

GROUND LEASE

1. **Parties.** This GROUND LEASE (“Lease”) is entered into by the Texas City Economic Development Corporation (“Landlord”), and Kevin Sullivan d/b/a Sully’s Sandwich Shack (“Tenant”).

2. **Premises.** Landlord is the owner of unimproved real property (“Property”) located at 718 - 6th Street North, Texas City, Texas 77590, and containing approximately 13,750 square feet as depicted on Exhibit “A” attached hereto. Landlord desires to lease to Tenant a portion of the Property as depicted on Exhibit “A” of approximately 250 square feet (herein “Premises”), for the term, at the rental rate, and on all the conditions in this Lease.

3. **Term.**

- (a) Term. The term of this Lease shall be on a month to month basis commencing on March __, 2021 unless terminated earlier under any provision of this Lease. Otherwise, either Party may terminate this Lease with ten (10) days prior written notice.
- (b) Delay in Commencement. [INTENTIONALLY DELETED]
- (c) Early Possession. If Landlord permits Tenant to occupy the Premises before the commencement date of the term, the occupancy will be subject to all the provisions of this Lease. The early possession will not advance the termination date of this Lease.
- (d) Delivery of Possession. Tenant will be deemed to have taken possession of the Premises when Landlord delivers possession of the Premises to Tenant.

4. **Rent.**

- (a) Monthly Rent. Tenant will pay to Landlord as monthly rental for the use and occupancy of the Premises during the Term, beginning on the Commencement Date, without deduction, setoff, prior notice, or demand, the sum of TWO HUNDRED AND 00/100 DOLLARS (\$200.00) per month. The Rent will be payable in advance on the first (1st) day of each month in equal monthly amounts (“Monthly Rent”). If this Ground Lease begins on a date other than the first or last day of the month, the rent will be prorated. Any amount of Rent not paid when due will bear interest at the annual rate of five percent (5%) (“Default Rate”), payable from the date the cure period expires until paid. If Tenant does not timely pay the Monthly Rent by the first (1st) day of any month under this Ground Lease, then, in addition to all other rights and remedies available to Landlord, a late charge equal to five percent (5%) will be assessed and will be immediately due and payable by Tenant to Landlord for each late

payment.

- (b) For purposes of this Lease, the obligations of Tenant in 4(a) shall be defined at "Rent."
- (c) **Additional Charges.** This Lease is what is commonly called a "net lease," which means that Landlord will receive the rent stated in Subsection 4(a) free and clear of any and all impositions, taxes, liens, charges, or expenses in connection with the ownership and operation of the Premises. In addition to the rent under Subsection 4(a), Tenant will pay to the appropriate parties all impositions, operating charges, maintenance charges, construction costs, and any other charges, costs, and expenses that arise or may be contemplated under any provisions of this Lease during the term. All of these charges, costs, and expenses will constitute additional charges, and if Tenant fails to pay any of the additional charges, Landlord will have the same rights and remedies as otherwise provided in this Lease for the failure to pay rent. It is the intention of the parties that this Lease will not be terminable for any reason by Tenant and that Tenant will not be entitled to any abatement of or reduction in rent, except as expressly provided. Any present or future law to the contrary will not alter this agreement of the parties.
- (d) Landlord will continue to provide two (2) electrical services and one (1) water meter to the Property. Tenant expressly agrees that Landlord is not, nor will be, required to furnish to Tenant any water, sewer, gas, heat, electricity, light, power, or any other facilities, equipment, labor, materials, or services of any kind, that are not available to the Property other than those aforementioned.

5. Security Deposit.

Tenant will pay or has paid to Landlord a Security Deposit ("Security Deposit") in the amount of Four Hundred Dollars (\$400.00) as security for the performance of Tenant's obligations under this Ground Lease. Landlord may apply any or all of the Security Deposit toward the payment of any sum or the performance of any obligations that Tenant fails to timely pay or perform. The Security Deposit will not be considered an advance payment of Rent or a measure of Landlord's damages on Tenant's default under this Ground Lease.

6. Use.

- (a) **Use.** During the Term, Tenant may use the Premises and any Improvements constructed on the Property for temporary parking and the operation of a mobile food unit. ("Permitted Use").

