

LONG ISLAND INVESTMENT OPPORTUNITY



A 90 Acre Leasehold, Submerged Tract
(to include 3,187+/- feet of the original Queen Isabella Causeway)
And
A 23+ Acre Fee Simple Tract
Lying at the “foot” of the Past Causeway entrance to
South Padre Island within the
Historical City of Port Isabel, Texas

By
Troy Giles Realty & Management

June 2013

Presented by:

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TROY GILES REALTY AND MANAGEMENT

Long Island Investment Opportunity

A 90 Acre Leasehold, Submerged Tract

(to include 3,187 +/- feet of the original Queen Isabella Causeway)

And

23+ acre Fee Simple Tract

Lying at the "foot" of the past Causeway entrance to

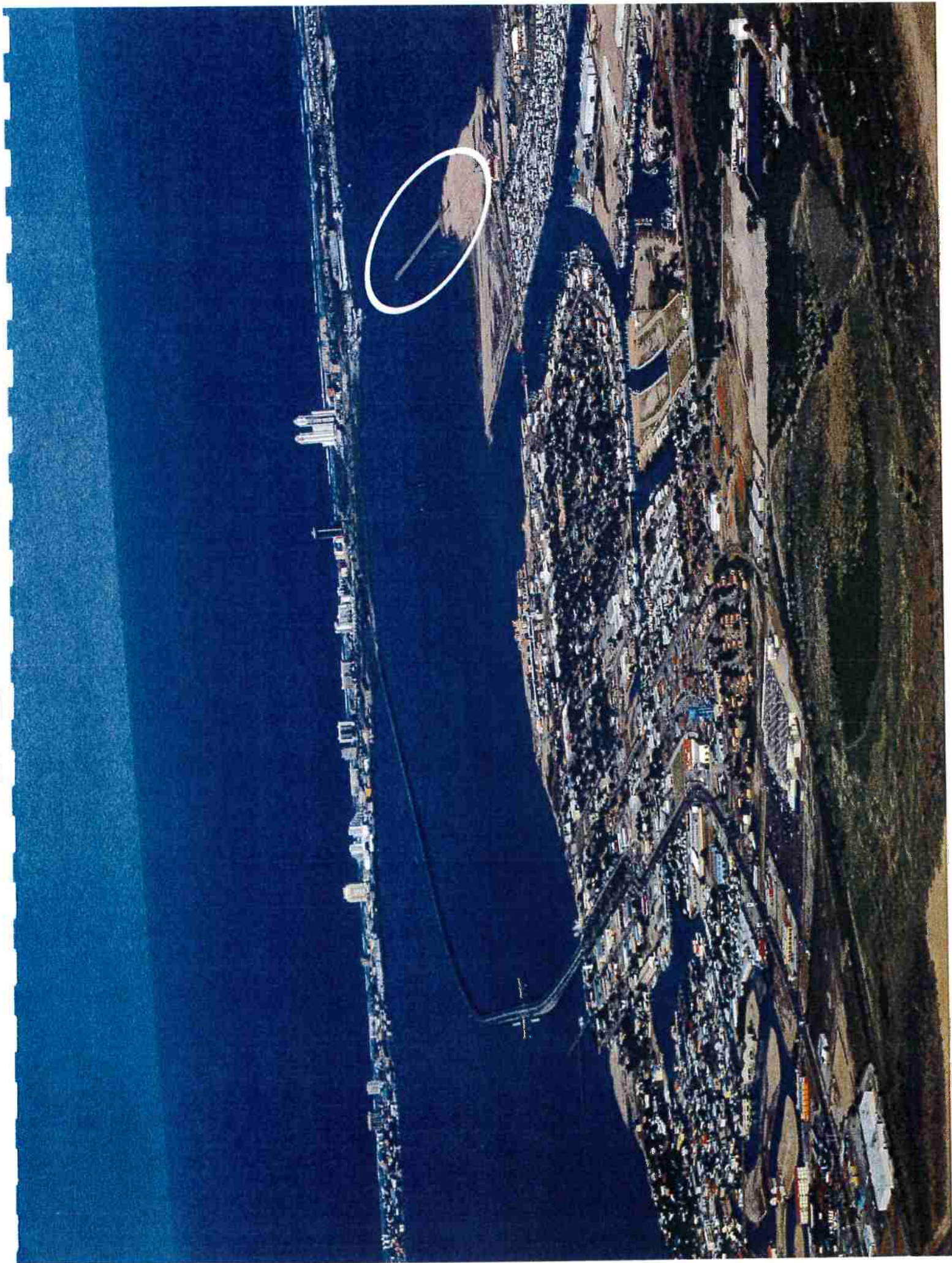
South Padre Island within the

Historical City of Port Isabel, Texas

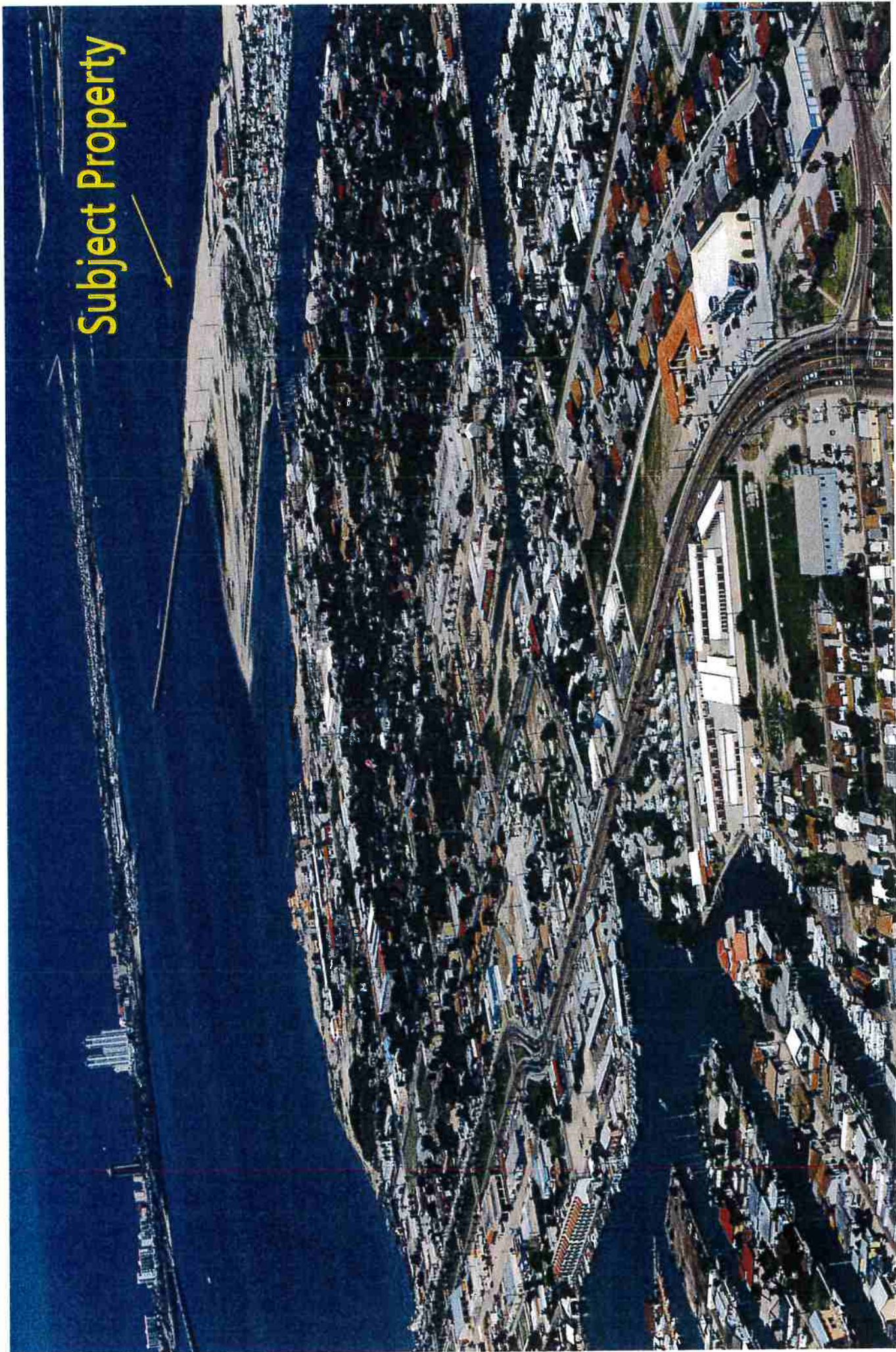
Within the past 37 years, since closing of the Original Causeway in 1975, the Original Causeway and adjacent land has been under control by other parties, such as the developers of the Peninsula Yacht Club, Port Isabel, Texas and the Mariner's Point project (see attached information) which never came to fruition because they were "before their time". The previously proposed projects for the subject site were well thought out much like today's Long Island Village and the SPI's properties: the Boardwalk Condominium Yacht Club, Las Marinas Condominiums, the early Fiesta Harbor, and the KOA RV Campgrounds (located on the opposite end of the original Queen Isabella Causeway). The market has been drastically affected by the economy the past few years, BUT now the area is seeing the "light at the end of the tunnel". The Classic Original Causeway and adjacent land is not only a prime site for a Second Home Water Oriented Community and/or RV Campground but (thinking out of the box) a prime fishing pier and observation deck for SpaceX, public park for Port Isabel, Long Island Village (Outdoor Resorts) and Cameron County, etc.

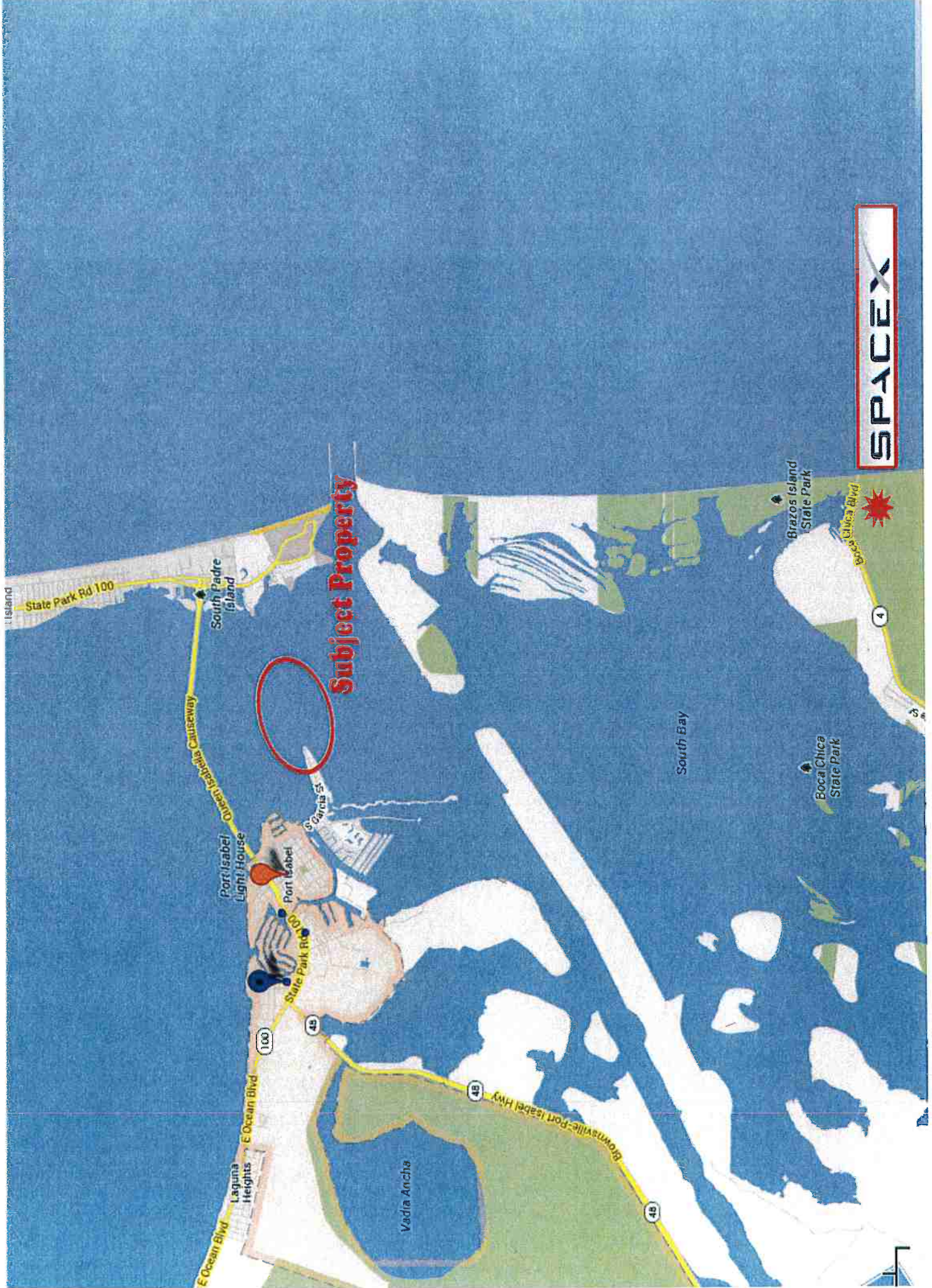
With the proposed coming of SpaceX and the 2nd Causeway to South Padre Island, the Classic Original Causeway will become a valuable and prime location for development. The unique aspect of the site and its location offer great possibilities to accommodate a growing population and tourist destination. The subject site offers 23.67 acres of peninsula type land surrounded on 3 sides by water with the abutting 3,187' of Original Causeway extending into the Laguna Madre Bay. Approximately 90 acres of submerged land also conveys as leasehold. Located on Long Island, the highest and best use is most likely Multi-family and/or Recreational. The Original Causeway could be utilized for its deep water mooring possibilities, the best redfish and snook fishing in the area and no doubt this land and causeway would be a prime spot to watch rockets launch from the nearby proposed SpaceX launch site that would be located approx. 5 miles south on Boca Chica Beach.

Offered For Sale: \$8,500,000

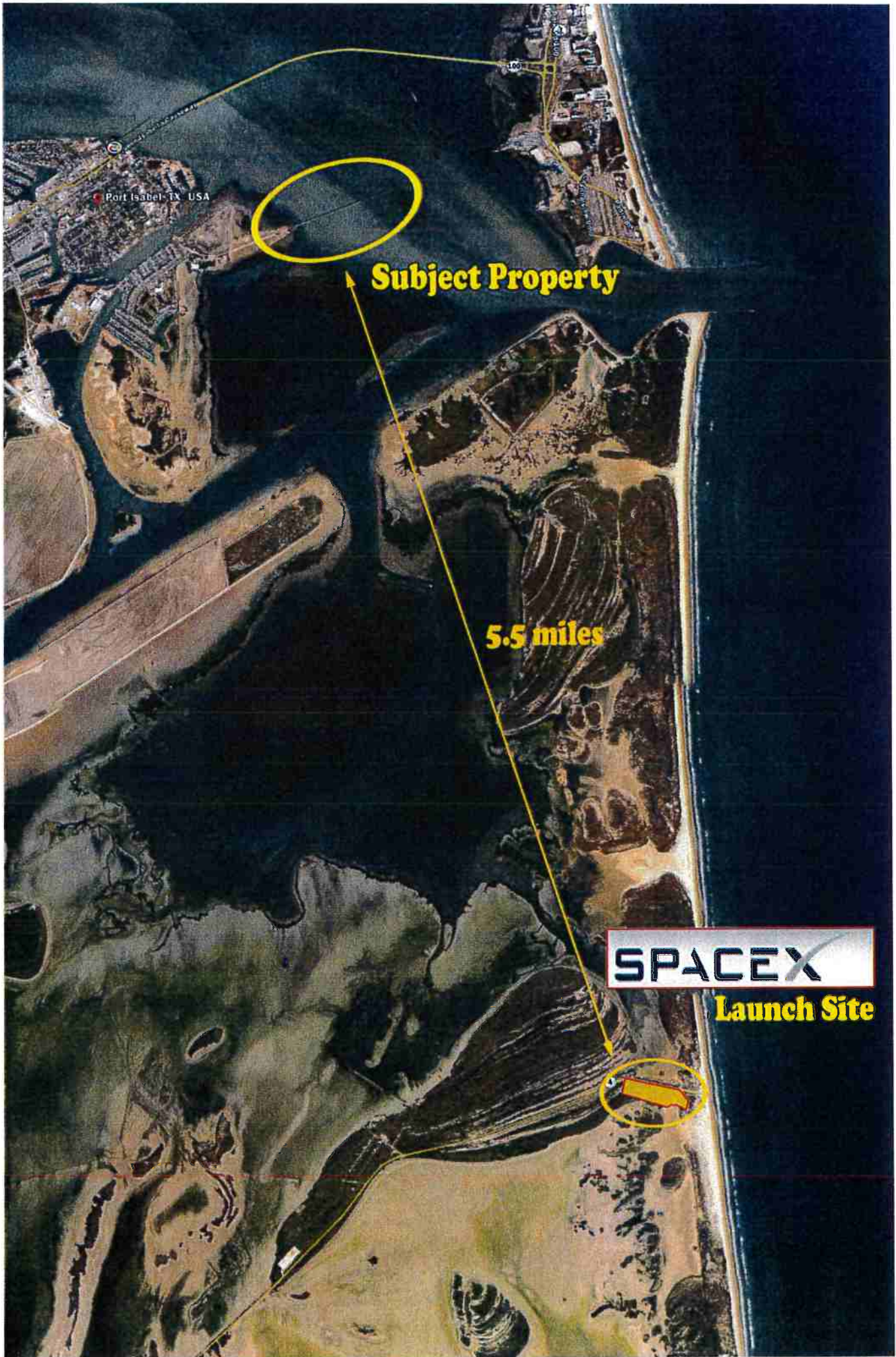


Subject Property





SPACEX

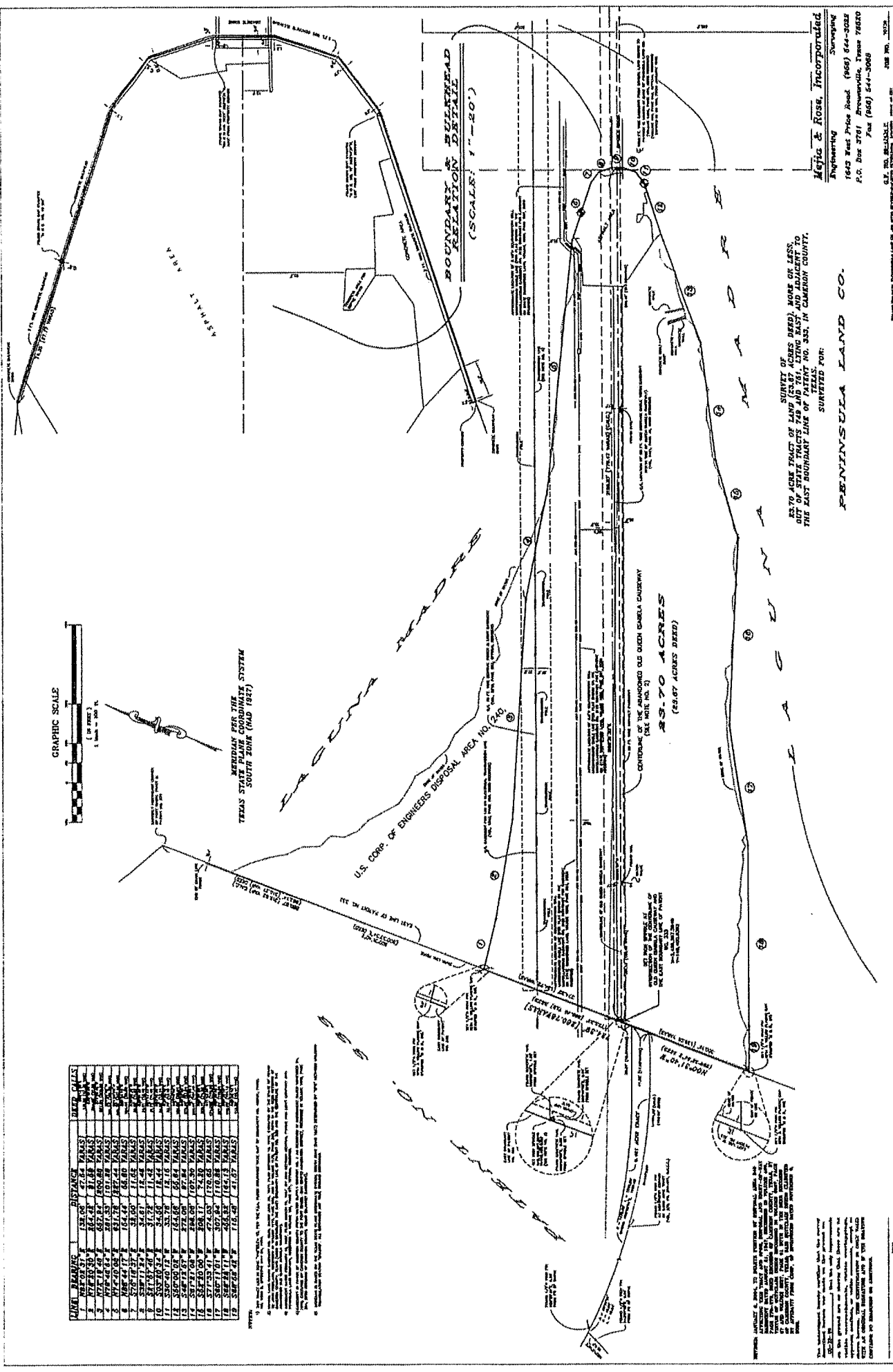


Port Isabel, TX, USA

Subject Property

5.5 miles

SPACEX
Launch Site



GRAPHIC SCALE
1 inch = 100 ft.
(in feet)

LINE	BEARING	DISTANCE	MARK
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MERIDIAN PER THE
TEXAS STATE PLANE COORDINATE SYSTEM
SOUTH ZONE (MAD 1987)

U.S. CORP. OF ENGINEERS DISPOSAL AREA NO. 340

33.70 ACRES
(29.87 ACRES DEED)

SURVEY OF
SUNNY (ONE TRACT OF LAND, 100 ACRES DEED) MORE OR LESS,
OUT OF STATE TRACTS 749 AND 751, LYING EAST, AND ADJACENT TO
THE EAST BOUNDARY LINE OF PATENT NO. 333, IN CAMERON COUNTY,
TEXAS
SURVEYED FOR:

PENINSULA LAND CO.

