

PUBLIC NOTICE

AGENDA

LOCKHART CITY COUNCIL

May 19, 2026

**CLARK LIBRARY ANNEX-COUNCIL CHAMBERS
217 SOUTH MAIN STREET, 3RD FLOOR
LOCKHART, TEXAS**

6:30 P.M. WORK SESSION (No Action)

Work session will be held to receive briefings and to initially discuss all items contained on the Agenda posted for 7:30 p.m. Generally, this work session is to simplify issues as it relates to the agenda items. No vote will be taken on any issues discussed or reviewed during the work session except to the extent specifically authorized under the Texas Open Meetings Act

DISCUSSION ONLY

- A. Discuss Resolution No. 2026-22 accepting the donation of a 10' x 15' sign easement from The Ziegenfelder Company-Texas, LLC for the installation and maintenance of a monument sign within Lockhart Industrial Park No. 3. **5-14**
- B. Discuss extending the current solid waste services contract with Republic Services, DBA - Central Texas Refuse through July 31, 2026, to allow additional time for the new solid waste services contract to be negotiated. **15-38**
- C. Discussion regarding a request from Lockhart Municipal Airport One, LLC for an impact fee waiver for a 10,000 square foot hangar to be built on leased space at Lockhart Municipal Airport. **39-77**
- D. Discussion regarding First Amendment to Water Service Area Transfer Agreement between the City of Lockhart and Aqua Water Supply Corporation comprised of 588.553 acres, known as the Seawillow Subdivision. **78-120**
- E. Discuss a proposal for a Water Well Study by TRC Engineers in an amount not to exceed \$199,190 and authorizing the City Manager to execute the proposal, if approved. **121-126**
- F. Discussion regarding Ordinance 2026-23 approving Mid-Year Budget Amendments to the City of Lockhart's Operating Budget for Fiscal Year 2025-2026. **127-129**
- G. Discuss disposal of assets with purchase prices greater than \$50,000 in accordance with the City's adopted Disposal of Asset Policy. **130-140**

7:30 P.M. REGULAR MEETING

1. CALL TO ORDER

Mayor Lew White

2. INVOCATION, PLEDGE OF ALLEGIANCE

Invocation. Pledge of Allegiance to the United States and Texas flags.

3. PUBLIC COMMENT

The purpose of this item is to allow the public an opportunity to address the City Council on issues that are or are not on the agenda. No discussion can be carried out on the citizen/visitor comment about items not on the agenda. Comments are limited to three minutes per speaker.

4. PUBLIC HEARING/COUNCIL ACTION

- A. Hold a PUBLIC HEARING, presentation, discussion, and/or possible action on Ordinance 2026-22 amending Chapter 64, "Zoning," of the City of Lockhart Code of Ordinances as follows: **141-164**

Amending Article VII, "Zoning Districts and Standards," Section 64-203, "Nonresidential Appearance Standards," by reducing the number of required bonus features by one (1) under Subsection (6) "Bonus Features"; adding a new Subsection (7) titled "Nonresidential Landscaping Plan Requirements," consisting of new texts; and renumbering the subsequent subsections accordingly; and, in connection therewith, amending Section 64-196, "Establishment of Zoning Districts," Subsection (q) "Entrance Corridor Overlay District (ECOD)," and Subsection (6)(b) "Landscaping Bonus Feature Requirements."

5. CONSENT AGENDA

- A. Approve Ordinance 2026-23 approving Mid-Year Budget Amendments to the City of Lockhart's Operating Budget for Fiscal Year 2025-2026. **165-167**
- B. Authorize disposal of assets with purchase prices greater than \$50,000 in accordance with the City's adopted Disposal of Asset Policy. **168-178**

6. DISCUSSION/ACTION ITEMS

- A. Discussion and/or action approving Resolution No. 2026-22 accepting the donation of a 10' x 15' sign easement from The Ziegenfelder Company-Texas, LLC for the installation and maintenance of a monument sign within Lockhart Industrial Park No. 3. **179-188**

- B. Discussion and/or action to extend the current solid waste services contract with Republic Services, DBA - Central Texas Refuse through July 31, 2026, to allow additional time for the new solid waste services contract to be negotiated. 189-212
- C. Discussion and/or possible action regarding a request from Lockhart Municipal Airport One, LLC for an impact fee waiver for a 10,000 square foot hangar to be built on leased space at Lockhart Municipal Airport. 213-251
- D. Discussion and/or action to consider First Amendment to Water Service Area Transfer Agreement between the City of Lockhart and Aqua Water Supply Corporation comprised of 588.553 acres, known as the Seawillow Subdivision. 252-294
- E. Discussion and/or action to consider a proposal for a Water Well Study by TRC Engineers in an amount not to exceed \$199,190 and authorizing the City Manager to execute the proposal, if approved. 295-300

7. **CITY MANAGER'S REPORT, PRESENTATION AND POSSIBLE ACTION**

- Update on SH 142 resurfacing and Mockingbird Lane signal improvements.
- Caldwell County tire drop-off event scheduled for Saturday, May 30th.
- Lockhart EDC and Chamber of Commerce host Small Business Summit.
- City offices will be closed for Memorial Day on Monday, May 25th.

8. **COUNCIL AND STAFF COMMENTS - ITEMS OF COMMUNITY INTEREST**

9. **EXECUTIVE SESSION ACCORDANCE WITH THE PROVISIONS OF THE GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.087 TO DELIBERATE OR FOR DISCUSSION REGARDING COMMERCIAL OR FINANCIAL INFORMATION THAT THE GOVERNMENTAL BODY HAS RECEIVED FROM BUSINESS PROSPECT(S) THAT THE GOVERNMENTAL BODY SEEKS TO HAVE LOCATE, STAY, OR EXPAND IN OR NEAR THE TERRITORY OF THE GOVERNMENTAL BODY AND WITH WHICH THE GOVERNMENTAL BODY IS CONDUCTING ECONOMIC DEVELOPMENT NEGOTIATIONS; OR TO DELIBERATE THE OFFER OF A FINANCIAL OR OTHER INCENTIVE TO A BUSINESS PROSPECT, AND EXECUTIVE SESSION IN ACCORDANCE WITH THE PROVISIONS OF GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.071, PRIVATE CONSULTATION WITH ATTORNEY TO SEEK LEGAL ADVICE ABOUT MATTERS SUBJECT TO THE ATTORNEY CLIENT PRIVILEGE:**

- A. Discussion regarding proposed Development Agreement with Spencewood, Inc., Denise Melde, and Delan Decker for Hillwood Enterprise's proposed master planned community on approximately

1,110 acres to be located east of U.S. 183 and west of Dry Creek Road.

10. EXECUTIVE SESSION IN ACCORDANCE WITH THE PROVISIONS OF GOVERNMENT CODE, TITLE 5, SUBCHAPTER D, SECTION 551.071, PRIVATE CONSULTATION WITH ATTORNEY TO SEEK LEGAL ADVICE ABOUT MATTERS SUBJECT TO THE ATTORNEY CLIENT PRIVILEGE:

- A. Discussion regarding proposed solid waste collection services agreement with Republic Services, including legal questions related to proposed deal points, negotiating authority, and related legal advice.

11. OPEN SESSION

- A. Discussion and/or action regarding proposed Development Agreement with Spencewood, Inc., Denise Melde, and Delan Decker for Hillwood Enterprise's proposed master planned community on approximately 1,110 acres to be located east of U.S. 183 and west of Dry Creek Road.
- B. Discussion and/or action regarding proposed solid waste collection services agreement with Republic Services, including legal questions related to proposed deal points, negotiating authority, and related legal advice.

12. ADJOURNMENT

City Council shall have the right at anytime to seek legal advice in Executive Session from its Attorney on any agenda item, whether posted for Executive Session or not.

Posted on the bulletin board in the Municipal Building, 308 West San Antonio Street, Lockhart, Texas, on May 13, 2026 at 5:00 p.m.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discuss Resolution No. 2026-22 accepting the donation of a 10' x 15' sign easement from The Ziegenfelder Company-Texas, LLC for the installation and maintenance of a monument sign within Lockhart Industrial Park No. 3.

ORIGINATING DEPARTMENT AND CONTACT: Economic Development - Holly Malish

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: Within the FY 2026 Lockhart Economic Development Corporation budget, funding was allocated for the construction of a monument sign within Lockhart Industrial Park No. 3. The monument sign is intended to improve visibility and wayfinding within the industrial park, provide tenant recognition, and enhance the overall appearance and identity of the development.

As part of the project development process, City staff coordinated with The Ziegenfelder Company-Texas, LLC, the Planning Department, and the sign contractor to determine an appropriate location for the sign. Following completion of a survey and site coordination efforts, The Ziegenfelder Company-Texas, LLC agreed to donate a 10' x 15' sign easement to the City for the installation, operation, maintenance, and future replacement of the monument sign and related facilities.

The easement is located on property within Lockhart Industrial Park III, Section 1, and will provide the City with the necessary access and long-term rights needed to construct and maintain the monument signage improvements.

PROJECT SCHEDULE (if applicable): If approved, the monument sign is anticipated to be completed by December 2026.

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: City Council Resolution No. 2026-22 - Industrial Park
III Easement

RESOLUTION NO. 2026-22

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOCKHART TEXAS, ACCEPTING THE DONATION OF A 10' x 15' SIGN EASEMENT FROM THE ZIEGENFELDER COMPANY-TEXAS, LLC ("ZIEGENFELDER") TO SUPPORT A MOMUMENT SIGN IN THE LOCKHART INDUSTRIAL PARK NO 3; AND PROVIDING AN OPEN MEETINGS CLAUSE.

WHEREAS, the City is designing and building a monument sign in Lockhart Industrial Park No 3, an industrial park on the northwestern side of the City, to provide tenant recognition, community pride and improve wayfinding and visibility; and

WHEREAS, ZIEGENFELDER has agreed to donate a 10' x 15' sign easement for the construction of the monument sign - the easement property is legally described as being situated in the City of Lockhart, Caldwell County, Texas and being also a part of Lot 1 in Block B of Lockhart Industrial Park III-Section 1 as recorded in Plat Cabinet D, Slide 84 of the Plat Records of Caldwell County, Texas; and

WHEREAS, Staff recommends Council accept the donation of a 10' x 15' sign easement; and

WHEREAS, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Section 1: Findings. All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council of the City of Lockhart, Texas, and they are hereby approved and incorporated into the body of this Resolution as if copied in their entirety.

Section 2: The City Council accepts the donation of a 10' x 15' sign easement from ZIEGENFELDER (Exhibit A), and authorizes the Mayor, after approval as to form by the City Attorney, to execute any necessary documents.

Section 3: It is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **19th** day of **May, 2026**

THE CITY OF LOCKHART

Lew White, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Bowermon,
City Secretary

Brad Bullock
City Attorney

Exhibit A

Easement Agreement for Signage

Notice of confidentiality rights: If you are a natural person, you may remove or strike any or all 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.

Date: May 19, 2026

Grantor: The Ziegenfelder Company-Texas, LLC, a Texas limited liability company

Grantor's Mailing Address: P.O. Box 6645
87 18th Street
Wheeling, WV 26003 (OHIO)

Grantee: City of Lockhart, Texas, a home rule municipality

Grantee's Mailing Address: PO Box 239
Lockhart, Texas 78644 (Caldwell County)

Easement Property: Being a 10' x 15' easement situated in the City of Lockhart, Caldwell County, Texas and being also a part of Lot 1 in Block B of Lockhart Industrial Park III-Section 1 as recorded in Plat Cabinet D, Slide 84 of the Plat Records of Caldwell County, Texas, and being more particularly described by metes and bounds in Exhibit A attached to this agreement and by this reference incorporated within it.

Easement Purpose: For the installation, construction, placement, operation, maintenance, replacement, repair, upgrade, and removal of monument signage and related facilities (collectively, the "Facilities") and to provide City, its employees, representatives, and contractors, pedestrian and vehicular ingress and egress across the easement property to perform construction and maintenance activities related to the Facilities.

Consideration: Good and valuable consideration, the receipt and sufficiency of which are acknowledged by Grantor.

Reservations from Conveyance: None

Exceptions to Warranty: None

Grant of Easement: Grantor, for the Consideration and subject to the Reservations from

Conveyance and Exceptions to Warranty, grants, sells, and conveys to Grantee and Grantee's heirs, successors, and assigns an easement over, on, under, and across the Easement Property for the Easement Purpose, together with all and singular the rights and appurtenances thereto in any way belonging (collectively, the "Easement"), to have and to hold the Easement to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs, successors, and assigns to warrant and forever defend the title to the Easement in Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the Easement or any part of the Easement, except as to the Reservations from Conveyance and Exceptions to Warranty.

Terms and Conditions:

The following terms and conditions apply to the Easement granted by this agreement:

1. *Character of Easement.* The Easement is nonexclusive and irrevocable. The Easement is for the benefit of Grantee and Grantee's successors and assigns.
2. *Duration of Easement.* The duration of the Easement is perpetual.
3. *Reservation of Rights.* City's right to use the Easement Property is nonexclusive, and Grantor reserves for Grantor and Grantor's heirs, successors, and assigns the right to use all or part of the Easement Property in conjunction with City as long as such use by Grantor and Grantor's heirs, successors, and assigns does not interfere with the use of the Easement Property by City for the Easement Purpose, and the right to convey to others the right to use all or part of the Easement Property in conjunction with City, as long as such further conveyance is subject to the terms of this agreement.
4. *Secondary Easement.* City has the right (the "Secondary Easement") to use as much of the surface of the property that is adjacent to the Easement Property ("Adjacent Property") as may be reasonably necessary to install and maintain the Facilities within the Easement Property that are reasonably suited for the Easement Purpose. However, City must promptly restore the Adjacent Property to its previous physical condition if changed by use of the rights granted by this Secondary Easement.
5. *Improvement and Maintenance of Easement Property.* Improvement and maintenance of the Easement Property and Facilities will be at the sole expense of City. The City has the right to eliminate any encroachments into the Easement Property. City has the right to construct, install, maintain, replace, and remove the Facilities under or across any portion of the Easement Property. All matters concerning the Facilities and their configuration, construction, installation maintenance, replacement, and removal are at City's sole discretion, subject to performance of City's obligations under this agreement. City has the right to remove or relocate any improvements (including but not limited to fencing, pavement, drainage features, retaining walls, landscaping, mailboxes, sprinkler systems, private utilities, and other such features) within the Easement Property or along or near its boundary lines if reasonably necessary to construct,

install, maintain, replace, or remove the Facilities, subject to replacement of the improvements to their original condition on the completion of the work.

6. *Equitable Rights of Enforcement.* This Easement may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting interference and commanding compliance. Restraining orders and injunctions will be obtainable on proof of the existence of interference or threatened interference, without the necessity of proof of inadequacy of legal remedies or irreparable harm, and will be obtainable only by the parties to or those benefited by this agreement; provided, however, that the act of obtaining an injunction or restraining order will not be deemed to be an election of remedies or a waiver of any other rights or remedies available at law or in equity.

7. *Attorney's Fees.* If either party retains an attorney to enforce this agreement, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.

8. *Binding Effect.* This agreement binds and inures to the benefit of the parties and their respective heirs, successors, and permitted assigns.

9. *Choice of Law.* This agreement will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. Venue is in the county or counties in which the Easement Property is located.

10. *Counterparts.* This agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts will be construed together and will constitute one and the same instrument.

11. *Waiver of Default.* It is not a waiver of or consent to default if the nondefaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this agreement does not preclude pursuit of other remedies in this agreement or provided by law.

12. *Further Assurances.* Each signatory party agrees to execute and deliver any additional documents and instruments and to perform any additional acts necessary or appropriate to perform the terms, provisions, and conditions of this agreement and all transactions contemplated by this agreement.

13. *Entire Agreement.* This agreement and any exhibits are the entire agreement of the parties concerning the Easement Property, and the grant of the Easement by Grantor to Grantee. There are no representations, agreements, warranties, or promises, and neither party is relying on any statements or representations of any agent of the other party, that are not expressly set forth in this agreement and any exhibits.

14. *Legal Construction.* If any provision in this agreement is for any reason unenforceable, to the extent the unenforceability does not destroy the basis of the bargain among

the parties, the unenforceability will not affect any other provision hereof, and this agreement will be construed as if the unenforceable provision had never been a part of the agreement. Whenever context requires, the singular will include the plural and neuter include the masculine or feminine gender, and vice versa. Article and section headings in this agreement are for reference only and are not intended to restrict or define the text of any section. This agreement will not be construed more or less favorably between the parties by reason of authorship or origin of language.

15. *Notices.* Any notice required or permitted under this agreement must be in writing. Any notice required by this agreement will be deemed to be delivered (whether actually received or not) when 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 agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

16. *Recitals.* Any recitals in this agreement are represented by the parties to be accurate, and constitute a part of the substantive agreement.

17. *Time.* Time is of the essence. Unless otherwise specified, all references to “days” mean calendar days. Business days exclude Saturdays, Sundays, and legal public holidays. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.

Signatures to Follow

GRANTOR:

THE ZIEGENFELDER COMPANY-TEXAS, LLC

By: _____
Kevin Heller, Authorized Officer

STATE OF TEXAS §
COUNTY OF CALDWELL §

This instrument was acknowledged before me on _____ by Kevin Heller, an authorized officer, of The Ziegenfelder Company-Texas, LLC on behalf The Ziegenfelder Company-Texas, LLC, a Texas limited liability company.

Notary Public, State of Texas

GRANTEE:

CITY OF LOCKHART, TEXAS

Lew White, Mayor

ATTEST:

Julie Bowermon, City Secretary

APPROVED AS TO FORM:

Brad Bullock, City Attorney

STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on the ____ day of _____, 2026,
by **Lew White**, as Mayor of the City of Lockhart, Texas.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discuss extending the current solid waste services contract with Republic Services, DBA - Central Texas Refuse through July 31, 2026, to allow additional time for the new solid waste services contract to be negotiated.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION:

This item is for a short-term extension to the existing solid waste services contract between the City of Lockhart and Republic Services (Central Texas Refuse). The City of Lockhart entered into a solid waste services agreement with Central Texas Refuse effective June 1, 2021. The agreement for solid waste disposal services term is scheduled to expire on May 31, 2026.

The proposed extension would allow the City and Central Texas Refuse to continue operating under the existing agreement for an additional two-month period, from June 1, 2026, through July 31, 2026. This short-term extension is intended to provide both parties with additional time to continue good faith negotiations regarding the terms of a new solid waste services agreement.

During the extension period, Central Texas Refuse would continue providing solid waste services under the same terms and conditions in the 2021 agreement. Except for the extension of the contract term, all other provisions of the existing agreement would remain unchanged and in full force and effect.

Approval of the extension would help ensure continuity of solid waste services for City residents and businesses while allowing sufficient time for the City and Central Texas Refuse to complete negotiations on a new long-term agreement.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

City of Lockhart, Texas

Council Agenda Item Cover Sheet

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval of the proposed two-month extension to the solid waste services contract with Central Texas Refuse to allow continued service and provide additional time for negotiation of a new agreement.

LIST OF SUPPORTING DOCUMENTS: CTR Contract 2 Month Extension, Central Tx Refuse (Current 2021 Contract)

**EXTENSION OF SOLID WASTE COLLECTION, RECYCLING & DISPOSAL
AGREEMENT BETWEEN THE CITY OF
LOCKHART, TEXAS AND CENTRAL TEXAS REFUSE, LLC**

This "Extension of Solid Waste Collection, Recycling & Disposal Agreement Between the City of Lockhart, Texas and Central Texas Refuse, LLC." is entered into and effective the 31st day of May 2026, by and between the City of Lockhart, Texas ("City") and Central Texas Refuse, LLC. ("CTR").

Recitals

The City and CTR previously entered into an agreement for solid waste services titled "Solid Waste Collection, Recycling & Disposal Agreement" with an effective date of June 1, 2021, and effective through May 31st, 2026 ("Agreement").

City and CTR are engaged in good faith negotiations to potentially enter into a new agreement for solid waste services, which negotiations are expected to continue beyond May 31, 2026, so that City and CTR desire to extend the Agreement for an additional two (2) months, or until July 31, 2026, in order that negotiations may continue.

Agreement

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the City and CTR agree as follows:

Section 1: The Agreement is hereby extended for an additional two (2) months, from May 31st, 2026 to July 31st, 2026.

Section 2: The City and CTR may continue to consider whether and under what terms the Agreement may be extended for an additional period of time beyond July 31st, 2026.

Section 3: Except as amended herein, the Agreement shall remain in full force and effect.

Signatures to follow.

Entered into and effective this, the 31st day of May, 2026.

Central Texas Refuse, LLC

City of Lockhart, Texas

By: _____
David Butler, General Manager

By: _____
Lew White, Mayor

Attest:

City Secretary

SOLID WASTE COLLECTION, RECYCLING & DISPOSAL AGREEMENT

This Solid Waste Collection, Recycling, and Disposal Agreement ("Agreement") is entered into by and between the City of Lockhart, a Home Rule municipality located in Caldwell County, Texas (the "City"), and CENTRAL TEXAS REFUSE, LLC. (the "Contractor"), a Texas Limited Liability Company. Each party described above is referred to herein as a "Party" and, collectively, as the "Parties."

Recitals

WHEREAS, the City has an exclusive contract with the Contractor for (i) dumpster collection and disposal of commercial and industrial solid waste, (ii) residential and commercial hand collection and disposal of refuse, and (iii) curbside single stream recycling services, with a term expiring in September 2020 that has been extended by agreement of the Parties until May 31, 2021; and

WHEREAS, by execution of this Agreement, the Parties expressly intend the current contract be extended and replaced prior to the expiration of its term and disregarded for all purposes, other than enforcement of obligations incurred thereunder prior to the date of extension, and be fully replaced, superseded, and/or novated by this Agreement from the date of execution of this Agreement; and

WHEREAS, the Parties mutually desire to update the existing contract's initial term along with any future extension terms for the provision of recycling and solid waste disposal services pursuant to the terms and conditions set forth herein; and

WHEREAS, Contractor has agreed to provide exclusive recycling and solid waste disposal services to all commercial, industrial, and residential customers within the service area of the City, pursuant to the terms and conditions set forth herein; and

WHEREAS, the City has agreed to compensate Contractor for such services, pursuant to the terms and conditions set forth herein; and

WHEREAS, this Agreement is entered into by the City pursuant to the authority granted to the City by Section 30.002 of the Texas Water Code and Section 364.034 of the Texas Health and Safety Code;

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

I. DEFINITIONS

A. Unless otherwise provided herein, terms used in this Agreement shall have their plain and ordinary meaning. Terms given particular meaning, as used herein, are as follows:

1. Bags – means a non-dissolvable plastic sack with a capacity of up to approximately thirty-five (35) gallons designed or intended to store Municipal Solid Waste with sufficient wall strength to maintain physical integrity when lifted by the top. Total weight of the bag and its contents shall not exceed 30 lbs.
2. Bulky Waste – Bulky Waste Municipal Solid Waste composed of materials not easily containerized in a Cart such as, but not limited to, Brush, furniture, and large appliances. Bulk Waste shall include Municipal Solid Waste enclosed in bags. Such items shall not exceed 4 feet in length by 4 feet in Height and /or 40 pounds in weight.
3. Brush– means tree, shrub and brush trimmings securely tied together, forming an easily handled package not exceeding 4 feet in length or 40 pounds in weight.
4. Cart – means a poly waste receptacle or a recycling receptacle provided by Contractor with a capacity of ninety-five (95) gallons.
5. Commercial Unit – means any retail, commercial, industrial, manufacturing, or multifamily use or service. This definition and category include all units other than a “Residential Unit” as hereinafter defined.
6. Construction and Demolition Debris – means waste building materials resulting from construction remodeling, repair, or demolition operations.
7. Customer – means an occupant of a residential, commercial, or industrial unit or property within the City who generates Refuse and/or Recycling.
8. Disposal Site – means a refuse depository licensed by the State of Texas, including sanitary landfills, transfer stations, incinerators, and waste processing/separation centers licensed by the State of Texas to receive Refuse for processing or final disposal.
9. Force Majeure – means the following events or circumstances to the extent that they delay the City or Contractor from performing any of its obligations under this Agreement: acts of God, tornadoes, hurricanes, floods, sinkholes, fires, and explosions (except those caused by negligence of Contractor, its agents, and assigns), landslides, earthquakes, epidemics, quarantine, pestilence, and extremely abnormal and excessively inclement weather; acts of public enemy, acts of war, terrorism, effects of nuclear radiation, blockades, insurrection, riots, civil disturbances, or national or international calamities; and/or suspension, termination or interruption of utilities necessary to the operation of the recyclable material facility..

10. Hazardous Waste – means any chemical, compound, mixture, substance, or article designated by the United States Environmental Protection Agency or the Texas Commission on Environmental Quality to be "hazardous," as that term is defined by federal or state law.
11. Holiday – means Thanksgiving Day, Christmas Day or New Year's Day or any other dates as mutually agreed upon by City and Contractor.
12. Landfill – means a permitted sanitary landfill of the Contractor's selection.
13. Multi-Family – means all apartment projects and residential dwellings containing three or more units designed and intended for occupancy by a single family.
14. Prohibited / Excluded Items – means unacceptable items, including but not be limited to rocks, dirt, bricks, concrete, any item longer than 4 feet in length – 4 feet in height – or exceeding 40 lbs. in weight, car batteries, oil, oil filters or hazardous chemicals, which will not be collected during a curbside pickup.
15. Refuse – means all commercial, industrial, or residential municipal solid waste generated by a Customer.
16. Residential Unit – means a single-family dwelling and each unit of a multi-family dwelling within the incorporated limits of the City. A Residential Unit will be considered occupied for purposes of this Agreement if it receives water and wastewater utility services.
17. Recycling – means any process by which solid waste or materials that would otherwise become solid waste are separated, collected, and processed for reuse or returned to use or to market in the form of raw materials or products.
18. Rubbish - Rubbish means non-putrescible solid waste (excluding ashes), consisting of both combustible and noncombustible waste materials. Combustible rubbish includes paper, rags, cartons, wood, excelsior, furniture, rubber, plastics, brush, or similar materials; noncombustible rubbish includes glass, crockery, tin cans, aluminum cans, and similar materials that will not burn at ordinary incinerator temperatures (1,600 degrees Fahrenheit to 1,800 degrees Fahrenheit).
19. Recycling Container – means a ninety-five (95) gallon recycling cart.
20. Single Stream Recycling – shall mean recyclable materials that do not require the generator to subdivide the recyclable materials prior to collection. Eligible recyclable materials include:

- a. Paper – shall mean kraft paper, corrugated containers that have liners of Kraft, jute, or test liner including dry food boxes, beer, and soda carriers, show boxes, old newspaper including slick paper inserts, other mixed paper including but not limited to junk mail, junk mail inserts, residential mixed paper, copier paper, office paper, formed bond, manifold business forms, writing paper, paper envelopes without plastic windows, manila folders, magazines, paperback books, and catalogs.
- b. Plastic – shall mean any #1- #2 rigid plastic bottles, containers, jugs or jars that have been rinsed out. Examples include water and soda bottles, milk jugs and detergent bottles
- c. Aluminum Cans - shall mean beverage containers made of aluminum
- d. Steel and Tin Cans – shall mean food cans or bi-metal containers that have been rinsed out
- e. Glass – will not be included.

II. SERVICES TO BE PERFORMED

A. The services specified in this Section II shall be provided to the City in exchange for the compensation specified in Section III, below.

1. Solid Waste Disposal.

(a) Contractor shall provide curbside collection of garbage (Utilizing One (1) 95-gallon cart) for Residential Units one time per week plus up to 7 additional items outside of the cart. Items outside of the cart may include Bags, Brush, and Bulky Waste. All items shall be placed at curbside by 7:00 a.m. on the designated collection day.

(b) The contractor shall provide for the special collection and hauling from Residential Units of Bulky Waste not eligible for curbside collection, for which a minimum charge of \$10.00 per cubic yard as applicable shall be charged (minimum charge of \$30.00 for collection of freezers and refrigerators). Construction Debris will be hauled at a rate to be determined by Contractor based upon Container size. Contractor and the Customer will negotiate total charge for such services prior to collection. Contractor will not provide for the special collection of hazardous waste.

The City shall, at the end of each month, furnish Contractor with a detailed unit count of all Customers located within the service area, along with any other information necessary for Contractor to identify all service locations.

Contractor shall collect Refuse from each Customer within the designated service area on mutually agreed upon days each week during the term of this Agreement. If the regular collection day falls on a Holiday, collection will occur on an alternate day of the week as noted by Contractor (to the City).

All Refuse collected by Contractor will be disposed of at a Disposal Site.

2. Single-Stream Recycling. Contractor shall also provide recycling services to all Subscription Customers within the service area utilizing One (1) 95-Gallon Cart. Such recycling services shall occur every other week (EOW) on a mutually agreed upon day or days of the week. Details and terms regarding recycling services and materials collected are included on the attached Exhibit "C" and are incorporated herein for all purposes.
3. Upon request from the City, Contractor shall provide a proposal for commercial and/or multi-family residential recycling in the City. In the event that City elects to implement commercial and/or multi-family residential recycling, this Agreement may be amended or an adjustment to rates, as described in Section III B 2, shall be implemented.
4. The Contractor shall transport all Program Recyclable Material collected pursuant to this Agreement to a proper MRF – Materials Recovery Facility. That facility will receive, sort, process, and market the recyclable materials that are of marketable quality. If contamination is present in the recycling cart, the cart will be tagged to notify the Customer because the materials were not collected.

The recycling materials taken to Wilco Recycling or other contractor-designated facility that are of marketable quality will be marketed through existing national, regional, and local purchasing agreements arranged through Wilco Recycling or other contractor-designated facility. Due to transporting the collected recycling materials to a third-party facility, Contractor does not control the cost of the materials to be processed or marketed. Contractor does not guarantee the existence of a market for the materials at any time.

5. Receptacles to be Provided. Contractor shall provide one (1) 95-gallon Cart to each Customer for the collection of solid waste and shall also provide one (1) (95) gallon recycling Cart to each Customer that requests one for the collection of recycling materials. Contractor shall additionally provide dumpsters for the collection of multi-family, commercial, and industrial refuse and waste, to multi-family and the larger commercial and industrial units according to the terms and rates set forth herein as outlined in Exhibit "B". All receptacles will be in good condition, new or properly reconditioned, and Contractor shall replace any broken or damaged receptacles promptly upon request by the City. Based upon the information provided by the City pursuant to Section II.A.1,

above, Contractor shall provide Carts and recycling containers to all new Customers (and retrieve receptacles from all terminated Customers) no later than the next regular collection day following receipt of notice from the City. Additionally, Contractor shall notify the City of any Customers who have requested initiation or termination of solid waste or recycling service and are not reflected on the written lists provided by the City.

6. Placement of Receptacles. All Carts and Containers shall be unobstructed and readily accessible to Contractor's crew by 7:00 a.m. on collection day. Unless there are unique circumstances approved by Contractor, Carts and Containers shall be placed at the curbside adjoining that portion of the road or right-of-way for service locations agreed to by the City and Contractor. Additional Bags, Bulky Waste, or Brush shall be placed as close to the roadway as practicable or within five (5) feet of the roadway, without interfering with the Collection of the Cart or endangering the movement of vehicles or pedestrians. Following collection, Contractor shall place all emptied Carts and Containers upright and next to the curbside as close to the original placement as possible.

When construction work is being performed in the right-of-way, Carts, Containers, Bags and Bundles shall be placed as close as practicable to an access point for Contractor's collection vehicle.

Where any Customer is maintaining improper or inadequate refuse containers or is otherwise in violation of rules and requirements with respect to the location or content of refuse containers, Contractor may in its sole discretion refrain from collecting all or a portion of such refuse and shall not be deemed to be in default hereunder as a consequence of such non-collection. In such case, Contractor shall tag Non-compliant set outs and notify the City & the Customer within a reasonable time of the reason for such non-collection. Contractor shall resume collection once Customer eliminates the issue and conforms to all rules and requirements.

7. Large Debris Collection. Contractor shall provide, twice annually, at no additional charge, curbside collection of bulk garbage on a mutually agreed day, preferably on a Saturday. The City's customers will be notified in writing in advance of the bulk garbage collection date. Bulky items must be located at the curb area of each residence. Bulk garbage collection excludes construction or remodeling debris, dirt, rocks, bricks, concrete, tires, batteries, motor oil, cooking oil, waste generated by a private contractor or any materials or items deemed hazardous materials. Exhibit "C" attached hereto, and incorporated herein for all purposes, sets forth the details on all bulk debris collection service provided by Contractor.
8. Use of Automated Equipment. At the Contractor's sole discretion, the Contractor shall have the right to perform any obligations hereunder through

the use of semi- or fully automated equipment or a combination of either type of equipment. Should other equipment and/or technology become available, contractor shall have to right to utilize such equipment.

9. Contractor personnel. Contractor shall employ, train, and assign qualified persons to be in charge of its operations within City and at the site for disposal and recycling operations, and shall provide the name, office telephone number, mobile phone number, email address, and fax number of Contractor's representatives and key personnel to the City. Such records shall be updated as personnel or contact information changes.
10. Use of 130EP Landfill. Residential Unit Customers who provide a copy of their Lockhart utility bill shall be permitted to drop off items at 130EP at no additional charge. Such drop-off service will be available to Residential Unit Customers only (no commercial or industrial drop-off shall be permitted) and may be utilized unlimited times per year. Provided, however, Residential Unit Customers shall be limited to a total of 6 cubic yards of refuse per drop-off.

III. COMPENSATION

- A. Billing. Contractor shall bill the City monthly, on or before the last day of each month, for all solid waste disposal and recycling services to be rendered by Contractor during the coming calendar month. The City shall pay Contractor within fifteen (15) days of its receipt of such invoice. Late payments shall bear interest at the rate of five percent (5%) per annum.

Contractor shall calculate the amount due for residential collection services each invoice by multiplying the Base Rate (as defined below for residential Collection and as outlined in Exhibit B for Commercial Units and Roll Off Services) by the number of Residential Units, Additional Carts, Senior Citizen, Disabled, Recycle Carts, and Commercial Units to be serviced. The number of Residential Units and Commercial Units to be serviced is indicated in Exhibit A and shall be amended by supplemental information supplied by the City at the end of each month, as required by Section II.A.1 above. The City and Contractor shall mutually agree on any such revised count, and Contractor's monthly invoices shall utilize the count derived from information supplied in the immediately preceding month.

Contractor shall also bill monthly for any services not included in the Base Rate. Contractor shall be entitled to payment for each invoice within fifteen (15) days of receipt by the City. Contractor shall be entitled to payment for each invoice regardless of whether or not the City collects payment from its Customers for services performed.

- B. Base Rate. For collection, transportation and disposal of Refuse, Recycling Services, and for all other services set forth in this Agreement, other than services for which this Agreement provides an additional charge, the "Base Rate" shall be as set forth in

Exhibit “B” – Service Rates. The Base Rate shall include provision of receptacles as described in Section II.A.3, above.

1. Unless adjusted as provided herein, the Base Rate set forth above shall remain fixed for the First year of the term of this Agreement. Thereafter the Base Rate shall be adjusted annually by the amount of the Consumer Price Index—South Region United States (“CPI”) change each year through expiration of the Term (each CPI adjustment to be based on the March CPI of the same year).
2. In addition to the above, the Contractor may petition the City for additional rate adjustments at reasonable times based on increases in cost of operations, caused by factors, such as revised laws, ordinances, regulations, and for other similar reasons. The Contractor’s petition will specifically identify the reasons for the requested adjustment, and its impact upon the Contractor’s cost of operations, in unit terms, with an explanation of the methodology used to calculate such impact. The City may request additional information it considers necessary to evaluate the requested adjustment. The City may grant such adjustments through amendments to the Agreement.
3. The total percentage increase for any given year shall not exceed 5% in such year.
4. Contractor shall provide written notice to the City of all such rate adjustments to the Base Rate not later than thirty (30) days prior to the effective date thereof, and all rate adjustments by Contractor shall be implemented effective June 1st of each year that the Agreement remains in effect. Each notice of adjustment shall include the appropriate data to support the proposed adjustment.
5. Contractor certifies that is shall maintain sufficient landfill capacity for the life of the Agreement, and a new landfill belonging to Contractor has or will soon become available within the County of Caldwell for the disposal of solid waste. Following commencement of use of that landfill for disposal of solid waste from City, the Contractor shall annually conduct an internal review and audit of current rates for services to be performed hereunder to identify any potential savings that may be realized by use of the new landfill. If potential savings are identified and such savings can be achieved by commercially reasonable means, the Contractor shall notify the City of a proposed adjustment to the Base Rate to reflect such savings. The City shall have the right to hire a disinterested, third party auditor to review the Contractor’s internal audit, but the details of the Contractor’s internal audit shall not be disclosed directly to the City or any other third parties and shall be deemed confidential and proprietary information belonging to the Contractor.

IV. CONTRACTOR OBLIGATIONS

- A. Fee paid to City. Contractor shall pay a license, permit, or “franchise” fee, together with an administrative fee to the City during the term and any extended term of this Agreement equal to eight percent (8%) of the gross receipts for all collections for all residences, business, customers, and accounts within the City Service. Such fee shall be deducted by the City from payments paid to Contractor monthly.
- B. In addition to other consideration contained herein, Contractor shall provide the following to City:
 - A. A yearly cash donation of \$27,000.00 for City’s discretion to use for public purposes.
 - B. Two annual City-Wide Clean Ups
 - C. All City of Lockhart facilities trash and recycling serviced at no charge to the City
 - D. Educational Program for training of faculty, staff, students and residents with K-12 in class curriculum
 - E. Annual tours of CTR landfill for the students of Lockhart ISD
 - F. Use of Training/Community Center at EP130 for City Functions and Chamber of Commerce Events
- C. Vehicle and Property Condition. Contractor shall keep all vehicles utilized in the performance of its duties under the Agreement in proper operating condition. Contractor shall not operate vehicles that are leaking oil, hydraulic fluid or other substances or that are otherwise unsafe or in substantial disrepair. All vehicles will be properly and adequately covered, and no trash will be permitted to blow out of utilized vehicles.
- D. Safety. All drivers utilized by Contractor for solid waste and recycling materials collection within the service area of the City shall be required to observe all safety laws, including without limitation, compliance with all speed limit and traffic control signs.
- E. Supervision. Contractor shall provide adequate supervision to assure that all work will be done in accordance with the specifications and requirements of this Agreement and generally accepted solid waste disposal practices.
- F. Performance Standards.
 - 1. Collection areas shall be free of litter and debris within a ten-foot radius of Carts or Containers provided by Contractor. Provided, however, Contractor shall not be responsible for litter or debris caused or placed by Customers.

2. Contractor will undertake reasonable efforts to collect refuse and recycling materials regardless of barriers (e.g., blocked streets), except when the safety and health of Contractor's employees or the public may otherwise be negatively impacted.
3. Contractor will undertake reasonable efforts to maintain a consistent route schedule.
4. Contractor will avoid leaving loose trash during collection and will take reasonable precautions to prevent litter or debris resulting from its services.
5. Contractor will prohibit its drivers from using emergency brakes to stop a moving vehicle.
6. Contractor will maintain a 24-hour per day, seven day per week voice mail system to handle customer communications beyond regular business hours.
7. In the event of equipment breakdowns, Contractor will notify the City if services will be delayed or rescheduled for an alternate collection day.
8. Contractor shall take all necessary precautions to protect public and private property during the performance of this Agreement. Except for reasonable wear and tear, the Contractor shall repair or replace any private or public property which is damaged by the Contractor. If the Contractor fails to address the repair or replacement of damaged property within ten (10) days of written notification, the City may, but shall not be obligated to, repair or replace such damaged property, and the cost of doing so shall be deducted from payment to be made to the Contractor.
9. Contractor shall clean up any materials including leakage of fluids spilled from Contractor's vehicles by the Contractor, Contractor's vehicles, or Contractor's employees. During transport, all materials shall be contained, covered, and enclosed so that leaking, spilling, and blowing of materials does not occur. Contractor shall be responsible for the cleanup of any spillage or leakage caused by Contractor, Contractor's vehicles, or the Contractor's employees. with this Agreement.
10. The Contractor shall maintain collection equipment that is owned by the Contractor as to prevent the odors. The Contractor shall routinely clean collection equipment.
11. Customer Relations. Customer complaints, such as calls for missed pick-ups, shall be first directed to Contractor for resolution.

12. Penalty for Non-Performance. In the event the Contractor fails to perform a material obligation hereunder and further fails to cure such material default within ten (10) days following receipt of written notice and demand for cure by the City, the City shall have the right to impose a penalty of \$150.00 per day until such time as the Contractor cures the default.

V. COMPLIANCE WITH APPLICABLE LAWS

Contractor will comply with all applicable federal, state, county, and city laws, ordinances, and regulations and any and all policies and guidelines of Contractor. Contractor will also obtain any licenses and permits required in performing all services rendered by Contractor under this Agreement.

VI. PERFORMANCE BOND, INSURANCE, AND INDEMNITY

A. Performance Bond. Contractor agrees that after the execution of this Agreement and one (1) month or more prior to the commencement of the work, Contractor shall make, execute, and deliver to the City a good and sufficient Performance Bond in a form approved by the City, to secure the full, complete, and faithful performance of the terms and conditions herein. Such Performance Bond shall be in the amount of one million five hundred thousand dollars (\$1,500,000.00) and shall be renewed each year thereafter throughout the term of the Contract and any renewal periods. Contractor shall ensure the Performance Bond shall be signed by the President or General Officer of the Contractor, together with the signature of the corporate secretary and the corporate seal. The surety shall be a surety company duly authorized to do business in the State of Texas; having an "A" or better rating by A. M. Best or Standard and Poor's; included on the list of surety companies approved by the Treasurer of the United States of America; and acceptable to the City.

B. Insurance Requirements. Contractor shall secure and maintain in effect insurance to protect Contractor, its subcontractors, employees, and the City from claims for bodily injuries, death or property damage that may arise out of or result from Contractor's performance of its duties under this Agreement. The following minimum levels of coverage are required:

1. Public liability and property damage (no pollution exclusion endorsement shall be permitted):
 - i. General Liability: \$1,000,000 each occurrence
 - ii. Property Damage: \$1,000,000 each occurrence
 - iii. Employer's Liability: \$1,000,000
 - iv. Bodily Injury: \$1,000,000 each occurrence

- v. Automobile: \$1,000,000
- 2. Umbrella Liability: \$5,000,000
- 3. Workers' Compensation: Statutory Limits

C. Indemnity. To the fullest extent permitted by law, each Party shall and does hereby mutually indemnify and hold harmless the other Party, as well as its officers, directors, agents and employees, from and against all claims, damages, losses and expenses, including without limitation, attorneys' fees, arising out of or related to this Agreement or the performance thereof, but only to the extent such claims, damages, losses or expenses are attributable to the negligent act or omission or other fault of the indemnifying Party. The indemnification obligations hereunder shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity that would otherwise exist to any Party or person described in this Section. The indemnification requirements set out herein shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for either Party under any insurance policy, workers' compensation acts, disability benefits acts or other employee benefit acts.

VII. TERM AND TERMINATION

A. Term. The initial term of this Agreement shall be for five (5) years, commencing on June 1st, 2021 and ending at midnight on the fifth anniversary of that date. Upon expiration of the initial term, the Agreement may be extended for an additional term of five (5) year(s) provided that proper notice is given and both Parties have consented to extension of the term.

For the purposes of this section, proper notice of an intent to extend the term of the Agreement must be delivered in writing by the Party seeking to extend the term and is ineffective unless received by the other Party no later than One Hundred Eighty (180) days prior to expiration of the term to be extended. Once proper notice to extend the term has been received, the receiving Party shall, no later than sixty (60) days from the date of receipt of such notice, inform the other party that it approves the extension, does not approve the extension, or desires to amend the terms of this Agreement. If the receiving party does not respond in writing within such sixty (60) days, the Parties shall be deemed to have consented to the extension, and the term shall be extended as provided herein.

B. Termination. If, at any time, the City defaults in its obligations under this Agreement, including the obligation to make timely payment for services rendered as provided herein, and the City further fails to cure the default following ten (10) days' written notice from Contractor, Contractor may terminate the Agreement for cause. In the event of such a termination, Contractor shall be entitled to payment for all services

performed prior to the date of termination, as well as any additional costs or damages incurred as a result of the termination or available by law.

VIII. FORCE MAJEURE

Force Majeure. If, by reason of Force Majeure, either Party is unable, in whole or in part, to carry out its obligation(s) under this Agreement, the Party whose performance is so affected shall give notice and full details regarding the impact of such Force Majeure to the other Party within a reasonable time after the occurrence of the instigating event or cause. Provided that proper notice is given, the obligation(s) of the impacted Party hereunder shall, to the extent impacted by the Force Majeure, be suspended for the duration of the impact, but in no event for a period longer than that period reasonably necessary for recovery from or mitigation of the impact caused by the Force Majeure event. To this end, the impacted Party shall take all reasonable measures necessary to overcome, remove or otherwise mitigate the impact of the Force Majeure event. During such period of suspension, any obligations of the non-impacted Party shall continue without interruption, except to the extent such obligations rely upon, or are predicated by, the suspended obligations of the impacted Party.

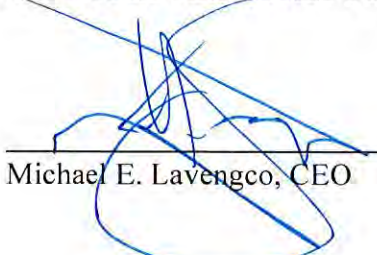
IX. MISCELLANEOUS

- A. Extra Work. Except as otherwise provided herein, all work outside the express terms of this Agreement must have prior written approval by both Parties. Charges for extra work will be submitted to the City for approval prior to commencement of the work.
- B. Assignment. Except as otherwise provided herein, this Agreement may be assigned by Contractor with the prior, written consent of the City. The use of any subcontractor shall be subject to the prior, written approval of the City, such approval not to be unreasonably withheld. Provided, however, Contractor expressly reserves the right to assign this Agreement, including any and all rights, duties, responsibilities and/or obligations hereunder, as may be necessary or appropriate to affect any internal restructuring or other transfer of ownership between Contractor and any of its affiliates, partners, or subsidiaries.
- C. Venue & Choice of Law. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and the Parties expressly consent to the jurisdiction of the courts therein. All obligations of the Parties hereunder are performable in Caldwell County, Texas, and venue for any claim or action arising hereunder shall lie exclusively in Caldwell County, Texas.
- D. Succession. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

- E. Severability. If any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, void, or unenforceable in any respect, such provision(s) shall be reformed to the minimum extent necessary to cure the violation and render the clause fully valid and enforceable. In the event such revision is not possible, the Agreement shall be construed as if such invalid, illegal, void, or unenforceable provision(s) had never been contained herein, and the offending provision(s) shall have no impact or effect on the validity or enforceability of the remaining provisions.
- F. Entire Agreement. This Agreement constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior understandings or written or oral agreements between the Parties with respect to same. The Agreement may not be amended or modified except by a written document signed by both Parties.
- G. No Waiver. One or more waivers of any covenant or condition by either Party shall not be construed as a waiver of a subsequent breach of the same covenant or condition. The waiver or exercise of any legal right hereunder shall not be construed as a waiver of any other action or right either Party may have pursuant to the terms of this Agreement.
- H. Notices. All notices, requests, demands or other communications required or permitted under this Agreement must be in writing and delivered personally or by certified mail, return receipt requested or by overnight courier (such as Federal Express), and addressed to the Parties at the addresses set forth below the signature lines of this Agreement. All notices given in accordance with the terms hereof shall be deemed given upon placement with a carrier for delivery as provided herein and shall be deemed received upon actual receipt by the other Party. Either Party may change the address for receiving notices, demands or other communication by written notice to the other Party sent in accordance with this section.
- I. Counterparts. This Agreement may be executed in one or more counterparts, each of which, when so executed and delivered, shall be deemed to be an original but together shall constitute one and the same instrument.

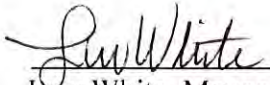
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the 1st day of June 2021 (the Effective Date).

CENTRAL TEXAS REFUSE, LLC.



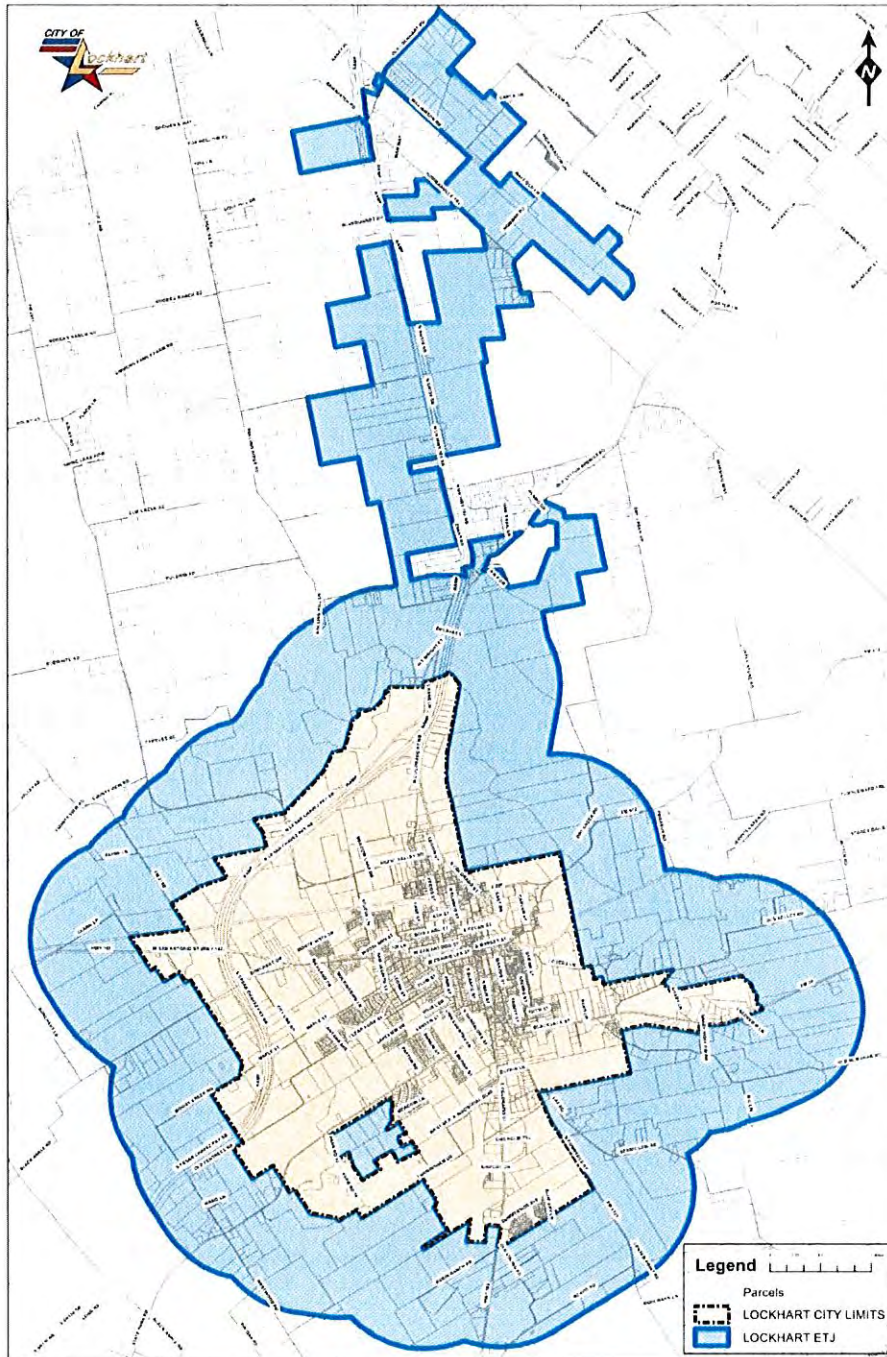
Michael E. Lavengco, CEO

CITY OF LOCKHART

 6-1-21

Lew White, Mayor

Exhibit "A"
Designation of Service Area



Service area is tan area only.

Exhibit "B"
Rates for Solid Waste Collection, Recycling, & Disposal

Collect Residential Refuse at Curbside

Contractor will provide curbside hand collection service of residential refuse and waste to each Residential Unit as follows:

Monthly Rates beginning on the Effective Date:

- (i) Residential Collection (once per week) = **\$13.30**
- (ii) Seniors (once per week) = **\$10.92**
- (iii) Additional 95-gallon cart = **\$5.94**
- (iv) Recycling = **\$3.00**

Collect Commercial Refuse

Contractor will provide collection service of Commercial refuse and waste for multi-family dwellings, apartment projects, commercial and industrial customers as follows:

Monthly Rates:

(1). The rates and charges for customers in this category are as follows:

\$ 18.00 Monthly Rate for (1) Commercial 95-gallon cart serviced once per week
\$ 5.94 Monthly Rate for each additional 95-gallon cart serviced once per week

The above rates are subject to change as provided herein.

Commercial Trash Bin and Roll off Dumpster Services

Rates beginning on the Effective Date

	EOW	1X WEEK	2X WEEK	3X WEEK	4X WEEK	5X WEEK	EXTRA P/U
2-YARD	\$44.62	\$59.49	\$101.71	\$123.17			\$20.93
3-YARD	\$53.34	\$69.78	\$118.19	\$153.98			\$23.74
4-YARD	\$63.01	\$84.01	\$133.44	\$184.73			\$31.39
6-YARD	\$74.77	\$99.70	\$158.68	\$250.43			\$41.89
8-YARD	\$94.25	\$125.67	\$206.87	\$283.07			\$52.34
10-YARD	\$119.26	\$152.42	\$239.51	\$326.60	\$435.68	\$544.74	\$62.82

Roll-off Services

The following rates and fees shall be applicable to Commercial Customers and others requiring service at a level in excess of the highest level of each category of customer provided above to be made available with roll off dumpsters. These services will be via roll-off container as follows:

- (i) Delivery fee for all sizes = **Included in price**
- (ii) Daily rental fee for all sizes = **\$3.75**
- (iii) 20 yd. = **\$475.00** per haul
- (iv) 30 yd. = **\$540.00** per haul
- (v) 40 yd. = **\$605.00** per haul

The above rates in this subsection shall be multiplied by 1.08 to result in rates charged by the Contractor sufficient to fund administrative charges and pay the franchise fees. Fees for roll off services shall be invoiced and collected by the Contractor. A fuel surcharge as published on the FuelGauge.com website or other comparable source as approved by the City Manager or designee shall also be applicable for the above rates.

Exhibit "C"

Services to Be Performed by Contractor

Solid Waste Collection

Contractor shall provide curbside collection service for the collection of residential refuse to each residential or commercial unit one (1) time per week, as provided herein.

All will make use of 95-gallon Carts as provided by Contractor. Up to 7 Additional items may be included in weekly collection outside of the contractor provided 95 – gallon Carts. All additional items Bulky Waste, Bags, and Brush shall be no more than 4 feet in length, 4 feet in height, and No More than 40 lbs. in weight. Collection of refuse shall be made between 7:00 A.M. and 6:00 P.M. All acceptable Carts and approved items shall be placed at curbside by 7:00 A.M. on the designated collection day, but no earlier than the evening before the regularly scheduled collection. Exceptions to collection hours shall be affected only upon mutual agreement of the City and Contractor, or when Contractor reasonably determines that an exception is necessary in order to complete collection on an existing collection due to unusual circumstances and notified and received approval from the City.

Brush picked up as part of the Contractor's normal service must be bundled in lengths not greater than (4) four feet in length, and not greater than 40 lbs. in weight. Such bundles will be tied sufficiently so that the bundle can be lifted by the ties into Contractor's vehicle.

Special Annual Clean-up:

For no additional charge Contractor will, 2 days a year, provide curbside collections for a "City-Wide Clean-up" as mutually agreed upon by Contractor and the City. Customers will receive this service during the designated Days as mutually determined. During this event, the following items will be collected at the curbside by the Contractor: all Bulky Waste, construction materials qualifying as Bulky Waste (less than 4 feet in length by 4 feet in height & less than 40 lbs.), bulk items (Compliant white goods), and brush less than 4 feet in length and less than 40 lbs., and bags. Chemicals, oil base paints & cleaners. oil, oil filters, anti-freeze, tires, and batteries will not be accepted for pickup. Material not accepted at the landfill will not be accepted at the cleanup site. During the designated cleanup days, structure or partial demolitions of structures will not be collected if the materials exceed Bulky Waste specifications. The City will provide all public notices for the Annual City-Wide Clean-up days via the City information channel, utility billing inserts and local newspapers/media.

Note: Any Customer who, in the opinion of the Contractor and the City, abuses this privilege, shall pay an additional sum to Contractor, said sum to be agreed upon between the City and the Contractor on a case-by-case basis.

Additional Items below may be included during Special Annual Clean Up Days:

Appliances: Stoves, water tanks, washing machines, dryers, refrigerators, air conditioners, sinks, toilets, and like items. Refrigerators and air conditioners must have their Freon removed by a certified technician and be tagged. Units that are not certified will have a charge of \$30.00 per unit. This will be billed directly to the Customer. The Contractor is not required to pick-up bathtubs, shower stalls and like items.

Furniture: Couches, beds, mattresses, love seats, tables, chairs, lamps, microwaves, etc.

Tires: Tires shall not be accepted for collection as a bulky item or during the Special Annual Clean up days from residential without special preparation. All tires must be quartered or shredded prior to being accepted for regular collection or they will not be picked-up.

Items Not Collected: Construction debris out of Bulky Waste specifications, dead animals, toxic or hazardous waste, batteries, stable matter, rubbish, rocks, dirt, concrete, ammunition, hot ashes, medical waste, auto parts, tires, special waste, stumps, and any item containing CFCs are included as bulky items Not collected as part of normal residential service. Bulky items, not defined as acceptable bulky items or "white goods" (which are not included in Solid Waste Collection), may be collected and disposed of by the Contractor through separate and independent arrangements at the resident's additional expense as identified by the Contractor. An example would be a resident's construction debris from a major renovation of their residence. No TV's.

Disabled at the Door Services

Upon verification by City, a trash services Customer who has provided acceptable proof of disability can be provided upon request with "Garage Door" trash collections services provided the trash cart is readily visible, easily accessible, and within 75' of the street right of way and is not enclosed in any manner.

Recycling:

Recycling carts shall contain only the items listed below. A cart contaminated by the presence of fifty percent (50%) or more of non-recyclable items will be tagged to notify the Customer as to why the materials were not collected.

PAPER: All newspapers, including inserts such as ads or coupons, are recyclable. No phone book or envelopes are permitted. Cardboard (Excluding Pizza Boxes or any other Wax Coated Containers)

ALUMIMUM CANS: Beverage cans only (beer and soda). Please, no aluminum foil or pie pans.

STEEL AND TIN FOOD CANS ONLY: Please rinse and remove labels.

PLASTIC DRINK BOTTLES: Clear or opaque plastic drink containers with the number “1PETE” or “2 HDPE”, which hold drinks like milk, soda water, etc. are recyclable. Colored plastic containers are recyclable, except containers which held laundry detergent or chemicals.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion regarding a request from Lockhart Municipal Airport One, LLC for an impact fee waiver for a 10,000 square foot hangar to be built on leased space at Lockhart Municipal Airport.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: The applicant has requested a waiver from assessed impact fees for a planned 10,000 square foot hangar at the Lockhart Municipal Airport. The lease for the proposed hangar was approved at the November 6, 2025 Lockhart City Council meeting. The lease term is 30 years with two additional option periods of five years possible with City Council approval. The applicant stated the hangar's project cost as being approximately \$450,000.

The applicant objected to the assessed impact fees of \$10,354.78 required with the project's new connections to the city's water and sewer utilities being included in the calculated permit fees for the project. Roadway impact fees were not assessed for this project. The grounds for objection were that the project will be on city-owned land, as opposed to land owned by the project developers, and that the project will include a restroom that is open to the public, as was requested during a meeting of the Lockhart Airport Advisory Board. Due to the applicants' appeal of the assessed impact fees, meter fees and permits have not been processed for the hangar, pending the appeal. However, separate building and plumbing permits have been issued for the project, allowing construction to begin. The impact fee worksheet used to calculate the fees is included in the supporting materials.

City Council must approve all impact fee waivers. Section 31-13, Appeals, in the impact fee ordinance, states that the property owner or applicant may appeal administrative decisions to City Council, with "the applicability of an impact fee to the development" listed as one of the criteria through which administrative decisions may be appealed.

The lease agreement approved in 2025 is included in the supporting materials. Sections 4.7, 16.2, and 16.3 of the lease agreement state that the lessee shall pay all license, certification, and permit fees associated with the project. This includes 16.3 in the agreement, which states "Lessee shall pay all water, sewer, utility and other applicable use taxes and fees, arising from its occupancy and use of the Lease Premises and/or the Improvements thereon" As written, this clause in 16.3 would imply that payment of impact fees is required as a condition of the lease agreement. As such, city staff recommends that the requirement of impact fees be affirmed for this project, through denial of the impact fee waiver request.

PROJECT SCHEDULE (if applicable): None.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): None

PREVIOUS COUNCIL ACTION: Council approved the lease agreement for the hangar on November 6, 2025.

COMMITTEE/BOARD/COMMISSION ACTION: None.

STAFF RECOMMENDATION/REQUESTED MOTION: Denial of the request to waive the assessed water and wastewater impact fees.

LIST OF SUPPORTING DOCUMENTS: Lockhart_AirPark_Impact_Fee_Variance_Request, Code of Ordinances 31-13 Appeals, Airport Hangar Impact Fee worksheet, lockhart airport BUILDING 3 260311, 2025 Airport Hangar ground lease Council Materials

April 7, 2026

David Fowler
Planning Director
City of Lockhart
Lockhart, Texas

Re: Request for Variance from Water and Sewer Impact Fees — Lockhart Municipal Airport, Airplane Hangar Development

Dear Mr. Fowler,

On behalf of Lockhart Municipal Airport One, LLC, we respectfully submit this letter requesting a variance from the City of Lockhart's water and sewer impact fees in connection with our airplane hangar development at Lockhart Municipal Airport. We believe that the particular circumstances of this project — including the nature of our land tenure, the City's ownership of the underlying property, and a significant public benefit component added at the direct request of City Council — provide a compelling basis for the relief requested.

I. Ground Lease Structure and City Land Ownership

Lockhart Municipal Airport One, LLC does not own the land upon which this development is occurring. Our interest in the property is held through a ground lease, and fee simple title to the underlying land is vested in the City of Lockhart itself. This is a critical distinction from a typical private development scenario.

Impact fees are generally intended to ensure that new development pays its proportionate share of the infrastructure costs generated by growth. In this case, however, the land remains in public ownership. The City, as the landowner, retains all long-term interests in the property. Imposing standard impact fees on a ground lessee developing City-owned land in effect causes the City's own tenant to subsidize infrastructure costs for land the City itself owns — an outcome that we respectfully submit was not contemplated by the impact fee program's underlying rationale.

We ask the City to consider whether it is equitable or consistent with the spirit of the impact fee ordinance to assess such fees against a lessee where the City, as landlord and landowner, is the ultimate beneficiary of any infrastructure capacity improvements.

II. Public Restroom Facility — City Council Request and Clear Public Benefit

Our hangar development will include the construction of a public restroom facility, which has been incorporated into the project at the explicit request of City Council. This addition was not initiated by Lockhart Municipal Airport One, LLC for its own benefit — it was requested by the City's elected body to serve the broader public visiting Lockhart Municipal Airport.

The inclusion of this public-use facility represents a direct, tangible contribution to the community. It will be available to all members of the public utilizing the airport and its associated facilities — not merely to our hangar tenants or operations. The cost of designing, constructing, and maintaining this amenity will be borne by Lockhart Municipal Airport One, LLC, at the City Council's request, without compensation.

