

STATE OF TEXAS

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***WATER RIGHTS SALES AGREEMENT***

COUNTY OF HIDALGO

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THIS AGREEMENT is entered into by and between **E & S RIVER FARM, LTD.**, a Texas limited partnership, 2611 Bristol Lane, Lodi, California 95242, (hereinafter called "**SELLER**"), and the **CITY OF LAREDO**, 5816 Daugherty Avenue, a municipality of the State of Texas, Webb County, Laredo, Texas 78041 (hereinafter called "**BUYER**") for the purpose of setting forth the Agreement between the parties, whereby **SELLER** agrees to sell and transfer water rights to **BUYER**, and **BUYER** agrees to purchase such water rights from **SELLER**, subject to the terms and conditions of this Agreement.

***Water Rights***

1. (a) **SELLER** owns the right to divert and use from the Rio Grande, up to a maximum of not to exceed **400 acre feet** per annum a portion of which may be used for agricultural and/or mining use purposes, and the remainder for agricultural use, having a Class "A" irrigation priority of allocation, being those water rights evidenced by Certificate of Adjudication No. 23-599, as amended, (the "Certificate"), and **SELLER** agrees to transfer the said water rights to **BUYER**, and **BUYER** agrees to purchase and accept title to the said water rights, which water rights are hereinafter referred to as the "Water Rights."

(b) The Water Rights covered by this Agreement are owned by **SELLER** and relate to **SELLER's** land in Starr County, Texas, more specifically described on Exhibit "A" attached hereto and incorporated herein. The Water Rights have not been previously severed from this use and appurtenancy.

**EXHIBIT A**

2. (a) For and in consideration of \$640,000.00 (the "Purchase Price") to be paid by **BUYER** as hereinafter provided, **SELLER** will transfer to **BUYER**, and **BUYER** hereby purchases the Water Rights from **SELLER** consistent with necessary proceedings before the Texas Commission on Environmental Quality, (hereinafter referred to as "TCEQ") and subject to the terms and conditions provided in this Agreement.

(b) The Purchase Price is based upon \$1600.00 per acre foot of the Water Rights, and is payable in cash to **SELLER** upon the closing of this transaction in accordance with the terms hereof when the TCEQ approves the transfer of the Water Rights as provided for below in Paragraph 4.

#### ***Escrow Funds***

3. It is agreed that **BUYER** will deposit Twenty-five Thousand and no/100ths Dollars (\$25,000.00) with Glenn Jarvis, Trustee, Attorney at Law, 1801 South 2<sup>nd</sup> Street, Vantage Bank Texas Bldg., Suite 550, McAllen, Texas, 78503 as Closing Agent, which sum shall be held by him in Trust and paid to **SELLER** as a part of the purchase price, when this transaction is closed, or refunded to **BUYER**, if this transaction is not closed, as provided herein.

#### ***TCEQ Proceedings and Closing***

4. The parties acknowledge that it is the essence of this transaction that the TCEQ approve the change of ownership, place and purpose of use and point of diversion of the Water Rights; and, because of this condition, it is especially agreed as follows:

(a) Final closing of this transaction and delivery of the Purchase Price to **SELLER**, through the Closing Agent, are subject to and dependent upon approval by the TCEQ of the change of ownership, place and purpose of use, and points of diversion of the Water Rights as requested by **BUYER**; and the issuance by the TCEQ of an Amended Certificate of Adjudication to **BUYER** evidencing such approval, or such other orders as are necessary under the circumstances to authorize

the transfer of the Water Rights, as amended, without the necessity of a contested case hearing or Court appeal and consistent with the provisions of this Agreement.

(b) **BUYER** hereby authorizes **SELLER** to file an Application with the TCEQ in the name of and on behalf of **BUYER**, for approval of this transfer and change of place and purpose of use and point of diversion as designated by **BUYER**. **BUYER** agrees to execute the necessary documents required of **BUYER** for such proceeding. **SELLER** shall commence such proceedings within twenty (20) calendar days following **BUYER**'s receipt of the Conveyance of the Water Rights provided for in subparagraph (c) below. The expenses of this transaction and such proceeding shall be borne by **SELLER**, including the expenses of proceedings before said TCEQ, as required herein, and required filing and recording fees; provided, however, **BUYER** agrees to pay any expenses incurred by **BUYER**, including attorney fees, in order to place **BUYER** in a position to accept transfer of the Water Rights or otherwise, in connection with this transaction. **SELLER** agrees to initiate and pursue said proceedings with the TCEQ on behalf of **BUYER**, and **BUYER** agrees to cooperate with **SELLER** in connection therewith. **SELLER** agrees to prosecute such TCEQ proceedings with all due diligence and care so as to complete same and procure approval of this transfer in such TCEQ proceedings within 180 calendar days following the initial filing of the Application with the TCEQ and the Application being declared administratively complete by the TCEQ, but any delay brought about by the TCEQ proceedings and not attributable to the conduct of the parties, which causes a delay of closing beyond the 180-day period, shall not be grounds for cancellation of this Agreement.

