



Control Number: 45715



Item Number: 1

Addendum StartPage: 0



Application for Sale, Transfer, or Merger of a Retail Public Utility

Pursuant to Chapter 13.251 of the Texas Water Code

Docket Number: 45715

(this number will be assigned by the Public Utility Commission after your application is filed)

7 copies of the application, including the original, along with one copy of the portable electronic storage medium (such as CD or DVD) containing the GIS data shall be filed with

Public Utility Commission of Texas
Attention: Filing Clerk
1701 N. Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

RECEIVED
2016 MAR 11 AM 10:35
PUBLIC UTILITY COMMISSION
FILING CLERK

No later than seven days after filing the application for the boundary change, provide a copy of each paper map and a portable electronic storage medium (such as CD, flash drive or DVD) containing complete and identical data to the portable electronic storage medium submitted above to

Texas Natural Resources Information System
1700 N. Congress Ave, Room B40
Austin, Texas 78701

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Part A – General Information

*RN# *CN# * (PRIOR TCEQ ID numbers)

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

<input type="checkbox"/> Sale of <input type="checkbox"/> All <input type="checkbox"/> Portion of the	<input checked="" type="checkbox"/> Water system(s) under CCN No.:	<input type="text" value="n/a"/>
<input checked="" type="checkbox"/> Acquisition	<input checked="" type="checkbox"/> Sewer system(s) under CCN No.:	<input type="text" value="n/a"/>
<input type="checkbox"/> Lease/Rental		

<input type="checkbox"/> Transfer of <input type="checkbox"/> All <input type="checkbox"/> Portion of the	<input type="checkbox"/> Certificated water service area – CCN No.:	<input type="text"/>
	<input type="checkbox"/> Certificated sewer service area – CCN No.:	<input type="text"/>

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:

<input type="checkbox"/> Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN	
<input checked="" type="checkbox"/> Amend the transferee's CCN No.:	<input type="text" value="12983 and 20899"/>
<input type="checkbox"/> Merge or consolidate public utilities	
<input type="checkbox"/> Cancel CCN of the transferor (seller)	

2. Proposed effective date of this transaction:
(Must be at least 120 days after proper notice is provided)

Part B – Current Service Provider or Seller Information

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:
(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):
Address: Telephone: (AC)

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:	<input type="text" value="Louis Smulders"/>	Title:	<input type="text" value="HOA President"/>
Address:	<input type="text" value="8047 Villa De Norte, Houston, Texas 77070"/>	Telephone: (AC)	<input type="text" value="832 755 5072"/>

Fax:

Email:

4. About the last rate increase for the system or facilities being transferred:

A. What was the effective date of the last rate increase?

B. Was notice of this increase provided to the Public Utility Commission of Texas (commission or PUC) or a predecessor regulatory authority?

No Yes- Application/Docket Number: Date

5. Please provide a list of all customers affected by this transaction who have deposits held by the transferor or 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 Deposit
see attached list - Appendix A			

Part C – Purchaser or Transferee Information

Questions 6 through 16 refer to the transferee or purchaser.

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

Applicant:
(Individual, Corporation, or Other Legal Entity)

Utility Name:
(If different than above)

Utility Address:

Fax: Email: Telephone (AC):

CCN Numbers held prior to the filing of this application:

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:

Non-profit, member-owned, member-controlled Cooperative Corporation (Article 1434(a) Water

Supply or Sewer Service Corporation); provide charter number:

<input type="checkbox"/>	Municipally-owned utility
<input type="checkbox"/>	District (MUD, SUD, WCID, etc.)
<input type="checkbox"/>	County
<input checked="" type="checkbox"/>	Other (please explain): Limited Partnership: Monarch Utilities I, L.P. Texas SOS File Number 0800034797

8. If the applicant is an *Individual* or sole proprietorship, provide the following information. If not, skip to 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 9, whichever applies to the transferee applicant.

•Name:	Charles W. Profflet, Jr.	Telephone (AC):	281 207 5800
Address:	12535 Reed Road, Sugar Land, TX 77478		
Position:	President, Director	Ownership % (if applicable):	

•Name:	Michael O. Quinn	Telephone (AC):	281 207 5800
Address:	12535 Reed Road, Sugar Land, TX 77478		
Position:	Director	Ownership % (if applicable):	

•Name:	Kirk Michael	Telephone (AC):	281 207 5800
Address:	12535 Reed Road, Sugar Land, TX 77478		
Position:	Chief Financial Officer, Treas.	Ownership % (if applicable):	

•Name:	William K. Dix	Telephone (AC):	281 207 5800
Address:	12535 Reed Road, Sugar Land, TX 77478		
Position:	Secretary, Director	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 Appendix B**

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:	George Freitag, P.E.	Title:	Regulatory Manager
Address:	12535 Reed Road, Sugar Land, TX 77478	Telephone (AC):	512 219 2288
Fax #	512 252 8782	Email	gfreitag@swwc.com
Relationship to the applicant:	Employee		

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

Monarch Utilities I, L.P. is the second largest IOU in Texas and has the financial resources and operating structure to successfully provide quality service to the customers of the Villas. Monarch currently has water and wastewater systems near to this system and a regional operations office nearby. In addition to experienced, licensed operators, Monarch's management staff includes engineers, accountants, environmental safety and health staff, and experienced customer service agents.

B. Has the applicant acquiring the CCN or facilities or an affiliated interest of the applicant been under enforcement action by the PUC, 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.

There have been enforcement actions by TCEQ against Monarch in the past. The company typically achieves compliance with the various orders by working with TCEQ to execute compliance agreements that allow it make the necessary improvements over a realistic time frame. See Appendix C for a summary of current agreements.

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 PUC and ensure continuous and adequate service.

Monarch has more than adequate capitalization and will use a variety of sources including investors' equity, line of credit, and internally generated funds.

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

Customer service will be maintained. Monarch maintains a centralized customer service center and customers have the ability to pay bills through a variety of ways. Monarch has a dedicated management and operations staff including licensed operators, accountants, engineers, environmental health and safety staff, and customer service representatives. Staff resources are similar to those provided under contract by HC MUD 191.

E. How will the transaction serve the public interest?

The Villas at Willowbrook Homeowners Association does not possess the financial, managerial, or technical abilities to be a public utility. HC MUD 191 will not provide permanent water and sewer service and will not allow new connections. The customers will now be served by a professional utility company with the resources to adequately provide quality service and allow new connections to the system.

12. Please describe the nature of the proposed transaction:

See Appendix D for the Asset Purchase Agreement. Customer accounts will be transferred to Monarch's customer service system and customers will be charged at the same rates currently being charged by the MUD. Operation and maintenance of the facilities will be assumed by Monarch's field operations staff. The assets of the Villas will be combined with the assets of Monarch Utilities I, L.P. on the books.

