

MAR 22 2001

AMENDED GROUND LEASE

Property: Lot 1, Pfeiffer Heritage Subdivision, in the City of Boerne, Kendall County, Texas according to the Plat recorded in Volume 3, Page 128, Plat Records of Kendall County, Texas.

Landlord: CITY OF BOERNE, TEXAS
P.O. Box 1677
Boerne, Texas 78006

Tenant: TEXAS COMPOSITE, INC.
Boerne, Texas 78006

Ground Lease

Table of Contents

Preamble-Parties

ARTICLE 1. DEMISE OF LEASED PREMISES

ARTICLE 2. LEASE TERM

§ 2.01 Fixed Beginning and Termination Date

§ 2.02 Term

§ 2.03 Holdover

ARTICLE 3. RENT

§ 3.01 Rent Amount

§ 3.02 Time and Manner of Payment

§ 3.03 Late Charge on Delinquent Payments

ARTICLE 4. TAXES

§ 4.01 Payment by Tenant

§ 4.02 Payment by Landlord

ARTICLE 5. UTILITIES

ARTICLE 6. USE OF PREMISES

§ 6.01 Permitted and Prohibited Use of Premises

§ 6.02 Illegal Use Not Permitted

ARTICLE 7. CONSTRUCTION BY TENANT

§ 7.01 General Conditions

§ 7.02 Easements, Dedications, Zoning and Restrictions

§ 7.03 Beginning Construction

§ 7.04 Landlord's Approval of Plans

§ 7.05 Ownership of Buildings, Improvements, and Fixtures

§ 7.06 Right to Remove Improvements

ARTICLE 8. ENCUMBRANCE OF LEASEHOLD ESTATE

§ 8.01 Tenant's Right to Encumber

§ 8.02 Tri-Party Agreement

ARTICLE 9. REPAIRS, MAINTENANCE, AND RESTORATION

§ 9.01 Tenant's Duty to Maintain and Repair

§ 9.02 Damage or Destruction

ARTICLE 10. MECHANIC'S LIENS

ARTICLE 11. OPTION TO PURCHASE

ARTICLE 12. INSURANCE AND INDEMNIFICATION

§ 12.01 Insurance on Buildings and Improvements

§ 12.02 Liability Insurance

§ 12.03 Construction Liability Insurance

§ 12.04 Insurance Certificates

§ 12.05 Indemnification of Landlord

ARTICLE 13. NO ASSIGNMENT AND NO SUBLEASE

ARTICLE 14. DEFAULT AND REMEDIES

§ 14.01 Termination on Default

§ 14.02 Other Remedies

ARTICLE 15. LANDLORD'S WARRANTIES AND COVENANTS

ARTICLE 16. GENERAL PROTECTIVE PROVISIONS

§ 16.01 Right of Entry and Inspection

§ 16.02 No Partnership or Joint Venture

§ 16.03 Force Majeure

§ 16.04 No Termination on Bankruptcy

§ 16.05 No Waiver

§ 16.06 Release of Landlord

ARTICLE 17. MISCELLANEOUS

§ 17.01 Delivery of Rents and Notices

§ 17.02 Multiple Parties

§ 17.03 Parties Bound

§ 17.04 Texas Law to Apply

§ 17.05 Legal Construction

§ 17.06 Landlord's Grant from Texas Department of Environmental Development

§ 17.07 Amendment

§ 17.08 Rights and Remedies Cumulative

§ 17.09 Attorney's Fees and Costs

§ 17.10 Time of Essence

§ 17.11 Further Documents

Execution

AMENDED LEASE

WHEREAS, on or about May 12, 1999, the City of Boerne, Texas, ("Landlord"), and Texas Composite, Inc. ("Tenant"), a Texas corporation, entered into a Lease on terms and conditions identified to those set forth herein save and except the total rental amount and option purchase price was set as \$458,485.00, being the amount the City of Boerne, Texas would expend pursuant to the terms of the Texas Capital Fund Contract No. 718132 between Landlord and the Texas Department of Economic Development;

WHEREAS, pursuant to said Contract No. 718132, Landlord agreed to not charge total rentals on an option purchase price in excess of funds actually expended by Landlord per said Contract No. 718132; and

WHEREAS, pursuant to said Contract No. 718132, Landlord expended \$416,740.00 instead of \$458,485.00.

NOW THEREFORE, pursuant to said Contract No. 718132, Landlord and Tenant do hereby agree this "Amended Lease" supersedes and replaces the above referenced lease dated May 12, 1999 upon the approval of the Amended Lease by the Texas Department of Economic Development.

The effective date of the Amended Lease shall be May 12, 1999.

ARTICLE 1. DEMISE OF LEASED PREMISES

In consideration of the mutual covenants and agreements of this lease, and other good and valuable consideration, Landlord demises and leases to Tenant, and Tenant leases from Landlord, the premises situated in Boerne, Kendall County, Texas, legally described as follows: Lot 1, Pfeiffer Heritage Subdivision, in the City of Boerne, Kendall County, Texas, according to Plat recorded in Volume 3, Page 128, Plat Records of Kendall County, Texas (collectively referred to as "the premises" or "the leased premises" in this lease).

