

Control Number: 43074



Item Number: 39

Addendum StartPage: 0

**B & D ENVIRONMENTAL, INC.**

913 HYDE PARK DR.  
ROUND ROCK, TEXAS 78665  
PHONE NO: (512) 264-9124  
FAX NO: (512) 692-1967

EMAIL: [bretfenner@yahoo.com](mailto:bretfenner@yahoo.com)

June 27, 2016

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Public Utility Commission  
Central Records  
1701 N. Congress P.O. Box 13326  
Austin, Texas 78711-3326

Re: Docket No. 43074 - Application of J&S Water Company, LLC and Utilities Investment Company, Inc. for Sale, Transfer or Merger of Facilities and Certificate Rights in Harris County

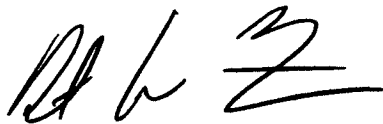
Dear Administrative Law Judge:

In regards to Order No. 12, enclosed please find the following sufficient closing documents regarding this application:

1. Assumption Agreement
2. Sale Agreement
3. General Warranty Deed and Assignment
4. Approval by members of J & S Water Company, LLC approving the sale of systems.

Should you have any further questions concerning this application, please do not hesitate to contact me at (512) 264-9124.

Sincerely,



Bret W. Fenner, P.E.  
B & D Environmental, Inc.

Enclosure

39

## ASSUMPTION AGREEMENT

This agreement is entered into on the 9 day of August, 2011 by and between J & S WATER COMPANY, LLC, a Texas limited liability company (hereinafter "J & S") and UTILITIES INVESTMENT CO., a Texas corporation (hereinafter "Utilities") as follows:

WHEREAS, J & S desires to sell and Utilities desires to purchase, pursuant to a Sale Agreement of even date herewith, certain water plants and distribution systems and sewer plants and collection systems and associated real property, personal property, and intangibles (collectively referred to as "Property") commonly referred to as:

- (a) Aldine Village Sewer Plant and collection system
- (b) Aldine Village Water Plant & distribution system
- (c) Azalea Estates Water Plant & distribution system
- (d) Cottonwood Water Plant and distribution system
- (e) Cypress Hill Water Plant and distribution system

WHEREAS, the Property is encumbered by that one and certain Deed of Trust dated December 4, 2006 granted by J& S (hereinafter "Deed of Trust") as security for that one and certain promissory note dated December 4, 2006, in the original principal amount of \$1,518,950.00 made payable by J & S to Crosby State Bank (hereinafter "Note");

WHEREAS, Utilities has agreed, pursuant to the Sale Agreement, to assume 42% of the outstanding principal of the Note as partial consideration for the purchase of the Property; and

WHEREAS, the parties enter into this Assumption Agreement for the purpose of assuring future performance pursuant to the terms of the Note and for the additional purpose of assuring future performance pursuant to the terms of the Deed of Trust;

NOW THEREFORE, as additional consideration for the conveyances, covenants, terms and conditions contained in the Sale Agreement and in consideration of the covenants made herein, the parties hereto agree to adhere to the following terms, conditions and obligations so long as any principal or interest remains unpaid on the Note, to-wit:

1. The parties agree that Utilities will henceforth assume all of the financial duties and obligations of Shannon Marsh (hereinafter "Marsh") under that one and certain System Operation Agreement dated March 20, 2008 in order to assure that Marsh's obligations will be fulfilled with respect to payments due on the Note, Property insurance premiums, franchise taxes, income taxes, real property taxes, and personal property taxes.

2. Utilities agrees that all income from the Property will be deposited into that one and certain J & S checking account number 1826079 at Crosby State Bank and that such income will be used to pay Marsh's obligations under the System Operation Agreement prior to further distribution of such income by Utilities for the purpose of paying Utilities' other operational expenses, overhead and profit distributions.

3. Utilities, Nowling and J&S agree that the income and expenses attributable to the Property will be combined with the income and expenses attributable to the operation of J & S for the purpose of filing combined income tax returns and franchise tax returns with 42% of income and/or loss to be attributable to Shannon Marsh as an owner of 42% of the Membership Interests of J & S pursuant to the Agreement of Members of J & S dated March 21, 2006.

4. The Property will continue to be insured under policies in the name of J&S with proceeds paid on said policies to be paid by J & S to Utilities immediately upon receipt by J & S subject to the rights of Crosby State Bank under the terms of the Note and Deed of Trust.

5. Utilities shall not sale any of the Property until the Note is paid in full and the Deed of Trust is released

6. Utilities shall not record the general warranty deed by which it takes title to the Property until the Note is paid in full.

