

**LEASE OF GROUND WATER  
(Beginning July 1, 2019)**

This Lease of Ground Water ("Lease") is entered into to be effective July 1, 2019, between City of Schertz, a Texas municipal corporation ("Lessor") and Hanson Aggregates LLC (the "Lessee"). Subject to the adjustment set out in paragraph 4 below, Lessor hereby leases to Lessee 200 acre-feet of water (the "Water Rights") for one year as set out in the Term, as defined below, on the following terms and conditions:

1. **Term.** The term of this Lease shall commence July 1, 2019 and continue through December 31, 2019.
2. **Payment.** Lessee shall pay to Lessor the sum of \$12,049.07 or as shown on the quote, per month commencing August 1, 2019 (the "Lease Payment") The Lease Payment for each month of the Term shall be made to Lessor on or before the first day of each month during the Term as shown on the Quote.
3. **Water Rights Adjustment.** In the event any applicable laws, regulations, or governmental action provide that Lessor may not lease to Lessee all of the Water Rights pursuant to this Lease, the amount of the Water Rights leased by Lessor to Lessee shall automatically adjust to reduce the Water Rights to the maximum amount which can be so leased.
4. **Lease Payment Adjustment.** The Lease Payment is based upon 200 acre-feet of water actually permitted by the Edwards Aquifer Authority (the "EAA") to Lessor and leased to Lessee. If the Water Rights leased to Lessee are decreased during the Term, the Lease Payment during the Term shall be decreased proportionately to the decrease in Water Rights.
5. **Permits.** The Lessor has paid or shall pay aquifer management fees to the EAA for the Water Rights. Lessee shall have the right to pursue, to initiate, and to prosecute any proceedings relating to the Water Rights and, at its election, as may be necessary for the protection of the Water Rights, including but not limited to (i) contesting the validity or amount of fees assessed to or levied upon the Water Rights (ii) protecting, defending, and/or preserving the rights to withdraw water from the Edwards Aquifer. Lessor shall cooperate with Lessee's efforts in connection therewith. Lessor shall not take any action or omit to take any actions which will adversely affect the Water Rights. If required by law, Lessee may take any such action in the name of Lessor. In no event shall Lessee be required to take any such action with respect to the Water Rights on behalf of Lessor in connection with such actions, and Lessee shall in no event be deemed to be the agent of Lessor or as having any duty or responsibility to Lessor or to act on behalf of Lessor. To the extent Lessee elects to act in connection with the Water Rights in accordance with the above, Lessor appoints Lessee as Lessor's attorney-in-fact to take such action. The Lessor pays all fees to Edwards Aquifer Authority and those fees are reimbursed to the Lessor by the Lessee. If Edwards Aquifer Authority increases the fee, the lease payment and 15% Administration Fee will be automatically adjusted for such.
6. **Continued Operation.** From the date of this Lease, Lessor shall not take any actions (or omit to take any actions) which will harm or diminish the Water Rights. In this regard, Lessor agrees that it has leased the Water Rights to Lessee, and Lessor shall not transfer (by operation of law or otherwise) (i) any portion of the Water Rights (unless such transfer is expressly subject to this Lease) or (ii) any other portion of this Lease if such transfer would reduce the Water Rights leased to Lessee pursuant to this Lease. For the term of this Lease, Lessor agrees that it will utilize for its own use only that amount of groundwater which is equal to the amount of acre-feet of Edwards Aquifer water permitted under Lessor's Proposed Initial Regular Permit with the EAA less (i) the amount of acre-feet of Edwards Aquifer water pertaining to the Water Rights leased hereunder, and (ii) the amount of acre-feet of Edwards Aquifer water pertaining to the remainder of the water leased to other third parties. A transfer of the water shall not be prohibited, if the transferee expressly assumes all of the obligations and conditions of this Lease.
7. **Quiet Enjoyment.** Lessor hereby warrants and represents to Lessee that it has good title to the water, including the Water Rights leased to Lessee hereunder, and hereby covenants to provide to Lessee quiet enjoyment, without restriction or limitation, of the Water Rights during the full term of this Lease.
8. **Proceeds From Awards.** Lessor assigns to Lessee all interest of Lessor in and to any condemnation awards or insurance proceeds which would otherwise be payable to Lessor relating to the Water Rights.
9. **Cooperation.** Lessor will use its best efforts, take such actions and execute and deliver such documents as Lessee determines necessary to fully vest Lessee with the Water Rights and make effective all of the terms of this Lease.
10. **Assignability.** The Lessee shall have the right to sublease or assign this Lease upon the written consent of Lessor, which consent shall not be unreasonably withheld.

