

execution of this Agreement.

VI. Representations

Representations by QUADVEST. QUADVEST represents and covenants as follows:

a. On the date of execution of this Agreement, it is duly organized and authorized to do business in the State of Texas and authorized by all federal, state and local authorities with jurisdiction to perform its obligations under this Agreement, subject to the requirements for regulatory approval set forth in Article V. above;

b. No lien, other contract, provision of federal, state or local law, judgment or other obligation constitutes an encumbrance or any restriction on the authority or capacity of QUADVEST to execute and perform its obligations under this Agreement, including but not limited to the ability to require performance by their lawful successors and of their obligations under this Agreement;

c. The persons who execute this agreement on behalf of QUADVEST are fully authorized to act therefor, and no other persons or entities exist whose approval is required for either of them to execute this Agreement and perform its terms; and

d. QUADVEST is fully authorized as the grantor to convey the utility access and sanitary control easements, if any, required by Paragraph XII.b. of this Agreement.

Representations by HMW. HMW represents and covenants as follows:

a. On the date of execution of this Agreement it is duly organized and authorized as a special utility district and political subdivision in the State of Texas;

b. Except as specified in this Agreement or any exhibit thereto, no lien, bond covenant, other contract, provision of federal, state or local law, judgment or other obligation constitutes an encumbrance or any restriction on its authority or capacity to execute and perform this Agreement;

c. The persons who execute this Agreement are fully authorized to act for and on its behalf;

d. There is no (i) suit, action, proceeding or governmental investigation pending or threatened against HMW relating to the Wastewater Assets, (ii) any basis known to HMW for any such suit, action, proceeding, or governmental investigation, or (iii) any order, decree, or ruling of any court or administrative agency to which HMW is a party or bound, which could adversely affect the Wastewater Assets or the performance of HMW's obligations hereunder;

e. All Facilities and Fixtures are located within valid easements and are otherwise located within areas that satisfy the requirements of 30 TAC § 309.13;

f. HMW has good and indefeasible title to all Property to be conveyed under this Agreement that it purports to own in fee, and good and merchantable title to all of the other Wastewater Assets, in each case free and clear of all liens and other encumbrances other than as set forth in this Agreement or the Title Commitment;

g. The Wastewater Assets are free of known defects and otherwise sold and transferred in the condition and on the terms set forth in Article VIII. of this Agreement. QUADVEST acknowledges its exercise of the diligence review provided by Article IV. of this Agreement. HMW acknowledges that with the exception of the assets described on Exhibit B that are not sold and transferred under this Agreement, the Wastewater Assets comprise all of the assets and properties (including any real estate or interest therein) utilized by HMW in the operation of the wastewater portion of HMW's business; and

h. Except for the regulatory approvals and consents otherwise expressly identified in this Agreement, no consent, approval, waiver, or authorization of, or the making of any declaration or filing with, any governmental authority or any other person is necessary in connection with the execution, deliver, or performance by HMW of this Agreement.

VII. Closing

The Closing Date of this Agreement shall be the date within thirty (30) days after the approval by the Executive Director of the TCEQ authorizing the Parties to close the transaction contemplated herein, in accordance with STM application requirements, or at such other time agreed to by the Parties. The following events shall occur on the Closing Date:

a. Delivery by HMW. At the Closing, HMW shall deliver or cause to

be delivered to QUADVEST:

i. A Special Warranty Deed duly executed and acknowledged by HMW granting and conveying good and indefeasible title to any Property to be conveyed in fee by HMW to QUADVEST;

ii. At QUADVEST's election, an owner's policy of title insurance ("Owner's Title Policy") in the amount determined by QUADVEST insuring that HMW is owner of the Property, subject only to any Permitted Exceptions, and the standard printed exceptions included in a Texas Standard Form Owner Policy of Title Insurance; provided, however: (i) the rights of parties in possession shall be deleted; and (ii) the standard exception for taxes shall be limited to the year in which the Closing occurs, marked "Not Yet Due And Payable" or "Paid." Should QUADVEST exercise this election, QUADVEST shall bear the cost of the title insurance premium;

iii. An assignment of all the easements and rights-of-way, or alternatively of HMW's rights therein that apply to its operation of the Wastewater Assets, in and on which the Facilities are located or which are otherwise used in the repair, maintenance, operation or other use of the Wastewater Assets;

iv. A Bill of Sale and Assignment duly executed and acknowledged by HMW transferring and assigning all rights, title, and interest in the Wastewater Assets to QUADVEST without encumbrances;

v. Copies of HMW's books, records, ledgers, files, documents, correspondence, lists, plats, studies, reports, architectural plans, drawings, and specifications, engineering plans and reports, and other printed or written materials related to the Wastewater Assets;

vi. A then current list of all wastewater customer accounts and deposits for wastewater service;

vii. The wastewater customer deposits; and

viii. Any additional documents and instruments as in the mutual opinion of QUADVEST and HMW are reasonably necessary to the proper consummation of this transaction.

b. Delivery by QUADVEST. At the Closing, QUADVEST shall deliver or cause to be delivered to HMW:

i. The Consideration as specified in Article III.; and

ii. Any additional documents and instruments as in the mutual opinion of HMW and QUADVEST are reasonably necessary to the proper consummation of this transaction.

c. Survival. All representations, warranties, covenants and obligations in this Agreement or any document delivered pursuant to this Agreement shall survive the Closing.

VIII. Warranty Disclaimer

QUADVEST acknowledges that pursuant to this Agreement, it will acquire the certain wastewater system assets owned by HMW on an "as is and where is" basis, without any warranty of condition, suitability, fitness for use or any other warranty except as otherwise specifically set forth in this Agreement.

In addition, QUADVEST acknowledges that HMW's use of its water supply, distribution and metering facilities, as QUADVEST's agent, under this Agreement may be requested by QUADVEST for the purpose of facilitating the termination of wastewater service to QUADVEST customers, by QUADVEST, incident to QUADVEST's billing and collection of fees from its wastewater service customers.

