

## LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered as of the 1st day of May, 2023, by and between BROOKSHIRE BROTHERS, INC., (the "Landlord") and Sabine County, (the "Tenant");

### WITNESSETH:

WHEREAS, Landlord desires to lease to Tenant and Tenant desires to lease from Landlord, a 1889 square foot building located at 275 Mann Street in accordance with the conditions and provisions hereafter set forth.

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. LEASED PREMISES. In consideration of the covenants, conditions and stipulations herein contained, Landlord does hereby lease, demise and let unto Tenant that certain store building consisting of approximately 1889 square feet (referred to herein as the "Leased Premises") located 275 Mann Street, City of Hemphill, Texas. The Leased Premises are a part of a shopping center (herein called "the Shopping Center"). The use and occupation by Tenant of the Leased Premises shall include the nonexclusive right to use common areas with others including but not limited to the automobile parking areas, driveways, footways and service roads as hereafter provided (the "Common Areas").

2. TERM. The term of the Lease shall be for a period of three years (3) (the "Primary Term"), commencing on May 1, 2023 and ending on April 30, 2026. Tenant shall have an option to renew for an additional three-year term. Tenant shall give Landlord 120-day written notice of its intent to renew this Lease.

3. RENTAL. Tenant shall pay to Landlord, or its agent, at P.O. Box 1688, Lufkin, Texas 75902, or at such other place as Landlord may designate in writing to Tenant, an annual rental for the Leased Premises of \$9600 during the Primary Term of this Lease, as a guaranteed rental, payable by May 1 of each year during the term hereof. Rental commencement will begin May 1, 2023. If rental is not paid on or before the tenth day after it is due, Tenant agrees to pay a late charge of 10 percent (10%) of the total.

4. USE OF PREMISES. During the term of this Lease, Tenant shall continually occupy and operate its business from the Leased Premises. Tenant shall not use the Leased Premises for engaging in the sale of grocery or pharmacy products. Tenant may have 24 hour per day access to its space and may install a security system at Tenant's expense.

5. MAINTENANCE AND REPAIR OF BUILDING. Landlord shall maintain and keep in good repair the foundation, roof, and exterior structure of said building, excluding glass windows, and shall further maintain and keep in good repair all water, gas and electric service systems to the point of entry of the building of which the Leased Premises are a part. Tenant, at Tenant's sole cost and expense, shall maintain and keep in good repair the interior of the Leased Premises, including

all interior walls and partitions, ceilings, floors and floor coverings, all glass windows, store fronts, doors and door closures, all interior plumbing systems and interior electrical wiring (except to the extent that such is the Landlord's responsibility as hereinabove provided), all lighting fixtures, and all heating, ventilating and air conditioning (HVAC) systems and equipment. Landlord shall warrant HVAC for the first one (1) year of the Primary Term. Tenant shall keep the interior of the Leased Premises clean, clear of debris and litter, and in a presentable condition. Tenant shall not remove or disturb any sub-flooring.

6. CONDITION OF PREMISES. Upon execution hereof, the Landlord shall deliver the Leased Premises to Tenant in its "AS IS, WHERE IS" condition, and Tenant shall be solely responsible for the preparation of the Leased Premises for Tenant's use and occupation.

7. IMPROVEMENTS BY TENANT. Tenant, at Tenant's sole expense, is allowed to do cosmetic improvements to the Leased Premises. All improvements must be in compliance with City and Government Codes. Tenant, upon termination hereof, shall have the right to remove its trade fixtures, equipment, furniture, fixtures, stock and merchandise placed on, attached or affixed to such Leased Premises by Tenant, provided that Tenant is not then in default under the terms of this Lease and provided further that Tenant shall repair forthwith any damage caused to the Leased Premises by the removal of such property at its sole cost. Tenant and Landlord hereby agree to indemnify the other from and to hold the other harmless for any and all labor and material charges incurred in connection with any permitted improvements, alterations or additions performed by the indemnifying party.