Meyer & Rose, Incorporated
Engineering
1642 West Price Road (666) 644-3022
P.O. Box 3781 Brownsville, Texas 78820
Fax (666) 644-3068

C.F. NO. 84-100-1
208 NO. 7079



TEXAS GENERAL LAND OFFICE COMMERCIAL COASTAL EASEMENT NO. LC 20130004

This Commercial Coastal Easement No. LC 20130004, (the "Easement"), is granted by virtue of the authority granted by Chapter 33, TEX. NAT. RES. CODE ANN. and 31 Texas Administrative Code Chapters 1 and 155, and all amendments thereto, and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto and all other applicable statutes.

ARTICLE I. PARTIES

1.01. In consideration of the mutual covenants and agreements set forth in this Easement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the State of Texas, acting by and through Jerry Patterson, Commissioner of the General Land Office and Chairman of the School Land Board, on behalf of the Permanent School Fund ("Grantor"), does hereby grant to PB Commercial LLC, a Texas limited liability company ("Grantee"), whose address is 7500 San Felipe, Suite 125, Houston, TX 77063-1707, the right to use the property described herein for the purposes described in this Easement.

ARTICLE II. PREMISES

2.01. The property Grantee may use is described as follows:

Submerged portions of State Tract 749, Laguna Madre, Cameron County, Texas, being 500' either side of the center line of the existing western portion of the Old Queen Isabella Causeway, and the approximately 3,187-foot State-owned causeway structure, for a total project encumbrance of approximately 90.0 acres (collectively, the "Premises"). The Premises are further described and depicted on Exhibits A and B attached hereto and incorporated herein by reference.

2.02. Grantee represents that the Premises are located adjacent to property which is owned by Grantee or in which Grantee has a possessory interest, which property is identified as:

A 23.67 acre tract of land out of State Tracts 749 and 751, Laguna Madre Cameron County, Texas, and being that certain tract further described as "Tract 2" in deed recorded at Volume 137, Pg. 391, Deed Records Cameron County, Texas.

2.03. Grantee acknowledges and agrees that when any authorized improvements are placed on the Premises, the location of such improvements shall thereby become fixed at such location and shall not be changed except by a written amendment to this Easement.

2.04. AS IS: GRANTEE HAS INSPECTED THE PHYSICAL AND TOPOGRAPHIC CONDITION OF THE PREMISES AND ACCEPTS THE SAME "AS IS," IN ITS EXISTING PHYSICAL AND TOPOGRAPHIC CONDITION. GRANTEE ACKNOWLEDGES THAT IT IS NOT RELYING ON ANY REPRESENTATION, STATEMENT, OR OTHER ASSERTION OF GRANTOR WITH RESPECT TO THE CONDITION OF THE PREMISES, BUT IS RELYING ON GRANTEE'S OWN INSPECTION OF THE PREMISES. GRANTOR DISCLAIMS ANY AND ALL WARRANTIES OF HABITABILITY, MERCHANTABILITY, SUITABILITY, FITNESS FOR ANY PURPOSE, AND ANY OTHER EXPRESS OR IMPLIED WARRANTY NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. THE USE OF THE TERM "GRANT" IN NO WAY IMPLIES THAT THIS AGREEMENT IS FREE OF LIENS, ENCUMBRANCES, AND/OR PRIOR RIGHTS. GRANTEE IS PUT ON NOTICE THAT OTHER GRANT AND/OR ENCUMBRANCE MAY BE OF RECORD, AND GRANTEE IS ADVISED TO EXAMINE THE RECORDS IN THE ARCHIVES AND RECORDS DIVISION OF THE GENERAL LAND OFFICE AND RECORDS OF THE COUNTY IN WHICH THE PREMISES ARE LOCATED.

2.05. RESERVATIONS: Grantor reserves the full use of the Premises and all rights with respect to its surface and subsurface for any and all purposes except for those granted to Grantee. The aforementioned reserved full use of the

Premises by Grantor includes the right of ingress, egress, and use of the Premises by Grantor, its officers, agents, representatives, employees, and other authorized users for any authorized purpose.

ARTICLE III. TERM

3.01. **INITIAL TERM:** The initial term of this Easement is for a total period of forty (40) years, beginning effective March 5, 2013, and terminating on March 4, 2053, unless earlier terminated as provided in this Easement.

3.02. **RENEWAL OPTION:** Upon expiration of the initial term of the Easement, Grantee shall have the option, upon six months advance written notice to the State, to renew the Easement for a period of twenty (20) years from the date of expiration, provided that Grantee is in compliance with all terms and conditions of this Easement.

ARTICLE IV. CONSIDERATION

4.01. **CONSIDERATION:** As consideration for the granting of this Easement, Grantee agrees to pay Grantor as consideration (the "Rent") annual installments of **One Thousand And 00/100 Dollars (\$1,000.00)**, beginning March 5, 2013. Rent is payable on or before the first day of each "Easement Year." "Easement Year" means the period from March 5th of one year through March 4th of the following year, with the first Easement Year beginning March 5, 2013.

4.02. **PAST DUE CONSIDERATION:** All consideration and any other payments hereunder to be paid by Grantee shall be deemed to be "rent" and due and payable by Grantee without demand, deduction, abatement, or off-set. Past due Rent and other past due payments shall bear interest from maturity at the rate of ten percent (10%) per annum from the date when due until actually paid. Failure of Grantee to make a payment on or before the date the same becomes due shall, at the option of Grantor, make all payments due and payable immediately. Grantor and Grantee agree that the foregoing represents a fair and reasonable estimate of the expenses that Grantor may incur by reason of such late payment by Grantee. Acceptance of such late payments by Grantor shall not constitute a waiver of Grantee's default with respect to any such past due amounts, nor prevent Grantor from exercising any other rights and remedies available to Grantor hereunder, at law, or in equity.

4.03. **HOLDOVER:** If Grantee continues in possession of the Premises after expiration or earlier termination of this Easement, Grantee will be deemed to be occupying the Premises on the basis of a month-to-month tenancy subject to all of the terms and conditions of this Easement, except that, as liquidated damages by reason of such holding over, the amounts payable by Grantee under this Easement shall be increased such that the Consideration and any other sums payable hereunder shall be 200% of the amount payable to Grantor by Grantee for the applicable period immediately preceding the first day of the holdover period. Grantee acknowledges that in the event it holds over, Grantor's actual damages will be difficult, if not impossible, to ascertain, and the liquidated damages herein agreed to be paid are reasonable in amount and are payable in lieu of actual damages and are not a penalty. Grantee further acknowledges that acceptance of consideration under this provision does not imply Grantor consented to hold over. This month-to-month tenancy may be terminated by either party upon 30 days' written notice to the other.

ARTICLE V. TAXES

5.01. Grantee shall, as further consideration for this Easement, pay and discharge all "Taxes" properly assessed in any calendar year (or portion thereof) during the term of this Easement. For the purposes of this Easement, the term "Taxes" means all taxes, assessments, impositions, levies, charges, excises, fees, licenses, and other sums (whether now existing or hereafter arising, whether foreseen or unforeseen, and whether under the present system of taxation or some other system), that during the term of this Easement may be levied, assessed, charged, or imposed by any governmental authority or other taxing authority or accrue on the Premises and any Improvements or other property thereon, whether belonging to Grantor or Grantee, or to which either of them may become liable in relation thereto. The term "Taxes" shall also include all penalties, interest, and other charges payable by reason of any delay or failure or refusal of Grantee to make timely payments as required pursuant to this provision. **GRANTEE AGREES TO AND SHALL INDEMNIFY AND HOLD GRANTOR HARMLESS FROM LIABILITY FOR ANY AND ALL TAXES, TOGETHER**

WITH ANY INTEREST, PENALTIES, OR OTHER SUMS IMPOSED, AND FROM ANY SALE OR OTHER PROCEEDING TO ENFORCE PAYMENT THEREOF.

5.02. Grantee agrees to pay all Taxes directly to the applicable taxing authority not less than fifteen (15) days prior to the date of delinquency thereof and to provide Grantor with evidence of payment not less than 30 days after payment is made.

ARTICLE VI. USE OF PREMISES

6.01. Grantee shall have the right to use the Premises solely for the following uses (the "Approved Use"): construction, operation, and maintenance of a marina facility and/or fishing pier. Grantee shall not use the Premises for any other purpose without obtaining prior written consent of Grantor, which consent may be granted or withheld by Grantor in its sole discretion. Notwithstanding the preceding, Grantor shall not unreasonably withhold its consent to proposed changes to the Approved Use that advance the development of the adjacent property while maintaining or enhancing the safety and value of the Premises.

6.02. Any changes to the Approved Use will require Grantor's prior written consent and will require the adjustment of the Rent, terms, and conditions of the Easement.

6.03. Any construction on the Premises will require Grantor's prior written approval of Grantee's plans pursuant to Section 6.10 and may require adjustment of the Rent, terms, and conditions of the Easement.

6.04. Grantee's right to use the Premises is exclusive as to those alterations, additions, and/or improvements located, or to be located, on the Premises (collectively the "Improvements"), as more specifically described under this Article VI ("Use of Premises") and further depicted on **Exhibit B**, and non-exclusive as to the remainder. The location of the Improvements shall not be changed except by a written amendment to this Agreement. Any and all Improvements existing prior to the execution of this Agreement are and shall remain the property of Grantor.

6.05. Except as otherwise allowed in this Easement, no construction, land modifications or excavation, or permanent property improvements may be allowed or undertaken on the premises without Grantor's prior express written consent. Grantee may not maintain or allow any nuisances or public hazards on the Premises, and shall be under a duty to abate or remove any activity or property constituting or contributing to a hazard or nuisance. Grantee may file a criminal complaint or institute civil proceedings to protect his right of possession and Easement interest in the Premises against trespass or other infringement of Grantee's rights by third parties.

6.06. For the purposes of this Easement, the term "Improvements" means anything constructed and/or placed or operated by Grantee on the Premises, including but not limited to the existing causeway structure and anything constructed, placed, or operated on the causeway structure.

6.07. Grantee shall insure that all Improvements constructed by it and/or placed or operated on the Premises, including but not limited to the causeway structure, are visible to operators of marine craft at all times. Grantee is required to maintain the causeway structure in a safe condition, secure the structure and all improvements so as to prevent unauthorized persons from accessing it, and clearly install and maintain navigation lights, as required by the U.S. Coast Guard, on the structure. Grantee may not restrict or prevent other persons from access to navigating open, navigable waters. NAVIGATION AIDS, CONSISTENT WITH U.S. COAST GUARD GUIDANCE, SHALL BE INSTALLED AND MAINTAINED BY GRANTEE.

6.08. By execution of this Easement, Grantee authorizes Grantor, its officers, agents, representatives and employees to access the Premises over and across Grantee's adjacent property described in Section 2.02. In exercising such right, Grantor agrees not to unreasonably interfere with Grantee's use of such property, and Grantor agrees to exercise its right of ingress and egress only at reasonable times (except in an emergency) for purposes of inspection, repair and as necessary to protect Grantor's interests. Grantor agrees to use adjacent land owned by Grantee only to the extent and for the length of time necessary to provide access to and from the Premises. The foregoing authorization creates a license only, and does not create an easement over Grantee's adjacent property.

6.09. Grantee acknowledges and agrees that Grantor's right of ingress and egress described in Section 6.08 of this Easement shall remain in effect as long as the Improvements and any other structure placed on the Premises by Grantee remain on the Premises and/or as necessary for Grantor to confirm the removal (in whole or in part) of the Improvements. Such right of ingress and egress shall survive the termination of this Easement.

6.10. Grantee's use of the Premises is subject to compliance with the following covenants, obligations and conditions (the "Special Conditions"):

- A. Grantee must notify Grantor, in writing, at least sixty (60) days prior to modification, rebuilding, major repair, or removal of any structure authorized in this instrument.
- B. Prior to any construction on the Premises, Grantee must obtain Grantor's written approval of Grantee's plans, regardless of whether such plans are for the Approved Use or for a proposed use to which Grantor has previously consented to in writing.
- C. Grantee must submit plans not later than June 1, 2015. Construction may commence at any time upon Grantor's approval of Grantee's plans, but must commence not later than January 1, 2016. The construction completion timeline is subject to Grantor's approval.
- D. The timelines for performance under this Section are subject to amendment, if requested by Grantee and approved in writing by Grantor.

6.11. Prior to undertaking construction, installation, modification, or removal of Improvements on the Premises, Grantee shall provide written notice of the terms of this Easement, including the Special Conditions, to each person or entity authorized by Grantee to perform any such activity on its behalf. Grantee shall retain a copy of each such written notice provided to its agents, representatives, employees, and/or contractors under this provision and, if a dispute arises concerning construction or installation of the Improvements, Grantee shall provide Grantor with a copy of all applicable notices within ten (10) days of Grantor's written request. Grantee's failure to maintain and provide each required written notice shall constitute a default under this Easement.

6.12. If Grantee fails to maintain and/or repair Improvements in good condition and repair, such failure shall constitute a default under this Easement and Grantor may, at its option, terminate this Easement upon written notice to Grantee and/or pursue a remedy under Section 51.3021, TEX. NAT. RES. CODE ANN. If Grantee constructs improvements other than those authorized under this Article IV ("Use of Premises") pursuant to the written approval process herein, such improvements shall constitute illegal structures and Grantor may, at its option, terminate this Easement and/or pursue a remedy under Section 51.302, et seq., TEX. NAT. RES. CODE ANN.

6.13. Prior to termination of the Easement, unless otherwise directed by Grantor in writing, Grantee will demolish or remove all or any portion of the Improvements then existing on the Premises, remove all debris resulting from such demolition, and leave the ground theretofore occupied by such Improvements in a safe, clean condition, all such work to be done as promptly and expeditiously as is reasonably possible. As part of the removal of Improvements, Grantee is specifically obligated to remove the causeway structure in accordance with the provisions set forth in Section 6.14. If Grantee fails to comply with the foregoing, Grantor shall have the right to perform the aforesaid requested work, in which event Grantee shall be liable to Grantor for all cost, loss and damage incurred by Grantor in connection therewith.

6.14. Upon expiration of the Easement, Grantee must remove, at Grantee's sole cost and expense, the causeway structure that constitutes the currently existing structural component of the Premises. Removal of the causeway structure shall be in accordance with the following conditions:

- A. Grantee must commence removal of the causeway structure within 120 days of the Easement's expiration or termination and must complete the removal within one (1) year of commencement. Completion of removal must be satisfactory to Grantor as determined by Grantor's inspection and written approval.
- B. Grantee must have insurance coverage or a surety bond meeting the requirements of Article XI.
- C. Removal of the causeway structure shall include complete removal of all structural elements, debris, personal property and improvements from state lands, either submerged or upland.
- D. Removal shall extend to a depth below existing bottom grade of the Laguna Madre acceptable to Grantor and the U.S. Army Corps of Engineers.

- E. Materials and debris resulting from the removal shall not be deposited on any State lands without the prior written approval of Grantor.
- F. Grantee shall keep Grantor advised at all times of any contracts, bids or other agreements for the removal of the causeway structure.
- G. At least thirty (30) days prior to beginning any removal, Grantee shall submit to Grantor for written approval all plans, specifications, terms and conditions for the removal effort, whether by Grantee or its agents, contractors, or any other parties.

6.15. Notwithstanding the preceding, Grantor may waive removal/restoration requirements in this Article VI ("Use of Premises") if, in Grantor's sole opinion and discretion, such waiver is in the best interest of the State. Any such waiver shall be in writing and may be conditioned upon factors including the nature and sensitivity of the natural resources in the area, potential damage to or destruction of property, beneficial uses of the existing improvement(s), and other factors considered to be in the best interest of the State.

6.16. GRANTEE AGREES TO, AND DOES HEREBY INDEMNIFY AND HOLD HARMLESS THE STATE OF TEXAS AND GRANTOR FROM ALL LOSSES, CLAIMS, SUITS, ACTIONS, JUDGMENTS, AND LIABILITY, AND ALL COSTS RELATED THERETO, INCLUDING REASONABLE ATTORNEY'S FEES, DIRECTLY OR INDIRECTLY ARISING OUT OF, CAUSED BY, OR RESULTING FROM GRANTEE'S REMOVAL OPERATIONS, WHETHER PERFORMED BY GRANTEE, ITS AGENTS, CONTRACTORS, OR ANY OTHER PARTIES.

6.17. Grantee, at its own expense, will comply with all federal, State, municipal and other laws, codes, ordinances, rules and regulations applicable to the Premises including, without limitation, those dealing with environmental and health issues; and will install, remove and alter such equipment and facilities in, and make such alterations to, the Premises as may be necessary to comply. Grantee will not make any unlawful use of the Premises or permit any unlawful use thereof; and will not commit, or permit anyone else to commit, any act which is a nuisance or annoyance to Grantor or adjacent property owners or tenants, or which might, in the exclusive judgment of Grantor, damage Grantor's goodwill or reputation, or tend to injure or depreciate the value of the Premises and/or any Improvements located thereon.

6.18. Grantee shall use the highest degree of care and all appropriate safeguards to prevent pollution of air, ground, or water in, on, or about the Premises through an unauthorized discharge, and to protect and preserve natural resources and wildlife habitat. In the event of such discharge or damage to natural resources in, on, or about the Premises that is the result of an act or omission of Grantee, its officers, employees, agents, representatives, contractors, and/or invitees, Grantee shall immediately notify appropriate agencies of the State of Texas and Grantor and undertake all required and appropriate action to remedy the same. Grantee shall be liable for all damages to the Premises, public lands, and waters as a result of such act or omission and for mitigation of any such damages.