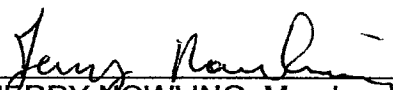
**Utilities Investment Co.**

By: 

SHANNON MARSH, President

Date Signed: 8/9/11

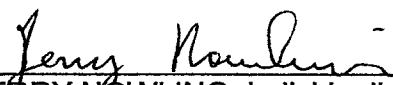
**J&S Water Company, LLC**

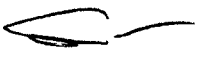
By:   
JERRY NOWLING, Member

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

By:   
SHANNON MARSH, Member

Date Signed: 8/9/11

  
JERRY NOWLING, Individually

  
SHANNON MARSH, Individually

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

## SALE AGREEMENT

THE STATE OF TEXAS   §  
                                  §       KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF HARRIS   §

J & S WATER COMPANY, LLC a Texas limited liability company ("Grantor"), for the consideration stated hereinbelow, paid to Grantor by UTILITIES INVESTMENT CO., a Texas corporation ("Grantee"), the receipt and sufficiency of which is hereby acknowledged, has granted, sold, and conveyed, and by these presents does grant, sell, assign and convey unto Grantee, its successors and assigns, the following:

Water/Sewer Utility Plants & Personal Property. The following sewer plants with collection systems, water plants with distribution systems and all items of tangible personal property owned by Grantor, and located in Harris County, Texas used in conjunction with, located on or within the following state-certificated retail public water and/or sewer systems:

- (a) Aldine Village Sewer Plant and collection system
- (b) Aldine Village Water Plant & distribution system
- (c) Azalea Estates Water Plant & distribution system
- (d) Cottonwood Water Plant and distribution system
- (e) Cypress Hill Water Plant and distribution system

consisting of all of the personal property used and/or owned by Grantor in connection with Grantor's water and sewer utility systems herein conveyed. Said water and sewer systems are identified on Exhibit "1" attached hereto and incorporated herein. Said personal property is located on, under and or in conjunction with water or sewer utility systems located on real property described on Exhibit "2" attached hereto and incorporated herein.

Property Agreements. All of the Grantor's right, title, and interest as owner of the Real Property, Personal Property, Intangibles, water plants, distribution systems, sewer plants and collection systems herein conveyed and, to the extent Grantor's interest is assignable, in and to any and all agreements that relate solely to the ownership, use, leasing, management, advertising, security, maintenance, construction, or operation of the Real Property, Personal Property, Intangibles, water plants, distribution systems, sewer plants and collection systems herein conveyed.

Intangibles. To the extent and relating solely to the ownership, development use, or projected use, maintenance, or operation of the Property Agreements, Real Property, Personal Property, Intangibles, water plants, distribution systems, sewer plants and collection systems, all of Grantor's right, title, and interest in and to all (i) plans, models, drawings, specifications, surveys, engineering reports, and other technical descriptions or materials that are in the possession of Grantor or its representatives (the "Plans"); (ii) warranties, guaranties, indemnities, and claims (the "Warranties"); (iii) licenses, permits, franchises, and similar rights issued by any federal, state, or municipal authority, including, without limitation, any waste, wastewater, storm sewer, or other utility capacity reservations or allocations issued solely for the benefit of the Property Agreements, Real Property, Personal Property, Intangibles, water plants, distribution systems, sewer plants and collection systems, or improvements to be constructed on the above described land (the "Permits"); and (iv) all other claims or causes of action related thereto.

Real Property. All realty owned by Grantor upon which the water plants, distribution systems, sewer plants and collection systems are located, including all tracts of realty described within Exhibit "2" attached hereto together with all improvements thereon including but not limited to water wells, pump equipment, pump houses, water storage tanks, water pressure tanks, water treatment plants, water distribution plants, sewer treatment plants and all appurtenances thereto including but not limited to collection lines, distribution lines, easements, right-of-ways and other areas appurtenant thereto and associated with the operation of the water plants, distribution systems, sewer plants and collection systems.

Easements. All of Grantor's right, title, and interest (at law or in equity), if any, in and to any and all pipeline, water distribution system, public utility, sanitary control and other easements, in, on or under the ground, used by or existing for the benefits of the water plants, distribution systems, sewer plants and collection systems. The assigned easements shall include, without limitation, those recorded easements more particularly described on Exhibit "2."

Accounts Receivable of Seller. All uncollected accounts receivable owed to Grantor and arising out of the operation of the plants and systems herein conveyed.

Customer Contracts / Deposits / Refunds. All of Grantor's rights and interests in and to the written and verbal contracts and agreements with its customers including customer deposits and rights and claims to refunds and adjustments of any kind owned by

Grantor as of the date of this Agreement

Papers / Records. All other papers and records (whether in written or other form) of any kind presently in or in the future coming into the care, custody, or control of Grantor relating to any of the assets sold to Grantee pursuant to this Agreement or the acquisition or past, present, or future operation of the water plants, distribution systems, sewer plants and collection systems, including but not limited to: customer lists, supplier lists, purchase and sales records, personnel and labor relations records, environmental control records, Texas Commission on Environmental Quality records, accounting and financial records, maintenance records, operating and management manuals, computer systems and software documentation, and business forms.

Permits / Licenses. All permits, licenses, franchises, consents, authorities, special authorities, and other similar acts of any government body (federal, state, county, city or local) held by Grantor, or by any individual strictly on behalf of Grantor, related to the operation of the water plants, distribution systems, sewer plants and collection systems that may lawfully be assigned or transferred, subject to any action by such body that may be required in connection with such assignment or transfer. Grantor consents to apply with Grantee for the transfer of any such license or permit to Grantee as may be necessary for the continued operation of the utility systems under applicable state and federal law.