We respectfully submit that this public restroom — a facility demanded by and constructed for the benefit of the general public at the direction of City Council — constitutes precisely the type of

community contribution that should be weighed against, or credited toward, impact fee obligations. To assess full water and sewer impact fees on a development that includes a publicly accessible restroom constructed at the City's own request would result in a material inequity.

III. Conclusion and Request

For the reasons set forth above, Lockhart Municipal Airport One, LLC respectfully requests that the City of Lockhart grant a full variance, or in the alternative a substantial reduction, of the water and sewer impact fees assessed against this project. In summary, the grounds for this request are:

- The underlying land is owned by the City of Lockhart, and Lockhart Municipal Airport One, LLC's interest is limited to a ground lease;
- Assessing impact fees against a lessee developing City-owned land is inconsistent with the equitable purposes of the impact fee program; and
- The project includes a public restroom facility added at the request of City Council, representing a clear and direct public benefit that should be recognized in any impact fee determination.

We would welcome the opportunity to meet with you and discuss this request in greater detail. Please do not hesitate to contact us at your convenience. We appreciate the City's consideration of this matter and look forward to continuing our productive partnership with the City of Lockhart.

Respectfully submitted,

Lockhart Municipal Airport One, LLC

Matt Mowen
Managing Partner

Erik Landrum
Managing Partner

cc: Sean Kelley, Public Works Director, City of Lockhart

Chapter 31 - IMPACT FEES

ARTICLE I. - GENERAL PROVISIONS

Sec. 31-13. Appeals.

- (a) The property owner or applicant for new development may appeal the following administrative decisions to the city council:
 - (1) The applicability of an impact fee to the development;
 - (2) The amount of the impact fee due;
 - (3) The availability of, the amount of, or the expiration of an offset or credit;
 - (4) The application of an offset or credit against an impact fee due;
 - (5) The amount of the impact fee in proportion to the benefit received by the new development; or
 - (6) The amount of a refund due, if any.
- (b) The burden of proof shall be on the appellant to demonstrate that the amount of the fee or the amount of the offset or credit was not calculated according to the applicable schedule of impact fees or the guidelines established for determining offsets or credits.
- (c) The appellant must file a written notice of appeal with the city within 30 days following the decision. If the notice of appeal is accompanied by a payment or other security satisfactory to the city attorney in an amount equal to the original determination of the impact fee due, the development application may be processed while the appeal is pending.

(Ord. No. 02-02, § 1, 1-15-02)

MAY 2, 2023, IMPACT FEE WORKSHEET

ADDRESS 200 Airport Drive WATER METER SIZE 3/4

PROPOSED USE OF BUILDING New Bldg. added to Airport PERMIT NO. _____

NEW MANUFACTURED HOME, SINGLE-FAMILY, OR DUPLEX DWELLING ON LOT IN SUBDIVISION RECORDED PRIOR TO JANUARY 1, 1970, OR WITHIN ORIGINAL TOWN OF LOCKHART.

NO IMPACT FEE

Name of subdivision _____

NEW PERMANENT BUILDING NOT EXEMPTED ABOVE

Go to FEE CALCULATION

BUILDING EXPANSION, CHANGE IN USE, OR ACCESSORY BUILDING HAVING GREATER IMPACT

Go to FEE CALCULATION and insert calculated difference between proposed and existing Service Units and/or Development Units factor

TEMPORARY BUILDING, OR BUILDING EXPANSION, CHANGE IN USE, OR ACCESSORY BUILDING NOT HAVING GREATER IMPACT

NO IMPACT FEE

FEE CALCULATION

Water Impact Fee

1 Service Units x 4,562.36
x 0.2 if owner is known and eligible for affordable housing discount (cashier code 295) \$ 4562.36

Wastewater Impact Fee

1 Service Units x 5,792.42
x 0.2 if owner is known and eligible for affordable housing discount (cashier code 290) \$ 5792.42

Road Impact Fee

____ Service Units x ____ Dev. Unit factor x 1,501.00
x 0.2 if owner is known and eligible for affordable housing discount

Service Area 1 (cashier code 285) \$ _____

____ Service Units x ____ Dev. Unit factor x 1,806.00
x 0.2 if owner is known and eligible for affordable housing discount

Service Area 2 (cashier code 286) \$ _____

TOTAL FEE DUE AT BUILDING PERMIT ISSUANCE

\$10354.78

APPROVED BY CB

DATE 7/30/2026

AFFORDABLE HOUSING REFUND

0.8 x total fee paid if eligible owner is known after full payment

REFUND \$ _____

[NOTE: Amount paid into each impact fee account to be reduced by 80%]

APPROVED BY _____

DATE _____



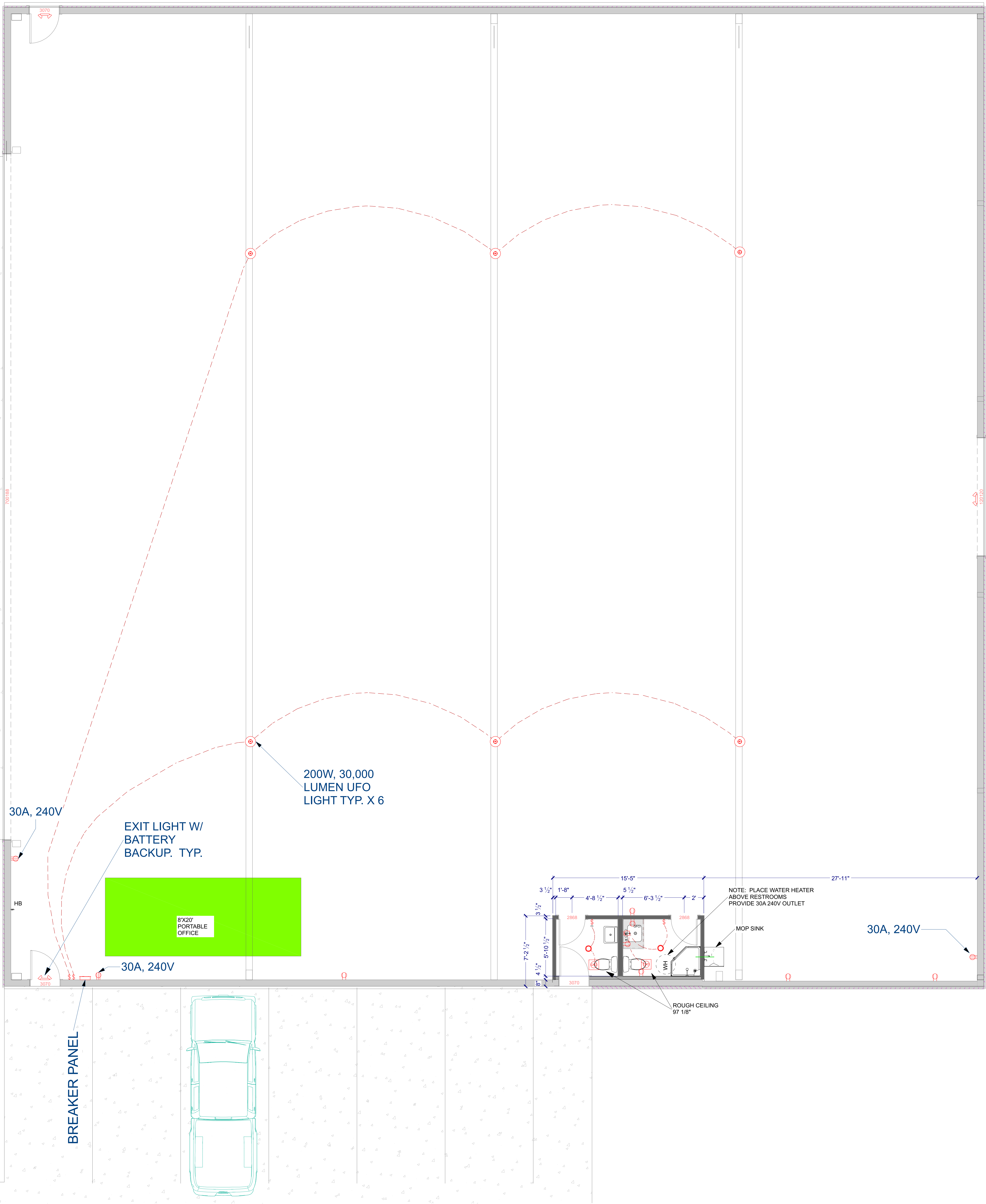
PLAN OVERVIEW
1 IN = 40 FT



BUILDING FOOTPRINT
1 IN = 10 FT

PAGE TABLE	
A1	SITE PLAN
A2	BUILDING GENERAL ARRANGEMENT
A3	SITE PLAN CONSTRUCTION DETAILS

PROJECT NAME: BUILDING 3 LOCKHART AIRPORT		PROJECT ADDRESS: 222 AIRPORT DRIVE LOCKHART, TEXAS	
SHEET NO. A1	SHEET TITLE SITE PLAN	REV. DATE 1/9/2026	REV. NO.: 1
CLIENT NAME..... MATT MOWEN		PRINT DATE 3/11/2026	08:55:32
CLIENT PHONE..... 936-596-8985	The BEN BROWN Group EST. 2003		
CLIENT EMAIL..... MMOWEN119@GMAIL.COM			
FULL SCALE WHEN PRINTED 36 x 48	CONTACT: 979-739-2002 / M.BROWN@ THEBENBROWNGROUP.COM		

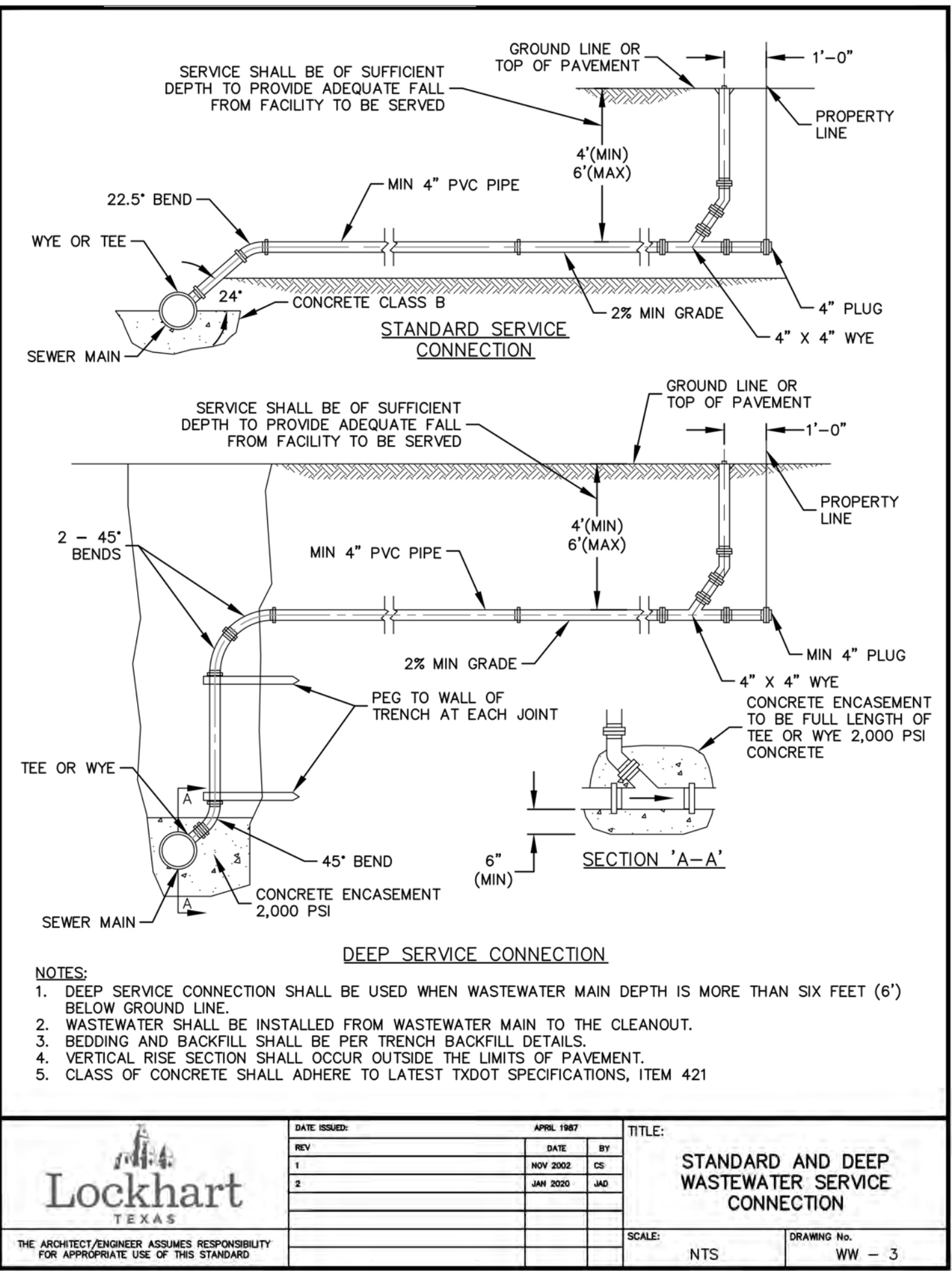
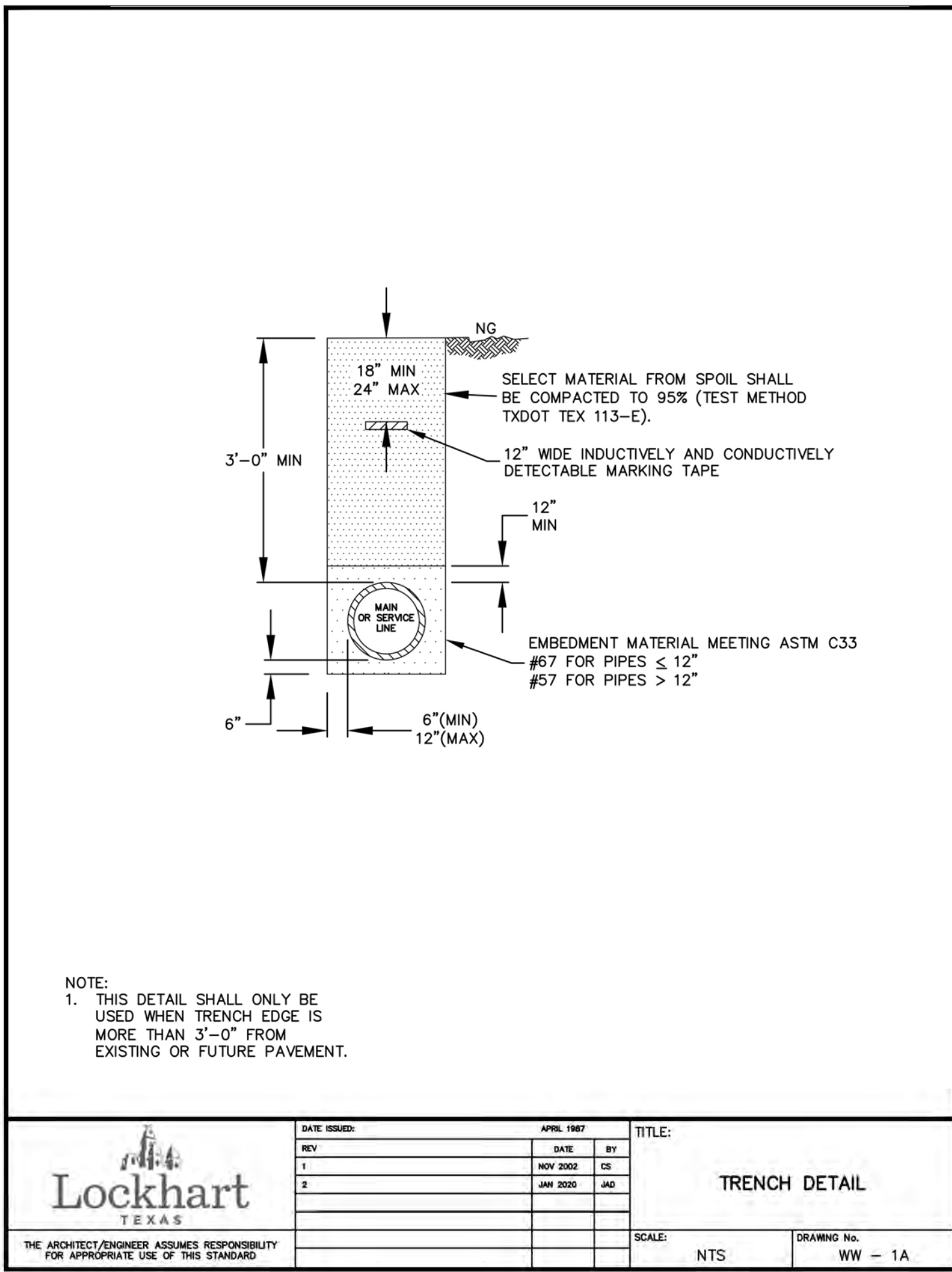
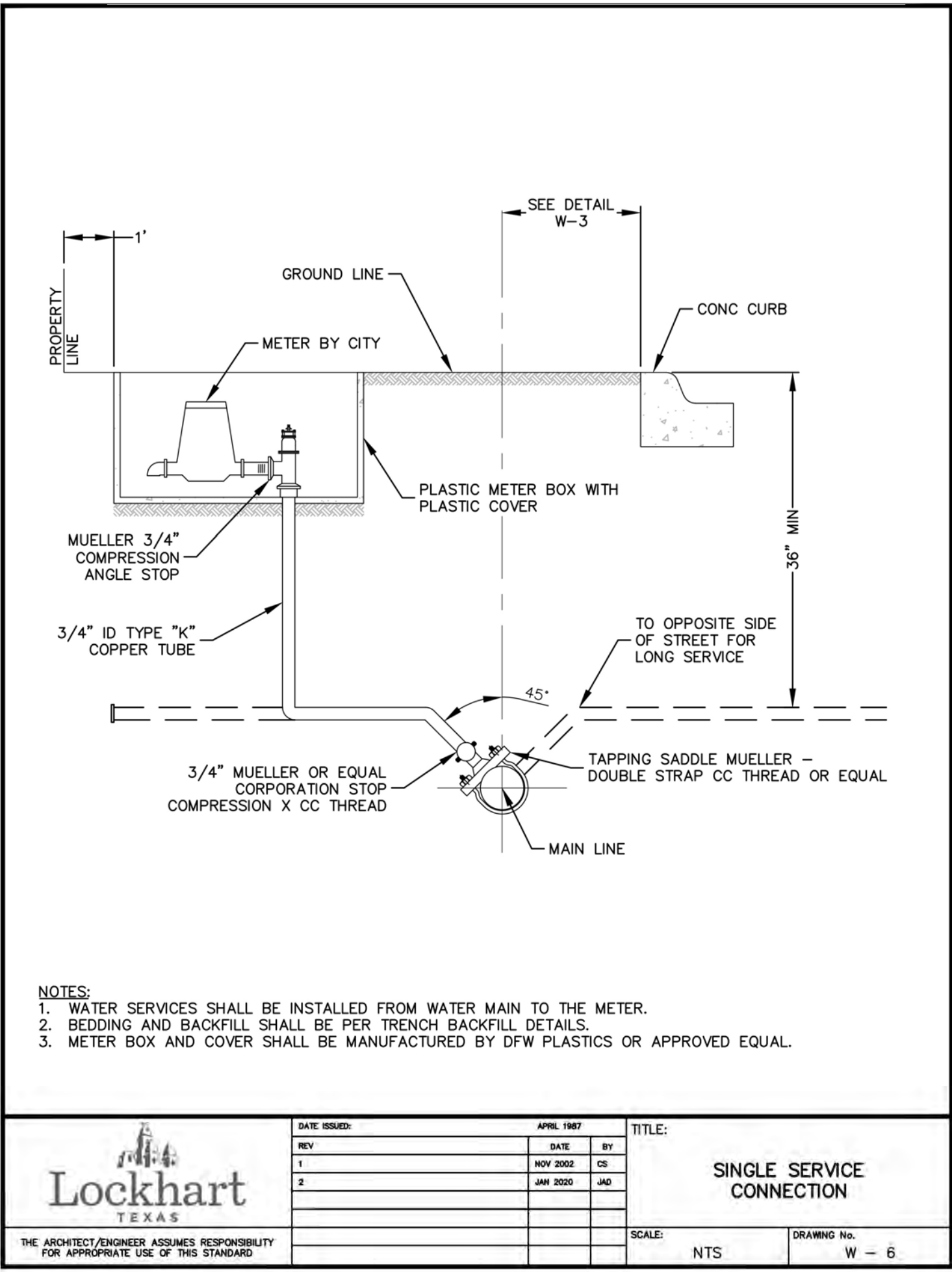
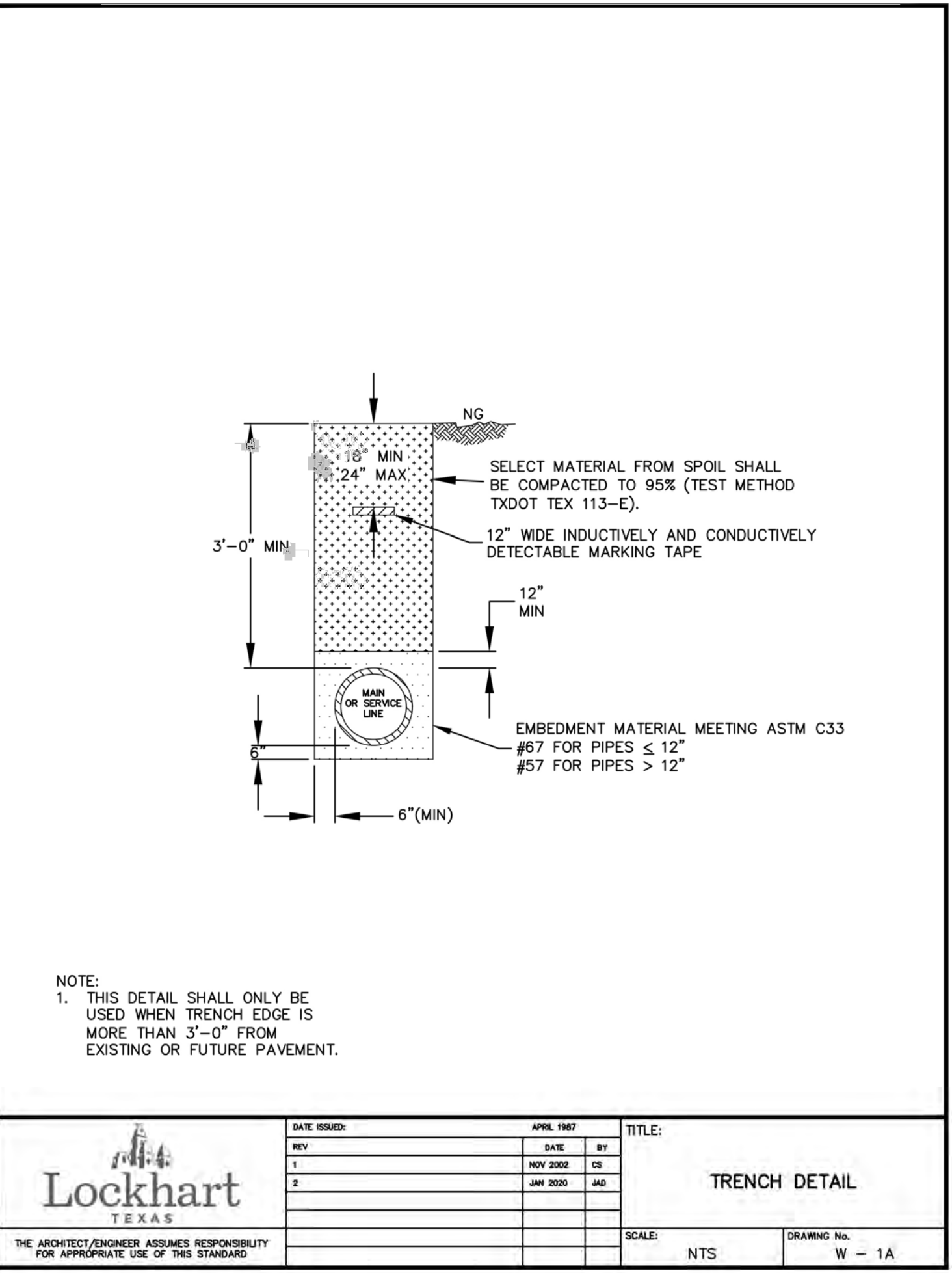
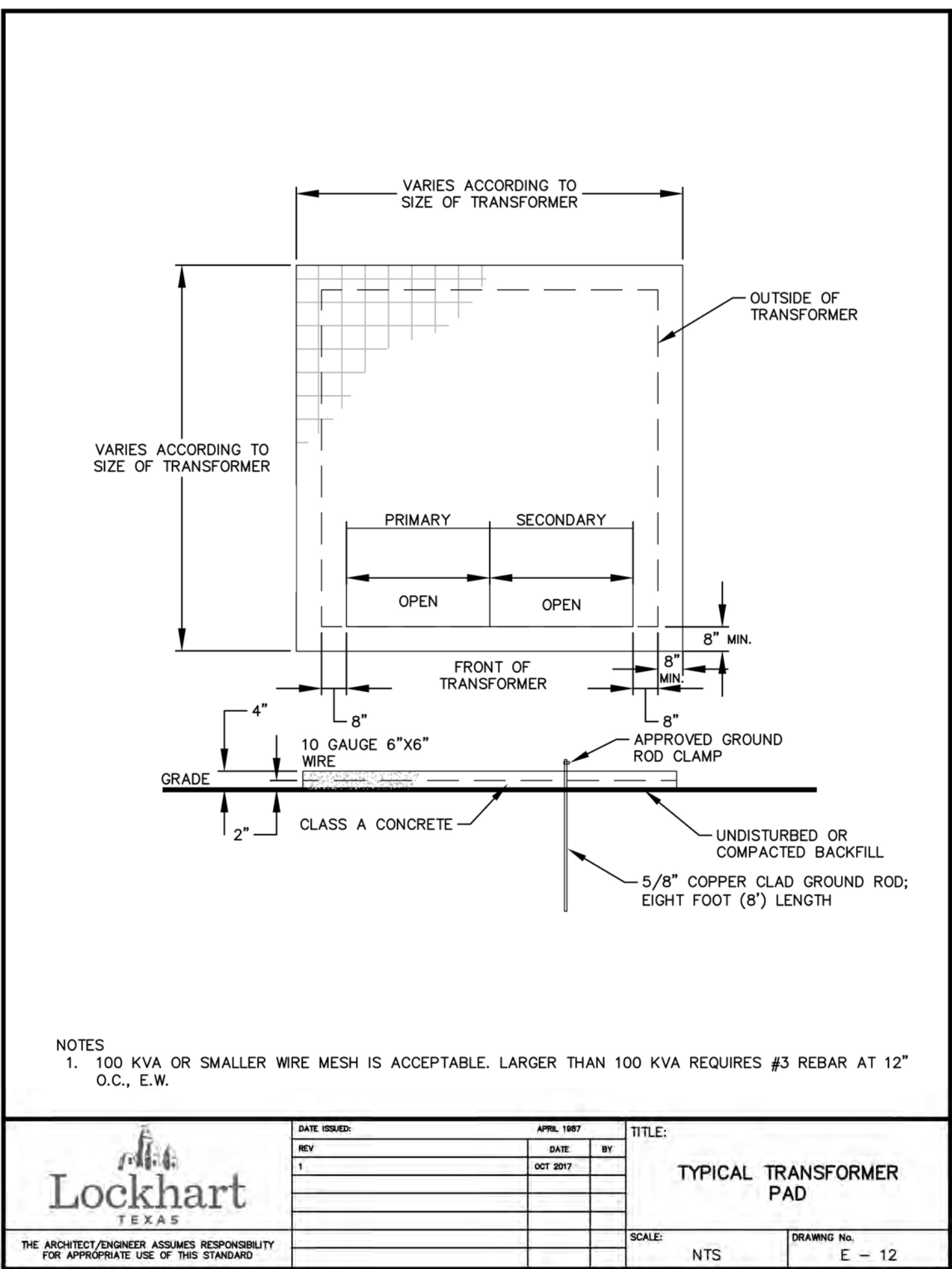
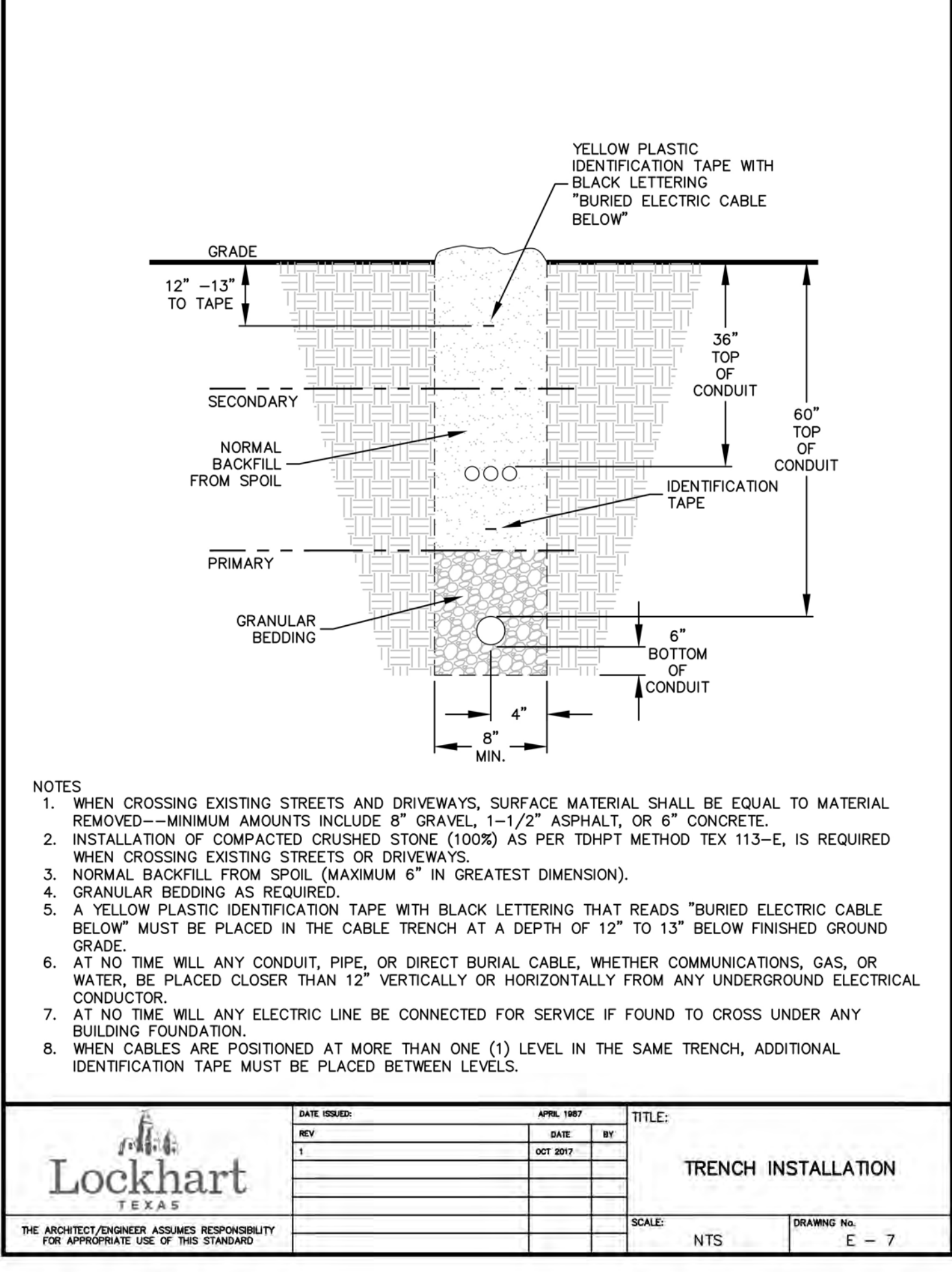
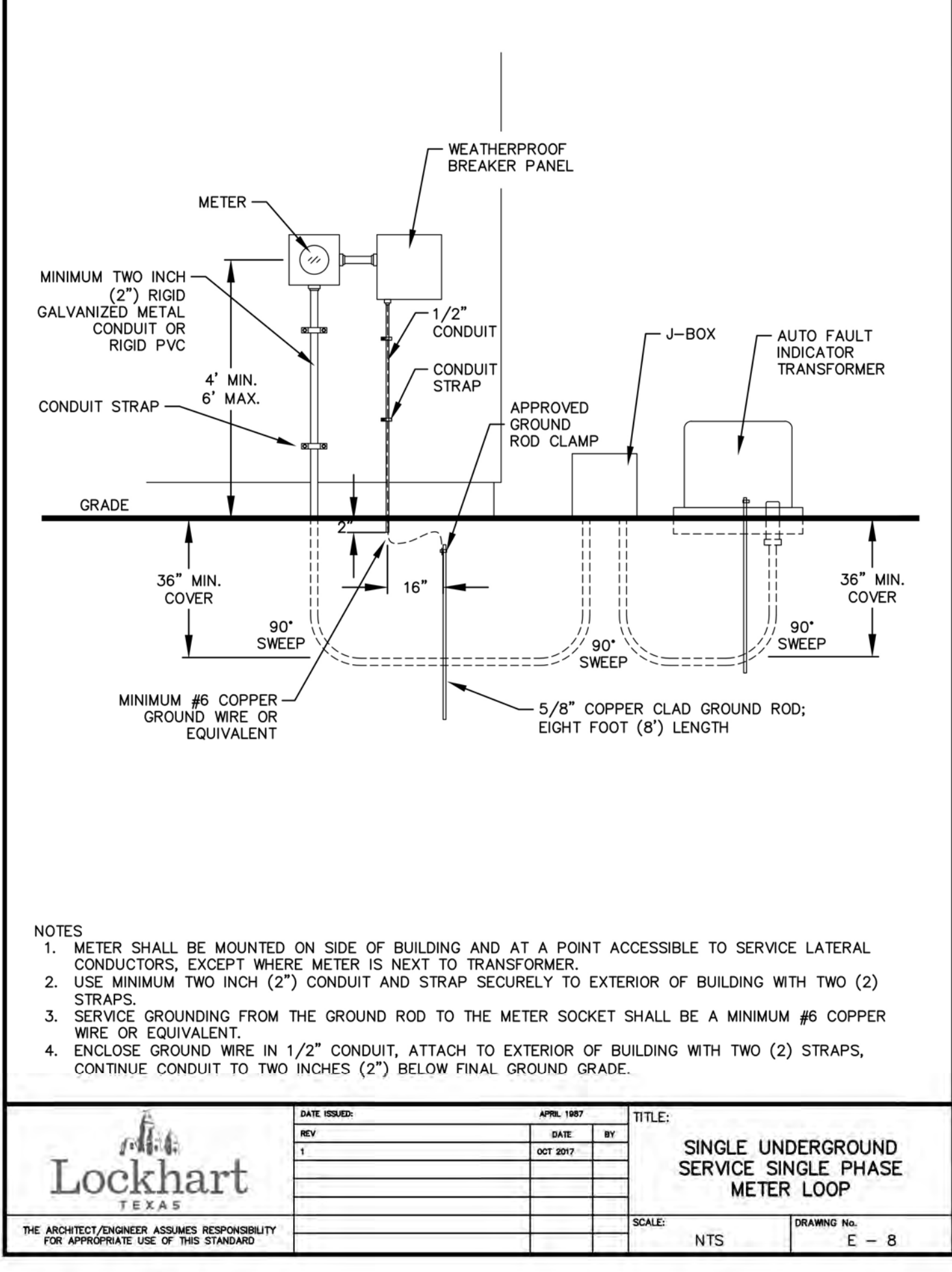
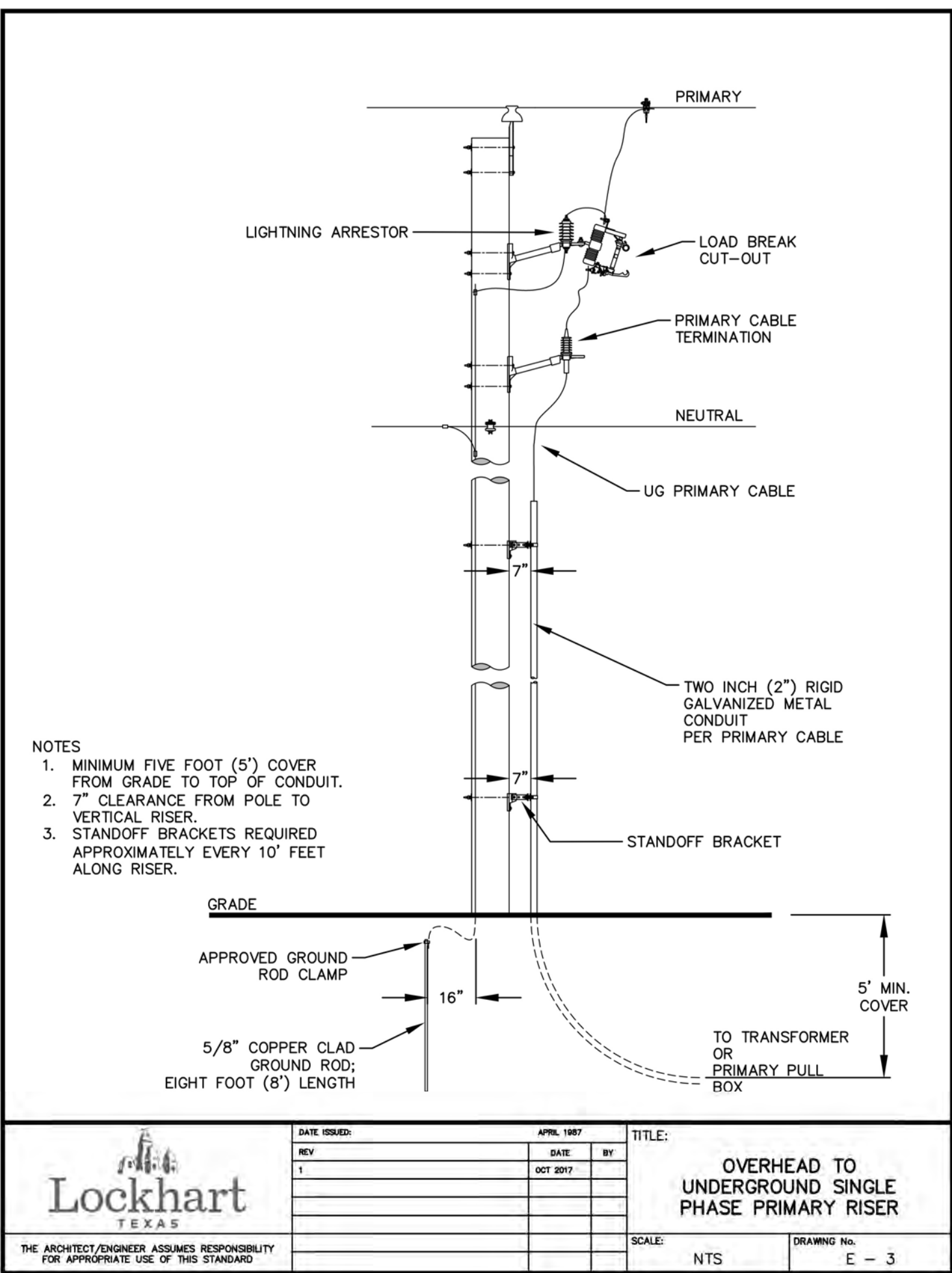


IBC BUILDING TYPE 3
NON-SPRINKLED

OCCUPANCY LOAD:
AIRCRAFT HANGER 1 PERSON PER 500 SQ FT
10,000/500 = 20
NUMBER OF EXITS PROVIDED = 2
MAXIMUM TRAVEL DISTANCE ~ 105'

BUILDING GENERAL ARRANGEMENT
1/4 IN = 1 FT

PROJECT NAME: BUILDING 3 LOCKHART AIRPORT		PROJECT ADDRESS: 222 AIRPORT DRIVE LOCKHART, TEXAS	
SHEET NO. A2	SHEET TITLE GENERAL ARRANGEMENT	REV. DATE 1/9/2026	
		REV. NO.: 1	
CLIENT NAME..... MATT MOWEN		PRINT DATE	
CLIENT PHONE..... 936-596-8985		3/11/2026	
CLIENT EMAIL..... MMOWEN119@GMAIL.COM		08:55:33	
FULL SCALE WHEN PRINTED 36 x 48		The BEN BROWN Group Est. 2002	
CONTACT: 979-739-2002 / M.BROWN@ THEBENBROWNGROUP.COM			



PROJECT NAME: BUILDING 3 LOCKHART AIRPORT		PROJECT ADDRESS: 222 AIRPORT DRIVE LOCKHART, TEXAS	
SHEET NO. A3	SHEET TITLE CONSTRUCTION DETAILS	REV. DATE 1/9/2026	REV. NO.: 1
CLIENT NAME..... MATT MOWEN		PRINT DATE	
CLIENT PHONE..... 936-596-8985		3/11/2026	
CLIENT EMAIL..... MMOWEN815@GMAIL.COM		08:55:35	
FULL SCALE WHEN PRINTED 36 x 48		The BEN BROWN Group Est. 2003	
CONTACT: 979-739-2002 / M.BROWN@ THEBENBROWNGROUP.COM			

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: November 6, 2025

AGENDA ITEM CAPTION: Discussion and/or action regarding a Ground Lease Agreement with Lockhart Air Partners, LLC, for construction of a 10,000-square-foot hangar at the Lockhart Municipal Airport.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: Lockhart Air Partners, LLC approached the City regarding development of lease space at the Lockhart Municipal Airport for the construction of a 10,000-square-foot hangar. The hangar would be located on the north side of the existing aircraft tie-down area and serve as the fixed-base operation (FBO) for Lockhart Air Partners. Planned uses include flight training services, aircraft rentals, and leasing of hangar space to pilots.

The proposed Ground Lease Agreement establishes a 30-year lease term, with two optional five-year extensions subject to City approval. The lessee agrees to pay an annual ground lease rate of \$0.25 per square foot for the 10,000-square-foot area—totaling \$2,500 per year—with a 10% escalation every five years. Construction must commence within one year of the agreement's effective date and be completed within one year thereafter, consistent with the City's adopted Airport Construction Standards. The lessee will also construct and maintain a paved aircraft ramp area at its sole expense.

Under the proposed ground lease, Lockhart Air Partners assumes full responsibility for all improvements, maintenance, and repairs within the leased premises, including the hangar, ramp area, utilities, landscaping, and erosion control. The lessee is required to maintain the site in a safe and orderly condition and comply with all applicable City, State, and FAA regulations. The City retains ownership of the underlying property and reserves rights of inspection, airspace use, and future utility easements but will not contribute to or fund any construction or maintenance costs associated with the private hangar improvements.

Lockhart Air Partners intends to expand its operations in future phases to include Jet A fuel sales and additional hangar development, further supporting general aviation growth at the Airport. The proposed lease terms align with those used by comparable general aviation facilities in Central Texas and reinforce the City's commitment to long-term airport utilization.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: The Lockhart Airport Advisory Board and staff respectfully recommend approval of the ground lease with Lockhart Air Partners.

LIST OF SUPPORTING DOCUMENTS: Lockhart Air Partners Ground Lease, Lockhart Airport_Site Plan

HANGAR GROUND LEASE AGREEMENT

CITY OF LOCKHART, TEXAS

Ground Lessor

AND

LOCKHART AIR PARTNERS, LLC

Ground Lessee

LEASE AGREEMENT

THIS HANGAR GROUND LEASE ("Agreement") is effective this _____ day of _____, 2025, by and between the CITY OF LOCKHART, TEXAS, a Texas home-rule municipality ("City" or "Lessor") and Lockhart Air Partners, LLC, a Texas limited liability company ("Lessee").

Preliminary Statements

A. The City owns and operates an airport known as the Lockhart Municipal Airport (50R) located in Caldwell County, Texas, including the real property upon which the same is located (the "Airport"); and

B. The City and Lessee desire to enter into a Lease Agreement ("Agreement") for the use and occupancy of certain areas at the Airport; and

C. The City desires to accommodate, promote and enhance general aviation at the Airport. Lessee desires assurance of the Airport's continued availability as a base for aircraft; and

D. The City and Lessee have agreed that Lessee will construct and occupy a hangar building or buildings, without cost to the City.

E. In consideration of the premises and of the rents, covenants and conditions herein contained, the City does hereby lease to Lessee the area(s) of the Airport described in Article 2 hereof (the "Leased Premises"), as follows:

ARTICLE 1: TERM AND OPTIONS

1.1 The initial term of this Agreement shall commence at 12:01 a.m. on _____, 2025, and expire at 11:59 p.m. on _____, 20_____, a duration of 30 years, (the "Initial Term") unless sooner terminated in accordance with this Agreement.

1.2 Subject to the conditions herein, Lessee shall have the option to extend the term of this Agreement for two additional periods of five years each, hereinafter the "Extended Term(s)," provided that at the time of such exercise and at all times before any Extended Term, Lessee is not in default in the payment of any rent or in default in any other provisions of this Agreement. Lessee may exercise each option by giving written notice of such extension to the City not more than 18 months, nor less than nine months, prior to the expiration of the Initial Term or the then-current Extended Term. The terms of this Agreement shall remain applicable during any Extended Term, and shall rent escalate throughout the Initial Term and any Extended Term as provided in Article 4.

ARTICLE 2: LEASED PREMISES

2.1 The Leased Premises consist of the parcel of land described in Exhibit "A." The Lessee acknowledges that: (1) the Lessor makes no representations or warranty regarding the suitability of the Leased Premises for the Lessee's intended purposes, or the presence or absence of environmental, geologic, or other site conditions that may affect the Lessee's use of the Leased Premises; (2) Lessee accepts full responsibility for determining the suitability of the Leased Premises for its intended purposes; (3) Lessee has inspected and performed all tests and investigations of the Leased Premises for its intended purposes; and (4) Lessee is accepting the Leased Premises "as is," in their present condition, and Lessee agrees to perform all preparation, repairs, remediation, and alteration activities necessary to use the Leased Premises for Lessee's intended purposes. Lessee expressly disclaims reliance upon any statement, oral or written, made by any agent of the City concerning the condition, suitability, or business prospects of the Leased Premises.

ARTICLE 3: USE OF LEASED PREMISES

3.1 Lessee shall use and occupy the Leased Premises for the following purposes and for no other purpose whatsoever unless approved in writing by City:

3.1.1 For the construction, installation, maintenance, and operation of a single ten thousand square foot (10,000 sf) hangar building (the "Hangar") to be used for the parking, storage, leasing, flight training, management, servicing, repair, maintenance, and modification, of aircraft. No sublease to an unaffiliated entity of Lessee shall be valid unless each such sublease is approved in writing by the City and conforms to all applicable laws and the Airport Rules and Minimum Standards then in effect (the "Rules" and "Minimum Standards"). Any such commercial use must also be consistent with the City of Lockhart, Texas, building, use and zoning regulations and requirements applicable to the Leased Premises. Lessee warrants that all such aircraft based at the Leased Premises shall comply with noise standards established under Part 36 of Title 14 of the Code of Federal Regulations, ("FAR 36") as amended from time to time. The Leased Premises shall not be used for residential purposes. Lessee shall comply with all Grant Assurances in favor of the State of Texas or the United States. All of Lessee's rights shall be subordinate to such Grant Assurances and other obligations to the United States or State of Texas.

3.1.1.a The construction timeline for the Hangar shall conform to the timeframes set forth in the Minimum Standards. Lessee must commence construction of the Hangar no later than one (1) year from the date of this Agreement. Construction shall be completed no later than one (1) year after construction commences. The City may grant extensions to these deadlines as the City deems necessary.

3.1.1.b Lessee shall be allowed to place a temporary building on the property once Hangar construction has commenced and until it has been completed. Construction for the Hangar shall not to exceed 12 months. The temporary building will be removed no later than 30 days after the Hangar has received a certificate of occupancy. The temporary building is for construction purposes only and shall not be used for business operations.

3.12 The City makes no representations, guarantees, or warranties that the Leased Premises may be lawfully used for the purposes set forth in this Article 3.1. Lessee shall have the sole responsibility of obtaining all applicable permits or other governmental approvals necessary to use the Leased Premises. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals, and the failure of Lessee to obtain any such permits or approvals within six months following the commencement date set forth in Article 1.1. The failure of Lessee to maintain any such permits or approvals during the term of this Agreement shall result in termination of this Agreement pursuant to Article 18.

3.13 During the term of this Agreement, Lessee must regularly house at least one airworthy aircraft in the Hangar, use the Hangar for the primary purpose of aircraft storage, and the Hangar shall be used for Aeronautical Activities only, unless the prior written permission of the City is first obtained. The term "Aeronautical Activities" shall mean any activity or service that involves, makes possible, facilitates, is related to, assists in, or is required for the operation of aircraft, or which contributes to or is required for the safety of aircraft operations.

3.14 City reserves unto itself, its patrons, visitors, and other lessees and their patrons, visitors, and employees, the right of flight for the passage of aircraft above the surface of the Leased Premises, together with the right to cause in such air space such noise, dust, interference as may be inherent in the operation of aircraft now known or hereafter in use, including the right of using said air space for landing at, taking off from, or operating at or near the Airport.

3.15 This Agreement is subject to the right of the United States of America to have exclusive or non-exclusive use, control and possession, without charge, of the Airport or any portion thereof during periods of national emergency; and further, subject to the right of the F.A.A. and United States Government under such Agreement including the right to take a portion of the Airport premises for air traffic control activities, weather reporting activities or communication activities related to air traffic control.

ARTICLE 4: RENT AND OTHER CHARGES

4.1 Lessee agrees to pay to the City during the Initial Term hereof an annual base rent of \$0.25 per square foot for the 10,000 square feet of the Leased Premises (including the building footprint, ramp, and area surrounding the building footprint, as set forth in Exhibit A), for a total of (\$2,500.00) Two Thousand Five Hundred Dollars and 00/100 per year, subject to adjustment pursuant to Section 4.2, below subject to final design permitted by the City. If Lessee exercises any option to extend the term of this Agreement under Section 1.2, above, annual rental per square foot for the first year of such Extended Term shall be the greater of (a) the rental determined under Section 4.2 below, as if the Initial Term had continued throughout such Extended Term, or (b) the then current market rates for hangar ground leases at comparable airports in Texas. City and Lessee agree to use their best efforts to agree on then current market rates, and execute a Lease Extension Agreement, within ninety (90) days after Lessee's written notice of election is received by the City. If the City and Lessee cannot agree upon the rental rates, the parties agree to submit the question to binding arbitration before a single arbitrator appointed by the chief judge of the District Courts of Caldwell County, Texas provided, however, that such rent shall never be lower than the rental which would be due by

application of subsection (a) above. Lessee and the City shall each pay fifty percent (50%) of the arbitrator cost. All sums due to the City under this Agreement shall comprise “Additional Rent.”

4.2 Five years after the date of commencement of this Agreement, and on each successive five-year period thereafter during the remainder of the Initial Term, the annual rent shall be adjusted by a ten percent (10%) increase in the annual rent based off of the previous five year term in each successive increase.

4.3 The annual rent payable hereunder shall be paid on the anniversary of the commencement of this Agreement as set forth in Article 1.1. Payments due to the City under this Agreement shall be paid without offset of any kind, and Lessee waives all common law and statutory rights of offset. In addition to any other remedies provided in this Agreement, if any rental, fee, charge, or other item of Additional Rent set forth in this Agreement is not paid to the City within 15 days of the date due, Lessee agrees to pay a late charge of 10% for each such late payment, and default interest shall accrue on such payment from 30 days after the date the payment was due, at a rate of 12% per annum.

4.4 Lessee, as additional rent, shall complete construction of the Hangar and related Improvements on the Leased Premises, in accordance with plans and specifications approved by the City. The Hangar shall, collectively, be at least a total of 10,000 square feet in size and shall have a concrete or asphalt floor, with the Hangar to have at least one aircraft access door sized to accommodate an average private aircraft. Lessee shall use commercially reasonable and diligent efforts to complete construction of the Hangar and other such Improvements within the earlier of 12 months of the City's approval thereof.

4.5 Lessee, as additional rent, shall construct and maintain a paved aircraft ramp area on the Leased Premises (the “Ramp.”). The Ramp must be designed and built to specifications, and for a minimum weight bearing capacity, established by the City, built to the full width of the Leased Premises, and to connect with adjacent taxiway, ramp, and/or auto parking areas, in order that a continuous and safe pavement section results. If access to the Leased Premises is not available on existing taxiways and/or roadways, then Lessee may also be required to construct the same pursuant to Article 7.1.1, below. It is the responsibility of Lessee to maintain the entire Ramp area, and all other pavement areas on the Leased Premises, in a safe manner, and clean of debris, and free from unsafe conditions for taxiing aircraft and Airport users. Lessee grants to users of the Airport the right to use aircraft Ramp areas on the Leased Premises from time to time for passage of aircraft on and near the adjacent taxiway. The construction time and default provisions of subsection 4.4 shall be applicable to the Ramp described in this subsection.

4.6 Subject to the provisions of Article 10, below, Lessee shall keep the Leased Premises, and the Hangar, Ramp, and any and all structures constructed by Lessee on the Leased Premises (collectively, the “Improvements”), free and clear of any liens and encumbrances, except as contemplated by Article 10, below, or unless expressly approved in writing by the City, and shall indemnify, hold harmless and defend the City from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Lessee. If any lien is filed, Lessee shall do all acts necessary to discharge such lien within ten days of filing, or if Lessee desires to contest any lien, then Lessee shall deposit with the City such security as the City shall reasonably demand to insure the payment of the lien claim. If Lessee shall fail to pay any lien

claim when due or shall fail to deposit the security with the City, then the City shall have the right to expend all sums necessary to discharge the lien claim, and Lessee shall pay the City, as additional rental when the next rental payment is due, all sums expended by the City in discharging any lien, including reasonable attorneys' fees and costs, and interest at 12% on the sums expended by the City from the date of expenditure to the date of payment by Lessee.

4.7 Lessee agrees to comply with the Airport Rules and Minimum Standards adopted by the City for the Airport, as they now exist or as they may hereafter be adopted or amended. Fees due under such Minimum Standards or pursuant to any license issued for commercial activities conducted in whole or part on the Leased Premises, may be collected by the City as additional rent under this Agreement, in addition to any other remedies available to the City.

4.8 Holdover rent shall be due at the rate of 200%.

ARTICLE 5: ACCEPTANCE, CARE, MAINTENANCE, IMPROVEMENTS AND REPAIR

5.1 Lessee acknowledges that it has inspected the Leased Premises, conducted such studies and tests thereof (including environmental tests) as it deems necessary, and accepts possession of the Leased Premises "as is" in its present condition, and, subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration, the rules and regulations of the Airport, and by ordinances of the City, and admits its suitability and sufficiency. Except as may otherwise be provided for herein, the City shall not be required to maintain nor to make any improvements, repairs or restoration upon or to the Leased Premises or to any of the improvements presently located thereon or placed thereon by Lessee.

5.2 Lessee shall, throughout the term of this Agreement, assume the entire responsibility, cost, and expense for all repair and maintenance whatsoever on the Leased Premises and all Improvements thereon, and shall perform in a good workmanlike manner all necessary repairs, maintenance, whether ordinary or extraordinary, structural or otherwise. Additionally, Lessee, without limiting the generality hereof, shall:

521 Keep at all times, in a clean and orderly condition and appearance, the Leased Premises, all Improvements thereon and all of Lessee's fixtures, equipment and personal property which are located on any part of the Leased Premises. Lessee shall not park or leave, or allow to be parked, aircraft on the taxiways, ramps or pavement adjacent to any Hangar in a manner which unduly interferes with or obstructs access to other hangars or movement on adjacent taxiways.

522 Provide and maintain on the Leased Premises all obstruction lights and similar devices, and safety equipment required by law.

523 Take measures to prevent erosion, including without limitation the planting and replanting of grasses with respect to all portions of the Leased Premises not paved or built upon. Lessee shall maintain and replant any landscaped areas.

524 Be responsible for the maintenance and repair of all utility services lines placed on the Leased Premises and used by Lessee exclusively, including without limitation water

lines, gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers.

525 If Lessee discovers any hazardous material on the Leased Premises, it will promptly notify the City in writing.

526 If extraordinary repairs or maintenance to the Improvements are required during the last five years of the Initial Term or any Extended Term of this Agreement, Lessee may elect not to repair and/or maintain the Improvements, by giving the City written notice of its election. In such case, City shall have the option of requiring Lessee to either (a) clear the site, remove all debris and paving, stub up all utilities, and restore the site to its original cleared condition prior to commencement of construction; or (b) transfer title to the Improvements to the City, as is. Upon Lessee's election and compliance with this section, the City shall terminate this Agreement and relieve Lessee of all future rental obligations hereunder.

527 During the last five years of the Initial Term, and during the last 30 months of any Extended Term, the City shall have the right to conduct periodic detailed inspections of the Leased Premises not more often than once per year. If any maintenance deficiencies are discovered, the City may require Lessee to correct such deficiencies, whether ordinary or capital in nature. Capital items having a useful estimated life beyond the date on which Lessee actually vacates the Leased Premises shall be reimbursed by the City to the Lessee on an equitably prorated basis.

53 Plans and specifications for each of the Improvements and all repairs (other than emergency repairs), construction, alterations, modifications, additions or replacements to the Improvements, including those made to any paving upon the Leased Premises, excluding non-structural repairs, construction, alterations, modifications, additions or replacements, shall be submitted to the City for approval, which approval shall not be unreasonably denied, providing the plans and specifications comply with the provisions of this Agreement, the Airport's design standards, if any, as well as all applicable building, use and zoning regulations. Submittal of the above-described Plans and Specifications shall also include a site plan, drainage plan, and building plan for the initial project development that shall be reviewed pursuant to the City's standard review process as provided in the Unified Development Code. The site plan shall show the location of all Improvements on the Leased Premises, including the Hangars, pavements, utilities and location of the Hangars on the site. The drainage plan must show how drainage will be handled and be approved by the City prior to a building permit being issued by the City. Lessee shall reimburse the City for all costs incurred for providing a legal survey and legal description of the Leased Premises and for a proportional share of any costs to bring road access and utilities to the Leased Premises, should the City agree to do so. Before commencement of any construction of the Improvements, Lessee shall have the Leased Premises staked by a certified surveying company to ensure all Improvements are placed accurately on the Leased Premises. Within ninety (90) days of the certificate of occupancy being received, Lessee shall submit to the City a full set of as-built record drawings of the Improvements, sealed by a licensed architect or engineer, which among other things, depicts exact locations of all Improvements, including utilities, made on and/or off of the Leased Premises. Failure to submit such sealed plans shall constitute grounds for denial of access to the Leased Premises.

ARTICLE 6: ADDITIONAL OBLIGATIONS OF LESSEE

6.1 Lessee shall conduct its operations in an orderly and proper manner, considering the nature of such operations, so as not to unreasonably annoy, disturb, endanger or offend others.

6.2 Further, Lessee shall take all reasonable measures: \

1. To reduce to a practicable minimum vibrations tending to damage any equipment, structure, buildings or portions of buildings.\
2. Not to produce or allow to be produced on the Airport, through the operation of machinery or equipment, any electrical, electronic or other disturbances that interfere with the operation by the City or the Federal Aviation Administration of air navigational, communication or flight equipment on the Airport or on aircraft using the Airport, or with ground transportation communications.

6.3 Lessee shall comply with all federal, state and municipal laws, ordinances, rules, regulations and requirements, the Airport's Minimum Standards, Airport security rules and regulations, and other Airport Rules and regulations, as they now exist or may hereafter be amended or promulgated.

6.4 Lessee shall commit no nuisance, waste or injury on the Leased Premises, and shall not do, or permit to be done, anything that may result in the creation, commission or maintenance of such nuisance, waste or injury on the Leased Premises.

6.5 Lessee shall neither do nor permit anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Leased Premises.

6.6 Lessee shall take measures to ensure security in compliance with Federal Aviation Administration Regulations and the Airport Security Plan, as they now exist or may hereafter be amended or promulgated.

6.7 Lessee shall neither do nor permit any act or thing which will invalidate or conflict with any fire insurance policies or regulations applicable to the Leased Premises or other contiguous premises at the Airport.

6.8 Lessee shall not install, maintain, operate or permit the installation, maintenance or operation of any restaurant, kitchen, stand or other establishment of any type for the sale of food or of any vending machines or device designed to dispense or sell merchandise or services of any kind to the general public, unless all required development approvals and permits for that activity are first obtained from the City.

6.9 Except for uses permitted under Article 3 hereof to be performed by Lessee, Lessee shall not provide or allow to be provided aircraft maintenance work, flight instruction of any sort, air taxi, aircraft charter or aircraft leasing of any sort on the Leased Premises, for commercial purposes, without all required development approvals, and a License from the City if and as required by the Airport's Minimum Standards or Rules then in effect.

Lessee will conduct its operations in such a manner as to keep the noise produced by aircraft engines and component parts thereof, and any other noise, to a minimum, by such methods as are practicable, considering the extent and type of the operations of Lessee and the limitations of federal law. In addition, Lessee will employ the maximum amount of noise arresting and noise reducing devices that are available and economically practicable, considering the extent of their operations, but in no event less than those devices required by federal, state or local law. In its use of the Leased Premises, Lessee shall take all possible care, exercise caution, and use commercially reasonable efforts to minimize prop or jet blast interference and prevent jet blast damage to aircraft operating on taxiways and to buildings, structures and roadways, now located on or which in the future may be located on areas adjacent to the Leased Premises. If the City determines that Lessee has not curbed the prop or jet blast interference or damage, Lessee covenants to erect and maintain at its own expense such structure or structures as may be necessary to prevent prop or jet blast interference, subject, however, to the prior written approval of the City as to type, manner and method of construction.

6.10 Following the completion of construction of the Hangars, Lessee shall not store nor permit the storage of disabled aircraft or any equipment or materials outside of the Hangars constructed on the Leased Premises, without the written approval of the City. No aircraft that is unairworthy may remain outside of a hangar for more than 20 days. Concerning any aircraft that has remained outside the hangars on the Leased Premises for more than 20 days, upon request Lessee shall provide written certification from an FAA licensee holding Inspection Authorization stating such aircraft is airworthy. If Lessee fails to comply with this requirement after a written request by Lessee to comply, Lessor may (but is not required to) cause the removal of any such aircraft at Lessee's expense by any means that Lessor determines, in its sole discretion, to be in Lessor's best interests.

6.11 On forms and at the frequency prescribed by the Airport Manager, and with respect to each aircraft stored on the Leased Premises, Lessee shall provide the City with the (a) make and model, (b) N-number, and (c) identity and address of the registered owner. This requirement shall apply to aircraft whether owned by Lessee or another party, and regardless of whether its storage is subject to the Minimum Standards or Rules.

6.12 Permits and Licenses. Lessee shall obtain and maintain in current status all permits and licenses required under any law or regulation. If Lessee receives notice from any governmental entity that Lessee lacks, or is in violation of, any such permit or license, Lessee shall provide City with timely written notice of the same.

6.13 Taxes and Liens. Lessee shall pay (before their respective due dates) all taxes, fees, assessments, and levies that relate to Lessee's use, occupancy, or operations at the Leased Premises or the Airport, and all other obligations for which a lien may be created thereto (including, but not limited to, utility charges and work for any improvements).

