



Travis County Commissioners Court Agenda Request

Meeting Date: December 10, 2013

Prepared By/Phone Number: Juanita Jackson 854-4467

Elected/Appointed Official/Dept. Head: Sherri E. Fleming,
County Executive for Health and Human Services and Veterans Service

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE:

Consider and Take Appropriate Action Regarding the Travis County School Lands located in Throckmorton County, Including:

- A. Renewal of the current Grazing Lease with Spade Ranches, Inc.; and
- B. Renewal of Hunting, Fishing and Camping Lease with Spade Ranches, Inc.

SUMMARY OF REQUEST AND ATTACHMENTS:

The Commissioners Court received an update from Health and Human Services and Texas Agri-Life Extension on the status of the Throckmorton Property on May 14, 2013. At that time, directed staff to draft a one page letter to Travis County school districts describing the availability of permanent school funds, how they would be used by law and with a deadline to respond with their preference. .

BACKGROUND

In 1839, the Republic of Texas awarded three leagues of land (4,428 acres/league) to the established counties for support of the County school systems. Later, another league was added to the award. If the land was not available in the home county, the county could identify, survey, and claim unorganized lands in the Republic. Travis County officially identified its lands in 1856 by paying the discovery costs in the area that had become Throckmorton County. Later surveys established the holding at 18,820 acres.

Between 1883 and 1983, tenants were selected by a bidding process to manage the land. The Continental Cattle Company was the first tenant. In recent years, the leases were 10 years in duration. In 1983, Spade Ranches was awarded the bid.

In 1993, an independent monitor suggested that the lease be renegotiated rather than awarded through a new bidding process. In 2003, the current lease was

negotiated with Spade Ranches for grazing and hunting, and is in effect until December 31, 2013.

In November 2012, independent monitoring were conducted by the Travis County Extension Director visited the Travis County Land in Throckmorton County. During monitoring visit, it was apparent that the land is well managed and a number of improvements were in practice.

STAFF RECOMMENDATIONS:

Staff recommends approval.

ISSUES AND OPPORTUNITIES:

The independent monitor suggested a range management plan be implemented that does not result in injury of the land during the duration of the lease. An independent monitor appointed by the Commissioners' Court sets the grazing limits and monitors the management plan. The lessee must keep appropriate liability insurance to protect Travis County.

As the lessor, Spade Ranches may lease the Travis County School Lands in Throckmorton County to hunters and for other recreational uses.

FISCAL IMPACT AND SOURCE OF FUNDING:

With this lease agreement, Travis County will receive an estimated \$225,840 per year for the grazing lease and fifty (50) percent of the income from the hunting and recreation.

The primary purpose of this income, however, is to be used to fund an active range conservation program. The program is largely that of brush control, fencing and water development.

REQUIRED AUTHORIZATIONS:

Leslie Browder, Purchasing and Budget Office
Chris Gilmore, County Attorney
Cyd Grimes, Travis County Purchasing Agent
Nicki Riley Travis County Auditor
Sherri Fleming, County Executive – HHS/VS
Dolores Sandmann, Travis County Extension Director

HUNTING, FISHING, AND CAMPING LEASE AGREEMENT

This Lease is made and entered into by and between Travis County, a political subdivision of the State of Texas, (hereinafter referred to as the "Lessor"), acting by and through Honorable Samuel T. Biscoe, Travis County Judge and Spade Ranches, Ltd., a Texas limited partnership, located at 4412 74th Street, Suite A-101, Lubbock, Texas 79424, (hereinafter referred to as the "Lessee"), acting by and through Mr. Wesley Welch, President and Chief Executive Officer, Spade Ranches, Ltd., who has been duly authorized to act on behalf of Lessee.

I.

SCOPE OF AGREEMENT

Lessor hereby agrees to lease to Lessee any and all hunting, fishing, and camping rights on the following property ("Premises" or "Leased Premises") described as:

All that certain real property situated in Throckmorton County, Texas, and being approximately eighteen thousand eight hundred and twenty (18,820) acres, more or less, being the entirety of abstract No. 254, Travis County School Land Survey, according to the map or grant thereof as recorded in the map or deed records of Throckmorton County, Texas.

SAVE AND EXCEPT THE LESSOR reserves to itself all of the oil, gas, and other minerals in and under and that may be produced from the above property. The Premises are subject to matters of record and visible easements, roadways, and transmission lines and subject to all existing and future wind leases, licenses, easements, oil, gas, and mineral reservations and leases covering all or any part of the Leased Premises. Lessor reserves the right to any and all monies and other considerations paid or to be paid under and by virtue of the execution

of any wind lease, license, pipeline, road, railroad, utility, or other easement and any existing or future oil, gas, and mineral leases upon the above-described lands for the purpose of making geophysical tests, exploring and drilling for oil, gas, and other minerals and the removal of same if found. This Hunting, Fishing, and Camping lease is expressly made subject to all existing and future valid wind leases, licenses, easements, mineral leases, saltwater disposal leases, and pipeline easements; and, this Hunting, Fishing, and Camping Lease shall be subject to the rights of wind lessees, licensees, easement owners, pipeline companies, and owners of mineral leases, and the right of Lessor, any of its officers or agents, to enter upon said land to explore, develop, produce, and remove minerals, or for any other purposes. Lessor reserves the right to remove from this lease, without the permission of Lessee, such amount of the Leased Premises as Lessor may determine necessary for purposes other than hunting, fishing, and camping, and in which event, this Lease shall be cancelled as to the area so designated by Lessor in writing to Lessee, and rental shall be prorated on the basis of the amount of acreage so taken for said purpose or purposes. Said premises to be used under this Agreement solely for the purposes of hunting, fishing, and camping by Lessee, its customers, and employees.

II.

CONDITION OF PREMISES

Lessee accepts the Premises in the condition in which it exists at the date of execution of this Lease Agreement. At the expiration or termination of this Lease, Lessee shall return the above-described premises in the condition in which it exists at the date of execution of this Lease Agreement.

III.

TERM OF AGREEMENT

- A. **Term.** The term of this Agreement shall run concurrently with the grazing lease between Travis County and Spade Ranches, Ltd. to which this Exhibit is attached. This Lease will begin on January 1, 2014, and will expire on December 31, 2018, unless this Lease is terminated earlier as provided in this Section or Section VII of this Agreement.
- B. **Termination.** In conformance with the Grazing Lease to which this Exhibit is attached, Lessor may terminate this Lease Agreement by providing a one year written notice to the Lessee.
- C. **Simultaneous Termination.** Should the Grazing Lease be terminated under the terms and conditions set forth in said Grazing Lease, this Hunting, Fishing, and Camping Lease will simultaneously terminate.

IV.

COMPENSATION

Lessee agrees to remit to the Travis County School Land Range Conservation Program, established under the terms of the Grazing Lease to which this Exhibit is attached, fifty percent (50%) of the gross receipts obtained by Lessee by and through the operation of this Hunting, Fishing, and Camping Lease. The Lessee is entitled to the remaining fifty percent (50%) of this gross revenue actualized through the development of this Lease.

V.

SUBLEASE OR ASSIGNMENT

- A. **Consent Required.** The Lessee shall not, without the prior written consent of the

Lessor, sublease or assign this Lease; provided, however, this requirement does not apply to the lease of hunting, fishing, or camping rights to Lessee, its employees, or its customers pursuant to this Lease. Such consent shall not be unreasonably withheld. However, if the Lessor gives prior written consent to the sublease or assignment of this Lease, the Lessee, Spade Ranches, Ltd., shall nevertheless remain liable for the payment of all gross revenue due the Lessor under the terms of Section IV above, and for the performance of all of the terms, covenants and conditions of this Lease. Any sublease or assignment by the Lessee without first obtaining written approval of the Commissioners Court shall constitute a default of the stated conditions set forth in this Paragraph. Approval by the Commissioners Court is subject to any terms, conditions and provisions which the Commissioners Court may deem necessary. If given, approval by the Commissioners Court may be set forth in a separate lease agreement, an order, or a resolution adopted by the Travis County Commissioners Court.

B. Court Approval. No such approval by the Commissioners Court or any assignment or sublease shall be deemed in any event or in any manner to provide for the occurrence of any obligation of Lessor in addition to the obligations assumed by Lessor hereunder. Approval by the Commissioners Court of the assignment or sublease shall not be deemed a waiver by Lessor of any rights accrued or accruing against Lessee. No assignee or Sublessee of Lessee's shall assign or sublease this Lease Agreement without the prior written approval of the Commissioners Court.

VI.

FINANCIAL REPORT SCHEDULE

A. Accounting Reports. Lessee will provide the Lessor with semi-annual accounting

reports on the revenue received from the operation of this Hunting, Fishing, and Camping Lease. Additionally, Lessee will provide Lessor with semi-annual expense reports regarding the use of funds remitted to the Travis County School Land Range Conservation Program, Throckmorton County, Texas. The semi-annual revenue and expense reports may be combined in one document and must include:

1. Total amount of revenue derived from leasing hunting, fishing, or camping Rights pursuant to this Lease;
2. An itemized list of receipts setting forth the revenue received from the operation of this Hunting, Fishing, and Camping Lease;
3. The total amount of revenue due the Lessor under this Lease;
4. An itemized list of expenses incurred in the conduct of the Range Conservation Program;
5. The total amount of money in the Range Conservation Program Fund before the deduction of such expenses; and
6. The total amount of money in the Range Conservation Program Fund after deduction of such expenses.

B. Required Documents. Semi-annual accounting reports setting forth revenues and expenses as specified in subsection A above must be accompanied by the following documents:

1. A copy of all Agreements leasing hunting, fishing, or camping rights to Lessee, its employees or customers;
2. Copies of all checks received by the Lessee for leasing hunting, fishing, or camping rights pursuant to this Lease Agreement; and

3. Copies of all checks and receipts evidencing expenses incurred by Lessee in the conduct of the Range Conservation Program.

C. Persons to Receive Reports. Lessee shall send the semi-annual revenue and expense reports under Subsection A of this Section and the related documents required under Subsection B of this Section to the following persons:

1. Ms. Nicki Riley, Travis County Auditor (or her successor in office)
Travis County Auditor's Office
P. O. Box 1748
Austin, Texas 78767
Attn: Travis County School Land
2. Ms. Dolores Sandmann, Director (or her successor in office)
Texas A&M AgriLife Extension Service
1600-B Smith Road
Austin, Texas 78721
Attn: Travis County School Land

VII.

DEFAULT

Failure by the Lessee to remit the agreed upon monies as required in Section IV of this Lease Agreement, and/or failure by the Lessee to provide Lessor with timely financial reports as required in Section VI of this Agreement shall serve to terminate this Agreement, at Lessor's option.