ACCORDINGLY, EXCEPT AS OTHERWISE SPECIFICALLY SET FORTH IN THIS AGREEMENT, HMW HAS NOT MADE, DOES NOT MAKE AND WILL NOT MAKE AT ANY FUTURE TIME TO QUADVEST, ITS DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, INVITEES, SUCCESSORS AND ASSIGNEES, ANY OCCUPANT OF THE PROPERTY ON WHICH THE BELOW IDENTIFIED ASSETS MAY BE LOCATED, OR ANY OTHER PERSON OR ENTITY, AND HEREBY NEGATES AND DISCLAIMS, ANY WARRANTY, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH REGARD TO THE FOLLOWING PROPERTY OWNED BY HMW ON THE DATE OF EXECUTION OF THIS AGREEMENT:

1. THE WASTEWATER ASSETS;

2. HMW's PORTABLE WASTEWATER PLANT; AND
3. ANY HMW ASSETS USED TO FACILITATE THE TERMINATION OF SERVICE TO QUADVEST'S CUSTOMERS, AT QUADVEST'S REQUEST, UNDER ARTICLE IX. OF THIS AGREEMENT;

THE FOREGOING DISCLAIMER INCLUDES THE USE OF ALL SUCH ASSETS FOR ANY PURPOSE, AND THE SOLE EXCEPTION THERETO IS THE ABSENCE OF KNOWN DEFECTS THEREIN. THIS EXPRESS DISCLAIMER OF WARRANTIES INCLUDES, WITHOUT LIMITATION, THOSE REGARDING THE PERFORMANCE, READINGS, RECORDING OF DATA, CONDITION, MERCHANTABILITY, MARKETABILITY, SUITABILITY, OR FITNESS FOR ANY USE OR PURPOSE OF ALL SUCH ASSETS, INCLUDING (a) THEIR USE BY HMW FOR THE PURPOSES SPECIFIED IN ARTICLE IX. HEREOF, AND (b) THEIR USE BY QUADVEST FOR ANY PURPOSE. HMW SHALL NOT BE LIABLE OR BOUND IN ANY MANNER BY ANY VERBAL OR WRITTEN STATEMENTS, REPRESENTATIONS, OR INFORMATION FURNISHED BY ANY AGENT, EMPLOYEE, OFFICER, DIRECTOR, OR OTHER PERSONS, INCLUDING WITHOUT LIMITATION, ANY INSPECTORS, AGENTS, OR EMPLOYEES OF THE TEXAS COMMISSION FOR ENVIRONMENTAL QUALITY, TEXAS WATER DEVELOPMENT BOARD, MONTGOMERY COUNTY PLANNING DIVISION OR OTHER LOCAL, STATE OR FEDERAL REGULATORY AGENCY OR OTHER GOVERNMENT AUTHORITIES, UNLESS IT IS SPECIFICALLY SET FORTH IN THIS AGREEMENT OR OTHER WRITING WITH REGARD TO ANY ITEM OF THE PROPERTY REFERRED TO ABOVE.

IX. Termination of Wastewater Service

As provided and limited by applicable law, following the Closing Date, and subject to the conditions in Paragraphs IX.a. through g. below, HMW, acting solely as the agent of QUADVEST, will terminate water service to QUADVEST's wastewater customers who are also water service customers of HMW, at QUADVEST's request, based on QUADVEST's representation to HMW of such customers' nonpayment of QUADVEST's wastewater billings.

The referenced conditions for a request by QUADVEST to terminate service are as follows:

a. Any request for termination by QUADVEST shall be requested to occur during HMW's usual weekday business hours, with prior notice to HMW by telephone.

b. QUADVEST, its agents, servants and employees are responsible exclusively for QUADVEST's reading, recording and use of the data recorded by HMW's meters and subsequently used for the purpose of requesting termination of service by HMW for the nonpayment of QUADVEST's wastewater billings.

c. As further set forth and limited in Article VIII. hereof, HMW does not provide and expressly disclaims any warranty of the readings, data, performance or fitness for any purpose of the water meters, lines, valves and related equipment that it installs or has installed that are used to effect termination of water service at QUADVEST's request as provided above.

d. QUADVEST shall request HMW's termination of water service to its customers in the form provided by Exhibit "H" attached hereto, including but not limited to the indemnification set forth therein.

e. Any termination of service requested by QUADVEST shall require its compliance with the provisions of HMW's Tariff that pertain to service terminations with notice and other provisions that apply to termination and reconnection of utility service, including the payment by QUADVEST and the customer of all the following fees:

(i) For each disconnection, QUADVEST shall pay to HMW a service fee of \$100.00 and (a) \$50.00/hour if a certified peace officer is engaged by HMW to accompany its service personnel, (b) \$40.00/hour for each HMW service employee directed to perform the service, and (c) any other actual costs for other services HMW provides at QUADVEST's written request relating to the termination of wastewater service; however, notwithstanding anything herein to the contrary, the fees to be paid to HMW under this subparagraph (i) shall not exceed the maximum amount QUADVEST is allowed to charge its wastewater customers for such termination of service under QUADVEST'S tariff or the maximum amount Quadvest is otherwise authorized by TCEQ to charge its customers; and

(ii) The customer shall pay to HMW any costs incurred for damaged

or required replacement equipment, and shall pay to QUADVEST the amount specified thereby, up to the maximum amount QUADVEST is allowed to charge its customers for such costs under QUADVEST'S tariff.

Reconnection of the customer shall not occur until the customer has satisfied its obligations under the tariffs of HMW or QUADVEST, or applicable law requires reconnection.

f. QUADVEST shall furnish to HMW a copy of its service agreement and other terms of service that reflect the application of HMW's Tariff to QUADVEST's customers with regard to notice of termination and the termination and reconnection of wastewater service, including such customers' liability to HMW in connection therewith.

g. In order to assist QUADVEST in providing timely invoicing to its customers, HMW shall provide QUADVEST with HMW's meter reading sheets for such wastewater customers within three (3) business days of HMW's meter read date.

h. HMW reserves all rights provided by its Tariff and applicable law with regard to disconnection, reconnection and termination of water service to its current and future water service customers, regardless of whether their wastewater service is obtained from QUADVEST or by another source or provider.