6.14 Damage to Property and Notice of Harm. In addition to Lessee's indemnification obligations set forth in this Agreement, Lessee, at Lessee's sole cost, shall repair or replace (to Lessor's reasonable satisfaction) any damaged property that belongs to Lessor or Lessor's other tenants to the extent that such damage arises from or relates to an act or omission of Lessee or Lessee's Associates. Lessee shall promptly notify Lessor of any such property damage. If Lessee discovers any other potential claims or losses that may affect Lessor, Lessee shall promptly notify

Lessor of the same.

6.15 Security. Lessee shall comply with all security measures that Lessor, the United States Transportation Security Administration, or any other governmental entity having jurisdiction may require in connection with the Airport, including any access credential requirements, any decision to remove Lessee's access credentials, and any civil penalty obligations and other costs arising from a breach of security requirements caused or permitted by Lessee or Lessee's Associates. Lessee agrees that Airport access credentials are the property of Lessor and may be suspended or revoked by Lessor in its sole discretion at any time. Lessee shall pay all fees associated with such credentials, and Lessee shall immediately report to the Airport Manager any lost credentials or credentials that Lessee removes from any employee or any of Lessee's Associates. Lessee shall protect and preserve security at the Airport.

6.16 Removal of Disabled Aircraft. When consistent with Laws and Regulations, Lessee shall promptly remove or cause to be removed from any portion of the Airport not leased by Lessee the Aircraft or any other aircraft that Lessee owns or controls if it becomes unairworthy. Lessee may store such aircraft within Lessee's enclosed improvements.

ARTICLE 7: INGRESS AND EGRESS

7.1 Lessee shall have the right of ingress and egress between the Leased Premises and the public landing areas at the Airport by means of connecting taxiways; and between the Leased Premises and the entrance(s) to the Airport by means of connecting paved roads. Lessee shall have the right to use the public runways and public aviation aids at all times during which they are open to the public. Such rights of ingress, egress and use shall be in common with others having rights of use and passage thereon.

7.1.1 If, at the time of entering into this Agreement, access to the Leased Premises is not available on existing taxiways and/or roadways, then such taxiways and/or roadways necessary for Lessee's use and occupancy shall be constructed at the sole expense of Lessee, in accordance with construction specifications and design criteria approved by the City for the uses contemplated by Lessee. There shall be no consideration made on the part of the City for the cost of these improvements. Upon completion of construction, Lessee shall certify that the taxiways and/or roadways so constructed have been built to such specifications and criteria, and those portions of any such taxiways and/or roads located off the Leased Premises shall be conveyed and dedicated to the City, which shall accept them for maintenance. Upon such conveyance and dedication, Lessee shall warrant that the same shall be free of defects in materials and workmanship for a period of not less than two years after the date of such conveyance and dedication. Such warranty shall be backed by a warranty bond or another form of security instrument, satisfactory to the City in its sole discretion, in the amount of not less than 15% of the construction cost of the improvements warranted.

7.2 The use of any such roadways or taxiways shall be subject to the Rules and Minimum Standards of the Airport, which are now in effect or which may hereafter be promulgated, and subject to temporary closure; provided, however, that any closure shall be only for reasonably necessary or unique circumstances, and provided that 14 days prior written notice will be given to Lessee relevant to any closure, unless such closure is necessary due to emergency. Lessee, for itself and its authorized subtenants, hereby releases and discharges the City, their officers, employees and agents, and all their respective successors and assigns, of and

from any and all claims, demands, or causes of action which Lessee or its authorized subtenants may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway or other area, provided that other reasonable means of access to the Leased Premises remain available to Lessee without cost to Lessee, unless otherwise mandated by emergency safety considerations or lawful exercise of the police power. Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Leased Premises or in any streets or roadways on the Airport.

ARTICLE 8: CASUALTY INSURANCE AND DAMAGE TO THE LEASED PREMISES

8.1 Lessee, at its sole cost and expense, shall procure and maintain throughout the term of this Agreement insurance protection for all risk coverage on the Improvements which are part of the Leased Premises, to the extent of one hundred percent (100%) of the actual replacement cost thereof. Such insurance shall be written by insurers acceptable to the City. The insurance shall provide for 30 days notice of cancellation or material change, by certified mail, return receipt requested, to the City, Attention: Airport Manager.

8.1.1 The above-stated property insurance shall be for the benefit and to safeguard the interests of the Lessee and City, which shall at all times be named a co-insured.

8.1.2 If any losses are estimated to exceed one-third of the current value of the Leased Premises, Lessor shall adjust and settle such losses with the insurers. Lessee shall consult with the City and use its best efforts to obtain a settlement that covers the cost of repairing or rebuilding the Improvements.

8.1.3 Lessee shall provide certificates of insurance, in a form acceptable to the City and marked "premium paid," evidencing existence of all insurance required to be maintained prior to occupancy of the Improvements. Upon the failure of Lessee to maintain such insurance as above provided, the City, at its option, may obtain such insurance (which may be single-interest) and charge the cost to Lessee as Additional Rent, which shall be payable on demand, or may give notice of default hereunder pursuant to Article 18 hereof.

8.2 If the Improvements and any subsequent improvements, insurable or uninsurable, on the Leased Premises are damaged or destroyed to the extent that they are unusable by Lessee for the purposes for which they were used prior to such damage, or same are destroyed, Lessee shall promptly repair and reconstruct the Improvements substantially as they were immediately prior to such casualty or in a new or modified design, subject to the provisions of Article 5 hereof and applicable building codes and Airport design standards, if any, existing at the time of repairing or rebuilding. If the aforesaid damage or destruction occurs in the last five years of the Initial term or any option term of this Agreement, Lessee may elect not to repair and reconstruct the Improvements, subject to the following terms and conditions:

8.2.1 Lessee shall give the City written notice of its election not to repair and reconstruct the Improvements within ninety (90) days of the date upon which the Improvements were damaged or destroyed. In such case, the City shall have the option of either:

8.2.1.1 Requiring Lessee to clear the site, remove all debris and paving, stub up all utilities, and restore the site to its original cleared condition prior to commencement of construction; in which case Lessee shall retain all insurance proceeds above those necessary to fund such site restoration; or

8.2.1.2 Taking title to the damaged Improvements, as is, in which case Lessee shall assign to and the City shall retain all insurance coverage and proceeds.

8.2.3 Upon Lessee's notice under Section 8.2.1 hereof and Lessee's compliance with the provisions of Sections 8.2.1.1 or 8.2.1.2 hereof, the City shall terminate this Agreement and relieve Lessee of all future rental obligations hereunder.

8.3 Lessee shall not violate, or permit to be violated, any of the conditions of any of the said policies; and shall perform and satisfy, or cause to be satisfied, the requirements of the companies writing such policies.

ARTICLE 9: LIABILITIES AND INDEMNITIES

9.1 The City shall not in any way be liable for any cost, liability, damage or injury, including cost of suit and expenses of legal services, claimed or recovered by any person or entity, or occurring on the Leased Premises, or the Airport, or as a result of any operations, works, acts or omissions performed on the Leased Premises, or the Airport, by Lessee, its agents, servants, employees or authorized tenants, or their guests or invitees. Lessee shall not in any way be liable for any cost, liability, damage or injury, including cost of suit and expenses of legal services, claimed or recovered by any person or entity, or occurring on the Leased Premises, or the Airport, or as a result of any operations, works, acts, or commission performed on the Leased Premises, or the Airport, solely by the City, their agents, servants, employees or authorized tenants, or their guests or invitees. In this regard, LESSEE expressly releases the City and each of its agents from their own negligence, gross negligence, or other liability.

9.2 Lessee agrees to indemnify, save and hold harmless, the City, their officers, agents, servants and employees, of and from any and all costs, liability, damage and expense, including costs of suit and reasonable expenses of legal services, claimed or recovered, justly or unjustly, falsely, fraudulently or frivolously, by any person, firm or corporation by reason of injury to, or death of, any person or persons, including City personnel, and damage to, destruction or loss of use of any property, including City property, directly or indirectly arising from, or resulting from, any operations, works, acts or omissions of Lessee, its agents, servants, employees, contractors, or authorized tenants. Upon the filing with the City by anyone of a claim for damages arising out of incidents for

which Lessee herein agrees to indemnify and hold the City harmless, the City shall notify Lessee of such claim and in the event that Lessee does not settle or compromise such claim, then Lessee shall undertake the legal defense of such claim on behalf of Lessee and the City. It is specifically agreed, however, that the City at its own cost and expense, may participate in the legal defense of any such claim. Any final judgment rendered against the City for any cause for which Lessee is liable hereunder shall be conclusive against Lessee as to liability and amount upon the expiration of the time for appeal.

93 Lessee shall procure and keep in force during the term of this Agreement policies of Comprehensive General Liability insurance insuring Lessee and the City, as co-insureds, against any liability for personal injury, bodily injury, death, or property damage arising out of the subject of this Agreement with a combined single limit of at least two million dollars. No such policies shall be cancelable or subject to reduction in coverage limits or other modification except after 30 days prior written notice to the City. The policies shall be for the mutual and joint benefit and protection of Lessee and the City, and such policies shall contain a provision that the City, although named as an insured, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its servants, agents, citizens, and employees by reason of negligence of Lessee (i.e. a fellow-insured write-back endorsement). Lessee shall provide certificates of insurance, in a form acceptable to the City and marked "premium paid" evidencing existence of all insurance required to be maintained prior to the commencement of the Agreement.

94 Lessee represents that it is the owner of or fully authorized to use any and all services, processes, machines, articles, marks, names or slogans used by it in its operations under or in any way connected with this Agreement. Lessee agrees to save and hold the City, their officers, employees, agents and representatives free and harmless of and from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright, or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of Lessee under or in any way connected with this Agreement.

ARTICLE 10: LEASEHOLD MORTGAGES

101 If Lessee shall execute a Leasehold Mortgage of its leasehold estate to an entity which is not directly or indirectly owned or controlled by, or is not under common ownership or control with Lessee (collectively, an "Unaffiliated Entity" hereafter), and if the holder of such Leasehold Mortgage shall provide the City with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the Mortgagee, then following receipt of such notice by the City, the provisions of this Article 10 shall apply in respect to such Leasehold Mortgage.

102 The term "Leasehold Mortgage" as used in this Agreement shall include, but not be limited to, a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Lessee's leasehold estate is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation, in connection with the construction contemplated by Article 4 above.

103 The City, upon providing Lessee any notice of default under this Agreement or termination of this Agreement, shall at the same time provide a copy of such notice to the Leasehold Mortgagee by first class U.S. mail at the address specified in the notice given pursuant to Section 10.1, above. Such Leasehold Mortgagee shall have the additional periods of time specified in Sections 10.4 hereof to remedy, commence remedying, or cause to be remedied the default or acts or omissions which are specified in any such notice. The City shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Lessee.

104 Anything contained in this Agreement to the contrary notwithstanding, if any default shall occur which entitles the City to terminate this Agreement, the City shall have no right to terminate this Agreement unless, following the expiration of the period of time given Lessee to cure such default or the act or omission which gave rise to such default, the Leasehold Mortgagee is given an additional period of thirty (30) days to:

104.1 Notify the City of such Leasehold Mortgagee's desire to defeat such Termination Notice; and

104.2 Pay or cause to be paid all rent, additional rent, and other payments then due and in arrears as specified in the Termination Notice to such Leasehold Mortgagee and which may become due during such thirty (30) day period; and

104.3 Promptly commence and diligently cure all non-monetary defaults, but in no event shall the time for such cure exceed 90 days.

105 The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Agreement or of the leasehold estate hereby created, nor shall the Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Agreement or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions of this Agreement. Any Leasehold Mortgagee who takes an instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgagee shall be deemed to be a permitted assignee or transferee, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate. If the Leasehold Mortgagee or its designee shall become holder of the leasehold estate and if the Hangar and Improvements on the Leased Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to repair, replace or reconstruct the building or other improvements.

106 Landlord Liens. Lessee hereby gives and grants to City a lien upon, and pledges as collateral to City in case of default, all, chattels and personal property of every kind and description now or hereafter to be placed, installed or stored by Lessee at the Airport. Lessee

agrees that in the event of any failure on the part of Lessee to comply with each and every one of the covenants and obligations hereof, or in the event of any default continuing for twenty days of any specified nature, after notification to Lessee by City in writing, City may take possession of and sell the same in any manner provided by law and may credit the net proceeds upon any indebtedness due or damage sustained by City, without prejudice to further claims thereafter to arise under the terms hereof. Any Leasehold Mortgage shall be subordinate to this contractual Landlord Lien and any statutory lien arising under the Texas Property Code, but shall be superior to the extent of such liens of any structures and fixtures on the Leased Premises.

ARTICLE 11: RULES AND REGULATIONS

Lessee acknowledges that the City has adopted rules and regulations (the “Rules”) with respect to the occupancy and use of the Airport, and such Rules may be amended, supplemented or re-enacted from time to time by the City provided that such Rules apply generally to all similar occupants and users on the Airport. Lessee agrees to observe and obey any and all such Rules and all other federal, state and municipal rules, regulations and laws and to require its officers, agents, employees, subtenants, contractors, and suppliers, to observe and obey the same. In the event of a conflict between the provisions of Airport Rules and this Agreement, the more stringent provisions shall control. This provision will include compliance with any Airport Noise Abatement Plan that may hereafter be adopted. The City reserves the right to deny access to the Airport and its facilities to any person, firm or corporation that fails or refuses to obey and comply with such rules, regulations or laws

ARTICLE 12: SIGNS

Lessee shall have the right to install and maintain one sign on the Leased Premises identifying it and its operations. The subject matter, type, design, number, location and elevation of such signs, and whether lighted or unlighted, shall be subject to the City of Lockhart building, use, and zoning regulations and requirements applicable to signs as well as subject to any Airport design standards. No sign will be allowed that may be confusing to aircraft pilots or automobile drivers or other traffic.

ARTICLE 13: ASSIGNMENT AND SUBLEASE

The prior written consent of the City shall be required for any sale, transfer, assignment or sublease of this Agreement and of the leasehold estate hereby created to an unaffiliated entity. Additionally, such action shall be subject to a twenty percent (20%) transfer fee based on the lease amount due that year. Consent may be withheld by the City if (a) Lessee is in default of any of the terms or conditions of this Agreement, (b) the transferee or assignee does not deliver to the City its written agreement to be bound by all of the provisions of this Agreement in a form satisfactory to the City, or (c) the transferee or assignee does not submit proof of insurance as required at Articles 8 and 9. Lessee shall not subdivide or fractionalize either its ownership of the Improvements or leasehold interest in the Leased Premises. Any management agreement or other contract that purports to transfer the substantive economic or legal risks and benefits to a third party shall be deemed a de facto assignment, and shall be subject to the restrictions set forth in this Article 13.

ARTICLE 14: CONDEMNATION

141 If all or any portion of the Leased Premises is taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of appropriation, condemnation or eminent domain (or pursuant to a sale to such power or authority under the threat of condemnation or eminent domain), all rentals payable hereunder with respect to that portion of the Leased Premises taken shall no longer be payable, and the proceeds, if any, from such taking or sale shall be allocated between the City and Lessee in accordance with the applicable condemnation law, with Lessee being entitled to compensation for the fair market value of the leasehold interest, Improvements and personal property taken. If a portion of the Leased Premises is so taken or sold, and as a result thereof, the remaining part cannot reasonably be used to continue the authorized uses set forth in Article 3 hereof, then this Agreement shall terminate at Lessee's election, and Lessee's obligation to pay rent and perform the other conditions of the lease shall be deemed to have ceased as of the date of such taking or sale.

142 The City expressly reserves the right to grant or take easements on rights-of-way across the Leased Premises if it is determined to be in the best interest of the City to do so. If the City grant or take an easement or right-of-way across any of the Leased Premises, Lessee shall be entitled only to compensation for damages to all Improvements owned by Lessee destroyed or physically damaged thereby, but not to damages for loss of use of the Leased Premises itself. Damages to improvements shall be determined by the reduction in fair market value of the Improvements caused by said damage or cost of repair, whichever is less.

143 Lessee understands and agrees that the City have the right to take all or any portion of the Leased Premises, and any additions, alterations or improvements thereon, should the City, in their sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes, without initiating condemnation proceedings. If such action is taken, the City shall substitute comparable areas within the Airport, or any additions or extensions thereof, brought to the same level of improvement as the area taken. The City shall bear all expenses of bringing the substituted area to the same level of improvement to the area taken, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, the City shall replace, at their own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the City shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, any mortgagee, or any other third party whomsoever. It is the specific intent of this subparagraph that Lessee would be placed, to the extent possible, in the same position it would have been, had the City not substituted new premises for the Leased Premises; provided however, that the City shall not be obligated to reimburse Lessee for lost revenues or other costs due to such substitution. In the event that such substitution of area is demanded by the City, Lessee shall have the right and option to terminate this Agreement, prior to the City commencing the substitution, upon thirty (30) days prior written notice to City, in which event the City shall pay Lessee the fair market value of all

Improvements constructed on the Leased Premises pursuant to approval of the City. Nothing in this subparagraph shall be construed to limit the City' rights to condemn Lessee's leasehold rights and interests in the Leased Premises pursuant to state law.

ARTICLE 15: NON-DISCRIMINATION

15.1 Lessee, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises, for a purpose for which a United States government program or activity is extended, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation- Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

15.2 Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

15.2.1 No person on the grounds of race, color, disability or national origin shall be excluded from participating in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises;

15.2.2 That in the construction of any Improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, disability or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination;

15.2.3 That Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

15.3 In this connection, the City reserves the right to take whatever action they might be entitled by law to take in order to enforce this provision following the 60 days written notice to Lessee of any alleged violation. This provision is to be considered as a covenant on the part of Lessee, a breach of which, continuing after notice by the City to cease and desist and after a determination that a violation exists made in accordance with the procedures and appeals provided by law, will constitute a material breach of this Agreement and will entitle the City, at their option, to exercise its right of termination as provided for herein, or take any action that it deems necessary to enforce compliance herewith.

154 Lessee shall include the foregoing provisions in every agreement or concession pursuant to which any person or persons, other than Lessee, operates any facility at the Leased Premises providing service to the public and shall include thereon a provision granting the City a right to take such action as the United States may direct to enforce such covenant.

ARTICLE 16: GOVERNMENTAL REQUIREMENTS

16.1 Lessee shall procure all licenses, certificates, permits or other authorization from all governmental authorities, if any, having jurisdiction over Lessee's operations at the Leased Premises which may be necessary for Lessee's operations on the Airport.

16.2 Lessee shall pay all taxes, license, certification, permits and examination fees and excise taxes which may be assessed, levied, exacted or imposed on the Leased Premises or operation hereunder or on the gross receipts or gross income to Lessee there from, and shall make all applications, reports and returns required in connection therewith.

16.3 Lessee shall pay all water, sewer, utility and other applicable use taxes and fees, arising from its occupancy and use of the Leased Premises and/or the Improvements thereon.

16.4 If the City is ever required to pay any of the foregoing, or is not paid any of the foregoing, then the City may collect such sums as additional rent.

ARTICLE 17: RIGHTS OF ENTRY RESERVED

17.1 The City, by its officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Leased Premises and enter the Improvements for all purposes not inconsistent with this Agreement, including without limitation inspection and environmental testing, provided such action by the City does not unreasonably interfere with Lessee's use, occupancy or security requirements. Except when necessary for reasons of public safety or law enforcement, or for the protection of property, the City shall provide 72 hours written notice of its intent to inspect.

17.2 Without limiting the generality of the foregoing, the City, by its officers, employees, agents, representatives, contractors and furnishers of utilities and other services, shall have the right, at its own expense, to maintain existing and future Airport mechanical, electrical and other utility systems and to enter upon the easements in the Leased Premises to make such repairs, replacements or alterations as may be necessary or advisable, in the reasonable opinion of the City, and from time to time to construct or install over, in or under existing easements within the Leased Premises such systems or parts thereof and in connection with such maintenance use the Leased Premises existing easements for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction, the City shall not install a utility under or through any building on the Leased Premises or unreasonably interfere with the actual use and occupancy of the Leased Premises by Lessee, all such utilities to be placed within existing easements, except as provided in Article 14. Reservation of the aforesaid right by the City shall not impose or be construed to impose upon the City any obligation to repair, replace

or alter any utility service lines now or hereafter located on the Leased Premises for the purpose of providing utility services only to the Leased Premises; provided, however, that if they repair, replace or alter any utility service lines now or hereafter located on the Leased Premises for the purpose of providing utility services to others, the City will restore the Leased Premises to their preexisting condition in a timely manner. Lessee will provide for the installation, maintenance and repair, at its own expense, of all service lines of utilities providing services only to the Leased Premises. City will repair, replace and maintain all other utility lines, at City' expense.

173 If any personal property of Lessee shall obstruct access of the City across the existing easements to any of the existing utility, mechanical, electrical and other systems, and thus shall interfere with the inspection, maintenance or repair of any such system pursuant to Section 17.2, Lessee shall move such property, as directed by the City or said utility company, upon reasonable notice by the City, in order that access may be had to the system or part thereof for inspection, maintenance or repair. If Lessee shall fail to so move such property after direction from the City or said utility company to do so, the City or the utility company may move it, and Lessee waives any claim against the City for damages as a result there from, except for claims for damages arising from the City' negligence.

ARTICLE 18: TERMINATION

18.1 Upon default by Lessee in the payment of rent, additional rent, or other sums due under this Agreement, the City shall give written notice to Lessee and each holder of a Leasehold Mortgage for which the City has been give notice under Section 10.1, of such default. If such default has not been cured by the 10th day following notice of default, the City may terminate this Agreement.

18.2 This Agreement shall terminate, at the option of the City with prompt written notice to Lessee and holder of a Leasehold Mortgage, upon the appointment of a receiver or trustee of all, or substantially all, of Lessee's assets by a court of competent jurisdiction. The term "trustee" shall not include a trustee appointed under Title 11 of the United States Code.

18.3 Upon the default by Lessee in the performance of any covenant or condition required to be performed by Lessee other than the payment of money, and the failure of Lessee, and each holder of a Leasehold Mortgage to remedy such default for a period of 30 days after the City sends written notice to remedy the same, unless more extensive notice is otherwise provided for in this Agreement, the City may, by written notice of cancellation to Lessee, and each such holder of a Leasehold Mortgage, terminate this Agreement.

18.4 Subject to Article 10 above, upon termination of this Agreement for any reason, all rights of Lessee, authorized tenants, and any other person in possession shall terminate, including all rights or alleged rights of creditors, trustees, assigns, and all others similarly so situated as to the Leased Premises. Except as may be expressly provided to the contrary elsewhere herein, upon termination of this Agreement for any reason, the Leased Premises and all Improvements located thereon, and all equipment, fixtures and other personal property therein, shall be and become the property of the City, free and clear of all encumbrances and all

claims of Lessee, its subtenants, creditors, trustees, assigns and all others, and the City shall have immediate right of possession of the Leased Premises and such Improvements.

18.5 Failure by the City or Lessee to take any authorized action upon default by Lessee of any of the terms, covenants or conditions required to be performed, kept and observed by Lessee shall not constitute a waiver of said default nor of any subsequent breach or default of any of the terms, covenants and conditions in this Agreement. Acceptance of rentals by the City from Lessee, or performance by the City under the terms hereof, for any period or periods after a default by Lessee of any of the terms, covenants and conditions herein shall not be deemed a waiver or create an estoppel of any right of the City to terminate this Agreement for any subsequent failure by Lessee to so perform this Agreement.

18.6 If Lessee ceases to conduct its authorized Aeronautical Activities on the Leased Premises for a period of 12 consecutive months, the City may terminate this Agreement by written notice to Lessee given at any time while such cessation continues, unless Lessee resumes such activities within 30 days following receipt of written notice from the City of such intent to terminate this Agreement. An unauthorized sublease or assignment of Lessee's rights herein shall constitute a cessation of aeronautical activities.

ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY

19.1 Subject to Article 8.2 above, upon the expiration, cancellation or termination of this Agreement pursuant to any terms hereof, Lessee agrees peaceably to surrender up the Leased Premises to the City in the condition required by Article 30 below. Upon such expiration, cancellation or termination, the City may re-enter and repossess the Leased Premises together with all Improvements and additions thereto, or pursue any remedy permitted by law for the enforcement of any of the provisions of this Agreement, at the City's election.

19.2 If Lessee remains in possession of the Leased Premises after the expiration, cancellation or termination of this Agreement without written agreement with respect thereto, then Lessee shall be deemed to be occupying the Leased Premises as a tenant at-sufferance, subject to all of the conditions, provisions and obligations of this Agreement, but without any rights to extend the term of this Agreement. The City's acceptance of rent from Lessee in such event shall not alter the status of Lessee as a tenant at sufferance whose occupancy of the Leased Premises may be terminated by City at any time.

ARTICLE 20: SERVICES TO LESSEE

20.1 Except in cases of emergency, in which case no notice shall be required, City will endeavor to give not less than 14 days prior written notice to Lessee of any anticipated temporary Airport closure, for maintenance, expansion or otherwise. Notwithstanding the above, the City shall not be deemed to be in breach of any provision of this Article 20 in the event of a permanent closure of the Airport. Provided, however, that if such permanent closure is in connection with the construction of a new airport by the City, Lessee shall have the option to enter into a substitute hangar ground lease agreement with the City, for the use of a portion of

such new airport not smaller than the Leased Premises, under financial terms which are no less favorable than those set forth herein.

ARTICLE 21: SURVIVAL OF THE OBLIGATIONS OF LESSEE

21.1 If this Agreement shall have been terminated due to default by Lessee in accordance with notice of termination as provided in Article 18, all of the obligations of Lessee under this Agreement shall survive such termination, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to the City to the same extent, at the same time or times, and in the same manner as if no termination, re-entry, regaining or resumption of possession had taken place. The City may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term of this Agreement.

21.2 The amount of damages for the period of time subsequent to termination (or re-entry, regaining or resumption of possession) on account of Lessee's rental obligations shall be the sum of the following:

21.2.1 The amount of the total of all installments of rents, less the installments thereof payable prior to the effective date of termination; and

21.2.2 An amount equal to all expenses incurred by the City and not reimbursed in connection with regaining possession, restoring the Leased Premises required by paragraph 19, above, acquiring a new lease for the Leased Premises, legal expenses (including, but not limited to, attorneys' fees) and putting the Leased Premises in order.

21.3 There shall be credited to the account of Lessee against its survived obligations hereunder, the amount actually received from any lessee, licensee, permittee, or other occupier in connection with the use of the said Leased Premises or portion thereof during the balance of the term of use and occupancy as the same is originally stated in this Agreement, and the market value of the occupancy of such portion of the Leased Premises as the City may themselves during such period actually use and occupy. No such use and occupancy shall be, or be construed to be, an acceptance of a surrender of the Leased Premises, nor shall such use and occupancy constitute a waiver of any rights of the City hereunder.

21.4 The provisions of this Article 21 shall not be applicable to termination of this Agreement pursuant to Section 3.1.2 or Section 4.4, or if expressly provided to the contrary elsewhere in this Agreement.

ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION

The City shall, upon termination or cancellation, or upon re-entry, regaining or resumption of possession, have the right to repair and to make structural or other changes in the Leased Premises, including changes which alter its character and the suitability thereof for the

purposes of Lessee under this Agreement, without affecting, altering or diminishing the obligations of Lessee hereunder, provided that any structural changes shall not be at Lessee's expense.

ARTICLE 23: NOTICES

23.1 Any notice, consent, approval or other communication given by either party to the other relating to this Agreement shall be in writing, and shall be delivered in person, sent by certified mail, return receipt requested, sent by reputable overnight courier, or sent by facsimile transmission (with evidence of such transmission received) to such other party at the respective addresses set forth below (or at such other address as may be designated from time to time by written notice given in the manner provided herein). Such notice shall, if hand delivered or personally served, be effective immediately upon receipt. If sent by certified mail, return receipt requested, such notice shall be deemed given on the third business day following deposit in the United States mail, postage prepaid and properly addressed; if delivered by overnight courier, notice shall be deemed effective on the first business day following deposit with such courier; and if delivered by facsimile, notice shall be deemed effective when received. Notice to the City is not effective unless sent concurrently to BOTH the City Attorney and the Airport Manager.

23.2 The notice addresses of the parties are as follows:

To the City:

Airport Manager
Lockhart Municipal Airport

Telephone: _____

with a copy to:
Messer Fort, PLLC
Attn: Brad Bullock, City Attorney for Lockhart
4201 W. Parmer Lane, Suite C-150
Austin, TX 78727
Telephone: 512-600-2308

To Lessee:

ARTICLE 24: INVALID PROVISIONS

The invalidity of any provisions, articles, paragraphs, portions or clauses of this Agreement shall have no effect upon the validity of any other part or portion hereof, so long as the remainder shall constitute an enforceable agreement. Furthermore, in lieu of such invalid provisions, articles, paragraphs, portions or clauses, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such invalid provision as may be possible and be legal, valid and enforceable.

ARTICLE 25: MISCELLANEOUS PROVISIONS

25.1 Remedies Nonexclusive. All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of, or exclusive of, each other, or of any other remedy available to the City, or Lessee, at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy provided that the City' remedies in the event of default shall not exceed those set forth in this Agreement.

25.2 Individuals Not Liable. No director, officer, agent or employee of the City shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement because of any breach thereof, or because of his or their execution or attempted execution thereof.

25.3 Estoppel Certificate. At the request of Lessee in connection with an approved assignment of its interest in this Agreement, the City shall execute and deliver a written statement identifying itself as the Lessor under this Agreement and certifying such facts as may actually be true.

25.4 Recording of Lease. This Agreement shall be recorded by the City, and the costs of such recordation, and any closing costs associated with this Agreement, its execution and recordation, shall be billed to and paid by Lessee as additional rent.

25.5 General Provisions.

25.5.1 This Agreement shall be performable and enforceable in Caldwell County, Texas, and shall be construed in accordance with the laws of the State of Texas. Exclusive jurisdiction and venue for all disputes between the parties shall lie in the state courts located within Caldwell County, Texas. The parties waive right to trial by jury. The prevailing party in any dispute arising under this Agreement shall recover its costs, all expenses, and attorney fees.

25.5.2 This Agreement is made for the sole and exclusive benefit of the City and Lessee, their successors and assigns, and is not made for the benefit of any third party.

25.5.3 All oral and written communications between agents of the parties preceding this Agreement, are deemed to be merged and integrated into this document, and the parties disclaim reliance upon any such communications.

ARTICLE 26: SUBORDINATION CLAUSES

26.1 This Agreement is subject and subordinate to the following:

26.1.1 The City reserves the right to develop and improve the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance by or on behalf of Lessee, provided Lessee is not deprived of the use or access to the Leased Premises or any of Lessee's rights under this Agreement and unless said activities by the City shall result in the loss of convenient access to the Leased Premises by motor vehicles and/or aircraft owned or operated by Lessee or Lessee's assigns, subtenants, renters, agents, employees or invitees.

26.1.2 The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent Lessee from erecting or permitting any building or other structure to be erected on the Airport which would limit the usefulness of the Airport or constitute a hazard to aircraft.

26.1.3 This Agreement is and shall be subordinate to the provision of existing and future agreements between the City and the United States or the State of Texas relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the obtaining or expenditure of federal funds, services, or property for the benefit of the Airport.

26.1.4 During national emergency, the City shall have the right to lease all or any part of the landing area or of the airport to the United States or Texas National Guard for military use, and if any such lease is executed, the provisions of this Agreement insofar as they may be inconsistent with the provisions of such lease to the government, shall be suspended, but such suspension shall not extend the term of this Agreement. Abatement of rentals shall be reasonably determined by the City and Lessee in proportion to the degree of interference with Lessee's use of the Leased Premises.

26.1.5 Except to the extent required for the performance of any obligations of Lessee hereunder, nothing contained in this Agreement shall grant to Lessee any rights whatsoever in the airspace above the Leased Premises other than those reasonably necessary to Lessee's enjoyment of the Leased Premises and City's Airport facilities and which are consistent with Federal Aviation Administration rules, regulations and orders currently or subsequently effective. Further, Lessee's rights in airspace above the Leased Premises and the Airport and the Airport facilities shall be not less than the rights therein by other users of the Airport and Airport facilities.

ARTICLE 27: QUIET ENJOYMENT

The City covenants and warrants that it is the owner of the Leased Premises and that Lessee upon payment of rentals herein provided for and performance of provisions on its part to be performed, shall and may peacefully possess and enjoy the Leased Premises during the term hereof and any extensions hereof without any interruption or disturbance.

ARTICLE 28: ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire agreement of the parties hereto and may be changed, modified, discharged or extended by written instrument duly executed by the City and Lessee. The parties agree that no representations or warranties shall be binding upon the City or Lessee unless expressed in writing.

ARTICLE 29: REQUIREMENTS FOR CONDOMINIUMIZATION

This Agreement does not authorize Lessee to create either a common interest community or hangar condominiums on the Leased Premises. If Lessee desires to create a common interest community or hangar condominiums on the Leased Premises, a written amendment to this Agreement shall be required, containing such additional terms as the City may reasonably require, including but not necessarily limited to terms necessary for compliance with the Texas law.

ARTICLE 30: RETURN CONDITION OF THE LEASED PREMISES

At the expiration or termination of the Lease or any renewal term, Lessee shall surrender promptly the leased premises and all structures in the same condition as when received or constructed, ordinary wear and tear excepted, except to the extent caused by fire or Act of God for which the Lessor has been previously compensated.

ARTICLE 31: HAZARDOUS MATERIALS

31.1 Tenant shall not cause or permit any Hazardous Materials to be used, produced, stored, transported, brought upon, or released on, under, or about the Premises or the Airport by Tenant or Tenant's Associates in violation of applicable federal, state, or local environmental laws, regulations, and ordinances ("Environmental Laws"). Tenant is responsible for any such violation as provided in this Agreement, and shall fully indemnify and hold harmless the City from all fees, fines, costs and damages related in any manner to any release of Hazardous Material or legal violation.

31.2 Tenant agrees that in the event of a release or threat of release of any Hazardous Material by Tenant at the Airport, Tenant shall provide Lessor with prompt notice of the same. Tenant shall respond to any such release or threat of release in accordance with applicable Laws and Regulations. If Lessor has reasonable cause to believe that any such release or threat of release has occurred, Lessor may request, in writing, that Tenant conduct reasonable testing and analysis (using qualified independent experts acceptable to Lessor) to show that Tenant is complying with applicable Environmental Laws.

Lessor may conduct the same at Tenant's expense if Tenant fails to respond in a reasonable manner. Tenant shall cease any or all of Tenant's activities as Lessor determines necessary, in its sole and absolute discretion, in connection with any investigation, cure, or remediation. If Tenant violates any Environmental Laws at the Airport (whether due to the release of a Hazardous Material or otherwise), Tenant, at Tenant's expense, shall have the following obligations, which shall survive any expiration or termination of this Agreement: (i) promptly remediate such violation in compliance with applicable Environmental Laws; (ii) submit to Lessor a written remediation plan, and Lessor reserves the right to approve such plan (which approval shall not be unreasonably withheld) and to review and inspect all work; (iii) work with Lessor and other governmental authorities having jurisdiction in connection with any violation; and (iv) promptly provide to Lessor copies of all documents pertaining to any environmental concern that are not subject to Tenant's attorney-client privilege.

313 To the extent that Tenant is a co-permittee with Lessor in connection with any permit relating to the environment at the Airport, or to the extent that any of Tenant's operations in connection with this Agreement or otherwise may impact Lessor's compliance with any such permit, Tenant shall work cooperatively with Lessor and other tenants and take all actions necessary to ensure permit compliance, and minimize the cost of such compliance, for the benefit of Airport operations.

314 Upon any expiration or termination of this Agreement, and upon any change in possession of the Premises authorized by Lessor, Tenant shall demonstrate to Lessor's reasonable satisfaction that Tenant has removed any Hazardous Materials and is in compliance with applicable Environmental Laws. Such demonstration may include, but is not limited to, independent analysis and testing to the extent that facts and circumstances warrant analysis and testing, such as evidence of past violations or specific uses of the premises. The obligations of this Article 31 shall survive any termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Signatures to follow.

LESSOR:

CITY OF LOCKHART, TEXAS

Lew White, Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

LESSEE:

LOCKHART AIR PARTNERS, LLC

By: _____
Name, Title

By: _____
Name, Title



LOCKHART AIRPORT EXPANSION
LOCKHART, TX 78644

#	DATE	ISSUE
1	12/10/2012	FORBIDDIT

PLAN
NORTH
1 SITE
SCALE: 1"=160'

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion regarding First Amendment to Water Service Area Transfer Agreement between the City of Lockhart and Aqua Water Supply Corporation comprised of 588.553 acres, known as the Seawillow Subdivision.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: The City of Lockhart and Aqua Water Supply Corporation entered into a Water Service Area Transfer Agreement on December 3, 2024, to transfer approximately 588.553 acres from Aqua's water device area (Certificate of Convenience and Necessity "CCN") to Lockhart to serve water utilities in the development. The First Amendment updates filing requirements of timing for regulatory approvals and confirms the fee structure.

The amended updates include:

- The City will be preparing, filing and prosecuting separate applications with the Public Utility Commission (PUC) for the transfer — previously one application.
- The CCN transfers will occur in phases aligned with the annexed property and subdivision development.
- Payment for the acres to be transferred will be due prior to accepting the final plat.
- The duration of the transfer period at the rate of \$9,655/acres is limited to ten years.

Previously, Aqua WSC authorized release of the 89.775 acres of land within the city limits, but 498.778 acres of land located outside the city limits required negotiation for the release with the current CCN Holder (Aqua). A provision in the Water Transfer Agreement for the release from Aqua to the City of Lockhart CCN is Aqua's CCN Transfer Area Fee. The agreement establishes a \$9,655 per acre transfer fee for the 498.778 acres, totaling \$4,815,701.59.

Except for the specific articles replaced and amended, all other provisions of the original 2024 Agreement remain in effect. Upon mutual execution of the Water Transfer Agreement by the City of Lockhart and Aqua WSC, the City will begin the necessary steps with the Public Utility Commission to seek the Seawillow Ranch Development's release from Aqua's Water CCN, establish the 588.553 acres in the City of Lockhart's CCN, and secure escrow funds from the Seawillow Ranch Development for all fees incurred from the transfer of the Water CCN.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

Funds Required:
Account Number:
Funds Available:
Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: December 3, 2024- Council approved Water transfer Agreement for CCN Transfer.

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approving the amendments to the Water Transfer Agreement with Aqua for the release of the 588.553 acres.

LIST OF SUPPORTING DOCUMENTS: First Amendment to Water Service Area Transfer Agreement, Water Service Area Transfer Agreement- City of Lockhart_Aqua Water Supply Corporation - Executed Version - December 2024

FIRST AMENDMENT TO WATER SERVICE AREA TRANSFER AGREEMENT

This First Amendment to the Water Service Area Transfer Agreement (“Amendment”) is entered into on this _____ day of _____, 2026 (the "Effective Date") by and between Aqua Water Supply Corporation, a Texas non-profit water supply corporation of Caldwell County, Texas, hereinafter referred to as "Aqua," and the City of Lockhart, Texas, a home rule city, body politic of the State of Texas, hereinafter referred to as "Lockhart." Aqua and the Lockhart may be referred to herein individually as "Party" or collectively as the "Parties".

WHEREAS, the Parties entered into the Water Service Area Transfer Agreement dated December 3, 2024 (“Agreement”), attached hereto as Exhibit “A” and made a part hereof for all purposes, regarding the transfer of certain real property comprised of approximately 588.553 acres in Caldwell County (the “CCN Transfer Area”) from Aqua’s Water Certificate of Convenience and Necessity (“CCN”) Service Area to Lockhart’s Water CCN Service Area; and

WHEREAS, the purpose of the Agreement was for Aqua to sell, convey, and transfer to Lockhart the CCN Transfer Area in order for Lockhart to deliver domestic water service and satisfy the water demand of the subdivision of property within the CCN Transfer Area, which subdivision is contemplated to be known as Seawillow (the “Subdivision”); and

WHEREAS, the Parties now wish to amend the Agreement pursuant to Article 8.6 of the Agreement for the reasons specified herein; and

WHEREAS, other than what the Parties agree to in this Amendment, nothing in this Amendment to the Agreement is meant to supersede, remove, or replace any of the duties and obligations of the Parties as such duties and obligations exists in the Agreement, and all provisions of the Agreement apply equally to this Amendment and the additional obligations and duties established herein; and

WHEREAS, the Parties agree to amend the Agreement revising when Lockhart must submit the CCN Transfer Area Application to the Public Utility Commission of Texas (“PUC”),

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, Aqua and Lockhart agree as follows:

In accordance with Article 8.6 of the Agreement, the Agreement is amended by adding Article 3.1(c) and replacing Article 2.1(f), Article 3.1(a), and Article 4.1 of the Agreement in its entirety and replacing it with the following:

Article 2.1

- (f) “CCN Transfer Applications” means the three applications filed with the PUC to effectuate the transfer of the CCN Transfer Area from Aqua to Lockhart.

Article 3.1

- (a) Subject to the terms and conditions set forth in this Agreement, Aqua agrees to sell, convey, and transfer the CCN Transfer Area to Lockhart. To effectuate such transfer of the CCN Transfer Area from Aqua to Lockhart, Lockhart will, prepare, file, and prosecute three applications at the PUC under TWC § 13.248 (the “CCN Transfer Applications”). Lockhart will bear the costs to prepare, file, and prosecute the CCN Transfer Applications at the PUC, where such costs shall include, and are limited to, Lockhart’s (i) costs to issue any required notice related to the CCN Transfer Applications, (ii) legal fees incurred relating to the CCN Transfer Applications, and (iii) engineering/mapping expenses incurred directly relating to the CCN Transfer Applications. Upon full receipt by Aqua of the portion of the CCN Transfer Area Fee associated with the acreage in each CCN Transfer Application, Aqua agrees to cooperate with Lockhart in advancing and prosecuting the CCN Transfer Applications and agrees not to oppose and not to fund or support the opposition of the CCN Transfer Applications. The CCN Transfer Applications will correspond with the phased development of a subdivision of property within the CCN Transfer Area. In order to file the CCN Transfer Applications, Lockhart must have previously paid Aqua the portion of the CCN Transfer Area Fee associated with the acreage in the CCN Transfer Application. So, by way of example, Lockhart must pay Aqua Nine Thousand Six Hundred Fifty-five and 00/100 Dollars (\$\$9,655.00) per acre of the CCN Transfer Area sought to be transferred to Lockhart in each individual CCN Transfer Application prior to filing the Application.

- (c) Subject to the terms and conditions set forth in this Agreement, Aqua grants Lockhart the limited authority to provide retail water utility service within the ETJ Property. This grant from Aqua is effective as of the date of receipt of any portion of the CCN Transfer Area Fee as provided in this Agreement. This interim arrangement shall not be construed as a transfer of ownership or any property rights in Aqua’s CCN. Aqua retains all rights, title, and interest in and to its existing CCN until such time as the PUC issues a final order approving the CCN transfer of the full CCN Transfer Area. Aqua shall not be required to provide, and shall not be deemed to have provided, any consent to the release of any portion of the ETJ Property from Aqua’s CCN until and unless Aqua has received full receipt of the portion of the CCN Transfer Area Fee associated with the acreage sought to be transferred in each CCN Transfer Application. This interim service arrangement shall automatically terminate upon the earlier of: (i) the effective date of the PUC’s order approving the CCN transfer to Lockhart; (ii) the date the PUC denies either of the CCN Transfer Applications; or (iii) the date of termination of this Agreement in accordance with Article VI.

Article 4.1

CCN Transfer Area Fee. Lockhart shall pay Aqua a total of Four Million Eight Hundred Fifteen Thousand Seven Hundred One and 59/100 Dollars (\$4,815,701.59) for the CCN Transfer Area Fee, which is the total amount owed to Aqua in consideration for the sale, conveyance, and transfer of the CCN Transfer Area to Lockhart, as determined by the agreed-upon fee of Nine Thousand Six Hundred Fifty-Five and 00/100 Dollars (\$9,655.00) per acre to be transferred. The CCN Transfer Area Fee shall be paid and released to Aqua on a phased basis: 1) upon the earlier of plat recordation for the acreage or inclusion of acreage in a CCN Transfer Application; and 2) receipt of CCN Transfer Area Fee assessed to the developer and collected by Lockhart. In the event Lockhart fails to deliver to Aqua payment of a CCN Transfer Area Fee associated with any of the three (3) CCN Transfer Applications on or before the ten (10) year anniversary of the Effective Date, then the per-acre CCN Transfer Area Fee associated with any remaining unfiled CCN Transfer Application(s) shall automatically increase ("Increase"), with written notice to the City, to an amount equal to the highest per-acre fee charged, assessed, or agreed-to by Aqua to any individual, entity, or other party that has decertified or transferred property from Aqua's CCN at any time during the ten (10) year period commencing on the Effective Date, provided that such fee is greater than the Nine Thousand Six Hundred Fifty-Five and 00/100 Dollars (\$9,655.00) per acre fee in effect at the time of the Effective Date. In no event shall the adjusted CCN Transfer Area Fee exceed the highest such per-acre fee in effect between Aqua and any decertifying or transferring party during the ten (10) year period commencing on the Effective Date. This automatic adjustment shall be effective as of the first day following the ten (10) year anniversary of the Effective Date if any Application(s) remains unfiled and the CCN Transfer Area Fee associated with an unfiled Application(s) remains unpaid, and the automatic adjustment shall remain in effect until all three (3) CCN Transfer Applications have been filed with the PUC and the CCN Transfer Area Fees have been paid to Aqua in accordance with this Agreement. The City may terminate the Agreement within 60 days of the notice of the Increase by delivering a written notice of termination to Aqua and the owner of the CCN Transfer Area.

ALL REMAINING SECTIONS AND PROVISIONS OF THE AGREEMENT REMAIN UNCHANGED AS THEY EXISTED UPON THE DATE OF EXECUTION OF THE AGREEMENT.

This Amendment to the Agreement is executed in duplicate originals on the respective dates of acknowledgment set forth below and shall be effective as of the latest date of acknowledgment set forth below.

THE CITY OF LOCKHART

By: _____
Lew White
Mayor

Attest: _____
Julie Bowermon
Secretary

AQUA WATER SUPPLY CORPORATION

By: _____
Dacy Cameron
General Manager

ACKNOWLEDGMENTS

STATE OF TEXAS §
 §
COUNTY OF CALDWELL §

This instrument was acknowledged before me on this ____ day of _____, 2026, by Lew White, Mayor of the City of Lockhart, a home rule city, body politic of the State of Texas, on behalf of said City.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF BASTROP §

This instrument was acknowledged before me on this ____ day of _____, 2026, by Dacey Cameron, General Manager of Aqua Water Supply Corporation, a Texas nonprofit corporation, on behalf of said corporation.

Notary Public, State of Texas

EXHIBIT LIST FOR AMENDMENT

Exhibit A- Water Service Area Transfer Agreement dated December 3, 2024.

EXHIBIT A

WATER SERVICE AREA TRANSFER AGREEMENT

BETWEEN

CITY OF LOCKHART, TEXAS

AND

AQUA WATER SUPPLY CORPORATION

WATER SERVICE AREA TRANSFER AGREEMENT

This Water Service Area Transfer Agreement is made and entered into by and between Aqua Water Supply Corporation (hereinafter called "Aqua"), a Texas non-profit water supply corporation located in Caldwell County, Texas, and the City of Lockhart, Texas (hereinafter called "Lockhart"), a home rule city, body politic of the State of, effective on last date signed by the Effective Date, as defined below.

RECITALS

WHEREAS, Lockhart holds water CCN No. 10295, regulated by the PUC, contemplating a retail water service area in Caldwell County, Texas; and

WHEREAS, Aqua holds water CCN No. 10294, regulated by the PUC, contemplating a water service area in Caldwell County, Texas; and

- (i) **WHEREAS**, Lockhart annexed approximately 89.775 acres of land into Lockhart's corporate limits pursuant to Lockhart Ordinance No. 2022-36 with said acreage described herein as Exhibit B ("Annexed Property") and said Annexed Property being located within Aqua's water CCN service territory;

WHEREAS, by letter dated May 13, 2022, Aqua provided permanent permission to Lockhart to serve the Annexed Property with retail water service without receipt of compensation for the right to serve the Annexed Property with water service;

WHEREAS, a property owner petitioned Lockhart to include approximately 498.778 acres of land into Lockhart's extraterritorial jurisdiction which Lockhart granted pursuant to Lockhart Resolution No. 2024-17 with said acreage described herein as Exhibit C ("ETJ Property") and said ETJ Property is located within Aqua's water CCN service territory;

WHEREAS, this Agreement is intended to transfer Aqua Water CCN Service Area that includes the ETJ Property and the Annexed Property to Lockhart's Water CCN Service Area;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows.

AGREEMENT

ARTICLE II.

DEFINITIONS AND CONSTRUCTION OF AGREEMENT

2.1 Defined Terms. Capitalized terms used in this Agreement and in any exhibit, attachment, or amendment that is made a part of this Agreement. The following additional terms shall have the meanings set forth herein:

(a) "Agreement" means this Water Service Area Transfer Agreement, and shall also include any amendments thereto.

(b) "Annexed Property" means the approximately 89.775 acre tract of conveyance and transfer of the ETJ Property portion of the CCN Transfer Area land Lockhart has annexed into the Lockhart's corporate limits pursuant to Lockhart Ordinance No. 2022-36 with said acreage described herein by metes and bounds as Exhibit B.

(c) "Aqua Water CCN" means water CCN No. 10294, regulated by the PUC.

(d) "Business Day" means any Day that the PUC is open for business.

(e) "CCN" means the water certificate of convenience and necessity issued by the PUC for the provision of retail water service to a defined area.

(f) "CCN Transfer Application" means the application filed with the PUC to effectuate the transfer of the CCN Transfer Area from Aqua to Lockhart.

(g) “CCN Transfer Area” means the approximately 588.553 acre portion of the Aqua Water CCN area where Aqua currently does not have any members, and more graphically depicted in **Exhibit A**, that is sought to be transferred to the Lockhart Water CCN under applicable TWC statutes and PUC rules. The CCN Transfer Area shall include the Annexed Property and the ETJ Property.

(h) “CCN Transfer Area Fee” means the fee paid by Lockhart to Aqua for the transfer of the ETJ Portion of the CCN Transfer Area from the Aqua Water CCN to the Lockhart Water CCN.

(i) “Claim” means any claim, action, cause of action, suit or proceeding before any Governmental Authority or arbitral tribunal.

(j) “Day” means any 24-period, commencing at 12:00 a.m. and ending at 11:59 p.m.

(k) “Effective Date” means the date when the Agreement is the last signed by both Parties.

(l) “ETJ Property” means the approximately 498,778 acres of land included into Lockhart’s extraterritorial jurisdiction pursuant to Lockhart Resolution No. 2024-17 with said acreage described herein as **Exhibit C**.

(m) “Event of Default” shall have the meaning set forth in Section 5.1 of this Agreement.

(n) “Governmental Authority” means and includes any federal, state, local or other governmental body, any governmental or quasi-governmental, regulatory or administrative agency, commission, body, or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power; or any court or other governmental tribunal.

(o) "Lockhart Water CCN" means water CCN No. 10295, regulated by the PUC.

(p) "Parties" shall have mean collectively Aqua and Lockhart.

(q) "Party" shall mean either Aqua or Lockhart, as applicable.

(r) "PUC" means the Public Utility Commission of Texas and its predecessors or successors in interest.

(s) "Requirement of Law" means any statute, ordinance, code, rule or regulation, tariff or policy, and judicial or administrative order, request or judgment, any common law doctrine or theory, any provision or condition of any permit, or any other binding determination of any Governmental Authority.

(t) "Service Area" means the area contained within the Lockhart Water CCN or the Aqua Water CCN, as appropriate, as may be amended from time to time.

(u) "TWC" shall mean the Texas Water Code.

2.2 Rules of Construction.

- (a) Unless the context otherwise clearly requires:
- (i) references to the plural include the singular, and references to the singular include the plural;
 - (ii) references to the masculine, feminine or neuter include all such forms;
 - (iii) the words "include," "includes," and "including" do not limit the preceding terms or words and shall be deemed to be followed by the words "without limitation";
 - (iv) the terms "hereof," "herein," "hereunder," "hereto," and similar terms refer to the entire agreement in which they appear and not to any particular provision of such agreement; and

(v) “or” is used in the inclusive sense of “and/or.”

(b) Unless otherwise specified, any reference to any document, instrument or agreement:

- (i) includes and incorporates all exhibits, schedules and other attachments thereto;
- (ii) includes and incorporates all documents, instruments or agreements issued or executed in connection therewith or in replacement thereof; and
- (iii) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified or supplemented from time to time in accordance with its terms and in effect at any given time.

(c) Unless otherwise specified, all references to articles, sections, schedules and exhibits are references to the Articles, Sections, Schedules and Exhibits of this Agreement.

2.3 Recitals.

All Recitals of the Preamble are incorporated and made a part of this Agreement.

2.4 Captions.

All titles of sections of this Agreement have been inserted for reference only and shall in no way affect the interpretation of this Agreement.

ARTICLE III. PROVISIONS FOR THE SALE AND TRANSFER TO LOCKHART

3.1 Agreement to Transfer CCN Transfer Area from the Aqua Water CCN to the Lockhart Water CCN.

(a) Subject to terms and conditions set forth in this Agreement, Aqua agrees to sell, convey, and transfer to Lockhart the CCN Transfer Area. To effectuate such transfer of the CCN

Transfer Area from Aqua to Lockhart, Lockhart will, prepare, file, and prosecute an application at the PUC under TWC § 13.248 (the "CCN Transfer Application"). Lockhart will bear the costs to prepare, file, and prosecute the CCN Transfer Application at the PUC, where such costs shall include, and are limited to, Lockhart's (i) costs to issue any required notice related to the CCN Transfer Application, (ii) legal fees incurred relating to the CCN Transfer Application, and (iii) engineering/mapping expenses incurred directly relating to the CCN Transfer Application. Lockhart will file such application at the PUC no later than 60 days after the Effective Date. Aqua agrees to cooperate with Lockhart in advancing and prosecuting the CCN Transfer Application and agrees not to oppose and not to fund or support the opposition of the CCN Transfer Application.

(b) Lockhart shall compensate Aqua for the conveyance and transfer of the ETJ Property portion of the CCN Transfer Area to Lockhart in accordance with Article ⁴ 3 of this Agreement. Aqua agrees that it will not receive any compensation for the conveyance and transfer of the Annexed Property portion of the CCN Transfer Area to Lockhart.

ARTICLE IV. COMPENSATION AND PAYMENT

4.1 Compensation by Lockhart to Aqua.

CCN Transfer Area Fee. Lockhart shall pay Aqua \$4,815,701.59 for the CCN Transfer Area Fee. The CCN Transfer Area Fee shall be paid and released to Aqua upon an order from the PUC granting the CCN Transfer Area Application and the time for appeals has expired.

4.2 Reasonableness of Rates.

Lockhart and Aqua agrees that the CCN Transfer Area Fee charged by Aqua and policies defined in this Agreement are just and reasonable, and do not adversely affect the public interest.

The parties likewise agree that the compensation provided for herein relate to the unique and specific nature of the property and this transaction and do not in any manner reflect the appropriate compensation, if any, needed to transfer other CCN service area between the parties now or in the future.

**ARTICLE V.
[RESERVED]**

**ARTICLE VI.
DEFAULT AND TERMINATION**

6.1 Event of Default.

It shall be an “Event of Default” by either Party if such Party shall breach any material covenant, obligation, representation, or warranty of such Party under this Agreement, and such breach remains uncured for a period of thirty (30) Days after written notice from the non-breaching Party of the existence of such breach; provided, that the non-breaching Party shall extend the cure period for any such breach (and thus no Event of Default shall occur) if the nature of the default is such that it cannot reasonably be remedied within such thirty (30) Day period, and the breaching Party has diligently commenced corrective action within such thirty (30) Day period and is diligently pursuing such correction thereafter.

6.2 Remedies.

If an Event of Default has occurred and is continuing, the non-defaulting Party shall be entitled to all remedies as allowed by law.

6.3 Termination for Continued or Multiple Force Majeure.

(a) The term “Force Majeure” means Acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United states or the State of Texas, or of any court or agency of competent jurisdiction or any civil or military

authority, insurrection, riots, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, vandalism, explosions, breakage or accidents of machinery, pipelines, or canals, or inability on the part of a Party to perform due to any other causes not reasonably within the control of the Party claiming the inability to perform.

(b) If either Party is rendered unable, in whole or in part, to carry out its obligations under this Agreement by reason of Force Majeure, the Party whose performance is affected ("Affected Party") must give prompt notice and the full particulars of the Force Majeure to the other Party as soon as reasonably practicable after becoming aware of such event or circumstance.

(c) Either Party shall have the right (but not the obligation) to terminate this Agreement upon seven (7) Days prior written notice to the other Party in the event the suspension of any material obligation of the Affected Party resulting from one or more events of Force Majeure that continues for a period of more than three (3) consecutive months or for a period of more than three (3) months in the aggregate during a one (1) year period; provided that the Affected Party shall only be entitled to terminate this Agreement under this Section 5.4 if it has met its obligations regarding notice of a Force Majeure event. The non-Affected Party may, but shall not be obligated to, extend either such period for such additional period as it deems appropriate, if the Affected Party is exercising due diligence in its efforts to cure the Force Majeure event.

ARTICLE VII. REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 Representations and Warranties.

Each Party hereby represents and warrants to the other Party, as of the date hereof, as follows:

(a) Each Party has all requisite power and authority to enter into and to perform its obligations hereunder, and to carry out the terms hereof and the transactions contemplated hereby.

(b) This Agreement has been duly executed and delivered on behalf each Party by the appropriate officials of that Party, and constitutes the legal, valid and binding obligation of each Party, enforceable against each Party in accordance with its terms except as the enforceability thereof may be limited by: (i) bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditors' rights generally; and (ii) general equitable principles.

(c) The execution, delivery and performance of this Agreement by each Party has been duly authorized under the bylaws and all other applicable Requirements of Law of that Party and will not contravene any provision of or constitute a default under any other agreement or instrument to which each Party is a party or by which each Party or its property may be bound, and do not conflict with any Requirement of Law currently in force and applicable to each Party.

(d) There is no legislation, litigation, action, suit, proceeding, or investigation pending or (to the best of each Party's knowledge) threatened, against that Party, whether related to the operation of any facility that will supply water under this Agreement, or otherwise, before or by any Governmental Authority which, if adversely determined, individually or in the aggregate: (A) could adversely affect the performance by that Party of its obligations hereunder; (B) could have a material adverse effect on the condition (financial or otherwise), business or operations of that Party; or (C) questions the validity, binding effect or enforceability thereof or of this Agreement, any action taken or to be taken pursuant hereto or any of the transactions contemplated hereby.

ARTICLE VIII. MISCELLANEOUS

8.1 Assignment.

This Agreement shall be binding upon and inure to the benefit of the Parties and their legal successors, but the Agreement shall not be otherwise assignable in whole or in part by either Lockhart or Aqua without first obtaining the written consent of the other.

8.2 Governing Law and Venue.

The Constitution and the laws of the State of Texas and the decisions of its courts shall govern with respect to any question or controversy that may arise hereunder. All amounts due under this Agreement, including but not limited to payments due under this Agreement or damages for breach of this Agreement, shall be paid and be due in Caldwell County, Texas, which is the county in which the principal administrative offices of Lockhart are located. It is specifically agreed that Caldwell County, Texas, is a principal place of performance of this Agreement. Venue for any actions arising under this Agreement shall lie exclusively in the courts of Caldwell County, Texas.

8.3 Notices.

Unless the context requires immediate notice, which may be provided by telephone, any notice, request or other communication required by this Agreement between the Parties regarding the Agreement shall be given in writing to the persons specified in **Exhibit D**, as may be amended from time to time, and shall be deemed to have been given to the other Party upon either of the following dates:

(a) The date of the mailing thereof, as shown by a post office receipt, if mailed to the Party by registered or certified mail at the latest address specified for such other Party in writing; or

(b) The date of the receipt thereof by such other Party if not so mailed by registered or certified mail.

The Parties shall have the right from time to time to change their respective addresses by giving written notice to the other Party.

8.4 No Waiver of Rights.

(a) No waiver by either Party of any default or defaults by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default or defaults whether of a like or different character or shall be effective unless in writing, duly executed by a duly authorized representative of the Party waiving any such default.

(b) Neither the failure by a Party to insist on any occasion upon the strict performance of the terms, conditions, and provisions of this Agreement, nor time or other indulgence granted by one Party to the other, shall act as a waiver of such breach.

8.5 Severability.

In case any one or more of the Articles, Sections, provisions, clauses or words of this Agreement shall for any reason be held to be invalid, unenforceable or unconstitutional, such invalidity, unenforceability or unconstitutionality shall not affect any other Articles, Sections, provisions, clauses or words of this Agreement, and it is intended that this Agreement shall be severable and shall be construed and applied as if such invalid or unconstitutional Article, Section, provision, clause or word had not been included herein.

8.6 Amendments.

This Agreement may be changed or modified at any time by a written instrument signed by both Parties and only after having obtained approval from the governing bodies of the Parties.

8.7 Cooperative Drafting.

This Agreement is the product of a cooperative drafting effort by the Parties and shall not be construed or interpreted against either Party solely on the basis that one Party or its attorney drafted this Agreement or any portion of it.

8.8 Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Parties may execute this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement and exchange the counterparts of such documents by means of facsimile transmission or electronic mail, and the Parties agree that the receipt of such executed counterparts shall be binding on such Parties and shall be construed as originals. Thereafter, the Parties shall promptly exchange original versions of this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement that were executed and exchanged by facsimile transmission.

8.9 Third Party Beneficiaries.

Nothing in this Agreement is intended or shall be construed to confer upon, or to give to, any legal Person other than the parties, any right, remedy, or Claim under or by reason of this Agreement. Any covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Parties shall be for the sole and exclusive benefit of the Parties. Nothing in this Agreement is intended to interfere with any agreement of any Party with a third party.

8.10 Deadlines.

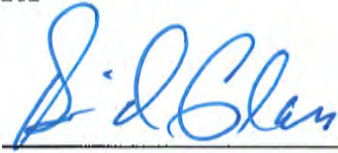
To the extent that the date for any payment or notice due hereunder by either Party shall fall on a Day that is not a Business Day, such deadline for payment or notice, as the case may be, shall be automatically extended to the next following Business Day.

[Signature pages follow immediately]

IN WITNESS WHEREOF, the parties have executed this Agreement as indicated below.