VIII.

INSPECTION BY LESSOR

Lessor shall, at any and all times during business hours of Lessee, have the right to enter into and on the Leased Premises for the purpose of inspecting the hunting, fishing, and camping operations of this Lease and of inspecting, copying or printing any and all documents pertaining to the operation of this Hunting, Fishing, and Camping Lease. As used

herein, the term "records" refers to paper records, computer records, and records stored or created in any other medium.

IX.

INDEMNIFICATION AND CLAIMS NOTIFICATION

A. **Indemnification.** The Lessee agrees and covenants to indemnify, hold harmless and defend Lessor, its officers, employees, agents and representatives from and against any and all claims, demands, losses, damages, causes of action, suits, liability of every kind, whether meritorious or not, including all expenses of litigation, court costs and reasonable attorneys' fees for the defense thereof, for death, bodily injury, other personal injury, or damage to any person or persons, or for damage to or loss of any property arising out of, or occasioned by, directly or indirectly, in whole or in part, from the condition of the premises during the term of this Lease Agreement, or from the intentional or negligent acts or omissions of the Lessee, its officers, agents, representatives, servants, employees, contractors, guests, invitees, licensees, or consultants on or about the Leased Premises, including but not limited to, the conduct or management of the Lessee's business or its use of the above-described Leased Premises.

If any claim, or other action or proceeding, including proceedings before an administrative agency, is made or brought by any person, firm, corporation, or other entity against Lessee or Lessor by reason of any claims, demands, losses, damages, causes of action, or suits, arising out of, or occasioned by those circumstances described in Paragraph A above, the Lessee further agrees and covenants to defend the claim, action, or proceeding by legal action acceptable to Lessor.

B. **County Liability Excluded.** Lessee is not liable for the negligence or intentional acts

or omissions of County, its officers, employees, or the County's appointed Independent Monitor on or about the Leased Premises.

C. Notice by Lessee. The Lessee shall give the Lessor written notice of:

1. any claim, action or proceeding, as provided in Section XII of this Lease Agreement, within five (5) working days after being notified of it or the threat of it;
2. the name and address of the person, firm, corporation or other entity that made or threatened to make the claim, or that instituted or threatened to institute any kind of action or proceeding;
3. the basis of the claim, action or proceeding;
4. the court or administrative agency, if any, where the claim, action or proceeding was instituted; and
5. the name or names of any person against whom the claim, action or proceeding is being made or threatened.

Except as otherwise directed, Lessee shall furnish Lessor with copies of all pertinent papers received by Lessee with respect to said claims, actions or proceedings.

D. Notice by Lessor. In the event Lessor receives notice before Lessee, Lessor shall give Lessee written notice of any such claim, action or proceeding, within five (5) working days after the date Lessor receives notice of such claim, action or proceeding, as prescribed by Paragraph C above.

E. Reimbursement. Lessee or its insurer shall reimburse the Lessor for any damage or loss, in accordance with this Section IX within thirty (30) days after a claim is submitted by Lessor.

F. Survival. The indemnity provisions set forth in this Section IX shall survive the

termination or expiration of this Lease Agreement.

X.

INSURANCE

A. **Insurance Required.** At all times during the term of this lease, Lessee shall carry and maintain in full force and effect, at its own expense, liability insurance sufficient to cover the liability of Lessee under this Lease Agreement, Section IX, Paragraph A, as prescribed in Attachment A, attached hereto and hereby incorporated by reference herein, for all purposes, which contains a description of the type of insurance and the amount of insurance coverage.

B. **Certificates of Insurance.** Before execution of this Lease Agreement, the Lessee shall provide a certificate or certificates of insurance evidencing the insurance coverage required in Attachment A attached hereto. Each certificate shall be an original and shall provide that coverage under the policy cannot be cancelled and changes cannot be made until Lessee has given County at least thirty (30) days advanced, written notice of such cancellation or change; and, in the event of such cancellation or change, Lessee shall obtain a new, replacement policy(s) which, at a minimum, shall have the same coverage(s) specified in Attachment A. Each certificate of insurance shall also name Travis County as an additional insured.

C. **Annual Renewal.** The liability insurance required under Paragraph A hereof shall run for a term of one year and shall be renewed annually throughout the term of this Lease.

D. **Cancellation or Change.** In the event the insurance evidenced by said certificate or certificates is canceled or changed for any reason, the Lessee shall provide the Lessor written notice of said cancellation or change at least thirty (30) days after the Lessee

receives notice of said cancellation or change; and, within thirty (30) days after receiving notice of said cancellation or change, the Lessee shall obtain a new, replacement policy or policies and shall provide the Lessor with a new certificate or certificates of insurance evidencing, at a minimum, the insurance coverage set forth in Attachment A.

Failure by Lessee to maintain the insurance required by Paragraph A of this Section and Attachment A attached hereto shall constitute default by Lessee of this Lease; and, in the event of such default, the Lessor shall be entitled to pursue any and all rights and remedies allowed under Texas law (constitutional law, case law, statutory law, rules, or regulations), and any and all rights and remedies allowed under this Lease Agreement.

E. Remedies. Except as otherwise provided in this Paragraph, the insurance coverage required in Paragraph A of this Section shall be the exclusive remedy of Travis County, Lessor, to recover for any liability incurred by the Lessee under Section IX, Paragraph A of this Lease Agreement. In the event the insurance policy or policies purchased by Lessee under this Agreement do not cover liability incurred by Lessee under Section IX, Paragraph A, or, in the event said policy or policies are not in effect for any reason at the time Lessee incurs such liability, the Lessor shall be entitled to any and all rights and remedies allowed under Texas Law (constitutional law, statutory law, case law, rules, or regulations), including, but not limited to, any and all rights and remedies provided by other insurance policies covering Lessee, which are heretofore or hereafter in effect, as well as any and all assets of Lessee necessary to cover such liability. Notwithstanding the requirements for insurance coverage set forth in Paragraph A of this Section, Lessee shall be liable for and shall indemnify, hold harmless, and defend Lessor, Travis County, for any and all deaths, bodily injuries, other personal injuries, damages or losses, as prescribed in Section IX,

Paragraph A, whether or not Lessee carries insurance to cover said death, bodily injury, other personal injury, damage, or loss.

XI.

HUNTING, FISHING, AND CAMPING ACTIVITIES

- A. **Precedence.** The hunting, fishing, and camping activities conducted by Lessee, its customers, and employees, shall not interfere with the operation of the Range Conservation Program, established under the terms of the Grazing Lease, to which this Exhibit is attached. The operation of the Range Conservation Program shall take precedence over the hunting, fishing, and camping activities conducted under this Lease Agreement.
- B. **Compliance with Applicable Law.** In conducting hunting, fishing, and camping activities under this Lease, Lessee, its customers, and employees, shall be subject to all applicable laws, local, state, and federal, on hunting, fishing, and camping and shall not engage in any prohibited acts.
- C. **Damage to Land Prohibited.** In conducting hunting, fishing, and camping activities under this Lease, Lessee, its customers and employees, shall not engage in any activity which leads to damage to the land or environment, other than a de minimis loss.
- D. **Other Lessees.** In conducting hunting, fishing, and camping activities under this Lease, Lessee, its customers and employees, shall not interfere with the operations of mineral lessees or pipeline companies on the premises.
- E. **Lessee to Ensure Compliance.** Lessee shall comply and shall ensure that its customers and employees comply with the requirements of this Section, regarding the conduct of hunting, fishing, and camping activities hereunder.

XII.

NOTICE

A. All notices sent to Lessor or Lessee under this Agreement shall be hand delivered or sent by registered or certified mail, postage prepaid, return receipt required, and addressed to the proper party at the following addresses:

Lessor:

Honorable Samuel T. Biscoe (or his successor in office)
Travis County Judge
P.O. Box 1748

Lessee:

Spade Ranches, Ltd.
4412 74th Street, Suite A-101
Lubbock, Texas 79424

B. For notice to Lessor to be effective, a copy of any such notice must also be sent in the same manner to the Travis County Attorney and Travis County Purchasing Agent at the following addresses:

Honorable David Escamilla (or his successor in office)
Travis County Attorney's Office
314 W. 11th, Suite 300
Austin, Texas 78701
ATTN: Travis County School Land

Cyd Grimes, C.P.M., CPPO (or her successor)
Travis County Purchasing Agent
P.O. Box 1748
Austin, Texas 78767

C. Either the Lessor, including the Travis County Attorney and the Travis County Purchasing Agent, or the Lessee may change its above-designated address by giving notice

as provided in this Section.

D. Notice sent by registered or certified mail shall be deemed effective three (3) days after deposit at a U.S. Post Office or in a U.S. Mailbox, provided said notice is given as required under Paragraphs A and B of this Section.

XIII.

AMENDMENT/MODIFICATION

Any amendment or modification to the terms of this Agreement or any attachment attached hereto shall be in writing, shall be dated subsequent to the date of this Agreement, shall be approved by the Travis County Commissioners Court and shall be signed by each party to this Agreement. No officer, agent, employee or representative of Lessor has any authority to amend or modify the terms of this Agreement or any attachment hereto, unless expressly granted that authority by the Travis County Commissioners Court.

XIV.

SEVERABILITY

In the event that any one or more of the provisions contained in this Lease Agreement shall be held, for any reason, to be invalid, illegal, or unenforceable in any respect, by a Court of competent jurisdiction, such invalidity, illegality, or enforceability shall not affect any other provision of this Lease Agreement, and this Lease Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

XV.

APPLICABLE LAW

This Lease Agreement shall be governed, interpreted and construed under and in

accordance with the laws of the State of Texas and the laws of the United States of America.

XVI.

VENUE

All obligations of the parties created by virtue of this Lease Agreement are fully performable in Travis County, Texas; and, venue for any dispute arising out of this Lease Agreement shall be in Travis County, Texas.

XVII.

BREACH/RIGHTS AND REMEDIES

- A. Breach. If Lessee is in default under Section V, Section VII, or Section X of this Lease Agreement, or if Lessee fails to meet any of its other obligations under this Lease Agreement, Lessee shall be deemed to be in breach of this Agreement; and, in the event of such breach, Lessor, Travis County, shall be entitled to pursue any and all rights and remedies allowed under this Lease, or under Texas law (constitutional law, statutory law, case law, rules, or regulations).
- B. Rights and Remedies Cumulative. All rights and remedies of the Lessor under this Lease and under Texas law shall be cumulative; and, Lessor's exercise of any right or remedy under this Lease or under Texas law, in whole or in part, shall not preclude the exercise of any other right or remedy under this Lease or under any law of the State of Texas.
- C. Rights and Remedies Concurrent. Such rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion there for arises.
- D. No Waiver. In the event Lessor does not enforce any obligation of Lessee under this Lease, or does not pursue any rights or remedies to which Lessor may be entitled or

pursues a right or remedy only in part, such failure shall not be considered a waiver of Lessor's rights and remedies; and Lessor shall be entitled to pursue any right or remedy, in whole or in part, as provided in this Lease or under Texas law.

