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E.A.A.

December 11, 2020

David Wallace
Bexar County Water Control and Improvement District #10
8601 Midcrown Drive
Windcrest, TX 78239

Dear Mr. Wallace:

The enclosed Groundwater Trust Transfer Contract will be considered for approval by the Edwards Aquifer Authority Board of Directors at their meeting scheduled for January 12, 2021.

If the terms of this contract are acceptable to you, please sign and return this contract. Pending approval by the Board of Directors, a signed copy will be provided to you after signatures by the necessary Edwards Aquifer Authority representatives.

Thank you for your cooperation on this matter and please call me at 210-222-2204 if you have any questions.

Sincerely,

Charles E. Ahrens
Director of Water Resources



GROUNDWATER TRUST TRANSFER CONTRACT

This Groundwater Trust Transfer Contract ("Contract") is made and entered into this 12th day of January, 2021, by and between the EDWARDS AQUIFER AUTHORITY ("EAA"), a political subdivision of the State of Texas, with its principal place of business located at 900 E. Quincy, San Antonio, Texas 78215, and the Bexar County Water Control and Improvement District No. 10, the holder and transferor ("Transferor") of Initial Regular Permit No. P-100-053 ("Permit"), located at 8601 Midcrown Drive, Windcrest, Texas 78239.

RECITALS

WHEREAS, the EAA was created by the Edwards Aquifer Authority Act, Act of May 30, 1993, 73rd Leg., R.S., ch. 626, 1993 Tex. Gen. Laws 2350, as amended ("Act"); and

WHEREAS, under Section 1.02 of the Act, the EAA is a conservation and reclamation district created by virtue of Article XVI, Section 59 of the Texas Constitution, and is a governmental agency and body politic and corporate vested with the full authority to exercise the powers and to perform the functions specified in the Act, and other applicable law; and

WHEREAS, under Section 1.08(a) of the Act, the EAA has all the powers, rights and privileges necessary to manage, conserve, preserve, and protect the Edwards Aquifer and prevent the waste of water in, the Aquifer; and

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

WHEREAS, the EAA has implemented Section 1.22 through rulemaking at Subchapter N of its rules and has established a Groundwater Trust thereby; and

WHEREAS, Transferor owns and desires to transfer 255.325 acre-feet of water out of its EAA Permit which in conjunction with other permits allows for the withdrawal of 1,625.325 acre-feet of water by the Transferor from the Edwards Aquifer under the terms and conditions of this Contract into the EAA's Groundwater Trust (Permit Portion); and

WHEREAS, on January 12, 2021, the Board of Directors ("Board") of the EAA approved this Contract; 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 Transferor agree as follows:

1.0 Representations of Transferor. Transferor represents and warrants that it has the legal authority to transfer the Permit Portion and enter into this Contract. Transferor also represents and warrants that it has good and clear title to the Permit Portion, 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 Portion.

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

3.0 Purpose of Transfer. The purpose of this transfer is (1) "to provide a water supply to the EAA to make transfers of such water to third-parties that in the sole judgment of the EAA it deems reasonable, appropriate, and necessary." or (2) to manage the overall demand on the Edwards Aquifer.

4.0 Term. The Permit Portion shall remain in the Groundwater Trust beginning on January 1st, 2021 and shall continue through December 31st, 2021, unless sooner removed by order of the EAA Board.

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

(a) So long as the Transferor's Permit Portion is held in the Groundwater Trust, Transferor shall have no right to withdraw groundwater from the Edwards Aquifer in the amount of the Permit Portion 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 Portion.

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

(d) Transferor may not, voluntarily or involuntarily, anticipate, sell, pledge, encumber, license, lease, transfer, assign, convey, give, devise, bequeath, or otherwise dispose of, either directly or indirectly, any right to use the Permit Portion without the prior written approval of the EAA. Further, the Permit Portion shall not be subject to any debt contracted by Transferor, either prior to or after the transfer, or any judicial process for the satisfaction of any claim against Transferor.

(e) Transferor shall not be assessed any aquifer management fees by the EAA for the Permit Portion held in the Groundwater Trust. However, Transferor shall remain liable for any aquifer management fees already assessed against the Permit Portion prior to the transfer into the Groundwater Trust.

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

- (a) As long as consistent with the terms and conditions of this Contract and Subchapter N of the EAA's rules, the EAA may, in its discretion, hold the Permit Portion, or lease, or otherwise transfer the Permit Portion only during the contract term to a third-party for use under the terms and conditions it, in its sole judgment, deems reasonable, appropriate, and necessary.
- (b) The EAA may not take any action that would result in the permanent reduction in the groundwater withdrawal amount of the Permit Portion.
- (c) The EAA is not responsible for taking any action, or paying any expense, required to maintain, defend, preserve, or protect the Permit Portion.
- (d) The Permit Portion 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.
- (e) The EAA shall not assess Transferor any aquifer management fees for the Permit Portion held in the Groundwater Trust.

7.0 Miscellaneous Provisions.

- (a) In all other respects, this transfer to, and the holding of the Permit Portion in the Groundwater Trust, shall be in accordance and consistent with the Act and the EAA's Rules.
- (b) This Contract shall be binding upon the EAA and 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 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 EAA's Rules.
- (e) The EAA may, in its sole discretion, record of public record a memorandum of this Contract with the County Clerk of the county in which the Transferor's property identified as the place of use in the Permit and on which the points of withdrawal identified in the Permit are located.

**NOW, THEREFORE, THIS GROUNDWATER TRUST TRANSFER CONTRACT
IS EXECUTED AND EFFECTIVE THIS ____ day of _____ 2021, at San Antonio, Bexar
County, Texas.**

EDWARDS AQUIFER AUTHORITY

By: _____
Luana Buckner
Chairman, Board of Directors

Date: _____

ACKNOWLEDGEMENT

**STATE OF TEXAS §
 §
COUNTY OF BEXAR §**

This instrument was acknowledged before me on _____, 2021, by Luana Buckner, Chairman of the Board of Directors of the Edwards Aquifer Authority, known personally to me to be the person who subscribed to this instrument, on behalf of the Edwards Aquifer Authority.

Notary Seal

Notary Public, State of Texas

TRANSFEROR(S)

By: _____

David Wallace
Permit Holder

Date: _____

12-14-2020

[additional signatures on next page]

ACKNOWLEDGEMENT

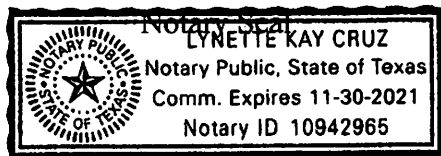
STATE OF TEXAS

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COUNTY OF Bexar §

This instrument was acknowledged before me on December 14, 2021, by David L. Wallace, the Transferor, known personally to me to be the persons who subscribed to this instrument, on behalf of the Permittees.



Lynette Kay Cruz
Notary Public, State of Texas

APPROVED AS TO FORM:

Darcy Alan Frownfelter
General Counsel