AQUA

By:



_____, President

Date:

4-8-2025

LOCKHART

By:



LEW WHITE, Mayor

Date:

DECEMBER 3, 2024

ATTEST:

By:



~~Bernie Mueller~~, Secretary

WILLIAM "BILL" TOMSU

Date:

4-8, 25

ATTEST:

By:



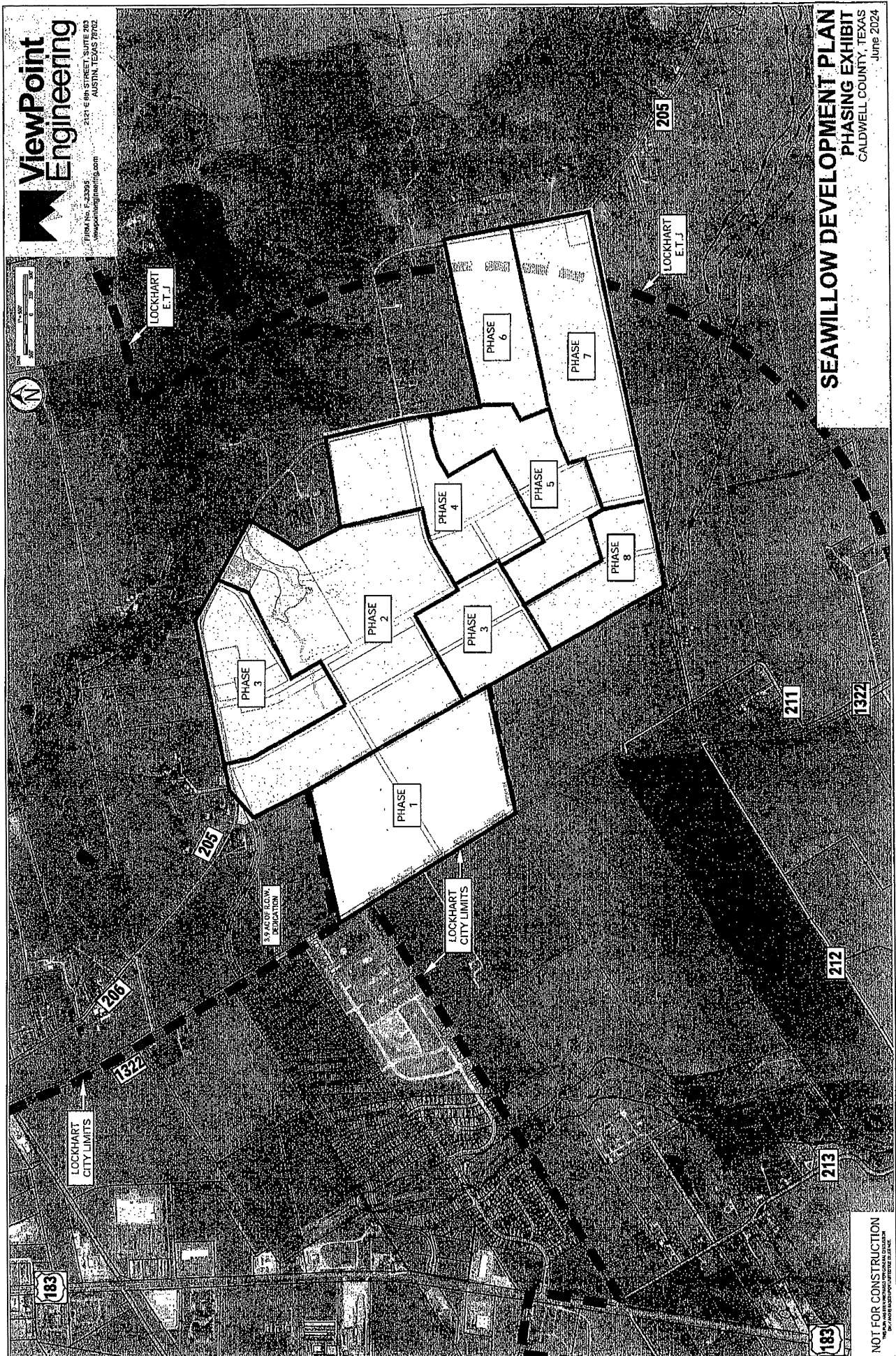
JULIE BOWERMAN, Secretary

Date:

DECEMBER 3, 2024

EXHIBIT “A”

CCN TRANSFER AREA



**SEAWILLOW DEVELOPMENT PLAN
PHASING EXHIBIT**
CALDWELL COUNTY, TEXAS
June 2024

NOT FOR CONSTRUCTION
THIS MAP IS THE PROPERTY OF VIEWPOINT ENGINEERING, INC.
IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFIC PURPOSES
AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, WITHOUT PERMISSION IN WRITING FROM VIEWPOINT ENGINEERING, INC.

EXHIBIT “B”

ANNEXED AREA

ORDINANCE NO. 2022-36

AN ORDINANCE PROVIDING FOR THE EXTENSION OF CERTAIN BOUNDARY LIMITS OF THE CITY OF LOCKHART, TEXAS, BY ANNEXATION OF CERTAIN TERRITORY, BEING APPROXIMATELY 89.775 ACRES OF LAND LOCATED IN CALDWELL COUNTY, TEXAS, AS DESCRIBED IN EXHIBIT "B" AND AS DEPICTED IN EXHIBIT "C", DESCRIBED AS 89.775 ACRES OF LAND, MORE OR LESS, OUT OF THE J.A. NEIL SURVEY, CALDWELL COUNTY, TEXAS; INCLUDING THE ADJACENT FM 1322 RIGHT-OF-WAY WHERE IT ABUTS THE CURRENT CITY LIMIT; DIRECTING THE CITY SECRETARY TO FILE A CERTIFIED COPY OF THIS ORDINANCE WITH CERTAIN AUTHORITIES; DIRECTING THAT THE MAP OF THE CITY BOUNDARIES AND EXTRATERRITORIAL JURISDICTION BE UPDATED TO INCLUDE THE ANNEXED PROPERTY; PROVIDING FOR APPROVAL OF THE ANNEXATION SERVICE AGREEMENT FOR THE ANNEXED PROPERTY; GRANTING TO SAID ANNEXED PROPERTY AND ALL FUTURE INHABITANTS ALL OF THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS AND BINDING SAID FUTURE INHABITANTS BY ALL OF THE ACTS AND ORDINANCES OF SAID CITY; PROVIDING FOR SEVERABILITY; PROPER NOTICE AND MEETING; AND EFFECTIVE DATE.

WHEREAS, Section 43.0671 of the Texas Local Government Code additionally authorizes a City to annex an area if each owner of the land in the area requests the annexation; and

WHEREAS, in accordance with the Annexation Petition dated March 15, 2022, attached hereto as Exhibit "A", and incorporated herein for all purposes, the landowner of the property has voluntarily requested and consented to the annexation of the Property; and

WHEREAS, the Property is adjacent to and contiguous to the boundaries of the City with the inclusion of the adjacent FM 1322 right-of-way where it abuts the current city limit; and

WHEREAS, an Annexation Service Agreement for the territory to be annexed has been negotiated and approved by the Landowner and is hereby approved by the City Council as required by Sec. 43.0672 of the Texas Local Government Code, a copy of which Service Agreement, is attached hereto as Exhibit "D"; and

WHEREAS, notices were provided and the public hearing was held in accordance with state law regarding the annexation of the subject Property at which time persons interested in the annexation were given the opportunity to be heard; and

WHEREAS, the territory is exempt from the municipal annexation plan requirements; and

WHEREAS, the Property is within the City's extraterritorial jurisdiction and the Property is not within the extraterritorial jurisdiction or corporate limits of any other city; and

WHEREAS, the City Council is of the opinion that annexing the subject Property is in the best interest of the City;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, THAT:

SECTION 1. PREAMBLE. All of the above premises are hereby found to be true and correct legislative and factual findings of the City of Lockhart and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

SECTION 2. ANNEXATION. That the Property described as approximately 89.775 acres of land, Caldwell County, Texas, described in Exhibit "B" and depicted in Exhibit "C" attached hereto, including the adjacent FM 1322 right-of-way where it abuts the current city limit, and incorporated herein for all purposes, is hereby annexed into the City of Lockhart, Caldwell County, Texas, and that the corporate limits of the City of Lockhart shall be and the same are hereby extended to include the Property within the territorial limits of said City, and said Property and the present and future inhabitants thereof shall hereafter be entitled to all rights and privileges of citizens of Lockhart, Texas, and shall be bound by the provisions of all ordinances and codification of ordinances of said City.

SECTION 3. ANNEXATION SERVICE AGREEMENT. An Annexation Service Agreement, attached hereto as Exhibit "D", and incorporated herein for all purposes, between the City and the Landowner for the Property is hereby approved and the Mayor is authorized to execute same.

SECTION 4. FILING OF ORDINANCE. That the City Secretary is hereby directed to file a certified copy of this Ordinance with the County Clerk of Caldwell County, Texas, the Voting Registrar of Caldwell County, the Caldwell County Appraisal District, the Secretary of the State of Texas, and the Comptroller of the State of Texas in the manner required by law.

SECTION 5. MAPS. That the Official Map showing the boundaries of the City and its extraterritorial jurisdiction shall be immediately updated to include the Annexed Property and the map shall be annotated to show the date of the annexation and the number of the annexation ordinance.

SECTION 6. SEVERABILITY. That if any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 7. REPEALER CLAUSE. The provisions of this Ordinance shall be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein, provided, however, that all prior ordinance or parts of ordinances inconsistent or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent that such inconsistency is apparent. This Ordinance shall not be construed to require or allow any act which is prohibited by any other ordinance.

SECTION 8. NOTICE AND MEETING CLAUSE. It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the

time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Local Government Code.

SECTION 9. EFFECTIVE DATE. This Ordinance shall take effect immediately upon approval.

Passed and Approved: September 6, 2022

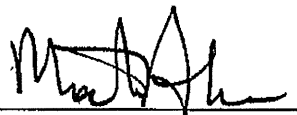
CITY OF LOCKHART

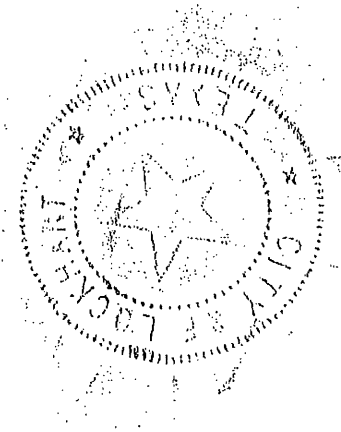

Lew White, Mayor

ATTEST:


Connie Constancio
City Secretary

APPROVED AS TO FORM:


Monte Akers, City Attorney



PETITION FOR ANNEXATION

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS:

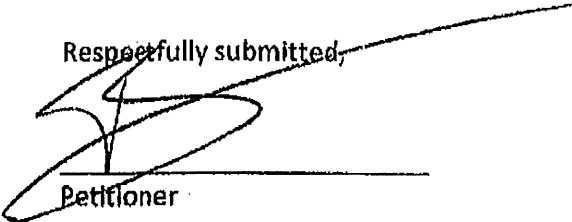
ROED Prop Co, LLC
(Thomas Staub), herein collectively referred to as "Petitioner", files this Petition requesting the annexation of certain property they own, being the real property described in by metes and bounds and plat in Exhibit A, attached hereto and made a part hereof for all purposes ("Property") into the boundaries of the City of Lockhart, Texas ("City"), in accordance with the provisions of Sections 43.0671 of the Texas Local Government Code. In support hereof, the Petitioner states the following:

1. The City has the authority under Section 43.0671 of the Texas Local Government Code to extend its boundaries by the annexation of additional territory upon request by the landowners of said territory.
2. In accordance with the requirements of Chapter 43 of the Texas Local Government Code, the Property: (a) is contiguous and adjacent to the current corporate limits of the City; and, (b) is vacant and without residents.
3. The Petitioner is the sole owner of the Property.
4. By execution of this Petition, Petitioner declares that the Property is not appraised for ad valorem tax purposes as land for agricultural or wildlife management use, or for timber purposes under Subchapter C or D, Chapter 23, Texas Property Tax Code, or if such Property is appraised for agricultural or wildlife management use, or for timber purposes, Petitioner waives the right to request a Development Agreement pursuant to Section 43.016 of the Texas Local Government Code.

THEREFORE, Petitioner respectfully requests that after the fifth (5th) day but on or before the thirtieth (30th) day from the filing of this Petition, the Lockhart City Council will consider this Petition, the arguments for and against the annexation, and grant this Petition in accordance with the terms hereof and thereafter by ordinance annex the Property so that on the effective date of such ordinance the area to be annexed shall become a part of the City and therefore be entitled to the rights and privileges of all of the territory within the City and be bound by the acts and ordinances adopted by the City.

DATED the 14th day of April, 2022

Respectfully submitted,

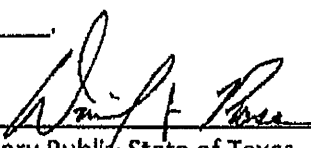


Petitioner

8512 Bertricle Bend Austin, Tx 78744
Address

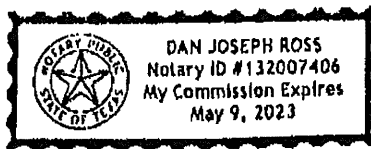
STATE OF TEXAS §
COUNTY OF Tarrant §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Thomas Staub known to me to be the person whose name is subscribed to the foregoing instrument. This instrument was acknowledged before me on the 14th day of April, 2022, by Fair Beals.



Notary Public, State of Texas

(SEAL)



BEING 89.775 acres of land situated in the J.A. NEILL SURVEY, ABSTRACT NO. 20, Caldwell County, Texas, and being a portion of and part of a called 169.811 acres of land described in deed to SVAG Investments, LLC, a Texas Limited Liability Company, as recorded in Document Number 2021-006881 of the Official Public Records of Caldwell County, Texas, and being more particularly described by metes and bounds as follows:

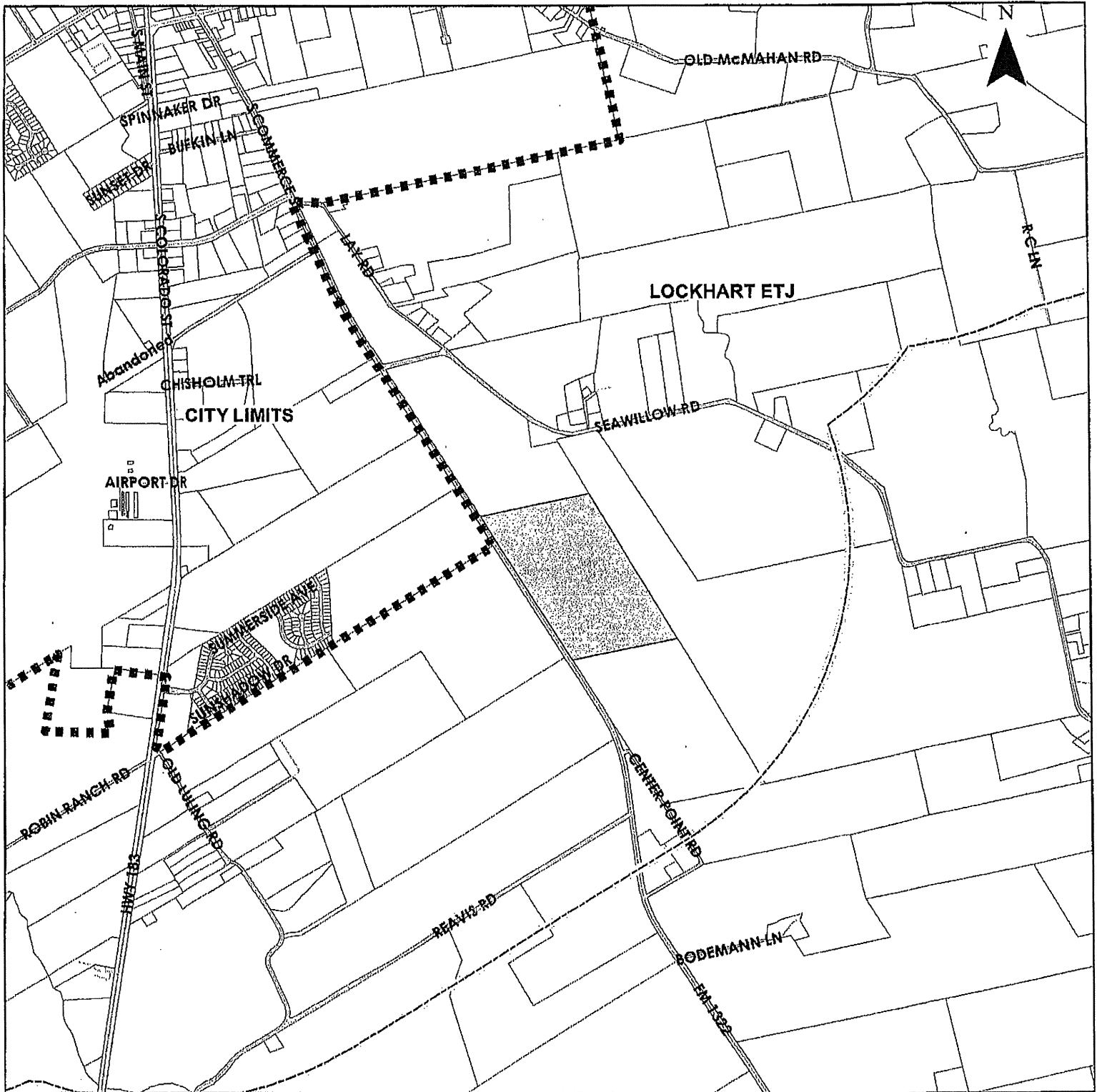
BEGINNING at a ½ inch capped iron rod found, marked Hinkle Surveying, on the Northeast Right-of-Way line of Farm to Market Road 1322, an 80 foot Right-of-Way, and for the Northwest corner of a called 85.00 acre tract of land as described in a deed to Charles D. Spillmann and Jane Spillmann as recorded in Document Number 2016-005533 of said Official Public Records, same being the Southwest corner of said 169.811 acre tract and the of this herein described tract;

THENCE North 31 degrees 43 minutes 06 seconds West, along said Right-of-Way and the Southwest line of this tract, a distance of 2,572.95 feet to a ½ inch capped iron rod found, marked Jones Carter Prop Corner, for the Northwest corner of this therein described tract;

THENCE North 78 degrees 46 minutes 11 seconds East, crossing said 169.811 acre tract, a distance of 1,665.32 feet to a ½ inch iron rod found on the Southwest line of a called 358.536 acre tract of land as described in a deed to David V. Acevedo and Marge Margarita Acevedo as recorded in Volume 209, Page 425 of said Official Public Records, same being the Northeast line of said 169.811 acre tract, and being the Northeast corner of this herein described tract;

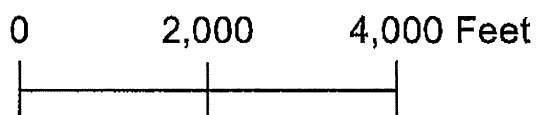
THENCE South 29 degrees 54 minutes 41 seconds East, along the common line of said 358.536 acre tract, a distance of 2,544.30 feet to a ½ inch capped Iron rod found, marked Hinkle Surveying, for the Northeast corner of said 85.00 acre tract, and being the Southeast corner of this tract;

THENCE South 78 degrees 46 minutes 18 seconds West, along the common line of said 85.00 acre tract, a distance of 1,579.70 feet to the **POINT OF BEGINNING**, containing 89.775 acres of land, more or less.



CITY OF
Lockhart
TEXAS

This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey, and represents only the approximate relative location of property boundaries.



Map Legend

-  REDOAK ANNEXATION
-  PARCEL BOUNDARY
-  CITY LIMITS
-  LOCKHART ETJ

ORDINANCE EXHIBIT "D"

CITY OF LOCKHART SERVICE AGREEMENT FOR SEAWILLOW RANCH ANNEXATION - 2022

WHEREAS, the City of Lockhart, Texas (the "City") has instituted annexation proceedings for the land described in Exhibit "A", attached hereto (referred to herein as the "Annexed Property"); and,

WHEREAS, Chapter 43, Texas Local Government Code, (referred to herein as "TLGC") requires a service plan agreement between the Landowner and the City adopted with, or prior to, the annexation ordinance;

NOW, THEREFORE, by execution hereof, the City and the Landowner agree to the Annexation Services set out herein for the Annexed Property on the date of annexation:

1. Intent

As used in this Agreement, *providing services* includes having services provided by any method or means by which the City may extend municipal services to any other area of the City, including the City's infrastructure extension policies and Landowner participation in accordance with applicable City ordinances. Provided however, that nothing in this Service Plan Agreement shall require the City to provide a uniform level of full municipal services to each area of the City, including the Annexed Property, if different characteristics of topography, land use, and population density are considered a sufficient basis for providing different levels of service.

The City shall provide the Annexed Property or cause the Annexed Property to be provided with services in accordance with this Agreement. This may include, but is not limited to, causing or allowing private utilities, governmental entities, and other agencies to provide such services, in whole or in part. The parties acknowledge and agree that it is not the intent of this Agreement to create any vested rights to develop the Annexed Property, until such time that development of the Annexed Property is commenced as evidenced by the submittal of one or more complete development applications in accordance with the City's Code of Ordinances.

2. Police, EMS, and animal control

Immediately upon annexation, City of Lockhart Police will provide regular and routine patrols in the area as part of its overall patrol activities, and will respond to any calls for assistance. Similarly, Emergency Medical Service and animal control services will be provided by the City. The Bufkin Lane EMS station is the closest to and has the most direct access to this annexation area. No additional personnel or equipment is anticipated as a result of this annexation.

3. Fire protection

Immediately upon annexation, the Lockhart Fire Department will provide fire suppression service from Fire Station No. 1, located at 201 W. Market St. Fire prevention activities, including subdivision/building plan review and fire inspections of structures, will be provided by the City, or a firm contracted by the City. Although no additional personnel or equipment is anticipated as a result of this annexation, the pace of future development will determine the need for a fire substation in the southeast part of the city.

4. Solid waste collection

Immediately upon annexation, refuse collection and voluntary household curbside recycling will be provided by the City in accordance with the rates and conditions of the Lockhart City Code. Recycling is also available at the City's voluntary drop-off center located at 110 N. Brazos St. No additional personnel or equipment is anticipated as a result of this annexation.

5. Water facilities

The closest City water mains are a 12-inch line along FM 1322 that is being connected to the Summerside Subdivision on the west side of FM 1322. The Annexed Property is adjacent to, but not within, the City's water service jurisdiction, but Aqua Water Supply Corporation has issued a letter allowing the city to serve the Annexed Property until a formal transfer of jurisdiction can be completed. Further water line extensions are the responsibility of the Landowner or developer desiring service, in accordance with the City's subdivision regulations, water facility construction standards, and utility extension policy. The City of Lockhart will maintain any new public water facilities that are not in the service area of another utility, in accordance with standard City maintenance procedures.

6. Wastewater facilities.

The Annexed Property will be served by the City's centralized sanitary wastewater system which is not currently available to the Annexed Property. The cost of extending such centralized wastewater service to the Annexed Property shall be the Landowner's responsibility in accordance with the City's Utility Extension Ordinance, unless the city and the landowner agree to alternative arrangements. However, should the extension of such centralized wastewater system result in the City's oversizing of the wastewater system to serve properties outside of the Annexed Property or, in the event that the installation or construction of sewer system facilities will benefit the overall performance of the City's wastewater system to properties located outside of the Annexed Property, the Landowner's share shall be determined on a pro-rata basis and shall be limited to costs associated with the extension of the wastewater service to the Annexed Property. The City of Lockhart will maintain any wastewater facilities serving the Annexed Property in accordance with standard City maintenance procedures and the Code of Ordinances.

7. Electric service and street lighting

The Annexed Property is not within the City's jurisdiction for electric service. Electric service is provided by Bluebonnet Electric Cooperative.

8. Streets and drainage

Access to the Annexed Property is currently provided by FM 1322. Immediately upon annexation, street and drainage facility and public rights-of-way maintenance will be performed by the Lockhart Public Works Department in accordance with standard City maintenance procedures for streets located within the subject area that are not under the jurisdiction of the State. Construction of new streets and drainage facilities is the responsibility of the Landowner or developer desiring them, in accordance with the City's subdivision regulations and street and drainage facility construction standards.

9. Traffic control

Immediately upon annexation, the City of Lockhart will maintain street name signs, traffic control devices, and other required traffic system design improvements for any new public streets in the Annexed Property.

10. Parks and recreation

Immediately upon annexation, Lockhart Parks and Recreation Department facilities and services, including the use of any and all public parks, will be available to residents of the Annexed Property. There are currently no City parks or recreation facilities in the subject Annexed Property. Dedication of land, or payment of a fee-in-lieu-of land dedication, for new parkland is the responsibility of the Landowner at the time of land development in accordance with the City's subdivision regulations. Construction of park improvements on the dedicated land, and maintenance thereafter, will be in accordance with the standards of the Lockhart subdivision regulations unless otherwise negotiated with the Landowner or developer.

11. Public Library

Immediately upon annexation, all residents of the subject Annexed Property will be eligible for library services available to Lockhart citizens at the Lockhart Public Library.

12. Planning and zoning

Immediately upon annexation, the Annexed Property will be zoned "AO" Agricultural-Open Space District, in accordance with the City of Lockhart zoning ordinance. Any other zoning classification for specific parcels may be subsequently requested by individual property owners in accordance with the standard City application, notification, and public hearing procedures.

The Lockhart 2020 Land Use Plan indicates primarily future Agricultural/Rural Development, with a commercial node where a future collector street would cross through the northern portion of the Annexed Property. The land use plan also indicates a future arterial passing near the southeast corner of the annexation area. All services of the Lockhart Planning Department will be available to residents and owners of annexed Property.

13. Building inspection and code enforcement

Immediately upon annexation, the City of Lockhart Building Inspection Division, or a firm contracted by the City, will enforce the adopted building and nuisance codes within the Annexed Property. This includes consultation with developers, plan review, and on-site inspections for construction activity, as well as investigation of complaints and prosecution of code violations related to buildings, property maintenance, and other health and safety hazards or nuisances.

14. Environmental health code services

Immediately upon annexation, the City of Lockhart Health Officer will enforce the City's food-handler and other adopted health regulations within the Annexed Property area. This includes regular inspections as well as investigation of complaints and prosecution of violations.

15. Floodplain management

Immediately upon annexation, floodplain management will be in accordance with FEMA and City of Lockhart flood hazard regulations. There are no identified 100-year floodplains in the Annexed Property.

16. Miscellaneous municipal facilities and services

Should any other municipal facilities, buildings, or services be constructed or located within the subject area subsequent to annexation, all required operation or maintenance will be provided by the appropriate City department.

17. Term and Effective Date

This agreement shall be effective on the date the Annexed Property is annexed by the City. This Annexation Services Agreement shall be valid for a term of ten (10) years.

CITY OF LOCKHART

LANDOWNER

Lew White
Lew White, Mayor

Thomas Earl Staub
By:

Date: 9-7-22

Date: 06/30/2022

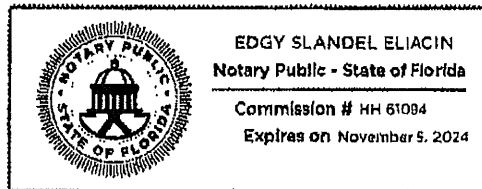
State of Florida County of Miami Dade

Acknowledged before me Thomas Earl Staub

on 06/30/2022

produced Texas drivers license

Edgy Slandel Eliacin
Edgy Slandel Eliacin



Notarized online using audio-video communication

FILED AND RECORDED

Instrument Number: 2022-009086 ORDINANCE

Filing and Recording Date: 11/28/2022 11:36:20 AM Pages: 13 Recording Fee: \$70.00

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Caldwell County, Texas.



Teresa Rodriguez

Teresa Rodriguez, County Clerk
Caldwell County, Texas

ANY PROVISION CONTAINED IN ANY DOCUMENT WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE REAL PROPERTY DESCRIBED THEREIN BECAUSE OF RACE OR COLOR IS INVALID UNDER FEDERAL LAW AND IS UNENFORCEABLE.

DO NOT REMOVE. THIS PAGE IS PART OF THE OFFICIAL PUBLIC RECORD.

EXHIBIT “C”

ETJ AREA

EXHIBIT “D”

Name and Address for Notice to Aqua

Aqua Water Supply Corporation
Attn: General Manager
415 Old Austin Hwy
Bastrop, TX 78602

Name and Address for Notice to Lockhart

City of Lockhart
Attn: City Manager
PO Box 239
Lockhart, TX 78644

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discuss a proposal for a Water Well Study by TRC Engineers in an amount not to exceed \$199,190 and authorizing the City Manager to execute the proposal, if approved.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: TRC Engineering has submitted a proposal to complete a water well study for the City of Lockhart to evaluate the feasibility of upgrading existing groundwater wells and adding new wells to help meet future water demand. The study would include:

- Review of existing geological, hydrological, environmental, and water system data
- Evaluation of current wells, aquifer characteristics, groundwater levels, and production history
- Review of regulatory requirements, permitting needs, and potential groundwater withdrawal limitations
- Hydrogeological modeling to assess groundwater availability, long-term production potential, and regional pumping impacts
- Conceptual planning and cost estimates for replacement wells and abandonment of certain existing wells
- Conceptual design and cost estimates for raw water pipelines, pump station improvements, and water treatment plant improvements
- Coordination with City staff, Plum Creek Conservation District, along with City Council updates

At the end of the study, TRC would provide a preliminary well study report so the City may consider appropriate upgrades to increase self-supplied water capacity.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): The total proposed lump sum cost is \$199,190.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

- \$35,000 for data collection and review
- \$44,600 for the hydrogeological assessment
- \$119,590 for integrating proposed wells into the existing water system

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval of a professional services agreement with TRC Engineers, Inc. in the amount of \$199,190 for a water well study.

LIST OF SUPPORTING DOCUMENTS: Water Well Study Proposal



March 17, 2026

Mr. Joseph Resendez, City Manager
City of Lockhart
P.O. Box 239
Lockhart, TX 78644

RE: Lockhart Water Well Study

Dear Mr. Resendez:

TRC Engineers, Inc. has prepared this proposal and scope of services for engineering services for the proposed Well Study. The project consists of the feasibility of upgrading existing groundwater wells and installing new wells to meet the City of Lockhart's (City) future water demand. These services will be performed under the terms and conditions of our previously executed Master Services Agreement with the City.

SCOPE OF WORK

TRC will perform the following Scope of Work to develop the proposed Well Study:

A. Data Collection and Review

1. Collect and review existing geological, hydrological, and environmental data for the existing and proposed well field(s) area(s) including information on existing wells, aquifer characteristics, and groundwater levels.
2. Collect and review existing water infrastructure system information, including raw water pipelines and water treatment plants.
3. Collect and review existing municipal production well information for maintenance history, historical production rate information, drilling and installation reports, and design information.
4. Review current Plum Creek Conservation District (PCCD) rules and management plan to determine whether well spacing, water allocation or other rules may limit groundwater withdrawals from a regulatory standpoint.
5. Review current Groundwater Management Area No. 13 (GMA-13) water planning efforts to identify issues that may affect future groundwater production in the region.
6. Identify regulatory requirements for obtaining new permits for additional capacity from the Carrizo-Wilcox Aquifer to meet the City's future water demand with PCCD, TCEQ, and other state oversight bodies.
7. Identify any potential variances the City can obtain for additional capacity from the Carrizo-Wilcox Aquifer to meet the City's future water demand from PCCD

B. Hydrogeological Assessment

1. Employ a variety of groundwater modeling techniques to evaluate the availability of groundwater and potential impacts associated with hydrogeologic conditions/stresses including pumping, drought, hydraulic boundaries, and variations in the distribution and type of aquifer sediments.
2. Generate estimates via the structure and hydraulic characteristics of the aquifer in the study area. The results generated by the model will be used to estimate long-term potential, well production rates, wellbore pumping levels, and well-to-well interference effects.
3. Evaluate potential regional aquifer response to pumpage using the Southern Carrizo-Wilcox Groundwater Availability Model (GAM). Specifically, the pumpage inputs assigned to the most-recent Desired Future Condition - Modeled Available Groundwater (DFC/MAG) simulation employed by Groundwater Management Area No. 13 (GMA-13) during regional planning will be used to assess the impacts from competitive pumpage in the region. Using these tools, generate estimates of the aquifer response to future pumpage and its effect on long-term well production rates.

C. Integration of Proposed Wells into Existing Water System

1. Conduct an initial field reconnaissance of property access, existing wells and well sites, and water system facilities infrastructure. The information obtained during the site visit will be utilized to plan subsequent work more effectively.
2. Develop conceptual design and cost estimates for the abandonment of existing municipal supply Well Nos. 4 and 5 as required to meet the City's water demand as discussed in the 2024 Water/Wastewater Masterplan and installation cost estimates for replacement wells.
3. Develop conceptual design and cost estimates for the abandonment of the remaining Well Nos. 3, 9, 10, 11, and 12 as required to meet the City's water demand and installation cost estimates for replacement wells.
4. Develop conceptual design and cost estimate for proposed raw water pipelines, including location, diameter, and materials.
5. Develop conceptual design, including conceptual site plan, and cost estimate for proposed improvements to existing water treatment plant and/or new water treatment to treat additional water supply volume and quality.
6. Develop conceptual design, including conceptual site plan, and cost estimate for proposed improvements to raw water pump station to convey additional water supply volume to water treatment plant.

D. Meetings and Coordination

TRC will attend the following meetings for coordination with the City and PCCD:

- i. Attendance at up to eight in-person (8) meetings as follows:
 1. Two (2) meetings with City staff
 2. Four (4) meetings with PCCD
 3. Two (2) City Council presentations
- ii. Four (4) Virtual Monthly progress meeting.

DELIVERABLES

TRC will provide the following:

1. Electronic copy in pdf format and five (5) hard copies of preliminary well study report.

ASSUMPTIONS / EXCLUSIONS

TRC's price is subject to the schedule, assumptions, limitations, and exclusions specified below. Any changes to the scope, schedule, or assumptions could result in a change to the estimated price, which would be negotiated with and approved by the City prior to adjustment.

1. TRC does not control the cost of labor, materials, equipment or services furnished by others, methods of determining prices, or competitive bidding or market conditions, any opinions rendered as to costs, including but not limited to opinions as to the costs of construction and materials, shall be made on the basis of its experience and represent its judgment as an experienced and qualified professional, familiar with the industry.
2. TRC cannot and does not guarantee that proposals, bids, or actual costs will not vary from its opinions of cost.
3. Meetings with property Owners and/or stakeholders regarding potential water lease contract negotiations not included.
4. Collection of water samples and tests from existing wells not included.
5. Field reconnaissance of the water system facilities and existing well sites can be completed within one (1) day, excluding travel time.
6. This proposal expressly excludes any and all taxes, tariffs, duties, and other similar charges or fees imposed by any governmental authority (collectively, "Taxes and Tariffs"). The prices and fees quoted in TRC's proposal do not include any such Taxes and Tariffs. The Client shall be solely responsible for the payment of all applicable Taxes and Tariffs arising from or related to the work contemplated by this proposal. If

Mr. Joseph Resendez, City Manager
City of Lockhart
March 17, 2026
Page 4 of 4

TRC or its subcontractors are required to pay Taxes and Tariffs on behalf of the Client, the Client shall promptly reimburse TRC for the full invoiced amount thereof.

COMPENSATION FOR SERVICES

TRC Engineers, Inc. will provide the professional engineering services as outlined in the Scope of Work on a lump sum fee as follows:

Data Collection and Review:	\$ 35,000.00
Hydrogeological Assessment:	\$ 44,600.00
Integration of Proposed Wells into Existing Water System	\$ 119,590.00
Total (lump sum):	\$ 199,190.00

This lump sum fee includes labor and material costs associated with the Scope of Work identified above. TRC's lump sum fee above is based on a continuous flow of work. Any delays or restrictions beyond TRC's reasonable control, caused by customer not providing required information or not providing them in a timely manner may cause delays to the agreed upon schedule above.

Fees for services quoted in this proposal are valid for a period of time not to exceed 60 days from the date of this letter.

We appreciate the opportunity to assist with this project and are available to proceed immediately with your written approval. Please review this proposal and, upon acceptance, sign in the space provided below.

Sincerely,



William Wachel, P.E.
Regional Vice President

March 17, 2026
Date

APPROVED and ACCEPTED this the _____ day of _____.

Joseph Resendez, City Manager
City of Lockhart

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion regarding Ordinance 2026-23 approving Mid-Year Budget Amendments to the City of Lockhart's Operating Budget for Fiscal Year 2025-2026.

ORIGINATING DEPARTMENT AND CONTACT: Finance - Keeli Howard

ACTION REQUESTED: Ordinance

BACKGROUND/SUMMARY/DISCUSSION: City Council adopted the Fiscal Year 2026 budget on September 2, 2025. According to the Budget Policy, the City Council must approve budget transfers among City funds. Exhibit A to Ordinance 2026-23 outlines each proposed budget amendment for FYE 2026 in detail.

Budget Amendment 26.01 will transfer money from the Transportation and Drainage Funds to the General Fund to pay for the Transportation and Drainage Fee study. Budget Amendment 26.02 transfer money from the Water Impact Fee Fund to the Water Fund to pay for a Water Well Study. Lastly, Budget Amendment 26.03 will transfer the remaining General Fund money from the EMS Fund.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: O-2026-23 - FY 2026 Mid-Year Budget Amendments

ORDINANCE 2026-23

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, AMENDING THE BUDGET FOR THE FISCAL YEAR 2026 IN ACCORDANCE WITH EXISTING STATUTORY REQUIREMENTS; APPROPRIATING THE VARIOUS AMOUNTS HEREIN, AS ATTACHED IN EXHIBIT A; REPEALING ALL PRIOR ORDINANCES AND ACTIONS IN CONFLICT HEREWITH; AND ESTABLISHING FOR AN EFFECTIVE DATE.

WHEREAS, the City Manager of the City of Lockhart, Texas has submitted to the Mayor and City Council a proposed amendment(s) to the budget of the revenues and/or expenditures/expenses of conducting affairs of said city and providing a complete financial plan for Fiscal Year 2026; and

WHEREAS, the City Manager has requested a budget amendment(s) which are attached hereto as Exhibit A; and

WHEREAS, the Mayor and Council concur with the recommendation for the City Manager and staff that the budget amendment(s) be processed to reflect the proper revenue and/or expense accounts, and

NOW, THEREFORE, be it ordained by the City Council for the City of Lockhart, Texas:

That Ordinance 2026-23 is hereby adopted and approved as the amended budget of said City for Fiscal Year 2026 as the same are contained in Exhibit A, which are attached hereto and incorporated herein for all purposes.

This Ordinance shall be and remain in full force and effect from and after its final passage and publication in accordance with existing statutory requirements.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, ON THIS THE 19TH DAY OF MAY, 2026.

CITY OF LOCKHART

Lew White, Mayor

Attest:

APPROVED AS TO FORM:

Julie Bowermon, City Secretary

Brad Bullock, City Attorney

EXHIBIT A

City of Lockhart
FYE 2026
Budget Amendments
Ordinance 2026-23

Amendment No. 26.01

Reason: Transfer money from the Transportation and Drainage Funds to the General Fund to pay for the Transportation and Drainage Fee study.

GL Line Item Description	GL Account #	Adopted Budget	Current Amendment Increase (decrease)	Amended Budget
Trnsf to General Fund from Transportation Fund	270-5199-800-00	\$ 400,000.00	\$ 31,978.40	\$ 431,978.40
Trnsf to General Fund from Drainage Fund	275-5199-800-00	\$ 150,000.00	\$ 7,994.60	\$ 157,994.60
Trnsf Fr Transportation Fund to General Fund	100-4930-00	\$ 400,000.00	\$ 31,978.40	\$ 431,978.40
Trnsf Fr Drainage Fund to General Fund	100-4945-00	\$ 150,000.00	\$ 7,994.60	\$ 157,994.60
Architectural & Engineering	100-5633-903-00	\$ -	\$ 39,973.00	\$ 39,973.00

Amendment No. 26.02

Reason: Transfer money from the Water Impact Fee Fund to the Water Fund to pay for a Water Well Study.

GL Line Item Description	GL Account #	Adopted Budget	Current Amendment Increase (decrease)	Amended Budget
Unassigned Fund Balance - Water Impact Fee Fund	525-3402-00	\$ 4,690,826.00	\$ (199,190.00)	\$ 4,491,636.00
Trnsf to Water Fund from Water Impact Fee Fund	525-5199-822-00	\$ -	\$ 199,190.00	\$ 199,190.00
Trnsf Fr Water Impact Fee Fund to Water Fund	520-4917-00	\$ -	\$ 199,190.00	\$ 199,190.00
Architectural & Engineering	520-5750-903-00	\$ 2,500.00	\$ 199,190.00	\$ 201,690.00

Amendment No. 26.03

Reason: The transfer of the EMS Department to ESD #5 in FY 2025 resulted in a transfer of \$225,000 from the EMS Department back to the General Fund. In FY 2025, the City transferred \$150,000 to the General Fund from the EMS Department. This amendment for FY 2026 is for the remaining \$75,000 to be transferred to the General Fund.

GL Line Item Description	GL Account #	Adopted Budget	Current Amendment Increase (decrease)	Amended Budget
Unassigned Fund Balance - EMS Fund	570-3402-00	\$ 603,637.00	\$ (75,000.00)	\$ 528,637.00
Trnsf to General Fund from EMS Fund	570-5799-800-00	\$ -	\$ 75,000.00	\$ 75,000.00
Trnsf Fr EMS Fund to General Fund	100-4938-00	\$ -	\$ 75,000.00	\$ 75,000.00

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discuss disposal of assets with purchase prices greater than \$50,000 in accordance with the City's adopted Disposal of Asset Policy.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION:

The City is currently disposing of surplus vehicles and equipment at Public Works. City-owned vehicles and equipment with an original purchase price greater than \$50,000 require City Council approval of the disposal of in accordance with the City's asset disposal procedures.

The six (6) vehicles and equipment proposed for disposal have reached a point where continued use is no longer recommended due to age, mileage, condition, maintenance costs, operational needs, or they have been replaced in the originating department. Disposal of these surplus assets will allow staff to remove outdated equipment from service and free up space at Public Works.

If approved, the vehicles/equipment will be declared surplus and disposed of. Disposal may include sale through public auction, trade-in, salvage, or another approved method. Any proceeds received from the asset disposal will be transferred into the general fund.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval authorizing the disposal of the six surplus vehicles and equipment with an original

City of Lockhart, Texas

Council Agenda Item Cover Sheet

purchase price greater than \$50,000.

LIST OF SUPPORTING DOCUMENTS: Disposal of Asset Policy, Disposal of Assets May 19
2026

RESOLUTION 2019-17

A RESOLUTION OF THE CITY OF LOCKHART, TEXAS, APPROVING AND ADOPTING A POLICY AND PROCEDURE FOR THE DISPOSAL OF SURPLUS CITY PERSONAL PROPERTY

WHEREAS, the City of Lockhart, on behalf of the public, owns various items of personal property, such as vehicles, equipment, office furniture, office machines, computers, and other types of public possessions; and

WHEREAS, such items periodically become surplus to the City's needs, having become obsolete, inoperable, damaged, incompatible with City practices, or of no further use for other reasons; and

WHEREAS, state law allows municipalities to dispose of such surplus personal property in any legal manner so long as it is done for a public purpose rather than to benefit an individual, corporation, or association; and

WHEREAS, the City Council desires to approve and adopt a policy for the disposal of such surplus property;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, THAT:

1. The foregoing recitals are adopted and incorporated herein for all purposes.
2. The policy for disposal of surplus city property, titled "Surplus Property Disposal," which is attached hereto as Exhibit "A" is hereby approved and adopted as a policy of the City of Lockhart, Texas.

PASSED AND ADOPTED on this the 6th day of August, 2019.

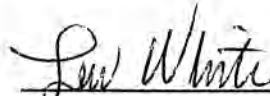


ATTEST:



Connie Constancio, TRMC, City Secretary

CITY OF LOCKHART



Lew White, Mayor

APPROVED AS TO FORM:



Monte Akers, City Attorney

EXHIBIT "A"
to
RESOLUTION NO. 2019-17

SURPLUS PROPERTY DISPOSAL

Surplus Property is defined as any City-owned property, other than real estate, that is worn out, outdated or no longer needed for current operations yet still has potential adequate value. Surplus goods include, but are not limited to, equipment, parts, tools, vehicles, computers, software, supplies, paper stock, books and furniture.

Department Directors or his/her designee shall submit a written list of property that they recommend to be designated as surplus to the City Manager or his/her designee. Recommended disposal of vehicles or other rolling stock will be subject to the Public Works Director input and recommendation.

The City Manager's Office will work with Departments in determining if an adequate value exists. Potential adequate value shall be determined taking into consideration the cost of preparing the item for sale.

Sale or disposal of surplus property requires prior approval by the City Manager. Any item whose original cost exceeded \$50,000 requires City Council approval prior to disposal of the item by any method.

Items determined to have a potential adequate value will be sold by any manner that is legal for disposal as approved by the City Manager, which will yield the greatest possible benefit to the City.

Items without adequate value may be disposed of in any manner approved by the responsible Department Director following the approval of the City Manager.

In order to maintain the highest appearance of ethical propriety at all times, surplus goods may not be sold or transferred directly or indirectly to any officer or employee of the City involved in the decision to dispose of surplus property or to any officer or employee who participates in conducting such disposal on behalf of the City, particularly including City Council members, the City Manager, City Secretary, Finance Director, or Department Heads.

City employees may participate, on their own time, in public auctions for the purchase of surplus City goods.

Disposal of Assets:

This policy is intended to establish and describe the basic guidelines and policies for the disposal of assets for the City of Lockhart.

- I. Assets shall be considered for disposal when any of the following conditions are met:
 - A. The asset is obsolete or out dated.
 - B. The asset is no longer functional for any departments within the City.
 - C. The asset is considered too costly to repair.

- II. Assets can be disposed of in any manner that is legal for disposal as approved by the City Manager. Examples of possible disposal methods include but are not limited to:
 - A. Public auction, online or live.
 - B. Sealed bids.
 - C. Donated.
 - D. Recycled.
 - E. Destroyed.
 - F. Private sale.
 - G. Broker or agent.
 - H. Any other method permissible by law, as approved by the City Manager.

- III. Approval of disposal is as follows:
 - A. If the asset's original cost was less than \$50,000, the City Manager can authorize the disposal of the asset in a commercially reasonable manner and report to the City Council periodically following the transaction.
 - B. If the asset's original cost was \$50,000 or more, the City Council must approve the disposal.
 - C. If the City wishes to donate the asset, City Council must approve the donation.
 - D. If the asset is being sold by sealed bids, City Council must approve that sale.
 - E. If the asset's original cost was less than \$500 and is not computer related, the Department Director may authorize the disposal of the asset.

1995 Ford F800 Pro Patch

Make: Ford/Pro Patch
VIN: 1FDXF80C5SVA69743
GVWR: 30,000 lbs
Unit ID: 51

Model: F800
License: 117-6297
GAWR Front: 9,000 lbs

Build Date: 1995
Mileage:
GAWR Rear: 21,000 lbs



2001 Sterling Bucket Truck

Make:	Sterling	Model:	Bucket Trk	Build Date:	2001
VIN:	2FZAAKBV51AH38927	License:	100-2799	Mileage:	
GVWR:		GAWR Front:		GAWR Rear:	
Unit ID:	57				



1985 International w/Heil Read Loader

Make:	International w/Heil Loader	Model:	Heil Loader	Build Date:	1985
VIN:	1HTLDTVNOFHA58472	License:	489-233	Mileage:	
GVWR:		GAWR Front:		GAWR Rear:	
Unit ID:	71				



1989 International w/Packmor Read Loader

Make:	International w/Packmor	Model:	Packmor	Build Date:	1989
VIN:	1HTLKDBR3KH666397	License:	550-215	Mileage:	
GVWR:		GAWR Front:		GAWR Rear:	
Unit ID:	79				



1989 Ford F800 Fire Truck

Make: Ford

Model: F800

Build Date: 1989

VIN: 1FDYK84AXKVA00670

License: 580-222

Mileage:

GVWR:

GAWR Front:

GAWR Rear:

Unit ID: 308



2000 Ford Swat Truck

Make:	Ford	Model:	F350	Build Date:	2000
VIN:	1FDYK84AXKVA00670	License:	796-481	Mileage:	
GVWR:	12500 lbs	GAWR Front:	5550 lbs	GAWR Rear:	9750 lbs
Unit ID:	501				



City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Hold a PUBLIC HEARING, presentation, discussion, and/or possible action on Ordinance 2026-22 amending Chapter 64, "Zoning," of the City of Lockhart Code of Ordinances as follows:

Amending Article VII, "Zoning Districts and Standards," Section 64-203, "Nonresidential Appearance Standards," by reducing the number of required bonus features by one (1) under Subsection (6) "Bonus Features"; adding a new Subsection (7) titled "Nonresidential Landscaping Plan Requirements," consisting of new texts; and renumbering the subsequent subsections accordingly; and, in connection therewith, amending Section 64-196, "Establishment of Zoning Districts," Subsection (q) "Entrance Corridor Overlay District (ECOD)," and Subsection (6)(b) "Landscaping Bonus Feature Requirements."

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Ordinance

BACKGROUND/SUMMARY/DISCUSSION:

Following presentations to the Planning and Zoning Commission and City Council in January 2026 and the passage of the Entrance Corridor Overlay District, the next proposed city code amendment would establish a Nonresidential Landscaping Plan requirement under Chapter 64 (Zoning). This amendment is designed to address deficiencies in Lockhart's current nonresidential landscaping standards. Under the existing ordinance (Sec. 64-203), the landscaping in new nonresidential developments has been inconsistent, as developments frequently meet only minimum requirements, thereby not achieving the desired aesthetic, environmental, or pedestrian benefits that quality landscaping provides. As Lockhart continues to experience rapid growth, strengthening these standards would help ensure that future nonresidential development contributes to a more attractive, environmentally responsive, and pedestrian-friendly public realm, supporting long-term livability and community character.

The proposed text amendment includes revisions to Section 64-203, Nonresidential Appearance Standards, by reducing the number of required bonus features by one (1) under Subsection (6), "Bonus Features," and adding a new Subsection (7) titled "Nonresidential Landscaping Plan Requirements." This new subsection establishes requirements for perimeter landscaping, including requiring commercial or industrial properties adjoining residential districts to comply with the screening requirements of Section 64-197(f)(2), building foundation landscaping, parking lot and internal landscaping, an example of illustrative graphics demonstrating compliant design, landscape maintenance and replacement standards, and an

City of Lockhart, Texas

Council Agenda Item Cover Sheet

approved plant list.

The proposed amendment will apply to all nonresidential properties, requiring that a nonresidential landscape plan be submitted with all site development plans and building permit applications. In connection therewith, Section 64-196, "Establishment of Zoning Districts," is also amended by revising Subsection (q), "Entrance Corridor Overlay District (ECOD)," and Subsection (6)(b), "Landscaping Bonus Feature Requirements."

PROJECT SCHEDULE (if applicable): None

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: City Council approved Ordinance 2026-13, which created the Entrance Corridor Overlay District, which is affected by this text amendment, on March 17, 2026. Section 64-203 was mostly recently amended by Ordinance 2019-28 on December 3, 2019.

COMMITTEE/BOARD/COMMISSION ACTION: The Planning and Zoning Commission recommended approval of the proposed text amendment by a vote of 6-0 at its April 22, 2026 meeting.

STAFF RECOMMENDATION/REQUESTED MOTION: Approval of Ordinance 2026-22.

LIST OF SUPPORTING DOCUMENTS: Ordinance 2026-22 Nonresidential Landscaping, Nonresidential Landscaping for city council (Strikethrough & Texts)

ORDINANCE 2026-22

AN ORDINANCE OF THE CITY OF LOCKHART, TEXAS, AMENDING CHAPTER 64 "ZONING" OF THE CODE OF ORDINANCES, ARTICLE VII "ZONING DISTRICTS AND STANDARDS," SECTION 64-203 "NONRESIDENTIAL APPEARANCE STANDARDS," BY REDUCING THE NUMBER OF REQUIRED BONUS FEATURES BY ONE (1) UNDER SUBSECTION (6) "BONUS FEATURES"; ADDING A NEW SUBSECTION (7) TITLED "NONRESIDENTIAL LANDSCAPING PLAN REQUIREMENTS," CONSISTING OF NEW TEXTS; AND RENUMBERING THE SUBSEQUENT SUBSECTIONS ACCORDINGLY; AND, IN CONNECTION THEREWITH, AMENDING SECTION 64-196, "ESTABLISHMENT OF ZONING DISTRICTS," SUBSECTION (Q) "ENTRANCE CORRIDOR OVERLAY DISTRICT (ECOD)," AND SUBSECTION (6)(B) "LANDSCAPING BONUS FEATURE REQUIREMENTS"; PROVIDING FOR SEVERABILITY; PROVIDING A REPEALER; PROVIDING FOR PENALTY; PROVIDING FOR PUBLICATION; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, Chapter 64 "Zoning", section 64-203 "Nonresidential appearance standards", of the Lockhart Code of Ordinance established the City's standards for Nonresidential architectural standards and landscaping; and

WHEREAS, Chapter 64 "Zoning", section 64-203 relies on a bonus feature system for nonresidential architecture and landscaping, allowing developers to meet requirements by selecting a minimum number of features based on gross floor area, including only one landscaping option from 64-203 ((l), (m), (n); and

WHEREAS, the existing regulations have resulted in inconsistent landscaping coverage; and

WHEREAS, the City desires to establish stronger landscaping standards which will improve visual quality, environmental performance, and pedestrian comfort as Lockhart continues to grow; and

WHEREAS, City staff has developed a new subsection titled "Nonresidential Landscaping Plan Requirements," which shall be submitted with all site development plans and building permit applications, and which includes requirements for perimeter landscaping along streets, building foundation landscaping, parking lot and internal landscaping, and provisions for landscape maintenance and replacement; and

WHEREAS, the Lockhart Planning and Zoning Commission held a public hearing on April 22, 2026, to consider proposed amendments to the applicable sections of Chapter 64 "Zoning", and voted to recommend approval of the proposed amendments with the modification that the minimum perimeter landscaping width shall be reconsidered based on street classification under Subsection 7(b)(2); and

WHEREAS, the City Council has determined that such amendments serve public purpose and desires to amend the Code of Ordinances accordingly.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, THAT:

- I. The foregoing recitals are approved and adopted herein for all purposes.
- II. Chapter 64 “Zoning”, Section 64-203 (6), is hereby amended as follows, and new section Section 64-203 (7) is added as appears below:

Sec. 64-203. Nonresidential appearance standards

(6) *Bonus features*: Buildings and/or sites must incorporate bonus features from the list below in an amount corresponding to the gross floor area of the building or buildings on the property, based on the use categories shown in the table. The floor areas of basements or floors averaging more than 50 percent below ground level as viewed from any abutting street are not included. Where there are multiple buildings, outdoor bonus features selected shall apply to the entire site. Where multiple land uses are located in separate buildings on the same site, the minimum number of bonus features required, as shown in the table, applies to each building separately. Where multiple land uses are located in the same building, the minimum number of bonus features required is based on the use occupying the greatest floor area.

OFFICE BUILDINGS AND ALL COMMERCIAL USES	
Gross Floor Area	Minimum Bonus Features
Less than 5,000 square feet	2
5,000 square feet to 15,000 square feet	4
Greater than 15,000 square feet	6
ALL OTHER LAND USES	
Gross Floor Area	Minimum Bonus Features
Less than 10,000 square feet	2
10,000 square feet to 25,000 square feet	4
Greater than 25,000 square feet	6

- a. Horizontal articulation of building walls through the use of at least one offset of at least three feet for each 50 feet, or portion thereof, of each exterior wall length facing an abutting street.

- b. Exterior projections of architectural or structural bays in the form of floors and/or interior bay walls extending at least two feet beyond the face of at least one exterior wall facing an abutting street.
- c. Integrated planters or wing-walls that incorporate landscape or seating areas.
- d. One or more of the following architectural features integrated into each exterior wall facing an abutting street:
 - 1) Pilasters or engaged columns;
 - 2) Decorative cornice;
 - 3) Wainscoting or plinth course;
 - 4) Covered arcade or colonnade;
 - 5) Architectural tower or focal point;
 - 6) Decorative tile work.
- e. The use of at least two different finish materials on all exterior walls visible from any abutting street, whereby each material covers at least 30 percent of the visible wall area, excluding the cumulative area of windows and doors.
- f. Window accent treatments, such as being recessed from the wall plane by at least 12 inches, or having a consistent theme of arches, awnings, canopies, or balconies on all exterior walls visible from any abutting street.
- g. Windows consisting of at least 35 percent of each building wall area facing an abutting street.
- h. Peaked or pitched roof forms having a slope of at least 18.5 degrees or four inches rise per one horizontal foot, or varied roof heights, with flat roofs having an articulated parapet or cornice line, where visible from any abutting street.
- i. One or more outdoor courtyards or patios containing seating facilities and one or more amenities such as landscaping, shade, arbor, or fountain.
- j. All parking lots located no closer to any abutting street than any wall of the main building.

(7) Nonresidential Landscaping Plan Requirements

A landscaping plan is required and shall be submitted with all nonresidential building permits and site development plans. The landscaping plan must include an irrigations schematic that

demonstrates coverage of all planted or retained landscaping. Artificial plant materials shall not be used to satisfy any requirement of this section. The Planning Director may waive landscaping requirements that are not feasible on existing developed or infill commercial lots.

a. At least ten percent of the site area shall be landscaped with vegetative groundcover or xeriscaping, where the site area is defined as the lot or parcel, or portion thereof within the boundary of the developed area.

b. Perimeter Landscaping:

1. Perimeter landscaping shall be required along public street frontages and where a commercial property abuts a residentially zoned property. Any commercial or industrial property adjoining a residential district shall also comply with the screening requirements of Section 64-197(f)(2).
2. The minimum perimeter landscape strip width shall be ten (10) feet along all streets except major arterials. Along major arterials, the required landscaping strip shall be 15 feet in width.
3. Along all public street frontages and along buffers with residentially-zoned properties, at least one (1) shade tree of at least 3-inch caliper shall be provided for every forty (40) linear feet of frontage.
4. Perimeter landscape areas shall include continuous natural groundcover, which may consist of shrubs, ornamental grasses, groundcover plants, flowers or a combination with mulch or crushed rock. All shrubs must be a minimum of 18 inches in height at planting and provide a minimum of 60 percent opacity along the perimeter at maturity.

c. Building Foundation Landscaping:

1. Building foundation landscaping shall be provided along all façades of a building that faces a public street, driveway, or parking area. Planting beds shall be a minimum of three (3) feet in depth.
2. Shrubs, ornamental grasses, flowering plants, and/or other approved landscape materials shall be installed so that the plantings collectively provide coverage of not

less than sixty percent (60%) of the horizontal length of the applicable façade, excluding doorways and service openings. Evergreen shrubbery planted to meet this requirement must be at least 18 inches tall at planting and spaced no further than 6 feet apart.

d. Parking Lot and Internal Landscaping

1. Parking areas containing more than ten (10) parking spaces shall provide internal landscape islands at a ratio of one (1) island for every ten (10) parking spaces. No more than ten (10) consecutive parking spaces shall be permitted without an internal landscape island. Each internal landscape island shall include one (1) shade tree or two (2) ornamental trees.
2. Internal parking rows shall terminate with a landscaped end island, regardless of the total number of parking spaces. Each end island shall include one (1) shade tree or two (2) ornamental trees for each row of parking.
3. Each required internal landscape island and end island shall be a minimum of nine (9) feet wide by eighteen (18) feet deep, unless an alternative configuration is approved by the Planning Department for site-specific constraints and planted with approved shrubs or other landscape materials. Double rows of parking shall have island meeting double the size and planting requirements.
4. Shrub buffering shall be installed where parking areas, driveways, or access easements abut required perimeter landscaping.
5. No parking space shall be located more than 60 feet from at least one shade tree of at least three inches in caliper, as measured two feet above the root ball, when planted. A tag identifying the species or common name shall remain attached to each tree until after passing inspection by the city.

Example of a Nonresidential Landscaping plan



e. Landscape Maintenance and Replacement

1. All required plantings shall be maintained in a healthy, living condition.
2. Property owners are responsible for regular landscape care, including weeding, mowing, irrigation, fertilization, pest management, and pruning.
3. Any plant material determined to be dead shall be replaced by the property owner with comparable plant materials consistent with the approved landscape plan within sixty (60) days of such determination.
4. The Planning Director may grant up to an additional ninety (90) days for weather-related delays.
5. Failure to replace plant materials after notice and any granted extensions constitutes a violation of this chapter.

6. Preserved trees may be applied toward required landscaping quantities, provided they are not prohibited in f., below.
7. Stormwater Drainage: All landscaped areas shall be bordered by a raised concrete curb with a minimum height of six (6) inches, incorporating curb openings or scuppers to allow stormwater to drain into the landscaped areas.

f. Approved Plant List

Shade Trees (≥ 30–40 ft Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>
Cedar Elm	Ulmus crassifolia
Texas Red Oak	Quercus buckleyi
Burr Oak	Quercus macrocarpa
Chinquapin Oak	Quercus muehlenbergii
Live Oak	Quercus fusiformis
Monterrey Oak	Quercus polymorpha
Pecan	Carya illinoensis
Mexican Sycamore	Platanus mexicana
Bald Cypress	Taxodium distichum

Small / Ornamental Trees (15–25 ft Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>
Desert Willow	Chilopsis linearis
Texas Mountain Laurel	Sophora secundiflora
Anacacho Orchid Tree	Bauhinia lunarioides
Mexican Plum	Prunus mexicana
Crape Myrtle	Lagerstroemia indica
Possumhaw Holly	Ilex decidua
Yaupon Holly (tree-form)	Ilex vomitoria
Vitex / Chaste Tree	Vitex agnus-castus
Redbud	Cercis canadensis var. texensis

Evergreen Screening Shrubs (3–6 ft Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>
Wax Myrtle	Morella cerifera
Yaupon Holly	Ilex vomitoria

Dwarf Yaupon Holly	Ilex vomitoria 'Nana'
Nellie R. Stevens Holly	Ilex × 'Nellie R. Stevens'
Dwarf Burford Holly	Ilex cornuta 'Burfordii'
Esperanza / Yellow Bells	Tecoma stans
Texas Sage	Leucophyllum frutescens
Cenizo	Leucophyllum candidum

Low Shrubs (18–36 in Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>
Dwarf Pittosporum	Pittosporum tobira 'Wheeleri'
Dwarf Palmetto	Sabal minor
Autumn Sage	Salvia greggii
Artemisia	Artemisia 'Powis Castle'
Dwarf Nandina	Nandina domestica (dwarf varieties only)
Rosemary	Rosmarinus officinalis
Lantana (Texas Lantana)	Lantana urticoides
Bird of Paradise Shrub	Caesalpinia mexicana

Groundcovers & Grasses

<u>Common Name</u>	<u>Botanical Name</u>
Asian Jasmine	Trachelospermum asiaticum
Purple Wintercreeper	Euonymus fortunei
Lindheimer Sedge	Carex lindheimeri
Gulf Muhly	Muhlenbergia capillaris
Lindheimer Muhly	Muhlenbergia lindheimeri
Little Bluestem	Schizachyrium scoparium
Blackfoot Daisy	Melampodium leucanthum
Zexmenia	Wedelia texana
Rock Rose	Pavonia lasiopetala

Xeriscape Plants

<u>Common Name</u>	<u>Botanical Name</u>
Texas Sage	Leucophyllum frutescens
Sotol	Dasylirion texanum
Agave species	Agave spp.
Yucca	Yucca rostrata
Red Yucca	Hesperaloe parviflora

Prickly Pear	Opuntia engelmannii
Damianita	Chrysactinia mexicana
Gregg's Mistflower	Conoclinium greggii

Prohibited Plants

<u>Common Name</u>	<u>Botanical Name</u>	<u>Reason</u>
Chinese Tallow	Triadica sebifera	Invasive
Chinaberry	Melia azedarach	Invasive
Tree of Heaven	Ailanthus altissima	Invasive
Salt Cedar	Tamarix chinensis	Water-consuming
Giant Cane	Arundo donax	Invasive
Running Bamboo	Bambusa spp.	Spreading
Bradford Pear	Pyrus calleryana	Invasive, Bad Odor
Mesquite	Prosopis	Aggressive invader
Hackberry	Celtis	Too brittle

Sec. 64-203. Nonresidential appearance standards

Chapter 64- ZONING

Article VII: Zoning Districts and Standards

Sec. 64-196. - Establishment of zoning districts.

(q) Entrance Corridor Overlay District (ECOD)

(6) Landscaping.

b. Landscaping Bonus Feature Requirements:

Landscaping within the Entrance Corridor Overlay District (ECOD) shall include landscaping that meets the requirements of 64-203 (7).

