

REAL ESTATE CONTRACT

THIS CONTRACT OF SALE is made by and between TLS PROPERTIES, LTD. ("SELLER"), and the CITY OF COLLEGE STATION, TEXAS, a Texas Home Rule Municipal Corporation, situated in Brazos County, Texas ("BUYER"), upon the terms and conditions set forth herein.

ARTICLE I PURCHASE AND SALE

1.1 SELLER agrees to sell and convey in fee simple by General Warranty Deed, and BUYER agrees to purchase and pay for, a 10.7466 acre tract or parcel of land lying and being situated in the CRAWFORD BURNETT SURVEY, ABSTRACT NO. 7, Brazos County, Texas, being a portion of a called 134.041 acre tract of land as described in the General Warranty Deed recorded in Volume 3022 Page 187, Deed Records of Brazos County, Texas, said 10.7466 acre tract being more particularly described by metes and bounds in Exhibit "A" attached hereto and made a part hereof for all purposes ("PROPERTY"), together with all and singular the rights and appurtenances pertaining to the PROPERTY, including all right, title and interest of SELLER in and to adjacent roads, streets, alleys or rights-of-way (all of such real property, rights, and appurtenances being herein referred to as the "PROPERTY"), together with SELLER's interest in any improvements and fixtures situated on and attached to the PROPERTY, any and all rights to the present or future use of water or groundwater for the consideration and subject to the terms, provisions, and conditions set forth herein. This Contract by BUYER to purchase the PROPERTY is subject to approval by the City Council of the City of College Station, Texas; such approval indicated by signature of BUYER's representatives to this CONTRACT OF SALE.

1.2 SELLER shall retain any and all oil, gas or other mineral rights to the PROPERTY, provided that there shall never in any event be any ingress or egress on or across the surface of the PROPERTY for the purposes of exploration, development, production or transportation of such oil, gas or other minerals, it being expressly contemplated by the parties to this instrument that there shall be no development of any minerals that would require oil and gas drilling, mining, shaft mining, pit mining or any other kind of mining that would require utilization of the surface for the development with adjacent parcels and provided further that SELLER does not reserve and expressly conveys to BUYER any and all minerals of whatsoever kind and nature owned by SELLER down to the depth of two hundred fifty (250) feet from the actual surface of any portion of said PROPERTY.

1.3 BUYER has requested Brazos County Abstract Company furnish a Commitment for Title Insurance (the "Title Commitment") to insure title to the BUYER for BUYER's review together with legible copies of all instruments referred to in the Title Commitment. The BUYER shall request the title company to furnish these items to BUYER within fifteen (15) calendar days of the date of this Contract. BUYER shall have a period of five

(5) business days (the "Title Review Period") after receipt of the Title Commitment and the copies of the instruments referred to in Schedule B as exceptions within which to notify SELLER of BUYER's objection to any item shown on or referenced by those documents (the "Reviewable Matters"). Any Reviewable Matter to which BUYER does not object within the Title Review Period shall be deemed to be accepted by BUYER. If BUYER objects to any such Reviewable Matter and gives notice to SELLER as provided herein, SELLER may at SELLER's election, on or before closing, attempt to cure same. If SELLER fails to cure same by the closing date, or is unwilling to cure same, the closing date shall be extended for five (5) business days for BUYER to either (a) waive such objections and accept such title as SELLER is able to convey or (b) terminate this Contract by written notice to the Title Company and to SELLER, in which case the earnest money shall be refunded to BUYER, and neither SELLER nor BUYER shall have any further rights or obligations under this Contract.

1.4 (a) The City of College Station, Texas, at its expense, will provide a survey of the PROPERTY, showing, without limitation, all adjacent property lines, record ownership of adjoining properties, encroachments, easements, rights-of-way and other encumbrances of record. The survey will reflect any encroachments onto or by the PROPERTY onto adjoining properties. BUYER shall have a period of five (5) business days (the "Survey Review Period") after receipt of the Survey within which to notify SELLER of BUYER's objection to any item shown on or referenced on the Survey. Any Reviewable Matter to which BUYER does not object within the Survey Review Period shall be deemed to be accepted by BUYER. If BUYER objects to any such Reviewable Matter and gives notice to SELLER as provided herein, SELLER may at SELLER's election, on or before closing, attempt to cure same. If SELLER fails to cure same by the closing date, or is unwilling to cure same, the closing date shall be extended for five (5) business days for BUYER to either (a) waive such objections and accept such title as SELLER is able to convey or (b) terminate this Contract by written notice to the Title Company and to SELLER, in which case any earnest money shall be refunded to BUYER, and neither SELLER nor BUYER shall have any further rights or obligations under this Contract.

(b) The survey drawing shall be addressed to and certified in favor of the BUYER and the Title Company. The field notes description, as prepared by the surveyor, shall be substituted for the description attached to this Contract and shall be used in the General Warranty Deed.

1.5 Inspection Period. BUYER shall have the right, at its sole cost and expense and within a period of twenty-one (21) days (the Inspection Period) following the effective date of this Agreement to conduct or cause to be conducted any and all tests, inspections, reviews, assessments or evaluations of the PROPERTY, including without limitation engineering, hydrology, topographic, soils, zoning, wetlands and environmental inspections (including Phase I and/or Phase II environmental site assessments to be performed by an environmental consultant selected by BUYER), and economic feasibility and financial

availability analyses (collectively, the "Inspections") as BUYER deems necessary, desirable or appropriate in order to determine whether the PROPERTY is suitable for purchase by BUYER. As used herein, the term "Phase I and/or Phase II environmental site assessments" includes Purchaser's right to perform intrusive soil sampling/investigation to the land and improvements constituting the PROPERTY. Simultaneously with the execution of this Agreement, SELLER shall provide to BUYER, all title, survey, engineering and environmental information and other such information about the PROPERTY which SELLER may have in its possession. All information that is obtained through Buyer's inspections shall mitigate the representations and warranties of Sellers as provided in Article III of the Contract' provided, however, such mitigation shall not act to relieve SELLER from liability for any intentional misrepresentation or omission regarding the Property that is not discovered by any inspection. Notwithstanding such mitigation BUYER's inspections shall not relieve each of the SELLER of the obligation to disclose all matters regarding the property of which SELLER's have actual knowledge.

SELLER shall allow BUYER, and its authorized agents, representatives, consultant and engineers, unlimited access to the PROPERTY and to other information pertaining thereto in the possession or within the control of SELLER for the purpose of the Inspections. SELLER shall cooperate with BUYER in facilitating the Inspections and shall use its best reasonable efforts to obtain any consents that may be necessary in order for BUYER to perform the Investigations and shall use its best efforts to secure such cooperation from existing tenants of the PROPERTY.

In the event such Inspections reveal any condition(s) which renders the PROPERTY unsuitable for purchase by BUYER, BUYER may, in its sole and absolute discretion, terminate this Agreement upon written notice to SELLER, delivered within (5) days after the expiration of the Inspection Period. In the event BUYER terminates this Agreement pursuant to this Section 1.4, BUYER shall restore the PROPERTY to its previous condition or as close thereto as is reasonably possible immediately prior to the Inspections (which obligation shall survive the termination of this Agreement) and upon such restoration of the PROPERTY, neither party shall have any further rights or obligations hereunder except as otherwise expressly provided herein. In the event this Agreement is terminated, BUYER will return to SELLER any and all documents and analysis obtained during the Inspection Period and BUYER agrees that it will not utilize the results of such inspection period for any other purpose.

1.6 The parties agree that general real estate taxes on the PROPERTY for the then current year, interest on any existing indebtedness, and rents, if any, shall be prorated as of the closing date and shall be adjusted in cash at the closing. BUYER alone shall be liable for any taxes assessed and levied for prior years resulting from any change in use subsequent to the conveyance to BUYER. If the closing shall occur before the tax rate is fixed for the current year, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation. All installments that have matured prior to the closing date on any special taxes or assessments shall be paid by

SELLER; and any installments that are provided in the special assessment to mature after closing shall be assumed by BUYER.

1.7. The parties agree that general real estate taxes on the PROPERTY for the then current year, interest on any existing indebtedness, and rents, if any, shall be prorated as of the closing date and shall be adjusted in cash at the closing. BUYER is exempt from any taxes assessed and levied for prior years resulting from any change in use subsequent to the conveyance to BUYER pursuant to §23.9807(i) of the TEXAS PROP. CODE (Vernon Supp. 2000). If the closing shall occur before the tax rate is fixed for the current year, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation. All installments that have matured prior to the closing date on any special taxes or assessments shall be paid by SELLER; and any installments that are provided in the special assessment to mature after closing shall be assumed by BUYER.

1.8 The sale of the PROPERTY shall be made by a General Warranty Deed from SELLER to BUYER in the form prepared by BUYER attached hereto as Exhibit "B".

ARTICLE II PURCHASE PRICE

2.1 The purchase price for said PROPERTY shall be the sum of ONE HUNDRED FIFTY-FIVE THOUSAND EIGHT HUNDRED TWENTY-FIVE AND 70/100 DOLLARS (\$155,825.70).

2.2 Earnest Money Deposit. Within two (2) business days after the date of acceptance of this Contract, as hereinafter defined, Purchaser shall place the sum of \$5,000.00 (hereinafter referred to as the "Deposit"), together with a fully executed copy of this Contract, in escrow with Brazos County Abstract Title Company (hereinafter referred to as the "Title Company"). The Deposit shall be placed by the Title Company in an interest-bearing account and the interest earned on such account shall be added to and constitute a part of the Deposit. If the Contract is consummated, the Deposit shall be applied against the total cash Purchase Price to be paid by Purchaser at Closing or be refunded to Purchaser in the event of a termination.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

3.1 SELLER hereby represents and warrants to BUYER as follows:

(a) SELLER has the full right, power, and authority to enter into and perform SELLER's obligations under this Contract.

(b) SELLER has no actual knowledge of any parties in possession of any portion of the PROPERTY, either as lessees, tenants at sufferance, trespassers, or other persons in possession, with the exception of a Grazing Lease to Larry Herd. SELLER has provided or will provide a copy of said lease. SELLER will deliver to BUYER, at closing, at SELLER's expense, a Release to said Lease on the PROPERTY. Additionally, SELLER has no actual knowledge of any action by adjacent landowners, or any natural or artificial conditions upon the PROPERTY, or any significant adverse fact or condition relating to the PROPERTY, which has not been disclosed in writing to BUYER by SELLER, which would prevent, limit, impede or render more costly BUYER's contemplated use of the PROPERTY.

