

which, together with all of said Boat's motors, engines, machinery, riggings, tackle, apparel, equipment, furniture, accessories and all other appurtenances, is hereinafter collectively referred to as the "Boat."

Section 2. Demise, Term and Purpose

(a) Demise. The City of Port Aransas, Lessor, hereby leases to Lessee, and Lessee hereby leases from Lessor the Slip for a term commencing on the Term Commencement Date and ending upon termination according to Section 4 below.

(b) Except as hereinafter provided under Section 2(c) the Slip shall be used by Lessee only, and shall be used for the sole purpose of the storage of Lessee's Boat. Lessee warrants and represents to Lessor that Lessee is the legal and beneficial owner of the Boat.

(c) Lessor may, during times when Lessee's Boat is not occupying the Slip, rent the Slip to others on any basis within Lessor's sole discretion, so long as Lessee's use and possession of the Slip is not interfered with, and sums paid to Lessor as a result of such rentals shall be the sole property of Lessor. Lessee shall have no right, title or interest therein, and such rentals shall not be credited against any sums owed by Lessee to Lessor hereunder.

Section 3. Rental

(a) Lessee shall pay to Lessor as rental for the Slip the sum of money hereinabove set forth as the "Slip Rental" per quarter, in advance, no later than the first day of each calendar

quarter during the lease term. The first day of calendar quarters are January 1, April 1, July 1 and October 1. If any rental payment is received more than fifteen (15) days following due date, Lessee will pay to Lessor a late fee equal to 5% of the overdue rent in addition to the rent.

(b) If the term of this Lease commences on a day other than the first day of a calendar quarter, the rental for the first day of the term to the last day of the calendar quarter in which the term commences shall be prorated and is payable in advance. If the term of this Lease ends on a day other than the last day of a calendar quarter, the rental for the 1st day of the calendar quarter in which the lease term ends to the last day of the term in the same quarter shall be prorated and is payable in advance.

(c) If Lessee holds over beyond termination date, holdover rental equal to twice the rental payable before termination shall be due and payable until Lessee removes the Boat from the Slip.

Section 4. Termination

(a) Either party may terminate this Lease, with or without cause, on fifteen (15) days written notice.

(b) In addition, Lessor shall have the right to terminate this Lease upon ten (10) days written notice in the event Lessee: (1) fails to pay in advance the rental stipulated herein to be paid; or (2) violates any of the terms or conditions of this Lease or fails to perform any of

Lessee's obligations hereunder; or (3) files for bankruptcy or makes a voluntary assignment for the benefit of creditors, or if a receiver is appointed for Lessee.

(c) Upon termination of this Lease, Lessee shall remove the Boat from the Marina premises, provided however that Lessee shall not have the right to remove the Boat from the Marina premises until all rental and other charges owing by Lessee hereunder have been paid to Lessor.

Section 5. Assignment

This Lease shall not be assigned by the Lessee nor may the Slip be sublet by Lessee without the prior written consent of Lessor.

Section 6. Rules and Regulations

(a) Lessee shall abide by and comply with all Ordinances and all provisions of the Code of Ordinances of the City of Port Aransas and all Rules and Regulations of the City of Port Aransas and any other governmental entity having jurisdiction at the Marina or over Marina affairs as such ordinances and rules and regulations now exist and as same may be amended from time to time.

(b) Pollution. Owner represents and warrants that owner and the boat shall comply in all respects with the Federal Water Pollution Control Amendments of 1972 (a/k/a The Clean

Water Act, Title 33 USC Section 1251 et seq., including but not limited to Section 1321 prohibiting discharge of oil or oily water and Section 1322 prohibiting discharge of untreated sewage) and all other applicable Federal, State, County, and Municipal laws and regulations applicable to the regulation or control of water pollutants.

(c) Registration. Within one month after the effective date of this Lease Lessee shall provide documentation proving that the boat has current out-of-state registration or current Texas state registration and, if applicable, current federal documented vessel certification, and Lessee shall maintain said registrations and certifications on the boat. Lessee shall at all times provide Lessor on demand with proof that said registrations and certifications are current.