### CONSIDERATION

(a) Assumption by Grantee of payment of 42% of the remaining obligation under that one and certain promissory note dated December 4, 2006, in the original principal amount of \$1,518,950 payable by J & S Water Company to Crosby State Bank;

(b) Assumption by Grantee of payment of all outstanding bills and other obligations arising from the operation of the water plants, distribution systems, sewer plants and collection systems herein conveyed from the date of this Agreement;

(c) Assumption by Grantee of payment of prorated taxes due on the personal property and real property herein conveyed for the 2011 tax year; and

(d) Assumption by Grantee of all outstanding obligations of Grantor that arise out of the customer contracts herein conveyed.

### FURTHER PERFORMANCE

Grantor agrees to acknowledge, execute and deliver to Grantee any further deeds, assignments, conveyances, other assurances, documents, and instruments of transfer reasonably requested by Grantee that are necessary for the performance of this Agreement. Grantor agrees to take any other action consistent with the terms of this Agreement that may be reasonably requested by Grantee for the purpose of assigning,



transferring, granting, conveying, and confirming to Grantee or reducing to possession any or all property and assets to be conveyed and transferred by this Agreement. If requested by Grantee, Grantor further agrees to prosecute or otherwise enforce in its own name for the benefit of Grantee any claims, rights, or benefits of Grantor that are transferred to Grantee by this Agreement and that require prosecution or enforcement in Grantor's name. Any prosecution or enforcement of claims, rights, or benefits under this paragraph shall be solely at Grantee's expense, unless the prosecution or enforcement is made necessary by a breach of this Agreement by Grantor. If Grantor incurs any costs to fulfill these requests of Grantee, Grantee shall reimburse or otherwise fund all such endeavors by Grantor as a condition of Grantor's obligation to continue with the same at the request of or for the benefit of Grantee.

#### RESCISSION OF AGREEMENT UPON TCEQ DENIAL

In the event that TCEQ denies approval in whole or in part of the transaction represented by this Agreement, then in such event, this Agreement shall be immediately and automatically rescinded, at Grantee's option, without notice and the parties hereto shall be excused from performance under this Agreement.

#### GOVERNING LAW AND VENUE

This Agreement shall be construed and governed by the laws of the State of Texas. Venue over any civil causes arising hereunder shall be vested in the courts of Harris County, Texas. Venue over any administrative causes arising hereunder shall be vested in the TCEQ and the courts of Travis County, Texas.

#### AMENDMENTS; WAIVER

This Agreement may be amended only in writing by the mutual consent of all of the parties. No waiver of any provision of this Agreement shall arise from any action or inaction of any party, except an instrument in writing expressly waiving the provision executed by the party entitled to the benefit of the provision.

#### ENTIRE AGREEMENT

This Agreement, together with any documents and exhibits given or delivered pursuant to this Agreement, constitutes the entire agreement between the parties to this Agreement. No party shall be bound by any communications between them on the subject matter of this Agreement unless the communication is (a) in writing, (b) bears a date contemporaneous with or subsequent to the date of this Agreement, and (c) is agreed to by all parties to this Agreement. On execution of this Agreement, all prior agreements or understandings between the parties shall be null and void.

## APPLICATION TO TCEQ FOR APPROVAL

The parties agree to immediately apply to TCEQ for approval of the conveyance of the assets and transfer of ownership to Purchaser and to use their best efforts to assist each other in timely preparing and filing all necessary forms and documents which are required by TCEQ to obtain approval of this transaction.

## ATTORNEY'S FEES

If any party hereto is a prevailing party in any legal proceeding brought under or in relation to this Agreement, such party is entitled to recover from the non-prevailing parties all costs of such proceeding and reasonable attorney's fees, including attorney's fees related to mediation. The terms and provisions of this paragraph shall survive Closing and/or termination of this Agreement.

## AGREEMENT DATE

The Agreement Date of this Agreement shall be the date of execution of the Agreement by all signatories hereto.

TO HAVE AND TO HOLD THE Personal Property, Real Property, Leases, Property Agreements, Plans, Warranties, Permits, Intangibles, Easements and Recorded Easements and all other property and rights herein conveyed together with all and singular rights and appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns, forever, and Grantor does hereby bind itself and its successors to WARRANT and FOREVER DEFEND title to the Personal Property, Real Property, Leases, Property Agreements, Plans, Warranties, Permits, Intangibles Easements and Recorded Easements unto said Grantee, its successors and assigns, against the lawful claims of any and all persons lawfully claiming or to claim the same or any part hereof.

Grantor warrants that there are no liens, encumbrances, or security agreements affecting the Personal Property, Real Property, Leases, Property Agreements, Plans, Warranties, Permits, Intangibles, Easements and Recorded Easements and all other property and rights herein conveyed and/or Grantor's interest therein other than recorded encumbrances, to the extent, but only to the extent, that said encumbrances are valid and subsisting and affect the Property, and the aforementioned loan, a portion of which is assumed by Grantee as set forth hereinabove.