XVIII.

HEADINGS AND TITLES

Headings and titles at the beginning of the provisions of this Lease Agreement have been included only to make it easier and more convenient to locate the subject matter covered by that part, section or subsection and shall not be used in interpreting or construing this Agreement.

XIX.

CONSTRUCTION OF AGREEMENT

This Agreement shall be interpreted and construed according to its fair meaning and not for or against either party. Provisions, words, phrases and statutes, whether expressly set forth in this Agreement or incorporated by actual use or reference, shall be applied to this Agreement in accordance with TEX. GOV'T CODE ANN. Chapters 311 and 312.

XX.

GENDER AND NUMBER

Words of any gender in this Agreement shall be construed to include any other gender, and words in either number shall be construed to include the other, unless the context in the Agreement clearly requires otherwise.

XXI.

TIME COMPUTATION

When any period of time is stated in this Agreement, the time shall be computed

to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that Travis County has declared a holiday for its employees, these days shall be omitted from the computation.

XXII.

AUTHORITY TO EXECUTE AGREEMENT

Lessee, Spade Ranches, Ltd., hereby warrants and guarantees that Mr. Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., has been duly authorized by Lessee to sign this Lease Agreement on behalf of Lessee and to bind Lessee validly and legally to all the terms, conditions and provisions in this Agreement.

Executed in duplicate on this 14th day of November, 2013.

LESSOR:

TRAVIS COUNTY, TEXAS

By: _____
Honorable Samuel T. Biscoe
Travis County Judge

LESSEE:

SPADE RANCHES, LTD.
a Texas limited partnership

By: Wesley Welch
Wesley Welch
President and Chief Executive Officer
Spade Ranches, Ltd.

THE STATE OF TEXAS

COUNTY OF Lubbock

§
§
§

BEFORE ME, A NOTARY PUBLIC, on this day personally appeared Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and who acknowledged to me that he executed the foregoing in his capacity as President and Chief Executive Officer of Spade Ranches, Ltd., for the purposes and consideration therein expressed.

Given under my hand and seal this 14th day of November, 2013,
Lubbock County, Texas.

Debby Barbee Strong
Notary Public of Lubbock
County, Texas
My Commission Expires: 2-2-15



STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2013, by Samuel
T. Biscoe, County Judge of Travis County, Texas, on behalf of said county.

Notary Public in and for
The State of Texas

Name (typed or printed)
My Commission expires: _____

Attachment A

**Requirements for Insurance Coverage for Hunting, Fishing, and Camping Lease of
Travis County School Land, Throckmorton County, Texas**

Below are the specifications for insurance required to be kept in effect by Lessee during the terms of the Hunting, Fishing, and Camping Lease on Travis County School Land in Throckmorton County, Texas.

General Liability

Each Occurrence	\$1,000,000
Damage to Rented Property	\$100,000
Personal and Adv. Injury	\$1,000,000
General Aggregate	\$2,000,000

Automobile Liability

Combined Single Limit	\$1,000,000
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Excess/Umbrella Liability

Each Occurrence	\$5,000,000
Aggregate	\$5,000,000

Workers Compensation & Employers Liability

Each Accident	\$500,000
Disease (Each Employee)	\$500,000
Disease – Policy Limit	\$500,000

Exhibit C

**Requirements for Insurance Coverage for Grazing Lease of
Travis County School Land, Throckmorton County, Texas**

Below are the specifications for insurance required to be kept in effect by Lessee during the terms of the Grazing Lease on Travis County School Land in Throckmorton County, Texas.

General Liability

Each Occurrence	\$1,000,000
Damage to Rented Property	\$100,000
Personal and Adv. Injury	\$1,000,000
General Aggregate	\$2,000,000

Automobile Liability

Combined Single Limit	\$1,000,000
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Excess/Umbrella Liability

Each Occurrence	\$5,000,000
Aggregate	\$5,000,000

Workers Compensation & Employers Liability

Each Accident	\$500,000
Disease (Each Employee)	\$500,000
Disease – Policy Limit	\$500,000

LEASE FOR GRAZING PURPOSES OF TRAVIS COUNTY SCHOOL LAND SURVEY, ABSTRACT NUMBER 254, THROCKMORTON COUNTY, TEXAS

This Lease is made and entered into on this, the _____ day of _____, 2013, by and between Travis County, a political subdivision of the State of Texas, (hereinafter referred to as the "Lessor"), by and through Honorable Samuel T. Biscoe, Travis County Judge, pursuant to Article VII, Section 6, of the Texas Constitution, and Spade Ranches, Ltd., a Texas limited partnership, acting by and through Mr. Wesley Welch, President and Chief Executive Officer, who has been duly authorized to act on behalf of Spade Ranches, Ltd., which is located at 4412 74th Street, Suite A-101, Lubbock, Texas 79424 (hereinafter referred to as the "Lessee").

I.

DESCRIPTION OF LAND LEASED

Travis County, Texas, Lessor, for and in consideration of the terms and conditions here set out does hereby lease to Spade Ranches, Ltd., Lessee, all of the following described real property in Throckmorton County, Texas, (hereinafter referred to as the "Leased Premises" or the "Premises"), for grazing purposes, subject to the following exceptions set forth below:

All that certain real property and improvements thereon situated in Throckmorton County, Texas, and being approximately 18,820 acres, more or less, being the entirety of Abstract No. 254, Travis County School Land Survey, according to the map or grant thereof as recorded in the map or deed records of Throckmorton County, Texas.

SAVE AND EXCEPT THE LESSOR reserves to itself, all of the oil, gas, and other minerals in and under and that may be produced from the above property. The Premises are subject to matters of record and visible easements, roadways, and transmission lines and subject to all existing and future wind leases, licenses, easements, oil, gas, and mineral reservations and leases covering all or any part of the Leased Premises. Lessor reserves the right to any and all monies and other considerations

paid or to be paid under and by virtue of the execution of any wind lease, license, pipeline, road, railroad, utility, or other easement and any existing or future oil, gas, and mineral leases upon the above-described lands for the purpose of making geophysical tests, exploring and drilling for oil, gas, and other minerals and the removal of same if found. This grazing lease is expressly made subject to all existing and future valid wind leases, saltwater disposal agreements, licenses, easements, mineral leases and pipeline easements; and, this grazing lease shall be subject to the rights of wind lessees, licensees, easement owners, pipeline companies, and owners of mineral leases, and the right of Lessor, any of its officers or agents, to enter upon said land to explore, develop, produce, and remove minerals, or for any other purposes. Lessor reserves the right to remove from this lease, without the permission of Lessee, such amount of the Leased Premises as Lessor may determine necessary for purposes other than grazing, in which event, this Lease shall be cancelled as to the area so designated by Lessor in writing to Lessee, and rental shall be prorated on the basis of the amount of acreage so taken for said purpose or purposes.

II

LEASE TERM

The term of said grazing lease of the above-described premises shall be a term of five (5) years, beginning on the 1st day of January 2014 and ending on the 31st day of December 2018, provided Lessee pays each annual installment as required under Section III of this Agreement, and provided Lessee is not in default under any other condition or provision of this Lease.

III.

PAYMENT OF RENTAL

In consideration for the lease of the above-described premises for grazing purposes, the Lessee agrees to pay a total rental of One Million One Hundred Twenty Nine Thousand Two Hundred Dollars (\$1,129,200) in five (5) equal annual installments of Two Hundred Twenty Five Thousand Eight Hundred Forty Dollars (\$225,840) each, the first of which annual installments is due upon the execution of this lease by the Lessee and the receipt of which is hereby acknowledged by Lessor. The remaining annual installments shall each be due on or before the 15th day of December of each and every year of the term of this lease. In the event that any annual installment is not made on or before the date it is due, the Commissioners Court of Travis County, Texas, may, at its option, upon written notice to the Lessee, charge an additional fifteen percent (15%) of the amount of the annual installment or portion thereof, not timely paid and an additional five percent (5%) per month for each full calendar month during which an annual installment or any portion thereof remains unpaid; provided, however, that the acceptance of a late rental payment by the Lessor shall not be deemed to be a waiver of the Lessor's right to timely payment of future rentals.

IV.

RANGE CONSERVATION PROGRAM

In consideration of the grazing rights provided by this lease, the Lessee agrees to conduct a Range Conservation Program and to perform specific land improvements at Lessee's sole cost where the cost of the Range Conservation Program during any given year of the lease term exceeds the amount of money available in the Range Conservation Fund established as prescribed in the

Hunting, Fishing, and Camping Lease, which runs concurrently with this lease, and which is attached hereto and hereby incorporated by reference herein for all purposes as Exhibit B.

V.

IMPROVEMENTS

It shall be a condition of this lease that any permanent improvements which are made upon the above-described premises during the term of this lease shall remain upon the premises and become a part of the realty, and upon the termination or expiration of this lease, such improvements shall remain on the premises and belong to the Lessor without right of compensation to the Lessee.

VI.

EXHIBITS

- A. **Exhibit A.** The terms, provisions, conditions and specifications set forth in Exhibit A, attached hereto, are hereby incorporated by reference in this Lease for all purposes, as if fully copied and set forth herein at length.
- B. **Exhibit B.** The Hunting, Fishing, and Camping Lease, attached hereto as Exhibit B, runs concurrently with this grazing lease.
- C. **Exhibit C.** Exhibit C sets forth the insurance coverage requirements under this Lease, and is attached hereto and hereby incorporated by reference herein for all purposes, as if fully copied and set forth herein at length.

VII.

RANGE MANAGEMENT

During the term of this Lease, Lessee shall use said premises for grazing and related farming purposes only, in accordance with prudent range management practices, and shall not permit or permit to be committed any waste or injury to said premises or improvements located thereon. At

any time during the term of this Lease, if the Lessee does not in good faith undertake the Range Conservation Program and/or practices outlined in this Agreement and diligently pursue the same to completion Lessee shall be in default of this Lease; and, the Lessor, at its option after giving thirty (30) days written notice to Lessee, shall have the right to terminate this Lease. Termination of the Lease under this provision shall not entitle the Lessee to a pro rata refund of any rental payment, which may have already been paid by the Lessee. As used in this paragraph, the term "agreement" includes this Lease Agreement and all the terms, provisions, conditions and specifications set forth in Exhibit A, attached hereto and hereby incorporated by reference herein.

