

PURCHASE AGREEMENT FOR EDWARDS AQUIFER GROUNDWATER RIGHTS

This Purchase Agreement for Groundwater Rights (“Contract”) is made and entered into on this ____ day of _____ 2024, by and between W. Michael Humphreys and Candace P. Humphreys, whose address is _____ (“collectively, the Seller”), and City of Leon Valley, Texas, a municipal corporation, whose address is 6400 El Verde Road, Leon Valley, Texas 78238 (“Buyer” and collectively with Seller, the “Parties”).

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller agrees to convey to Buyer, and Buyer agrees to purchase from Seller, the following described water rights upon the following terms and conditions:

1. Water Rights. Seller’s permit rights from the Edwards Aquifer Authority (“EAA”) to withdraw 75,000 acre-feet of unrestricted Edwards Aquifer groundwater per year (the “Water Rights”), derived from EAA Permit Number P103-540(UV00441A) as set out on Exhibit “A” attached hereto (the “Groundwater Withdrawal Permit”), including all of the successor rights of or relating to the Groundwater Withdrawal Permit or the groundwater withdrawal rights and all other real or personal property rights appurtenant to the Groundwater Withdrawal Permit and groundwater withdrawal rights associated with the Water Rights. The term “Groundwater Withdrawal Permit” has the meaning given to it under EAA Rules 702.1(84), as amended. This sale does not include (i) any right, title, interest, or claim in or to the real property (“Real Property”) or well or point of withdrawal described in any EAA permit from which the Groundwater Withdrawal Permit is derived, or (ii) any right to use the surface of the Real Property for any purpose.

2. Earnest Money. At the time this Contract is fully executed and deposited with Mission Title, LP, Attn: Vicki Brown, 16500 San Pedro Ave., Ste. 212, San Antonio, Texas 78232 (“Title Company”), which date is considered the “Effective Date” under this Contract, Buyer shall deposit with the Title Company cash in the amount of \$5,000.00 as earnest money (“Earnest Money”) to bind this sale. At Closing, Buyer shall receive credit towards the Total Purchase Price for the amount of the Earnest Money.

3. Purchase Price. The purchase price to be paid by Buyer to Seller for the Water Rights is \$10,600 per acre foot for a total purchase price of Seven Hundred Ninety-Five Thousand and 00/100 Dollars (\$795,000.00) (the “Total Purchase Price”), which shall be paid as a lump sum in cash to Seller at Closing.

4. Title Policy. Buyer may, at Buyer’s expense, obtain an Owner’s Policy of Title Insurance (“Title Policy”) issued by the Title Company in the amount of the Total Purchase Price, dated at or after closing, insuring Buyer against loss under the Title Policy, subject only to: (a) those title exceptions permitted by this Contract or as may be approved by Buyer in writing; and (b) the standard printed exceptions contained in the promulgated form of title policy. Seller will cooperate and assist Buyer in timely obtaining the Title Commitment and Title Policy.

5. Title Commitment. Within ten (10) days after the Effective Date, Seller will furnish Buyer, at Buyer's expense, a commitment for title insurance ("Title Commitment") and legible copies of the instruments referenced in the Title Commitment.

6. Buyer's Title Objections. Buyer may object in writing to items disclosed in the Title Commitment ("Title Objections"). Buyer must object the earlier of (i) the Closing Date or (ii) fifteen (15) days after Buyer receives the Title Commitment and any exception documents ("Objection Deadline"). Buyer will be deemed to have approved all matters reflected by the Title Commitment to which Buyer has made no Title Objection by the Objection Deadline; provided, however, that in no event shall Buyer be deemed to approve any Mandatory Cure Items (as hereinafter defined), it being understood that Seller must clear all such exceptions before Closing. The matters that Buyer either approves or is deemed to have approved are "Permitted Exceptions." If Buyer notifies Seller of any Title Objections, Seller has fifteen (15) days from receipt of Buyer's notice to notify Buyer whether Seller agrees to cure the Title Objections before Closing ("Cure Notice") and, if necessary to accommodate such cure, the Closing Date shall be extended up to such fifteen (15) days. If Seller does not timely give its Cure Notice or timely gives its Cure Notice but does not agree to cure all the Title Objections before Closing, Buyer may, within five (5) days after the deadline for the giving of Seller's Cure Notice ("Seller's Notice Deadline"), notify Seller that either this Contract is terminated or Buyer will proceed to close, subject to Seller's obligations to remove all liquidated liens, remove all exceptions that arise by, through, or under Seller after the Effective Date (collectively "Mandatory Cure Items"), and cure only the Title Objections that Seller has agreed to cure in the Cure Notice. If Buyer chooses to terminate under this provision, Buyer shall provide written notice to Seller delivered before Seller's Notice Deadline and Buyer shall receive back its Earnest Money. At or before Closing, Seller must remove all liens, remove all Mandatory Cure Items and cure the Title Objections that Seller has agreed to cure.