*The remainder of this page is intentionally left blank. Signatures appear on next page.*

EXECUTED AND EFFECTIVE on 8/9, 2011.

GRANTOR:  
J&S Water Company, LLC

By:   
JERRY NOWLING, Member

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

By:   
SHANNON MARSH, Member

Date Signed: 8/9/11

GRANTEE:  
Utilities Investment Co.

By:   
SHANNON MARSH, President

Date Signed: 8/9/11

Address of Grantor:

J & S WATER COMPANY, L.L.C.  
P.O. Box ~~2482~~ 1165  
~~Conroe, Texas 77305~~  
Highlands, Tx 77562

Address of Grantee:

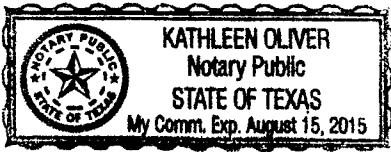
UTILITIES INVESTMENT CO.  
P.O. Box 279  
New Waverly, TX 77358

**Return to Grantee after recording**

THE STATE OF TEXAS §  
COUNTY OF Harris §

This instrument was acknowledged before me by Jerry Nowling, Member of J&S Water Company, LLC, a Texas limited liability company, who did state under oath that he was authorized and did execute the foregoing in that capacity for the purposes and the considerations recited therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9 day of August, 2011.



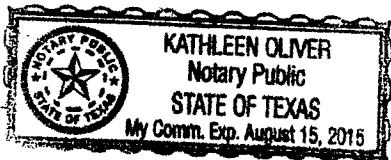
Kathleen Oliver  
Notary Public in and for the State of Texas

Printed Name: Kathleen Oliver  
My Commission Expires: 8-15-2015

THE STATE OF TEXAS §  
COUNTY OF Harris §

This instrument was acknowledged before me by Shannon Marsh, Member of J&S Water Company, LLC, a Texas limited liability company, who did state under oath that he was authorized and did execute the foregoing in that capacity for the purposes and the considerations recited therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9 day of August, 2011.



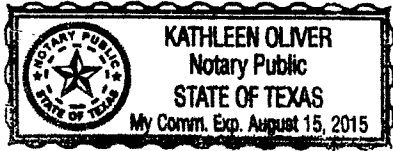
Kathleen Oliver  
Notary Public in and for the State of Texas

Printed Name: Kathleen Oliver  
My Commission Expires: 8-15-2015

THE STATE OF TEXAS §  
COUNTY OF Harris §

This instrument was acknowledged before me by Shannon Marsh, President of Utilities Investment Co., a Texas corporation, who did state under oath that he was authorized and did execute the foregoing in that capacity for the purposes and the considerations recited therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9 day of August, 2011.



Kathleen Oliver  
Notary Public in and for the State of Texas

Printed Name: Kathleen Oliver  
My Commission Expires: 8-15-2015

Exhibit "1"  
Sale Agreement

List of Water and Sewer Systems

(systems identified by subdivision service areas)

Aldine Village Subdivision is generally located 10 miles north of downtown Houston, Texas and is generally bounded on the north by Branding Iron Street, on the east by Henry Street and on the west by Lilja Street.

Azalea Estates Mobile Home Community is generally located 23 miles northwest of downtown Houston, Texas and is generally bounded on the north by Hooks Memorial Airport, on the east by Valka Road and on the south by Spring-Cypress Road.

Cottonwood Park is generally located approximately 10 miles northwest of downtown Houston, Texas and is generally bounded on the north by FM 149, on the west by Montgomery Road and on the east by Braunston Road.

Cypress Hill Subdivision is generally located approximately 28 miles northwest of downtown Houston, Texas and is generally bounded on the south by K-Z Road, on the north by Juergen Street and on the east by Cypress-Rose Hill Road.

**Exhibit "2"**  
**To Sale Agreement**

**Legal Descriptions**

**TRACT 1:**

BEING A 0.1058 ACRE TRACT OR PARCEL OF LAND SITUATED IN THE CHRISTOPHER WALTERS SURVEY, ABSTRACT NO. 849, HARRIS COUNTY, TEXAS, AND BEING LOT 3 BLOCK 7 OF ALDINE VILLAGE, AN UNRECORDED SUBDIVISION SITUATED IN LOT 32 BLOCK 2 OF SWEA GARDENS, A SUBDIVISION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 75 PAGE 92 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.1058 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR THE INTERSECTION OF THE SOUTH LINE OF COLONIAL HILLS SUBDIVISION, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 66 PAGE 12 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, AND THE EAST LINE OF SELLERS ROAD, 50 FEET WIDE, SAME BEING THE NORTHWEST CORNER OF LOT 333 OF ALDINE GARDENS SUBDIVISION SECTION 7, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 1 PAGE 22 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS;

THENCE S 89°46'36" E, A DISTANCE OF 601.69 FEET, TO POINT FOR CORNER;

