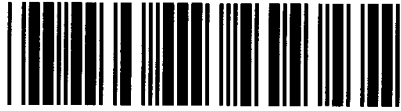


Control Number: 43075



Item Number: 1

Addendum StartPage: 0

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



APPLICATION FOR SALE, TRANSFER, 43095
OR MERGER OF A RETAIL PUBLIC UTILITY

RECEIVED

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PUBLIC UTILITY COMMISSION
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**APPLICATION FOR SALE, TRANSFER,
OR MERGER OF A RETAIL PUBLIC UTILITY**

*RN# 101255123 *CN# _____ *If known (See instructions)

1. Proposed action of application (check all the boxes that apply):

☒ Sale of ☒ All ☐ Portion of the ☒ Water system(s) under CCN No.: 12334
☐ Acquisition ☐ Sewer system(s) under CCN No.: _____
☐ Lease/Rental

☒ Transfer of ☒ All ☐ Portion of the ☒ Certificated water service area – CCN No.: 12334
☐ Certificated sewer service area – CCN No.: _____

If only a portion of a system or certificated service area is affected by this transaction, please specify the areas or subdivision involved:

and to:

☒ Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
☐ Amend the transferee's CCN No.: Purchaser will take Seller's CCN
☐ Merge or consolidate public utilities _____
☐ Cancel CCN of the transferor (seller) _____

2. Proposed effective date of this transaction: February 1, 2015

(Must be at least 120 days after proper notice is provided)

**QUESTIONS 3 THROUGH 5 APPLY TO THE TRANSFEROR
(CURRENT SERVICE PROVIDER OR SELLER)**

3. For the current CCN holder or service provider please indicate:

A. Name: Highland Utilities Inc. d.b.a. Highland Utilities

(Individual, Corporation or Other Legal Entity)

who is a(n): of ☐ Individual ☒ Corporation ☐ WSC ☐ HOA or POA ☐ Other _____

B. Utility Name (if different than above): Highland Utilities

Address: P.O. Box 790, Marble Falls, Texas 78654-0790 Telephone: (AC) (830) 613-8137

C. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name: Bret W. Fenner, P.E.

Title: Engineer

Address: P.O. Box 500264, Austin, TX 78750

Telephone: (AC) (512) 264-9124

Fax: (512) 692-1967

Email: bretfenner@yahoo.com

4. About the last rate increase for the system or facilities being transferred:
- A. What was the effective date of the last rate increase? October 30, 2002
- B. Was notice of this increase provided to the Texas Commission on Environmental Quality or its predecessors?

☐ No ☒ Yes Application/Docket Number: Docket No. 33813-C Date: October 30, 2002

5. Please provide a list of all customers affected by this transaction who have deposits held by the transfer seller utility, if any, and include the following information (attach additional sheets if necessary):

Name and Address of Utility Customer	Date of Deposit	Amount of Deposit	Amount of Unpaid Interest on Deposits
No Customer Deposits			

- ☛ Within 30 days of the actual transaction date, and prior to the transfer of the certificate by the TCEQ, the seller must provide proof to the Commission that these customer deposits were returned to the customers or transferred to the purchasing utility. Proof should include a sworn affidavit.

**QUESTIONS 6 THROUGH 16 REFER TO
THE TRANSFEREE OR PURCHASER**

6. For the person or entity acquiring the facilities and/or CCN:

Applicant: Wilderness Cove Water Company, LLC

(Individual, Corporation, or Other Legal Entity)

Utility Name: _____

(If different than above)

Utility Address: 115 Wilderness Drive, Marble Falls, Texas 78654

Fax: _____ Email: _____ Telephone (AC): (830) 693-2133

CCN Numbers held prior to the filing of this application: None

7. Check the appropriate box and provide information regarding the legal status of the transferee applicant:

☐ Individual

☐ Home or Property Owners Association

☐ Partnership; attach copy of partnership agreement

☒ Corporation; provide charter number as recorded with the Office of the Secretary of State for Texas: 0801812071

☐ Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water Supply or Sewer Service Corporation); provide charter number: _____

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, etc.)

☐ County

☐ Other (please explain): _____

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip the next question.

Name:		Email	
Address			
Telephone (AC):		Fax (AC):	

9. If the applicant is other than an *Individual* provide the following information regarding the officers or partners of the legal entity applying for the transfer. You must complete either question 8 or question whichever applies to the transferee applicant.

•Name:	Robert Watkins	Telephone (AC):	(830) 693- 2133
Address:	115 Wilderness Drive, Marble Falls, Texas 78654		
Position:	President	Ownership % (if applicable):	

•Name:	Robert Cockerham	Telephone (AC):	(830) 798-1828
Address:	115 Wilderness Drive, Marble Falls, Texas 78654		
Position:	General Manager	Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	

- Attach additional sheet(s) if necessary -

- Important:**
- If the applicant is a for-profit corporation, please provide a copy of the corporation's "Certification of Account Status" from the State Comptroller Office. This "Certification of Account Status" can be obtained from: **(See Attached Certificate)**

Texas Comptroller of Public Accounts

P. O. Box 13528, Capitol Station

Austin, Texas 78711

1-800-252-5555

- If the applicant is an Article 1434a water supply or sewer service corporation or other non-profit corporation, please provide a copy of the Articles of Incorporation and By-Laws.

10. Contact person. Please provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney or accountant.

Name:	Bret W. Fenner, P.E.	Title:	Engineer
Address:	P.O. Box 500264, Austin, TX 78750	Telephone (AC):	(512) 264-9124
Fax #	512) 692-1967	Email	bretfenner@yahoo.com
Relationship to the applicant:	Engineer		

IF THERE ARE MORE THAN TWO PARTIES INVOLVED IN THIS TRANSACTION, PLEASE ATTACH SHEETS PROVIDING THE INFORMATION REQUIRED IN QUESTION 6 THROUGH QUESTION 10 FOR EACH PARTY

11. Please respond to each of the following questions. Attach additional sheets if necessary.

A. Describe the experience and qualifications of the applicant to provide adequate utility service to the requested area

The applicant will retain the system's current certified Class A operator who owns and operates a number of water systems in the region. The applicant will maintain this utility in compliance with the rules and regulations of the TCEQ, as well as federal and local laws, rules and regulations.

- B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG) or the Environmental Protection Agency (EPA) in the past for noncompliance with rules, orders or State Statutes? ☐ Yes ☒ No

If yes, please attach copies of any correspondence with these regulatory agencies concerning these enforcement actions and describe any actions and efforts to comply with those requirements. Attach additional sheets if needed.

- C. Describe the source and availability of funds required to make the planned or required improvements, if any, to meet minimum requirements of the TCEQ and ensure continuous and adequate service.

The applicant is owned by residents in the service area that has the financial capability to make improvements from cash flow generated from its operation and ownership of the water system in this application.

- D. Describe the anticipated impact of this transaction on the quality of utility service and explain any anticipated changes in the quality of service.

There will not be any significant impact on the quality of utility service, as the applicant will operate this water utility after the sale and transfer with the same certified operator. This operator is located in the region and will be able to response quickly to emergencies.

- E. How will the transaction serve the public interest?

The applicant is made up of residents in the service area. As property owners in the service area, the applicant has a monetary interest in maintaining this utility in compliance with the rules and regulations of the TCEQ, as well as federal and local laws, rules and regulations. Given that this utility will now be owned by the residents its serves, this transaction would be in the public interest.

