

**GROUND LEASE TERM SHEET FOR MARINA CONSTRUCTION, OPERATION
AND MAINTENANCE AT LIBERTY STATE PARK**

DATE: November 30, 2017

LANDLORD: New Jersey Department of Environmental Protection
401 E. State Street
Trenton, NJ 08625

TENANT: SMI LL, LLC c/o Suntex Ventures LLC, 17330 Preston Rd., Suite 111 D,
Dallas, TX 75252

LEASE PARCEL: The proposed Lease Parcel consists of two separate areas: (1) the Southern Marina Area consisting of approximately 45 acres (13 acres on land and 32 acres in water) and designated as Block 24501, P/O Lots 2, 3, 5, 6 and Block 24306 and P/O Lot 10, Jersey City, Hudson County, New Jersey; and (2) the Northern Marina Expansion Area, consisting of approximately 10 acres (2 acres on land and 8 acres in water) and designated as Block 15904, Lot 4, & P/O Lots 3, 5, 6 and 7. Exhibits 1 and 2, attached hereto, provide an aerial view of the areas comprising the Lease Parcel.

PURPOSE: Under the current lease for operation of the existing northern marina area with Tenant, DEP is responsible for the operation and maintenance (O&M) of the bulkhead, which is in imminent danger of failure. The costs to maintain and reconstruct the bulkhead pose significant financial and operational liabilities for DEP. DEP's independent cost estimate to repair the bulkhead is up to \$43 million. Should DEP not take immediate action, Tenant is authorized to abate rent payments that would deprive DEP of a significant component of its operations budget for Liberty State Park. To address this significant outstanding financial liability, DEP is proposing to expand marina operations within Liberty State Park, as set forth herein, upon the express condition that Tenant agree to assume all current and future O&M responsibility for the bulkhead. The transfer of the bulkhead O&M responsibilities will be effectuated through lease amendments of the current lease. The current lease affords Tenant a right of first refusal for any marina expansion within Liberty State Park and authorizes DEP to directly submit this term sheet (Term Sheet) to Tenant. Based on the historical records defining the vision of Liberty State Park, a southern

marina was always contemplated in the location offered as part of this Term Sheet.

PROJECT
DESCRIPTION:

The following parts A, B, C and D shall constitute the "Project." All aspects of the Project shall be in completed in accordance with plans and specifications approved in writing by DEP within five (5) years of the effective date of any lease executed as a result of Tenant's acceptance of this Term Sheet.

A. Southern Marina

1. Tenant shall construct the following improvements within the land and water space identified on the attached Exhibit 1:
 - i. Slips located on the Hudson River at the southern end of Liberty State Park, across from the lower tip of Manhattan;
 - ii. Transient dockage;
2. Tenant may include the following in the land and water space identified on the attached Exhibit 1:
 - i. 24-hour fueling facility;
 - ii. Full-service maintenance;
 - iii. Office, public restaurant, or restroom facility;
 - iv. Marine store and other typical marina amenities; and
3. Tenant shall operate and maintain the existing public boat launch within the Southern Marina Area.

B. Northern Marina Expansion

1. Tenant shall construct the following improvements within the land and water space identified on the attached Exhibit 2:
 - i. Slips located on Morris Canal Big Basin to the east of the existing Liberty Landing Marina; and
2. Tenant may include the following improvements within the land and water space identified on the attached Exhibit 2:
 - i. An office adjacent to the Northern Marina Expansion with public restroom

C. Tenant shall execute an amendment to the current lease for the existing northern marina area to assume full responsibility for the replacement, operation and maintenance of the bulkhead adjacent to Liberty Landing Marina (approximately 3,500 linear feet).

D. Tenant shall further assume all responsibility for the construction, replacement, operation and maintenance of any other bulkheads constructed or utilized as part of the Project.

LEASE: Tenant shall have twenty (20) days from the date above to accept or reject this Term Sheet, without negotiation. Should Tenant fail to accept or reject this Term sheet within the required timeframe, as may be extended in DEP's sole discretion, this Term Sheet shall be deemed rejected.