(c) SELLER has no actual knowledge of any pending or threatened condemnation or similar proceedings or assessment affecting the PROPERTY or any part thereof. SELLER has no actual knowledge of any such proceedings or assessments contemplated by any governmental entity.

(d) SELLER has no actual knowledge that the PROPERTY does not have full and free access to and from public highways, streets, or roads. SELLER has no actual knowledge that there are pending or threatened governmental proceedings that would impair or result in the termination of such access. If SELLER obtains actual knowledge of any such matter subsequent to the date of this Contract that would make any of the representations or warranties untrue if made as of closing, SELLER shall notify BUYER, and BUYER shall have the election of terminating the Contract and receiving back its earnest money, in which case neither party shall have any further obligation to the other.

(e) The PROPERTY has not been illegally subdivided or otherwise held, managed, or maintained in violation of any federal, state, or local law.

(f) SELLER has no actual knowledge that SELLER has not complied with all applicable laws, ordinances, regulations, statutes, rules and restrictions relating to the PROPERTY or any part thereof.

(g) If SELLER obtains actual knowledge of any such matter subsequent to the date of this Contract that would make any of the representations or warranties untrue if made as of closing, SELLER shall notify BUYER, and BUYER shall have the election of terminating the Contract and receiving back its earnest money, in which case neither party shall have any further obligation to the other.

(h) SELLER has no knowledge that the PROPERTY contains any environmental hazard.

(i) SELLER is not a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended, Sections 1445 and 7701 (i.e., SELLER is not a non-resident alien, a foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Code and regulations promulgated thereunder).

(j) To the best of SELLER's knowledge there are no unpaid charges, debts, liabilities, claims or obligations arising from any construction, occupancy, ownership, use or operation of the PROPERTY, or the business operated thereon, if any, which could give rise to any mechanic's or materialmen's or other statutory lien against the PROPERTY, or any part thereof, or for which BUYER will be responsible.

(k) Maintenance and Operation. Until closing, SELLER will (a) maintain the PROPERTY as it existed on the Effective Date, except for reasonable wear and tear and casualty damage; (b) comply with all governmental regulations affecting the PROPERTY; (c) not enter into any contracts, leases or encumber the PROPERTY. Any mineral leases executed by any SELLER shall contain a surface waiver in accordance with Section 7.1 herein. Further provided that SELLER shall provide copies of any leases to BUYER on or before closing for BUYER's review. No prior severance or lease of any groundwater has been made.

(l) The property is not encumbered by deed restrictions that establish a Homeowner's Association which requires the payment of homeowner's or maintenance fees.

(m) SELLER has not severed or leased any groundwater.

(n) SELLER agrees to secure and record, at SELLER's cost, surface waivers from all outstanding mineral interest owners, including mineral lessees in any leases.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

4.1 BUYER represents and warrants to SELLER as of the effective date and as of the closing date that:

(a) BUYER has the full right, power, and authority to purchase the PROPERTY from SELLER as provided in this Contract and to carry out BUYER's obligations under this Contract, and all requisite action necessary to authorize BUYER to enter into this Contract and to carry out BUYER's obligations hereunder has been obtained or on or before closing will have been taken.

ARTICLE V CLOSING

5.1 The closing shall be held at Brazos County Abstract Company within sixty (60) calendar days from the execution and tender of this Contract by BUYER, at such time and date as SELLER and BUYER may agree upon (the "closing date").

5.2 At the closing, SELLER shall:

(a) Deliver to BUYER the duly executed and acknowledged General Warranty Deed prepared by BUYER conveying good and marketable title in the PROPERTY, free and clear of any and all liens, encumbrances, except for the Reviewable Matters and subject to the BUYER's election to terminate this Contract in the event BUYER disapproves of any Reviewable Matter, which objection is to be cured by SELLER on or prior to the closing as provided by Article I of this Contract.

(b) Deliver possession of the PROPERTY to BUYER.

(c) Deliver to BUYER, at SELLER's expense, a Title Policy insuring indefeasible title issued by Brazos County Abstract Company, in BUYER's favor in the full amount of the purchase price, insuring BUYER's fee simple interest in the PROPERTY subject only to such exceptions as shown on the Title Commitment and not objected to by BUYER prior to closing.

(d) Pay one-half (1/2) of the escrow fees.

(e) Pay the title insurance.

(f) Pay any and all required property taxes and prorated taxes for the year 2005.

(g) Pay any and all homeowner's or maintenance fees for prior years and for the current year prorated up to the date of closing.

(h) Pay the costs to obtain, deliver and record releases or partial releases of all liens to be released at closing.

(i) Pay the costs to record all documents to cure title objections agreed to be cured by SELLER.

(j) SELLER, at SELLER's expense, will provide mineral surface waivers from all mineral owners.

(k) Pay the certificates or reports of ad valorem taxes.

(l) Pay the SELLER's expenses and attorney fees.

5.3 Upon such performance by SELLER at closing, BUYER shall:

(a) Pay the balance of the purchase price.

(b) Pay one-half (1/2) of the escrow fees.

- (c) Prepare, at its cost, the General Warranty Deed document.
- (d) Pay the costs to obtain, deliver and record all documents other than those to be recorded at SELLER's expense.
- (e) Pay the BUYER's expenses or attorney fees.
- (f) Pay the additional premium for the survey/boundary deletion in the title policy, if the deletion is requested by BUYER.
- (g) Pay the costs of work required by BUYER to have the survey reflect matters other than those required under this contract.

ARTICLE VI BREACH BY SELLER

6.1 In the event SELLER fails to fully and timely perform any of SELLER's obligations under this Contract or fails to consummate the sale of the PROPERTY for any reason except BUYER's default, BUYER may:

- (a) Enforce specific performance of this agreement;
- (b) Bring suit for damages against SELLER; and/or
- (c) Terminate this contract and initiate condemnation proceedings.

ARTICLE VII BREACH BY BUYER

7.1 In the event BUYER fails to consummate the purchase of the PROPERTY (BUYER being in default and SELLER not being in default hereunder), SELLER shall have the right to bring suit against BUYER only for expectancy and incidental damages, if any.

ARTICLE VIII MISCELLANEOUS

8.1 **Survival of Covenants:** Any of the representations, warranties, covenants, and agreements of the parties, as well as any rights and benefits of the parties, pertaining to the period of time following the closing date, shall survive the closing and shall not be merged by deed or otherwise be extinguished.

8.2 Notice: Any notice required or permitted to be delivered by this Contract shall be deemed received when sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to SELLER or BUYER, as the case may be, at the addresses set forth below:

SELLER: TLS Properties, Ltd.
Attn: Bruce Smith
P.O. Box 19572
Houston, TX 77224
Phone (for reference): 713/461-5606
713/461-5662 fax

BUYER: City of College Station
Legal Department
1101 Texas Avenue
College Station, Texas 77840

8.3 Texas Law to Apply: This Contract shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created by this Contract are to be performed in Brazos County, Texas.

8.4 Parties Bound: This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. The persons executing this Contract do so in their capacities as set forth below and in no other capacity whatsoever, and such persons shall have no personal liability for executing this Contract in a representative capacity. All such liability is limited to the principal for which they execute this document as a representative.

8.5 Invalid Provision: In case any one or more of the provisions contained in this Contract shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in the Contract. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Contract a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

8.6 Construction: The parties acknowledge that each party and its counsel have reviewed and revised this Contract and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Contract or any amendments or exhibits hereto.

8.7 Prior Agreements Superseded: This Contract embodies the entire agreement of the parties and supersedes any and all prior understandings or written or oral agreements between the parties respecting subject matter within and may only be amended or supplemented by an instrument in writing executed by the party against whom enforcement is sought.

8.8 Time of Essence: Time is of the essence to this Contract.

8.9 Gender: Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

8.10 Multiple Counterparts: This Contract may be executed in a number of identical counterparts. If so executed, each of the counterparts shall, collectively, constitute but one agreement. In making proof of this Contract, it shall not be necessary to produce or account for more than one counterpart.

8.11 Memorandum of Contract: Upon request of either party, both parties shall promptly execute a memorandum of this agreement suitable for filing of record.

8.12 Brokerage Fees. In the event that a brokerage commission is paid by the SELLER, then SELLER must pay three percent (3%) of the gross sale price to BUYER, or shall reduce the purchase price by same amount.

EXECUTED on this the _____ day of _____, 2005.

SELLER:
TLS PROPERTIES, LTD.
a Texas Limited Partnership

BUYER:
CITY OF COLLEGE STATION

BY: TLS OPERATING, LLC
a Texas Limited Liability Company
Its General Partner

BY: _____
RON SILVIA, Mayor
Date: _____

BY: 
Bruce A. Smith, President
Date: 6-3-05

ATTEST:

CONNIE HOOKS, City Secretary
Date: _____

APPROVED:

THOMAS E. BRYMER, City Manager
Date: _____

JEFF KERSTEN, Finance and Strategic
Planning Director
Date: _____

Roxanne Gernick
City Attorney
Date: _____

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF BRAZOS §

This instrument was acknowledged before me on the _____ day of _____, 2005, by RON SILVIA, as Mayor of the CITY OF COLLEGE STATION, a Texas Home Rule Municipal Corporation, on behalf of said municipality.

NOTARY PUBLIC in and for
the STATE OF TEXAS

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF Harris §

This instrument was acknowledged before me on the 3rd day of June, 2005, by Bruce A. Smith, President of TLS Operating, LLC, a Texas Limited Liability Company, as general partner of TLS PROPERTIES, LTD., a Texas Limited Partnership, on behalf of said limited partnership.