(c) In order to properly seek and obtain said approval of the TCEQ and to accomplish the transfer and amendment of the Water Rights, **SELLER** agrees to execute or have executed, a conveyance with general warranty of title to the Water Rights to **BUYER**, through Closing Agent, as well as such other applications or documents necessary to accomplish the transfer of the Water

Rights, all of which documents shall be in form and substance acceptable to **BUYER** and **SELLER** and TCEQ. Even though a Conveyance and transfer of said Water Rights is given or provided by **SELLER**, **SELLER** shall not receive the Purchase Price until the TCEQ approves the transfer of water rights as provided in paragraph 4(a) above. The Purchase Price shall be delivered to **SELLER** within seven (7) calendar days following issuance and delivery of the said TCEQ approval order(s) and Amended Certificate(s) of Adjudication to Closing Agent at his address shown above and Opinion of Counsel as provided in Paragraph 4(d) below, where closing shall take place.

(d) **SELLER** agrees to provide authentic copies of all title documents evidencing the **SELLER's** interest in the Water Rights as well as an Opinion of Counsel or other acceptable opinion establishing the **SELLER's** interest in the Water Rights and the non-existence of liens encumbrancing the Water Rights. It is agreed by both parties that such opinion of title is subject to approval by the Closing Agent, unless otherwise agreed to by the parties. It is agreed that Closing Agent shall prepare and file the necessary Application with the TCEQ and handle such proceeding in the name of and on behalf of **BUYER** and for **SELLER** all as provided herein.

(e) In the event (1) the TCEQ does not issue an Amendment to the Certificate involved herein and its final approval order of such amendment(s) and transfer to **BUYER**, and Opinion of Counsel is not provided as required by Paragraph 4(d) above; or (2) there are protests by other water rights holders or affected parties on the Rio Grande to the granting of the Application requiring a contested case hearing, or (3) the expiration of eighteen (18) months from the date of this Agreement (unless extended by mutual agreement of the parties), then this Agreement shall terminate and said Conveyance shall be returned to **SELLER** by the Closing Agent and all portions of the transaction shall be canceled by appropriate legal means, including any reconveyance of the Water Rights back to the **SELLER**, the Application shall be withdrawn and the Escrow Funds shall be returned and paid to **BUYER**. In such event, no party shall have any further obligation to the

other and the parties agree to sign such instruments and take such actions as are required to place the parties in the position each was in with respect to the Water Rights prior to entering into this Agreement. The effective date of this Agreement, for purposes of this paragraph, shall be the date of the last party to execute this Agreement as shown below, including the acceptance by the Closing Agent.

#### ***Water Assessments***

5. **SELLER** agrees to pay any penalty, interest, and assessments accrued and owing the TCEQ and TCEQ Watermaster pertaining to the Water Rights prior to or at closing of the transaction.

#### ***Specific Performance***

6. It is agreed that either party hereto may demand specific performance of this Agreement, provided, however, (a) specific performance may not be demanded if the reason for **BUYER's** or **SELLER's** failure to perform is a failure of or defect in **SELLER's** ability to transfer the Water Rights or title to the Water Rights, or (b) subject to the foregoing subparagraph (a) specific performance may not be demanded by either party if the failure to perform is due to the failure of the TCEQ to approve the transfer of said Water Rights unless such failure is due to act(s) or omission(s) of the party against whom specific performance is sought.

#### ***Severance***

7. It is agreed that **BUYER** is hereby purchasing the Water Rights as a right separate and apart from the land of **SELLER** to which said Water Rights previously attached prior to this transaction as described in Paragraph 1(b) above, or any other water rights which may be appurtenant or pertain to said properties, and no interest in same is intended to be sold, transferred or conveyed hereby.

### ***Liens***

8. **SELLER** agrees to provide consent to the transfer of the Water Rights, properly executed by any lienholders holding a lien upon the Water Rights of **SELLER**, or property to which said Water Rights were appurtenant prior to the transfer of same as contemplated by this Agreement or **SELLER** shall provide **BUYER** a written, acknowledged statement that there are no such lienholders or such other documentation acceptable to **BUYER**.

### ***Texas Law to Apply***

9. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and all obligations of the parties created by the Agreement are performable in Webb County, Texas.

