

224- 010946-002



SECOND AMENDMENT TO GROUND LEASE
 AND DEFINITIVE AGREEMENT
REGARDING PORT FACILITIES RECEIVED

THE STATE OF TEXAS
 COUNTY OF BRAZORIA

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FEDERAL MARITIME
 COMMISSION
 OFFICE OF THE

THIS SECOND AMENDMENT TO GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES (herein called the "Second Amendment") made and entered into as of the 24 day of December, 1986, by and between BRAZOS RIVER HARBOR NAVIGATION DISTRICT of Brazoria County, Texas, a conservation and reclamation district, a body politic, and a corporate and governmental agency of the State of Texas (herein called "Lessor") and AMERICAN RICE, INC., an agricultural marketing association organized under the laws of the State of Texas (herein called "Lessee");

W I T N E S S E T H :

WHEREAS, Lessor, as lessor, and Lessee, as lessee, made and entered into that certain Ground Lease and Definitive Agreement Regarding Port Facilities dated as of the 6th day of June, 1985, a Memorandum of which is recorded in Volume 154, Page 298 of the Official Public Records of Real Property of Brazoria County, Texas, which Ground Lease covers, among other properties described therein, that certain tract or parcel of land containing 20.000 acres, more or less, located in Brazoria County, Texas, and being more particularly described in Exhibit "A" attached hereto and made a part hereof for all purposes (herein called the "20-acre tract"), which tract constitutes a portion of the "Leased Land" as defined in said Ground Lease; and

WHEREAS, said Ground Lease was amended by that certain First Amendment to Ground Lease and Definitive Agreement Regarding Port Facilities dated as of June 6, 1985, by and between Lessor and Lessee, a Memorandum of which is recorded in

Volume 221, Page 41 of the Official Public Records of Real Property of Brazoria County, Texas; and

WHEREAS, under and pursuant to the provisions of said Ground Lease and Definitive Agreement Regarding Port Facilities, as amended (herein called the "Lease"), Lessee has constructed or caused to be constructed upon the 20-acre tract the improvements described on Exhibit "B" attached hereto and made a part hereof for all purposes (herein called the "Subject Improvements"), which Subject Improvements constitute all of the Leasehold Improvements (as defined in the Lease) presently existing on the 20-acre tract; and

WHEREAS, the Lease provides, in Section 5.3 thereof, that Lessee shall have the right, at Lessee's option, to convey and assign title to Lessor to all or any part of the Leasehold Improvements (as defined therein), fixtures, equipment, machinery or other items of property constituting a portion of the Project (as defined therein), subject, however, to Lessee's right to lease such property and repurchase same on the terms therein set forth; and

WHEREAS, Lessee has elected to exercise Lessee's option to convey and assign the Subject Improvements to Lessor subject to Lessee's right to lease such property and repurchase same as above mentioned; and

WHEREAS, by that certain Conveyance of Leasehold Improvements of even date herewith, recorded or to be recorded in Brazoria County, Texas, Lessee has conveyed and assigned the Subject Improvements to Lessor, and Lessor and Lessee desire to supplement and amend the Lease for the purpose of evidencing their agreement with respect to the lease of the Subject Improvements to Lessee as hereinafter set forth;

NOW, THEREFORE, for and in consideration of the premises and in consideration for Lessee's construction of the Subject Improvements and conveyance of the same to Lessor at no

cost to Lessor, and in consideration of the mutual benefits accruing and to accrue to each of them, Lessor does hereby lease and let unto Lessee, and Lessee does hereby lease from Lessor, the Subject Improvements. (For convenience, each term used in this Second Amendment which is defined in the Lease shall have the meaning ascribed to it in the Lease.)

The lease of the Subject Improvements as provided herein is made subject to and upon all of the terms, provisions and conditions set forth in the Lease with respect to the Leased Premises, and the Subject Improvements shall, for all purposes under the Lease (unless and until this lease of the Subject Improvements is terminated by Lessee as hereinafter provided) be deemed to constitute a part of the Leased Premises; provided that, during the term of this lease of the Subject Improvements, Lessee shall continue to have the same rights to occupy, use, repair, alter, replace, remove and otherwise deal with the Subject Improvements as are provided for Lessee under the Lease with regard to the Leasehold Improvements. No rental shall be due hereunder or under the Lease on account of the lease of the Subject Improvements as provided herein, other than the rental provided for in the Lease.