11. **Notices.** Any notices to be given hereunder shall be given (i) by placing the notice in the United States mail, certified or registered, properly stamped and addressed to the address shown below or such other addresses as the respective party may direct in writing to the other, (ii) by overnight delivery service, or (iii) by personal delivery to such address. Notice shall be deemed effective upon such placing in the mails, on the next business day following delivery and acceptance for next day delivery by any overnight delivery service, or upon actual delivery if by personal delivery:

Lessor: City of Schertz  
1400 Schertz Parkway  
Schertz, Texas 78154  
Attention: City Manager

Lessee: Hanson Aggregates LLC  
300 E. John Carpenter Freeway, Suite 1645  
Irving, Texas 75602  
Attention: Lalit Bhatnagar, Regional Director

Copy to: Charles Zech  
Denton Navarro Rocha Bernal Hyde & Zech, P.C.  
2517 N. Main Ave  
San Antonio, Texas 78212

12. **Default.** If for any reason Lessor fails to comply with any of the provisions of this Lease, Lessee, at its election, may exercise all rights which may be available to it at law or in equity, including termination of this Lease, with a refund to Lessee of all Lease Payments for the portion of the Lease Year surrendered by Lessee. If Lessee fails to comply with any provision of this Lease, Lessor may, as its sole and exclusive remedy, terminate this Lease and receive the Lease Payments which are due and payable and have accrued through that date.

13. **Waiver.** The failure on the part of Lessee to require the performance by Lessor of any portion of this Lease shall not be deemed a waiver of, or in any way affect the Lessee's rights to enforce such provision. Any waiver by Lessee of any provision of this Lease shall not be a waiver of any other provision hereof.

14. **Survival.** The invalidity or unenforceability of any provision of this Lease shall not affect the validity or enforceability of any other provision of this Lease.

15. **Governing Law.** This Lease shall be governed by the laws of the State of Texas, and venue shall lie in Guadalupe County, Texas.

16. **Binding Effect.** This Lease shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

17. **Authority.** Each of the persons signing this Lease on behalf of Lessor and Lessee hereby confirm that they have the authority to execute this Lease on behalf of the party indicated by their signature and have the authority to bind such party thereto.

18. **Survival.** Except as set out herein, all agreements and representations in this Lease shall survive the end of the Term.

19. **Force Majeure.** If Lessee is denied its use of the Water Rights by reason of any laws, regulations, or governmental action or other acts outside of the control of Lessee, Lessee shall be excused from its obligations hereunder for so long as these circumstances exist, and Lessor shall refund an allocable portion of the Lease Payment.

20. **Further Assurances.** Lessor and Lessee shall take all further actions and shall execute and deliver to the other any other document or instrument which is determined to be necessary or useful to fully carry out the transactions evidenced by this Lease, including any amendments to the permit(s) relating to the water lease carried out in conformance with applicable EAA regulations. In addition, Lessor agrees to amend this Lease as requested by Lessee in any manner necessary to cause this Lease to be in compliance with EAA Regulations, EAA Transfer Program Rules, and the EAA Filing and Recording Requirements for Transfer Contracts, including but not limited to the further completion of Application to Transfer – Lease (the "Application"), which Application is attached to this Lease as Exhibit "A" and fully incorporated herein. Lessee shall have the authority to file a copy of this Lease in accordance with EAA Regulations, EAA Transfer Program Rules, and the EAA Filing and Recording Requirements for Transfer Contracts, as well as record a Memorandum of Lease in the public record to reflect its interest as set out under the terms

of this Lease. Lessor agrees to execute a Memorandum of Lease in substantially the same form as attached hereto as Exhibit "B" and fully incorporated herein.

21. Entire Agreement. This Lease contains all agreements between the parties hereto, and any agreement not contained herein shall not be recognized by the parties. All amendments must be in writing and signed by both parties. The captions used herein are for convenience only and shall not be used to construe this Lease. Words of gender shall be construed to include any other gender, and words in the singular number shall include the plural and vice versa unless the context requires otherwise.

*[Signatures on following page]*

**LESSOR:  
CITY OF SCHERTZ**

By: \_\_\_\_\_  
Name: Mark Browne  
Its: City Manager

STATE OF TEXAS §  
COUNTY OF GUADALUPE §

This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, 2019, by Mark Browne, City Manager of the City of Schertz on behalf of the City.

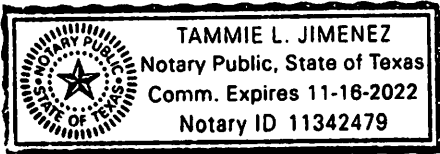
\_\_\_\_\_  
Notary Public, State of Texas

**LESSEE:  
HANSON AGGREGATES, LLC**

By: \_\_\_\_\_  
Name: Lalit Bhatnagar  
Its: Region ESH Director

STATE OF TEXAS §  
COUNTY OF Dallas §

This instrument was acknowledged before me on the 9th day of July, 2019, by Lalit Bhatnagar, Region ESH Dir on behalf of Hanson Aggregates LLC.