6.19. GRANTEE IS EXPRESSLY PLACED ON NOTICE OF THE NATIONAL HISTORICAL PRESERVATION ACT OF 1966 AND THE ANTIQUITIES CODE OF TEXAS. IN THE EVENT THAT ANY SITE, OBJECT, LOCATION, ARTIFACT, OR OTHER FEATURE OF ARCHEOLOGICAL, SCIENTIFIC, EDUCATIONAL, CULTURAL, OR HISTORIC INTEREST IS ENCOUNTERED DURING THE ACTIVITIES AUTHORIZED BY THIS EASEMENT, GRANTEE SHALL IMMEDIATELY CEASE SUCH ACTIVITIES AND SHALL IMMEDIATELY NOTIFY GRANTOR AND THE TEXAS HISTORICAL COMMISSION, SO THAT ADEQUATE MEASURES MAY BE UNDERTAKEN TO PROTECT OR RECOVER SUCH DISCOVERIES OR FINDINGS, AS APPROPRIATE.

ARTICLE VII. REPAIR AND MAINTENANCE

7.01. Grantor shall have no duty to repair, maintain, replace the Premises or any Improvements placed at or constituting any portion of the Premises. Grantor will not be liable for any damage or injury, fatal or nonfatal, resulting from any damage, defect or disrepair of any Improvements.

7.02. All damage to Improvements will be repaired and all maintenance thereon will be performed and replacements and renewals thereof will be made at Grantee's cost and expense. Grantee shall be responsible for the removal and disposal of all trash at the Premises (whether or not such trash is generated by Grantee or its customers and invitees).

7.03. If Grantor considers necessary any repairs, maintenance, renewals or replacements pursuant to this Easement, Grantor may request that Grantee make such repairs, maintenance, renewal or replacements. Upon Grantee's failure or refusal to do so, (and in any event in case of an emergency), Grantor may make such repair, maintenance, renewal or replacement (Grantee hereby waiving any claim for damage caused thereby). **GRANTEE IS LIABLE TO AND WILL INDEMNIFY GRANTOR FOR THE COST THEREBY INCURRED BY GRANTOR.** Any failure of Grantee to make such payment to Grantor may be treated by Grantor as a default by Grantee in the payment of Rent.

7.04. Grantor will have a right to enter the Premises at any reasonable time as specified in Sections 6.08 and 6.09 of this Easement (including during Grantee's business hours) to inspect the condition thereof, to make necessary repairs and improvements and for other lawful purposes.

ARTICLE VIII. ASSIGNMENTS

8.01. Notwithstanding the provisions of Article IX ("Encumbrance of Easement Interest") and Article XV ("Bankruptcy"), Grantee shall not assign, sublease, or otherwise transfer or convey an interest in this Easement or the Premises, or the rights granted herein, in whole or part, without the express prior written consent of Grantor. However, Grantor will not unreasonably withhold its consent to an assignment or sublease of rights in the Easement to a property management company or to a managed association of homeowners, property owners, condominium, or dockominium owners.

8.02. Any unauthorized assignment or disposition without consent, shall be void and of no effect and shall not relieve Grantee of any liability for any obligation, covenant, or condition of this Easement. In the event of any such attempted assignment or disposition, Grantor may terminate this Easement effective upon fifteen (15) days notice to Grantee. This prohibition against assigning or disposition shall be construed to include a prohibition against any assignment or disposition by operation of law.

8.03. If this Easement or an interest in this Easement or the Premises is assigned, subleased, or otherwise transferred or conveyed, Grantor may nevertheless collect rent from the assignee and apply the net amount collected to the Rent payable hereunder. No such transaction or collection of rent shall be deemed a waiver of these provisions or a release of Grantee from the further performance by Grantee of its covenants, duties and obligations hereunder.

ARTICLE IX. ENCUMBRANCE OF EASEMENT INTEREST

9.01. Grantee may mortgage, hypothecate, or encumber the interest created herein, or execute a deed of trust or mortgage ("Mortgage") covering the Easement or any interest in the Easement.

9.02. If after recordation of any Mortgage, the mortgagee, deed of trust beneficiary or security interest holder ("Mortgagee") notifies Grantor in writing of such recordation and requests that copies of any default notices sent by Grantor to Grantee be provided to Mortgagee, Grantor agrees to mail copies of such default notices to Mortgagee at the address provided in writing by Mortgagee. Any Mortgagee of Grantee's interest hereunder shall have the right to cure or remedy the default specified in such notice during the period granted hereunder to Grantee to cure or remedy such specified default. Grantor shall accept any such curative or remedial action taken by Mortgagee, with the same effect as if such curative or remedial action had been taken by Grantee. In the event of a foreclosure of the Mortgage, Grantor shall recognize the Mortgagee as Grantee and the Mortgagee shall have all of the rights, duties and obligations of Grantee hereunder.

9.03. Grantor's interest in the Premises shall not be deemed in any way pledged or mortgaged by this Easement nor by any other agreement executed in connection with this Easement, and the State of Texas, by execution of this Easement, shall not in any manner lend its credit to any private corporation, association, partnership or other person in connection with the execution of this Easement.

9.04. Grantor and Grantee shall execute and deliver to each other at such time or times as either Grantor or Grantee may request, a certificate stating:

A. Whether or not the Easement is in full force and effect;

- B. Whether or not the Easement has been modified or amended in any respect, and submitting copies of such modifications or amendments, if any;
- C. Whether or not there are any existing defaults under this Easement to the knowledge of the party executing the certificate, and specifying the nature of such defaults, if any; and
- D. Such other information as may be reasonably requested.

The aforesaid certificate(s) shall be delivered to Grantor or Grantee, as the case may be, promptly upon written receipt of such request. Failure by Grantee to timely deliver such certificate(s) shall constitute an Event of Default hereunder and entitle Grantor to exercise any remedies permitted under the terms of this Easement without the necessity of further notice to Grantee (notwithstanding any provision to the contrary contained in Section 17.01).

9.05. Grantor, by approval of this Easement, does not bind itself or its successors or assigns to accept or assume any liability with respect to any indebtedness which may exist now or arise in the future with respect to any action of Grantee required by this Easement, or by a Mortgagee or contractor.

9.06. Grantee and its successors hereunder warrant and covenant that at the expiration of this Easement there will be no statutory, contractual or other lien existing as to the improvements constructed on the Premises by Grantee. Grantee will, prior to or upon tender of the Premises to Grantor upon termination of this Easement, provide Grantor with documentation sufficient to evidence Grantor's ownership of all such alterations, additions and improvements.

ARTICLE X. UTILITIES

10.01. Grantee shall at its own cost and expense pay all charges for delivery and use of water, sanitary sewer, electricity, gas and all other utilities used on the Premises throughout the term of this Easement, including any connection charges, **AND SHALL SAVE AND HOLD GRANTOR HARMLESS FROM AND INDEMNIFY GRANTOR FROM ANY CHARGE OR LIABILITY FOR SAME.** All such charges are to be paid by Grantee directly to the utility company or municipality furnishing the same before the same shall become delinquent.

10.02. No interruption or malfunction of any utility service shall constitute an eviction or disturbance of Grantee's use and possession of the Premises or a breach by Grantor of any of its obligations hereunder or render Grantor liable for any damages (including, without limitation, consequential or special damages) or entitle Grantee to be relieved from any obligations hereunder or grant Grantee any right of set-off or recoupment.

ARTICLE XI. INDEMNITY AND INSURANCE

11.01. **INDEMNITY: EXCEPT FOR DAMAGES DIRECTLY OR PROXIMATELY CAUSED BY THE GROSS NEGLIGENCE OF GRANTOR, GRANTEE SHALL INDEMNIFY AND HOLD HARMLESS GRANTOR AND GRANTOR'S OFFICERS, REPRESENTATIVES, AGENTS, AND EMPLOYEES FROM ANY LOSSES, CLAIMS, SUITS, ACTIONS, DAMAGES, OR LIABILITY (INCLUDING ALL COSTS AND EXPENSES OF DEFENDING AGAINST ALL OF THE AFOREMENTIONED) ARISING IN CONNECTION WITH:**

- THIS AGREEMENT;
- THE USE OR OCCUPANCY OF THE PREMISES;
- ANY NEGLIGENCE, ACT, OMISSION, NEGLECT, OR MISCONDUCT OCCURRING IN, ON, OR ABOUT THE PREMISES; OR
- ANY CLAIMS OR AMOUNTS ARISING OR RECOVERABLE UNDER FEDERAL OR STATE WORKERS' COMPENSATION LAWS, THE TEXAS TORT CLAIMS ACT, OR ANY OTHER SUCH LAWS.

GRANTEE ASSUMES RESPONSIBILITY FOR THE CONDITION OF THE PREMISES. GRANTEE EXPRESSLY AGREES TO USE AND OCCUPY THE PREMISES AND PLACE ANY IMPROVEMENTS ON THE PREMISES AT ITS OWN RISK. GRANTEE SHALL BE RESPONSIBLE FOR THE SAFETY AND WELL BEING OF ITS EMPLOYEES, CUSTOMERS, AND INVITEES. THESE REQUIREMENTS SHALL SURVIVE THE TERM OF THIS AGREEMENT UNTIL ALL CLAIMS HAVE BEEN SETTLED OR RESOLVED AND SUITABLE EVIDENCE TO THAT EFFECT HAS BEEN FURNISHED TO GRANTOR.

11.02. INSURANCE COVERAGE OR SURETY BOND FOR CAUSEWAY STRUCTURE REMOVAL: Ten (10) days prior to the commencement of any construction pursuant to Section 6.10, Grantee at its sole cost and expense shall deliver to Grantor insurance coverage or a surety bond in the amount of Two Million and 00/100 Dollars (\$2,000,000) for removal of the causeway structure, issued by a company licensed by the Texas Department of Insurance and in a form acceptable to Grantor, naming the Texas General Land Office as Oblige. Said surety bond shall be for the purpose of guaranteeing performance of the obligations Grantee has hereunder to remove the causeway structure at Grantee's expense, upon expiration or sooner termination of this Easement. Grantee shall renew the surety bond prior to each successive expiration thereof and a continuation certification shall be delivered to Grantor not less than ten (10) days prior to the expiration of the surety bond. The surety bond shall state that said bond will not be cancelled, materially changed or subject to non-renewal without thirty (30) days prior written notice to Grantor. The sum of the surety bond is subject to review and escalation as deemed necessary by Grantor, to reflect the estimated costs of Grantee's obligations to remove the Improvements hereunder, once every two (2) years from the commencement date of this Easement until its expiration or sooner termination. In the event the surety bond is cancelled and Grantee does not provide Grantor with another surety bond acceptable to Grantor, Grantor may require Grantee, and Grantee hereby agrees and understands, to provide security for Grantee's obligations hereunder to remove the Improvements in a form acceptable to Grantor. Grantee's failure to maintain a surety bond as set forth herein shall constitute an Event of Default.

11.03. GENERAL LIABILITY INSURANCE: Grantee will purchase and maintain a policy providing commercial general liability insurance coverage in a minimum amount of One Million and 00/100 Dollars (\$1,000,000.00) combined single limit, effective at the commencement of this Easement. Grantee further agrees to increase the policy to not less than Two Million and 00/100 Dollars (\$2,000,000), effective at commencement of any construction pursuant to Section 6.10. The policy must insure against bodily injury, death and property damage and shall include (i) coverage for premises and operations, (ii) coverage for products liability, and (iii) contractual liability coverage insuring the obligations of Grantee under the terms of this Easement. Such policy shall name Grantor (and any of its successors and assigns designated by Grantor) as an additional insured. Grantee's failure to maintain general liability insurance as set forth herein shall constitute an Event of Default.

11.04. LIQUOR LIABILITY INSURANCE: If Grantee is engaged in any way in the sale of alcoholic beverages, either for consumption of alcoholic beverages on the Premises or off the Premises, Grantee will also maintain liquor liability insurance with the limits of not less than One Million and 00/100 Dollars (\$1,000,000.00) each common cause and One Million and 00/100 Dollars (\$1,000,000.00) aggregate. If written on a separate policy from the comprehensive general liability policy, such policy shall name Grantor (and any of its successors and assigns designated by Grantor) as an additional insured. Grantee's failure to maintain liquor liability insurance as set forth herein shall constitute an Event of Default.

11.04. REQUIRED POLICY: Each insurance policy required under this Easement shall be written by a company satisfactory to Grantor, but in all events by a company with an A.M. Best Company financial rating of not less than A-VIII (or a similar rating by a comparable service selected by Grantor should A.M. Best Company cease providing such ratings) and be licensed to do business in Texas or, if the aforesaid is not available, by a company qualified to do business as a non-admitted insurer in Texas under current Texas surplus lines requirements. Such policy may contain a deductible of not more than Ten Thousand and 00/100 Dollars (\$10,000.00). All Required Policies shall be endorsed so as to require thirty (30) days prior written notice to Grantor, given in the same manner set forth in Section 17.01 hereof, in the event of cancellation, material change or intent not to renew. Grantee shall deliver to Grantor and/or Grantor's designee a certificate of insurance for any Required Policy within ten (10) days of execution of this Easement. At all times during the Easement term, Grantee shall cause the required evidence of coverage to be deposited with Grantor. If Grantee fails to do so, such failure may be treated by Grantor as a default by Grantee and Grantor, in addition to any other remedy under this Easement, shall have the right (but not the obligation) to purchase and maintain such Required Policy for the account of Grantee, and if Grantor does so and gives notice thereof to Grantee, then Grantee shall be obligated to pay Grantor the amount of the premium applicable to such Required Policy within five (5) days following any such notice from Grantor. Any failure of Grantee to make such payment to Grantor may be treated by Grantor as a default by Grantee in the payment of Rent required to be paid by Grantee hereunder.

ARTICLE XII. DAMAGE OR DESTRUCTION OF PREMISES

12.01. Subject to termination, as described in this Section, no damage to the Premises or damage to or destruction of any Improvements shall in any way alter, affect or modify Grantee's obligations hereunder, including specifically Grantee's obligations to pay Rent, Taxes and other financial obligations hereunder. In the event of any damage to the Premises which will exceed the cost of Five Thousand and 00/100 Dollars (\$5,000.00) per event to repair, Grantee shall give written notice to Grantor within seven (7) calendar days of the damage or destruction, including a description of the damage and, as far as known to Grantee, the cause of the damage. Grantee shall immediately remove all debris resulting from such damage or destruction and take such action as is necessary to place the Premises in a neat, safe condition. Within ninety (90) days after the event causing the damage or destruction, Grantee must either repair or replace the Improvements, if permitted by law, or return the Premises to their natural condition. Grantee's failure to satisfy its obligations in this regard is an Event of Default hereunder. Grantor may make repairs or replacements pursuant to this Section, whereupon Grantee shall be liable to pay Grantor, upon demand, the cost and expense incurred by Grantor in accomplishing such action. Any failure by Grantee to make such payment to Grantor may be treated by Grantor as a default in the payment of Rent due and owing by Grantee hereunder.

12.02. In the event any building or Improvement constructed on the Premises is damaged or destroyed by fire or other casualty, all insurance proceeds shall be paid to Grantee and shall be used for repairs or removal as required by Section 12.01.

ARTICLE XIII. CONDEMNATION

13.01. In the event of a condemnation proceeding that affects all or part of the Premises, Grantor will have the exclusive authority to negotiate with the condemning authority. In the event of (i) a total condemnation, this Easement shall terminate, and (ii) a partial condemnation, Grantor may decide whether or not to terminate this Easement, but if Grantor elects to continue the Easement, the Rent will be proportionately reduced. All condemnation proceeds, except for those allocated to improvements belonging to Grantee, shall be payable to Grantor.

ARTICLE XIV. DEFAULT

14.01. Each of the following acts or omissions of Grantee or occurrences shall constitute an "Event of Default":

- (a) Failure or refusal by Grantee to timely pay Rent or any other sum when due hereunder;
- (b) Failure or refusal by Grantee to comply with the obligations of Grantee set forth in Article VI ("Use of Premises") of this Easement;
- (c) Failure or refusal by Grantee to timely perform or observe any other covenant, duty or obligation of Grantee under this Easement;
- (d) Abandonment or vacating of the Premises or any significant portion thereof;
- (e) The initiation of voluntary or involuntary bankruptcy proceedings affecting Grantee, subject to the provisions in Article XV;
- (f) The entry of a court requiring the dissolution, winding up, or termination of Grantee's business affairs; and
- (g) Grantee fails to materially comply with rules and regulations in the Texas Administrative Code, the Texas Natural Resources Code, or any other rules or regulations promulgated by any state or federal governmental entity with proper jurisdiction over any of the uses permitted under this Easement, unless such a failure to comply is redressed through an enforcement action by an applicable state agency with proper jurisdiction.

14.02. There shall be no consequences for an Event of Default, unless the defaulting party receives written notice of the Event of Default and such Event of Default continues for a period of 30 days after the defaulting party receives the notice. A notice of Event of Default shall specify the event or events constituting the default. This 30 day period shall be extended if the act, event, or condition is one that by its nature or circumstances reasonably requires more than 30 days to cure; provided, however, the defaulting party shall promptly and in good faith initiate and diligently pursue measures that are expected to cure or eliminate the Event of Default in a reasonable period of time. If either

party fails to cure an Event of Default, the non-defaulting party shall be entitled to terminate the Easement by written notice. This notice and cure provision does not apply to an Event of Default under provision 14.01(a) or any emergency situations that affect public health or safety.

14.03. This Easement and the term and estate hereby granted and the demise hereby made are subject to the limitation that if and whenever any Event of Default shall occur, after such notice, if any, as is provided in Section 14.02, Grantor may, at its option, in addition to all other rights and remedies provided hereunder or in law or equity, do any one or more of the following:

- A. Forfeit this Easement by sending written notice of such forfeiture by U.S. Mail to the last known address of Grantee in the files of the Asset Inspection Division of the General Land Office, in which event, this Easement shall terminate and Grantee shall immediately surrender possession of the Premises to Grantor (and termination shall not prejudice the rights of Grantor for any claim of payments due);
- B. Enter upon and take possession of the Premises and expel or remove Grantee and any other occupant therefrom, with or without having terminated the Easement; or
- C. Alter locks and other security devices, if any, at the Premises; or

14.04. Exercise by Grantor of any one or more remedies hereunder granted or otherwise available shall not (i) be deemed a waiver by Grantor of any other remedy available to it, or (ii) be deemed to be an acceptance of surrender of the Premises by Grantee, whether by agreement or by operation of law.

14.05. In the event of termination of this Easement or of Grantee's right to possession of the Premises or repossession of the Premises for an Event of Default, Grantor shall not have any obligation to seek a new use for the Premises, or any portion thereof, or to collect rental for a new use (if any); but Grantor shall have the option to seek a new use for the Premises, and in the event of a new use, Grantor may grant an easement across or otherwise dispose of an interest in the whole or any portion of the Premises for any period, to any grantee, and for any use and purpose.

14.06. If Grantee fails to remove its personal property from the Premises within the time specified in Section 14.02 above, or if Grantee fails to remove improvements placed or constructed on the Premises by or on behalf of Grantee pursuant to a notice by the Grantor to do so, then Grantor may elect to own such property by filing a notice of such election pursuant to Section 51.302, et seq., TEX. NAT. RES. CODE ANN. **THE TERMS OF THIS SECTION SHALL SURVIVE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.**

ARTICLE XV. BANKRUPTCY

15.01. Grantor and Grantee agree that if Grantee ever becomes the subject of a voluntary or involuntary bankruptcy or other similar type proceeding under the Federal Bankruptcy Laws, then "adequate protection" of Grantor's interest in the Premises pursuant to the provisions of Sections 361 and 363 of the Bankruptcy Code prior to assumption and/or assignment of the Easement by Grantee shall include, but not be limited to the following: (a) The continued payment by Grantee of all Rent and all other sums due and owing under this Easement; and (b) the furnishing of a security deposit by Grantee in the amount of three (3) times the Rent payable during the immediately preceding Easement Year. Further, in that circumstance, Grantor and Grantee agree that "adequate assurance of future performance" by Grantee and/or any assignee of Grantee pursuant to Bankruptcy Code Section 365 (or its successor section) will include (but not be limited to) payment of a security deposit in the amount of three (3) times the Rent paid during the immediately preceding Easement Year.

