

OPTION TO PURCHASE

BETWEEN

THE FROST NATIONAL BANK
("Optionor")

AND

THE CITY OF CORPUS CHRISTI
("Optionee")

PORT/LEOPARD BUILDING

City of Corpus Christi, Nueces County, Texas

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OPTION TO PURCHASE

THIS OPTION TO PURCHASE (this "Option Contract") is made and entered into as of May 17, 2000, by **THE FROST NATIONAL BANK**, a national banking association ("Optionor") and **THE CITY OF CORPUS CHRISTI** ("Optionee").

ARTICLE I

GRANT OF OPTION

SECTION 1.1. GRANT OF OPTION. For the consideration hereinbelow stipulated, but subject to the terms and conditions of this Option Contract, Optionor hereby grants to Optionee the exclusive right and option (the "Option") to purchase the following described property (herein collectively called the "Property"):

(a) The tracts of land (the "Land") located in Nueces County, Texas, that is described on Exhibit A attached hereto and incorporated herein for all purposes;

(b) All right, title and interest of Optionor, if any, in, to and under all easements benefiting the Land or the Improvements (as hereinafter defined); and

(c) All right, title and interest of Optionor, if any, in and to all rights and appurtenances pertaining to the Land including any right, title and interest of Optionor in and to adjacent streets, alleys or rights-of-way; and

(d) All improvements, consisting of buildings (the "Improvements") in and on the Land; and

(e) All of Optionor's right, title and interest, if any, in and to all leases which are listed on Exhibit B attached hereto and made a part hereof for all purposes are shown on Exhibit B to cover the Land described in Section 1.1(b) above as being the subject of this Option Contract (the "Leases") and all tenant security deposits, if any, held by Optionor with respect to such Leases. If Optionee exercises the option granted hereunder, Optionee agrees and covenants that it will assume all obligations to be performed by Optionor under the Leases from and after the Closing (as defined below) and that **IT WILL INDEMNIFY OPTIONOR FROM AND AGAINST ALL LOSSES, COSTS AND EXPENSES RESULTING FROM OPTIONEE'S FAILURE TO PERFORM ALL OF OPTIONOR'S OBLIGATIONS ARISING UNDER THE LEASES FROM AND AFTER THE CLOSING.** This indemnity shall survive the Closing; and

(f) All of Optionor's right, title and interest, if any, in all appliances, fixtures, equipment, machinery, carpet, drapes and other personal property, if any, located on or about the Land and the Improvements or used exclusively in the operation and maintenance thereof, but specifically excluding Optionor's furniture and trade fixtures (including, without limitation, Optionor's banking equipment, computer systems, file systems and telephone switch) (the "Tangible Personal Property"); and

(g) All of Optionor's right, title and interest, if any, in all intangible property (the "Intangible Property"), if any, pertaining to the Land, the Improvements, or the Tangible Personal Property or the use thereof, including, without limitation, transferable utility contracts, transferable telephone exchange numbers, plans and specifications, engineering plans and studies, floor plans and landscape plans.

SECTION 1.2. OPTION PERIOD. Subject to the requirements of Section 2.1 below, the Option to purchase the Property which is granted pursuant to Section 1.1 above shall commence as of the time of the execution of this Option Contract by Optionor and shall continue until the 12:00 noon on July 31, 2021 (the "Option Period").

SECTION 1.3. INDEPENDENT CONSIDERATION. Optionee has delivered to Optionor, and Optionor acknowledges receipt of, (a) ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) and (b) the Optionee Lease (as defined below) (collectively, the "Option Consideration"), as consideration for the Option granted to Optionee pursuant to Section 1.1 above to purchase the Property and for Optionor's execution, delivery and performance of this Option Contract. The Option Consideration is in addition to and independent of any other consideration or payment provided for in this Option Contract, is non-refundable and shall be retained by Optionor notwithstanding any other provision of this Option Contract.

SECTION 1.4. TERMINATION OF OPTION. Notwithstanding anything contained herein to the contrary, this Option Agreement and Optionee's rights hereunder shall automatically terminate upon Optionee's default under that certain Lease Agreement dated of even date herewith by and between Optionor, as landlord and Optionee, as tenant (the "Optionee Lease").

ARTICLE II

EXERCISE OF OPTION

SECTION 2.1. EXERCISE OF OPTION. The Option may be exercised by Optionee at any time during the 9th, 14th, 19th and 22nd years of the Option Period during the Exercise Period set forth in Section 2.2 below, but in no event may the Option be exercised after the expiration of the Option Period, time being of the essence. The Option shall be exercised, if at all, by the delivery to Optionor of the Option Exercise Notice which is attached hereto as Exhibit C and made a part hereof for all purposes in accordance with Section 9.1(c) below without any change, qualification or modification of any nature whatsoever together with cash consideration for such exercise (the "Option Exercise Fee") in the amount of ONE THOUSAND AND NO/100 DOLLARS (\$1,000.00) during the Exercise Period. The Option Exercise Fee shall be paid in cash (which may be by wire transfer of immediately available funds or cashier's check) and shall be in addition to and independent of any other consideration or payment provided for in this Option Contract, shall be nonrefundable and shall be retained by Optionor notwithstanding any other provision of this Option Contract. The timely giving of such notice and payment of the Option Exercise Fee shall create a binding contract of purchase and sale between the parties hereto in accordance with the terms and provisions contained in this Option Contract. If Optionee fails to exercise the Option in accordance with the terms of this Option Contract within the Option Period, then the Option to Purchase granted by Section 1.1 of this Option Contract, this Option Contract (except for the provisions hereof which specifically stipulate that they shall survive termination) and the rights thereunder of Optionee, shall automatically and immediately terminate without notice or further action of any nature whatsoever. **IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT ANY CHANGE, QUALIFICATION OR OTHER MODIFICATION OF ANY**

NATURE WHATSOEVER THAT SHALL BE MADE TO THE OPTION EXERCISE NOTICE OR ANY ATTEMPT TO EXERCISE THE OPTION SUBJECT TO ANY CONDITION, CONTINGENCY OR QUALIFICATION OF ANY NATURE WHATSOEVER SHALL RENDER THE OPTION EXERCISE NOTICE AND ANY PURPORTED EXERCISE OF THE OPTION INVALID, NULL AND VOID, AB INITIO.

SECTION 2.2. PURCHASE PRICE. If the Option is exercised, the purchase price (the "Purchase Price") for the Property shall be as follows, payable in cash on the Closing Date (as defined in Section 5.1 below):

<u>Lease Year</u>	<u>Purchase Price</u>	<u>Exercise Period</u>
9th	\$1,644,357.00	6/1/2008 - 5/31/2009
14th	\$1,081,874.00	6/1/2013 - 5/31/2014
19th	\$424,986.00	6/1/2018 - 5/31/2019
22nd	\$0.00	6/1/2021 - 7/31/2021

ARTICLE III

PROPERTY INSPECTION

SECTION 3.1. PROPERTY INFORMATION. Optionor has made the following available for review by Optionee and Optionee acknowledges its review of a pro forma commitment for an owner's policy of title insurance (Commitment No. 000210716) covering all of the real property described on Exhibit A, dated to be effective as of April 6, 2000 issued by the Title Company on April 19, 2000 and legible copies of the restrictive covenants, easements, and other items listed as title exceptions therein. The title exceptions listed in the commitment for owner's policy of title insurance specified in subparagraph (a) of this Section 3.1 that are applicable to the Land described in Section 1.1(a) above as being the subject of this Option Contract and the exceptions listed on the Special Warranty Deed attached as an exhibit to this Option Contract are hereinafter called the "Permitted Exceptions."

SECTION 3.2. INSPECTION. Optionee may inspect: (a) the Property, (b) the items furnished pursuant to Section 3.1 above, and (c) the Environmental Information (as such term is defined in Section 3.3 below) at any reasonable time during business hours during the Option Period. Except as required by any law or court order, including any subpoena, Optionee shall not disclose any "Confidential Information" (as hereinafter defined), to anyone other than to Optionee's employees or such consultants or contractors as may be reasonably necessary to complete Optionee's investigation of the Property, without the prior written consent of Optionor. As used in this Option Contract, Confidential Information shall mean any information acquired by Optionee in connection with this Option Contract or Optionee's investigation of the Property that had not become public information prior to its disclosure in violation of this Section, including, but not limited to, information regarding Optionor, the Property or any matter pertaining thereto. Optionee shall notify Optionor of any court order or subpoena requiring disclosure of Confidential Information and shall cooperate with Optionor's appeal or challenge of any order or subpoena requiring disclosure of Confidential Information. If Optionor elects to appeal or challenge any order or subpoena requiring disclosure of Confidential Information, Optionor shall be entitled to control such proceedings including, without limitation, any compromise or settlement thereof, and in such event, Optionor shall pay the costs of such proceedings but shall only be obligated to reimburse Optionee for out-of-pocket costs and expenses actually paid by the Optionee so long as the same are incurred with prior notice to and the consent of the Optionor.

In such event, it is understood that Optionee shall have no duty or obligation to incur any monetary cost or expense without the prior agreement of the Optionor to provide reimbursement. Optionee shall take reasonable measures to avoid any unintentional or inadvertent disclosure of any Confidential Information to any unauthorized person by any of its employees, agents, representatives and contractors. **OPTIONEE SHALL BE LIABLE FOR ALL DAMAGE OR INJURY TO ANY PERSON OR PROPERTY RESULTING FROM ANY INSPECTION OF THE PROPERTY, WHETHER OCCASIONED BY THE ACTS OF OPTIONEE OR ANY OF ITS EMPLOYEES, AGENTS, REPRESENTATIVES OR CONTRACTORS, AND OPTIONEE SHALL INDEMNIFY AND HOLD HARMLESS OPTIONOR FROM ANY LIABILITY RESULTING THEREFROM. THIS INDEMNIFICATION BY OPTIONEE SHALL SURVIVE THE CLOSING OR THE TERMINATION OF THIS OPTION CONTRACT, AS APPLICABLE.**