THENCE S 00°30'03" E, ALONG THE EAST LINE OF SAID ALDINE VILLAGE, A DISTANCE OF 1308.23 FEET, TO A POINT FOR CORNER;

THENCE SOUTH, A DISTANCE OF 95.68 FEET, TO A POINT FOR CORNER;

THENCE WEST, ALONG THE NORTH LINE OF SAID BLOCK 7, A DISTANCE OF 480.00 FEET, TO A POINT FOR CORNER FOR THE NORTHEAST CORNER AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH, ALONG THE COMMON LINE OF LOTS 3 AND 4 OF SAID BLOCK 7, A DISTANCE OF 92.16 FEET, TO A ½" IRON ROD FOUND ON THE NORTH LINE OF CORVETTE COURT, 50 FEET WIDE, FOR THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE WEST, ALONG THE NORTH LINE OF CORVETTE COURT, A DISTANCE OF 50.00 FEET, TO A ½" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF LOT 2 SAID BLOCK 7 AND THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH, A DISTANCE OF 92.16 FEET, TO A POINT FOR CORNER FOR THE NORTHEAST CORNER OF SAID LOT 2 AND THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE EAST, A DISTANCE OF 50.00 FEET, TO THE POINT OF BEGINNING, CONTAINING A CALCULATED AREA OF 0.1058 ACRE OF LAND.

**TRACT 2:**

BEING A 0.996 ACRE TRACT OR PARCEL OF LAND SITUATED IN THE CHRISTOPHER WALTERS SURVEY, ABSTRACT NO. 849, HARRIS COUNTY, TEXAS, AND BEING A PORTION OF LOT 180 AND 181 OF ALDINE GARDENS, A SUBDIVISION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 67 PAGE 146 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID

0.996 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR THE INTERSECTION OF THE WEST LINE OF HENRY ROAD, 60' WIDE, AND THE NORTH LINE OF HOLLYVALE DRIVE;

THENCE WEST, ALONG THE NORTH LINE OF HOLLYVALE DRIVE A CALLED DISTANCE OF 405.87 FEET, TO A 3/4" IRON ROD FOUND FOR THE SOUTHEAST CORNER AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE WEST, CONTINUING ALONG THE NORTH LINE OF HOLLYVALE DRIVE, A DISTANCE OF 100.15 FEET, CALLED 100.74 FEET, TO A 1" IRON PIPE FOUND FOR THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE N 00°15'03" E, CALLED N 00°28'00" E, ALONG A CHAIN LINK FENCE, A DISTANCE OF 427.81 FEET, CALLED 428.75 FEET, TO A 5/8" IRON ROD FOUND ON THE SOUTH LINE OF A DITCH, FOR THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE N 85°17'40" E, ALONG THE SOUTH LINE OF SAID DITCH, CALLED N 85°51'00" E, A DISTANCE OF 101.10 FEET, CALLED 101.06 FEET, TO A 1.2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE S 00°09'59" E, CALLED S 00°28'00" E, ALONG A CHAIN LINK FENCE AND A WOOD FENCE, A DISTANCE OF 436.11 FEET, TO THE POINT OF BEGINNING, CONTAINING A CALCULATED AREA OF 0.996 ACRE OF LAND.

**TRACT 3:**

BEING A 0.057 ACRE TRACT OR PARCEL OF LAND SITUATED IN THE WILLIAM SETTLE SURVEY, ABSTRACT NO. 705, HARRIS COUNTY, TEXAS, AND BEING A PORTION OF A CALLED 85.81035 ACRE TRACT AS DESCRIBED IN DEED TO JOAN B. HICKS AND RECORDED IN HARRIS COUNTY CLERKS FILE NO. F700251, SAID 0.057 ACRE TRACT BEING THE WATER PLAT SITE IN CYPRESS HILL, AN UNRECORDED SUBDIVISION IN HARRIS COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR CORNER FOR THE NORTHEAST OF THE SAID CALLED 85.81035 ACRE TRACT;

THENCE S 00°05'10" E, ALONG THE EAST LINE OF THE SAID CALLED 85.81035 ACRE TRACT, A CALLED DISTANCE OF 1146.67 FEET, TO A 1/2" IRON ROD WITH PLASTIC CAP STAMPED "RPLS 4980" SET FOR THE NORTHEAST CORNER AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE S 00°05'10" E, CONTINUING ALONG THE EAST LINE OF THE SAID CALLED 85.81035 ACRE TRACT, A DISTANCE OF 50.00 FEET, TO A 1/2" IRON ROD WITH PLASTIC CAP STAMPED "RPLS 4980" SET FOR THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE WEST, A DISTANCE OF 50.00 FEET, TO A FOUND 5/8" IRON ROD FOR THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE N 00°05'10" W, CALLED NORTH, A DISTANCE OF 50.00 FEET, TO A FOUND 5/8" IRON ROD, FOR THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE EAST, A DISTANCE OF 50.00 FEET, TO THE POINT OF BEGINNING, CONTAINING A CALCULATED AREA OF 0.057 ACRE OF LAND.