\_\_\_\_\_  
Notary Public, State of Texas

**Exhibit "A"**  
**Application to Transfer - Lease**

**EXHIBIT "B"**  
**Form of Memorandum of Lease**

**MEMORANDUM OF LEASE**

This Memorandum of Lease is made and entered into effective July 1, 2019, between the City of Schertz, a Texas municipal corporation (as "Lessor") and Hanson Aggregates LLC (as "Lessee").

WITNESSETH:

Lessor and Lessee have, effective the date set out above, entered into a Lease of Ground Water (the "Lease") of water from Lessor to Lessee, including, subject to the terms of the Lease, 200 acre-feet of water described below (the "Water Rights") on the following terms and conditions:

1. The rights to and for the ground water which relates to the information described on Exhibit "A" attached hereto, including the right to withdraw and/or beneficially use the Water Rights permitted or applied for, and all appurtenances, permits, authorities, licenses, consents and contracts, if any, pertaining to all such rights. The lease of the Water Rights shall also expressly include all Edwards Aquifer Authority ("EAA") permit rights (including rights under application), all interim and regular permits, and all modifications, amendments, renewals, extensions or successor or substitute permits relating thereto pertaining to the Water Rights, and all appurtenances and permits, authorities, licenses, consents and contracts, if any, related to or pertaining to the Water Rights, which Lease also sets out certain rights and obligations of Lessor and Lessee.
2. The Lease sets forth the names and addresses of Lessor and Lessee.
3. The term of the Lease will end on December 31, 2019.
4. Under the terms of the Lease, Lessor has agreed to lease the Water Rights to Lessee, and Lessee has agreed to lease the Water Rights from Lessor in accordance with the terms of the Lease.
5. This Memorandum of Lease is intended to act only as the notice of the existence of the Lease and its general terms. To the extent the terms of this Memorandum of Lease conflict with the terms of the Lease, the terms of the Lease shall control.

[Signatures of following pages]

**LESSOR:  
CITY OF SCHERTZ**

By: \_\_\_\_\_  
Name: Mark Browne  
Its: City Manager

STATE OF TEXAS §  
COUNTY OF GUADALUPE §

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2019, by Mark Browne, City Manager of the City of Schertz on behalf of the City.

\_\_\_\_\_  
Notary Public, State of Texas

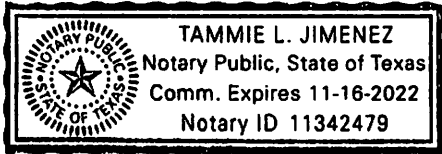
**LESSEE:  
HANSON AGGREGATES**

By: [Signature]  
Name: Lalit Bhattacharya  
Its: Region EST Director

STATE OF TEXAS §  
COUNTY OF Dallas §

This instrument was acknowledged before me on the 9th day of July, 2019, by Lalit Bhattacharya, Region EST Dir on behalf of Hanson Aggregates LLC

[Signature]  
Notary Public, State of Texas



**EXHIBIT "C"**  
**Quote**



900 E. Quincy, San Antonio, Texas 78215  
 Telephone (210) 222-2204  
 Fax (210) 222-9869  
 www.edwardsaquifer.org

APPLICATION TO TRANSFER - LEASE

T \_\_\_\_\_  
 Check # \_\_\_\_\_

PART I - TRANSFEROR AND TRANSFEREE INFORMATION

**A. Transferor Information:**  
 Name of Permit Holder: City of Schertz  
 Mailing Address: 1400 Schertz Parkway Schertz TX 78154  
 (Street or PO Box) (City) (State) (Zip)  
 Physical Address: 10 Commercial Place, Bldg. 2 Schertz TX 78154  
 (Street) (City) (State) (Zip)  
 Telephone: 210-619-1800 E-mail Address: jhooks@schertz.com  
 Authorized Representative: James A. Hooks Water and Wastewater Manager (210) 619-1800  
 (Name) (Relationship) (Telephone)  
 Mailing Address: Same as above  
 (Street or PO Box) (City) (State) (Zip)  
 Has any of the above information recently changed?  Yes  No

**B. Transferee Information:**  
 Name of Transferee: Hanson Aggregates LLC.  
 Mailing Address: 300 E. John Carpenter Freeway, Suite 1645 Irving Texas 75602  
 (Street or PO Box) (City) (State) (Zip)  
 Physical Address: Same as Above  
 (Street) (City) (State) (Zip)  
 Telephone: (972) 653-3735 E-mail Address: \_\_\_\_\_  
 Authorized Representative: Lalit (LB) Bhatnager Regional Director Environment, Safety & Health (972) 653-3735  
 (Name) (Relationship) (Telephone)  
 Mailing Address: Same as above  
 (Street or PO Box) (City) (State) (Zip)  
 Has any of the above information recently changed?  Yes  No

