

Premises on the basis of a month-to-month tenancy, subject to all of the terms and conditions of this Agreement . The inclusion of this Article 1.2 shall not be construed as City's consent for County to hold over.

ARTICLE 2. RENT

Fixed Rent

2.1 County agrees to pay to City, during the term hereof, the sum of Ten Dollars (\$10.00) as rent (“Fixed Rent”), such rent payable in annually in advance on the ___ day of each rental year occurring during the term defined hereto.

Time and Manner of Payment

2.2 All rent due under this article shall be paid by County in lawful money of the United States to the City at _____Texas 7850_, or at such other location or locations as City shall from time to time designate by written notice to County.

Repairs and Taxes

2.3 City is responsible for rendering and paying real estate taxes on the Property. County is responsible for rendering and paying all personal property taxes on the personal property, trade fixtures and inventory placed on the Property.

County accepts the Premises in their present condition and agrees they are suitable for the purposes for which Agreement. City agrees to repair at City’s expense the roof, foundation and exterior walls, including all windows and doors, heating, ventilation and air conditioning systems, electrical wiring systems, and plumbing and the structural integrity of the structures on the Agreement d Premises upon the receipt of written notice from County requesting repairs. County shall take good care and maintain at his expense the remainder of the Property, and upon the termination of this Agreement deliver the Property in good repair and

condition, reasonable wear and tear and damage by fire only excepted. County shall not make any alterations, additions or improvements to the Property without the written permission of City. All such additions and fixtures (except trade fixtures) shall remain and become the property of City, unless City requests their removal; in which event County shall remove same and restore the Premises to their original condition at County's expense.

ARTICLE 3. USE OF PREMISES

Permitted Use

3.1 County may use the Premises for any business of City.

Waste, Nuisance, or Illegal Use

3.2 County shall not use, or permit the use of, the Premises in any manner that results in waste of the Premises or constitutes a nuisance or violates any statute, ordinance, rule or regulation applicable to the Premises or for any illegal purpose.

ARTICLE 4. REPAIRS AND MAINTENANCE

Repairs and Maintenance

4.1 County shall be responsible for periodic maintenance, including, without limitation, janitorial, maintaining the windows and glazing system, light fixtures, floor and floor coverings. County shall be responsible for all repairs and maintenance in connection with damage to the Premises, and damage to fixtures and improvements resulting from negligent or willful acts of the County, or the County's employees, agents, licensees or invitees. In addition, County shall repair all injury caused by the installation or removal of furniture, fixtures or property permitted under this Agreement to be removed from the Agreement d Premises. All such repairs shall be made in a good, workmanlike manner using high quality materials.

City's and County's Duties to Repair

4.2 City shall maintain the leased Premises and shall make all necessary repairs, except that County shall make all repairs of the leased Premises occasioned by County's negligent use of the Agreement d Premises, and except as City and County may have expressly agreed otherwise in this Agreement.

City's Duty

4.3 More particularly, City shall repair and maintain the Agreement d Premises so that the Premises will have:

- (1) Effective waterproofing and weather protection of the contents of the Agreement d Premises by watertight roof, exterior walls, windows, and doors.
- (2) Plumbing facilities that conform to applicable law, maintained in good working order.
- (3) A water supply approved under applicable law that is under the control of County, capable of producing hot and cold running water, or a system that is under the control of City that produces hot and cold running, furnished to County and connected to a sewage disposal system conforming to applicable law.
- (4) Heating facilities that conform to applicable law and are maintained in good working order.
- (5) Electrical lighting, with wiring and electrical equipment that conform to applicable law, maintained in good working order.

- (6) Building, grounds, and appurtenances in every part clean, sanitary, and free from all accumulations of debris, and all areas under control of City kept in every part clean, sanitary, and free from all accumulations of debris.
- (7) An adequate number of appropriate receptacles for garbage and rubbish, in clean condition and good repair.
- (8) Floor, stairways, and railings maintained in good repair.
- (9) Building, grounds and appurtenances shall be free of insects, rodents, and other vermin.

