay to Landlord in advance on the fifteenth (15th) day of each calendar month additional rental, without deduction or setoff, in the amount of \$4,315.98 per month as set forth on the amortization schedule attached hereto as Schedule 1, beginning September 15, 2001

and continuing regularly thereafter until August 15, 2011, when the remaining \$353,750.50 shall be then due and payable. The Additional Allowance may be prepaid, prior to August 1, 2011, without penalty, in accordance with the amortization schedule attached hereto as **Schedule 1**.

In the event Tenant (a) terminates the Lease in accordance with Section 2.4 thereto or (b) exercises its option to purchase the Complex in accordance with the terms of that one certain Option to Purchase dated May 17, 2000, by and between Landlord and Tenant, Tenant agrees to remit to Landlord the entire amount of the Additional Allowance then owing and unpaid, in addition to the Cancellation Fee set forth on Exhibit E to the Lease (if applicable).

2. Miscellaneous.

(a) Any term or phrase with an initial capital letter used in this Amendment shall have the same meaning as the meaning ascribed to such term or phrase in the Lease unless expressly otherwise defined in this Amendment.

(b) In the event that the terms of the Lease conflict, or are inconsistent, with those of this Amendment, the terms of this Amendment shall govern.

(c) Except as modified by this Amendment, the terms of the Lease remain in full force and effect.

(d) This Amendment shall become effective only upon execution and delivery by both Landlord and Tenant.

(e) Landlord and Tenant each represent to the other and acknowledge that as of the date hereof there are no uncured events of default by the other party under the Lease nor are either Landlord or Tenant aware of any act, omission or condition which, with the giving of notice or the passage of time or both, would constitute an event of default by the other under the Lease.

(f) The Amendment may be executed in multiple counterparts, each of which shall be deemed an original, but which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed on the day and year first above written.

LANDLORD:

THE FROST NATIONAL BANK, a national banking association

By: Sylvia A. Whitmore
Name: Sylvia A. Whitmore
Title: Executive Vice President

TENANT:

THE CITY OF CORPUS CHRISTI

ATTEST: Armando Chapa
ARMANDO CHAPA
CITY SECRETARY

By: George K. Nye
Name: George K. Nye
Title: Deputy City Manager

LEGAL FORM APPROVED ON July 2, 2001,
JAMES R. BRAY, CITY ATTORNEY

By: John P. Burke, Jr.
Name: John P. Burke, Jr.
Title: Asst City Atty

M2001-256
BY COUNCIL 7/10/01
SECRETARY ac

SCHEDULE 1

**ADVANCE DATE OF AUGUST 15,
2001**

**REGULAR MONTHLY PAYMENTS OF \$ 4315.98
BEGINNING SEPTEMBER 15, 2001**

<u>END OF YEAR</u>	<u>BALANCE OWED</u>
1	\$489,952.61
2	\$479,025.28
3	\$467,254.12
4	\$454,338.85
5	\$440,292.47
6	\$425,015.89
7	\$408,501.08
8	\$390,440.18
9	\$370,797.50
10	\$353,750.50