X. HMW's Portable Wastewater Treatment Plant

From and after the Closing Date and continuing at QUADVEST'S sole discretion for a period of up to one year following the Closing Date, QUADVEST shall have the right to use HMW's portable wastewater treatment plant in conjunction with QUADVEST'S operation of the Wastewater Assets, in the same manner and capacity as such wastewater treatment plant was used to provide service to HMW's wastewater customers prior to the Closing Date. QUADVEST shall be responsible for all operation, repairs and ongoing maintenance of HMW's wastewater treatment plant, and all associated costs, for and during QUADVEST's period of its use. QUADVEST shall not provide any payment or other consideration for its use of HMW's wastewater treatment plant beyond the consideration otherwise set forth in this Agreement.

XI. Confidentiality

The parties hereto acknowledge that they each have developed confidential business information, including receivable and payable records, customer lists, pricing

data, customer contracts and other records that are not otherwise prepared or kept in the normal course of business, and will also conduct additional negotiations, prepare drafts of agreements and execute agreements between themselves that pertain to the purchase of certain assets of HMW by QUADVEST. To facilitate such activities, but for no other reason, each party hereto will provide access to the other to the above-described material on request, to facilitate the purposes of this Agreement. Each party hereto (the "Recipients") represents that all such Confidential Information, as further defined below, shall be held in confidence, not disclosed to any third party and used solely for their benefit as provided by this Agreement.

Accordingly, the following paragraphs specify the parties' obligations in regard to confidentiality:

a. "Confidential Information" includes the material described above and all related information not otherwise prepared or kept in the normal course of business furnished by the parties to each other, including proposals, negotiation positions and discussions, whether in writing, orally, visually or on magnetic or electronic media.

b. Recipients will not disclose or communicate to any third party, except as authorized in writing by the disclosing party, any Confidential Information. Recipients shall inform their employees and all others to whom Confidential Information is disclosed of their strict obligations under this Agreement, prior to any such disclosure, and take all necessary steps to secure its confidentiality.

c. Material is not Confidential Information to the extent that it:

- i. is in the public domain at the time of disclosure;
- ii. enters the public domain through no act by any Recipient before or at the time of its disclosure to the public domain;
- iii. is rightfully communicated by a third party to a Recipient, free of any obligation of confidence, after disclosure; or
- iv. is developed by a Recipient independently of the Confidential Information.

d. In no event shall Recipients acquire any right to or interest in the Confidential Information, which remains the property of the disclosing party and

shall be returned promptly at its request, along with all copies or derivative works thereof. Any information that Recipient has incorporated into any software, databases, or other media or embodiments shall be deleted and destroyed by Recipient, and upon request by the disclosing party the Recipient shall furnish reasonable proof thereof. This Paragraph XI.d. shall not apply to the Wastewater Assets transferred on or following the Closing Date.

e. Recipient's obligations under this Agreement begin on the date stated above, and shall survive the termination of this Agreement.

f. The parties who execute this Agreement acknowledge that as a Recipient under this Article XI., they act on behalf of any person or entity who could benefit from the Confidential Information.

g. The terms of this Agreement shall be confidential and shall not be disclosed unless compelled by court order, subpoena or as agreed by the Parties, for the purpose of the enforcement of this Agreement or otherwise.

XII. Additional Provisions

In addition to the other terms and conditions of this Agreement:

a. The parties will maintain the confidentiality of this Agreement according to the provisions of Article XI. hereof.

b. To the extent required under Texas Water Code Chapter 13 or 30 TAC Chapters 290 and 291, as necessary for HMW to maintain or dispose of its portable wastewater treatment plant, or provide water service pursuant to HMW's Tariff, at HMW's request at any time after the Closing Date QUADVEST shall, except to the extent it would conflict with the QUADVEST's use at the time of the request or proposed future use of the property, execute and deliver (a) access easements over its property for maintenance, repair, monitoring and transport of the portable wastewater treatment plant, and (b) sanitary control easements that encumber its property as required and provided by 30 TAC §290.41.

c. To the extent permitted by applicable law, the parties may jointly market their respective services, i.e. water service by HMW and wastewater disposal by QUADVEST, in geographic areas in which both are authorized or become authorized to operate under applicable law. No such marketing shall ever be used to deny or result in the denial of service to any potential customer that otherwise qualifies to receive it from either party hereto, or be conditioned on the

payment of any rate or term of service required jointly by the parties hereto.

d. Immediately after the Closing and any required final approvals by regulatory authorities, all wastewater utility customers of HMW will automatically become wastewater utility customers of QUADVEST, subject to the terms of their ongoing customer service agreements. As provided by Article VII. of this Agreement, HMW shall assign to QUADVEST all wastewater customer deposits and service agreements of such customers. During the Diligence Period, HMW agrees to provide QUADVEST a list of all such customer accounts and deposits subject to the transfer and to provide an updated list at Closing.

e. HMW shall cooperate with QUADVEST to provide notice of the transfer to HMW's wastewater customers.

f. QUADVEST shall be entitled to receive all revenues and fees for wastewater utility service rendered by QUADVEST after the Closing, subject only to any required final regulatory approvals, unless otherwise agreed in writing.

g. The Parties shall cooperate to prevent any interruption of wastewater service resulting from the transfer of services.

h. From and after the date of execution of this Agreement, and up to and including the Closing Date, HMW, at HMW's sole cost and expense, shall continue to operate, manage, and maintain the Wastewater Assets in substantially the same condition that HMW has heretofore operated, managed, and maintained the Wastewater Assets.

i. No HMW employees are to become QUADVEST employees by reason of this Agreement, and QUADVEST makes no representations or guarantee as to the hiring of any employees of HMW following the execution and subsequent closing of this Agreement.