15.02. If this Easement is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other considerations payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Grantor, shall be and remain the exclusive property of Grantor and shall not constitute property of Grantee or the Estate of Grantee within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Grantor's property under the preceding sentence not paid or delivered to Grantor shall be held in trust by Grantee for the benefit of Grantor and shall be promptly paid to or turned over to Grantor.

ARTICLE XVI. INTERPRETIVE AND MISCELLANEOUS PROVISIONS

16.01. With respect to terminology in this Easement, each number (singular or plural) shall include all numbers, and each gender (male, female or neuter) shall include all genders. If any provision of this Easement shall ever be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions of the Easement, but such other provisions shall continue in full force and effect.

16.02. The titles of the Articles in this Easement shall have no effect and shall neither limit nor amplify the provisions of the Easement itself. This Easement shall be binding upon and shall accrue to the benefit of Grantor, its successors and assigns, Grantee, its successors and assigns (or heirs, executors, administrators and assigns, as the case may be).

16.03. In all instances where Grantee is required hereunder to pay any sum or do any act at a particular time or within an indicated period, it is understood that time is of the essence.

16.04. The obligation of Grantee to pay all Rent and other sums hereunder provided to be paid by Grantee and the obligation of Grantee to perform Grantee's other covenants and duties hereunder constitute independent, unconditional obligations to be performed at all times provided for hereunder.

16.05. Under no circumstances whatsoever shall Grantor ever be liable hereunder for consequential damages or special damages.

16.06. All monetary obligations of Grantee are performable exclusively in Austin, Travis County, Texas.

ARTICLE XVII. GENERAL TERMS AND CONDITIONS

17.01. **NOTICE:** Any notice which may or shall be given under the terms of this Easement shall be in writing and shall be either delivered by hand or sent by United States Registered or Certified Mail, adequate postage prepaid, if for Grantor to the General Land Office, Deputy Commissioner, Asset Inspection Division, addressed to his attention, 1700 North Congress Avenue, Austin, Texas 78701-1495, and if for Grantee, to PB Commercial LLC, 7500 San Felipe, Suite 125, Houston, TX 77063-1707. Either party's address may be changed from time to time by such party by giving notice as provided above, except that the Premises may not be used by Grantee as the sole notice address.

17.02. **RIGHT OF ENTRY:** In any circumstances where Grantor is permitted to enter upon the Premises during the Easement term, whether for the purpose of curing any default of Grantee, repairing damage resulting from fire or other casualty or an eminent domain taking or is otherwise permitted hereunder or by law to go upon the Premises, no such entry shall constitute an eviction or disturbance of Grantee's use and possession of the Premises or a breach by Grantor of any of its obligations hereunder or render Grantor liable for damages for loss of business or otherwise or entitle Grantee to be relieved from any of its obligations hereunder or grant Grantee any right of off-set or recoupment or other remedy; and in connection with any such entry incident to performance of repairs, replacements, maintenance or construction, all of the aforesaid provisions shall be applicable notwithstanding that Grantor may elect to take building materials in, to or upon the Premises that may be required or utilized in connection with such entry by Grantor.

17.03. **SECURITY INTEREST:** Pursuant to Chapter 9 of the Texas Business and Commerce Code, and as further security for the payment of Rent and Grantee's other obligations under this Easement, Grantee hereby grants to the State a security interest in all of the following collateral: equipment, fixtures, furnishings, supplies, and inventory in or on the Premises, as well as all accounts receivable and intangibles owned by or on behalf of Grantee in connection with the Premises or generated by business conducted on the Premises. Such security interest shall automatically attach to any and all proceeds from the sale or other monetization of the foregoing collateral.

17.04. **SEVERABILITY:** If any provision contained in this Agreement is held to be unenforceable by a court of law or equity, this Agreement shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Agreement unenforceable.

17.05. ENTIRE AGREEMENT: This Easement and its exhibits constitute the entire agreement between Grantor and Grantee; no prior written or prior or contemporaneous oral promises or representations shall be binding. The submission of this Easement for examination by Grantee and/or execution thereof by Grantee does not constitute a reservation of or option for the Premises and this Easement shall become effective only upon execution of all parties hereto and delivery of a fully executed counterpart hereof by Grantor to Grantee. This Easement shall not be amended, changed or extended except by written instrument signed by both parties hereto.

17.06. FILING: Grantee shall, prior to the expiration of thirty (30) days after the date of this Easement, execute, record in Cameron County, Texas at Grantee's sole cost and expense, and return either the original or a file-marked copy of the original Memorandum of Coastal Easement. In the event Grantee fails to do so prior to the expiration of such thirty (30) day period, Grantor may declare such failure an "Event of Default", without the necessity of notice to Grantee, or execute a Memorandum of Easement setting forth the terms and provisions of the Easement and record same at Grantee's cost and expense. In the event Grantor elects to record a Memorandum of Easement, the cost of recording same shall be deemed "Rent."

17.07. PROPER AUTHORITY: Each party hereto represents and warrants that the person executing this agreement on its behalf has full power and authority to enter into this agreement.

17.08. RELATIONSHIP OF THE PARTIES: Nothing contained in this agreement shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create for Grantor any liability whatsoever with respect to the indebtedness, liabilities, and obligations of Grantee or any other party.

17.09. GRANTEE'S WAIVER OF CERTAIN RIGHTS AND ASSERTIONS: Grantee waives and relinquishes all rights that Grantee might have to claim any nature of lien against Grantor and the Premises, or withhold or deduct from or offset against any Consideration or other sums provided hereunder to be paid to Grantor by Grantee. Grantee waives and relinquishes any right, either as a claim or as a defense, that Grantor is bound to perform or is liable for the nonperformance of any implied covenant or implied duty of Grantor not expressly set forth in this Agreement.

IN TESTIMONY WHEREOF, witness my hand and the Seal of Office.

GRANTOR:
THE STATE OF TEXAS

GRANTEE:
PB COMMERCIAL LLC,
a Texas limited liability company

By: _____
Jerry Patterson
Commissioner, General Land Office
Chairman, School Land Board

By: _____
(Signature)

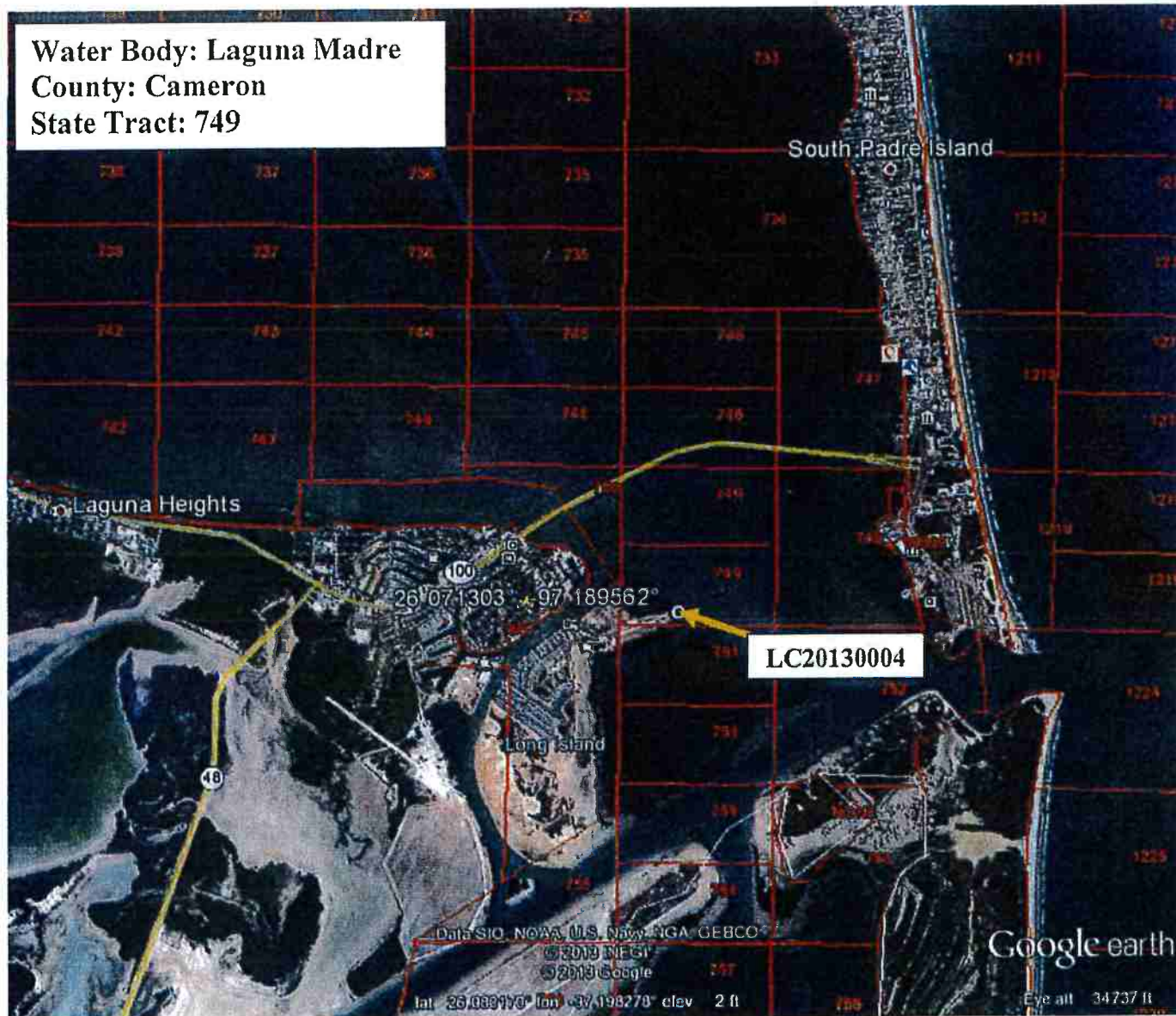
(Printed Name)

(Title)

Date: _____

APPROVED:

Contents: _____
Legal: _____
Deputy: _____
Executive: _____



Title: Patriot Bank / LC20130004	Date of Inspection: December 18, 2012
Company: General Land Office	Creator: Jason Zeplin
Scale: Not to Scale	Exhibit A



Laguna Madre

Tide Level: Normal

Water Visibility: 3'

Unvegetated
Submerged

Description of Leased Area

Being 500 feet either side of the center line of the existing western portion of the Old Queen Isabella Causeway and the 3,187-foot State-owned causeway, adjacent to Long Island, Cameron County.

Upland Property Legal Description

A 23.67 acre tract of land out of State Tracts 749 and 751, Laguna Madre Cameron County, Texas, and being that certain tract further described as "Tract 2" in deed recorded at Volume 137 Pg. 391 Deed Records Cameron County, Texas

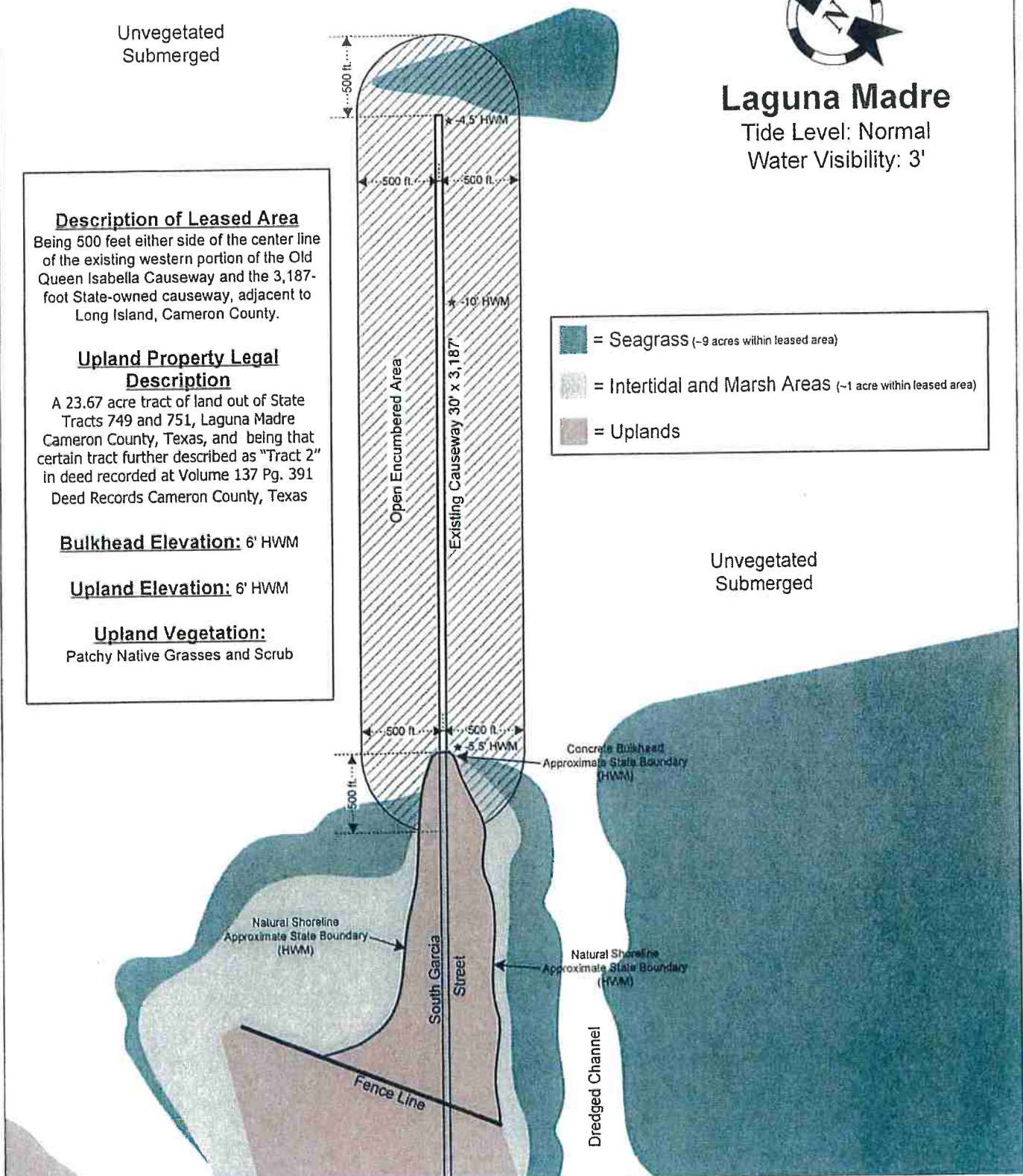
Bulkhead Elevation: 6' HWM

Upland Elevation: 6' HWM

Upland Vegetation:
Patchy Native Grasses and Scrub

-  = Seagrass (~9 acres within leased area)
-  = Intertidal and Marsh Areas (~1 acre within leased area)
-  = Uplands

Unvegetated
Submerged



TITLE: Patriot Bank / LC20130004

DATE OF INSPECTION: 12/18/2012

COMPANY: Texas General Land Office

CREATOR: Jason Zeplin

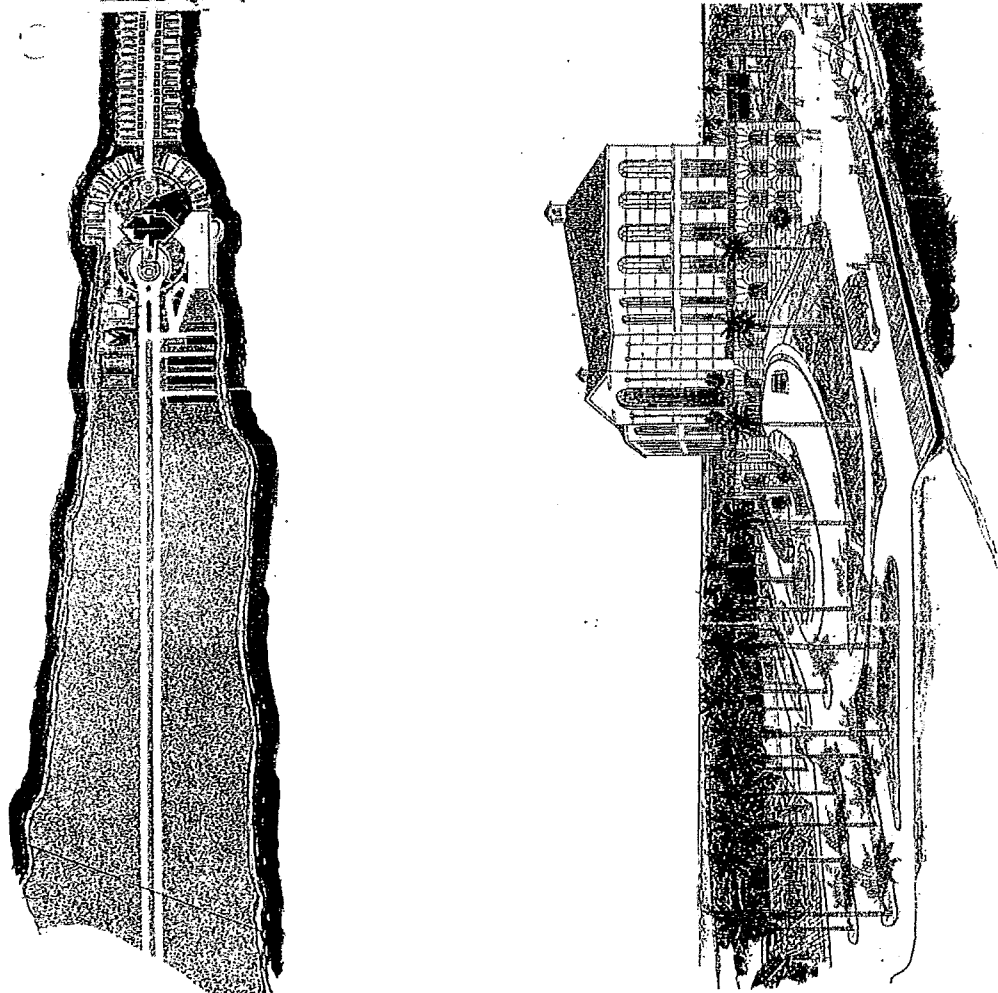
DRAWING SCALE: 1in : 30ft

Exhibit B

Not to Scale



PENINSULA YACHT CLUB
PORT ISABEL, TEXAS



The Peninsula Yacht Club, an exclusive club and marina, caters to its members' needs in grand style. Adjacent to Port Isabel, PYC members dock their boats, relax and entertain in their personal dockside cabanas, run by the gracious pink, play tennis, enjoy the shade and refreshments of the Pavilion, and frequent the hospitable Clubhouse.

The Clubhouse, majestically situated overlooking the Laguna Madre, the New Queen Isabella Causeway, South Padre Island, and the ferry to the Gulf of Mexico, graciously provides many amenities.

The Lagoon, a casual bar and grill offers dining indoors or on the terrace overlooking the marina.

Renowned dining rooms provide different menus and ambience with panoramic views across the bay, indoors by day and illuminated lanterns by night.

Private meeting rooms, party rooms, a card room, computer suite, a library with charts and maps, and lounge areas are provided.

The concierge assists in arranging private parties, making transfers to and from the airports, planning special excursions and sightseeing trips to nearby Mexico, and coordinating other special activities.

The Provisioner store open daily with a deli/concession, convenience items, boating accessories and attire, provides complete catering services to cabanas for snacks, meals and provisions for Gulf excursions.

South Padre Island is located at the southernmost tip of Texas, 21 miles northwest of Brownsville and Matamoros, Mexico; and 42 miles southeast of Harlingen, Texas.

The Peninsula Yacht Club is accessible from Port Isabel by the recently installed new swing bridge. Several acres on the point of the 27 acre private spit are reserved for the club and marina. An additional 73 submerged acres and the western portion of the Old Queen Isabella Causeway which extends over 3,000 feet into the Laguna Madre serve as the main artery for this unique marina with cabana boat slips. The water is beautifully clear and clean in the emerald green bay and the supple blue Gulf of Mexico.