- 12 Please describe the nature of the proposed transaction:

The purpose of this transaction is for Wilderness Cove Water Company, LLC to purchase the water assets of Highland Utilities Inc. d.b.a. Highland Utilities to transfer the current water certificated service area Certificate of Convenience and Necessity.
(See Attached Asset Purchase Agreement between the Parties)

- 13 If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the TCEQ, please provide the following information. Water supply or sewer service corporations and political subdivisions of the state should mark this section N/A:

A.	• Total Purchase Price:	\$ 40,00
	• Total Original Cost (as recorded on books of seller or merging entity):	\$ 83,61
	• Accumulated Depreciation as of the proposed effective date of the transaction:	\$ 38,99
	• Contributions in Aid of Construction:	
	- Specific surcharges approved by TCEQ:	0
	- Revenues from explicit customer agreements:	0
	- Developer Contributions (please explain):	0
	- Other Contributions (please explain):	0

Total Contributions in Aid of Construction

• Net Book Value: \$ 44,621

- ☒ If the Original Cost or any of the above items has been established in a rate case proceeding by the PUC, the TWC or the TCEQ, please provide the Application/Docket Number and date:

Application/Docket Number: Date:

- ☒ If the applicant is not under the rate jurisdiction of the TCEQ, only the purchase price and information related to Contributions in Aid of Construction is required.

- B. Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application
[attach additional sheet(s) if necessary]:

The Transferor, Highland Utilities Inc. d.b.a. Highland Utilities has a current CCN Amend Application; Docket No. 37882-C pending with the TCEQ for approval. The Transferee will continue the process of seeking approval for this CCN Amend Application if not approved by the closing date for the sale of this system.

- C. Complete the following proposed entries listed below as shown in books of purchasing (or surviving) company. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations.

Utility Plant in Service:	\$ 44,62
Plant Acquisition Adjustment:	
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	\$ 38,99
Cash:	\$ 1,00
Notes Payable:	
Mortgage Payable:	
Others (please list):	

As the purchaser, I understand that it is **my responsibility** in any future rate proceeding to provide written evidence and support for the original cost and installation date of all facilities used and useful for providing utility service.

Purchaser's Initials: _____ Date: _____

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customer:
- ☒ All the customers will be charged the same rates as they were charged before the transaction.
☐ Some ☐ All customers will be charged different rates than they were charged before the transaction.

If rates are changing, please explain:

No change in the rates charged customers will results from this transaction.

☐ Applicant is an IOU and intends to file with the Commission or municipal regulatory authority an application to change rates of some/all of its customers as a result of this transaction. If so, please explain:

15. List all neighboring water and /or sewer utilities, cities, and political subdivisions providing the same service within two (2) miles of area affected by this proposed transaction. This information should be available from the water utility database (WUD) or Applicant's licensed water operator.

See Attached List

16. Financial, Managerial and Technical information for the acquiring entity.

HISTORICAL BALANCE SHEETS

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
CURRENT ASSETS						
Cash						
Accounts Receivable						
Inventories						
Income Tax Receivable						
Other						
Total						
FIXED ASSETS						
Land						
Collection/Distribution System						
Buildings						
Equipment						
Other						
Less: Accum. Depreciation or Reserves						
Total						
TOTAL ASSETS						
CURRENT LIABILITIES						
Accounts Payable						
Notes Payable, Current						
Accrued Expenses						
Other						
TOTAL						
LONGTERM LIABILITIES						
Notes Payable, Long-term						
Other						
TOTAL LIABILITIES						
OWNER'S EQUITY						
Paid in Capital						
Retained Equity						
Other						
Current Period Profit or Loss						
TOTAL OWNER'S EQUITY						
TOTAL LIABILITIES AND EQUITY						
WORKING CAPITAL						
CURRENT RATIO						
DEBT TO EQUITY RATIO EQUITY TO TOTAL ASSETS						

**New Water System
No Historical Data Available**

HISTORICAL INCOME STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter		<div> New Water System No Historical Data Available </div>				
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSES STATEMENT

	CURRENT YEAR (A)	A-1 YEAR	A-2 YEAR	A-3 YEAR	A-4 YEAR	A-5 YEAR
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries						
Office Expense						
Computer Expense						
Auto Expense						
Insurance Expense						
Telephone Expense						
Utilities Expense						
Depreciation Expense						
Property Taxes						
Professional Fees						
Other						
Total						
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries						
Auto Expense						
Utilities Expense						
Depreciation Expense						
Repair & Maintenance						
Supplies						
Other						
Total						
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

**New Water System
No Historical Data Available**

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
CURRENT ASSETS						
Cash	1,000	8,512	10,012	12,214	11,416	11,416
Accounts Receivable	0	0	0	0	0	0
Inventories	0	0	0	0	0	0
Income Tax Receivable	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	1,000	8,512	10,012	12,214	11,416	11,416
FIXED ASSETS						
Land	0	0	0	0	0	0
Collection/Distribution System	48,716	48,716	48,716	48,716	48,716	48,716
Buildings	0	0	0	0	0	0
Equipment	34,903	34,903	34,903	34,903	34,903	34,903
Other	0	0	0	0	0	0
Less: Accum. Depreciation or Reserves	38,998	41,839	43,680	45,521	47,362	49,203
Total	44,621	41,780	39,939	38,098	36,257	34,416
TOTAL ASSETS	45,621	50,292	49,951	50,312	47,673	45,832
CURRENT LIABILITIES						
Accounts Payable	0	0	0	0	0	0
Notes Payable, Current	0	0	0	0	0	0
Accrued Expenses	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	0	0	0	0	0	0
LONGTERM LIABILITIES						
Notes Payable, Long-term	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL LIABILITIES	0	0	0	0	0	0
OWNER'S EQUITY						
Paid in Capital	40,000	40,000	40,000	40,000	40,000	40,000
Retained Equity	4,621	1,780	(61)	(1,902)	(3,743)	(5,532)
Other	0	0	0	0	0	0
Current Period Profit or Loss	1,000	8,512	10,012	12,214	11,416	11,416
TOTAL OWNER'S EQUITY	45,621	50,292	49,951	50,312	47,673	45,884
TOTAL LIABILITIES AND EQUITY	45,621	50,292	49,951	50,312	47,673	45,884
WORKING CAPITAL	1,000	8,512	10,012	12,214	11,416	11,416
CURRENT RATIO	N/A	N/A	N/A	N/A	N/A	N/A
DEBT TO EQUITY RATIO	0	0	0	0	0	0
EQUITY TO TOTAL ASSETS	1.00	1.00	1.00	1.00	1.00	1.00

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOT
METER NUMBER						
Existing Number of Taps	25	27	27	31	31	
New Taps Per Year	2	2	2	0	0	
Total Meters at Year End	27	29	31	31	31	
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter	1,101	1,101	1,030	1,101	1,101	
GROSS WATER REVENUE						
Fees	3,000	3,000	3,000	0	0	
Other	0	0	0	0	0	
Gross Income	32,725	32,725	34,927	34,129	34,129	
OPERATING EXPENSES						
General & Administrative	24,213	22,713	22,713	22,713	22,713	
Interest	0	0	0	0	0	
Other	0	0	0	0	0	
NET INCOME	8,512	10,012	12,214	11,416	11,416	