XIII. Indemnification

a. TO THE EXTENT ALLOWED BY LAW, HMW AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS QUADVEST, ITS OFFICERS, EMPLOYEES, DIRECTORS AND AGENTS, FROM AND AGAINST ALL CLAIMS, CAUSES OF ACTION, LOSSES, DAMAGES, SUITS, LIABILITIES, COSTS AND EXPENSES, INCLUDING EXPENSES OF LITIGATION, SUCH AS COURT COSTS AND ATTORNEY'S FEES, ARISING OUT OF OR IN CONNECTION WITH ITS EXECUTION AND

PERFORMANCE OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE BREACH OF, OR THE FAILURE TO PERFORM OR SATISFY, ANY REPRESENTATION, WARRANTY, OR COVENANT MADE BY HMW IN THIS AGREEMENT.

b. TO THE EXTENT ALLOWED BY LAW, QUADVEST AGREES TO INDEMNIFY, DEFEND AND HOLD HARMLESS HMW, ITS OFFICERS, EMPLOYEES, DIRECTORS AND AGENTS, FROM AND AGAINST ALL CLAIMS, CAUSES OF ACTION, LOSSES, DAMAGES, SUITS, LIABILITIES, COSTS AND EXPENSES, INCLUDING EXPENSES OF LITIGATION, SUCH AS COURT COSTS AND ATTORNEY'S FEES, ARISING OUT OF OR IN CONNECTION WITH ITS EXECUTION AND PERFORMANCE OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE BREACH OF, OR THE FAILURE TO PERFORM OR SATISFY, ANY REPRESENTATION, WARRANTY, OR COVENANT MADE BY QUADVEST IN THIS AGREEMENT.

c. THE INDEMNITIES PROVIDED BY THE PARTIES IN THIS ARTICLE XIII. SHALL SURVIVE THE CLOSING.

XIV. Remedies and Termination

a. QUADVEST's Remedies. Notwithstanding any provision of this Agreement to the contrary except Paragraph XIII. ("Indemnification"), in the event HMW materially fails or refuses to timely comply with HMW's pre-closing obligations hereunder or is unable to do so as a result of HMW's acts or failures to act, QUADVEST may: (i) enforce this Agreement by specific performance, mandamus or similar remedy; (ii) terminate this Agreement by giving HMW written notice of such election prior to or at Closing and thereupon this Agreement shall terminate and HMW and QUADVEST shall be relieved and released of all obligations and claims and liabilities hereunder; or (iii) waive prior to or at Closing the objection or condition and proceed to close the transaction in accordance with the remaining terms of this Agreement.

b. HMW's Remedies. Notwithstanding any provision of this Agreement to the contrary except Paragraph XIII. ("Indemnification"), in the event QUADVEST materially fails or refuses to timely comply with QUADVEST's pre-closing obligations hereunder or is unable to do so as a result of QUADVEST's acts or failures to act, HMW may (i) enforce this Agreement by specific performance, mandamus or similar remedy; (ii) terminate this Agreement by giving QUADVEST written notice of such election prior to or at Closing and

thereupon this Agreement shall terminate and HMW and QUADVEST shall be relieved and released of all obligations and claims and liabilities hereunder; or (iii) waive prior to or at Closing the objection or condition and proceed to close the transaction in accordance with the remaining terms of this Agreement.

c. Notice and Opportunity to Cure. If any Party (referred to herein as the “Defaulting Party”) fails to comply with its obligations under this Agreement or is otherwise in breach or default under this Agreement (collectively, a “Default”) then the other Party (referred to herein as the “Non-Defaulting Party”) shall not have any right to invoke any rights or remedies, including those specified in Paragraphs XIV. a. and b. above, with respect to any Default until and unless: (i) the Non-Defaulting Party delivers to the Defaulting Party a written notice (the “Default Notice”) which specifies the particulars of the Default and specifies the actions necessary to cure the Default; and (ii) the Defaulting Party fails to cure, within ten (10) days after the Defaulting Party’s receipt of the Default Notice, any matters specified in the Default Notice which may be cured solely by the payment of money, or the Defaulting Party fails to cure any matters specified in the Default Notice which cannot be cured solely by the payment of money within sixty (60) after the Defaulting Party’s receipt of the Default Notice unless such time is otherwise extended at Non-Defaulting Party’s sole discretion.

d. Termination. The Parties may terminate this Agreement as provided below or as specifically set forth elsewhere in this Agreement:

i. The Parties may terminate this Agreement by mutual written consent at any time prior to the Closing;

ii. Either Party may terminate this Agreement by giving written notice to the other Parties if the Closing shall not have occurred on or before eighteen (18) months after the Effective Date of this Agreement; or

iii. A Party may terminate this Agreement upon the bankruptcy, insolvency or dissolution of the other Party.

XV. Arbitration

Subject to the rights of the parties to seek injunctive relief, either as set forth specifically in this Agreement or as otherwise provided by applicable law, either party may invoke arbitration of any dispute that arises hereunder, including any allegation of default and material breach as provided in Article XIV. above. The arbitration of disputes, when invoked, shall be governed by the Commercial Arbitration Rules of the

American Arbitration Association, unless the parties shall otherwise agree. The venue of the arbitration shall be Houston, Texas.

