

THE STATE OF TEXAS §
§
COUNTY OF HIDALGO §

FARM LEASE

This Agreement of Lease is between the **COUNTY OF HIDALGO, TEXAS** ("Lessor") and _____, ("Lessee").

In consideration of the mutual covenants and agreements herein set forth, and other good and valuable consideration, Lessor does hereby demise and lease to Lessee, and Lessee does hereby lease from Lessor, the premises situated in Hidalgo County, Texas, described as follows:

A 301.06 acre tract of land known as Tract 154-B out of SAN SALVADOR DEL TULE GRANT, Hidalgo County, Texas according to the map or plat thereof recorded in Volume 10, Pages 58-60, Map Records, Hidalgo County, Texas, and according to Deed recorded in Volume 730, Page 461, and Quitclaim Deed recorded in Volume 1136, Page 870, Deed Records, Hidalgo, County Texas (the Farm);

The Farm shall be deemed to include 301.06 acres for the purposes of this Lease.

TERM

(1) This lease shall be a term of **one (1) year** hereinafter referred to as the "initial lease term" commencing on _____, **2011** and expiring on _____, **2012**; subject, however, to earlier termination as hereinafter provided.

RENEWAL

(2) Provided Lessee is not in default hereunder, Lessee is granted the option to renew this Lease for an additional one (1) year term (the "Renewal Term as stated in the Request for Bid (RFB) Procurement Packet in Exhibit "A-1", under the same terms and

conditions set forth in this Agreement except that the rent amount for the Property shall be established as proposed by Lessor in Exhibit "B" (the "Bid Page") and which was accepted by County.

RENT AND FLAT-RATE TAX

(3) Lessee agrees to pay to Lessor as a rent for the term hereof, the sum of _____ in advance on the execution of this Lease. This amount is _____ per acre for the term hereof. In addition to the rental payment, Lessee shall prepay all flat-rate taxes and all advalorem taxes assessed by Hidalgo County Appraisal District and/or other political subdivisions assessed against the Farm by the irrigation district in which the Farm is situated upon execution of this Lease.

TERMINATION

(4) Lessor may terminate this lease as to all or any part of the Farm at any time by giving Lessee notice of such termination at least thirty (30) days prior to the effective date of such termination without incurring any obligation, liability or damage to Lessee.

CULTIVATION

(5) Lessee agrees and covenants to cultivate the Farm during the term hereof in an efficient and economic manner and to employ all modern methods of farming as are customarily practiced in the area.

MAINTENANCE

(6) Lessee agrees and covenants to keep and maintain in good repair all buildings and other improvements on the Farm for the term of this Lease.

IMPROVEMENTS

(7) Lessee may not make any alterations, additions, or improvements to the Farm without the prior written consent of Lessor. Consent for nonstructural alterations, additions or improvements shall not be unreasonably withheld by Lessor. All alterations, additions, or improvements made by Lessee shall become the property of Lessor at the termination of this Lease; if Lessor so elects, however, if Lessor does not so elect Lessee shall promptly remove all alterations, additions, and improvements, and any other property placed on the Farm by Lessee, and Lessee shall repair any damage caused by such removal.

RIGHT TO ENTER

(8) Lessor or his authorized representative shall have the right, at any reasonable time, to enter on the premises for the purposes of making any major repairs, alterations, or improvements, and to inspect the Farm, as Lessor shall deem necessary or advisable.

NO PARTNERSHIP

(9) This Lease shall not give rise to a partnership relationship between the parties hereto. Neither party shall have the authority to bind the other without his written consent.

INDEMNIFICATION

(10) Lessee agrees and covenants to indemnify and hold Lessor harmless against any and all claims, demands, damages, costs, and expenses, including reasonable attorneys' fees for the defense thereof, arising from the conduct or management of Lessee's business or his use of the above-described premises, or from any negligent act or omission by Lessee, his agents, servants, employees, contractors, guests, or invitees on or about the leased premises. In the event that any action or proceeding is brought against Lessor by reason of any of the above, Lessee further agrees and covenants to defend the action or proceeding by legal counsel acceptable to Lessor.

NO ASSIGNMENT OR SUBLEASE

(11) Lessee may not assign this Lease nor sublease any portion of the Farm leased hereunder without the prior written consent of Lessor.

UTILITY CHARGES

(12) Lessee shall pay all utility charges for electricity, heat, water, gas, and power used in and about the Farm, to be paid before the same becomes delinquent. Lessee shall pay all flat rate water district taxes imposed on the Farm as well as the cost of irrigating the property, if applicable.

BREACH

(13) If Lessor or Lessee fails to carry out any provision of this Lease, the other party shall have the right to terminate this Lease on ten (10) days' written notice to the offending party of his intention to do so. Nothing contained herein constitutes a waiver of the right of either party to damages occasioned by breach of this Lease.

ENTIRE AGREEMENT -- AMENDMENT

(14) This Lease shall constitute the entire understanding of the parties hereto with respect to the subject matter hereof, and no amendment, modification, or alteration of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by the parties hereto.

(15) It is understood that because of the general prolonged drought situation and need to manage and use water effectively and efficiently, Lessee will be allowed to "pool" the water allotment from County Farm Land with the water allotment from other land farmed by Lessee for the term of this Agreement thus allowing the transfer of water allotment to and from other

land that Lessee owns, operates, and supervises. This in no way effects the Lessor's basic water rights.

NOTICES

(16) All written notices required hereunder shall be given at the addresses shown at the end of the Agreement. All such notices shall be delivered personally or via certified mail. In the event that notice is given by certified mail, the same shall be deemed received by the party addressee on the fifth day following the mailing thereof.

WITNESS the hands of the parties on this ____ day of _____ 2011, to be effective as of _____ 2011.

**LESSOR:
HIDALGO COUNTY**

ATTEST:

By: _____
Ramon Garcia, County Judge

Arturo Guajardo Jr., County Clerk

LESSEE:

By: _____

Printed Name: _____

Title: _____

APPROVED AS TO FORM:

Atlas & Hall, L.L.P.

Stephen L. Crain, Attorney

EXHIBIT A-I
REQUEST FOR BIDS (RFB) PROCURMENT PACKET

EXHIBIT A
PROPERTY LEGAL DESCRIPTION

EXHIBIT B
BID PAGE

EXHIBIT C
INSURANCE CERTIFICATE