

Ground Lease

Basic Terms

Date: November 4, 2024

Landlord: City of San Marcos

Landlord's Address: 630 East Hopkins Street, San Marcos, Texas 78666

Tenant: Ted Breihan Electric Co., LLC, a Texas limited liability company

Tenant's Address: P. O. Box 477, San Marcos, Texas 78667-0477

Premises

Area: Approximately 13,100 square feet as shown in the attached Exhibit "A"

Location: 118 South Edward Gary Street, San Marcos, Texas 78666

Term:

Commencement Date: May 15, 2025

Termination Date: May 14, 2030

Renewal: Subject to mutual agreement of the parties, provided either party notifies the other in writing of its intention to renew within 90 days of Termination Date.

Rent:

Year 1:	\$7,860.00
Year 2:	\$8,095.80
Year 3:	\$8,338.67
Year 4:	\$8,588.83
Year 5:	\$8,846.50

Permitted Use: Continuation of existing premises use by business as parking and electrical services shop; banned uses for lease and subleases specifically include adult oriented businesses, tattoo parlors, cannabis products shops.

Tenant's Insurance: As required by Insurance Addendum

Definitions

"Agent" means agents, contractors, employees, licensees, and, to the extent under the control of the principal, invitees.

“Essential Services” means utility connections reasonably necessary for occupancy of the Permitted Use.

“Injury” means (1) harm or impairment or loss of property or its use, (2) harm or death of a person, or (3) “personal and advertising injury” as defined in the form of liability insurance Tenant is required to maintain.

“Lienholder” means the holder of a deed of trust covering the Premises.

“Rent” means Annual Rent in the amounts stated above, plus any other amounts of money payable by Tenant to Landlord.

Clauses and Covenants

A. Tenant agrees to—

1. Lease the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.
2. Accept the Premises in their present condition “AS IS,” the Premises being currently suitable for Permitted Use.
3. Lessee shall use reasonable care and caution against damage or destruction to the Premises. Lessee shall not use or permit the use of the Premises for any unlawful purpose, maintain any nuisance, permit any waste, or use the Premises in any way that creates a hazard to persons or property. Lessee shall keep the sidewalks and public ways on the Premises, together with any public right-of-way abutting the Premises, free and clear from any obstructions or conditions which might create a hazard, or from any litter and debris. Lessee shall also be responsible for mowing the Premises and areas of public right-of-way abutting the Premises on a regular basis, but no less often than necessary to ensure that grass and weeds do not exceed 12 inches in height in accordance with Chapter 34, Division 2 of the San Marcos City Code.
4. Obey all laws relating to Tenant's:
 - a. Use, maintenance of the condition, and occupancy of the Premises,
 - b. Keeping the Premises and adjacent property in attractive-looking, clean and sanitary condition, free of debris, and
 - c. Any requirements imposed by utility companies serving or insurance companies covering the Premises.

5. Pay annually, in advance, on the first day of the year, the Base Rent to Landlord at Landlord's Address.
6. Pay a late charge of 10 percent of any Rent not received by Landlord by the fifth day after it is due, plus 10 percent of additional unpaid balances for previous rents, recalculated and charged monthly.
7. Obtain and pay for all Essential Services used by Tenant.
8. Pay, prior to delinquency, all taxes levied during the life of this lease on real property and improvements comprising of the Premises, together with all personal property and improvements on the Premises.
9. Allow Landlord to enter the Premises to perform Landlord's obligations, inspect the Premises, and show the Premises to prospective purchasers or tenants.
10. Repair, replace, and maintain the Premises, normal wear excepted.
11. Repair, replace, and maintain the (a) roof, (b) foundation, and (c) structural soundness of the exterior walls, excluding windows and doors.
12. Allow Landlord to file a financing statement perfecting the security interest created by this lease.
13. Vacate the Premises on the last day of the Term.
14. Provide Landlord written notice of any sublease or assignment at least 90 days prior to the Termination of this lease and at least 90 days prior to the commencement of any sublease or assignment.
15. Tenant shall not permit any sign on the Premises, except signs relating to Tenant's business that are authorized by permit from the Landlord. No political signs shall be placed on the Premises or on the adjacent city road right of ways.
16. ***INDEMNIFY, DEFEND, AND HOLD LANDLORD AND LIENHOLDER, AND THEIR RESPECTIVE AGENTS, HARMLESS FROM ANY INJURY (AND ANY RESULTING OR RELATED CLAIM, ACTION, LOSS, LIABILITY, OR REASONABLE EXPENSE, INCLUDING ATTORNEY'S FEES AND OTHER FEES AND COURT AND OTHER COSTS) OCCURRING IN ANY PORTION OF THE PREMISES. THE INDEMNITY CONTAINED IN THIS PARAGRAPH (a) IS INDEPENDENT OF TENANT'S INSURANCE, (b) WILL NOT BE LIMITED BY COMPARATIVE NEGLIGENCE STATUTES OR DAMAGES PAID UNDER THE WORKERS' COMPENSATION ACT OR SIMILAR EMPLOYEE BENEFIT ACTS, (c) WILL SURVIVE THE END OF THE TERM, AND (d) WILL APPLY EVEN IF AN INJURY IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF LANDLORD***