XVI. General Provisions

The following provisions also apply to this Agreement:

a. Severability. If any provision, or portion thereof, of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions thereof shall not be affected, and in lieu of such unenforceable provision there shall be added automatically as part hereof a provision as similar in terms as may be valid and enforceable.

b. Construction. Whenever used herein, the singular number will include the plural, and the plural number will include the singular. Pronouns in the masculine, feminine, or neuter gender will include each other gender. This Agreement has been drafted by all of the parties and no portion thereof should be construed against any of the parties.

c. Governing Law. This Agreement has been executed in and will be governed by the laws of the State of Texas.

d. Successors. The provisions hereof shall benefit and be binding on the assigns, successors in interest, personal representatives, estates, heirs and legatees of each of the parties hereto.

e. Amendment. This Agreement may be amended only by the written consent of all parties hereto at the time of such amendment.

f. Assignment Prohibited. The rights and duties provided by this Agreement are not assignable except as provided by a subsequent express agreement of the parties, which shall not be unreasonably withheld by either party hereto.

g. Entire Agreement; Counterparts. This Agreement contains the entire agreement among the parties concerning its subject matter. No representations, agreements, arrangements or understandings, oral or written, exist between or among the parties hereto, relating to the subject matter of this Agreement, which are not fully expressed herein. It is executed in one or more counterparts, each of which shall be considered one and the same agreement.

h. Waiver. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by any party.

i. Time of Essence. Time is of the essence in the parties' performance hereof.

j. Notices. Notices from any party to another party to this Agreement may be delivered or telecopied to the following addresses and numbers:

HMW:

Mr. W.K. Coe
HMW Special Utility District
of Harris and Montgomery Counties
26718 Decker Prairie-Rosehill Road
Pinehurst, Texas 77362

QUADVEST, L. P. :

Gary Sequeira, Managing Partner
26926 F. M. 2978
Magnolia, Texas 77354

WITH A COPY TO:

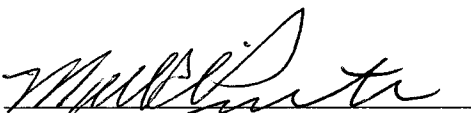
Patrick F. Timmons, Jr.
8556 Katy Freeway, Suite 120
Houston, Texas 77024
(713) 465-7638 Office
(713) 465-9527 Facsimile

WITH A COPY TO:


Peter T. Gregg
Fritz, Byrne, Head & Harrison, PLLC
98 San Jacinto Blvd., Suite 2000
Austin, TX 78701
(512) 476-2020 - Office
(512) 477-5267 - Facsimile

EXECUTED this 27th day of February, 2012.

HMW Special Utility District
of Harris and Montgomery Counties

By: 
Mark Pinter, President

QUADVEST, L. P.

By: 
~~Gary Sequeira, Managing Partner~~
Simon Sequeira, Manager

STATE OF TEXAS

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COUNTY OF MONTGOMERY

On the 27th day of February, 2012, Mark Pinter did appear before the undersigned notary public, and did, under oath, state that he was the President of HMW Special Utility District of Harris and Montgomery Counties, and that he was duly authorized to and did execute the foregoing Agreement in that capacity and for the considerations recited herein, in witness of which I place my hand and seal of office.



A handwritten signature in black ink, appearing to be "KVR", written over a horizontal line.

Notary Public in and for
The State of Texas

STATE OF TEXAS

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COUNTY OF MONTGOMERY

On the 28th day of February, 2012, ^{Simon} Gary Sequeira of QUADVEST, L. P. did appear before the undersigned notary public, and did, under oath, state that he was duly authorized Managing Partner and did execute the foregoing Agreement in that capacity and for the consideration recited herein, in witness of which I place my hand and seal of office.

A handwritten signature in black ink, appearing to be "M Morgan", written over a horizontal line.

Notary Public in and for
The State of Texas

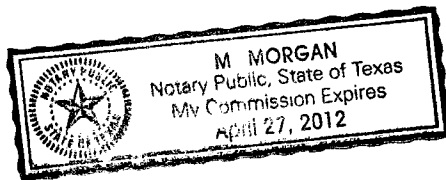


Exhibit A – Facilities

The following personal property and fixtures, but excluding the underlying real property, described as follows:

1. Four (4) HP, Three (3) Phase, 240V Grinder Lift Station on the west side of Missouri-Pacific Street, Magnolia, Texas, adjacent to the real property described in Paragraph 2., Exhibit B to this Agreement.
2. 2.3 HP, One (1) Phase, 240V Grinder Lift Station at 31507 Johlke Road, Magnolia, Texas.
3. Five (5) HP, Three (3) Phase, 240V Grinder Lift Station at 31931 State Highway 249, Decker Prairie, Texas.
4. 2.3 HP, One (1) Phase, 240V Grinder Lift Station at 32010 State Highway 249, Decker Prairie, Texas.
5. Five (5) HP, Three (3) Phase, 240V Lift Station at 27426 ½ Decker Prairie-Rosehill Road, Magnolia, Texas, across from the Decker Prairie Elementary School.
6. All equipment, wastewater lines, controls, power lines and connections that (a) connect the above-referenced lift stations to each other, (b) connect the HMW wastewater system that is constituted by those and other facilities to HMW's Portable Wastewater Treatment Plant, described in Paragraph 1., Exhibit B to this Agreement, and (c) connect HMW's wastewater system to its residential and commercial customers of such system.

Exhibit B – Assets Not Transferred by Agreement

1. 5500 Package Portable Wastewater Treatment Plant with steel aeration, digestion, final clarification and chlorine clarifier tankage, with all related equipment, piping and attachments, located on the date of the Agreement on the property described in Paragraph 2. below.
2. That certain real property in Montgomery County, Texas, such property being the location on the date of this Agreement of certain personal property transferred under this Agreement, being described as follows:

BEING THE SURFACE ONLY OF .123 acre of land in the BRASHEAR SURVEY A-96, Montgomery County, Texas and part of a 34.12 acre tract conveyed A.B.C. Land & Development Company as recorded in Volume 828, Page 697, Deed Records of Montgomery County, Texas; also part of a certain tract conveyed A.R. Coe recorded in Volume 106, Page 305, Deed Records of Montgomery County, Texas, more fully described as follows:

BEGINNING at an iron rod set for corner, being S 0 deg. 13' W, 204.0 feet and N 89 deg. 47' W, 120.0 feet from the Northeast corner of the 34.12 acre tract;

