

- 3.2. **Renewal Term.** This lease is subject to renewal annually for four (4) additional one-year terms, beginning on January 1, 2025, and collectively concluding on December 31, 2028 (each a “Renewal Term”) by the mutual consent of the parties to such renewal and pursuant to any revised terms as agreed by the parties. To exercise the Renewal Term, Tenant shall give City 120 days advance written notice of Tenant’s intent to renew.

**4. IMPROVEMENTS BY TENANT,
ACCEPTANCE AND CONDITION OF LEASED PREMISES**

- 4.1. TENANT has had full opportunity to examine the LEASED PREMISES and acknowledges that there is in and about them nothing dangerous to life, limb or health. TENANT's taking possession of the LEASED PREMISES shall be conclusive evidence of TENANT's acceptance thereof and TENANT hereby accepts said LEASED PREMISES as being in good and satisfactory order in its present condition AS IS, WHERE IS AND WITH ALL FAULTS as suitable for the purpose for which leased. CITY specifically disclaims any warranty of suitability for TENANT's intended commercial purposes of TENANT.
- 4.2. TENANT agrees that no representations respecting the condition of the LEASED PREMISES and no promises to construct, alter, repair, or improve same, either before or after the execution hereof, have been made by CITY or its agents, to TENANT unless the same are contained herein or made a part hereof by specific reference herein.
- 4.3. TENANT understands and agrees that all personal property placed by TENANT upon the LEASED PREMISES is at the sole risk and expense of TENANT and that CITY shall not be liable to TENANT or to any other person or party for loss, theft, vandalism, or damage or injury to person or property.

5. RENTAL

- 5.1. **Rent paid by Tenant.** In consideration of this Lease, the Tenant agrees to pay rent of \$1.26 per square foot or \$5,412.00 rent per month commencing January 1, 2024 for the remainder of Calendar Year (“CY”) 2024. This rent is inclusive of water, sewer, trash, and electricity. For each renewal term after December 31, 2024, Tenant agrees to pay rent per month plus the *lesser* of \$100 or the most recent published Municipal Cost Index for each year thereafter.
- 5.2. Rent is due on the 1st day of each month and shall be paid to:

City of Bay City
1901 Fifth Street
Bay City, Texas 77414

6. MAINTENANCE OF LEASED PREMISES

- 6.1. TENANT shall, at all times, keep or cause to kept, the LEASED PREMISES free of litter, trash, paper, and other waste and shall place same in standard trash containers in the immediate vicinity or in other appropriate locations and shall conform with all applicable garbage, sanitary, and health regulations of the CITY.
- 6.2. Other than as provided herein, TENANT shall be responsible for the condition of the LEASED PREMISES. TENANT shall repair any damage to the LEASED PREMISES caused by TENANT, and shall maintain, or caused to be maintained, the LEASED PREMISES in a clean, neat, attractive, and sanitary condition, including groundskeeping and landscape maintenance pursuant to CITY standards.
- 6.3. TENANT shall be responsible for the repair, replace, and maintain any part of the LEASED PREMISES that CITY is not obligated to repair, replace, or maintain, normal wear excepted.
- 6.4. TENANT shall be responsible for extermination and pest control, excluding wood-destroying insects.
- 6.5. CITY shall be responsible to repair, replace, and maintain the (a) roof, (b) foundation, (c) and structural soundness of the exterior walls, including windows and doors, unless negligently or intentionally caused by Tenant.
- 6.6. TENANT will, at the termination of this LEASE, return the LEASED PREMISES to CITY in as good condition as at the commencement of the term hereof, usual wear and tear, acts of God, or unavoidable accident only excepted.
- 6.7. TENANT agrees to hold CITY harmless for any theft, damages or destruction of signs, goods and/or other property of TENANT both during the term of the LEASE and as so left on the LEASED PREMISES after TENANT vacates the LEASED PREMISES. If said signs, goods, and any other property placed by TENANT upon the LEASED PREMISES are not removed by it within thirty (30) days after the LEASED PREMISES are vacated, then the CITY may remove same without further notice or liability therefore.
- 6.8. CITY'S RESERVATIONS: CITY reserves the right from time to time, to install, maintain, repair and replace utility lines, and wires passing through the LEASED PREMISES. Any such maintenance, repair, or replacement shall be placed in locations which shall not unreasonably interfere with TENANT's use of the LEASED PREMISES, and shall be carried out to the extent possible so as to minimize inconvenience or disruption of TENANT's business.

