Lease Agreement
Between

CITY OF CORPUS CHRISTI,
a home rule city

and

SQH SPORTS & ENTERTAINMENT, INC.,
a Texas corporation

Dated: ____________________, 2018

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STATE OF TEXAS
COUNTY OF NUECES

LEASE AGREEMENT

This LEASE AGREEMENT (the "***Lease***") is made and entered into as of the Effective Date (defined below) by and between **CITY OF CORPUS CHRISTI**, a home rule city (the "***Landlord***"), and **SQH SPORTS & ENTERTAINMENT, INC.**, a Texas corporation (the "***Tenant***"), for the purpose of constructing and operating a Regional Sports Complex to build sports related tourism by hosting multi-day and multi-sport regional, state and national tournaments and events in effort to increase city hotel occupancy and sales tax revenues. The parties to this Lease may be referred to individually herein as "***Party***" or collectively herein as the "***Parties***."

RECITALS

A. Landlord is the fee simple owner of that certain **67.69** acre parcel of unimproved land, more or less, located near intersection of State Highway and FM 43 (Weber Road) in Corpus Christi, Nueces County, Texas as shown on **Exhibit A** , that certain **30.22** acre parcel of unimproved land, more or less, located near intersection of State Highway and FM 43 in Corpus Christi, Nueces County, Texas as shown on **Exhibit B**, and also that certain **105.39** acre tract of land, more or less, also located near intersection of State Highway and FM 43 (Weber Road) in Corpus Christi, Nueces County, Texas, as shown on **Exhibit C.** Together, the tracts of land described in Exhibit A, Exhibit B, and Exhibit C are referred to herein as the "***Land***" .

B. The City previously leased the property described on Exhibit A to Tenant.

C. The Parties desire for Landlord to revise and replace the lease to include the additional property described on Exhibit B and Exhibit C, for revised total acreage of approximately 203.3 acres, and to permit Tenant to construct and operate the Improvements (defined herein) on the Premises in accordance with this Lease.

NOW, THEREFORE, in consideration of the premises set forth above, the rent to be paid, the mutual covenants and agreements of the Parties set forth below, and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged by the Parties, the Parties agree as follows:

ARTICLE 1: DEMISE OF PREMISES

For good and valuable consideration stated herein, the receipt and sufficiency are hereby acknowledged, including but not limited to the performance by Tenant of the terms herein including the construction of improvements described herein, Landlord demises and lets to Tenant, and Tenant leases from Landlord, the Land, including any structures or improvements presently located thereon (collectively, the "***Premises***").

ARTICLE 2: DEFINITIONS

2.1 In addition to terms defined elsewhere in this Lease, the following terms, for the purposes of this Lease, shall have the meanings set forth below:

"Closing" shall have the meaning ascribed to it in Section 6.7.

"Commitment" shall have the meaning ascribed to it in Section 6.5.

"Cure Period" shall have the meaning ascribed to it in Section 15.1.

"Director" shall mean the Director of Parks and Recreation or designee,

The "***Effective Date***" of this Lease for purposes of measuring performance hereunder shall be the sixty-first day after final approval by the Corpus Christi City Council.

"Event of Default" shall have the meaning ascribed to it in Section 15.1.

"Improvements" means the Regional Sports Complex Improvements defined in Section 8.2 and also the "Other Commercial Improvements" defined in Section 8.4.------

"Laws" shall have the meaning ascribed to it in Section 8.1.

"Lease" means this Lease Agreement between the City of Corpus Christi, Texas and SQH Sports & Entertainment, Inc.

"New Survey" shall have the meaning ascribed to it in Section 6.5

"Option Term" shall have the meaning ascribed to it in Article 3.

"Permitted Exceptions" shall have the meaning ascribed to it in Section 6.5.

"Permitted Transfer" shall have the meaning ascribed to it in Article 14.

"Preliminary Information" shall have the meaning ascribed to it in Section 6.1.

"Premises" shall have the meaning ascribed to it in Article 1.

"Renewal Notice" shall have the meaning ascribed to it in Article 3.

"Site Plan" is shown on Exhibit D attached hereto and made part hereof.

"Survey" shall have the meaning ascribed to it in Section 6.1.

"Taking" shall have the meaning ascribed to it in Article 12.

"Term" shall have the meaning ascribed to it in Article 3.

"Title Company" shall have the meaning ascribed to it in Section 6.4.

"Title Defects" shall have the meaning ascribed to it in Section 6.5

"Title Policy" shall have the meaning ascribed to it in Section 6.7.

"TLTA" means the Texas Land Title Association.

ARTICLE 3: TERM, OPTION TERM

This Lease shall be effective as a contract between the Parties as of the Effective Date, with the term hereof ("***Term***") commencing upon the Effective Date and expiring on the last day of the calendar month in which the fortieth (40th) anniversary of the Effective Date occurs, unless terminated as herein provided. Upon the effective date of this Lease, the prior lease between the parties approved by City Council on October 18, 2016 is hereby terminated and replaced by this Lease. Landlord and Tenant may mutually agree to extend the Term by up to four additional periods of five (5) years (each 5-year period referred to as an "***Option Term***"), upon Tenant delivering written notice of its request to renew (the "***Renewal Notice***") to Landlord no later than six (6) months, before the expiration of the original forty (40) year Term. Upon Landlord's receipt of Tenant's Renewal Notice, Landlord shall notify Tenant within sixty (60) days whether the Lease will be renewed for an additional Option Term.

ARTICLE 4: PERMITTED USE

The primary permitted use for this Lease, between Landlord and Tenant, is to enable Lessee to utilize Premises to construct, operate, repair and maintain a regional sports complex within the property described in Exhibit B and Exhibit C, to build sports related tourism by hosting multi-day and multi-sport regional, state and national tournaments and events in effort to increase city hotel occupancy and sales tax revenues. In addition, the secondary permitted use for this Lease, between Landlord and Tenant, is to enable Lessee to construct or cause to be constructed commercial improvements, to be located within the property described in Exhibit A. Such commercial improvements may be used for a sporting attraction, restaurants, hotels, ER centers, convenience stores, and fast food facilities. Tenant has provided a preliminary Site Plan which is attached and incorporated as Exhibit D that includes commercial improvements which have been approved by Director. Tenant shall not use or allow use of the Premises for any other purposes without Director's prior written approval, which approval shall not be unreasonably withheld. Director shall provide such approval within ten (10) business days of submittal by Tenant. If Director fails to respond within such ten (10) business days, then such use is deemed accepted and approved.

ARTICLE 5: UTILITIES, TAXES, RENT, AND OTHER PAYMENTS

5.1. Utilities. During the Term Tenant will make all arrangements for obtaining service contracts and shall pay for all utilities (including without limitation electricity, water, gas, sewer and telephone service) and services furnished to, or to be used on, the Premises and/or in connection with the Improvements, and for all service commencement charges and meter reading fees. Such charges and expenses shall be paid by Tenant promptly and without delinquency directly to the utility companies or other entities to which such charges and fees are payable. Tenant shall comply with the Landlord's water conservation measures which are enacted pursuant to City ordinance. All utilities installed by Tenant must be done in compliance with all applicable

City Codes and regulations including but not limited to the requirement at Unified Development Code Sections 8.5.2.F which provides that when property requesting wastewater service is located outside the City limits, the property owner shall agree to annex or sign a contract to annex such property prior to wastewater service being made available. In addition, reimbursement for a lift station installed by Tenant or any other developer shall only be made upon compliance with the Unified Development Code, which requires prior City Council approval of a separate reimbursement agreement prior to start of construction. Per the Unified Development Code, the Tenant's or any other developer's application for reimbursement may not be considered until an amendment to the applicable Master Plan has been approved by the City Council. Eligibility for participation in reimbursement for public improvements such as streets, water, and wastewater shall be subject to existing City codes and ordinances. Upon the approval by the City Council of the amendment to the applicable Master Plan, the parties agree the septic service will not be utilized at the premises.

5.2 **Real and Personal Property Taxes**. During the Term and any Option Term, Tenant shall pay all real and personal property taxes, if any, levied upon the Premises or the leasehold created by this Lease, levied upon Tenant's personal property on the Land and/or levied upon the Improvements, before the date on which such taxes would be delinquent.

5.3 **Rent**. In consideration of leasing the Premises, Tenant agrees to pay Landlord, during the Term, and the Option Term as follows:

A. Annual rent of $1.00, the receipt of which is hereby acknowledged.

B. Additional annual rent (the "Additional Rent") based on the greater of either of the formulas below:

i. Two percent (2%) of the Admission Revenues of the Regional Sports Complex, which amount shall not exceed $37,200.00 per year. "Admission Revenues" means all fees charged to enter the Regional Sports Complex. Tenant agrees to furnish to Landlord such reports and other information concerning such Admission Revenues as may be reasonably requested by Landlord on an annual basis; or

ii. Additional Rent for that portion of the Land described on Exhibit "E" (the "82.60 Acre Tract") that is outside the 100-year floodplain and is in use solely for the Other Commercial Improvements (the "Net Additional Acreage") which shall be at least 60 acres. Such Additional Rent is calculated as follows: Net Additional Acreage x $15,500 per Acre (appraised value of the 82.60 Acre Tract) x 2% = Additional Rent. The Additional Rent amount per year under this formula will be at least $18,600.00.

C. The Additional Rent shall be due annually, however Tenant, at its discretion, may pay the Additional Rent in monthly or quarterly installments.

D. Notwithstanding anything this Lease to the contrary, Landlord shall credit against the Additional Rent 100% for the public dedication of the public roadway as outlined in Section 5.4.B below. Accordingly, the initial Additional Rent shall not begin until Tenant receives such 100%

credit. In the event the Net Additional Acreage is reduced at any time during the Lease, including the Option Term then the Additional Rent shall be revised to reflect such reduction.

E. Upon the anniversary after the initial Additional Rent has been paid and thereafter at the beginning of each year, the Additional Rent calculations shall be adjusted annually on the anniversary date of this Lease, by an amount which is equivalent to the percent change in the Consumer Price Index (CPI) of the preceding calendar year's (January – December) average, specifically defined as the Consumer Price Index (U.S. Average, All Urban Consumers, All Items) as compiled by the Bureau of Labor Statistics. This means that at the anniversary date after the initial Additional Rent has been paid, and thereafter at the beginning of each year, the Additional Rent will be adjusted on the percent change in the CPI of the preceding calendar year (January – December) or five percent (5%), whichever is less. Should the percentage change in the Consumer Price Index be less than zero, then in such event, the rental obligation shall not be adjusted and the previous Additional Rent shall continue for the next twelve (12) month period. If publication of the Consumer Price Index shall be discontinued, the parties hereto shall thereafter accept the comparable statistics on the cost of living for the City of Corpus Christi, Texas, as they shall be computed and published by an agency of the United States or by the State of Texas or by a responsible financial periodical of recognized authority, then to be selected by the parties hereto.

F. Except as otherwise provided in this Lease, the rental obligations of Tenant shall be due and payable as provided in the preceding paragraphs and shall not be affected by circumstances or occurrences, including but not limited to: damages to or destruction of the Premises or any part of them, including improvements; use restrictions or interference with any use of the Premises or the like; claims of Tenant against Landlord; and notice of termination by either Landlord or Tenant.

G. Should Tenant fail to pay when due any installment of rental, or any other sum payable to the Landlord under the terms of this Lease, then interest at the maximum legal rate allowed in the State of Texas shall accrue from and after the date on which any such shall be due and payable, and such interest shall be paid by Tenant to Landlord at the time of payment of the sum upon which such interest shall have accrued.

5.4 **Other Payment**. As additional consideration for the leasing the Premises, Tenant agrees to:

A. Perform all work necessary to relocate the Solid Waste department operation from the Premises to another site designated by the City, and to include all elements as detailed by the Director of Solid Waste Operations;

B. Perform all work necessary to design and construct a public roadway generally as detailed in Exhibit D and in conformance with applicable laws and codes including but not limited to City road construction standards and applicable City plans;

C. Design and construct a public hike and bike trail on the Premises as generally detailed in Exhibit D and allow public access for use of the trail;

D. Allow Landlord the right to use the Regional Sports Complex for City of Corpus Christi sponsored activities that specifically benefit the Corpus Christi community, for example, a sporting event coordinated through the City Parks & Recreation Department ("City Activities")

free of any facility rental or admission charge, as follows: one weekday City Activity and one full weekend City Activity. Further, no more than one City Activity may be held within a calendar month and no more than two City Activities may be held during any calendar year; such City Activity shall be scheduled with Tenant at mutually agreeable dates; and

E. Maintain the floodway and floodplain areas identified on Exhibit E. "Maintain" means such reasonable care as of an ordinary person would perform owning such property.