IV. Severability: If any provision, section, clause, sentence, or phrase of this ordinance is for any reason held to be unconstitutional, void, invalid, or un-enforced, the validity of the remainder of this ordinance or its application shall not be affected, it being the intent of the City Council in adopting and of the Mayor in approving this ordinance that no portion, provision, or regulation contained herein shall become inoperative or fail by way of reasons of any unconstitutionality or invalidity of any other portion, provision or regulation.

V. Repealer: That all other ordinances, sections, or parts of ordinances heretofore adopted by the City of Lockhart in conflict with the provisions set out above in this ordinance are hereby repealed or amended as indicated.

VI. Penalty: Any person who violates any provision of this ordinance shall be guilty of a misdemeanor, and upon conviction shall be fined as provided in Section 1-8 of the City Code.

VII. Publication: That the City Secretary is directed to cause the caption of this ordinance to be published in a newspaper of general circulation according to law.

VIII. Effective Date. That this ordinance shall become effective and be in full force ten days from the date of its passage.

**PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS,
ON THIS, THE 19th DAY OF MAY 2026.**

CITY OF LOCKHART

Lew White
Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Bowermon
City Secretary

Brad Bullock
City Attorney

Black Underlined Texts: New Texts

~~Strikethrough Texts: Deleted Texts~~

Plain Texts: Existing Texts

Non-residential Landscaping Text Amendments

Chapter 64 - ZONING

ARTICLE VII. - ZONING DISTRICTS AND STANDARDS

Sec. 64-203. Nonresidential appearance standards.

Except as otherwise noted, all new development, new enclosed buildings, or building additions exceeding 50 percent of the gross floor area of the existing building as provided in subsection (1), are subject to the following standards for outdoor site development and exterior building design. If there are two or more buildings on the same site, their appearance should be consistent with regard to these standards. Buildings 300 square feet or less in gross floor area, residential dwellings and residential or agricultural accessory buildings, and buildings of any type that are on property located in both the CCB Commercial Central Business District and the Courthouse Square Historical District, are exempt from these standards.

(1)*Building additions:* Additions exceeding 50 percent of the gross floor area of an existing building where the existing building complies with this section at the time the addition is constructed shall have a similar appearance as the existing building. If the total floor area resulting from the addition requires compliance with more bonus features in subsection (6) than would be required by the existing building, the new total number of building and landscaping bonus features shall apply. Where an addition exceeds 50 percent of the gross floor area of an existing building, and the existing building does not comply with this section at the time the addition is constructed, the addition or the existing building, or a combination thereof, shall comply with this section, including the building and landscaping bonus features in subsection (6) based on the floor area of the addition, only.

(2)*Color*: Intense, bright, or fluorescent colors shall not be used as the predominant color on any wall or roof, but may be used as an accent.

(3)*Entrances*: Primary building entrances must be easily identifiable through the use of differing colors and/or materials, or covered by any means such as a, portico, recess, canopy, awning, or other overhang.

(4)*Roofs*: Flat roofs that are not an integral element of a unique architectural style or design, and roof-mounted mechanical equipment taller than 18 inches above the roof surface on any type of roof, must be screened from view as seen at an eye level of six feet above the property line from and along any abutting street, and/or from any abutting property having a residential zoning classification, by a parapet or other architectural structure or device of a design and/or color that complements, or is consistent with, the appearance of the building.

(5)*Screening*: Any outdoor area used for ground-mounted mechanical equipment, refuse storage, long-term vehicle storage, storage of products or materials other than vehicles, or truck loading/unloading docks shall be screened from view as seen at an eye level of six feet above the property line from and along any abutting street or from any abutting property having a residential zoning classification. Screening shall consist of a minimum 90 percent opaque permanent fence or wall of a design and/or color that complements, or is consistent with, the appearance of the building that it serves. Screening is not required for loading docks on property that abuts only a street other than an arterial street if the loading dock is set back at least 130 feet from the right-of-way line.

(6) *Bonus features*: Buildings and/or sites must incorporate bonus features from the list below in an amount corresponding to the gross floor area of the building or buildings on the property, based on the use categories shown in the table. The floor areas of basements or floors averaging more than 50 percent below ground level as viewed from any abutting street are not included. Where there are multiple buildings, outdoor bonus features selected shall apply to the entire site. Where multiple land uses are located in separate buildings on the same site, the minimum number of bonus features required, as shown in the table, applies to each building separately. Where multiple land uses are located in the same building, the minimum number of bonus features required is based

on the use occupying the greatest floor area. ~~In all cases, at least one of the selected bonus features must be from items "l", "m", or "n" in the list.~~

OFFICE BUILDINGS AND ALL COMMERCIAL USES	
Gross Floor Area	Minimum Bonus Features
Less than 5,000 square feet	3 <u>2</u>
5,000 square feet to 15,000 square feet	5 <u>4</u>
Greater than 15,000 square feet	7 <u>6</u>
ALL OTHER LAND USES	
Gross Floor Area	Minimum Bonus Features
Less than 10,000 square feet	3 <u>2</u>
10,000 square feet to 25,000 square feet	5 <u>4</u>
Greater than 25,000 square feet	7 <u>6</u>

- a. Horizontal articulation of building walls through the use of at least one offset of at least three feet for each 50 feet, or portion thereof, of each exterior wall length facing an abutting street.
- b. Exterior projections of architectural or structural bays in the form of floors and/or interior bay walls extending at least two feet beyond the face of at least one exterior wall facing an abutting street.
- c. Integrated planters or wing-walls that incorporate landscape or seating areas.
- d. One or more of the following architectural features integrated into each exterior wall facing an abutting street:
 - 1) Pilasters or engaged columns;
 - 2) Decorative cornice;
 - 3) Wainscoting or plinth course;

- 4) Covered arcade or colonnade;
- 5) Architectural tower or focal point;
- 6) Decorative tile work.

e. The use of at least two different finish materials on all exterior walls visible from any abutting street, whereby each material covers at least 30 percent of the visible wall area, excluding the cumulative area of windows and doors.

f. Window accent treatments, such as being recessed from the wall plane by at least 12 inches, or having a consistent theme of arches, awnings, canopies, or balconies on all exterior walls visible from any abutting street.

g. Windows consisting of at least 35 percent of each building wall area facing an abutting street.

h. Peaked or pitched roof forms having a slope of at least 18.5 degrees or four inches rise per one horizontal foot, or varied roof heights, with flat roofs having an articulated parapet or cornice line, where visible from any abutting street.

i. One or more outdoor courtyards or patios containing seating facilities and one or more amenities such as landscaping, shade, arbor, or fountain.

j. All parking lots located no closer to any abutting street than any wall of the main building.

~~k. At least ten percent of the site area landscaped with vegetative groundcover or xeriscaping, where the site area is defined as the lot or parcel, or portion thereof within the boundary of the developed area, as indicated on the site plan for the use or uses receiving bonus feature credit.~~

~~l. Evergreen shrubbery at least 18 inches high when planted along the building foundation on each side facing an abutting street.~~

~~m. Evergreen shrubbery having a mature height of at least four feet, landscaped earth berm, decorative wall, or a combination thereof, at least four feet high as measured from the parking lot surface, and having an opacity of at least 60 percent, along the frontage of all parking lots abutting a street. Shrubbery may be at least three feet high when planted or, if irrigated, may be two feet high when planted.~~

~~n. No parking space more than 60 feet from at least one ornamental or shade tree of at least two inches in caliper, as measured two feet above the root ball, when planted. A tag identifying the species or common name shall remain attached to each tree until after passing inspection by the city.~~

(7) Nonresidential Landscaping Plan Requirements:

A landscaping plan is required and shall be submitted with all nonresidential building permits and site development plans. The landscaping plan must include an irrigations schematic that demonstrates coverage of all planted or retained landscaping. Artificial plant materials shall not be used to satisfy any requirement of this section. The Planning Director may waive landscaping requirements that are not feasible on existing developed or infill commercial lots.

a. At least ten percent of the site area shall be landscaped with vegetative groundcover or xeriscaping, where the site area is defined as the lot or parcel, or portion thereof within the boundary of the developed area.

b. Perimeter Landscaping:

1. Perimeter landscaping shall be required along public street frontages and where a commercial property abuts a residentially-zoned property. Any commercial or industrial property adjoining a residential district shall also comply with the screening requirements of Section 64-197(f)(2).
2. The minimum perimeter landscape strip width shall be ten (10) feet along all streets except major arterials. Along major arterials, the required landscaping strip shall be 15 feet in width.
3. Along all public street frontages and along buffers with residentially zoned properties, , at least one (1) shade tree of at least 3-inch caliper shall be provided for every forty (40) linear feet of frontage.
4. Perimeter landscape areas shall include continuous natural groundcover, which may consist of shrubs, ornamental grasses, groundcover plants, flowers or a combination with mulch or crushed rock. All shrubs must be a minimum of 18 inches in height at planting and provide a minimum of 60 percent opacity along the perimeter at maturity.

c. Building Foundation Landscaping:

1. Building foundation landscaping shall be provided along all façades of a building that faces a public street, driveway, or parking area. Planting beds shall be a minimum of three (3) feet in depth.
2. Shrubs, ornamental grasses, flowering plants, and/or other approved landscape materials shall be installed so that the plantings collectively provide coverage of not less than sixty percent (60%) of the horizontal length of the applicable façade, excluding doorways and service openings. Evergreen shrubbery planted to meet this requirement must be at least 18 inches tall at planting and spaced no further than 6 feet apart.

d. Parking Lot and Internal Landscaping

1. Parking areas containing more than ten (10) parking spaces shall provide internal landscape islands at a ratio of one (1) island for every ten (10) parking spaces. No more than ten (10) consecutive parking spaces shall be permitted without an internal landscape island. Each internal landscape island shall include one (1) shade tree or two (2) ornamental trees.
2. Internal parking rows shall terminate with a landscaped end island, regardless of the total number of parking spaces. Each end island shall include one (1) shade tree or two (2) ornamental trees for each row of parking.
3. Each required internal landscape island and end island shall be a minimum of nine (9) feet wide by eighteen (18) feet deep, unless an alternative configuration is approved by the Planning Department for site-specific constraints and planted with approved shrubs or other landscape materials. Double rows of parking shall have island meeting double the size and planting requirements.
4. Shrub buffering shall be installed where parking areas, driveways, or access easements abut required perimeter landscaping.
5. No parking space shall be located more than 60 feet from at least one shade tree of at least three inches in caliper, as measured two feet above the root ball,

when planted. A tag identifying the species or common name shall remain attached to each tree until after passing inspection by the city.

Example of a Nonresidential Landscaping plan



e. Landscape Maintenance and Replacement

1. All required plantings shall be maintained in a healthy, living condition.
2. Property owners are responsible for regular landscape care, including weeding, mowing, irrigation, fertilization, pest management, and pruning.
3. Any plant material determined to be dead shall be replaced by the property owner with comparable plant materials consistent with the approved landscape plan within sixty (60) days of such determination.
4. The Planning Director may grant up to an additional ninety (90) days for weather-related delays.

5. Failure to replace plant materials after notice and any granted extensions constitutes a violation of this chapter.
6. Preserved trees may be applied toward required landscaping quantities, provided they are not prohibited in f., below.
7. Stormwater Drainage: All landscaped areas shall be bordered by a raised concrete curb with a minimum height of six (6) inches, incorporating curb openings or scuppers to allow stormwater to drain into the landscaped areas.

f. Approved Plant List

The following is a list of approved landscape materials and prohibited plants. Developers may select from this list or propose alternative plant materials, subject to approval by the Planning Director.

Shade Trees (≥ 30–40 ft Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>
<u>Cedar Elm</u>	<u>Ulmus crassifolia</u>
<u>Texas Red Oak</u>	<u>Quercus buckleyi</u>
<u>Burr Oak</u>	<u>Quercus macrocarpa</u>
<u>Chinquapin Oak</u>	<u>Quercus muehlenbergii</u>
<u>Live Oak</u>	<u>Quercus fusiformis</u>
<u>Monterrey Oak</u>	<u>Quercus polymorpha</u>
<u>Pecan</u>	<u>Carya illinoensis</u>
<u>Mexican Sycamore</u>	<u>Platanus mexicana</u>
<u>Bald Cypress</u>	<u>Taxodium distichum</u>

Small / Ornamental Trees (15–25 ft Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>

<u>Desert Willow</u>	<u>Chilopsis linearis</u>
<u>Texas Mountain Laurel</u>	<u>Sophora secundiflora</u>
<u>Anacacho Orchid Tree</u>	<u>Bauhinia lunarioides</u>
<u>Mexican Plum</u>	<u>Prunus mexicana</u>
<u>Crape Myrtle</u>	<u>Lagerstroemia indica</u>
<u>Possumhaw Holly</u>	<u>Ilex decidua</u>
<u>Yaupon Holly (tree-form)</u>	<u>Ilex vomitoria</u>
<u>Vitex / Chaste Tree</u>	<u>Vitex agnus-castus</u>
<u>Redbud</u>	<u>Cercis canadensis var. texensis</u>

Evergreen Screening Shrubs (3–6 ft Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>
<u>Wax Myrtle</u>	<u>Morella cerifera</u>
<u>Yaupon Holly</u>	<u>Ilex vomitoria</u>
<u>Dwarf Yaupon Holly</u>	<u>Ilex vomitoria 'Nana'</u>
<u>Nellie R. Stevens Holly</u>	<u>Ilex × 'Nellie R. Stevens'</u>
<u>Dwarf Burford Holly</u>	<u>Ilex cornuta 'Burfordii'</u>
<u>Esperanza / Yellow Bells</u>	<u>Tecoma stans</u>
<u>Texas Sage</u>	<u>Leucophyllum frutescens</u>
<u>Cenizo</u>	<u>Leucophyllum candidum</u>

Low Shrubs (18–36 in Mature Height)

<u>Common Name</u>	<u>Botanical Name</u>
<u>Dwarf Pittosporum</u>	<u>Pittosporum tobira 'Wheeleri'</u>
<u>Dwarf Palmetto</u>	<u>Sabal minor</u>
<u>Autumn Sage</u>	<u>Salvia greggii</u>
<u>Artemisia</u>	<u>Artemisia 'Powis Castle'</u>
<u>Dwarf Nandina</u>	<u>Nandina domestica (dwarf varieties only)</u>
<u>Rosemary</u>	<u>Rosmarinus officinalis</u>
<u>Lantana (Texas Lantana)</u>	<u>Lantana urticoides</u>
<u>Bird of Paradise Shrub</u>	<u>Caesalpinia mexicana</u>

Groundcovers & Grasses

<u>Common Name</u>	<u>Botanical Name</u>
<u>Asian Jasmine</u>	<u>Trachelospermum asiaticum</u>
<u>Purple Wintercreeper</u>	<u>Euonymus fortunei</u>
<u>Lindheimer Sedge</u>	<u>Carex lindheimeri</u>
<u>Gulf Muhly</u>	<u>Muhlenbergia capillaris</u>
<u>Lindheimer Muhly</u>	<u>Muhlenbergia lindheimeri</u>
<u>Little Bluestem</u>	<u>Schizachyrium scoparium</u>
<u>Blackfoot Daisy</u>	<u>Melampodium leucanthum</u>
<u>Zexmenia</u>	<u>Wedelia texana</u>
<u>Rock Rose</u>	<u>Pavonia lasiopetala</u>

Xeriscape Plants

<u>Common Name</u>	<u>Botanical Name</u>
<u>Texas Sage</u>	<u>Leucophyllum frutescens</u>
<u>Sotol</u>	<u>Dasyilirion texanum</u>
<u>Agave species</u>	<u>Agave spp.</u>
<u>Yucca</u>	<u>Yucca rostrata</u>
<u>Red Yucca</u>	<u>Hesperaloe parviflora</u>
<u>Prickly Pear</u>	<u>Opuntia engelmannii</u>
<u>Damianita</u>	<u>Chrysactinia mexicana</u>
<u>Gregg's Mistflower</u>	<u>Conoclinium greggii</u>

Prohibited Plants

<u>Common Name</u>	<u>Botanical Name</u>	<u>Reason</u>
<u>Chinese Tallow</u>	<u>Triadica sebifera</u>	<u>Invasive</u>
<u>Chinaberry</u>	<u>Melia azedarach</u>	<u>Invasive</u>
<u>Tree of Heaven</u>	<u>Ailanthus altissima</u>	<u>Invasive</u>
<u>Salt Cedar</u>	<u>Tamarix chinensis</u>	<u>Water-consuming</u>
<u>Giant Cane</u>	<u>Arundo donax</u>	<u>Invasive</u>
<u>Running Bamboo</u>	<u>Bambusa spp.</u>	<u>Spreading</u>
<u>Bradford Pear</u>	<u>Pyrus calleryana</u>	<u>Invasive, Bad Odor</u>
<u>Mesquite</u>	<u>Prosopis</u>	<u>Aggressive invader</u>
<u>Hackberry</u>	<u>Celtis</u>	<u>Too brittle</u>

Chapter 64- ZONING

Article VII: Zoning Districts and Standards

Sec. 64-196. - Establishment of zoning districts.

(q) Entrance Corridor Overlay District (ECOD).

(6) Landscaping.

- a. Landscaping Buffer Requirement: A minimum fifteen feet (15-ft) landscaping buffer shall be provided along all corridor street frontages within the ECOD, located between the sidewalk and any other developed area. This area shall include native species trees at maximum 40-foot spacing, native grasses, shrubs, flowers, and other plant materials that contribute to a visually appealing streetscape. No parking areas, loading areas, or accessory structures shall be permitted within the required landscaping buffer, except for approved signage.
- b. Landscaping Bonus Feature Requirements:
Landscaping within the Entrance Corridor Overlay District (ECOD) shall include landscaping that meets the requirements of 64-203 (7) ~~l., m., and n.~~
- c. Trees greater than eight (8) inches in caliper within the list of protected species, the in Chapter 60, Article II, shall be preserved. No trees meeting these requirements, other than dead, dangerous, or diseased trees, shall be removed from any lot except through submission to City Council as detailed in Section 60-27.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Approve Ordinance 2026-23 approving Mid-Year Budget Amendments to the City of Lockhart's Operating Budget for Fiscal Year 2025-2026.

ORIGINATING DEPARTMENT AND CONTACT: Finance - Keeli Howard

ACTION REQUESTED: Ordinance

BACKGROUND/SUMMARY/DISCUSSION: City Council adopted the Fiscal Year 2026 budget on September 2, 2025. According to the Budget Policy, the City Council must approve budget transfers among City funds. Exhibit A to Ordinance 2026-23 outlines each proposed budget amendment for FYE 2026 in detail.

Budget Amendment 26.01 will transfer money from the Transportation and Drainage Funds to the General Fund to pay for the Transportation and Drainage Fee study. Budget Amendment 26.02 transfer money from the Water Impact Fee Fund to the Water Fund to pay for a Water Well Study. Lastly, Budget Amendment 26.03 will transfer the remaining General Fund money from the EMS Fund.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: O-2026-23 - FY 2026 Mid-Year Budget Amendments

ORDINANCE 2026-23

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, AMENDING THE BUDGET FOR THE FISCAL YEAR 2026 IN ACCORDANCE WITH EXISTING STATUTORY REQUIREMENTS; APPROPRIATING THE VARIOUS AMOUNTS HEREIN, AS ATTACHED IN EXHIBIT A; REPEALING ALL PRIOR ORDINANCES AND ACTIONS IN CONFLICT HEREWITH; AND ESTABLISHING FOR AN EFFECTIVE DATE.

WHEREAS, the City Manager of the City of Lockhart, Texas has submitted to the Mayor and City Council a proposed amendment(s) to the budget of the revenues and/or expenditures/expenses of conducting affairs of said city and providing a complete financial plan for Fiscal Year 2026; and

WHEREAS, the City Manager has requested a budget amendment(s) which are attached hereto as Exhibit A; and

WHEREAS, the Mayor and Council concur with the recommendation for the City Manager and staff that the budget amendment(s) be processed to reflect the proper revenue and/or expense accounts, and

NOW, THEREFORE, be it ordained by the City Council for the City of Lockhart, Texas:

That Ordinance 2026-23 is hereby adopted and approved as the amended budget of said City for Fiscal Year 2026 as the same are contained in Exhibit A, which are attached hereto and incorporated herein for all purposes.

This Ordinance shall be and remain in full force and effect from and after its final passage and publication in accordance with existing statutory requirements.

PASSED, APPROVED, AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, ON THIS THE 19TH DAY OF MAY, 2026.

CITY OF LOCKHART

Lew White, Mayor

Attest:

APPROVED AS TO FORM:

Julie Bowermon, City Secretary

Brad Bullock, City Attorney

EXHIBIT A

City of Lockhart
FYE 2026
Budget Amendments
Ordinance 2026-23

Amendment No. 26.01

Reason: Transfer money from the Transportation and Drainage Funds to the General Fund to pay for the Transportation and Drainage Fee study.

GL Line Item Description	GL Account #	Adopted Budget	Current Amendment Increase (decrease)	Amended Budget
Trnsf to General Fund from Transportation Fund	270-5199-800-00	\$ 400,000.00	\$ 31,978.40	\$ 431,978.40
Trnsf to General Fund from Drainage Fund	275-5199-800-00	\$ 150,000.00	\$ 7,994.60	\$ 157,994.60
Trnsf Fr Transportation Fund to General Fund	100-4930-00	\$ 400,000.00	\$ 31,978.40	\$ 431,978.40
Trnsf Fr Drainage Fund to General Fund	100-4945-00	\$ 150,000.00	\$ 7,994.60	\$ 157,994.60
Architectural & Engineering	100-5633-903-00	\$ -	\$ 39,973.00	\$ 39,973.00

Amendment No. 26.02

Reason: Transfer money from the Water Impact Fee Fund to the Water Fund to pay for a Water Well Study.

GL Line Item Description	GL Account #	Adopted Budget	Current Amendment Increase (decrease)	Amended Budget
Unassigned Fund Balance - Water Impact Fee Fund	525-3402-00	\$ 4,690,826.00	\$ (199,190.00)	\$ 4,491,636.00
Trnsf to Water Fund from Water Impact Fee Fund	525-5199-822-00	\$ -	\$ 199,190.00	\$ 199,190.00
Trnsf Fr Water Impact Fee Fund to Water Fund	520-4917-00	\$ -	\$ 199,190.00	\$ 199,190.00
Architectural & Engineering	520-5750-903-00	\$ 2,500.00	\$ 199,190.00	\$ 201,690.00

Amendment No. 26.03

Reason: The transfer of the EMS Department to ESD #5 in FY 2025 resulted in a transfer of \$225,000 from the EMS Department back to the General Fund. In FY 2025, the City transferred \$150,000 to the General Fund from the EMS Department. This amendment for FY 2026 is for the remaining \$75,000 to be transferred to the General Fund.

GL Line Item Description	GL Account #	Adopted Budget	Current Amendment Increase (decrease)	Amended Budget
Unassigned Fund Balance - EMS Fund	570-3402-00	\$ 603,637.00	\$ (75,000.00)	\$ 528,637.00
Trnsf to General Fund from EMS Fund	570-5799-800-00	\$ -	\$ 75,000.00	\$ 75,000.00
Trnsf Fr EMS Fund to General Fund	100-4938-00	\$ -	\$ 75,000.00	\$ 75,000.00

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Authorize disposal of assets with purchase prices greater than \$50,000 in accordance with the City's adopted Disposal of Asset Policy.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION:

The City is currently disposing of surplus vehicles and equipment at Public Works. City-owned vehicles and equipment with an original purchase price greater than \$50,000 require City Council approval of the disposal of in accordance with the City's asset disposal procedures.

The six (6) vehicles and equipment proposed for disposal have reached a point where continued use is no longer recommended due to age, mileage, condition, maintenance costs, operational needs, or they have been replaced in the originating department. Disposal of these surplus assets will allow staff to remove outdated equipment from service and free up space at Public Works.

If approved, the vehicles/equipment will be declared surplus and disposed of. Disposal may include sale through public auction, trade-in, salvage, or another approved method. Any proceeds received from the asset disposal will be transferred into the general fund.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval authorizing the disposal of the six surplus vehicles and equipment with an original

City of Lockhart, Texas

Council Agenda Item Cover Sheet

purchase price greater than \$50,000.

LIST OF SUPPORTING DOCUMENTS: Disposal of Asset Policy, Disposal of Assets May 19
2026

RESOLUTION 2019-17

A RESOLUTION OF THE CITY OF LOCKHART, TEXAS, APPROVING AND ADOPTING A POLICY AND PROCEDURE FOR THE DISPOSAL OF SURPLUS CITY PERSONAL PROPERTY

WHEREAS, the City of Lockhart, on behalf of the public, owns various items of personal property, such as vehicles, equipment, office furniture, office machines, computers, and other types of public possessions; and

WHEREAS, such items periodically become surplus to the City's needs, having become obsolete, inoperable, damaged, incompatible with City practices, or of no further use for other reasons; and

WHEREAS, state law allows municipalities to dispose of such surplus personal property in any legal manner so long as it is done for a public purpose rather than to benefit an individual, corporation, or association; and

WHEREAS, the City Council desires to approve and adopt a policy for the disposal of such surplus property;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, THAT:

1. The foregoing recitals are adopted and incorporated herein for all purposes.
2. The policy for disposal of surplus city property, titled "Surplus Property Disposal," which is attached hereto as Exhibit "A" is hereby approved and adopted as a policy of the City of Lockhart, Texas.

PASSED AND ADOPTED on this the 6th day of August, 2019.

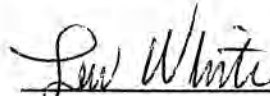


ATTEST:



Connie Constancio, TRMC, City Secretary

CITY OF LOCKHART



Lew White, Mayor

APPROVED AS TO FORM:



Monte Akers, City Attorney

EXHIBIT "A"
to
RESOLUTION NO. 2019-17

SURPLUS PROPERTY DISPOSAL

Surplus Property is defined as any City-owned property, other than real estate, that is worn out, outdated or no longer needed for current operations yet still has potential adequate value. Surplus goods include, but are not limited to, equipment, parts, tools, vehicles, computers, software, supplies, paper stock, books and furniture.

Department Directors or his/her designee shall submit a written list of property that they recommend to be designated as surplus to the City Manager or his/her designee. Recommended disposal of vehicles or other rolling stock will be subject to the Public Works Director input and recommendation.

The City Manager's Office will work with Departments in determining if an adequate value exists. Potential adequate value shall be determined taking into consideration the cost of preparing the item for sale.

Sale or disposal of surplus property requires prior approval by the City Manager. Any item whose original cost exceeded \$50,000 requires City Council approval prior to disposal of the item by any method.

Items determined to have a potential adequate value will be sold by any manner that is legal for disposal as approved by the City Manager, which will yield the greatest possible benefit to the City.

Items without adequate value may be disposed of in any manner approved by the responsible Department Director following the approval of the City Manager.

In order to maintain the highest appearance of ethical propriety at all times, surplus goods may not be sold or transferred directly or indirectly to any officer or employee of the City involved in the decision to dispose of surplus property or to any officer or employee who participates in conducting such disposal on behalf of the City, particularly including City Council members, the City Manager, City Secretary, Finance Director, or Department Heads.

City employees may participate, on their own time, in public auctions for the purchase of surplus City goods.

Disposal of Assets:

This policy is intended to establish and describe the basic guidelines and policies for the disposal of assets for the City of Lockhart.

- I. Assets shall be considered for disposal when any of the following conditions are met:
 - A. The asset is obsolete or out dated.
 - B. The asset is no longer functional for any departments within the City.
 - C. The asset is considered too costly to repair.

- II. Assets can be disposed of in any manner that is legal for disposal as approved by the City Manager. Examples of possible disposal methods include but are not limited to:
 - A. Public auction, online or live.
 - B. Sealed bids.
 - C. Donated.
 - D. Recycled.
 - E. Destroyed.
 - F. Private sale.
 - G. Broker or agent.
 - H. Any other method permissible by law, as approved by the City Manager.

- III. Approval of disposal is as follows:
 - A. If the asset's original cost was less than \$50,000, the City Manager can authorize the disposal of the asset in a commercially reasonable manner and report to the City Council periodically following the transaction.
 - B. If the asset's original cost was \$50,000 or more, the City Council must approve the disposal.
 - C. If the City wishes to donate the asset, City Council must approve the donation.
 - D. If the asset is being sold by sealed bids, City Council must approve that sale.
 - E. If the asset's original cost was less than \$500 and is not computer related, the Department Director may authorize the disposal of the asset.

1995 Ford F800 Pro Patch

Make: Ford/Pro Patch
VIN: 1FDXF80C5SVA69743
GVWR: 30,000 lbs
Unit ID: 51

Model: F800
License: 117-6297
GAWR Front: 9,000 lbs

Build Date: 1995
Mileage:
GAWR Rear: 21,000 lbs



2001 Sterling Bucket Truck

Make:	Sterling	Model:	Bucket Trk	Build Date:	2001
VIN:	2FZAAKBV51AH38927	License:	100-2799	Mileage:	
GVWR:		GAWR Front:		GAWR Rear:	
Unit ID:	57				



1985 International w/Heil Read Loader

Make:	International w/Heil Loader	Model:	Heil Loader	Build Date:	1985
VIN:	1HTLDTVNOFHA58472	License:	489-233	Mileage:	
GVWR:		GAWR Front:		GAWR Rear:	
Unit ID:	71				



1989 International w/Packmor Read Loader

Make:	International w/Packmor	Model:	Packmor	Build Date:	1989
VIN:	1HTLKDBR3KH666397	License:	550-215	Mileage:	
GVWR:		GAWR Front:		GAWR Rear:	
Unit ID:	79				



1989 Ford F800 Fire Truck

Make: Ford

Model: F800

Build Date: 1989

VIN: 1FDYK84AXKVA00670

License: 580-222

Mileage:

GVWR:

GAWR Front:

GAWR Rear:

Unit ID: 308



2000 Ford Swat Truck

Make:	Ford	Model:	F350	Build Date:	2000
VIN:	1FDYK84AXKVA00670	License:	796-481	Mileage:	
GVWR:	12500 lbs	GAWR Front:	5550 lbs	GAWR Rear:	9750 lbs
Unit ID:	501				



City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion and/or action approving Resolution No. 2026-22 accepting the donation of a 10' x 15' sign easement from The Ziegenfelder Company-Texas, LLC for the installation and maintenance of a monument sign within Lockhart Industrial Park No. 3.

ORIGINATING DEPARTMENT AND CONTACT: Economic Development - Holly Malish

ACTION REQUESTED: Resolution

BACKGROUND/SUMMARY/DISCUSSION: Within the FY 2026 Lockhart Economic Development Corporation budget, funding was allocated for the construction of a monument sign within Lockhart Industrial Park No. 3. The monument sign is intended to improve visibility and wayfinding within the industrial park, provide tenant recognition, and enhance the overall appearance and identity of the development.

As part of the project development process, City staff coordinated with The Ziegenfelder Company-Texas, LLC, the Planning Department, and the sign contractor to determine an appropriate location for the sign. Following completion of a survey and site coordination efforts, The Ziegenfelder Company-Texas, LLC agreed to donate a 10' x 15' sign easement to the City for the installation, operation, maintenance, and future replacement of the monument sign and related facilities.

The easement is located on property within Lockhart Industrial Park III, Section 1, and will provide the City with the necessary access and long-term rights needed to construct and maintain the monument signage improvements.

PROJECT SCHEDULE (if applicable): If approved, the monument sign is anticipated to be completed by December 2026.

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

STAFF RECOMMENDATION/REQUESTED MOTION:

LIST OF SUPPORTING DOCUMENTS: City Council Resolution No. 2026-22 - Industrial Park
III Easement

RESOLUTION NO. 2026-22

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOCKHART TEXAS, ACCEPTING THE DONATION OF A 10' x 15' SIGN EASEMENT FROM THE ZIEGENFELDER COMPANY-TEXAS, LLC ("ZIEGENFELDER") TO SUPPORT A MOMUMENT SIGN IN THE LOCKHART INDUSTRIAL PARK NO 3; AND PROVIDING AN OPEN MEETINGS CLAUSE.

WHEREAS, the City is designing and building a monument sign in Lockhart Industrial Park No 3, an industrial park on the northwestern side of the City, to provide tenant recognition, community pride and improve wayfinding and visibility; and

WHEREAS, ZIEGENFELDER has agreed to donate a 10' x 15' sign easement for the construction of the monument sign - the easement property is legally described as being situated in the City of Lockhart, Caldwell County, Texas and being also a part of Lot 1 in Block B of Lockhart Industrial Park III-Section 1 as recorded in Plat Cabinet D, Slide 84 of the Plat Records of Caldwell County, Texas; and

WHEREAS, Staff recommends Council accept the donation of a 10' x 15' sign easement; and

WHEREAS, the City Council has considered the matter and deems it in the public interest to authorize this action.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TEMPLE, TEXAS, THAT:

Section 1: Findings. All of the above premises are hereby found to be true and correct legislative and factual findings of the City Council of the City of Lockhart, Texas, and they are hereby approved and incorporated into the body of this Resolution as if copied in their entirety.

Section 2: The City Council accepts the donation of a 10' x 15' sign easement from ZIEGENFELDER (Exhibit A), and authorizes the Mayor, after approval as to form by the City Attorney, to execute any necessary documents.

Section 3: It is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public as required and that public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act.

PASSED AND APPROVED this the **19th** day of **May, 2026**

THE CITY OF LOCKHART

Lew White, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Bowermon,
City Secretary

Brad Bullock
City Attorney

Exhibit A

Easement Agreement for Signage

Notice of confidentiality rights: If you are a natural person, you may remove or strike any or all 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.

Date: May 19, 2026

Grantor: The Ziegenfelder Company-Texas, LLC, a Texas limited liability company

Grantor's Mailing Address: P.O. Box 6645
87 18th Street
Wheeling, WV 26003 (OHIO)

Grantee: City of Lockhart, Texas, a home rule municipality

Grantee's Mailing Address: PO Box 239
Lockhart, Texas 78644 (Caldwell County)

Easement Property: Being a 10' x 15' easement situated in the City of Lockhart, Caldwell County, Texas and being also a part of Lot 1 in Block B of Lockhart Industrial Park III-Section 1 as recorded in Plat Cabinet D, Slide 84 of the Plat Records of Caldwell County, Texas, and being more particularly described by metes and bounds in Exhibit A attached to this agreement and by this reference incorporated within it.

Easement Purpose: For the installation, construction, placement, operation, maintenance, replacement, repair, upgrade, and removal of monument signage and related facilities (collectively, the "Facilities") and to provide City, its employees, representatives, and contractors, pedestrian and vehicular ingress and egress across the easement property to perform construction and maintenance activities related to the Facilities.

Consideration: Good and valuable consideration, the receipt and sufficiency of which are acknowledged by Grantor.

Reservations from Conveyance: None

Exceptions to Warranty: None

Grant of Easement: Grantor, for the Consideration and subject to the Reservations from

Conveyance and Exceptions to Warranty, grants, sells, and conveys to Grantee and Grantee's heirs, successors, and assigns an easement over, on, under, and across the Easement Property for the Easement Purpose, together with all and singular the rights and appurtenances thereto in any way belonging (collectively, the "Easement"), to have and to hold the Easement to Grantee and Grantee's heirs, successors, and assigns forever. Grantor binds Grantor and Grantor's heirs, successors, and assigns to warrant and forever defend the title to the Easement in Grantee and Grantee's heirs, successors, and assigns against every person whomsoever lawfully claiming or to claim the Easement or any part of the Easement, except as to the Reservations from Conveyance and Exceptions to Warranty.

Terms and Conditions:

The following terms and conditions apply to the Easement granted by this agreement:

1. *Character of Easement.* The Easement is nonexclusive and irrevocable. The Easement is for the benefit of Grantee and Grantee's successors and assigns.
2. *Duration of Easement.* The duration of the Easement is perpetual.
3. *Reservation of Rights.* City's right to use the Easement Property is nonexclusive, and Grantor reserves for Grantor and Grantor's heirs, successors, and assigns the right to use all or part of the Easement Property in conjunction with City as long as such use by Grantor and Grantor's heirs, successors, and assigns does not interfere with the use of the Easement Property by City for the Easement Purpose, and the right to convey to others the right to use all or part of the Easement Property in conjunction with City, as long as such further conveyance is subject to the terms of this agreement.
4. *Secondary Easement.* City has the right (the "Secondary Easement") to use as much of the surface of the property that is adjacent to the Easement Property ("Adjacent Property") as may be reasonably necessary to install and maintain the Facilities within the Easement Property that are reasonably suited for the Easement Purpose. However, City must promptly restore the Adjacent Property to its previous physical condition if changed by use of the rights granted by this Secondary Easement.
5. *Improvement and Maintenance of Easement Property.* Improvement and maintenance of the Easement Property and Facilities will be at the sole expense of City. The City has the right to eliminate any encroachments into the Easement Property. City has the right to construct, install, maintain, replace, and remove the Facilities under or across any portion of the Easement Property. All matters concerning the Facilities and their configuration, construction, installation maintenance, replacement, and removal are at City's sole discretion, subject to performance of City's obligations under this agreement. City has the right to remove or relocate any improvements (including but not limited to fencing, pavement, drainage features, retaining walls, landscaping, mailboxes, sprinkler systems, private utilities, and other such features) within the Easement Property or along or near its boundary lines if reasonably necessary to construct,

install, maintain, replace, or remove the Facilities, subject to replacement of the improvements to their original condition on the completion of the work.

6. *Equitable Rights of Enforcement.* This Easement may be enforced by restraining orders and injunctions (temporary or permanent) prohibiting interference and commanding compliance. Restraining orders and injunctions will be obtainable on proof of the existence of interference or threatened interference, without the necessity of proof of inadequacy of legal remedies or irreparable harm, and will be obtainable only by the parties to or those benefited by this agreement; provided, however, that the act of obtaining an injunction or restraining order will not be deemed to be an election of remedies or a waiver of any other rights or remedies available at law or in equity.

7. *Attorney's Fees.* If either party retains an attorney to enforce this agreement, the party prevailing in litigation is entitled to recover reasonable attorney's fees and court and other costs.

8. *Binding Effect.* This agreement binds and inures to the benefit of the parties and their respective heirs, successors, and permitted assigns.

9. *Choice of Law.* This agreement will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction. Venue is in the county or counties in which the Easement Property is located.

10. *Counterparts.* This agreement may be executed in any number of counterparts with the same effect as if all signatory parties had signed the same document. All counterparts will be construed together and will constitute one and the same instrument.

11. *Waiver of Default.* It is not a waiver of or consent to default if the nondefaulting party fails to declare immediately a default or delays in taking any action. Pursuit of any remedies set forth in this agreement does not preclude pursuit of other remedies in this agreement or provided by law.

12. *Further Assurances.* Each signatory party agrees to execute and deliver any additional documents and instruments and to perform any additional acts necessary or appropriate to perform the terms, provisions, and conditions of this agreement and all transactions contemplated by this agreement.

13. *Entire Agreement.* This agreement and any exhibits are the entire agreement of the parties concerning the Easement Property, and the grant of the Easement by Grantor to Grantee. There are no representations, agreements, warranties, or promises, and neither party is relying on any statements or representations of any agent of the other party, that are not expressly set forth in this agreement and any exhibits.

14. *Legal Construction.* If any provision in this agreement is for any reason unenforceable, to the extent the unenforceability does not destroy the basis of the bargain among

the parties, the unenforceability will not affect any other provision hereof, and this agreement will be construed as if the unenforceable provision had never been a part of the agreement. Whenever context requires, the singular will include the plural and neuter include the masculine or feminine gender, and vice versa. Article and section headings in this agreement are for reference only and are not intended to restrict or define the text of any section. This agreement will not be construed more or less favorably between the parties by reason of authorship or origin of language.

15. *Notices.* Any notice required or permitted under this agreement must be in writing. Any notice required by this agreement will be deemed to be delivered (whether actually received or not) when 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 agreement. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein.

16. *Recitals.* Any recitals in this agreement are represented by the parties to be accurate, and constitute a part of the substantive agreement.

17. *Time.* Time is of the essence. Unless otherwise specified, all references to “days” mean calendar days. Business days exclude Saturdays, Sundays, and legal public holidays. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.

Signatures to Follow

GRANTOR:

THE ZIEGENFELDER COMPANY-TEXAS, LLC

By: _____
Kevin Heller, Authorized Officer

STATE OF TEXAS §
COUNTY OF CALDWELL §

This instrument was acknowledged before me on _____ by Kevin Heller, an authorized officer, of The Ziegenfelder Company-Texas, LLC on behalf The Ziegenfelder Company-Texas, LLC, a Texas limited liability company.

Notary Public, State of Texas

GRANTEE:

CITY OF LOCKHART, TEXAS

Lew White, Mayor

ATTEST:

Julie Bowermon, City Secretary

APPROVED AS TO FORM:

Brad Bullock, City Attorney

STATE OF TEXAS §

COUNTY OF CALDWELL §

This instrument was acknowledged before me on the ____ day of _____, 2026,
by **Lew White**, as Mayor of the City of Lockhart, Texas.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion and/or action to extend the current solid waste services contract with Republic Services, DBA - Central Texas Refuse through July 31, 2026, to allow additional time for the new solid waste services contract to be negotiated.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION:

This item is for a short-term extension to the existing solid waste services contract between the City of Lockhart and Republic Services (Central Texas Refuse). The City of Lockhart entered into a solid waste services agreement with Central Texas Refuse effective June 1, 2021. The agreement for solid waste disposal services term is scheduled to expire on May 31, 2026.

The proposed extension would allow the City and Central Texas Refuse to continue operating under the existing agreement for an additional two-month period, from June 1, 2026, through July 31, 2026. This short-term extension is intended to provide both parties with additional time to continue good faith negotiations regarding the terms of a new solid waste services agreement.

During the extension period, Central Texas Refuse would continue providing solid waste services under the same terms and conditions in the 2021 agreement. Except for the extension of the contract term, all other provisions of the existing agreement would remain unchanged and in full force and effect.

Approval of the extension would help ensure continuity of solid waste services for City residents and businesses while allowing sufficient time for the City and Central Texas Refuse to complete negotiations on a new long-term agreement.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

City of Lockhart, Texas

Council Agenda Item Cover Sheet

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval of the proposed two-month extension to the solid waste services contract with Central Texas Refuse to allow continued service and provide additional time for negotiation of a new agreement.

LIST OF SUPPORTING DOCUMENTS: CTR Contract 2 Month Extension, Central Tx Refuse (Current 2021 Contract)

**EXTENSION OF SOLID WASTE COLLECTION, RECYCLING & DISPOSAL
AGREEMENT BETWEEN THE CITY OF
LOCKHART, TEXAS AND CENTRAL TEXAS REFUSE, LLC**

This "Extension of Solid Waste Collection, Recycling & Disposal Agreement Between the City of Lockhart, Texas and Central Texas Refuse, LLC." is entered into and effective the 31st day of May 2026, by and between the City of Lockhart, Texas ("City") and Central Texas Refuse, LLC. ("CTR").

Recitals

The City and CTR previously entered into an agreement for solid waste services titled "Solid Waste Collection, Recycling & Disposal Agreement" with an effective date of June 1, 2021, and effective through May 31st, 2026 ("Agreement").

City and CTR are engaged in good faith negotiations to potentially enter into a new agreement for solid waste services, which negotiations are expected to continue beyond May 31, 2026, so that City and CTR desire to extend the Agreement for an additional two (2) months, or until July 31, 2026, in order that negotiations may continue.

Agreement

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the City and CTR agree as follows:

Section 1: The Agreement is hereby extended for an additional two (2) months, from May 31st, 2026 to July 31st, 2026.

Section 2: The City and CTR may continue to consider whether and under what terms the Agreement may be extended for an additional period of time beyond July 31st, 2026.

Section 3: Except as amended herein, the Agreement shall remain in full force and effect.

Signatures to follow.

Entered into and effective this, the 31st day of May, 2026.

Central Texas Refuse, LLC

City of Lockhart, Texas

By: _____
David Butler, General Manager

By: _____
Lew White, Mayor

Attest:

City Secretary

SOLID WASTE COLLECTION, RECYCLING & DISPOSAL AGREEMENT

This Solid Waste Collection, Recycling, and Disposal Agreement ("Agreement") is entered into by and between the City of Lockhart, a Home Rule municipality located in Caldwell County, Texas (the "City"), and CENTRAL TEXAS REFUSE, LLC. (the "Contractor"), a Texas Limited Liability Company. Each party described above is referred to herein as a "Party" and, collectively, as the "Parties."

Recitals

WHEREAS, the City has an exclusive contract with the Contractor for (i) dumpster collection and disposal of commercial and industrial solid waste, (ii) residential and commercial hand collection and disposal of refuse, and (iii) curbside single stream recycling services, with a term expiring in September 2020 that has been extended by agreement of the Parties until May 31, 2021; and

WHEREAS, by execution of this Agreement, the Parties expressly intend the current contract be extended and replaced prior to the expiration of its term and disregarded for all purposes, other than enforcement of obligations incurred thereunder prior to the date of extension, and be fully replaced, superseded, and/or novated by this Agreement from the date of execution of this Agreement; and

WHEREAS, the Parties mutually desire to update the existing contract's initial term along with any future extension terms for the provision of recycling and solid waste disposal services pursuant to the terms and conditions set forth herein; and

WHEREAS, Contractor has agreed to provide exclusive recycling and solid waste disposal services to all commercial, industrial, and residential customers within the service area of the City, pursuant to the terms and conditions set forth herein; and

WHEREAS, the City has agreed to compensate Contractor for such services, pursuant to the terms and conditions set forth herein; and

WHEREAS, this Agreement is entered into by the City pursuant to the authority granted to the City by Section 30.002 of the Texas Water Code and Section 364.034 of the Texas Health and Safety Code;

NOW THEREFORE, for and in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

I. DEFINITIONS

A. Unless otherwise provided herein, terms used in this Agreement shall have their plain and ordinary meaning. Terms given particular meaning, as used herein, are as follows:

1. Bags – means a non-dissolvable plastic sack with a capacity of up to approximately thirty-five (35) gallons designed or intended to store Municipal Solid Waste with sufficient wall strength to maintain physical integrity when lifted by the top. Total weight of the bag and its contents shall not exceed 30 lbs.
2. Bulky Waste – Bulky Waste Municipal Solid Waste composed of materials not easily containerized in a Cart such as, but not limited to, Brush, furniture, and large appliances. Bulk Waste shall include Municipal Solid Waste enclosed in bags. Such items shall not exceed 4 feet in length by 4 feet in Height and /or 40 pounds in weight.
3. Brush– means tree, shrub and brush trimmings securely tied together, forming an easily handled package not exceeding 4 feet in length or 40 pounds in weight.
4. Cart – means a poly waste receptacle or a recycling receptacle provided by Contractor with a capacity of ninety-five (95) gallons.
5. Commercial Unit – means any retail, commercial, industrial, manufacturing, or multifamily use or service. This definition and category include all units other than a “Residential Unit” as hereinafter defined.
6. Construction and Demolition Debris – means waste building materials resulting from construction remodeling, repair, or demolition operations.
7. Customer – means an occupant of a residential, commercial, or industrial unit or property within the City who generates Refuse and/or Recycling.
8. Disposal Site – means a refuse depository licensed by the State of Texas, including sanitary landfills, transfer stations, incinerators, and waste processing/separation centers licensed by the State of Texas to receive Refuse for processing or final disposal.
9. Force Majeure – means the following events or circumstances to the extent that they delay the City or Contractor from performing any of its obligations under this Agreement: acts of God, tornadoes, hurricanes, floods, sinkholes, fires, and explosions (except those caused by negligence of Contractor, its agents, and assigns), landslides, earthquakes, epidemics, quarantine, pestilence, and extremely abnormal and excessively inclement weather; acts of public enemy, acts of war, terrorism, effects of nuclear radiation, blockades, insurrection, riots, civil disturbances, or national or international calamities; and/or suspension, termination or interruption of utilities necessary to the operation of the recyclable material facility..

10. Hazardous Waste – means any chemical, compound, mixture, substance, or article designated by the United States Environmental Protection Agency or the Texas Commission on Environmental Quality to be "hazardous," as that term is defined by federal or state law.
11. Holiday – means Thanksgiving Day, Christmas Day or New Year's Day or any other dates as mutually agreed upon by City and Contractor.
12. Landfill – means a permitted sanitary landfill of the Contractor's selection.
13. Multi-Family – means all apartment projects and residential dwellings containing three or more units designed and intended for occupancy by a single family.
14. Prohibited / Excluded Items – means unacceptable items, including but not be limited to rocks, dirt, bricks, concrete, any item longer than 4 feet in length – 4 feet in height – or exceeding 40 lbs. in weight, car batteries, oil, oil filters or hazardous chemicals, which will not be collected during a curbside pickup.
15. Refuse – means all commercial, industrial, or residential municipal solid waste generated by a Customer.
16. Residential Unit – means a single-family dwelling and each unit of a multi-family dwelling within the incorporated limits of the City. A Residential Unit will be considered occupied for purposes of this Agreement if it receives water and wastewater utility services.
17. Recycling – means any process by which solid waste or materials that would otherwise become solid waste are separated, collected, and processed for reuse or returned to use or to market in the form of raw materials or products.
18. Rubbish - Rubbish means non-putrescible solid waste (excluding ashes), consisting of both combustible and noncombustible waste materials. Combustible rubbish includes paper, rags, cartons, wood, excelsior, furniture, rubber, plastics, brush, or similar materials; noncombustible rubbish includes glass, crockery, tin cans, aluminum cans, and similar materials that will not burn at ordinary incinerator temperatures (1,600 degrees Fahrenheit to 1,800 degrees Fahrenheit).
19. Recycling Container – means a ninety-five (95) gallon recycling cart.
20. Single Stream Recycling – shall mean recyclable materials that do not require the generator to subdivide the recyclable materials prior to collection. Eligible recyclable materials include:

- a. Paper – shall mean kraft paper, corrugated containers that have liners of Kraft, jute, or test liner including dry food boxes, beer, and soda carriers, show boxes, old newspaper including slick paper inserts, other mixed paper including but not limited to junk mail, junk mail inserts, residential mixed paper, copier paper, office paper, formed bond, manifold business forms, writing paper, paper envelopes without plastic windows, manila folders, magazines, paperback books, and catalogs.
- b. Plastic – shall mean any #1- #2 rigid plastic bottles, containers, jugs or jars that have been rinsed out. Examples include water and soda bottles, milk jugs and detergent bottles
- c. Aluminum Cans - shall mean beverage containers made of aluminum
- d. Steel and Tin Cans – shall mean food cans or bi-metal containers that have been rinsed out
- e. Glass – will not be included.

II. SERVICES TO BE PERFORMED

A. The services specified in this Section II shall be provided to the City in exchange for the compensation specified in Section III, below.

1. Solid Waste Disposal.

(a) Contractor shall provide curbside collection of garbage (Utilizing One (1) 95-gallon cart) for Residential Units one time per week plus up to 7 additional items outside of the cart. Items outside of the cart may include Bags, Brush, and Bulky Waste. All items shall be placed at curbside by 7:00 a.m. on the designated collection day.

(b) The contractor shall provide for the special collection and hauling from Residential Units of Bulky Waste not eligible for curbside collection, for which a minimum charge of \$10.00 per cubic yard as applicable shall be charged (minimum charge of \$30.00 for collection of freezers and refrigerators). Construction Debris will be hauled at a rate to be determined by Contractor based upon Container size. Contractor and the Customer will negotiate total charge for such services prior to collection. Contractor will not provide for the special collection of hazardous waste.

The City shall, at the end of each month, furnish Contractor with a detailed unit count of all Customers located within the service area, along with any other information necessary for Contractor to identify all service locations.

Contractor shall collect Refuse from each Customer within the designated service area on mutually agreed upon days each week during the term of this Agreement. If the regular collection day falls on a Holiday, collection will occur on an alternate day of the week as noted by Contractor (to the City).

All Refuse collected by Contractor will be disposed of at a Disposal Site.

2. Single-Stream Recycling. Contractor shall also provide recycling services to all Subscription Customers within the service area utilizing One (1) 95-Gallon Cart. Such recycling services shall occur every other week (EOW) on a mutually agreed upon day or days of the week. Details and terms regarding recycling services and materials collected are included on the attached Exhibit "C" and are incorporated herein for all purposes.
3. Upon request from the City, Contractor shall provide a proposal for commercial and/or multi-family residential recycling in the City. In the event that City elects to implement commercial and/or multi-family residential recycling, this Agreement may be amended or an adjustment to rates, as described in Section III B 2, shall be implemented.
4. The Contractor shall transport all Program Recyclable Material collected pursuant to this Agreement to a proper MRF – Materials Recovery Facility. That facility will receive, sort, process, and market the recyclable materials that are of marketable quality. If contamination is present in the recycling cart, the cart will be tagged to notify the Customer because the materials were not collected.

The recycling materials taken to Wilco Recycling or other contractor-designated facility that are of marketable quality will be marketed through existing national, regional, and local purchasing agreements arranged through Wilco Recycling or other contractor-designated facility. Due to transporting the collected recycling materials to a third-party facility, Contractor does not control the cost of the materials to be processed or marketed. Contractor does not guarantee the existence of a market for the materials at any time.

5. Receptacles to be Provided. Contractor shall provide one (1) 95-gallon Cart to each Customer for the collection of solid waste and shall also provide one (1) (95) gallon recycling Cart to each Customer that requests one for the collection of recycling materials. Contractor shall additionally provide dumpsters for the collection of multi-family, commercial, and industrial refuse and waste, to multi-family and the larger commercial and industrial units according to the terms and rates set forth herein as outlined in Exhibit "B". All receptacles will be in good condition, new or properly reconditioned, and Contractor shall replace any broken or damaged receptacles promptly upon request by the City. Based upon the information provided by the City pursuant to Section II.A.1,

above, Contractor shall provide Carts and recycling containers to all new Customers (and retrieve receptacles from all terminated Customers) no later than the next regular collection day following receipt of notice from the City. Additionally, Contractor shall notify the City of any Customers who have requested initiation or termination of solid waste or recycling service and are not reflected on the written lists provided by the City.

6. Placement of Receptacles. All Carts and Containers shall be unobstructed and readily accessible to Contractor's crew by 7:00 a.m. on collection day. Unless there are unique circumstances approved by Contractor, Carts and Containers shall be placed at the curbside adjoining that portion of the road or right-of-way for service locations agreed to by the City and Contractor. Additional Bags, Bulky Waste, or Brush shall be placed as close to the roadway as practicable or within five (5) feet of the roadway, without interfering with the Collection of the Cart or endangering the movement of vehicles or pedestrians. Following collection, Contractor shall place all emptied Carts and Containers upright and next to the curbside as close to the original placement as possible.

When construction work is being performed in the right-of-way, Carts, Containers, Bags and Bundles shall be placed as close as practicable to an access point for Contractor's collection vehicle.

Where any Customer is maintaining improper or inadequate refuse containers or is otherwise in violation of rules and requirements with respect to the location or content of refuse containers, Contractor may in its sole discretion refrain from collecting all or a portion of such refuse and shall not be deemed to be in default hereunder as a consequence of such non-collection. In such case, Contractor shall tag Non-compliant set outs and notify the City & the Customer within a reasonable time of the reason for such non-collection. Contractor shall resume collection once Customer eliminates the issue and conforms to all rules and requirements.

7. Large Debris Collection. Contractor shall provide, twice annually, at no additional charge, curbside collection of bulk garbage on a mutually agreed day, preferably on a Saturday. The City's customers will be notified in writing in advance of the bulk garbage collection date. Bulky items must be located at the curb area of each residence. Bulk garbage collection excludes construction or remodeling debris, dirt, rocks, bricks, concrete, tires, batteries, motor oil, cooking oil, waste generated by a private contractor or any materials or items deemed hazardous materials. Exhibit "C" attached hereto, and incorporated herein for all purposes, sets forth the details on all bulk debris collection service provided by Contractor.
8. Use of Automated Equipment. At the Contractor's sole discretion, the Contractor shall have the right to perform any obligations hereunder through

the use of semi- or fully automated equipment or a combination of either type of equipment. Should other equipment and/or technology become available, contractor shall have to right to utilize such equipment.

9. Contractor personnel. Contractor shall employ, train, and assign qualified persons to be in charge of its operations within City and at the site for disposal and recycling operations, and shall provide the name, office telephone number, mobile phone number, email address, and fax number of Contractor's representatives and key personnel to the City. Such records shall be updated as personnel or contact information changes.
10. Use of 130EP Landfill. Residential Unit Customers who provide a copy of their Lockhart utility bill shall be permitted to drop off items at 130EP at no additional charge. Such drop-off service will be available to Residential Unit Customers only (no commercial or industrial drop-off shall be permitted) and may be utilized unlimited times per year. Provided, however, Residential Unit Customers shall be limited to a total of 6 cubic yards of refuse per drop-off.

III. COMPENSATION

- A. Billing. Contractor shall bill the City monthly, on or before the last day of each month, for all solid waste disposal and recycling services to be rendered by Contractor during the coming calendar month. The City shall pay Contractor within fifteen (15) days of its receipt of such invoice. Late payments shall bear interest at the rate of five percent (5%) per annum.

Contractor shall calculate the amount due for residential collection services each invoice by multiplying the Base Rate (as defined below for residential Collection and as outlined in Exhibit B for Commercial Units and Roll Off Services) by the number of Residential Units, Additional Carts, Senior Citizen, Disabled, Recycle Carts, and Commercial Units to be serviced. The number of Residential Units and Commercial Units to be serviced is indicated in Exhibit A and shall be amended by supplemental information supplied by the City at the end of each month, as required by Section II.A.1 above. The City and Contractor shall mutually agree on any such revised count, and Contractor's monthly invoices shall utilize the count derived from information supplied in the immediately preceding month.

Contractor shall also bill monthly for any services not included in the Base Rate. Contractor shall be entitled to payment for each invoice within fifteen (15) days of receipt by the City. Contractor shall be entitled to payment for each invoice regardless of whether or not the City collects payment from its Customers for services performed.

- B. Base Rate. For collection, transportation and disposal of Refuse, Recycling Services, and for all other services set forth in this Agreement, other than services for which this Agreement provides an additional charge, the "Base Rate" shall be as set forth in

Exhibit “B” – Service Rates. The Base Rate shall include provision of receptacles as described in Section II.A.3, above.

1. Unless adjusted as provided herein, the Base Rate set forth above shall remain fixed for the First year of the term of this Agreement. Thereafter the Base Rate shall be adjusted annually by the amount of the Consumer Price Index—South Region United States (“CPI”) change each year through expiration of the Term (each CPI adjustment to be based on the March CPI of the same year).
2. In addition to the above, the Contractor may petition the City for additional rate adjustments at reasonable times based on increases in cost of operations, caused by factors, such as revised laws, ordinances, regulations, and for other similar reasons. The Contractor’s petition will specifically identify the reasons for the requested adjustment, and its impact upon the Contractor’s cost of operations, in unit terms, with an explanation of the methodology used to calculate such impact. The City may request additional information it considers necessary to evaluate the requested adjustment. The City may grant such adjustments through amendments to the Agreement.
3. The total percentage increase for any given year shall not exceed 5% in such year.
4. Contractor shall provide written notice to the City of all such rate adjustments to the Base Rate not later than thirty (30) days prior to the effective date thereof, and all rate adjustments by Contractor shall be implemented effective June 1st of each year that the Agreement remains in effect. Each notice of adjustment shall include the appropriate data to support the proposed adjustment.
5. Contractor certifies that is shall maintain sufficient landfill capacity for the life of the Agreement, and a new landfill belonging to Contractor has or will soon become available within the County of Caldwell for the disposal of solid waste. Following commencement of use of that landfill for disposal of solid waste from City, the Contractor shall annually conduct an internal review and audit of current rates for services to be performed hereunder to identify any potential savings that may be realized by use of the new landfill. If potential savings are identified and such savings can be achieved by commercially reasonable means, the Contractor shall notify the City of a proposed adjustment to the Base Rate to reflect such savings. The City shall have the right to hire a disinterested, third party auditor to review the Contractor’s internal audit, but the details of the Contractor’s internal audit shall not be disclosed directly to the City or any other third parties and shall be deemed confidential and proprietary information belonging to the Contractor.

IV. CONTRACTOR OBLIGATIONS

- A. Fee paid to City. Contractor shall pay a license, permit, or “franchise” fee, together with an administrative fee to the City during the term and any extended term of this Agreement equal to eight percent (8%) of the gross receipts for all collections for all residences, business, customers, and accounts within the City Service. Such fee shall be deducted by the City from payments paid to Contractor monthly.
- B. In addition to other consideration contained herein, Contractor shall provide the following to City:
 - A. A yearly cash donation of \$27,000.00 for City’s discretion to use for public purposes.
 - B. Two annual City-Wide Clean Ups
 - C. All City of Lockhart facilities trash and recycling serviced at no charge to the City
 - D. Educational Program for training of faculty, staff, students and residents with K-12 in class curriculum
 - E. Annual tours of CTR landfill for the students of Lockhart ISD
 - F. Use of Training/Community Center at EP130 for City Functions and Chamber of Commerce Events
- C. Vehicle and Property Condition. Contractor shall keep all vehicles utilized in the performance of its duties under the Agreement in proper operating condition. Contractor shall not operate vehicles that are leaking oil, hydraulic fluid or other substances or that are otherwise unsafe or in substantial disrepair. All vehicles will be properly and adequately covered, and no trash will be permitted to blow out of utilized vehicles.
- D. Safety. All drivers utilized by Contractor for solid waste and recycling materials collection within the service area of the City shall be required to observe all safety laws, including without limitation, compliance with all speed limit and traffic control signs.
- E. Supervision. Contractor shall provide adequate supervision to assure that all work will be done in accordance with the specifications and requirements of this Agreement and generally accepted solid waste disposal practices.
- F. Performance Standards.
 - 1. Collection areas shall be free of litter and debris within a ten-foot radius of Carts or Containers provided by Contractor. Provided, however, Contractor shall not be responsible for litter or debris caused or placed by Customers.

2. Contractor will undertake reasonable efforts to collect refuse and recycling materials regardless of barriers (e.g., blocked streets), except when the safety and health of Contractor's employees or the public may otherwise be negatively impacted.
3. Contractor will undertake reasonable efforts to maintain a consistent route schedule.
4. Contractor will avoid leaving loose trash during collection and will take reasonable precautions to prevent litter or debris resulting from its services.
5. Contractor will prohibit its drivers from using emergency brakes to stop a moving vehicle.
6. Contractor will maintain a 24-hour per day, seven day per week voice mail system to handle customer communications beyond regular business hours.
7. In the event of equipment breakdowns, Contractor will notify the City if services will be delayed or rescheduled for an alternate collection day.
8. Contractor shall take all necessary precautions to protect public and private property during the performance of this Agreement. Except for reasonable wear and tear, the Contractor shall repair or replace any private or public property which is damaged by the Contractor. If the Contractor fails to address the repair or replacement of damaged property within ten (10) days of written notification, the City may, but shall not be obligated to, repair or replace such damaged property, and the cost of doing so shall be deducted from payment to be made to the Contractor.
9. Contractor shall clean up any materials including leakage of fluids spilled from Contractor's vehicles by the Contractor, Contractor's vehicles, or Contractor's employees. During transport, all materials shall be contained, covered, and enclosed so that leaking, spilling, and blowing of materials does not occur. Contractor shall be responsible for the cleanup of any spillage or leakage caused by Contractor, Contractor's vehicles, or the Contractor's employees. with this Agreement.
10. The Contractor shall maintain collection equipment that is owned by the Contractor as to prevent the odors. The Contractor shall routinely clean collection equipment.
11. Customer Relations. Customer complaints, such as calls for missed pick-ups, shall be first directed to Contractor for resolution.