SECTION 3.3. ENVIRONMENTAL RISKS. Optionee acknowledges that there are, or may be, certain environmental issues and/or risks with respect to the Property, including, but not limited to, the current existence of asbestos containing materials ("Asbestos") in the Improvements. During the Option Period, Optionor shall (at Optionor's expense) make available for review by Optionee portions of written reports evidencing the results of environmental assessments performed to assess the environmental issues concerning the Property (the "Environmental Information"). **OPTIONEE ACKNOWLEDGES THAT THE WRITTEN REPORTS EVIDENCING THE RESULTS OF THE REFERENCED ENVIRONMENTAL ASSESSMENTS AND ANY OF THE OTHER INFORMATION AND DOCUMENTS FURNISHED BY OR ON BEHALF OF OPTIONOR OR OTHERWISE MADE AVAILABLE FOR REVIEW BY OPTIONEE HAVE BEEN PROVIDED BY OPTIONOR WITHOUT REPRESENTATION OR WARRANTY AS TO THE COMPLETENESS OR ACCURACY THEREOF OR OF ANY OF THE FACTS OR CONCLUSIONS CONTAINED THEREIN, AND OPTIONEE WILL NOT RELY ON THE SAME TO THE OPTIONEE'S OR THE OPTIONOR'S DETRIMENT IN EXERCISING THE OPTION OR PURCHASING THE PROPERTY. OPTIONEE IS ENCOURAGED TO CONDUCT AN INDEPENDENT ENVIRONMENTAL INVESTIGATION AND INSPECTION OF THE PROPERTY, UTILIZING SUCH EXPERTS AS OPTIONEE DEEMS TO BE NECESSARY OR DESIRABLE FOR AN INDEPENDENT ENVIRONMENTAL ASSESSMENT OF ALL ENVIRONMENTAL LIABILITY AND RISK WITH RESPECT TO THE PROPERTY, INCLUDING THE IMPROVEMENTS.**

Optionee acknowledges that to the extent the Improvements contain Asbestos, if Optionee exercises the Option, Optionee shall accept the Property (including the Improvements) at the Closing in its AS IS physical condition WITH ALL FAULTS. Optionee hereby expressly acknowledges that from and after the Closing, Optionee shall accept responsibility and liability for maintenance and handling of any and all Asbestos in the Improvements in accordance with all Environmental Requirements (as hereinafter defined), including the regulations at 40 C.F.R. Section 61 as authorized under the Clean Air Act, as same may be amended from time to time. Additionally, Optionee hereby expressly acknowledges that should Optionee desire to demolish all or any portion of the Improvements, Optionee may be required by law to remove and dispose of the Asbestos contained in the Improvements prior to said demolition. **TO THE EXTENT PERMITTED BY STATE LAW, OPTIONEE HEREBY ASSUMES ALL LIABILITY FOR AND HEREBY INDEMNIFIES AND HOLDS OPTIONOR AND THE RELEASED PARTIES (AS HEREINAFTER DEFINED) HARMLESS FROM AND AGAINST ANY AND ALL LIABILITY WHICH OPTIONOR AND THE RELEASED PARTIES MIGHT INCUR FROM AND AFTER THE CLOSING AS A RESULT OF OPTIONEE'S FAILURE TO COMPLY WITH THE REQUIREMENTS OF THIS SECTION IN CONNECTION WITH OPTIONEE'S MAINTENANCE AND HANDLING OF ANY AND ALL ASBESTOS IN THE IMPROVEMENTS OR OPTIONEE'S**

DEMOLITION OF ALL OR ANY PORTION OF THE IMPROVEMENTS. THIS INDEMNIFICATION SHALL SURVIVE THE CLOSING OF THIS OPTION CONTRACT.

At the Closing, Optionee and Optionor shall execute and deliver an Environmental Agreement in the form attached hereto as Exhibit D and made a part hereof for all purposes.

ARTICLE IV

NO REPRESENTATIONS OR WARRANTIES BY OPTIONOR; ACCEPTANCE OF PROPERTY

SECTION 4.1. DISCLAIMER. OPTIONEE ACKNOWLEDGES AND AGREES THAT IF OPTIONEE EXERCISES THE OPTION, OPTIONEE SHALL PURCHASE THE PROPERTY AND ACCEPT THE PROPERTY "AS-IS", "WHERE IS" AND "WITH ALL FAULTS." OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT OPTIONOR HEREBY EXPRESSLY DISCLAIMS ANY AND ALL IMPLIED WARRANTIES CONCERNING THE CONDITION OF THE PROPERTY AND ANY PORTIONS THEREOF, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF HABITABILITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Optionee acknowledges and agrees that Optionee has not and will not rely upon any representations or warranties (oral or written) made by or purportedly on behalf of Optionor unless expressly set forth in this Option Contract and has not and will not rely upon any documents or other information (oral or written) supplied by or purportedly on behalf of Optionor. OPTIONEE FURTHER ACKNOWLEDGES AND UNDERSTANDS AND AGREES THAT OPTIONOR DOES NOT AND SHALL NOT HAVE ANY DUTY OR OBLIGATION OF ANY NATURE WHATSOEVER TO CURE, CORRECT OR OTHERWISE REMEDY, ELIMINATE OR MITIGATE AGAINST ANY CONDITION OR OTHER MATTER RELATING TO OR AFFECTING THE PROPERTY OR ANY PORTION THEREOF DURING THE OPTION PERIOD OR, IF THE OPTION IS EXERCISED, DURING THE PERIOD PRECEDING THE CLOSING OR AT ANY TIME SUBSEQUENT TO THE CLOSING OR ANY OTHER TIME OR UNDER ANY CIRCUMSTANCES WHATSOEVER UNLESS A WRITTEN AGREEMENT ENTERED INTO SUBSEQUENT TO THE DATE HEREOF WHICH SETS FORTH ALL MATERIAL TERMS AND CONDITIONS APPLICABLE TO ANY SUCH ACTION SHALL BE DULY EXECUTED AND DELIVERED BY AN AUTHORIZED REPRESENTATIVE OF THE OPTIONOR AND BY THE OPTIONEE AND EACH AND EVERY PERSON OR ENTITY WHO MAY BE INTERESTED THEREIN OR AFFECTED THEREBY.

(a) OPTIONEE UNDERSTANDS AND AGREES THAT ANY DOCUMENTS OR INFORMATION PROVIDED TO OPTIONEE BY OPTIONOR OR ON OPTIONOR'S BEHALF HAVE BEEN OBTAINED FROM A VARIETY OF SOURCES, HAVE NOT BEEN INDEPENDENTLY INVESTIGATED OR VERIFIED BY OPTIONOR, AND ARE NOT TO BE RELIED UPON BY OPTIONEE IN PURCHASING THE PROPERTY. OPTIONOR MAKES NO EXPRESS REPRESENTATIONS OR WARRANTIES, AND DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, CONCERNING THE TRUTH, ACCURACY AND COMPLETENESS OF ANY DOCUMENTS OR INFORMATION INCLUDING, WITHOUT LIMITATION, ANY SALE BROCHURE OR CATALOG, SUPPLIED TO OPTIONEE BY OPTIONOR OR ANYONE ACTING OR PURPORTING TO ACT ON OPTIONOR'S BEHALF.

(b) PRIOR TO ENTERING INTO THIS OPTION CONTRACT AND MAKING PAYMENT OF THE OPTION CONSIDERATION TO OPTIONOR, OPTIONEE ACKNOWLEDGES AND AGREES THAT IT HAD AMPLE OPPORTUNITY TO REVIEW AND INSPECT THE PROPERTY, THE INFORMATION PROVIDED TO OPTIONEE PURSUANT TO SECTION 3.1 ABOVE AND THE ENVIRONMENTAL INFORMATION, AND IF OPTIONEE HAS FAILED TO ADEQUATELY INVESTIGATE THE PROPERTY OR TO REVIEW OR ADEQUATELY ANALYZE OR EVALUATE THE INFORMATION MADE AVAILABLE TO OPTIONEE OR TO OTHERWISE INSPECT OR EVALUATE THE PROPERTY OR ANY MATTERS RELATING THERETO, SUCH FAILURE IS AT ITS OWN RISK, AND ITS DECISION TO ENTER INTO THIS OPTION CONTRACT AND TO PAY THE OPTION CONSIDERATION IS ITS OWN DECISION FOR WHICH IT IS SOLELY RESPONSIBLE. OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT THE OPTION PERIOD SHALL PROVIDE AMPLE TIME FOR OPTIONEE TO FURTHER INSPECT AND INVESTIGATE THE PROPERTY AND TO SATISFY ITSELF WITH ITS CONDITION, AND TO INDEPENDENTLY VERIFY ANY INFORMATION PROVIDED BY OPTIONOR, FOR PURPOSES OF DETERMINING WHETHER OR NOT OPTIONEE DESIRES TO EXERCISE THE OPTION, AND IF OPTIONEE FAILS TO SO INVESTIGATE THE PROPERTY AND/OR TO INDEPENDENTLY VERIFY ANY OF THE INFORMATION PROVIDED BY OPTIONOR, OPTIONEE AGREES THAT ITS FAILURE TO INVESTIGATE AND/OR VERIFY INFORMATION IS AT ITS OWN RISK AND IS ITS OWN DECISION FOR WHICH IT IS SOLELY RESPONSIBLE. OPTIONEE FURTHER EXPRESSLY ACKNOWLEDGES AND AGREES THAT OPTIONOR HAS NO DUTY OR OBLIGATION TO MAKE ANY INFORMATION AVAILABLE TO THE OPTIONEE WITH RESPECT TO THE PROPERTY (AND IF ANY SUCH DUTY OR OBLIGATION MIGHT OTHERWISE EXIST AT LAW OR IN EQUITY, OPTIONEE DOES, TO THE EXTENT PERMITTED, HEREBY EXPRESSLY WAIVE AND RELEASE SUCH DUTY OR OBLIGATION AND ITS RIGHT TO ENFORCE THE SAME) AND THAT THE INFORMATION PROVIDED TO THE OPTIONEE INCLUDING, WITHOUT LIMITATION, THAT PROVIDED PURSUANT TO SECTIONS 3.1 AND 3.3 ABOVE IS PROVIDED SOLELY AS A COURTESY TO OPTIONEE SUBJECT TO THE DISCLAIMERS SET FORTH IN THIS OPTION CONTRACT.