13. If the transferee applicant is an Investor Owned Utility (IOU) and will be under the rate jurisdiction of the PUC, 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:
 - Total Original Cost (as recorded on books of seller or merging entity):
 - Accumulated Depreciation as of the proposed effective date of the transaction:
 - Contributions in Aid of Construction:
 - Specific surcharges approved by TCEQ or PUC:
 - Revenues from explicit customer agreements:
 - Developer Contributions (please explain):
 - Other Contributions (please explain):
- Total Contributions in Aid of Construction
- Net Book Value:

- 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.

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]:

- 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:	\$234,351
Plant Acquisition Adjustment:	
Extraordinary Loss on Purchase:	
Accumulated Depreciation of Plant:	\$44,387
Cash:	
Notes Payable:	
Mortgage Payable:	
Others (please list):	Buy and replace 21 meters, reduce purchase price by \$6,820

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:
FOR MONARCH UTILITIES I, LP

14. Please indicate the proposed effect of this transaction on the rates to be charged to the affected customers:

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:

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:

Other. Please explain:

Monarch will initially provide retail water and wastewater service to the customers at the current user rates charged by the MUD. Monarch intends to charge its approved minor tariff rates for services such as tap and reconnection fees, returned check charges, and late fees. See Appendix E for proposed tariff pages.

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 list in Attachment F

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

Monarch is the second largest IOU in Texas and has been successfully operating for many years. The addition of the 21 customers of the Villas of Willowbrook will not significantly change the overall financial structure. In lieu of Historical Financial Worksheets below, Financial Statements for Monarch Utilities I, L.P. are submitted as Appendix G under CONFIDENTIALITY to demonstrate that the company does have the financial, managerial, and technical capability to own the acquired system.

Part D – Historical Financial Information

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						

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						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

HISTORICAL EXPENSE DETAIL	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						

Part E – Projected Information

PROJECTED BALANCE SHEETS

	START UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
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						

PROJECTED INCOME STATEMENT

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
METER NUMBER						
Existing Number of Taps						
New Taps Per Year						
Total Meters at Year End						
METER REVENUE						
Fees Per Meter						
Cost Per Meter						
Operating Revenue Per Meter						
GROSS WATER REVENUE						
Fees						
Other						
Gross Income						
OPERATING EXPENSES						
General & Administrative						
Interest						
Other						
NET INCOME						

PROJECTED EXPENSE DETAIL

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
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						

PROJECTED SOURCES AND USES OF CASH STATEMENTS

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTALS
SOURCES OF CASH						
Net Income						
Depreciation (If Funded)						
Loan Proceeds						
Other						
Total Sources						
USES OF CASH						
Net Loss						
Principle Portion of Pmts.						
Fixed Asset Purchase						
Reserve						
Other						
Total Uses						
NET CASH FLOW						
DEBT SERVICE COVERAGE						
Cash Available for Debt						
SERVICE (CADS)						
Net Income (Loss)						
Depreciation, or Reserve Interest						
Total						
REQUIRED DEBT SERVICE (RDS)						
Principle Plus Interest						
DEBT SERVICE COVERAGE RATIO						
CADS Divided by RDS						

Part F – TCEQ Public Water or Sewer System Information

Please answer questions 17 through 22 on a different sheet for each physically Distinct system being transferred or acquired.

The Villas of Willowbrook received treated water wholesale from:

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

1	0	1	2	3	6	2
---	---	---	---	---	---	---

this is Harris County M.U.D 191

Date of last inspection:

04/11/2014

B. For Wastewater Systems: **The Villas of Willowbrook sends wastewater to Harris County M.U.D. 191 for treatment.**

-TCEQ Discharge Permit Number: W Q

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-Name of Permittee:

n/a

-Date of application to transfer Discharge Permit submitted:

--

-Date of application to transfer Discharge Permit approved by TCEQ:

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18. A. Are any improvements required to meet TCEQ or PUC standards? Yes No. If yes, please explain:

Harris County MUD 191 will not allow new connections while providing interim srvice to the Villas. Upon closing the proposed transaction, the moratorium will be lifted.

B. Is there a moratorium on new connections? Yes No. If yes, please explain:

C. Provide details of each required major capital improvement to correct the deficiencies and meet the TCEQ or PUC standards (attach additional sheets if necessary):

Description of the Required Improvement	Schedule to Complete	Estimated Cost

19. Does the system being transferred operate within the city limits of a municipality or within district boundaries? Yes No

If yes, indicate the number of customers within the city limits or district boundaries:

21

 Water

21

 Sewer

Attach copy of franchise agreement or consent letter from the city or district.

See Appendix G

20. Do you currently purchase water or sewer treatment capacity from another source? Yes No
 Water Sewer Purchased on a Regular Seasonal Emergency Basis

• Source: % of total supply:

21. List the number of existing connections to be effected by this transaction.

Water			Sewer		
	-Non Metered		-2" meter	-Residential Connection	21
21	-5/8" or 3/4" meter		-3" meter	-Commercial Connection	
	-1" meter		-4" meter	-Industrial Connection	
	-1 1/2" meter		-Other	-Other	
Total Water Connections:			21	Total Sewer Connections	21

20. 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#
Joel Massie	A WW, C GW, BFP	WW0009245, WG0013990, BP0013509
Damon Berryman	B GW, B WW	WG0010580, WW0048395
David Johnson	A W, A WW, CSI, OSSF	WO0030930, WW0046282, CI0004220
Mark McSwain	D W, D WW	WO0036110, WW0052199

24. Attach the following maps with each copy of the application: see Appendix I

- 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.

Part G – Oaths and Notices

OATH FOR SELLER OR FORMER SERVICE PROVIDER

STATE OF Texas

COUNTY OF Harris

I, Louis H. Smulders, being duly sworn, file this application for sale, lease, rental or merger or consolidation as President, Villas of Willowbrook Homeowners Association, Inc. (*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 Texas Commission on Environmental Quality, the Public Utility Commission of Texas, or Attorney General and have also complied with the notice requirements in Section 13.301(k) of the Texas Water Code.

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, this day _____ of _____, 20 16.

SEAL

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES _____

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 Fort Bend

I, Charles W. Profilet, Jr., being duly sworn, file this application for

sale, lease, rental or merger or consolidation as President, Monarch Utilities I, LP
(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 Texas Commission on Environmental Quality, the Public Utility Commission of Texas 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.

Charles W Profilet Jr
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, this day 9th of March, 20 16.