**TRACT 4:**

Lot Seventeen (17), in Block Two (2) of Airline Link Addition, an addition in Harris County, Texas according to the map plat thereof recorded in Volume 52, Page 35 of the Map Records of Harris County, Texas

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER

## GENERAL WARRANTY DEED AND ASSIGNMENT

THE STATE OF TEXAS    §  
  §    KNOW ALL PERSONS BY THESE PRESENTS:  
COUNTY OF HARRIS    §

THAT, J & S WATER COMPANY, LLC. a Texas limited liability company, (hereinafter referred to as "Grantor"), in consideration of the sum of Ten and No/100 (\$10.00) Dollars in hand paid to Grantor by UTILITIES INVESTMENT CO., a Texas corporation (hereinafter referred to as "Grantee"), the receipt of which is hereby acknowledged by Grantor, and other good and valuable consideration paid and agreed and secured to be paid to Grantor by Grantee in the manner set forth below, the sufficiency of which consideration is hereby acknowledged by Grantor, has GRANTED, BARGAINED, SOLD, ASSIGNED and CONVEYED and by these presents does GRANT, BARGAIN, SELL, ASSIGN and CONVEY unto said Grantee, its successors and assigns, subject to recorded encumbrances to the extent, but only to the extent, that said encumbrances are valid and subsisting and affect the Property, all of that certain real property located in Harris County, Texas, more particularly described on Exhibit "1" attached hereto, owned, used or operated in conjunction with the state-certificated retail public water and sewer utility systems listed on Exhibit "2" and all of Grantor's right, title, and interest, if any, in and to all easements, tenements, hereditaments, privileges, and appurtenances in any way belonging to the foregoing (collectively, the "Appurtenances"), including, without limitation, (i) any land to the midpoint of the bed of any highway, street, road or avenue, open or proposed, in front of, abutting or adjoining such land, (ii) any land lying in or under the bed of any creek, stream, bayou, or river running through, abutting, or adjacent to such land, (iii) any riparian, appropriative, or other water rights of Grantor appurtenant to such land and relating to surface or subsurface waters, (iv) any oil, gas, or other minerals or mineral rights relating to such land or to the surface or subsurface thereof, (v) any strips, gores, or pieces of property abutting, abounding, or which are adjacent or contiguous to such land, and (vi) all easements, rights of way, rights of ingress or egress, and reversionary interests benefiting such land (all such land, water rights, mineral rights, easements, and other appurtenant rights being herein referred to collectively as the "Property").

TO HAVE AND TO HOLD the Property, together with all and singular rights and appurtenances thereto in anywise belonging, unto Grantee, its successors and assigns forever; and Grantor does hereby bind itself and its successors and assigns, to WARRANT AND FOREVER DEFEND all and singular the Property unto Grantee, its

successors, and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

EXECUTED AND EFFECTIVE on August 9, 2011.

GRANTOR:  
J&S Water Company, LLC

By: Jerry Nowling  
JERRY NOWLING, Member

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

By: S  
SHANNON MARSH, Member

Date Signed: 8/9/11

Address of Grantor:

J & S WATER COMPANY, L.L.C.  
P.O. Box 1165  
Highlands, Texas 77562

Address of Grantee:

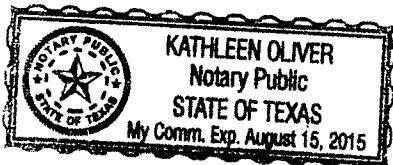
UTILITIES INVESTMENT CO.  
P.O. Box 279  
New Waverly, TX 77358

***Return to Grantee after recording***

THE STATE OF TEXAS §  
COUNTY OF Norris §

This instrument was acknowledged before me by Jerry Nowling, as a Member of J&S Water Company, LLC, a Texas limited liability company, who did state under oath that he was authorized and did execute the foregoing in that capacity for the purposes and the considerations recited therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9 day of August, 2011.



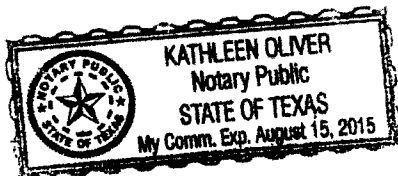
Kathleen Oliver  
Notary Public in and for the State of Texas

Printed Name: Kathleen Oliver  
My Commission Expires: 8-15-2015

THE STATE OF TEXAS §  
COUNTY OF Norris §

This instrument was acknowledged before me by Shannon Marsh, as a Member of J&S Water Company, LLC, a Texas limited liability company, who did state under oath that he was authorized and did execute the foregoing in that capacity for the purposes and the considerations recited therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9 day of August, 2011.