County's Duties Correlative to City's Obligations

4.4 No duty on the part of City shall arise with respect to maintenance or repairs under Section 4.2 of this Agreement if County is in violation of any one or more of the following affirmative obligations:

- (1) To keep the Agreement d Premises as clean and sanitary as the condition of the Premises permits.
- (2) To dispose from the Agreement d Premises all debris and garbage in a clean and sanitary manner.
- (3) To properly use and operate all electrical, gas, and plumbing fixtures and keep them as clean and sanitary as their condition permits.
- (4) Not to permit any person on the Premises, with County's permission, to willfully or wantonly destroy, damage, or remove any part of the Agreement d Premises or the facilities, equipment, or appurtenances.

County's Right to Repair for City or Vacate

4.5 (a) If after County's notice to City of repairs or maintenance which City has a duty to undertake, City neglects to make such repairs within a reasonable time, County may make the repairs itself after reasonable time, when the cost of the repairs does not require an expenditure greater the sum of Five Thousand and no/100ths Dollars (\$5,000.00) the Premises, as set forth in this Agreement. If County makes such repairs, such expenditures by County shall be payable by City to County immediately upon deemed by County. In such a case, County may deduct the expenses of the repairs from the rent; or County may vacate the Premises, in which case it shall be discharged from further payment of rent and performance of other conditions.

(b) For purposes of this Section 4.5, if County makes repairs at least fifteen (15) days following its giving notice to City, it will be presumed to have acted after a reasonable time.

ARTICLE 5. UTILITIES AND GARBAGE REMOVAL

Utility Charges

5.1 County shall pay all utility charges for water, electricity, heat, gas and telephone service used in and about the Agreement d Premises during the term of this Agreement, all such charges to be paid by County directly to the utility company or municipality furnishing the same, before the same shall become delinquent.

Garbage Removal

5.2 County shall pay for the removal of all garbage and rubbish from the Agreement d Premises during the term of this Agreement.

ARTICLE 6. ALTERATIONS, ADDITIONS, AND IMPROVEMENTS

Consent of City

6.1 County shall not make any alterations, additions, or improvements to the leased Premises without the prior written consent of City. Consent for nonstructural alterations, additions, or improvements shall not be unreasonably withheld by City.

Property of City

6.2 All alterations, additions, or improvements made by County shall become the property of City at the termination of this Agreement. City may, however, require that County remove any or all alterations, additions, and improvements installed or made by County, and any other property placed on the Premises by County, upon termination of the Agreement. In the event that City requires County to remove such alterations, additions, or improvements, County shall repair any damage to the Premises caused by such removal.

ARTICLE 7. TRADE FIXTURES AND SIGNS

Trade Fixtures

7.1 County has the right at all times to erect or install shelves, temporary office partitions, bins, machinery, equipment, or other trade fixtures, in, on, or about the Agreement d Premises, provided that County complies with all applicable governmental laws, ordinances, and regulations regarding such fixtures. County has the right to remove all trade fixtures as the termination of this Agreement, provided County is not in default under the Agreement and that the fixtures can be removed without structural damage to the building. County must repair any damage to the Agreement d Premises caused by removal of trade fixtures, and all such repairs must be completed prior to the termination of the Agreement. Any trade fixtures that have not been removed by County at the termination of this Agreement shall be deemed abandoned by the

County and shall automatically become the property of City. In the event any trade fixture installed by County is abandoned at the termination of the Agreement, County must pay City any reasonable expense actually incurred by City to remove the fixture from the Premises, less the fair market value of the fixture once removed, provided the fixture is removed within thirty (30) days after County has surrendered possession of the Premises.

Signs

7.2 Subject to the written approval of City, and further subject to applicable laws, ordinances and regulations, County shall have the right to install a sign on the Building. County must remove all signs at the termination of this Lease and repair any damage resulting from the erection or removal of the signs.

ARTICLE 8. MECHANIC'S LIEN

County will not permit any mechanic's lien or liens to be placed upon the leased Premises or improvements on the Premises, County will promptly pay the lien. If default in payment of the lien continues for twenty (20) days after written notice from City County, City may, at its option, pay the lien or any portion of it without inquiry as to its validity. Any amounts paid by the City to remove a mechanic's lien caused to be filed against the Premises or improvements on the Premises by County, including expenses and interest, shall be due from County to City and shall be repaid to City immediately on rendition of notice, together with interest at eighteen percent (18%) per annum until repaid.