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TO
GENERAL/ADMINISTRATIVE EXPENSES						
Salaries	0	0	0	0	0	
Office Expense	615	615	615	615	615	
Computer Expense	0	0	0	0	0	
Auto Expense	0	0	0	0	0	
Insurance Expense	1,754	1,754	1,754	1,754	1,754	
Telephone Expense	1,882	1,882	1,882	1,882	1,882	
Utilities Expense	0	0	0	0	0	
Depreciation Expense	0	0	0	0	0	
Property Taxes	546	546	546	546	546	
Professional Fees	1,850	350	350	350	350	
Other	0	0	0	0	0	
Total	6,647	5,147	5,147	5,147	5,147	
% Increase Per Year						
OPERATIONAL EXPENSES						
Salaries	10,731	10,731	10,731	10,731	10,731	
Auto Expense	0	0	0	0	0	
Utilities Expense	1,195	1,195	1,195	1,195	1,195	
Depreciation Expense	0	0	0	0	0	
Repair & Maintenance	500	500	500	500	500	
Supplies	0	0	0	0	0	
Other	5,140	5,140	5,140	5,140	5,140	
Total	24,213	22,713	22,713	22,713	22,713	
% Increase Per Year						
ASSUMPTIONS						
Interest Rate/Terms						
Utility Cost/gal.						
Depreciation Schedule						
Other						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	T
SOURCES OF CASH						
Net Income	8,512	10,012	12,214	11,416	11,416	
Depreciation (If Funded)	0	0	0	0	0	
Loan Proceeds	0	0	0	0	0	
Other	0	0	0	0	0	
Total Sources	8,512	10,012	12,214	11,416	11,416	
USES OF CASH						
Net Loss	0	0	0	0	0	
Principle Portion of Pmts.	0	0	0	0	0	
Fixed Asset Purchase	0	0	0	0	0	
Reserve	0	0	0	0	0	
Other	0	0	0	0	0	
Total Uses	0	0	0	0	0	
NET CASH FLOW	8,512	10,012	12,214	11,416	11,416	
DEBT SERVICE COVERAGE						
Cash Available for Debt	8,512	10,012	12,214	11,416	11,416	
SERVICE (CADS)						
Net Income (Loss)	8,512	10,012	12,214	11,416	11,416	
Depreciation, or Reserve Interest						
Total	8,512	10,012	12,214	11,416	11,416	
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest	0	0	0	0	0	
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS	N/A	N/A	N/A	N/A	N/A	

17. A. For Water Systems. TCEQ Public Water System Identification Number:

0	2	7	0	1	2
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21. List the number of existing connections to be effected by this transaction.

Water			Sewer	
	-Non Metered		-2" meter	
	-5/8" or 3/4" meter	73	-3" meter	
	-1" meter		-4" meter	
	-1 1/2" meter		-Other	
Total Water Connections:		73	Total Sewer Connections	

22. Has the system reached 85% of its capacity based on TCEQ's minimum requirements? ☐ Yes ☒ No
If yes, please explain what steps are being taken to address the capacity issues:

23. List the name, class, and license number of the operator(s) that will be responsible for the system:

Name	Class	License#
Ricky Rowe	A	W00027106

24. Attach the following maps with each copy of the application: : **(See Attached Maps)**

- a. One small scale map clearly showing affected service area with enough detail to accurately locate the area if the application is for the transfer of all or a portion of a CCN.
- b. One large scale map showing the proposed service area boundaries being sold, transferred, or merged and, if available, the existing and proposed facilities. Color coding should be used to differentiate existing from proposed facilities. Facilities and service area boundaries should be shown with such exactness that they can be located on the ground. If transferring area not currently in a CCN or a portion of an existing CCN area please attach the following hard copy maps with each copy of the application:
 1. A general location map delineating the proposed service area with enough detail to accurately locate the proposed area within the county.
 2. A map showing only the proposed area by:
 - i. metes and bounds survey certified by a licensed state or registered professional land surveyor; or
 - ii. projectable digital data with metadata (proposed areas should be in a single record and clearly labeled, data disk should be included); or
 - iii. following verifiable natural and man-made landmarks, or
 - iv. a copy of recorded plat map with metes and bounds.
 3. A written description of the proposed service area.

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF TEXAS

COUNTY OF BURNET

I, GEORGE BURRISS, being duly sworn, file this application for sale, lease, rental or merger or consolidation as PRES. (indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation, or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to file and verify such application, am personally familiar with the documents filed with this application, and have complied with all the requirements contained in the application; and, that all such statements made and matters set forth therein with respect to applicant are true and correct. Statements about other parties are made on information and belief. I further state that the application is made in good faith and that this application does not duplicate any filing presently before the Commission.

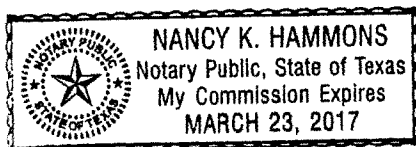
I further state that I have provided to the purchaser or transferee a written disclosure statement about any contributed property as required under Section 13.301(j) and copies of any outstanding Orders of the Commission or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Water Code.

George Burris
AFFIANT
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
day 19th of AUGUST, 20 14.

SEAL



Nancy K. Hammons
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

NANCY K. HAMMONS
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 3-23-2017

One copy of this page must be submitted for each utility involved in this transaction.

OATH FOR PURCHASER OR ACQUIRING ENTITY

STATE OF TEXAS

COUNTY OF Barnett

I, Robert Watkins, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as President, Wilderness Cove WATER Company
(indicate relationship to applicant) that is, owner, member of partnership, title as officer of corporation,
or other authorized representative of applicant); that, in such capacity, I am qualified and authorized to
file and verify such application, am personally familiar with the documents filed with this application,
and have complied with all the requirements contained in the application; and, that all such statements
made and matters set forth therein with respect to applicant are true and correct. Statements about other
parties are made on information and belief. I further state that the application is made in good faith and
that this application does not duplicate any filing presently before the Commission.

I am also authorized and do agree to be bound by and comply with any outstanding orders of the
Commission or the Attorney General which have been issued to the system or facilities being acquired
and recognize that I will be subject to administrative penalties or other enforcement actions if I do not
comply.

Robert Watkins

AFFIANT

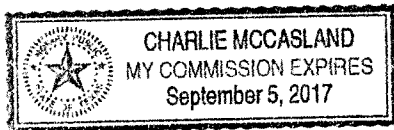
(Utility's Authorized Representative)

If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney,
a properly verified Power of Attorney must be enclosed.

Applicant represents that all other parties to this transaction have been furnished copies of this completed
application.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public in and for the State of Texas,
day 19 of August, 20 14.

SEAL



Charlie McCasland

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

CHARLIE MCCASLAND

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES 9-5-2017

One copy of this page must be submitted for each utility involved in this transaction.

Notice to Current Customers, Neighboring Systems, Landowner and Cities**HIGHLAND UTILITIES, INC.**

(Seller's or Transferor's Name)

'S NOTICE OF INTENT TO SELL FACILITIES TO

WILDERNESS COVE WATER COMPANY, LLC

(Purchaser's or Transferee's Name)

AND FOR

**WILDERNESS COVE WATER
COMPANY, LLC**

Purchaser's or Transferee's Name

TO TRANSFER CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN
BURNET COUNTY, TEXAS

To: _____

(Name of Customer, Neighboring System, Landowner or City)

Date Notice Mailed _____

, 20

(Address)

City

State

Zip

HIGHLAND UTILITIES, INC.

Sellers or Transferors' Name

P.O. Box 790

Address

Marble Falls, TX 78654-0790

City/State/Zip Code

has submitted an application with the Texas Commission on Environmental Quality to sell water
Facilities in **Burnet** [County Name] County to:**WILDERNESS COVE WATER COMPANY, LLC**

Purchasers or Transferee's Name

115 Wilderness Drive

Address

Marble Falls, TX 78654

City/State/Zip Code

The transferee has also requested to amend CCNs in this application. The sale is scheduled to take place as
approved by the Executive Director (V.T.C.A., Water Code §13.301). The transaction and the proposed service
area include the following subdivision(s) and zip codes:**Wilderness Cove****Sunset Park RV Park****78654**The area subject to this transaction is located approximately **16** miles **Southwest** [direction] of
downtown **Burnet** [City or Town] Texas, and is **generally** bounded on the north by
Elm Cove Road ; on the east by **Deep Creek**
; on the south by **Lake LBJ** ; and on the west by **Lake LBJ**The total area being requested includes approximately **328** acres and serves **73** current customers.
This transaction will have the following effect on the current customer's rates and services:
No change in the rates charged customers will results from this transaction.

Affected persons may file written protests and/or request a public hearing within 30 days of this notice.

To request a hearing, you must:

- (1) state your name, mailing address and daytime telephone number;
- (2) state the applicant's name, application number or another recognizable reference to this application;
- (3) include the statement "I/we request a public hearing";
- (4) write a brief description of how you, the persons you represent, or the public interest would be adversely affected by the proposed transaction and transfer of the CCN; and
- (5) state your proposed adjustment to the application or CCN which would satisfy your concerns and cause you to withdraw your request for a hearing.