- (b) Compliance with Law. Tenant will, at its expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, and requirements in effect during the term regulating the use by Tenant of the Premises. Tenant shall not violate any health, building, sign, parking law, ordinance, or regulation of any governmental authority applicable to Tenant's use of and business operations on the Premises, including but not limited to any and all permits or licenses as required by the Galveston County Health District and the City of Texas City. If required by a governmental authority solely by reason of Tenant's use of the Property, Tenant will make repairs, improvements, and alterations as long as they are completed in conformity. Tenant will not use or permit the use of the Premises in any manner that will tend to create waste or a nuisance or tend to unreasonably disturb any other tenants.
- (c) Condition of Premises. Tenant accepts the Premises in its current condition as of the date of possession under this Lease, subject to all applicable zoning, municipal, county, and state laws, ordinances, and regulations governing and regulating the use of the Premises and accepts this Lease subject to the same terms. Tenant acknowledges that neither Landlord nor Tenant's agent has made any representation or warranty about the suitability of the Premises for the conduct of Tenant's business.
- (d) Insurance Cancellation. Despite the provisions of Subsection 6(a), no use will be made or permitted to be made of the Premises that will cause the cancellation of any insurance policy covering the Premises or any building on the Premises, and if Tenant's use of the Premises causes an increase in insurance rates, Tenant will pay the increase.
- (e) Landlord's Rules and Regulations. Tenant will faithfully observe and comply with the rules and regulations that Landlord makes. A copy of the rules and regulations is attached to this Lease. Landlord reserves the right to make all reasonable modifications to the rules and regulations, which will be binding once a copy of them is delivered to Tenant. Landlord will not be responsible to Tenant for the nonperformance of any of the rules and regulations by any other tenants or occupants.

7. Maintenance Repairs and Alterations.

- (a) Tenant's Obligations. Tenant will keep in good order, condition, and repair the Premises and every part of them, structural or nonstructural, and all adjacent sidewalks, landscaping, driveways, parking lots, fences, and signs located in the areas adjacent to and included with the Premises. Landlord will incur no expense and have no obligation of any kind in connection with the maintenance of the Premises and Tenant expressly waives the benefits of any statute now or later in effect that would otherwise give Tenant the right to make repairs at Landlord's expense or

to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition, and repair.

- (b) Surrender. On the last day of the term or on any earlier termination, Tenant will surrender the Premises to Landlord in good condition, except for ordinary wear and tear. Tenant will repair any damage to the Premises occasioned by its use or by the removal of Tenant's trade fixtures, furnishings, and equipment under Subsection 7(d)(3), which will induce the patching and filling of holes and repair of structural damage.
- (c) Landlord's Rights. If Tenant fails to perform its obligations under this Article, Landlord may at its option enter the Premises, after ten (10) days' written notice to Tenant, and put the Premises in good order, condition, and repair. The cost of doing so plus interest at the rate of ten percent (10%) per year will become due and payable as additional rent to Landlord together with Tenant's next rent installment.
- (d) Alterations and Additions.
 - (1) Tenant will not, without Landlord's written consent, make any alterations, additions, or improvements in, on, or about the Premises. As a condition of giving its consent, Landlord may require that Tenant remove any alterations, additions, improvements, or utility installations at the expiration of the term and to restore the Premises to their previous condition.
 - (2) Before commencing any work relating to alterations, additions, and improvements affecting the Premises, Tenant will notify Landlord in writing of the expected date of commencement. Landlord will then have the right to post and maintain on the Premises any notices to protect the Premises and Landlord from mechanics' liens, materialmen's liens, or any other liens. Tenant will pay, when due, all claims for labor or materials furnished to or for Tenant at or for use on the Premises. Tenant will not permit any mechanics' or materialmen's liens to be levied against the Premises for any labor or material furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents or contractors in connection with any work performed or claimed to have been performed on the Premises by or at the direction of Tenant.
 - (3) Unless Landlord requires their removal under Subsection 7(d)(1), all alterations, improvements, additions, machinery, equipment, and trade fixtures made on the Premises will become the property of Landlord and remain on and be surrendered with the Premises at the expiration of the term.