Tenant is to have and to hold the premises, together with all rights, privileges, easements, appurtenances, and immunities belonging to or in any way appertaining to them, including but not limited to any easements, right, title, and privileges of Landlord, existing now or at any time during the lease term, in, to, or under adjacent streets, sidewalks, alleys, party walls, and property contiguous to the premises and reversions that may later accrue to Landlord as owner of the premises by reason of the closing of any street, sidewalk, or alley.

ARTICLE 2. LEASE TERM

Fixed Beginning and Termination Date

§ 2.01. The term of this lease is two hundred forty (240) months, beginning on the first day of the first month following the construction completion date or occupancy by the Tenant of the improvement to be constructed by Tenant on the premises, whichever occurs first.

Termination

§ 2.02. This lease will terminate without further notice when the term specified in § 2.01 expires, and any holding over by Tenant after that term expires, will not constitute a renewal of the lease or give Tenant any rights under the lease in or to the premises.

Holdover

§ 2.03. If Tenant holds over and continues in possession of the premises after the lease term expires, Tenant will be considered to be occupying the premises at will subject to all the terms of this lease.

ARTICLE 3. RENT

Rent Amount

§ 3.01. Tenant will pay Landlord the total rental amount of Four Hundred Sixteen Thousand Seven Hundred Forty and No/100 Dollars (\$416,740.00).

Time and Manner of Payment

§ 3.02. Tenant will pay all rent due under this article on a monthly basis. Such monthly rent is due and payable in equal monthly installments of One Thousand Seven Hundred Thirty-six 41/100 Dollars (\$1,736.41) and a final payment of One Thousand Seven Hundred Thirty-eight and 01/100 Dollars (\$1,738.01), in advance on the first calendar day of each month, beginning the first day of the first month following construction completion date or occupancy of Tenant of the improvements to be constructed by Tenant on the premises, whichever occurs first. Payments must be in lawful money of the United States to the Landlord at P.O. Box 1677, Boerne, Texas 78006, or such other place as Landlord may designate, from time to time, in writing.

Late Charge on Delinquent Payments

§ 3.04. Tenant shall pay a late charge of five percent (5%) on any rent installment not received by Landlord by the fifteenth (15th) day of the month in which the rent is due.

ARTICLE 4. TAXES

Payment by Tenant

§ 4.01. In addition to the rent specified in Article 3, Tenant will pay and discharge all taxes, general and special assessments, and other charges of any kind levied on or assessed

against the premises and all interests in the premises and all improvements and other property on them during the lease term, whether belonging to Landlord or to Tenant. Tenant will pay all the taxes, charges, and assessments directly to the public officer charged with their collection not fewer than thirty-one (31) days before they become delinquent, and Tenant will indemnify Landlord and hold it harmless from all such taxes, charges, and assessments. Tenant may, in good faith at its own expense (in its own name or in that of Landlord, or both, as Tenant may determine appropriate), contest any such taxes, charges, and assessments and must pay the contested amount, plus any penalties and interest imposed, if and when finally determined to be due.

Payment by Landlord

§ 4.02. At any time that the payment of any item of taxes, special assessments, or governmental charges that Tenant must pay under § 4.01 remains unpaid and uncontested later than thirty-one (31) days before it becomes delinquent, Landlord may give written notice to Tenant of its default under § 4.01, specifying the default. If Tenant continues to fail to pay the taxes, special assessments, or governmental charges, or to contest them in good faith within fifteen (15) days after the written notice, Landlord may pay the items specified in the notice, and Tenant will, on demand, reimburse Landlord any such amount on demand by Landlord.

ARTICLE 5. UTILITIES

Tenant will pay or cause to be paid all charges for water, heat, gas, electricity, sewers, and all other utilities used on the premises throughout the lease term, including any connection fees.

ARTICLE 6. USE OF PREMISES

Permitted and Prohibited Use of Premises

§ 6.01. a. Tenant may use the premises for the purpose of manufacturing composite products for the aviation and aerospace industries and for no other purpose without the written consent of Landlord. Landlord will not unreasonably withhold consent to a change of use.

b. Under no circumstances during the term of this lease will Tenant use or cause to be used in the business operated on the premises any hazardous or toxic substances or materials, or store or dispose of any such substances or materials on the premises.

Illegal Use Not Permitted

§ 6.02. Tenant may not use all or any part of the premises or any building situated on them for any use or purpose that violates any valid and applicable law, regulation, or ordinance

of the United States, the State of Texas, the County of Kendall, or other lawful authority with jurisdiction over the premises. Tenant is not considered to have violated this provision unless:

- a. Landlord has notified Tenant in a writing specifying the alleged violation;
- b. There has been a final adjudication by a court of competent jurisdiction that the specified use violates the law, regulation, or ordinance specified in the notice;
- c. The specified law, regulation, or ordinance is valid and applies to the premises; and
- d. Tenant has had a reasonable time after the final adjudication to cure the specified violation.