(c) OPTIONOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES (OTHER THAN THE WARRANTY OF TITLE, IF ANY, AS SET OUT IN THE DEED, AS DEFINED BELOW), PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST OR PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE PROPERTY, AND OPTIONEE ACKNOWLEDGES AND AGREES THAT THE FOREGOING STATEMENT IS TRUE AND CORRECT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OPTIONOR HEREBY AFFIRMATIVELY DISCLAIMS ANY REPRESENTATION, WARRANTY (OTHER THAN THE WARRANTY OF TITLE, IF ANY, AS SET OUT IN THE DEED), PROMISE, COVENANT, AGREEMENT OR GUARANTY OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR

WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO ANY OF THE FOLLOWING MATTERS:

- (i) EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THE DEED, ANY MATTERS AFFECTING TITLE TO THE PROPERTY;
- (ii) THE COMPLIANCE OF THE PROPERTY OR ANY PORTION THEREOF OR ITS OPERATION WITH ANY FEDERAL, STATE OR LOCAL LAWS, ORDINANCES, PERMITS, RULES, REGULATIONS OR REQUIREMENTS, INCLUDING, BUT NOT LIMITED TO, ENVIRONMENTAL LAWS;
- (iii) THE SUITABILITY OR APPROPRIATENESS OF THE PROPERTY OR ANY PORTION THEREOF FOR ANY USE OR ACTIVITY INCLUDING, WITHOUT LIMITATION, ITS FUTURE DEVELOPMENT OR RENOVATION, INCLUDING, WITHOUT LIMITATION, THE AREA, SIZE, CAPACITY, CASH FLOW, EXPENSES, DEVELOPABLE AREA, OR FOR THE CONDUCT OF ANY USES OR ACTIVITIES THAT OPTIONEE MAY ELECT TO CONDUCT THEREON;
- (iv) THE CONDITION OF THE PROPERTY OR ANY PORTION THEREOF INCLUDING WITHOUT LIMITATION, THE NATURE OR QUALITY OF CONSTRUCTION, DESIGN, MATERIALS OR ENGINEERING OF ANY IMPROVEMENTS;
- (v) THE PRESENCE OR ABSENCE OF ANY ENVIRONMENTAL MATTERS;
- (vi) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL OR GEOLOGY;
- (vii) THE INCOME TO BE DERIVED FROM THE PROPERTY;
- (viii) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PROPERTY; AND
- (ix) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY.

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, OPTIONEE ACKNOWLEDGES THAT OPTIONOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATION OR WARRANTY REGARDING COMPLIANCE OF THE PROPERTY OR ANY PORTION THEREOF OR ANY IMPROVEMENTS WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS

INCLUDING, WITHOUT LIMITATION, THE EXISTENCE IN OR ON THE PROPERTY OF HAZARDOUS MATERIALS (AS DEFINED BELOW).

(d) OPTIONEE, FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS AND ANYONE ELSE CLAIMING BY, THROUGH OR UNDER OPTIONEE, HEREBY EXPRESSLY WAIVES THE CLAIMS AND CAUSES OF ACTION DESCRIBED BELOW IN THIS SECTION 4.1(d) (WHETHER OR NOT SUCH CLAIMS OR CAUSES OF ACTION ARE KNOWN OR DISCOVERABLE AS OF THE DATE HEREOF) AND EXPRESSLY RELEASES OPTIONOR AND ALL RELEASED PARTIES (AS SUCH TERM IS DEFINED BELOW), JOINTLY AND SEVERALLY, FROM ANY AND ALL LIABILITY BASED IN WHOLE OR IN PART UPON ANY SUCH CLAIMS OR CAUSES OF ACTION:

(i) CLAIMS OR CAUSES OF ACTION BASED UPON ANY OF THE MATTERS DESCRIBED IN THIS SECTION 4.1 INCLUDING, WITHOUT LIMITATION, SUBSECTIONS (a) AND (b) OF THIS SECTION 4.1 OR SECTION 4.1(c) ABOVE OR ANY OF THE SUBSECTIONS CONTAINED IN SECTION 4.1(c);

(ii) CLAIMS OR CAUSES OF ACTION BASED UPON ANY ACTUAL OR ALLEGED FAILURE BY OPTIONOR OR ANY RELEASED PARTY TO SATISFY A DUTY TO DISCLOSE INFORMATION TO OPTIONEE CONCERNING THE PROPERTY, INCLUDING, BUT NOT LIMITED TO, INFORMATION CONCERNING THE PRESENCE OF ANY PATENT OR LATENT DEFECTS, DEFICIENCIES IN OR AFFECTING THE PROPERTY, OR THE PRESENCE OF ANY PATENT OR LATENT ENVIRONMENTAL MATTERS; AND

(iii) CLAIMS OR CAUSES OF ACTION BASED UPON OPTIONOR OR ANY RELEASED PARTY HAVING INACCURATELY STATED ANY INFORMATION CONCERNING THE PROPERTY.

(e) UPON THE EXERCISE OF THE OPTION AND AT THE CLOSING, OPTIONEE AND OPTIONEE'S SUCCESSORS AND ASSIGNS AGREE TO ACCEPT THE PROPERTY AND TO WAIVE ALL OBJECTIONS OR CLAIMS AGAINST OPTIONOR AND ALL OTHER RELEASED PARTIES (INCLUDING, BUT NOT LIMITED TO, ANY RIGHT OR CLAIM OF CONTRIBUTION) ARISING FROM OR RELATED TO THE PROPERTY OR TO ANY HAZARDOUS MATERIALS ON THE PROPERTY. OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT OPTIONOR IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON.

(f) Notwithstanding the parties' intent that the waiver and release provisions contained in this Section 4.1 bar all claims and causes of action by Optionee and Optionee's successors and assigns and anyone else claiming by, through or under Optionee, should a court of competent jurisdiction deem otherwise, Optionee agrees that the presence of the waiver and release

provisions in this Section 4.1 should serve as the overwhelming, primary factor in any equitable apportionment of costs under applicable federal, state or local laws, ordinances or regulations.

(g) Optionee acknowledges and agrees that the waiver and release provisions contained in this Section 4.1 and the indemnification and hold harmless provisions contained in the Environmental Agreement to be executed at Closing were each an essential component of the consideration for the Option, and at Closing, the same shall be essential components of the consideration for the sale of the Property.

(h) Optionee acknowledges and agrees that Optionee's sole recourse for claims or causes of action of the nature described in this Section 4.1 shall be to parties other than Optionor and all Released Parties and that economic recovery may not be possible against some or all of such parties.

(i) Each of the provisions of this Section 4.1 shall survive Closing and the execution and delivery of the Deed by Optionor and shall not be merged therein.

SECTION 4.2. HAZARDOUS MATERIALS. The term "Hazardous Materials" shall mean any substance which is or contains (a) any "hazardous substance" as now or hereafter defined in §101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.) ("CERCLA") or any regulations promulgated under CERCLA; (b) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act (42 U.S.C. §6901 et seq.) ("RCRA") or regulations promulgated under RCRA; (c) any substance regulated by the Toxic Substances Control Act (15 U.S.C. §2601 et seq.); (d) gasoline, diesel fuel, or other petroleum hydrocarbons; (e) asbestos and asbestos containing materials, in any form, whether friable or non-friable; (f) polychlorinated biphenyls; (g) radon gas; and (h) any additional substances or materials which are now or hereafter classified or considered to be hazardous or toxic under Environmental Laws (as hereinafter defined) or the common law, or any other applicable laws relating to the Property. Hazardous Materials shall include, without limitation, any substance, the presence of which on the Property (i) requires reporting, investigation or remediation under Environmental Laws; (ii) causes or threatens to cause a nuisance on the Property or adjacent property or poses or threatens to pose a hazard to the health or safety of persons on the Property or adjacent property; or (iii) which, if it emanated or migrated from the Property, could constitute a trespass.

SECTION 4.3. ENVIRONMENTAL LAWS. The term "Environmental Laws" shall mean all laws, ordinances, statutes, codes, rules, regulations, agreements, judgments, orders, and decrees, now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities, or any other political subdivisions in which the Property is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over the owner of the Property, the Property, or the use of the Property, relating to pollution, the protection or regulation of human health, natural resources, or the environment, or the emission, discharge, release or threatened release of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or waste or Hazardous Materials into the environment (including, without limitation, ambient air, surface water, ground water or land or soil).

SECTION 4.4. RELEASE OF HAZARDOUS MATERIAL. The term "Release" shall mean the discharge, disposal, deposit, injection, dumping, spilling, leaking, leaching, placing, presence, pumping, pouring, emitting, emptying, escaping or other release of any Hazardous Material.

SECTION 4.5. ENVIRONMENTAL MATTERS. The term "Environmental Matter" shall mean any of the following: (a) the Release of any Hazardous Material on or at the Property or any other property; (b) the migration of any Hazardous Material onto or from the Property; (c) the environmental, health or safety aspects of the transportation, storage, treatment, handling, use or Release, whether any of the foregoing occurs on or off the Property, of Hazardous Materials in connection with the operations or past operations of the Property; (d) the violation, or alleged violation with respect to the Property, of any Environmental Law, order permit or license of or from any governmental authority, agency or court relating to environmental, health or safety matters; (e) the presence of any underground storage tanks within the confines of the Land; (f) the presence of wetlands within the confines of the Land; (g) the presence of any endangered species on, in or around the Land; (h) the characterization of the Property as historical in nature in any way; or (i) soil, groundwater and surface conditions on, in or around the Property which may have an adverse effect upon the use or value of the Property.

SECTION 4.6. RELEASED PARTIES. The term "Released Parties" shall mean Cullen/Frost Bankers, Inc., Optionor and any person or entity owned or controlled by or owning and controlling or under common control with or affiliated with any of the foregoing entities, and all of the directors, officers, partners, employees, attorneys, agents, contractors, representatives, successors and assigns of each of the persons and entities referenced above in this Section 4.6.

ARTICLE V

CLOSING

SECTION 5.1. CLOSING. The Closing (the "Closing") shall be held at the office of San Jacinto Title Services of Corpus Christi, L.L.C. (the "Title Company"), Attention: Escrow Manager, at 5926 South Staples, Suite A, Corpus Christi, Texas 78413 at 10:00 a.m. on the first business day following the expiration of thirty (30) days after the date on which the Option is exercised pursuant to Section 2.1 above (the "Closing Date"), unless the parties mutually agree upon another place, time or date.

SECTION 5.2. POSSESSION. Possession of the Property shall be delivered to Optionee at the Closing, subject to the Permitted Exceptions and the Leases, including the Bank Lease Agreement.

SECTION 5.3. PRORATION. All rents, income, utilities and all other operating expenses with respect to the Property for the month in which the Closing occurs, and real estate and personal property taxes and other assessments with respect to the Property for the year in which the Closing occurs shall be prorated to the date Optionor receives the Purchase Price in immediately available funds.