7. Closing.

7.1 Time and Place. The closing of the sale and purchase of the Water Rights (the "Closing") shall occur on or before December 13, 2024, or any other date mutually designated by the Parties in writing, at the offices of the Title Company.

7.2 Seller's Closing Deliveries. At the Closing, Seller shall deliver to Buyer, each of the following:

- a) a duly executed and acknowledged water warranty deed, bill of sale and partial assignment of permit in substantially the form of that hereto attached as Exhibit "B" ("Water Deed"),
- b) a properly completed and duly executed and acknowledged Application to Transfer – Sale, in form promulgated by EAA, evidencing the transfer of the Water Rights from Seller to Buyer ("EAA Transfer Form");
- c) evidence of Seller's and its closing representative's authority and capacity for the Closing, and

- d) all other documents and instruments necessary for proper completion of the Closing, duly executed.

Seller will, at its cost, prepare the Water Deed and EAA Transfer Form and deliver to Buyer, prior to Closing for Buyer's approval.

7.3 *Buyer's Closing Deliveries.* At the Closing, Buyer shall deliver each of the following to Seller, at Buyer's sole cost and expense:

- a) the Purchase Price, in the form required by Section 3 herein,
- b) evidence of Buyer's and its closing representative's authority and capacity for the Closing, and
- c) all other documents and instruments necessary for proper completion of the Closing, duly executed.

8. Further Assurances. Seller shall cooperate with Buyer at no material out-of-pocket cost or expense while under this Contract and on the Closing Date and take any and all action necessary to fully vest title to the Water Rights in Buyer, including, without limitation, providing additional information to the EAA, executing and delivering documents or instruments necessary to effectuate this transaction, and paying any EAA fees, fines, or charges attributable to Seller, which obligations will terminate 180 days after Closing; provided that in no event shall such cooperation impose any material liability on Seller. Seller does not have any obligations to Buyer with regard to Buyer's future efforts to change the place or purpose of use of the Water Rights.

9. Allocation of Costs. Costs shall be borne by the Parties as follows:

- a) Current EAA fees, if any, on the Water Rights shall be prorated to the Closing Date and shall be paid by Seller.
- b) Except the premium for the Title Policy which will be paid by Buyer, all escrow fees, recording fees for the conveyance, EAA filing fees, and other expenses shall be split by the Buyer and Seller.
- c) Each Party will be responsible for paying its own attorneys' fees, subject to Section 17 herein and other expenses stipulated to be paid by such Party under other provisions of this Contract.

10. Seller's Representations. Seller makes the following representations and warranties, as of the Effective Date and as of the Closing Date, which shall not survive the Closing Date: (a) there are no pending or, to the best of Seller's knowledge, threatened condemnation proceedings or lawsuits affecting the Water Rights; (b) Except for the SAWS Lease as herein defined, Seller has good and indefeasible title to the Water Rights, which at Closing shall be free and clear of all mortgages, liens, encumbrances, leases, options to buy, rights-of-first refusal, tenancies, security interests, covenants, conditions, restrictions, judgments, unpaid bills, or any other contract, agreement or other matter affecting title to the Water Rights, except for