ARTICLE 7. CONSTRUCTION BY TENANT

General Conditions

§ 7.01. Tenants shall construct, on the leased premises, a thirty-one thousand five hundred square foot (31,500 sq.ft), free standing, pre-engineered metal building consisting of offices, workrooms, production area, truck well, covered storage and equipment area (with HVAC throughout), and Tenant may, at any time and from time to time during the lease term, erect, maintain, alter, remodel, reconstruct, rebuild and replace buildings, and other improvements on the premises, and correct and change the contour of the premise; all of the foregoing being subject to the following:

- a. Tenant bears the cost of any such work.
- b. The premises must at all times be kept free of mechanics' and materialmen' liens.
- c. Landlord must be notified of the time for beginning and the general nature of any such work, other than routine maintenance of existing buildings or improvements, at the time the work begins.
- d. The conditions of § 7.04 concerning Landlord's approving plans must be followed.
- e. Tenant complies with all the terms, conditions and provisions of Contract of even date herewith between Landlord and Tenant.

Easements, Dedications, Zoning, and Restrictions

§ 7.02. Landlord must cooperate with Tenant concerning easements, dedications, zoning, and restrictions of the premises as follows:

a. Easements and Dedications. To provide for the more orderly development of the premises, it may be necessary, desirable, or required that street, water, sewer, drainage, gas, power lines, and other easements and dedications and similar rights be granted or dedicated over or within portions of the premises. Landlord must, on Tenant's request, join with Tenant in executing and delivering the documents, from time to time, and throughout the lease term, as may be appropriate, necessary, or required by the several governmental agencies, public utilities, and companies for the purpose of granting the easements and dedications.

b. Expense. Tenant exclusively bears the cost and expense of any action required of Landlord under subparagraph, above.

Beginning Construction

§ 7.03. Tenant expects to begin construction of the improvement referred to in §7.01, above, within sixty (60) days after possession is delivered to Tenant or after all necessary permits and other authorizations are issued, whichever is later.

Landlord's Approval of Plans

§ 7.04. The following rules govern Landlord's approving construction, additions, and alterations of buildings or other improvements on the premises;

a. Written Approval Required. No building or other improvement may be constructed on the premises unless the plans, specifications, and proposed location of the building or other improvement has received Landlord's written approval and the building or other improvement complies with the approved plans, specifications, and proposed location. No material addition to or alteration of any building or structure erected on the premises may be begun until plans and specifications covering the exterior of the proposed addition or alteration have been first submitted to and approved by Landlord.

b. Submission of Plans. Tenant must, at its own expense, engage a licensed architect or engineer to prepare plans and specifications for constructing a thirty one thousand five hundred square foot (31,500 sq.ft.), free standing, pre-engineered metal building, or for constructing any other buildings or improvements or additions or alterations to any buildings or improvements that require Landlord's approval under subparagraph a above. Tenant must submit three (3) copies of detailed working drawings, plans, and specifications for constructing a thirty one thousand five hundred square foot (31,500 sq.ft.), free standing, pre-engineered metal building for Landlord's approval within _____ days after this lease is executed. If Tenant wishes to construct any other buildings or improvements or make any additions or alterations to buildings or improvements for which Landlord's approval is required under Subsection (a) above, Tenant must submit three (3) copies of detailed working drawings, plans, and specifications for any such projects for Landlord's approval before the project begins.

c. Landlord's Approval. Landlord will promptly review and approve all plans submitted under subparagraph b above or note in writing any required changes or corrections that must be made to the plans. Any required changes or corrections must be made, and the plans resubmitted to Landlord, within ____ days after the corrections or changes have been noted. Minor changes in work or materials not affecting the general character of the building project may be made at any time without Landlord's approval, but a copy of the altered plans and specifications must be furnished to Landlord.

d. Exception to Landlord's Approval. The following items do not require submission to, and approval by, Landlord:

i. Minor repairs and alterations necessary to maintain existing structures and improvements in a useful state of repair and operation.

ii. Changes and alterations required by an authorized public official with authority or jurisdiction over the buildings or improvements, to comply with legal requirements.

e. Effect of Approval. Landlord's approval of any plans and specifications applies only to the conformity of the plans and specifications to the general architectural plan for the premises, and Landlord may not unreasonably withhold approval. Landlord's approval does not constitute approval of the architectural or engineering design, and Landlord, by approving the plans and specifications, assumes no liability or responsibility for the architectural or engineering design or for any defect in any building or improvement constructed from the plans or specifications.

Ownership of Buildings, Improvements, and Fixtures

§ 7.05. Any buildings, improvements, additions, alterations, and fixtures (except furniture and trade fixtures) constructed, placed, or maintained on any part of the leased premises during the lease term are considered part of the real property of the premises and must remain on the premises and become Landlord's property when the lease terminates.

Right to Remove Improvements

§ 7.06. Tenant may, at any time while it occupies the premise, or within a reasonable time thereafter, remove any furniture, machinery, equipment, or other trade fixtures owned or placed by Tenant, in, under, or on the premise, or acquired by Tenant, whether before or during the lease term. Before the lease terminates, Tenant must repair any damage to any buildings or improvement on the premises resulting from the removal. Any such items not removed by the lease termination date will become Landlord's property on that date.