(d) Live Aboard Sanitation Requirements. If the boat is being used to conduct live-aboard activities, the Lessee must provide to the Harbor Master on demand written documentation from a certified marine surveyor verifying that the boat's marine sanitation device or devices has/have been inspected and approved in compliance with the American Boat and Yacht Council's rules, regulations, standards and guidelines for live aboard purposes.

Section 7. Lien

Lessee agrees that Lessor shall have, and Lessee hereby grants to Lessor, a lien on Lessee's Boat for any unpaid rental payments and other sums due hereunder and for any other services, materials or fuels rendered or supplied to Lessee for the Boat. The lien shall be in addition to all other liens and remedies provided by Texas or Federal law. Lessee shall not

remove the Boat or any part thereof from the Marina premises and Lessor may chain the Boat to the dock or otherwise physically preclude removal without judicial process and without assuming any responsibility for care of the Boat, until the debt secured by such liens has been fully satisfied by payment in cash or by cashier's check or money order. It is specifically agreed that the use of the Slip, dockage, storage, and services or materials provided pursuant to this Lease are provided to the Boat for the credit of the Boat, and it is understood that the Lessor is relying primarily upon the credit of the Boat for the enforcement of its claim for Slip Rental payments and other sums due and owing, and that it is the further intention of the parties that Maritime Lien or Liens arise for the benefit of Lessor out of the providing of towage, dockage, or other services or materials supplied to or for the Boat, and that the Lessor does not by this agreement or otherwise intend to waive its entitlement to any such Maritime Liens. Should it become necessary for Lessor to obtain the services of an attorney to collect sums due and owing hereunder, or to enforce any lien or security interest of Lessor, Lessee shall pay all expenses incurred, including reasonably attorney's fees, plus all costs of court, upon demand.

Section 8. Security Interest

In addition to the lien created under Section 7 hereof, Lessee hereby grants Lessor a security interest in and a right of setoff against the Boat as security for all sums owing or to be owing by Lessee to Lessor.

Section 9. Secured Creditor Remedies

In the event any sum owing to Lessor by Lessee remains unpaid for fifteen (15) days after the same is due, Lessor shall have the right, without any liability on Lessor's part, at any time thereafter to take possession and title to the Boat, its hull, engines, furniture, apparel, and appurtenances and gear of any sort and all accessories pertaining thereto, and to operate, use, sell in one or more sales, lease, charter, or otherwise dispose of the Boat, in its then condition or following any commercially reasonable preparation or processing, in such order as Lessor may elect, and any such sale may be made either at public or private sales at its place of business or elsewhere, either for cash or upon credit or for future delivery, at such price as Lessor may deem fair, and Lessor may be the purchaser of any part or all of the Boat so sold and hold the same thereafter in its own right free from any claim of Lessee or right of redemption, to satisfy any indebtedness or collection costs owing to Lessor and to discharge the liens (either maritime, statutory or otherwise) granted herein or existing at law, at equity, or under the common law. No such purchase or holding by Lessor shall be deemed a retention by the Lessor in satisfaction of any indebtedness. All demands, notices and advertisements, and the presentment of property at sale, other than as required in this paragraph, are hereby waived. If, notwithstanding the foregoing provision, any applicable provision of the Texas Property Code or other law requires Lessor to give reasonable notice of any such sale or disposition or other action, five (5) days prior written notice shall constitute reasonable notice. Lessor may require Lessee to make the Boat or any part thereof available to Lessor at a place designated by Lessor which is reasonably convenient to Lessor and Lessee. Any sale hereunder may be conducted by an auctioneer or any officer or agent of Lessor. The Lessor and its successors and assigns are hereby irrevocably appointed the true and lawful attorney and/or attorneys of the Lessee in Lessee's name and stead to make all necessary transfers of the Boat and instruments of assignment and transfer, Lessee

hereby ratifying and confirming all that its said attorney or attorneys shall lawfully do by virtue hereof. Nevertheless, the Lessee shall, if so requested by the Lessor or its successors and assigns, ratify and confirm any such sale by executing and delivering to the purchaser or purchasers of the Boat, such proper Bills of Sale, conveyances, instruments of transfer and releases as may be designated in such requests. In addition to any and all other rights, powers and remedies elsewhere granted to Lessor or its successors and assigns, in any suit to enforce any of the rights, powers or remedies of Lessor, Lessor shall be entitled, as a matter of right and not as a matter of discretion, to the appointment of a receiver of the Boat and that any receiver so appointed shall have full rights and powers to use and operate the Boat.