VIII.

INDEPENDENT MONITOR

The Travis County Commissioners Court shall appoint an Independent Monitor who shall oversee, on behalf of the County, the Range Conservation Program and practices outlined in this Lease Agreement and Exhibit A attached hereto. The Independent Monitor shall inform the Commissioners Court through semi-annual reports as to the progress and status of the Range Conservation Program and practices. The Lessee shall bear the total cost of the Range Conservation Program and practices, above and beyond any money deposited in the Range Conservation Fund pursuant to the Hunting, Fishing, and Camping Lease.

IX.

GRAZING LIMITS

The Lessee further agrees that at all times during the Lease period, Lessee will exercise its grazing rights only within the then-current limits deemed acceptable by the Independent Monitor. If during any year of this Lease, the Lessee disagrees with the grazing limits established by the Independent Monitor, the Lessee shall be entitled to appeal said grazing limits to the Commissioners

Court of Travis County, Texas. The decision of said Commissioners Court with respect to grazing limits shall be final and binding upon the Lessee. Any grazing beyond those limits established either by the Independent Monitor, or by the Travis County Commissioners Court, upon appeal to that Court, shall constitute a default of a condition of this lease.

X.

GRAZING RIGHTS

By this lease, the Lessor grants Lessee the right to use the leased premises for grazing and related farming purposes only. This lease does not include any hunting, fishing, or camping rights. However, a separate Lease Agreement respecting hunting, fishing, and camping rights, attached hereto as Exhibit B, runs concurrently with this Lease Agreement.

XI.

CONDITION OF PREMISES

Lessee accepts the above-described premises in the condition in which it exists at the date of execution and delivery of this Lease.

XII.

SUBLEASE OR ASSIGNMENT

A. **Consent Required.** The Lessee shall not sublease or assign the entirety or any portion of the above-described Premises for grazing purposes or related farming purposes, for hunting, fishing, or camping purposes, or for any other purpose whatsoever, without the prior written approval of the Commissioners Court of Travis County, Texas. Any sublease or assignment by the Lessee without first obtaining written approval of the Commissioners Court shall constitute a default of the stated conditions set forth in this paragraph. Approval by the Commissioners Court is subject to any terms, conditions and provisions, which the Commissioners Court may deem necessary. If given, approval

by the Commissioners Court shall be set forth in a separate lease agreement, an order, or a resolution adopted by the Travis County Commissioners Court.

B. Court Approval. No such approval by the Commissioners Court of any sublease or assignment shall be deemed in any event or in any manner to provide for the occurrence of any obligation of Lessor in addition to the obligations assumed by Lessor hereunder. Approval by the Commissioners Court of the sublease or assignment shall not be deemed a waiver by Lessor of any rights accrued or accruing against Lessee. No sublessee or assignee of Lessee's shall sublease or assign this Lease Agreement, without the prior written approval of the Commissioners Court.

XIII.

DEFAULT

A. Actions or Conditions Constituting Default. The Lessee shall be in default of this Lease if the Lessee:

1. Fails to timely make rental payments in accordance with this Lease;
2. Is in default as specifically provided in any other Section of this Lease;
3. Fails to meet any of its other obligations under this Lease in accordance with the terms and conditions of this Lease; or
4. Loses possession of the Premises by reason of receivership, bankruptcy proceedings, or other operation of law in any manner whatsoever.

B. Termination of Lease or Relet of Premises. If the Lessee should fail to make timely rental payments, or if the Lessee remains in default under any other condition or provision of this Lease, as specified in Paragraph A above, for a period of thirty (30) days after written notice from the Lessor in accordance with the terms of this Lease Agreement, or should any person other than the Lessee secure possession of the premises or any part thereof by reason of any receivership,

bankruptcy proceedings, or other operations of law in any manner whatsoever, the Lessor may, at its option, without notice to the Lessee, terminate this Lease; or, in the alternative, the Lessor may reenter and take possession of said premises and remove persons and property therefrom without being deemed guilty of any manner of trespass, and Lessor may relet the premises or any part thereof for all or any part of the remainder of the Lease term to a party satisfactory to the Lessor for such rental as the Lessor may, with reasonable diligence, be able to secure. Should the Lessor be unable to relet the premises after reasonable efforts to do so, or should such rental be less than the rental the Lessee was obligated to pay under this Lease, then the Lessee shall pay to the Lessor the amount of such deficiency plus the expenses of reletting the premises.

C. No Return of Rental Payment. In the event of any termination of this Lease or reentry by the Lessor under the terms of this Section, the Lessee shall not be entitled to any return of any portion of any previously paid rental payment, provided however, that any unearned rental payment shall be credited toward the amount of any deficiency required to be paid by the Lessee under the terms of this Section.

D. Liens. It is expressly understood and agreed that in the event of default by the Lessee under the terms of this Section or under other provisions of this Lease, the Lessor shall have a lien upon all goods, chattel, or personal property of any character, kind, or description belonging to the Lessee which are placed on or become a part of the Leased Premises as security for rent due and rent to become due for the remainder of the current lease term, which lien shall not be in lieu of or in any way affect statutory Lessor's lien given by law, which shall be cumulative thereto.

XIV.

SALE OF PREMISES

In the event of an outright sale of the Leased Premises by the Lessor, the Lessor shall provide Lessee with one (1) year notice, as provided in Section XX of this Lease.

XV.

BREACH/RIGHTS AND REMEDIES

- A. **Breach.** If Lessee fails to meet any of its obligations under this Agreement, Lessee shall be deemed to be in breach of this Agreement; and, in the event of such breach, Lessor, Travis County, shall be entitled to pursue any and all rights and remedies allowed under this Lease, or under Texas law (constitutional law, statutory law, case law, rules, or regulations).
- B. **Rights and Remedies Cumulative.** All rights and remedies of the Lessor under this Lease and under Texas law shall be cumulative; and, Lessor's exercise of any right or remedy under this Lease or under Texas law, in whole or in part, shall not preclude the exercise of any other right or remedy under this Lease or under any law of the State of Texas.
- C. **Rights and Remedies Concurrent.** Such rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion therefor arises.
- D. **No Waiver.** In the event Lessor does not enforce any obligation of Lessee under this Lease, or does not pursue any rights or remedies to which Lessor may be entitled or pursues a right or remedy only in part, such failure shall not be considered a waiver of Lessor's rights and remedies; and Lessor shall be entitled to pursue any right or remedy, in whole or in part, as provided in this Lease or under Texas law.

XVI.

RELATIONSHIP OF PARTIES

This Lease shall not give rise to a partnership relationship between the parties hereto. Neither party shall have the authority to bind the other without its written consent.

XVII.

INDEMNIFICATION AND CLAIMS NOTIFICATION

A. **Indemnification.** The Lessee agrees and covenants to indemnify, hold harmless and defend Lessor, its officers, employees, agents and representatives from and against any and all claims, demands, losses, damages, causes of action, suits, liability of every kind, whether meritorious or not, including all expenses of litigation, court costs and reasonable attorneys' fees for the defense thereof, for death, bodily injury, other personal injury, or damage to any person or persons, or for damage to or loss of any property arising out of, or occasioned by, directly or indirectly, in whole or in part, the intentional or negligent acts or omissions of the Lessee, its officers, agents, representatives, servants, employees, contractors, guests, invitees, licensees, or consultants on or about the Leased Premises, including but not limited to, the conduct or management of the Lessee's business or its use of the above-described Leased Premises.

If any claim, or other action or proceeding, including proceedings before an administrative agency, is made or brought by any person, firm, corporation, or other entity against Lessee or Lessor by reason of any claims, demands, losses, damages, causes of action, or suits, arising out of, or occasioned by those circumstances described in Paragraph A above, the Lessee further agrees and covenants to defend the claim, action, or proceeding by legal action acceptable to Lessor.

B. County Liability Excluded. Lessee is not liable for the negligence or intentional acts or omissions of County, or its officers, employees or the County's appointed Independent Monitor on or about the leased Premises.

C. Notice by Lessee. The Lessee shall give the Lessor written notice of:

1. any claim, action or proceeding, as provided in Section XII of this Lease Agreement, within five (5) working days after being notified of it or the threat of it;
2. the name and address of the person, firm, corporation or other entity that made or threatened to make the claim, or that instituted or threatened to institute any kind of action or proceeding;
3. the basis of the claim, action or proceeding;
4. the court or administrative agency, if any, where the claim, action or proceeding was instituted; and
5. the name or names of any person against whom the claim, action or proceeding is being made or threatened.

Except as otherwise directed, Lessee shall furnish Lessor with copies of all pertinent papers received by Lessee with respect to said claims, actions or proceedings.

D. Notice by Lessor. In the event Lessor receives notice before Lessee, Lessor shall give Lessee written notice of any such claim, action or proceeding, within five (5) working days after the date Lessor receives notice of such claim, action or proceeding, as prescribed by Paragraph C above.

E. Reimbursement. Lessee or its insurer shall reimburse the Lessor for any damage or loss, in accordance with this Section XVII, within thirty (30) days after a claim is submitted by Lessor.

F. Survival. The indemnity provisions set forth in this Section XVII shall survive the termination or expiration of this Lease Agreement.

XVIII.

INSURANCE

A. Insurance Required. At all times during the term of this lease, Lessee shall carry and maintain in full force and effect, at its own expense, liability insurance sufficient to cover the liability of Lessee under this Lease Agreement, Section XVII, Paragraph A, as prescribed in Exhibit C, attached hereto and hereby incorporated by reference herein, for all purposes, which contains a description of the type of insurance and the amount of insurance coverage.

B. Certificates of Insurance. Before execution of this Lease Agreement, the Lessee shall provide a certificate or certificates of insurance evidencing the insurance coverage required in Exhibit C attached hereto. Each certificate shall be an original and shall provide that coverage under the policy cannot be cancelled and changes cannot be made until Lessee has given County at least thirty (30) days advanced, written notice of such cancellation or change; and, in the event of such cancellation or change, Lessee shall obtain a new, replacement policy(s) which, at a minimum, shall have the same coverage(s) specified in Exhibit C. Each certificate of insurance shall also name Travis County as an additional insured.

C. Annual Renewal. The liability insurance required under Paragraph A hereof shall run for a term of one year and shall be renewed annually throughout the term of this Lease.