encumbrances waived by Buyer in writing; (c) Seller has requisite power and authority to execute and perform all its obligations under this Contract; (d) to the best of Seller's knowledge, there are no violations of federal, state, or local laws, rules, and regulations applicable to the Water Rights; and (e) Seller has paid all aquifer management fees and other amounts due to EAA and has filed all reports required to be filed with EAA. **EXCEPT AS EXPRESSLY PROVIDED ABOVE IN THIS SECTION 10, SELLER DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES IN CONNECTION WITH THE WATER RIGHTS INCLUDING ANY REPRESENTATION OF QUALITY OF WATER AVAILABLE FOR WITHDRAWAL FROM BUYER'S WITHDRAWAL LOCATION OR FITNESS FOR ANY PURPOSE WITH THE EXCEPTION OF SELLER'S SPECIAL WARRANTY OF TITLE AS SET FORTH IN THE SPECIAL WARRANTY WATER DEED TO BE DELIVERED AT CLOSING.**

11. Obligations and Default. If the Closing is not completed by reason of Buyer's breach or other failure to perform all obligations and conditions to be performed by Buyer, Seller may, as its sole remedy hereunder, terminate this Contract and receive the Earnest Money as liquidated damages. In no event shall Seller be entitled to seek specific performance. If Seller fails to perform Seller's obligations under this Contract for any reason other than Buyer's failure to perform, Buyer may as Buyer's sole and exclusive alternative remedies, either pursue specific performance of Seller's obligations hereunder or terminate this Contract and receive a refund of the Earnest Money.

12. Notices. Any notice required or permitted under this Agreement must be in writing. Any notice required by this Agreement having been deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the intended recipient at the address shown in this Contract, will be deemed to be delivered when it is deposited by the Party. Notice may also be given by personal delivery, courier delivery, facsimile transmission, electronic mail with delivery receipt, or other commercially reasonable means that provides proof of receipt and will be effective when sent to the Party to whom it is addressed. Any address for notice may be changed by written notice delivered as provided herein.

SELLER: W. Michael Humphreys and Candace P. Humphreys

San Antonio, Texas _____

BUYER: City of Leon Valley, Texas

Attn: _____

6400 El Verde Road
Leon Valley, Texas 78238

13. Disclaimer – Governmental Action. Notwithstanding any provision of this Contract, Buyer acknowledges by executing this Contract that the Water Rights are subject to the Edwards Aquifer Authority Act and any limitations, restrictions, reductions, rules, reporting

requirements, fees, or other regulatory conditions now existing or hereafter adopted by EAA or any federal, state, or local authority having jurisdiction governing the withdrawal and use of Edwards Aquifer irrigation groundwater. Buyer agrees to hold Seller harmless for any governmental action governing the use or withdrawal of the Water Rights and occurring after the actual Closing Date between the Parties.

14. Miscellaneous.

- a. This Contract incorporates by reference all exhibits attached hereto;
- b. This Contract contains the entire agreement between Buyer and Seller and any agreement not contained herein shall be of no force and effect between the Parties;
- c. This Contract shall be governed by Texas law and is performable in Bexar County, Texas;
- d. This Contract shall be binding on and inure to the benefit of the Parties and their respective heirs, successors and assigns;
- e. This Contract may be executed in multiple counterparts;
- f. The provisions of this Contract are severable. If a court of competent jurisdiction finds that any provision of this Contract is unenforceable, the remaining provisions shall remain in effect without the unenforceable parts;
- g. Time is of the essence of this Contract; and
- h. Whenever any determination is to be made or action taken on a date specified in this Contract, if such date falls upon a Saturday, Sunday, federal holiday, or other day that is not a business day, the date for such determination or action shall be extended to the first business day immediately thereafter.

15. No Presumption Against Drafter. Buyer and Seller agree and acknowledge that: (i) this Contract has been freely negotiated by both Parties; and (ii) that, in the event of any controversy, dispute, or contest over the meaning, interpretation, validity, or enforceability of this Contract, or any of its terms or conditions, there shall be no inference, presumption, or conclusion drawn whatsoever against either Party by virtue of that Party having drafted this Contract or any portion thereof.