The Lease further provides, in the last two sentences of Section 5.3 thereof, that Lessee may terminate the Improvements Lease at any time as to any item of Leasehold Improvements or other property by written notice to Lessor and that, upon such notice, Lessor shall promptly reconvey title to such item to Lessee. Section 5.3 of the Lease is hereby amended by deleting the last two sentences of such Section and substituting in lieu thereof the following provisions.

"Lessee may, at its option, terminate the Improvements Lease at any time as to any item or items of Leasehold Improvements or other property now or hereafter located upon the above referred to 20-acre tract, by delivering written notice to Lessor of Lessee's election so to terminate the Improvements Lease (which notice to Lessor shall specify the item or items of

Leasehold Improvements or other property as to which the Improvements Lease shall terminate), and upon delivery of such notice and the payment to Lessor by Lessee of the sum of \$75,000.00, Lessor shall execute and deliver to Lessee a deed covering such item or items of Leasehold Improvements or other property. Such deed shall contain a warranty of title by Lessor against the lawful claims of any person claiming by, through or under Lessor, but not otherwise, and shall be made subject to the same matters to which the Conveyance mentioned above is made subject."

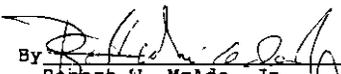
Lessor and Lessee hereby confirm and agree that the provisions of Section 5.3 of the Lease (as amended hereby), shall continue to be applicable to the Subject Improvements and the lease thereof as provided herein.

Except as supplemented and amended hereby, the Lease shall continue in full force and effect and Lessor and Lessee ratify and confirm the Lease as supplemented and amended hereby.

It is not contemplated that this Second Amendment in its entirety will be recorded. Rather, both Lessor and Lessee agree upon request of the other to execute and acknowledge a written memorandum of this Second Amendment, in recordable form, including specific quotations of or references to any of the terms or provisions of this Second Amendment which may be requested by either Lessor or Lessee to be included in such memorandum, which memorandum shall then be filed for record in Brazoria County, Texas.

IN WITNESS WHEREOF, the parties have executed this Second Amendment in multiple counterparts, each of which shall be deemed an original but all of which shall constitute but one and the same instrument, as of the date and year first above written.

ATTEST:

By 
Robert W. McAda, Jr.,
Secretary, Navigation and
Canal Commission

BRAZOS RIVER HARBOR NAVIGATION
DISTRICT OF BRAZORIA COUNTY,
TEXAS

By 
L. H. Jones, Chairman,
Navigation and Canal Commission

"LESSOR"

[SIGNATURES CONTINUED
ON PAGE 5]

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ATTEST:

By *Robbie B. Champion*
Robbie B. Champion,
Secretary

AMERICAN RICE, INC.

By _____
John Howland,
Chief Executive Officer

"LESSEE"

EXHIBIT "A"

A 20.000 acre tract of land, more or less, said land being out of a 124.288 acre tract and a 166.31 acre tract, in the S.F. Austin Survey, Abstract No. 28, City of Freeport, Brazoria County, Texas, and being more particularly described as follows, to-wit:

BEGINNING at the northwest corner of the tract herein described, said corner lying South 17° 00' West 554.84 feet and South 73° 00' East 566.86 feet from a 6-inch iron pipe monument at the intersection of the centerline of East Fourth Street and the easterly boundary of Terminal Street in the City of Freeport, Brazoria County, Texas;

THENCE South 73° 00' East 1130.00 feet to a point for corner;

THENCE South 17° 00' West 1380.71 feet to a point for corner;

THENCE North 73° 00' West 600.00 feet to a point for corner;

THENCE North 17° 00' East 1300.00 feet to a point for corner;

THENCE North 73° 00' West 530.00 feet to a point for corner;

THENCE North 17° 00' East 80.71 feet to the PLACE OF BEGINNING, and containing 20.000 acres of land, more or less.

EXHIBIT "B"

Description of Leasehold Improvements

1. Rough Rice and Clean Rice Storage Bins with Receiving Buildings and Cleaning Plant
2. Tempering Parboil Rice Storage Bins and Parboil Rice Plant and Boiler Buildings
3. Rice By-Products Receiving, Grinding, Storage and Shipping Bins and Building
4. Rice Milling, Shelling and Shipping Buildings
5. Blending, Packaging and Shipping Building and Warehouse
6. Marine Leg Rice Receiving Equipment
7. Maintenance and Supplies Warehouse
8. Office Building
9. All Other Facility Support or Improvement Items Including Electrical, Plumbing, Utilities, Sewer, Landscape, Parking, and all Machinery and Equipment affixed to the Improvements
10. Rail
11. Scale and Guard House