### ***Successors***

10. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party.

### ***Authority***

11. The persons signing below on behalf of **SELLER** and **BUYER** personally represent and warrant that each has full right and authority to execute this Agreement, on behalf of the **SELLER** or **BUYER** as the case may be.

12. This effective Date of the Agreement shall be deemed to be the last date signed by **BUYER** and **SELLER**, including the acceptance by the Closing Agent as shown below.

EXECUTED by the parties in Duplicate Originals on the dates indicated below.

**SELLER:**

**E & S RIVER FARM, LTD.,  
a Texas limited partnership**

BY: E & S RIVER FARM GP, LLC  
A Texas limited liability company,  
its General Partner

Date: 10/17/24

By:

  
Robert Fowler, Manager

**BUYER:**

**CITY OF LAREDO**

Date: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Receipt of the above escrow amount is hereby acknowledged, and the undersigned Closing Agent agrees that said transaction and escrow funds will be handled as agreed upon by BUYER and SELLER above.

\_\_\_\_\_  
Escrow Agent  
GLENN JARVIS  
ATTORNEY AT LAW

DATE: \_\_\_\_\_



## TRACT I

A tract of land containing 26.40 ACRES OUT OF THE UNDIVIDED PORCION 76 OUT OF THE ELMORE AND STAHL TRACT, AS PER THE MAP OR PLAT RECORDED IN VOLUME 186, PAGE 43, S.C.D.R., ANCIENT JURISDICTION OF CAMARGO, MEXICO, NOW, STARR COUNTY, TEXAS, CRISTOVAL GARCIA, ORIGINAL GRANTEE, ABSTRACT 87 and said 26.40 acres also being more particularly described as follows:

BEGINNING at a #4 iron rod found along the existing South R.O.W. line of U.S. Highway 83 and at the Northeast corner of Lot 2, SSP Partners Subdivision, as per the map or plat recorded in Volume 3, Page 447, S.C.M.R., for the Northwest corner and POINT OF BEGINNING of this tract;

1. Thence, S 83° 52' 14" E along the existing South R.O.W. line of U.S. Highway 83 and across the Elmore and Stahl Tract, at a distance of 389.43 feet pass a #4 iron rod set at the Southwest R.O.W. line of a 150.00-foot Starr County Drainage Easement (Vol. 204, Page 496, S.C.D.R.) and continuing a total distance of 954.86 feet to a #4 iron rod set, for an angle point of this tract;
2. THENCE, S 83° 51' 27" E along the existing South R.O.W. line of U.S. Highway 83 and across the Elmore and Stahl Tract, a distance of 100.08 feet to a #4 iron rod set, for an angle point of this tract;
3. THENCE, S 84° 48' 45" E along the existing South R.O.W. line of U.S. Highway 83 and across the Elmore and Stahl Tract, a distance of 99.90 feet to a #4 iron rod set, for an angle point of this tract;
4. HENCE, S 83° 41' 08" E along the existing South R.O.W. line of U.S. Highway 83 and across the Elmore and Stahl Tract, a distance of 100.05 feet to a #4 iron rod found, for the Northeast corner of this tract;
5. Thence, S 09° 05' 36" W across the Elmore and Stahl Tract, at a distance of 525.52 feet pass a #4 iron rod set at the South R.O.W. line of said 150.00-foot Starr County Drainage Easement and continuing a total distance of 915.38 feet to a #4 iron rod found, for the Southeast corner of this tract;
6. Thence, N 83° 49' 30" W across the Elmore and Stahl Tract, a distance of 1265.12 feet to a #4 iron rod found at the Southeast corner of said Lot 2, E & S Farms Subdivision (Vol. 3, Pg. 473, S.C.M.R.), for the Southwest corner of this tract;
7. Thence, N 09° 44' 32" E along the East boundary line of said E & S Farms Subdivision and SSP Partners Subdivision (Vol. 3, Pg. 447, S.C.M.R.), a distance of 913.67 feet to the POINT OF BEGINNING and containing 26.40 acres of land, more or less.