THENCE S 77 deg. 00' W 53.4 feet to an iron rod set for corner;

THENCE S 0 deg. 13 W, 103.0 feet to an iron rod set for the Southeast corner, being in the north line of an 0.122 acre tract more fully described in Deed recorded under Film Code No. 200-00-2385, Real Property Records of Montgomery County, Texas;

THENCE N 77 deg. 00' E, 53.4 feet along the north line of said 0.122 acre tract to an iron rod set for corner, same being the Northeast corner of said 0.122 acre tract;

THENCE N 0 deg. 13' E, 103.0 feet to the PLACE OF BEGINNING and containing .123 acre of land.
3. 100KW Baldor propane driven generator, with 400A rated automatic transfer switch, with NEMA 3R enclosure, located on the date of this Agreement on the property described in Paragraph 2.
4. With the exception of the fixtures described on Exhibit A, fee title by deed or transfer to the real property underlying or surrounding the personal property described on Exhibit A to this Agreement.
5. The wastewater lift stations located at the Decker Prairie Elementary School, Living Stones Church at 26605 Peden Road, Decker Prairie, Texas, and at 26726 Decker Prairie-Rosehill Road, adjacent to HMW's office, which are owned and maintained by their respective owners.
6. Any and all rights and obligations of HMW that pertain to its providing water service to its customers for such service, including but not limited to customer deposits for such services.

Exhibit C – Contracts

1. Restated Non-Standard Water Service Agreement between HMW, Quadvest and Gicor, Inc., dated May 26, 2011.
2. Non-Standard Water and Wastewater Service Agreement between HMW and the Tomball Industrial Park Joint Venture I-2005, dated July 26, 2007.
3. Non-Standard Water and Wastewater Service Agreement between HMW and Gordon Clunn, and spouse Sandra Clunn, dated June 19, 2007, as amended on April 18, 2008.
4. Non-Standard Water and Wastewater Service Agreement between HMW and W.P. Engineering Consultants, Inc., dated July 26, 2010.
5. Non-Standard Water and Wastewater Service Agreement between HMW and Jim Oates, dated October 4, 2007.
6. Non-Standard Water and Wastewater Service Agreement between HMW and Bruce Chapin, Tomball Development Group, L.L.C., Richard Fuller Homes, L.L.C., Concord Estates Owner's Association, Inc. and Royce Homes, L.P., dated May 10, 2004.
7. Non-Standard Water and Wastewater Service Agreement between HMW and Tech Field Development, L.L.C., dated August 15, 2011.
8. Non-Standard Water and Wastewater Service Agreement between HMW and Bread of Life Church of Tomball, Texas, Inc., dated March 28, 2004.
9. Non-Standard Water and Wastewater Service Agreement between HMW and Jacky J. Jumper and Alan G. Young, dated April 28, 2006.
10. Non-Standard Water and Wastewater Service Agreement between HMW and Aggie Expressway Property Company, dated August 2, 2006.
11. Non-Standard Water and Wastewater Service Agreement between HMW and Steve Bridges and spouse, Marla Bridges, dated June 26, 2007.
12. Non-Standard Water and Wastewater Service Agreement between HMW and Breaux Properties, L.P., dated January 30, 2007.
13. All standard customer agreements between HMW and its wastewater service customers, including its rights in customer deposits for wastewater service, but only to the extent of HMW's rights and obligations with regard to such service.
14. Any and all maintenance, repair, service, operating and consulting agreements between HMW and other parties that pertain to its operation of the Wastewater Assets.

Exhibit D — Easements and Non-Fee Real Property Interests

1. The Grant of Easement to HMW from the ABC Land Development Company dated August 12, 2000, for a restrictive easement under 30 TAC § 309.13 (d)(3), limited in duration to the time period during which Quadvest operates HMW's portable wastewater treatment plant, as further described in Article X. of this Agreement.
2. The Water and Sewer Line Easement to HMW from Bread of Life Church of Tomball, Texas, dated January 29, 2004, limited to the rights granted therein for access, operation, maintenance, inspection and other rights pertaining to the wastewater lines, facilities and equipment transferred by HMW to Quadvest under this Agreement.
3. The Warranty Deed and Bill of Sale to HMW from Steve Bridges and spouse, Marla Bridges, dated June 26, 2007, and the Correction Warranty Deed to HMW from such grantors dated September 19, 2008, to convey certain water and wastewater lines and improvements to the underlying property described therein, but limited solely to the wastewater lines and improvements described and located therein that are transferred by HMW to Quadvest under this Agreement.
4. The Access Easement to HMW from Steve Bridges and spouse, Marla Bridges, dated June 26, 2007, for access to certain water and wastewater lines and improvements described therein, but limited to the rights granted therein, with regard to HMW's wastewater lines and improvements that are transferred by HMW to Quadvest under this Agreement.
5. HMW's right, title and interest in and to its right of access from public roads and rights of way to the facilities described on Exhibit A to this Agreement.
6. Any and all easements by prescription held by HMW from public roadways across private property for access to the Facilities, as further identified on Exhibit A to this Agreement.
7. Any and all rights to title under applicable statutes of limitation or prescription to real property that underlies the lift stations transferred to Quadvest under this Agreement, as described on Exhibit A to this Agreement.
8. All other land and interests therein owned or held by HMW necessary for access to or the installation, operation, repair or maintenance of or other use of the Facilities and Fixtures, but limited to such purpose, including such other land and interests identified pursuant to the asset and title review processes set forth in Paragraph IV. of this Agreement.

Exhibit E

Current Customer Accounts and Deposits for Wastewater Service



House Bill (HB) 1600 and Senate Bill (SB) 567 83rd Legislature, Regular Session, transferred the functions and records relating to the economic regulation of water and sewer utilities from the TCEQ to the PUC effective September 1, 2014.

Central Records Personally Identifiable Information Audit

NOTICE OF REDACTION

Documents containing Personally Identifiable Information* have been redacted from electronic posting, in accordance with Texas privacy statutes.