SEAL



Silvia Marleni Alvarez
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Silvia Marleni Alvarez
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

Nov. 20, 2016

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

Notice to Current Customers, Neighboring Systems, Landowner and Cities

Villas of Willowbrook Homeowners' Association, Inc. 'S NOTICE OF INTENT TO SELL FACILITIES TO
(Seller's or Transferor's Name)

Monarch Utilities I, LP AND FOR Monarch Utilities I, LP
(Purchaser's or Transferee's Name) Purchaser's or Transferee's Name)

TO OBTAIN OR AMEND A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN
Harris COUNTY, TEXAS

To: _____ Date Notice Mailed _____, 20____
(Name of Customer, Neighboring System, Landowner or City)

(Address)

City State Zip

Villas of Willowbrook Homeowners' Association, Inc. 8047 Villa De Norte Houston TX 77070
Sellers or Transferors' Name Address City/State/Zip Code

has submitted an application with the Public Utility Commission of Texas to sell water or sewer (please select) Facilities in Harris [County Name] County to:

Monarch Utilities I, LP 12535 Reed Road Sugar Land TX 77478
Purchasers or Transferee's Name Address City/State/Zip Code

The transferee has also requested to obtain/amend a CCN in this application. The sale is scheduled to take place as approved by the Commission (Texas Water Code §13.301). The transaction and the proposed service area include the following subdivision(s):

Villas of Willowbrook

The area subject to this transaction is located approximately 18.9 miles northwest [direction] of downtown Houston, [City or Town] Texas, and is generally bounded on the north by ends of Villa Palmas, Vista De Oro, and Villa Arbors Streets; on the east by Stratford Way; on the south by end of Villa Arca Street; and on the west by Schroeder Road

The total area being requested includes approximately 10.08 acres and serves 21 current customers. This transaction will have the following effect on the current customer's rates and services:
no change to the water and wastewater user rates charged by HC MUD 191, Monarch will implement its tarified customer service fees

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 Commission 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 Commission 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:

Filing Clerk
Public Utility Commission of Texas
1701 North Congress Avenue
P.O. Box 13326
Austin, Texas 78711-3326

**Se desea informacion en Espanol, puede llamar al
1-888-782-8477**

George Freitag, Regulatory Manager

Utility Representative

Monarch Utilities I, LP

Utility Name

APPENDIX A

**Master Billing Accounts for Villas at Willowbrook DECEMBER 2015)
HARRIS CO. MUD #191**

Account Number	Service Address	Customer Name	Phone Number	City	State	Zip	Deposit
1-90-43057-00	8003 Villa De Norte			Houston	TX	77070	\$150
1-04-86410-00	8043 Villa De Norte			Houston	TX	77070	\$75
1-04-86411-00	8047 Villa De Norte			Houston	TX	77070	\$75
1-04-85540-03	8051 Villa De Norte			Houston	TX	77070	\$250
1-90-43041-00	8055 Villa De Norte			Houston	TX	77070	\$75
1-04-85625-02	8059 Villa De Norte			Houston	TX	77070	\$250
1-04-87294-01	13514 Villa Arbor Dr.			Houston	TX	77070	\$250
1-04-87300-03	13519 Villa Arbor Dr.			Houston	TX	77070	\$250
1-04-87298-02	13523 Villa Arbor Dr.			Houston	TX	77070	\$250
1-04-88390-01	13506 Villas Palmas Dr.			Houston	TX	77070	\$75
1-90-43046-00	13507 Villas Palmas Dr.			Houston	TX	77070	\$75
1-04-85930-04	13510 Villas Palmas Dr.			Houston	TX	77070	\$250
1-04-66027-00	13511 Villas Palmas Dr.			Houston	TX	77070	\$75
1-04-66033-03	13514 Villas Palmas Dr.			Houston	TX	77070	\$250
1-04-86413-01	13515 Villas Palmas Dr.			Houston	TX	77070	\$75
1-04-88324-06	13518 Villas Palmas Dr.			Houston	TX	77070	\$250
1-04-86417-02	13519 Villas Palmas Dr.			Houston	TX	77070	\$150
1-04-85893-03	13522 Villas Palmas Dr.			Houston	TX	77014	\$250
1-04-84685-00	13523 Villas Palmas Dr.			Houston	TX	77070	\$75
1-04-85929-03	13526 Villas Palmas Dr.			Houston	TX	77070	\$150
1-04-84499-00	13527 Villas Palmas Dr.			Houston	TX	77070	\$75

APPENDIX B

MONARCH UTILITIES L.P.	
Texas Taxpayer Number	10303732514
Mailing Address	12535 REED RD C/O TAX DEPT (FSC) SUGAR LAND, TX 77478-2837
Right to Transact Business in Texas	? ACTIVE
State of Formation	TX
Effective SOS Registration Date	12/10/2001
Texas SOS File Number	0800034797
Registered Agent Name	CORPORATION SERVICE COMPANY DBA CSC - LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

[Officers And Directors Information]

- texas.gov
- Statewide Search from the Texas State Library
 - State Link Policy
 - Texas Homeland Security

Glenn Hegar, Texas Comptroller • Window on State Government • Contact Us

- Privacy and Security Policy
 - Accessibility Policy
 - Link Policy
- Public Information Act
- Compact with Texans

APPENDIX C

ACTIVE COMPLIANCE ORDERS

Line No	Agreed Order (a)	Date (b)	Regulated Entity (TCEQ) (c)	Alleged Violations (d)	Compliance Actions (e)	Administrative Penalty (f)	Status (g)
1	Docket 2015-0491-PWS-E	9/25/2015	RN101376424 Holiday Villages of Livingston	Failure to comply with MCL for Radium 226-Radium 228	Submit feasibility study within 185 days and achieve compliance within 1095 days	\$501 deferred pending compliance by 1095 day deadline	Feasibility study completed 12/16/2015. Water plant improvements planned to be completed by Q2 2016. Radium concentration is compliant with MCL.
2	Docket 2014-0068-PWS-E	7/2/2014	RN102987856 Pinwah Pines	Failure to comply with MCL for Radium 226-Radium 228; Failure to comply with Gross Alpha Particle activity	Submit feasibility study within 185 days and achieve compliance within 1095 days	\$1404 deferred pending compliance by 1095 day deadline	Feasibility study completed 10/30/2014. Interconnect plans with neighboring PWS approved by TCEQ on 11/24/2015. Interconnect scheduled to be operational by April 2016.

APPENDIX D

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") dated as of this 30th day of December 2015, by and between Monarch Utilities I, L.P., a Texas limited partnership, by and through its general partner, Texas Water Services Group LLC, a Texas Limited Liability Company (the "Buyer") and Villas of Willowbrook Homeowners Association, Inc. (the "Seller") sets forth the terms and conditions by which the Buyer shall acquire all the assets of the Seller used in the Seller's operation of a private water and wastewater system. The Buyer and the Seller are referred to collectively as the "Parties."