16. Disclosures. Buyer and Seller are hereby advised Buck Benson of Barton Benson Jones PLLC will be performing title research for Title Company for which service Buck Benson will receive a part of the title premium for the Title Policy.

17. Attorneys' Fees and Court Costs. If legal action is taken to enforce this Contract, the prevailing Party shall be entitled to recover reasonable attorneys' fees and court costs incurred after the Effective Date.

18. Mediation. The Parties agree to use good faith efforts to amicably resolve any and all disputes or claims that may arise out of or relate to this Contract or the transactions contemplated

herein. As a condition precedent to either Party pursuing a lawsuit or arbitration against the other party, the claim or dispute at issue must first be submitted to non-binding mediation under the Mediation Rules of the American Arbitration Association, with the cost of the mediator being split equally between the Parties, and the Parties shall attempt in good faith to resolve the claim or dispute through such mediation. The foregoing mediation requirement may only be waived in writing signed by both Parties.

19. 1031 Exchange. Buyer or Seller may consummate the purchase of the Property as part of a like kind exchange (the “*Exchange*”) pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the “*Code*”), provided that: (i) the Closing shall not be delayed or affected by reason of the Exchange nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to either Party’s obligations under this Agreement; (ii) the Exchange is effected through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary; (iii) neither Buyer nor Seller shall be required to take an assignment of the purchase agreement for the relinquished property or be required to acquire or hold title to any other real property for purposes of consummating the Exchange, and (iv) the Party requesting the Exchange shall pay any additional costs that would not otherwise have been incurred by Buyer or Seller had such Party not consummated its purchase or sale through the Exchange. Neither Seller nor Buyer by this Agreement or acquiescence to the Exchange shall (1) have its rights under this Agreement affected or diminished in any manner or (2) be responsible for compliance with or be deemed to have warranted to the other Party that the Exchange in fact complies with Section 1031 of the Code.

20. SAWS Lease. Buyer acknowledges the Water Rights are currently leased to the City of San Antonio, a Texas municipal corporation, by and through its San Antonio Water System through December 31, 2026 (the “SAWS Lease”). Seller agrees to assign the SAWS Lease to Buyer at Closing and Buyer shall receive any lease payments due for 2025 and 2026 under the SAWS Lease. The Parties agree that at or before Closing they shall execute and deliver to the other the assignment of SAWS Lease attached hereto and incorporated herein as “Exhibit C” for all purposes, along with the amendment to memorandum of SAWS Lease attached hereto and incorporated herein as “Exhibit D” for all purposes.

21. Contingent Closing. Buyer acknowledges that Seller is under contract to sell the Real Property to a third party purchaser (the “Real Property PSA”) and would not agree to sell the Water Rights unless such Real Property PSA were also effectuated. Therefore, notwithstanding anything herein to the contrary, the Parties acknowledge and agree that the Closing of this Contract is contingent upon the closing of the Real Property PSA and, in the event such Real Property PSA does not close, Seller shall have the right and option to terminate this Contract at any time upon written notice thereof to Buyer, whereupon the Earnest Money shall be returned to Buyer, and neither Party shall have any further obligations hereunder. Further, in the event the closing of the Real Property PSA is delayed, Seller shall have the unilateral right to delay the Closing hereunder day-for-day for the amount of days of the delay in closing such Real Property PSA; in the event Seller requires such a delay, it shall provide written notice of the same to Buyer and keep Buyer apprised of such Real Property PSA closing delays.

[Signature Page Follows]

SELLER:

W. Michael Humphreys

Candace P. Humphreys

DRAFT

BUYER:

City of Leon Valley, Texas,
a Texas municipal corporation

By: _____

Name: _____

Title: _____

DRAFT

RECEIPT OF CONTRACT

Receipt of the foregoing fully executed Contract is hereby acknowledged on the following date:
_____, 2024.

Mission Title, LP

BY: _____

NAME PRINTED: _____

TITLE: _____

RECEIPT OF EARNEST MONEY

Receipt of the Earnest Money in the amount of \$5,000.00 on _____, 2024 is hereby acknowledged. The undersigned shall hold the Earnest Money in accordance with the terms of this Contract.