ARTICLE 6: INSPECTION PERIOD AND CONTINGENCIES

6.1 Preliminary Information. Within five (5) business days following the Effective Date, Landlord shall provide to Tenant the following information in Landlord's possession related to the Premises that may assist Tenant in its inspection of the Premises (the "***Preliminary Information***"): Special Warranty Deed recorded in the Official Public Records of Nueces County Texas as document #941343, a survey of the Premises (the "**Survey**") and the State of Texas Miscellaneous Easement Number ME950040, each of which have been previously received by Tenant.

6.2 Right of Entry; Restoration of Premises and Indemnification by Tenant. Tenant and its consultants and agents are granted and shall have full right of entry upon the Land up to and including the termination date of this Lease as reasonably necessary to perform surveys and otherwise conduct due diligence tests and inspections of the Premises. If this Lease terminates prior to Tenant's construction of the Improvements, Tenant will restore the Land so that the Premises are in substantially the same condition as existed prior to any inspections, surveys and tests performed by or for Tenant as permitted herein. Tenant specifically agrees to defend, indemnify and save and hold Landlord harmless from and against any loss, damage, liability, suit, claim, cost or expense (including reasonable attorneys' fees) caused by the acts of Tenant, its consultants, agents or assigns, in the exercise of such right of entry, which indemnity will survive termination of this Lease. The foregoing restoration obligations and indemnity do not apply to any matters or conditions of the Land merely discovered or uncovered in the course of any inspections, surveys or tests.

6.3 Inspection Period. Tenant shall have until 11:59 p.m. central time on the date that is Sixty (60) days after the Effective Date (the "***Inspection Period***") in which to complete, at Tenant's expense, any and all physical inspections and other investigations of and concerning the Premises as Tenant, in its sole discretion, may deem appropriate. Tenant's inspections and investigations may include, without limitation, determination by Tenant as to the sufficiency of the Premises with respect to zoning, soil and environmental conditions, utilities, title, licenses, permits, easements and parking in connection with the Intended Use; provided, however, that notwithstanding any provision of this Lease to the contrary, Tenant shall not have the right to undertake any environmental testing beyond the scope of a standard "Phase II" environmental site assessment without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. Tenant shall diligently pursue from the applicable governmental authorities all permits needed for the Intended Use. In the event that the results of the inspections, investigations and evaluations are, in Tenant's sole and absolute discretion, unacceptable to Tenant or Tenant decides, in Tenant's sole discretion, that the Premises is unsuitable for any reason or no reason at all, then Tenant shall not provide the Notice of Election (as hereinafter defined), in which

event this Lease shall be terminated, and neither party shall have any further liability under this Lease except for such matters which are expressly designated to survive the termination hereof.

6.4 General Contingencies. Each of the following contingencies shall be satisfied as an express condition to this Lease, unless otherwise noted herein:

a. Tenant obtaining at Tenant's expense and prior to the expiration of the Inspection Period all necessary permits and governmental and private party approvals determined by Tenant to be necessary or advisable for the operation of the Premises and Improvements as a Regional Sports Complex

b. Prior to the expiration of the Inspection Period, Tenant (ii) obtaining environmental reports satisfactory to Tenant, at Tenant's expense, including but not limited to, acceptable environmental assessment(s), acceptable soil tests, and an acceptable topographical survey, reflecting that there are no recognized environmental conditions or other environmental matters for which remediation is recommended, or with respect to which additional testing needs to be performed or is recommended; and (iii) confirming the Land has legal access as shown on the Site Plan and sufficient for the Intended Use.

c. Tenant receiving prior to the expiration of the Inspection Period, at Tenant's expense a commitment for a TLTA leasehold title insurance policy from a title company reasonably acceptable to Tenant (the "***Title Company***"), with all Title Defects (as defined in Section 6.5 below) being satisfied or waived as provided in Section 7.6 below.

In the event that any of the contingencies provided for in this Section 6.4 are not timely satisfied, and Tenant does not provide the Notice of Election (defined in Section 6.6 below), then this Lease shall be terminated and neither Party shall have any further liability under this Lease, except for such matters which are designated to survive the termination hereof.

6.5 Title and Survey Contingency. Within thirty (30) days after the Effective Date, Landlord shall furnish Tenant at Tenant's expense with a commitment for a TLTA leasehold title insurance policy from the Title Company, together with complete and legible copies of Landlord's vesting deed and all requirement and exception documents referenced therein (collectively, the "***Commitment***"). Upon and after the Effective Date, Landlord shall not create or consent to any new document or matter which would affect the title to the Premises without Tenant's express written consent. During the Inspection Period, Tenant may obtain a new ALTA/ACSM Land Title Survey of the Premises from a surveyor reasonably acceptable to Tenant (the "**New *Survey***").

Within forty-five days after Tenant's receipt of both the Commitment, Tenant shall notify Landlord of (i) any liens, encumbrances, exceptions, qualifications or other matters of or affecting title, and (ii) any matters, circumstances, or conditions disclosed by the Survey or New Survey which are not acceptable to Tenant (the "***Title Defects***"). Landlord shall notify Tenant within ten (10) days following its receipt of the list of Title Defects which, if any, of such Title Defects Landlord will attempt to cure. If Landlord declines to attempt to cure one (1) or more Title Defect(s), Tenant may terminate this Lease by notice in writing delivered to Landlord prior to the expiration of the Inspection Period. If Tenant fails to notify Landlord of Title Defects, or fails to terminate the Lease after giving such notice, the Title Defects, to the extent Landlord declined to

attempt to cure, shall be deemed "***Permitted Exceptions***." In the event Landlord fails to eliminate or otherwise resolve, to the reasonable satisfaction of Tenant, one (1) or more Title Defects that Landlord agreed to attempt to cure in its response to Tenant, then Tenant may either: (i) terminate this Lease; or (ii) waive Tenant's objection(s) to such uncured Title Defect(s) and lease the Premises. In the event of such waiver, all such matters not cured shall be deemed Permitted Exceptions. If at any time after Tenant receives the initial Commitment, Tenant discovers new Title Defects not present in the initial Commitment, Tenant shall have the right to deliver a supplemental notice of such new Title Defects to Landlord within thirty (30) days following Tenant's discovery of such Title Defects. Landlord shall notify Tenant within ten (10) days following its receipt of any supplemental notice of Title Defects which, if any, Landlord will attempt to cure and if Landlord declines to cure, or if Landlord agrees to cure but fails to cure such new Title Defects to Tenant's reasonable satisfaction within thirty (30) days after receipt of Tenant's supplemental notice, then Tenant shall have the right to terminate the Lease (notwithstanding that Tenant may have already delivered the Notice of Election) or Tenant may, in its discretion, waive such objections and continue under the Lease.

6.6 Tenant's Election to Proceed. If Tenant has determined that it does not wish to terminate the Lease in accordance with Section 6.3, Section 6.4 or Section 6.5, it will deliver to Landlord on or before the expiration date of the Inspection Period the executed notice of election attached hereto as **Exhibit F** (the "***Notice of Election***"). Tenant's failure to deliver the Notice of Election by such time will be construed as its election to terminate the Lease on the final day of the Inspection Period.

6.7 Closing. If Tenant has not terminated this Lease and the Lease has not been automatically terminated in accordance with Section 6.6, Landlord and Tenant will proceed to close (the "***Closing***") Tenant's purchase of the leasehold title insurance policy that is the subject of the Commitment (the "***Title Policy***") within thirty (30) days of the date Tenant delivers the Notice of Election.

(a) At the Closing, the Landlord shall duly execute and deliver to the Title Company:

(i) any curative documents necessary to cure the Title Defects which Landlord agreed to cure, if any, to the extent not already recorded; and

(ii) any documents and instruments required from Landlord under the Commitment as a condition to the issuance of the Title Policy or otherwise reasonably requested by the Title Company.

(b) At the Closing, the Tenant shall pay the premium for the Title Policy, and shall duly execute and deliver to the Title Company any documents and instruments required from Tenant under the Commitment from the Tenant as a condition to the issuance of the Title Policy or otherwise reasonably requested by the Title Company.

If necessary to conform the legal description of the Land or as otherwise required by the Title Company, the Parties shall also duly execute and deliver at Closing an amendment to this Lease correcting any errors in the legal description.

6.8 Acceptance of Premises Disclaimer:

A. TENANT ACKNOWLEDGES THAT IT IS LEASING THE PREMISES "AS IS" WITH ALL FAULTS AS MAY EXIST IN, ON, OR UNDER THE PREMISES, INCLUDING BUT NOT LIMITED TO DEBRIS, MULCH, CONCRETE AND CONSTRUCTION MATERIALS LOCATED AT THE PREMISES, AND THAT NEITHER LANDLORD, NOR ANY EMPLOYEE OR AGENT OF LANDLORD, HAS MADE ANY REPRESENTATIONS OR WARRANTIES AS TO THE CONDITION OF SUCH PREMISES.

B. TENANT HEREBY WAIVES ANY AND ALL CAUSES OF ACTION, CLAIMS, DEMANDS, AND DAMAGES BASED ON ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF SUITABILITY FOR A PARTICULAR PURPOSE, ANY AND ALL WARRANTIES OF HABITABILITY, AND ANY OTHER IMPLIED WARRANTIES NOT EXPRESSLY SET FORTH IN THIS LEASE.

C. TENANT ACKNOWLEDGES AND AGREES THAT TENANT HAS BEEN PROVIDED, TO ITS SATISFACTION, THE OPPORTUNITY TO INSPECT THE PREMISES FOR ANY DEFECTS AS TO THE SUITABILITY OF SUCH PROPERTY FOR THE PURPOSE TO WHICH TENANT INTENDS TO USE THE PREMISES, AND IS RELYING ON ITS OWN INSPECTION. TENANT HAS BEEN ADVISED THAT THE LAND CONTAINS FLOODWAY AREAS.

D. TENANT ACKNOWLEDGES THAT ANY AND ALL STRUCTURES AND IMPROVEMENTS EXISTING ON THE PREMISES ON THE COMMENCEMENT DATE, IF ANY, ARE ACCEPTED "AS IS" WITH ANY AND ALL LATENT AND PATENT DEFECTS AND THAT THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, BY LESSOR WITH RESPECT THERETO. TENANT ACKNOWLEDGES THAT IT IS NOT RELYING UPON ANY REPRESENTATION, STATEMENT OR OTHER ASSERTION BY LANDLORD WITH RESPECT TO ANY EXISTING STRUCTURES OR IMPROVEMENTS, BUT IS RELYING ON ITS EXAMINATION THEREOF.

E. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.

ARTICLE 7: PERMITTING AND FEES; AND REZONING

Subject to Tenant complying with all applicable laws, Landlord agrees to cooperate with Tenant to expeditiously process permits, including plat applications, zoning, site plan applications, building permit applications, building and construction inspections required for the Premises to be in a state of completion. Tenant shall be responsible to pay all applicable application and permitting fees. Landlord agrees to pursue rezoning of Premises for use of the Land as a regional sports complex consistent with this Lease. The parties acknowledge that such requested rezoning may consist of CG2 zoning designations for the Premises.