7. TAXES AND LICENSES

- 7.1 This section has been intentionally omitted.

8. COVENANTS OF TENANT AND CITY

- 8.1 In addition to the covenants expressed within other articles of this LEASE, TENANT covenants and agrees a follows:
- 8.1.1 Obey (a) all applicable laws relating to the use, condition, and occupancy of the LEASED PREMISES, and (b) any requirements imposed by utility companies serving or insurance companies covering the LEASED PREMISES.
 - 8.1.2 Pay monthly, in advance, on or before the 1st day of the month, the base rent to CITY at CITY's address.
 - 8.1.3 Allow CITY to enter the LEASED PREMISES to perform CITY's obligations, inspect the LEASED PREMISES, and show the LEASED PREMISES to prospective purchasers or tenants.
 - 8.1.4 Submit in writing to CITY any request for repairs, replacement, and maintenance that are the obligations of CITY.
 - 8.1.5 Vacate the LEASED PREMISES on the last day of the Term.
 - 8.1.6 Not to use the LEASED PREMISES for any purpose other than the permitted use.
 - 8.1.7 Not to permit any waste to accumulate upon the LEASED PREMISES.
 - 8.1.8 Not to use the LEASED PREMISES in any way that would void insurance insuring CITY and/or the LEASED PREMISES.
 - 8.1.9 Not to change CITY's lock system.
 - 8.1.10 Not to alter the LEASED PREMISES without Landlord's express written permission.
 - 8.1.11 Allow a lien to be placed on the LEASED PREMISES nor bind or attempt to bind CITY for the payment of any money in connection with the construction, repair, alteration, addition, or reconstruction in, on or about the LEASED PREMISES.
 - 8.1.12 Not to make repairs or permanent improvements without permission from CITY.
- 8.2 In addition to the covenants expressed within other articles of this LEASE, CITY covenants and agrees as follows:
- 8.2.1 Lease to TENANT the LEASED PREMISES for the entire term beginning on the commencement date and ending on the termination date.
 - 8.2.2 Deliver the LEASED PREMISES to TENANT in its present condition 'AS IS,' and represent to TENANT that the LEASED PREMISES is currently suitable for the permitted use.

- 8.2.3 Allow TENANT to put up a sign in front of building subject to local ordinance.
 - 8.2.4 Not to interfere with TENANT's possession of the LEASED PREMISES as long as TENANT is not in default.
 - 8.2.5 Not to unreasonably withhold consent to a proposed assignment or sublease.
 - 8.2.6 Not to unreasonably withhold authorization for installation of additions and/or improvements to the LEASED PREMISES.
 - 8.2.7 Provide electricity, water, sewer and trash services.
- 8.3. In addition to the covenants expressed within other articles of this LEASE, CITY and TENANT agree to the following
- 8.3.1 CITY's police, code enforcement officers and other safety personnel shall have the right of entry on and into the LEASED PREMISES as needed to investigate any circumstances, conditions, or person that may appear to be suspicious. TENANT expressly understands and agrees that CITY has not agreed to act and does not act as an insurer of TENANT's property and does not guarantee security against theft, vandalism, or injury of whatever nature and kind to persons or property.
 - 8.3.2 Any physical additions or improvements to the LEASED PREMISES made by TENANT will become the property of CITY. CITY may require that Tenant, at the end of the term and at TENANT's expense, remove any physical additions and improvements, repair any alterations, and restore the LEASED PREMISES to the condition existing at the commencement date, normal wear excepted. Prior to any additions and/or improvements to the LEASED PREMISES, TENANT will seek written authorization for such changes from CITY.
 - 8.3.3 TENANT's covenant to pay rent and CITY's covenants are independent. Except, as otherwise provided, TENANT will not be entitled to abate rent for any reason.
 - 8.3.4 If the LEASED PREMISES cannot be used for the purposes contemplated by this LEASE because of condemnation or purchase in lieu of condemnation, this LEASE will terminate. If there is a partial condemnation or purchase in lieu of partial condemnation, CITY, at CITY's sole discretion, may terminate the LEASE in-full or modify the LEASE and rent as may be fair and reasonable, so long as the permitted use is not frustrated by such partial condemnation. TENANT will have no claim to the condemnation award or proceeds in lieu of condemnation.