ARTICLE 8. ENCUMBRANCE OF LEASEHOLD ESTATE

Tenant's Right to Encumber

§ 8.01. Subject to the terms, conditions and provisions of §8.02 below, and compliances with Contract of even date herewith between Landlord and Tenant, Landlord shall, upon request of Tenant, grant to the lending institution loaning Tenant funds for construction of the improvements referred to in §7.01, above, a first lien on the leased premises in the amount of One Million and No/100 Dollars (\$1,000,000.00). Tenant shall not encumber the leasehold interest, by deed of trust, mortgage, or other security instrument, without obtaining Landlord's consent.

Tri-Party Agreement

§ 8.02. Prior to allowing a lien on the leased premises, Landlord must submit to, and obtain the approval of the Texas Department of Economic Development, a copy of an executed Tri-Party Agreement between the lending institution, the Tenant, and Landlord which includes but is not limited to the following conditions:

- a. A condition which requires the lending institution to notify Landlord of any defaults on such loan;
- b. A condition which requires the lending institution give Landlord at least ninety (90) days to cure the loan default and give Landlord an opportunity to make the scheduled loan payments;
- c. A condition which requires the lending institution give Landlord a reasonable time period or at the minimum ninety (90) days to retire the outstanding balance of such loan secured by liens on Landlord's property, if foreclosure is imminent;
- d. A condition which requires the lending institution take a lien on Landlord's property only for the amount the financial institution contributed towards building construction;
- e. A condition which requires that in the event of a foreclosure and the property is sold at foreclosure or subsequently by the lending institution at a gain, lending institution must give Landlord a pro-rata share of the gain.

ARTICLE 9. REPAIRS, MAINTENANCE, AND RESTORATION

Tenant's Duty to Maintain and Repair

§ 9.01. At all times during the lease term, Tenant will keep and maintain, or cause to be kept and maintained, all buildings and improvements erected on the premises in a good state of appearance and repair (except for reasonable wear and tear) at Tenant's own expense.

Damage or Destruction

§ 9.02. If any building or improvement constructed on the premises is damaged or destroyed by fire or any other casualty, regardless of the extent of the damage or destruction, Tenant must, within six months from the date of the damage or destruction, begin to repair, reconstruct, or replace the damaged or destroyed building or improvement and pursue the repair, reconstruction, or replacement with reasonable diligence so as to restore the building to substantially the condition it was in before the casualty. But if beginning or completing this restoration is prevented or delayed by war, civil commotion, acts of God, strikes, governmental restrictions or regulations, or interferences, fire or other casualty, or governmental restrictions or regulations, or interferences, fire or other casualty, or any other reason beyond Tenant's control, whether similar to any of those enumerated or not, the time for beginning or completing the restoration (or both) will automatically be extended for the period of each such delay.

ARTICLE 10. MECHANIC'S LIENS

Tenant will not cause or permit any mechanic's liens or other liens to be filed against the fee ownership of the premises or against Tenant's leasehold interest in the land or any buildings or improvements on the premises by reason of any work, labor, services, or materials supplied or claimed to have been supplied to Tenant or any one holding the premises or any part of them through or under Tenant. If such a mechanic's lien or materialman's lien is recorded against the premise or any buildings or improvements on them, Tenant must either cause it to be removed or, if Tenant in good faith wishes to contest the lien, take timely action to do so, at Tenant's sole expense. If Tenant contests the lien, Tenant will indemnify Landlord and hold it harmless from all liability for damages occasioned by the lien or the lien contest and will, in the event of a judgment of foreclosure on the lien, cause the lien to be discharged and remove before the judgment is executed.

ARTICLE 11. OPTION TO PURCHASE

Landlord grants to Tenant, any time after the expiration of five (5) years from the beginning of the term of this lease as defined in §2.01 above, an option to purchase the leased premises on the following terms:

- a. Tenant may exercise this option only by sending notice to Landlord at the place for payment of rents defined in §3.02 above, by certified mail, return receipt requested, postage prepaid;
- b. The full purchase price for the premises is Four Hundred Sixteen Thousand Seven Hundred Forty and No/100 Dollars (\$416,740.00) payable, in cash, as follows:
 - (1) Four Hundred Sixteen Thousand Seven Hundred Forty and No/100 Dollars (\$416,740.00) less all rent previously paid by Tenant under this lease, payable on close of escrow.
- c. On close of escrow opened by Tenant on exercise of this option, Landlord will convey to Tenant good and marketable title to the premises, subject to the following:
 - (1) Easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded restrictions, reservations, covenants, conditions, oil and gas leases, mineral severances, and other instruments, other than liens and conveyances, that affect the property; rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; taxes at closing, the payment of which Tenant will assume; and subsequent assessments for that and prior years due to change in land, usage ownership, or both, the payment of which Tenant will assume.
- d. Tenant shall pay all cost and expenses associated with the closing of escrow.