RECITALS

WHEREAS, the Seller acquired the water and wastewater system from the original developer of the Villas of Willowbrook subdivision of 10.08 acres of land in Harris County, Texas; and

WHEREAS, the Seller has owned through a Special Warranty Deed the private water and wastewater system known as Villas of Willowbrook located in Harris County, Texas (the "Private Systems") since April 21, 2015; and

WHEREAS, the private water and wastewater system is supplied water and wastewater service by Harris County Municipal Utility District Number 191 (MUD 191); and

WHEREAS, the Seller desires to sell and the Buyer desires to purchase all the Assets (as such term is defined below) utilized in the Private Systems on and subject to the terms and conditions set forth herein; and

NOW, THEREFORE, in consideration of the promises herein made, and in consideration of the covenants herein contained, the Parties agree as follows:

Section I – Definitions

1.1 Definitions: In this Agreement each of the following terms has the meaning specified or referred to in this Section 1:

"Assets" shall mean all right, title and interest in and to all the assets owned by Seller and used in the Private Systems, which are more fully described in Exhibit A attached hereto and incorporated herein by reference.

"Private Systems" shall have the same meaning set forth above.

"Buyer" shall have the same meaning set forth above.

"Closing" shall have the meaning set forth in Section 2.3.

"Closing Date" shall have the meaning set forth in Section 2.3.

"Environmental, Health, and Safety Laws" shall mean all laws of federal, state, and local governments (and all agencies thereof) concerning pollution or protection of the

environment, public health and safety, including laws relating to emissions, discharge, releases, or threatened releases of pollutants, contaminants or chemical, industrial, hazardous or toxic materials or waste into ambient air, surface, water, ground water, or lands or otherwise.

"Knowledge", in respect of any person shall mean the actual knowledge of such person.

"Liability" shall mean any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including liability of Taxes.

"Ordinary Course of Business" shall mean the ordinary course of business consistent with past custom and practice.

"Parties" shall have the same meaning set forth above.

"Purchase Price" shall have the meaning set forth in Section 2.2.

"Regulatory Approval" shall mean the consent of the Texas Public Utilities Commission to the transactions contemplated by this Agreement.

"Seller" shall have the same meaning set forth above.

"Tax" shall mean any federal, state, or local income, or gross receipts, license, payroll, employment, severance, unemployment, disability, real property, personal property, sales, use, transfer, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

Section II – Purchase and Sale of Assets; Closing

2.1 Purchase and Sale of Assets: Subject to the terms and conditions of this Agreement, the Buyer agrees to purchase from the Seller and the Seller agrees to sell, transfer, assign and deliver to the Buyer, all of the Assets free and clear of all liens, security interests, options, rights of first refusal, mortgages, charges, indebtedness, deeds of trust, leases or security agreements on the Closing Date against receipt by the Seller of the Purchase Price.

2.2 Purchase Price: In consideration for the sale of the Assets, the Buyer agrees to pay the Seller One Hundred Eighty-Three Thousand One Hundred Forty-Three Dollars and Sixty Cents (\$183,143.60) (the "Purchase Price") and other valuable considerations.

2.3 The Closing: The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at Buyer's office located at 12535 Reed Rd, Sugar Land, Texas 77478, on the next meter read date after Regulatory Approval (the "Closing Date"). At the Closing, the Seller shall deliver to the Buyer a Bill of Sale in the form attached as Exhibit B, and such other instruments of transfer, assignment, and conveyance in form and substance reasonably satisfactory to the Buyer sufficient to transfer to and effectively vest in the Buyer all right, title, and interest in the Assets

together with possession of the Assets free and clear of all encumbrances. The Buyer shall pay the cash portion of Purchase Price via check to the Seller.

2.4 No Assumption of Liability:

Buyer agrees to indemnify and hold Seller, its successors, assigns and heirs, harmless from pro-rata share of damages, losses or expenses (including, without limitation, interest and penalties, reasonable attorneys fees and expenses) arising out of any liability or obligation of or claim against Seller or expressly assumed by Buyer, and any liability arising out of or relating to the operation of the Private Systems and the Assets after the Closing Date to the extent such liabilities were incurred or the events giving rise to such liabilities occurred after the Closing Date. Seller shall remain responsible for any liability after April 21, 2015 and prior to Closing at the time the liability was incurred.

2.5 Property Tax: Seller shall pay all sales, use and transfer taxes arising out of the transfer of the Assets to Buyer and shall pay its portion, prorated as of the Closing Date, of state and local real and personal property taxes of the Private Systems.

Section III – Representations and Warranties of the Seller

3.1 Except as otherwise disclosed in an attached schedule, the Seller represents and warrants that to the best of Seller's knowledge:

- (a) the Seller has all the requisite power and capacity to enter into this Agreement;
- (b) this Agreement constitutes a legally binding and enforceable obligation of the Seller enforceable against the Seller in accordance with its terms;
- (c) this Agreement and its consummation will not conflict with or result in a breach of any agreement, judgment, or order;
- (d) there are no undisclosed Liabilities associated with the Assets including, but not limited to, Liabilities under discharge permits and treatment standards; zoning, regulations, ordinances, taxes or other applicable laws, including anti-corruption and anti-bribery laws;
- (e) the Seller has good and merchantable title to all of its Assets, in each case free and clear of all liens and claims;
- (f) the conveyance and warranties of title given are made subject to any restrictions, easements, setback lines, covenants, conditions, reservations terms and provisions of record affecting the Assets.
- (g) Seller has the right to use all express, implied and/or constructive easements related to the Private Systems;
- (h) there are no actions, claims, suits, or proceedings to which the Seller is a party pending or to the Knowledge of the Seller threatened, that may prevent or delay the closing of the transactions contemplated hereby or have any effect on the Assets or the Business;
- (i) the Seller is not and upon consummation of the transactions contemplated hereby, will not be in default under any Contract and, to the Knowledge of the Seller, no other party to any Contract is in default thereunder;
- (j) to Seller's knowledge, all necessary consents, authorizations, permits, right-of-ways, privileges, immunities, franchises, licenses, conveyances, grants and assignments which are used in connection with the operation of the Business have been obtained by Seller;
- (k) all returns of Taxes, information and other reports required to be filed in any jurisdiction related to the Private Systems by the Seller have been timely filed

- and all such returns are true and correct in all material respects and all Taxes of the Seller related to the Private Systems have been paid;
- (l) buyer shall have the right to inspect the assets prior to closing and accepts the Assets "as is";
 - (m) the representations and warranties of the Seller contained in this Agreement and all other documents and information prepared by the Seller and furnished to the Buyer are materially complete and accurate and do not and will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made and to be made not misleading.