Kathleen Oliver  
Notary Public in and for the State of Texas

Printed Name: Kathleen Oliver  
My Commission Expires: 8-15-2015

Exhibit "1"  
To Sale Agreement

Legal Descriptions

**TRACT 1:**

BEING A 0.1058 ACRE TRACT OR PARCEL OF LAND SITUATED IN THE CHRISTOPHER WALTERS SURVEY, ABSTRACT NO. 849, HARRIS COUNTY, TEXAS, AND BEING LOT 3 BLOCK 7 OF ALDINE VILLAGE, AN UNRECORDED SUBDIVISION SITUATED IN LOT 32 BLOCK 2 OF SWEA GARDENS, A SUBDIVISION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 75 PAGE 92 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID 0.1058 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR THE INTERSECTION OF THE SOUTH LINE OF COLONIAL HILLS SUBDIVISION, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 66 PAGE 12 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, AND THE EAST LINE OF SELLERS ROAD, 50 FEET WIDE, SAME BEING THE NORTHWEST CORNER OF LOT 333 OF ALDINE GARDENS SUBDIVISION SECTION 7, ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 1 PAGE 22 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS;

THENCE S 89°46'36" E, A DISTANCE OF 601.69 FEET, TO POINT FOR CORNER;

THENCE S 00°30'03" E, ALONG THE EAST LINE OF SAID ALDINE VILLAGE, A DISTANCE OF 1308.23 FEET, TO A POINT FOR CORNER;

THENCE SOUTH, A DISTANCE OF 95.68 FEET, TO A POINT FOR CORNER;

THENCE WEST, ALONG THE NORTH LINE OF SAID BLOCK 7, A DISTANCE OF 480.00 FEET, TO A POINT FOR CORNER FOR THE NORTHEAST CORNER AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE SOUTH, ALONG THE COMMON LINE OF LOTS 3 AND 4 OF SAID BLOCK 7, A DISTANCE OF 92.16 FEET, TO A ½" IRON ROD FOUND ON THE NORTH LINE OF CORVETTE COURT, 50 FEET WIDE, FOR THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE WEST, ALONG THE NORTH LINE OF CORVETTE COURT, A DISTANCE OF 50.00 FEET, TO A ½" IRON ROD FOUND FOR THE SOUTHEAST CORNER OF LOT 2 SAID BLOCK 7 AND THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE NORTH, A DISTANCE OF 92.16 FEET, TO A POINT FOR CORNER FOR THE NORTHEAST CORNER OF SAID LOT 2 AND THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE EAST, A DISTANCE OF 50.00 FEET, TO THE POINT OF BEGINNING, CONTAINING A CALCULATED AREA OF 0.1058 ACRE OF LAND.

**TRACT 2:**

BEING A 0.996 ACRE TRACT OR PARCEL OF LAND SITUATED IN THE CHRISTOPHER WALTERS SURVEY, ABSTRACT NO. 849, HARRIS COUNTY, TEXAS, AND BEING A PORTION OF LOT 180 AND 181 OF ALDINE GARDENS, A SUBDIVISION ACCORDING TO THE MAP OR PLAT THEREOF RECORDED IN VOLUME 67 PAGE 146 OF THE MAP RECORDS OF HARRIS COUNTY, TEXAS, SAID

0.996 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR THE INTERSECTION OF THE WEST LINE OF HENRY ROAD, 60' WIDE, AND THE NORTH LINE OF HOLLYVALE DRIVE;

THENCE WEST, ALONG THE NORTH LINE OF HOLLYVALE DRIVE A CALLED DISTANCE OF 405.87 FEET, TO A 3/4" IRON ROD FOUND FOR THE SOUTHEAST CORNER AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE WEST, CONTINUING ALONG THE NORTH LINE OF HOLLYVALE DRIVE, A DISTANCE OF 100.15 FEET, CALLED 100.74 FEET, TO A 1" IRON PIPE FOUND FOR THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE N 00°15'03" E, CALLED N 00°28'00" E, ALONG A CHAIN LINK FENCE, A DISTANCE OF 427.81 FEET, CALLED 428.75 FEET, TO A 5/8" IRON ROD FOUND ON THE SOUTH LINE OF A DITCH, FOR THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE N 85°17'40" E, ALONG THE SOUTH LINE OF SAID DITCH, CALLED N 85°51'00" E, A DISTANCE OF 101.10 FEET, CALLED 101.06 FEET, TO A 1.2" IRON ROD FOUND FOR THE NORTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE S 00°09'59" E, CALLED S 00°28'00" E, ALONG A CHAIN LINK FENCE AND A WOOD FENCE, A DISTANCE OF 436.11 FEET, TO THE POINT OF BEGINNING, CONTAINING A CALCULATED AREA OF 0.996 ACRE OF LAND.

**TRACT 3:**

BEING A 0.057 ACRE TRACT OR PARCEL OF LAND SITUATED IN THE WILLIAM SETTLE SURVEY, ABSTRACT NO. 705, HARRIS COUNTY, TEXAS, AND BEING A PORTION OF A CALLED 85.81035 ACRE TRACT AS DESCRIBED IN DEED TO JOAN B. HICKS AND RECORDED IN HARRIS COUNTY CLERKS FILE NO. F700251, SAID 0.057 ACRE TRACT BEING THE WATER PLAT SITE IN CYPRESS HILL, AN UNRECORDED SUBDIVISION IN HARRIS COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR CORNER FOR THE NORTHEAST OF THE SAID CALLED 85.81035 ACRE TRACT;