ARTICLE 12. INSURANCE AND INDEMNIFICATION

Insurance on Buildings and Improvements

§ 12.01. At all times during the lease term, Tenant will keep all buildings and other improvements located or being constructed on the premises insured against loss or damage by fire, with extended-coverage endorsement or its equivalent. This insurance is to be carried by insurance companies authorized or admitted to transact business in Texas, selected by Tenant and approved by Landlord and any Lender under Article 8. The insurance must be paid for by Tenant and will be in amounts not less than one hundred percent (100%) of the full insurable value of the buildings and other improvements. The insurance policy or policies must name both Landlord and Tenant as named insureds. Any loss will be made payable jointly to Landlord and Tenant, but if there is a Lender under Article 8, the insurance may, at Tenant's option, contain a loss-payable clause in favor of the Lender.

Liability Insurance

§ 12.02. At all times during the lease term, Tenant will provide and keep in force liability insurance covering Landlord and Tenant for liability for property damage and personal injury. This insurance is to be carried by one or more insurance companies duly authorized or admitted to transact business in Texas, selected by Tenant and approved by Landlord, and will be paid for by Tenant. The insurance provided under this section must be in the amount of not less than Five Hundred Thousand and No/100 Dollars (\$500,000.00) for property damage and not less than One Million and No/100 Dollars (\$1,000,000.00) for personal injury. This insurance will protect Landlord and Tenant against liability to any employees or servants of Tenant and to any other person or persons whose property damage or personal injury arises out of or in connection with the occupation, use, or condition of the premises.

Construction Liability Insurance

§ 12.03. Tenant will obtain and maintain (to the extent reasonably procurable) construction liability insurance at all times when demolition, excavation, or construction work is in progress on the premises. This insurance must be carried by insurance companies authorized or admitted to transact business in Texas, selected by Tenant and approved by Landlord, and must be paid for by Tenant. The insurance will have limits of not less than One Million and No/100 Dollars (\$1,000,000.00) dollars and must protect Landlord and Tenant, as well as any other person or persons Tenant may designate, against all liability for injury or damage to any person or property in any way arising out of demolition, excavation, or construction work on the premises.

Insurance Certificates

§ 12.04. Tenant must furnish Landlord with certificates of all insurance required by this article. If Tenant does not keep this insurance in full force, Landlord may notify Tenant of this failure, and if Tenant does not deliver to Landlord certificates showing all such insurance to be in full force within fifteen (15) days after such notice, Landlord may, at its option, take out or pay the premiums on the insurance needed to fulfill Tenant's obligations under this article. On Landlord's demand, Tenant must reimburse Landlord the full amount of any insurance premiums paid by Landlord under this section.

Indemnification of Landlord

§ 12.05. Landlord is not liable for any loss, damage, or injury of any kind to any person or property arising from any use of the premises (or any part of them), or caused by any defect in any building, structure, improvement, equipment, or facility on the premises or caused by or arising from any act or omission of Tenant, or of any of its agents, employees, licensees, or invitees, or by or from any accident, fire, or other casualty on the land, or brought about by Tenant's failure to maintain the premises in safe condition.

ARTICLE 13. NO ASSIGNMENT AND NO SUBLEASE

Tenant may not sell or assign its leasehold estate in its entirety or any portion of it, or sublet the premise or any portion of them or any portion of any building or other improvement erected on the premises without the prior written consent of Landlord and the Texas Department of Economic Development.

ARTICLE 14. DEFAULT AND REMEDIES

Termination on Default

§ 14.01. If Tenant defaults in performing any covenant or term of this lease and does not correct the default within thirty (30) days after receipt of written notice from Landlord to Tenant and any Lender as required by § 8.02, Landlord may declare this lease, and all rights and interest created by it, terminated. If Landlord elects to terminate, this lease will cease as of the day of Landlord's election were the day originally fixed in the lease for its expiration. Landlord or its agent or attorney may resume possession of the premises and relet them for the remainder of the term at the best rent obtainable for the account of Tenant, who must make good any deficiency.

Tenant and Landlord agree that, for the purpose of posting the notice required by Property Code Section 93.002(f), the "front door" of the lease premises is the main exterior entrance door to the business offices in the building to be constructed by Tenant.

Other Remedies

§ 14.02. Any termination of this lease as provided in this article will not relieve Tenant from paying any sum or sums due and payable to Landlord under the lease at the time of termination, or any claim for damages then or previously accruing against Tenant under this lease. Any such termination will not prevent Landlord from enforcing the payment of any such sum or sums or claim for damages by any remedy provided for by law, or from recovering damages from Tenant for any default under the lease. All Landlord's rights, options, and remedies under this lease will be construed to be cumulative, and no one of them is exclusive of the other. Landlord may pursue any or all such remedies or any other remedy or relief provided by law, whether or not stated in this lease. No waiver by Landlord of a breach of any of the covenants or conditions of this lease may be construed a waiver of any succeeding or preceding breach of the same or any other covenant or condition of this lease.