Mary Margaret Campbell
NOTARY PUBLIC in and for
the STATE OF TEXAS

City of College Station
Dowling Road GST Boundary
10.7466 Acres

Crawford Burnett Survey
Abstract 7

STATE OF TEXAS §

COUNTY OF BRAZOS §

A **METES AND BOUNDS** description of a certain 10.7466 acre tract situated in the Crawford Burnett Survey, Abstract No. 7, Brazos County, Texas, being a portion of a called 134.041 acre tract of land as described in Special Warranty Deed, recorded in Volume 3022, Page 187 of the Brazos County Deed Records, said 10.7466 acre tract is more particularly described as follows with all bearing being based on a calculated call of North 86°14'10" West, 1605.94 feet (Called 1605.74 feet) between two found concrete monuments along the south line of a called 12.659 acre tract as described in Deed recorded in Volume 266, Page 722 of the Brazos County Deed Records;

COMMENCING, at a found concrete monument located at the most southeasterly corner of the said 12.659 acre tract, from which a two concrete monuments bears North 44°39'06" West, 208.42 feet, and North 86°14'10" West, 1605.97 feet respectively;

THENCE, South 18°20'00" East, 92.58 feet, along the former 170 feet I&GN railroad right-of-way as described in Condemnation Judgment recorded in Volume 3, Page 529 of Original Book #3-Civil Minutes of Brazos County, Texas, dated July 24, 190, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") for the **POINT OF BEGINNING** of the herein described 10.7466 acre tract;

THENCE, South 18°20'00" East, 621.17 feet, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the north line of Dowling Road described in Special Warranty Deed recorded in Volume 6264 Page 68 of the Brazos County Deed Records, from which a found 1/2-inch iron rod with cap stamped "Strong 4961" bears North 45°35'44" East, 72.42 feet;

THENCE, South 45°35'44" West, 708.08 feet, along the northwest line of said Dowling Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), from which a found 1/2-inch iron rod with cap stamped "Strong 4961" bears South 45°35'44" West, 1659.28 feet;

THENCE, North 44°41'51" West, 550.00 feet, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, North 45°07'53" East, 983.92 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") being the **POINT OF BEGINNING AND CONTAINING** 10.7466 acres of land in Brazos County, Texas, as shown on Drawing No.5243B (OS) in the offices of Cotton Surveying Company, Houston, Texas.

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EXHIBIT A



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

EXHIBIT "B"

GENERAL WARRANTY DEED

DATE: _____

GRANTOR: TLS PROPERTIES, LTD., a Texas Limited Partnership

GRANTOR'S MAILING ADDRESS: P.O. Box 19572
(including county) Harris County
Houston, Texas 77224

GRANTEE: CITY OF COLLEGE STATION, TEXAS

GRANTEE'S MAILING ADDRESS: 1101 Texas Avenue
(including county) Brazos County
College Station, Texas 77840

CONSIDERATION: Ten Dollars (\$10.00) and other good and valuable consideration.

PROPERTY:

INSERT PROPERTY DESCRIPTION

**RESERVATIONS FROM AND EXCEPTIONS
TO CONVEYANCE AND WARRANTY: (INSERT)**

GRANTOR hereby reserves unto itself, its successors and assigns, any and all oil, gas and other minerals in, on or under the premises described on the attached Exhibit A; provided that there shall never in any event be any ingress or egress on or across the surface of the above described premises for the purposes of exploration, development, production or transportation of such oil, gas or other minerals, it being expressly contemplated by the parties to this instrument that any production of such minerals shall be from the surface of other adjacent property and that there shall be no development of any minerals that would require mining, shaft mining, pit mining or any other kind of mining that would require utilization of the surface, or through the pooling of such mineral interests for the development with adjacent parcels and provided further that GRANTOR does not reserve and expressly conveys to GRANTEE any and all minerals of whatsoever kind and nature owned by GRANTOR down to the depth of two hundred fifty feet (250') from the actual surface of any portion of said tract.

GRANTOR, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, GRANTS, SELLS, and CONVEYS to GRANTEE the property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to GRANTEE and GRANTEE's successors and assigns forever. GRANTOR binds GRANTOR and GRANTOR's successors and assigns, to warrant and forever defend all and singular the property to GRANTEE and GRANTEE's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty.

When the context requires, singular nouns and pronouns include the plural.

TLS PROPERTIES, LTD.,
a Texas Limited Partnership

BY: TLS OPERATING, LLC
a Texas Limited Liability Company,
Its General Partner

BY: _____
Bruce A. Smith, President

THE STATE OF TEXAS)
)
COUNTY OF _____) ACKNOWLEDGMENT

This instrument was acknowledged before me on the ____ day of _____, 2005, by Bruce A. Smith, President of TLS Operating, LLC, a Texas Limited Liability Company, as general partner of TLS PROPERTIES, LTD., a Texas Limited Partnership, on behalf of said limited partnership.

Notary Public in and for the State of Texas

PREPARED IN THE OFFICE OF:
City of College Station
Legal Department
P. O. Box 9960
College Station, Texas 77842-9960

RETURN ORIGINAL DOCUMENT TO:
City of College Station
Legal Department
P. O. Box 9960
College Station, Texas 77842-9960

OPTION CONTRACT

Preamble

This Option Contract (herein "Option Contract" or "Agreement") is made this _____ day of _____, 2005, at College Station, Brazos County, Texas by TLS PROPERTIES, LTD., ("Optionor"), and the CITY OF COLLEGE STATION, TEXAS, a Texas Home Rule Municipal Corporation referred to in this contract as Optionee.

Recitals

WHEREAS, Optionor is the owner of certain real property in Brazos County, referred to in this Option Contract as the Property, said property being located in Brazos County, Texas and more particularly depicted and described in Exhibit "A" attached hereto; and

WHEREAS, Optionee desires to acquire the exclusive and irrevocable right and option to purchase, without becoming obligated to purchase, the Property at an agreed price and under specified terms and conditions;

THEREFORE, it is agreed as follows:

1. Recitals. The above Recitals are true and correct and incorporated into this Option Contract.

2. Grant of Option. For the consideration of a non-refundable fee of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00), payable upon closing of the 10.74 acre tract from TLS Properties, Ltd., to City of College Station (Contract No. 05-195), OPTIONEE it successors and assigns shall have the exclusive and irrevocable right (but not the obligation) to purchase a portion of or the entire five (5) acre "Option Tract" described in Exhibit A attached hereto and incorporated herein by reference until December 31, 2010. The purchase price shall be based on the schedule set out hereafter:

- Year 1: If Buyer elects to purchase the Option Tract and closing occurs on or before December 31, 2005, then the purchase price shall be based on \$14,500/acre.
- Year 2: If Buyer elects to purchase the Option Tract and closing occurs on or before December 31, 2006, then the purchase price shall be based on \$15,370/acre.
- Year 3: If Buyer elects to purchase the Option Tract and closing occurs on or before December 31, 2007, then the purchase price shall be based on \$16,292/acre.
- Year 4: If Buyer elects to purchase the Option Tract and closing occurs on or before December 31, 2008, then the purchase price shall be based on \$17,270/acre.
- Year 5: If Buyer elects to purchase the Option Tract and closing occurs on or before December 31, 2009, then the purchase price shall be based on \$18,306/acre.
- Year 6: If Buyer elects to purchase the Option Tract and closing occurs on or before December 31, 2010, then the purchase price shall be based on \$19,404/acre.

3. Expiration Date. This option shall expire at 5:00 p.m., Central Standard Time on December 31, 2010 (the "Expiration Date").

4. Exercise of Option. Optionee may exercise this option by execution and tender to Optionor of the Real Estate Contract attached hereto. The purchase price shall be Calculated as set forth in Section 2 herein and inserted in Article II of the Real Estate Contract between City of College Station and TLS Properties, Ltd., and attached hereto. Optionor shall execute and deliver to Optionee an executed copy of said contract at closing on the 10.74 acre tract.

5. Disposition of Option Consideration. The option payment from Optionee to Optionor hereunder shall not be applied to or credited against payment of the purchase price.

6. Right to Enter; Survey. Optionor authorizes Optionee to enter upon the Property at any reasonable time to survey the Property and to make any studies for the Environmental Site Assessment, all at Optionee.s expense.

7. Optionor's Covenants, Representations and Warranties. Optionor's covenants, represents, and warrants to Optionee as follows:

- (a) Optionor will not grant any monetary liens or encumbrances or grant any easement, license, or any other interest affecting the Property after the date hereof.
- (b) Optionor has not entered into and there is not existing any other agreement, written or oral, under which Optionor is or could become obligated to sell, lease or grant any other rights in the Property to any party, other than current Grazing Lease to Larry Herd.
- (c) Optionor shall not take any action after the date hereof which affects title to the Property, or allow any action to be taken by any third party or by operation of law which affects title to the Property.
- (d) As of the date hereof, no notice of violation has been issued and no proceedings commenced with regard to any applicable law, regulation, ordinance, requirement, covenant, condition or restriction affecting or relating to the present use or occupancy of the Property by any person, authority or agency having jurisdiction thereover with which Optionor has not fully complied. Optionor shall, at Optionor's sole cost and expense, correct any violations and bear all expenses, fines, or related expenditures in connection therewith.
- (e) There are no underground storage tanks, pumps, or piping except as shown in Title Commitment located on the Property, and to Optionor's knowledge there are no hazardous wastes or substance deposits located on the Property.
- (f) There are no actions, suits, claims or proceedings pending or threatened with respect to or in any manner affecting the Property, nor to Optionor's knowledge, are there any circumstances which should or could reasonably form the basis for any such actions, suits, claims or proceedings, and Optionor has not been notified of any contemplated condemnation by third parties that possess the right to condemn the Property or any portion thereof, and there is no pending action in condemnation with respect to the Property, or any portion thereof, by any governmental or quasi-governmental authority.