8. **Insurance and Indemnity.**

- (a) **Insuring Party.** As used in this Article, the term “insuring party” means the party who has the obligation to obtain the insurance required under this Lease. The insuring party will be Kevin Sullivan, d/b/a *Sully’s Sandwich Shack*. Whether the insuring party is Landlord or Tenant, Tenant will, as additional rent for the Premises, pay the cost of all required insurance. If Landlord is the insuring party, Tenant will, within ten (10) days after demand by Landlord, reimburse Landlord for the cost of the insurance.
- (b) **Liability Insurance.** Tenant will obtain and maintain during the term of this Lease a policy of comprehensive public liability insurance insuring Landlord and Tenant against any liability arising from the ownership, use, occupancy, or maintenance of the Premises and all-areas insurance insuring Landlord and Tenant against any liability arising from the ownership, use, occupancy, or maintenance of the Premises and all appurtenant areas. The insurance will be in an amount of at least One Million and 00/100 Dollars (\$1,000,000.00) for injury to or death of one person in any one accident or occurrence. The limits of the insurance will have a Landlord’s Protective Liability endorsement attached. If Tenant fails to obtain and maintain the insurance, Landlord may, but is not required to, obtain and maintain it at Tenant's expense.
- (c) **Property Insurance.** [INTENTIONALLY DELETED]
- (d) **Insurance Policies.** Insurance required under this Lease will be in companies rated A+ AAA or better in “Best’s Insurance Guide.” The insuring party will deliver before possession to the other party copies of insurance policies or certificates evidencing the existence and amounts of the insurance with loss-payable clauses satisfactory to Landlord. No policy will be cancelable or subject to reduction of coverage or other modification except after thirty (30) days’ written notice to Landlord. If Tenant is the insuring party, Tenant will, at least thirty (30) days before any policies expire, provide Landlord with renewals or “binders,” or Landlord may order the insurance and charge the cost to Tenant, which will be payable by Tenant on demand.
- (e) **Hold Harmless.** Tenant will indemnify, defend, and hold Landlord harmless from any and all claims arising from Tenant’s use of the Premises or from the conduct of its business or from any activity, work, or things that may be permitted or suffered by Tenant on or about the Premises. Tenant assumes all risk of damage to property or injury to persons on or about the Premises from any cause, and Tenant waives all claims for such damage or injury against Landlord, except where it arises

from the negligence of Landlord.

- (g) Exemption of Landlord from Liability. Tenant agrees that Landlord will not be liable for injury to Tenant's business or any loss of income or for damage to the goods, wares, merchandise, or other property of tenant, Tenant's employees, invitees, customers, or any other person on or about the Premises..

9. [INTENTIONALLY DELETED]

10. **Real Property Taxes.** [INTENTIONALLY DELETED]

11. **Common Areas.** [INTENTIONALLY DELETED]

12. **Utilities.** Rent is inclusive of electricity, water, restroom and refuse. Tenant will be responsible for the proper disposal of all non-greywater wastewater.

13. **Assignment and Subleasing.**

- (a) Landlord's Consent Required. Tenant will not voluntarily or by operation of law assign, transfer, mortgage, sublease, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises without Landlord's written consent, which Landlord may withhold for any reason. Any attempted assignment, transfer, mortgage, encumbrance, or subleasing without consent will be void and will constitute a breach of the Lease. Any transfer of Tenant's interest in this Lease or in the Premises from Tenant or change in the ownership will be deemed a prohibited assignment within the meaning of this Section.
- (b) No Release of Tenant. Regardless of Landlord's consent, no assignment or subleasing will release Tenant of its obligation to pay the rent and to perform all of its other obligations for the term of this Lease. The acceptance of rent by Landlord from any other person will not be deemed a waiver by Landlord of any provision of this Lease. Consent to one assignment or subleasing will not be deemed consent to any later assignment or subleasing.

14. **Defaults and Remedies.**

- (a) Defaults. The occurrence of any one or more of the following events will constitute a default and breach of this Lease by Tenant:
 - (1) The vacating or abandonment of the Premises by Tenant.
 - (2) The failure by Tenant to make any payment of rent or any other required payment when due, if such failure continues for three (3)

days after written notice from Landlord.

- (3) The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant, other than described in Subsection 14(a)(2) above, if such failure continues for thirty (30) days after written notice from Landlord to Tenant; however, if the nature of Tenant's default is such that more than thirty (30) days are required for performance, Tenant will not be in default if Tenant commences performance within the thirty-day (30-day) period and diligently prosecutes the cure to completion.
- (b) Remedies in Default. If there is any default or breach by Tenant, Landlord may at any time, with or without notice or demand and without limiting Landlord in the exercise of any other right or remedy that Landlord may have, do any of the following:
- (1) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease will terminate, and Tenant will immediately surrender possession of the Premises to Landlord.
 - (2) Maintain Tenant's right to possession, in which case this Lease will continue in effect whether or not Tenant has abandoned the Premises. Landlord will be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due.
 - (3) Pursue any other remedy now or later available to Landlord under the laws or judicial decisions of the State in which the Premises are located.
- (c) Default by Landlord. Landlord will not be in default unless Landlord fails to perform its obligations within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address will have been furnished to Tenant in writing, specifying how Landlord has failed to perform its obligation; however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, Landlord will not be in default if Landlord commences performance within the thirty-day (30-day) period and diligently prosecutes the cure to completion.
- (d) Late Charges. Tenant acknowledges that late payment of rent and other amounts will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain.