Only those persons who submit a written request to be notified of a hearing will receive notice if a hearing is scheduled. The Executive Director will issue the CCN requested in the referenced application unless a hearing is scheduled to consider the transaction. If no protests or requests for hearing are filed during the comment period, the Executive Director may issue the CCN 30 days after publication of this notice.

Persons who wish to protest or request a hearing on this application should write the:

Texas Commission on Environmental Quality
Water Supply Division
Utilities and Districts Section, MC-153
P. O. Box 13087, Austin, TX 78711-3087

Se desea informacion on Espanol, puede llamar al 512-239-0200.

Robert Cockerham

Utility Representative

Wilderness Cove Water Company, LLC

Utility Name

Certification of Account Status



Franchise Tax Account Status

As of: 08/05/2014 10:36:49 AM

This Page is Not Sufficient for Filings with the Secretary of State

WILDERNESS COVE WATER COMPANY, LLC

Texas Taxpayer Number 32051435231

Mailing Address 333 WILDERNESS W
MARBLE FALLS, TX 78654-3641

Right to Transact Business ACTIVE
in Texas

State of Formation TX

Effective SOS Registration 07/08/2013
Date

Texas SOS File Number 0801812071

Registered Agent Name GEORGIANNE BROCHSTEIN

Registered Office Street 333 WILDERNESS COVE DRIVE W.
Address MARBLE FALLS, TX 78654

Asset Purchase Agreement

ASSETS PURCHASE AGREEMENT

THIS ASSETS PURCHASE AGREEMENT (this "Agreement") dated as of the 19th day of August, 2014, is made by and between **HIGHLAND UTILITIES, INC.**, a Texas corporation with an address of P.O. Box 790, Marble Falls, Texas 78654 ("HUI"), and **WILDERNESS COVE WATER COMPANY, LLC** (WCWC), a Texas corporation wholly owned by Wilderness Cove Homeowners Association, Inc. (WCHOA) with an address of 115 Wilderness Drive, Marble Falls, Texas 78654, with reference to the following RECITALS:

RECITALS

A. HUI maintains and operates the water production and distribution system (the "Water System") that provides water service to a service area (the "Service Area") that includes residents of The Wilderness Cove Subdivision in Burnet County, Texas, Sunset Point RV Park, and the Lower Colorado River Authority Western Maintenance Facility, pursuant to Certificate of Convenience and Necessity Number 12334 (the "CCN") issued by the Texas Commission on Environmental Quality (the "TCEQ").

B. HUI desires to sell, and WCWC desires to purchase, all of HUI's rights, title, and interests in, to, and under the CCN and any rights, title, or interests that HUI may have in, to, or under that certain Agreement With Respect To A Water System To Serve The Wilderness Cove Subdivision in Burnet County, Texas dated the 30th day of October, 2001, between HUI and SST Land Management LLC for Wilderness Cove Ltd. to operate the Water System and all components, equipment, and easements used in connection with the Water System (the "Water System Assets"), all upon the terms and conditions set forth herein.

C. WCWC desires that HUI complete the current Water System expansion to meet the Minimum Water System Capacity Requirements as defined in Rule §290.45 of the Texas Administrative Code, Title 30, Part 1, Chapter 290. In particular, the current pressure tank capacity is inadequate to meet the water demand for all customers within the CCN area.

NOW, THEREFORE, in consideration of the recitals and the covenants, representations, warranties and agreements herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. SALE AND PURCHASE OF THE HUI'S WATER SYSTEM ASSETS

Subject to the terms and conditions hereinafter set forth, WCWC shall purchase from HUI, and HUI shall sell, assign, transfer, grant, convey and deliver to WCWC at the Closing (hereinafter defined), all of HUI's rights, title, and interest in and to the Water System Assets, whether tangible or intangible, real, personal or mixed, which are held, used, or useful in connection with the production, treatment, and distribution of water within the Service Area.

The Water System Assets are being sold and shall be at the Closing free and clear of all mortgages, liens, pledges, security interest, charges, taxes, claims, restrictions, and encumbrances of any nature whatsoever.

1.1 Water System Assets Further Defined

The Water System Assets shall, without limitation to the definition stated above, include the specific assets, properties and rights of HUI as follows:

- (a) all the land, buildings, pipes, pipelines, wells, pumping stations, storage tanks, standpipes, structures, fences, improvements, fixtures, rights-of-way, rights, uses, licenses, and easements, including but not limited to utility and sanitation easements, owned by HUI, or in which HUI has an interest, and all hereditaments, tenements, and appurtenances belonging or appertaining thereto;
- (b) all machinery, equipment, tools, vehicles, furniture, furnishings, leasehold improvements, goods, and other tangible personal property relating to the Water System owned by HUI or in which HUI has an interest;
- (c) all supplies and inventories relating to the Water System;
- (d) all rights of HUI under any written or oral contract, easement, license, agreement, lease, plan, instrument, registration, permit, certificate, CCN, or other authorization or approval of any nature, or other document, commitment, arrangement, undertaking, practice, or authorization, relating to the Water System;
- (e) all rights and choses in action of HUI arising out of occurrences before or after the Closing relating to the Water System; and
- (f) all information, files, records, data, plans, contracts and recorded knowledge, including customer and supplier lists and property records, related to the foregoing.

1.2 Excluded Assets

Notwithstanding the foregoing, the Water System Assets shall not include any of HUI's cash and accounts receivables as of the date of the Closing. Computer billing software owned by HUI is also excluded.

1.3.1 Consideration

The total purchase price ("Purchase Price") for the Water System Assets will be \$40,000 to be paid in cash at the Closing.

1.4 Contractual Obligations

WCWC shall not assume any obligations of HUI under any contract, agreement, commitment, lease, certificate, permit or other instrument, whether oral, written, express or implied.

1.5 Non-Assumption of Liabilities

With the exception of the assumption of the ongoing obligation to provide water service to the customers of the HUI served by the Water System (the "Assumed Obligations"), all liabilities and obligations of HUI shall remain the sole responsibility of HUI, including any and all liabilities or obligations under any employee benefit plan, practice or arrangement or pension, retirement or savings plan. Except for the Assumed Obligations, WCWC shall not assume and shall not be liable for any liabilities or obligations of HUI of any nature whatsoever, whether express or implied, fixed or contingent.

1.6 Application for Sale, Transfer, or Merger of A Retail Public Utility (STM)

HUI and WCWC agree to cooperatively prepare the STM application (TCEQ form 10516) for submission by WCWC to the TCEQ.

2. CLOSING

Closing hereunder (the "Closing") shall take place at The Wilderness Cove Subdivision community building located at 115 Wilderness Drive, Marble Falls Texas, commencing at 10:00 a.m. local time, on or before a date thirty five (35) days after the receipt of final regulatory approvals, including without limitation those described in **Section 4.1** below. The date of the Closing is referred to herein as the "Closing Date". The effective time of the legal transfer hereunder shall be 12:01 a.m. on the day following the Closing Date.

2.1 Items to be delivered at the Closing

At the Closing and subject to the terms and conditions herein contained:

- (a) HUI shall deliver to WCWC the Water System Assets, including, without limitation, the following:
 - (i) A Bill of Sale and Assignments and any other instruments or documents of conveyance and transfer, all in form reasonably satisfactory to WCWC, as shall be necessary and effective to transfer and assign to and vest in WCWC good and marketable title to the Water System Assets and all rights to operate the Water System as such is now being operated;
 - (ii) copies of, or the originals as appropriate, of all the agreements, contracts, commitments, leases, plans, bids, quotations, proposals, instruments, certificates, permits, and other instruments belonging to HUI that are part of or related to the Water System Assets and/or the Water System;
 - (iii) a complete and accurate list of the names and addresses of all customers of HUI served by the Water System, both in paper form and in electronic form (e.g. CD, USB drive, or other digital form) that can be downloaded to a computer, along with a billing history for each customer; and

- (iv) keys to any and all buildings and gates used in connection with the Water System Assets and/or the operation of the Water System;

and simultaneously with such delivery, all such steps shall be taken as may be required to put WCWC in actual possession and operating control of the Water System Assets and the Water System.