12. Penalty for Non-Performance. In the event the Contractor fails to perform a material obligation hereunder and further fails to cure such material default within ten (10) days following receipt of written notice and demand for cure by the City, the City shall have the right to impose a penalty of \$150.00 per day until such time as the Contractor cures the default.

V. COMPLIANCE WITH APPLICABLE LAWS

Contractor will comply with all applicable federal, state, county, and city laws, ordinances, and regulations and any and all policies and guidelines of Contractor. Contractor will also obtain any licenses and permits required in performing all services rendered by Contractor under this Agreement.

VI. PERFORMANCE BOND, INSURANCE, AND INDEMNITY

A. Performance Bond. Contractor agrees that after the execution of this Agreement and one (1) month or more prior to the commencement of the work, Contractor shall make, execute, and deliver to the City a good and sufficient Performance Bond in a form approved by the City, to secure the full, complete, and faithful performance of the terms and conditions herein. Such Performance Bond shall be in the amount of one million five hundred thousand dollars (\$1,500,000.00) and shall be renewed each year thereafter throughout the term of the Contract and any renewal periods. Contractor shall ensure the Performance Bond shall be signed by the President or General Officer of the Contractor, together with the signature of the corporate secretary and the corporate seal. The surety shall be a surety company duly authorized to do business in the State of Texas; having an "A" or better rating by A. M. Best or Standard and Poor's; included on the list of surety companies approved by the Treasurer of the United States of America; and acceptable to the City.

B. Insurance Requirements. Contractor shall secure and maintain in effect insurance to protect Contractor, its subcontractors, employees, and the City from claims for bodily injuries, death or property damage that may arise out of or result from Contractor's performance of its duties under this Agreement. The following minimum levels of coverage are required:

1. Public liability and property damage (no pollution exclusion endorsement shall be permitted):
 - i. General Liability: \$1,000,000 each occurrence
 - ii. Property Damage: \$1,000,000 each occurrence
 - iii. Employer's Liability: \$1,000,000
 - iv. Bodily Injury: \$1,000,000 each occurrence

- v. Automobile: \$1,000,000
- 2. Umbrella Liability: \$5,000,000
- 3. Workers' Compensation: Statutory Limits

C. Indemnity. To the fullest extent permitted by law, each Party shall and does hereby mutually indemnify and hold harmless the other Party, as well as its officers, directors, agents and employees, from and against all claims, damages, losses and expenses, including without limitation, attorneys' fees, arising out of or related to this Agreement or the performance thereof, but only to the extent such claims, damages, losses or expenses are attributable to the negligent act or omission or other fault of the indemnifying Party. The indemnification obligations hereunder shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity that would otherwise exist to any Party or person described in this Section. The indemnification requirements set out herein shall not be limited by any limitation on the amount or type of damages, compensation or benefits payable by or for either Party under any insurance policy, workers' compensation acts, disability benefits acts or other employee benefit acts.

VII. TERM AND TERMINATION

A. Term. The initial term of this Agreement shall be for five (5) years, commencing on June 1st, 2021 and ending at midnight on the fifth anniversary of that date. Upon expiration of the initial term, the Agreement may be extended for an additional term of five (5) year(s) provided that proper notice is given and both Parties have consented to extension of the term.

For the purposes of this section, proper notice of an intent to extend the term of the Agreement must be delivered in writing by the Party seeking to extend the term and is ineffective unless received by the other Party no later than One Hundred Eighty (180) days prior to expiration of the term to be extended. Once proper notice to extend the term has been received, the receiving Party shall, no later than sixty (60) days from the date of receipt of such notice, inform the other party that it approves the extension, does not approve the extension, or desires to amend the terms of this Agreement. If the receiving party does not respond in writing within such sixty (60) days, the Parties shall be deemed to have consented to the extension, and the term shall be extended as provided herein.

B. Termination. If, at any time, the City defaults in its obligations under this Agreement, including the obligation to make timely payment for services rendered as provided herein, and the City further fails to cure the default following ten (10) days' written notice from Contractor, Contractor may terminate the Agreement for cause. In the event of such a termination, Contractor shall be entitled to payment for all services

performed prior to the date of termination, as well as any additional costs or damages incurred as a result of the termination or available by law.

VIII. FORCE MAJEURE

Force Majeure. If, by reason of Force Majeure, either Party is unable, in whole or in part, to carry out its obligation(s) under this Agreement, the Party whose performance is so affected shall give notice and full details regarding the impact of such Force Majeure to the other Party within a reasonable time after the occurrence of the instigating event or cause. Provided that proper notice is given, the obligation(s) of the impacted Party hereunder shall, to the extent impacted by the Force Majeure, be suspended for the duration of the impact, but in no event for a period longer than that period reasonably necessary for recovery from or mitigation of the impact caused by the Force Majeure event. To this end, the impacted Party shall take all reasonable measures necessary to overcome, remove or otherwise mitigate the impact of the Force Majeure event. During such period of suspension, any obligations of the non-impacted Party shall continue without interruption, except to the extent such obligations rely upon, or are predicated by, the suspended obligations of the impacted Party.

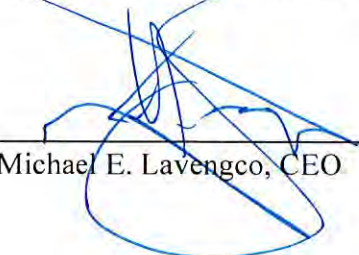
IX. MISCELLANEOUS

- A. Extra Work. Except as otherwise provided herein, all work outside the express terms of this Agreement must have prior written approval by both Parties. Charges for extra work will be submitted to the City for approval prior to commencement of the work.
- B. Assignment. Except as otherwise provided herein, this Agreement may be assigned by Contractor with the prior, written consent of the City. The use of any subcontractor shall be subject to the prior, written approval of the City, such approval not to be unreasonably withheld. Provided, however, Contractor expressly reserves the right to assign this Agreement, including any and all rights, duties, responsibilities and/or obligations hereunder, as may be necessary or appropriate to affect any internal restructuring or other transfer of ownership between Contractor and any of its affiliates, partners, or subsidiaries.
- C. Venue & Choice of Law. This Agreement shall be construed under and in accordance with the laws of the State of Texas, and the Parties expressly consent to the jurisdiction of the courts therein. All obligations of the Parties hereunder are performable in Caldwell County, Texas, and venue for any claim or action arising hereunder shall lie exclusively in Caldwell County, Texas.
- D. Succession. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns.

- E. Severability. If any one or more of the provisions of this Agreement shall for any reason be held to be invalid, illegal, void, or unenforceable in any respect, such provision(s) shall be reformed to the minimum extent necessary to cure the violation and render the clause fully valid and enforceable. In the event such revision is not possible, the Agreement shall be construed as if such invalid, illegal, void, or unenforceable provision(s) had never been contained herein, and the offending provision(s) shall have no impact or effect on the validity or enforceability of the remaining provisions.
- F. Entire Agreement. This Agreement constitutes the sole and entire agreement between the Parties with respect to the subject matter hereof and supersedes any prior understandings or written or oral agreements between the Parties with respect to same. The Agreement may not be amended or modified except by a written document signed by both Parties.
- G. No Waiver. One or more waivers of any covenant or condition by either Party shall not be construed as a waiver of a subsequent breach of the same covenant or condition. The waiver or exercise of any legal right hereunder shall not be construed as a waiver of any other action or right either Party may have pursuant to the terms of this Agreement.
- H. Notices. All notices, requests, demands or other communications required or permitted under this Agreement must be in writing and delivered personally or by certified mail, return receipt requested or by overnight courier (such as Federal Express), and addressed to the Parties at the addresses set forth below the signature lines of this Agreement. All notices given in accordance with the terms hereof shall be deemed given upon placement with a carrier for delivery as provided herein and shall be deemed received upon actual receipt by the other Party. Either Party may change the address for receiving notices, demands or other communication by written notice to the other Party sent in accordance with this section.
- I. Counterparts. This Agreement may be executed in one or more counterparts, each of which, when so executed and delivered, shall be deemed to be an original but together shall constitute one and the same instrument.

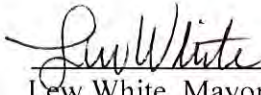
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the 1st day of June 2021 (the Effective Date).

CENTRAL TEXAS REFUSE, LLC.



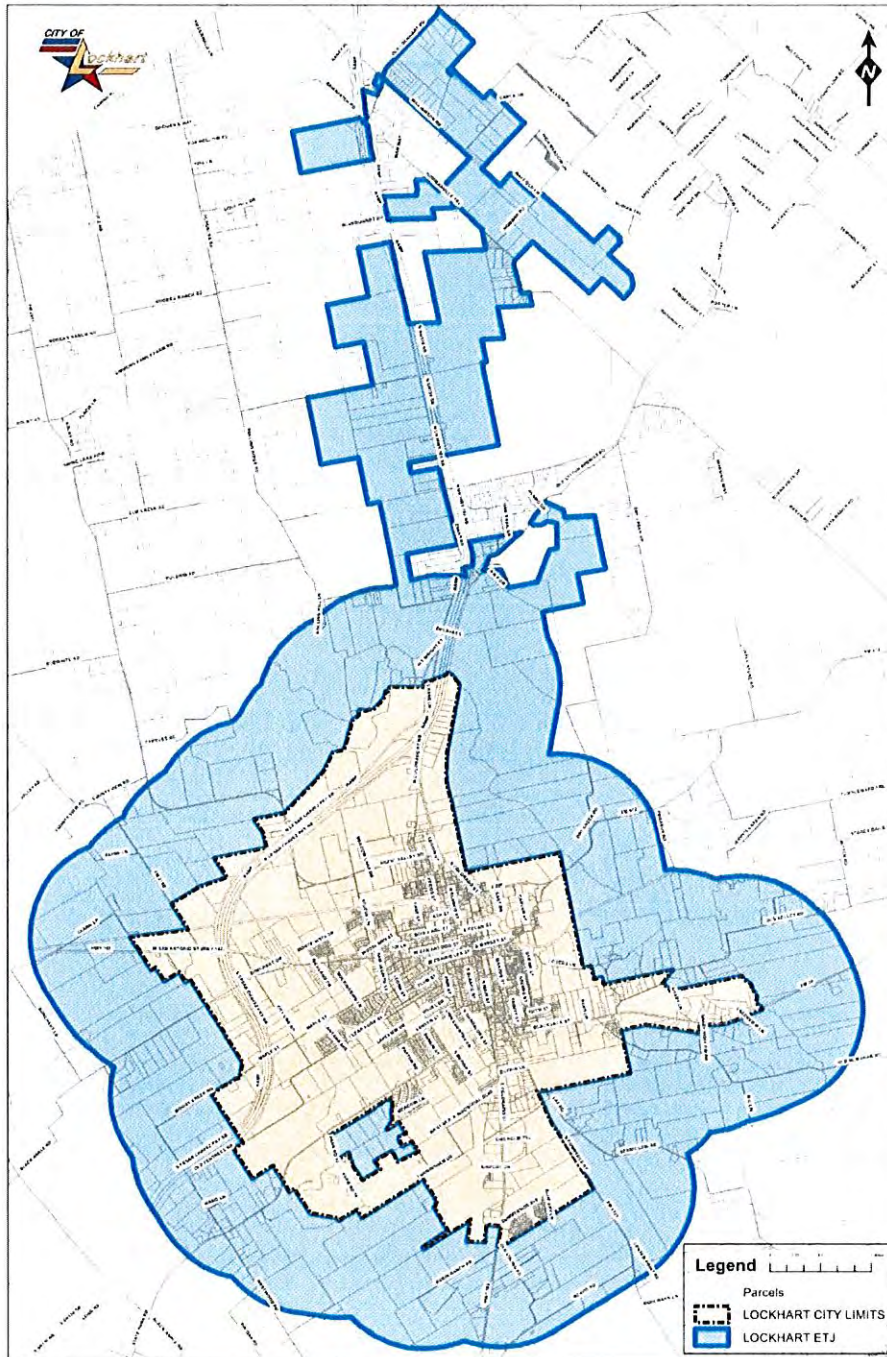
Michael E. Lavengco, CEO

CITY OF LOCKHART

 6-1-21

Lew White, Mayor

Exhibit "A"
Designation of Service Area



Service area is tan area only.

Exhibit "B"
Rates for Solid Waste Collection, Recycling, & Disposal

Collect Residential Refuse at Curbside

Contractor will provide curbside hand collection service of residential refuse and waste to each Residential Unit as follows:

Monthly Rates beginning on the Effective Date:

- (i) Residential Collection (once per week) = **\$13.30**
- (ii) Seniors (once per week) = **\$10.92**
- (iii) Additional 95-gallon cart = **\$5.94**
- (iv) Recycling = **\$3.00**

Collect Commercial Refuse

Contractor will provide collection service of Commercial refuse and waste for multi-family dwellings, apartment projects, commercial and industrial customers as follows:

Monthly Rates:

(1). The rates and charges for customers in this category are as follows:

\$ 18.00 Monthly Rate for (1) Commercial 95-gallon cart serviced once per week
\$ 5.94 Monthly Rate for each additional 95-gallon cart serviced once per week

The above rates are subject to change as provided herein.

Commercial Trash Bin and Roll off Dumpster Services

Rates beginning on the Effective Date

	EOW	1X WEEK	2X WEEK	3X WEEK	4X WEEK	5X WEEK	EXTRA P/U
2-YARD	\$44.62	\$59.49	\$101.71	\$123.17			\$20.93
3-YARD	\$53.34	\$69.78	\$118.19	\$153.98			\$23.74
4-YARD	\$63.01	\$84.01	\$133.44	\$184.73			\$31.39
6-YARD	\$74.77	\$99.70	\$158.68	\$250.43			\$41.89
8-YARD	\$94.25	\$125.67	\$206.87	\$283.07			\$52.34
10-YARD	\$119.26	\$152.42	\$239.51	\$326.60	\$435.68	\$544.74	\$62.82

Roll-off Services

The following rates and fees shall be applicable to Commercial Customers and others requiring service at a level in excess of the highest level of each category of customer provided above to be made available with roll off dumpsters. These services will be via roll-off container as follows:

- (i) Delivery fee for all sizes = **Included in price**
- (ii) Daily rental fee for all sizes = **\$3.75**
- (iii) 20 yd. = **\$475.00** per haul
- (iv) 30 yd. = **\$540.00** per haul
- (v) 40 yd. = **\$605.00** per haul

The above rates in this subsection shall be multiplied by 1.08 to result in rates charged by the Contractor sufficient to fund administrative charges and pay the franchise fees. Fees for roll off services shall be invoiced and collected by the Contractor. A fuel surcharge as published on the FuelGauge.com website or other comparable source as approved by the City Manager or designee shall also be applicable for the above rates.

Exhibit "C"

Services to Be Performed by Contractor

Solid Waste Collection

Contractor shall provide curbside collection service for the collection of residential refuse to each residential or commercial unit one (1) time per week, as provided herein.

All will make use of 95-gallon Carts as provided by Contractor. Up to 7 Additional items may be included in weekly collection outside of the contractor provided 95 – gallon Carts. All additional items Bulky Waste, Bags, and Brush shall be no more than 4 feet in length, 4 feet in height, and No More than 40 lbs. in weight. Collection of refuse shall be made between 7:00 A.M. and 6:00 P.M. All acceptable Carts and approved items shall be placed at curbside by 7:00 A.M. on the designated collection day, but no earlier than the evening before the regularly scheduled collection. Exceptions to collection hours shall be affected only upon mutual agreement of the City and Contractor, or when Contractor reasonably determines that an exception is necessary in order to complete collection on an existing collection due to unusual circumstances and notified and received approval from the City.

Brush picked up as part of the Contractor's normal service must be bundled in lengths not greater than (4) four feet in length, and not greater than 40 lbs. in weight. Such bundles will be tied sufficiently so that the bundle can be lifted by the ties into Contractor's vehicle.

Special Annual Clean-up:

For no additional charge Contractor will, 2 days a year, provide curbside collections for a "City-Wide Clean-up" as mutually agreed upon by Contractor and the City. Customers will receive this service during the designated Days as mutually determined. During this event, the following items will be collected at the curbside by the Contractor: all Bulky Waste, construction materials qualifying as Bulky Waste (less than 4 feet in length by 4 feet in height & less than 40 lbs.), bulk items (Compliant white goods), and brush less than 4 feet in length and less than 40 lbs., and bags. Chemicals, oil base paints & cleaners. oil, oil filters, anti-freeze, tires, and batteries will not be accepted for pickup. Material not accepted at the landfill will not be accepted at the cleanup site. During the designated cleanup days, structure or partial demolitions of structures will not be collected if the materials exceed Bulky Waste specifications. The City will provide all public notices for the Annual City-Wide Clean-up days via the City information channel, utility billing inserts and local newspapers/media.

Note: Any Customer who, in the opinion of the Contractor and the City, abuses this privilege, shall pay an additional sum to Contractor, said sum to be agreed upon between the City and the Contractor on a case-by-case basis.

Additional Items below may be included during Special Annual Clean Up Days:

Appliances: Stoves, water tanks, washing machines, dryers, refrigerators, air conditioners, sinks, toilets, and like items. Refrigerators and air conditioners must have their Freon removed by a certified technician and be tagged. Units that are not certified will have a charge of \$30.00 per unit. This will be billed directly to the Customer. The Contractor is not required to pick-up bathtubs, shower stalls and like items.

Furniture: Couches, beds, mattresses, love seats, tables, chairs, lamps, microwaves, etc.

Tires: Tires shall not be accepted for collection as a bulky item or during the Special Annual Clean up days from residential without special preparation. All tires must be quartered or shredded prior to being accepted for regular collection or they will not be picked-up.

Items Not Collected: Construction debris out of Bulky Waste specifications, dead animals, toxic or hazardous waste, batteries, stable matter, rubbish, rocks, dirt, concrete, ammunition, hot ashes, medical waste, auto parts, tires, special waste, stumps, and any item containing CFCs are included as bulky items Not collected as part of normal residential service. Bulky items, not defined as acceptable bulky items or "white goods" (which are not included in Solid Waste Collection), may be collected and disposed of by the Contractor through separate and independent arrangements at the resident's additional expense as identified by the Contractor. An example would be a resident's construction debris from a major renovation of their residence. No TV's.

Disabled at the Door Services

Upon verification by City, a trash services Customer who has provided acceptable proof of disability can be provided upon request with "Garage Door" trash collections services provided the trash cart is readily visible, easily accessible, and within 75' of the street right of way and is not enclosed in any manner.

Recycling:

Recycling carts shall contain only the items listed below. A cart contaminated by the presence of fifty percent (50%) or more of non-recyclable items will be tagged to notify the Customer as to why the materials were not collected.

PAPER: All newspapers, including inserts such as ads or coupons, are recyclable. No phone book or envelopes are permitted. Cardboard (Excluding Pizza Boxes or any other Wax Coated Containers)

ALUMIMUM CANS: Beverage cans only (beer and soda). Please, no aluminum foil or pie pans.

STEEL AND TIN FOOD CANS ONLY: Please rinse and remove labels.

PLASTIC DRINK BOTTLES: Clear or opaque plastic drink containers with the number “1PETE” or “2 HDPE”, which hold drinks like milk, soda water, etc. are recyclable. Colored plastic containers are recyclable, except containers which held laundry detergent or chemicals.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion and/or possible action regarding a request from Lockhart Municipal Airport One, LLC for an impact fee waiver for a 10,000 square foot hangar to be built on leased space at Lockhart Municipal Airport.

ORIGINATING DEPARTMENT AND CONTACT: Development Services - David Fowler

ACTION REQUESTED: Other

BACKGROUND/SUMMARY/DISCUSSION: The applicant has requested a waiver from assessed impact fees for a planned 10,000 square foot hangar at the Lockhart Municipal Airport. The lease for the proposed hangar was approved at the November 6, 2025 Lockhart City Council meeting. The lease term is 30 years with two additional option periods of five years possible with City Council approval. The applicant stated the hangar's project cost as being approximately \$450,000.

The applicant objected to the assessed impact fees of \$10,354.78 required with the project's new connections to the city's water and sewer utilities being included in the calculated permit fees for the project. Roadway impact fees were not assessed for this project. The grounds for objection were that the project will be on city-owned land, as opposed to land owned by the project developers, and that the project will include a restroom that is open to the public, as was requested during a meeting of the Lockhart Airport Advisory Board. Due to the applicants' appeal of the assessed impact fees, meter fees and permits have not been processed for the hangar, pending the appeal. However, separate building and plumbing permits have been issued for the project, allowing construction to begin. The impact fee worksheet used to calculate the fees is included in the supporting materials.

City Council must approve all impact fee waivers. Section 31-13, Appeals, in the impact fee ordinance, states that the property owner or applicant may appeal administrative decisions to City Council, with "the applicability of an impact fee to the development" listed as one of the criteria through which administrative decisions may be appealed.

The lease agreement approved in 2025 is included in the supporting materials. Sections 4.7, 16.2, and 16.3 of the lease agreement state that the lessee shall pay all license, certification, and permit fees associated with the project. This includes 16.3 in the agreement, which states "Lessee shall pay all water, sewer, utility and other applicable use taxes and fees, arising from its occupancy and use of the Lease Premises and/or the Improvements thereon" As written, this clause in 16.3 would imply that payment of impact fees is required as a condition of the lease agreement. As such, city staff recommends that the requirement of impact fees be affirmed for this project, through denial of the impact fee waiver request.

PROJECT SCHEDULE (if applicable): None.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): None

PREVIOUS COUNCIL ACTION: Council approved the lease agreement for the hangar on November 6, 2025.

COMMITTEE/BOARD/COMMISSION ACTION: None.

STAFF RECOMMENDATION/REQUESTED MOTION: Denial of the request to waive the assessed water and wastewater impact fees.

LIST OF SUPPORTING DOCUMENTS: Lockhart_AirPark_Impact_Fee_Variance_Request, Code of Ordinances 31-13 Appeals, Airport Hangar Impact Fee worksheet, lockhart airport BUILDING 3 260311, 2025 Airport Hangar ground lease Council Materials

April 7, 2026

David Fowler
Planning Director
City of Lockhart
Lockhart, Texas

Re: Request for Variance from Water and Sewer Impact Fees — Lockhart Municipal Airport, Airplane Hangar Development

Dear Mr. Fowler,

On behalf of Lockhart Municipal Airport One, LLC, we respectfully submit this letter requesting a variance from the City of Lockhart's water and sewer impact fees in connection with our airplane hangar development at Lockhart Municipal Airport. We believe that the particular circumstances of this project — including the nature of our land tenure, the City's ownership of the underlying property, and a significant public benefit component added at the direct request of City Council — provide a compelling basis for the relief requested.

I. Ground Lease Structure and City Land Ownership

Lockhart Municipal Airport One, LLC does not own the land upon which this development is occurring. Our interest in the property is held through a ground lease, and fee simple title to the underlying land is vested in the City of Lockhart itself. This is a critical distinction from a typical private development scenario.

Impact fees are generally intended to ensure that new development pays its proportionate share of the infrastructure costs generated by growth. In this case, however, the land remains in public ownership. The City, as the landowner, retains all long-term interests in the property. Imposing standard impact fees on a ground lessee developing City-owned land in effect causes the City's own tenant to subsidize infrastructure costs for land the City itself owns — an outcome that we respectfully submit was not contemplated by the impact fee program's underlying rationale.

We ask the City to consider whether it is equitable or consistent with the spirit of the impact fee ordinance to assess such fees against a lessee where the City, as landlord and landowner, is the ultimate beneficiary of any infrastructure capacity improvements.

II. Public Restroom Facility — City Council Request and Clear Public Benefit

Our hangar development will include the construction of a public restroom facility, which has been incorporated into the project at the explicit request of City Council. This addition was not initiated by Lockhart Municipal Airport One, LLC for its own benefit — it was requested by the City's elected body to serve the broader public visiting Lockhart Municipal Airport.

The inclusion of this public-use facility represents a direct, tangible contribution to the community. It will be available to all members of the public utilizing the airport and its associated facilities — not merely to our hangar tenants or operations. The cost of designing, constructing, and maintaining this amenity will be borne by Lockhart Municipal Airport One, LLC, at the City Council's request, without compensation.

We respectfully submit that this public restroom — a facility demanded by and constructed for the benefit of the general public at the direction of City Council — constitutes precisely the type of

community contribution that should be weighed against, or credited toward, impact fee obligations. To assess full water and sewer impact fees on a development that includes a publicly accessible restroom constructed at the City's own request would result in a material inequity.

III. Conclusion and Request

For the reasons set forth above, Lockhart Municipal Airport One, LLC respectfully requests that the City of Lockhart grant a full variance, or in the alternative a substantial reduction, of the water and sewer impact fees assessed against this project. In summary, the grounds for this request are:

- The underlying land is owned by the City of Lockhart, and Lockhart Municipal Airport One, LLC's interest is limited to a ground lease;
- Assessing impact fees against a lessee developing City-owned land is inconsistent with the equitable purposes of the impact fee program; and
- The project includes a public restroom facility added at the request of City Council, representing a clear and direct public benefit that should be recognized in any impact fee determination.

We would welcome the opportunity to meet with you and discuss this request in greater detail. Please do not hesitate to contact us at your convenience. We appreciate the City's consideration of this matter and look forward to continuing our productive partnership with the City of Lockhart.

Respectfully submitted,

Lockhart Municipal Airport One, LLC

Matt Mowen
Managing Partner

Erik Landrum
Managing Partner

cc: Sean Kelley, Public Works Director, City of Lockhart

Chapter 31 - IMPACT FEES

ARTICLE I. - GENERAL PROVISIONS

Sec. 31-13. Appeals.

- (a) The property owner or applicant for new development may appeal the following administrative decisions to the city council:
 - (1) The applicability of an impact fee to the development;
 - (2) The amount of the impact fee due;
 - (3) The availability of, the amount of, or the expiration of an offset or credit;
 - (4) The application of an offset or credit against an impact fee due;
 - (5) The amount of the impact fee in proportion to the benefit received by the new development; or
 - (6) The amount of a refund due, if any.
- (b) The burden of proof shall be on the appellant to demonstrate that the amount of the fee or the amount of the offset or credit was not calculated according to the applicable schedule of impact fees or the guidelines established for determining offsets or credits.
- (c) The appellant must file a written notice of appeal with the city within 30 days following the decision. If the notice of appeal is accompanied by a payment or other security satisfactory to the city attorney in an amount equal to the original determination of the impact fee due, the development application may be processed while the appeal is pending.

(Ord. No. 02-02, § 1, 1-15-02)

MAY 2, 2023, IMPACT FEE WORKSHEET

ADDRESS 200 Airport Drive WATER METER SIZE 3/4

PROPOSED USE OF BUILDING New Bldg. added to Airport PERMIT NO. _____

NEW MANUFACTURED HOME, SINGLE-FAMILY, OR DUPLEX DWELLING ON LOT IN SUBDIVISION RECORDED PRIOR TO JANUARY 1, 1970, OR WITHIN ORIGINAL TOWN OF LOCKHART.

NO IMPACT FEE

Name of subdivision _____

NEW PERMANENT BUILDING NOT EXEMPTED ABOVE

Go to FEE CALCULATION

BUILDING EXPANSION, CHANGE IN USE, OR ACCESSORY BUILDING HAVING GREATER IMPACT

Go to FEE CALCULATION and insert calculated difference between proposed and existing Service Units and/or Development Units factor

TEMPORARY BUILDING, OR BUILDING EXPANSION, CHANGE IN USE, OR ACCESSORY BUILDING NOT HAVING GREATER IMPACT

NO IMPACT FEE

FEE CALCULATION

Water Impact Fee

1 Service Units x 4,562.36
x 0.2 if owner is known and eligible for affordable housing discount (cashier code 295) \$ 4562.36

Wastewater Impact Fee

1 Service Units x 5,792.42
x 0.2 if owner is known and eligible for affordable housing discount (cashier code 290) \$ 5792.42

Road Impact Fee

____ Service Units x ____ Dev. Unit factor x 1,501.00
x 0.2 if owner is known and eligible for affordable housing discount

Service Area 1 (cashier code 285) \$ _____

____ Service Units x ____ Dev. Unit factor x 1,806.00
x 0.2 if owner is known and eligible for affordable housing discount

Service Area 2 (cashier code 286) \$ _____

TOTAL FEE DUE AT BUILDING PERMIT ISSUANCE

\$10354.78

APPROVED BY CB

DATE 7/30/2026

AFFORDABLE HOUSING REFUND

0.8 x total fee paid if eligible owner is known after full payment
[NOTE: Amount paid into each impact fee account to be reduced by 80%]

REFUND \$ _____

APPROVED BY _____

DATE _____



PLAN OVERVIEW
1 IN = 40 FT



BUILDING FOOTPRINT
1 IN = 10 FT

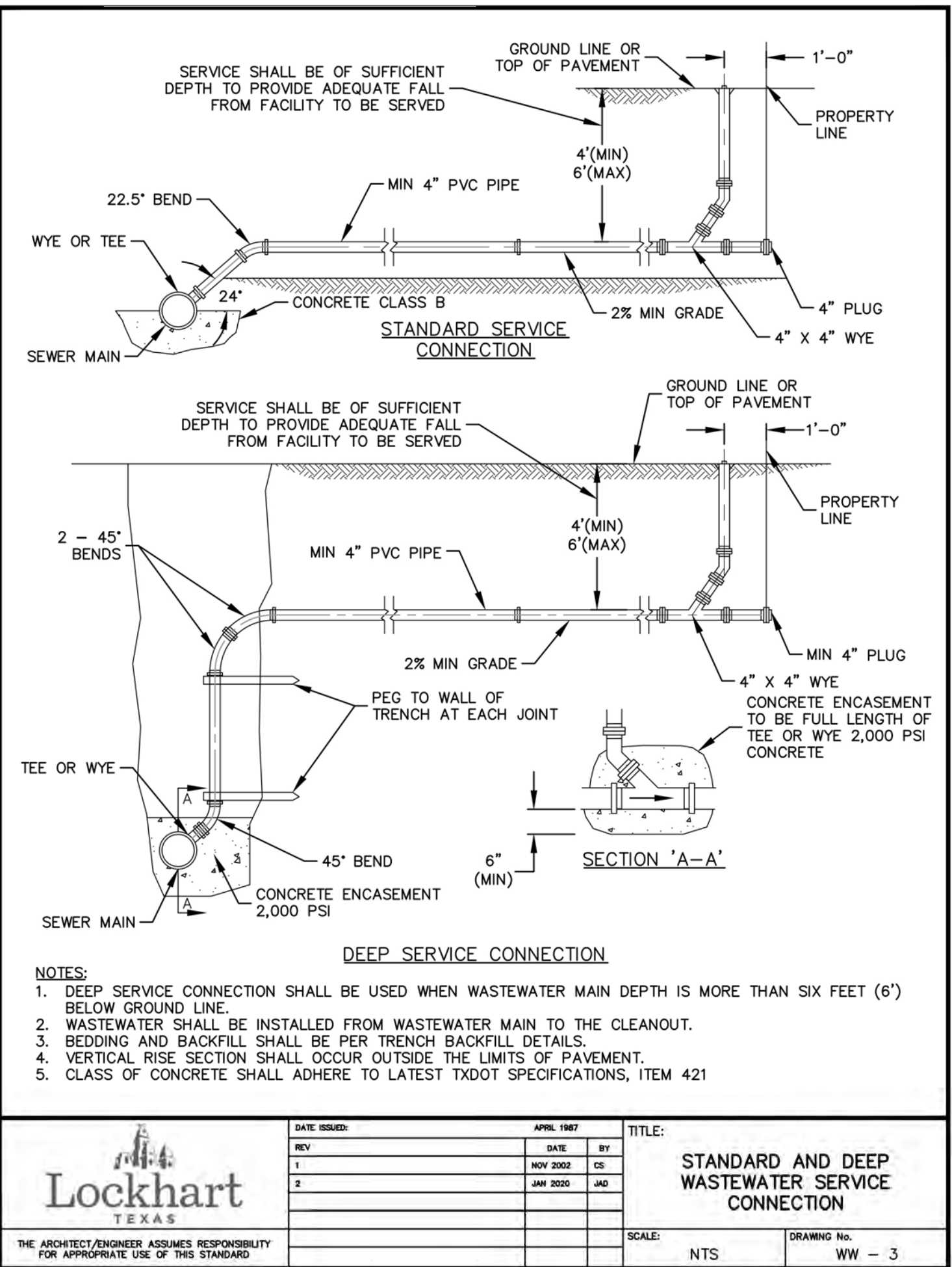
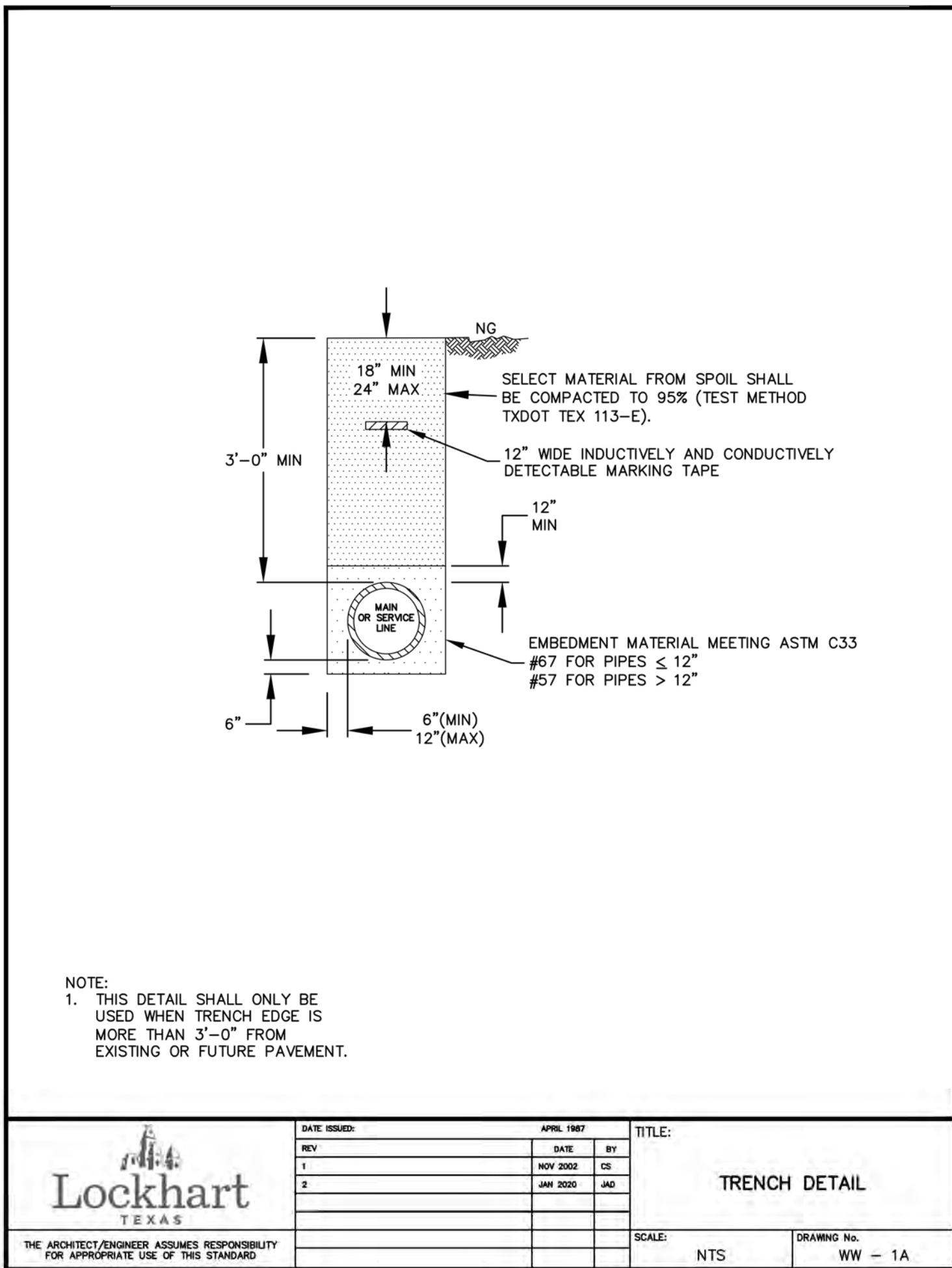
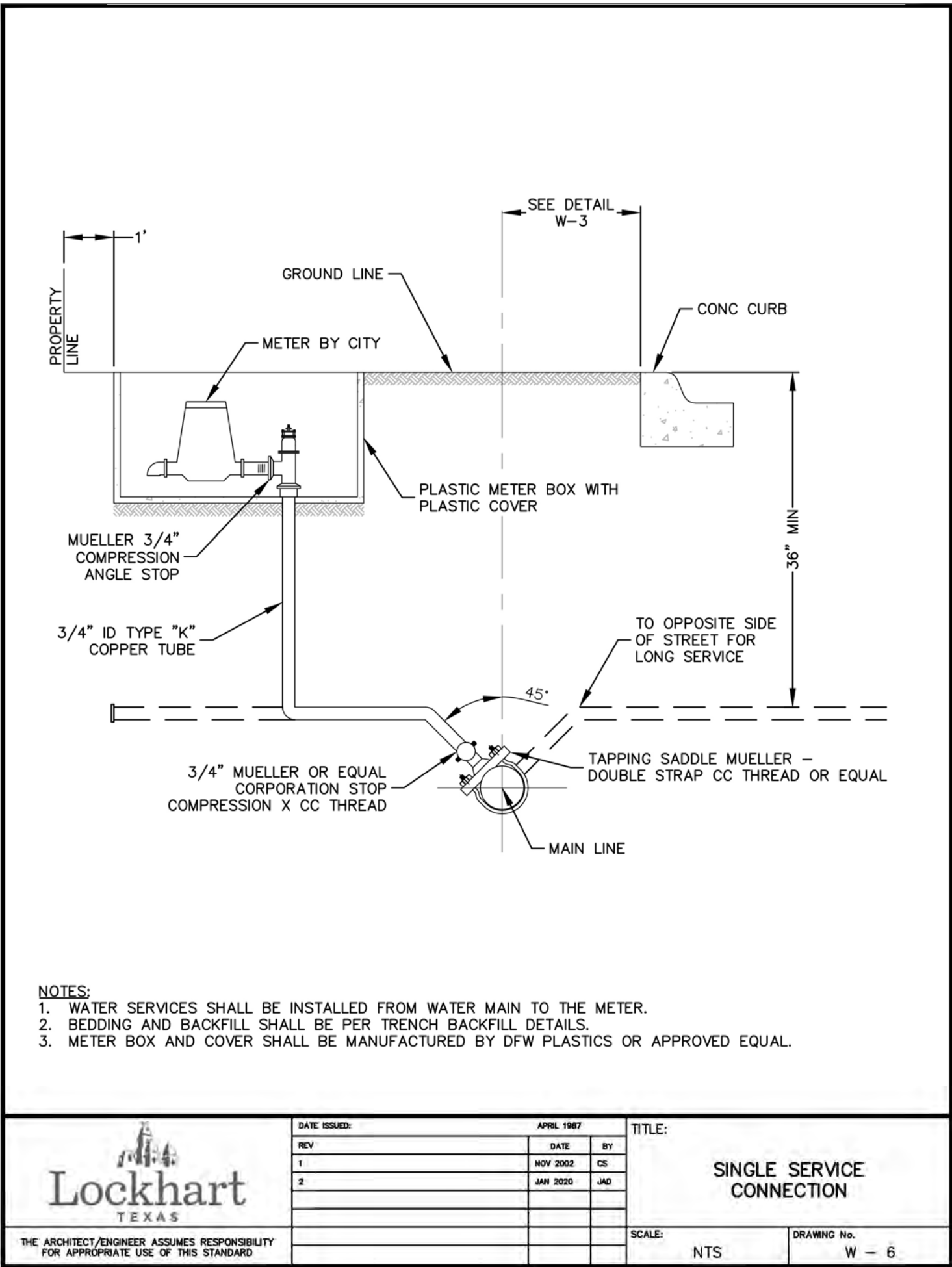
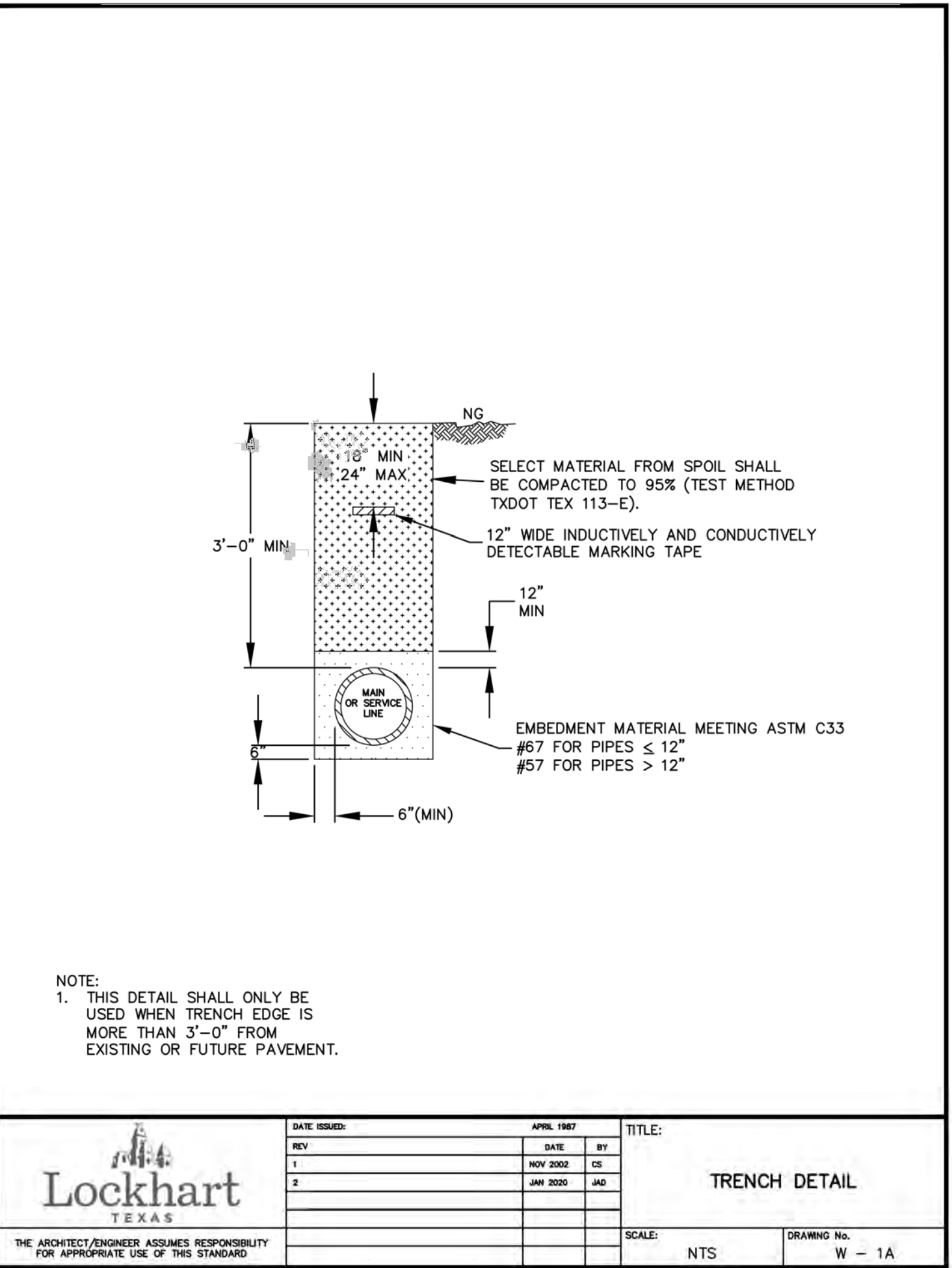
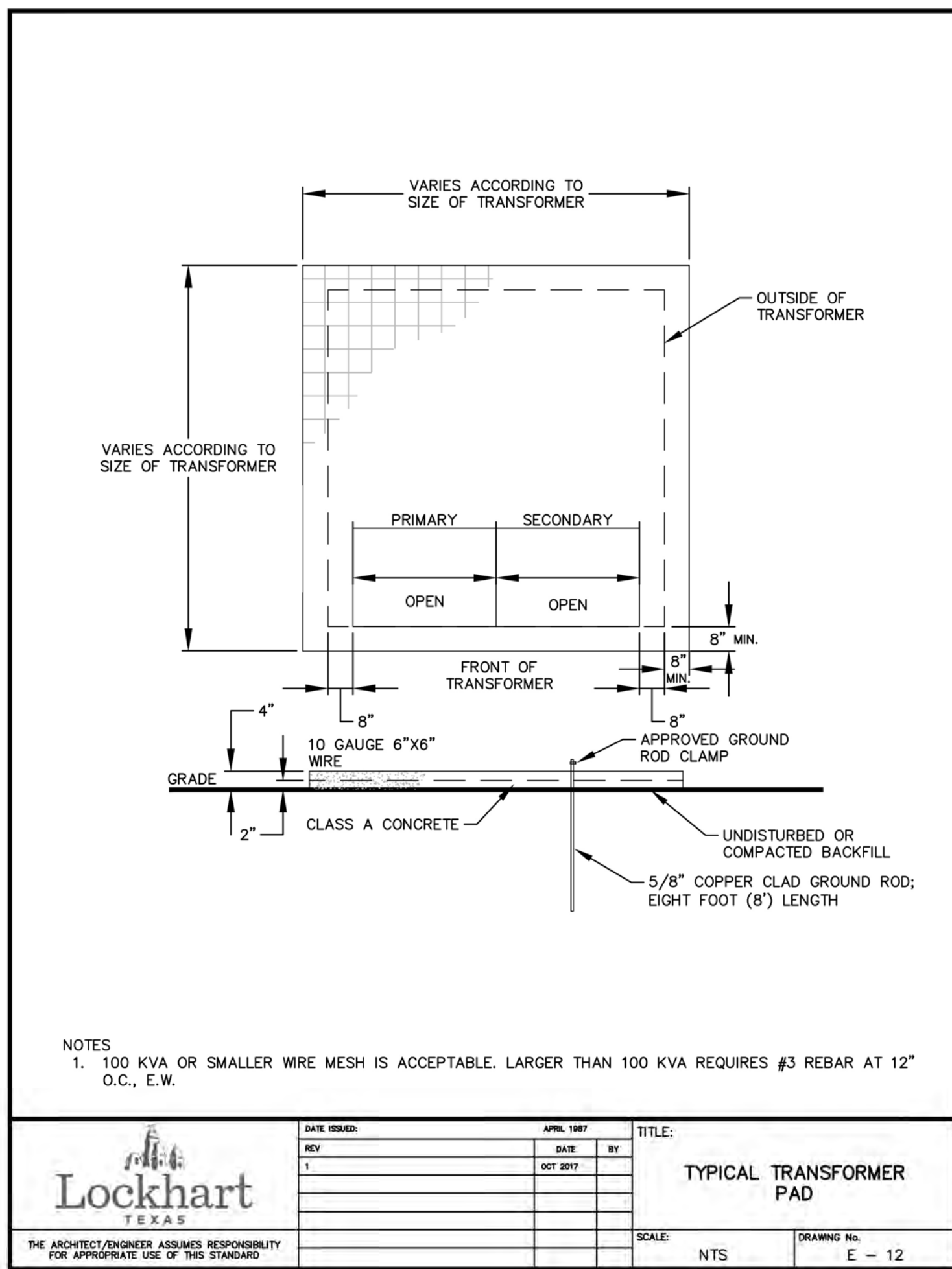
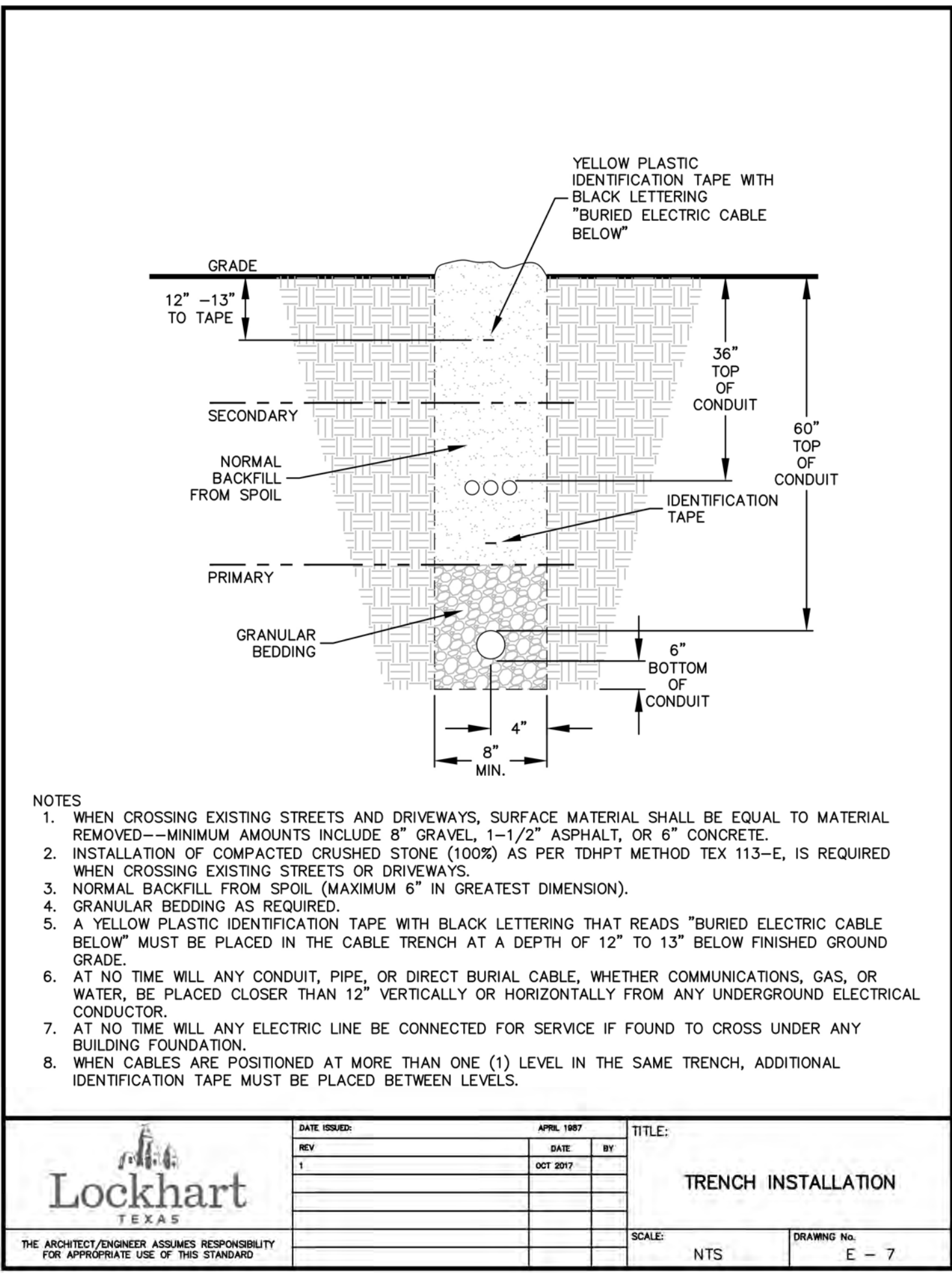
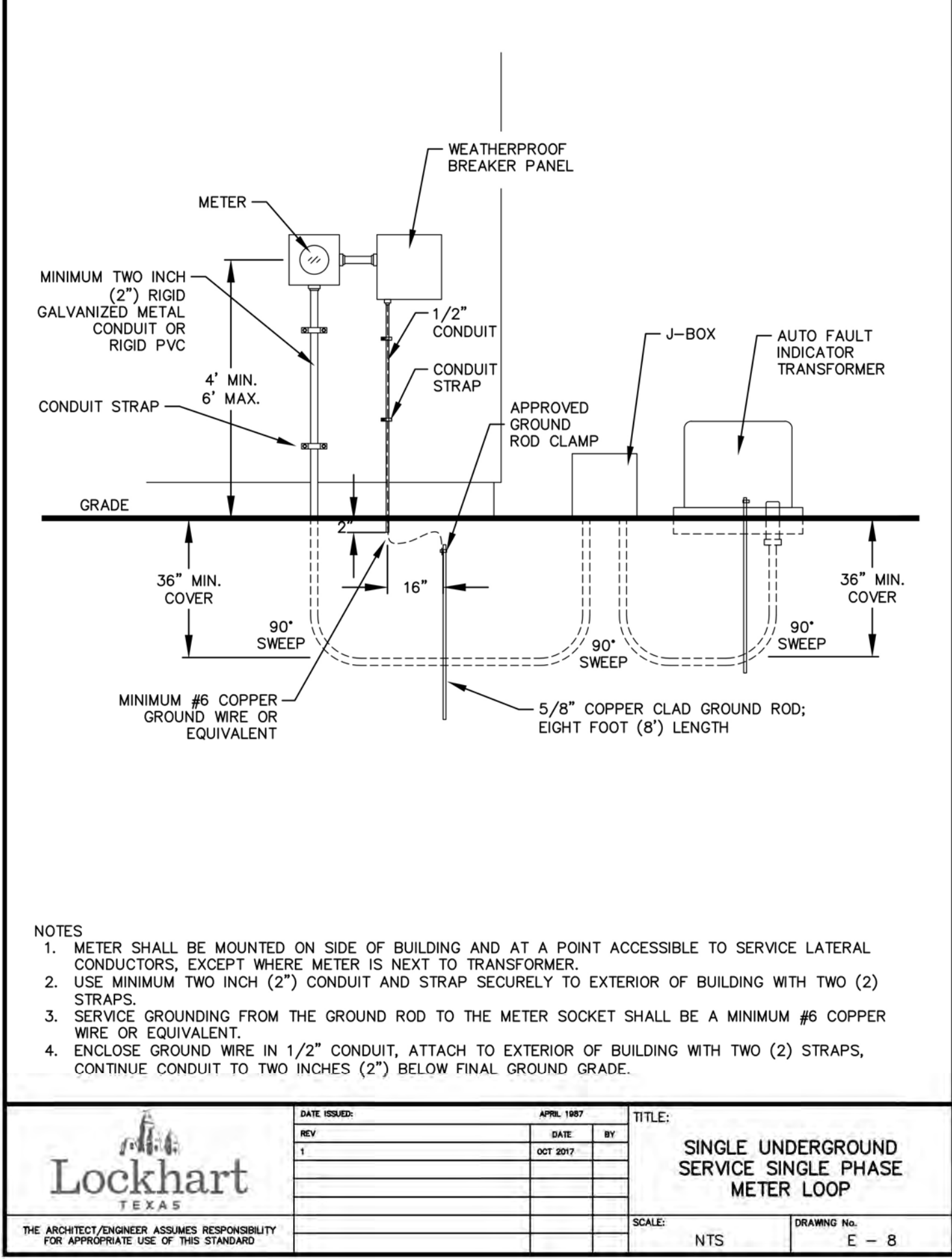
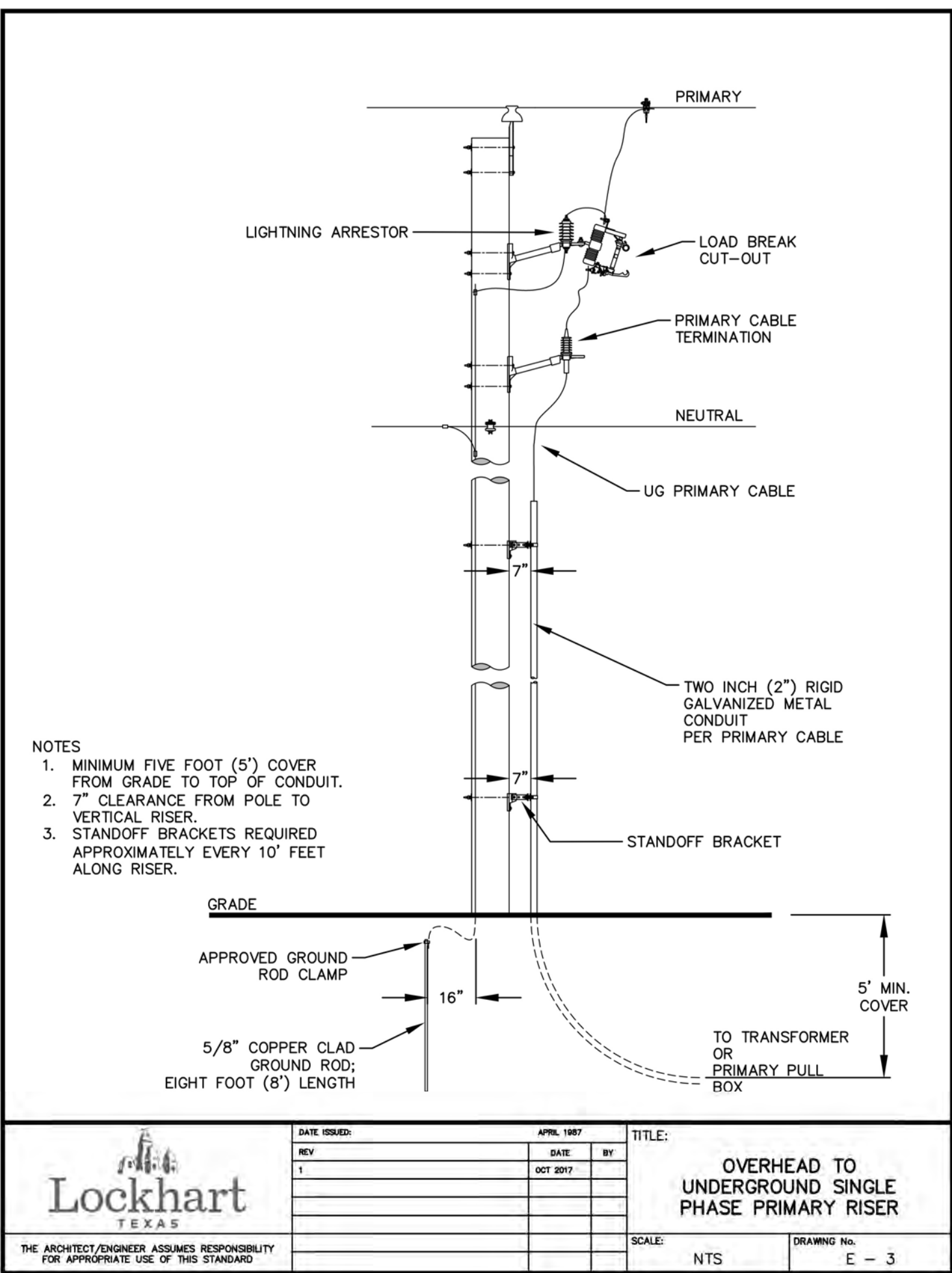
PAGE TABLE	
A1	SITE PLAN
A2	BUILDING GENERAL ARRANGEMENT
A3	SITE PLAN CONSTRUCTION DETAILS

PROJECT NAME: — BUILDING 3 LOCKHART AIRPORT		PROJECT ADDRESS: 222 AIRPORT DRIVE LOCKHART, TEXAS	
SHEET NO. A1	SHEET TITLE SITE PLAN		REV. DATE 1/9/2026
			REV. NO.: 1
CLIENT NAME..... MATT MOWEN		PRINT DATE 3/11/2026 08:55:32	
CLIENT PHONE..... 936-596-8985			
CLIENT EMAIL..... MMOWEN119@GMAIL.COM			
FULL SCALE WHEN PRINTED 36 x 48		The BEN BROWN Group EST. 2003	
CONTACT: 979-739-2002 / M.BROWN@ THEBENBROWNGROUP.COM			

OCCUPANCY LOAD:
AIRCRAFT HANGER 1 PERSON PER 500 SQ FT
 $10,000/500 = 20$
NUMBER OF EXITS PROVIDED = 2
MAXIMUM TRAVEL DISTANCE ~ 105'



PROJECT NAME: BUILDING 3 LOCKHART AIRPORT		PROJECT ADDRESS: 222 AIRPORT DRIVE LOCKHART, TEXAS	
SHEET NO. A2	SHEET TITLE GENERAL ARRANGEMENT	REV. DATE 1/9/2026	REV. NO. 1
CLIENT NAME..... MATT MOWEN		PRINT DATE	
CLIENT PHONE..... 936-596-8985		5/11/2026	
CLIENT EMAIL..... MMOWEN1@GMAIL.COM		08:55:39	
FULL SCALE WHEN PRINTED 36 x 48		The BEN BROWN Group EST. 2002	
CONTACT: 972-739-3002 / M.BROWN@THEBENBROWNGROUP.COM			



PROJECT NAME: — BUILDING 3 LOCKHART AIRPORT		PROJECT ADDRESS: 222 AIRPORT DRIVE LOCKHART, TEXAS	
SHEET NO. A3	SHEET TITLE CONSTRUCTION DETAILS	REV. DATE 1/9/2026	REV. NO.: 1
CLIENT NAME..... MATT MOWEN CLIENT PHONE..... 936-596-8985 CLIENT EMAIL..... MMOWEN8192@GMAIL.COM		PRINT DATE 3/11/2026 08:55:35	
FULL SCALE WHEN PRINTED 36 x 48		The BEN BROWN Group Est. 2003	
CONTACT: 979-739-2002 / M.BROWN@THEBENBROWNGROUP.COM			

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: November 6, 2025

AGENDA ITEM CAPTION: Discussion and/or action regarding a Ground Lease Agreement with Lockhart Air Partners, LLC, for construction of a 10,000-square-foot hangar at the Lockhart Municipal Airport.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: Lockhart Air Partners, LLC approached the City regarding development of lease space at the Lockhart Municipal Airport for the construction of a 10,000-square-foot hangar. The hangar would be located on the north side of the existing aircraft tie-down area and serve as the fixed-base operation (FBO) for Lockhart Air Partners. Planned uses include flight training services, aircraft rentals, and leasing of hangar space to pilots.

The proposed Ground Lease Agreement establishes a 30-year lease term, with two optional five-year extensions subject to City approval. The lessee agrees to pay an annual ground lease rate of \$0.25 per square foot for the 10,000-square-foot area—totaling \$2,500 per year—with a 10% escalation every five years. Construction must commence within one year of the agreement's effective date and be completed within one year thereafter, consistent with the City's adopted Airport Construction Standards. The lessee will also construct and maintain a paved aircraft ramp area at its sole expense.

Under the proposed ground lease, Lockhart Air Partners assumes full responsibility for all improvements, maintenance, and repairs within the leased premises, including the hangar, ramp area, utilities, landscaping, and erosion control. The lessee is required to maintain the site in a safe and orderly condition and comply with all applicable City, State, and FAA regulations. The City retains ownership of the underlying property and reserves rights of inspection, airspace use, and future utility easements but will not contribute to or fund any construction or maintenance costs associated with the private hangar improvements.

Lockhart Air Partners intends to expand its operations in future phases to include Jet A fuel sales and additional hangar development, further supporting general aviation growth at the Airport. The proposed lease terms align with those used by comparable general aviation facilities in Central Texas and reinforce the City's commitment to long-term airport utilization.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

Funds Available:

Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: The Lockhart Airport Advisory Board and staff respectfully recommend approval of the ground lease with Lockhart Air Partners.

LIST OF SUPPORTING DOCUMENTS: Lockhart Air Partners Ground Lease, Lockhart Airport_Site Plan

HANGAR GROUND LEASE AGREEMENT

CITY OF LOCKHART, TEXAS

Ground Lessor

AND

LOCKHART AIR PARTNERS, LLC

Ground Lessee

LEASE AGREEMENT

THIS HANGAR GROUND LEASE ("Agreement") is effective this _____ day of _____, 2025, by and between the CITY OF LOCKHART, TEXAS, a Texas home-rule municipality ("City" or "Lessor") and Lockhart Air Partners, LLC, a Texas limited liability company ("Lessee").