45284

CONVEYANCE OF LEASEHOLD IMPROVEMENTS

THE STATE OF TEXAS §
COUNTY OF BRAZORIA § KNOW ALL MEN BY THESE PRESENTS:

That AMERICAN RICE, INC., an agricultural marketing association organized under the laws of the State of Texas (herein called "Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration in hand paid to Grantor by BRAZOS RIVER HARBOR NAVIGATION DISTRICT, of Brazoria County, Texas, a conservation and reclamation district, a body politic, and a corporate and governmental agency of the State of Texas (herein called "Grantee"), whose mailing address is 1001 Pine Street, Freeport, Texas 77541, the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY unto Grantee, the following described property, situated in Brazoria County, Texas, to-wit:

All the improvements (herein called the "Improvements") situated upon that certain 20.000 acre tract or parcel of land (herein called the "Leased Land") described in Exhibit "A" attached hereto and made a part hereof for all purposes, which Improvements are more particularly described in Exhibit "B" attached hereto and made a part hereof for all purposes.

This Conveyance is expressly made subject to the following matters, to the extent and only to the extent the same are valid and subsisting and affect the Improvements:

(1) All validly existing restrictions, covenants, conditions, rights-of-way, easements, reservations and other matters of record, if any, affecting the Improvements;

(2) The terms, provisions and conditions of that certain Ground Lease and Definitive Agreement

Regarding Port Facilities dated as of June 6, 1985, by and between Grantee, as Lessor, and Grantor, as Lessee, covering, among other properties, the Leased Land (a Memorandum of which Ground Lease is recorded in Volume 154, Page 298 of the Official Public Records of Real Property of Brazoria County, Texas), as amended by (i) First Amendment to Ground Lease and Definitive Agreement Regarding Port Facilities dated as of June 6, 1985, by and between Grantor and Grantee (a Memorandum of which First Amendment is recorded in Volume 221, Page 41 of the Official Public Records of Real Property of Brazoria County, Texas), and (ii) Second Amendment to Ground Lease and Definitive Agreement Regarding Port Facilities of even date herewith, by and between Grantor and Grantee; and

(3) That certain Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement dated as of December 1, 1985 (the "Deed of Trust"), executed by Grantor to Jan E. van Panhuys, Trustee, and to Brazos Harbor Industrial Development Corporation and Rabobank Nederland, as "Beneficiaries", recorded in Volume 221, Page 48 of the Official Public Records of Real Property of Brazoria County, Texas, securing the payment of that certain promissory note dated December 1, 1985, made by Grantor, payable to the order of Brazos Harbor Industrial Development Corporation in the original principal amount of \$13,300,000, and finally maturing on December 1, 2025, together with the other indebtedness described therein, all as more particularly described in said Deed of Trust.

By its acceptance of this Conveyance subject to the Deed of Trust securing the payment of the indebtedness

described or referred to above, Grantee does not, in any way, assume or agree to pay or to become personally liable for the payment of such note or any other indebtedness secured by the Deed of Trust.

TO HAVE AND TO HOLD the Improvements, together with all and singular the rights and appurtenances thereunto in anywise belonging, unto Grantee, its successors and assigns, forever; and Grantor does hereby bind itself, its successors and legal representatives, to warrant and forever defend, all and singular, the Improvements unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise, subject, however, to (i) the Deed of Trust and (ii) the other matters set forth herein.

EXECUTED this 24 day of December, 1986.

AMERICAN RICE, INC.

By: John Howland
John Howland,
Chief Executive Officer

THE STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 24 day of December, 1986, by JOHN HOWLAND, Chief Executive Officer of AMERICAN RICE, INC., an agricultural marketing association organized under the laws of the State of Texas, on behalf of said association.

James Crawford
Notary Public in and for
the State of Texas

My commission expires:
2-14-87

EXHIBIT "A"

A 20.000 acre tract of land, more or less, said land being out of a 124.288 acre tract and a 166.31 acre tract, in the S.F. Austin Survey, Abstract No. 28, City of Freeport, Brazoria County, Texas, and being more particularly described as follows, to-wit:

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8. Office Building
9. All Other Facility Support or Improvement Items Including Electrical, Plumbing, Utilities, Sewer, Landscape, Parking, and all Machinery and Equipment affixed to the Improvements
10. Rail
11. Scale and Guard House

FILED FOR RECORD

Dec 24 10 51 AM '86

Shelby B. Smith
COUNTY CLERK
JAN 24 1986