ARTICLE 15. LANDLORD'S WARRANTIES AND COVENANTS

Landlord covenants that as long as Tenant pays the rent and other charges under this lease and observes the covenants and terms of this lease, Tenant will lawfully and quietly hold, occupy, and enjoy the premises during the lease term without being disturbed by Landlord or any person

claiming under Landlord, except for any portion of the premises that is taken under the power of eminent domain.

ARTICLE 16. GENERAL PROTECTIVE PROVISIONS

Right of Entry and Inspection

§ 16.01. Tenant must permit Landlord or its agents, representatives, or employees to enter the premises for the purposes of inspection; determining whether Tenant is complying with this lease; maintaining, repairing, or altering the premise; or showing the premises to prospective tenants, purchasers, mortgagees, or beneficiaries under trust deeds.

No Partnership or Joint Venture

§ 16.02. The relationship between Landlord and Tenant is at all times solely that of landlord and tenant and may not be deemed a partnership or a joint venture.

Force Majeure

§ 16.03. If constructing the building as provided in § 7.03 or curing any default (other than failure to pay rent, insurance premiums, or ad valorem taxes) or performing any other covenant or term is delayed by reason of war, civil commotion, act of God, governmental restrictions, regulations, or interference, fire or other casualty, or any other circumstances beyond Tenant's control or that of the party obligated or permitted under this lease to do or perform the term or covenant, regardless of whether the circumstances is similar to any of those enumerated or not, each party so delayed is excused from performance during the delay period.

No Termination on Bankruptcy

§ 16.04. Bankruptcy, insolvency, assignment for the benefit of creditors, or the appointment of a receiver will not affect this lease as long as Tenant and Landlord or their respective successors or legal representatives continue to perform all covenants of this lease.

No Waiver

§ 16.05. No waiver by either party of any default or breach of any covenant or term of this lease may be treated as a waiver of any subsequent default or breach of the same or any other covenant or term of this lease.

Release of Landlord

§ 16.06. If Landlord sells or transfers all or part of the premises and as a part of the transaction assigns its interest as Landlord in this lease, then as of the effective date of the sale,

assignment, or transfer, Landlord will have no further liability under this lease to Tenant, except with respect to liability matters that have accrued and are unsatisfied as of that date. Underlying this release is the parties' intent that Landlord's covenants and obligations under this lease will bind Landlord and its successors and assigns only during and in respect of their respective successive periods of ownership of the fee.

ARTICLE 17. MISCELLANEOUS

Delivery of Rents and Notices

§ 17.01. All rents or other sums, notices, demands, or requests from one party to another may be personally delivered or sent by mail, certified or registered, postage prepaid, to the addresses stated in this section and are considered to have been given at the time of personal delivery or of mailing.

All payments, notices, demands, or requests from Tenant to Landlord should be mailed to Landlord at P.O. Box 1677, Boerne, Texas 78006, or other such address as Landlord requests in writing.

All payments, notices, demands, or requests from Landlord to Tenant should be mailed to Tenant at 32980 IH 10 West, Boerne, Texas 78006, or at such other address as Tenant requests in writing.

Multiple Parties

§ 17.02. If this lease names more than one Landlord or Tenant, service of any notice on any one Tenant or Landlord is considered service on all Tenants or Landlords, respectively.

Parties Bound

§ 17.03. This agreement binds, and inures to the benefit of, the parties to the lease and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

Texas Law to Apply

§ 17.04. This agreement is to be construed under Texas law, and all obligations of the parties created by this lease are performable in Kendall County, Texas.

Legal Construction

§ 17.05. If any one or more of the provisions contained in this agreement are for any reason held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or

unenforceability will not affect any other provision of the lease, which will be construed as if it had not included the invalid, illegal, or unenforceable provision.

Landlord's Grant from Texas Department of Economic Development

§ 17.06. Landlord has acquired the lease premises and entered into this lease agreement, in part, in an effort to obtain grant funds from the Texas Department of Economic Development. Landlord has entered into an agreement with the Texas Department of Economic Development referred to as Contract No. 718132; Tenant has been furnished a copy of the same. Landlord and Tenant have entered into this lease agreement and another contract of even date in order for Landlord to be able to satisfy the terms and conditions of said Contract No. 718132. Landlord and Tenant agree to do all things necessary and reasonably possible to allow Landlord to receive the grant funds contemplated by said Contract No. 718132.

Amendment

§ 17.07. No amendment, modification, or alteration of this lease is binding unless in writing, dated subsequent to the date of this lease, duly executed by the Landlord and Tenant, during the entire term hereof, and Texas Department of Economic Development during the term of Contract No. 718132 between Landlord and the Texas Department of Economic Development

Rights and Remedies Cumulative

§ 17.08. The rights and remedies provided by this lease agreement are cumulative, and either party's using any right or remedy will not preclude or waive its right to use any other remedy. The rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

Attorney's Fees and Costs

§ 17.09. If, as a result of either party's breaching this agreement, the other party employs an attorney to enforce its rights under this lease, then the breaching or defaulting party will pay the other party the reasonable attorney's fees and costs incurred to enforce the lease.