Preliminary Statements

A. The City owns and operates an airport known as the Lockhart Municipal Airport (50R) located in Caldwell County, Texas, including the real property upon which the same is located (the "Airport"); and

B. The City and Lessee desire to enter into a Lease Agreement ("Agreement") for the use and occupancy of certain areas at the Airport; and

C. The City desires to accommodate, promote and enhance general aviation at the Airport. Lessee desires assurance of the Airport's continued availability as a base for aircraft; and

D. The City and Lessee have agreed that Lessee will construct and occupy a hangar building or buildings, without cost to the City.

E. In consideration of the premises and of the rents, covenants and conditions herein contained, the City does hereby lease to Lessee the area(s) of the Airport described in Article 2 hereof (the "Leased Premises"), as follows:

ARTICLE 1: TERM AND OPTIONS

1.1 The initial term of this Agreement shall commence at 12:01 a.m. on _____, 2025, and expire at 11:59 p.m. on _____, 20_____, a duration of 30 years, (the "Initial Term") unless sooner terminated in accordance with this Agreement.

1.2 Subject to the conditions herein, Lessee shall have the option to extend the term of this Agreement for two additional periods of five years each, hereinafter the "Extended Term(s)," provided that at the time of such exercise and at all times before any Extended Term, Lessee is not in default in the payment of any rent or in default in any other provisions of this Agreement. Lessee may exercise each option by giving written notice of such extension to the City not more than 18 months, nor less than nine months, prior to the expiration of the Initial Term or the then-current Extended Term. The terms of this Agreement shall remain applicable during any Extended Term, and shall rent escalate throughout the Initial Term and any Extended Term as provided in Article 4.

ARTICLE 2: LEASED PREMISES

2.1 The Leased Premises consist of the parcel of land described in Exhibit "A." The Lessee acknowledges that: (1) the Lessor makes no representations or warranty regarding the suitability of the Leased Premises for the Lessee's intended purposes, or the presence or absence of environmental, geologic, or other site conditions that may affect the Lessee's use of the Leased Premises; (2) Lessee accepts full responsibility for determining the suitability of the Leased Premises for its intended purposes; (3) Lessee has inspected and performed all tests and investigations of the Leased Premises for its intended purposes; and (4) Lessee is accepting the Leased Premises "as is," in their present condition, and Lessee agrees to perform all preparation, repairs, remediation, and alteration activities necessary to use the Leased Premises for Lessee's intended purposes. Lessee expressly disclaims reliance upon any statement, oral or written, made by any agent of the City concerning the condition, suitability, or business prospects of the Leased Premises.

ARTICLE 3: USE OF LEASED PREMISES

3.1 Lessee shall use and occupy the Leased Premises for the following purposes and for no other purpose whatsoever unless approved in writing by City:

3.1.1 For the construction, installation, maintenance, and operation of a single ten thousand square foot (10,000 sf) hangar building (the "Hangar") to be used for the parking, storage, leasing, flight training, management, servicing, repair, maintenance, and modification, of aircraft. No sublease to an unaffiliated entity of Lessee shall be valid unless each such sublease is approved in writing by the City and conforms to all applicable laws and the Airport Rules and Minimum Standards then in effect (the "Rules" and "Minimum Standards"). Any such commercial use must also be consistent with the City of Lockhart, Texas, building, use and zoning regulations and requirements applicable to the Leased Premises. Lessee warrants that all such aircraft based at the Leased Premises shall comply with noise standards established under Part 36 of Title 14 of the Code of Federal Regulations, ("FAR 36") as amended from time to time. The Leased Premises shall not be used for residential purposes. Lessee shall comply with all Grant Assurances in favor of the State of Texas or the United States. All of Lessee's rights shall be subordinate to such Grant Assurances and other obligations to the United States or State of Texas.

3.1.1.a The construction timeline for the Hangar shall conform to the timeframes set forth in the Minimum Standards. Lessee must commence construction of the Hangar no later than one (1) year from the date of this Agreement. Construction shall be completed no later than one (1) year after construction commences. The City may grant extensions to these deadlines as the City deems necessary.

3.1.1.b Lessee shall be allowed to place a temporary building on the property once Hangar construction has commenced and until it has been completed. Construction for the Hangar shall not to exceed 12 months. The temporary building will be removed no later than 30 days after the Hangar has received a certificate of occupancy. The temporary building is for construction purposes only and shall not be used for business operations.

3.12 The City makes no representations, guarantees, or warranties that the Leased Premises may be lawfully used for the purposes set forth in this Article 3.1. Lessee shall have the sole responsibility of obtaining all applicable permits or other governmental approvals necessary to use the Leased Premises. This Agreement is expressly conditioned upon Lessee obtaining all such permits and approvals, and the failure of Lessee to obtain any such permits or approvals within six months following the commencement date set forth in Article 1.1. The failure of Lessee to maintain any such permits or approvals during the term of this Agreement shall result in termination of this Agreement pursuant to Article 18.

3.13 During the term of this Agreement, Lessee must regularly house at least one airworthy aircraft in the Hangar, use the Hangar for the primary purpose of aircraft storage, and the Hangar shall be used for Aeronautical Activities only, unless the prior written permission of the City is first obtained. The term "Aeronautical Activities" shall mean any activity or service that involves, makes possible, facilitates, is related to, assists in, or is required for the operation of aircraft, or which contributes to or is required for the safety of aircraft operations.

3.14 City reserves unto itself, its patrons, visitors, and other lessees and their patrons, visitors, and employees, the right of flight for the passage of aircraft above the surface of the Leased Premises, together with the right to cause in such air space such noise, dust, interference as may be inherent in the operation of aircraft now known or hereafter in use, including the right of using said air space for landing at, taking off from, or operating at or near the Airport.

3.15 This Agreement is subject to the right of the United States of America to have exclusive or non-exclusive use, control and possession, without charge, of the Airport or any portion thereof during periods of national emergency; and further, subject to the right of the F.A.A. and United States Government under such Agreement including the right to take a portion of the Airport premises for air traffic control activities, weather reporting activities or communication activities related to air traffic control.

ARTICLE 4: RENT AND OTHER CHARGES

4.1 Lessee agrees to pay to the City during the Initial Term hereof an annual base rent of \$0.25 per square foot for the 10,000 square feet of the Leased Premises (including the building footprint, ramp, and area surrounding the building footprint, as set forth in Exhibit A), for a total of (\$2,500.00) Two Thousand Five Hundred Dollars and 00/100 per year, subject to adjustment pursuant to Section 4.2, below subject to final design permitted by the City. If Lessee exercises any option to extend the term of this Agreement under Section 1.2, above, annual rental per square foot for the first year of such Extended Term shall be the greater of (a) the rental determined under Section 4.2 below, as if the Initial Term had continued throughout such Extended Term, or (b) the then current market rates for hangar ground leases at comparable airports in Texas. City and Lessee agree to use their best efforts to agree on then current market rates, and execute a Lease Extension Agreement, within ninety (90) days after Lessee's written notice of election is received by the City. If the City and Lessee cannot agree upon the rental rates, the parties agree to submit the question to binding arbitration before a single arbitrator appointed by the chief judge of the District Courts of Caldwell County, Texas provided, however, that such rent shall never be lower than the rental which would be due by

application of subsection (a) above. Lessee and the City shall each pay fifty percent (50%) of the arbitrator cost. All sums due to the City under this Agreement shall comprise “Additional Rent.”

4.2 Five years after the date of commencement of this Agreement, and on each successive five-year period thereafter during the remainder of the Initial Term, the annual rent shall be adjusted by a ten percent (10%) increase in the annual rent based off of the previous five year term in each successive increase.

4.3 The annual rent payable hereunder shall be paid on the anniversary of the commencement of this Agreement as set forth in Article 1.1. Payments due to the City under this Agreement shall be paid without offset of any kind, and Lessee waives all common law and statutory rights of offset. In addition to any other remedies provided in this Agreement, if any rental, fee, charge, or other item of Additional Rent set forth in this Agreement is not paid to the City within 15 days of the date due, Lessee agrees to pay a late charge of 10% for each such late payment, and default interest shall accrue on such payment from 30 days after the date the payment was due, at a rate of 12% per annum.

4.4 Lessee, as additional rent, shall complete construction of the Hangar and related Improvements on the Leased Premises, in accordance with plans and specifications approved by the City. The Hangar shall, collectively, be at least a total of 10,000 square feet in size and shall have a concrete or asphalt floor, with the Hangar to have at least one aircraft access door sized to accommodate an average private aircraft. Lessee shall use commercially reasonable and diligent efforts to complete construction of the Hangar and other such Improvements within the earlier of 12 months of the City's approval thereof.

4.5 Lessee, as additional rent, shall construct and maintain a paved aircraft ramp area on the Leased Premises (the “Ramp.”). The Ramp must be designed and built to specifications, and for a minimum weight bearing capacity, established by the City, built to the full width of the Leased Premises, and to connect with adjacent taxiway, ramp, and/or auto parking areas, in order that a continuous and safe pavement section results. If access to the Leased Premises is not available on existing taxiways and/or roadways, then Lessee may also be required to construct the same pursuant to Article 7.1.1, below. It is the responsibility of Lessee to maintain the entire Ramp area, and all other pavement areas on the Leased Premises, in a safe manner, and clean of debris, and free from unsafe conditions for taxiing aircraft and Airport users. Lessee grants to users of the Airport the right to use aircraft Ramp areas on the Leased Premises from time to time for passage of aircraft on and near the adjacent taxiway. The construction time and default provisions of subsection 4.4 shall be applicable to the Ramp described in this subsection.

4.6 Subject to the provisions of Article 10, below, Lessee shall keep the Leased Premises, and the Hangar, Ramp, and any and all structures constructed by Lessee on the Leased Premises (collectively, the “Improvements”), free and clear of any liens and encumbrances, except as contemplated by Article 10, below, or unless expressly approved in writing by the City, and shall indemnify, hold harmless and defend the City from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Lessee. If any lien is filed, Lessee shall do all acts necessary to discharge such lien within ten days of filing, or if Lessee desires to contest any lien, then Lessee shall deposit with the City such security as the City shall reasonably demand to insure the payment of the lien claim. If Lessee shall fail to pay any lien

claim when due or shall fail to deposit the security with the City, then the City shall have the right to expend all sums necessary to discharge the lien claim, and Lessee shall pay the City, as additional rental when the next rental payment is due, all sums expended by the City in discharging any lien, including reasonable attorneys' fees and costs, and interest at 12% on the sums expended by the City from the date of expenditure to the date of payment by Lessee.

4.7 Lessee agrees to comply with the Airport Rules and Minimum Standards adopted by the City for the Airport, as they now exist or as they may hereafter be adopted or amended. Fees due under such Minimum Standards or pursuant to any license issued for commercial activities conducted in whole or part on the Leased Premises, may be collected by the City as additional rent under this Agreement, in addition to any other remedies available to the City.

4.8 Holdover rent shall be due at the rate of 200%.

ARTICLE 5: ACCEPTANCE, CARE, MAINTENANCE, IMPROVEMENTS AND REPAIR

5.1 Lessee acknowledges that it has inspected the Leased Premises, conducted such studies and tests thereof (including environmental tests) as it deems necessary, and accepts possession of the Leased Premises "as is" in its present condition, and, subject to all limitations imposed upon the use thereof by the rules and regulations of the Federal Aviation Administration, the rules and regulations of the Airport, and by ordinances of the City, and admits its suitability and sufficiency. Except as may otherwise be provided for herein, the City shall not be required to maintain nor to make any improvements, repairs or restoration upon or to the Leased Premises or to any of the improvements presently located thereon or placed thereon by Lessee.

5.2 Lessee shall, throughout the term of this Agreement, assume the entire responsibility, cost, and expense for all repair and maintenance whatsoever on the Leased Premises and all Improvements thereon, and shall perform in a good workmanlike manner all necessary repairs, maintenance, whether ordinary or extraordinary, structural or otherwise. Additionally, Lessee, without limiting the generality hereof, shall:

521 Keep at all times, in a clean and orderly condition and appearance, the Leased Premises, all Improvements thereon and all of Lessee's fixtures, equipment and personal property which are located on any part of the Leased Premises. Lessee shall not park or leave, or allow to be parked, aircraft on the taxiways, ramps or pavement adjacent to any Hangar in a manner which unduly interferes with or obstructs access to other hangars or movement on adjacent taxiways.

522 Provide and maintain on the Leased Premises all obstruction lights and similar devices, and safety equipment required by law.

523 Take measures to prevent erosion, including without limitation the planting and replanting of grasses with respect to all portions of the Leased Premises not paved or built upon. Lessee shall maintain and replant any landscaped areas.

524 Be responsible for the maintenance and repair of all utility services lines placed on the Leased Premises and used by Lessee exclusively, including without limitation water

lines, gas lines, electrical power and telephone conduits and lines, sanitary sewers and storm sewers.

525 If Lessee discovers any hazardous material on the Leased Premises, it will promptly notify the City in writing.

526 If extraordinary repairs or maintenance to the Improvements are required during the last five years of the Initial Term or any Extended Term of this Agreement, Lessee may elect not to repair and/or maintain the Improvements, by giving the City written notice of its election. In such case, City shall have the option of requiring Lessee to either (a) clear the site, remove all debris and paving, stub up all utilities, and restore the site to its original cleared condition prior to commencement of construction; or (b) transfer title to the Improvements to the City, as is. Upon Lessee's election and compliance with this section, the City shall terminate this Agreement and relieve Lessee of all future rental obligations hereunder.

527 During the last five years of the Initial Term, and during the last 30 months of any Extended Term, the City shall have the right to conduct periodic detailed inspections of the Leased Premises not more often than once per year. If any maintenance deficiencies are discovered, the City may require Lessee to correct such deficiencies, whether ordinary or capital in nature. Capital items having a useful estimated life beyond the date on which Lessee actually vacates the Leased Premises shall be reimbursed by the City to the Lessee on an equitably pro-rated basis.

53 Plans and specifications for each of the Improvements and all repairs (other than emergency repairs), construction, alterations, modifications, additions or replacements to the Improvements, including those made to any paving upon the Leased Premises, excluding non-structural repairs, construction, alterations, modifications, additions or replacements, shall be submitted to the City for approval, which approval shall not be unreasonably denied, providing the plans and specifications comply with the provisions of this Agreement, the Airport's design standards, if any, as well as all applicable building, use and zoning regulations. Submittal of the above-described Plans and Specifications shall also include a site plan, drainage plan, and building plan for the initial project development that shall be reviewed pursuant to the City's standard review process as provided in the Unified Development Code. The site plan shall show the location of all Improvements on the Leased Premises, including the Hangars, pavements, utilities and location of the Hangars on the site. The drainage plan must show how drainage will be handled and be approved by the City prior to a building permit being issued by the City. Lessee shall reimburse the City for all costs incurred for providing a legal survey and legal description of the Leased Premises and for a proportional share of any costs to bring road access and utilities to the Leased Premises, should the City agree to do so. Before commencement of any construction of the Improvements, Lessee shall have the Leased Premises staked by a certified surveying company to ensure all Improvements are placed accurately on the Leased Premises. Within ninety (90) days of the certificate of occupancy being received, Lessee shall submit to the City a full set of as-built record drawings of the Improvements, sealed by a licensed architect or engineer, which among other things, depicts exact locations of all Improvements, including utilities, made on and/or off of the Leased Premises. Failure to submit such sealed plans shall constitute grounds for denial of access to the Leased Premises.

ARTICLE 6: ADDITIONAL OBLIGATIONS OF LESSEE

6.1 Lessee shall conduct its operations in an orderly and proper manner, considering the nature of such operations, so as not to unreasonably annoy, disturb, endanger or offend others.

6.2 Further, Lessee shall take all reasonable measures: \

1. To reduce to a practicable minimum vibrations tending to damage any equipment, structure, buildings or portions of buildings.\
2. Not to produce or allow to be produced on the Airport, through the operation of machinery or equipment, any electrical, electronic or other disturbances that interfere with the operation by the City or the Federal Aviation Administration of air navigational, communication or flight equipment on the Airport or on aircraft using the Airport, or with ground transportation communications.

6.3 Lessee shall comply with all federal, state and municipal laws, ordinances, rules, regulations and requirements, the Airport's Minimum Standards, Airport security rules and regulations, and other Airport Rules and regulations, as they now exist or may hereafter be amended or promulgated.

6.4 Lessee shall commit no nuisance, waste or injury on the Leased Premises, and shall not do, or permit to be done, anything that may result in the creation, commission or maintenance of such nuisance, waste or injury on the Leased Premises.

6.5 Lessee shall neither do nor permit anything which may interfere with the effectiveness or accessibility of the drainage system, sewerage system, fire protection system, sprinkler system, alarm system and fire hydrants and hoses, if any, installed or located on the Leased Premises.

6.6 Lessee shall take measures to ensure security in compliance with Federal Aviation Administration Regulations and the Airport Security Plan, as they now exist or may hereafter be amended or promulgated.

6.7 Lessee shall neither do nor permit any act or thing which will invalidate or conflict with any fire insurance policies or regulations applicable to the Leased Premises or other contiguous premises at the Airport.

6.8 Lessee shall not install, maintain, operate or permit the installation, maintenance or operation of any restaurant, kitchen, stand or other establishment of any type for the sale of food or of any vending machines or device designed to dispense or sell merchandise or services of any kind to the general public, unless all required development approvals and permits for that activity are first obtained from the City.

6.9 Except for uses permitted under Article 3 hereof to be performed by Lessee, Lessee shall not provide or allow to be provided aircraft maintenance work, flight instruction of any sort, air taxi, aircraft charter or aircraft leasing of any sort on the Leased Premises, for commercial purposes, without all required development approvals, and a License from the City if and as required by the Airport's Minimum Standards or Rules then in effect.

Lessee will conduct its operations in such a manner as to keep the noise produced by aircraft engines and component parts thereof, and any other noise, to a minimum, by such methods as are practicable, considering the extent and type of the operations of Lessee and the limitations of federal law. In addition, Lessee will employ the maximum amount of noise arresting and noise reducing devices that are available and economically practicable, considering the extent of their operations, but in no event less than those devices required by federal, state or local law. In its use of the Leased Premises, Lessee shall take all possible care, exercise caution, and use commercially reasonable efforts to minimize prop or jet blast interference and prevent jet blast damage to aircraft operating on taxiways and to buildings, structures and roadways, now located on or which in the future may be located on areas adjacent to the Leased Premises. If the City determines that Lessee has not curbed the prop or jet blast interference or damage, Lessee covenants to erect and maintain at its own expense such structure or structures as may be necessary to prevent prop or jet blast interference, subject, however, to the prior written approval of the City as to type, manner and method of construction.

6.10 Following the completion of construction of the Hangars, Lessee shall not store nor permit the storage of disabled aircraft or any equipment or materials outside of the Hangars constructed on the Leased Premises, without the written approval of the City. No aircraft that is unairworthy may remain outside of a hangar for more than 20 days. Concerning any aircraft that has remained outside the hangars on the Leased Premises for more than 20 days, upon request Lessee shall provide written certification from an FAA licensee holding Inspection Authorization stating such aircraft is airworthy. If Lessee fails to comply with this requirement after a written request by Lessee to comply, Lessor may (but is not required to) cause the removal of any such aircraft at Lessee's expense by any means that Lessor determines, in its sole discretion, to be in Lessor's best interests.

6.11 On forms and at the frequency prescribed by the Airport Manager, and with respect to each aircraft stored on the Leased Premises, Lessee shall provide the City with the (a) make and model, (b) N-number, and (c) identity and address of the registered owner. This requirement shall apply to aircraft whether owned by Lessee or another party, and regardless of whether its storage is subject to the Minimum Standards or Rules.

6.12 Permits and Licenses. Lessee shall obtain and maintain in current status all permits and licenses required under any law or regulation. If Lessee receives notice from any governmental entity that Lessee lacks, or is in violation of, any such permit or license, Lessee shall provide City with timely written notice of the same.

6.13 Taxes and Liens. Lessee shall pay (before their respective due dates) all taxes, fees, assessments, and levies that relate to Lessee's use, occupancy, or operations at the Leased Premises or the Airport, and all other obligations for which a lien may be created thereto (including, but not limited to, utility charges and work for any improvements).

6.14 Damage to Property and Notice of Harm. In addition to Lessee's indemnification obligations set forth in this Agreement, Lessee, at Lessee's sole cost, shall repair or replace (to Lessor's reasonable satisfaction) any damaged property that belongs to Lessor or Lessor's other tenants to the extent that such damage arises from or relates to an act or omission of Lessee or Lessee's Associates. Lessee shall promptly notify Lessor of any such property damage. If Lessee discovers any other potential claims or losses that may affect Lessor, Lessee shall promptly notify

Lessor of the same.

6.15 Security. Lessee shall comply with all security measures that Lessor, the United States Transportation Security Administration, or any other governmental entity having jurisdiction may require in connection with the Airport, including any access credential requirements, any decision to remove Lessee's access credentials, and any civil penalty obligations and other costs arising from a breach of security requirements caused or permitted by Lessee or Lessee's Associates. Lessee agrees that Airport access credentials are the property of Lessor and may be suspended or revoked by Lessor in its sole discretion at any time. Lessee shall pay all fees associated with such credentials, and Lessee shall immediately report to the Airport Manager any lost credentials or credentials that Lessee removes from any employee or any of Lessee's Associates. Lessee shall protect and preserve security at the Airport.

6.16 Removal of Disabled Aircraft. When consistent with Laws and Regulations, Lessee shall promptly remove or cause to be removed from any portion of the Airport not leased by Lessee the Aircraft or any other aircraft that Lessee owns or controls if it becomes unairworthy. Lessee may store such aircraft within Lessee's enclosed improvements.

ARTICLE 7: INGRESS AND EGRESS

7.1 Lessee shall have the right of ingress and egress between the Leased Premises and the public landing areas at the Airport by means of connecting taxiways; and between the Leased Premises and the entrance(s) to the Airport by means of connecting paved roads. Lessee shall have the right to use the public runways and public aviation aids at all times during which they are open to the public. Such rights of ingress, egress and use shall be in common with others having rights of use and passage thereon.

7.1.1 If, at the time of entering into this Agreement, access to the Leased Premises is not available on existing taxiways and/or roadways, then such taxiways and/or roadways necessary for Lessee's use and occupancy shall be constructed at the sole expense of Lessee, in accordance with construction specifications and design criteria approved by the City for the uses contemplated by Lessee. There shall be no consideration made on the part of the City for the cost of these improvements. Upon completion of construction, Lessee shall certify that the taxiways and/or roadways so constructed have been built to such specifications and criteria, and those portions of any such taxiways and/or roads located off the Leased Premises shall be conveyed and dedicated to the City, which shall accept them for maintenance. Upon such conveyance and dedication, Lessee shall warrant that the same shall be free of defects in materials and workmanship for a period of not less than two years after the date of such conveyance and dedication. Such warranty shall be backed by a warranty bond or another form of security instrument, satisfactory to the City in its sole discretion, in the amount of not less than 15% of the construction cost of the improvements warranted.

7.2 The use of any such roadways or taxiways shall be subject to the Rules and Minimum Standards of the Airport, which are now in effect or which may hereafter be promulgated, and subject to temporary closure; provided, however, that any closure shall be only for reasonably necessary or unique circumstances, and provided that 14 days prior written notice will be given to Lessee relevant to any closure, unless such closure is necessary due to emergency. Lessee, for itself and its authorized subtenants, hereby releases and discharges the City, their officers, employees and agents, and all their respective successors and assigns, of and

from any and all claims, demands, or causes of action which Lessee or its authorized subtenants may now or at any time hereafter have against any of the foregoing, arising or alleged to arise out of the closing of any street, roadway or other area, provided that other reasonable means of access to the Leased Premises remain available to Lessee without cost to Lessee, unless otherwise mandated by emergency safety considerations or lawful exercise of the police power. Lessee shall not do or permit anything to be done which will interfere with the free access and passage of others to space adjacent to the Leased Premises or in any streets or roadways on the Airport.

ARTICLE 8: CASUALTY INSURANCE AND DAMAGE TO THE LEASED PREMISES

8.1 Lessee, at its sole cost and expense, shall procure and maintain throughout the term of this Agreement insurance protection for all risk coverage on the Improvements which are part of the Leased Premises, to the extent of one hundred percent (100%) of the actual replacement cost thereof. Such insurance shall be written by insurers acceptable to the City. The insurance shall provide for 30 days notice of cancellation or material change, by certified mail, return receipt requested, to the City, Attention: Airport Manager.

8.1.1 The above-stated property insurance shall be for the benefit and to safeguard the interests of the Lessee and City, which shall at all times be named a co-insured.

8.1.2 If any losses are estimated to exceed one-third of the current value of the Leased Premises, Lessor shall adjust and settle such losses with the insurers. Lessee shall consult with the City and use its best efforts to obtain a settlement that covers the cost of repairing or rebuilding the Improvements.

8.1.3 Lessee shall provide certificates of insurance, in a form acceptable to the City and marked "premium paid," evidencing existence of all insurance required to be maintained prior to occupancy of the Improvements. Upon the failure of Lessee to maintain such insurance as above provided, the City, at its option, may obtain such insurance (which may be single-interest) and charge the cost to Lessee as Additional Rent, which shall be payable on demand, or may give notice of default hereunder pursuant to Article 18 hereof.

8.2 If the Improvements and any subsequent improvements, insurable or uninsurable, on the Leased Premises are damaged or destroyed to the extent that they are unusable by Lessee for the purposes for which they were used prior to such damage, or same are destroyed, Lessee shall promptly repair and reconstruct the Improvements substantially as they were immediately prior to such casualty or in a new or modified design, subject to the provisions of Article 5 hereof and applicable building codes and Airport design standards, if any, existing at the time of repairing or rebuilding. If the aforesaid damage or destruction occurs in the last five years of the Initial term or any option term of this Agreement, Lessee may elect not to repair and reconstruct the Improvements, subject to the following terms and conditions:

8.2.1 Lessee shall give the City written notice of its election not to repair and reconstruct the Improvements within ninety (90) days of the date upon which the Improvements were damaged or destroyed. In such case, the City shall have the option of either:

8.2.1.1 Requiring Lessee to clear the site, remove all debris and paving, stub up all utilities, and restore the site to its original cleared condition prior to commencement of construction; in which case Lessee shall retain all insurance proceeds above those necessary to fund such site restoration; or

8.2.1.2 Taking title to the damaged Improvements, as is, in which case Lessee shall assign to and the City shall retain all insurance coverage and proceeds.

8.2.3 Upon Lessee's notice under Section 8.2.1 hereof and Lessee's compliance with the provisions of Sections 8.2.1.1 or 8.2.1.2 hereof, the City shall terminate this Agreement and relieve Lessee of all future rental obligations hereunder.

8.3 Lessee shall not violate, or permit to be violated, any of the conditions of any of the said policies; and shall perform and satisfy, or cause to be satisfied, the requirements of the companies writing such policies.

ARTICLE 9: LIABILITIES AND INDEMNITIES

9.1 The City shall not in any way be liable for any cost, liability, damage or injury, including cost of suit and expenses of legal services, claimed or recovered by any person or entity, or occurring on the Leased Premises, or the Airport, or as a result of any operations, works, acts or omissions performed on the Leased Premises, or the Airport, by Lessee, its agents, servants, employees or authorized tenants, or their guests or invitees. Lessee shall not in any way be liable for any cost, liability, damage or injury, including cost of suit and expenses of legal services, claimed or recovered by any person or entity, or occurring on the Leased Premises, or the Airport, or as a result of any operations, works, acts, or commission performed on the Leased Premises, or the Airport, solely by the City, their agents, servants, employees or authorized tenants, or their guests or invitees. In this regard, LESSEE expressly releases the City and each of its agents from their own negligence, gross negligence, or other liability.

9.2 Lessee agrees to indemnify, save and hold harmless, the City, their officers, agents, servants and employees, of and from any and all costs, liability, damage and expense, including costs of suit and reasonable expenses of legal services, claimed or recovered, justly or unjustly, falsely, fraudulently or frivolously, by any person, firm or corporation by reason of injury to, or death of, any person or persons, including City personnel, and damage to, destruction or loss of use of any property, including City property, directly or indirectly arising from, or resulting from, any operations, works, acts or omissions of Lessee, its agents, servants, employees, contractors, or authorized tenants. Upon the filing with the City by anyone of a claim for damages arising out of incidents for

which Lessee herein agrees to indemnify and hold the City harmless, the City shall notify Lessee of such claim and in the event that Lessee does not settle or compromise such claim, then Lessee shall undertake the legal defense of such claim on behalf of Lessee and the City. It is specifically agreed, however, that the City at its own cost and expense, may participate in the legal defense of any such claim. Any final judgment rendered against the City for any cause for which Lessee is liable hereunder shall be conclusive against Lessee as to liability and amount upon the expiration of the time for appeal.

93 Lessee shall procure and keep in force during the term of this Agreement policies of Comprehensive General Liability insurance insuring Lessee and the City, as co-insureds, against any liability for personal injury, bodily injury, death, or property damage arising out of the subject of this Agreement with a combined single limit of at least two million dollars. No such policies shall be cancelable or subject to reduction in coverage limits or other modification except after 30 days prior written notice to the City. The policies shall be for the mutual and joint benefit and protection of Lessee and the City, and such policies shall contain a provision that the City, although named as an insured, shall nevertheless be entitled to recovery under said policies for any loss occasioned to it, its servants, agents, citizens, and employees by reason of negligence of Lessee (i.e. a fellow-insured write-back endorsement). Lessee shall provide certificates of insurance, in a form acceptable to the City and marked "premium paid" evidencing existence of all insurance required to be maintained prior to the commencement of the Agreement.

94 Lessee represents that it is the owner of or fully authorized to use any and all services, processes, machines, articles, marks, names or slogans used by it in its operations under or in any way connected with this Agreement. Lessee agrees to save and hold the City, their officers, employees, agents and representatives free and harmless of and from any loss, liability, expense, suit or claim for damages in connection with any actual or alleged infringement of any patent, trademark or copyright, or arising from any alleged or actual unfair competition or other similar claim arising out of the operations of Lessee under or in any way connected with this Agreement.

ARTICLE 10: LEASEHOLD MORTGAGES

101 If Lessee shall execute a Leasehold Mortgage of its leasehold estate to an entity which is not directly or indirectly owned or controlled by, or is not under common ownership or control with Lessee (collectively, an "Unaffiliated Entity" hereafter), and if the holder of such Leasehold Mortgage shall provide the City with notice of such Leasehold Mortgage together with a true copy of such Leasehold Mortgage and the name and address of the Mortgagee, then following receipt of such notice by the City, the provisions of this Article 10 shall apply in respect to such Leasehold Mortgage.

102 The term "Leasehold Mortgage" as used in this Agreement shall include, but not be limited to, a mortgage, a deed of trust, a deed to secure debt, or other security instrument by which Lessee's leasehold estate is mortgaged, conveyed, assigned, or otherwise transferred, to secure a debt or other obligation, in connection with the construction contemplated by Article 4 above.

103 The City, upon providing Lessee any notice of default under this Agreement or termination of this Agreement, shall at the same time provide a copy of such notice to the Leasehold Mortgagee by first class U.S. mail at the address specified in the notice given pursuant to Section 10.1, above. Such Leasehold Mortgagee shall have the additional periods of time specified in Sections 10.4 hereof to remedy, commence remedying, or cause to be remedied the default or acts or omissions which are specified in any such notice. The City shall accept such performance by or at the instigation of such Leasehold Mortgagee as if the same had been done by Lessee.

104 Anything contained in this Agreement to the contrary notwithstanding, if any default shall occur which entitles the City to terminate this Agreement, the City shall have no right to terminate this Agreement unless, following the expiration of the period of time given Lessee to cure such default or the act or omission which gave rise to such default, the Leasehold Mortgagee is given an additional period of thirty (30) days to:

104.1 Notify the City of such Leasehold Mortgagee's desire to defeat such Termination Notice; and

104.2 Pay or cause to be paid all rent, additional rent, and other payments then due and in arrears as specified in the Termination Notice to such Leasehold Mortgagee and which may become due during such thirty (30) day period; and

104.3 Promptly commence and diligently cure all non-monetary defaults, but in no event shall the time for such cure exceed 90 days.

105 The making of a Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Agreement or of the leasehold estate hereby created, nor shall the Leasehold Mortgagee, as such, be deemed to be an assignee or transferee of this Agreement or of the leasehold estate hereby created so as to require such Leasehold Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions of this Agreement. Any Leasehold Mortgagee who takes an instrument of assignment or transfer in lieu of the foreclosure of the Leasehold Mortgage shall be deemed to be a permitted assignee or transferee, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of Lessee to be performed hereunder from and after the date of such purchase and assignment, but only for so long as such purchaser or assignee is the owner of the leasehold estate. If the Leasehold Mortgagee or its designee shall become holder of the leasehold estate and if the Hangar and Improvements on the Leased Premises shall have been or become materially damaged on, before or after the date of such purchase and assignment, the Leasehold Mortgagee or its designee shall be obligated to repair, replace or reconstruct the building or other improvements.

106 Landlord Liens. Lessee hereby gives and grants to City a lien upon, and pledges as collateral to City in case of default, all, chattels and personal property of every kind and description now or hereafter to be placed, installed or stored by Lessee at the Airport. Lessee

agrees that in the event of any failure on the part of Lessee to comply with each and every one of the covenants and obligations hereof, or in the event of any default continuing for twenty days of any specified nature, after notification to Lessee by City in writing, City may take possession of and sell the same in any manner provided by law and may credit the net proceeds upon any indebtedness due or damage sustained by City, without prejudice to further claims thereafter to arise under the terms hereof. Any Leasehold Mortgage shall be subordinate to this contractual Landlord Lien and any statutory lien arising under the Texas Property Code, but shall be superior to the extent of such liens of any structures and fixtures on the Leased Premises.

ARTICLE 11: RULES AND REGULATIONS

Lessee acknowledges that the City has adopted rules and regulations (the “Rules”) with respect to the occupancy and use of the Airport, and such Rules may be amended, supplemented or re-enacted from time to time by the City provided that such Rules apply generally to all similar occupants and users on the Airport. Lessee agrees to observe and obey any and all such Rules and all other federal, state and municipal rules, regulations and laws and to require its officers, agents, employees, subtenants, contractors, and suppliers, to observe and obey the same. In the event of a conflict between the provisions of Airport Rules and this Agreement, the more stringent provisions shall control. This provision will include compliance with any Airport Noise Abatement Plan that may hereafter be adopted. The City reserves the right to deny access to the Airport and its facilities to any person, firm or corporation that fails or refuses to obey and comply with such rules, regulations or laws

ARTICLE 12: SIGNS

Lessee shall have the right to install and maintain one sign on the Leased Premises identifying it and its operations. The subject matter, type, design, number, location and elevation of such signs, and whether lighted or unlighted, shall be subject to the City of Lockhart building, use, and zoning regulations and requirements applicable to signs as well as subject to any Airport design standards. No sign will be allowed that may be confusing to aircraft pilots or automobile drivers or other traffic.

ARTICLE 13: ASSIGNMENT AND SUBLEASE

The prior written consent of the City shall be required for any sale, transfer, assignment or sublease of this Agreement and of the leasehold estate hereby created to an unaffiliated entity. Additionally, such action shall be subject to a twenty percent (20%) transfer fee based on the lease amount due that year. Consent may be withheld by the City if (a) Lessee is in default of any of the terms or conditions of this Agreement, (b) the transferee or assignee does not deliver to the City its written agreement to be bound by all of the provisions of this Agreement in a form satisfactory to the City, or (c) the transferee or assignee does not submit proof of insurance as required at Articles 8 and 9. Lessee shall not subdivide or fractionalize either its ownership of the Improvements or leasehold interest in the Leased Premises. Any management agreement or other contract that purports to transfer the substantive economic or legal risks and benefits to a third party shall be deemed a de facto assignment, and shall be subject to the restrictions set forth in this Article 13.

ARTICLE 14: CONDEMNATION

141 If all or any portion of the Leased Premises is taken for any public or quasi-public purpose by any lawful power or authority by the exercise of the right of appropriation, condemnation or eminent domain (or pursuant to a sale to such power or authority under the threat of condemnation or eminent domain), all rentals payable hereunder with respect to that portion of the Leased Premises taken shall no longer be payable, and the proceeds, if any, from such taking or sale shall be allocated between the City and Lessee in accordance with the applicable condemnation law, with Lessee being entitled to compensation for the fair market value of the leasehold interest, Improvements and personal property taken. If a portion of the Leased Premises is so taken or sold, and as a result thereof, the remaining part cannot reasonably be used to continue the authorized uses set forth in Article 3 hereof, then this Agreement shall terminate at Lessee's election, and Lessee's obligation to pay rent and perform the other conditions of the lease shall be deemed to have ceased as of the date of such taking or sale.

142 The City expressly reserves the right to grant or take easements on rights-of-way across the Leased Premises if it is determined to be in the best interest of the City to do so. If the City grant or take an easement or right-of-way across any of the Leased Premises, Lessee shall be entitled only to compensation for damages to all Improvements owned by Lessee destroyed or physically damaged thereby, but not to damages for loss of use of the Leased Premises itself. Damages to improvements shall be determined by the reduction in fair market value of the Improvements caused by said damage or cost of repair, whichever is less.

143 Lessee understands and agrees that the City have the right to take all or any portion of the Leased Premises, and any additions, alterations or improvements thereon, should the City, in their sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes, without initiating condemnation proceedings. If such action is taken, the City shall substitute comparable areas within the Airport, or any additions or extensions thereof, brought to the same level of improvement as the area taken. The City shall bear all expenses of bringing the substituted area to the same level of improvement to the area taken, and of moving Lessee's improvements, equipment, furniture and fixtures to the substituted area. If any of Lessee's improvements, equipment, furniture or fixtures cannot be relocated, the City shall replace, at their own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the City shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Lessee, any mortgagee, or any other third party whomsoever. It is the specific intent of this subparagraph that Lessee would be placed, to the extent possible, in the same position it would have been, had the City not substituted new premises for the Leased Premises; provided however, that the City shall not be obligated to reimburse Lessee for lost revenues or other costs due to such substitution. In the event that such substitution of area is demanded by the City, Lessee shall have the right and option to terminate this Agreement, prior to the City commencing the substitution, upon thirty (30) days prior written notice to City, in which event the City shall pay Lessee the fair market value of all

Improvements constructed on the Leased Premises pursuant to approval of the City. Nothing in this subparagraph shall be construed to limit the City' rights to condemn Lessee's leasehold rights and interests in the Leased Premises pursuant to state law.

ARTICLE 15: NON-DISCRIMINATION

15.1 Lessee, for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises, for a purpose for which a United States government program or activity is extended, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation- Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

15.2 Lessee, for itself, its personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

15.2.1 No person on the grounds of race, color, disability or national origin shall be excluded from participating in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises;

15.2.2 That in the construction of any Improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, disability or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination;

15.2.3 That Lessee shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

15.3 In this connection, the City reserves the right to take whatever action they might be entitled by law to take in order to enforce this provision following the 60 days written notice to Lessee of any alleged violation. This provision is to be considered as a covenant on the part of Lessee, a breach of which, continuing after notice by the City to cease and desist and after a determination that a violation exists made in accordance with the procedures and appeals provided by law, will constitute a material breach of this Agreement and will entitle the City, at their option, to exercise its right of termination as provided for herein, or take any action that it deems necessary to enforce compliance herewith.

154 Lessee shall include the foregoing provisions in every agreement or concession pursuant to which any person or persons, other than Lessee, operates any facility at the Leased Premises providing service to the public and shall include thereon a provision granting the City a right to take such action as the United States may direct to enforce such covenant.

ARTICLE 16: GOVERNMENTAL REQUIREMENTS

16.1 Lessee shall procure all licenses, certificates, permits or other authorization from all governmental authorities, if any, having jurisdiction over Lessee's operations at the Leased Premises which may be necessary for Lessee's operations on the Airport.

16.2 Lessee shall pay all taxes, license, certification, permits and examination fees and excise taxes which may be assessed, levied, exacted or imposed on the Leased Premises or operation hereunder or on the gross receipts or gross income to Lessee there from, and shall make all applications, reports and returns required in connection therewith.

16.3 Lessee shall pay all water, sewer, utility and other applicable use taxes and fees, arising from its occupancy and use of the Leased Premises and/or the Improvements thereon.

16.4 If the City is ever required to pay any of the foregoing, or is not paid any of the foregoing, then the City may collect such sums as additional rent.

ARTICLE 17: RIGHTS OF ENTRY RESERVED

17.1 The City, by its officers, employees, agents, representatives and contractors, shall have the right at all reasonable times to enter upon the Leased Premises and enter the Improvements for all purposes not inconsistent with this Agreement, including without limitation inspection and environmental testing, provided such action by the City does not unreasonably interfere with Lessee's use, occupancy or security requirements. Except when necessary for reasons of public safety or law enforcement, or for the protection of property, the City shall provide 72 hours written notice of its intent to inspect.

17.2 Without limiting the generality of the foregoing, the City, by its officers, employees, agents, representatives, contractors and furnishers of utilities and other services, shall have the right, at its own expense, to maintain existing and future Airport mechanical, electrical and other utility systems and to enter upon the easements in the Leased Premises to make such repairs, replacements or alterations as may be necessary or advisable, in the reasonable opinion of the City, and from time to time to construct or install over, in or under existing easements within the Leased Premises such systems or parts thereof and in connection with such maintenance use the Leased Premises existing easements for access to other parts of the Airport otherwise not conveniently accessible; provided, however, that in the exercise of such rights of access, repair, alteration or new construction, the City shall not install a utility under or through any building on the Leased Premises or unreasonably interfere with the actual use and occupancy of the Leased Premises by Lessee, all such utilities to be placed within existing easements, except as provided in Article 14. Reservation of the aforesaid right by the City shall not impose or be construed to impose upon the City any obligation to repair, replace

or alter any utility service lines now or hereafter located on the Leased Premises for the purpose of providing utility services only to the Leased Premises; provided, however, that if they repair, replace or alter any utility service lines now or hereafter located on the Leased Premises for the purpose of providing utility services to others, the City will restore the Leased Premises to their preexisting condition in a timely manner. Lessee will provide for the installation, maintenance and repair, at its own expense, of all service lines of utilities providing services only to the Leased Premises. City will repair, replace and maintain all other utility lines, at City' expense.

173 If any personal property of Lessee shall obstruct access of the City across the existing easements to any of the existing utility, mechanical, electrical and other systems, and thus shall interfere with the inspection, maintenance or repair of any such system pursuant to Section 17.2, Lessee shall move such property, as directed by the City or said utility company, upon reasonable notice by the City, in order that access may be had to the system or part thereof for inspection, maintenance or repair. If Lessee shall fail to so move such property after direction from the City or said utility company to do so, the City or the utility company may move it, and Lessee waives any claim against the City for damages as a result there from, except for claims for damages arising from the City' negligence.

ARTICLE 18: TERMINATION

18.1 Upon default by Lessee in the payment of rent, additional rent, or other sums due under this Agreement, the City shall give written notice to Lessee and each holder of a Leasehold Mortgage for which the City has been give notice under Section 10.1, of such default. If such default has not been cured by the 10th day following notice of default, the City may terminate this Agreement.

18.2 This Agreement shall terminate, at the option of the City with prompt written notice to Lessee and holder of a Leasehold Mortgage, upon the appointment of a receiver or trustee of all, or substantially all, of Lessee's assets by a court of competent jurisdiction. The term "trustee" shall not include a trustee appointed under Title 11 of the United States Code.

18.3 Upon the default by Lessee in the performance of any covenant or condition required to be performed by Lessee other than the payment of money, and the failure of Lessee, and each holder of a Leasehold Mortgage to remedy such default for a period of 30 days after the City sends written notice to remedy the same, unless more extensive notice is otherwise provided for in this Agreement, the City may, by written notice of cancellation to Lessee, and each such holder of a Leasehold Mortgage, terminate this Agreement.

18.4 Subject to Article 10 above, upon termination of this Agreement for any reason, all rights of Lessee, authorized tenants, and any other person in possession shall terminate, including all rights or alleged rights of creditors, trustees, assigns, and all others similarly so situated as to the Leased Premises. Except as may be expressly provided to the contrary elsewhere herein, upon termination of this Agreement for any reason, the Leased Premises and all Improvements located thereon, and all equipment, fixtures and other personal property therein, shall be and become the property of the City, free and clear of all encumbrances and all

claims of Lessee, its subtenants, creditors, trustees, assigns and all others, and the City shall have immediate right of possession of the Leased Premises and such Improvements.

185 Failure by the City or Lessee to take any authorized action upon default by Lessee of any of the terms, covenants or conditions required to be performed, kept and observed by Lessee shall not constitute a waiver of said default nor of any subsequent breach or default of any of the terms, covenants and conditions in this Agreement. Acceptance of rentals by the City from Lessee, or performance by the City under the terms hereof, for any period or periods after a default by Lessee of any of the terms, covenants and conditions herein shall not be deemed a waiver or create an estoppel of any right of the City to terminate this Agreement for any subsequent failure by Lessee to so perform this Agreement.

186 If Lessee ceases to conduct its authorized Aeronautical Activities on the Leased Premises for a period of 12 consecutive months, the City may terminate this Agreement by written notice to Lessee given at any time while such cessation continues, unless Lessee resumes such activities within 30 days following receipt of written notice from the City of such intent to terminate this Agreement. An unauthorized sublease or assignment of Lessee's rights herein shall constitute a cessation of aeronautical activities.

ARTICLE 19: SURRENDER AND RIGHT OF RE-ENTRY

19.1 Subject to Article 8.2 above, upon the expiration, cancellation or termination of this Agreement pursuant to any terms hereof, Lessee agrees peaceably to surrender up the Leased Premises to the City in the condition required by Article 30 below. Upon such expiration, cancellation or termination, the City may re-enter and repossess the Leased Premises together with all Improvements and additions thereto, or pursue any remedy permitted by law for the enforcement of any of the provisions of this Agreement, at the City's election.

19.2 If Lessee remains in possession of the Leased Premises after the expiration, cancellation or termination of this Agreement without written agreement with respect thereto, then Lessee shall be deemed to be occupying the Leased Premises as a tenant at-sufferance, subject to all of the conditions, provisions and obligations of this Agreement, but without any rights to extend the term of this Agreement. The City's acceptance of rent from Lessee in such event shall not alter the status of Lessee as a tenant at sufferance whose occupancy of the Leased Premises may be terminated by City at any time.

ARTICLE 20: SERVICES TO LESSEE

20.1 Except in cases of emergency, in which case no notice shall be required, City will endeavor to give not less than 14 days prior written notice to Lessee of any anticipated temporary Airport closure, for maintenance, expansion or otherwise. Notwithstanding the above, the City shall not be deemed to be in breach of any provision of this Article 20 in the event of a permanent closure of the Airport. Provided, however, that if such permanent closure is in connection with the construction of a new airport by the City, Lessee shall have the option to enter into a substitute hangar ground lease agreement with the City, for the use of a portion of

such new airport not smaller than the Leased Premises, under financial terms which are no less favorable than those set forth herein.

ARTICLE 21: SURVIVAL OF THE OBLIGATIONS OF LESSEE

21.1 If this Agreement shall have been terminated due to default by Lessee in accordance with notice of termination as provided in Article 18, all of the obligations of Lessee under this Agreement shall survive such termination, re-entry, regaining or resumption of possession and shall remain in full force and effect for the full term of this Agreement, and the amount or amounts of damages or deficiency shall become due and payable to the City to the same extent, at the same time or times, and in the same manner as if no termination, re-entry, regaining or resumption of possession had taken place. The City may maintain separate actions each month to recover the damage or deficiency then due or at its option and at any time may sue to recover the full deficiency less the proper discount, for the entire unexpired term of this Agreement.

21.2 The amount of damages for the period of time subsequent to termination (or re-entry, regaining or resumption of possession) on account of Lessee's rental obligations shall be the sum of the following:

21.2.1 The amount of the total of all installments of rents, less the installments thereof payable prior to the effective date of termination; and

21.2.2 An amount equal to all expenses incurred by the City and not reimbursed in connection with regaining possession, restoring the Leased Premises required by paragraph 19, above, acquiring a new lease for the Leased Premises, legal expenses (including, but not limited to, attorneys' fees) and putting the Leased Premises in order.

21.3 There shall be credited to the account of Lessee against its survived obligations hereunder, the amount actually received from any lessee, licensee, permittee, or other occupier in connection with the use of the said Leased Premises or portion thereof during the balance of the term of use and occupancy as the same is originally stated in this Agreement, and the market value of the occupancy of such portion of the Leased Premises as the City may themselves during such period actually use and occupy. No such use and occupancy shall be, or be construed to be, an acceptance of a surrender of the Leased Premises, nor shall such use and occupancy constitute a waiver of any rights of the City hereunder.

21.4 The provisions of this Article 21 shall not be applicable to termination of this Agreement pursuant to Section 3.1.2 or Section 4.4, or if expressly provided to the contrary elsewhere in this Agreement.

ARTICLE 22: USE SUBSEQUENT TO CANCELLATION OR TERMINATION

The City shall, upon termination or cancellation, or upon re-entry, regaining or resumption of possession, have the right to repair and to make structural or other changes in the Leased Premises, including changes which alter its character and the suitability thereof for the

purposes of Lessee under this Agreement, without affecting, altering or diminishing the obligations of Lessee hereunder, provided that any structural changes shall not be at Lessee's expense.

ARTICLE 23: NOTICES

231 Any notice, consent, approval or other communication given by either party to the other relating to this Agreement shall be in writing, and shall be delivered in person, sent by certified mail, return receipt requested, sent by reputable overnight courier, or sent by facsimile transmission (with evidence of such transmission received) to such other party at the respective addresses set forth below (or at such other address as may be designated from time to time by written notice given in the manner provided herein). Such notice shall, if hand delivered or personally served, be effective immediately upon receipt. If sent by certified mail, return receipt requested, such notice shall be deemed given on the third business day following deposit in the United States mail, postage prepaid and properly addressed; if delivered by overnight courier, notice shall be deemed effective on the first business day following deposit with such courier; and if delivered by facsimile, notice shall be deemed effective when received. Notice to the City is not effective unless sent concurrently to BOTH the City Attorney and the Airport Manager.

232 The notice addresses of the parties are as follows:

To the City:

Airport Manager
Lockhart Municipal Airport

Telephone: _____

with a copy to:
Messer Fort, PLLC
Attn: Brad Bullock, City Attorney for Lockhart
4201 W. Parmer Lane, Suite C-150
Austin, TX 78727
Telephone: 512-600-2308

To Lessee:

ARTICLE 24: INVALID PROVISIONS

The invalidity of any provisions, articles, paragraphs, portions or clauses of this Agreement shall have no effect upon the validity of any other part or portion hereof, so long as the remainder shall constitute an enforceable agreement. Furthermore, in lieu of such invalid provisions, articles, paragraphs, portions or clauses, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such invalid provision as may be possible and be legal, valid and enforceable.

ARTICLE 25: MISCELLANEOUS PROVISIONS

25.1 Remedies Nonexclusive. All remedies provided in this Agreement shall be deemed cumulative and additional and not in lieu of, or exclusive of, each other, or of any other remedy available to the City, or Lessee, at law or in equity, and the exercise of any remedy, or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy provided that the City' remedies in the event of default shall not exceed those set forth in this Agreement.

25.2 Individuals Not Liable. No director, officer, agent or employee of the City shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or of any supplement, modification or amendment to this Agreement because of any breach thereof, or because of his or their execution or attempted execution thereof.

25.3 Estoppel Certificate. At the request of Lessee in connection with an approved assignment of its interest in this Agreement, the City shall execute and deliver a written statement identifying itself as the Lessor under this Agreement and certifying such facts as may actually be true.

25.4 Recording of Lease. This Agreement shall be recorded by the City, and the costs of such recordation, and any closing costs associated with this Agreement, its execution and recordation, shall be billed to and paid by Lessee as additional rent.

25.5 General Provisions.

25.5.1 This Agreement shall be performable and enforceable in Caldwell County, Texas, and shall be construed in accordance with the laws of the State of Texas. Exclusive jurisdiction and venue for all disputes between the parties shall lie in the state courts located within Caldwell County, Texas. The parties waive right to trial by jury. The prevailing party in any dispute arising under this Agreement shall recover its costs, all expenses, and attorney fees.

25.5.2 This Agreement is made for the sole and exclusive benefit of the City and Lessee, their successors and assigns, and is not made for the benefit of any third party.

25.5.3 All oral and written communications between agents of the parties preceding this Agreement, are deemed to be merged and integrated into this document, and the parties disclaim reliance upon any such communications.

ARTICLE 26: SUBORDINATION CLAUSES

26.1 This Agreement is subject and subordinate to the following:

26.1.1 The City reserves the right to develop and improve the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance by or on behalf of Lessee, provided Lessee is not deprived of the use or access to the Leased Premises or any of Lessee's rights under this Agreement and unless said activities by the City shall result in the loss of convenient access to the Leased Premises by motor vehicles and/or aircraft owned or operated by Lessee or Lessee's assigns, subtenants, renters, agents, employees or invitees.

26.1.2 The City reserves the right to take any action it considers necessary to protect the aerial approaches to the Airport against obstruction, together with the right to prevent Lessee from erecting or permitting any building or other structure to be erected on the Airport which would limit the usefulness of the Airport or constitute a hazard to aircraft.

26.1.3 This Agreement is and shall be subordinate to the provision of existing and future agreements between the City and the United States or the State of Texas relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the obtaining or expenditure of federal funds, services, or property for the benefit of the Airport.

26.1.4 During national emergency, the City shall have the right to lease all or any part of the landing area or of the airport to the United States or Texas National Guard for military use, and if any such lease is executed, the provisions of this Agreement insofar as they may be inconsistent with the provisions of such lease to the government, shall be suspended, but such suspension shall not extend the term of this Agreement. Abatement of rentals shall be reasonably determined by the City and Lessee in proportion to the degree of interference with Lessee's use of the Leased Premises.

26.1.5 Except to the extent required for the performance of any obligations of Lessee hereunder, nothing contained in this Agreement shall grant to Lessee any rights whatsoever in the airspace above the Leased Premises other than those reasonably necessary to Lessee's enjoyment of the Leased Premises and City's Airport facilities and which are consistent with Federal Aviation Administration rules, regulations and orders currently or subsequently effective. Further, Lessee's rights in airspace above the Leased Premises and the Airport and the Airport facilities shall be not less than the rights therein by other users of the Airport and Airport facilities.

ARTICLE 27: QUIET ENJOYMENT

The City covenants and warrants that it is the owner of the Leased Premises and that Lessee upon payment of rentals herein provided for and performance of provisions on its part to be performed, shall and may peacefully possess and enjoy the Leased Premises during the term hereof and any extensions hereof without any interruption or disturbance.

ARTICLE 28: ENTIRE AGREEMENT AND AMENDMENTS

This Agreement constitutes the entire agreement of the parties hereto and may be changed, modified, discharged or extended by written instrument duly executed by the City and Lessee. The parties agree that no representations or warranties shall be binding upon the City or Lessee unless expressed in writing.

ARTICLE 29: REQUIREMENTS FOR CONDOMINIUMIZATION

This Agreement does not authorize Lessee to create either a common interest community or hangar condominiums on the Leased Premises. If Lessee desires to create a common interest community or hangar condominiums on the Leased Premises, a written amendment to this Agreement shall be required, containing such additional terms as the City may reasonably require, including but not necessarily limited to terms necessary for compliance with the Texas law.

ARTICLE 30: RETURN CONDITION OF THE LEASED PREMISES

At the expiration or termination of the Lease or any renewal term, Lessee shall surrender promptly the leased premises and all structures in the same condition as when received or constructed, ordinary wear and tear excepted, except to the extent caused by fire or Act of God for which the Lessor has been previously compensated.

ARTICLE 31: HAZARDOUS MATERIALS

31.1 Tenant shall not cause or permit any Hazardous Materials to be used, produced, stored, transported, brought upon, or released on, under, or about the Premises or the Airport by Tenant or Tenant's Associates in violation of applicable federal, state, or local environmental laws, regulations, and ordinances ("Environmental Laws"). Tenant is responsible for any such violation as provided in this Agreement, and shall fully indemnify and hold harmless the City from all fees, fines, costs and damages related in any manner to any release of Hazardous Material or legal violation.

31.2 Tenant agrees that in the event of a release or threat of release of any Hazardous Material by Tenant at the Airport, Tenant shall provide Lessor with prompt notice of the same. Tenant shall respond to any such release or threat of release in accordance with applicable Laws and Regulations. If Lessor has reasonable cause to believe that any such release or threat of release has occurred, Lessor may request, in writing, that Tenant conduct reasonable testing and analysis (using qualified independent experts acceptable to Lessor) to show that Tenant is complying with applicable Environmental Laws.

Lessor may conduct the same at Tenant's expense if Tenant fails to respond in a reasonable manner. Tenant shall cease any or all of Tenant's activities as Lessor determines necessary, in its sole and absolute discretion, in connection with any investigation, cure, or remediation. If Tenant violates any Environmental Laws at the Airport (whether due to the release of a Hazardous Material or otherwise), Tenant, at Tenant's expense, shall have the following obligations, which shall survive any expiration or termination of this Agreement: (i) promptly remediate such violation in compliance with applicable Environmental Laws; (ii) submit to Lessor a written remediation plan, and Lessor reserves the right to approve such plan (which approval shall not be unreasonably withheld) and to review and inspect all work; (iii) work with Lessor and other governmental authorities having jurisdiction in connection with any violation; and (iv) promptly provide to Lessor copies of all documents pertaining to any environmental concern that are not subject to Tenant's attorney-client privilege.

313 To the extent that Tenant is a co-permittee with Lessor in connection with any permit relating to the environment at the Airport, or to the extent that any of Tenant's operations in connection with this Agreement or otherwise may impact Lessor's compliance with any such permit, Tenant shall work cooperatively with Lessor and other tenants and take all actions necessary to ensure permit compliance, and minimize the cost of such compliance, for the benefit of Airport operations.

314 Upon any expiration or termination of this Agreement, and upon any change in possession of the Premises authorized by Lessor, Tenant shall demonstrate to Lessor's reasonable satisfaction that Tenant has removed any Hazardous Materials and is in compliance with applicable Environmental Laws. Such demonstration may include, but is not limited to, independent analysis and testing to the extent that facts and circumstances warrant analysis and testing, such as evidence of past violations or specific uses of the premises. The obligations of this Article 31 shall survive any termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

Signatures to follow.

LESSOR:

CITY OF LOCKHART, TEXAS

Lew White, Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney

LESSEE:

LOCKHART AIR PARTNERS, LLC

By: _____
Name, Title

By: _____
Name, Title



LOCKHART AIRPORT EXPANSION
LOCKHART, TX 78644

#	DATE	ISSUE
1	12/12/2012	FOURTH

- PHASE I
- PHASE II
- PHASE III

PLAN
NORTH
1 SITE
SCALE: 1"=160'

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion and/or action to consider First Amendment to Water Service Area Transfer Agreement between the City of Lockhart and Aqua Water Supply Corporation comprised of 588.553 acres, known as the Seawillow Subdivision.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: The City of Lockhart and Aqua Water Supply Corporation entered into a Water Service Area Transfer Agreement on December 3, 2024, to transfer approximately 588.553 acres from Aqua's water device area (Certificate of Convenience and Necessity "CCN") to Lockhart to serve water utilities in the development. The First Amendment updates filing requirements of timing for regulatory approvals and confirms the fee structure.

The amended updates include:

- The City will be preparing, filing and prosecuting separate applications with the Public Utility Commission (PUC) for the transfer — previously one application.
- The CCN transfers will occur in phases aligned with the annexed property and subdivision development.
- Payment for the acres to be transferred will be due prior to accepting the final plat.
- The duration of the transfer period at the rate of \$9,655/acres is limited to ten years.

Previously, Aqua WSC authorized release of the 89.775 acres of land within the city limits, but 498.778 acres of land located outside the city limits required negotiation for the release with the current CCN Holder (Aqua). A provision in the Water Transfer Agreement for the release from Aqua to the City of Lockhart CCN is Aqua's CCN Transfer Area Fee. The agreement establishes a \$9,655 per acre transfer fee for the 498.778 acres, totaling \$4,815,701.59.

Except for the specific articles replaced and amended, all other provisions of the original 2024 Agreement remain in effect. Upon mutual execution of the Water Transfer Agreement by the City of Lockhart and Aqua WSC, the City will begin the necessary steps with the Public Utility Commission to seek the Seawillow Ranch Development's release from Aqua's Water CCN, establish the 588.553 acres in the City of Lockhart's CCN, and secure escrow funds from the Seawillow Ranch Development for all fees incurred from the transfer of the Water CCN.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

City of Lockhart, Texas

Council Agenda Item Cover Sheet

Funds Required:
Account Number:
Funds Available:
Account Name:

FISCAL NOTE (if applicable):

PREVIOUS COUNCIL ACTION: December 3, 2024- Council approved Water transfer Agreement for CCN Transfer.

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approving the amendments to the Water Transfer Agreement with Aqua for the release of the 588.553 acres.

LIST OF SUPPORTING DOCUMENTS: First Amendment to Water Service Area Transfer Agreement, Water Service Area Transfer Agreement- City of Lockhart_Aqua Water Supply Corporation - Executed Version - December 2024

FIRST AMENDMENT TO WATER SERVICE AREA TRANSFER AGREEMENT

This First Amendment to the Water Service Area Transfer Agreement ("Amendment") is entered into on this _____ day of _____, 2026 (the "Effective Date") by and between Aqua Water Supply Corporation, a Texas non-profit water supply corporation of Caldwell County, Texas, hereinafter referred to as "Aqua," and the City of Lockhart, Texas, a home rule city, body politic of the State of Texas, hereinafter referred to as "Lockhart." Aqua and the Lockhart may be referred to herein individually as "Party" or collectively as the "Parties".

WHEREAS, the Parties entered into the Water Service Area Transfer Agreement dated December 3, 2024 ("Agreement"), attached hereto as Exhibit "A" and made a part hereof for all purposes, regarding the transfer of certain real property comprised of approximately 588.553 acres in Caldwell County (the "CCN Transfer Area") from Aqua's Water Certificate of Convenience and Necessity ("CCN") Service Area to Lockhart's Water CCN Service Area; and

WHEREAS, the purpose of the Agreement was for Aqua to sell, convey, and transfer to Lockhart the CCN Transfer Area in order for Lockhart to deliver domestic water service and satisfy the water demand of the subdivision of property within the CCN Transfer Area, which subdivision is contemplated to be known as Seawillow (the "Subdivision"); and

WHEREAS, the Parties now wish to amend the Agreement pursuant to Article 8.6 of the Agreement for the reasons specified herein; and

WHEREAS, other than what the Parties agree to in this Amendment, nothing in this Amendment to the Agreement is meant to supersede, remove, or replace any of the duties and obligations of the Parties as such duties and obligations exists in the Agreement, and all provisions of the Agreement apply equally to this Amendment and the additional obligations and duties established herein; and

WHEREAS, the Parties agree to amend the Agreement revising when Lockhart must submit the CCN Transfer Area Application to the Public Utility Commission of Texas ("PUC"),

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, Aqua and Lockhart agree as follows:

In accordance with Article 8.6 of the Agreement, the Agreement is amended by adding Article 3.1(c) and replacing Article 2.1(f), Article 3.1(a), and Article 4.1 of the Agreement in its entirety and replacing it with the following:

Article 2.1

- (f) "CCN Transfer Applications" means the three applications filed with the PUC to effectuate the transfer of the CCN Transfer Area from Aqua to Lockhart.