Airports

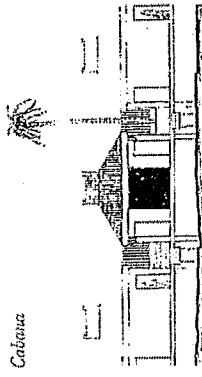
Harlingen Valley International Airport, Harlingen, serviced by American and Southwest Airlines

Brownsville/South Padre Island International Airport, Brownsville, serviced by Alaska and Royal Airlines

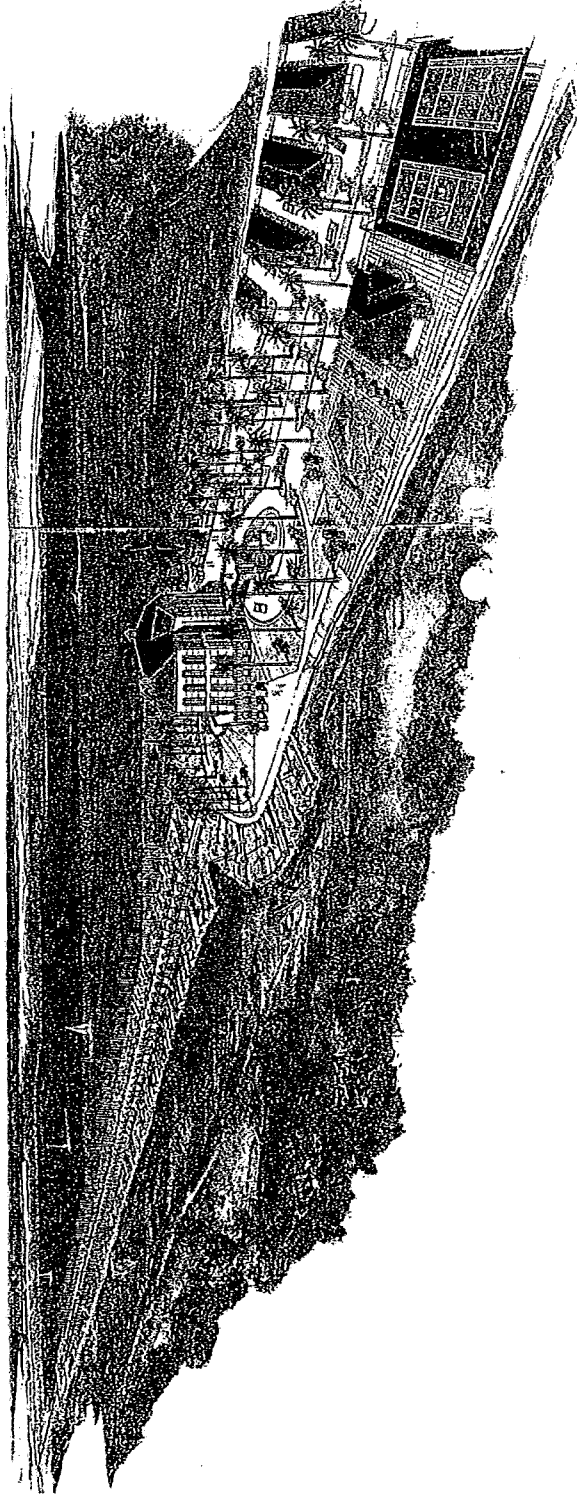
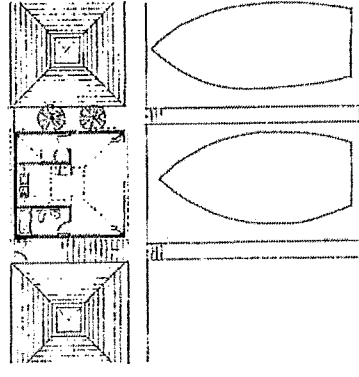
Port Isabel/Cameron County Airport, only 15 miles from Port Isabel accommodates all types of private aircraft with an 8,000 foot runway. Runway lights have been approved, and installation is scheduled to begin in the immediate future.

The Peninsula Yacht Club chauffeured transportation is available to members for transfer to and from these airports. Calls ahead and your plane will be met, and you and your luggage and equipment will be driven to PYC. Upon arrival at PYC, attendants will transport you by electric vehicle down the Marina Boulevard to your cabana boat slip.

Cabana



Causeway



20' x 20' roofed open-air Cabana adjacent to slip offers many conveniences and amenities:

Telephone

Cable TV

Patio deck of 10' x 20'

Kitchen/galley area of 10' x 10'

Complete bathroom of 5' x 10'

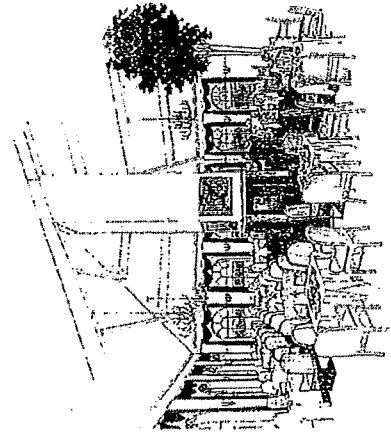
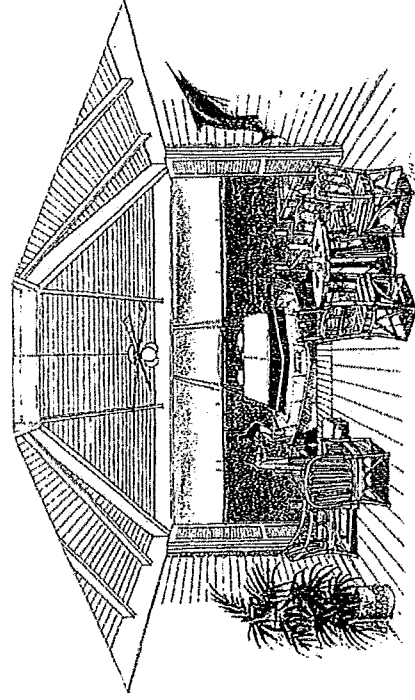
Secure storage room of 5' x 10'

Washer/dryer connections

Electrical connections for refrigerator/freezer

Structure of marine treated pine with white-washed interior

Multi-fold exterior lowered doors provide sun control and privacy



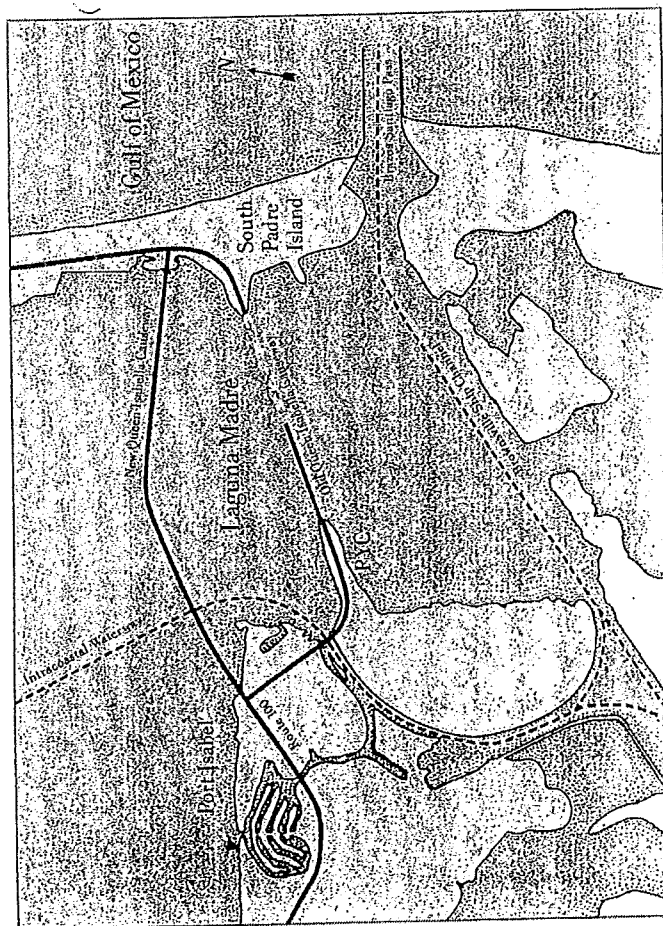
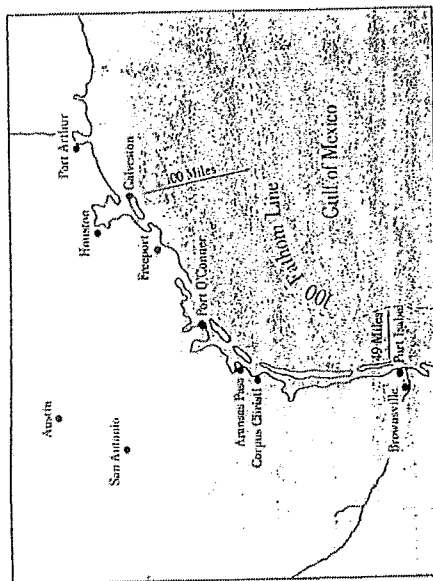
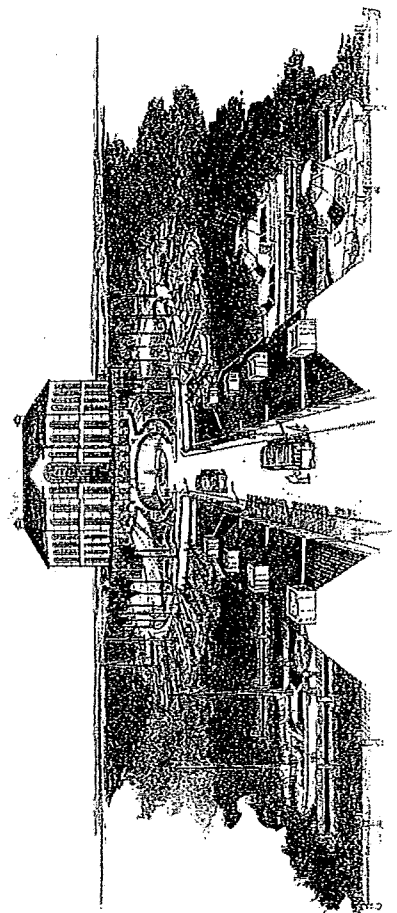


Patrick S. Martin Peninsula Land Company
3629 Beverly Drive
Dallas, Texas 75205
(214) 526-1815

PYC's unique marina with slips and private individual dockside Cabanas is attached to the western portion of the Old Queen Isabella Causeway which extends more than 3,000 feet into the Laguna Madre. The Old Causeway serves as a 28' wide boulevard and spine for the Marina. The slips/cabanas are perpendicular to the causeway, and lie north/south. Many outstanding facilities for accommodation of sailing craft and power vessels at the Marina will include the following:

Quick connect and disconnect sewage disposal system at each slip
Yacht Club Members with boat slips will be permitted to live on board their vessels
24-hour security: on land, boulevard, & water
Fire safety system will include water hydrants and fire boxes, meeting national marine fire codes, braced at frequent intervals along the causeway
Fueling dock offers full service seven days a week
Electric vehicles, with 2 attendants each, to transport you from your arrival at PYC and assist you to and from your cabana slip
Slips will be available only to Peninsula Yacht Club Members
Roofed open-air Cabana adjacent to each slip

Excellent site location: less than 1 1/2 miles from the Brazos Santiago Pass to the Gulf of Mexico (Jetty), and only 4 1/2 miles from the 100 fathom line
50 to 60 foot single berth slips
Custom slips in excess of 60' available
Extra-wide (3 foot) finger piers on both sides of each slip
Deep water: 10 to 13 feet
Fairways: very wide and navigable for easy access to boat slips (Ratio: over two-to-one)
Wave quellers for protection of marina waters
110/220 volt marine electrical system at end of each pier





Mariner's Point

All "Own-Your-Own" Boat Slip & Cottage Development in the Laguna Madre at South Padre Island

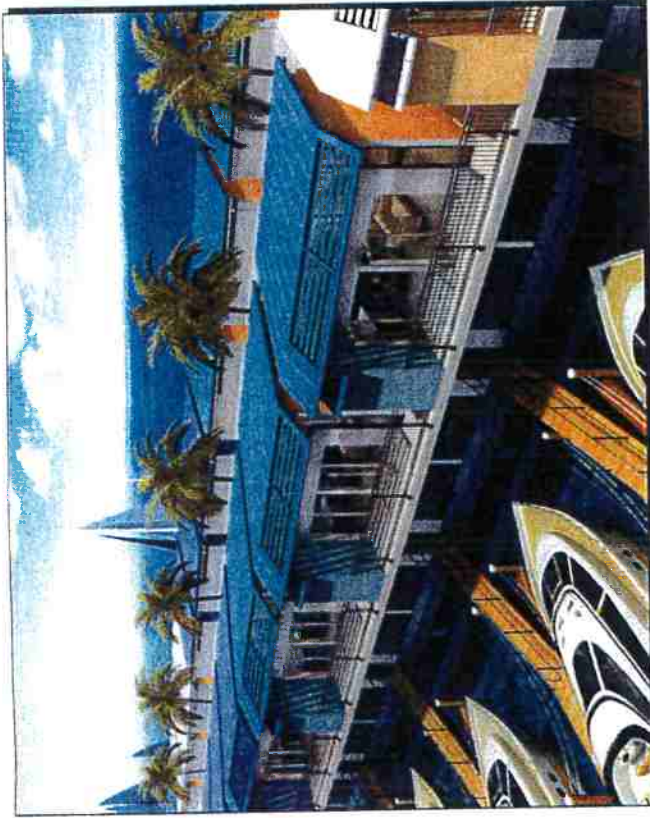
exclusively listed by Gulf Coast-Fine Coastal Properties
 contact [Marie Ferrer marie.ferrer@gc-spi.com](mailto:Marie.Ferrier@gc-spi.com)
 or
[Jackie Barber jackie@gc-spi.com](mailto:Jackie.Barber@gc-spi.com)
 at 956-761-5400



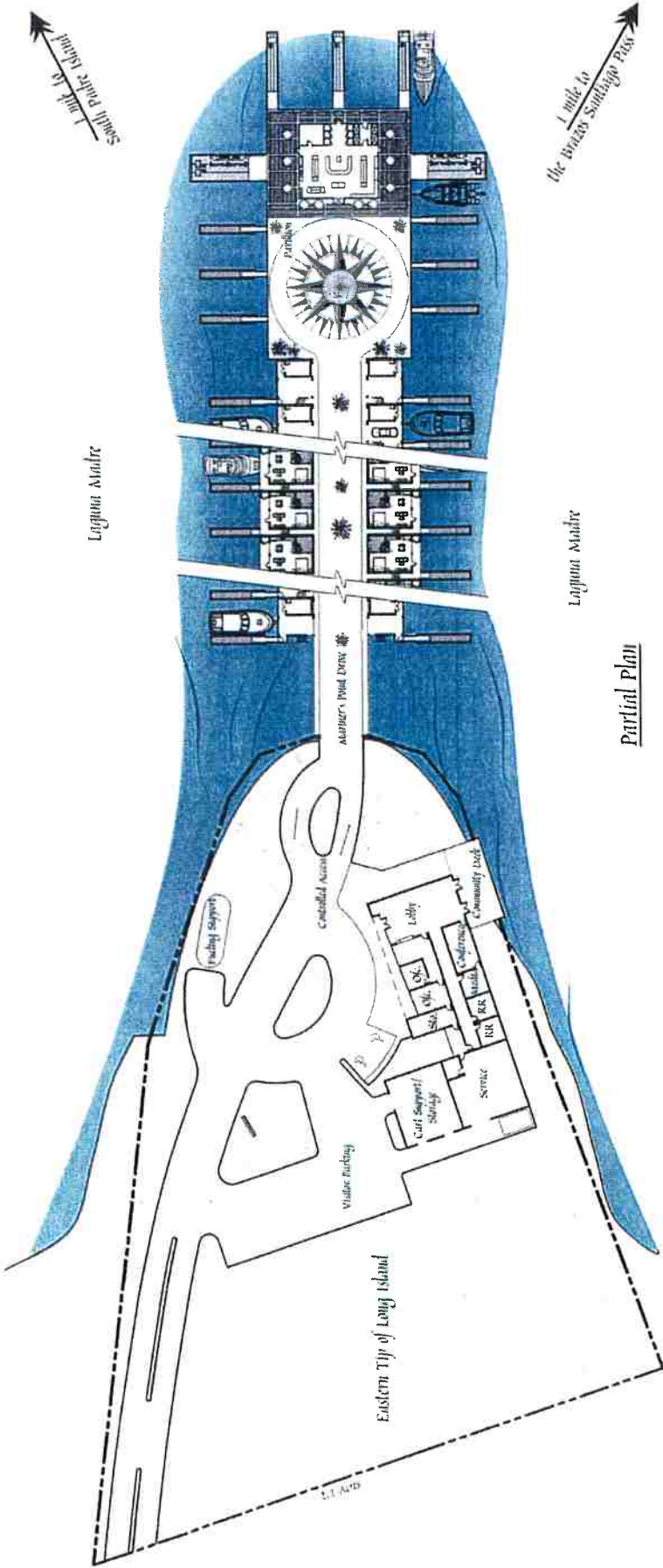
Vicinity

Mariner's Point Amenities Include

- 256 boat slips with adjoining cottages.
- Gated access to the cottages.
- Private fuel dock available only to owners.
- Private black water disposal available only to owners.
- Private community center, conference room, media room and management offices.
- Boardwalk allows driving resident vehicles directly to boat slip/cottage.
- Optional elevators for cottages.
- Designed in accordance with hurricane and fire safety standards
- Shore power connection for each boat slip.
- Private slip's stove available only to owners.
- Boats with beams up to 21' can be accommodated.
- Covered parking and storage below cottage.
- 8800' private landing strip within 20 minutes.
- Two commercial airports within 40 minutes.
- Only one mile to open water in the Gulf of Mexico.
- Wave action attenuators to provide stability for boats in slips.



Overview



Partial Plan



Full Plan



TEXAS GENERAL LAND OFFICE

COMMERCIAL COASTAL EASEMENT NO. LC 20130004

This Commercial Coastal Easement No. LC 20130004, (the "Easement"), is granted by virtue of the authority granted by Chapter 33, TEX. NAT. RES. CODE ANN. and 31 Texas Administrative Code Chapters 1 and 155, and all amendments thereto, and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto and all other applicable statutes.

ARTICLE I. PARTIES

1.01. In consideration of the mutual covenants and agreements set forth in this Easement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the State of Texas, acting by and through Jerry Patterson, Commissioner of the General Land Office and Chairman of the School Land Board, on behalf of the Permanent School Fund ("Grantor"), does hereby grant to PB Commercial LLC, a Texas limited liability company ("Grantee"), whose address is 7500 San Felipe, Suite 125, Houston, TX 77063-1707, the right to use the property described herein for the purposes described in this Easement.

ARTICLE II. PREMISES

2.01. The property Grantee may use is described as follows:

Submerged portions of State Tract 749, Laguna Madre, Cameron County, Texas, being 500' either side of the center line of the existing western portion of the Old Queen Isabella Causeway, and the approximately 3,187-foot State-owned causeway structure, for a total project encumbrance of approximately 90.0 acres (collectively, the "Premises"). The Premises are further described and depicted on **Exhibits A and B** attached hereto and incorporated herein by reference.

2.02. Grantee represents that the Premises are located adjacent to property which is owned by Grantee or in which Grantee has a possessory interest, which property is identified as:

A 23.67 acre tract of land out of State Tracts 749 and 751, Laguna Madre Cameron County, Texas, and being that certain tract further described as "Tract 2" in deed recorded at Volume 137, Pg. 391, Deed Records Cameron County, Texas.

2.03. Grantee acknowledges and agrees that when any authorized improvements are placed on the Premises, the location of such improvements shall thereby become fixed at such location and shall not be changed except by a written amendment to this Easement.