8. UTILITIES. Tenant shall pay all water, gas and electric charges and deposits made incurred in connection with the Tenant's use of such utilities at the Leased Premises.

9. SIGNS AND DISPLAYS. All signage will be subject to all applicable governmental code. Tenant may install its signage on all exposed sides of the Leased Premises. As to any permitted exterior sign, such sign shall be attached to the Leased Premises in such a manner as not to cause any damage thereto. Any permitted sign shall be maintained in a good and sound condition by Tenant, at its sole expense, and shall be removed from the Leased Premises upon the expiration hereof. If applicable, any use, including installation, maintenance, repair and utilities cost, by Tenant of shopping center pylon sign shall be at the sole cost and expense of Tenant. Tenant shall be solely responsible and shall be liable to the Landlord for any damage caused to the Leased Premises as a result of the installation, maintenance, or removal of any such sign. Tenant will not keep or display any sign on or in the Leased Premises, which would mar, deface or detract from the appearance of the Leased Premises.

10. LAWS AND GOVERNMENTAL REGULATIONS. Tenant agrees to promptly comply with all laws, rules and orders of Federal, State and municipal governments and all of their departments applicable to the Leased Premises' interior, store fronts, doors and door closures, all interior plumbing systems and interior electrical wiring, and any signage placed by the Tenant upon the Leased Premises. Tenant further agrees that it will conduct its business in such a manner as not to create any nuisance.

11. INSPECTION. Landlord may enter upon and inspect the Leased Premises during the normal business hours of Tenant, and Landlord agrees to exercise its right in such a way as not to unreasonably interfere with the business of Tenant.

12. CASUALTY DAMAGE. Tenant shall give immediate notice to Landlord of any significant casualty affecting the Leased Premises. In the event the Leased Premises are reconstructed after casualty damage, Tenant shall be solely responsible for rebuilding and replacement of any leasehold improvements made by it and fixtures owned by it at its expense.

13. COMMON AREA. "Common Area" means that part of the Shopping Center intended for the common use of all tenants, including among other facilities (as such may be applicable to the Shopping Center), parking areas, private streets and alleys, landscaping, curbs, loading area sidewalks, mall and promenades (enclosed or otherwise) lighting facilities, drinking fountains, public toilets, and the like but excluding space in buildings (now or hereafter existing) designated for rental, streets and alleys, maintained by a public authority, areas within the Shopping Center which may from time to time not be controlled by Landlord, or areas leased to a single purpose user (such as a bank or a fast-food restaurant) where access is restricted.

Tenant and its employees and customers shall have the nonexclusive right to use the Common Area (excluding roofs of building in the Shopping Center), such use to be in common with Landlord, other tenants in the Shopping Center and other persons permitted by the Landlord to use the same, and subject to such reasonable rules and regulations governing uses as Landlord from time to time prescribes. For example and without limiting the generality of Landlord's ability to establish rules and regulations governing all aspects of the Common Areas, Tenant agrees as follows:

(a) Tenant may not solicit business within the Common Area nor take any action that would interfere with the rights of other persons to use the Common Area.

(b) Landlord may temporarily close any part of the Common Area as necessary to make repairs, alterations or to prevent the public from obtaining prescriptive rights.

(c) The use of any part of the roof is reserved to Landlord. Landlord may allow Tenant access to the roof, subject to such compensation and restrictions as determined by Landlord in its sole discretion.

(d) Tenant may assign 3 reserved parking spots from site plan for customer parking, upon Landlord's approval. These cannot be any existing Handicap Parking areas. Reserved Parking signs to be installed at Tenant's sole expense.

Landlord is responsible for the operation, management and maintenance of the Common Areas. The manner of maintenance is in the discretion of Landlord; however, the Common Area will generally be in keeping with similar shopping centers within the immediate area for a similar Tenant mix. LANDLORD MAKES NO REPRESENTATION OR WARRANTY REGARDING WHETHER OR NOT LANDLORD WILL PROVIDE SECURITY SERVICES OR, IF SO, WHAT FORM OF SECURITY SERVICES WILL BE PROVIDED.