ARTICLE 8: CONSTRUCTION OF IMPROVEMENTS; REPAIRS AND MAINTENANCE; ALTERATIONS AND IMPROVEMENTS

8.1 Construction of Improvements. Tenant shall use good faith efforts, subject to events beyond Tenant's reasonable control which render its performance hereunder commercially impracticable, to construct or cause to be constructed on the Land the buildings and other site improvements needed from time to time and as determined in Tenant's sole discretion (including any monument or pylon signs) for the purposes described herein (collectively, the "***Improvements***"), subject to the provisions and requirements of this Lease and of all government agencies having jurisdiction thereover. Tenant will perform all construction, including alterations and improvements referenced below in material compliance with all applicable laws, statutes, ordinances, codes, rules, regulations, and directives (collectively, "***Laws***"), including, but not limited to, the Americans with Disabilities Act, the Military Airport Zoning Ordinance and ordinances of the Airport Zoning Commission, and only after obtaining and maintaining in full force and effect all necessary licenses and permits. The construction and installation of the Improvements by Tenant shall be completed in a good and workmanlike manner. The cost of the Improvements and any fines imposed for failure of Tenant to comply with applicable Laws shall be borne solely by Tenant.

8.2. Specific Improvements for the Regional Sports Complex. Specifically, the "**Regional Sports Complex Improvements**" are to be located on the land described in Exhibit B and Exhibit C and shall consist of the following:

- 11 outdoor fields for soccer, lacrosse, and flag football
- 12 baseball/softball diamonds, capable of adjusting for age of participants and particular sport
- 10 sand volleyball pits
- Concessions at fields and fieldhouse
- Children's outdoor play area
- Fieldhouse that will host a minimum of 6 full-size basketball courts, 12 volleyball courts, and a cheer area
- Outdoor Picnic Area
- 5,000 square foot restaurant
- Admissions and Administration offices

8.3 Performance Milestones for Regional Sports Complex Improvements. Tenant agrees to complete the following performance milestones by the dates shown below with all dates running from the Effective Date. The determination of Tenant's successful compliance with these Performance Milestones is within the sole determination and discretion of the Director of Parks and Recreation, whose approval shall not be unreasonably withheld. Tenant agrees to provide

Director of Parks and Recreation with documentation of completion of each Performance Milestone, subject to review and approval of Director of Parks and Recreation. Failure to timely and successfully complete a Performance Milestones shall be considered an "Event of Default" and subject to further action under Article 15.

A. Within six months from the Effective Date, Tenant demonstrates to the satisfaction of the Director of Parks and Recreation that all utilities for the Premises have been approved in accordance with the Unified Development Code and in accordance with this Agreement.

B. Tenant secures funding for construction of Regional Sports Complex Improvements listed above within 12 months from the Effective Date.

C. Tenant completes final design of all Regional Sports Complex Improvements within 13 months from the Effective Date.

D. Tenant begins construction of the Regional Sports Complex Improvements within 18 months from the Effective Date.

E. Tenant substantially completes construction of Regional Sports Complex Improvements within 36 months from the Effective Date.

F. Tenant begins operations of major components of Regional Sports Complex Improvements within 38 months from the Effective Date.

8.4. <u>Additional Commercial Improvements</u>. Tenant shall construct the "Other Commercial Improvements" to be located on the land described in Exhibit A, which will include but not be limited to the following:

- Sporting attraction;
- Hotel(s);
- ER services;
- Restaurants;
- Convenience stores;
- Fast food outlets

8.5. <u>Performance Milestones for the Other Commercial Improvements.</u> Tenant agrees to complete the following performance milestones by the dates shown below. The determination of Tenant's successful compliance with these Performance Milestones is within the sole determination and discretion of the Director of Parks and Recreation, whose approval shall not be

unreasonably withheld. Tenant agrees to provide Director of Parks and Recreation with documentation of completion of each Performance Milestone, subject to review and approval of Director of Parks and Recreation. Failure to timely and successfully complete a Performance Milestones shall be considered an "Event of Default" and subject to further action under Article 15.

A. Tenant demonstrates to the satisfaction of the Director of Parks and Recreation that all utilities for the Premises have been approved in accordance with the Unified Development Code and in accordance with this Agreement within 6 months from the Effective Date.

B. Tenant secures funding for construction of Other Commercial Improvements listed above within 12 months from the Effective Date.

C. Tenant completes final design for the Other Commercial Improvements within 13 months from the Effective Date.

D. Tenant begins construction for the Other Commercial Improvements within 18 months from the Effective Date.

E. Tenant substantially completes construction of the Other Commercial Improvements within 36 months from the Effective Date.

F. Tenant begins operations of major components of the Other Commercial Improvements within 38 months from the Effective Date.

8.6 **Performance Milestone Extensions**. Notwithstanding anything in this Lease to the contrary, the Parties agree and understand that failure to enter into a mutually agreeable utility line agreement to provide proper utilities to the Premises within six months from the Effective Date shall be grounds for either party to terminate this Lease upon written notice, and at no cost or liability to the other party. Extensions to the above stated performance milestones may be administratively approved by letter agreement signed by the Director of Parks and Recreation.

8.7 Construction at the Premises

A. No construction or modifications may be made at the Premises, and no drilling, excavation, or penetration of the soil surface may be conducted at the Premises without the prior written approval of the Director of Parks and Recreation ("**Director**"), whose approval shall not be unreasonably delayed. Tenant shall not make any additions or alterations to the Premises or to any Improvements without the Director's prior written approval. If approved, Tenant must obtain clearance, in writing, from the City's Risk Management Department ("Risk Management") that the proposed addition or alteration will be covered under the insurance policy in force during the term of this Lease before proceeding with any type of addition or alteration to the Premises or to the Improvements.

B. All additions or alterations must be made at Tenant's expense. Tenant must provide proof to the Director of sufficient funds on hand to complete the construction. All additions or alterations installed by Tenant must be repaired or replaced at Tenant's expense and may be removed by

Tenant at the expiration or termination of the Lease only if they may be removed without damaging the Premises or any Improvements. All additions or alterations made by Tenant which are not removed at the expiration or termination of this Lease become the property of the City without necessity of any legal action.

C. The plans and specifications for all additions or alterations shall be prepared by state-licensed architects or engineers. The Improvements must be designed and constructed to meet American Sports Builder Association guidelines and American Society for Testing Material standards, and all applicable laws, statutes, ordinances, codes, rules, regulations and directives, collectively "Laws", including but not limited to the Americans with Disabilities Act, the Military Airport Zoning Ordinance and ordinances of the Joint Airport Zoning Board. The plans and specifications must be approved in writing by the Director of Capital Programs or designee prior to construction. The plans and specifications must be prepared to ensure that any runoff from the Premises does not negatively impact Oso Creek. The plans and specifications must be in compliance with all current federal and state permits and easements related to Oso Creek, including but not limited to State of Texas Miscellaneous Easement No. ME950040, a copy of which has been provided to Tenant, and also USACE Mitigation Area Permit No. 20186 which is referenced in said Miscellaneous Easement.

D. A payment bond is required for construction contracts that exceed $25,000. A performance bond is required for construction contracts that exceed $100,000. The bond(s) shall be made with the City as the obligee.

E. Lessee shall ensure that an indemnity clause acceptable to the City is included in all construction contracts.

F. All construction contracts must be approved in writing by the Director of Engineering or designee. All construction contracts must include terms regarding the City's ability to inspect, reject and accept the work.

G. Tenant shall include in all construction contracts for the Improvements, in large, bold face text: "**Contractor does hereby agree to release, indemnify, defend and hold harmless City of Corpus Christi, and all of its officials, officers, agents and employees, in both their public and private capacities, from and against any and all liability, claims, losses, damages, suits, demands or causes of action including all expenses of litigation and/or settlement, court costs and attorney fees which may arise by reason of injury to or death of any person or for loss of, damage to, or loss of use of any property occasioned by error, omission, or negligent act of contractor, its officers, agents, employees, subcontractors, invitees or any other person arising out of or in connection with the performance of the construction contract, and contractor shall at his or her own cost and expense defend and protect the City of Corpus Christi from any and all such claims and demands**."

H. Tenant shall also require the contractors in all construction agreements for the Improvements to furnish insurance in such amounts as specified in the attached **insurance exhibit**.

8.8 Repairs and Maintenance. Subject to the provisions of Article 11, Tenant agrees that during the Term it will, at its expense and without any expense to Landlord, promptly make all necessary repairs to or replacements of the Improvements and all parking areas, sidewalks, curbs, lawns, lighting, irrigation and landscaping on the Land, and maintain the Premises and the Improvements, in accordance with all applicable Laws, and in good condition and repair. Tenant shall, at all times during the Term, assure that the Premises and the Improvements are in compliance with all applicable Laws. Tenant shall not commit waste with respect to the Premises. The Parties intend that Landlord have no obligation, in any manner whatsoever, to repair and maintain the Premises or the Improvements or any equipment therein or thereon, whether structural or non-structural, during the Term, all of which obligations are imposed on Tenant.

8.9 Alterations and Improvements. After construction of the agreed Improvements as shown on the Site Plan, Tenant may, at its expense and with the prior written consent of Landlord acting through its City Manager (i) make changes or alterations, structural or otherwise, to the Premises and to the exterior and interior of the Improvements; and (ii) erect, construct or install upon the Land buildings and improvements in addition to those now or hereafter located thereon.

8.10 Ownership of Buildings, Improvements, and Fixtures. Any and all buildings, improvements, additions, alterations, and fixtures, except Trade Fixtures (as defined herein), constructed, placed, or maintained on any part of the Premises during the Term shall be considered part of the real property of the Premises and shall remain on the Premises and become the property of Landlord on termination of this Lease.

8.11 Right to Remove Trade Fixtures. Tenant shall have the right at any time during Tenant's occupancy of the Premises, or within a reasonable time thereafter, to remove any and all Trade Fixtures (as defined herein), owned or placed by Tenant, its sublessees or licenses, in or on the Premises, or acquired by Tenant, whether before or during the Term, but prior to the termination of the Lease. Tenant must repair any damage to the Premises to any buildings or improvements on the Premises resulting from such removal. Any such personal property items which are not removed by the termination date of the Lease shall become the property of Landlord as of that date.

8.12 Naming and Other Rights.

A. Tenant shall have the full right to provide a name or names for the Rgional Sports Complex during the Term of this Lease; provided, however, that except for city names which are incorporated into the brand name of any nationally or regionally offered product or service (such as, by way of example and not limitation, "Seattle's Best" coffee, or "Boston Market" goods), Tenant shall display no reference to any country or to any city other than the City in any signage, advertising, and other identification monuments or visible media containing the name used by or identifying the regional sports complex facility on the Premises.

B. Tenant agrees to use a name for the regional sports complex that is appropriate for a City-owned facility.

C. Within thirty (30) days after the Tenant's disclosure to the City of the name of the regional sports complex, the City shall have the right to disapprove and thus prohibit such name for the

regional sports complex (including the name for any part of the regional sports complex) if the City Council reasonably deems such name to be in bad taste or offensive to the City's image or a potential source of embarrassment to the City.

D. Any advertising, documents or media information prepared by or within the control of Tenant describing any event at the regional sports complex shall identify the City as the location of the regional sports complex.

E. Without limiting the foregoing, Tenant shall have the exclusive right to contract with any person with respect to use and enjoyment of such name for the regional sports complex and the exclusive right to enter into such agreements with others whereby such others may display names, logos, trademarks, advertisements, slogans, emblems, brand names, and the like in or about the Premises.

F. Tenant reserves the right to change the name of the regional sports complex from time to time.

G. Tenant also retains exclusive control over, and the right to grant to others, the rights to broadcasts to and from the Premises, regardless of the medium used (e.g. television, radio, internet, satellite) and all revenues therefrom.

H. Any agreement executed by Tenant that sells the right to name the regional sports complex shall provide that should the party to whom said right has been sold perform or be the subject of any Act of Bankruptcy, Landlord shall have the right to immediately terminate such agreement and have the right to seek a new agreement with respect to the naming rights for the regional sports complex.

I. Notwithstanding anything herein to the contrary, the naming rights shall be subject to and subordinate to this Lease Agreement.

ARTICLE 9 LIENS

Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by Tenant, and shall indemnify, protect and hold harmless Landlord from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. If, at any time during the Term, any interest of Landlord or Tenant in the Premises becomes subject to a lien for labor or materials furnished to Tenant in the repair or improvement of the Premises, within thirty (30) days after Tenant's receipt of written notice informing Tenant of the recording of such lien, Tenant shall cause the lien to be bonded or discharged, and shall otherwise defend and hold Landlord harmless on account thereof, provided, however, that if Tenant desires in good faith to contest the validity or correctness of any such lien, it may do so, and Landlord shall cooperate to whatever extent may be necessary, provided only that Tenant shall defend and indemnify Landlord against any costs, loss, liability or damage on account thereof, including reasonable attorneys' fees. The interest of Landlord in the Premises shall not be subject to liens for improvements made by or for the account of Tenant, for which Tenant shall provide due notice to all parties who provide any services or materials with respect to any work on the Premises.