2.04. **AS IS: GRANTEE HAS INSPECTED THE PHYSICAL AND TOPOGRAPHIC CONDITION OF THE PREMISES AND ACCEPTS THE SAME "AS IS," IN ITS EXISTING PHYSICAL AND TOPOGRAPHIC CONDITION. GRANTEE ACKNOWLEDGES THAT IT IS NOT RELYING ON ANY REPRESENTATION, STATEMENT, OR OTHER ASSERTION OF GRANTOR WITH RESPECT TO THE CONDITION OF THE PREMISES, BUT IS RELYING ON GRANTEE'S OWN INSPECTION OF THE PREMISES. GRANTOR DISCLAIMS ANY AND ALL WARRANTIES OF HABITABILITY, MERCHANTABILITY, SUITABILITY, FITNESS FOR ANY PURPOSE, AND ANY OTHER EXPRESS OR IMPLIED WARRANTY NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. THE USE OF THE TERM "GRANT" IN NO WAY IMPLIES THAT THIS AGREEMENT IS FREE OF LIENS, ENCUMBRANCES, AND/OR PRIOR RIGHTS. GRANTEE IS PUT ON NOTICE THAT OTHER GRANT AND/OR ENCUMBRANCE MAY BE OF RECORD, AND GRANTEE IS ADVISED TO EXAMINE THE RECORDS IN THE ARCHIVES AND RECORDS DIVISION OF THE GENERAL LAND OFFICE AND RECORDS OF THE COUNTY IN WHICH THE PREMISES ARE LOCATED.**

2.05. **RESERVATIONS:** Grantor reserves the full use of the Premises and all rights with respect to its surface and subsurface for any and all purposes except for those granted to Grantee. The aforementioned reserved full use of the Premises by Grantor includes the right of ingress, egress, and use of the Premises by Grantor, its officers, agents, representatives, employees, and other authorized users for any authorized purpose.

ARTICLE III. TERM

3.01. **INITIAL TERM:** The initial term of this Easement is for a total period of forty (40) years, beginning effective March 5, 2013, and terminating on March 4, 2053, unless earlier terminated as provided in this Easement.

3.02. **RENEWAL OPTION:** Upon expiration of the initial term of the Easement, Grantee shall have the option, upon six months advance written notice to the State, to renew the Easement for a period of twenty (20) years from the date of expiration, provided that Grantee is in compliance with all terms and conditions of this Easement.

ARTICLE IV. CONSIDERATION

4.01. **CONSIDERATION:** As consideration for the granting of this Easement, Grantee agrees to pay Grantor as consideration (the "Rent") annual installments of **One Thousand And 00/100 Dollars (\$1,000.00)**, beginning March 5, 2013. Rent is payable on or before the first day of each "Easement Year." "Easement Year" means the period from March 5th of one year through March 4th of the following year, with the first Easement Year beginning March 5, 2013.

4.02. **PAST DUE CONSIDERATION:** All consideration and any other payments hereunder to be paid by Grantee shall be deemed to be "rent" and due and payable by Grantee without demand, deduction, abatement, or off-set. Past due Rent and other past due payments shall bear interest from maturity at the rate of ten percent (10%) per annum from the date when due until actually paid. Failure of Grantee to make a payment on or before the date the same becomes due shall, at the option of Grantor, make all payments due and payable immediately. Grantor and Grantee agree that the foregoing represents a fair and reasonable estimate of the expenses that Grantor may incur by reason of such late payment by Grantee. Acceptance of such late payments by Grantor shall not constitute a waiver of Grantee's default with respect to any such past due amounts, nor prevent Grantor from exercising any other rights and remedies available to Grantor hereunder, at law, or in equity.

4.03. **HOLDOVER:** If Grantee continues in possession of the Premises after expiration or earlier termination of this Easement, Grantee will be deemed to be occupying the Premises on the basis of a month-to-month tenancy subject to all of the terms and conditions of this Easement, except that, as liquidated damages by reason of such holding over, the amounts payable by Grantee under this Easement shall be increased such that the Consideration and any other sums payable hereunder shall be 200% of the amount payable to Grantor by Grantee for the applicable period immediately preceding the first day of the holdover period. Grantee acknowledges that in the event it holds over, Grantor's actual damages will be difficult, if not impossible, to ascertain, and the liquidated damages herein agreed to be paid are reasonable in amount and are payable in lieu of actual damages and are not a penalty. Grantee further acknowledges that acceptance of consideration under this provision does not imply Grantor consented to hold over. This month-to-month tenancy may be terminated by either party upon 30 days' written notice to the other.

ARTICLE V. TAXES

5.01. Grantee shall, as further consideration for this Easement, pay and discharge all "Taxes" properly assessed in any calendar year (or portion thereof) during the term of this Easement. For the purposes of this Easement, the term "Taxes" means all taxes, assessments, impositions, levies, charges, excises, fees, licenses, and other sums (whether now existing or hereafter arising, whether foreseen or unforeseen, and whether under the present system of taxation or some other system), that during the term of this Easement may be levied, assessed, charged, or imposed by any governmental authority or other taxing authority or accrue on the Premises and any Improvements or other property thereon, whether belonging to Grantor or Grantee, or to which either of them may become liable in relation thereto. The term "Taxes" shall also include all penalties, interest, and other charges payable by reason of any delay or failure or refusal of Grantee to make timely payments as required pursuant to this provision. **GRANTEE AGREES TO AND**

SHALL INDEMNIFY AND HOLD GRANTOR HARMLESS FROM LIABILITY FOR ANY AND ALL TAXES, TOGETHER WITH ANY INTEREST, PENALTIES, OR OTHER SUMS IMPOSED, AND FROM ANY SALE OR OTHER PROCEEDING TO ENFORCE PAYMENT THEREOF.

5.02. Grantee agrees to pay all Taxes directly to the applicable taxing authority not less than fifteen (15) days prior to the date of delinquency thereof and to provide Grantor with evidence of payment not less than 30 days after payment is made.

ARTICLE VI. USE OF PREMISES

6.01. Grantee shall have the right to use the Premises solely for the following uses (the "Approved Use"): construction, operation, and maintenance of a marina facility and/or fishing pier. Grantee shall not use the Premises for any other purpose without obtaining prior written consent of Grantor, which consent may be granted or withheld by Grantor in its sole discretion. Notwithstanding the preceding, Grantor shall not unreasonably withhold its consent to proposed changes to the Approved Use that advance the development of the adjacent property while maintaining or enhancing the safety and value of the Premises.

6.02. Any changes to the Approved Use will require Grantor's prior written consent and will require the adjustment of the Rent, terms, and conditions of the Easement.

6.03. Any construction on the Premises will require Grantor's prior written approval of Grantee's plans pursuant to Section 6.10 and may require adjustment of the Rent, terms, and conditions of the Easement.

6.04. Grantee's right to use the Premises is exclusive as to those alterations, additions, and/or improvements located, or to be located, on the Premises (collectively the "Improvements"), as more specifically described under this Article VI ("Use of Premises") and further depicted on **Exhibit B**, and non-exclusive as to the remainder. The location of the Improvements shall not be changed except by a written amendment to this Agreement. Any and all Improvements existing prior to the execution of this Agreement are and shall remain the property of Grantor.

6.05. Except as otherwise allowed in this Easement, no construction, land modifications or excavation, or permanent property improvements may be allowed or undertaken on the Premises without Grantor's prior express written consent. Grantee may not maintain or allow any nuisances or public hazards on the Premises, and shall be under a duty to abate or remove any activity or property constituting or contributing to a hazard or nuisance. Grantee may file a criminal complaint or institute civil proceedings to protect his right of possession and Easement interest in the Premises against trespass or other infringement of Grantee's rights by third parties.

6.06. For the purposes of this Easement, the term "Improvements" means anything constructed and/or placed or operated by Grantee on the Premises, including but not limited to the existing causeway structure and anything constructed, placed, or operated on the causeway structure.

6.07. Grantee shall insure that all Improvements constructed by it and/or placed or operated on the Premises, including but not limited to the causeway structure, are visible to operators of marine craft at all times. Grantee is required to maintain the causeway structure in a safe condition, secure the structure and all improvements so as to prevent unauthorized persons from accessing it, and clearly install and maintain navigation lights, as required by the U.S. Coast Guard, on the structure. Grantee may not restrict or prevent other persons from access to navigating open, navigable waters. **NAVIGATION AIDS, CONSISTENT WITH U.S. COAST GUARD GUIDANCE, SHALL BE INSTALLED AND MAINTAINED BY GRANTEE.**

6.08. By execution of this Easement, Grantee authorizes Grantor, its officers, agents, representatives and employees to access the Premises over and across Grantee's adjacent property described in Section 2.02. In exercising such right, Grantor agrees not to unreasonably interfere with Grantee's use of such property, and Grantor agrees to exercise its right of ingress and egress only at reasonable times (except in an emergency) for purposes of inspection, repair and as necessary to protect Grantor's interests. Grantor agrees to use adjacent land owned by Grantee only to the extent and for the length of time necessary to provide access to and from the Premises. The foregoing authorization creates a license only, and does not create an easement over Grantee's adjacent property.

6.09. Grantee acknowledges and agrees that Grantor's right of ingress and egress described in Section 6.08 of this Easement shall remain in effect as long as the Improvements and any other structure placed on the Premises by Grantee remain on the Premises and/or as necessary for Grantor to confirm the removal (in whole or in part) of the Improvements. Such right of ingress and egress shall survive the termination of this Easement.

6.10. Grantee's use of the Premises is subject to compliance with the following covenants, obligations and conditions (the "Special Conditions"):

- A. Grantee must notify Grantor, in writing, at least sixty (60) days prior to modification, rebuilding, major repair, or removal of any structure authorized in this instrument.
- B. Prior to any construction on the Premises, Grantee must obtain Grantor's written approval of Grantee's plans, regardless of whether such plans are for the Approved Use or for a proposed use to which Grantor has previously consented to in writing.
- C. Grantee must submit plans not later than June 1, 2015. Construction may commence at any time upon Grantor's approval of Grantee's plans, but must commence not later than January 1, 2016. The construction completion timeline is subject to Grantor's approval.
- D. The timelines for performance under this Section are subject to amendment, if requested by Grantee and approved in writing by Grantor.

6.11. Prior to undertaking construction, installation, modification, or removal of Improvements on the Premises, Grantee shall provide written notice of the terms of this Easement, including the Special Conditions, to each person or entity authorized by Grantee to perform any such activity on its behalf. Grantee shall retain a copy of each such written notice provided to its agents, representatives, employees, and/or contractors under this provision and, if a dispute arises concerning construction or installation of the Improvements, Grantee shall provide Grantor with a copy of all applicable notices within ten (10) days of Grantor's written request. Grantee's failure to maintain and provide each required written notice shall constitute a default under this Easement.

6.12. If Grantee fails to maintain and/or repair Improvements in good condition and repair, such failure shall constitute a default under this Easement and Grantor may, at its option, terminate this Easement upon written notice to Grantee and/or pursue a remedy under Section 51.3021, TEX. NAT. RES. CODE ANN. If Grantee constructs improvements other than those authorized under this Article IV ("Use of Premises") pursuant to the written approval process herein, such improvements shall constitute illegal structures and Grantor may, at its option, terminate this Easement and/or pursue a remedy under Section 51.302, et seq., TEX. NAT. RES. CODE ANN.

6.13. Prior to termination of the Easement, unless otherwise directed by Grantor in writing, Grantee will demolish or remove all or any portion of the Improvements then existing on the Premises, remove all debris resulting from such demolition, and leave the ground theretofore occupied by such Improvements in a safe, clean condition, all such work to be done as promptly and expeditiously as is reasonably possible. As part of the removal of Improvements, Grantee is specifically obligated to remove the causeway structure in accordance with the provisions set forth in Section 6.14. If Grantee fails to comply with the foregoing, Grantor shall have the right to perform the aforesaid requested work, in which event Grantee shall be liable to Grantor for all cost, loss and damage incurred by Grantor in connection therewith.

6.14. Upon expiration of the Easement, Grantee must remove, at Grantee's sole cost and expense, the causeway structure that constitutes the currently existing structural component of the Premises. Removal of the causeway structure shall be in accordance with the following conditions:

- A. Grantee must commence removal of the causeway structure within 120 days of the Easement's expiration or termination and must complete the removal within one (1) year of commencement. Completion of removal must be satisfactory to Grantor as determined by Grantor's inspection and written approval.
- B. Grantee must have insurance coverage or a surety bond meeting the requirements of Article XI.
- C. Removal of the causeway structure shall include complete removal of all structural elements, debris, personal property and improvements from state lands, either submerged or upland.
- D. Removal shall extend to a depth below existing bottom grade of the Laguna Madre acceptable to Grantor and the U.S. Army Corps of Engineers.

- E. Materials and debris resulting from the removal shall not be deposited on any State lands without the prior written approval of Grantor.
- F. Grantee shall keep Grantor advised at all times of any contracts, bids or other agreements for the removal of the causeway structure.
- G. At least thirty (30) days prior to beginning any removal, Grantee shall submit to Grantor for written approval all plans, specifications, terms and conditions for the removal effort, whether by Grantee or its agents, contractors, or any other parties.

6.15. Notwithstanding the preceding, Grantor may waive removal/restoration requirements in this Article VI ("Use of Premises") if, in Grantor's sole opinion and discretion, such waiver is in the best interest of the State. Any such waiver shall be in writing and may be conditioned upon factors including the nature and sensitivity of the natural resources in the area, potential damage to or destruction of property, beneficial uses of the existing improvement(s), and other factors considered to be in the best interest of the State.

6.16. GRANTEE AGREES TO, AND DOES HEREBY INDEMNIFY AND HOLD HARMLESS THE STATE OF TEXAS AND GRANTOR FROM ALL LOSSES, CLAIMS, SUITS, ACTIONS, JUDGMENTS, AND LIABILITY, AND ALL COSTS RELATED THERETO, INCLUDING REASONABLE ATTORNEY'S FEES, DIRECTLY OR INDIRECTLY ARISING OUT OF, CAUSED BY, OR RESULTING FROM GRANTEE'S REMOVAL OPERATIONS, WHETHER PERFORMED BY GRANTEE, ITS AGENTS, CONTRACTORS, OR ANY OTHER PARTIES.

6.17. Grantee, at its own expense, will comply with all federal, State, municipal and other laws, codes, ordinances, rules and regulations applicable to the Premises including, without limitation, those dealing with environmental and health issues; and will install, remove and alter such equipment and facilities in, and make such alterations to, the Premises as may be necessary to comply. Grantee will not make any unlawful use of the Premises or permit any unlawful use thereof; and will not commit, or permit anyone else to commit, any act which is a nuisance or annoyance to Grantor or adjacent property owners or tenants, or which might, in the exclusive judgment of Grantor, damage Grantor's goodwill or reputation, or tend to injure or depreciate the value of the Premises and/or any Improvements located thereon.

6.18. Grantee shall use the highest degree of care and all appropriate safeguards to prevent pollution of air, ground, or water in, on, or about the Premises through an unauthorized discharge, and to protect and preserve natural resources and wildlife habitat. In the event of such discharge or damage to natural resources in, on, or about the Premises that is the result of an act or omission of Grantee, its officers, employees, agents, representatives, contractors, and/or invitees, Grantee shall immediately notify appropriate agencies of the State of Texas and Grantor and undertake all required and appropriate action to remedy the same. Grantee shall be liable for all damages to the Premises, public lands, and waters as a result of such act or omission and for mitigation of any such damages.

6.19. GRANTEE IS EXPRESSLY PLACED ON NOTICE OF THE NATIONAL HISTORICAL PRESERVATION ACT OF 1966 AND THE ANTIQUITIES CODE OF TEXAS. IN THE EVENT THAT ANY SITE, OBJECT, LOCATION, ARTIFACT, OR OTHER FEATURE OF ARCHEOLOGICAL, SCIENTIFIC, EDUCATIONAL, CULTURAL, OR HISTORIC INTEREST IS ENCOUNTERED DURING THE ACTIVITIES AUTHORIZED BY THIS EASEMENT, GRANTEE SHALL IMMEDIATELY CEASE SUCH ACTIVITIES AND SHALL IMMEDIATELY NOTIFY GRANTOR AND THE TEXAS HISTORICAL COMMISSION, SO THAT ADEQUATE MEASURES MAY BE UNDERTAKEN TO PROTECT OR RECOVER SUCH DISCOVERIES OR FINDINGS, AS APPROPRIATE.

ARTICLE VII. REPAIR AND MAINTENANCE

7.01. Grantor shall have no duty to repair, maintain, replace the Premises or any Improvements placed at or constituting any portion of the Premises. Grantor will not be liable for any damage or injury, fatal or nonfatal, resulting from any damage, defect or disrepair of any Improvements.

7.02. All damage to Improvements will be repaired and all maintenance thereon will be performed and replacements and renewals thereof will be made at Grantee's cost and expense. Grantee shall be responsible for the removal and disposal of all trash at the Premises (whether or not such trash is generated by Grantee or its customers and invitees).

7.03. If Grantor considers necessary any repairs, maintenance, renewals or replacements pursuant to this Easement, Grantor may request that Grantee make such repairs, maintenance, renewal or replacements. Upon Grantee's failure or refusal to do so, (and in any event in case of an emergency), Grantor may make such repair, maintenance, renewal or replacement (Grantee hereby waiving any claim for damage caused thereby). **GRANTEE IS LIABLE TO AND WILL INDEMNIFY GRANTOR FOR THE COST THEREBY INCURRED BY GRANTOR.** Any failure of Grantee to make such payment to Grantor may be treated by Grantor as a default by Grantee in the payment of Rent.

7.04. Grantor will have a right to enter the Premises at any reasonable time as specified in Sections 6.08 and 6.09 of this Easement (including during Grantee's business hours) to inspect the condition thereof, to make necessary repairs and Improvements and for other lawful purposes.

ARTICLE VIII. ASSIGNMENTS

8.01. Notwithstanding the provisions of Article IX ("Encumbrance of Easement Interest") and Article XV ("Bankruptcy"), Grantee shall not assign, sublease, or otherwise transfer or convey an interest in this Easement or the Premises, or the rights granted herein, in whole or part, without the express prior written consent of Grantor. However, Grantor will not unreasonably withhold its consent to an assignment or sublease of rights in the Easement to a property management company or to a managed association of homeowners, property owners, condominium, or dockominium owners.

8.02. Any unauthorized assignment or disposition without consent, shall be void and of no effect and shall not relieve Grantee of any liability for any obligation, covenant, or condition of this Easement. In the event of any such attempted assignment or disposition, Grantor may terminate this Easement effective upon fifteen (15) days notice to Grantee. This prohibition against assigning or disposition shall be construed to include a prohibition against any assignment or disposition by operation of law.

8.03. If this Easement or an interest in this Easement or the Premises is assigned, subleased, or otherwise transferred or conveyed, Grantor may nevertheless collect rent from the assignee and apply the net amount collected to the Rent payable hereunder. No such transaction or collection of rent shall be deemed a waiver of these provisions or a release of Grantee from the further performance by Grantee of its covenants, duties and obligations hereunder.

ARTICLE IX. ENCUMBRANCE OF EASEMENT INTEREST

9.01. Grantee may mortgage, hypothecate, or encumber the interest created herein, or execute a deed of trust or mortgage ("Mortgage") covering the Easement or any interest in the Easement.

9.02. If after recordation of any Mortgage, the mortgagee, deed of trust beneficiary or security interest holder ("Mortgagee") notifies Grantor in writing of such recordation and requests that copies of any default notices sent by Grantor to Grantee be provided to Mortgagee, Grantor agrees to mail copies of such default notices to Mortgagee at the address provided in writing by Mortgagee. Any Mortgagee of Grantee's interest hereunder shall have the right to cure or remedy the default specified in such notice during the period granted hereunder to Grantee to cure or remedy such specified default. Grantor shall accept any such curative or remedial action taken by Mortgagee, with the same effect as if such curative or remedial action had been taken by Grantee. In the event of a foreclosure of the Mortgage, Grantor shall recognize the Mortgagee as Grantee and the Mortgagee shall have all of the rights, duties and obligations of Grantee hereunder.