These costs include but are not limited to processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other amount due from Tenant is not received by Landlord or Landlord's designee within ten (10) days after written notice that the amount is past due, Tenant will pay to Landlord a late charge equal to ten percent (10%) of the overdue amount. The parties agree that the late charge will not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of its other rights and remedies.

15. **Condemnation.** [INTENTIONALLY DELETED]

16. **General Provisions.**

- (a) Offset Statement. [INTENTIONALLY DELETED]
- (b) Landlord's Interests. [INTENTIONALLY DELETED]
- (c) Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, will in no way affect the validity of any other provision.
- (d) Interest on Past-Due Obligations. Except as expressly provided in this Lease, any amount not paid to Landlord when due will bear interest at ten percent (10%) per year from the due date. Payment of interest will not excuse or cure any default by Tenant under this Lease.
- (e) Time of Essence. Time is of the essence in this Lease.
- (f) Headings. Article and paragraph headings are not a part of this Lease's terms.
- (g) Entire Agreement; Amendment. This Lease contains the entire agreement between the parties. All understandings, discussions, and agreements previously made between the parties, written or oral, are superseded by this Lease, and neither party is relying on any warranty, statement, or representation not contained in this Lease. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.
- (h) Waivers. No waiver by Landlord of any provision of this Lease will be deemed a waiver of any other provision or of any later breach by Tenant of the same or any other provision. Landlord's consent to or approval of any act will not be deemed to make unnecessary the obtaining of Landlord's consent to or approval of any later act by Tenant. The

acceptance of rent by Landlord will not be a waiver of any preceding breach by Tenant, other than Tenant's failure to pay the particular rent accepted, regardless of Landlord's knowledge of the preceding breach when the rent was accepted.

- (i) Recording. Tenant will not record this Lease in any public records. Any such recordation will be a breach of this Lease.
- (j) Holding Over. If Tenant remains in possession of the Premises or any part of them after the term expires with Landlord's express written consent, the occupancy will be a tenancy from month to month at a rental rate in the amount of the last monthly rent plus all other charges payable, and on the terms applicable to month-to-month tenancy.
- (k) Cumulative Remedies. No remedy or election under this Lease will be deemed exclusive, but instead will, wherever possible, be cumulative with all other remedies at law or in equity.
- (l) Covenants and Conditions. Each provision of this Lease performable by Tenant will be deemed both a covenant and a condition.
- (m) Binding Agreement; Governing Law. Subject to any provisions restricting assignment or subleasing by Tenant and subject to the provisions of Subsection 16(b), this Lease and all of its terms, provisions, and covenants will apply to, be binding on, and inure to the benefit of the parties and their respective successors and assigns. This Lease will be governed by and interpreted under the laws of the state where the Premises are located, regardless of any conflict-of-law rules.
- (n) Subordination. [INTENTIONALLY DELETED]
- (o) Attorney Fees. If either party brings an action to enforce the terms of this Lease or declare rights under it, the prevailing party in the action, at trial or on appeal, will be entitled to reasonable attorney fees to be paid by the losing party as fixed by the court. The term "prevailing party" means the party that has succeeded on a significant issue in the litigation and achieved a benefit with respect to the claims at issue, taken as a whole, whether or not damages are actually awarded to that party.
- (p) Landlord's Access. Landlord and its agents will have the right to enter the Premises at reasonable times for the purpose of inspecting and making alterations, repairs, improvements, or additions to the Premises as Landlord may deem necessary or desirable.
- (q) [INTENTIONALLY DELETED]

(r) [INTENTIONALLY DELETED]

(s) Corporate Authority. If Tenant is a corporation, each individual executing this Lease on behalf of the corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of the corporation in accordance with a duly adopted resolution of its board of directors or in accordance with its bylaws, and that this Lease is binding on the corporation.

17. **Performance Bond.** [INTENTIONALLY DELETED]

18. [INTENTIONALLY DELETED]

19. **Notices.** Any notice or demand under this Lease will be in writing and either served personally or sent by U.S. mail, postage prepaid, to the following addresses:

Landlord:

Texas City Economic Development Corporation
Attn: Garrett C. McLeod
1809 9th Ave. N.
Texas City, Texas 77590
Tel: (409) 948-3111

Tenant:

Kevin Sullivan
d/b/a *Sully's Sandwich Shack*
3102 Cove View Blvd. Apt. D102
Galveston, Texas 77554

The parties have executed this Lease at the place and on the dates specified below.

LANDLORD:

Texas City Economic Development
Corporation

By: _____

Name: MarkCiavaglia

Title: Chairman

Effective Date: January 1, 2021

Executed at: _____

TENANT:

Kevin Sullivan,

d/b/a Sully's Sandwich Shack

Kevin Sullivan, individually