- (g) There are no pending civil (including actions by private parties), criminal, or administrative proceedings against Optionor relating to environmental matters with respect to the Property, and there have been none at any time during Optionor's ownership of the Property; Optionor knows of no threatened civil (including actions by private parties), criminal, or administrative proceedings against it relating to environmental matters; and Optionor knows of no facts or circumstances which may give rise to any future civil (including actions by private parties), administrative or criminal proceedings against it relating to environmental matters with respect to the Property.
- (h) Preliminary Examination of Title and Survey. Optionee has requested Brazos County Abstract Company furnish a Commitment for Title Insurance (the "Title Commitment") to insure title to the Optionee for Optionee's review together with legible copies of all instruments referred to in the Title Commitment. The Optionee shall request the title company to furnish these items to Optionee for its preliminary review within fifteen (15) calendar days of the date of this Option Contract. After receipt of the Title Commitment, survey, and the copies of the instruments referred to in Schedule B as exceptions, Optionee shall have ten (10) business days, (the "Title and Survey Review Period") to disapprove or preliminarily approve the condition of title or survey and notify Optionor of Optionee's objection to any item shown on or referenced by those documents (the "Reviewable Matters"). Any Reviewable Matter to which Optionee does not object within the Title and Survey Review Period shall be preliminarily accepted by Optionee. If Optionee objects to any such Reviewable Matter and gives notice to Optionor as provided herein, Optionor may at its election, on or before closing, attempt to cure same. If Optionor fails to cure same by the closing date, or is unwilling to cure same, the closing date shall be extended for five (5) business days for Optionee to either (a) waive such objections and accept such title as Optionor is able to convey or (b) terminate this Contract by written notice to the Title Company and to Optionor, in which case the earnest money shall be refunded to Optionee, and neither Optionor nor Optionee shall have any further rights or liabilities under this Contract. Notwithstanding any other provision of this Agreement, if Optionee preliminarily approves the condition of the title and survey, Optionor warrants that it shall not cause or allow any change to the condition of title or survey during the option period, and Optionee maintains the right to renew its objections to changes in the condition of title and survey occurring subsequent to the preliminary review and prior to Closing and to recover from Optionor the Option Consideration paid regarding the property if the title condition is not cured.
- (i) Broker's Commissions. All obligations of the parties for payment of broker's fees are contained in separate written agreements. In the event that Optionee exercises its option to purchase the property as provided in Section 5 herein, and OPTIONOR is obligated to pay a brokerage commission, then OPTIONOR will pay commission based upon the gross sales price and OPTIONOR shall pay one-half (1/2) of the commission to OPTIONEE or reduce the purchase price by the same amount.

8. Notices. Any notice required or permitted to be delivered by this Agreement shall be deemed received when sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to Optionor or Optionee, as the case may be, at the addresses set forth below:

OPTIONOR: TLS PROPERTIES, LTD.
Attn: Bruce Smith
P.O. Box 19572
Houston, TX 77224

OPTIONEE: City of College Station
Legal Department
1101 Texas Avenue
College Station, Texas 77840

9. MISCELLANEOUS

9.1 **Survival of Covenants:** Any of the representations, warranties, covenants, and agreements of the parties, as well as any rights and benefits of the parties, pertaining to the period of time following the closing date, shall survive the closing and shall not be merged by deed or otherwise be extinguished.

9.2 **Texas Law to Apply:** This Contract shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created by this Contract are to be performed in Brazos County, Texas.

9.3 **Parties Bound:** This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. The persons executing this Contract do so in their capacities as set forth below and in no other capacity whatsoever, and such persons shall have no personal liability for executing this Contract in a representative capacity. All such liability is limited to the principal for which they execute this document as a representative.

9.4 **Invalid Provision:** In case any one or more of the provisions contained in this Contract shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in the Contract. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Contract a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

9.5 **Construction:** The parties acknowledge that each party and its counsel have reviewed and revised this Contract and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Contract or any amendments or exhibits hereto.

9.6 **Prior Agreements Superseded:** This Contract embodies the entire agreement of the parties and supersedes any and all prior understandings or written or oral agreements between the parties respecting subject matter within and may only be amended or supplemented by an instrument in writing executed by the party against whom enforcement is sought.

9.7 **Time of Essence:** Time is of the essence to this Contract.

9.8 **Gender:** Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

9.9 Multiple Counterparts: This Contract may be executed in a number of identical counterparts. If so executed, each of the counterparts shall, collectively, constitute but one agreement. In making proof of this Contract, it shall not be necessary to produce or account for more than one counterpart.

9.10 Memorandum of Contract: Upon request of either party, both parties shall promptly execute a memorandum of this agreement suitable for filing of record.

EXECUTED on this the _____ day of _____, 2005.

OPTIONOR:

TLS PROPERTIES, LTD.
a Texas Limited Partnership

BY: TLS OPERATING, LLC
a Texas Limited Liability Company
Its General Partner

BY: Bruce A. Smith
Bruce A. Smith, President
Date: 6-3-05

OPTIONEE:

CITY OF COLLEGE STATION

BY: _____
RON SILVIA, Mayor
Date: _____

ATTEST:

CONNIE HOOKS, City Secretary
Date: _____

APPROVED:

THOMAS E. BRYMER, City Manager
Date: _____

JEFF KERSTEN, Finance and Strategic
Planning Director
Date: _____

City Attorney
Date: _____

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF BRAZOS §

This instrument was acknowledged before me on the _____ day of _____, 2005, by RON SILVIA, as Mayor of the CITY OF COLLEGE STATION, a Texas Home Rule Municipal Corporation, on behalf of said municipality.

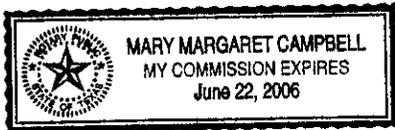
NOTARY PUBLIC in and for
the STATE OF TEXAS

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF Harris §

This instrument was acknowledged before me on the 3rd day of June, 2005, by Bruce A. Smith, President of TLS Operating, LLC, a Texas Limited Liability Company, as general partner of TLS PROPERTIES, LTD., a Texas Limited Partnership, on behalf of said limited partnership.

Mary Margaret Campbell

NOTARY PUBLIC in and for
the STATE OF TEXAS



City of College Station
Dowling Road GST Boundary
5.000 Acres

Crawford Burnett Survey
Abstract 7

STATE OF TEXAS §

COUNTY OF BRAZOS §

A **METES AND BOUNDS** description of a certain 5.000 acre tract situated in the Crawford Burnett Survey, Abstract No. 7, Brazos County, Texas, being a portion of a called 134.041 acre tract of land as described in Special Warranty Deed, recorded in Volume 3022, Page 187 of the Brazos County Deed Records, said 5.000 acre tract is more particularly described as follows with all bearing being based on a calculated call of North 86°14'10" West, 1605.97 feet (Called 1605.74 feet) between two found concrete monuments along the south line of a called 12.659 acre tract as described in Deed recorded in Volume 266, Page 722 of the Brazos County Deed Records;

COMMENCING, at a found concrete monument located at the most southeasterly corner of the said 12.659 acre tract, from which two concrete monuments bears North 44°39'06" West, 208.42 feet, and North 86°14'10" West, 1605.97 feet respectively;

THENCE, South 18°20'00" East, 713.75 feet, along the former 170 feet I&GN railroad right-of-way as described in Condemnation Judgment recorded in Volume 3, Page 529 of Original Book #3-Civil Minutes of Brazos County, Texas, dated July 24, 1901, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the north right of way line of Dowling Road as described in Special Warranty Deed to Brazos County recorded in Volume 6264 Page 68 of the Brazos County Deed Records, from which a found 1/2-inch iron rod with cap stamped "Strong 4961" bears North 45°35'44" East, 72.42 feet;

THENCE, South 45°35'44" West, 708.08 feet, along the northwest line of said Dowling Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), marking the **POINT OF BEGINNING** of the herein described 5.000 acre tract;

THENCE, South 45°35'44" West, 397.17 feet, continuing along the northwest line of said Dowling Road, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), from which a found 1/2-inch iron rod with cap stamped "Strong 4961" bears South 45°35'44" West, 1262.11 feet;

THENCE, North 44°41'51" West, passing at 426.77 feet, a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in all a total distance of 546.78 feet to a point for corner;

THENCE, North 45°07'53" East, passing at 80.00 feet a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in all a total distance of 397.16 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 44°41'51" East, 550.00 feet to the **POINT OF BEGINNING**, **CONTAINING** 5.000 acres of land in Brazos County, Texas, as shown on Drawing No.5559 (OS) in the offices of Cotton Surveying Company, Houston, Texas.

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EXHIBIT A

REAL ESTATE CONTRACT

THIS CONTRACT OF SALE is made by and between TLS PROPERTIES, LTD. ("SELLER"), and the CITY OF COLLEGE STATION, TEXAS, a Texas Home Rule Municipal Corporation, situated in Brazos County, Texas ("BUYER"), upon the terms and conditions set forth herein.

ARTICLE I PURCHASE AND SALE

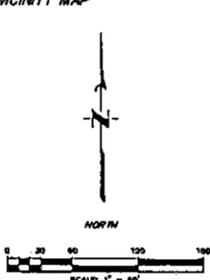
1.1 SELLER agrees to sell and convey in fee simple by General Warranty Deed, and BUYER agrees to purchase and pay for, a five (5.00) acre tract or parcel of land lying and being situated in the CRAWFORD BURNETT SURVEY, ABSTRACT NO. 7, Brazos County, Texas, being a portion of a called 134.041 acre tract of land as described in the General Warranty Deed recorded in Volume 3022 Page 187, Deed Records of Brazos County, Texas, said 10.7466 acre tract being more particularly described by metes and bounds in Exhibit "A" attached hereto and made a part hereof for all purposes ("PROPERTY"), together with all and singular the rights and appurtenances pertaining to the PROPERTY, including all right, title and interest of SELLER in and to adjacent roads, streets, alleys or rights-of-way (all of such real property, rights, and appurtenances being herein referred to as the "PROPERTY"), together with SELLER's interest in any improvements and fixtures situated on and attached to the PROPERTY, any and all rights to the present or future use of water or groundwater for the consideration and subject to the terms, provisions, and conditions set forth herein. This Contract by BUYER to purchase the PROPERTY is subject to approval by the City Council of the City of College Station, Texas; such approval indicated by signature of BUYER's representatives to this CONTRACT OF SALE.

1.2 SELLER shall retain any and all oil, gas or other mineral rights to the PROPERTY, provided that there shall never in any event be any ingress or egress on or across the surface of the PROPERTY for the purposes of exploration, development, production or transportation of such oil, gas or other minerals, it being expressly contemplated by the parties to this instrument that there shall be no development of any minerals that would require oil and gas drilling, mining, shaft mining, pit mining or any other kind of mining that would require utilization of the surface for the development with adjacent parcels and provided further that SELLER does not reserve and expressly conveys to BUYER any and all minerals of whatsoever kind and nature owned by SELLER down to the depth of two hundred fifty feet (250') from the actual surface of any portion of said PROPERTY.