14. TENANT'S RESPONSIBILITY FOR OPERATING EXPENSES.

In addition to the Rent provided for herein, Tenant shall pay to Landlord at the end of each calendar year during the term of this Lease, Tenant's pro rata share ("PSA") of the following operating expenses (referred to as "Operating Expenses") of the Shopping Center:

- (a) all real estate taxes or other real estate charges levied on or assessed against the Property (including ad valorem taxes, general and special assessments, parking surcharges, any tax or excise on rents, any tax or charge for governmental services (such as street maintenance or fire protection) and any tax or charge which replaces any of such above-described "real estate charges"; provided, however, this shall not include any franchise, margin, estate, inheritance or general income tax; and
- (b) insurance premiums for the insurance provided by Landlord.

Tenant's PSA is based upon 1,889 square feet. Within sixty (60) days after the end of each calendar year, Landlord shall furnish to Tenant a statement, together with supporting documentation reasonably acceptable to Tenant, showing the total Operating Expenses for the Shopping Center, and Tenant's PSA of such Operating Expenses. Tenant shall pay to Landlord Tenant's PSA of such Operating Expenses within thirty (30) days of receipt of Landlord's statement. Amounts not paid within said time shall bear interest at the lawful maximum rate until paid.

15. PERSONAL PROPERTY TAXES. Tenant is liable for all taxes levied against Tenant's personal property and trade fixtures in the Leased Premises. If any taxes are levied against Landlord or Landlord's property and if Landlord elects to pay the same or if the assessed value of the Landlord's property is increased by inclusion of personal property and trade fixtures placed by Tenant in the Leased Premises and Landlord elects to pay the taxes based on such increase, Tenant must pay to Landlord upon demand that part of such taxes for which Tenant is primarily liable hereunder.

16. EMINENT DOMAIN. In the event of any condemnation proceedings, Tenant hereby agrees that the proceeds awarded in any such condemnation proceeding as transfer in lieu of condemnation shall belong solely to the Landlord, and that the Tenant shall have no claim therefore, except for such award as the Tenant may be entitled to recover from such authority (but not from Landlord) for the taking of its leasehold improvements, and Tenant's loss of business, but only if such award does not reduce the amount which would otherwise be payable to Landlord.

17. ASSIGNMENT AND SUBLETTING. Tenant shall not assign this Lease in whole or in part, or sub-let all or any part of the Leased Premises, without the prior written consent of Landlord.

18. DEFAULT. The Tenant shall be deemed in default hereof in the event Tenant shall (a) default in the prompt payment of rent or any other amount when the same is due and remain in violation of or continue to fail to make such payment for a period of (10) days following the receipt of written notice of such failure; or (b) default in failure to perform any of the other covenants, conditions and agreements performable by Tenant hereunder for a period of thirty (30) days following receipt of written notification of Tenant's failure to comply herewith; or (c) file a voluntary petition in bankruptcy, be adjudged bankrupt, be placed in or subjected to a receivership, or make an assignment for the benefit of creditors. Upon such default, Landlord may immediately

enter upon and take possession of the Leased Premises, by force if necessary, and remove or expel Tenant and any other persons who may be occupying the Leased Premises or any part of them, relet the Leased Premises on such terms as the Landlord deems advisable, and receive the rent for the reletting. Tenant, who shall remain liable for any deficiency, agrees to pay the Landlord on demand any deficiency that may arise by reason of such reletting. Upon re-entry of said Leased Premises, Landlord may remove all or any part of the personal property of Tenant thereon remaining and store it at some suitable place at Tenant's expense. A waiver by Landlord or Tenant of any breach or breaches of any of the provisions of this Lease shall not be deemed a waiver of any subsequent breach; any breach shall be deemed a continuing breach so long as the default continues.

19. SUBORDINATION. Tenant hereby agrees that this Lease shall be subordinate to any first mortgage or first deed of trust and all renewals, modifications, consolidations, replacements and extensions thereof, hereafter placed upon the Leased Premises.