ARTICLE 9. INSURANCE AND INDEMNITY

Property Insurance

9.1 City shall, at its own expense, during the term of this Agreement, keep all buildings and improvements on the Agreement d Premises insured against loss or damage by fire

or theft, with extended coverage to include direct loss by windstorm, hail, explosion, riot, or riot attending a strike, civil commotion, aircraft, vehicles, and smoke, in the aggregate amounts of not less than the full fair insurable value of the buildings and improvements. The insurance is to be carried by one or more insurance companies licensed to do business in Texas and approved by City. The policies shall provide that any proceeds for loss or damage to buildings or to improvements shall be payable solely to City, which sum City shall use for repair and restoration purposes as provided herein. County shall maintain all insurance on County's goods and inventory located within the Agreement d Premises and County covenants and agrees that City shall have no responsibility for damage or destruction of County's goods and inventory located within the Agreement d Premises.

Remedy for Failure to Provide Insurance

9.2 City shall furnish County with certificates of all insurance required by this article. If City does not provide such certificates within ten (10) days of obtaining possession, or if City allows any insurance required under this article to lapse, County may, at its option, take out and pay the premiums on the necessary insurance to comply with City's obligations under the provisions of this article. County is entitled to reimbursement from City for all amounts spent by it to procure and maintain such insurance, with interest at the rate of eighteen (18%) percent per annum from the date of receipt of County's notice of payment until reimbursement by City.

ARTICLE 10. DAMAGE OR DESTRUCTION OF PREMISES

Notice to City

10.1 If the Agreement d Premises, or any structures or improvements on the Agreement d Premises, should be damaged or destroyed by fire, tornado, or other casualty,

County shall give immediate written notice of the damage or destruction to City, including a description of the damage and, as far as known to County, the cause of the damage.

Damage or Destruction

10.2 If the building or the Agreement d Premises should be totally destroyed by fire, tornado, or other casualty, or if they should be so damaged that rebuilding or repairs cannot reasonably be completed within ninety (90) working days from the date of the occurrence of the damage, this Agreement , at the option of the City, shall terminate and rent shall be abated for the unexpired portion of this Agreement , effective as of the date of said occurrence.

Partial Damage

10.3 If the Agreement d Premises should be damaged by fire, tornado, or other casualty, but not to such an extent that rebuilding or repairs cannot reasonably be completed within ninety (90) working days from the date of the occurrence of the damage, this Agreement shall not terminate, but City shall, if the casualty has occurred prior to the final four (4) months of the Agreement term, at City's sole cost and risk proceed forthwith to rebuild or repair the Agreement d Premises to substantially the condition in which they existed prior to such damage. If the casualty occurs during the final four (4) months of the Agreement term, City shall not be required to rebuild or repair such damage. If the Agreement d Premises are to be rebuilt or repaired and are untenable in whole or in part following such damage, the rent payable hereunder during the period in which they are untenable shall be adjusted equitably. In the event that City should fail to complete such rebuilding or repairs within ninety (90) working days from the date of the occurrence of the damage, County may at its option terminate this Agreement by written notification at such time to City, wherein all rights and obligations hereunder shall cease.

ARTICLE 11. CONDEMNATION

Total Condemnation

11.1 If during the term of this Agreement all of the leased Premises should be taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, the Agreement shall terminate, and the rent shall be abated during the unexpired portion of this Agreement, effective as of the date of the taking of the Premises by the condemning authority.

Partial Condemnation

11.2 If less than all, but more than twenty-five percent (25%) of the Agreement d Premises is taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, County may terminate the Agreement by giving written notice to City within thirty (30) days after possession of the condemned portion is taken by the entity exercising the power of condemnation.