9. DEFAULTS AND TERMINATION

- 9.1 The following events shall be deemed to be events of default by TENANT under this LEASE:

- 9.1.1 TENANT shall fail to pay any installment of rent as provided for in this LEASE and such failure shall continue for a period of ten (10) days following receipt of written notice of failure to pay any installment of rent when due and owing.
 - 9.1.2 TENANT shall fail to comply with any term, provision or covenant of this LEASE, other than the payment of rent, and shall not cure such failure within thirty (30) days after written notice thereof to TENANT.
 - 9.1.3 TENANT deserts or vacates all or any part of the LEASED PREMISES; TENANT will be deemed to have deserted or vacated the LEASED PREMISES if, by any method or manner whatever or if TENANT assigns, transfers, sells or sublets its interest or right to the LEASED PREMISES without the prior written consent of the CITY.
 - 9.1.4 The taking by a court of competent jurisdiction of TENANT and its assets pursuant to proceedings under the provisions of any Federal or State reorganization code or act, insofar as the following enumerated remedies for default are provided for or permitted in such code or act.
 - 9.1.5 Upon the occurrence of an event of default as heretofore provided, CITY may, at its option, declare this LEASE and all rights and interests created by it to be terminated. Upon CITY electing to terminate, this LEASE shall cease and come to an end as if that were the day originally fixed herein for the expiration of the term hereof. CITY, its agents or attorney, may resume possession of the LEASED PREMISES and relet the same for the remainder of the original term at the best rent CITY, its agents, or attorney, may obtain for the account of TENANT, who shall make good any deficiency.
- 9.2 Upon the occurrence of an event of default, CITY shall be entitled to terminate this LEASE and CITY shall have no further obligation hereunder.
- 9.3 Any termination of this LEASE as herein provided shall not relieve TENANT from the payment of any sum or sums that shall then be due and payable or become due and payable to CITY hereunder, or from any claim or claims for damages then or theretofore accruing against TENANT hereunder, or any such sum or sums or claim for damages pursuant to any remedy provided for by law or in equity, or from recovering damages from TENANT for any default thereunder. All rights, options and remedies of CITY contained in this LEASE shall be cumulative of the other, and CITY shall have the right to pursue any one or all of such remedies or any other remedy or relief available at law or in equity, whether or not stated in this LEASE. No waiver by CITY of a breach of any of the covenants, conditions, or restrictions of this LEASE shall be construed or held to be a waiver of any succeeding or preceding breach of the same or of any other covenant, condition, or restriction herein contained.
- 9.4 Upon any such expiration or termination of this LEASE, TENANT shall quit and peacefully surrender the LEASED PREMISES to CITY, and CITY, upon, or at any time after, such termination or expiration may, without further notice, enter upon and reenter the LEASED PREMISES and possess and repossess itself thereof, by

force, summary proceedings, ejectment or otherwise, and may dispossess TENANT and remove TENANT and all other persons and property from the LEASED PREMISES. Any property left on the LEASED PREMISES shall be deemed abandoned and CITY may dispose of same without further legal action by CITY or liability to TENANT therefore.

10. INDEMNIFICATION

- 10.1 TENANT covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to TENANT's activities under this LEASE, including any acts or omissions of TENANT, any agent, officer, director, representative, employee, consultant or subcontractor of TENANT, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this LEASE. The indemnity provided for in this paragraph shall not apply to any liability resulting from the negligence of CITY, its officers or employees, in instances where such negligence causes personal injury, death, or property damage. IN THE EVENT TENANT AND CITY ARE FOUND JOINTLY LIABLE BY A COURT OF COMPETENT JURISDICTION, LIABILITY SHALL BE APPORTIONED COMPARATIVELY IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT, HOWEVER, WAIVING ANY GOVERNMENTAL IMMUNITY AVAILABLE TO THE CITY UNDER TEXAS LAW AND WITHOUT WAIVING ANY DEFENSES OF THE PARTIES UNDER TEXAS LAW. The provisions of this indemnification are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. TENANT shall promptly advise the CITY in writing of any claim or demand against the CITY or TENANT known to TENANT related to or arising out of TENANT's activities under this CONTRACT.

11. INSURANCE REQUIREMENTS

- 11.1 TENANT to Reimburse for Insurance. TENANT shall reimburse CITY for property insurance.
- 11.2 **Rental Insurance.** The CITY is not responsible for property owned by the TENANT.