1.3 BUYER has requested Brazos County Abstract Company furnish a Commitment for Title Insurance (the "Title Commitment") to insure title to the BUYER for BUYER's review together with legible copies of all instruments referred to in the Title Commitment. The BUYER shall

CALLED 12,859 ACRE TRACT
DEED
TEXAS HIGHWAY DEPARTMENT
VOL. 366 PG. 332 BCOR

HARVEY MITCHELL PARKWAY
F.M. 2818



- LEGEND
- FND FOUND
 - CONC CONCRETE
 - MON MONUMENT
 - PEC POINT FOR CORNER
 - IR IRON ROD
 - POC POINT OF COMMENCEMENT
 - POB POINT OF BEGINNING
 - BNF BARBED WIRE FENCE
 - CLF CHAIN LINK FENCE
 - VOL VOLUNTARY
 - PC PACE
 - OHP OVERHEAD POWER
 - PP POWER POLE
 - EA EDGE OF ASPHALT
 - EG EDGE OF GRAVEL
 - TPD TELEPHONE PEDESTAL
 - WV WATER VALVE
 - FV FLUSH VALVE
 - SAN SANITARY
 - SD SQUARE
 - FEET FEET
 - BCOR BRAZOS COUNTY DEED RECORD
 - SET 3/4-INCH IRON ROD WITH CAP STAMPED "COTTON SURVEYING"
 - MH MANHOLE
 - BEARS BEARS
 - PM PIPELINE MARKER
 - UDM UNDERGROUND ELECTRIC LINE MARKER

CALLED 134,043 ACRE TRACT
SPECIAL WARRANTY DEED
TO T.L.S. PROPERTIES, LTD
VOL. 302,3 PG. 167 BCOR

CALLED 8,849 ACRES
WARRANTY DEED
EDSEL JONES
VOL. 1911 PG. 383 BCOR

10,746 ACRES

5,000 ACRES

DOWLING ROAD WIDENING
CALLED 126 ACRES
SPECIAL WARRANTY DEED
BRAZOS COUNTY
VOL. 6284 PG. 68 BCOR

EXISTING
CITY OF COLLEGE STATION
DOWLING ROAD PUMP STATION

RESERVE TRACT 3
DRAIN, RUN PHASE 1
VOL. 352 PG. 587

GENERAL NOTES

1. Reference Commitment for Title Insurance issued by Stewart Title Guaranty Company, underwritten by Jane Van Eilen, C.F. No. 140750, having an effective date of March 30, 2004 and an issue date of April 2, 2004. No further research for encumbrances or easements was performed by Cotton Surveying Company.
2. Bearings shown hereon are based on a calculated set of North 86°14'10" West, 1805.84 feet. (Calculated 1805.74 feet) between two found concrete monuments along the south line of a called 12,859 acre tract as described in Deed recorded in Volume 266, Page 722 of the Brazos County Deed Records.
3. This survey does not provide any determination concerning wetlands, fault lines, lands title or any other environmental issues. Such matters should be affected by the abut or prospective purchaser to an expert consultant.
4. According to Map No. 4804100162 C of the Federal Emergency Management Agency's Flood Insurance Rate Maps for Brazos County, dated July 2, 1992, the subject tract is situated within the Unshaded Zone "X", defined as areas determined to be outside the 500-year flood plain. This flood statement does not imply that the property or structures thereon will be free from flooding or flood damage. On rare occasions floods can and will occur and flood heights may be increased by man-made or natural causes. This flood statement shall not create liability on the part of the surveyor.
5. Easements shown hereon are graphic only, with dimensions last shown at specific locations where they are physically measured. The line here may represent between said measured locations. The dimensions showing the distance between the fence and the property line also indicate which side of the property line the fence is on.
6. The surveyor has not been provided with construction plans showing the location of underground utilities. Underground utilities may exist which are not shown hereon.
7. Utility improvements/utilities were located with this survey; no subsurface probing, excavation or separation was performed for this survey.
8. The "Partial Tract" as shown hereon is defined as the called 134,043 acre tract as described in Special Warranty Deed to T.L.S. Properties, LTD, recorded in Volume 302,3, Page 167 of the Brazos County Deed Records.
9. Item No. 10C of Schedule B of said Commitment for Title Insurance mentions a Right-Of-Way easement recorded in Volume 132 Page 127 of the Brazos County Deed Records, which is an over and across easement. This easement can not be accurately placed.
10. Item No. 10D of Schedule B of said Commitment for Title Insurance mentions a 80 foot Right-Of-Way easement recorded in Volume 180 Page 23 of the Brazos County Deed Records, which is shown hereon.
11. Item No. 10E of Schedule B of said Commitment for Title Insurance mentions a Over and Across Right-Of-Way easement recorded in Volume 303 Page 384 of the Brazos County Deed Records.
12. Item No. 10F of Schedule B of said Commitment for Title Insurance mentions a Utility easement recorded in Volume 1217 Page 790 of the Brazos County Deed Records, which is shown hereon.
13. Item No. 10G of Schedule B of said Commitment for Title Insurance mentions a Right-Of-Way easement recorded in Volume 2788 Page 178 of the Brazos County Deed Records. This easement cannot be accurately placed.
14. Item No. 10H of Schedule B of said Commitment for Title Insurance mentions a 40 foot Easement recorded in Volume 5812 Page 288 of the Brazos County Deed Records, which is shown hereon.

STATE OF TEXAS
COUNTY OF BRAZOS

A METES AND BOUNDS description of a certain 5,000 acre tract situated in the Crawford Burnett Survey, Abstract No. 7, Brazos County, Texas, being a portion of a called 134,043 acre tract of land as described in Special Warranty Deed, recorded in Volume 302,3, Page 167 of the Brazos County Deed Records, said 10,746 acre tract is more particularly described as follows with of bearing being based on a calculated set of North 86°14'10" West, 1805.84 feet. (Calculated 1805.74 feet) between two found concrete monuments along the south line of a called 12,859 acre tract as described in Deed recorded in Volume 266, Page 722 of the Brazos County Deed Records:

COMMENCING, at a found concrete monument located at the most westerly corner of the said 12,859 acre tract, from which two concrete monuments bears North 64°38'08" West, 308.42 feet, and North 86°14'10" West, 1805.87 feet respectively;

THENCE, South 18°30'00" East, 713.75 feet, along the former 170 foot 180W railroad right-of-way as described in Condemnation Judgment recorded in Volume 3, Page 529 of Original Book 33-Civil Minutes of Brazos County, Texas, dated July 24, 1909, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the north right of way line of Dowling Road as described in Special Warranty Deed to Brazos County recorded in Volume 6284 Page 68 of the Brazos County Deed Records, from which a found 1/2-inch iron rod with cap stamped "Strong 4981" bears North 45°35'44" East, 72.42 feet;

THENCE, South 45°35'44" West, 708.08 feet, along the northeast line of said Dowling Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), marking the POINT OF BEGINNING of the herein described 5,000 acre tract;

THENCE, South 45°35'44" West, 397.17 feet, continuing along the northeast line of said Dowling Road, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), from which a found 1/2-inch iron rod with cap stamped "Strong 4981" bears South 49°35'44" West, 1282.11 feet;

THENCE, North 44°14'51" West, passing at 426.77 feet, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in a total distance of 840.78 feet to a point for corner;

THENCE, North 45°07'53" East, passing at 80.00 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in a total distance of 397.16 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 44°14'51" East, 950.00 feet to the POINT OF BEGINNING, CONTAINING 5,000 acres of land in Brazos County, Texas, as shown on Drawing No.3558 (DS) in the office of Cotton Surveying Company, Houston, Texas.

Subject to the General Notes shown

In: The City Of College Station

We, Cotton Surveying Company, acting by and through Mark G. Hines, a Registered Professional Land Surveyor, hereby certify that this survey substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1A, Condition 1 Survey.

Surveyed: March 23, 2004

Mark G. Hines
Registered Professional Land Surveyor
No. 4387

LAND TITLE SURVEY
OF A
5,000 ACRE TRACT
OUT OF THE
CRAWFORD BURNETT SURVEY, A-7
BRAZOS COUNTY, TEXAS
MARCH 2005



REAL ESTATE CONTRACT

THIS CONTRACT OF SALE is made by and between TLS PROPERTIES, LTD. ("SELLER"), and the CITY OF COLLEGE STATION, TEXAS, a Texas Home Rule Municipal Corporation, situated in Brazos County, Texas ("BUYER"), upon the terms and conditions set forth herein.

ARTICLE I PURCHASE AND SALE

1.1 SELLER agrees to sell and convey in fee simple by General Warranty Deed, and BUYER agrees to purchase and pay for, a five (5.00) acre tract or parcel of land lying and being situated in the CRAWFORD BURNETT SURVEY, ABSTRACT NO. 7, Brazos County, Texas, being a portion of a called 134.041 acre tract of land as described in the General Warranty Deed recorded in Volume 3022 Page 187, Deed Records of Brazos County, Texas, said 10.7466 acre tract being more particularly described by metes and bounds in Exhibit "A" attached hereto and made a part hereof for all purposes ("PROPERTY"), together with all and singular the rights and appurtenances pertaining to the PROPERTY, including all right, title and interest of SELLER in and to adjacent roads, streets, alleys or rights-of-way (all of such real property, rights, and appurtenances being herein referred to as the "PROPERTY"), together with SELLER's interest in any improvements and fixtures situated on and attached to the PROPERTY, any and all rights to the present or future use of water or groundwater for the consideration and subject to the terms, provisions, and conditions set forth herein. This Contract by BUYER to purchase the PROPERTY is subject to approval by the City Council of the City of College Station, Texas; such approval indicated by signature of BUYER's representatives to this CONTRACT OF SALE.

1.2 SELLER shall retain any and all oil, gas or other mineral rights to the PROPERTY, provided that there shall never in any event be any ingress or egress on or across the surface of the PROPERTY for the purposes of exploration, development, production or transportation of such oil, gas or other minerals, it being expressly contemplated by the parties to this instrument that there shall be no development of any minerals that would require oil and gas drilling, mining, shaft mining, pit mining or any other kind of mining that would require utilization of the surface for the development with adjacent parcels and provided further that SELLER does not reserve and expressly conveys to BUYER any and all minerals of whatsoever kind and nature owned by SELLER down to the depth of two hundred fifty feet (250') from the actual surface of any portion of said PROPERTY.