ARTICLE 10 INSURANCE AND INDEMNITY

10.1 Tenant's Insurance. Tenant shall obtain, maintain and keep in force, or cause to be obtained, maintained and kept in force, for the period commencing upon delivery of the Premises to Tenant and continuing thereafter during the Term, insurance as required by the attached **Exhibit I – Tenant's Insurance Requirements**. The City reserves the right to adjust types and amounts of insurance required upon 30 days' written notice.

10.2 Exculpation of Landlord. It is expressly understood and agreed by and between Landlord and Tenant that Landlord shall have no liability for damage or injury to any person or property in, on or about the Premises or the Improvements caused by or resulting from acts or omissions of any tenant, occupant, licensee or invitee of or on the Premises, unless (i) such damage or injury is caused by or results from the negligence or willful misconduct of Landlord or Landlord's agents, employees, representatives, or contractors and (ii) Landlord is responsible for such damage under the Texas Tort Claims Act. Nothing in this Lease shall waive any defenses or immunities available to Landlord.

10.3 Tenant's Indemnification of Landlord.

NOTWITHSTANDING THE LIMITS OF INSURANCE SPECIFIED HEREIN, TENANT SHALL INDEMNIFY AND HOLD LANDLORD, ITS OFFICERS, AGENTS AND EMPLOYEES ("INDEMNITEES") HARMLESS OF, FROM, AND AGAINST ALL CLAIMS, DEMANDS, ACTIONS, DAMAGES, LOSSES, COSTS, LIABILITIES, EXPENSES, AND JUDGMENTS RECOVERED FROM OR ASSERTED AGAINST INDEMNITEES ON ACCOUNT OF INJURY OR DAMAGE TO PERSON OR PROPERTY TO THE EXTENT ANY DAMAGE OR INJURY MAY BE INCIDENT TO, ARISE OUT OF, OR BE CAUSED, EITHER PROXIMATELY OR REMOTELY, WHOLLY OR IN PART, BY AN ACT OR OMISSION, NEGLIGENCE, OR MISCONDUCT ON THE PART OF THE INDEMNITEES OR ON THE PART OF TENANT, OR ANY OF TENANT'S AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, VENDORS, PATRONS, GUESTS, LICENSEES, OR INVITEES ("INDEMNITORS") ENTERING UPON THE PREMISES, WITH THE EXPRESS OR IMPLIED INVITATION OR PERMISSION OF TENANT, OR WHEN ANY INJURY OR DAMAGE IS THE RESULT, PROXIMATE OR REMOTE, OF THE VIOLATION BY INDEMNITEES OR INDEMNITORS OF ANY LAW, ORDINANCE, OR GOVERNMENTAL ORDER OF ANY KIND, OR WHEN THE INJURY OR DAMAGE ARISE OUT OF, OR BE CAUSED BY, EITHER PROXIMATELY OR REMOTELY, WHOLLY OR IN PART, BY AN ACT OR OMISSION, NEGLIGENCE, OR MISCONDUCT ON THE PART OF INDEMNITORS UNDER THIS AGREEMENT.

THESE TERMS OF INDEMNIFICATION ARE EFFECTIVE WHETHER THE INJURY OR DAMAGE MAY RESULT FROM THE SOLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE, OR CONCURRENT NEGLIGENCE OF INDEMNITEES, AND IN ALL CASES WHERE INDEMNITEES' ACTIONS ARE DIRECTLY RELATED TO THE USE OF THE PREMISES, BUT NOT IF THE DAMAGE OR INJURY RESULTS FROM GROSS NEGLIGENCE OR WILFULL MISCONDUCT ON INDEMNITEES.

TENANT COVENANTS AND AGREES THAT IF ANY OF THE INDEMNITEES ARE MADE A PARTY TO ANY LITIGATION AGAINST TENANT OR IN ANY LITIGATION COMMENCED BY ANY PARTY, OTHER THAN TENANT, RELATING TO THIS AGREEMENT OR RELATING TO THE PREMISES, TENANT SHALL DEFEND INDEMNITEES UPON RECEIPT OF REASONABLE NOTICE REGARDING COMMENCEMENT OF LITIGATION.

10.4 Tenant's Property. All property belonging to Tenant or its agents, employees, invitees or otherwise and located at or in the Premises or the Improvements shall be kept at the risk of Tenant only, and Landlord shall not be liable for damage thereto or theft, misappropriation or loss thereof and Tenant agrees to defend and hold Landlord and Landlord's agents, employees and servants harmless and indemnify them against third-party claims and liability for injuries to such property.

ARTICLE 11. DAMAGE AND DESTRUCTION

Except in the case of a casualty loss which occurs in the last two (2) years of the Term or during the Option Term, if the Improvements or any part thereof are damaged or destroyed by fire or other casualty, this Lease shall continue in full force and effect. If, during the last two (2) years of the Term or during the Option Term, any of the Improvements shall be damaged by fire or other casualty to the extent that, in Tenant's reasonable judgment, the Premises are not usable in its damaged condition for the conduct of Tenants business, Tenant may, upon written notice to Landlord, elect to terminate this Lease, in which event all proceeds of the insurance payable in respect for pertaining to the Improvements shall belong to and be paid to Landlord with reduction for any deductible. If Tenant elects to terminate this Lease due to casualty loss which occurs in the last two (2) years of the Term, Tenant shall so notify Landlord within thirty (30) calendar days after the date of such casualty, whereupon this Lease shall terminate as of the later to occur of: (i) Tenant's vacation and surrender of the Premises, and (ii) Landlord's receipt of such termination notice. If Tenant terminates this Lease, Tenant shall not be required to repair any damage resulting from such casualty. If the Improvements are damaged or destroyed by fire or other casualty in years 1 through 38 of the Lease, or during the Option Term, then the parties will develop a mutually agreed upon schedule for reconstruction of the Improvements at the Premises, which schedule shall take into account sufficient time necessary for third party processing of Tenant's insurance claims.

ARTICLE 12. CONDEMNATION

12.1 Complete Taking. If the whole of the Premises and/or Improvements are taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of condemnation or eminent domain ("***Taking***"), then this Lease shall terminate as of the earlier of the date that title vests in the condemnor or the date that the condemnor takes possession of the property so taken ("***Date of Taking***"). In such event, all charges payable hereunder shall be prorated and paid to the Date of Taking. Installation of City utilities upon or across the Premises does not constitute a Taking for purposes of this Lease.

12.2 Partial Taking Rendering Premises "Untenantable." If a Taking by any lawful power or authority by the exercise of the right of condemnation or eminent domain of a portion of the Premises or Improvements or a portion of any access drive or curb cut adjacent to the Premises

necessary, in Tenant's sole but reasonable judgment, for the Intended Use, occurs and such Taking renders the entire Premises and/or Improvements "untenantable," as such term is hereinafter defined, then Tenant shall have the right to terminate this Lease, as of the Date of Taking, by giving written notice of such termination to Landlord within ninety (90) days after the date of Tenant's receipt of notice from the condemnor of the Date of Taking. Installation of City utilities upon the Premises does not constitute a Taking for purposes of this Lease.

In the event of termination of this Lease in accordance herewith, all charges payable hereunder shall be prorated and paid to the Date of Taking.

For purposes of this Article 12, "untenantable" shall be deemed to refer to a situation in which any Improvement(s) or any parking spaces, driveways or access ways, or other improvements on or included in the Premises, or adjacent to the Premises, that may have been displaced by the Taking cannot, in the sole discretion of the Tenant, be relocated, restored or re-routed upon the portions of the Land that remain after the Taking in a commercially reasonable manner that results in an economically viable operation of the Intended Use, thereby causing the Premises and/or Improvements to be unsuitable for Tenant to carry on the Intended Use as contemplated by this Lease. In the event that a Taking of any portion of the Premises and/or Improvements occurs which renders the entire Premises and/or Improvements "untenantable," and Tenant fails to terminate this Lease within the time period provided above, then this Lease shall continue in full force and effect.

12.3 Partial Taking Not Rendering Premises "Untenantable". In the event of a Taking of any portion of the Premises and/or Improvements which does not render the Premises and/or Improvements "untenantable," as defined above, all charges shall be abated for a reasonable period of time, not to exceed one hundred fifty (150) days after Tenant's receipt of the condemnation award, in order to allow Tenant to make any alterations and/or improvements that in the sole discretion of Tenant are necessary to relocate, restore or re-route any Improvements or parking spaces, driveways or access ways, or other improvements on or included in the Premises which were displaced by the Taking. Following the completion by Tenant of any such improvements, repairs, restoration or alterations to the Premises and/or Improvements that may be necessary as a result of any such Taking, the abatement of charges provided for herein shall cease, and all other charges shall again be assessed against the Premises as provided for hereinabove.

Notwithstanding anything to the contrary in the foregoing, Tenant, after Tenant's receipt of the condemnation award, shall have an affirmative obligation to exercise all reasonable efforts in order to perform any construction, repairs, restoration or alterations to the Premises and/or Improvements that may be necessary to relocate, repair, restore or re-route any Improvements or parking spaces, driveways or access ways, or other improvements on the Land that may have been displaced by the Taking, and which can be, in the sole discretion of Tenant, relocated, repaired or re-routed upon the portions of the Premises that remain after the Taking in a commercially reasonable manner that results in an economically viable operation of the Intended Use.

12.4 Allocation of Condemnation Award. The condemnation award payable with respect to any Taking of all or a part of the Land and/or Improvements shall be made available to Tenant to pay for the relocation, re-routing or construction and completion of any replacements, restoration, alterations and improvements, but Tenant shall not be obligated to expend an amount greater than

the amount awarded to Landlord and Tenant on account of the taking of the Improvements, exclusive of that portion of the award attributable to the taking of the Land. If the amount awarded to Landlord and Tenant on account of the Taking is not sufficient to permit Tenant to so alter, repair and restore the Premises and/or Improvements, Tenant, at Tenant's discretion, may give notice to Landlord of such deficiency within thirty (30) days after the Date of Taking and Landlord may elect to contribute the amount of the deficiency to the cost of the repair and restoration or to terminate this Lease. Landlord shall notify Tenant of its election within thirty (30) days after the date on which Landlord receives the notice of deficiency from Tenant. If Landlord elects to terminate this Lease, the termination shall be effective as of the Date of Taking and all Rent and other charges payable hereunder shall be prorated and paid to the date of termination. The condemnation award received by Landlord and Tenant shall be otherwise allocated as set forth below.

If a Taking of the whole or a part of the Premises and/or Improvements shall occur, then Landlord shall have the unqualified right to pursue its remedies against the condemnor for the full value of Landlord's fee interest and other property interests in and to the Premises and/or Improvements. Similarly, Tenant shall have the unqualified right to pursue its remedies against the condemnor for the full value of Tenant's leasehold interest, moving and relocation expenses, and other property interests in and to the Premises and/or Improvements. If the laws of the State of Texas allow or require the recovery from the condemnor to be paid into a common fund or to be paid to Landlord only, and if such recovery is so paid into a common fund or to Landlord only, then the recovery so paid shall be apportioned between the Parties according to the value of their respective property interests as they existed on the date of the Taking, giving due consideration to the number of years remaining in the Term and the condition of the Improvements and any other improvements on the Land. The provisions of this Section 12.4 shall survive any termination of this Lease pursuant to the provisions of Article 12.

ARTICLE 13. BANKRUPTCY

If, at any time during the Term, bankruptcy, insolvency or other similar proceedings shall be instituted by or against Tenant, whether or not such proceedings result in an adjudication against Tenant or should a receiver of the business or assets of Tenant be appointed, such proceedings or adjudication shall not affect the validity of this Lease so long as the Rent and the other terms, covenants and conditions of this Lease on the part of Tenant to be performed are performed, and in such event this Lease shall remain in full force and effect in accordance with its terms.