Section 10. Sale Proceeds

The proceeds of any sale or other disposition of the Boat or any part thereof and all sums received or collected by Lessor from or on account of the Boat or any part thereof shall be applied by Lessor in the manner set forth in (i) 70.006 Texas Property Code as presently in effect and/or (ii) any applicable federal law. Lessee shall remain liable to Lessor for any deficiency in the payment of indebtedness, advances, costs, charges and expenses, together with interest thereon remaining unpaid and shall pay the same immediately to Lessor.

Section 11. Other Remedies

Each and every power and remedy herein specifically given to Lessor and/or its successors or assigns shall be cumulative and in addition to every other power and remedy herein

specifically given or now or hereafter existing at law, in equity, admiralty or by statute, and each and every power and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time and as often and in such order as may be deemed expedient by Lessor or its successors and assigns, and Lessor or its successor and assigns may exercise, at the same time or thereafter, any other power or remedy. No delay or omission by Lessor or by any of Lessor's successors or assigns in the exercise of any right or power or in the pursuance of any remedy accruing upon any default as above defined shall impair any such right, power or remedy or be construed to be a waiver thereof or of any such event of default or to be any acquiescence therein; nor shall the acceptance by Lessor or its successors and assigns of any security or any payment of or on account of the debt or obligations maturing after any event of default or any payment on account of any past default be construed to be a waiver of any right to take advantage of any future event of default or of any past event of default not completely cured thereby.

Section 12. Non-Judicial Remedy – Waiver

LESSOR MAY ENFORCE ITS RIGHTS HEREUNDER WITHOUT PRIOR JUDICIAL PROCESS OR HEARING, AND LESSEE EXPRESSLY WAIVES ALL LEGAL RIGHT WHICH MIGHT OTHERWISE REQUIRE LESSOR TO ENFORCE ITS RIGHTS BY JUDICIAL PROCESS. IN SO PROVIDING FOR NON-JUDICIAL REMEDIES LESSEE CONCEDES THAT SUCH REMEDIES ARE RESPONSIVE TO COMMERCIAL NECESSITY AND ARE THE RESULT OF BARGAIN AT ARM'S LENGTH. NOTHING

HEREIN IS INTENDED TO PREVENT LESSOR OR LESSEE FROM RESORTING TO JUDICIAL PROCESS AT EITHER PARTY'S OPTION.

Section 13. Indemnification, Release and Insurance

(a) Lessee shall indemnify and hold harmless Lessor from and against any and all claims, demands, or suits for damages to persons, property, or otherwise which might be brought against Lessor as a result of, arising out of, or in anywise connected with the storage, operation, or presence of the Lessee's Boat in or around the Slip or the Marina, or as a result of, arising out of or in any way connected with any services rendered or to be rendered, materials furnished or to be furnished to or for the Boat or otherwise connected with the Lease, whether occasioned, brought about or caused in whole or in part by the sole or concurrent negligence of Lessor, its agents, directors, officers, employees, servants, or subcontractors, or otherwise or by the unseaworthiness of any vessel or boat docked or operating within or near the Marina or owned or operated by the Lessor, its agents, directors, officers, employees, servants, or subcontractors, regardless of whether such negligence or unseaworthiness be active or passive, primary or secondary.

(b) Lessee hereby releases Lessor from any and all liability for damages of whatever nature to Lessee's Boat, its appurtenances, hull, equipment and other gear or other property belonging to the Lessee or in the custody of the Lessee or Lessee's guests at the Marina arising out of or in any way connected with fire, theft, collision, hurricane, conditions of tide, wind, current, or other natural forces or by the sole or concurrent negligence of Lessor, its agents,

directors, officers, employees, servants, or subcontractors or otherwise, regardless of whether such negligence be active or passive, primary or secondary.