Mission Title, LP

BY: _____

NAME PRINTED: _____

TITLE: _____

EXHIBIT "A"

GROUNDWATER WITHDRAWAL PERMIT



SCANNED

**EDWARDS AQUIFER AUTHORITY
WATER RIGHTS FILING
INSTRUCTIONS FOR COUNTY CLERKS**

Please file this sheet and the attached Edwards Aquifer Authority, State of Texas "Initial Regular Permit (IRP)" in the Official Public Records using "Edwards Water Rights" as the document type.

- 1. **DATE OF EXECUTION:** SEP 26 2008
- 2. **DOCUMENT TYPE:** Edwards Water Rights
- 3. **GRANTOR:** Edwards Aquifer Authority
- 4. **GRANTEE(S) (Permittee):** W. Michael Humphreys and Candace P. Humphreys
- 5. **LEGAL PLACE OF USE:**

Legal Description Reference	County	County Clerk Document No.	Volume/ Book	Page(s)
Warranty Deed	Bexar	20050202145	11619	1383 - 1389

Survey / Abstract No	NCB	CB	Lot	Subdivision
131 / N/A		5526	1	Persimmon Hills

- 6. **INITIAL REGULAR PERMIT TO WITHDRAW GROUNDWATER FROM THE EDWARDS AQUIFER NO.** P103-540 (UV00441A)
- 7. **ANNUAL WITHDRAWAL AMOUNT:** 75.000 Acre-Feet / Annum
- 8. **REASON FOR REISSUANCE:** The Passage of Senate Bill No. 3 by The Texas Legislation in 2007 increased the pumping cap from 450,000 acre-feet to 572,000 acre-feet per annum.
- 9. **AFTER RECORDING RETURN TO:**

*Edwards Aquifer Authority
1615 N. Saint Mary's St.
San Antonio, TX 78215*



**EDWARDS AQUIFER AUTHORITY
STATE OF TEXAS
INITIAL REGULAR PERMIT No. P103-540 (UV00441A)**

THIS CERTIFIES THAT: **W. Michael Humphreys and Candace P. Humphreys**
636 Ivy Lane
San Antonio, TX 78209

has been issued this Initial Regular Permit by the Board of Directors of the Edwards Aquifer Authority to withdraw groundwater from the Edwards Aquifer. This Permit is issued without a term. All prior permits or other approvals are superceded by this Permit.

Permit Derivation: UV00441 **Purpose:** Industrial **Pool:** San Antonio

Authorized Annual Groundwater Withdrawal Amount: 75,000 acre-feet per calendar year.

Place of Use: The tract(s) of land more fully described in Warranty Deed dated 9/1/2005 as recorded with Clerk as Document # 20050202145, Volume 11619, Pages 1383 - 1389, Official Public Records, Bexar County, Texas

Withdrawal Point(s); Metering; Maximum Withdrawal Rate:

EAA WELL NO.	LOCATION	MEASURING METHOD	WITHDRAWAL RATE
W104-282	29-28.00-41.00 / 98-26.00-50.00	Meter	100 gpm

Conditions: Edwards Aquifer groundwater may be withdrawn only under the terms and conditions of this Permit, the Edwards Aquifer Authority Act (Act of May 30, 1993, 73rd Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350), other applicable general law, and Authority rules, as these may be amended from time to time. This permit is subject to the continuing jurisdiction and supervision of the Authority, and may be amended from time to time consistent with applicable law.

THIS INITIAL REGULAR PERMIT IS ISSUED, EXECUTED, AND EFFECTIVE THIS 26th **day of**
Sept, 2008.