D. Cancellation or Change. In the event the insurance evidenced by said certificate or certificates is canceled or changed for any reason, the Lessee shall provide the Lessor written notice of said cancellation or change at least thirty (30) days after the Lessee receives notice of said cancellation or change; and, within thirty (30) days after receiving notice of said cancellation or

change, the Lessee shall obtain a new, replacement policy or policies and shall provide the Lessor with a new certificate or certificates of insurance evidencing, at a minimum, the insurance coverage set forth in Exhibit C.

Failure by Lessee to maintain the insurance required by Paragraph A of this Section and Exhibit C attached hereto shall constitute default by Lessee of this Lease; and, in the event of such default, the Lessor shall be entitled to pursue any and all rights and remedies allowed under Texas law (constitutional law, case law, statutory law, rules, or regulations), and any and all rights and remedies allowed under this Lease Agreement.

E. Remedies. Except as otherwise provided in this Paragraph, the insurance coverage required in Paragraph A of this Section shall be the exclusive remedy of Travis County, Lessor, to recover for any liability incurred by the Lessee under Section XVII, Paragraph A of this Lease Agreement. In the event the insurance policy or policies purchased by Lessee under this Agreement do not cover liability incurred by Lessee under Section XVII, Paragraph A, or, in the event said policy or policies are not in effect for any reason at the time Lessee incurs such liability, the Lessor shall be entitled to any and all rights and remedies allowed under Texas Law (constitutional law, statutory law, case law, rules, or regulations), including, but not limited to, any and all rights and remedies provided by other insurance policies covering Lessee, which are heretofore or hereafter in effect, as well as any and all assets of Lessee necessary to cover such liability. Notwithstanding the requirements for insurance coverage set forth in Paragraph A of this Section, Lessee shall be liable for and shall indemnify, hold harmless, and defend Lessor, Travis County, for any and all deaths, bodily injuries, other personal injuries, damages, or losses, as prescribed in Section XVII, Paragraph A, of this Agreement, whether or not Lessee carries insurance to cover said death, bodily injury, other personal injury, damage, or loss.

XIX.

ASSIGNMENT BY LESSOR

The Lessor is expressly given the right to assign any or all of its interests under the terms of this Lease. The Lessor expressly reserves the right, during the term of this Lease, to convey any or all of its rights, title, or interests in or to the Leased Premises by deed or otherwise; provided, however, that any such conveyance shall be subject to the terms and conditions of this Agreement. As used in this Paragraph, the term "assignment" does not mean an outright sale of the Leased Premises which is covered in Section XIV of this Lease.

XX.

NOTICE

A. All notices sent to Lessor or Lessee under this Agreement shall be hand delivered or sent by registered or certified mail, postage prepaid, return receipt required, and addressed to the proper party at the following addresses:

Lessor:

Honorable Samuel T. Biscoe (or his successor in office)
Travis County Judge
P.O. Box 1748
Austin, Texas 78767

Lessee:

Spade Ranches, Ltd.
4412 74th Street, Suite A-101, Lubbock, Texas
Lubbock, Texas 79424

B. For notice to Lessor to be effective, a copy of any such notice must also be sent in the same manner to the Travis County Attorney and Travis County Purchasing Agent at the following

addresses:

Honorable David Escamilla (or his successor in office)
Travis County Attorney's Office
314 W. 11th, Suite 300
Austin, Texas 78701
ATTN: Travis County School Land

Cyd Grimes, C.P.M., CPPO (or her successor)
Travis County Purchasing Agent
P.O. Box 1748
Austin, Texas 78767

C. Either the Lessor, including the Travis County Attorney and the Travis County Purchasing Agent, or the Lessee may change its above-designated address by giving notice as provided in this Section.

D. Notice sent by registered or certified mail shall be deemed effective three (3) days after deposit at a U.S. Post Office or in a U.S. Mailbox, provided said notice is given as required under Paragraphs A and B of this Section.

XXI.

APPLICABLE LAW

This Lease Agreement shall be governed, interpreted and construed under and in accordance with the laws of the State of Texas and the laws of the United States of America.

XXII.

VENUE

All obligations of the parties created by virtue of this Lease Agreement are fully performable in Travis County, Texas; and, venue for any dispute arising out of this Lease Agreement shall be in Travis County, Texas.

XXIII.

SEVERABILITY

In the event that any one or more of the provisions contained in this Lease Agreement shall be held, for any reason, to be invalid, illegal, or unenforceable in any respect, by a court of competent jurisdiction, such invalidity, illegality, or enforceability shall not affect any other provision of this Lease Agreement, and this Lease Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

XXIV.

VACATING PREMISES AT EXPIRATION OF LEASE

At the expiration of this Lease Agreement, the Lessee shall promptly and peaceably vacate the whole of said premises, and shall remove all livestock of every character and description belonging to the Lessee, and shall surrender possession of said premises to the Lessor in at least as good a condition as it is in at the time of the execution of this Lease Agreement, except for normal wear and tear. However, this Section shall not be construed to interfere with, diminish, or impair Lessor's rights under Section XIII or Section XVIII of this Lease Agreement.

XXV.

HEADINGS AND TITLES

Headings and titles at the beginning of the provisions of this Lease Agreement have been included only to make it easier and more convenient to locate the subject matter covered by that part, section or subsection and shall not be used in interpreting or construing this Agreement.

XXVI.

CONSTRUCTION OF AGREEMENT

This Agreement shall be interpreted and construed according to its fair meaning and not for or against either party. Provisions, words, phrases and statutes, whether expressly set forth in this Agreement or incorporated by actual use or reference, shall be applied to this Agreement in accordance with TEX. GOV'T CODE ANN. Chapters 311 and 312.

XXVII.

GENDER AND NUMBER

Words of any gender in this Agreement shall be construed to include any other gender, and words in either number shall be construed to include the other, unless the context in the Agreement clearly requires otherwise.

XXVIII.

TIME COMPUTATION

When any period of time is stated in this Agreement, the time shall be computed to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that Travis County has declared a holiday for its employees, these days shall be omitted from the computation.

XXIX.

AMENDMENT/MODIFICATION

Any amendment or modification to the terms of this Agreement or any exhibit attached hereto shall be in writing, shall be dated subsequent to the date of this Agreement, shall be approved by the Travis County Commissioners Court and shall be signed by each party to this Agreement. No officer, agent, employee or representative of Lessor has any authority to amend or modify the terms

of this Agreement or any exhibit attached hereto, unless expressly granted that authority by the Travis County Commissioners Court.

XXX.

AUTHORITY TO EXECUTE AGREEMENT

Lessee, Spade Ranches, Ltd., hereby warrants and guarantees that Mr. Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., has been duly authorized by Lessee to sign this Lease Agreement on behalf of Lessee and to bind Lessee validly and legally to all the terms, conditions and provisions in this Agreement.

Executed in duplicate on this the 14th day of November, 2013.

LESSOR:

TRAVIS COUNTY, TEXAS

By: _____

Honorable Samuel T. Biscoe
Travis County Judge

LESSEE:

SPADE RANCHES, LTD.

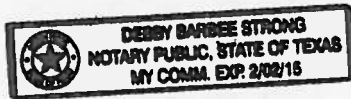
By: Wesley Welch

Wesley Welch
President and Chief Executive Officer

THE STATE OF TEXAS §
 §
COUNTY OF ~~Lubbock~~ ~~MORTON~~ §
 Lubbock

BEFORE ME, A NOTARY PUBLIC, on this day personally appeared Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and who acknowledged to me that he executed the foregoing in his capacity as President and Chief Executive Officer of Spade Ranches, Ltd, a Texas limited partnership, for the purposes and consideration therein expressed.

Given under my hand and seal this 14th day of November, 2013, Lubbock County, Texas.



Debby Barbree Strong
Notary Public in and for
The State of Texas

Debby Barbree Strong
Name (typed or printed)
My Commission expires: 2-2-15

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2013, by Samuel
T. Biscoe, County Judge of Travis County, Texas, on behalf of said county.

Notary Public in and for
The State of Texas

Name (typed or printed)
My Commission expires: _____

Exhibit A

Specifications for Range Conservation Program and Improvements on Travis County School Land, Throckmorton County, Texas

Below are specifications for the Range Conservation Program and improvements which must be made or maintained on the Travis County School Land described in the lease to which this Exhibit is attached. All improvements made or to be made on said described land will be deemed to run with the property and become property of Travis County, Texas upon completion of the improvement.

During the term of the Grazing Lease to which this Exhibit is attached, the Lessee shall conduct a Range Conservation Program and make permanent improvements as specified below with an expenditure per year in an amount deemed necessary by the Independent Monitor to comply with the terms, conditions and provisions of the Grazing Lease, the terms, conditions and provisions of this Exhibit, and the terms, conditions and provisions of the Hunting, Fishing, and Camping Lease. Lessee shall be responsible for all such expenditures above and beyond the money deposited in the Range Conservation Fund. During the term of this Lease, the Lessee shall set yearly goals for the Range Conservation Program and permanent improvements discussed below, and agreed upon by the Independent Monitor.

I. Range Conservation Program

The Lessee shall conduct a Range Conservation Program which shall include but not be limited to the following items:

1. Perimeter Fencing.

Lessee must maintain, complete, and/or rebuild fencing around the perimeter of the Travis County School Land described in the Grazing Lease to which this Exhibit is attached in order to contain livestock on the leased premises. Lessee will attempt to obtain customary cost sharing with adjoining landowners, giving the Lessor the benefit of the monies received to be applied to further improvements on the Travis County School Land. It is also deemed advisable, through further range investigation, to repair or rebuild or further partition the land into fenced areas in order to keep livestock evenly distributed over the range, as cattle tend to congregate in those areas containing the most desirable vegetation, thus causing soil erosion in such areas.

2. Brush Management.

To maintain the Travis County School Land as a working ranch, and to further increase the value of the property, Lessee will conduct a brush management program, giving such brush management program first priority over other types of improvements. Such Brush Management will be made to benefit both livestock and wildlife production on the ranch. Brush species may be sculpted to maintain good habitat for White Tailed deer and Bob White quail, while still enhancing forage production for livestock.

3. Water Use.

a. Plan for Maintenance of Existing Water Systems.

Water systems on the Travis County School Land must be maintained in good working order, and, repairs must be made to keep said systems in good working order. When necessary, the water systems must be completely replaced or extensively repaired to keep said water systems in good working order. Water systems on the Travis County School Land include the pump house, water pumps, water lines, etc.

b. Plan for Expansion of Water Systems.

Water systems on the Travis County School Land will be expanded and/or maintained to include water at several different locations in order to adequately provide for livestock.