ARTICLE 14: ASSIGNMENT AND SUBLETTING

Except for a Permitted Transfer (defined herein), Tenant may not assign this Lease or sublet the Premises, in whole or in part, without obtaining the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld or delayed. Landlord's consent shall not be considered unreasonably withheld or delayed if the proposed transferee's financial net worth is less than that of Tenant. Landlord's failure to approve or disapprove any assignment or sublease request within thirty (30) business days shall be deemed to be Landlord's approval of such request. For purposes of this Lease, a "***Permitted Transfer***" shall include an assignment of this Lease or a sublease of the Premises, in whole or in part, an entity controlled or majority-owned by Tenant or any successor resulting from a reorganization of, or merger with, Tenant. In the event of a

Permitted Transfer, the assignee or sublessee, as applicable, shall assume in writing all present and future obligations of Tenant under this Lease, and upon such assumption the Tenant shall have no further obligations under this Lease other than those that accrued prior to the effective date of the Permitted Transfer.

Except in the case of a Permitted Transfer, Tenant shall remain fully liable hereunder for any obligation of Tenant arising under this Lease, whether past, present or future; provided, however, that Tenant's liability shall be limited to obligations of Tenant arising during the initial Term of the Lease (or any remaining Option Term if the assignment or sublease occurs during an Option Term) and Tenant shall have no liability for any obligations arising during a subsequent Option Term elected by the assignee or sublessee. Any assignee or sublessee hereunder shall expressly assume in writing all obligations on Tenant's part to be performed under this Lease from and after the effective date of the assignment or subletting.

Notwithstanding anything in this Lease to the contrary, Tenant may enter into any type of sublease, license or any other type of agreements with third parties relating to any retail, equipment supplies, sports medicine, restaurants or any other types of operations in connection with the Intended Use. Tenant agrees to provide the City a copy of any sublease within ten business days of City's request. Tenant agrees to include provisions in any sublease that the City of Corpus Christi is indemnified by Tenant's subtenants in the following form:

NOTWITHSTANDING THE LIMITS OF INSURANCE SPECIFIED HEREIN, SUBTENANT SHALL INDEMNIFY AND HOLD CITY OF CORPUS CHRISTI, ITS OFFICERS, AGENTS AND EMPLOYEES ("INDEMNITEES") HARMLESS OF, FROM, AND AGAINST ALL CLAIMS, DEMANDS, ACTIONS, DAMAGES, LOSSES, COSTS, LIABILITIES, EXPENSES, AND JUDGMENTS RECOVERED FROM OR ASSERTED AGAINST INDEMNITEES ON ACCOUNT OF INJURY OR DAMAGE TO PERSON OR PROPERTY TO THE EXTENT ANY DAMAGE OR INJURY MAY BE INCIDENT TO, ARISE OUT OF, OR BE CAUSED, EITHER PROXIMATELY OR REMOTELY, WHOLLY OR IN PART, BY AN ACT OR OMISSION, NEGLIGENCE, OR MISCONDUCT ON THE PART OF THE INDEMNITEES OR ON THE PART OF SUBTENANT, OR ANY OF SUBTENANT'S AGENTS, SERVANTS, EMPLOYEES, CONTRACTORS, VENDORS, PATRONS, GUESTS, LICENSEES, OR INVITEES ("INDEMNITORS") ENTERING UPON THE PREMISES, WITH THE EXPRESS OR IMPLIED INVITATION OR PERMISSION OF TENANT, OR WHEN ANY INJURY OR DAMAGE IS THE RESULT, PROXIMATE OR REMOTE, OF THE VIOLATION BY INDEMNITEES OR INDEMNITORS OF ANY LAW, ORDINANCE, OR GOVERNMENTAL ORDER OF ANY KIND, OR WHEN THE INJURY OR DAMAGE ARISE OUT OF, OR BE CAUSED BY, EITHER PROXIMATELY OR REMOTELY, WHOLLY OR IN PART, BY AN ACT OR OMISSION, NEGLIGENCE, OR MISCONDUCT ON THE PART OF INDEMNITORS UNDER THIS AGREEMENT.

THESE TERMS OF INDEMNIFICATION ARE EFFECTIVE WHETHER THE INJURY OR DAMAGE MAY RESULT FROM THE SOLE NEGLIGENCE, CONTRIBUTORY NEGLIGENCE, OR CONCURRENT NEGLIGENCE OF INDEMNITEES, AND IN ALL CASES WHERE INDEMNITEES' ACTIONS ARE DIRECTLY RELATED TO THE USE OF THE PREMISES, BUT NOT IF THE DAMAGE

OR INJURY RESULTS FROM GROSS NEGLIGENCE OR WILFULL MISCONDUCT ON INDEMNITEES.

SUBTENANT COVENANTS AND AGREES THAT IF ANY OF THE INDEMNITEES ARE MADE A PARTY TO ANY LITIGATION AGAINST TENANT OR IN ANY LITIGATION COMMENCED BY ANY PARTY, OTHER THAN TENANT, RELATING TO THIS AGREEMENT OR RELATING TO THE PREMISES, TENANT SHALL DEFEND INDEMNITEES UPON RECEIPT OF REASONABLE NOTICE REGARDING COMMENCEMENT OF LITIGATION.

ARTICLE 15: EVENTS OF DEFAULT; REMEDIES

15.1 Events of Default. The occurrence of any one or more of the following events (each an "***Event of Default***") shall constitute a default and breach of this Lease by Tenant:

> If Tenant fails to perform any of Tenant's obligations or breaches any covenant or representation or warranty under this Lease for a period of sixty (60) days after written notice from Landlord **(the "Cure Period")**.

15.2 Remedies. Upon the occurrence of an Event of Default, and at any time thereafter, at Landlord's option, and without limiting Landlord in the exercise of any other rights or remedies which Landlord may have at law or in equity by reason of such breach, if such Event of Default shall not have been cured during such Cure Period, Landlord may terminate this Lease by giving written notice to Tenant of Landlord's election to so terminate, re-enter the Premises and take possession of the same, and expel or remove Tenant and all other parties occupying the Premises and/or Improvements, and remove all property of Tenant and store such property in a public warehouse or elsewhere at the cost of and for the account of Tenant without being deemed guilty of trespass. In such event, and subject at all times to the law of the State of Texas pertaining to and/or dictating the duty of a landlord to mitigate damages in the event of a tenant's breach of a lease, Landlord shall thereupon be entitled to recover from Tenant all costs to remove Tenant's personal property and return Premises to good condition.

ARTICLE 16: QUIET ENJOYMENT AND TITLE AND OPERATIONS AT THE PREMISES

16.1 Covenant of Quiet Enjoyment. Subject to the terms of this Lease, upon paying the Rent and performing the other terms, covenants and conditions of this Lease on Tenant's part to be performed, Tenant shall and may peaceably and quietly have, hold, occupy, possess and enjoy the Premises during the Term. However, Landlord retains the right to use or cross the Premises with utility lines and easements needed for utility or other City operations, including but not limited to water utility pipeline which crosses the Land, and also including but not limited to a right-of-way for Oso Parkway and for the planned hike and bike trail generally depicted on Exhibit D. Landlord

must use reasonable judgment in locating the utility lines and easements to minimize damage to the Premises. Landlord exercises these rights without compensation to Lessee for damages to the Premises from installing, maintaining, repairing, or removing the utility lines and easements. In addition, Landlord's vehicles including solid waste vehicles shall have emergency and non-emergency use of roads on the Premises to allow Landlord access through the Premises. In addition, Landlord reserves the right to use the existing Oso Creek crossing(s) on the Premises and also the right to cross the Premises with easements to allow its vehicles to cross through the Premises to access City property. Tenant is advised that no permanent structures can be built over the City water utility lines at the Premises or within the City easements. The City is not responsible for damage to any Improvements caused by City's repairs or maintenance to City water utility lines.

16.2 Right to Possession. Landlord covenants, warrants and represents that: (i) as of the Effective Date, Landlord alone will have the full right to lease the Premises for the Term and as set forth in this Lease, and (ii) the Premises are now unoccupied and tenant-free, and (iii) Tenant shall have at all times during the term absolute, tenant-free possession of the Premises. However, Tenant agrees to allow City to continue its solid waste operations on the Premises until such time as Tenant has completed required relocation of the solid waste operations, or other period mutually agreed upon in writing by the City Manager and the authorized representative of the Tenant.

16.3 **Operations of Regional Sports Complex at the Premises**. Tenant's use and operations of the Premises shall be in compliance with all applicable Federal, State and local laws and regulations, and permits. Tenant shall ensure that its activities at the Premises shall not negatively impact Oso Creek and shall be not reduce or jeopardize the City's rights provided in State of Texas Miscellaneous Easement No. ME950040.

Tenant agrees to comply with the following regarding its operations of the Regional Sports Complex at the Premises. Tenant shall be the exclusive manager and operator of the Regional Sports Complex and shall have the exclusive right to contract for its use during the Term in a manner that will promote and further the purposes for which the Regional Sports Complex has been constructed. Tenant shall do all things and take all commercially reasonable actions necessary for the operation and maintenance of the Regional Sports Complex in accordance with this Lease and in a manner generally consistent with the operation and maintenance of the comparable facilities as of the Effective Date, subject to normal wear and tear. Without limiting the foregoing, Tenant is authorized to and shall:

A. charge and collect all operating revenue, parking use charges, concession revenue and seat and suite use charges for the Regional Sports Complex and Premises and, in connection therewith, use all commercially reasonable efforts to obtain all fees, rents and other amounts due from concessionaires and other users of the Regional Sports Complex and Premises, and shall cause notices to be served upon such users to quit and surrender space occupied or used by them where desirable or necessary in the opinion of Tenant and shall ask for, demand, collect and give receipts for all amounts which at any time may be due from any licenses and other users of the Regional Sports Complex and Leased Premises;

B. prepare and submit to the Landlord (for its review and comment but not approval) on or before September 30 each year, a renewal and replacement account budget projecting the estimated capital repair work expenditures for the Regional Sports Complex;

C. commence, defend and settle in good faith such legal actions and proceedings concerning the operation of the Regional Sports Complex (except for City events) as are necessary or required in the opinion of Tenant and shall retain legal counsel in connection therewith;

D. employ, pay and supervise all personnel that Tenant determines to be necessary for the operation of the Regional Sports Complex (such personnel, during the course of such employment shall be employees of Tenant and shall not be employees of Landlord); determine all matters with regard to such personnel, including without limitation, compensation, bonuses, fringe benefits, hiring and replacement and shall prepare, on its own behalf and file when due, all forms, reports and returns required by law relating to the employment of such personnel;

E. purchase and maintain all materials, tools, machinery, equipment and supplies deemed necessary by Tenant for the operation of the Regional Sports Complex;

F. maintain the Regional Sports Complex in accordance with comparable facilities subject to normal wear and tear, and maintain and operate the Regional Sports Complex in compliance with all requirements necessary for the conduct of all games;

G. prepare, coordinate, implement, revise as necessary and administer a preventative maintenance plan and program for the Regional Sports Complex, its machinery and equipment, and provide a maintenance log for each calendar year of this Lease;

H. from and after the Effective Date, arrange for and provide all utility and other services for the Regional Sports Complex and pay or cause to be paid when due all charges for water, sewer, gas, light, heat, telephone, electricity, and other utilities and services rendered to or used on or about the Regional Sports Complex;

I. maintain or cause to be maintained all necessary licenses, permits and authorizations for the operation of the Regional Sports Complex;

J. furnish to the Landlord such reports and other information concerning the condition of the Regional Sports Complex and operation thereof (excluding any financial operating results or other information deemed commercially sensitive by Tenant) as may be reasonably requested from time to time by the Landlord, it being understood, however, that Tenant shall not be required to generate any special reports but rather just make available to Landlord any reports already prepared by Tenant in the normal conduct of its business;

K. procure and negotiate contracts with concessionaire(s) for the operation of consumable and/or non-consumable concessions at the Regional Sports Complex (unless Tenant shall self-operate such concessions); and

L. control the issuance and issue all credentials for events at the Regional Sports Complex.

16.4 **Operation of Other Commercial Improvements at the Premises**.