1.3 BUYER has requested Brazos County Abstract Company furnish a Commitment for Title Insurance (the "Title Commitment") to insure title to the BUYER for BUYER's review together with legible copies of all instruments referred to in the Title Commitment. The BUYER shall

request the title company to furnish these items to BUYER within fifteen (15) calendar days of the date of this Contract. BUYER shall have a period of five (5) business days (the "Title Review Period") after receipt of the Title Commitment and the copies of the instruments referred to in Schedule B as exceptions within which to notify SELLER of BUYER's objection to any item shown on or referenced by those documents (the "Reviewable Matters"). Any Reviewable Matter to which BUYER does not object within the Title Review Period shall be deemed to be accepted by BUYER. If BUYER objects to any such Reviewable Matter and gives notice to SELLER as provided herein, SELLER may at SELLER's election, on or before closing, attempt to cure same. If SELLER fails to cure same by the closing date, or is unwilling to cure same, the closing date shall be extended for five (5) business days for BUYER to either (a) waive such objections and accept such title as SELLER is able to convey or (b) terminate this Contract by written notice to the Title Company and to SELLER, in which case the earnest money shall be refunded to BUYER, and neither SELLER nor BUYER shall have any further rights or obligations under this Contract.

1.4 (a) The City of College Station, Texas, at its expense, will provide a survey of the PROPERTY, showing, without limitation, all adjacent property lines, record ownership of adjoining properties, encroachments, easements, rights-of-way and other encumbrances of record. The survey will reflect any encroachments onto or by the PROPERTY onto adjoining properties. BUYER shall have a period of five (5) business days (the "Survey Review Period") after receipt of the Survey within which to notify SELLER of BUYER's objection to any item shown on or referenced on the Survey. Any Reviewable Matter to which BUYER does not object within the Survey Review Period shall be deemed to be accepted by BUYER. If BUYER objects to any such Reviewable Matter and gives notice to SELLER as provided herein, SELLER may at SELLER's election, on or before closing, attempt to cure same. If SELLER fails to cure same by the closing date, or is unwilling to cure same, the closing date shall be extended for five (5) business days for BUYER to either (a) waive such objections and accept such title as SELLER is able to convey or (b) terminate this Contract by written notice to the Title Company and to SELLER, in which case any earnest money shall be refunded to BUYER, and neither SELLER nor BUYER shall have any further rights or obligations under this Contract.

(b) The survey drawing shall be addressed to and certified in favor of the BUYER and the Title Company. The field notes description, as prepared by the surveyor, shall be substituted for the description attached to this Contract and shall be used in the General Warranty Deed.

1.5 Inspection Period. BUYER shall have the right, at its sole cost and expense and within a period of twenty-one (21) days (the Inspection Period) following the effective date of this Agreement to conduct or cause to be conducted any and all tests, inspections, reviews, assessments or evaluations of the PROPERTY, including without limitation engineering, hydrology, topographic, soils, zoning, wetlands and environmental inspections (including Phase I and/or Phase II environmental site assessments to be performed by an environmental consultant selected by BUYER), and economic feasibility and financial availability analyses (collectively, the "Inspections") as BUYER deems necessary, desirable or appropriate in order to determine whether the PROPERTY is suitable for purchase by BUYER. As used herein, the term "Phase I and/or Phase II environmental site assessments" includes Purchaser's right to perform intrusive

soil sampling/investigation to the land and improvements constituting the PROPERTY. Simultaneously with the execution of this Agreement, SELLER shall provide to BUYER, all title, survey, engineering and environmental information and other such information about the PROPERTY which SELLER may have in its possession. All information that is obtained through BUYER's inspections shall mitigate the representations and warranties of SELLER as provided in Article III of the Contract provided, however, such mitigation shall not act to relieve SELLER from liability for any intentional misrepresentation or omission regarding the Property that is not discovered by any inspection. Notwithstanding such mitigation BUYER's inspections shall not relieve each of the SELLER of the obligation to disclose all matters regarding the property of which SELLER's have actual knowledge.

SELLER shall allow BUYER, and its authorized agents, representatives, consultant and engineers, unlimited access to the PROPERTY and to other information pertaining thereto in the possession or within the control of SELLER for the purpose of the Inspections. SELLER shall cooperate with BUYER in facilitating the Inspections and shall use its best reasonable efforts to obtain any consents that may be necessary in order for BUYER to perform the Investigations and shall use its best efforts to secure such cooperation from existing tenants of the PROPERTY.

In the event such Inspections reveal any condition(s) which renders the PROPERTY unsuitable for purchase by BUYER, BUYER may, in its sole and absolute discretion, terminate this Agreement upon written notice to SELLER, delivered within (5) days after the expiration of the Inspection Period. In the event BUYER terminates this Agreement pursuant to this Section 1.4, BUYER shall restore the PROPERTY to its previous condition or as close thereto as is reasonably possible immediately prior to the Inspections (which obligation shall survive the termination of this Agreement) and upon such restoration of the PROPERTY, neither party shall have any further rights or obligations hereunder except as otherwise expressly provided herein. In the event this Agreement is terminated, BUYER will return to SELLER any and all documents and analysis obtained during the Inspection Period and BUYER agrees that it will not utilize the results of such inspection period for any other purpose.

1.6 The parties agree that general real estate taxes on the PROPERTY for the then current year, interest on any existing indebtedness, and rents, if any, shall be prorated as of the closing date and shall be adjusted in cash at the closing. BUYER alone shall be liable for any taxes assessed and levied for prior years resulting from any change in use subsequent to the conveyance to BUYER. If the closing shall occur before the tax rate is fixed for the current year, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation. All installments that have matured prior to the closing date on any special taxes or assessments shall be paid by SELLER; and any installments that are provided in the special assessment to mature after closing shall be assumed by BUYER.

1.7. The parties agree that general real estate taxes on the PROPERTY for the then current year, interest on any existing indebtedness, and rents, if any, shall be prorated as of the closing date and shall be adjusted in cash at the closing. BUYER is exempt from any taxes assessed and levied for prior years resulting from any change in use subsequent to the conveyance to BUYER pursuant to §23.9807(i) of the TEXAS PROP. CODE (Vernon Supp. 2000). If the closing shall

occur before the tax rate is fixed for the current year, the apportionment of taxes shall be upon the basis of the tax rate for the next preceding year applied to the latest assessed valuation. All installments that have matured prior to the closing date on any special taxes or assessments shall be paid by SELLER; and any installments that are provided in the special assessment to mature after closing shall be assumed by BUYER.

1.8 The sale of the PROPERTY shall be made by a General Warranty Deed from SELLER to BUYER in the form prepared by BUYER attached hereto as Exhibit "B".

ARTICLE II PURCHASE PRICE

2.1 The purchase price for said PROPERTY shall be the sum of _____
_____ AND ____/100 DOLLARS (\$ _____).

The Purchase Price herein is based upon the terms and conditions set forth in the Option Contract by and between TLS Properties, Ltd., and City of College Station, dated _____.

2.2 Earnest Money Deposit. Within two (2) business days after the date of acceptance of this Contract, as hereinafter defined, Purchaser shall place the sum of \$5,000.00 (hereinafter referred to as the "Deposit"), together with a fully executed copy of this Contract, in escrow with Brazos County Abstract Title Company (hereinafter referred to as the "Title Company"). The Deposit shall be placed by the Title Company in an interest-bearing account and the interest earned on such account shall be added to and constitute a part of the Deposit. If the Contract is consummated, the Deposit shall be applied against the total cash Purchase Price to be paid by Purchaser at Closing or be refunded to Purchaser in the event of a termination.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF SELLER

3.1 SELLER hereby represents and warrants to BUYER as follows:

(a) SELLER has the full right, power, and authority to enter into and perform SELLER's obligations under this Contract.

(b) SELLER has no actual knowledge of any parties in possession of any portion of the PROPERTY, either as lessees, tenants at sufferance, trespassers, or other persons in possession, other than Grazing Lease to Larry Herd. Additionally, SELLER has no actual knowledge of any action by adjacent landowners, or any natural or artificial conditions upon the PROPERTY, or any significant adverse fact or condition relating to the PROPERTY, which has not been disclosed in writing to BUYER by SELLER, which would prevent, limit, impede or

render more costly BUYER's contemplated use of the PROPERTY. SELLER has provided BUYER with a copy of the lease.

(c) SELLER has no actual knowledge of any pending or threatened condemnation or similar proceedings or assessment affecting the PROPERTY or any part thereof. SELLER has no actual knowledge of any such proceedings or assessments contemplated by any governmental entity.

(d) SELLER has no actual knowledge that the PROPERTY does not have full and free access to and from public highways, streets, or roads. SELLER has no actual knowledge that there are pending or threatened governmental proceedings that would impair or result in the termination of such access. If SELLER obtains actual knowledge of any such matter subsequent to the date of this Contract that would make any of the representations or warranties untrue if made as of closing, SELLER shall notify BUYER, and BUYER shall have the election of terminating the Contract and receiving back its earnest money, in which case neither party shall have any further obligation to the other.

(e) The PROPERTY has not been illegally subdivided or otherwise held, managed, or maintained in violation of any federal, state, or local law.

(f) SELLER has no actual knowledge that SELLER has not complied with all applicable laws, ordinances, regulations, statutes, rules and restrictions relating to the PROPERTY or any part thereof.

(g) If SELLER obtains actual knowledge of any such matter subsequent to the date of this Contract that would make any of the representations or warranties untrue if made as of closing, SELLER shall notify BUYER, and BUYER shall have the election of terminating the Contract and receiving back its earnest money, in which case neither party shall have any further obligation to the other.

(h) SELLER has no knowledge that the PROPERTY contains any environmental hazard.

(i) SELLER is not a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended, Sections 1445 and 7701 (i.e., SELLER is not a non-resident alien, a foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Code and regulations promulgated thereunder).

(j) To the best of SELLER's knowledge there are no unpaid charges, debts, liabilities, claims or obligations arising from any construction, occupancy, ownership, use or operation of the PROPERTY, or the business operated thereon, if any, which could give rise to any mechanic's or materialmen's or other statutory lien against the PROPERTY, or any part thereof, or for which BUYER will be responsible.

(k) Maintenance and Operation. Until closing, SELLER will (a) maintain the PROPERTY as it existed on the Effective Date, except for reasonable wear and tear and casualty damage; (b) comply with all governmental regulations affecting the PROPERTY; (c) not enter into any contracts, leases or encumber the PROPERTY. Any mineral leases executed by any SELLER shall contain a surface waiver in accordance with Section 7.1 herein. Further provided that SELLER shall provide copies of any leases to BUYER on or before closing for BUYER's review. No prior severance or lease of any groundwater has been made.