BUT WILL NOT APPLY TO THE EXTENT AN INJURY IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD AND LIENHOLDER AND THEIR RESPECTIVE AGENTS.

B. Tenant agrees not to—

1. Use the Premises for any purpose other than the Permitted Use.
2. Create a nuisance.
3. Permit any waste.
4. Use the Premises, or allow any sublessee to use the Premises, in any way that would increase insurance premiums or void insurance on the Premises.
5. Alter, or allow any sublessee to alter, the Premises and any tenant owned improvements without applicable required City building or related permits.
6. Allow a lien to be placed on the Premises.
7. Assign this lease or sublease any portion of the Premises without the written consent approved by Landlord's governing body.

C. Landlord agrees to—

1. Lease to Tenant the Premises for the entire Term beginning on the Commencement Date and ending on the Termination Date.
2. Obey all laws relating to Landlord's operation of the Premises.

D. Landlord agrees not to—

1. Interfere with Tenant's possession of the Premises as long as Tenant is not in default.

E. Landlord and Tenant agree to the following:

1. *Alterations.* Any physical additions or improvements to the Premises made by Tenant will become the property of Landlord. Landlord may require that Tenant, at the end of the Term and at Tenant's expense, remove any physical additions and improvements, repair any alterations, and restore the Premises to the condition existing at the Commencement Date, normal wear excepted.
2. *Abatement.* Tenant's covenant to pay Rent and Landlord's covenants are independent. Except as otherwise provided, Tenant will not be entitled to abate Rent for any reason.

3. *Insurance.* Tenant and Landlord will maintain the respective insurance coverages described in the attached Exhibit B "Insurance Addendum".
4. *Release of Claims/Subrogation.* LANDLORD AND TENANT RELEASE EACH OTHER AND LIENHOLDER, AND THEIR RESPECTIVE AGENTS, FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE PREMISES, AND LOSS OF BUSINESS OR REVENUES THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LEASE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LANDLORD AND TENANT WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. THIS RELEASE WILL NOT APPLY IF IT INVALIDATES THE PROPERTY INSURANCE COVERAGE OF THE RELEASING PARTY. **THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE ORDINARY NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY OR ITS AGENTS BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE RELEASED PARTY OR ITS AGENTS.**
5. *Condemnation/Substantial or Partial Taking*
 - a. If the Premises cannot be used for the purposes contemplated by this lease because of condemnation or purchase in lieu of condemnation, this lease will terminate.
 - b. If there is a condemnation or purchase in lieu of condemnation and this lease is not terminated, Landlord will, at Landlord's expense, restore the Premises, and the Rent payable during the unexpired portion of the Term will be adjusted as may be fair and reasonable.
 - c. Tenant will have no claim to the condemnation award or proceeds in lieu of condemnation.
6. *Uniform Commercial Code.* Tenant grants Landlord a security interest in Tenant's personal property now or subsequently located on the Premises. This lease is a security agreement under the Uniform Commercial Code.