*"Personally Identifiable Information" (PII) is defined to include information that alone or in conjunction with other information identifies an individual, including an individual's: Social security or employer taxpayer identification number, driver's license number, government-issued identification card number, or passport numbers, checking and savings account numbers, credit card numbers, debit card numbers, unique electronic identification number, address, or routing code, electronic mail names or addresses, internet account numbers, or internet identification names, digital signatures, unique biometric data, and mother's maiden name, marriage and any other numbers or information used to access an individual's financial account.

Exhibit F

Promissory Note Form

Promissory Note

Date: February __, 2012

Borrower: QUADVEST, L.P., a Texas limited partnership, ("QUADVEST").

Borrower's Mailing Address:

QUADVEST, L.P.
26926 F. M. 2978
Magnolia, Texas 77354
Montgomery County, Texas

Lender: HMW SPECIAL UTILITY DISTRICT, a Texas water district and political subdivision ("HMW").

Place for Payment:

26718 Decker Prairie-Rosehill Road, Magnolia, Montgomery County, Texas
77362, or any other place that Lender may designate in writing.

Principal Amount: \$ _____

Annual Interest Rate: Zero Percent (0%)

Maturity Date: _____

Annual Interest Rate on Matured, Unpaid Amounts: Fifteen Percent (15%)

Terms of Payment:

The Principal Amount and interest are due and payable in equal monthly installments of _____ DOLLARS (\$ _____), on the first day of each month, beginning _____ and continuing until the expiration of twenty four (24) months from the date of first payment of this note, when the entire amount of principal and accrued, unpaid interest will be payable in full. Payments will be applied first to accrued interest and the remainder to reduction of the Principal Amount.

Security for Payment: None.

Borrower promises to pay to the order of Lender the Principal Amount at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. If any amount is not paid either when due under the Terms of Payment or on acceleration of maturity, Borrower promises to pay any unpaid amounts plus interest from the date the payment was due to the date of payment at the Annual Interest Rate on Matured, Unpaid Amounts.

If Borrower defaults in the payment of this note or in the performance of any obligation in any instrument securing or collateral to this note, Lender may declare the unpaid principal balance, earned interest, and any other amounts owed on the note immediately due. Notwithstanding any other provision of this note, in the event of a default, before exercising any of Lender's remedies under this note, Lender will first give Borrower written notice of default and Borrower will have ten days after notice is given in which to cure the default. If the default is not cured ten days after notice, Borrower and each surety, endorser, and guarantor waive all demand for payment, presentation for payment, notice of intention to accelerate maturity, notice of acceleration of maturity, protest, and notice of protest, to the extent permitted by law.

Borrower also promises to pay reasonable attorney's fees and court and other costs if this note is placed in the hands of an attorney to collect or enforce the note. These expenses will bear interest from the date of advance at the Annual Interest Rate on Matured, Unpaid Amounts. Borrower will pay Lender these expenses and interest on demand at the Place for Payment. These expenses and interest will become part of the debt evidenced by the note and will be secured by any security for payment.

Prepayment: Borrower may prepay this note in any amount at any time before the Maturity Date without penalty or premium.

Application of Prepayment: Prepayments will be applied to installments on the last maturing principal, and any interest on that prepaid principal will immediately cease to accrue.

Interest on the debt evidenced by this note will not exceed the maximum rate or amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the Principal Amount or, if the Principal Amount has been paid, refunded. On any acceleration or required or permitted prepayment, any excess interest will be canceled automatically as of the acceleration or prepayment or, if the excess interest has already been paid, credited on the Principal Amount or, if the Principal Amount has been paid, refunded. This provision overrides any conflicting provisions in this note and all other instruments concerning the debt.

When the context requires, singular nouns and pronouns include the plural.

A default exists under this note if (1) Borrower or fails to timely pay or perform any obligation or covenant in any written agreement between Lender and Borrower; (2) any warranty, covenant, or representation in this note or in any other written agreement between Lender and Borrower is materially false when made; (3) a receiver is appointed for Borrower; (4) a bankruptcy or insolvency proceeding is commenced by Borrower; (5) (a) a bankruptcy or insolvency proceeding is commenced against Borrower, and (b) the proceeding continues without dismissal for sixty days, the party against whom the proceeding is commenced admits the material allegations of the petition against it, or an order for relief is entered; and (6) The Borrower is dissolved, begins to wind up its affairs, is authorized to dissolve or wind up its

affairs by its governing body or persons, or any event occurs or condition exists that permits the dissolution or winding up of the affairs of Borrower.

The execution and delivery of this note are required under a loan agreement of the same date as the note.

If any provision of this note conflicts with any provision of a loan agreement, deed of trust, or security agreement of the same transaction between Lender and Borrower, the provisions of the note will govern to the extent of the conflict.

This note will be construed under the laws of the state of Texas, without regard to choice-of-law rules of any jurisdiction.

Quadvest, L. P.