## TRACT II

A tract of land containing 67.437 ACRES CONSISTING OF 0.81 OF ONE ACRE (35,450 SQ. FT.) OUT OF TRACT 78, SHARE 44, 23.00 ACRES OUT OF THE MRS. ANNA K. BASS TRACT IN PORCION 75 AND 43.63 ACRES OUT OF THE UNDIVIDED PORCION 76, ALL OUT OF THE ELMORE AND STAHL TRACT AS PER THE MAP OR PLAT RECORDED IN VOLUME 186, PAGE 43, S.C.D.R. ANCIENT JURISDICTION OF CAMARGO, MEXICO, NOW, STARR COUNTY, TEXAS, CRISTOVAL GARCIA, ORIGINAL GRANTEE, ABSTRACT 87 and said 67.437 acres also being more particularly described as follows:

BEGINNING at a #4 iron rod found along the existing South R.O.W. line of U.S. Highway 83 and at the Northwest corner of Lot 1, Heritage Commercial Center Phase I, (Volume 2, Page 363, S.C.M.R.), for the Northeast corner and POINT OF BEGINNING of this tract;

1. THENCE, S 09° 44' 32" W (S 11° 23' 00" W 260.50' map call) along the West line of said Lot 1, Heritage Commercial Center Phase I, Volume 2, Page 363, S.C.M.R. and across the Elmore and



Stahl Tract, Volume 186, Page 43, S.C.D.R., a distance of 260.38 feet to a #4 iron rod found, for an inside corner of this tract;

2. THENCE, S 83° 53' 56" E (5 82° 11' 00" E, map call) along the South line of said Lot 1, Heritage Commercial Center Phase I and across the Elmore and Stahl Tract, a distance of 250-46 feet (250.49 feet, map call) to a #4 iron rod found along the existing West R.O.W. line of Heritage Boulevard and at the Southeast corner of said Lot 1, Heritage Commercial Center, for an outside corner of this tract;
3. THENCE, S 09° 44' 32" W along the existing West R.O.W. line of Heritage Boulevard and across the Elmore and Stahl Tract, a distance of 653.33 feet to a #4 iron rod set, for the Southeast corner of this tract;
4. THENCE, N 83° 49' 30" W across the Elmore and Stahl Tract, a distance of 3624.44 feet to a #4 iron rod set along the West boundary line of Tract 79, Share 44, for the Southwest corner of this tract;
5. THENCE, N 08° 29' 26" E along the dividing line between Tract 80, Share 25 and Tract 79, Share 44, a distance of 271.82 feet to a #4 iron rod found, for an outside corner of this tract;
6. THENCE, S 80° 15' 04" E along the dividing line between Tract 78, Share 39 and said Tract 79, Share 44, a distance of 134.20 feet to a #4 iron rod found, for an inside corner of this tract;
7. THENCE, N 10° 14' 53" E along the East line of said Tract 78, Share 39 and the West boundary line of the Mrs. Anna K. Bass Tract, a distance of 69.72 feet to a #4 iron rod found, for an angle point of this tract;
8. THENCE, N 09° 32' 44" E along the East line of said Tract 78, Share 39 and the West boundary line of the Mrs. Anna K. Bass Tract, a distance of 53.67 feet to a #4 iron rod found at the Southwest corner of the Bud Subdivision, (Vol. 3, Pg. 443, S.C.M.R.), for an outside corner of this tract;
9. THENCE, S 83° 50' 37" E along the South boundary line of the Bud Subdivision, and across said Elmore and Stahl tract, a distance of 431.13 feet to a #4 iron rod found at the Southeast corner of said Bud Subdivision, for an inside corner of this tract;
10. THENCE, N 06° 09' 23" E along the East boundary line of the Bud Subdivision, and across said Elmore and Stahl Tract, a distance of 524.11 feet to a #4 iron rod found along the South R.O.W. Line of U. S. Highway 83 and at the Northeast corner of said Bud Subdivision, for the Northwest corner of this tract;
11. THENCE, S 83° 50' 43" E along the existing South R.O.W. Line of U.S. Highway 83, a distance of 2846.84 feet to the POINT OF BEGINNING and containing 67.437 acres of land, more or less.

### TRACT III

A tract of land containing 148.715 ACRES OUT OF THE MRS. ANNA K. BASS TRACT AND THE ELMORE AND STAHL TRACT IN PORCION 75 AND PORCION 76, ANCIENT JURISDICTION OF CAMARGO, MEXICO, NOW, STARR COUNTY, TEXAS and said 148.715 acres also being more particularly described as follows:

BEGINNING at a #4 iron rod set along the West boundary line of Tract 79, Share 44 in Porcion 76, Ancient Jurisdiction of Camargo, Mexico, now, Starr County, Texas, for the Northwest corner and POINT OF BEGINNING of this tract and said iron rod bears S 09° 28' 09" W, a distance of 386.99 feet and N 83° 49' 30" W, a distance of 130.79 feet from a #4 iron rod found at the Southwest corner of Lot 1, The Bud Subdivision, as recorded in Volume 3, Page 443, S.C.M.R., Starr County, Texas;