In the event that Tenant accepts this Term Sheet, DEP, as Landlord, and Tenant, shall use commercially reasonable efforts to enter into a mutually satisfactory lease agreement (Lease) within thirty (30) days of the date of Tenant's acceptance. The Lease shall be contingent upon Tenant obtaining all necessary approvals. DEP shall provide Tenant with a draft Lease containing the standard terms and conditions acceptable to DEP. Should the parties fail to execute a Lease within the required timeframe, as may be extended in DEP's sole discretion, DEP may terminate this Term Sheet and neither party shall have any further obligations hereunder.

LEASE TERM: Twenty-five (25) years from the Commencement Date. Tenant shall have an option to extend the Lease for up to five (5) five-year renewal periods, for a total of an additional twenty-five (25) years.

COMMENCEMENT DATE: The Lease Commencement Date shall be the date on which the Tenant and Landlord have executed the Lease Agreement consistent with the terms outlined in this Term Sheet. In the event that the Commencement Date has not occurred by December 31, 2017 then the DEP, in its sole discretion and without cost or liability shall be entitled to terminate this Ground Lease Term Sheet.

RENT: The Rent Schedule listed below is effective upon the date the lease is executed between Landlord and Tenant. Rent payments for each area shall commence from the date all permits and approvals are received to construct the respective marina facilities in each area. Thereafter, rent shall be due annually each year according to the Rent Schedule:

1. Minimum Base Rent – Southern Marina
 - See Exhibit 3 – Rent Schedule
2. Minimum Base Rent –Northern Marina Expansion
 - See Exhibit 3 – Rent Schedule

3. Percentage Rent – Southern Marina and Northern Marina Expansion
 - Five percent (5%) of gross revenue from restaurant operations if Tenant directly operates the restaurant operation, or four percent (4%) if Tenant sub-leases restaurant operations
 - Gross revenue from marina operations (non-fuel):
 - 10% for years 2018-2027
 - 15% for years 2028-2037
 - 20% for years 2038-2042
 - 20% for years of all renewal periods
 - Two percent (2%) of gross revenue from fuel sales
 - Four percent (4%) of gross revenue from all other activities, including but not limited to: slip rental fees; base rent for any and all subleases; percentage rent above base rent for any and all subleases; all other sales of retail merchandise or services generated on the Lease Parcel
4. For a period of 15 years (“Reduction Period”) from the commencement date, Tenant may reduce the Percentage Rent due to Landlord each year in an amount equal to costs actually incurred by Tenant to remove, replace, maintain, and repair the existing bulkhead up to a total amount of \$25 million, inclusive of any reductions made in connection with Tenant’s operations at the northern marina, during the Reduction Period.

REAL ESTATE
TAXES AND
OPERATING
EXPENSES:

Tenant shall be solely responsible for all real estate taxes, assessments, utilities and operating expenses associated with construction, operation and maintenance of the Project and any other improvements constructed under the Lease.

FINANCING:

Tenant may mortgage Tenant’s leasehold interest in the Lease Parcel in accordance with the terms of the Lease.

OWNERSHIP:

All improvements shall become the property of the DEP upon expiration or termination of the Lease.

THIRD-PARTY
EXPENSES:

Each Party shall be responsible for its own legal, advisory and other expenses associated with completion of this transaction. Additionally, the Tenant is responsible for any and all costs associated with preparation of plans, specifications, applications for permits or approvals, construction

and operation and maintenance of marina and other facilities on the Lease Parcel for the entire Term of the Lease Agreement.

EXCLUSIVITY: During the period of negotiation of the Lease, Landlord shall not solicit or accept any other offers for lease of the Lease Parcel.

OTHER PROVISIONS: Tenant shall construct and operate the Project in accordance with prevailing professional standards. Tenant shall maintain the Project in good repair, including but not limited to: maintenance and repair of walkways, parking lots, curbing, signage, boat ramps, pilings, bulkheads, riprap, coast line, structures, furnishings and existing State Park infrastructure of any kind located within the Lease Parcel.

All final construction plans and specifications must receive DEP written approval prior to any application, or amendments thereto, for any permits or approvals.