(a) The apportionment of taxes shall be based on the most current fixed tax rate applied to the lesser of the taxing authority's current assessed value for the Property or the Purchase Price, and no further adjustments, whether refunds or repayments, shall be made after the Closing between the parties. After the Closing, Optionor shall incur no further liability for any real estate and personal property taxes and other assessments with respect to the Property for the then current year, **AND OPTIONEE AGREES TO PAY ALL SUCH TAXES AND ASSESSMENTS, AND INDEMNIFY AND SAVE OPTIONOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS AND LIABILITIES FOR SUCH TAXES AND ASSESSMENTS.** If, as of the Closing, the Property is not being treated as a separate tax parcel, then the taxes and assessments attributable to the Property shall be determined by Optionor in its

sole and absolute discretion. Furthermore, within thirty (30) days after the Closing, Optionee shall, at its sole cost and expense, have the Property assessed separately for tax and assessment purposes. In the event the Property has been assessed for property tax purposes at such rates as would result in "roll-back" taxes upon changes in land usage or ownership of the Property, Optionee agrees to pay all such taxes and indemnify and save Optionor harmless from and against any and all claims and liabilities for such taxes.

(b) If the Closing shall occur before rents and all other amounts payable by the tenants under the Leases and all other income from the Property have actually been paid for the month in which the Closing occurs, the apportionment of such rents and other amounts and other income shall be conclusively made upon the basis of such rents and other amounts and other income actually received by Optionor.

(c) If the Closing shall occur before the actual amount of utilities and all other operating expenses with respect to the Property for the month in which the Closing occurs are determined, the apportionment of such utilities and other operating expenses shall be conclusively made upon the basis of an estimate by Optionor of such utilities and other operating expenses for such month.

The agreements of Optionor and Optionee set forth in this Section 5.3 shall survive the Closing.

SECTION 5.4. CLOSING COSTS. Except as otherwise expressly provided herein, Optionor shall pay, on the Closing Date, the title insurance premium for the Owner's Policy (as hereinafter defined), one-half (½) of any escrow fees and other customary charges of the Title Company, and Optionee shall pay, on the Closing Date, all recording costs, one-half (½) of any escrow fees and other customary charges of the Title Company. Except as otherwise provided herein, each party shall pay its own attorneys' fees.

SECTION 5.5. OPTIONOR'S OBLIGATIONS AT THE CLOSING. At the Closing, Optionor shall deliver to Optionee the following:

(a) Instructions to the Title Company to issue an owner's title policy in Texas standard form (the "Owner's Policy"), naming Optionee as insured, insuring that Optionee owns good and indefeasible fee simple title to the Property, subject only to the Permitted Exceptions together with authorization for the Title Company to deduct the basic premium for the Owner's Policy from the cash portion of the Purchase Price, if any, otherwise Optionor will pay cash for the premium at the Closing. The amount of the Owner's Policy will be based on the total tax market (appraised) value of the Complex thirty (30) days prior to the Closing Date. Optionee, at Optionee's sole expense, may elect to cause the Title Company to amend the survey exception to read "any shortages in area".

(b) An certificate of Optionor certifying that Optionor is not a "foreign person," as defined in the federal Foreign Investment in Real Property Tax Act of 1980, and the 1984 Tax Reform Act, as amended, in the form attached to this Option Contract as Exhibit E and made a part hereof for all purposes.

SECTION 5.6. OPTIONEE'S OBLIGATIONS AT THE CLOSING. At the Closing, Optionee shall deliver to Optionor the following:

(a) The cash portion of the Purchase Price, if any, by wire transfer of immediately available funds subject, however, to a credit against the Purchase Price in the amount of the combined Option Consideration and Option Exercise Fee actually paid to and received by Optionor.

(b) Copy of Optionee's ordinances (or comparable evidence of authority), certified as true and complete as of the Closing Date, authorizing Optionee's acquisition of the Property pursuant to this Option Contract and evidencing the authority of the persons signing this Option Contract and any documents to be executed by Optionee at the Closing.

SECTION 5.7. DOCUMENTS TO BE EXECUTED BY OPTIONOR AND OPTIONEE. At the Closing, Optionor and Optionee shall also execute the following:

(a) Special Warranty Deed (the "Deed") conveying the Land and the Improvements to Optionee subject to no exceptions other than the Permitted Exceptions, in the form attached to this Option Contract as Exhibit F and made a part hereof for all purposes.

(b) Environmental Agreement in the form attached hereto as Exhibit D and made a part hereof for all purposes.

(c) A Bill of Sale and Assignment transferring to Optionee all of Optionor's right, title and interest in the Personal Property and Intangible Personal Property, in the form of Exhibit G attached hereto and made a part hereof for all purposes.

ARTICLE VI

RISK OF LOSS

SECTION 6.1. CONDEMNATION. If, subsequent to the date Optionee shall exercise the Option, but prior to the Closing, action is initiated to take any of the Property by eminent domain proceedings or by deed in lieu thereof, Optionee may either (a) terminate this Option Contract, or (b) consummate the Closing, in which latter event the award of the condemning authority shall be assigned to Optionee at the Closing.

SECTION 6.2. CASUALTY. If the Property, or any part thereof, suffers any damage in excess of \$500,000.00 subsequent to the date Optionee shall exercise the Option but prior to the Closing from fire, storm, accident or other casualty, which Optionor, at its sole option, does not repair, Optionee may either (a) terminate this Option Contract, or (b) consummate the Closing, in which latter event the right to receive proceeds of any insurance covering such damage shall be assigned to Optionee at the Closing. Optionee hereby agrees that if Optionee consummates the Closing after the Property is damaged by fire, storm, accident or other casualty, Optionee shall only be entitled only to an assignment of the right to receive insurance proceeds from Optionor, regardless of whether the amount of any such proceeds have been determined. Optionee hereby agrees that Optionee is not a third party beneficiary of any insurance which may be carried by Optionor covering the Property, and nothing contained in this Section 6.2 shall be construed so as to confer any third party beneficiary rights upon Optionee. If the Property, or any part

thereof, suffers any damage equal to or less than \$1,000,000.00 subsequent to the date Optionee shall exercise the Option but prior to the Closing, Optionee agrees that it will consummate the Closing and accept the assignment of the proceeds of any insurance covering such damage at the Closing.

ARTICLE VII

DEFAULT

SECTION 7.1. BREACH BY OPTIONOR. If Optionee timely and properly exercises the Option but Optionor breaches this Option Contract by failing or refusing to close the sale of the Property, Optionee may, as its sole and exclusive remedy, either (a) terminate this Option Contract and thereupon shall be entitled to ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$100,000.00) from the Optionor as liquidated damages under this Option Contract, or (b) enforce specific performance of this Option Contract. The above-described remedy as selected by Optionee shall be Optionee's sole and exclusive remedy under the Option Contract. Optionor and Optionee have made this provision for liquidated damages because it would be difficult to calculate, on the date hereof, the amount of actual damages for such breach, and because this sum represents reasonable compensation to the Optionee for such breach. In no event shall Optionor be liable to Optionee for any actual, punitive, speculative, or consequential damages, or any other damages other than the \$100,000.00 liquidated damages set out above. **OPTIONEE SPECIFICALLY WAIVES ALL RIGHT TO FILE ANY LIS PENDENS OR OTHER LIEN AGAINST THE PROPERTY. OPTIONEE ACKNOWLEDGES AND AGREES THAT THE FOREGOING WAIVERS, RELEASES AND LIMITATIONS OF REMEDIES WERE EACH AN ESSENTIAL COMPONENT OF THE CONSIDERATION FOR THE OPTION, AND AT CLOSING, THE SAME SHALL BE ESSENTIAL COMPONENTS OF THE CONSIDERATION FOR THE SALE OF THE PROPERTY.**

SECTION 7.2. BREACH BY OPTIONEE. If Optionee breaches this Option Contract, Optionor shall be entitled to all rights and remedies available to the Optionor under this Option Contract or otherwise at law or in equity, including, without limitation, the right to terminate the Optionee Lease.

ARTICLE VIII

LEASING

SECTION 8.1. LEASING. During the Option Period and, if the Option is exercised, during the period prior to Closing (unless this Option Contract is otherwise terminated), Optionor will not lease any space in the Improvements except on substantially the same terms and conditions as the Leases to date, and, except for the lease of the Bank Space described in Section 8.2 below, with respect to new Leases and the renewal or extension of any existing Leases which may hereafter expire, Optionor may enter into Leases on a month-to-month basis.

SECTION 8.2. OPTIONOR LEASE. In the event the Option is exercised, Optionor, in Optionor's sole discretion, may lease up to 11,301 square feet of space in the Improvements in the area currently occupied by Bank on the date of this Option Contract (the "Bank Space") from Optionee for a term of five (5) years at the rental rate then in effect under the Optionee Lease on the commencement date of such lease (less the portion of such rental rate that represents unamortized deferred rental under the Optionee Lease),

$$\begin{array}{l} \$ 3.67 \text{ per s.f.} \\ 13 \\ 11,301 \text{ sf} = 41,475 / \text{yr} \\ 3,456.23 / \text{mo} \end{array}$$

with two (2) 5-year renewal options at a market rental rate to be negotiated between Optionor and Optionee at the time of such renewal. In the event Optionor elects to lease the Bank Space as set forth above, Optionor and Optionee shall execute and deliver with and to one another the form of Lease Agreement (the "Bank Lease Agreement") attached hereto as Exhibit H and made a part hereof for all purposes.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1. EXERCISE OF OPTION AND NOTICES. Unless otherwise expressly provided in this Option Contract, all notices, demands and requests which may be given or which are required to be given by either party to the other, and any exercise of a right of termination provided by this Option Contract, shall be in writing and shall, except as provided below with respect to notices sent by registered or certified mail, be deemed effective when either: (a) personally delivered to the intended recipient; (b) sent, by certified or registered mail, return receipt requested, addressed to the intended recipient at the address specified below; (c) delivered in person to the address set forth below for the party to whom the notice was given; (d) deposited into the custody of a nationally recognized overnight delivery service such as Federal Express Corporation, Lone Star, or DHL, addressed to such party at the address specified below; or (e) sent by facsimile, telegram or telex, provided that receipt for such facsimile, telegram or telex is verified by the sender and followed by a notice sent in accordance with one of the other provisions set forth above. Notices sent by certified or registered mail shall be effective on the date of delivery or receipt, or, if delivery is not accepted, on the earlier of the date that delivery is refused or three (3) days after the date the notice is mailed. For purposes of this Section 9.1, the addresses of the parties for all notices are as follows (unless changed by similar notice in writing given by the particular person whose address is to be changed):

If to Optionor: The Frost National Bank
 P.O. Box 1600
 San Antonio, Texas 78296
 Attn: Properties Management Dept., T-11
 Facsimile: (210) 220-4011
 Telephone: (210) 220-5036

If to Optionee: The City of Corpus Christi
 P.O. Box 9277
 Corpus Christi, Texas 78469-9277
 Attn: City Manager
 Facsimile: (361) 880-3220
 Telephone: (361) 880-3839