7. *Default by Landlord/Events.* Defaults by Landlord are failing to comply with any provision of this lease within thirty days after written notice and failing to provide Essential Services to Tenant within ten days after written notice.
8. *Default by Landlord/Tenant's Remedies.* Tenant's remedies for Landlord's default are to sue for damages and, if Landlord does not provide an Essential Service for thirty days after default, terminate this lease.
9. *Default by Tenant/Events.* Defaults by Tenant are (a) failing to pay timely Rent, (b) abandoning or vacating a substantial portion of the Premises, and (c) failing to comply within ten days after written notice with any provision of this lease other than the defaults set forth in (a) and (b).
10. *Default by Tenant/Landlord's Remedies.* Landlord's remedies for Tenant's default are to (a) enter and take possession of the Premises, after which Landlord may relet the Premises on behalf of Tenant and receive the rent directly by reason of the reletting, and Tenant agrees to reimburse Landlord for any expenditures made in order to relet, (b) enter the Premises and perform Tenant's obligations, and (c) terminate this lease by written notice and sue for damages. Landlord may enter and take possession of the Premises by self-help, by picking or changing locks if necessary, and may lock out Tenant or any other person who may be occupying the Premises, until the default is cured, without being liable for damages.
11. *Default/Waiver/Mitigation.* It is not a waiver of default if the nondefaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this lease does not preclude pursuit of other remedies in this lease or provided by applicable law. Landlord and Tenant have a duty to mitigate damages.
12. *Security Deposit.* If Tenant defaults, Landlord may use the Security Deposit to pay arrears of Rent, to repair any damage or injury, or to pay any expense or liability incurred by Landlord as a result of the default.
13. *Alternative Dispute Resolution.* Landlord and Tenant agree to mediate in good faith before filing a suit for damages.
14. *Attorney's Fees.* If either party retains an attorney to enforce this lease, the party prevailing in litigation is entitled to recover reasonable attorney's fees and other fees and court and other costs.
15. *Venue.* Exclusive venue is in the county in which the Premises are located.
16. *Entire Agreement.* This lease, its exhibits, addenda, and riders are the entire agreement of the parties concerning the lease of the Premises by Landlord to Tenant. There are no representations, warranties, agreements, or promises pertaining to the Premises or the lease of the Premises by Landlord to Tenant, and

Tenant is not relying on any statements or representations of any agent of Landlord, that are not in this lease and any exhibits, addenda, and riders.

17. *Amendment of Lease.* This lease may be amended only by an instrument in writing signed by Landlord and Tenant.
18. *Limitation of Warranties.* THERE ARE NO IMPLIED WARRANTIES OF MERCHANTABILITY, OF FITNESS FOR A PARTICULAR PURPOSE, OR OF ANY OTHER KIND ARISING OUT OF THIS LEASE, AND THERE ARE NO WARRANTIES THAT EXTEND BEYOND THOSE EXPRESSLY STATED IN THIS LEASE.
19. *Notices.* Any notice required or permitted under this lease must be in writing. Any notice required by this lease will be deemed to be delivered (whether actually received or not) when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this lease. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.
20. *Abandoned Property.* Landlord may retain, destroy, or dispose of any property left on the Premises at the end of the Term.