4. Four Pasture Rotation.

Range analysis will establish the animal units best suited for this system, dividing the animal units by three (3) leaving one (1) pasture deferred for a four (4) month period, then grazed for one (1) year. The pasture deferred during the winter will then be deferred the following summer, allowing the grasses to seed back, giving a better turf.

5. Stocking Plan.

The stocking rate will be established through a joint analysis with the Independent Monitor, the Soil Conservation Service, and the Lessee. The approximate stocking rate for Throckmorton County is twenty (20) acres to the animal unit.

6. Range Seeding.

Unless otherwise advised, the Lessee will adopt a natural range seeding program by coordinating the brush control and rotation programs. For proper soil conservation, a natural seeding program will better promote soil conservation, as opposed to artificial seeding which would be least beneficial for range improvement and soil conservation.

7. Range Renovation.

Range renovation will be attained by coordinating several programs in conjunction with one another. That is, the fences will be restored in order to keep livestock evenly distributed over the ranch. The brush will be controlled in a manner to take it out of competition with the desirable turf. Through rotation and deferment, the more desirable grasses will not take continuous grazing from livestock. Restoration and construction of stock tanks will help to evenly distribute livestock over the surface and cut down on livestock congregation. {Please see subsections 1, 2, 3, and 4 of this section}. By coordinating these programs in conjunction with one another, the turf and general range condition will be greatly improved.

8. Stock Tanks.

The existing stock tanks will be inspected and repaired as needed, (i.e. broken dams, dikes, cleaned out, etc.). New tanks will be dug in the areas that are inadequately watered. If possible, new tanks will be located and positioned so as to stop soil erosion. If terraces are determined to be needed in order to evenly distribute run off water, or to direct water flow into stock tanks, said terraces will be built.

9. Independent Monitor.

The Range Conservation Program must include an Independent Monitor who will supervise the Range Conservation Program. The Travis County Commissioners Court shall approve the selection of the Independent Monitor. The Independent Monitor shall inform the Commissioners Court, through annual reports, as to the progress and status of the Range Conservation Program. The Independent Monitor may determine that the Range Conservation Program will include additional items which will be implemented and paid for in accordance with this Exhibit and the Grazing Lease to which this Exhibit is attached. The Lessee shall bear the total cost of the Range Conservation Program to the extent that the cost of said Program exceeds the amount of money deposited in the Range Conservation Fund pursuant to the Hunting, Fishing and Camping Lease.

II. Improvements

1. Current Improvements.

The Lessee must, at its own expense, properly maintain current improvements made in connection with the Range Conservation Program on the Travis County School Land described in the Grazing Lease to which this Exhibit is attached, in accordance with the terms, conditions and provisions of such Lease, in accordance with the terms, conditions and provisions of this Exhibit and in accordance with orders issued by the Travis County Commissioners Court. Failure to comply with the terms, conditions and provisions of the Grazing Lease, the terms, conditions and provisions of this Exhibit, and any orders issued by the Commissioners Court may result in immediate ouster from the

premises at the discretion of the Commissioners Court, with no return of the annual payment for the year in question.

2. Short Term Improvements.

Lessee will make short term improvements on the premises as necessary for the proper maintenance and conservation of the Travis County School Land surface, to properly conduct ranching operations on the surface, and to meet all other obligations under the Grazing Lease to which this Exhibit is attached. Short term improvements include both current improvements discussed in subsections 1 and 2 above, and future improvements to be made to the Travis County School Land surface. Both current and future short term improvements include but are not limited to the following items: (a) corrals and barns; (b) well maintained houses; and (c) a septic system in working order. The Lessee will repair or rebuild short term improvements damaged or destroyed by either natural or manmade disasters.

These short term improvements will be made in addition to any other short term improvements set forth in this Exhibit or in the Grazing Lease to which this Exhibit is attached.

3. Long Term Improvements.

In addition to the long term improvements set forth in this Exhibit or in the Grazing Lease to which this Exhibit is attached, long term improvements will be made on the premises with the approval of the Travis County Commissioners Court. Long term improvements will be those improvements similar in character to brush control, fencing and water tanks.

All long term improvements will be maintained by Lessee at Lessee's expense to the extent that expenditures exceed the amount of money deposited in the Range Conservation Program Fund. Money in the Range Conservation Fund may be spent for long term improvements such as brush control, fencing and water systems, but may not be spent for artificial structures not directly related to surface conservation, such as houses, barns, and corrals.

The Lessee will maintain all long term improvements in good working order and free from deterioration. The Lessee will repair or rebuild long term improvements damaged or destroyed by either natural or manmade disasters.

4. Necessary Improvements.

The Independent Monitor may determine that specific short term or long term improvements are necessary, and Lessee, at its own expense, will make such improvements.

5. Failure to Maintain.

Failure to maintain current, short term and long term improvements in accordance with the terms, conditions and provisions of the Grazing Lease to which this Exhibit is attached, in accordance with this Exhibit, and in accordance with orders issued by the Travis County Commissioners Court shall result in ouster of Lessee from the premises at the discretion of the Commissioners Court, with no return of the annual payment for that year.

III. General Provisions

1. Over the term of the five (5) year Grazing Lease, Lessee will spend each year an amount of money deemed necessary by the Independent Monitor to comply with the terms, conditions and provisions of the Grazing Lease, terms, conditions and provisions of this Exhibit, and the terms, conditions and provisions of the Hunting, Fishing, and Camping Lease.

2. To insure that the Lessee conducts the Range Conservation Program in accordance with the terms, conditions and provisions of this Exhibit, and in accordance with the terms, conditions and provisions of the Grazing Lease to which this Exhibit is attached, and to insure that the Lessee makes and maintains both long term and short term improvements in accordance with the terms, conditions and provisions of the Grazing Lease to which the Exhibit is attached, and in accordance with this Exhibit and to insure that Lessee spends the amount of money per year deemed necessary by the Independent Monitor to meet its obligations under the Grazing Lease, this Exhibit and the Hunting, Fishing and Camping Lease, the Travis County Commissioner Court may request that an accounting be made regarding said expenditures. Said accounting will be in addition to the accounting requirements set forth in the Hunting, Fishing and Camping Lease, attached to the Grazing Lease as Exhibit B.

Exhibit B

HUNTING, FISHING, AND CAMPING LEASE AGREEMENT

This Lease is made and entered into by and between Travis County, a political subdivision of the State of Texas, (hereinafter referred to as the "Lessor"), acting by and through Honorable Samuel T. Biscoe, Travis County Judge and Spade Ranches, Ltd., a Texas limited partnership, located at 4412 74th Street, Suite A-101, Lubbock, Texas 79424, (hereinafter referred to as the "Lessee"), acting by and through Mr. Wesley Welch, President and Chief Executive Officer, Spade Ranches, Ltd., who has been duly authorized to act on behalf of Lessee.

I.

SCOPE OF AGREEMENT

Lessor hereby agrees to lease to Lessee any and all hunting, fishing, and camping rights on the following property ("Premises" or "Leased Premises") described as:

All that certain real property situated in Throckmorton County, Texas, and being approximately eighteen thousand eight hundred and twenty (18,820) acres, more or less, being the entirety of abstract No. 254, Travis County School Land Survey, according to the map or grant thereof as recorded in the map or deed records of Throckmorton County, Texas.

SAVE AND EXCEPT THE LESSOR reserves to itself all of the oil, gas, and other minerals in and under and that may be produced from the above property. The Premises are subject to matters of record and visible easements, roadways, and transmission lines and subject to all existing and future wind leases, licenses, easements, oil, gas, and mineral reservations and leases covering all or any part of the Leased Premises. Lessor reserves the right to any and all monies and other considerations paid or to be paid under and by virtue of the execution

of any wind lease, license, pipeline, road, railroad, utility, or other easement and any existing or future oil, gas, and mineral leases upon the above-described lands for the purpose of making geophysical tests, exploring and drilling for oil, gas, and other minerals and the removal of same if found. This Hunting, Fishing, and Camping lease is expressly made subject to all existing and future valid wind leases, licenses, easements, mineral leases, saltwater disposal leases, and pipeline easements; and, this Hunting, Fishing, and Camping Lease shall be subject to the rights of wind lessees, licensees, easement owners, pipeline companies, and owners of mineral leases, and the right of Lessor, any of its officers or agents, to enter upon said land to explore, develop, produce, and remove minerals, or for any other purposes. Lessor reserves the right to remove from this lease, without the permission of Lessee, such amount of the Leased Premises as Lessor may determine necessary for purposes other than hunting, fishing, and camping, and in which event, this Lease shall be cancelled as to the area so designated by Lessor in writing to Lessee, and rental shall be prorated on the basis of the amount of acreage so taken for said purpose or purposes. Said premises to be used under this Agreement solely for the purposes of hunting, fishing, and camping by Lessee, its customers, and employees.

II.

CONDITION OF PREMISES

Lessee accepts the Premises in the condition in which it exists at the date of execution of this Lease Agreement. At the expiration or termination of this Lease, Lessee shall return the above-described premises in the condition in which it exists at the date of execution of this Lease Agreement.

III.

TERM OF AGREEMENT

A. **Term.** The term of this Agreement shall run concurrently with the grazing lease between Travis County and Spade Ranches, Ltd. to which this Exhibit is attached. This Lease will begin on January 1, 2014, and will expire on December 31, 2018, unless this Lease is terminated earlier as provided in this Section or Section VII of this Agreement.

B. **Termination.** In conformance with the Grazing Lease to which this Exhibit is attached, Lessor may terminate this Lease Agreement by providing a one year written notice to the Lessee.

C. **Simultaneous Termination.** Should the Grazing Lease be terminated under the terms and conditions set forth in said Grazing Lease, this Hunting, Fishing, and Camping Lease will simultaneously terminate.

IV.

COMPENSATION

Lessee agrees to remit to the Travis County School Land Range Conservation Program, established under the terms of the Grazing Lease to which this Exhibit is attached, fifty percent (50%) of the gross receipts obtained by Lessee by and through the operation of this Hunting, Fishing, and Camping Lease. The Lessee is entitled to the remaining fifty percent (50%) of this gross revenue actualized through the development of this Lease.

V.