12. FIRE AND OTHER CASUALTY

- 12.1. In the event that the LEASED PREMISES hereby leased, or the building of which the same is a part, shall be partially damaged by fire, the elements, civil disorder, or other casualty, the LEASED PREMISES shall be repaired at the expense of the CITY without unreasonable delay unless the CITY, at its sole discretion, determines that the damage is so extensive that repair or rebuilding is not practical. In such event, then, at the option of the CITY, and upon notice to TENANT, this LEASE shall cease and come to an end and the rent shall be apportioned and paid up to date of such damage.
- 12.2. The CITY'S obligation to rebuild or repair shall be limited to the extent of insurance proceeds available to the CITY for such rebuilding or repair.

13. HOLDING OVER

- 13.1. This section has been intentionally omitted.

14. ASSIGNMENT

- 14.1. TENANT shall not assign the LEASE and business conducted on the LEASED PREMISES or any interest therein without first obtaining the written consent of CITY, which consent shall not be unreasonably withheld, and which consent will be evidenced by passage of a CITY resolution, approving same.
- 14.2. **Subletting.** TENANT shall not sublet the LEASED PREMISES or any interest therein without the consent of the CITY. If TENANT sublets any part of the leased premises, TENANT will be responsible for and liable for all TENANT'S obligations under this lease regardless of whether the assignment or sublease is made with or without consent of the CITY. No sublease shall exceed the TENANT'S lease term.

15. CONFLICT OF INTEREST

- 15.1. TENANT acknowledges that it is informed that Texas Law prohibits contracts between the CITY and any local public official (hereinafter called "OFFICIAL"), such as a CITY officer or employee, and that the prohibition extends to an officer and employee of CITY agencies such as CITY owned utilities and certain CITY boards and commissions, and to contracts involving a business entity in which the OFFICIAL has a substantial interest, as defined by Texas law, if it is reasonably foreseeable that an action on the matter would confer an economic benefit on the business entity.
- 15.2. TENANT warrants and certifies, and this LEASE is made in reliance thereon, that it, its officers, employees and agents are neither officers nor employees of the CITY or any of its agencies such as CITY owned utilities.

16. SEVERABILITY

- 16.1. If any clause or provision of this LEASE is illegal, invalid or unenforceable under present or future laws effective during the term of this LEASE, then and in that event it is the intention of the parties hereto that the remainder of this LEASE shall not be affected thereby, and it is also the intention of the parties to this LEASE that in lieu of each clause or provision of this LEASE that is illegal, invalid or unenforceable, there be added as a part of this LEASE a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

17. AMENDMENT

- 17.1. This LEASE, together with the authorizing resolution, constitutes the entire agreement between the parties. No amendment, modification, or alteration of the terms of this LEASE shall be binding unless the same be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.

18. NOTICES

- 18.1. Notices to CITY required or appropriate under this LEASE shall be deemed sufficient if in writing and mailed, registered or certified mail, postage prepaid, addressed to:

City Manager
City of Bay City
1901 Fifth Street
Bay City, Texas 77414

- 18.2. Notices to TENANT shall be deemed sufficient if in writing and mailed, registered or certified mail, postage prepaid, addressed to TENANT at:

Bay City Community Development Corporation
1112 7th Street
Bay City, TX 77414

19. RELATIONSHIPS OF PARTIES

- 19.1. Nothing contained herein shall be deemed or construed by the parties hereto or by any third party as creating the relationship of principal and agent, partners, joint venturers, or any other similar such relationships between the parties hereto other than that of CITY and TENANT.

20. TEXAS LAW TO APPLY

20.1. THIS LEASE SHALL BE CONSTRUED UNDER AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND ALL OBLIGATIONS OF THE PARTIES CREATED HERE UNDER ARE PERFORMABLE IN MATAGORDA COUNTY, TEXAS.

21. CAPTIONS

21.1. The captions contained in this LEASE are for convenience of reference only and in no way limit or enlarge the terms and conditions of this LEASE.

22. AUTHORITY

22.1. If the signer of this LEASE is an entity or other than an individual who is the TENANT, then the signer hereof for TENANT hereby represents and warrants that he or she has full authority to execute this LEASE on behalf of TENANT.

IN WITNESS WHEREOF, we have affixed our signatures this 2nd day of Feb, 2024.