Section IV – Representations and Warranties of Buyer

4.1 The Buyer represents and warrants to the Seller as follows:

- (a) the Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas;
- (b) this Agreement constitutes a legally binding and enforceable obligation of
- (c) the Buyer enforceable against the Buyer in accordance with its terms; and
- (d) there are no proceedings or other actions commenced against the Buyer that may prevent or delay the closing of the transactions contemplated hereby.
- (e) Buyer has had full opportunity to inspect and and relies upon its own review, inspection, and expertise, on the condition of the assets the subject of this Agreement and their appropriate use for the intended purposes. The seller undertakes no responsibility for the quality of the Assets except as otherwise provided in this contract. The Seller assumes no responsibility that the Assets will be fit for any particular purpose. Buyer is an expert in the associated industry and has relied on its independent determination.

Section V – Agreements Through Closing

5.1 During the period from the date hereof until the Closing:

- (a) the Seller shall provide the Buyer with reasonable access to the Assets;
- (b) the Seller shall conduct business in compliance with all applicable laws, including Environmental, Health and Safety and anti-corruption and anti-bribery laws;
- (c) the Seller shall not, without the consent of the Buyer, acquire or dispose of any Assets, terminate or amend any Contract, or commit to do any of the foregoing or make any other commitments or take any actions that are outside the Ordinary Course of Business;
- (d) the Buyer shall prepare and process at its expense applications for Regulatory Approval and Buyer and the Seller shall cooperate to a reasonable extent to satisfy all regulatory requirements necessary for the transactions contemplated hereby, including obtaining the Regulatory Approval; and
- (e) No public announcements will be made without mutual agreement between both parties.

Section VI – Conditions to Close

6.1 The Buyer's obligation to consummate the transactions contemplated by this Agreement is subject to the following conditions:

- (a) the representations and warranties of the Seller, to the best of Seller's knowledge, will be accurate at and as of the Closing Date as though such representations and warranties had been made at and as of such date however limited herein;
- (b) the parties shall cooperate so that all statutory requirements for the valid consummation of the transactions contemplated herein shall have been fulfilled and all governmental consents, approval, or authorizations necessary for the valid consummation of the transactions contemplated herein shall have been obtained including, but not limited to, the Regulatory Approval;
- (c) Contracts, permits, held interests deemed material to the transaction should be assigned to Buyer prior to close.
- (d) No action or suit shall have been commenced and no statute, rule, regulation, or order shall have been enacted or proposed, that reasonably may be expected to prohibit the Buyer's ownership of the Assets or render the Buyer unable to purchase the Assets, make the sale of the Assets illegal or impose material limitations on the ability of the Buyer to exercise full rights of ownership of Assets;
- (e) Seller will ensure all six blow-off valves on dead end water lines are in place;
- (f) Seller will cause certain gas and electric lines to be relocated so all water and sewer lines are located in dedicated easements as shown in Exhibit C;
- (g) Seller will provide original cost receipts of water and sewer utility construction to Buyer of which it has possession;
- (h) Seller will obtain a water and sewer utility easement for every parcel in the subdivision along each private road extending ten feet from the property line suitable for recording in the public record and unencumbered by any building line.
- (i) Buyer will purchase and Buyer shall install automated meters meeting the Buyers specifications in 21 existing residential meter boxes.
- (j) Buyer has entered into an agreement with MUD 191 to purchase water and wastewater service on a wholesale basis.

6.2 At the Closing, Seller shall deliver to Buyer a certificate, in form satisfactory to Buyer, setting forth and reaffirming said representations and warranties as of the Closing Date as shown in Exhibit D.

Section VII – Indemnification

7.1 Survival: Right to Indemnification Not Affected By Knowledge: All representations, warranties, covenants, and obligations in this Agreement or any document delivered pursuant to this Agreement will survive the Closing.

7.2 Post Closing Indemnity:

Buyer agrees to indemnify and hold Seller, its successors, assigns and heirs, harmless from pro-rata share of damages, losses or expenses (including, without limitation, interest and penalties, reasonable attorneys fees and expenses) arising out of any liability or obligation of or claim against Seller or expressly assumed by Buyer, and any liability arising out of or relating to the operation of the Private Systems and the Assets after the Closing Date to the extent such liabilities were incurred or the events giving rise to such liabilities occurred after the Closing Date. Seller shall remain responsible for any liability after April 21, 2015 and prior to Closing at the time the liability was incurred.

Section VIII – Covenants After Closing

8.1 Sign: Buyer shall have the right to furnish and install at the entrances an aesthetically-pleasing sign as required by the MUD district.

8.2 Grant of Easement: Seller does hereby grant and convey to the Buyer a non-exclusive easement for the purposes described hereinafter upon, across, in, over and under the private streets and certain other areas owned and controlled by the Seller. Such easement is for the purposes of: (i) connecting, disconnecting, inspecting, repairing, rebuilding, relocating, replacing and removing equipment and facilities for water or wastewater and (ii) suspending, disconnecting, terminating, and curtailing water or wastewater service.

Section IX – Termination

9.1 Termination: Anything herein to the contrary notwithstanding, this Agreement shall terminate upon the occurrence of any of the following events: (i) by mutual consent of the Buyer and the Seller; (ii) on written notice from the Buyer to the Seller or the Seller to the Buyer if the Closing shall not have occurred on or before 18 months from the date of this Agreement, or (iii) if Regulatory Approval shall have been denied.

Section X – General Provisions

10.1 Expenses: Each Party shall be responsible for its own expenses incurred in connection with this Agreement including any broker's fees.

10.2 Further Assistance: The Seller shall execute and deliver with additional expense to the Buyer such additional documents and take such additional actions as are reasonably necessary to transfer the Assets and the Private Systems to the Buyer.

10.3 Governing Law: This Agreement supersedes all previous agreements and understandings between the Parties and shall be governed by and construed in accordance with the laws of the State of Texas without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the State of Texas.

10.4 Notice:

- (a) Addresses. Any and all notices or other communications which the Parties shall be required or may elect to provide to another party pursuant to this Agreement shall be in writing unless otherwise so agreed. Any notice or communication hereunder shall be personally delivered, telecopied (receipt confirmed), or sent by certified or registered mail, postage prepaid, return receipt requested, or sent by overnight courier service providing evidence of delivery to the other party at the applicable address set forth below.

If to the Seller: Villas of Willowbrook Homeowners Association, Inc.
8047 Villa De Norte
Houston, Texas 77070
Attention: Louis Smulders, President

If to Buyer: Monarch Utilities I, LP
12535 Reed Road
Sugar Land, Texas 77478
Attention: Charles W. Profilet, Jr., President

With a copy to: SouthWest Water Company
15088 Rosecrans Avenue
La Mirada, CA 90638
Attention: General Counsel

- (b) Delivery Standards. Delivery or service of any written notice or communication shall be deemed completed (i) upon personal delivery, (ii) if telecopied, upon electronic acknowledgment thereof, (iii) if mail, three (3) business days after deposit in the United States mail, postage prepaid, and (iv) if by overnight courier service, one business day after deposit with the courier service.
- (c) Change of Address. Any party may change the address to which notices are to be addressed by giving the other party notice in the manner provided in this Section 10.4.