GOALS: The Lease shall incorporate and facilitate operations in accordance with the following goals:

Goal 1: All Marina structures shall be designed to complement the Historically Designated Terminal building. Use of brick, stone, slate and other materials with design elements representing the Richardsonian Romanesque style of the Jersey Central RR Terminal are encouraged. The new structures shall avoid long expanses of uninterrupted walls. This may be accomplished by using design elements including but not limited to decorative cornice, brackets, quoins, water tables, pilasters, keystones and arches. The size, scale and placement of all new structures shall minimize the visual impacts on the historic Jersey Central Rail Road Station and avoid blocking public views of the Manhattan Skyline, Liberty and Ellis Islands

Goal 2: All new structures shall be constructed to the highest standards of energy efficiency. All construction shall utilize green building design principles, construction and strategies aimed at increasing performance, reducing waste and improving quality of life.

Goal 3: Marinas shall be designed to ensure that construction and operation will be in accordance with the New Jersey Marina Program "Best Practices."

PERMITS AND APPROVALS: Tenant shall be responsible for obtaining all approvals necessary for the execution of the Lease and construction of the Project, with the assistance

of DEP, where required. While not exclusive, the following permits or approvals may be necessary:

State Bond Counsel
The State House Commission
The Ogden-Rooney Process
U.S. Army Corps of Engineers (USACE)
U.S. National Park Service (USNPS), including compliance with the existing Record of Decision for Northern Marina Expansion
Section 106 of the National Historic Preservation Act of 1966
Land Use Regulation including, but not limited to, Freshwater and Coastal Wetlands, Coastal Area Facility Review, Flood Hazard, and Threatened and Endangered Species
Riparian/Tidelands
Any other applicable approvals

PUBLIC

PARTICIPATION: If Tenant accepts this Term Sheet, Tenant shall hold a public information session at Liberty State Park within thirty (30) days of its acceptance.

Additionally, DEP is responsible for ensuring compliance with standard reporting and public hearing requirements as specified by P.L. 1993, c.38, known as the Ogden-Rooney process. This process includes submitting a report to various legislative committees identifying all advantages and disadvantages, benefits and detriments of this conveyance and two (2) public hearings be held to solicit input from the general public and interested stakeholders. The report prepared by DEP will contain various commissioned reports supporting the terms of the Lease and DEP anticipates one hearing will be held at Liberty State Park. The Ogden-Rooney process will conclude with a vote before the State House Commission for final approval of the Lease.

By execution of this Term Sheet, the parties agree to use commercially reasonable efforts to negotiate and execute a lease consistent with the terms set forth herein. This Term Sheet is not intended to be and shall not constitute a legally binding agreement to lease and shall not confer any rights upon Tenant to the Lease Parcel.

Acknowledged and Agreed To:

LANDLORD:

New Jersey Department of Environmental Protection

By: _____ Date: _____

Title: _____

TENANT:

Suntex Marina Investors LLC

By: _____ Date: _____

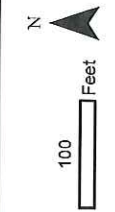
Title: _____



Proposed Marina (40 ac)
 Parcels Data (Block and Lot)

Exhibit 1





Proposed Marina (9 ac)
 Parcels Data (Block and Lot)



Exhibit 2

EXHIBIT 3 – RENT SCHEDULE

Southern Marina

Years	Annual Base Rent	Notes
2018	\$100,000	
2019	\$200,000	
2020	\$300,000	
2021	\$400,000	7-year phase-in for southern area
2022	\$400,000	
2023	\$400,000	
2024	\$500,000	
2025-2032	\$500,000	
2033-2042	\$647,000	Years 16-25 of initial term
2043-2047	\$757,000	Five Year Renewal Option 1
2048-2052	\$837,000	Five Year Renewal Option 2
2053-2057	\$924,000	Five Year Renewal Option 3
2058-2062	\$1,020,000	Five Year Renewal Option 4
2063-2067	\$1,126,000	Five Year Renewal Option 5

Northern Marina Expansion

Years	Annual Base Rent	Notes
2018	\$20,000	
2019	\$40,000	5-year phase-in for northern expansion area
2020	\$60,000	
2021	\$80,000	
2022	\$100,000	
2023-2032	\$100,000	
2033-2042	\$133,000	Years 16-25 of initial term
2043-2047	\$157,000	Five Year Renewal Option 1
2048-2052	\$174,000	Five Year Renewal Option 2
2053-2057	\$192,000	Five Year Renewal Option 3
2058-2062	\$212,000	Five Year Renewal Option 4
2063-2067	\$234,000	Five Year Renewal Option 5