9.03. Grantor's interest in the Premises shall not be deemed in any way pledged or mortgaged by this Easement nor by any other agreement executed in connection with this Easement, and the State of Texas, by execution of this Easement, shall not in any manner lend its credit to any private corporation, association, partnership or other person in connection with the execution of this Easement.

9.04. Grantor and Grantee shall execute and deliver to each other at such time or times as either Grantor or Grantee may request, a certificate stating:

A. Whether or not the Easement is in full force and effect;

- B. Whether or not the Easement has been modified or amended in any respect, and submitting copies of such modifications or amendments, if any;
- C. Whether or not there are any existing defaults under this Easement to the knowledge of the party executing the certificate, and specifying the nature of such defaults, if any; and
- D. Such other information as may be reasonably requested.

The aforesaid certificate(s) shall be delivered to Grantor or Grantee, as the case may be, promptly upon written receipt of such request. Failure by Grantee to timely deliver such certificate(s) shall constitute an Event of Default hereunder and entitle Grantor to exercise any remedies permitted under the terms of this Easement without the necessity of further notice to Grantee (notwithstanding any provision to the contrary contained in Section 17.01).

9.05. Grantor, by approval of this Easement, does not bind itself or its successors or assigns to accept or assume any liability with respect to any indebtedness which may exist now or arise in the future with respect to any action of Grantee required by this Easement, or by a Mortgagee or contractor.

9.06. Grantee and its successors hereunder warrant and covenant that at the expiration of this Easement there will be no statutory, contractual or other lien existing as to the improvements constructed on the Premises by Grantee. Grantee will, prior to or upon tender of the Premises to Grantor upon termination of this Easement, provide Grantor with documentation sufficient to evidence Grantor's ownership of all such alterations, additions and improvements.

ARTICLE X. UTILITIES

10.01. Grantee shall at its own cost and expense pay all charges for delivery and use of water, sanitary sewer, electricity, gas and all other utilities used on the Premises throughout the term of this Easement, including any connection charges, **AND SHALL SAVE AND HOLD GRANTOR HARMLESS FROM AND INDEMNIFY GRANTOR FROM ANY CHARGE OR LIABILITY FOR SAME.** All such charges are to be paid by Grantee directly to the utility company or municipality furnishing the same before the same shall become delinquent.

10.02. No interruption or malfunction of any utility service shall constitute an eviction or disturbance of Grantee's use and possession of the Premises or a breach by Grantor of any of its obligations hereunder or render Grantor liable for any damages (including, without limitation, consequential or special damages) or entitle Grantee to be relieved from any obligations hereunder or grant Grantee any right of set-off or recoupment.

ARTICLE XI. INDEMNITY AND INSURANCE

11.01. INDEMNITY: EXCEPT FOR DAMAGES DIRECTLY OR PROXIMATELY CAUSED BY THE GROSS NEGLIGENCE OF GRANTOR, GRANTEE SHALL INDEMNIFY AND HOLD HARMLESS GRANTOR AND GRANTOR'S OFFICERS, REPRESENTATIVES, AGENTS, AND EMPLOYEES FROM ANY LOSSES, CLAIMS, SUITS, ACTIONS, DAMAGES, OR LIABILITY (INCLUDING ALL COSTS AND EXPENSES OF DEFENDING AGAINST ALL OF THE AFOREMENTIONED) ARISING IN CONNECTION WITH:

- **THIS AGREEMENT;**
- **THE USE OR OCCUPANCY OF THE PREMISES;**
- **ANY NEGLIGENCE, ACT, OMISSION, NEGLECT, OR MISCONDUCT OCCURRING IN, ON, OR ABOUT THE PREMISES; OR**
- **ANY CLAIMS OR AMOUNTS ARISING OR RECOVERABLE UNDER FEDERAL OR STATE WORKERS' COMPENSATION LAWS, THE TEXAS TORT CLAIMS ACT, OR ANY OTHER SUCH LAWS.**

GRANTEE ASSUMES RESPONSIBILITY FOR THE CONDITION OF THE PREMISES. GRANTEE EXPRESSLY AGREES TO USE AND OCCUPY THE PREMISES AND PLACE ANY IMPROVEMENTS ON THE PREMISES AT ITS OWN RISK. GRANTEE SHALL BE RESPONSIBLE FOR THE SAFETY AND WELL BEING OF ITS EMPLOYEES, CUSTOMERS, AND INVITEES. THESE REQUIREMENTS SHALL SURVIVE THE TERM OF THIS AGREEMENT UNTIL ALL CLAIMS HAVE BEEN SETTLED OR RESOLVED AND SUITABLE EVIDENCE TO THAT EFFECT HAS BEEN FURNISHED TO GRANTOR.

11.02. INSURANCE COVERAGE OR SURETY BOND FOR CAUSEWAY STRUCTURE REMOVAL: Ten (10) days prior to the commencement of any construction pursuant to Section 6.10, Grantee at its sole cost and expense shall deliver to Grantor insurance coverage or a surety bond in the amount of Two Million and 00/100 Dollars (\$2,000,000) for removal of the causeway structure, issued by a company licensed by the Texas Department of Insurance and in a form acceptable to Grantor, naming the Texas General Land Office as Obligee. Said surety bond shall be for the purpose of guaranteeing performance of the obligations Grantee has hereunder to remove the causeway structure at Grantee's expense, upon expiration or sooner termination of this Easement. Grantee shall renew the surety bond prior to each successive expiration thereof and a continuation certification shall be delivered to Grantor not less than ten (10) days prior to the expiration of the surety bond. The surety bond shall state that said bond will not be cancelled, materially changed or subject to non-renewal without thirty (30) days prior written notice to Grantor. The sum of the surety bond is subject to review and escalation as deemed necessary by Grantor, to reflect the estimated costs of Grantee's obligations to remove the Improvements hereunder, once every two (2) years from the commencement date of this Easement until its expiration or sooner termination. In the event the surety bond is cancelled and Grantee does not provide Grantor with another surety bond acceptable to Grantor, Grantor may require Grantee, and Grantee hereby agrees and understands, to provide security for Grantee's obligations hereunder to remove the Improvements in a form acceptable to Grantor. Grantee's failure to maintain a surety bond as set forth herein shall constitute an Event of Default.

11.03. GENERAL LIABILITY INSURANCE: Grantee will purchase and maintain a policy providing commercial general liability insurance coverage in a minimum amount of One Million and 00/100 Dollars (\$1,000,000.00) combined single limit, effective at the commencement of this Easement. Grantee further agrees to increase the policy to not less than Two Million and 00/100 Dollars (\$2,000,000), effective at commencement of any construction pursuant to Section 6.10. The policy must insure against bodily injury, death and property damage and shall include (i) coverage for premises and operations, (ii) coverage for products liability, and (iii) contractual liability coverage insuring the obligations of Grantee under the terms of this Easement. Such policy shall name Grantor (and any of its successors and assigns designated by Grantor) as an additional insured. Grantee's failure to maintain general liability insurance as set forth herein shall constitute an Event of Default.

11.04. LIQUOR LIABILITY INSURANCE: If Grantee is engaged in any way in the sale of alcoholic beverages, either for consumption of alcoholic beverages on the Premises or off the Premises, Grantee will also maintain liquor liability insurance with the limits of not less than One Million and 00/100 Dollars (\$1,000,000.00) each common cause and One Million and 00/100 Dollars (\$1,000,000.00) aggregate. If written on a separate policy from the comprehensive general liability policy, such policy shall name Grantor (and any of its successors and assigns designated by Grantor) as an additional insured. Grantee's failure to maintain liquor liability insurance as set forth herein shall constitute an Event of Default.

11.05. REQUIRED POLICY: Each insurance policy required under this Easement shall be written by a company satisfactory to Grantor, but in all events by a company with an A.M. Best Company financial rating of not less than A-VIII (or a similar rating by a comparable service selected by Grantor should A.M. Best Company cease providing such ratings) and be licensed to do business in Texas or, if the aforesaid is not available, by a company qualified to do business as a non-admitted insurer in Texas under current Texas surplus lines requirements. Such policy may contain a deductible of not more than Ten Thousand and 00/100 Dollars (\$10,000.00). All Required Policies shall be endorsed so as to require thirty (30) days prior written notice to Grantor, given in the same manner set forth in Section 17.01 hereof, in the event of cancellation, material change or intent not to renew. Grantee shall deliver to Grantor and/or Grantor's designee a certificate of insurance for any Required Policy within ten (10) days of execution of this Easement. At all times during the Easement term, Grantee shall cause the required evidence of coverage to be deposited with Grantor. If Grantee fails to do so, such failure may be treated by Grantor as a default by Grantee and Grantor, in addition to any other remedy under this Easement, shall have the right (but not the obligation) to purchase and maintain such Required Policy for the account of Grantee, and if Grantor does so and gives notice thereof to Grantee, then Grantee shall be obligated to pay Grantor the amount of the premium applicable to such Required Policy within five (5) days following any such notice from Grantor. Any failure of Grantee to make such payment to Grantor may be treated by Grantor as a default by Grantee in the payment of Rent required to be paid by Grantee hereunder.

ARTICLE XII. DAMAGE OR DESTRUCTION OF PREMISES

12.01. Subject to termination, as described in this Section, no damage to the Premises or damage to or destruction of any Improvements shall in any way alter, affect or modify Grantee's obligations hereunder, including specifically Grantee's obligations to pay Rent, Taxes and other financial obligations hereunder. In the event of any damage to the Premises which will exceed the cost of Five Thousand and 00/100 Dollars (\$5,000.00) per event to repair, Grantee shall give written notice to Grantor within seven (7) calendar days of the damage or destruction, including a description of the damage and, as far as known to Grantee, the cause of the damage. Grantee shall immediately remove all debris resulting from such damage or destruction and take such action as is necessary to place the Premises in a neat, safe condition. Within ninety (90) days after the event causing the damage or destruction, Grantee must either repair or replace the Improvements, if permitted by law, or return the Premises to their natural condition. Grantee's failure to satisfy its obligations in this regard is an Event of Default hereunder. Grantor may make repairs or replacements pursuant to this Section, whereupon Grantee shall be liable to pay Grantor, upon demand, the cost and expense incurred by Grantor in accomplishing such action. Any failure by Grantee to make such payment to Grantor may be treated by Grantor as a default in the payment of Rent due and owing by Grantee hereunder.

12.02. In the event any building or Improvement constructed on the Premises is damaged or destroyed by fire or other casualty, all insurance proceeds shall be paid to Grantee and shall be used for repairs or removal as required by Section 12.01.

ARTICLE XIII. CONDEMNATION

13.01. In the event of a condemnation proceeding that affects all or part of the Premises, Grantor will have the exclusive authority to negotiate with the condemning authority. In the event of (i) a total condemnation, this Easement shall terminate, and (ii) a partial condemnation, Grantor may decide whether or not to terminate this Easement, but if Grantor elects to continue the Easement, the Rent will be proportionately reduced. All condemnation proceeds, except for those allocated to improvements belonging to Grantee, shall be payable to Grantor.

ARTICLE XIV. DEFAULT

14.01. Each of the following acts or omissions of Grantee or occurrences shall constitute an "Event of Default":

- (a) Failure or refusal by Grantee to timely pay Rent or any other sum when due hereunder;
- (b) Failure or refusal by Grantee to comply with the obligations of Grantee set forth in Article VI ("Use of Premises") of this Easement;
- (c) Failure or refusal by Grantee to timely perform or observe any other covenant, duty or obligation of Grantee under this Easement;
- (d) Abandonment or vacating of the Premises or any significant portion thereof;
- (e) The initiation of voluntary or involuntary bankruptcy proceedings affecting Grantee, subject to the provisions in Article XV;
- (f) The entry of a court requiring the dissolution, winding up, or termination of Grantee's business affairs; and
- (g) Grantee fails to materially comply with rules and regulations in the Texas Administrative Code, the Texas Natural Resources Code, or any other rules or regulations promulgated by any state or federal governmental entity with proper jurisdiction over any of the uses permitted under this Easement, unless such a failure to comply is redressed through an enforcement action by an applicable state agency with proper jurisdiction.

14.02. There shall be no consequences for an Event of Default, unless the defaulting party receives written notice of the Event of Default and such Event of Default continues for a period of 30 days after the defaulting party receives the notice. A notice of Event of Default shall specify the event or events constituting the default. This 30 day period shall be extended if the act, event, or condition is one that by its nature or circumstances reasonably requires more than 30 days to cure; provided, however, the defaulting party shall promptly and in good faith initiate and diligently pursue measures that are expected to cure or eliminate the Event of Default in a reasonable period of time. If either

party fails to cure an Event of Default, the non-defaulting party shall be entitled to terminate the Easement by written notice. This notice and cure provision does not apply to an Event of Default under provision 14.01(a) or any emergency situations that affect public health or safety.

14.03. This Easement and the term and estate hereby granted and the demise hereby made are subject to the limitation that if and whenever any Event of Default shall occur, after such notice, if any, as is provided in Section 14.02, Grantor may, at its option, in addition to all other rights and remedies provided hereunder or in law or equity, do any one or more of the following:

- A. Forfeit this Easement by sending written notice of such forfeiture by U.S. Mail to the last known address of Grantee in the files of the Asset Inspection Division of the General Land Office, in which event, this Easement shall terminate and Grantee shall immediately surrender possession of the Premises to Grantor (and termination shall not prejudice the rights of Grantor for any claim of payments due);
- B. Enter upon and take possession of the Premises and expel or remove Grantee and any other occupant therefrom, with or without having terminated the Easement; or
- C. Alter locks and other security devices, if any, at the Premises;

14.04. Exercise by Grantor of any one or more remedies hereunder granted or otherwise available shall not (i) be deemed a waiver by Grantor of any other remedy available to it, or (ii) be deemed to be an acceptance of surrender of the Premises by Grantee, whether by agreement or by operation of law.

14.05. In the event of termination of this Easement or of Grantee's right to possession of the Premises or repossession of the Premises for an Event of Default, Grantor shall not have any obligation to seek a new use for the Premises, or any portion thereof, or to collect rental for a new use (if any); but Grantor shall have the option to seek a new use for the Premises, and in the event of a new use, Grantor may grant an easement across or otherwise dispose of an interest in the whole or any portion of the Premises for any period, to any grantee, and for any use and purpose.

14.06. If Grantee fails to remove its personal property from the Premises within the time specified in Section 14.02 above, or if Grantee fails to remove improvements placed or constructed on the Premises by or on behalf of Grantee pursuant to a notice by the Grantor to do so, then Grantor may elect to own such property by filing a notice of such election pursuant to Section 51.302, et seq., TEX. NAT. RES. CODE ANN. **THE TERMS OF THIS SECTION SHALL SURVIVE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.**

ARTICLE XV. BANKRUPTCY

15.01. Grantor and Grantee agree that if Grantee ever becomes the subject of a voluntary or involuntary bankruptcy or other similar type proceeding under the Federal Bankruptcy Laws, then "adequate protection" of Grantor's interest in the Premises pursuant to the provisions of Sections 361 and 363 of the Bankruptcy Code prior to assumption and/or assignment of the Easement by Grantee shall include, but not be limited to the following: (a) The continued payment by Grantee of all Rent and all other sums due and owing under this Easement; and (b) the furnishing of a security deposit by Grantee in the amount of three (3) times the Rent payable during the immediately preceding Easement Year. Further, in that circumstance, Grantor and Grantee agree that "adequate assurance of future performance" by Grantee and/or any assignee of Grantee pursuant to Bankruptcy Code Section 365 (or its successor section) will include (but not be limited to) payment of a security deposit in the amount of three (3) times the Rent paid during the immediately preceding Easement Year.

15.02. If this Easement is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other considerations payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Grantor, shall be and remain the exclusive property of Grantor and shall not constitute property of Grantee or the Estate of Grantee within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Grantor's property under the preceding sentence not paid or delivered to Grantor shall be held in trust by Grantee for the benefit of Grantor and shall be promptly paid to or turned over to Grantor.

ARTICLE XVI. INTERPRETIVE AND MISCELLANEOUS PROVISIONS

16.01. With respect to terminology in this Easement, each number (singular or plural) shall include all numbers, and each gender (male, female or neuter) shall include all genders. If any provision of this Easement shall ever be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions of the Easement, but such other provisions shall continue in full force and effect.

16.02. The titles of the Articles in this Easement shall have no effect and shall neither limit nor amplify the provisions of the Easement itself. This Easement shall be binding upon and shall accrue to the benefit of Grantor, its successors and assigns, Grantee, its successors and assigns (or heirs, executors, administrators and assigns, as the case may be).

16.03. In all instances where Grantee is required hereunder to pay any sum or do any act at a particular time or within an indicated period, it is understood that time is of the essence.

16.04. The obligation of Grantee to pay all Rent and other sums hereunder provided to be paid by Grantee and the obligation of Grantee to perform Grantee's other covenants and duties hereunder constitute independent, unconditional obligations to be performed at all times provided for hereunder.

16.05. Under no circumstances whatsoever shall Grantor ever be liable hereunder for consequential damages or special damages.

16.06. All monetary obligations of Grantee are performable exclusively in Austin, Travis County, Texas.

ARTICLE XVII. GENERAL TERMS AND CONDITIONS

17.01. **NOTICE:** Any notice which may or shall be given under the terms of this Easement shall be in writing and shall be either delivered by hand or sent by United States Registered or Certified Mail, adequate postage prepaid, if for Grantor to the General Land Office, Deputy Commissioner, Asset Inspection Division, addressed to his attention, 1700 North Congress Avenue, Austin, Texas 78701-1495, and if for Grantee, to PB Commercial LLC, 7500 San Felipe, Suite 125, Houston, TX 77063-1707. Either party's address may be changed from time to time by such party by giving notice as provided above, except that the Premises may not be used by Grantee as the sole notice address.

17.02. **RIGHT OF ENTRY:** In any circumstances where Grantor is permitted to enter upon the Premises during the Easement term, whether for the purpose of curing any default of Grantee, repairing damage resulting from fire or other casualty or an eminent domain taking or is otherwise permitted hereunder or by law to go upon the Premises, no such entry shall constitute an eviction or disturbance of Grantee's use and possession of the Premises or a breach by Grantor of any of its obligations hereunder or render Grantor liable for damages for loss of business or otherwise or entitle Grantee to be relieved from any of its obligations hereunder or grant Grantee any right of off-set or recoupment or other remedy; and in connection with any such entry incident to performance of repairs, replacements, maintenance or construction, all of the aforesaid provisions shall be applicable notwithstanding that Grantor may elect to take building materials in, to or upon the Premises that may be required or utilized in connection with such entry by Grantor.

17.03. **SECURITY INTEREST:** Pursuant to Chapter 9 of the Texas Business and Commerce Code, and as further security for the payment of Rent and Grantee's other obligations under this Easement, Grantee hereby grants to the State a security interest in all of the following collateral: equipment, fixtures, furnishings, supplies, and inventory in or on the Premises, as well as all accounts receivable and intangibles owned by or on behalf of Grantee in connection with the Premises or generated by business conducted on the Premises. Such security interest shall automatically attach to any and all proceeds from the sale or other monetization of the foregoing collateral.

17.04. **SEVERABILITY:** If any provision contained in this Agreement is held to be unenforceable by a court of law or equity, this Agreement shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Agreement unenforceable.

17.05. ENTIRE AGREEMENT: This Easement and its exhibits constitute the entire agreement between Grantor and Grantee; no prior written or prior or contemporaneous oral promises or representations shall be binding. The submission of this Easement for examination by Grantee and/or execution thereof by Grantee does not constitute a reservation of or option for the Premises and this Easement shall become effective only upon execution of all parties hereto and delivery of a fully executed counterpart hereof by Grantor to Grantee. This Easement shall not be amended, changed or extended except by written instrument signed by both parties hereto.