Douglas R. Miller
DOUGLAS R. MILLER
Chairman, Board of Directors

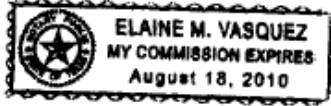


ATTEST:
Carol G. Patterson
CAROL G. PATTERSON
Secretary, Board of Directors

ACKNOWLEDGMENT

STATE OF TEXAS)
COUNTY OF BEXAR)

ON BEHALF OF THE AUTHORITY, THIS PERMIT WAS ACKNOWLEDGED before me on Sept. 26, 2008 by DOUGLAS R. MILLER, Chairman, and CAROL G. PATTERSON, Secretary, Board of Directors, Edwards Aquifer Authority, a conservation and reclamation district created pursuant to Art. XVI, Sec.59, Texas Constitution.



Elaine M. Vasquez

Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO:

Docket Clerk
Edwards Aquifer Authority
1615 N. St. Mary's St.
San Antonio, Texas 78215

Any provision herein which purports to restrict the sale, rental or use of the described REAL PROPERTY because of Color or Race is invalid and unenforceable under FEDERAL LAW.

STATE OF TEXAS
COUNTY OF BEXAR *water permit*

I, hereby Certify that this instrument was FILED on the date and at the time stamped herein by me and was duly RECORDED in the Volume and Page of the RECORDS of BEXAR COUNTY, TEXAS as stamped herein by me



Gerard Rickhoff
COUNTY CLERK
BEXAR COUNTY, TEXAS

Doc# 20080221558 Fees: \$24.00
10/10/2008 11:34AM # Pages 3
Filed & Recorded in the Official Public
Records of BEXAR COUNTY
GERARD RICKHOFF COUNTY CLERK

EXHIBIT “B”

**FORM SPECIAL WARRANTY WATER DEED, BILL OF SALE
AND PARTIAL ASSIGNMENT OF PERMIT**

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

**SPECIAL WARRANTY WATER DEED, BILL OF SALE
AND PARTIAL ASSIGNMENT OF PERMIT**

Effective Date: _____

Grantor (whether one or more): W. Michael Humphreys and Candace P. Humphreys

Grantor's Mailing Address:

Grantee: City of Leon Valley, Texas, a municipal corporation

Grantee's Mailing Address: 6400 El Verde Road, Leon Valley, Texas 78238

Consideration: Ten Dollars (\$10.00) cash, and other good and valuable consideration in hand paid by the Grantee to Grantor, the receipt and sufficiency of which Grantor acknowledges.

Groundwater Rights: Grantor's undivided interests in groundwater rights and permit rights from the Edwards Aquifer Authority ("EAA") to withdraw 75.000 acre-feet per year of unrestricted Edwards Aquifer groundwater per year derived from EAA Permit Number 103-540(UV00441A) recorded as Document No. 20080221558 in the Official Public Records of Bexar County, Texas (the "Permit"), including all successor rights of or relating to the Permit or the groundwater withdrawal rights and all other real or personal property rights appurtenant to the Permit and groundwater withdrawal rights (all such rights referred to herein as "Water Rights").

Reservations from Conveyance: Notwithstanding anything herein contained to the contrary, it is understood and agreed that Grantee, its successors or assigns, shall not enter upon nor use the surface of any of Grantor's land for conducting any surface or drilling operations for groundwater. Any beneficial use of the Water Rights shall be by way of transfer of the permitted withdrawal rights to withdrawal points on lands which do not belong to Grantor.

Exceptions to Conveyance and Warranty:

1. The Water Rights conveyed herein are subject to any existing limitations, restrictions, applicable rules or other conditions now in effect or which may be adopted or imposed by the EAA, including but not limited to the limitations and conditions to the rights to withdraw and beneficially use Edwards Aquifer water as recited in the Permit.

2. All groundwater rights from any formations or aquifers other than the Edwards Aquifer formation. This conveyance is limited to groundwater rights from the Edwards Aquifer formation.
3. Any physical aspect of the water including but not limited to: availability, existence, utility, recoverability, source, quality, condition, potability, chemistry, or other characteristics of water, if any, lying on, under, or over the land or lands or that may be produced or used from the land or lands.
4. Lack of a right of access and use of the well or wells and place of use under the Permit.
5. Any subsequent decrease in the amount of water available for withdrawal under the Permit or the portion conveyed to Grantee that is the result of any pro-rata reduction applied to all holders of permits for withdrawal of groundwater rights by the EAA or any governmental entity with authority to restrict groundwater rights withdrawals.
6. The terms and conditions of the Permit as recorded in the Official Public Records of Bexar County, Texas.
7. The terms and conditions of the “Conditions for Initial Regular Permits” as recorded in Document No. 20040010963, Volume 10526, Page 1048 of the Official Public Records of Bexar County, Texas.
8. Memorandum of Lease of Groundwater recorded in Document No. 20210350740 of the Official Public Records of Bexar County, Texas.

Grantor, for the Consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, assigns and conveys to Grantee the Water Rights, together with all and singular the rights, whether real or personal, and appurtenances thereto in any way belonging, to have and to hold to Grantee and Grantee’s successors and assigns forever. Grantor binds Grantor and Grantor’s heirs, successors and assigns to warrant and forever defend all and singular the conveyance of the Water Rights to Grantee and Grantee’s successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof when the claim is by, through, or under Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty.

EAA fees on the use of the Water Rights (including groundwater withdrawn under the Permit) prior to the Closing Date will be paid by Grantor and EAA fees for the Water Rights (including the Permit and any transfer or amendment) after the Closing Date are the responsibility of Grantee.

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

GRANTOR:

W. Michael Humphreys

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me this _____ day of _____, 2024, by
W. Michael Humphreys.

Notary Public, State of Texas

Candace P. Humphreys

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me this _____ day of _____, 2024, by
Candace P. Humphreys.

Notary Public, State of Texas

EXHIBIT "C"

ASSIGNMENT OF SAW LEASE

ASSIGNMENT OF INTEREST IN GROUNDWATER LEASE

THIS ASSIGNMENT OF LANDLORD’S INTEREST IN LEASE (“*Assignment*”) is executed and entered into by and between W. Michael Humphreys and Candace P. Humphreys, (“*Assignor*”) and City of Leon Valley, Texas (“*Assignee*”) this _____ day of _____ 2024. the “Effective Date”).

W I T N E S E T H:

WHEREAS, Assignor is the owner of certain 75 acre-feet of unrestricted Edwards Aquifer groundwater per calendar year derived from EAA Permit Number P103-540(UV00441A) recorded as Document No. 2008003952 in the Official Public Records of Bexar County, Texas being more particularly described on Exhibit A attached hereto (“*Water Rights*”); and

WHEREAS, on _____, Assignor executed and delivered to Assignee a Special Warranty Deed, Bill of Sale and Partial Assignment of Permit granting and conveying the Water Rights to Assignee; and

WHEREAS, Assignor has heretofore entered that Lease of Groundwater dated **May 17, 2021**, encumbering the Water Rights, evidenced by the Memorandum of Lease of Groundwater recorded on December 17, 2021, as Document No. 20210350740 of the Official Public Records of Bexar County, Texas and described in Exhibit B attached hereto and by this reference made a part hereof (whether one or more, collectively, the “*Groundwater Lease*”); and

WHEREAS, Assignor desires to assign and transfer to Assignee without recourse all of the rights and benefits of Assignor in and to the Groundwater Lease upon the terms hereinafter set forth.

Agreement:

NOW, THEREFORE, in consideration of the above premises, and for the sum of TEN and NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed by Assignor and Assignee as follows:

1. As of the Effective Date, Assignor does hereby SELL, TRANSFER, ASSIGN, CONVEY and SET OVER unto Assignee all of Assignor’s rights, titles and interests in, to and under the Groundwater Lease.
2. Effective as of the Closing Date, Assignee does hereby ACCEPTS and ASSUMES all of Assignor’s rights, titles and interests in, to and under the Groundwater Lease and agrees to be bound the terms there of.
3. Assignee hereby assumes all of Assignor’s obligations under the Groundwater Lease as of the Closing Date.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their successors in interest and assigns. This Assignment shall be governed by and construed in accordance with the laws of the State of Texas.
5. This Assignment may be executed in duplicate counterparts, each of which shall be deemed to be an original and both of which shall constitute one and the same Assignment.