(l) The property is not encumbered by deed restrictions that establish a Homeowner's Association which requires the payment of homeowner's or maintenance fees.

(m) SELLER has not severed or leased any groundwater.

(n) SELLER agrees to secure and record, at SELLER's cost, surface waivers from all outstanding mineral interest owners, including mineral lessees in any leases.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF BUYER

4.1 BUYER represents and warrants to SELLER as of the effective date and as of the closing date that:

(a) BUYER has the full right, power, and authority to purchase the PROPERTY from SELLER as provided in this Contract and to carry out BUYER's obligations under this Contract, and all requisite action necessary to authorize BUYER to enter into this Contract and to carry out BUYER's obligations hereunder has been obtained or on or before closing will have been taken.

ARTICLE V CLOSING

5.1 The closing shall be held at Brazos County Abstract Company within sixty (60) calendar days from the execution and tender of this Contract by BUYER, at such time and date as SELLER and BUYER may agree upon (the "closing date").

5.2 At the closing, SELLER shall:

(a) Deliver to BUYER the duly executed and acknowledged General Warranty Deed prepared by BUYER conveying good and marketable title in the PROPERTY, free and clear of any and all liens, encumbrances, except for the Reviewable Matters and subject to the BUYER's election to terminate this Contract in the event BUYER disapproves of any Reviewable Matter, which objection is to be cured by SELLER on or prior to the closing as provided by Article I of this Contract.

(b) Deliver possession of the PROPERTY to BUYER.

(c) Deliver to BUYER, at SELLER's expense, a Title Policy insuring indefeasible title issued by Brazos County Abstract Company, in BUYER's favor in the full amount of the purchase price, insuring BUYER's fee simple interest in the PROPERTY subject only to such exceptions as shown on the Title Commitment and not objected to by BUYER prior to closing.

(d) Pay one-half (1/2) of the escrow fees.

(e) Pay the title insurance.

(e) Pay any and all required property taxes and prorated taxes for the current year.

(f) Pay any and all homeowner's or maintenance fees for prior years and for the current year prorated up to the date of closing.

(g) Pay the costs to obtain, deliver and record releases or partial releases of all liens to be released at closing.

(h) Pay the costs to record all documents to cure title objections agreed to be cured by SELLER.

(i) SELLER, at SELLER's expense, will provide mineral surface waivers from all mineral owners.

(j) Pay the certificates or reports of ad valorem taxes.

(k) Pay the SELLER's expenses and attorney fees.

5.3 Upon such performance by SELLER at closing, BUYER shall:

(a) Pay the balance of the purchase price.

(b) Pay one-half (1/2) of the escrow fees.

(c) Prepare, at its cost, the General Warranty Deed document.

(d) Pay the costs to obtain, deliver and record all documents other than those to be recorded at SELLER's expense.

(e) Pay the BUYER's expenses or attorney fees.

(f) Pay the additional premium for the survey/boundary deletion in the title policy, if the deletion is requested by BUYER.

- (g) Pay the costs of work required by BUYER to have the survey reflect matters other than those required under this contract.

ARTICLE VI
BREACH BY SELLER

6.1 In the event SELLER fails to fully and timely perform any of SELLER's obligations under this Contract or fails to consummate the sale of the PROPERTY for any reason except BUYER's default, BUYER may:

- (a) Enforce specific performance of this agreement;
- (b) Bring suit for damages against SELLER; and/or
- (c) Terminate this contract and initiate condemnation proceedings.

ARTICLE VII
BREACH BY BUYER

7.1 In the event BUYER fails to consummate the purchase of the PROPERTY (BUYER being in default and SELLER not being in default hereunder), SELLER shall have the right to bring suit against BUYER only for expectancy and incidental damages, if any.

ARTICLE VIII
MISCELLANEOUS

8.1 Survival of Covenants: Any of the representations, warranties, covenants, and agreements of the parties, as well as any rights and benefits of the parties, pertaining to the period of time following the closing date, shall survive the closing and shall not be merged by deed or otherwise be extinguished.

8.2 Notice: Any notice required or permitted to be delivered by this Contract shall be deemed received when sent by United States mail, postage prepaid, certified mail, return receipt requested, addressed to SELLER or BUYER, as the case may be, at the addresses set forth below:

SELLER: TLS Properties, Ltd.
Attn: Bruce Smith
P.O. Box 19572
Houston, TX 77224
Phone (for reference): 713/461-5606
713/461-5662 fax

BUYER: City of College Station
Legal Department
1101 Texas Avenue
College Station, Texas 77840

8.3 Texas Law to Apply: This Contract shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created by this Contract are to be performed in Brazos County, Texas.

8.4 Parties Bound: This Contract shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. The persons executing this Contract do so in their capacities as set forth below and in no other capacity whatsoever, and such persons shall have no personal liability for executing this Contract in a representative capacity. All such liability is limited to the principal for which they execute this document as a representative.

8.5 Invalid Provision: In case any one or more of the provisions contained in this Contract shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Contract, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in the Contract. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Contract a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

8.6 Construction: The parties acknowledge that each party and its counsel have reviewed and revised this Contract and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Contract or any amendments or exhibits hereto.

8.7 Prior Agreements Superseded: This Contract embodies the entire agreement of the parties and supersedes any and all prior understandings or written or oral agreements between the parties respecting subject matter within and may only be amended or supplemented by an instrument in writing executed by the party against whom enforcement is sought.

8.8 Time of Essence: Time is of the essence to this Contract.

8.9 Gender: Words of any gender used in this Contract shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

8.10 Multiple Counterparts: This Contract may be executed in a number of identical counterparts. If so executed, each of the counterparts shall, collectively, constitute but one

agreement. In making proof of this Contract, it shall not be necessary to produce or account for more than one counterpart.

8.11 Memorandum of Contract: Upon request of either party, both parties shall promptly execute a memorandum of this agreement suitable for filing of record.

8.12 Brokerage Fees. In the event that a brokerage commission is paid by the SELLER, then SELLER must pay three percent (3%) of the gross sale price to BUYER, or shall reduce the purchase price by same amount.

EXECUTED on this the _____ day of _____, 2005.

SELLER:
TLS PROPERTIES, LTD.
a Texas Limited Partnership

BUYER:
CITY OF COLLEGE STATION

BY: TLS OPERATING, LLC
a Texas Limited Liability Company
Its General Partner

BY: _____
_____, Mayor
Date: _____

BY: _____
Bruce A. Smith, President
Date: _____

ATTEST:

CONNIE HOOKS, City Secretary
Date: _____

APPROVED:

THOMAS E. BRYMER, City Manager
Date: _____

JEFF KERSTEN, Finance and Strategic
Planning Director
Date: _____

City Attorney
Date: _____

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF BRAZOS §

This instrument was acknowledged before me on the ____ day of _____, 2005,
by _____, as Mayor of the CITY OF COLLEGE STATION, a Texas
Home Rule Municipal Corporation, on behalf of said municipality.

NOTARY PUBLIC in and for
the STATE OF TEXAS

THE STATE OF TEXAS §
 § ACKNOWLEDGMENT
COUNTY OF _____ §

This instrument was acknowledged before me on the ____ day of _____, 2005,
by Bruce A. Smith, President of TLS Operating, LLC, a Texas Limited Liability Company, as
general partner of TLS PROPERTIES, LTD., a Texas Limited Partnership, on behalf of said
limited partnership.

NOTARY PUBLIC in and for
the STATE OF TEXAS

City of College Station
Dowling Road GST Boundary
5.000 Acres

Crawford Burnett Survey
Abstract 7

STATE OF TEXAS §

COUNTY OF BRAZOS §

A **METES AND BOUNDS** description of a certain 5.000 acre tract situated in the Crawford Burnett Survey, Abstract No. 7, Brazos County, Texas, being a portion of a called 134.041 acre tract of land as described in Special Warranty Deed, recorded in Volume 3022, Page 187 of the Brazos County Deed Records, said 5.000 acre tract is more particularly described as follows with all bearing being based on a calculated call of North 86°14'10" West, 1605.97 feet (Called 1605.74 feet) between two found concrete monuments along the south line of a called 12.659 acre tract as described in Deed recorded in Volume 266, Page 722 of the Brazos County Deed Records;

COMMENCING, at a found concrete monument located at the most southeasterly corner of the said 12.659 acre tract, from which two concrete monuments bears North 44°39'06" West, 208.42 feet, and North 86°14'10" West, 1605.97 feet respectively;

THENCE, South 18°20'00" East, 713.75 feet, along the former 170 feet I&GN railroad right-of-way as described in Condemnation Judgment recorded in Volume 3, Page 529 of Original Book #3-Civil Minutes of Brazos County, Texas, dated July 24, 1901, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the north right of way line of Dowling Road as described in Special Warranty Deed to Brazos County recorded in Volume 6264 Page 68 of the Brazos County Deed Records, from which a found 1/2-inch iron rod with cap stamped "Strong 4961" bears North 45°35'44" East, 72.42 feet;

THENCE, South 45°35'44" West, 708.08 feet, along the northwest line of said Dowling Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), marking the **POINT OF BEGINNING** of the herein described 5.000 acre tract;

THENCE, South 45°35'44" West, 397.17 feet, continuing along the northwest line of said Dowling Road, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), from which a found 1/2-inch iron rod with cap stamped "Strong 4961" bears South 45°35'44" West, 1262.11 feet;

THENCE, North 44°41'51" West, passing at 426.77 feet, a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in all a total distance of 546.78 feet to a point for corner;