(c) Insurance. Lessee, at Lessee's sole cost and expense, shall procure and maintain throughout the term of this Lease the following insurance: (1) comprehensive general liability insurance, insuring Lessor (as a named insured) as well as Lessee, from and against all claims, demands, or actions arising out of Lessee's use and occupancy of the Slip and ways adjacent thereto, the bodily injury liability coverage to have limits of liability of not less than \$300,000 for each occurrence and \$300,000 aggregate and the property damage liability coverage to have limits of liability of not less than \$100,000 for each occurrence and \$100,000 aggregate.

All such insurance shall be carried with companies satisfactory to Lessor, and Lessee shall obtain a written obligation on the part of each insurance company to notify Lessor in writing at least ten (10) days prior to cancellation of such insurance. Such policies, or duly executed certificates of insurance, shall be delivered to Lessor prior to the commencement of Lessee's occupancy hereunder, and renewals thereof as required shall be delivered to Lessor at least thirty (30) days prior to the expiration of the respective policy terms. Lessee shall furnish Lessor on demand with copies of all policies required herein, and will not alter or cancel same or allow them to be altered or cancelled without Lessor's prior written consent.

Section 14. Maintenance

Lessee hereby agrees to maintain the Boat in a staunch and seaworthy condition during the entire term of this Lease with the decks, masts, standing rigging and all exterior surfaces in a neat and orderly appearance, and to take all steps necessary to maintain the Boat safely afloat with her bilge and interior spaces properly pumped and free of any dangerous, explosive or noxious fumes, vapors, gasoline, or other substances; Lessee further agrees at Lessee's sole expense to promptly refloat and remove the Boat should it sink at its moorings, within the Marina or in the nearby navigable waters and to remove all appurtenances, engines, spars, or other gear which might become detached from the Boat should the Boat sink, and Lessee further agrees, if Lessee should fail for any reason to remove and refloat the Boat and associated appurtenances and gear, within fifteen (15) days after written notice from Lessor, to pay the actual expense of removal either by the Lessor itself or its subcontractors, agents, or others whether or not such wreck removal is required by law or order of the United States Corps of Engineers or Coast Guard. Lessee further agrees that should Lessee fail to pay the expense of removal and refloating the Boat within fifteen (15) days after written notice as agreed, that Lessee will pay upon demand all of Lessor's expenses incurred, including reasonable attorney's fees, should it be necessary to secure the services of an attorney to secure reimbursement from Lessee.

Section 15. Damage

Lessee shall be liable for all damages to the Slip, and any other facility owned by Lessor, or other boats or persons on or about the Marina premises caused by Lessee, Lessee's Boat, Lessee's employees, family agents, invitees or guests.

Section 16. Section Headings

Section headings are for convenience only and have no relevance to the meaning or intent of the contents of this lease.

Section 17. Place of Payments and Notices.

(a) All sums payable hereunder by Lessee to Lessor shall be paid to Lessor at the address of Lessor hereinafter set forth and all notices to be given hereunder by Lessee to Lessor shall be delivered to the same address:

City of Port Aransas
710 West Avenue A
Port Aransas, TX 78373-4128

(b) Notices required to be given hereunder by Lessor to Lessee shall be given (1) by certified mail to the address of Lessee, set forth at Section 1 above, (2) by affixing the notice to the Lessee's Boat in a prominent place, (3) by affixing the notice to the Slip in a prominent place, or (4) by personal delivery. Notice given in accordance with method (1) above is deemed given

upon deposit into an official depository of the U.S. Mail. Notice given in accordance with methods (2) or (3) is deemed given when it is affixed to the Boat or to the Slip. Notice given under method (4) is deemed given upon delivery. If notice is given by more than one method it is deemed given on the earliest date when given by any method.

Section 18. Integration

This Lease constitutes the entire agreement, contract, and understanding of the parties with respect to all matters it purports to cover.

EXECUTED Effective this _____ day of _____, 20_____.

LESSOR:

CITY OF PORT ARANSAS

By: _____

LESSEE:

By: _____