If to Title Company: San Jacinto Title Services of Corpus Christi, L.L.C.
 5926 South Staples, Suite A
 Corpus Christi, Texas 78413
 Attn: Escrow Manager
 Facsimile: (361) 884-7582
 Telephone: (361) 884-3702

SECTION 9.2. REAL ESTATE COMMISSIONS. Optionor agrees to pay COBB-LUNDQUIST REALTORS, INC. (hereinafter called the "Agent" whether one or more) upon the Closing of the transaction contemplated hereby, and not otherwise, a cash commission pursuant to a separate commission sharing agreement between Optionor and Agent, to be payable out of the cash portion of the Purchase Price. Said commission shall in no event be payable unless and until the transaction contemplated hereby is closed in accordance with the terms of this Option Contract. If such transaction is not closed for any reason, including, without limitation, default by Optionor or Optionee or termination of this Option Contract pursuant to the terms hereof, then such commission will not be deemed to have been earned and shall not be due or payable. Optionee represents to Optionor that Optionee has not authorized any broker or finder to act on Optionee's behalf in connection with the sale and purchase hereunder and that Optionee has not dealt with any broker or finder purporting to act on behalf of any other party. **OPTIONEE AGREES TO INDEMNIFY AND HOLD HARMLESS OPTIONOR FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, COSTS OR EXPENSES OF ANY KIND OR CHARACTER ARISING OUT OF OR RESULTING FROM ANY AGREEMENT, ARRANGEMENT OR UNDERSTANDING (EXCEPT AS SET FORTH ABOVE WITH RESPECT TO THE AGENT) ALLEGED TO HAVE BEEN MADE BY OPTIONEE OR ON OPTIONEE'S BEHALF WITH ANY BROKER OR FINDER IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY. AGENT AGREES TO INDEMNIFY AND HOLD HARMLESS OPTIONOR AND OPTIONEE FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, COSTS OR EXPENSES OF ANY KIND OR CHARACTER ARISING OUT OF OR RESULTING FROM ANY OPTION CONTRACT, ARRANGEMENT OR UNDERSTANDING ALLEGED TO HAVE BEEN MADE BY SUCH AGENT OR ON SUCH AGENT'S BEHALF WITH ANY BROKER OR FINDER IN CONNECTION WITH THIS OPTION CONTRACT OR THE TRANSACTION CONTEMPLATED HEREBY. IN ACCORDANCE WITH THE TERMS OF THE REAL ESTATE LICENSE ACT OF THE STATE OF TEXAS, THE UNDERSIGNED AGENT HEREBY ADVISE OPTIONEE THAT OPTIONEE SHOULD HAVE THE ABSTRACT COVERING THE PROPERTY EXAMINED BY AN ATTORNEY OF OPTIONEE'S SELECTION, OR THAT OPTIONEE SHOULD BE FURNISHED WITH OR OBTAIN A POLICY OF TITLE INSURANCE.** Agent is executing this Option Contract to evidence their agreement to the matters contained in this Section 9.2 and are not otherwise a party to this Option Contract. Notwithstanding anything to the contrary contained herein, this Section 9.2 shall survive the Closing or any earlier termination of this Option Contract.

SECTION 9.3. ENTIRE AGREEMENT. This Option Contract embodies the entire agreement between the parties relative to the subject matter hereof, and there are no oral or written agreements between the parties, nor any representations made by either party relative to the subject matter hereof, which are not expressly set forth herein.

SECTION 9.4. AMENDMENT. This Option Contract may be amended only by a written instrument executed by the party or parties to be bound thereby.

SECTION 9.5. HEADINGS. The captions and headings used in this Option Contract are for convenience only and do not in any way limit, amplify, or otherwise modify the provisions of this Option Contract.

SECTION 9.6. TIME OF ESSENCE. Time is of the essence of this Option Contract; however, if the final date of any period which is set out in any provision of this Option Contract falls on a Saturday, Sunday or legal holiday under the laws of the United States or the State of Texas, then, in such event, the time of such period shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

SECTION 9.7. GOVERNING LAW. THIS OPTION CONTRACT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES PERTAINING TO TRANSACTIONS IN SUCH STATE.

SECTION 9.8. SUCCESSORS AND ASSIGNS; ASSIGNMENT. This Option Contract shall bind and inure to the benefit of Optionor and Optionee and their respective legal representatives, successors and permitted assigns. Optionee shall not, however, assign Optionee's rights under this Option Contract without the prior written consent of Optionor, which consent may be withheld absolutely for any reason or for no reason. This Option Contract is solely for the benefit of Optionor and Optionee. There are no third party beneficiaries hereof. Any assignment of this Option Contract in violation of the foregoing provisions shall be null and void.

SECTION 9.9. INVALID PROVISION. If any provision of this Option Contract is held to be illegal, invalid or unenforceable under present or future laws, (a) such provision shall be fully severable, (b) this Option Contract shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Option Contract, and (c) the remaining provisions of this Option Contract shall remain in full force and effect and shall not be affected by such illegal, invalid, or unenforceable provision or by its severance from this Option Contract.

SECTION 9.10. ATTORNEYS' FEES. In the event it becomes necessary for either party hereto to file suit to enforce this Option Contract or any provision contained herein, the party prevailing in such suit shall be entitled to recover, in addition to all other remedies or damages, as provided herein, reasonable attorneys' fees incurred in such suit.

SECTION 9.11. MULTIPLE COUNTERPARTS. This Option Contract may be executed in a number of identical counterparts which, taken together, shall constitute collectively one (1) agreement, but in making proof of this Option Contract, it shall not be necessary to produce or account for more than one such counterpart.

SECTION 9.12. DATE OF OPTION CONTRACT. As used in this Option Contract, the terms "date of this Option Contract" or "date hereof" shall mean and refer to the date of execution of this Option Contract by Optionor.

SECTION 9.13. EXHIBITS. The following exhibits are attached to this Option Contract and are incorporated into this Option Contract and made a part hereof:

- (a) Exhibit A, the Land.
- (b) Exhibit B, Leases.
- (c) Exhibit C, Option Exercise Notice.
- (d) Exhibit D, the Environmental Agreement.
- (e) Exhibit E, the Certificate of Nonforeign Status.

- (f) Exhibit F, the Special Warranty Deed.
- (g) Exhibit G, the Bill of Sale and Assignment.
- (h) Exhibit H, the Lease Agreement.

SECTION 9.14. INDEMNIFICATION AGREEMENTS SURVIVE. Unless otherwise expressly provided herein to the contrary, all indemnification agreements shall survive the termination or Closing, as applicable, of this Option Contract.

SECTION 9.15. MEDIATION OF DISPUTES. In the case of any and all claims or disputes arising between or among Optionor and Optionee, if such parties are unable to resolve the matter within a reasonable period of time, each hereby agrees to submit such claim or dispute to mediation in accordance with the rules and procedures set forth in Chapter 154 of the Texas Civil Practice and Remedies Code, as amended from time to time. Optionor and Optionee hereby agree that all such claims and/or disputes will be submitted to mediation, before any lawsuit is filed, or other formal action is taken, to resolve such claim or dispute by or through the litigation or arbitration processes; provided, however, that the provisions hereof shall not prevent any party from filing a lawsuit, or taking any other action, as may be necessary to preserve the legal rights of that party from impairment or extinction under any applicable statute of limitation, or other similar statute or rule of law. Optionor and Optionee hereby agree to give the other written notice of any claim or dispute which Optionor or Optionee desire to submit to mediation under the procedures contained herein. Upon the giving of such written notice, Optionor and Optionee shall first seek to agree on the person or persons who shall function as the mediator or mediators in connection with the mediation proceeding. If, after a reasonable period of time, Optionor and Optionee are unable to agree on a suitable mediator, they shall request the judge of the Presiding Court of Travis County, Texas, to appoint a duly qualified mediator to conduct the mediation. Optionor and Optionee shall bear equally the fees charged by the mediator and other associated costs of the mediation process. In connection with any such mediation, Optionor and Optionee hereby agree to make a good faith effort to settle their disputes and resolve any claims through the mediation process. If, however, after a good faith effort to resolve any such dispute or claim through mediation, no settlement, or resolution is achieved, Optionor and Optionee shall be free to initiate litigation or to take whatever other action they may desire or deem appropriate in the circumstances.

SECTION 9.16. WAIVER OF JURY TRIAL. Optionee hereby waives any and all rights which it may have to request a jury trial in any proceeding at law or in equity in any court of competent jurisdiction.

IN TESTIMONY WHEREOF, the parties hereto have executed this Option Contract as of the day and year first above written.

OPTIONOR'S SIGNATURE PAGE TO OPTION CONTRACT

OPTIONOR:

DATE OF EXECUTION
BY OPTIONOR:

May 17, 2000

THE FROST NATIONAL BANK, a national
banking association

By: Mike Carroll
Name: MIKE CARROLL
Title: PRESIDENT - CORPUS CHRISTI REGION

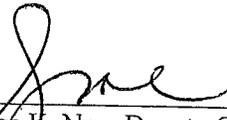
OPTIONEE'S SIGNATURE PAGE TO OPTION CONTRACT

OPTIONEE:

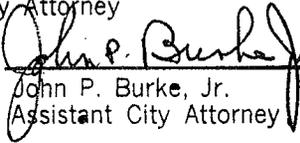
DATE OF EXECUTION
BY OPTIONEE:

6/5/10

THE CITY OF CORPUS CHRISTI

By: 
George K. Noe, Deputy City Manager

Approved as to form:
James R. Bray, Jr.
City Attorney

By:  5/18/00
John P. Burke, Jr.
Assistant City Attorney

ATTEST: 
ARMANDO CHAPA
CITY SECRETARY

M2000-167 AUTHORIZED
BY COUNCIL 9/30/00
ac
SECRETARY met

**ACKNOWLEDGEMENT AND AGREEMENT
BY THE AGENT**

Agent joins in execution of this Option Contract for the purpose of representing and warranting to Optionee and Optionor that Agent (a) is a duly licensed real estate broker under the Texas Real Estate Licensing Act and its applicable regulations, (b) is duly authorized to earn and receive a commission in connection with the transaction evidenced by this Option Contract, and (c) acknowledges and agrees to the terms and provisions of Section 9.2 hereof. AGENT SHALL EACH INDEMNIFY AND HOLD OPTIONEE AND OPTIONOR HARMLESS FROM ANY LOSS, LIABILITY, DAMAGE, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) RESULTING BY REASON OF A BREACH OF THE REPRESENTATIONS AND WARRANTIES MADE BY SUCH AGENT IN SECTION 9.2 AND IN THIS ACKNOWLEDGMENT. THIS INDEMNITY SHALL SURVIVE THE CLOSING.