Tenant agrees to comply with the following regarding its operations of the Other Commercial Improvements at the Premises.

Tenant shall do all things and take all commercially reasonable actions necessary for the operation and maintenance of the Other Commercial Improvements in accordance with this Lease and in a manner generally consistent with the operation and maintenance of the comparable facilities as of the Effective Date, subject to normal wear and tear. Without limiting the foregoing, Tenant is authorized to and shall:

A. charge and collect all operating revenue, parking use charges, concession revenue and seat and suite use charges for the Other Commercial Improvements and, in connection therewith, use all commercially reasonable efforts to obtain all fees, rents and other amounts due from concessionaires and other users of the Other Commercial Improvements, and shall cause notices to be served upon such users to quit and surrender space occupied or used by them where desirable or necessary in the opinion of Tenant and shall ask for, demand, collect and give receipts for all amounts which at any time may be due from any licenses and other users of the Other Commercial Improvements;

B. prepare and submit to the Landlord (for its review and comment but not approval) on or before September 30 each year, a renewal and replacement account budget projecting the estimated capital repair work expenditures for the Other Commercial Improvements;

C. commence, defend and settle in good faith such legal actions and proceedings concerning the operation of the Other Commercial Improvements as are necessary or required in the opinion of Tenant and shall retain legal counsel in connection therewith;

D. employ, pay and supervise all personnel that Tenant determines to be necessary for the operation of the Other Commercial Improvements (such personnel, during the course of such employment shall be employees of Tenant and shall not be employees of Landlord); determine all matters with regard to such personnel, including without limitation, compensation, bonuses, fringe benefits, hiring and replacement and shall prepare, on its own behalf and file when due, all forms, reports and returns required by law relating to the employment of such personnel;

E. purchase and maintain all materials, tools, machinery, equipment and supplies deemed necessary by Tenant for the operation of the Other Commercial Improvements;

F. maintain the Other Commercial Improvements in accordance with comparable facilities subject to normal wear and tear, and maintain and operate the Other Commercial Improvements in compliance with all requirements necessary for the conduct of all games;

G. prepare, coordinate, implement, revise as necessary and administer a preventative maintenance plan and program for the Other Commercial Improvements, its machinery and equipment, and provide a maintenance log for each calendar year of this Lease;

H. from and after the Effective Date, arrange for and provide all utility and other services for the Other Commercial Improvements and pay or cause to be paid when due all charges for water, sewer, gas, light, heat, telephone, electricity, and other utilities and services rendered to or used on or about the Other Commercial Improvements;

I. maintain or cause to be maintained all necessary licenses, permits and authorizations for the operation of the Other Commercial Improvements;

J. furnish to the Landlord such reports and other information concerning the condition of the Other Commercial Improvements and operation thereof (excluding any financial operating results or other information deemed commercially sensitive by Tenant) as may be reasonably requested from time to time by the Landlord, it being understood, however, that Tenant shall not be required to generate any special reports but rather just make available to Landlord any reports already prepared by Tenant in the normal conduct of its business;

K. procure and negotiate contracts with concessionaire(s) for the operation of consumable and/or non-consumable concessions at the Other Commercial Improvements; and

L. control the issuance and issue all credentials for sporting events, if any, at the Other Commercial Improvements.

ARTICLE 17: TRADE FIXTURES

Anything contained in this Lease to the contrary notwithstanding, Landlord acknowledges, consents and agrees that all furniture, machinery and equipment which are installed or placed in, on or about the Improvements or the Premises by Tenant, its agent, or its tenants or assigns ("***Trade Fixtures***"), whether affixed to the Premises, the Improvements, or otherwise (excluding heating, ventilating, and air conditioning system, and all electrical, mechanical, and plumbing systems and components thereof that constitute an integral part of the Improvements), shall be and at all times remain the property of Tenant or its tenant or assigns and may be removed at any time during the Term or upon the expiration or earlier termination of this Lease, whether or not such Trade Fixtures may be regarded as property of Landlord by operation of law or otherwise. Landlord hereby waives any rights it may have arising under Subchapter B of Chapter 54 of the Texas Property Code with respect to the Trade Fixtures. Tenant shall promptly cause any damage to the Improvements caused by such removal to be repaired at no cost to Landlord, including performing any work that may be required to restore the Improvements to a complete architectural unit, such as, by way of example only, restoring an exterior wall section left open after removal of equipment that theretofore served to complete the wall section. Landlord further agrees that, upon expiration or earlier termination of this Lease, Tenant shall have the right to remove from the Premises and the Improvements all signs and other distinctive features of the business on the Premises and the Improvements. Tenant shall, at its expense, repair any damage caused by such removal.

ARTICLE 18: LEASEHOLD MORTGAGE

Tenant may encumber by an appropriate Security Instrument its leasehold interest in the Premises, together with all Improvements placed on the Premises by Tenant, as security for indebtedness of Tenant, provided that Tenant shall refrain from encumbering or purporting to encumber, by means of any such Security Instrument or otherwise, the Landlord's fee interest in the Land. Landlord shall cooperate with Tenant and Tenant's lender with respect to any reasonable request to perfect such lender's rights in Tenant's leasehold interest in the Premises. In addition, if Tenant notifies Landlord of the existence of any such Security Instrument, the terms and conditions set forth on **Exhibit H** attached hereto (the "***Mortgagee Protection Provisions***") shall

be deemed to have been incorporated into this Lease and Landlord shall comply therewith and abide thereby.

ARTICLE 19: HAZARDOUS SUBSTANCE OR WASTE

19.1 Definitions.

a. "***Environmental Laws***" means (i) the Comprehensive Environmental Response, Compensation and Liability Act ("***CERCLA***"); the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Toxic Substances Control Act; the Occupational Safety and Health Act of 1970; the Federal Water Pollution control Act, the Solid Waste Disposal Act; the Clean Air Act; the Clean Water Act; the Safe Drinking Water Act; the Resource Conservation and Recovery Act (including, without limitation, Subtitle I relating to underground storage tank systems); and the Federal Insecticide, Fungicide and Rodenticide Act, (ii) regulations promulgated under any of the above statutes; (iii) any applicable federal, state or local statute, ordinance, rule or regulation, or any common law, that relates to environmental conditions, human health, industrial hygiene, Hazardous Substances or underground storage tank systems; in each case, as amended; and (iv) the applicable terms and conditions associated with any permit issued to and held by Landlord or Tenant pursuant to any of the foregoing.

b. "***Governmental Entity***" means any federal, state or local governmental authority or regulatory agency, including, but not limited to, any Environmental Agency (defined below).

c. "***Hazardous Substances***," for purposes of this Lease, shall be interpreted broadly to include, but not be limited to, any material or substance that is defined or classified under federal, state or local laws as: (i) a "hazardous substance" pursuant to Section 101 of CERCLA or Section 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1321, as now or hereafter amended; (ii) a "hazardous waste" pursuant to Section 1004 or Section 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6903, 42 U.S.C. § 6921, as now or hereafter amended; (iii) a toxic pollutant under Section 307(1)(a) of the Federal Water Pollution Control Act, 33 U.S.C. § 1317(1)(a); (iv) a "hazardous air pollutant" under Section 112 of the Clean Air Act, 42 U.S.C. § 7412, as now or hereafter amended; (v) a "hazardous material" under the Hazardous Material Transportation Act, 49 U.S.C. § 1802(2), as now or hereafter amended; (vi) toxic or hazardous pursuant to regulations promulgated now or hereafter under the aforementioned laws; or (vii) presenting a risk to human health or the environment under other applicable federal, state or local laws, ordinances, or regulations, as now or as may be passed or promulgated in the future. "***Hazardous Substances***" shall also mean any substance that, after release into the environment and upon exposure, ingestion, inhalation or assimilation, either directly from the environment or directly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer or genetic abnormalities. "***Hazardous Substances***" specifically includes, but is no limited to, asbestos, polychlorinated byphenyls (PCBs), petroleum and petroleum-based derivatives, and urea formaldehyde.

d. "***Release***" means any presence, release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing or other movement of Hazardous Substances.

19.2 Landlord's Representation and Warranty. Landlord has no actual knowledge of the presence or disposal on the Premises, of any Hazardous Substance. To the best of available records Landlord has no actual knowledge, without inquiry, of any contamination of the Premises from any Hazardous Substance as may have been disposed of or stored on neighboring tracts.

19.3 **Tenant Indemnification**. Tenant for its part, agrees to indemnify, defend (with counsel reasonably acceptable to Landlord) and hold Landlord and its managers, employees, and agents harmless from any claims, judgments, damages, penalties, fines, liabilities, losses and costs and expenses which arise during or after the Term from or in connection with the presence of Hazardous Substances introduced by Tenant during the Term and those Hazardous Substances introduced during the Term by any of Tenant's shareholders, directors, officers, partners, members, managers, employees, or agents in, on, under or over the Premises, including the soil, groundwater or soil vapor on or under the Premises, unless the Hazardous Substances are present solely as a result of the negligence or willful misconduct of Landlord, managers, employees, agents, independent contractors, guests or invitees. Without limiting the foregoing, but in addition thereto, Tenant shall be solely responsible for the cleanup of such Hazardous Substances and such remediation of the Premises as may be required under or by virtue of any Environmental Law, and to the extent the cleanup of such Hazardous Substances and remediation of the Premises is required by Environmental Law. Tenant shall undertake and complete such cleanup and remediation in a prompt and diligent manner in accordance with Environmental Law and other applicable Requirements of Law.

19.4 Survivability. Without limiting the generality of the provisions of Section 19.2, Section 19.3, and Section 19.4, each of the representations and warranties, and indemnifications provided herein shall survive the expiration, termination or cancellation of this Lease and shall specifically cover costs and expenses incurred in connection with any investigation of site conditions, and any clean-up, remedial, removal and restoration work required by Environmental Law because of the presence or suspected presence of toxic or hazardous substances, including, without limitation, oil, gas and petroleum products, in, on, under or over the Premises, including the soil, groundwater or soil vapor on or under the Premises.

ARTICLE 20: REAL ESTATE COMMISSIONS

The Parties represent and warrant to each other that they have not employed nor engaged any brokers, consultants or real estate agents to be involved in this transaction. The representations and covenants contained in this Article 20 shall survive the expiration of the Term (or any extension(s) thereof) or earlier termination of this Lease.

ARTICLE 21: NOTICES AND DEMANDS

All notices and demands of any kind which either Party may be required or may desire to serve upon the other Party in connection with this Agreement shall be in writing, signed by the Party or its counsel identified below, and shall be served (as an alternative to personal service) by

certified mail, overnight courier service or confirmed facsimile transmission during normal business hours (followed promptly by personal service or mailing of a hard copy), at the addresses set forth below:

To Landlord: City of Corpus Christi
Attn: City Manager
P.O. Box 9277
Corpus Christi, TX 78469-9277
Facsimile No.: (361) 826-3839
Telephone No.: (361) 826-3220

To Tenant: SQH Sports & Entertainment
Attn.: Derrick Hegmon
16035 University Oak
San Antonio, TX 78249
Facsimile No.: (210) ______________
Telephone No.: (210) 341-8877

With copy to: Upton, Mickits & Heymann, LLP.
Attn.: R. Bryan Stone
802 N. Carancahua, Suite 450
Corpus Christi, TX 78401
Facsimile No.: (361) 884-5291
Telephone No.: (361) 698-8235

Any such notice or demand so served shall constitute proper notice hereunder upon delivery, if personally served, three (3) business days following deposit with the United States Postal Service if mailed, or one (1) business day following deposit with an overnight courier if couriered, or by confirmation of receipt of the facsimile if faxed. If the time period by which any notices, acts or payments required hereunder must be delivered, performed or paid expires on a Saturday, Sunday or legal holiday, then such time period shall be automatically extended to the close of business on the next business day. Telephone numbers have been included in this Article 22 as a matter of convenience and imply no obligation or right to give or receive notice other than in writing as required by this Lease.

ARTICLE 22: GENERAL PROVISIONS

22.1 Binding on Successors. All of the covenants, agreements, provisions and conditions of this Lease shall inure to the benefit of and be binding upon the Parties hereto, their successors, legal representatives and assigns.