PART II - WATER USE INFORMATION

**A. Groundwater Use Information for Transferor (Lessor):** Initial Regular Permit (IRP)/Regular Permit (RP) No: P BE00051  
 Current purpose of use:  Municipal Use  Industrial Use  Irrigation Use  
 Amount of groundwater used to date: \_\_\_\_\_ acre-feet  
 Meter Serial Number: 28414 & 24599 Reading: 376,485,000 & 623,497,000 Date: 6-30-2019

**B. Groundwater Use Information for Transferee (Lessee):** If applicable, Initial Regular Permit (IRP)/Regular Permit (RP) No: P \_\_\_\_\_  
 Proposed purpose of use:  Municipal Use  Industrial Use  Irrigation Use  
 Do you intend to withdraw this water?  Yes  No At what rate? \_\_\_\_\_ gallons per minute  
 If YES, please describe what this water will be used for? \_\_\_\_\_  
 Meter readings (Note: readings must be taken within one week of submission of application):  
 Not Applicable (no well)  
 Meter Serial Number: See Paul Aton Reading: \_\_\_\_\_ Date: \_\_\_\_\_  
 Meter Serial Number: \_\_\_\_\_ Reading: \_\_\_\_\_ Date: \_\_\_\_\_  
 (attach additional sheets if needed)

**Part III - Transfer Information**

**A. Type of Transaction:**  
 Lease       Sub-Lease

**B. Duration of lease:**  
 from July 1, 2019 to December 31, 2019.  
 For leases with a term of one year or less, check here if you would like this application to serve as the memorandum of lease required under § 711.330 of the EAA rules. If not, please attach a separate memorandum of lease or the executed lease agreement.  
 Please note, a copy of the recorded lease agreement or recorded memorandum of lease containing the official county clerk document stamp is required for leases with a term greater than one year.

**C. Type of Transfer (check all applicable):**  
 Right to Withdraw       Change of Point of Withdrawal       Addition of Point of Withdrawal  
 Change of Purpose of Use       Change of Place of Use       Other

**D. Total Transfer Amount:** 200 Acre-Feet/Year  
 If irrigation, please specify amount being transferred as follows:  
 \_\_\_\_\_ Acre-Feet/Year of "Base Irrigation Groundwater" withdrawal rights  
 \_\_\_\_\_ Acre-Feet/Year of "Unrestricted Irrigation Groundwater" withdrawal rights

**E. Transfer Price:** \$ \_\_\_\_\_ /acre-foot (optional)

**F. Notes to staff regarding this transfer:** \_\_\_\_\_

**Part IV – Certification**

**Transferor's Certification:**  
 I hereby certify that the information given herein this application is true and accurate to the best of my knowledge and belief.

\_\_\_\_\_  
 Printed Name of Transferor or Agent      Signature of Transferor or Agent

STATE OF TEXAS  
 COUNTY OF \_\_\_\_\_

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
 Notary Public's Signature  
 Date Commission Expires: \_\_\_\_\_

**Transferee's Certification:**  
 I hereby certify that the information given herein this application is true and accurate to the best of my knowledge and belief.

Hanson Aggregates Llc  
 Printed Name of Transferee or Agent      [Signature]  
 Signature of Transferee or Agent

STATE OF TEXAS  
 COUNTY OF Dallas

Subscribed and sworn before me this 9th day of July, 2019.

[Signature]  
 Notary Public's Signature  
 Date Commission Expires: \_\_\_\_\_

If you need assistance, please contact the Permits Team at (210) 222-2204 or (800) 292-1047.

Revised 04/26/2012

July 9, 2019



**CITY OF SCHERTZ**  
**PUBLIC WORKS DEPT.**  
10 COMMERCIAL PLACE  
SCHERTZ, TX 78154  
PHONE # 619-1822  
FAX # 619-1849

Quote

Hanson Materials

Description:  
Water Lease 2019

Description	#Acres Feet	Unit Price	Total Price
WATER LEASE TRANSFER	200	\$138.50	\$27,700.00
EAA MANAGEMENT FEE*	200	\$84.00	\$16,800.00
CITY OF SCHERTZ ADM. FEE 15%		\$3,671.25	\$3,671.25
EAA TRANSFER FEE		\$25.00	\$25.00
		<b>Total Due</b>	<b>\$48,196.25</b>

**Monthly Payments**

August 2019 - Due upon execution of agreement	\$12,049.07
September 2019 - Due September 1, 2019	\$12,409.06
October 2019 - Due October 1, 2019	\$12,409.06
Novemeber 2019 - Due November 1, 2019	\$12,409.06

Contact: James A. Hooks, City of Schertz Public Works

Lease for January 1, 2019-December 31, 2019

Accepted by:

Name

  
Latit Bhatnagar

Date

7/9/2019