SUBLEASE OR ASSIGNMENT

A. **Consent Required.** The Lessee shall not, without the prior written consent of the

Lessor, sublease or assign this Lease; provided, however, this requirement does not apply to the lease of hunting, fishing, or camping rights to Lessee, its employees, or its customers pursuant to this Lease. Such consent shall not be unreasonably withheld. However, if the Lessor gives prior written consent to the sublease or assignment of this Lease, the Lessee, Spade Ranches, Ltd., shall nevertheless remain liable for the payment of all gross revenue due the Lessor under the terms of Section IV above, and for the performance of all of the terms, covenants and conditions of this Lease. Any sublease or assignment by the Lessee without first obtaining written approval of the Commissioners Court shall constitute a default of the stated conditions set forth in this Paragraph. Approval by the Commissioners Court is subject to any terms, conditions and provisions which the Commissioners Court may deem necessary. If given, approval by the Commissioners Court may be set forth in a separate lease agreement, an order, or a resolution adopted by the Travis County Commissioners Court.

B. Court Approval. No such approval by the Commissioners Court or any assignment or sublease shall be deemed in any event or in any manner to provide for the occurrence of any obligation of Lessor in addition to the obligations assumed by Lessor hereunder. Approval by the Commissioners Court of the assignment or sublease shall not be deemed a waiver by Lessor of any rights accrued or accruing against Lessee. No assignee or Sublessee of Lessee's shall assign or sublease this Lease Agreement without the prior written approval of the Commissioners Court.

VI.

FINANCIAL REPORT SCHEDULE

A. Accounting Reports. Lessee will provide the Lessor with semi-annual accounting

reports on the revenue received from the operation of this Hunting, Fishing, and Camping Lease. Additionally, Lessee will provide Lessor with semi-annual expense reports regarding the use of funds remitted to the Travis County School Land Range Conservation Program, Throckmorton County, Texas. The semi-annual revenue and expense reports may be combined in one document and must include:

1. Total amount of revenue derived from leasing hunting, fishing, or camping rights pursuant to this Lease;
2. An itemized list of receipts setting forth the revenue received from the operation of this Hunting, Fishing, and Camping Lease;
3. The total amount of revenue due the Lessor under this Lease;
4. An itemized list of expenses incurred in the conduct of the Range Conservation Program;
5. The total amount of money in the Range Conservation Program Fund before the deduction of such expenses; and
6. The total amount of money in the Range Conservation Program Fund after deduction of such expenses.

B. Required Documents. Semi-annual accounting reports setting forth revenues and expenses as specified in subsection A above must be accompanied by the following documents:

1. A copy of all Agreements leasing hunting, fishing, or camping rights to Lessee, its employees or customers;
2. Copies of all checks received by the Lessee for leasing hunting, fishing, or camping rights pursuant to this Lease Agreement; and

3. Copies of all checks and receipts evidencing expenses incurred by Lessee in the conduct of the Range Conservation Program.

C. Persons to Receive Reports. Lessee shall send the semi-annual revenue and expense reports under Subsection A of this Section and the related documents required under Subsection B of this Section to the following persons:

1. Ms. Nicki Riley, Travis County Auditor (or her successor in office)
Travis County Auditor's Office
P. O. Box 1748
Austin, Texas 78767
Attn: Travis County School Land
2. Ms. Dolores Sandmann, Director (or her successor in office)
Texas A&M AgriLife Extension Service
1600-B Smith Road
Austin, Texas 78721
Attn: Travis County School Land

VII.

DEFAULT

Failure by the Lessee to remit the agreed upon monies as required in Section IV of this Lease Agreement, and/or failure by the Lessee to provide Lessor with timely financial reports as required in Section VI of this Agreement shall serve to terminate this Agreement, at Lessor's option.

VIII.

INSPECTION BY LESSOR

Lessor shall, at any and all times during business hours of Lessee, have the right to enter into and on the Leased Premises for the purpose of inspecting the hunting, fishing, and camping operations of this Lease and of inspecting, copying or printing any and all documents pertaining to the operation of this Hunting, Fishing, and Camping Lease. As used

herein, the term "records" refers to paper records, computer records, and records stored or created in any other medium.

IX.

INDEMNIFICATION AND CLAIMS NOTIFICATION

A. **Indemnification.** The Lessee agrees and covenants to indemnify, hold harmless and defend Lessor, its officers, employees, agents and representatives from and against any and all claims, demands, losses, damages, causes of action, suits, liability of every kind, whether meritorious or not, including all expenses of litigation, court costs and reasonable attorneys' fees for the defense thereof, for death, bodily injury, other personal injury, or damage to any person or persons, or for damage to or loss of any property arising out of, or occasioned by, directly or indirectly, in whole or in part, from the condition of the premises during the term of this Lease Agreement, or from the intentional or negligent acts or omissions of the Lessee, its officers, agents, representatives, servants, employees, contractors, guests, invitees, licensees, or consultants on or about the Leased Premises, including but not limited to, the conduct or management of the Lessee's business or its use of the above-described Leased Premises.

If any claim, or other action or proceeding, including proceedings before an administrative agency, is made or brought by any person, firm, corporation, or other entity against Lessee or Lessor by reason of any claims, demands, losses, damages, causes of action, or suits, arising out of, or occasioned by those circumstances described in Paragraph A above, the Lessee further agrees and covenants to defend the claim, action, or proceeding by legal action acceptable to Lessor.

B. **County Liability Excluded.** Lessee is not liable for the negligence or intentional acts

or omissions of County, its officers, employees, or the County's appointed Independent Monitor on or about the Leased Premises.

C. **Notice by Lessee.** The Lessee shall give the Lessor written notice of:

1. any claim, action or proceeding, as provided in Section XII of this Lease Agreement, within five (5) working days after being notified of it or the threat of it;
2. the name and address of the person, firm, corporation or other entity that made or threatened to make the claim, or that instituted or threatened to institute any kind of action or proceeding;
3. the basis of the claim, action or proceeding;
4. the court or administrative agency, if any, where the claim, action or proceeding was instituted; and
5. the name or names of any person against whom the claim, action or proceeding is being made or threatened.

Except as otherwise directed, Lessee shall furnish Lessor with copies of all pertinent papers received by Lessee with respect to said claims, actions or proceedings.

D. **Notice by Lessor.** In the event Lessor receives notice before Lessee, Lessor shall give Lessee written notice of any such claim, action or proceeding, within five (5) working days after the date Lessor receives notice of such claim, action or proceeding, as prescribed by Paragraph C above.

E. **Reimbursement.** Lessee or its insurer shall reimburse the Lessor for any damage or loss, in accordance with this Section IX within thirty (30) days after a claim is submitted by Lessor.

F. Survival. The indemnity provisions set forth in this Section IX shall survive the termination or expiration of this Lease Agreement.

X.

INSURANCE

A. Insurance Required. At all times during the term of this lease, Lessee shall carry and maintain in full force and effect, at its own expense, liability insurance sufficient to cover the liability of Lessee under this Lease Agreement, Section IX, Paragraph A, as prescribed in Attachment A, attached hereto and hereby incorporated by reference herein, for all purposes, which contains a description of the type of insurance and the amount of insurance coverage.

B. Certificates of Insurance. Before execution of this Lease Agreement, the Lessee shall provide a certificate or certificates of insurance evidencing the insurance coverage required in Attachment A attached hereto. Each certificate shall be an original and shall provide that coverage under the policy cannot be cancelled and changes cannot be made until Lessee has given County at least thirty (30) days advanced, written notice of such cancellation or change; and, in the event of such cancellation or change, Lessee shall obtain a new, replacement policy(s) which, at a minimum, shall have the same coverage(s) specified in Attachment A. Each certificate of insurance shall also name Travis County as an additional insured.

C. Annual Renewal. The liability insurance required under Paragraph A hereof shall run for a term of one year and shall be renewed annually throughout the term of this Lease.

D. Cancellation or Change. In the event the insurance evidenced by said certificate or certificates is canceled or changed for any reason, the Lessee shall provide the Lessor

written notice of said cancellation or change at least thirty (30) days after the Lessee receives notice of said cancellation or change; and, within thirty (30) days after receiving notice of said cancellation or change, the Lessee shall obtain a new, replacement policy or policies and shall provide the Lessor with a new certificate or certificates of insurance evidencing, at a minimum, the insurance coverage set forth in Attachment A.

Failure by Lessee to maintain the insurance required by Paragraph A of this Section and Attachment A attached hereto shall constitute default by Lessee of this Lease; and, in the event of such default, the Lessor shall be entitled to pursue any and all rights and remedies allowed under Texas law (constitutional law, case law, statutory law, rules, or regulations), and any and all rights and remedies allowed under this Lease Agreement.

E. Remedies. Except as otherwise provided in this Paragraph, the insurance coverage required in Paragraph A of this Section shall be the exclusive remedy of Travis County, Lessor, to recover for any liability incurred by the Lessee under Section IX, Paragraph A of this Lease Agreement. In the event the insurance policy or policies purchased by Lessee under this Agreement do not cover liability incurred by Lessee under Section IX, Paragraph A, or, in the event said policy or policies are not in effect for any reason at the time Lessee incurs such liability, the Lessor shall be entitled to any and all rights and remedies allowed under Texas Law (constitutional law, statutory law, case law, rules, or regulations), including, but not limited to, any and all rights and remedies provided by other insurance policies covering Lessee, which are heretofore or hereafter in effect, as well as any and all assets of Lessee necessary to cover such liability. Notwithstanding the requirements for insurance coverage set forth in Paragraph A of this Section, Lessee shall be liable for and shall indemnify, hold harmless, and defend Lessor, Travis County, for any and all deaths,

bodily injuries, other personal injuries, damages or losses, as prescribed in Section IX, Paragraph A, whether or not Lessee carries insurance to cover said death, bodily injury, other personal injury, damage, or loss.

XI.

HUNTING, FISHING, AND CAMPING ACTIVITIES

A. **Precedence.** The hunting, fishing, and camping activities conducted by Lessee, its customers, and employees, shall not interfere with the operation of the Range Conservation Program, established under the terms of the Grazing Lease, to which this Exhibit is attached. The operation of the Range Conservation Program shall take precedence over the hunting, fishing, and camping activities conducted under this Lease Agreement.

B. **Compliance with Applicable Law.** In conducting hunting, fishing, and camping activities under this Lease, Lessee, its customers, and employees, shall be subject to all applicable laws, local, state, and federal, on hunting, fishing, and camping and shall not engage in any prohibited acts.

C. **Damage to Land Prohibited.** In conducting hunting, fishing, and camping activities under this Lease, Lessee, its customers and employees, shall not engage in any activity which leads to damage to the land or environment, other than a de minimis loss.

D. **Other Lessees.** In conducting hunting, fishing, and camping activities under this Lease, Lessee, its customers and employees, shall not interfere with the operations of mineral lessees or pipeline companies on the premises.

E. **Lessee to Ensure Compliance.** Lessee shall comply and shall ensure that its customers and employees comply with the requirements of this Section, regarding the conduct of hunting, fishing, and camping activities hereunder.