Time of Essence

§ 17.10. Time is of the essence of this agreement.

Further Documents

§ 17.11. Landlord will from time to time and at any reasonable time execute and deliver to Tenant, when Tenant reasonably requests, other instruments and assurances approving, ratifying, and confirming this lease and the leasehold estate created by it and certifying that the

lease is in full force and that no default under the law on Tenant's part exists. But if any default on Tenant's part does exist, Landlord must specify in any such instrument each such default.

THIS AMENDED LEASE has been executed by the parties on the date and year appearing below, the signature of each party, but effective as of May 12, 1999.

LANDLORD:

CITY OF BOERNE, TEXAS

By: 

RONALD C. BOWMAN, City Manager

Date: 03/20/01

TENANT:

TEXAS COMPOSITE, INC.

By: 

WILLIAM A. McORAN-CAMPBELL,
President

Date: 03/15/01

APPROVAL OF AMENDED LEASE

As required by Texas Capital Fund Contract No. 718132, Texas Department of Economic Development, State of Texas, does hereby approve of the foregoing Amended Lease.

STATE OF TEXAS,

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT,

By: 

GUARANTY

In consideration of the City of Boerne, Texas ("City") entering into the foregoing amended lease with Texas Composite, Inc., ("TCI"), we, William A. McOran-Campbell and Lynne M. McOran-Campbell, Guarantors, irrevocably and unconditionally guarantee payment of all amounts coming due to City by TCI pursuant to, directly or indirectly to said lease whether such indebtedness is fixed or contingent, together with reasonable attorney fees, cost and expenses incurred by City in enforcing any or all the terms and provisions of said lease.

This Guaranty is made on the following terms and conditions:

Continuing Guaranty

1. This is a continuing Guaranty and all indebtedness to which it applies or may apply under the terms of this agreement are conclusively presumed to have been created in reliance on this agreement.

2. In the event of the death of Guarantors, the obligation of the deceased will continue in full force and effect against Guarantors's estate as to all indebtedness that has been created or incurred by the City before the time when the City received written notice of the death.

Waiver of Notice and Other Suretyship Rights

3. The Guarantors waive notice of acceptance of this Guaranty and notice of any and all liability to which it may apply, and waives presentment, demand of payment, protest, notice of dishonor, or nonpayment of any such indebtedness, suit, or taking of any other action by City against Guarantors, and any other notice to any party including the Guarantors. Furthermore, in order to give full effect to the provisions of this Guaranty, the Guarantors waive all suretyship and other rights inconsistent with this Guaranty, which might otherwise be available to Guarantors.

City Excused From Exercise of Other Remedies

4. City will not be required to pursue any other remedies before invoking the terms of this Guaranty, and will not be required to join TCI in any action to enforce its right to receive payment of the indebtedness, or any other right under this agreement. No delay on the part of City in exercising any of its options, powers, or rights, or partial or single exercise thereof, constitute a waiver of that right.

Consent to Extensions and Modifications

5. Guarantors agree that, from time to time, City may take the following actions without in anyway releasing, modifying, or discharging Guarantors' liability under this Guaranty:

- a. Extend TCI's time to pay any or all obligations.
- b. Settle with or discharge TCI.
- c. Modify the nature of TCI's obligation in any regard.
- d. Substitute, release, or impair any security provided in connection with any indebtedness of TCI.

General Provisions

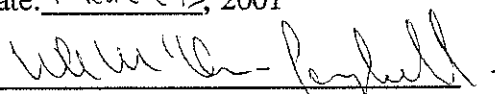
6. Any modifications of this Guaranty or any waiver of its provisions will be ineffective unless made in a writing signed by City.

7. The invalidity or unenforceability of this Guaranty, in part or in whole, will not affect the guaranteed indebtedness or any security for the indebtedness.


8. This Guaranty and the rights and obligations of the City and of the Guarantors are to be governed and construed in accordance with the laws of the State of Texas. This lease is performable in Kendall County, Texas. The Guarantors waive the right to be sued elsewhere.

9. This Guaranty will inure to the benefit of the transferee, assignee, or holder of the principal debt. However, all indebtedness to the City will first be paid in full, before the assignee of any debt guaranteed will receive any benefit of this lease of Guaranty.

Date: March 15, 2001



WILLIAM A. McORAN-CAMPBELL,
Guarantor



LYNNE M. McORAN-CAMPBELL,
Guarantor

LEASE AMENDMENT

The Amended Lease entered into on 15 March 2001 between CITY OF BOERNE, TEXAS (Landlord) and TEXAS COMPOSITE, INC. (Tenant), a Texas Corporation on premises situated in Boerne, Kendall County, Texas, legally described as follows: Lot 1 Pfeiffer Heritage Subdivision, in the City of Boerne, Kendall County, Texas, according to Plat recorded in Volume 3, Page 128 Plat Records of Kendall County, Texas is hereby amended:

ARTICLE 2, LEASE TERM, Fixed Beginning and Termination Date is amended to read:

2.01 The term of this lease is two hundred forty (240) months, beginning on the first day of May, 2001.

ARTICLE 3, RENT, Time and Manner of Payment is amended to read:

3.01 Tenant will pay Landlord the total rental amount of Four Hundred Sixteen Thousand Seven Hundred Forty and No/100 Dollars (\$416,740.00).