- (b) HUI and WCWC agree that final meter readings of the customers of the Water System shall be conducted within seven (7) days immediately prior to the Closing. These readings shall be utilized by HUI for the purpose of issuing final bills to the customers of the Water System, using actual readings to generate water charges for such final bills and not minimum charges. WCWC shall use such final readings as the beginning readings to begin the billing cycle for the customers of the Water System on the initial bills from WCWC following the Closing, and WCWC shall not be responsible for the collection of any amounts due HUI for the final bills of the Water System customers issued by HUI as a result of the HUI's final meter readings.

2.2 Transfer of Utilities

HUI and WCWC will cooperate to transfer utility service, including telephone and electric service, as of the Closing Date. In the event service cannot be transferred in the name of WCWC as of the Closing Date, the bills shall be pro-rated as of the Closing Date, and WCWC shall retain from the Purchase Price its estimate of the amount of such bills not yet paid by HUI.

2.3 Further Assurances

HUI, from time to time after the Closing, at WCWC's request, and without compensation, will execute, acknowledge, and deliver to WCWC such other instruments and documents of sale, conveyance, assignment, and transfer and will take such other actions and execute and deliver such other documents, certifications, and further assurances as WCWC may reasonably require in order to vest in WCWC, and/or to place WCWC fully in possession of, all of the Water System Assets. Each of the parties hereto, without compensation, will cooperate with the other and execute and deliver to the other such other instruments and documents and take such other actions as may be reasonably requested from time to time by any other party hereto as necessary to carry out, evidence and confirm the purposes of this Agreement.

3. CONDUCT OF PARTIES PENDING CLOSING

3.1 HUI agrees that, with respect to the Water System Assets and Water System, pending the Closing and except as otherwise agreed to in writing by WCWC:

- (a) The business of HUI shall be conducted solely in the ordinary course consistent with past practice.

- (b) HUI shall continue to maintain and service the tangible Water System Assets in good working order such that they will be in proper working order at Closing.
- (c) HUI will use its best efforts to maintain its relations and goodwill with its suppliers, customers, and any others having business relations with it.
- (d) HUI shall comply with all laws, ordinances, rules, regulations, and orders applicable to it and to the conduct of its business.

4. **CONDITION PRECEDENT TO WCWC'S OBLIGATIONS**

All obligations of WCWC under this Agreement are subject to the fulfillment or satisfaction, or waiver by WCWC, prior to or at the Closing, of the following conditions precedent:

4.1 **Governmental Approval of STM Application**

WCWC shall have received all governmental authorizations and approvals needed for the transfer of the Water System Assets to it, including, but not limited to, adoption and approval of the STM application from the TCEQ authorizing: (a) the transfer of the CCN and Water System Assets as contemplated by this Agreement; (b) WCWC to provide water service to the customers in the Service Area; and (c) HUI to abandon the Service Area. Such governmental authorizations, orders, authorizations and approvals by the TCEQ shall be in form and substance satisfactory to WCWC in its sole discretion.

4.2 **Governmental Approval to Operate All Components of the Water Plant Expansion**

HUI shall have received TCEQ authorization to operate all components of the Water System, including the additional well, storage tank, pressure tank, and controls and piping, and all other components installed for the Water Plant Expansion.

5. **REPRESENTATIONS AND WARRANTIES OF HUI**

5.1 HUI hereby represents and warrants to WCWC as follows:

- (a) **Organization.** HUI is duly organized, validly existing, and in good standing under the laws of the State of Texas.
- (b) **Current Operations.** HUI has all requisite power and authority and all agreements, contracts, commitments, leases, certificates, licenses, permits, regulatory authorizations and other instruments required to conduct the business of the Water System as it has been and is now being conducted and to operate the Water System.

- (c) Legal Authority. HUI has the full power and lawful authority to transfer to WCWC all of its rights, title, and interests in, to, and under the CCN, Water System, and Water System Assets as provided herein.
- (d) Due Authorization; Valid and Binding. HUI has the full power and lawful authority to execute and deliver this Agreement and all related documents and agreements and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement and all related documents and agreements by all necessary proceedings. This Agreement and all related agreements constitute the valid and binding obligation of HUI.
- (e) No Approvals or Violations. This Agreement does not require any further approvals of any other party, does not violate any law, ordinance, or regulation, does not conflict with any order or decree, and does not conflict with or result in a breach of any contract, lease, or permit to which HUI is a party.
- (f) Party to Decree. HUI is not party to, or subject to the provision of, any judgment, order, writ, injunction, or decree of any court or of any governmental official, agency, or instrumentality relating to the Water System or the Water System Assets.
- (g) Customer Records. The data contained in the Water System customer records provided to WCWC is true and accurate.
- (h) Unencumbered Assets. All of the Water System Assets are free and clear of all liens, encumbrances, and security interests.
- (i) Undisclosed Liabilities. There are no liabilities or obligations of HUI, either accrued, absolute, contingent, or otherwise, relating to or encumbering the Water System Assets. For purposes of this Agreement, the term liabilities shall include, without limitation, any direct or indirect indebtedness, guaranty, endorsement, claim, loss, damage, deficiency, cost, expense, unpaid taxes, obligation, or responsibility, either accrued, absolute, contingent or otherwise.
- (j) Condition of Assets. All the tangible property included in the Water System Assets are in good operating condition and repair, are usable in the regular course of business, and conform to all applicable laws, ordinances, codes, rules, and regulations relating to their construction, use and operation, and are free from any known material defects except such minor defects as do not substantially interfere with the continued use thereof in the conduct of normal operations. There are no conditions or developments existing or, to the knowledge of HUI, threatened which would have a material adverse effect on the Water System Assets.
- (k) No Other Parties. No person, other than HUI, owns or has any interest in any equipment or other tangible assets or properties currently utilized or necessary to the operations or business of the Water System and Water System Assets.
- (l) Adequacy of Rights. All agreements, contracts, commitments, leases, certificates, permits, and other instruments related to the Water System Assets to which HUI is a party are valid and enforceable in accordance with their terms, are in good standing, and the parties thereto are in compliance with the provisions thereof. No party is in default in the performance, observance, or fulfillment of any

material obligation, covenant, or condition contained therein, and no event has occurred, which with or without the giving of notice or lapse of time, or both, would constitute a default thereunder.

- (m) Pending Litigation. There are no pending claims, actions, investigations, or legal or administrative proceedings regarding the Water System or Water System Assets or HUI's ability to transfer the CCN and Water System Assets.
- (n) Threatened Litigation. To the best of HUI's knowledge, there are no threatened claims, actions, investigations, or legal or administrative proceedings regarding the CCN, Water System, or Water System Assets or HUI's ability to transfer the CCN, Water System, or Water System Assets, nor does HUI know of any basis for any such claim, action, or proceeding.
- (o) Compliance with Law. HUI is not in any material violation of any law, ordinance, or governmental rule or regulation, including any Environmental Laws (as hereafter defined), to which it or its business and of operating the Water System and the Water System Assets is subject and has not failed to obtain, or to adhere to the requirements of, any certificate, license, permit, or other governmental authorization necessary to the ownership of the Water System and Water System Assets or to the conduct of its business of operating the Water System.
- (p) Adequacy of Permits. To the best of HUI's actual knowledge, after diligent inquiry and investigation, HUI has obtained and continues to possess all permits, licenses, approvals, or other authorizations which are required under the Environmental Laws, has filed such timely and complete renewal applications as may be required prior to the Closing Date, and also has complied with all reporting and record keeping requirements under the Environmental Laws.
- (q) Environmental Conditions. To the best of HUI's actual knowledge, following diligent inquiry and investigation, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions, or plans pertaining or relating to the Water System or Water System Assets which may impede or prevent continued compliance with the Environmental Laws or which may give rise to any civil or criminal liability under the Environmental Laws.
- (r) Compliance with Decrees. HUI has been and is in compliance with all orders, decrees, judgments, and notices issued against the Seller under or in connection with the Environmental Laws.