Landlord: City of San Marcos

**Tenant: Ted Breihan Electric Co., LLC, a
Texas limited liability company**

Stephanie Reyes, City of San Marcos

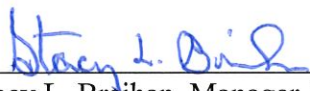
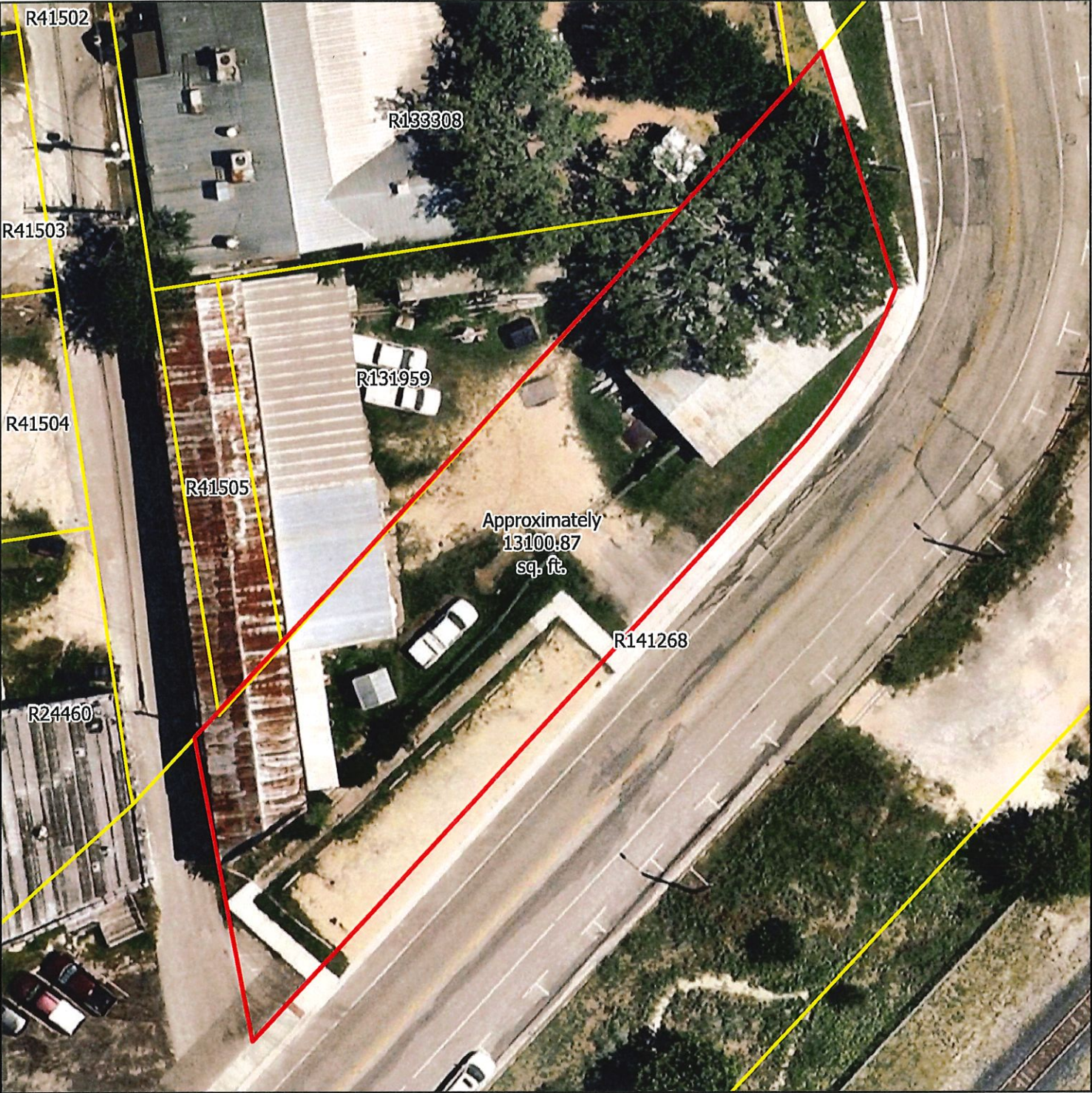

Stacy L. Breihan, Manager & Director

Exhibit A

118 S Edward Gary St.



 Approximate Lease Area
 Parcels



Date:9/6/2024

SAN MARCOS
Engineering and Capital Improvements

This product is for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.

Site Location

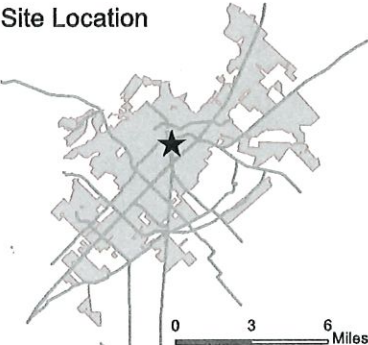


Exhibit "B"
Insurance Addendum

Tenant shall, at its sole cost and expense, procure and maintain during the life of this Lease (except as otherwise provided in this Lease) the following insurance coverage:

- A. **Commercial General Liability Insurance.** Commercial general liability (CGL) with a limit of not less than \$2,000,000 each occurrence and an aggregate limit of not less than \$4,000,000. CGL insurance must be written on ISO occurrence form CG 00 01 12 04 (or a substitute form providing equivalent coverage).
- B. **Business Automobile Coverage Insurance.** Business auto coverage written on ISO form CA 00 01 10 01 (or a substitute form providing equivalent liability coverage) with a combined single limit of not less \$2,000,000 for each accident, and coverage must include liability arising out of any auto (including owned, hired, and non-owned autos).
- C. **Pollution Liability Insurance.** If the permitted use under this Lease includes any generation, handling, enrichment, storage, manufacture, or production of hazardous materials, pollution liability insurance is required. Pollution liability coverage must be written on ISO form Pollution Liability Coverage Form Designated Sites CG 00 39 12 04 (or a substitute form providing equivalent liability coverage), with limits of at least \$5,000,000 per occurrence and an aggregate limit of \$10,000,000. If hazardous materials are disposed of from the Premises, Lessee must furnish to Lessor evidence of pollution legal liability insurance maintained by the disposal site operator for losses arising from the insured facility accepting the materials, with coverage in minimum amounts of \$1,000,000 per loss, and an annual aggregate of \$2,000,000.
- D. **Umbrella or Excess Insurance.** If Tenant utilizes umbrella or excess policies, these policies must "follow form" and afford no less coverage than the primary policy.
- E. All policy(ies) required above must include Landlord as an "Additional Insured" using ISO Additional Insured Endorsement CO 20 11 (or a substitute form providing equivalent coverage). The coverage provided to Landlord as additional insured shall, to the extent provided under ISO Additional Insured Endorsement CG 20 11, provide coverage for Landlord's negligence whether sole or partial, active or passive, and shall not be limited by Tenant's liability under the indemnity provisions of this Lease.
- F. Tenant waives all rights against Landlord and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the workers compensation and employers' liability or commercial umbrella or excess liability insurance obtained by Tenant required by this agreement.
- G. Punitive damages exclusion, if any, must be deleted (and the deletion indicated on the certificate of insurance), unless (a) insurance coverage may not lawfully be obtained for any punitive damages that may arise under this Lease, or (b) all punitive damages are prohibited by the state of Texas.

- H. Prior to execution of this Lease, Tenant shall furnish Landlord with a certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements in this Lease.
- I. All insurance policies must be written by a reputable insurance company acceptable to Landlord, and authorized to do business in the state of Texas.
- J. The fact that insurance is obtained by Tenant, or by Landlord on behalf of Tenant, will not be deemed to release or diminish the liability of Tenant, including, without limitation, liability under the indemnity provisions of this Lease. Damages recoverable by Landlord from Tenant or any third party will not be limited by the amount of the required insurance coverage.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

12/29/2023

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Insurance One Agency, L.C. 601 Embassy Oaks Suite 101 San Antonio TX 78216	CONTACT NAME: Ann Bergfeld PHONE (A/C, No, Ext): (210) 402-0288 E-MAIL ADDRESS: abergfeld@insuranceoneagency.com FAX (A/C, No): INSURER(S) AFFORDING COVERAGE INSURER A: United Fire Group INSURER B: Service Lloyds Insurance INSURER C: INSURER D: INSURER E: INSURER F:	NAIC # 19518
INSURED Ted Breihan Electric Co. LLC, DBA: Ted Breihan Electric Co P.O. Box 477 San Marcos TX 78667		

COVERAGES**CERTIFICATE NUMBER:** 24/25 COI**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☒ PRO-JECT ☐ LOC OTHER:			85325682	01/02/2024	01/02/2025	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	☒ AUTOMOBILE LIABILITY ☒ ANY AUTO OWNED AUTOS ONLY ☐ SCHEDULED AUTOS HIRED AUTOS ONLY ☒ NON-OWNED AUTOS ONLY ☒ Comp ☒ Collision			85325682	01/02/2024	01/02/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	☒ UMBRELLA LIAB ☒ OCCUR EXCESS LIAB ☐ CLAIMS-MADE DED ☒ RETENTION \$ 0			85325682	01/02/2024	01/02/2025	EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N	N/A	SLICWC0392103	01/02/2024	01/02/2025	☒ PER STATUTE ☐ OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

City of San Marcos 630 E. Hopkins San Marcos TX 78666	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Nathan Cernosek</i>
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