17.06. FILING: Grantee shall, prior to the expiration of thirty (30) days after the date of this Easement, execute, record in Cameron County, Texas at Grantee's sole cost and expense, and return either the original or a file-marked copy of the original Memorandum of Coastal Easement. In the event Grantee fails to do so prior to the expiration of such thirty (30) day period, Grantor may declare such failure an "Event of Default", without the necessity of notice to Grantee, or execute a Memorandum of Easement setting forth the terms and provisions of the Easement and record same at Grantee's cost and expense. In the event Grantor elects to record a Memorandum of Easement, the cost of recording same shall be deemed "Rent."


17.07. PROPER AUTHORITY: Each party hereto represents and warrants that the person executing this agreement on its behalf has full power and authority to enter into this agreement.

17.08. RELATIONSHIP OF THE PARTIES: Nothing contained in this agreement shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create for Grantor any liability whatsoever with respect to the indebtedness, liabilities, and obligations of Grantee or any other party.

17.09. GRANTEE'S WAIVER OF CERTAIN RIGHTS AND ASSERTIONS: Grantee waives and relinquishes all rights that Grantee might have to claim any nature of lien against Grantor and the Premises, or withhold or deduct from or offset against any Consideration or other sums provided hereunder to be paid to Grantor by Grantee. Grantee waives and relinquishes any right, either as a claim or as a defense, that Grantor is bound to perform or is liable for the nonperformance of any implied covenant or implied duty of Grantor not expressly set forth in this Agreement.

IN TESTIMONY WHEREOF, witness my hand and the Seal of Office.

GRANTOR:
THE STATE OF TEXAS

By: 
Jerry Patterson
Commissioner, General Land Office
Chairman, School Land Board

GRANTEE:
PB COMMERCIAL LLC,
a Texas limited liability company





By: 
(Signature)


(Printed Name)


(Title)

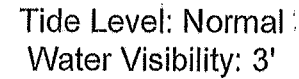
Date: 4/22/13

APPROVED:

Contents: 
Legal: 
Deputy: 
Executive: 

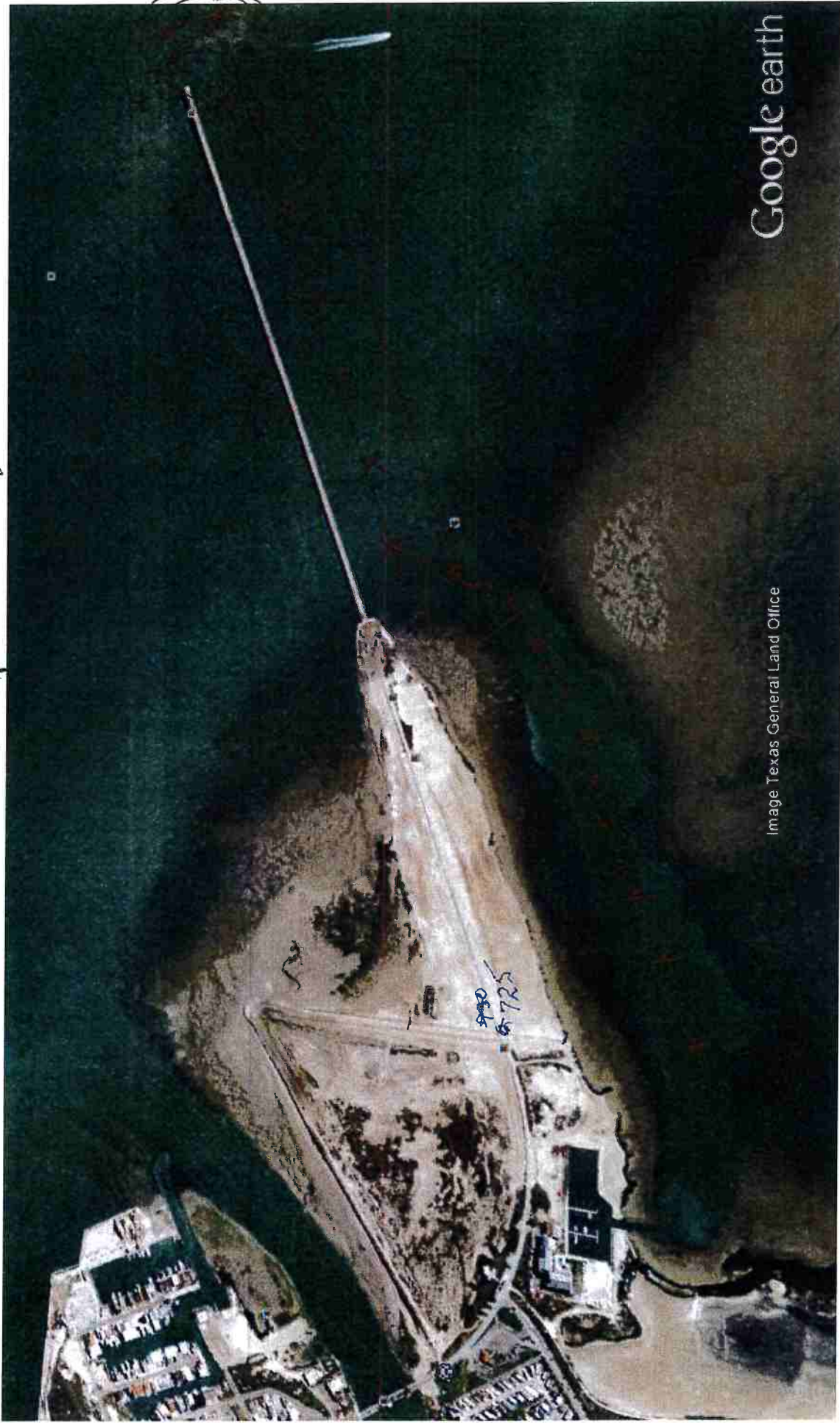


Title: Patriot Bank / LC20130004	Date of Inspection: December 18, 2012
Company: General Land Office	Creator: Jason Zeplin
Scale: Not to Scale	Exhibit A



Not to Scale

15 depth locations; 2 detailed locations



Google earth

feet
km

1.8" = 750' 1" = 142'

4000

Jan 2004





Google earth

Image Texas General Land Office

Google earth

feet

meters

2.5" = 375

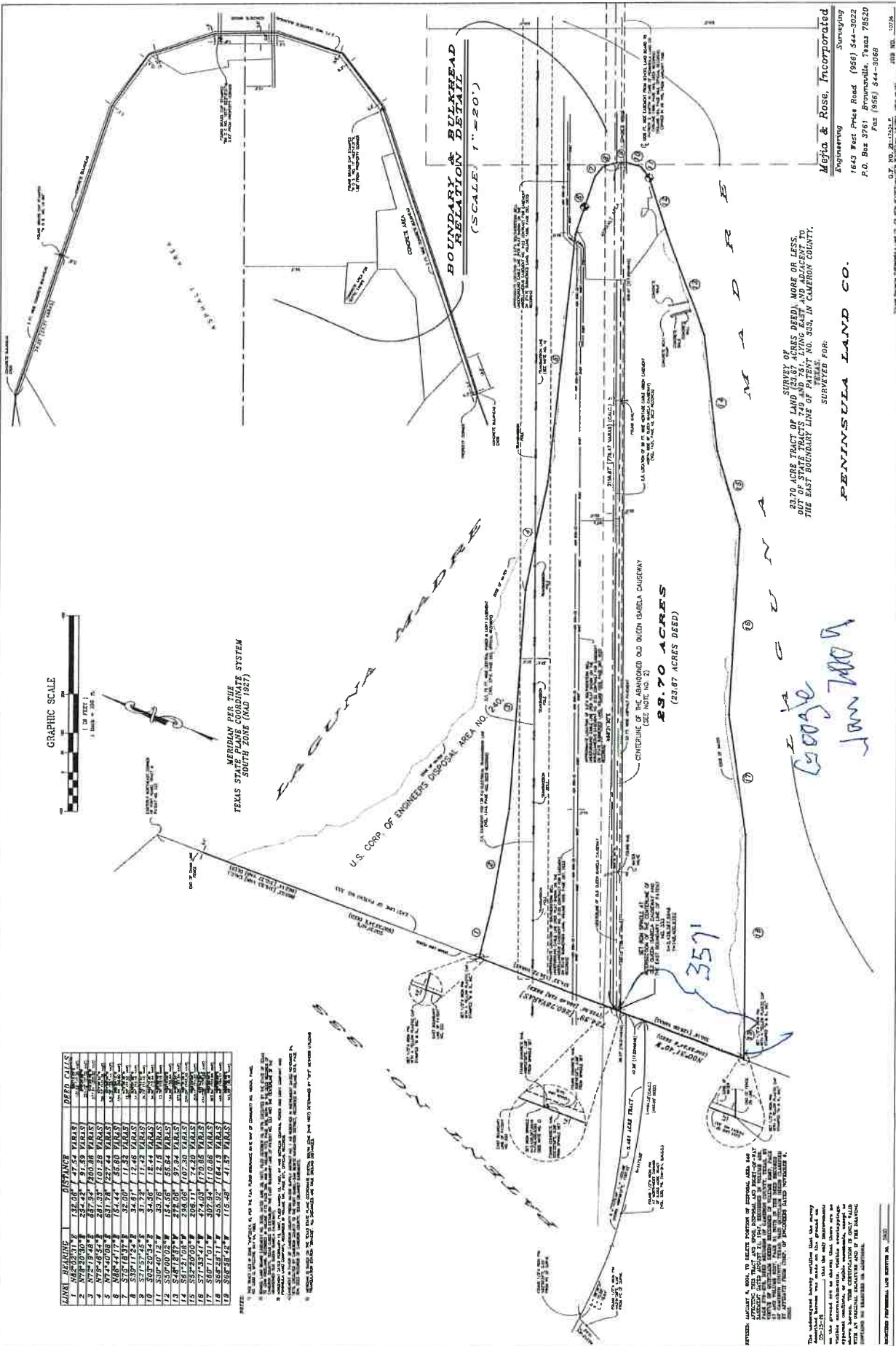
1" = 140'

1000

400

Jan 2009

A

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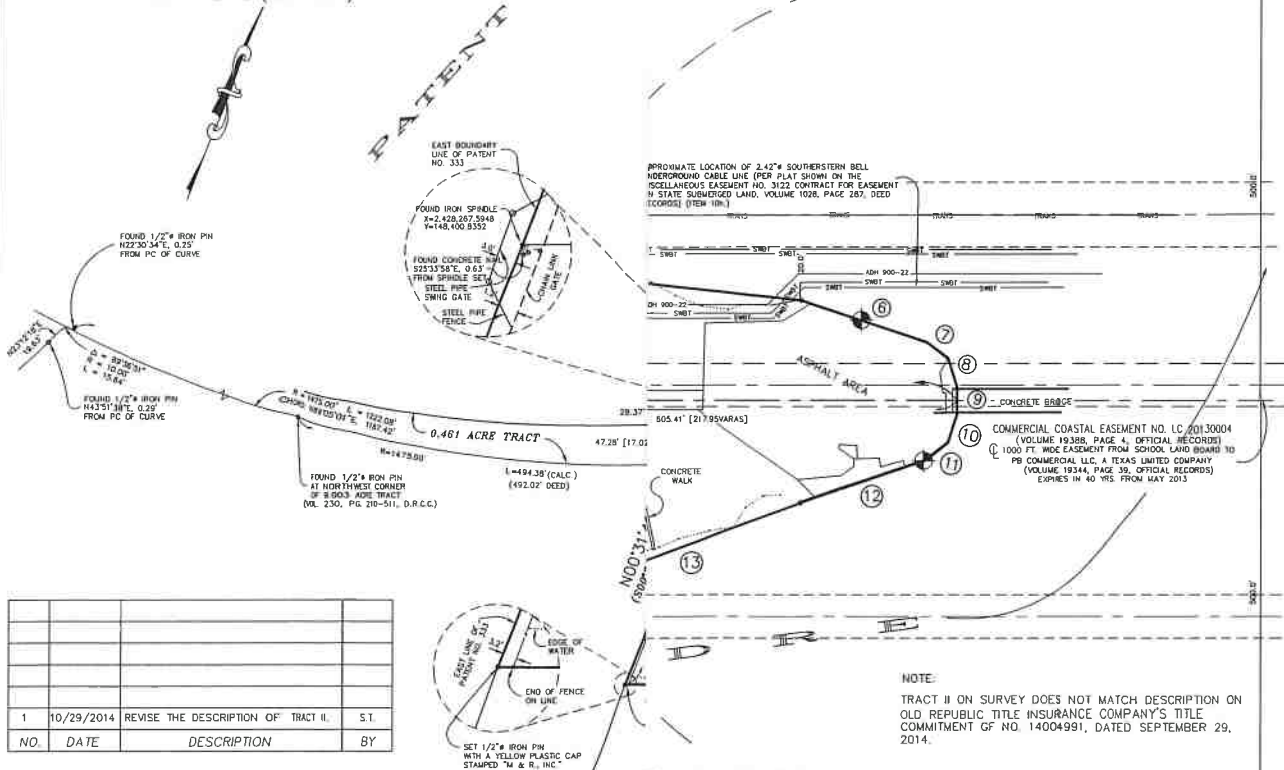
NOTES:

- 1) THIS TRACT LIES IN ZONE "10" (ELEV. 9) PER THE FIA FLOOD INSURANCE RATE MAP OF COMMUNITY NO. 480101, PANEL NO. 0306 E, EFFECTIVE MARCH 09, 1998.
- 2) MERIDIAN IS BASED ON THE TEXAS STATE PLANE COORDINATE SYSTEM, SOUTH ZONE (NAD 1927) DETERMINED BY "GPS" METHODS UTILIZING TRIANGULATION STATION "BRAZOS" ALL DISTANCES ARE TRUE GROUND DISTANCES.
- 3) THIS TRACT IS SUBJECT TO RESTRICTIVE COVENANTS RECORDED IN VOLUME 230, PAGE 510, VOLUME 233, PAGE 256, VOLUME 1205, PAGE 50, DEED RECORDS, VOLUME 7, PAGE 735, VOLUME 8, PAGE 35, VOLUME 8, PAGE 863, VOLUME 10, PAGE 1, VOLUME 14, PAGE 473, COORDINATING RECORDS, AND IN VOLUME 744, PAGE 183, VOLUME 773, PAGE 114, VOLUME 10392, PAGE 118, VOLUME 10392, PAGE 140, VOLUME 10641, PAGE 49, VOLUME 11201, PAGE 113, VOLUME 11201, PAGE 120, VOLUME 19447, PAGE 165, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS.

EXCEPTIONS PER TITLE COMMITMENT:

- 104) EASEMENTS RESERVED IN DEED DATED SEPTEMBER 2, 1933, RECORDED IN VOLUME 1205, PAGE 50, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) RIGHT-OF-WAY EASEMENT DATED SEPTEMBER 12, 1938, RECORDED IN VOLUME 546, PAGE 33, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES NOT AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) CONTRACT FOR EASEMENT DATED APRIL 20, 1946, RECORDED IN VOLUME 506, PAGE 438, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 101) EASEMENT FOR MAINTENANCE AND OPERATION OF INTERLOCK AS CONTAINED IN DEED DATED MARCH 24, 1975, RECORDED IN VOLUME 1014, PAGE 304, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 104) LEASE AGREEMENT DATED MARCH 21, 1975, RECORDED IN VOLUME 80, PAGE 335, MISCELLANEOUS DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) EASEMENT DATED JULY 17, 1975, RECORDED IN VOLUME 1028, PAGE 287, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 101) EASEMENT DATED MARCH 3, 1977, RECORDED IN VOLUME 1077, PAGE 358, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 101) EASEMENT DATED JUNE 28, 1977, RECORDED IN VOLUME 1173, PAGE 295, AMENDED IN VOLUME 1173, PAGE 306, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) AGREEMENT DATED FEBRUARY 11, 1980, RECORDED IN VOLUME 103, PAGE 447, MISCELLANEOUS DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES NOT AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 101) EASEMENT RESERVED IN EASEMENT AND RIGHT-OF-WAY DATED OCTOBER 22, 1980, RECORDED IN VOLUME 1213, PAGE 322, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES NOT AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) EASEMENT DATED SEPTEMBER 28, 1983, RECORDED IN VOLUME 1343, PAGE 400, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 104) EASEMENT DATED OCTOBER 16, 1984, RECORDED IN VOLUME 1421, PAGE 42, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 104) EASEMENT DATED JANUARY 17, 1985, RECORDED IN VOLUME 1398, PAGE 495, DEED RECORDS, AMENDED IN VOLUME 14, PAGE 373 AND IN VOLUME 4653, PAGE 177, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) EASEMENT DATED JANUARY 17, 1985, RECORDED IN VOLUME 164, PAGE 956, ASSIGNED THERETO TO PENINSULA LAND COMPANY, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 104) ROADWAY EASEMENT AND PIPELINE RIGHT-OF-WAY AGREEMENT DATED AUGUST 30, 1985, RECORDED IN VOLUME 1434, PAGE 713, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES NOT AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) EASEMENT DATED AUGUST 22, 1988, RECORDED IN VOLUME 101, PAGE 807, DEED RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 104) AGREEMENT DATED FEBRUARY 12, 1987, RECORDED IN VOLUME 164, PAGE 971, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 101) EASEMENT RESERVED IN DEED DATED MARCH 1, 1988, RECORDED IN VOLUME 757, PAGE 192, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES NOT AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) EASEMENT DATED DECEMBER 17, 1993, RECORDED IN VOLUME 2715, PAGE 253, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 104) LICENSE AND EASEMENT AGREEMENT DATED APRIL 16, 2002, FILED APRIL 17, 2002, RECORDED IN VOLUME 7926, PAGE 108, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (ACCESS TO SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) ASSIGNMENT AND ASSUMPTION AGREEMENT OF COMMERCIAL EASEMENT DATED MAY 9, 2006, FILED AUGUST 3, 2006, RECORDED IN VOLUME 12871, PAGE 185, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) MISCELLANEOUS EASEMENT DATED AUGUST 6, 2003, FILED FEBRUARY 1, 2007, RECORDED IN VOLUME 13465, PAGE 280, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)
- 104) MEMORANDUM OF COMMERCIAL COASTAL EASEMENT DATED MARCH 5, 2013, FILED MAY 30, 2013, RECORDED IN VOLUME 19388, PAGE 4, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(NOT PLOTTABLE)
- 104) MISCELLANEOUS EASEMENT DATED SEPTEMBER 1, 2013, FILED NOVEMBER 12, 2013, RECORDED IN VOLUME 19787, PAGE 296, OFFICIAL RECORDS, CAMERON COUNTY, TEXAS. (DOES AFFECT SUBJECT TRACTS)(PLOTTED)

MERIDIAN PER THE
TEXAS STATE PLANE COORDINATE SYSTEM
SOUTH ZONE (NAD 1927)



NO.	DATE	DESCRIPTION	BY
1	10/29/2014	REVISE THE DESCRIPTION OF TRACT II.	S.T.

The undersigned hereby certifies that the survey described hereon was made on the ground on 10-13-2014 that the only improvements on the ground are as shown; that there are no visible encroachments, visible overlappings, apparent conflicts, or visible easements, except as shown hereon. THIS CERTIFICATION IS ONLY VALID WITH AN ORIGINAL SIGNATURE AND IF THE DRAWING CONTAINS NO ERASURES OR ADDITIONS.

REGISTERED PROFESSIONAL LAND SURVEYOR NO. 3900

ED), MORE OR LESS, ADJACENT TO THE N COUNTY, TEXAS.

S OF PROPERTY AND MANAGED BY THE L EASEMENT NO. LC 4E 19388, PAGE 4, TEXAS.

LLC

NOTE:
TRACT II ON SURVEY DOES NOT MATCH DESCRIPTION ON OLD REPUBLIC TITLE INSURANCE COMPANY'S TITLE COMMITMENT OF NO. 14004991, DATED SEPTEMBER 29, 2014.

Mejia & Rose, Incorporated

Engineering Surveying
T.B.P.E. Reg. No. F-002670
T.B.P.L.S. Reg. No. 10023900
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G.P. NO. 14004991

JOB NO. 19338
S. TROWBRIDGE