The City of Bay City, Texas

Robert K. Nelson, Mayor

(seal)

Attest:

Jeanna Thompson, City Secretary

Tenant

Alisha Cornett
Alisha Cornett, BCCDC President

Attest:

Jessie Russell
By: _____
(Print Name)

EXHIBIT A

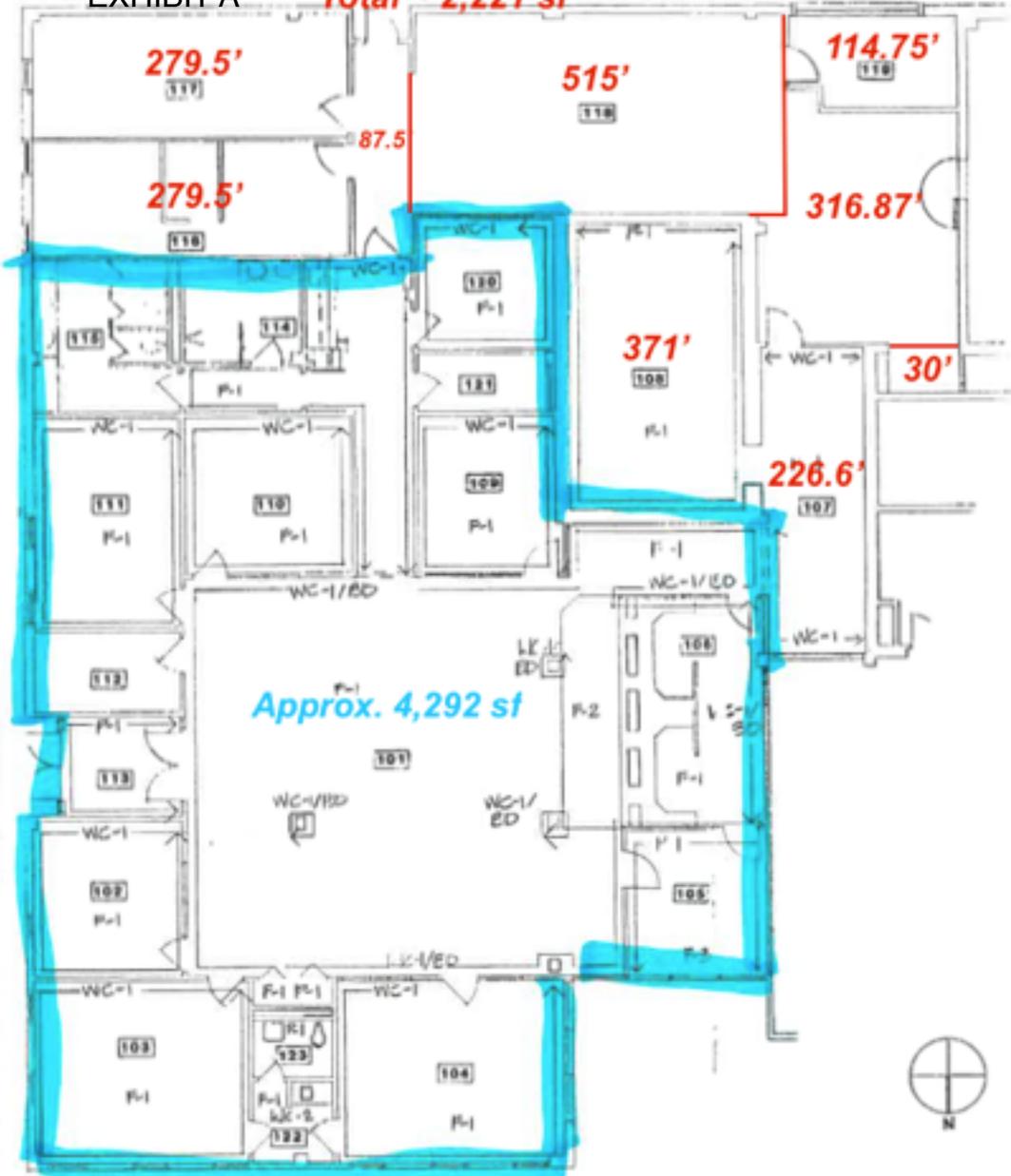
Total ~ 2,221 sf



ARCHITECTURE • PLANNING • INTERIOR DESIGN
14125 MEMORIAL DR.
HOUSTON, TEXAS 77049
713-631-6113

RAYMOND L. WINTERS
A.L.A. ARCHITECT

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FIRST HEIGHTS BANK, fsb
1100 SEVENTH STREET
BAY CITY, TEXAS

ISSUED FOR CLIENT APPROVAL	DATE
ISSUED FOR PERMITS	5/27/
ISSUED FOR PLANS	
ISSUED FOR CONSTRUCTION	
APPROVED BY CLIENT	

REVISIONS		
DATE	DESCRIPTION	DATE