As used in this Agreement, the following terms shall have the following meaning:

The term "Environmental Laws" shall include all federal, state and, local environmental laws and regulations, including, without limitation, the Clean Water Act ("CWA"), also known as the Federal Water Pollution Control Act ("FWPCA"), 33 U.S.C. § 1251 et seq., the Toxic Substances Control Act ("TSCA"), 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide and Rodenticide Act ("FIFRA"), 7 U.S.C. §§ 136 et seq., the Safe Drinking Water Act ("SDWA"), 42 U.S.C. §§ 300 (f) et seq., the Surface Mining Control and Reclamation Act ("SMCRA"), 30 U.S.C. §§ 1201 et seq., the Comprehensive Environmental Response,

Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 et seq., the Superfund Amendment and Reauthorization Act of 1986 ("SARA"), Public Law 99-499, 100 Stat., 1613, the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. 6901, the Atomic Energy Act ("AEA"), Act of August 30, 1954, Ch. 1073, 68 Stat. 919 (codified as amended in scattered sections of 5 U.S.C. and 42 U.S.C.). Any reference to a legislative act or regulation shall be deemed to include all amendments thereto and all regulations, orders, decrees, judgments, opinions, directives, or notices issued thereunder.

The term "Environmental Condition" shall mean any condition or circumstance related to the Water System or Water System Assets, whether created by HUI or any other party, which (1) required or requires abatement or correction under an Environmental Law, or (2) has given or may give rise to any civil or criminal liability under an Environmental Law, or (3) has created or may create a public or private nuisance, including the presence of asbestos, PCB's, hazardous substances, petroleum products, radioactive waste, or radon, on, in or about the Water System Assets.

5.2 No Misleading Statements

No representation or warranty by HUI in this Agreement or in any document delivered or to be delivered pursuant hereto or in connection herewith, and no statement, document, agreement, information, or certificate made or furnished or to be made or furnished to WCWC pursuant hereto or in connection with the negotiation, execution, or performance of this Agreement, now and as of the Closing Date, contain any untrue statement of a material fact, or fail to state any fact necessary to make any statement herein or therein not misleading.

5.3 Documents Produced

HUI has delivered to WCWC true and complete copies of all the agreements, contracts, commitments, leases, certificates, permits, and other instruments, documents and undertakings described in this Agreement.

6. REPRESENTATIONS AND WARRANTIES OF WCWC

6.1 WCWC hereby represents and warrants to HUI as follows:

(a) Organization. WCWC is a corporation duly organized and validly existing and in good standing under the laws of the State of Texas, wholly owned by WCHOA.

(b) Due Authorization; Valid and Binding. WCWC has the full power and lawful authority to execute this Agreement and to consummate and perform the transactions contemplated hereby and has duly and validly authorized the execution of this Agreement by all necessary proceedings. This Agreement constitutes the valid and binding obligations of WCWC.

(c) Financial Wherewithal. WCWC has the financial wherewithal to complete the purchase of the Water System and Water System Assets as contemplated hereunder and upon completion of the Closing, to operate and manage the Water System and Water System Assets at, or exceeding, the level of service provided by the HUI prior to the Closing.

7. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All representations, warranties, and agreements made by the parties in this Agreement or in any agreement, document, statement, or certificate furnished hereunder or in connection with the negotiation, execution, and performance of this Agreement shall survive the Closing. Notwithstanding any investigation or audit conducted before or after the Closing Date or the decision of any party to complete the Closing, each party shall be entitled to rely upon the representations, warranties, and agreements set forth herein and therein.

8. **MISCELLANEOUS**

8.1 **Contents of Agreement; Parties in Interest; etc.**

This Agreement sets forth the entire understanding of the parties hereto with respect to the transactions contemplated hereby. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.

8.2 **Binding Effect**

All of the terms and provisions of this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the legal representatives, successors, and assigns of HUI or WCWC.

8.3 **Waiver**

Any term or provision of this Agreement may be waived at any time by the party or parties entitled to the benefit thereof by a written instrument executed by such party or parties.

8.4 **Notices**

Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or sent by telegram or by registered or certified mail, postage prepaid, return receipt requested, as follows:

If to WCWC:

Robert Watkins, President
Wilderness Cove Water Company, LLC
111 Wilderness E
Marble Falls, Texas 78654

If to HUI:

George Burriss, President
Highland Utilities, Inc.
P.O. Box 790
Marble Falls, Texas 78654

or to such other address as the addressee may have specified in a written notice duly given to the sender as provided herein. Such notice, request, demand, waiver, consent, approval, or other communication will be deemed to have been given as of the date so delivered, mailed, or sent by electronic email, delivery confirmed.

8.5 Texas Law to Govern

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the State of Texas, without giving effect to any conflicts of laws provisions.

8.6 No Benefit to Others

The representations, warranties, covenants, and agreements contained in this Agreement are for the sole benefit of the parties hereto, and their legal representatives, successors, and assigns, and they shall not be construed as conferring any rights on any other persons.

8.7 Assignment

WCWC may assign this Agreement and all of its rights, obligations, and covenants hereunder to a wholly-owned subsidiary prior to the Closing. Otherwise, this Agreement may not be assigned by either of the parties hereto without the prior written consent of the other party.

8.8 Headings, Gender, etc.

All section headings contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context requires.

8.10 Cooperation/Further Assurances

HUI from time to time after the Closing, at WCWC's request, and without additional compensation, will execute, acknowledge and deliver to WCWC such other instruments of sale, conveyance, assignment, and transfer and will take such other actions and execute and deliver such other documents, certifications, and further assurances as WCWC may reasonably require in order to vest in WCWC, and/or to place WCWC fully in possession of, the Water System and all of the Water System Assets. Each of the parties hereto, without additional compensation, will

cooperate with the other and execute and deliver to the other such instruments and documents and take such actions as may be reasonably requested from time to time by any other party hereto as necessary to carry out, evidence, and confirm the purposes of this Agreement.

8.11 Severability

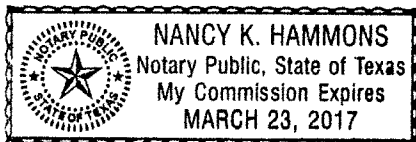
Any provision of this Agreement that is invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction or under any circumstance shall not invalidate or render unenforceable such provision in any other jurisdiction or under any other circumstance, unless, in either event, the involved or unenforceable provision causes this Agreement to fail of its essential purpose.

8.12 Counterparts

This Agreement may be executed in any number of counterparts and any signatory hereto may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become binding when one or more counterparts taken together shall have been executed and delivered by all signatories.

IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

HUI:



HIGHLAND UTILITIES., INC.