AGENT:

COBB-LUNDQUIST REALTORS, INC.

By: Wayne Lundquist
Name: WAYNE LUNDQUIST
Title: OWNER

Date: May 17, 2000

EXHIBIT A

LAND

TRACT I:

LOTS ONE (1), TWO (2), THREE (3), FOUR (4), FIVE (5), SIX (6), SEVEN (7), EIGHT (8), NINE (9), TEN (10), ELEVEN (11), TWELVE (12), THIRTEEN (13), FOURTEEN (14) AND FIFTEEN (15), BLOCK ONE (1), THE HIGHLANDS ADDITION, situated in the City of Corpus Christi, Texas, as shown by the map or plat thereof, recorded in Volume 3, Page 58, Map Records of Nueces County, Texas, to which reference is here made for all pertinent purposes;

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') of Lots 1 & 2, Block 1, The Highlands Addition, conveyed to the City of Corpus Christi by Deed dated February 14, 1927, for the widening of Leopard Street, recorded under Clerk's File No. 45768, Volume 179, Page 59, Deed Records of Nueces County, Texas; and further

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') of Lots 3, 4 & 5, Block 1, The Highlands Addition, conveyed to the City of Corpus Christi by Deed dated December 10, 1926, for the widening of Leopard Street, recorded under Clerk's File No. 45762, Volume 179, Page 55, Deed Records of Nueces County, Texas; and further

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') of Lots 6 & 7, Block 1, The Highlands Addition, conveyed to the City of Corpus Christi by Deed dated December 9, 1926, for the widening of Leopard Street, recorded under Clerk's File No. 45763, Volume 179, Page 56, Deed Records of Nueces County, Texas.

TRACT II:

LOT ONE-A (1-A), BLOCK ONE (1), NELSON ADDITION NO. 2, an Addition situated in the City of Corpus Christi, Texas, as shown by the map or plat thereof, recorded in Volume 26, Page 57, Map Records of Nueces County, Texas, to which reference is here made for all pertinent purposes.

TRACT III:

LOTS TWO (2), THREE (3), FOUR (4) AND FIVE (5), BLOCK ONE (1), NELSON ADDITION NO. 2, situated in the City of Corpus Christi, Texas, as shown by the map or plat thereof, recorded in Volume 1, Page 18, Map Records of Nueces County, Texas, to which reference is here made for all pertinent purposes;

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') previously conveyed to the City of Corpus Christi, Texas, as referenced in Deed dated January 21, 1982, from Ruth Slaka Sheinberg to Citizens State Bank of Corpus Christi, recorded under Clerk's File No. 255917, Volume 1809, Page 647, Deed Records of Nueces County, Texas.

SAVE AND EXCEPT, HOWEVER, the South Ten Feet (S.10') conveyed to the City of Corpus Christi, Texas, by Deed dated December 10, 1926, from T. M. Lawrence, recorded under Clerk's File No. 45663,

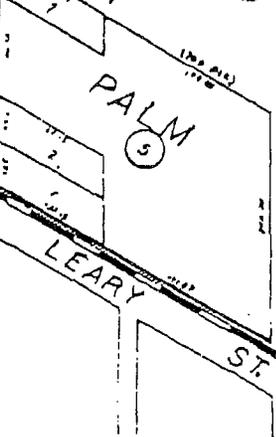
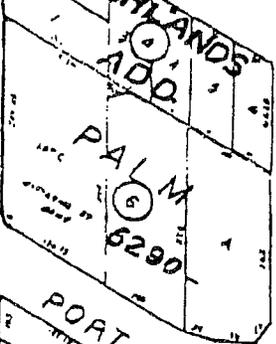
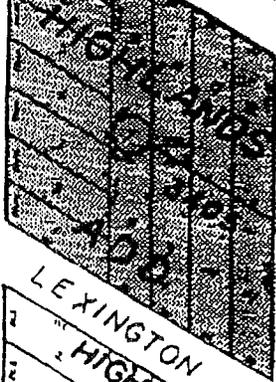
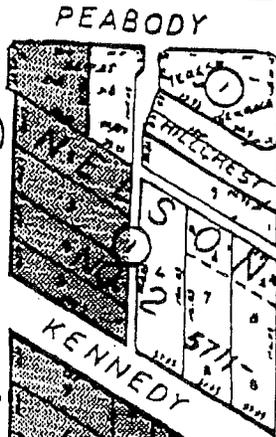
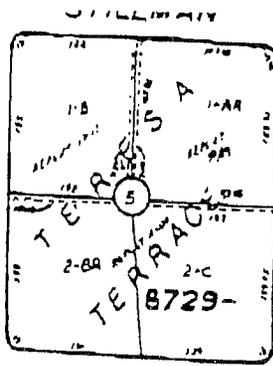
Volume 179, Page 55, Deed Records of Nueces County, Texas, affecting Lots 4 & 5, Block 1, Nelson Addition No. 2.

ALL OF THE FOREGOING LOTS ARE DESCRIBED ON THE DRAWING ATTACHED TO THIS EXHIBIT A.

U-25

LEASE AGREEMENT:

- 1. Main Building on 2.67 acres.
- 2. 5 lots with 993 s.f. office bldg.



(2)

(1)

(6)

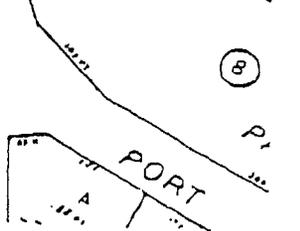
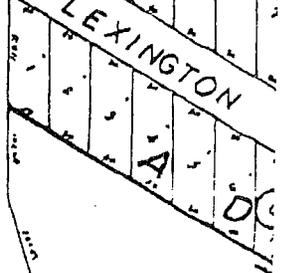
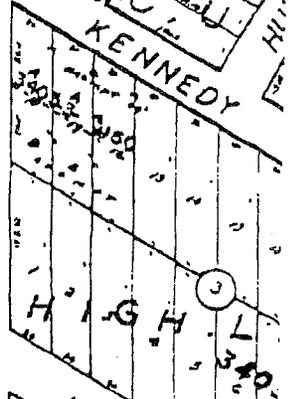
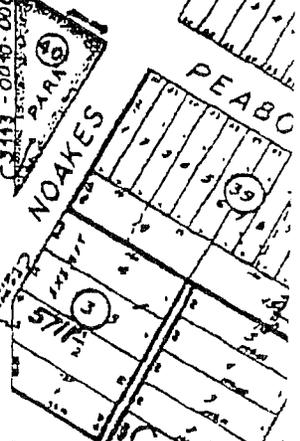
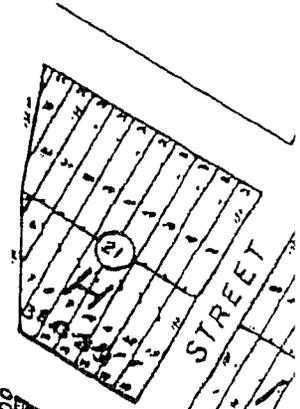
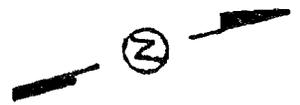
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STATE HIGHWAY NO. 37

EXPRESSWAY (IH37)

SAULSBURY

U-20

LEARY ST.

ST.

EXHIBIT B

LEASES

NONE

EXHIBIT C

OPTION EXERCISE NOTICE

The Frost National Bank
P.O. Box 1600
San Antonio, TX 78296
Attn: Properties Management Department, T-11

Re: Option to Purchase dated _____, 2000 entered into by and between
The Frost National Bank ("Optionor") and The City of Corpus Christi ("Optionee")

Ladies and Gentlemen:

This letter shall constitute formal notification by Optionee to Optionor of the exercise by Optionee of its right and option to purchase the Property described in the above-referenced Option to Purchase. Such purchase shall be consummated in strict accordance with the terms and provisions of said Option to Purchase. It is expressly understood and agreed that time is of the essence and that the exercise of the Option by the Optionee is unconditional and irrevocable and is not subject to any contingency or any qualification of any nature whatsoever. Optionee ratifies and confirms the Option to Purchase and acknowledges and agrees that the Option to Purchase embodies the entire agreement between Optionee and Optionor relative to the subject matter thereof and that there are no oral or written agreements between Optionee and Optionor or any representations or warranties made by either Optionee or Optionor relative to the subject matter of the Option to Purchase which are not expressly set forth therein.

OPTIONEE ACKNOWLEDGES THAT OPTIONOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE INCOME TO BE DERIVED FROM THE PROPERTY, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH OPTIONEE MAY CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY, (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY, OR (H) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY, AND SPECIFICALLY, THAT OPTIONOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS REGARDING COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING THE DISPOSAL OR EXISTENCE, IN OR ON THE PROPERTY, OF ANY HAZARDOUS MATERIALS AS DEFINED IN THE OPTION TO PURCHASE. OPTIONEE FURTHER ACKNOWLEDGES THAT THE SALE OF THE

SANANTONIO 314658v7 82600-03995

PROPERTY SHALL BE MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS. OPTIONEE FURTHER ACKNOWLEDGES AND UNDERSTANDS AND AGREES THAT OPTIONOR DOES NOT AND SHALL NOT HAVE ANY DUTY OR OBLIGATION OF ANY NATURE WHATSOEVER TO CURE, CORRECT OR OTHERWISE REMEDY, ELIMINATE OR MITIGATE AGAINST ANY CONDITION OR OTHER MATTER RELATING TO OR AFFECTING THE PROPERTY OR ANY PORTION THEREOF DURING THE OPTION PERIOD OR, IF THE OPTION IS EXERCISED, DURING THE PERIOD PRECEDING THE CLOSING OR AT ANY TIME SUBSEQUENT TO THE CLOSING OR ANY OTHER TIME OR UNDER ANY CIRCUMSTANCES WHATSOEVER UNLESS A WRITTEN AGREEMENT ENTERED INTO SUBSEQUENT TO THE DATE HEREOF WHICH SETS FORTH ALL MATERIAL TERMS AND CONDITIONS APPLICABLE TO ANY SUCH ACTION SHALL BE DULY EXECUTED AND DELIVERED BY AN AUTHORIZED REPRESENTATIVE OF THE OPTIONOR AND BY THE OPTIONEE AND EACH AND EVERY PERSON OR ENTITY WHO MAY BE INTERESTED THEREIN OR AFFECTED THEREBY.

Respectfully,

THE CITY OF CORPUS CHRISTI

By: _____
Name: _____
Title: _____

EXHIBIT D

ENVIRONMENTAL AGREEMENT

THIS ENVIRONMENTAL AGREEMENT (this "Agreement") is entered into between THE CITY OF CORPUS CHRISTI ("Purchaser"), and THE FROST NATIONAL BANK, a national banking association ("Seller").