THENCE S 00°05'10" E, ALONG THE EAST LINE OF THE SAID CALLED 85.81035 ACRE TRACT, A CALLED DISTANCE OF 1146.67 FEET, TO A 1/2" IRON ROD WITH PLASTIC CAP STAMPED "RPLS 4980" SET FOR THE NORTHEAST CORNER AND POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT;

THENCE S 00°05'10" E, CONTINUING ALONG THE EAST LINE OF THE SAID CALLED 85.81035 ACRE TRACT, A DISTANCE OF 50.00 FEET, TO A 1/2" IRON ROD WITH PLASTIC CAP STAMPED "RPLS 4980" SET FOR THE SOUTHEAST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE WEST, A DISTANCE OF 50.00 FEET, TO A FOUND 5/8" IRON ROD FOR THE SOUTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE N 00°05'10" W, CALLED NORTH, A DISTANCE OF 50.00 FEET, TO A FOUND 5/8" IRON ROD, FOR THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT;

THENCE EAST, A DISTANCE OF 50.00 FEET, TO THE POINT OF BEGINNING, CONTAINING A CALCULATED AREA OF 0.057 ACRE OF LAND.

**TRACT 4:**

Lot Seventeen (17), in Block Two (2) of Airline Link Addition, an addition in Harris County, Texas according to the map plat thereof recorded in Volume 52, Page 35 of the Map Records of Harris County, Texas

**Exhibit "2"  
To General Warranty Deed**

**Affected Retail Public Water and Sewer Utility Systems**

**(systems identified by subdivision service areas)**

**Harris County:**

Aldine Village Subdivision is generally located 10 □ miles north of downtown Houston, Texas and is generally bounded on the north by Branding Iron Street, on the east by Henry Street and on the west by Lilja Street.

Azalea Estates Mobile Home Community is generally located 23 miles northwest of downtown Houston, Texas and is generally bounded on the north by Hooks Memorial Airport, on the east by Valka Road and on the south by Spring-Cypress Road.

Cottonwood Park is generally located approximately 10 miles northwest of downtown Houston, Texas and is generally bounded on the north by FM 149, on the west by Montgomery Road and on the east by Braunston Road.

Cypress Hill Subdivision is generally located approximately 28 miles northwest of downtown Houston, Texas and is generally bounded on the south by K-Z Road, on the north by Juergen Street and on the east by Cypress-Rose Hill Road.

**ACTION BY WRITTEN CONSENT IN LIEU OF  
A SPECIAL MEETING  
OF THE MEMBERS  
J & S WATER COMPANY, LLC**

The undersigned, constituting all of the members (“**Members**”) of J & S WATER COMPANY, LLC, a Texas limited liability company (the “**Company**”), hereby take the following actions by written consent in lieu of a meeting effective as of the date signed by all of the Members hereinbelow (“**Effective Date**”).

**Approval of Sale of North Zone Properties to Utilities Investment Co.**

WHEREAS, it is advisable and in the best interests of the Company and its Members to approve the purchase by Utilities Investment Co. and the sale by J & S Water Company of the plants and systems comprising the North Zone pursuant to the (a) Sale Agreement, (b) Assumption Agreement and (c) General Warranty Deed of even date herewith which have been reviewed by the Members (“**Transfer**”);

NOW, THEREFORE BE IT RESOLVED, that the Transfer is hereby ratified and approved in all respects.

**Ratification of System Operation Agreement**

WHEREAS, it is advisable and in the best interests of the Company and its Members to ratify the System Operation Agreement dated March 20, 2008, as is necessary to allow for the assumption of the obligations of Shannon Marsh by Utilities Investment Co. and the ratification of the obligations of Jerry Nowling under said System Operation Agreement (“**Ratification**”).

NOW, THEREFORE BE IT RESOLVED, that the Ratification is hereby approved.

**Rescission of Agreement of Members Dated March 21, 2005 (Buy-Sell Agreement)**


WHEREAS, Section 6.03 of the herein ratified System Operation Agreement provides for the transfer of all South Zone systems to Nowling upon termination of the System Operation Agreement, and whereas the Transfer approved herein satisfies the intent of Section 6.02 of the System Operation Agreement by transferring the North Zone systems to a company solely owned by Marsh, the Members find that the Buy-Sell Agreement is no longer needed.

NOW, THEREFORE BE IT RESOLVED that the Buy-Sell Agreement of Members dated March 21, 2005 is hereby rescinded.



RESOLVED FURTHER, that the officers and/or Members of this Company are authorized and directed to execute such further documents and take such further action as they consider necessary or advisable to implement the purposes of these resolutions.

RESOLVED FURTHER, that any and all actions heretofore taken by any officer and/or Member of the Company (and any person acting on behalf of or under the direction of such officer and/or Member) in connection with the Transfer approved in the foregoing resolutions are hereby approved, ratified and confirmed in all respects; and any and all actions hereafter taken or to be taken by any such officer and/or Member in furtherance of the objectives of the foregoing resolutions are hereby authorized, approved and ratified in all respects.

  
\_\_\_\_\_  
JERRY NOWLING, Member

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

  
\_\_\_\_\_  
SHANNON MARSH, Member

Date: 8/9/11