By: George Burriss
George Burriss, President

WCWC:

WILDERNESS COVE WATER COMPANY, LLC

By: Robert Watkins 8/19/2014
Robert Watkins, President

List of Neighboring Utilities

List of Neighboring Utilities

CCN NO. 11450
CITY OF GRANITE SHOALS
PO BOX 2580
MARBLE FALLS, TEXAS 78654-2678

LOWER COLORADO RIVER
AUTHORITY
PO BOX 220
AUSTIN, TEXAS 78767

CCN NO. 13185 & 21051
CITY OF COTTONWOOD SHORES
3808 COTTONWOOD DR
COTTONWOOD SHORES, TEXAS
78654-

BURNET COUNTY
220 SOUTH PIERCE STREET
BURNET, TEXAS 78611

CCN NO. 12109
CHANNEL OAKS WATER SYSTEM
4533 N VERSAILLES AVE
DALLAS, TX 75205

CCN NO. 13180
DEERHAVEN WCID
PO BOX 4302
HORSESHOE BAY, TEXAS 78657-4302

CCN NO. 10467
DEERHAVEN INC
PO BOX 475
LLANO, TEXAS 78643

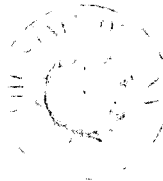
CCN NO. 11137 & 20426
CITY OF MARBLE FALLS
800 3RD ST
MARBLE FALLS, TX 78654-5728

CITY OF MEADOWLAKES
177 BROADMOOR ST
MEADOWLAKES, TX 78654-6611

CCN NO. 11157 & 20453
AQUA TEXAS INC
1106 CLAYTON LN STE 400W
AUSTIN, TEXAS 78723-2476

Comprehensive Compliance Evaluation Investigation

Bryan W. Shaw, Ph.D., *Chairman*
Carlos Rubinstein, *Commissioner*
Toby Baker, *Commissioner*
Zak Covar, *Executive Director*



TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

Protecting Texas by Reducing and Preventing Pollution

May 16, 2012

RECEIVED

JUN 20 2012

**TCEQ
CENTRAL FILE ROOM**

Mr. George Burriss III, President
Highland Utilities, Incorporated
Post Office Box 790
Marble Falls, Texas 78654

Re: Compliance with Notice of Violation (NOV) dated October 20, 2011:
Wilderness Cove Water System
Wirtz Dam Road, Marble Falls (Burnet County), Texas
Regulated Entity No. RN102319605, TCEQ Public Water Supply ID 0270126

Dear Mr. Burriss:

This letter is to inform you that the Texas Commission on Environmental Quality (TCEQ) Austin Region Office received adequate compliance documentation on May 14, 2012, to resolve the violation documented during an investigation conducted on October 6, 2011. Based on the information submitted, no further action is required concerning this investigation.

The TCEQ appreciates your assistance in this matter and your continued efforts to ensure protection of the public health. Should you have any questions, please feel free to contact Lawrence King at the Austin Region Office at (512) 339-2929.

Sincerely,

Shea Cockrell
Water Section Work Leader
Austin Region Office

SC/lok

Enclosure: Summary of Investigation

Protecting Texas by Reducing and Preventing Pollution

RECEIVED

JUL 03 2012

Re: Notice of Violation for the Comprehensive Compliance Investigation at:
Wilderness Cove Water System
Wirtz Dam Road, Marble Falls (Burnet County), Texas
Regulated Entity No. RN102319605, TCEQ Public Water Supply ID 0270126

On October 6, 2011, Ms. Shelley Pridgen and Mr. Lawrence King of the Texas Commission on Environmental Quality (TCEQ) Austin Region Office conducted an investigation of the above-referenced regulated entity to evaluate compliance with applicable requirements for public drinking water systems. Enclosed is a summary which lists the investigation findings. During the investigation, an alleged violation was identified for which compliance documentation is required. Please submit to this office by **December 19, 2011**, a written description of corrective actions taken and the required documentation demonstrating that compliance has been achieved.

In the listing of the alleged violation, we have cited applicable requirements, including TCEQ rules. Please note that both the rules themselves and the agency brochure entitled *Obtaining TCEQ Rules* (GI 032) are located on our agency website at <http://www.tceq.state.tx.us> for your reference. If you would like a hard copy of this brochure mailed to you, you may call and request one from either the Austin Region Office region Office at 512-339-2929 or the Central Office Publications Ordering Team at 512-239-0028.

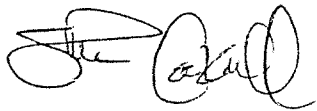
The TCEQ appreciates your assistance in this matter. Please note that the Legislature has granted TCEQ enforcement powers which we may exercise to ensure compliance with

Mr. George Burriss III
October 20, 2011
Page 2

environmental regulatory requirements. We anticipate that you will resolve the alleged violation as required in order to continue to protect the public health. If you have additional information that we are unaware of, you have the opportunity to contest the violation documented in this notice. Should you choose to do so, you must notify the Austin Region Office within 10 days from the date of this letter. At that time, I will schedule a violation review meeting to be conducted *within 21 days from the date of this letter*. However, please be advised that if you decide to participate in the violation review process, the TCEQ may still require you to adhere to the compliance schedule included in the attached Summary of Investigation Findings until an official decision is made regarding the status of the contested violation.

If you or members of your staff have any questions, please feel free to contact Mr. King in the Austin Region Office at 512-339-2929.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shea Cockrell', with a stylized, cursive script.

Shea Cockrell
Water Section Work Leader
Austin Region Office

SC/lok

Enclosures: Summary of Investigation Findings

WILDERNESS COVE

Investigation # 957085

, BURNET COUNTY,

Investigation Date: 10/06/2011

Additional ID(s): 0270126

**OUTSTANDING ALLEGED VIOLATION(S)
ASSOCIATED TO A NOTICE OF VIOLATION**

Track No: 448873

Compliance Due Date: 12/19/2011

30 TAC Chapter 290.44(h)(1)

Alleged Violation:

Investigation: 957085

Comment Date: 10/18/2011

The water system allowed a potential contamination hazard to exist at the service connection for the RV park. Specifically, the water system is not protected from potential contamination by either a reduced-pressure principle backflow prevention assembly (RPBA) at the meter, or by the use of vacuum breakers at each hose bib within the RV park. Without an RPBA at the service connection and/or vacuum breakers at each hose bib, there is a potential for cross-connection contamination of the water system should a back-siphonage situation occur.

Recommended Corrective Action: The respondent shall begin providing protection against potential cross-connection contamination at the RV park and shall submit documentation to the TCEQ Austin Region Office which demonstrates that this has been done.

Maps

20173

Texas Commission on Environmental Quality
P.O. Box 13087
Austin Texas 78711-3087
For more information
concerning this msg, please contact the
Water Supply Division at (512) 239-4691
07/07/2014

IWUD Map Viewer

Disclaimer
This map was generated by the Integrated Water Utilities Database (IWUD) from the Texas Commission on

Wilderness Cove Water Company, LLC.

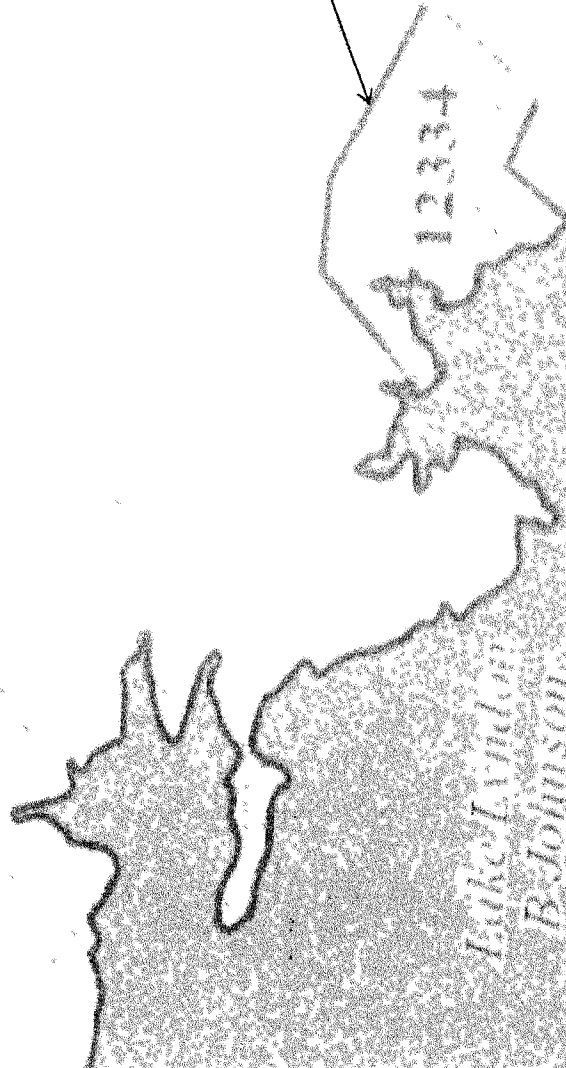
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Affected Service Area