10.5 Sales and Transfer Taxes: The Seller shall be responsible for and pay any applicable sales, stamp, transfer, documentary, use, registration, filing and other taxes and fees (including any penalties and interest) that may become due or payable in connection with this Agreement and the transactions contemplated hereby.

10.6 Entire Agreement: This Agreement constitutes the entire understanding of the parties. All other agreements whether written or oral are hereby null, void and without effect.

10.7 Severability: The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

10.8 Counterparts: This Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement which is effective as of the date first written above.

BUYER

SELLER

Monarch Utilities I, L.P.

Villas of Willowbrook Homeowners
Association, Inc.

By: Texas Water Services Group, LLC
Its general partner

By: Charles W. Profilet, Jr.
Name: Charles W. Profilet, Jr.
Title: President

By: Louis H. Smulders
Name: LOUIS H. SMULDERS
Title: PRESIDENT

EXHIBIT A ASSETS

"Assets" shall mean all right, title, and interest in and to all the assets owned by the Seller and utilized in the Private Systems shown in color on the map below including all: (a) easements; (b) all connections, water and sewer mains, meters, pipes, pipelines, valves, services, meters, meter boxes, and associated facilities; (c) contracts, agreements, and other similar arrangements and rights thereunder ("Contracts"); (d) franchises, approvals, permits, licenses, orders, registrations, variances, and similar rights obtained from governments and the governmental agencies; (e) all interest of Seller in property owned by Seller and used in Seller's Private Systems and to the extent approved by Buyer in writing pursuant to the provisions of this Agreement, including, but not limited to, warranties, guarantees, customer account records, maps and drawings, prepaid expenses, grants, certificates and privileges, site plans, plans and specifications, "as-built" plans and drawings.

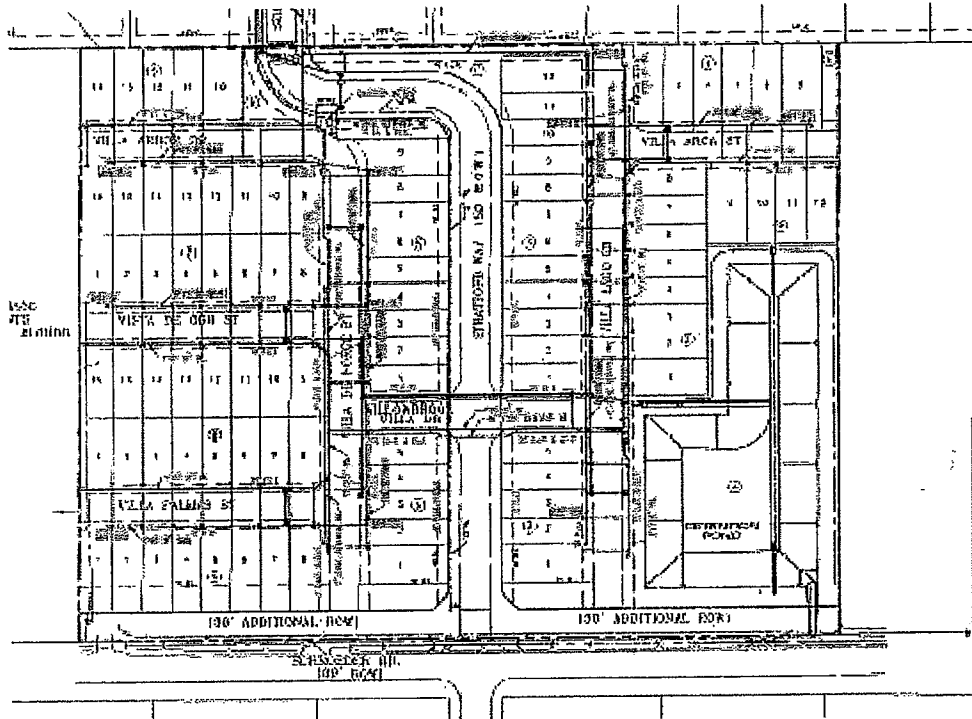


EXHIBIT B

BILL OF SALE AND ASSIGNMENT

FOR GOOD AND VALUABLE CONSIDERATION, receipt, adequacy, and sufficiency of which are hereby acknowledged, Villas of Willowbrook Homeowners Association, Inc. ("Seller") subject to the receipt of the consent of the Public Utility Commission of Texas, hereby sells, grants, conveys, assigns, transfers and sets over to Monarch Utilities I, LP ("Buyer"), its successors and assigns, all right, title and interest in and to all the Assets, as such term is defined in the Asset Purchase Agreement dated _____ between Seller and Buyer.

TO HAVE AND TO HOLD the Assets, together with all rights and appurtenances thereto in any way belonging, unto Buyer, its successors and assigns, forever, and Seller does hereby bind itself and its successors to WARRANT and FOREVER DEFEND title to the Assets unto the Buyer, its successors and assigns, against the lawful claims of any and all persons lawfully claiming or to claim the same or any part hereof.

Seller warrants that there are no liens, encumbrances or security agreements affecting the Assets.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale and Assignment as of this ____ day of _____, 200__.

Villas of Willowbrook Homeowners Association, Inc.

By: _____
Name: _____
Title: _____

EXHIBIT C
Gas and Electric Line Relocation by Seller

EXHIBIT D
Certificate Regarding Representations and Warranties

Closing Date

The undersigned, _____, executes this Certificate on Behalf of Seller in his capacity as President of the Villas of Willowbrook Homeowner's Association, Inc and certifies, represents, and warrants to Monarch Utilities I, LP that to the best of Seller's knowledge:

- (n) the Seller has all the requisite power and capacity to enter into this Agreement;
- (o) this Agreement constitutes a legally binding and enforceable obligation of the Seller enforceable against the Seller in accordance with its terms;
- (p) this Agreement and its consummation will not conflict with or result in a breach of any agreement, judgment, or order;
- (q) there are no undisclosed Liabilities associated with the Assets including, but not limited to, Liabilities under discharge permits and treatment standards; zoning, regulations, ordinances, taxes or other applicable laws, including anti-corruption and anti-bribery laws;
- (r) the Seller has good and merchantable title to all of its Assets, in each case free and clear of all liens and claims;
- (s) the conveyance and warranties of title given are made subject to any restrictions, easements, setback lines, covenants, conditions, reservations terms and provisions of record affecting the Assets.
- (t) Seller has the right to use all express, implied and/or constructive easements related to the Private Systems;
- (u) there are no actions, claims, suits, or proceedings to which the Seller is a party pending or to the Knowledge of the Seller threatened, that may prevent or delay the closing of the transactions contemplated hereby or have any effect on the Assets or the Business;
- (v) the Seller is not and upon consummation of the transactions contemplated hereby, will not be in default under any Contract and, to the Knowledge of the Seller, no other party to any Contract is in default thereunder;
- (w) to Seller's knowledge, all necessary consents, authorizations, permits, right-of-ways, privileges, immunities, franchises, licenses, conveyances, grants and assignments which are used in connection with the operation of the Business have been obtained by Seller;
- (x) all returns of Taxes, information and other reports required to be filed in any jurisdiction related to the Private Systems by the Seller have been timely filed and all such returns are true and correct in all material respects and all Taxes of the Seller related to the Private Systems have been paid;
- (y) buyer shall have the right to inspect the assets prior to closing and accepts the Assets "as is";
- (z) the representations and warranties of the Seller contained in this Agreement and all other documents and information prepared by the Seller and furnished to the Buyer are materially complete and accurate and do not and will not include any untrue statement of a material fact or omit to state any material fact necessary to make the statements made and to be made not misleading.