[Signature Pages to Follow]

ASSIGNOR:

ASSIGNEE:

EXHIBIT A

EXHIBIT B

DRAFT

EXHIBIT “D”

AMENDMENT OF MEMORANDUM OF SAW LEASE

DRAFT

AMENDMENT TO MEMORANDUM OF LEASE OF GROUNDWATER

This Amendment to Memorandum of Lease of Groundwater (the “Amendment to Memorandum of Lease”) is executed this ___ day of _____, 2024, by and between the City of Leon Valley, Texas, a municipal corporation (the “Lessor”) and the City of San Antonio, a Texas municipal corporation, acting by its San Antonio Water System (the “Lessee”).

WITNESSTH:

1. On May 17, 2021, W. Michael Humphreys and Candace P. Humphreys (collectively, the “Former Lessor”), and Lessee entered into a Lease of Groundwater (the “Lease”) of the Water Rights described below:

Water Rights:

The Water Rights consist of the Lessor's groundwater rights and Lessor's permit rights from the Edwards Aquifer Authority (“EAA”) to withdraw 75 acre-feet of unrestricted Edwards Aquifer groundwater per annum, under EAA Initial Regular Permit P103-540(UV00441A) recorded as Document No. 20080221558 of the Official Public Records of Bexar County, Texas (the “Groundwater Withdrawal Permit”) (the “Water Rights”). The Groundwater Withdrawal Permit authorizes the withdrawal and beneficial use of groundwater from the Edwards Aquifer pursuant to the terms and conditions of the Groundwater Withdrawal Permit.

2. In connection with the Lease, Former Lessor and Lessee entered into a Memorandum of Lease dated May 17, 2021, and recorded on December 17, 2021, in the Official Public Records of Bexar County, Texas, as Document No. 20210350740 (as the same may have been previously amended of record, the “Memorandum of Lease”). A true and correct copy of the Memorandum of Lease is attached hereto and incorporated herein for all purposes.

3. On _____, Former Lessor transferred its interest in the Water Rights to Lessor, City of Leon Valley, Texas, via a certain Special Warranty Deed, Bill of Sale and Partial Assignment of Permit, recorded on _____, in the Official Public Records of Bexar County, Texas, as Document No. _____ (the “Deed”).

4. Subsequently, on _____, Lessor and Former Lessor entered into an Assignment of Interest in Groundwater Lease (the “Assignment”) assigning Former Lessor’s interests in the Lease described herein.

5. EAA approved the transfer of the Water Rights to the City of Leon Valley, Texas on _____ and designated a new Groundwater Withdrawal Permit for the Water Rights of _____ and recorded the permit in the Official Public Records of Bexar County,

Texas, as Document No. _____ and the parties desire to amend the Memorandum of Lease to reflect these changes.

6. Subject to the foregoing, Lessor and Lessee acknowledge that the Memorandum of Lease is hereby amended, and Former Lessor's status and rights thereunder have been terminated for all purposes and transferred to Lessor, as defined herein.

7. Except as expressly amended hereby, the Memorandum of Lease remains unchanged and in full force and effect.

8. In the event of any conflict between the terms of this Amendment to Memorandum of Lease and the terms of the Lease, the terms of the Lease and the subsequent Assignment shall control.

[Signatures pages to follow]

DRAFT

Lessor:

City of Leon Valley, Texas, a Texas municipal corporation

By: _____
Title: _____

ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 2024,
by _____, title: _____ of City of Leon Valley, Texas, a
Texas municipal corporation.

NOTARY PUBLIC, State of Texas

(Seal)

Lessee:

City of San Antonio, a Texas municipal corporation,
by and through its San Antonio Water System

Robert R. Puente, President/ Chief Executive Officer

ACKNOWLEDGEMENT

STATE OF TEXAS §
COUNTY OF BEXAR §

This instrument was acknowledged before me on the _____ day of _____, 20____,
by Robert R. Puente for the City of San Antonio, a Texas municipal corporation, by and through
its San Antonio Water System.

NOTARY PUBLIC, State of Texas

(Seal)