Article 3.1

- (a) Subject to the terms and conditions set forth in this Agreement, Aqua agrees to sell, convey, and transfer the CCN Transfer Area to Lockhart. To effectuate such transfer of the CCN Transfer Area from Aqua to Lockhart, Lockhart will, prepare, file, and prosecute three applications at the PUC under TWC § 13.248 (the “CCN Transfer Applications”). Lockhart will bear the costs to prepare, file, and prosecute the CCN Transfer Applications at the PUC, where such costs shall include, and are limited to, Lockhart’s (i) costs to issue any required notice related to the CCN Transfer Applications, (ii) legal fees incurred relating to the CCN Transfer Applications, and (iii) engineering/mapping expenses incurred directly relating to the CCN Transfer Applications. Upon full receipt by Aqua of the portion of the CCN Transfer Area Fee associated with the acreage in each CCN Transfer Application, Aqua agrees to cooperate with Lockhart in advancing and prosecuting the CCN Transfer Applications and agrees not to oppose and not to fund or support the opposition of the CCN Transfer Applications. The CCN Transfer Applications will correspond with the phased development of a subdivision of property within the CCN Transfer Area. In order to file the CCN Transfer Applications, Lockhart must have previously paid Aqua the portion of the CCN Transfer Area Fee associated with the acreage in the CCN Transfer Application. So, by way of example, Lockhart must pay Aqua Nine Thousand Six Hundred Fifty-five and 00/100 Dollars (\$\$9,655.00) per acre of the CCN Transfer Area sought to be transferred to Lockhart in each individual CCN Transfer Application prior to filing the Application.

- (c) Subject to the terms and conditions set forth in this Agreement, Aqua grants Lockhart the limited authority to provide retail water utility service within the ETJ Property. This grant from Aqua is effective as of the date of receipt of any portion of the CCN Transfer Area Fee as provided in this Agreement. This interim arrangement shall not be construed as a transfer of ownership or any property rights in Aqua’s CCN. Aqua retains all rights, title, and interest in and to its existing CCN until such time as the PUC issues a final order approving the CCN transfer of the full CCN Transfer Area. Aqua shall not be required to provide, and shall not be deemed to have provided, any consent to the release of any portion of the ETJ Property from Aqua’s CCN until and unless Aqua has received full receipt of the portion of the CCN Transfer Area Fee associated with the acreage sought to be transferred in each CCN Transfer Application. This interim service arrangement shall automatically terminate upon the earlier of: (i) the effective date of the PUC’s order approving the CCN transfer to Lockhart; (ii) the date the PUC denies either of the CCN Transfer Applications; or (iii) the date of termination of this Agreement in accordance with Article VI.

Article 4.1

CCN Transfer Area Fee. Lockhart shall pay Aqua a total of Four Million Eight Hundred Fifteen Thousand Seven Hundred One and 59/100 Dollars (\$4,815,701.59) for the CCN Transfer Area Fee, which is the total amount owed to Aqua in consideration for the sale, conveyance, and transfer of the CCN Transfer Area to Lockhart, as determined by the agreed-upon fee of Nine Thousand Six Hundred Fifty-Five and 00/100 Dollars (\$9,655.00) per acre to be transferred. The CCN Transfer Area Fee shall be paid and released to Aqua on a phased basis: 1) upon the earlier of plat recordation for the acreage or inclusion of acreage in a CCN Transfer Application; and 2) receipt of CCN Transfer Area Fee assessed to the developer and collected by Lockhart. In the event Lockhart fails to deliver to Aqua payment of a CCN Transfer Area Fee associated with any of the three (3) CCN Transfer Applications on or before the ten (10) year anniversary of the Effective Date, then the per-acre CCN Transfer Area Fee associated with any remaining unfiled CCN Transfer Application(s) shall automatically increase ("Increase"), with written notice to the City, to an amount equal to the highest per-acre fee charged, assessed, or agreed-to by Aqua to any individual, entity, or other party that has decertified or transferred property from Aqua's CCN at any time during the ten (10) year period commencing on the Effective Date, provided that such fee is greater than the Nine Thousand Six Hundred Fifty-Five and 00/100 Dollars (\$9,655.00) per acre fee in effect at the time of the Effective Date. In no event shall the adjusted CCN Transfer Area Fee exceed the highest such per-acre fee in effect between Aqua and any decertifying or transferring party during the ten (10) year period commencing on the Effective Date. This automatic adjustment shall be effective as of the first day following the ten (10) year anniversary of the Effective Date if any Application(s) remains unfiled and the CCN Transfer Area Fee associated with an unfiled Application(s) remains unpaid, and the automatic adjustment shall remain in effect until all three (3) CCN Transfer Applications have been filed with the PUC and the CCN Transfer Area Fees have been paid to Aqua in accordance with this Agreement. The City may terminate the Agreement within 60 days of the notice of the Increase by delivering a written notice of termination to Aqua and the owner of the CCN Transfer Area.

ALL REMAINING SECTIONS AND PROVISIONS OF THE AGREEMENT REMAIN UNCHANGED AS THEY EXISTED UPON THE DATE OF EXECUTION OF THE AGREEMENT.

This Amendment to the Agreement is executed in duplicate originals on the respective dates of acknowledgment set forth below and shall be effective as of the latest date of acknowledgment set forth below.

THE CITY OF LOCKHART

By: _____
Lew White
Mayor

Attest: _____
Julie Bowermon
Secretary

AQUA WATER SUPPLY CORPORATION

By: _____
Dacy Cameron
General Manager

ACKNOWLEDGMENTS

STATE OF TEXAS §
 §
COUNTY OF CALDWELL §

This instrument was acknowledged before me on this ____ day of _____, 2026, by Lew White, Mayor of the City of Lockhart, a home rule city, body politic of the State of Texas, on behalf of said City.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF BASTROP §

This instrument was acknowledged before me on this ____ day of _____, 2026, by Dacey Cameron, General Manager of Aqua Water Supply Corporation, a Texas nonprofit corporation, on behalf of said corporation.

Notary Public, State of Texas

EXHIBIT LIST FOR AMENDMENT

Exhibit A- Water Service Area Transfer Agreement dated December 3, 2024.

EXHIBIT A

WATER SERVICE AREA TRANSFER AGREEMENT

BETWEEN

CITY OF LOCKHART, TEXAS

AND

AQUA WATER SUPPLY CORPORATION

WATER SERVICE AREA TRANSFER AGREEMENT

This Water Service Area Transfer Agreement is made and entered into by and between Aqua Water Supply Corporation (hereinafter called "Aqua"), a Texas non-profit water supply corporation located in Caldwell County, Texas, and the City of Lockhart, Texas (hereinafter called "Lockhart"), a home rule city, body politic of the State of, effective on last date signed by the Effective Date, as defined below.

RECITALS

WHEREAS, Lockhart holds water CCN No. 10295, regulated by the PUC, contemplating a retail water service area in Caldwell County, Texas; and

WHEREAS, Aqua holds water CCN No. 10294, regulated by the PUC, contemplating a water service area in Caldwell County, Texas; and

- (i) **WHEREAS**, Lockhart annexed approximately 89.775 acres of land into Lockhart's corporate limits pursuant to Lockhart Ordinance No. 2022-36 with said acreage described herein as Exhibit B ("Annexed Property") and said Annexed Property being located within Aqua's water CCN service territory;

WHEREAS, by letter dated May 13, 2022, Aqua provided permanent permission to Lockhart to serve the Annexed Property with retail water service without receipt of compensation for the right to serve the Annexed Property with water service;

WHEREAS, a property owner petitioned Lockhart to include approximately 498.778 acres of land into Lockhart's extraterritorial jurisdiction which Lockhart granted pursuant to Lockhart Resolution No. 2024-17 with said acreage described herein as Exhibit C ("ETJ Property") and said ETJ Property is located within Aqua's water CCN service territory;

WHEREAS, this Agreement is intended to transfer Aqua Water CCN Service Area that includes the ETJ Property and the Annexed Property to Lockhart's Water CCN Service Area;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the Parties agree as follows.

AGREEMENT

ARTICLE II.

DEFINITIONS AND CONSTRUCTION OF AGREEMENT

2.1 Defined Terms. Capitalized terms used in this Agreement and in any exhibit, attachment, or amendment that is made a part of this Agreement. The following additional terms shall have the meanings set forth herein:

(a) "Agreement" means this Water Service Area Transfer Agreement, and shall also include any amendments thereto.

(b) "Annexed Property" means the approximately 89.775 acre tract of conveyance and transfer of the ETJ Property portion of the CCN Transfer Area land Lockhart has annexed into the Lockhart's corporate limits pursuant to Lockhart Ordinance No. 2022-36 with said acreage described herein by metes and bounds as Exhibit B.

(c) "Aqua Water CCN" means water CCN No. 10294, regulated by the PUC.

(d) "Business Day" means any Day that the PUC is open for business.

(e) "CCN" means the water certificate of convenience and necessity issued by the PUC for the provision of retail water service to a defined area.

(f) "CCN Transfer Application" means the application filed with the PUC to effectuate the transfer of the CCN Transfer Area from Aqua to Lockhart.

(g) “CCN Transfer Area” means the approximately 588.553 acre portion of the Aqua Water CCN area where Aqua currently does not have any members, and more graphically depicted in **Exhibit A**, that is sought to be transferred to the Lockhart Water CCN under applicable TWC statutes and PUC rules. The CCN Transfer Area shall include the Annexed Property and the ETJ Property.

(h) “CCN Transfer Area Fee” means the fee paid by Lockhart to Aqua for the transfer of the ETJ Portion of the CCN Transfer Area from the Aqua Water CCN to the Lockhart Water CCN.

(i) “Claim” means any claim, action, cause of action, suit or proceeding before any Governmental Authority or arbitral tribunal.

(j) “Day” means any 24-period, commencing at 12:00 a.m. and ending at 11:59 p.m.

(k) “Effective Date” means the date when the Agreement is the last signed by both Parties.

(l) “ETJ Property” means the approximately 498,778 acres of land included into Lockhart’s extraterritorial jurisdiction pursuant to Lockhart Resolution No. 2024-17 with said acreage described herein as **Exhibit C**.

(m) “Event of Default” shall have the meaning set forth in Section 5.1 of this Agreement.

(n) “Governmental Authority” means and includes any federal, state, local or other governmental body, any governmental or quasi-governmental, regulatory or administrative agency, commission, body, or other authority exercising or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power; or any court or other governmental tribunal.

(o) "Lockhart Water CCN" means water CCN No. 10295, regulated by the PUC.

(p) "Parties" shall have mean collectively Aqua and Lockhart.

(q) "Party" shall mean either Aqua or Lockhart, as applicable.

(r) "PUC" means the Public Utility Commission of Texas and its predecessors or successors in interest.

(s) "Requirement of Law" means any statute, ordinance, code, rule or regulation, tariff or policy, and judicial or administrative order, request or judgment, any common law doctrine or theory, any provision or condition of any permit, or any other binding determination of any Governmental Authority.

(t) "Service Area" means the area contained within the Lockhart Water CCN or the Aqua Water CCN, as appropriate, as may be amended from time to time.

(u) "TWC" shall mean the Texas Water Code.

2.2 Rules of Construction.

- (a) Unless the context otherwise clearly requires:
- (i) references to the plural include the singular, and references to the singular include the plural;
 - (ii) references to the masculine, feminine or neuter include all such forms;
 - (iii) the words "include," "includes," and "including" do not limit the preceding terms or words and shall be deemed to be followed by the words "without limitation";
 - (iv) the terms "hereof," "herein," "hereunder," "hereto," and similar terms refer to the entire agreement in which they appear and not to any particular provision of such agreement; and

(v) “or” is used in the inclusive sense of “and/or.”

(b) Unless otherwise specified, any reference to any document, instrument or agreement:

- (i) includes and incorporates all exhibits, schedules and other attachments thereto;
- (ii) includes and incorporates all documents, instruments or agreements issued or executed in connection therewith or in replacement thereof; and
- (iii) means such document, instrument or agreement, or replacement or predecessor thereto, as amended, modified or supplemented from time to time in accordance with its terms and in effect at any given time.

(c) Unless otherwise specified, all references to articles, sections, schedules and exhibits are references to the Articles, Sections, Schedules and Exhibits of this Agreement.

2.3 Recitals.

All Recitals of the Preamble are incorporated and made a part of this Agreement.

2.4 Captions.

All titles of sections of this Agreement have been inserted for reference only and shall in no way affect the interpretation of this Agreement.

ARTICLE III. PROVISIONS FOR THE SALE AND TRANSFER TO LOCKHART

3.1 Agreement to Transfer CCN Transfer Area from the Aqua Water CCN to the Lockhart Water CCN.

(a) Subject to terms and conditions set forth in this Agreement, Aqua agrees to sell, convey, and transfer to Lockhart the CCN Transfer Area. To effectuate such transfer of the CCN

Transfer Area from Aqua to Lockhart, Lockhart will, prepare, file, and prosecute an application at the PUC under TWC § 13.248 (the "CCN Transfer Application"). Lockhart will bear the costs to prepare, file, and prosecute the CCN Transfer Application at the PUC, where such costs shall include, and are limited to, Lockhart's (i) costs to issue any required notice related to the CCN Transfer Application, (ii) legal fees incurred relating to the CCN Transfer Application, and (iii) engineering/mapping expenses incurred directly relating to the CCN Transfer Application. Lockhart will file such application at the PUC no later than 60 days after the Effective Date. Aqua agrees to cooperate with Lockhart in advancing and prosecuting the CCN Transfer Application and agrees not to oppose and not to fund or support the opposition of the CCN Transfer Application.

(b) Lockhart shall compensate Aqua for the conveyance and transfer of the ETJ Property portion of the CCN Transfer Area to Lockhart in accordance with Article ~~3~~⁴ of this Agreement. Aqua agrees that it will not receive any compensation for the conveyance and transfer of the Annexed Property portion of the CCN Transfer Area to Lockhart.

ARTICLE IV. COMPENSATION AND PAYMENT

4.1 Compensation by Lockhart to Aqua.

CCN Transfer Area Fee. Lockhart shall pay Aqua \$4,815,701.59 for the CCN Transfer Area Fee. The CCN Transfer Area Fee shall be paid and released to Aqua upon an order from the PUC granting the CCN Transfer Area Application and the time for appeals has expired.

4.2 Reasonableness of Rates.

Lockhart and Aqua agrees that the CCN Transfer Area Fee charged by Aqua and policies defined in this Agreement are just and reasonable, and do not adversely affect the public interest.

The parties likewise agree that the compensation provided for herein relate to the unique and specific nature of the property and this transaction and do not in any manner reflect the appropriate compensation, if any, needed to transfer other CCN service area between the parties now or in the future.

**ARTICLE V.
[RESERVED]**

**ARTICLE VI.
DEFAULT AND TERMINATION**

6.1 Event of Default.

It shall be an “Event of Default” by either Party if such Party shall breach any material covenant, obligation, representation, or warranty of such Party under this Agreement, and such breach remains uncured for a period of thirty (30) Days after written notice from the non-breaching Party of the existence of such breach; provided, that the non-breaching Party shall extend the cure period for any such breach (and thus no Event of Default shall occur) if the nature of the default is such that it cannot reasonably be remedied within such thirty (30) Day period, and the breaching Party has diligently commenced corrective action within such thirty (30) Day period and is diligently pursuing such correction thereafter.

6.2 Remedies.

If an Event of Default has occurred and is continuing, the non-defaulting Party shall be entitled to all remedies as allowed by law.

6.3 Termination for Continued or Multiple Force Majeure.

(a) The term “Force Majeure” means Acts of God, strikes, lockouts, or other industrial disturbances, acts of the public enemy, orders of any kind of the government of the United states or the State of Texas, or of any court or agency of competent jurisdiction or any civil or military

authority, insurrection, riots, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraints of government and people, civil disturbances, vandalism, explosions, breakage or accidents of machinery, pipelines, or canals, or inability on the part of a Party to perform due to any other causes not reasonably within the control of the Party claiming the inability to perform.

(b) If either Party is rendered unable, in whole or in part, to carry out its obligations under this Agreement by reason of Force Majeure, the Party whose performance is affected ("Affected Party") must give prompt notice and the full particulars of the Force Majeure to the other Party as soon as reasonably practicable after becoming aware of such event or circumstance.

(c) Either Party shall have the right (but not the obligation) to terminate this Agreement upon seven (7) Days prior written notice to the other Party in the event the suspension of any material obligation of the Affected Party resulting from one or more events of Force Majeure that continues for a period of more than three (3) consecutive months or for a period of more than three (3) months in the aggregate during a one (1) year period; provided that the Affected Party shall only be entitled to terminate this Agreement under this Section 5.4 if it has met its obligations regarding notice of a Force Majeure event. The non-Affected Party may, but shall not be obligated to, extend either such period for such additional period as it deems appropriate, if the Affected Party is exercising due diligence in its efforts to cure the Force Majeure event.

ARTICLE VII. REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1 Representations and Warranties.

Each Party hereby represents and warrants to the other Party, as of the date hereof, as follows:

(a) Each Party has all requisite power and authority to enter into and to perform its obligations hereunder, and to carry out the terms hereof and the transactions contemplated hereby.

(b) This Agreement has been duly executed and delivered on behalf each Party by the appropriate officials of that Party, and constitutes the legal, valid and binding obligation of each Party, enforceable against each Party in accordance with its terms except as the enforceability thereof may be limited by: (i) bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting the enforcement of creditors' rights generally; and (ii) general equitable principles.

(c) The execution, delivery and performance of this Agreement by each Party has been duly authorized under the bylaws and all other applicable Requirements of Law of that Party and will not contravene any provision of or constitute a default under any other agreement or instrument to which each Party is a party or by which each Party or its property may be bound, and do not conflict with any Requirement of Law currently in force and applicable to each Party.

(d) There is no legislation, litigation, action, suit, proceeding, or investigation pending or (to the best of each Party's knowledge) threatened, against that Party, whether related to the operation of any facility that will supply water under this Agreement, or otherwise, before or by any Governmental Authority which, if adversely determined, individually or in the aggregate: (A) could adversely affect the performance by that Party of its obligations hereunder; (B) could have a material adverse effect on the condition (financial or otherwise), business or operations of that Party; or (C) questions the validity, binding effect or enforceability thereof or of this Agreement, any action taken or to be taken pursuant hereto or any of the transactions contemplated hereby.

ARTICLE VIII. MISCELLANEOUS

8.1 Assignment.

This Agreement shall be binding upon and inure to the benefit of the Parties and their legal successors, but the Agreement shall not be otherwise assignable in whole or in part by either Lockhart or Aqua without first obtaining the written consent of the other.

8.2 Governing Law and Venue.

The Constitution and the laws of the State of Texas and the decisions of its courts shall govern with respect to any question or controversy that may arise hereunder. All amounts due under this Agreement, including but not limited to payments due under this Agreement or damages for breach of this Agreement, shall be paid and be due in Caldwell County, Texas, which is the county in which the principal administrative offices of Lockhart are located. It is specifically agreed that Caldwell County, Texas, is a principal place of performance of this Agreement. Venue for any actions arising under this Agreement shall lie exclusively in the courts of Caldwell County, Texas.

8.3 Notices.

Unless the context requires immediate notice, which may be provided by telephone, any notice, request or other communication required by this Agreement between the Parties regarding the Agreement shall be given in writing to the persons specified in **Exhibit D**, as may be amended from time to time, and shall be deemed to have been given to the other Party upon either of the following dates:

(a) The date of the mailing thereof, as shown by a post office receipt, if mailed to the Party by registered or certified mail at the latest address specified for such other Party in writing; or

(b) The date of the receipt thereof by such other Party if not so mailed by registered or certified mail.

The Parties shall have the right from time to time to change their respective addresses by giving written notice to the other Party.

8.4 No Waiver of Rights.

(a) No waiver by either Party of any default or defaults by the other Party in the performance of any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default or defaults whether of a like or different character or shall be effective unless in writing, duly executed by a duly authorized representative of the Party waiving any such default.

(b) Neither the failure by a Party to insist on any occasion upon the strict performance of the terms, conditions, and provisions of this Agreement, nor time or other indulgence granted by one Party to the other, shall act as a waiver of such breach.

8.5 Severability.

In case any one or more of the Articles, Sections, provisions, clauses or words of this Agreement shall for any reason be held to be invalid, unenforceable or unconstitutional, such invalidity, unenforceability or unconstitutionality shall not affect any other Articles, Sections, provisions, clauses or words of this Agreement, and it is intended that this Agreement shall be severable and shall be construed and applied as if such invalid or unconstitutional Article, Section, provision, clause or word had not been included herein.

8.6 Amendments.

This Agreement may be changed or modified at any time by a written instrument signed by both Parties and only after having obtained approval from the governing bodies of the Parties.

8.7 Cooperative Drafting.

This Agreement is the product of a cooperative drafting effort by the Parties and shall not be construed or interpreted against either Party solely on the basis that one Party or its attorney drafted this Agreement or any portion of it.

8.8 Counterparts.

This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The Parties may execute this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement and exchange the counterparts of such documents by means of facsimile transmission or electronic mail, and the Parties agree that the receipt of such executed counterparts shall be binding on such Parties and shall be construed as originals. Thereafter, the Parties shall promptly exchange original versions of this Agreement and all other agreements, certificates, instruments and other documents contemplated by this Agreement that were executed and exchanged by facsimile transmission.

8.9 Third Party Beneficiaries.

Nothing in this Agreement is intended or shall be construed to confer upon, or to give to, any legal Person other than the parties, any right, remedy, or Claim under or by reason of this Agreement. Any covenants, terms, conditions, and provisions in this Agreement by and on behalf of the Parties shall be for the sole and exclusive benefit of the Parties. Nothing in this Agreement is intended to interfere with any agreement of any Party with a third party.

8.10 Deadlines.

To the extent that the date for any payment or notice due hereunder by either Party shall fall on a Day that is not a Business Day, such deadline for payment or notice, as the case may be, shall be automatically extended to the next following Business Day.

[Signature pages follow immediately]

IN WITNESS WHEREOF, the parties have executed this Agreement as indicated below.

AQUA

By: 
_____, President

Date: 4-8-2025

LOCKHART

By: 
LEW WHITE, Mayor

Date: DECEMBER 3, 2024

ATTEST:

By: 
 Bernie Mueller, Secretary
WILLIAM "BILL" TOMSU

Date: 4-8, 25

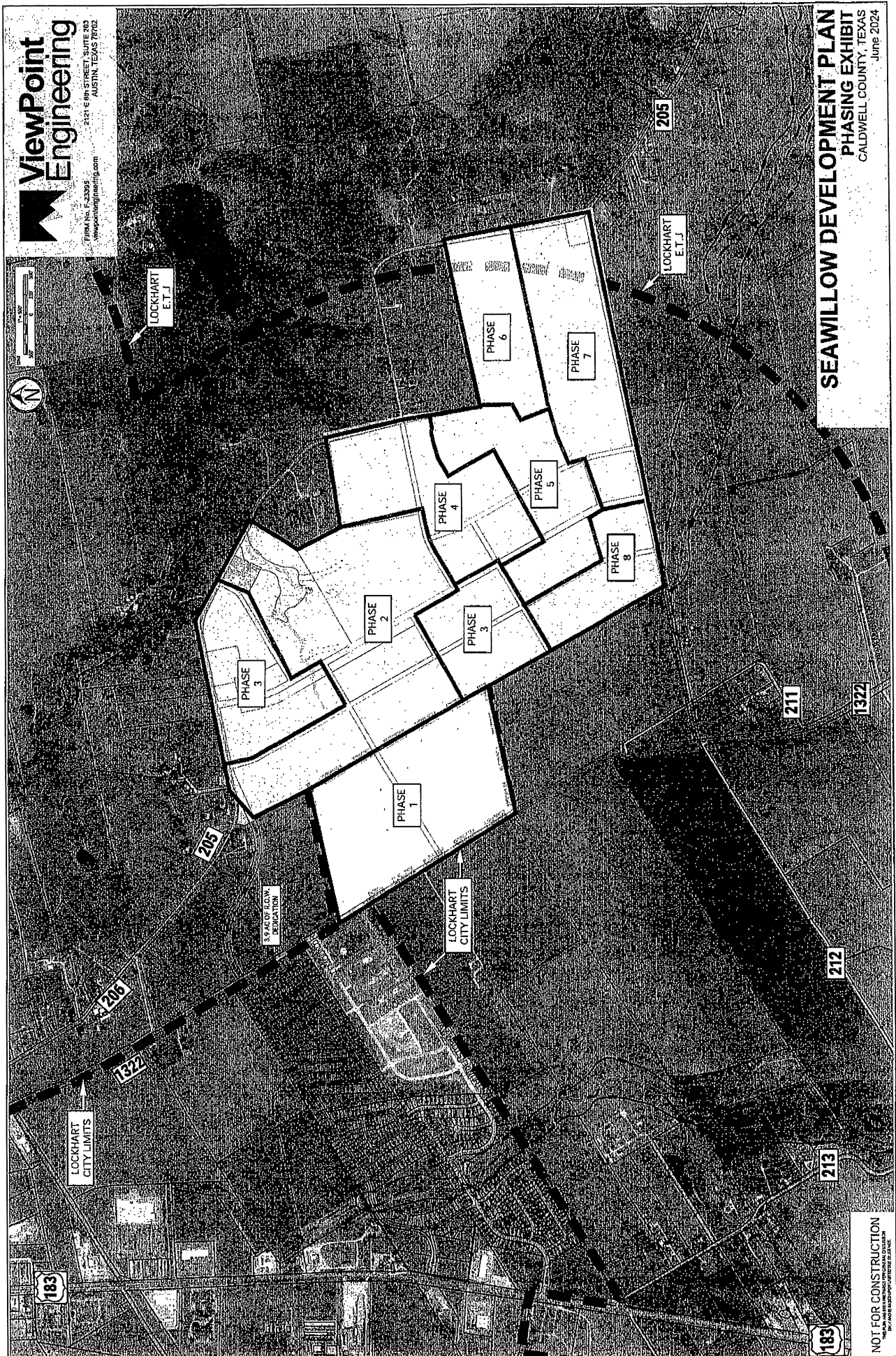
ATTEST:

By: 
JULIE BOWERMAN, Secretary

Date: DECEMBER 3, 2024

EXHIBIT “A”

CCN TRANSFER AREA



SEAWILLOW DEVELOPMENT PLAN
PHASING EXHIBIT
CALDWELL COUNTY, TEXAS
June 2024

NOT FOR CONSTRUCTION
THIS MAP IS THE PROPERTY OF VIEWPOINT ENGINEERING, INC.
IT IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED.
IT IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT PERMISSION IN WRITING FROM VIEWPOINT ENGINEERING, INC.

EXHIBIT “B”

ANNEXED AREA

2022-009086 ORD Fee: 70.00
11/28/2022 11:38:20 AM Total Pages: 13
Teresa Rodriguez, County Clerk - Caldwell County, TX

ORDINANCE NO. 2022-36

AN ORDINANCE PROVIDING FOR THE EXTENSION OF CERTAIN BOUNDARY LIMITS OF THE CITY OF LOCKHART, TEXAS, BY ANNEXATION OF CERTAIN TERRITORY, BEING APPROXIMATELY 89.775 ACRES OF LAND LOCATED IN CALDWELL COUNTY, TEXAS, AS DESCRIBED IN EXHIBIT "B" AND AS DEPICTED IN EXHIBIT "C", DESCRIBED AS 89.775 ACRES OF LAND, MORE OR LESS, OUT OF THE J.A. NEIL SURVEY, CALDWELL COUNTY, TEXAS; INCLUDING THE ADJACENT FM 1322 RIGHT-OF-WAY WHERE IT ABUTS THE CURRENT CITY LIMIT; DIRECTING THE CITY SECRETARY TO FILE A CERTIFIED COPY OF THIS ORDINANCE WITH CERTAIN AUTHORITIES; DIRECTING THAT THE MAP OF THE CITY BOUNDARIES AND EXTRATERRITORIAL JURISDICTION BE UPDATED TO INCLUDE THE ANNEXED PROPERTY; PROVIDING FOR APPROVAL OF THE ANNEXATION SERVICE AGREEMENT FOR THE ANNEXED PROPERTY; GRANTING TO SAID ANNEXED PROPERTY AND ALL FUTURE INHABITANTS ALL OF THE RIGHTS AND PRIVILEGES OF OTHER CITIZENS AND BINDING SAID FUTURE INHABITANTS BY ALL OF THE ACTS AND ORDINANCES OF SAID CITY; PROVIDING FOR SEVERABILITY; PROPER NOTICE AND MEETING; AND EFFECTIVE DATE.

WHEREAS, Section 43.0671 of the Texas Local Government Code additionally authorizes a City to annex an area if each owner of the land in the area requests the annexation; and

WHEREAS, in accordance with the Annexation Petition dated March 15, 2022, attached hereto as Exhibit "A", and incorporated herein for all purposes, the landowner of the property has voluntarily requested and consented to the annexation of the Property; and

WHEREAS, the Property is adjacent to and contiguous to the boundaries of the City with the inclusion of the adjacent FM 1322 right-of-way where it abuts the current city limit; and

WHEREAS, an Annexation Service Agreement for the territory to be annexed has been negotiated and approved by the Landowner and is hereby approved by the City Council as required by Sec. 43.0672 of the Texas Local Government Code, a copy of which Service Agreement, is attached hereto as Exhibit "D"; and

WHEREAS, notices were provided and the public hearing was held in accordance with state law regarding the annexation of the subject Property at which time persons interested in the annexation were given the opportunity to be heard; and

WHEREAS, the territory is exempt from the municipal annexation plan requirements; and

WHEREAS, the Property is within the City's extraterritorial jurisdiction and the Property is not within the extraterritorial jurisdiction or corporate limits of any other city; and

WHEREAS, the City Council is of the opinion that annexing the subject Property is in the best interest of the City;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS, THAT:

SECTION 1. PREAMBLE. All of the above premises are hereby found to be true and correct legislative and factual findings of the City of Lockhart and are hereby approved and incorporated into the body of this Ordinance as if copied in their entirety.

SECTION 2. ANNEXATION. That the Property described as approximately 89.775 acres of land, Caldwell County, Texas, described in Exhibit "B" and depicted in Exhibit "C" attached hereto, including the adjacent FM 1322 right-of-way where it abuts the current city limit, and incorporated herein for all purposes, is hereby annexed into the City of Lockhart, Caldwell County, Texas, and that the corporate limits of the City of Lockhart shall be and the same are hereby extended to include the Property within the territorial limits of said City, and said Property and the present and future inhabitants thereof shall hereafter be entitled to all rights and privileges of citizens of Lockhart, Texas, and shall be bound by the provisions of all ordinances and codification of ordinances of said City.

SECTION 3. ANNEXATION SERVICE AGREEMENT. An Annexation Service Agreement, attached hereto as Exhibit "D", and incorporated herein for all purposes, between the City and the Landowner for the Property is hereby approved and the Mayor is authorized to execute same.

SECTION 4. FILING OF ORDINANCE. That the City Secretary is hereby directed to file a certified copy of this Ordinance with the County Clerk of Caldwell County, Texas, the Voting Registrar of Caldwell County, the Caldwell County Appraisal District, the Secretary of the State of Texas, and the Comptroller of the State of Texas in the manner required by law.

SECTION 5. MAPS. That the Official Map showing the boundaries of the City and its extraterritorial jurisdiction shall be immediately updated to include the Annexed Property and the map shall be annotated to show the date of the annexation and the number of the annexation ordinance.

SECTION 6. SEVERABILITY. That if any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 7. REPEALER CLAUSE. The provisions of this Ordinance shall be cumulative of all other ordinances or parts of ordinances governing or regulating the same subject matter as that covered herein, provided, however, that all prior ordinance or parts of ordinances inconsistent or in conflict with any of the provisions of this Ordinance are hereby expressly repealed to the extent that such inconsistency is apparent. This Ordinance shall not be construed to require or allow any act which is prohibited by any other ordinance.

SECTION 8. NOTICE AND MEETING CLAUSE. It is hereby officially found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the

time, place and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Local Government Code.

SECTION 9. EFFECTIVE DATE. This Ordinance shall take effect immediately upon approval.

Passed and Approved: September 6, 2022

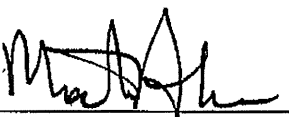
CITY OF LOCKHART

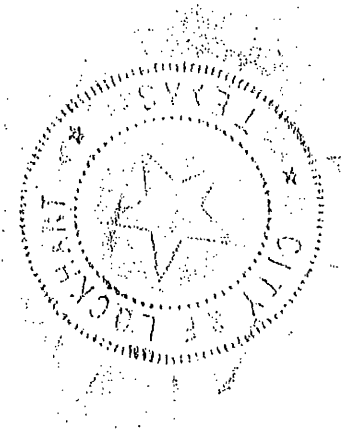

Lew White, Mayor

ATTEST:


Connie Constancio
City Secretary

APPROVED AS TO FORM:


Monte Akers, City Attorney



PETITION FOR ANNEXATION

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF LOCKHART, TEXAS:

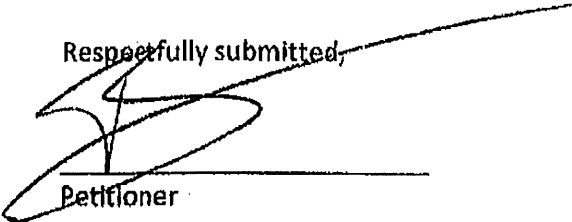
ROED Prop Co, LLC
(Thomas Staub), herein collectively referred to as "Petitioner", files this Petition requesting the annexation of certain property they own, being the real property described in by metes and bounds and plat in Exhibit A, attached hereto and made a part hereof for all purposes ("Property") into the boundaries of the City of Lockhart, Texas ("City"), in accordance with the provisions of Sections 43.0671 of the Texas Local Government Code. In support hereof, the Petitioner states the following:

1. The City has the authority under Section 43.0671 of the Texas Local Government Code to extend its boundaries by the annexation of additional territory upon request by the landowners of said territory.
2. In accordance with the requirements of Chapter 43 of the Texas Local Government Code, the Property: (a) is contiguous and adjacent to the current corporate limits of the City; and, (b) is vacant and without residents.
3. The Petitioner is the sole owner of the Property.
4. By execution of this Petition, Petitioner declares that the Property is not appraised for ad valorem tax purposes as land for agricultural or wildlife management use, or for timber purposes under Subchapter C or D, Chapter 23, Texas Property Tax Code, or if such Property is appraised for agricultural or wildlife management use, or for timber purposes, Petitioner waives the right to request a Development Agreement pursuant to Section 43.016 of the Texas Local Government Code.

THEREFORE, Petitioner respectfully requests that after the fifth (5th) day but on or before the thirtieth (30th) day from the filing of this Petition, the Lockhart City Council will consider this Petition, the arguments for and against the annexation, and grant this Petition in accordance with the terms hereof and thereafter by ordinance annex the Property so that on the effective date of such ordinance the area to be annexed shall become a part of the City and therefore be entitled to the rights and privileges of all of the territory within the City and be bound by the acts and ordinances adopted by the City.

DATED the 14th day of April, 2022

Respectfully submitted,

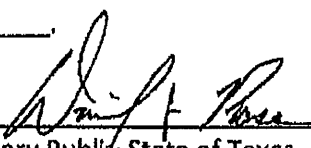


Petitioner

8512 Bertricle Bend Austin, Tx 78744
Address

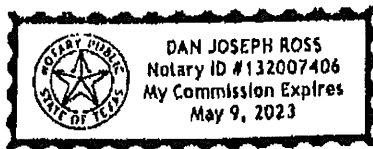
STATE OF TEXAS §
COUNTY OF Tarrant §

BEFORE ME, the undersigned authority, a Notary Public in and for the State of Texas, on this day personally appeared Thomas Staub known to me to be the person whose name is subscribed to the foregoing instrument. This instrument was acknowledged before me on the 14th day of April, 2022, by Fair Beals.



Notary Public, State of Texas

(SEAL)



BEING 89.775 acres of land situated in the J.A. NEILL SURVEY, ABSTRACT NO. 20, Caldwell County, Texas, and being a portion of and part of a called 169.811 acres of land described in deed to SVAG Investments, LLC, a Texas Limited Liability Company, as recorded in Document Number 2021-006881 of the Official Public Records of Caldwell County, Texas, and being more particularly described by metes and bounds as follows:

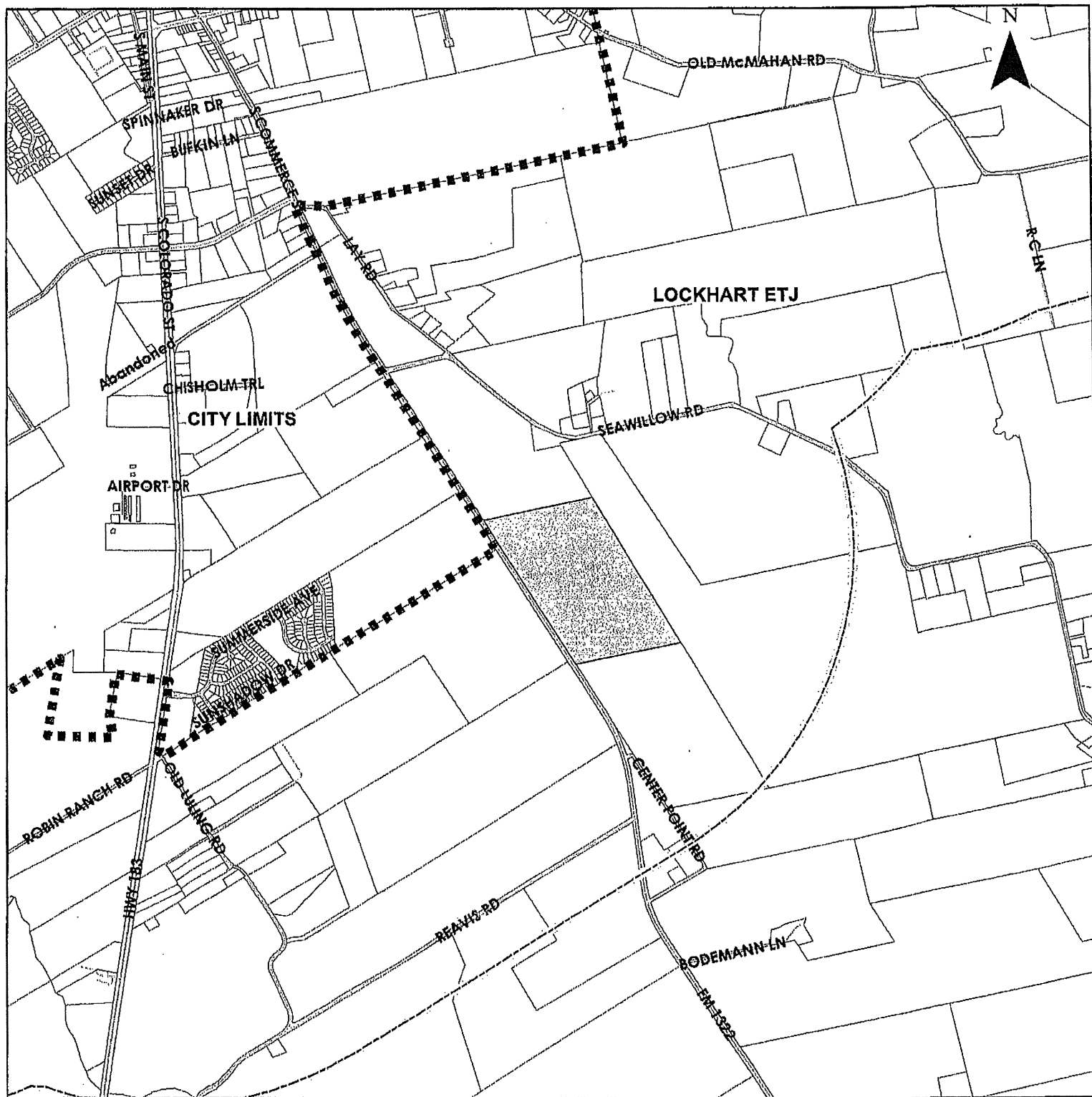
BEGINNING at a ½ inch capped iron rod found, marked Hinkle Surveying, on the Northeast Right-of-Way line of Farm to Market Road 1322, an 80 foot Right-of-Way, and for the Northwest corner of a called 85.00 acre tract of land as described in a deed to Charles D. Spillmann and Jane Spillmann as recorded in Document Number 2016-005533 of said Official Public Records, same being the Southwest corner of said 169.811 acre tract and the of this herein described tract;

THENCE North 31 degrees 43 minutes 06 seconds West, along said Right-of-Way and the Southwest line of this tract, a distance of 2,572.95 feet to a ½ inch capped iron rod found, marked Jones Carter Prop Corner, for the Northwest corner of this therein described tract;

THENCE North 78 degrees 46 minutes 11 seconds East, crossing said 169.811 acre tract, a distance of 1,665.32 feet to a ½ inch iron rod found on the Southwest line of a called 358.536 acre tract of land as described in a deed to David V. Acevedo and Marge Margarita Acevedo as recorded in Volume 209, Page 425 of said Official Public Records, same being the Northeast line of said 169.811 acre tract, and being the Northeast corner of this herein described tract;

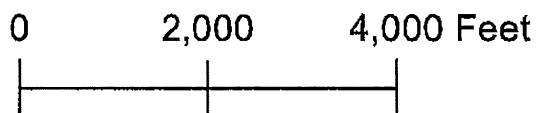
THENCE South 29 degrees 54 minutes 41 seconds East, along the common line of said 358.536 acre tract, a distance of 2,544.30 feet to a ½ inch capped Iron rod found, marked Hinkle Surveying, for the Northeast corner of said 85.00 acre tract, and being the Southeast corner of this tract;

THENCE South 78 degrees 46 minutes 18 seconds West, along the common line of said 85.00 acre tract, a distance of 1,579.70 feet to the **POINT OF BEGINNING**, containing 89.775 acres of land, more or less.



CITY OF
Lockhart
TEXAS

This product is for informational purposes only and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey, and represents only the approximate relative location of property boundaries.



Map Legend

- REDOAK ANNEXATION
- PARCEL BOUNDARY
- CITY LIMITS
- LOCKHART ETJ

ORDINANCE EXHIBIT "D"

CITY OF LOCKHART SERVICE AGREEMENT FOR SEAWILLOW RANCH ANNEXATION - 2022

WHEREAS, the City of Lockhart, Texas (the "City") has instituted annexation proceedings for the land described in Exhibit "A", attached hereto (referred to herein as the "Annexed Property"); and,

WHEREAS, Chapter 43, Texas Local Government Code, (referred to herein as "TLGC") requires a service plan agreement between the Landowner and the City adopted with, or prior to, the annexation ordinance;

NOW, THEREFORE, by execution hereof, the City and the Landowner agree to the Annexation Services set out herein for the Annexed Property on the date of annexation:

1. Intent

As used in this Agreement, *providing services* includes having services provided by any method or means by which the City may extend municipal services to any other area of the City, including the City's infrastructure extension policies and Landowner participation in accordance with applicable City ordinances. Provided however, that nothing in this Service Plan Agreement shall require the City to provide a uniform level of full municipal services to each area of the City, including the Annexed Property, if different characteristics of topography, land use, and population density are considered a sufficient basis for providing different levels of service.

The City shall provide the Annexed Property or cause the Annexed Property to be provided with services in accordance with this Agreement. This may include, but is not limited to, causing or allowing private utilities, governmental entities, and other agencies to provide such services, in whole or in part. The parties acknowledge and agree that it is not the intent of this Agreement to create any vested rights to develop the Annexed Property, until such time that development of the Annexed Property is commenced as evidenced by the submittal of one or more complete development applications in accordance with the City's Code of Ordinances.

2. Police, EMS, and animal control

Immediately upon annexation, City of Lockhart Police will provide regular and routine patrols in the area as part of its overall patrol activities, and will respond to any calls for assistance. Similarly, Emergency Medical Service and animal control services will be provided by the City. The Bufkin Lane EMS station is the closest to and has the most direct access to this annexation area. No additional personnel or equipment is anticipated as a result of this annexation.

3. Fire protection

Immediately upon annexation, the Lockhart Fire Department will provide fire suppression service from Fire Station No. 1, located at 201 W. Market St. Fire prevention activities, including subdivision/building plan review and fire inspections of structures, will be provided by the City, or a firm contracted by the City. Although no additional personnel or equipment is anticipated as a result of this annexation, the pace of future development will determine the need for a fire substation in the southeast part of the city.

4. Solid waste collection

Immediately upon annexation, refuse collection and voluntary household curbside recycling will be provided by the City in accordance with the rates and conditions of the Lockhart City Code. Recycling is also available at the City's voluntary drop-off center located at 110 N. Brazos St. No additional personnel or equipment is anticipated as a result of this annexation.

5. Water facilities

The closest City water mains are a 12-inch line along FM 1322 that is being connected to the Summerside Subdivision on the west side of FM 1322. The Annexed Property is adjacent to, but not within, the City's water service jurisdiction, but Aqua Water Supply Corporation has issued a letter allowing the city to serve the Annexed Property until a formal transfer of jurisdiction can be completed. Further water line extensions are the responsibility of the Landowner or developer desiring service, in accordance with the City's subdivision regulations, water facility construction standards, and utility extension policy. The City of Lockhart will maintain any new public water facilities that are not in the service area of another utility, in accordance with standard City maintenance procedures.

6. Wastewater facilities.

The Annexed Property will be served by the City's centralized sanitary wastewater system which is not currently available to the Annexed Property. The cost of extending such centralized wastewater service to the Annexed Property shall be the Landowner's responsibility in accordance with the City's Utility Extension Ordinance, unless the city and the landowner agree to alternative arrangements. However, should the extension of such centralized wastewater system result in the City's oversizing of the wastewater system to serve properties outside of the Annexed Property or, in the event that the installation or construction of sewer system facilities will benefit the overall performance of the City's wastewater system to properties located outside of the Annexed Property, the Landowner's share shall be determined on a pro-rata basis and shall be limited to costs associated with the extension of the wastewater service to the Annexed Property. The City of Lockhart will maintain any wastewater facilities serving the Annexed Property in accordance with standard City maintenance procedures and the Code of Ordinances.

7. Electric service and street lighting

The Annexed Property is not within the City's jurisdiction for electric service. Electric service is provided by Bluebonnet Electric Cooperative.

8. Streets and drainage

Access to the Annexed Property is currently provided by FM 1322. Immediately upon annexation, street and drainage facility and public rights-of-way maintenance will be performed by the Lockhart Public Works Department in accordance with standard City maintenance procedures for streets located within the subject area that are not under the jurisdiction of the State. Construction of new streets and drainage facilities is the responsibility of the Landowner or developer desiring them, in accordance with the City's subdivision regulations and street and drainage facility construction standards.

9. Traffic control

Immediately upon annexation, the City of Lockhart will maintain street name signs, traffic control devices, and other required traffic system design improvements for any new public streets in the Annexed Property.

10. Parks and recreation

Immediately upon annexation, Lockhart Parks and Recreation Department facilities and services, including the use of any and all public parks, will be available to residents of the Annexed Property. There are currently no City parks or recreation facilities in the subject Annexed Property. Dedication of land, or payment of a fee-in-lieu-of land dedication, for new parkland is the responsibility of the Landowner at the time of land development in accordance with the City's subdivision regulations. Construction of park improvements on the dedicated land, and maintenance thereafter, will be in accordance with the standards of the Lockhart subdivision regulations unless otherwise negotiated with the Landowner or developer.

11. Public Library

Immediately upon annexation, all residents of the subject Annexed Property will be eligible for library services available to Lockhart citizens at the Lockhart Public Library.

12. Planning and zoning

Immediately upon annexation, the Annexed Property will be zoned "AO" Agricultural-Open Space District, in accordance with the City of Lockhart zoning ordinance. Any other zoning classification for specific parcels may be subsequently requested by individual property owners in accordance with the standard City application, notification, and public hearing procedures.

The Lockhart 2020 Land Use Plan indicates primarily future Agricultural/Rural Development, with a commercial node where a future collector street would cross through the northern portion of the Annexed Property. The land use plan also indicates a future arterial passing near the southeast corner of the annexation area. All services of the Lockhart Planning Department will be available to residents and owners of annexed Property.

13. Building inspection and code enforcement

Immediately upon annexation, the City of Lockhart Building Inspection Division, or a firm contracted by the City, will enforce the adopted building and nuisance codes within the Annexed Property. This includes consultation with developers, plan review, and on-site inspections for construction activity, as well as investigation of complaints and prosecution of code violations related to buildings, property maintenance, and other health and safety hazards or nuisances.

14. Environmental health code services

Immediately upon annexation, the City of Lockhart Health Officer will enforce the City's food-handler and other adopted health regulations within the Annexed Property area. This includes regular inspections as well as investigation of complaints and prosecution of violations.

15. Floodplain management

Immediately upon annexation, floodplain management will be in accordance with FEMA and City of Lockhart flood hazard regulations. There are no identified 100-year floodplains in the Annexed Property.

16. Miscellaneous municipal facilities and services

Should any other municipal facilities, buildings, or services be constructed or located within the subject area subsequent to annexation, all required operation or maintenance will be provided by the appropriate City department.

17. Term and Effective Date

This agreement shall be effective on the date the Annexed Property is annexed by the City. This Annexation Services Agreement shall be valid for a term of ten (10) years.

CITY OF LOCKHART

LANDOWNER

Lew White
Lew White, Mayor

Thomas Earl Staub
By:

Date: 9-7-22

Date: 06/30/2022

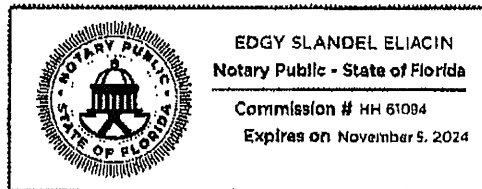
State of Florida County of Miami Dade

Acknowledged before me Thomas Earl Staub

on 06/30/2022

produced Texas drivers license

Edgy Slandel Eliacin
Edgy Slandel Eliacin



Notarized online using audio-video communication

FILED AND RECORDED

Instrument Number: 2022-009086 ORDINANCE

Filing and Recording Date: 11/28/2022 11:36:20 AM Pages: 13 Recording Fee: \$70.00

I hereby certify that this instrument was FILED on the date and time stamped hereon and RECORDED in the OFFICIAL PUBLIC RECORDS of Caldwell County, Texas.



Teresa Rodriguez

Teresa Rodriguez, County Clerk
Caldwell County, Texas

ANY PROVISION CONTAINED IN ANY DOCUMENT WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE REAL PROPERTY DESCRIBED THEREIN BECAUSE OF RACE OR COLOR IS INVALID UNDER FEDERAL LAW AND IS UNENFORCEABLE.

DO NOT REMOVE. THIS PAGE IS PART OF THE OFFICIAL PUBLIC RECORD.

EXHIBIT “C”

ETJ AREA

CALDWELL COUNTY, TEXAS

LEGAL DESCRIPTION - TRACT 1

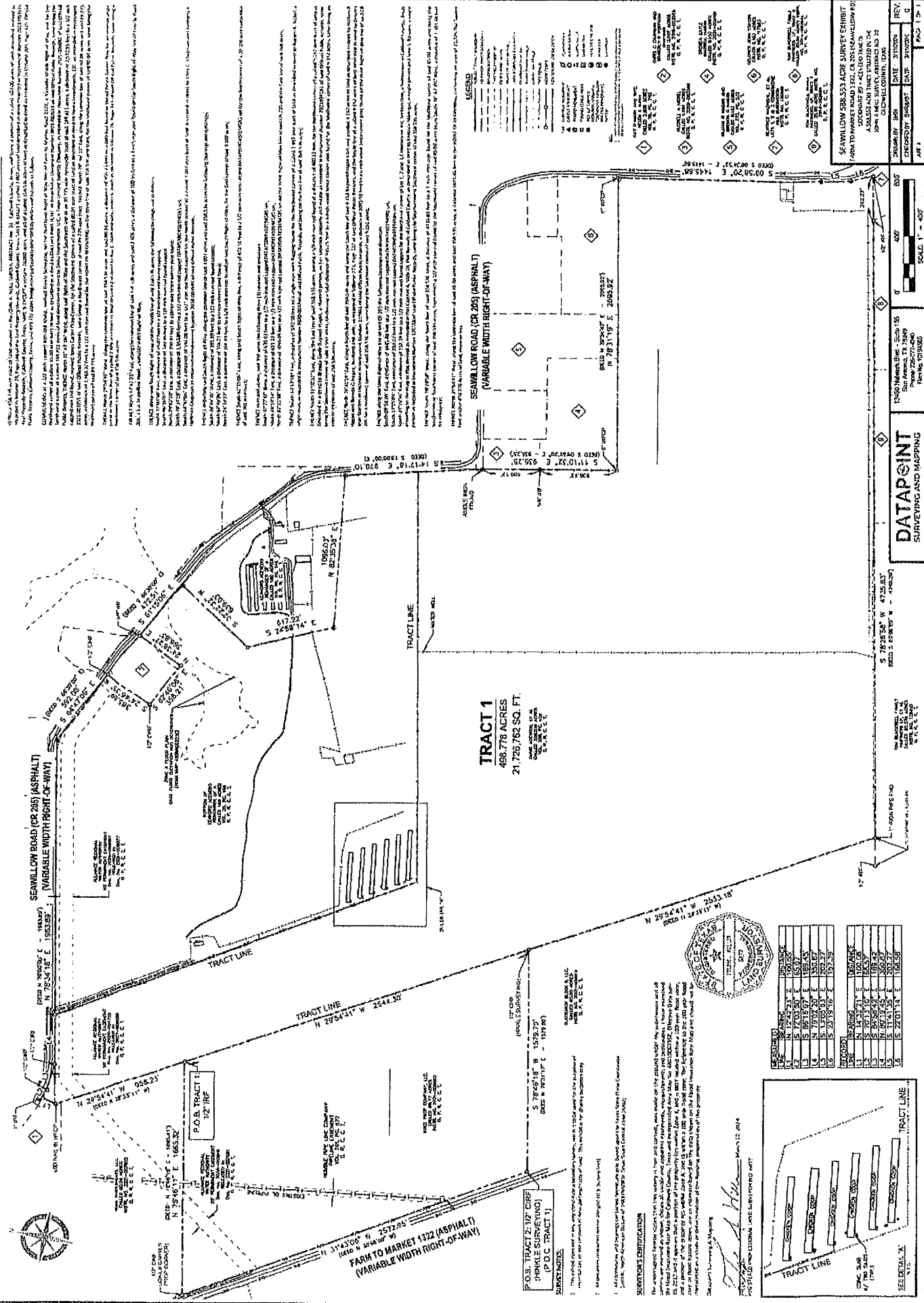


EXHIBIT “D”

Name and Address for Notice to Aqua

Aqua Water Supply Corporation
Attn: General Manager
415 Old Austin Hwy
Bastrop, TX 78602

Name and Address for Notice to Lockhart

City of Lockhart
Attn: City Manager
PO Box 239
Lockhart, TX 78644

City of Lockhart, Texas

Council Agenda Item Cover Sheet

COUNCIL MEETING DATE: May 19, 2026

AGENDA ITEM CAPTION: Discussion and/or action to consider a proposal for a Water Well Study by TRC Engineers in an amount not to exceed \$199,190 and authorizing the City Manager to execute the proposal, if approved.

ORIGINATING DEPARTMENT AND CONTACT: Public Works - Sean Kelley

ACTION REQUESTED: Agreement

BACKGROUND/SUMMARY/DISCUSSION: TRC Engineering has submitted a proposal to complete a water well study for the City of Lockhart to evaluate the feasibility of upgrading existing groundwater wells and adding new wells to help meet future water demand. The study would include:

- Review of existing geological, hydrological, environmental, and water system data
- Evaluation of current wells, aquifer characteristics, groundwater levels, and production history
- Review of regulatory requirements, permitting needs, and potential groundwater withdrawal limitations
- Hydrogeological modeling to assess groundwater availability, long-term production potential, and regional pumping impacts
- Conceptual planning and cost estimates for replacement wells and abandonment of certain existing wells
- Conceptual design and cost estimates for raw water pipelines, pump station improvements, and water treatment plant improvements
- Coordination with City staff, Plum Creek Conservation District, along with City Council updates

At the end of the study, TRC would provide a preliminary well study report so the City may consider appropriate upgrades to increase self-supplied water capacity.

PROJECT SCHEDULE (if applicable):

AMOUNT & SOURCE OF FUNDING:

Funds Required:

Account Number:

Funds Available:

Account Name:

FISCAL NOTE (if applicable): The total proposed lump sum cost is \$199,190.

City of Lockhart, Texas

Council Agenda Item Cover Sheet

- \$35,000 for data collection and review
- \$44,600 for the hydrogeological assessment
- \$119,590 for integrating proposed wells into the existing water system

PREVIOUS COUNCIL ACTION:

COMMITTEE/BOARD/COMMISSION ACTION:

STAFF RECOMMENDATION/REQUESTED MOTION: Staff respectfully recommends approval of a professional services agreement with TRC Engineers, Inc. in the amount of \$199,190 for a water well study.

LIST OF SUPPORTING DOCUMENTS: Water Well Study Proposal



505 East Huntland Drive
Suite 250
Austin, Texas 78752

T 512.454.8716
TRCcompanies.com
T.B.P.E. #F-8632

March 17, 2026

Mr. Joseph Resendez, City Manager
City of Lockhart
P.O. Box 239
Lockhart, TX 78644

RE: Lockhart Water Well Study

Dear Mr. Resendez:

TRC Engineers, Inc. has prepared this proposal and scope of services for engineering services for the proposed Well Study. The project consists of the feasibility of upgrading existing groundwater wells and installing new wells to meet the City of Lockhart's (City) future water demand. These services will be performed under the terms and conditions of our previously executed Master Services Agreement with the City.

SCOPE OF WORK

TRC will perform the following Scope of Work to develop the proposed Well Study:

A. Data Collection and Review

1. Collect and review existing geological, hydrological, and environmental data for the existing and proposed well field(s) area(s) including information on existing wells, aquifer characteristics, and groundwater levels.
2. Collect and review existing water infrastructure system information, including raw water pipelines and water treatment plants.
3. Collect and review existing municipal production well information for maintenance history, historical production rate information, drilling and installation reports, and design information.
4. Review current Plum Creek Conservation District (PCCD) rules and management plan to determine whether well spacing, water allocation or other rules may limit groundwater withdrawals from a regulatory standpoint.
5. Review current Groundwater Management Area No. 13 (GMA-13) water planning efforts to identify issues that may affect future groundwater production in the region.
6. Identify regulatory requirements for obtaining new permits for additional capacity from the Carrizo-Wilcox Aquifer to meet the City's future water demand with PCCD, TCEQ, and other state oversight bodies.
7. Identify any potential variances the City can obtain for additional capacity from the Carrizo-Wilcox Aquifer to meet the City's future water demand from PCCD

B. Hydrogeological Assessment

1. Employ a variety of groundwater modeling techniques to evaluate the availability of groundwater and potential impacts associated with hydrogeologic conditions/stresses including pumping, drought, hydraulic boundaries, and variations in the distribution and type of aquifer sediments.
2. Generate estimates via the structure and hydraulic characteristics of the aquifer in the study area. The results generated by the model will be used to estimate long-term potential, well production rates, wellbore pumping levels, and well-to-well interference effects.
3. Evaluate potential regional aquifer response to pumpage using the Southern Carrizo-Wilcox Groundwater Availability Model (GAM). Specifically, the pumpage inputs assigned to the most-recent Desired Future Condition - Modeled Available Groundwater (DFC/MAG) simulation employed by Groundwater Management Area No. 13 (GMA-13) during regional planning will be used to assess the impacts from competitive pumpage in the region. Using these tools, generate estimates of the aquifer response to future pumpage and its effect on long-term well production rates.

C. Integration of Proposed Wells into Existing Water System

1. Conduct an initial field reconnaissance of property access, existing wells and well sites, and water system facilities infrastructure. The information obtained during the site visit will be utilized to plan subsequent work more effectively.
2. Develop conceptual design and cost estimates for the abandonment of existing municipal supply Well Nos. 4 and 5 as required to meet the City's water demand as discussed in the 2024 Water/Wastewater Masterplan and installation cost estimates for replacement wells.
3. Develop conceptual design and cost estimates for the abandonment of the remaining Well Nos. 3, 9,10,11, and 12 as required to meet the City's water demand and installation cost estimates for replacement wells
4. Develop conceptual design and cost estimate for proposed raw water pipelines, including location, diameter, and materials.
5. Develop conceptual design, including conceptual site plan, and cost estimate for proposed improvements to existing water treatment plant and/or new water treatment to treat additional water supply volume and quality.
6. Develop conceptual design, including conceptual site plan, and cost estimate for proposed improvements to raw water pump station to convey additional water supply volume to water treatment plant.

D. Meetings and Coordination

TRC will attend the following meetings for coordination with the City and PCCD:

- i. Attendance at up to eight in-person (8) meetings as follows:
 1. Two (2) meetings with City staff
 2. Four (4) meetings with PCCD
 3. Two (2) City Council presentations
- ii. Four (4) Virtual Monthly progress meeting.

DELIVERABLES

TRC will provide the following:

1. Electronic copy in pdf format and five (5) hard copies of preliminary well study report.

ASSUMPTIONS / EXCLUSIONS

TRC's price is subject to the schedule, assumptions, limitations, and exclusions specified below. Any changes to the scope, schedule, or assumptions could result in a change to the estimated price, which would be negotiated with and approved by the City prior to adjustment.

1. TRC does not control the cost of labor, materials, equipment or services furnished by others, methods of determining prices, or competitive bidding or market conditions, any opinions rendered as to costs, including but not limited to opinions as to the costs of construction and materials, shall be made on the basis of its experience and represent its judgment as an experienced and qualified professional, familiar with the industry.
2. TRC cannot and does not guarantee that proposals, bids, or actual costs will not vary from its opinions of cost.
3. Meetings with property Owners and/or stakeholders regarding potential water lease contract negotiations not included.
4. Collection of water samples and tests from existing wells not included.
5. Field reconnaissance of the water system facilities and existing well sites can be completed within one (1) day, excluding travel time.
6. This proposal expressly excludes any and all taxes, tariffs, duties, and other similar charges or fees imposed by any governmental authority (collectively, "Taxes and Tariffs"). The prices and fees quoted in TRC's proposal do not include any such Taxes and Tariffs. The Client shall be solely responsible for the payment of all applicable Taxes and Tariffs arising from or related to the work contemplated by this proposal. If

Mr. Joseph Resendez, City Manager
City of Lockhart
March 17, 2026
Page 4 of 4

TRC or its subcontractors are required to pay Taxes and Tariffs on behalf of the Client, the Client shall promptly reimburse TRC for the full invoiced amount thereof.

COMPENSATION FOR SERVICES

TRC Engineers, Inc. will provide the professional engineering services as outlined in the Scope of Work on a lump sum fee as follows:

Data Collection and Review:	\$ 35,000.00
Hydrogeological Assessment:	\$ 44,600.00
Integration of Proposed Wells into Existing Water System	\$ 119,590.00
Total (lump sum):	\$ 199,190.00

This lump sum fee includes labor and material costs associated with the Scope of Work identified above. TRC's lump sum fee above is based on a continuous flow of work. Any delays or restrictions beyond TRC's reasonable control, caused by customer not providing required information or not providing them in a timely manner may cause delays to the agreed upon schedule above.

Fees for services quoted in this proposal are valid for a period of time not to exceed 60 days from the date of this letter.

We appreciate the opportunity to assist with this project and are available to proceed immediately with your written approval. Please review this proposal and, upon acceptance, sign in the space provided below.

Sincerely,



William Wachel, P.E.
Regional Vice President

March 17, 2026
Date

APPROVED and ACCEPTED this the _____ day of _____.

Joseph Resendez, City Manager
City of Lockhart