Villas of Willowbrook Homeowner's Association, Inc.

By: _____
Printed Name: _____
Date: _____

APPENDIX E

SECTION 1.0 - RATE SCHEDULE

Applicable to customers in VILLAS of WILLOWBROOK

Section 1.01 – Rates

Meter Size	Monthly Minimum Charge (Includes 2,000 gallons)	Gallonage Charge
5/8"	\$8.24	\$4.12 per 1,000 from 2,001 and thereafter
1"	\$20.60	

REGULATORY ASSESSMENT 1.0%
 PUC rules require the utility to collect a fee of one percent of the retail monthly bill.

FORM OF PAYMENT: THE UTILITY WILL ACCEPT THE FOLLOWING FORM(S) OF PAYMENT:

Cash X, Check X, Money Order X, MasterCard X, Visa X, and Electronic Fund Transfer X
 The Utility may require exact change for payments and may refuse to accept payment made using more than \$1.00 in small coins. A written receipt will be given for cash payments. At the customer's option, any billing transaction or communication may be performed on the internet. This includes the utility sending paperless bills by email.

Section 1.02 - Miscellaneous Fees

TAP FEE \$700.00
 Tap fee is based on the average of the utility's actual cost for materials and labor for standard residential connection of 5/8" meter plus unique costs.

TAP FEE (unique costs permitted by PUC rule) Actual Cost
 For example, a road bore for customers outside of subdivisions or residential areas.

LARGE METER TAP FEE Actual Cost
 TAP FEE IS BASED ON THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR METERS LARGER THAN STANDARD 5/8 " METERS.

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

- a) Non-payment of bill..... \$25.00
 - b) Customer's request \$50.00
- Or other reasons listed under section 2.0 of this tariff

TRANSFER FEE.....\$45.00
The transfer fee will be charged for changing an account name at the same service location when the service is not disconnected.

LATE CHARGE..... 10% of the delinquent bill
A one-time penalty may be made on delinquent bills but may not be applied to any balance to which the penalty was applied in a previous billing.

RETURNED CHECK CHARGE.....\$25.00

CUSTOMER DEPOSIT – RESIDENTIAL.....\$50.00

CUSTOMER DEPOSIT – NON-RESIDENTIAL1/6TH EST. ANNUAL BILL

METER TEST FEE (actual cost of testing the meter up to)\$25.00
This fee may be charged if a customer requests a second meter test within a two-year period and the test indicates that the meter is recording accurately.

SEASONAL RECONNECTION FEE
Base rate for meter size times number of months off the system not to exceed six months when leave and return within a twelve-month period.

METER RELOCATION FEE.....Actual cost to relocate that meter
This fee may be charged if a customer requests relocation of an existing meter.

METER CONVERSION FEEActual cost to convert that meter
This fee may be charged if a customer requests change of size of an existing meter or change is required by material change in customer’s service demand.

LINE EXTENSION AND CONSTRUCTION CHARGES:

Refer to Section 2.12 Specific Utility Service Rules and Section 3.02 Utility Specific Extension Policy for terms, conditions, and charges.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:

Increases in inspection fees and water testing costs imposed by state or federal law may be passed through as an adjustment to the monthly base rate charge under the terms and conditions of 30 TAC 291.21(k)(2) after notice to customers and upon written approval by the PUC.

SUPPLEMENTAL EMERGENCY SERVICE FEE

Applicable to nonresidential water service customers that require supplemental service over and above their existing water service from time to time. Usage to be determined by customer. The minimum diameter for supplemental service meter shall be 2 inches.

MONTHLY SUPPLEMENTAL SERVICE RATE \$13.43 per inch diameter of service connection meter

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – ALL WATER SUPPLY SUBJECT TO FEE:

Changes in fees imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:

$$\begin{aligned} AG &= G + B/(1-L), \text{ where} \\ AG &= \text{adjusted gallonage charge, rounded to the nearest one cent;} \\ G &= \text{approved gallonage charge (per 1,000 gallons);} \\ B &= \text{change (per 1,000 gallons) due to purchased water/district} \\ &\quad \text{gallonage changes; and} \\ L &= \text{system average line loss for preceding 12 months not to exceed} \\ &\quad \text{0.15.} \end{aligned}$$

PURCHASED WATER AND/OR DISTRICT FEE PASS THROUGH CLAUSE – PORTION OF WATER SUPPLY SUBJECT TO FEE:

Upon notice from a water supplier of either an increase or decrease in the cost of purchased water, the Utility shall provide notice to customers and the Commission of its intent to implement rates imposed by any non-affiliated third party water supplier or underground water district having jurisdiction over the Utility shall be passed through Utility-wide as an adjustment to the water gallonage charge according to the following formula:

$$\begin{aligned} \text{Adjustment to the gallonage rate} &= AG = (CP/GB) \times 1,000 \\ \text{Adjustment to the minimum bill} &= AMB = GMB \times AG \\ CP &= CP_1 - CP_0 = \text{change in cost of purchased water;} \\ CP_1 &= \text{Cost of purchased water during the most recent 12 month period at} \\ &\quad \text{the new rate;} \\ CP_0 &= \text{Cost of purchased water during the most recent 12 month period at} \\ &\quad \text{the previous rate;} \\ GMB &= \text{Number of gallons in the minimum bill, divided by 1,000; and} \\ GB &= \text{Number of gallons billed to customers in excess of the amount} \\ &\quad \text{included in the monthly minimum bill for the 12 month period used} \\ &\quad \text{above.} \end{aligned}$$

TEMPORARY WATER RATE:

Unless otherwise superseded by PUC order or rule, if the Utility is ordered by a court or governmental body of competent jurisdiction to reduce its pumpage, production or water sales, the Utility shall be authorized to increase its approved gallonage charge according to the formula:

$$TGC = \frac{cgc + (pr)(cgc)(r)}{(1.0-r)}$$

Where:

$$\begin{aligned} TGC &= \text{temporary gallonage charge;} \\ cgc &= \text{current gallonage charge;} \\ r &= \text{water use reduction expressed as a decimal fraction (the} \\ &\quad \text{pumping restriction); and} \\ pr &= \text{percentage of revenues to be recovered expressed as a} \\ &\quad \text{decimal fraction. For this tariff, pr shall equal 0.5.} \end{aligned}$$

To implement the Temporary Water Rate, the Utility must comply with all notice and other requirements of 30 TAC 291.21(l).