20. QUIET POSSESSION. Landlord covenants that, upon paying the rent as herein provided and performing all covenants and agreements herein contained, Tenant shall and may peacefully and quietly have, hold and enjoy the exclusive right to the Leased Premises. It is agreed and understood that any holding over by Tenant of the Leased Premises at the expiration of the Lease term shall, in the absence of a written agreement to the contrary, operate and be construed as a tenancy from month-to-month at a rental equal to 150 percent of the amount of the guaranteed monthly rent as above provided.

21. LIABILITY INSURANCE. At all times during the term of the Lease, at its sole expense, and as a part of the consideration for this Lease, Tenant shall keep in force and effect public liability and property damage insurance with respect to the Leased Premises and the business operated therein. The limits of public liability coverage shall be not less than \$1,000,000.00 each occurrence, \$1,000,000.00 each accident, and \$2,000,000.00 general aggregate. Such insurance shall name Landlord and Tenant as the named insureds and shall provide that it will not be canceled or changed without less than thirty (30) days prior written notice to Landlord. Such insurance shall be with a company or companies authorized to be in business in Texas and a copy of the policy or policies or duly executed certificate or certificates of insurance shall be delivered to Landlord with adequate proof of the timely payment of all premiums during the term of this Lease. Such policy shall be endorsed to waive subrogation against Landlord.

22. PROPERTY DAMAGE INSURANCE. Tenant agrees that it shall keep its fixtures, merchandise and equipment insured against loss or damage by fire, with the usual extended coverage endorsements. Tenant waives any and every claim which arises or may arise in its favor against Landlord during the term of this Lease for any and all loss of, or damage to, any of its property located within or upon the Leased Premises, which loss or damage is covered or required to be covered hereunder by valid and collectible fire and extended coverage insurance policies. Said waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of or damage to property of Tenant. Tenant shall give immediate notice of this waiver to its insurer.

23. NOTICES. All notices authorized or required to be given under the terms of this Lease, or under law, shall be deemed to have been given when delivered personally to the parties hereto, or

when deposited in the United States Mail, properly stamped, and sent by registered or certified mail, return receipt requested, to the parties hereto at the following addresses:

Landlord:

BROOKSHIRE BROTHERS, INC.  
Real Estate Department  
P. O. Box 1688  
Lufkin, Texas 75902

Tenant:

SABINE COUNTY  
c/o County Judge Daryl Melton  
P.O. Box 716  
Hemphill, TX 75948

or at such other addresses as either party may designate to the other party in writing.

26. BINDING EFFECT. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, assigns, successors, executors and administrators.

27. ENTIRE AGREEMENT. This instrument constitutes the entire agreement between the parties, and this Lease shall not be orally modified, altered, amended or rescinded inasmuch as it is specifically agreed that this instrument can be changed, modified, altered, or amended only by an agreement in writing, signed by the proper representatives of each of the parties hereto or their respective successors in interest.

28. PARAGRAPH HEADINGS. The paragraph headings contained in this Lease are provided for convenient reference only and shall not be considered for any purpose in analyzing or construing the intentions of the parties with respect to this contract.

29. MISCELLANEOUS:

(a) Options: So long as Tenant is not in default hereunder, Tenant shall have the option to renew this Lease for three (3) one (1) year terms each ("Renewal Period"), following the expiration of the Primary Term. Tenant shall give Landlord three (3) months written notice prior to the expiration of the Primary Term or any Renewal Period of its intent to exercise an option.

TENANT:

By:

Daryl Melton

LANDLORD:

BROOKSHIRE BROTHERS, INC.

By:

John Alston  
John Alston, President & CEO

Date: 4 April 2023 Date: \_\_\_\_\_

**APPLICABLE TIME PERIODS FOR THIS LEASE AGREEMENT:**

The Commencement Date Shall Be: May 1, 2023

The Rental Commencement Date Shall Be: May 1, 2023

The Primary Term Expiration Date Is: April 30, 2026