3.02 Tenant will pay all rent due under this article on a monthly basis. Such monthly rent is due and payable in equal monthly installments of One Thousand Seven Hundred Thirty-six and 41/100 Dollars (\$1,736.41) and a final payment of One Thousand Seven Hundred Thirty-eight and 01/100 Dollars (\$1,738.01), in advance on the first calendar day of each month, beginning the first day of the first month following construction completion date or occupancy of Tenant of the improvements to be constructed by Tenant on the premises, whichever occurs first. Payments must be in lawful money of the United States to the Landlord at P. O. Box 1677, Boerne, Texas 78006, or such other place as Landlord may designate, from time to time, in writing.

THIS AMENDED LEASE has been executed by the parties on ____ July 2002.

LANDLORD:
CITY OF BOERNE, TEXAS

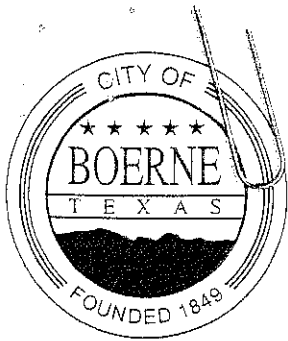
TENANT:
TEXAS COMPOSITE, INC.

By: Ronald C. Bowman
Ronald C. Bowman
City Manager

By: William A. McOran-Campbell
William A. McOran-Campbell
President

ATTEST:

By: Linda S. Zartler
Linda Zartler, City Secretary



CITY OF BOERNE

P.O. Box 1677

402 E. Blanco

Boerne, Texas 78006

February 21, 2001

Mr. Adair Campbell
Texas Composite, Inc.
1281 North Main Street
Boerne, Texas 78006

Re: Texas Capital Fund Improvements

Dear Adair:

We have included copies of invoices we paid for the improvements to your site:

- | | | |
|--|---------------------------|-------------|
| (1) | Texas Landcrafters, Inc. | \$75,585.00 |
| (2) | Texas Landcrafters, Inc. | 2,717.00 |
| (3) | Wagner Automation, Inc. | 14,313.00 |
| (4) | Construction Rent-A-Fence | 22,000.00 |
| (5) | Cross Country Resources | 2,125.00 |
| (Clearing fence line and removal of materials) | | |

Subtotal \$116,740.00

Land Purchase 300,000.00

TOTAL \$416,740.00

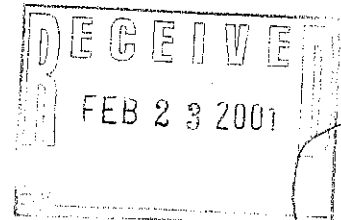
If you have any questions, please do not hesitate to give me a call. I hope you are feeling better.

Sincerely,

Christopher A. Turk
Director of Planning and Community Services

CAT:pas

Enclosure



act
#752

20 yrs

\$ 1736.41 per
month - due
on 1st of month

starting

1st Oct Pd 69724

~~1st Oct~~
1st Nov Pd 70275

824

LEASE AMENDMENT

The Lease entered into on 12 May 1999 between CITY OF BOERNE, TEXAS (Landlord) and TEXAS COMPOSITE, INC. (Tenant), a Texas Corporation on premises situated in Boerne, Kendall County, Texas, legally described as follows: Lot 1 Pfeiffer Heritage Subdivision, in the City of Boerne, Kendall County, Texas, according to Plat recorded in Volume 3, Page 128 Plat Records of Kendall County, Texas is hereby amended:

ARTICLE 2, LEASE TERM, Fixed Beginning and Termination Date is amended to read:

2.01 The term of this lease is two hundred forty (240) months, beginning on the first day of May, 2001.

ARTICLE 3, RENT, Time and Manner of Payment is amended to read:

3.02 Tenant will pay all rent due under this article on a monthly basis. Such monthly rent is due and payable in Four Hundred Fifty-Eight (239) equal monthly installments of One Thousand Nine Hundred, Ten and 35/100 Dollars (\$1,910.35) and a final payment of One Thousand Nine Hundred Eleven and 35/100 Dollars (\$1,911.35), in advance on the first calendar day of each month, beginning 1 May 2001. Payments must be in lawful money of the United States to the Landlord at P. O. Box 1677, Boerne, Texas, 78006, or such other place as Landlord may designate, from time to time, in writing.

THIS AMENDED LEASE has been executed by the parties on 27 June 2002.

LANDLORD:
CITY OF BOERNE, TEXAS

TENANT:
TEXAS COMPOSITE, INC.

5/12 = 458,485.00
239 x \$ 1736.41
1 x 1738.01

By: Ronald C. Bowman
Ronald C. Bowman
City Manager

By: William A. McOran-Campbell
William A. McOran-Campbell
President

ATTEST:

By: Linda S. Zartler
Linda Zartler, City Secretary