1. THENCE, S 83° 49' 30" E across the Mrs. Anna K. Bass Tract and the Elmore and Stahl Tract, a distance of 3624.44 feet to a #4 iron rod set along the existing West R.O.W. line of Heritage Boulevard, for an angle point of this tract;

2. THENCE, S 83° 49' 30" E across the Elmore and Stahl Tract, at a distance of 100.19 feet pass a #4 iron rod set along the existing East R.O.W. line of Heritage Boulevard and the Southwest corner of Lot 2, E & S Farms, Vol. 3, Pg. 473, S.C.M.R. and continuing a total distance of 541.47 feet to a #4 iron rod set at the Southeast corner of said Lot 2, for an angle point of this tract;
3. THENCE, S 83° 49' 30" E across the Elmore and Stahl Tract, a distance of 1265.12 feet to a #4 iron rod found, for the Northeast corner of this tract;
4. THENCE, S 09° 05' 36" W across the Elmore and Stahl Tract, a distance of 725.64 feet to a #4 iron rod found, for the Southwest corner of this tract;
5. THENCE, N 82° 08' 46" W across the Elmore and Stahl Tract, a distance of 492.93 feet to a #4 iron rod set, for an angle point of this tract;
6. THENCE, S 70° 28' 45" W across the Elmore and Stahl Tract, a distance of 86.01 feet to a #4 iron rod set, for an angle point of this tract;
7. THENCE, N 83° 19' 25" W across the Elmore and Stahl Tract, a distance of 181.07 feet to a #4 iron rod set, for an angle point of this tract;
8. THENCE, N 77° 20' 44" W across the Elmore and Stahl Tract, a distance of 440.71 feet to a #4 iron rod set, for an angle point of this tract;
9. THENCE, S 77° 40' 05" W across the Elmore and Stahl Tract, a distance of 395.74 feet to a #4 iron rod set, for an angle point of this tract;
10. THENCE, S 78° 04' 23" W across the Elmore and Stahl Tract, a distance of 221.56 feet to a #4 iron rod set, for an angle point of this tract;
11. THENCE, S 72° 13' 58" W across the Elmore and Stahl Tract, a distance of 770.34 feet to a #4 iron rod set, for an angle point of this tract;
12. THENCE, S 75° 43' 32" W across the Elmore and Stahl Tract, a distance of 452.73 feet to a #4 iron rod set, for an angle point of this tract;
13. THENCE, S 63° 58' 56" W across the Elmore and Stahl Tract, a distance of 397.48 feet to a #4 iron rod set, for an angle point of this tract;
14. THENCE, S 62° 25' 14" W across the Elmore and Stahl Tract, a distance of 575.96 feet to a #4 iron rod set, for an angle point of this tract;
15. THENCE, S 62° 33' 56" W across the Elmore and Stahl Tract, a distance of 382.58 feet to a #4 iron rod set, for an angle point of this tract;
16. THENCE, S 64° 11' 49" W across the Mrs. Anna K. Bass Tract and the Elmore and Stahl Tract, a distance of 581.81 feet to a #4 iron rod set, for the Southwest corner of this tract;
17. THENCE, N 05° 46' 16" W across the Mrs. Anna K. Bass Tract and the Elmore and Stahl Tract, a distance of 788.05 feet to a #4 iron rod set, for an angle point of this tract;
18. THENCE, N 04° 41' 06" E across the Mrs. Anna K. Bass Tract and the Elmore and Stahl Tract, a distance of 665.14 feet to a #4 iron rod set, for an angle point of this tract;
19. THENCE, N 06° 24' 46" E across the Mrs. Anna K. Bass Tract and the Elmore and Stahl Tract, a distance of 335.39 feet to a #4 iron rod set, for an inside corner of this tract;
20. THENCE, N 79° 43' 48" W across the Mrs. Anna K. Bass Tract and the Elmore and Stahl Tract, at a distance of 587.28 feet pass the East boundary line of Tract 79, Share 44 and continuing a total distance of 710.09 feet to a #4 iron rod set, for an outside corner of this tract;
21. THENCE, N 08° 29' 26" E along the West boundary line of said Tract 79, Share 44, a distance of 591.65 feet to the POINT OF BEGINNING and containing 148.715 acres of land, more or less.

**SAVE AND EXCEPT THE FOLLOWING TRACT OF LAND:**

All of the U.S. ARMY RESERVE CANTER SUBDIVISION, Rio Grande City, Starr County, Texas, being a 9.50 acres out the Elmore and Stahl Tract of the Undivided Porcion 76, Ancient Jurisdiction of Camargo Mexico, now Starr County, Texas, as recorded in Volume 3, Page 534, Map and Plat Records, Starr County, Texas.