XII.

NOTICE

A. All notices sent to Lessor or Lessee under this Agreement shall be hand delivered or sent by registered or certified mail, postage prepaid, return receipt required, and addressed to the proper party at the following addresses:

Lessor:

Honorable Samuel T. Biscoe (or his successor in office)
Travis County Judge
P.O. Box 1748

Lessee:

Spade Ranches, Ltd.
4412 74th Street, Suite A-101
Lubbock, Texas 79424

B. For notice to Lessor to be effective, a copy of any such notice must also be sent in the same manner to the Travis County Attorney and Travis County Purchasing Agent at the following addresses:

Honorable David Escamilla (or his successor in office)
Travis County Attorney's Office
314 W. 11th, Suite 300
Austin, Texas 78701
ATTN: Travis County School Land

Cyd Grimes, C.P.M., CPPO (or her successor)
Travis County Purchasing Agent
P.O. Box 1748
Austin, Texas 78767

C. Either the Lessor, including the Travis County Attorney and the Travis County Purchasing Agent, or the Lessee may change its above-designated address by giving notice

as provided in this Section.

D. Notice sent by registered or certified mail shall be deemed effective three (3) days after deposit at a U.S. Post Office or in a U.S. Mailbox, provided said notice is given as required under Paragraphs A and B of this Section.

XIII.

AMENDMENT/MODIFICATION

Any amendment or modification to the terms of this Agreement or any attachment attached hereto shall be in writing, shall be dated subsequent to the date of this Agreement, shall be approved by the Travis County Commissioners Court and shall be signed by each party to this Agreement. No officer, agent, employee or representative of Lessor has any authority to amend or modify the terms of this Agreement or any attachment hereto, unless expressly granted that authority by the Travis County Commissioners Court.

XIV.

SEVERABILITY

In the event that any one or more of the provisions contained in this Lease Agreement shall be held, for any reason, to be invalid, illegal, or unenforceable in any respect, by a Court of competent jurisdiction, such invalidity, illegality, or enforceability shall not affect any other provision of this Lease Agreement, and this Lease Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

XV.

APPLICABLE LAW

This Lease Agreement shall be governed, interpreted and construed under and in

accordance with the laws of the State of Texas and the laws of the United States of America.

XVI.

VENUE

All obligations of the parties created by virtue of this Lease Agreement are fully performable in Travis County, Texas; and, venue for any dispute arising out of this Lease Agreement shall be in Travis County, Texas.

XVII.

BREACH/RIGHTS AND REMEDIES

- A. **Breach.** If Lessee is in default under Section V, Section VII, or Section X of this Lease Agreement, or if Lessee fails to meet any of its other obligations under this Lease Agreement, Lessee shall be deemed to be in breach of this Agreement; and, in the event of such breach, Lessor, Travis County, shall be entitled to pursue any and all rights and remedies allowed under this Lease, or under Texas law (constitutional law, statutory law, case law, rules, or regulations).
- B. **Rights and Remedies Cumulative.** All rights and remedies of the Lessor under this Lease and under Texas law shall be cumulative; and, Lessor's exercise of any right or remedy under this Lease or under Texas law, in whole or in part, shall not preclude the exercise of any other right or remedy under this Lease or under any law of the State of Texas.
- C. **Rights and Remedies Concurrent.** Such rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion there for arises.
- D. **No Waiver.** In the event Lessor does not enforce any obligation of Lessee under this Lease, or does not pursue any rights or remedies to which Lessor may be entitled or

pursues a right or remedy only in part, such failure shall not be considered a waiver of Lessor's rights and remedies; and Lessor shall be entitled to pursue any right or remedy, in whole or in part, as provided in this Lease or under Texas law.

XVIII.

HEADINGS AND TITLES

Headings and titles at the beginning of the provisions of this Lease Agreement have been included only to make it easier and more convenient to locate the subject matter covered by that part, section or subsection and shall not be used in interpreting or construing this Agreement.

XIX.

CONSTRUCTION OF AGREEMENT

This Agreement shall be interpreted and construed according to its fair meaning and not for or against either party. Provisions, words, phrases and statutes, whether expressly set forth in this Agreement or incorporated by actual use or reference, shall be applied to this Agreement in accordance with TEX. GOV'T CODE ANN. Chapters 311 and 312.

XX.

GENDER AND NUMBER

Words of any gender in this Agreement shall be construed to include any other gender, and words in either number shall be construed to include the other, unless the context in the Agreement clearly requires otherwise.

XXI.

TIME COMPUTATION

When any period of time is stated in this Agreement, the time shall be computed

to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that Travis County has declared a holiday for its employees, these days shall be omitted from the computation.

XXII.

AUTHORITY TO EXECUTE AGREEMENT

Lessee, Spade Ranches, Ltd., hereby warrants and guarantees that Mr. Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., has been duly authorized by Lessee to sign this Lease Agreement on behalf of Lessee and to bind Lessee validly and legally to all the terms, conditions and provisions in this Agreement.

Executed in duplicate on this 14th day of November, 2013.

LESSOR:

TRAVIS COUNTY, TEXAS

By: _____
Honorable Samuel T. Biscoe
Travis County Judge

LESSEE:

**SPADE RANCHES, LTD.
a Texas limited partnership**

By: Wesley Welch
Wesley Welch
President and Chief Executive Officer,
Spade Ranches, Ltd.

THE STATE OF TEXAS §
 §
COUNTY OF Lubbock §

BEFORE ME, A NOTARY PUBLIC, on this day personally appeared Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and who acknowledged to me that he executed the foregoing in his capacity as President and Chief Executive Officer of Spade Ranches, Ltd., for the purposes and consideration therein expressed.

Given under my hand and seal this 14th day of November, 2013,
Lubbock County, Texas.

Debbie Barker Strong
Notary Public of Lubbock County, Texas
My Commission Expires: 2-2-15



STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2013, by Samuel
T. Biscoe, County Judge of Travis County, Texas, on behalf of said county.

Notary Public in and for
The State of Texas

Name (typed or printed)
My Commission expires: _____

Attachment A

**Requirements for Insurance Coverage for Hunting, Fishing, and Camping Lease of
Travis County School Land, Throckmorton County, Texas**

Below are the specifications for insurance required to be kept in effect by Lessee during the terms of the Hunting, Fishing, and Camping Lease on Travis County School Land in Throckmorton County, Texas.

General Liability

Each Occurrence	\$1,000,000
Damage to Rented Property	\$100,000
Personal and Adv. Injury	\$1,000,000
General Aggregate	\$2,000,000

Automobile Liability

Combined Single Limit	\$1,000,000
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Excess/Umbrella Liability

Each Occurrence	\$5,000,000
Aggregate	\$5,000,000

Workers Compensation & Employers Liability

Each Accident	\$500,000
Disease (Each Employee)	\$500,000
Disease – Policy Limit	\$500,000

Exhibit C

**Requirements for Insurance Coverage for Grazing Lease of Travis County School
Land, Throckmorton County, Texas**

Below are the specifications for insurance required to be kept in effect by Lessee during the terms of the Grazing Lease on Travis County School Land in Throckmorton County, Texas.

General Liability

Each Occurrence	\$1,000,000
Damage to Rented Property	\$100,000
Personal and Adv. Injury	\$1,000,000
General Aggregate	\$2,000,000

Automobile Liability

Combined Single Limit	\$1,000,000
-----------------------	-------------

Excess/Umbrella Liability

Each Occurrence	\$5,000,000
Aggregate	\$5,000,000

Workers Compensation & Employers Liability

Each Accident	\$500,000
Disease (Each Employee)	\$500,000
Disease – Policy Limit	\$500,000

to exclude the first day and include the last day of the period. If the last day of any period falls on a Saturday, Sunday or a day that Travis County has declared a holiday for its employees, these days shall be omitted from the computation.

XXII.

AUTHORITY TO EXECUTE AGREEMENT

Lessee, Spade Ranches, Ltd., hereby warrants and guarantees that Mr. Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., has been duly authorized by Lessee to sign this Lease Agreement on behalf of Lessee and to bind Lessee validly and legally to all the terms, conditions and provisions in this Agreement.

Executed in duplicate on this 14th day of November, 2013.

LESSOR:

TRAVIS COUNTY, TEXAS

By: _____
Honorable Samuel T. Biscoe
Travis County Judge

LESSEE:

SPADE RANCHES, LTD.
a Texas limited partnership

By: Wesley Welch
Wesley Welch
President and Chief Executive Officer
Spade Ranches, Ltd.

THE STATE OF TEXAS

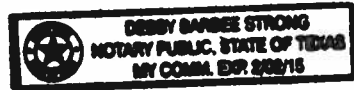
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COUNTY OF Lubbock

BEFORE ME, A NOTARY PUBLIC, on this day personally appeared Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and who acknowledged to me that he executed the foregoing in his capacity as President and Chief Executive Officer of Spade Ranches, Ltd., for the purposes and consideration therein expressed.

Given under my hand and seal this 14th day of November, 2013,
Lubbock County, Texas.

Debby Barbree Strong
Notary Public of Lubbock
County, Texas
My Commission Expires: 2-2-15



of this Agreement or any exhibit attached hereto, unless expressly granted that authority by the Travis County Commissioners Court.

XXX.

AUTHORITY TO EXECUTE AGREEMENT

Lessee, Spade Ranches, Ltd., hereby warrants and guarantees that Mr. Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., has been duly authorized by Lessee to sign this Lease Agreement on behalf of Lessee and to bind Lessee validly and legally to all the terms, conditions and provisions in this Agreement.

Executed in duplicate on this the 14th day of November, 2013.

LESSOR:

TRAVIS COUNTY, TEXAS

By: _____
Honorable Samuel T. Biscoe
Travis County Judge

LESSEE:

SPADE RANCHES, LTD.

By: Wesley Welch
Wesley Welch
President and Chief Executive Officer

THE STATE OF TEXAS §
 §
COUNTY OF ~~HUBBARD~~ §
 Lubbock

BEFORE ME, A NOTARY PUBLIC, on this day personally appeared Wesley Welch, President and Chief Executive Officer of Spade Ranches, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and who acknowledged to me that he executed the foregoing in his capacity as President and Chief Executive Officer of Spade Ranches, Ltd, a Texas limited partnership, for the purposes and consideration therein expressed.

Given under my hand and seal this 14th day of November, 2013, Lubbock County, Texas.



Debby Barbree Strong
Notary Public in and for
The State of Texas

Debby Barbree Strong
Name (typed or printed)
My Commission expires: 2-2-15