22.2 Severability. If any term or provision of this Lease or the application thereof to any person or circumstance shall be invalid or unenforceable, to any extent, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforceable to the maximum extent permitted by law.

22.3 Entire Agreement. This Lease and the exhibits attached hereto contain the entire agreement between the Parties concerning the subject matter hereof, and shall not be modified in any manner except by a document executed by the Parties hereto or their respective successors in interest.

22.4 Captions. The captions used in this Lease are inserted as a matter of convenience only, and in no way define, limit or describe the scope of this Lease or the intentions of the Parties hereto, and shall not in any way affect the interpretation or construction of this Lease.

22.5 No Waiver. A waiver by Landlord or Tenant of any breach of any provision of this Lease shall not be deemed a waiver of any breach of any other provision hereof or of any subsequent breach by Tenant or Landlord of the same or any other provision.

22.6 Holdover. If Tenant holds over after the Term with the express consent of Landlord, such holding over shall be construed to be a tenancy from month-to-month only. The foregoing provision shall not affect Landlord's right of reentry or any rights of Landlord hereunder or as otherwise provided by law.

22.7 Time of Essence. Except as specifically provided to the contrary herein, time is of the essence with regard to every provision of this Lease and the exhibits attached hereto.

22.8 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Texas.

22.9 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one and the same document.

22.10 No Third Party Rights. The terms and provisions of this Lease shall not be deemed to confer any rights upon, nor obligate any Party hereto to, any person or entity other than the Parties hereto.

22.11 Interpretation. Each Party has had the opportunity to participate in the negotiation and drafting of this Lease and has had the opportunity to have the Lease reviewed by its own legal counsel. The rule of interpretation requiring that any ambiguities be interpreted against the drafting party shall not apply to this Lease.

22.12 Short Form Lease. The Parties shall execute and record within five (5) business days following the Effective Date a short form of this Lease, substantially in the form attached hereto as **Exhibit G** (the "***Memorandum***"). In no event shall this Lease be recorded in its entirety. In the event this Lease should terminate as a result of a failure of any contingency or as a result of Tenant's election not to give the Notice of Election, Tenant agrees to promptly deliver to Landlord a termination of the Memorandum as necessary to provide record notice that this Lease has terminated. If necessary to conform the legal description of the Land or as otherwise required by the Title Company, the Parties shall duly execute and deliver at Closing an amendment to the Memorandum correcting any errors in the legal description.

22.13 Estoppel Certificates. Landlord and Tenant agree that, within fifteen (15) business days after receipt of a written request from either to the other, the Party receiving the request will execute and deliver to the other a certificate in form and substance mutually acceptable to the

Parties certifying: (i) that this Lease is unmodified and in full force and effect, or, if modified, stating the nature of the modifications and that, as so modified, this Lease is in full force and effect; (ii) the date to which the Rent and other charges hereunder are paid in advance, if any; (iii) the then-scheduled expiration date of the Term and the duration of any unexercised, unexpired Option Term; (iv) that, to the certifying Party's knowledge, as of the date of the certificate, there are no uncured defaults hereunder on the part of the requesting Party or specifying such defaults as are claimed by the certifying Party; and (v) as to such other matter as may be reasonably requested by the requesting Party.

22.14 Due Authorization. Each person executing this Lease on behalf of Landlord and Tenant, respectively, warrants and represents that the Party for whom he or she is acting has been duly formed, is in good standing, and has duly authorized the transactions contemplated herein and the execution of this Lease by him or her and that, when so executed, this Lease shall constitute a valid and binding obligation of the Party on whose behalf it is so executed.

22.15 Relationship of Parties. Nothing contained in this Lease shall be deemed to create a partnership or joint venture between Landlord and Tenant, and Landlord and Tenant's relationship in this Lease shall be deemed to be one of landlord and tenant only.

22.16 Authorization.

Tenant hereby acknowledges, confirms and agrees that it is a duly incorporated corporation in accordance with the laws of the State of Texas and that it is in good standing under the laws of its state of incorporation. Tenant further acknowledges, confirms and agrees that it has been authorized by all necessary corporate action to enter into this Lease, that the entry into this Lease by Tenant and performance of all obligations to be performed by Tenant hereunder will not violate the terms of any governing documents of the Tenant, or any other agreements or arrangements to which the Tenant may be a party, and that the individual executing this Lease on behalf of the Tenant is duly authorized to do so.

Landlord hereby acknowledges, confirms and agrees that it is a duly created and existing municipal corporation and home rule municipality of the State of Texas under the laws of the State of Texas and is duly qualified and authorized to carry on the governmental functions and operations as contemplated by this Lease.

22.17 Incorporation of Exhibits. All exhibits attached to this Lease are hereby incorporated herein as though set forth in full in this Lease itself.

22.18 Anti-Terrorism Warranties. Landlord represents and warrants that Landlord is not, and shall not become, a person or entity with whom Tenant is restricted from doing business with under regulations of the Office of Foreign Asset Control ("***OFAC***") of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transaction or be otherwise associated with such persons or entities. Tenant represents and warrants that Tenant is not, and shall not become, a person or entity with

whom Landlord is restricted from doing business with under regulations of OFAC of the Department of the Treasury (including, but not limited to, those named on OFAC's Specially Designated and Blocked Persons list) or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action and is not and shall not engage in any dealings or transaction or be otherwise associated with such persons or entities.

22.19. Disclosure of Interests. **Tenant** agrees to comply with City of Corpus Christi Ordinance No. 17112 and complete the *Disclosure of Interests* form as part of this contract. Lessee agrees to comply with Texas Government Code section 2252.908 and complete Form 1295 Certificate of Interested Parties as part of this contract. For more information, please review the information on the Texas Ethics Commission website at https://www.ethics.state.tx.us. Lessee agrees to comply with Chapter 176 of the Texas Local Government Code and file Form CIQ with the City Secretary's Office, if required. For more information and to determine if you need to file a Form CIQ, please review the information on the City Secretary's website at http://www.cctexas.com/government/city-secretary/conflict-disclosure/index.

22.20 Publication. Tenant shall pay costs to publish this Lease Agreement as required by the City Charter.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Lease Agreement to be effective as of the Effective Date defined above.

LANDLORD:

CITY OF CORPUS CHRISTI,
a home-rule municipal corporation

Attest:________________________________
Name:________________________________
Title: City Secretary

CITY OF CORPUS CHRISTI

By: __________________________________
Name:________________________________
Title: City Manager

Date:__________________________________

TENANT:

SQH SPORTS & ENTERTAINMENT, INC., a Texas corporation

By: __________________________________
Name:________________________________
Title:__________________________________

Date:__________________________________

EXHIBIT A

To be inserted: Metes and Bounds for original 67.69 acre tract

EXHIBIT B

To be inserted: Metes and bounds for 30.22 acre tract

<u>EXHIBIT C</u>

Metes and bounds for additional 105.39 acre tract

[*to be inserted*]

EXHIBIT D

NEW SITE PLAN
TO BE INSERTED

<u>EXHIBIT E</u>

82.60 Acres Outside of the One Hundred-Year Floodplain

EXHIBIT F

NOTICE OF ELECTION

________________, 2018

City of Corpus Christi
Attn: City Manager
P.O. Box 9277
Corpus Christi, TX 78469-9277

Re: Ground Lease dated _______________, 2016 ("***Lease***") by and between City of Corpus Christi ("***Landlord***") and SQH Sports & Entertainment, Inc. ("***Tenant***")

Gentlemen:

The undersigned is the Tenant under the Lease, and we are providing this notice to you that we have satisfied or waived all the contingencies set forth in Article 6 of the Lease to be satisfied before the expiration of the Inspection Period; provided, however, and notwithstanding the foregoing, the Tenant does not waive its right to terminate the Lease under Section 6.5 of the Lease. Capitalized terms not defined in this notice have the same meanings given to them in the Lease.

Very truly yours,

SQH SPORTS & ENTERTAINMENT, INC.

By: ____________________________________

Name: ____________________________________

Title: ____________________________________

EXHIBIT G

MEMORANDUM OF LEASE

Prepared By/Return To:
R. Bryan Stone
Upton, Mickits & Heymann, LLP
802 N. Carancahua, Suite 450
Corpus Christi, Texas 78401

MEMORANDUM OF LEASE

STATE OF TEXAS)
)SS:
COUNTY OF NUECES)

This Memorandum of Lease is made the _____ day of _______________, 2018, by and between **CITY OF CORPUS CHRISTI**, a home rule city, ("***Landlord***"), and **SQH SPORTS & ENTERTAINMENT, INC.**, a Texas corporation, ("***Tenant***").

RECITALS:

For good and valuable consideration, Landlord has leased to Tenant and Tenant has leased from Landlord certain real property situated in Corpus Christi, Nueces County, Texas, and certain rights appurtenant thereto, more particularly described on attached **Exhibit A** ("***Premises***") pursuant to that certain Lease Agreement dated effective __________, 2018 (the "***Effective Date***").

The Lease provides for the following:

1. The Term of the Lease commenced on the Effective Date and will expire at midnight on the fortieth (40th) anniversary of the Effective Date as defined in the Lease.

2. Landlord and Tenant may mutually agree to extend the term for one (1) additional period of twenty (20) years.

3. Landlord agrees that from and after the Effective Date, Tenant may use the Land for the construction and operation of a Regional Sports Complex and any and all purposes related thereto.

This Memorandum is not a complete summary of the Lease. Provisions in this Memorandum shall not be used to interpret the provisions of the Lease, and, in the event of conflict between this Memorandum and the Lease, the Lease shall control.

IN WITNESS WHEREOF, the Landlord has executed and delivered this Memorandum of Lease as of the date stated above.

LANDLORD:

CITY OF CORPUS CHRISTI,
a home-rule municipal corporation

Attest: ________________________________
Name: __________________________
Title: City Secretary

CITY OF CORPUS CHRISTI

By: _______________________________
Name: __________________________
Title: City Manager

THE STATE OF TEXAS §
§
COUNTY OF __________ §

This instrument was acknowledged before me this ______ day of _____________, 2016, by _______________, _________ of City of Corpus Christi, a home-rule municipal corporation, on behalf of said corporation.

____
NOTARY PUBLIC, STATE OF TEXAS

My Commission Expires:___________________________

IN WITNESS WHEREOF, the Tenant has executed and delivered this Memorandum of Lease as of the date stated above.

TENANT:

SQH SPORTS & ENTERTAINMENT, INC.,
a Texas corporation

By: ________________________________

Name: ______________________________

Title: _______________________________

THE STATE OF TEXAS §
§
COUNTY OF __________ §

This instrument was acknowledged before me this ______ day of _____________, 2018, by _______________, _________ of SQH SPORTS & ENTERTAINMENT, INC., a Texas corporation, on behalf of said corporation.

____

NOTARY PUBLIC

My Commission Expires:____________________________

EXHIBIT H

MORTGAGEE PROTECTION PROVISIONS

"**Collateral**" shall mean: (i) the Lease; (ii) all or any part of Leasehold Interest, the Improvements; and/or (iii) fixtures or other items of personal property on the Premises; that are subject to a Mortgage.

"**Improvements**" shall mean the Improvements, as such term is defined in the Lease.

"**Incurable Defaults**" shall mean Events of Default that cannot be cured by the payment of money or through the exercise of reasonable diligence.

"**Lease**" shall mean the Lease to which this Exhibit is attached.

"**Leasehold Interest**" shall mean the rights, title, estate, and interests of Tenant: (i) under the Lease; and (ii) in and to the Premises.

"**Mortgage**" shall mean: (i) a mortgage, pledge, or grant of security interest granted by Tenant in all or any part of: (A) the Lease; (B) all or any part of the Leasehold Interest, the improvements; and/or (C) fixtures or other items of personal property on the Premises; and/or (ii) a collateral assignment of the Lease and/or the Leasehold Interest.

"**Mortgagee**" shall mean a holder of a Mortgage, and all successors and assigns of such holder.

"**Mortgagee Cure Period**" shall mean the period that commences upon the Event of Default and expires on the date that is ninety (90) days after the later of: (i) the expiration of the applicable notice and/or cure period under the Lease or this Exhibit; or (ii) receipt of the Mortgagee Notice.