R E C I T A L S:

A. Seller and Purchaser entered into an Option to Purchase dated as of _____, 2000 (the "Option Contract"), for the purchase and sale of certain real and personal property more fully described in the Option Contract.

B. The Option Contract relates to the purchase and sale of the real property situated in Nueces County, Texas, described on Exhibit A attached hereto and made a part hereof for all purposes (the "Property").

C. The Option Contract requires the parties to execute this Agreement as a condition of Closing.

A G R E E M E N T:

In consideration of the mutual covenants, promises, and agreements contained in this Agreement, and for the further consideration described in the Option Contract, Seller and Purchaser hereby agree as follows:

1. Definitions. As used herein, the following terms shall have the following meanings and any other capitalized terms shall have the meaning set forth in the Option Contract:

(a) "**Environmental Activity**" shall mean any storage, holding, manufacture, emission, discharge, generation, processing, treatment, remediation, abatement, removal, disposition, handling, transportation or disposal, or any actual, proposed or threatened release of any "Hazardous Materials" (as defined below) from, under, into or on the Property or otherwise relating to the Property or the "Use" of the Property, including, but not limited to, (i) the migration or emanation of Hazardous Materials from the Property onto or into the environment beyond the physical boundaries of the Property; (ii) the off-site disposal of Hazardous Materials from the Property; and (iii) activity occurring in connection with ambient air, surface and subsurface soil conditions, and all surface and subsurface waters.

(b) "**Environmental Agency**" shall mean any federal, state, county, city or political subdivision or agency with jurisdiction over "Environmental Requirements" (as defined below).

(c) "**Environmental Condition**" shall mean (i) the presence or existence in, on, above, at, or under the Property of any Hazardous Materials, underground or above-ground storage tanks, wells, covered-over surface impoundments or similar areas, any "facility," as that term is defined under

applicable Environmental Requirements, and (ii) the presence or existence in, on, above, at, or under the environment beyond the physical boundaries of the Property of any Hazardous Materials, but contiguous to such boundaries, which migrated or emanated from the Property.

(d) "**Environmental Costs**" shall mean any of the following which arise in any manner in connection with Environmental Activity or an Environmental Condition, regardless of whether based in contract, tort, implied or express warranty, strict liability, Environmental Requirement or otherwise: all liabilities, losses, judgments, damages, punitive damages, consequential damages, treble damages, costs and expenses (including, without limitation, the reasonable fees and disbursements of legal counsel and environmental consultants, all costs related to the performance of any required or necessary assessments, investigations, remediation, response, containment, closure, restoration, repair, cleanup or detoxification of the Property or any part thereof, the preparation and implementation of any maintenance, monitoring, closure, remediation, abatement or other plans required by an Environmental Agency or by Environmental Requirements and any other costs recovered or recoverable under any Environmental Requirement), fines, penalties or monetary sanctions. Environmental Costs shall include, without limitation: (a) damages for personal injury or death, injury to property or to natural resources or trespass; (b) damage to the Property or damage resulting from the loss of the Use of all or any part of the Property, including, but not limited to, business loss; (c) the cost of any demolition, rebuilding or repair of the Property, or other property, required by Environmental Requirements or necessary to restore the Property, or such other property, to its condition prior to damage caused by an Environmental Condition, Environmental Activity or by the remediation of an Environmental Condition or Environmental Activity; and (d) diminution in value of the Property.

(e) "**Environmental Requirements**" shall mean all laws, ordinances, statutes, codes, rules, regulations, agreements, judgments, orders, and decrees, now or hereafter enacted, promulgated, or amended, of the United States, the states, the counties, the cities, or any other political subdivisions in which the Property is located, and any other political subdivision, agency or instrumentality exercising jurisdiction over Purchaser, the Property, or the Use of the Property, relating to pollution, the protection or regulation of human health, natural resources, or the environment, or the emission, discharge, release or threatened release of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or waste or Hazardous Materials into the environment (including, without limitation, ambient air, surface water, ground water or land or soil).

(f) "**Hazardous Materials**" shall mean any substance which is or contains (i) any "hazardous substance" as now or hereafter defined in §101(14) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended ("**CERCLA**") (42 U.S.C. §9601 *et seq.*) or any regulations promulgated under CERCLA; (ii) any "hazardous waste" as now or hereafter defined in the Resource Conservation and Recovery Act (42 U.S.C. §6901 *et seq.*) ("**RCRA**") or regulations promulgated under RCRA; (iii) any substance regulated by the Toxic Substances Control Act (15 U.S.C. §2601 *et seq.*); (iv) gasoline, diesel fuel, or other petroleum hydrocarbons; (v) asbestos and asbestos containing materials, in any form, whether friable or non-friable; (vi) polychlorinated biphenyls; (vii) radon gas; (viii) area formaldehyde foam insulation; (ix) resin; (x) explosives or radioactive materials; (xi) any substance defined as a "solid waste" under any Environmental Requirements and any additional substances or materials which are now or hereafter classified or considered to be hazardous or toxic under Environmental Requirements or the common law, or any other applicable laws relating to the Property. Hazardous Materials shall include, without limitation, any substance the presence of which on the Property (A) requires reporting, investigation or remediation under Environmental Requirements; (B) causes or threatens to cause a nuisance on any Property or adjacent property or poses or threatens to pose

a hazard to the health or safety of persons on any Property or adjacent property; or (c) which, if it emanated or migrated from the Property, could constitute a trespass.

(g) "Related Parties" shall mean the Seller in any and all of its various capacities, Cullen/Frost Bankers, Inc., and any person or entity owned or controlled by, owning or controlling, under common control with or affiliated with any of the foregoing entities and all of the directors, officers, partners, employees, attorneys, agents, contractors, representatives, successors and assigns of each of the persons and entities referenced above.

2. Environmental Release. Purchaser shall and does hereby release Seller and all Related Parties from and against any and all Environmental Costs arising in any manner in connection with:

(a) (i) the use of the Property after the Closing Date; (ii) any Environmental Condition existing on the Closing Date, whether known or unknown to Purchaser, Seller, or any third party, whether disclosed or not disclosed by Seller to Purchaser, and whether or not the failure to discover the Environmental Condition resulted from the negligence of any third party engaged or relied upon by Purchaser; (iii) any Environmental Activity occurring on or after the Closing Date, including, but not limited to, any Environmental Activity in connection with an Environmental Condition described in subparagraph 2(a)(ii) above; (iv) the failure of Purchaser or any third party to comply with all applicable Environmental Requirements related to the Property or the Use of the Property after the Closing Date; or (v) the breach of any term, provision or covenant of this Agreement.

(b) Any claim, demand or cause of action, or any action or other proceedings, including any investigation, inquiry, order, hearing, action or other proceeding by or before any Environmental Agency, whether meritorious or not, brought or asserted against Seller and all Related Parties which directly or indirectly relates to, arises from or is based on any of the matters described in clause (a) of this Section 2 or any allegation of any such matters.

3. Intentionally Omitted.

4. Intentionally Omitted.

5. Release and Survival.

(a) **TO THE EXTENT ALLOWED BY TEXAS LAW AND CONSTITUTION, PURCHASER HEREBY RELEASES ANY AND ALL CAUSES OF ACTION, NOW OR HEREAFTER ARISING, FORESEEN OR UNFORESEEN, KNOWN OR UNKNOWN, THAT HE HAS OR MAY HAVE AGAINST SELLER AND ALL RELATED PARTIES AND HEREBY FURTHER RELEASES SELLER AND ALL RELATED PARTIES FROM ALL OBLIGATIONS AND LIABILITIES TO PURCHASER THAT MAY NOW EXIST OR HEREAFTER ARISE UNDER ENVIRONMENTAL REQUIREMENTS, INCLUDING, BUT NOT LIMITED TO, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, AS AMENDED (42 U.S.C. §9601 et seq.). SUCH RELEASE SHALL INCLUDE,**

WITHOUT IMPLIED LIMITATION, MATTERS WHICH IN WHOLE OR IN PART ARISES OUT OF THE SOLE NEGLIGENCE, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SELLER AND/OR ANY RELATED PARTIES.

(b) This Agreement shall survive the transfer of any or all of the Property by Purchaser.

6. Agreements by Purchaser. From and after closing of the Option Contract, Purchaser shall maintain the Property in compliance with all Environmental Requirements. In the event any spill, discharge, emission, migration or emanation of any Hazardous Materials should occur on the Property to the extent that Environmental Requirements require the reporting of such incident to any Environmental Agency, Purchaser shall report such incident to Seller simultaneously with the report to such Environmental Agency.

7. Disclaimer by Seller. PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SET FORTH IN ANY CLOSING DOCUMENTS OR IN THE AGREEMENT, (a) SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE INCOME TO BE DERIVED FROM THE PROPERTY, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH PURCHASER MAY CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR QUANTITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY, (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY, OR (H) ANY OTHER MATTERS WITH RESPECT TO THE PROPERTY, AND SPECIFICALLY, THAT SELLER HAS NOT MADE, DOES NOT MAKE, AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS REGARDING COMPLIANCE OF THE PROPERTY OR ANY ECONOMIC ACTIVITY OCCURRING PRIOR TO THE CLOSING DATE WITH ENVIRONMENTAL REQUIREMENTS, THE EXISTENCE, IN OR ON THE PROPERTY, OF ANY HAZARDOUS MATERIALS OR ANY OTHER ENVIRONMENTAL CONDITION, OR ANY ENVIRONMENTAL COSTS, (b) PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT HAVING BEEN GIVEN THE OPPORTUNITY TO INSPECT THE PROPERTY, PURCHASER IS RELYING SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER, (c) PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT ANY INFORMATION PROVIDED WITH RESPECT TO THE PROPERTY WAS OBTAINED FROM A VARIETY OF SOURCES AND THAT SELLER HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF SUCH INFORMATION AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, (d) SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY

REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON, (e) PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS.

IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT ALL OF THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY PURCHASER SUBJECT TO THE FOREGOING.

8. Time is of the Essence. Time is of the essence as to all of the obligations of all parties under this Agreement.

9. Notice. All notices, demands, requests and other communications required hereunder shall be in writing and shall be deemed to have been properly given if personally delivered or sent by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the party for whom it is intended at its address hereinafter set forth:

If to Seller: The Frost National Bank
 P.O. Box 1600
 San Antonio, Texas 78296
 Attn: Properties Management Dept., T-11
 Facsimile: (210) 220-4011
 Telephone: (210) 220-5032

If to Purchaser: The City of Corpus Christi
 P.O. Box 9277
 Corpus Christi, Texas 78469-9277
 Attn: City Manager
 Facsimile: (361) 880-3220
 Telephone: (361) 882-3839

10. Severability. If any clause or provision herein contained operates or would prospectively operate to invalidate this Agreement in whole or in part, then such clause or provision shall be held for naught as though not contained herein, and the remainder of this Agreement shall remain operative and in full force and effect.

11. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of Seller and Purchaser, and their respective legal representatives, successors and assigns.

12. **CONTROLLING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE LAWS OF THE UNITED STATES PERTAINING TO TRANSACTIONS IN SUCH STATE.

EXECUTED effective as of _____, _____.

SELLER:

**THE FROST NATIONAL BANK, a
national banking association**

By: _____
Name: _____
Title: _____

PURCHASER:

THE CITY OF CORPUS CHRISTI

By: _____
Name: _____
Title: _____

Exhibit A to
Environmental Agreement

TO BE COMPLETED AT CLOSING BY THE ATTACHMENT OF THAT PORTION OF EXHIBIT "A" TO THE OPTION CONTRACT WHICH DESCRIBES THE LAND SPECIFIED IN SECTION 1.1(a) OF THE OPTION CONTRACT AS BEING THE SUBJECT THEREOF.

EXHIBIT E

CERTIFICATE OF NONFOREIGN STATUS

Section 1445 of the Internal Revenue Code of 1986, as amended, provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a "Foreign Person" as defined by said Code. To inform the transferee that withholding of tax is not required upon the disposition of the U.S. real property interests owned by **THE FROST NATIONAL BANK**, a national banking association (the "Transferor"), the undersigned, as Transferor, hereby certifies the following:

1. The Transferor is not a foreign person (as that term is defined in the Internal Revenue Code and Income Tax Regulations);
2. The Transferor's U.S. employer identification number is _____;
and
3. The Transferor's office address is:
100 W. Houston Street
San Antonio, Texas 78205

The Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of the Transferor.

Executed on this ____ day of _____, _____.

TRANSFEROR:

THE FROST NATIONAL BANK, a
national banking association

By: _____

Name: _____

Title: _____

EXHIBIT F

SPECIAL WARRANTY DEED

THE STATE OF TEXAS §
 §
COUNTY OF NUECES §

THE FROST NATIONAL BANK, a national banking association ("**Grantor**"), for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) paid to Grantor and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has GRANTED, SOLD and CONVEYED and does hereby GRANT, SELL and CONVEY unto **THE CITY OF CORPUS CHRISTI** ("**Grantee**"), certain land being more particularly described in Exhibit A, attached hereto and incorporated herein by reference, together with all improvements, if any located on such land (such land and improvements being collectively referred to as the "**Property**").

This conveyance is made and accepted subject to all matters (the "**Permitted Exceptions**") set forth in Exhibit B, attached hereto and incorporated herein by reference.

TO HAVE AND TO HOLD the Property, together with all and singular the rights and appurtenances pertaining thereto, including all of Grantor's right, title and interest in and to adjacent streets, alleys and rights-of-way, unto Grantee and Grantee's successors and assigns forever; and Grantor does hereby bind itself and its successors to warrant and forever defend the Property unto Grantee and Grantee's successors and assigns, subject to the Permitted Exceptions, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise.

GRANTEE ACKNOWLEDGES THAT GRANTOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (A) THE VALUE, NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY, (B) THE INCOME TO BE DERIVED FROM THE PROPERTY, (C) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH GRANTEE MAY CONDUCT THEREON, (D) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY, (E) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, (F) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY, (G) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY, OR (H) ANY OTHER MATTER WITH RESPECT TO THE PROPERTY, AND SPECIFICALLY, THAT GRANTOR HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY DISCLAIMS ANY REPRESENTATIONS REGARDING COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE

LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS, INCLUDING THE DISPOSAL OR EXISTENCE, IN OR ON THE PROPERTY, OF ANY HAZARDOUS MATERIALS AS DEFINED IN THE OPTION TO PURCHASE PURSUANT TO WHICH THIS DEED IS DELIVERED, EXCEPT THE SPECIAL WARRANTY OF TITLE EXPRESSLY SET FORTH HEREIN. GRANTEE FURTHER ACKNOWLEDGES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS.

Standby fees, if any, and ad valorem taxes for the present year having been prorated, Grantee hereby assumes payment thereof, and subsequent assessments for that and prior years due to change in land usage, ownership, or both.

EXECUTED on the date set forth in the acknowledgment attached hereto to be effective as of the _____ day of _____, _____.

THE FROST NATIONAL BANK, a
national banking association

By: _____
Name: _____
Title: _____

Address of Grantee:

P.O. Box 9277
Corpus Christi, Texas 78469-9277

AGREED TO AND ACCEPTED BY GRANTEE:

THE CITY OF CORPUS CHRISTI

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, _____, by _____, the _____ of **THE FROST NATIONAL BANK**, a national banking association, on behalf of said banking association.

NOTARY PUBLIC, State of Texas

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on _____, _____, by _____, the _____ of **THE CITY OF CORPUS CHRISTI**, a Texas municipal corporation, on behalf of said corporation.

NOTARY PUBLIC, State of Texas

Exhibit "A" to Special Warranty Deed

THE LAND

TO BE COMPLETED AT CLOSING BY THE ATTACHMENT OF THAT PORTION OF EXHIBIT "A" TO THE OPTION CONTRACT WHICH DESCRIBES THE LAND SPECIFIED IN SECTION 1.1(a) OF THE OPTION CONTRACT AS BEING THE SUBJECT THEREOF.

Exhibit "B" to Special Warranty Deed

PERMITTED EXCEPTIONS

1. Rights of parties in possession.
2. Governmental rights of police power or eminent domain unless notice of the exercise of such rights appears in the public records as of the date hereof; and the consequences of any law, ordinance or governmental regulation including, but not limited to, building and zoning ordinances.
3. Defects, liens, encumbrances, adverse claims or other matters 1) not known to the Grantor and not shown by the public records but known to the Grantee as of the date hereof and not disclosed in writing by the Grantee to the Grantor prior to the date hereof; 2) resulting in no loss or damage to the Grantee; or 3) attaching or created subsequent to the date hereof.
4. Visible and apparent easements and all underground easements, the existence of which may arise by unrecorded grant or by use.
5. Any and all unrecorded leases and rights of parties therein.
6. Any discrepancies, conflicts or shortages in area or boundary lines or any encroachments or protrusions or any overlapping of improvements.
7. Standby fees and taxes for the present year and subsequent years and subsequent assessments for prior years due to change in land usage or ownership.
8. (All other matters deemed Permitted Exceptions under Section 3.1 of the Option Contract.)

Initials

Initials

Initials

Initials

EXHIBIT G

BILL OF SALE AND ASSIGNMENT

THE STATE OF TEXAS §
 §
COUNTY OF NUECES §

THE FROST NATIONAL BANK, a national banking association ("**Assignor**"), for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid to Assignor by **THE CITY OF CORPUS CHRISTI** ("**Assignee**"), the receipt and sufficiency of which are hereby acknowledged, has ASSIGNED, SOLD, CONVEYED and DELIVERED, and does hereby ASSIGN, SELL, CONVEY and DELIVER unto Assignee, its successors and assigns, all of Assignor's right, title and interest, if any, in and to the following:

1. All of the fixtures, equipment, machinery and other personal property, but specifically excluding Assignor's furniture and trade fixtures (including, without limitation, Assignor's banking equipment, computer systems, file systems and telephone switch) (the "**Personal Property**") placed or installed on or about the real property (the "**Real Property**") being more particularly described in Exhibit A, attached hereto and incorporated herein by reference; and
2. All intangible property (the "**Intangible Property**") pertaining to the Real Property or the Personal Property or the use thereof including, without limitation, transferable utility contracts, transferable telephone exchange numbers, plans and specifications, engineering plans and studies, floor plans and landscape plans relating to the same or any part of the same.

The Personal Property and the Intangible Property are hereinafter collectively referred to as the "**Property**".

This Bill of Sale and Assignment is made and accepted subject to all of the liens, easements, restrictions and other matters (the "**Permitted Exceptions**") shown in any public records or listed in the Special Warranty Deed from Assignor to Assignee, of even date herewith, covering the Property.

ASSIGNEE TAKES THE PROPERTY "AS IS" AND "WITH ALL FAULTS". ASSIGNOR HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATIONS AS TO THE PHYSICAL CONDITION, OPERATION OR ANY OTHER MATTER AFFECTING OR RELATED TO THE PROPERTY AND THIS BILL OF SALE AND ASSIGNMENT, EXCEPT AS HEREIN SPECIFICALLY SET FORTH OR REFERRED TO, AND ASSIGNEE HEREBY EXPRESSLY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE. ASSIGNOR EXPRESSLY DISCLAIMS AND ASSIGNEE ACKNOWLEDGES AND ACCEPTS THAT ASSIGNOR HAS DISCLAIMED TO THE MAXIMUM EXTENT PERMITTED BY LAW, ANY AND ALL REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND, ORAL OR WRITTEN, EXPRESS OR IMPLIED, CONCERNING THE PROPERTY, INCLUDING, WITHOUT LIMITATION, (i) THE VALUE, CONDITION, MERCHANTABILITY, MARKETABILITY, PROFITABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR USE

OR PURPOSE OF THE PROPERTY, (ii) THE MANNER OR QUALITY OF THE CONSTRUCTION OF MATERIALS, IF ANY, INCORPORATED INTO ANY OF THE PROPERTY AND (iii) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY. ASSIGNOR IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON, UNLESS THE SAME ARE SPECIFICALLY SET FORTH OR REFERRED TO HEREIN.

EXECUTED effective as of the ____ day of _____, _____.

THE FROST NATIONAL BANK, a
national banking association

By: _____
Name: _____
Title: _____

Exhibit "A" to Bill of Sale and Assignment

THE REAL PROPERTY

TO BE COMPLETED AT CLOSING BY THE ATTACHMENT OF EXHIBIT "A" TO THE OPTION CONTRACT WHICH DESCRIBES THE LAND SPECIFIED IN SECTION 1.1(a) OF THE OPTION CONTRACT AS BEING THE SUBJECT THEREOF.

EXHIBIT H

BANK LEASE AGREEMENT

The Bank Lease Agreement will be in the form of the Optionee Lease, with the exception of the (a) square footage leased, (b) lease term and (c) rental amounts, which shall be as set forth in Section 8.2 hereof.