If the Agreement d Premises are partially condemned and County fails to exercise the option to terminate the Agreement under this section, or if less than twenty-five percent (25%) of the Agreement d Premises are condemned, this Agreement shall not terminate, but County may, at its sole expense, restore and reconstruct the building and other improvements situated on the Agreement d Premises to make them reasonably tenantable and suitable for the uses for which the Premises are Agreement d. The rent payable under Sections 2.1 of this Agreement shall be adjusted equitably during the unexpired portion of this Agreement.

Condemnation Award

11.3 City and County shall each be entitled to receive and retain such separate awards, and portions of lump sum awards, as may be allocated to their respective interest in any condemnation proceedings. The termination of this Agreement shall not affect the rights of the respective parties to such awards.

ARTICLE 12. DEFAULT

Default by County

12.1 If County shall allow the rent to be in arrears more than sixty (60) days after written notice of such delinquency, or shall remain in default under any other condition of this Agreement for a period of sixty (60) days after written notice from City, City may at its option, without notice to County, terminate this Agreement or, in the alternative, City may re-enter and take possession of the Premises and remove all persons and property without being deemed guilty of any manner of trespass and relet the Premises, or any part of the Premises, for all or any part of the remainder of the Agreement term, to a party satisfactory to City and at such monthly rental as City may with reasonable diligence be able to secure. Should City be unable to relet after reasonable efforts to do so, or should such monthly rental be less than the rental County was obligated to pay under this Agreement, or any renewal of this Agreement, plus the expense of reletting, then County shall pay the amount of such deficiency to City.

City's Lien

12.2 It is expressly agreed that, in the event of default by County in the payment of rent or any other sum due from County to City under the terms of this Agreement, City shall have a lien upon all fixtures, chattels, or other property of any description belonging to County that are placed in, or become a part of, the Agreement d Premises as security for rent due and to

become due for the remainder of the current Agreement term and any other sum due from County to City. This lien shall not be in lieu of, or in any affect, the statutory City's lien given by law but shall be in addition to that lien, and County grants to City a security interest in all of County's property placed in or on the Agreement d Premises for purposes of this contractual lien. This shall not prevent the sale by County of any merchandise in the ordinary course of business free of such lien to City. In the event City exercises the option to terminate the Agreement hold re-enter, and relet the Premises as provided in the preceding paragraph, then City, after giving reasonable notice to County of the intent to take possession and giving an opportunity for a hearing on the matter, may take possession of all of County's property on the Premises and sell it at public or private sale after giving County reasonable notice of the time and place of any public or private sale or of the time after that any private sale is to be made for cash or on credit, for such prices and terms as City deems best, with or without having the property present at the sale. The proceeds of the sale shall be applied first to the necessary and proper expense of removing, storing and selling such property, then to repairing damage to the Agreement d Premises if any, then to the payment of any rent due or to become due under this Agreement, with balance, if any, to be paid to County:

Default by City

12.3 If City defaults in the performance of any terms, covenants, as condition required to be performed by it under this Agreement, County may elect to do either one of the following:

- (a) After not less than thirty (30) days' notice to City, County may remedy such default by any necessary action and, in connection with such remedy, may pay expenses and employ counsel. All sums expended, or obligations incurred, by County in connection with remedying City's default shall be paid by City to

County on demand and, on failure of such reimbursement, County may, in addition to any other right or remedy that County may have, deduct these costs and expenses from rent subsequently becoming due under this Agreement .

- (b) County may terminate this Agreement by giving at least thirty (30) days notice to City such intention. In the event County elects this option, the Agreement will be terminated on the date designated in County's notice, unless City has cured the default prior to expiration of the thirty-day period.

Cumulative Remedies

12.4 All rights and remedies of City and County under this Article shall be cumulative, and none shall exclude any other right or remedy provided by law or by any other provision of this Agreement . All such rights and remedies may be exercised and enforced concurrently and whenever, and as often, as occasion for their exercise arises.

Waiver of Breach

12.5 A waiver by either City or County of a breach of this Agreement by the other party does not constitute a continuing waiver or a waiver of any subsequent breach of the Agreement.