"**Mortgagee Notice**" shall mean a copy of any notice or demand required or permitted to be made or delivered by Landlord to Tenant.

"**Mortgagee Remedies**" shall mean: (i) obtaining possession of all or any part of the Collateral; (ii) obtaining a receiver for all or any part of the Collateral; (iii) foreclosing a Mortgage and effecting a foreclosure sale of all or any part of the Collateral; (iv) enforcing a Mortgage and effecting: (A) an assignment of the Lease and/or the Leasehold Interest; and/or (B) a transfer of all or any part of the other Collateral; or (v) otherwise acquiring and transferring all or any part of the Collateral.

"**Permitted Termination**" shall mean a termination of the Lease in accordance with the terms and conditions of this Exhibit, after the rights of all Mortgagees under Sections 1 and 2 of this Exhibit have expired.

"**Replacement Lease**" shall mean a replacement of the Lease entered into by and between Landlord and the Replacement Tenant upon: (i) the purported termination of the Lease by Landlord; and (ii) a request by the Replacement Tenant in accordance with the terms and

conditions of this Exhibit; which lease shall be: (i) effective as of the date of the purported termination; and (ii) upon the same terms and conditions in effect under the Lease on the date of the purported termination.

"**Replacement Tenant**" shall mean a Mortgagee that requests the execution of a Replacement Lease in accordance with the terms and conditions of this Exhibit, its designee, or the purchaser of the Lease and/or the Leasehold Interest at a foreclosure sale.

1. **Mortgagee Rights.** During all such times as there is a Mortgage outstanding, and until Landlord has received written notices from each Mortgagee that its Mortgage has been satisfied or otherwise released, the following terms and conditions shall apply:

(a) Tenant or each Mortgagee shall deliver written notice to Landlord when a Mortgage becomes effective, which notice shall: (i) identify the Mortgagee with respect to such Mortgage; and (ii) set forth the notice address for the Mortgagee with respect to such Mortgage.

(b) Landlord shall deliver to each Mortgagee, at its notice address and in accordance with the terms and conditions of the Lease, a Mortgagee Notice. No notice or demand delivered by Landlord to Tenant shall be effective, unless and until a Mortgagee Notice is served upon all Mortgagees in accordance with the terms and conditions of this Section.

(c) If there is an Event of Default with respect to the failure to pay money, then: (i) each Mortgagee shall have the right to remedy the Event of Default or cause the Event of Default to be remedied, until the date that is forty-five (45) days after the latest of: (A) the expiration of the applicable notice and/or cure period under the Lease; or (B) receipt of the Mortgagee Notice; and (ii) Landlords acceptance of performance by any Mortgagee as performance by Tenant.

(d) If there is an Event of Default with respect to any obligation other than the failure to pay money, then: (i) each Mortgagee shall have the right to remedy the Event of Default or cause the Event of Default to be remedied until the expiration of the Mortgagee Cure Period; and (ii) Landlord shall accept performance by any Mortgagee as performance by Tenant. Notwithstanding any other term or condition of the Lease or this Exhibit, Landlord shall not exercise any of its rights and remedies under the Lease with respect to such Event of Default, if: (i) within the first sixty (60) days after receipt of the Mortgagee Notice, a Mortgagee notifies Landlord of its intention to cure the Event of Default; and (ii) within the first seventy-five (75) days after receipt of the Mortgagee Notice, the Mortgagee: (A) commences a cure of the Event of Default and diligently pursues such cure to completion; or (B) commences the exercise or pursuit of one or more of the Mortgagee Remedies, and: (1) after commencement of the exercise or pursuit of the selected Mortgagee Remedies, diligently exercises or pursues such Mortgagee Remedies; provided that, if the Mortgagee has commenced the exercise or pursuit of the selected Mortgagee Remedies within seventy-five (75) days after receipt of the Mortgagee Notice, and continues such exercise or pursuit, then, for a period of six (6) months after the date on which the Mortgagee commenced the exercise or pursuit of the selected Mortgagee

Remedies, which period shall be extended as reasonably required by the Mortgage, such exercise or pursuit by the Mortgagee shall be deemed to be diligent; and (2) after obtaining or effecting the selected Mortgagee Remedies, commences a cure of the Event of Default and diligently pursues such cure to completion. The Mortgagee Cure Period shall be extended for the duration of any period when Landlord is prohibited under this Subsection from exercising its rights and remedies with respect to an Event of Default.

2. **Replacement Lease.** Notwithstanding anything to the contrary set forth in the Lease, if: (i) Landlord purports to terminate the Lease for any reason; and (ii) within ninety (90) days after the date of such purported termination, a Mortgagee requests that Landlord enter into a replacement lease with respect to the Premises, then Landlord shall enter into the Replacement Lease with the Replacement Tenant. Upon the execution of the Replacement Lease, the Replacement Tenant shall pay or cause to be paid to Landlord all amounts owing from Tenant to Landlord under the Lease, if any. Promptly after the execution of the Replacement Lease, the Replacement Tenant shall: (i) commence a cure of any other uncured Events of Default that can be cured: (A) by the payment of money; or (B) by the Replacement Tenant through the exercise of reasonable diligence; and (ii) diligently pursue such cure to completion; provided that the Replacement Tenant shall not be: (i) required to cure any Incurable Defaults; (ii) liable for or, with respect to, any Incurable Defaults; or (iii) liable for any damages, losses, or expenses (including, without limitation, attorneys' fees), incurred by Landlord in connection with any uncured Events of Default that existed before, or at the time of, the purported termination. If a Replacement Lease is executed, then, at the election of the Replacement Tenant: (i) the purported termination shall be deemed to be void and unenforceable, and shall have no force or effect as of the moment Landlord first acted to affect the purported termination; and (ii) the Replacement Lease shall be deemed to be a continuation and supplement of the Lease for all purposes.

3. **Amendments.** During all such times as there is a Mortgage outstanding, no amendment, modification, supplement, surrender, cancellation, or termination of the Lease shall be effective, unless all Mortgagees consent in writing to the amendment, modification, supplement, surrender, cancellation, or termination of the Lease; provided that a Permitted Termination shall be effective. Any attempted amendment, modification, supplement, surrender, cancellation, or termination of the Lease without the consent of all Mortgagees, other than a Permitted Termination, shall be void and unenforceable, and shall have no force or effect. If, in connection with any attempts by Tenant to obtain mortgage financing from a prospective mortgagee, such prospective mortgagee requires reasonable amendments, modifications, or supplements of or to the Lease as a condition to closing such financing, then Tenant and Landlord shall execute an lease amending, modifying, or supplementing the Lease as required by the mortgagee; provided that such amendments, modifications, or supplements shall not: (i) materially adversely affect Landlord, or the rights of Landlord under the Lease, in any material respect; or (ii) reduce any obligations of Tenant under the Lease in any material respect.

4. **Default Cures.** No term or condition of the Lease or this Exhibit shall be deemed to: (i) require any Mortgagee to satisfy any obligation of Tenant under the Lease, or cure any breach by Tenant of its obligations under the Lease; or (ii) otherwise make any Mortgagee liable for any such breach; except as expressly provided in Section 2 of this Exhibit after a Mortgagee becomes the Replacement Tenant; provided that, if there are multiple Mortgages outstanding, then only the Mortgagee that becomes the Replacement Tenant may be: (i) required to satisfy any obligation of

Tenant under the Lease, or cure any breach by Tenant of its obligations under the Lease; or (ii) otherwise liable for any such breach; and then only to the extent of the express provisions set forth in Section 2 of this Exhibit.

EXHIBIT I

TENANT’S INSURANCE REQUIREMENTS

INSURANCE REQUIREMENTS

I. TENANT’S LIABILITY INSURANCE

A. Tenant must not commence work under this contract until all insurance required has been obtained_and such insurance has been approved by the City. Tenant must not allow any subcontractor, to commence work until all similar insurance required of any subcontractor has been obtained.

B. Tenant must furnish to the City’s Risk Manager and Parks and Recreation Director one (1) copy of Certificates of Insurance with applicable policy endorsements showing the following minimum coverage by an insurance company(s) acceptable to the City’s Risk Manager. The City must be listed as an additional insured on the General liability and Auto Liability policies **by endorsement**, and a waiver of subrogation **endorsement** is required on GL, AL and WC if applicable. **Endorsements** must be provided with Certificate of Insurance. Project name and/or number must be listed in Description Box of Certificate of Insurance.

TYPE OF INSURANCE	MINIMUM INSURANCE COVERAGE
30-day advance written notice of cancellation, non-renewal, material change or termination required on all certificates and policies.	**Bodily Injury and Property Damage** Per occurrence - aggregate
COMMERCIAL GENERAL LIABILITY including: 1. Commercial Broad Form 2. Premises – Operations 3. Products/ Completed Operations 4. Contractual Liability 5. Independent Contractors 6. Personal Injury- Advertising Injury	$1,000,000 Per Occurrence $2,000,000 Aggregate
AUTO LIABILITY (including) 1. Owned 2. Hired and Non-Owned 3. Rented/Leased	$1,000,000 Combined Single Limit

WORKERS'S COMPENSATION (All States Endorsement if Company is not domiciled in Texas) Employers Liability	Statutory and complies with Part II of this Exhibit. $500,000/$500,000/$500,000

C. In the event of accidents of any kind related to this contract, Tenant must furnish the Risk Manager with copies of all reports of any accidents within 10 days of the accident.

II. ADDITIONAL REQUIREMENTS

A. Applicable for paid employees, Tenant must obtain workers' compensation coverage through a licensed insurance company. The coverage must be written on a policy and endorsements approved by the Texas Department of Insurance. The workers' compensation coverage provided must be in statutory amounts according to the Texas Department of Insurance, Division of Workers' Compensation. An All States Endorsement shall be required if Tenant is not domiciled in the State of Texas.

B. Tenant shall obtain and maintain in full force and effect for the duration of this Contract, and any extension hereof, at Tenant's sole expense, insurance coverage written on an occurrence basis by companies authorized and admitted to do business in the State of Texas and with an A.M. Best's rating of no less than A- VII.

C. Tenant shall be required to submit renewal certificates of insurance throughout the term of this contract and any extensions within 10 days of the policy expiration dates. All notices under this Exhibit shall be given to City at the following address:

City of Corpus Christi
Attn: Risk Manager
P.O. Box 9277
Corpus Christi, TX 78469-9277

D. Tenant agrees that, with respect to the above required insurance, all insurance policies are to contain or be endorsed to contain the following required provisions:

- List the City and its officers, officials, employees, and volunteers, as additional insureds by endorsement with regard to operations, completed operations, and activities of or on behalf of the named insured performed under contract with the City, with the exception of the workers' compensation policy;

- Provide for an endorsement that the "other insurance" clause shall not apply to the City of Corpus Christi where the City is an additional insured shown on the policy;

- Workers' compensation and employers' liability policies will provide a waiver of subrogation in favor of the City; and

- Provide thirty (30) calendar days advance written notice directly to City of any, cancellation, non-renewal, material change or termination in coverage and not less than ten (10) calendar days advance written notice for nonpayment of premium.

E. Within five (5) calendar days of a cancellation, non-renewal, material change or termination of coverage, Tenant shall provide a replacement Certificate of Insurance and applicable endorsements to City. City shall have the option to suspend Tenant's performance should there be a lapse in coverage at any time during this contract. Failure to provide and to maintain the required insurance shall constitute a material breach of this contract.

F. In addition to any other remedies the City may have upon Tenant's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order Tenant to stop work hereunder, and/or withhold any payment(s) which become due to Tenant hereunder until Tenant demonstrates compliance with the requirements hereof.

G. Nothing herein contained shall be construed as limiting in any way the extent to which Tenant may be held responsible for payments of damages to persons or property resulting from Tenant's or its subcontractor's performance of the work covered under this contract.

H. It is agreed that Tenant's insurance shall be deemed primary and non-contributory with respect to any insurance or self insurance carried by the City of Corpus Christi for liability arising out of operations under this contract.

I. It is understood and agreed that the insurance required is in addition to and separate from any other obligation contained in this contract.