13185

21051

24. b. 3. Written Description of Service Area

The service area is located approximately 16 miles Southwest of Burnet, Texas, and is generally bounded on the north by Elm Cove Road; on the east by Deep Creek; on the south by Lake LBJ; and on the west by Lake LBJ

The Wilderness Cove water system is a community, ground water system with 26 service meters, one of which is a master meter for an RV park that has 46 connections. The system has a total of 71 connections. The system has one well that pumps to a 12,600 gallon ground storage tank with a sodium hypochlorite solution prior to storage. Two service pumps draw water from storage and discharge through a 1,500 gallon pressure tank and then to the 4" PVC distribution system



TCEQ Use Only

TCEQ Core Data Form

For detailed instructions regarding completion of this form, please read the Core Data Form Instructions or call 512-239-5175.

SECTION I: General Information

1. Reason for Submission (If other is checked please describe in space provided)		
<input checked="" type="checkbox"/> New Permit, Registration or Authorization (Core Data Form should be submitted with the program application)		
<input type="checkbox"/> Renewal (Core Data Form should be submitted with the renewal form)		<input type="checkbox"/> Other
2. Attachments Describe Any Attachments: (ex. Title V Application, Waste Transporter Application, etc.)		
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
3. Customer Reference Number (if issued)		4. Regulated Entity Reference Number (if issued)
CN		
		RN

SECTION II: Customer Information

5. Effective Date for Customer Information Updates (mm/dd/yyyy)			
6. Customer Role (Proposed or Actual) – as it relates to the Regulated Entity listed on this form. Please check only one of the following:			
<input checked="" type="checkbox"/> Owner	<input type="checkbox"/> Operator	<input type="checkbox"/> Owner & Operator	
<input type="checkbox"/> Occupational Licensee	<input type="checkbox"/> Responsible Party	<input type="checkbox"/> Voluntary Cleanup Applicant	<input type="checkbox"/> Other:
7. General Customer Information			
<input checked="" type="checkbox"/> New Customer		<input type="checkbox"/> Update to Customer Information	
<input type="checkbox"/> Change in Legal Name (Verifiable with the Texas Secretary of State)		<input type="checkbox"/> Change in Regulated Entity Ownership	
**If "No Change" and Section I is complete, skip to Section III – Regulated Entity Information.			
8. Type of Customer:			
<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> Individual	<input type="checkbox"/> Sole Proprietorship- D.B.A	
<input type="checkbox"/> City Government	<input type="checkbox"/> County Government	<input type="checkbox"/> Federal Government	
<input type="checkbox"/> Other Government	<input type="checkbox"/> General Partnership	<input type="checkbox"/> State Government	
		<input type="checkbox"/> Limited Partnership	
		<input type="checkbox"/> Other:	
9. Customer Legal Name (If an individual, print last name first: ex: Doe, John)		If new Customer, enter previous Customer below	
Wilderness Cove Water Company, LLC		End Date:	
10. Mailing Address:			
115 Wilderness Cove			
City	Marble Falls	State	TX
ZIP	78654	ZIP + 4	
11. Country Mailing Information (if outside USA)		12. E-Mail Address (if applicable)	
13. Telephone Number		14. Extension or Code	
(830) 693-2133			
15. Fax Number (if applicable)			
() -			
16. Federal Tax ID (9 digits)		17. TX State Franchise Tax ID (11 digits)	
18. DUNS Number (if applicable)		19. TX SOS Filing Number (if applicable)	
		0801812071	
20. Number of Employees		21. Independently Owned and Operated?	
<input checked="" type="checkbox"/> 0-20 <input type="checkbox"/> 21-100 <input type="checkbox"/> 101-250 <input type="checkbox"/> 251-500 <input type="checkbox"/> 501 and higher		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

SECTION III: Regulated Entity Information

22. General Regulated Entity Information (If "New Regulated Entity" is selected below this form should be accompanied by a permit application)	
<input checked="" type="checkbox"/> New Regulated Entity	<input type="checkbox"/> Update to Regulated Entity Name
<input type="checkbox"/> Update to Regulated Entity Information	<input type="checkbox"/> No Change** (See below)
**If "NO CHANGE" is checked and Section I is complete, skip to Section IV, Preparer Information.	
23. Regulated Entity Name (name of the site where the regulated action is taking place)	
Wilderness Cove Water Company, LLC	

24. Street Address of the Regulated Entity: (No P.O. Boxes)	115 Wilderness Cove							
	City	Marble Falls	State	TX	ZIP	78654	ZIP + 4	
25. Mailing Address:	Same							
	City		State		ZIP		ZIP + 4	
26. E-Mail Address:								
27. Telephone Number			28. Extension or Code		29. Fax Number (if applicable)			
(830) 693-2133					() -			
30. Primary SIC Code (4 digits)		31. Secondary SIC Code (4 digits)		32. Primary NAICS Code (5 or 6 digits)		33. Secondary NAICS Code (5 or 6 digits)		
4941				221310				
34. What is the Primary Business of this entity? (Please do not repeat the SIC or NAICS description.)								
Water utility owner								

Questions 34 – 37 address geographic location. Please refer to the instructions for applicability.

35. Description to Physical Location:	On Wirtz Dam Road - 2.5 miles west of Marble Falls		
36. Nearest City	County	State	Nearest ZIP Code
Marble Falls	Burnet	TX	78654
37. Latitude (N) In Decimal:	38. Longitude (W) In Decimal:		
Degrees	Minutes	Seconds	Degrees
			Minutes
			Seconds

39. TCEQ Programs and ID Numbers Check all Programs and write in the permits/registration numbers that will be affected by the updates submitted on this form or the updates may not be made. If your Program is not listed, check other and write it in. See the Core Data Form instructions for additional guidance.

<input type="checkbox"/> Dam Safety	<input type="checkbox"/> Districts	<input type="checkbox"/> Edwards Aquifer	<input type="checkbox"/> Industrial Hazardous Waste	<input type="checkbox"/> Municipal Solid Waste
<input type="checkbox"/> New Source Review – Air	<input type="checkbox"/> OSSF	<input type="checkbox"/> Petroleum Storage Tank	<input type="checkbox"/> PWS	<input type="checkbox"/> Sludge
<input type="checkbox"/> Stormwater	<input type="checkbox"/> Title V – Air	<input type="checkbox"/> Tires	<input type="checkbox"/> Used Oil	<input checked="" type="checkbox"/> Utilities
<input type="checkbox"/> Voluntary Cleanup	<input type="checkbox"/> Waste Water	<input type="checkbox"/> Wastewater Agriculture	<input type="checkbox"/> Water Rights	<input type="checkbox"/> Other:

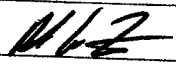
SECTION IV: Preparer Information

40. Name:	Bret W. Fenner		41. Title:	Engineer
42. Telephone Number	43. Ext./Code	44. Fax Number	45. E-Mail Address	
(512) 264-9124		(512) 692-1967	bretfenner@yahoo.com	

SECTION V: Authorized Signature

46. By my signature below, I certify, to the best of my knowledge, that the information provided in this form is true and complete, and that I have signature authority to submit this form on behalf of the entity specified in Section II, Field 9 and/or as required for the updates to the ID numbers identified in field 39.

(See the Core Data Form instructions for more information on who should sign this form.)

Company:	Wilderness Cove Water Co., LLC		Job Title:	Representative
Name(In Print):	Bret W. Fenner		Phone:	(512) 264-9124
Signature:			Date:	8/21/2014