ARTICLE 13. INSPECTION BY CITY

Assignment and Subletting by County

14.1 County may not sublet, assign, encumber, or otherwise transfer this Agreement , or any right or interest in this Agreement or in the Agreement d Premises or the improvements on the Agreement d Premises, without the written consent of City. If County sublets, assigns, encumbers, or otherwise transfers its rights or interest in this Agreement or in the Agreement d Premises or the improvements on the Agreement d Premises without the written consent of City,

City may, at its option, declare this Agreement terminated. In the event City consents in writing to an assignment, sublease or other transfer of all or any of County's rights under this Agreement, the assignee or sublessee must assume all of County's obligations under this Agreement , and County shall remain liable for every obligation under the Agreement . City's consent under this section will not be arbitrarily or unreasonably withheld.

Assignment by City

14.2 City may assign or transfer any or all of its interests under the terms of this Agreement.

ARTICLE 15. MISCELLANEOUS

Notices and Addresses

15.1 All notices required under this Agreement will be deemed delivered when deposited in certified or registered mail, addressed to the proper party, at the following addresses:

City:

City Manager
City of McAllen, Texas
P. O. Box 220
McAllen, Texas 78505

County:

County of Hidalgo
Attn: Ramon Garcia, County Judge
Edinburg, Texas 78540-0117

Either party may change the address to which notices are to be sent it by giving the other party notice of the new address in the manner provided in this section.

Parties Bound

15.2 This agreement shall be binding upon, and inure to the benefit of, the parties to the Agreement and their respective heirs, executors, administrators, legal representatives, successors and assigns when permitted by this agreement.

Texas Law to Apply

15.3 This agreement shall be construed under, and in accordance with, the laws of the State of Texas, and all obligations of the parties created by this Agreement are performable in Hidalgo County, Texas.

Legal Construction

15.4 In case any one or more of the provisions contained in this agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of the agreement, and this agreement shall be construed as if the invalid, illegal, or unenforceable provision had never been included in the agreement.

Prior Agreements Superseded

15.5 This agreement constitutes the sole and only agreement of the parties to the agreement and supersedes any prior understandings or written or oral agreements between the parties respecting the subject matter of this agreement.

Amendment

15.6 No amendment, modification, or alteration of the terms of this agreement shall be binding unless it is in writing, dated subsequent to the date of this agreement, and duly executed by the parties to this agreement.

Rights and Remedies Cumulative

15.7 The rights and remedies provided by this lease agreement are cumulative, and the use of any one right or remedy by either party shall not preclude or waive that party's right to use any or all other remedies. The rights and remedies provided in this Agreement are in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

Attorneys' Fees and Costs

15.8 If, as a result of a breach of this agreement by either party, the other party employs an attorney or attorneys to enforce its rights under this Agreement , then the breaching or defaulting party agrees to pay the other party the reasonable attorneys' fees and costs incurred to enforce the Agreement .

Force Majeure

15.9 Neither City nor County shall be required to perform any term, conditions, or covenant in this Agreement so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riot, floods, and any other cause not reasonably within the control of City County and which by the exercise of due diligence City County is unable, wholly or in part, to prevent or overcome.

Real Estate Commission and Finder's Fees

15.10 Neither City nor County has entered into any real estate commission or finder's fee agreements with any broker, agent or finder in respect of this transaction, and City and County each agree to indemnify and hold harmless the other from and against any and all claims, losses, damages, costs or expenses of any kind, or arrangement or understanding alleged to have been made by the indemnifying party or on its behalf with any broker, salesman or finder in connection with this Agreement or the transactions contemplated hereby.

Estoppel Information

15.11 County shall, at the request of City, provide any and all information with respect to this Agreement to any person designated by City.

Time of Essence

15.12 Time is of the essence of this agreement.

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THE UNDERSIGNED City and County execute this Agreement on the _____ day of _____, 2014.

CITY:

By: _____

Printed Name: _____

Its: _____

COUNTY:

THE COUNTY OF HIDALGO

By: _____

Ramon Garcia, County Judge

ATTEST:

By: _____

Arturo Guajardo, Jr. Hidalgo County Clerk

APPROVED AS TO FORM:

ATLAS, HALL & RODRIGUEZ, LLP

Stephen L. Crain