HMW Special Utility District of
Harris and Montgomery Counties

By: _____
Gary Sequeira, Managing Partner

By: _____
Mark Pinter, President

Exhibit G

CCN Expansion Area Map

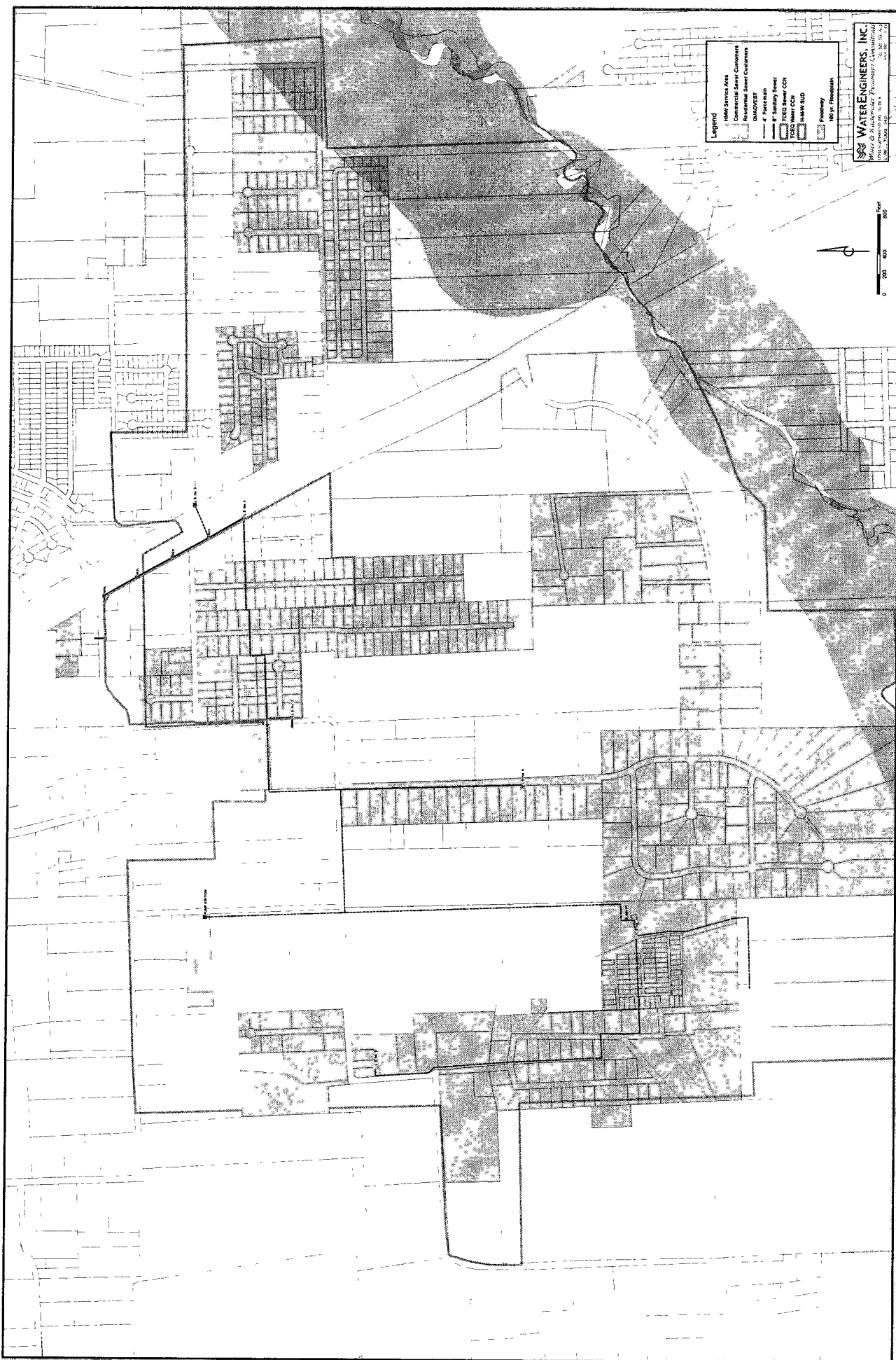


Exhibit H

Water Service Termination Form

EXHIBIT "H"

General Manager
HMW Special Utility District
26718 Decker Prairie-Rosehill Road
Pinehurst, Texas 77362

REQUEST TO TERMINATE WATER SERVICE **FOR NONPAYMENT OF WASTEWATER BILLING**

1. QUADVEST, L. P., a Texas limited partnership ("QUADVEST"), hereby requests your termination of water service to the following utility customer and service address:
2. In connection therewith, QUADVEST represents the following:
 - a. It is in compliance with the provisions for service termination with notice set forth in the current Rate Tariff and Order of HMW Special Utility District ("HMW").
 - b. It acknowledges the warranty disclaimer set forth in its Agreement for Sale and Purchase of Wastewater System Assets with HMW, dated February __, 2012 (the "Agreement") and that this request is based on the referenced customer's nonpayment of billings that originate from meter readings by QUADVEST 's agents and employees.
 - c. Concurrently with this request, QUADVEST has advised the referenced customer of QUADVEST's requirements for the reconnection of service.
 - d. The undersigned person is an employee or agent of QUADVEST who is authorized thereby to issue this request and provide representations and the indemnification contained herein.

3. THE FOLLOWING INDEMNIFICATION BY QUADVEST APPLIES TO THIS REQUEST TO TERMINATE WATER SERVICE:

SUBJECT TO THE LIMITATIONS ON THE FEES AND COSTS SET FORTH IN SECTION IX.e. OF THE AGREEMENT, QUADVEST SHALL FULLY AND UNCONDITIONALLY PROTECT, INDEMNIFY AND DEFEND HMW, ITS OFFICERS, AGENTS AND EMPLOYEES, AND HOLD IT HARMLESS FROM AND AGAINST ANY AND ALL COSTS, EXPENSES, REASONABLE ATTORNEY'S FEES, CLAIMS, SUITS, LOSSES OR LIABILITY FOR INJURIES TO PROPERTY, INJURIES TO PERSONS (INCLUDING QUADVEST'S EMPLOYEES) INCLUDING DEATH, AND FROM ANY OTHER COSTS, EXPENSES, REASONABLE ATTORNEYS FEES, CLAIMS, SUITS, LOSSES OR LIABILITIES OF ANY AND EVERY NATURE WHATSOEVER ARISING IN ANY MANNER, DIRECTLY OR INDIRECTLY, OUT OF OR IN CONNECTION WITH OR IN THE COURSE OF OR IN CONNECTION HERewith, REGARDLESS OF CAUSE OR OF THE SOLE, JOINT, COMPARATIVE OR CONCURRENT NEGLIGENCE OF HMW, ITS OFFICERS, AGENTS OR EMPLOYEES.

QUADVEST, L.P.

By: _____
Managing Partner