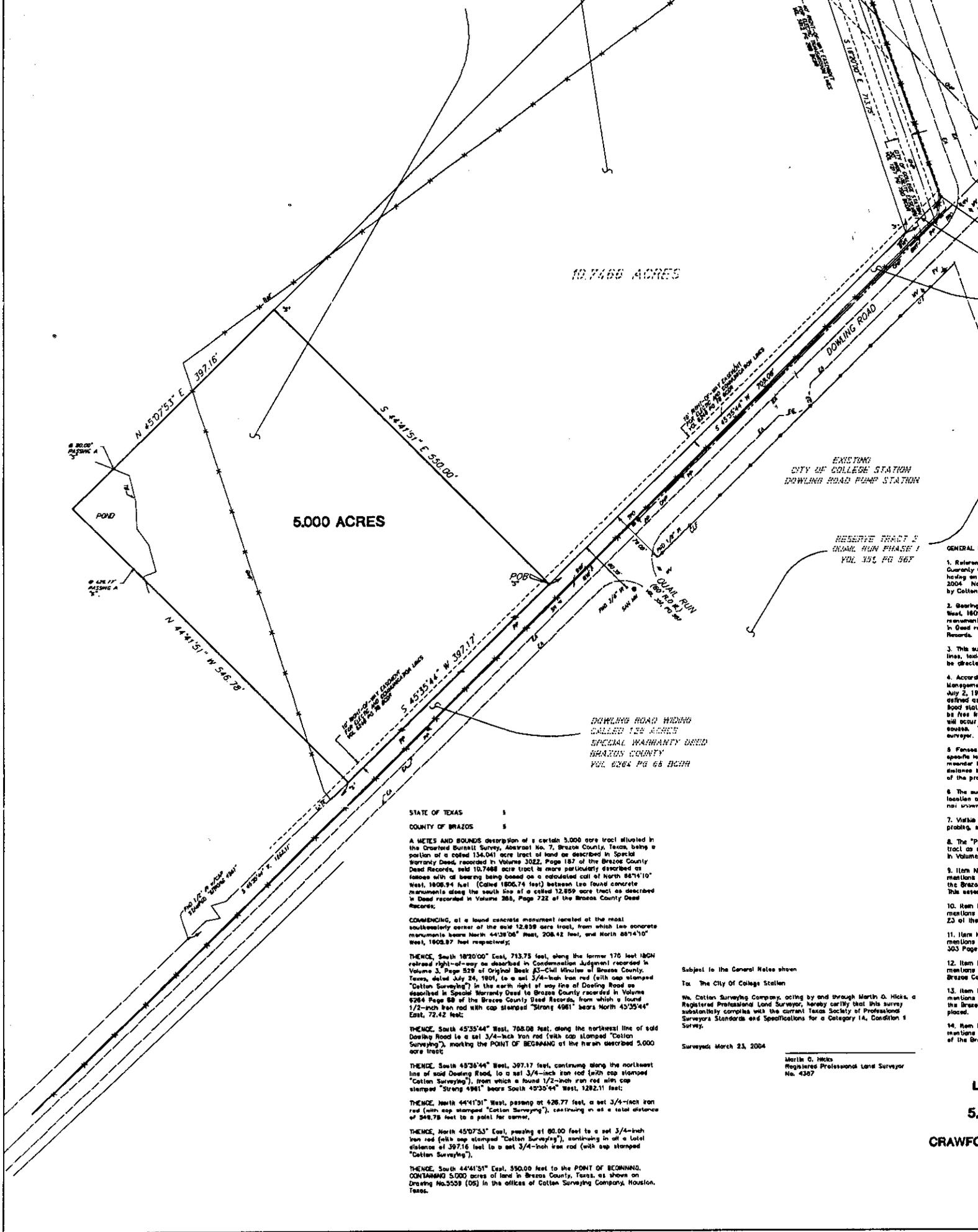
THENCE, North 45°07'53" East, passing at 80.00 feet a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in all a total distance of 397.16 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 44°41'51" East, 550.00 feet to the **POINT OF BEGINNING**, **CONTAINING** 5.000 acres of land in Brazos County, Texas, as shown on Drawing No.5559 (OS) in the offices of Cotton Surveying Company, Houston, Texas.

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EXHIBIT A



10,746.8 ACRES

5,000 ACRES

EXISTING
CITY OF COLLEGE STATION
DOWLING ROAD PUMP STATION

RESERVE TRACT 2
ONLAR, RUN PHASE 1
VOL. 301, PG. 567

GENERAL NOTES

1. Reference is made to the Survey of the City of College Station, Texas, as shown on Drawing No. 3004, No. 1, by Cotton Surveying Company.
2. Bearings and distances shown in this deed are taken from the original survey records.
3. This survey is subject to all easements and encumbrances shown on the plat.
4. According to the plat, the survey is to be made as of the date of the survey.
5. The survey is to be made as of the date of the survey.
6. The survey is to be made as of the date of the survey.
7. The survey is to be made as of the date of the survey.
8. The survey is to be made as of the date of the survey.
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11. The survey is to be made as of the date of the survey.
12. The survey is to be made as of the date of the survey.
13. The survey is to be made as of the date of the survey.
14. The survey is to be made as of the date of the survey.

DOWLING ROAD WEDDIE
CALLED 128 ACRES
SPECIAL WARRANTY DEED
BRAZOS COUNTY
VOL. 6264 PG. 68 BGRH

STATE OF TEXAS
COUNTY OF BRAZOS

A METES AND BOUNDS description of a certain 3,000 acre tract situated in the Original Burnett Survey, Abstract No. 7, Brazos County, Texas, being a portion of a ceded 134.041 acre tract of land as described in Special Warranty Deed, recorded in Volume 3022, Page 187 of the Brazos County Deed Records, and 10,746.8 acre tract in more particularly described as follows with of bearing being based on a calculated cut of North 88°14'10" West, 1808.94 feet (Called 1808.74 feet) between two found concrete monuments along the south line of a ceded 12,859 acre tract as described in Deed recorded in Volume 285, Page 722 of the Brazos County Deed Records.

COMMENCING, at a found concrete monument located at the most southeasterly corner of the said 12,859 acre tract, from which two concrete monuments bears North 44°38'06" West, 208.42 feet, and North 88°14'10" West, 1808.97 feet respectively;

THENCE, South 18°20'00" East, 713.75 feet, along the former 170 foot 180N retraced right-of-way as described in Condemnation Judgment recorded in Volume 3, Page 529 of Original Book 33-Call Minutes of Brazos County, Texas, dated July 24, 1901, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying") in the north right of way line of Dowling Road as described in Special Warranty Deed to Brazos County recorded in Volume 6284 Page 88 of the Brazos County Deed Records, from which a found 1/2-inch iron rod with cap stamped "Strong 4981" bears North 45°35'44" East, 72.42 feet;

THENCE, South 45°35'44" West, 788.08 feet, along the northwest line of said Dowling Road to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), marking the POINT OF BEGINNING of the herein described 5,000 acre tract;

THENCE, South 45°35'44" West, 397.17 feet, continuing along the northwest line of said Dowling Road, to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), from which a found 1/2-inch iron rod with cap stamped "Strong 4981" bears South 45°35'44" West, 1282.11 feet;

THENCE, North 44°14'51" West, passing at 426.77 feet, a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in a total distance of 548.78 feet to a point for corner;

THENCE, North 45°07'53" East, passing at 80.00 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying"), continuing in a total distance of 397.16 feet to a set 3/4-inch iron rod (with cap stamped "Cotton Surveying");

THENCE, South 44°14'51" East, 550.00 feet to the POINT OF BEGINNING, CONTAINING 5,000 acres of land in Brazos County, Texas, as shown on Drawing No. 3559 (05) in the office of Cotton Surveying Company, Houston, Texas.

Subject to the General Notes shown
To: The City of College Station

We, Cotton Surveying Company, acting by and through Martin O. Hicks, a Registered Professional Land Surveyor, hereby certify that this survey substantially complies with the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1A, Condition 1 Survey.

Surveyed: March 23, 2004

Martin O. Hicks
Registered Professional Land Surveyor
No. 4367

LA
5.0
CRAWFORD
B

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

EXHIBIT "B"

GENERAL WARRANTY DEED

DATE: _____

GRANTOR: TLS PROPERTIES, LTD., a Texas Limited Partnership

GRANTOR'S MAILING ADDRESS: P.O. Box 19572
(including county) Harris County
Houston, Texas 77224

GRANTEE: CITY OF COLLEGE STATION, TEXAS

GRANTEE'S MAILING ADDRESS: 1101 Texas Avenue
(including county) Brazos County
College Station, Texas 77840

CONSIDERATION: Ten Dollars (\$10.00) and other good and valuable consideration.

PROPERTY:

INSERT PROPERTY DESCRIPTION

**RESERVATIONS FROM AND EXCEPTIONS
TO CONVEYANCE AND WARRANTY: (INSERT)**

GRANTOR hereby reserves unto itself, its successors and assigns, any and all oil, gas and other minerals in, on or under the premises described on the attached Exhibit A; provided that there shall never in any event be any ingress or egress on or across the surface of the above described premises for the purposes of exploration, development, production or transportation of such oil, gas or other minerals, it being expressly contemplated by the parties to this instrument that any production of such minerals shall be from the surface of other adjacent property and that there shall be no development of any minerals that would require mining, shaft mining, pit mining or any other kind of mining that would require utilization of the surface, or through the pooling of such mineral interests for the development with adjacent parcels and provided further that GRANTOR does not reserve and expressly conveys to GRANTEE any and all minerals of whatsoever kind and nature owned by GRANTOR down to the depth of two hundred fifty feet (250') from the actual surface of any portion of said tract.

GRANTOR, for the consideration and subject to the reservations from and exceptions to conveyance and warranty, GRANTS, SELLS, and CONVEYS to GRANTEE the property, together with all and singular the rights and appurtenances thereto in any wise belonging, to have and hold it to GRANTEE and GRANTEE's successors and assigns forever. GRANTOR binds GRANTOR and GRANTOR's successors and assigns, to warrant and forever defend all and singular the property to GRANTEE and GRANTEE's successors and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to the reservations from and exceptions to conveyance and warranty.

When the context requires, singular nouns and pronouns include the plural.

TLS PROPERTIES, LTD.,
a Texas Limited Partnership

BY: TLS OPERATING, LLC
a Texas Limited Liability Company,
Its General Partner

BY: _____
Bruce A. Smith, President

THE STATE OF TEXAS)
)
COUNTY OF _____) ACKNOWLEDGMENT

This instrument was acknowledged before me on the _____ day of _____, 2005, by Bruce A. Smith, President of TLS Operating, LLC, a Texas Limited Liability Company, as general partner of TLS PROPERTIES, LTD., a Texas Limited Partnership, on behalf of said limited partnership.

Notary Public in and for the State of Texas

PREPARED IN THE OFFICE OF:
City of College Station
Legal Department
P. O. Box 9960
College Station, Texas 77842-9960

RETURN ORIGINAL DOCUMENT TO:
City of College Station
Legal Department
P. O. Box 9960
College Station, Texas 77842-9960