



GROUNDWATER TRUST TRANSFER CONTRACT

This Groundwater Trust Contract (the “Contract”) is made and entered into this 13th day of February, 2018, by and between the EDWARDS AQUIFER AUTHORITY (the “EAA”), a political subdivision of the State of Texas, with its principal place of business located at 900 E. Quincy Street, San Antonio, Texas 78215, and Mr. Michael Humphreys, the holder and transferor (the “Transferor”) of Regular Permit No. P103-540.

RECITALS

WHEREAS, the EAA is a conservation and reclamation district created by virtue of Article XVI, Section 59 of the Texas Constitution; and

WHEREAS, § 1.08(a) of the Edwards Aquifer Authority Act¹ (the “Act”) grants the EAA “all of the powers, rights, and privileges necessary to manage, conserve, preserve, and protect the aquifer . . .”; and

WHEREAS, the EAA is authorized by § 1.22 of the Act to administer a groundwater trust for certain purposes;

WHEREAS, the EAA has implemented § 1.22 at Subchapter N of its rules and established the Groundwater Trust; and

WHEREAS, Transferor desires to transfer 75 acre-feet of Regular Permit No.: P103-540 (the “Permit”) under the terms and conditions of this Contract into the Groundwater Trust; and

WHEREAS, it is in the public interest that the EAA authorize this transfer into the Groundwater Trust.

NOW THEREFORE, for and in consideration of the mutual promises and agreements set forth in this Contract, the EAA and the Transferor agree as follows:

1.0 Representations of Transferor. Transferor represents /and warrants that he/she has the legal authority to transfer the Permit and enter into this Contract. Transferor also represents and warrants that he/she has good and clear title to the Permit, free and clear of liens or other encumbrances, and no challenges have been made or threatened by third parties to Transferor’s claimed ownership of the Permit.

¹ Act of May 30, 1993, 73rd Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350; as amended.

2.0 Permit Transfer. Transferor agrees to, and does hereby transfer 75 acre-feet of the Permit to the Groundwater Trust, and the EAA agrees to, and does hereby accept the transfer of the Permit, in trust, under the terms and conditions of this Contract.

3.0 Purpose of Transfer. The purpose of this transfer is allow the Permit to be held in the Groundwater Trust so that the Transferor would not be subject to groundwater withdrawal permit requirements during the period of time that the Permit remains in the Groundwater Trust. In addition, the EAA will gain assurance that no withdrawals are being made under the Permit during the same period of time.

4.0 Consideration. The consideration for the transfer into the Groundwater Trust and the assurance that no withdrawals are made under the Permit shall be for the EAA to allow the Transferor to forgo the payment of aquifer management fees for the Permit without penalty during the time period the Permit remains in the Groundwater Trust. Such consideration is accepted as adequate by the Transferor and the EAA.

5.0 Term. The Permit shall remain in the Groundwater Trust beginning on the effective date of this Contract and terminate on December 31, 2018.

6.0 Rights and Obligations of the Transferor. Upon transfer of the Permit into the Groundwater Trust, the transferor shall have the following rights, restrictions, duties, and obligations:

(a) Transferor shall have no right to withdraw groundwater from the Aquifer pursuant to the Permit that is transferred into the Groundwater Trust.

(b) Transferor shall remain responsible for taking all action, and paying all expenses, required to maintain, defend, preserve, and protect the Permit.

(c) Transferor shall not undertake any action which could lead to the invalidation of the Permit and Transferor shall immediately notify the EAA if the Transferor learn of any facts or circumstances suggesting that the Permit could be called into question.

(d) Transferor shall not be assessed any aquifer management fees for the Permit. However, Transferors shall remain liable for any aquifer management fees already assessed against the Permit prior to transfer into the Groundwater Trust.

7.0 Rights and Obligations of the EAA. Upon transfer of the Permit into the Groundwater Trust, the EAA shall have the following rights, restrictions, duties, and obligations:

(a) The EAA must hold the Permit in the Groundwater Trust, and may not sell, lease, or otherwise transfer the Permit to a third party for any purpose.

(b) The EAA is not responsible for taking any action, or paying any expense, required to maintain, defend, preserve, or protect the Permit.

(c) The Permit shall not be subject to any debt contracted by the EAA, either prior to or after the transfer, or any judicial process for the satisfaction of any claim against the EAA.

8.0 Miscellaneous Provisions.

(a) In all other respects, this Transfer to, and the holding of the Permit in the Groundwater Trust, shall be in accordance and consistent with the Act and the EAA rules, as they may be amended from time to time.

(b) This Contract shall be binding upon the EAA and the Transferor and their respective heirs, successors, and assigns.

(c) This Contract may be amended only by a subsequent written amendment executed by both the EAA and the Transferor.

(d) This Contract shall be governed by and construed in accordance with the laws of the State of Texas, and specifically with the Act and the Rules.

NOW, THEREFORE, THIS GROUNDWATER TRUST CONTRACT IS EXECUTED AND EFFECTIVE THIS 13th day of February, 2018, in San Antonio, Bexar County, Texas.

Roland Ruiz
Edwards Aquifer Authority

Michael Humphreys
Transferor