METER TAMPERING, DAMAGE OR SERVICE DIVERSION PENALTY:

One time penalty per occurrence for tampering with or damaging a water meter or any appurtenance thereto including locks and meter boxes or service diversion of one hundred dollars (\$100.00).

FRANCHISE FEE PASS THROUGH CLAUSE:

Charges a municipality makes for use of streets and alleys pursuant to Tax Code §182.025 or other applicable state law not to exceed 2% or the actual amount charged by the municipality shall be passed through utility-wide as an adjustment to the water gallonage charge according to the following formula:

- AG = G + B, where,
- AG = adjusted gallonage charge, rounded to the nearest one cent;
- G = approved gallonage charge (per 1,000 gallons); and
- B = projected franchise fees payable (per 1,000 gallons).

Villas of Willowbrook

SECTION 1.0 - RATE SCHEDULE
Applicable to customers in Villas of Willowbrook

Section 1.01 - Rates

METER SIZE	MONTHLY MINIMUM RATE	GALLONAGE CHARGE
Residential	\$10.00 per month all usage	None
Non-residential	\$15.00 including 1,000 gal	\$1.50 per 1,000 gal over 1,000

FORM OF PAYMENT: The utility will accept the following forms of payment:
 Cash , Check , Money Order , MasterCard , Visa , Electronic Fund Transfer
 THE UTILITY MAY REQUIRE EXACT CHANGE FOR PAYMENTS AND MAY REFUSE TO ACCEPT PAYMENTS MADE USING MORE THAN \$1.00 IN SMALL COINS. A WRITTEN RECEIPT WILL BE GIVEN FOR CASH PAYMENTS. AT THE CUSTOMER'S OPTION, ANY BILLING TRANSACTION OR COMMUNICATION MAY BE PERFORMED ON THE INTERNET. THIS INCLUDES THE UTILITY SENDING PAPERLESS BILLS BY EMAIL.

REGULATORY ASSESSMENT 1.0%
 PUC RULES REQUIRE THE UTILITY TO COLLECT A FEE OF ONE PERCENT OF THE RETAIL MONTHLY BILL.

Section 1.02 – Miscellaneous Fees

TAP FEE (Gravity sewer, street or easement installation)..... \$700.00

TAP FEE (Pressure sewer, non-rock installation)..... \$1,525.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Pressure sewer, rock installation)..... \$3,776.00
 TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR STANDARD RESIDENTIAL CONNECTION PLUS UNIQUE COSTS AS PERMITTED BY PUC RULE AT COST.

TAP FEE (Large Connection Tap) Actual Cost
 TAP FEE IS THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR TAP SIZE INSTALLED.

ACCOUNT SET UP FEE..... \$25.00
 FEE TO SET UP ACCOUNT FOR NEW CUSTOMER APPLYING FOR SEWER SERVICE ONLY.

RECONNECTION FEE

THE RECONNECT FEE WILL BE CHARGED BEFORE SERVICE CAN BE RESTORED TO A CUSTOMER WHO HAS BEEN DISCONNECTED FOR THE FOLLOWING REASONS:

- a) Non-payment of bill (Maximum \$25.00)..... \$25.00
- b) Customer's request..... \$50.00

or other reasons listed under section 2.0 of this tariff.

TRANSFER FEE..... \$45.00
THE TRANSFER FEE WILL BE CHARGED FOR CHANGING AN ACCOUNT NAME AT THE
SAME SERVICE LOCATION WHEN THE SERVICE IS NOT DISCONNECTED.

LATE CHARGE 10%
A ONE-TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED
TO ANY BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE \$25.00

CUSTOMER DEPOSIT RESIDENTIAL (Maximum \$50)..... \$50.00

COMMERCIAL AND NON-RESIDENTIAL DEPOSIT 1/6TH ESTIMATED ANNUAL BILL

SERVICE RELOCATION FEEActual cost to relocate that service connection
THIS FEE MAY BE CHARGED IF A CUSTOMER REQUESTS RELOCATION OF AN EXISTING
SERVICE CONNECTION.

SEASONAL RECONNECTION FEE:
BASE RATE TIMES NUMBER OF MONTHS OFF THE SYSTEM NOT TO EXCEED SIX
MONTHS WHEN LEAVE AND RETURN WITHIN A TWELVE MONTH PERIOD.

LINE EXTENSION AND CONSTRUCTION CHARGES:
REFER TO SECTION 2.12 SPECIFIC UTILITY SERVICE RULES AND SECTION 3.02 UTILITY
SPECIFIC EXTENSION POLICY FOR TERMS, CONDITIONS, AND CHARGES.

GOVERNMENTAL TESTING, INSPECTION AND COSTS SURCHARGE CLAUSE:
INCREASE IN INSPECTION FEES AND WATER TESTING COSTS IMPOSED BY STATE OR
FEDERAL LAW MAY BE PASSED THROUGH AS AN ADJUSTMENT TO THE MONTHLY BASE
RATE CHARGE UNDER THE TERMS AND CONDITIONS OF 30 TAC 291.21(k)(2) AFTER
NOTICE TO CUSTOMERS AND UPON WRITTEN APPROVAL BY THE PUC.

DAMAGE OR SERVICE DIVERSION FEE \$100.00
ONE TIME PENALTY FOR TAMPERING WITH OR DAMAGING A SEWER SERVICE
CONNECTION, OR ANY APPURTENANCE THERETO, INCLUDING PUMPS OR SERVICE
DIVERSION.

FRANCHISE FEE PASS THROUGH CLAUSE:
Charges a municipality makes for use of streets and alleys pursuant to tax code §182.025
or other applicable state law not to exceed 2% or the actual amount charged by the
municipality shall be passed through utility-wide as an adjustment to the sewer
gallage charge according to the following formula:

$$AG = G + B$$

Where:

- AG = adjusted gallage charge, rounded to the nearest one cent:
- G = approved gallage charge (per 1,000 gallons) and
- B = projected franchise fees payable (per 1,000 gallons).

PURCHASED SEWER PASS THROUGH CLAUSE:
Changes in fees imposed by any non-affiliated third party wholesale sewer service
provider shall be passed through utility-wide as an adjustment to the sewer gallage
charge according to the following formula: