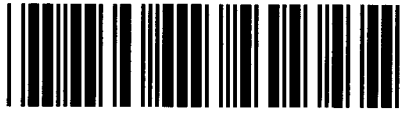


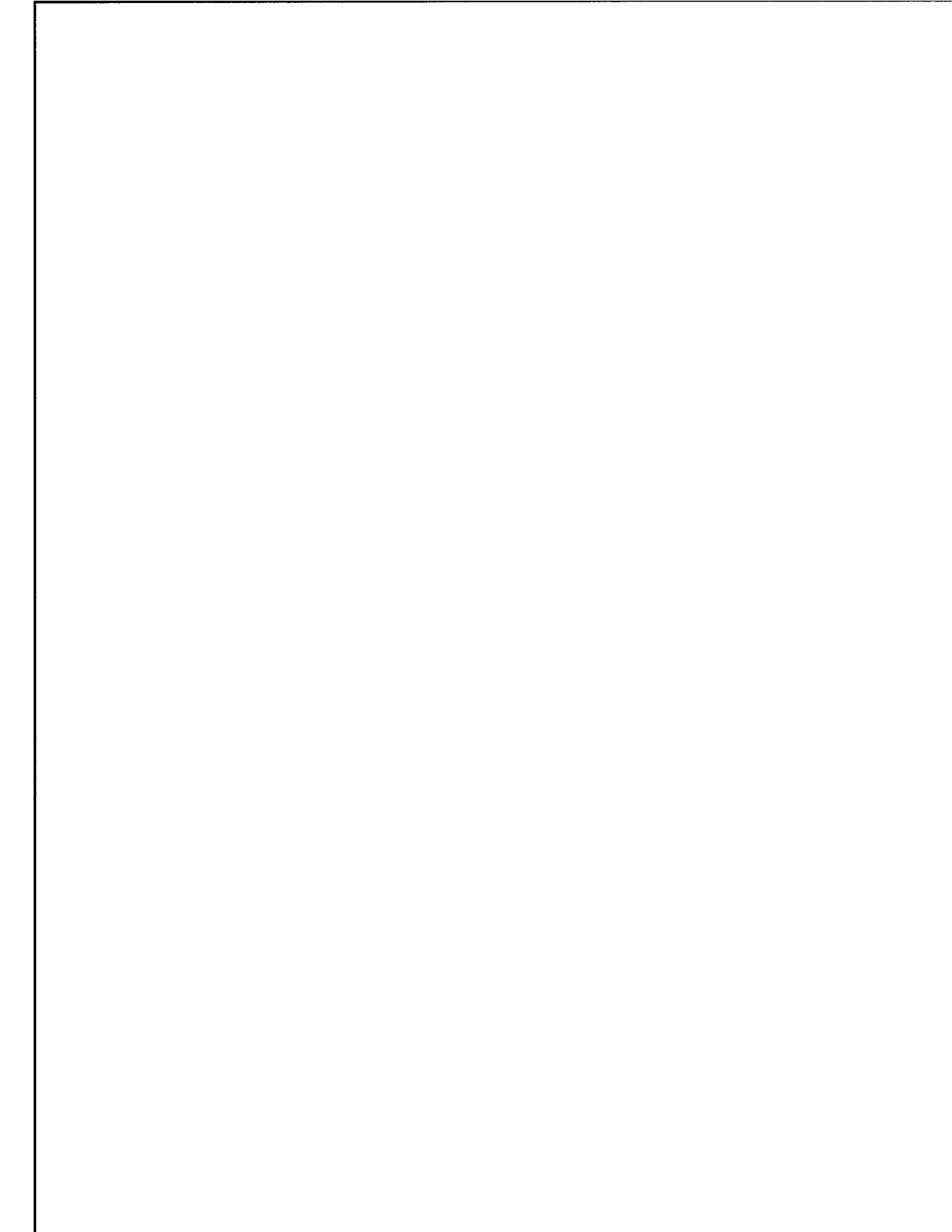


Control Number: 46077



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: 46077

(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 JUN 17 PM 4:00
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# Williamson County
RN101217701

*CN# Aqua Texas CN604062463 *
Brushy Bend CN600646574

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

Sale of All Portion of the Water system(s) under CCN No.: 11773
 Acquisition Sewer system(s) under CCN No.:
 Lease/Rental

Transfer of All Portion of the Certificated water service area – CCN No.: 11773
 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:

Brushy Bend Park Subdivision

and to:

Obtain a CCN for the transferee (purchaser) – indicate if purchaser will take the seller's CCN
 Amend the transferee's CCN No.: Aqua Texas requests a new SW Region water CCN number
 Merge or consolidate public utilities be issued for this transaction.
 Cancel CCN of the transferor (seller) Cancellation of CCN 11773 requested in transfer area only.

2. Proposed effective date of this transaction: To be determined after approval.
(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: Brushy Creek Municipal Utility District
(Individual, Corporation or Other Legal Entity)

who is a(n):of Individual Corporation WSC HOA or POA Other Municipal Utility District

B. Utility Name (if different than above):
Address: 16318 Great Oaks Drive, Round Rock, Texas 78681 Telephone: (AC) (512) 255-7871

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: Anthony S. Corbett Title: Attorney
Address: 8500 Bluffstone Cove, B-104, Austin, TX 78759 Telephone: (AC) (512) 717-4552

Fax: (512) 453-0865

Email: tcorbett@freemanandcorbett.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?

6/11/2015

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
All deposits held by Brushy Creek MUD, if any, will be refunded prior to closing. Applicants request a waiver of production for this item.			

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: Aqua Texas, Inc. (Individual, Corporation, or Other Legal Entity)

Utility Name: _____ (If different than above)

Utility Address: 1106 Clayton Lane, Ste. 400W, Austin, Texas 78723

Fax: (512) 990-4410 Email: _____ Telephone (AC): (512) 990-4400

CCN Numbers held prior to the filing of this application: Aqua Texas holds multiple water and sewer CCNs but is requesting that a new SW Region water CCN number be issued for this transaction.

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: 32014405503

Non-profit, member owned, member-controlled Cooperative Corporation (Article 1434(a) Water 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 type="checkbox"/>	Other (please explain): <input style="width: 500px;" type="text"/>

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

Name:	Not applicable.	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:	Please see Attachment 1.	Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

•Name:		Telephone (AC):	
Address:			
Position:		Ownership % (if applicable):	0.00%

- 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:

Please see Attachment 2.

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:	Geoffrey P. Kirshbaum	Title:	Attorney
Address:	810 West 10th Street, Austin, Texas 78701	Telephone (AC):	(512) 474-9100
Fax #	(512) 474-9888	Email	gkirshbaum@terrillwaldrop.com
Relationship to the applicant:	Attorney for Aqua Texas		

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

Aqua Texas is a subsidiary of Aqua America, Inc., one of the largest publicly traded water utilities in America. Aqua Texas currently operates more than 375 water systems in Texas. Aqua Texas has the financial ability to make all necessary repairs and improvements to the Brushy Bend Park (a/k/a Williamson County) water system to keep it in full compliance with all TCEQ and PUC regulations. Aqua Texas' experienced operators are thoroughly knowledgeable about water operations, as well as the requirements for continuous and adequate service.

- 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.

Aqua Texas, Inc. and its affiliates ("Aqua") own and operate hundreds of water and wastewater systems throughout Texas. In addition to implementing action items under an extensive Agreed Compliance Order inherited in 2003 from Aqua predecessors, Aqua has diligently worked to implement other needed improvements for systems it has acquired over the years. The documentation potentially responsive to this application item is significant due to the large number of facilities, condition upon acquisition for certain systems, and changes experienced in source water quality over the years. Providing such documentation is impractical, but it is publicly available. Aqua respectfully requests waiver of production of such records with this application, but is willing to work with Staff to address specific concerns or questions as they relate to enforcement actions.

- 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.

Aqua has the financial ability through customer collections and infusions of capital from lenders, as well as capital contributions from its parent Aqua America, Inc., to make any required improvements necessary to meet TCEQ and PUC minimum requirements for continuous and adequate service.

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

The quality of service will remain at a high level due to the experienced operators employed by Aqua. The quality of service will meet or exceed current levels. Aqua will deal promptly with any service issues which may arise.

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

Aqua owns several water systems near Brushy Bend Park (a/k/a Williamson County) water system to be acquired in the proposed transaction which are located outside the boundaries of Brushy Creek Municipal Utility District ("Seller" or "District"). This transaction is in the public interest because it will allow the District to focus its service on customers within its boundaries while still allowing for regional service by Aqua to transferred customers connected to the Brushy Bend Park water system. Further, the water rate tariff Aqua is proposing apply to Brushy Bend Park customers if the proposed transaction is approved would keep base rates (i.e., monthly minimum and gallonage charges) the same as Seller's outside-District base rates immediately following the transfer per current Commission policy. Miscellaneous fees will be different in certain instances (in part because the District is a political subdivision with authority to charge certain types of fees that investor-owned utilities cannot), but are not proposed higher than current District charges. Transferred customers will benefit from economies of scale provided by Aqua's larger customer base located throughout its Southwest Region.

12. Please describe the nature of the proposed transaction:

Aqua will acquire the Brushy Bend Park water system (PWS ID No. 2460050) assets owned by Brushy Creek Municipal Utility District ("Seller" or "District"). These assets are located outside the District's boundaries. For further details, please see a copy of the purchase agreement included in Attachment 3.

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.	<ul style="list-style-type: none"> • Total Purchase Price: \$50,000.00, plus closing costs* • Total Original Cost (as recorded on books of seller or merging entity): \$535,665.00** • Accumulated Depreciation as of the proposed effective date of the transaction: \$384,578.00** • Contributions in Aid of Construction: <ul style="list-style-type: none"> - Specific surcharges approved by TCEQ or PUC: \$0.00*** - Revenues from explicit customer agreements: \$0.00*** - Developer Contributions (please explain): \$0.00*** - Other Contributions (please explain): \$0.00***
	Total Contributions in Aid of Construction \$0.00***
	<ul style="list-style-type: none"> • Net Book Value: \$151,087.00

* Please see "Assets Purchase Agreement" included in Attachment 3 ("APA"). The purchase price of \$50,000 was agreed upon as consideration for the proposed transaction in Section 1.3. Aqua Texas may also be required to pay closing costs to complete the transaction.

** The proposed transaction is not allowed to close without PUC approval. Therefore, the "proposed effective date of the transaction" is not yet determined. Further, the values Aqua Texas is providing in this application section for Total Original Cost, Accumulated Depreciation, and Net Book Value are estimates developed using trending. Seller is not an investor-owned utility required to track asset values according to NARUC and Commission rule requirements. Seller was unable to provide such asset values to Aqua Texas per its books in the manner specified by those requirements which do not apply to Texas political subdivisions and there is good cause for Aqua Texas to use the trended values to book this acquisition since historic records to verify original cost of the assets are unavailable. No adjustment to the trended original cost values is justified. If the proposed transaction is approved, Aqua Texas will need to book the assets using trended original cost values less accumulated depreciation finally determined after closing.

*** See Attachment 10 Disclosure Statement regarding contributions. Brushy Creek Municipal Utility District has not recorded any contribution amounts on its books for the Brushy Bend Park water system assets proposed for transfer. All customer deposits, if any, will be refunded prior to closing and will not be received by Aqua Texas.

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: Not applicable. Date:

Please provide any other information concerning the nature of the transaction you believe should be given consideration if not explained elsewhere in the application.

This transaction strictly involves an asset sale/acquisition/transfer between Brushy Creek Municipal Utility District and Aqua Texas, Inc. This is not a stock purchase transaction. Legal ownership and responsibility for the Brushy Bend Park (a/k/a Williamson County) water system assets will be transferred to Aqua which will become the certificated retail public water utility for Brushy Bend Park water system customers in place of the District. Other District assets will remain owned and operated by the District. Day-to-day utility operations for transferred customers will remain the same or improve under Aqua's experienced management and operations personnel. Aqua plans to purchase water on a wholesale basis from Brushy Creek Municipal Utility District if the transaction is approved, but a master meter is already in place for distribution of water to Brushy Bend Park. The retail water rate tariff Buyer proposes apply to Brushy Bend Park customers if the proposed transaction is approved would keep base rates (i.e., monthly minimum and gallonage charges) the same as the Seller's outside-District base rates currently charged to Brushy Bend Park customers immediately following the transfer per current Commission policy. Miscellaneous fees will be different in certain instances (in part because the District is a political subdivision with authority to charge certain types of fees that investor-owned utilities cannot), but are not proposed higher than current District charges. Aqua is requesting that its Southwest Region service policies apply going forward for Commission rule compliance and consistency with its Southwest Region water service elsewhere. Aqua plans to operate the Brushy Bend Park water system as part of its Southwest Region, but has no plans at this time to file a Southwest Region water rate case that would affect Brushy Bend Park customers.

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:	\$535,665.00*
Plant Acquisition Adjustment:	\$101,087.00 (negative acquisition adjustment)*
Extraordinary Loss on Purchase:	N/A
Accumulated Depreciation of Plant:	\$384,578.00*
Cash:	N/A
Notes Payable:	N/A
Mortgage Payable:	N/A
Others (please list):	Net Book Value: \$151,087.00*

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: AT Date: 9/15/2016

* The proposed transaction is not allowed to close without PUC approval. Therefore, the "proposed effective date of the transaction" is not yet determined and the values provided in this application section should not be considered final. Further, the values Aqua is providing in this application section for Utility Plant in Service (i.e., Total Original Cost), Plant Acquisition Adjustment, Accumulated Depreciation of Plant, and Net Book Value are estimates developed using trending and the agreed upon purchase price of \$50,000.00 (Aqua notes there may also be additional closing costs). Seller is not an investor-owned utility required to track asset values according to NARUC and Commission rule requirements. Seller was unable to provide such asset values to Aqua per its books in the manner specified by those requirements and there is good cause for Aqua to use the trended values to book this acquisition since historic records to verify original cost of the assets are unavailable. No adjustment to the trended original cost values is justified. If the proposed transaction is approved, Aqua will need to book the assets using trended original cost values less accumulated depreciation finally determined after closing.

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.

*SEE ATTACHMENT 4, Proposed Aqua Texas, Inc. d/b/a Aqua Texas "Water Utility Tariff for Southwest Region – Brushy Bend Park Only," showing that base rates for Brushy Bend Park water customers will remain the same immediately following the transfer while certain miscellaneous fees and service policies are different as required to conform to Commission rules for investor owned utilities and Aqua's previously approved Southwest Region service policies. No miscellaneous fee included in the proposed tariff currently charged by Seller will be higher as a result of the transfer.

If rates are changing, please explain:

Not applicable.

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:

Not applicable.

Other. Please explain:

Not applicable.

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.

Please see Attachment 5. Aqua respectfully requests that Commission staff specifically identify any additional entities for which notice is requested if the notice is otherwise approved.

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

Waiver of production requested except for documents included in Attachment 6.

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.

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

2	4	6	0	0	5	0
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Date of last inspection:

February 10, 2016

 See Attachment 7.

B. For Wastewater Systems: **Not applicable.**

-TCEQ Discharge Permit Number: W Q

--	--	--	--	--	--

 -

--	--	--

 -Name of Permittee:

--

 -Date of application to transfer Discharge Permit submitted:

--

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

--

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

--

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
Not applicable.		

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:
 Water _____ Sewer _____

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

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:

BRA-Lake Sillhouse Hollow. Immediately following the transfer, Aqua will purchase 100% of its total supply for the system from Brushy Creek MUD. However, Aqua will reserve the right to acquire secondary sources at its discretion.

21.

Water			Sewer		
	-Non Metered		-2" meter		-Residential Connection
204	-5/8" or 3/4" meter		-3" meter		-Commercial Connection
3	-1" meter		-4" meter		-Industrial Connection
	-1 1/2" meter		-Other		-Other
Total Water Connections:			207	Total Sewer Connections	

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#
See Attachment 8.		

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

- 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 Williamson

I, Mike Petter, being duly sworn, file this application for sale, lease, rental or merger or consolidation as General Manager, Brushy Creek Municipal Utility District (*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.

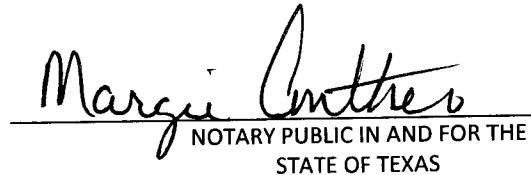


AFFIANT
(Utility's Authorized Representative)

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 13th of June, 20 16.

SEAL

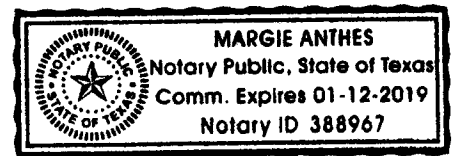

NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Margie Anthes
PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

1-12-19

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



OATH FOR PURCHASER OR ACQUIRING ENTITY

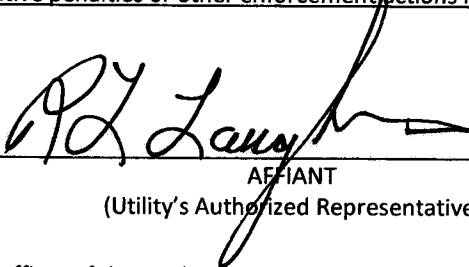
STATE OF Texas

COUNTY OF Travis

I, Robert L. Laughman, being duly sworn, file this application for

sale, lease, rental or merger or consolidation as President, Aqua Texas, 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 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.



AFFIANT
(Utility's Authorized Representative)

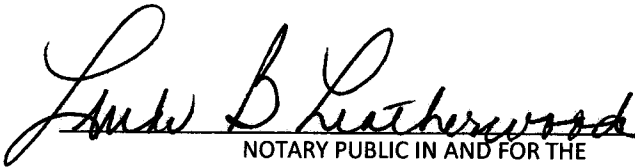
If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

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 15th of June, 20 16.

SEAL





NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

LINDA B Leatherwood

PRINT OR TYPE NAME OF NOTARY

MY COMMISSION EXPIRES

1/21/2017

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

Notice to Current Customers, Neighboring Systems, Landowner and Cities

Brushy Creek Municipal Utility District 'S NOTICE OF INTENT TO SELL FACILITIES TO
(Seller's or Transferor's Name)

Aqua Texas, Inc. AND FOR Aqua Texas, Inc.
(Purchaser's or Transferee's Name) Purchaser's or Transferee's Name)

TO OBTAIN A CERTIFICATE OF CONVENIENCE AND NECESSITY (CCN) IN
Williamson COUNTY, TEXAS

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

(Address)

City State Zip

Brushy Creek Municipal Utility District 16318 Great Oaks Drive Round Rock, Texas 78681
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 Williamson [County Name] County to:

Aqua Texas, Inc. 1106 Clayton Lane, Suite 400W Austin, Texas 78723
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):

Brushy Bend Park

The proposed utility service area is located approximately 7.8 miles southwest of downtown Georgetown, TX, and is generally bounded on the north by Sam Bass Rd; on the east by Oak Forest Dr; on the south by Brushy Creek Rd; and on the west by Brushy Creek.

The total area being requested includes approximately 415 acres and serves 207 current customers. This transaction will have the following effect on the current customer's rates and services:

- (1) current customer water rates will remain unchanged except for certain miscellaneous fees which may be different or lower, but not higher, if this transaction is approved;
- (2) service quality will remain the same or improve; and
- (3) Aqua Texas service policies will apply at the completion of this transaction when it becomes the certificated retail public water utility for Brushy Bend Park water system customers in place of Brushy Creek Municipal Utility District.

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

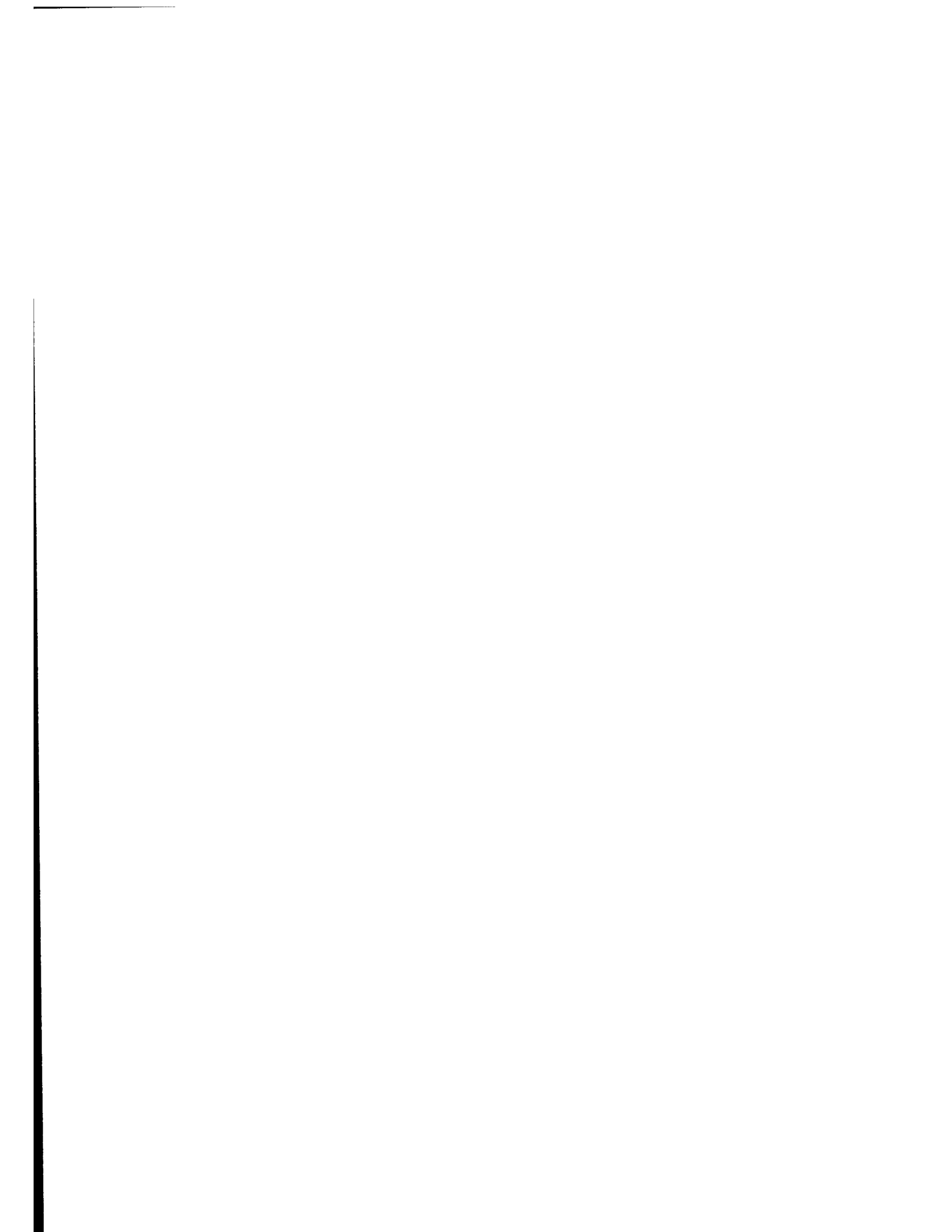
**Se desea informacion en Espanol, puede llamar al
1-888-782-8477**

Robert L. Laughman

Utility Representative

Aqua Texas, Inc.

Utility Name



ATTACHMENTS:

Attachment 1 – List of Officers of Aqua Texas, Inc.

Attachment 2 – Aqua Texas, Inc.’s Certificate of Account Status

Attachment 3 – Asset Purchase Agreement

Attachment 4 – Proposed Tariff

Attachment 5 – List of Neighboring Entities and Districts

Attachment 6 – Excerpts from 2015 Aqua America, Inc. Annual Report

Attachment 7 – TCEQ Letter regarding System Inspection

Attachment 8 – List of Aqua Texas Operators

Attachment 9 – Maps

Attachment 10 - Disclosure Statement

Attachment

1

OFFICERS OF AQUA TEXAS, INC.

Christopher H. Franklin	Chief Executive Officer
David P. Smeltzer	Executive Vice President and Chief Financial Officer
Richard S. Fox	Executive Vice President and Chief Operating Officer, Regulated Operations
Daniel J. Schuller	Executive Vice President, Strategy and Corporate Development
William C. Ross	Senior Vice President, Engineering and Environmental Affairs
Christopher P. Luning	Senior Vice President, General Counsel and Secretary
Robert A. Rubin	Senior Vice President, Chief Accounting Officer, Controller and Assistant Treasurer
Robert L. Laughman	President
Richard S. Fox	Regional President
Daniel Rimann	Vice President, Operations
Robert A. Kopas	Regional Controller
Crandal McDougall	Controller
Diana Moy Kelly	Treasurer
Stan Szczgiel	Assistant Treasurer
Elizabeth Taylor	Assistant Secretary
Lisa Piotrowski	Assistant Secretary
Linda Leatherwood	Assistant Secretary

Attachment

2



Franchise Tax Account Status

As of: 01/07/2016 09:46:19 AM

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

AQUA TEXAS, INC.

Texas Taxpayer Number 32014405503
Mailing Address 1106 CLAYTON LN STE 400W
AUSTIN, TX 78723-2476
Right to Transact Business ACTIVE
in Texas
State of Formation TX
Effective SOS Registration 02/13/2004
Date
Texas SOS File Number 0800304878
Registered Agent Name CORPORATION SERVICE COMPANY D/B/A CSC-
LAWYERS INCO
Registered Office Street 211 E. 7TH STREET SUITE 620
Address AUSTIN, TX 78701

Attachment

3

ASSETS PURCHASE AGREEMENT

THIS ASSETS PURCHASE AGREEMENT, dated as of the 17th day of December, 2015, by and between **BRUSHY CREEK MUNICIPAL UTILITY DISTRICT**, a political subdivision of the State of Texas with an address of 16318 Great Oaks Drive, Round Rock, Texas 78681 ("Seller"), and **AQUA TEXAS, INC.** doing business as **AQUA TEXAS**, a Texas corporation with an address of 1106 Clayton Lane, Suite 400W, Austin, Texas ("Aqua"), with reference to the following RECITALS:

RECITALS

A. Seller is a retail public utility and a political subdivision that owns, maintains and operates a water production and distribution system (PWS ID No. 2460050), Williamson County Water Company (the "Water System") that provides water service to residents of Brushy Bend Park Subdivision ("Service Area") in Williamson County, Texas pursuant to a Texas Commission on Environmental Quality ("TCEQ") Certificate of Convenience and Necessity ("CCN") (the "Service Area") now administered by the Public Utility Commission of Texas ("PUC"). A map of the Service Area is attached hereto as Exhibit 1.

B. Aqua is a retail public water utility that furnishes water service to the public in various portions of Texas.

C. Seller desires to sell, and Aqua desires to purchase, certain assets and service rights of Seller owned and used in connection with its Water System to provide retail water utility service to approximately 205 existing residential connections and which can be utilized to provide retail water utility service to 35 additional connections within the Service Area, all upon the terms and conditions set forth herein.

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 SELLER'S WATER SYSTEMS ASSETS**

Subject to the terms and conditions hereinafter set forth, Aqua shall purchase from Seller, and Seller shall sell, assign, transfer, grant, convey and deliver to Aqua at Closing (hereinafter defined), all of the Water System assets, properties and rights of Seller (whether tangible or intangible, real, personal or mixed) defined in Section 1.1 below (the "Assets").

The Assets are being sold free and clear of all mortgages, liens, pledges, security interest, charges, taxes, claims, restrictions and encumbrances of any nature whatsoever.

1.1 **Assets Further Defined**

The Assets are more specifically set forth on Schedule 1.1.

1.2 Excluded Assets

The Assets shall not include any of the assets, properties or rights set forth on Schedule 1.2.

1.3 Consideration

The total purchase price ("Purchase Price") for the Assets shall be **Fifty Thousand and No/100 Dollars (\$50,000.00)**, which shall be payable at Closing.

1.4 Contractual Obligations

Aqua shall not assume any obligations of Seller under any contract, agreement, commitment, lease, certificate, permit or other instrument, whether oral, written, express or implied, except with respect to those contracts and other instruments listed on Schedule 1.4 attached hereto, made part hereof and incorporated herein by reference.

1.5 Non-Assumption of Liabilities

With the exception of the ongoing obligation to provide water service to the customers of the Seller served by the Water System (the "Assumed Obligations"), all liabilities and obligations of Seller shall remain the sole responsibility of Seller, 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, Aqua shall not assume and shall not be liable for any liabilities or obligations of Seller of any nature whatsoever, whether express or implied, fixed or contingent.

Seller shall not be liable for any liabilities or obligations of any nature whatsoever, whether express or implied, fixed or contingent, relating to the Assets which arise after Closing.

2. CLOSING

Subject to the provisions of **Sections 4 and 5**, Closing hereunder (the "Closing") shall take place at the offices of Aqua located at 1106 Clayton Lane, Suite 400W, Austin, Texas, commencing at 11:00 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 5.6** 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. Notwithstanding the foregoing, if the Closing has not occurred on or before July 1, 2016, either Party shall have the right to terminate this Agreement by providing written notice of termination to the other Party, provided that such termination shall be without prejudice to the rights of either party which has performed its obligations under this Agreement, if Closing does not occur because of a material breach of this Agreement by the other party.

AQUA AGREES THAT IT WILL INSPECT AND ASSESS THE ASSETS PRIOR TO CLOSING AND THAT AQUA WILL RELY SOLELY UPON SUCH EXAMINATIONS AND INVESTIGATIONS IN ELECTING WHETHER OR NOT TO PURCHASE THE ASSETS. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT

AQUA IS BUYING THE ASSETS "AS IS" AND "WHERE IS," AND WITH ALL FAULTS AND DEFECTS, LATENT OR OTHERWISE, AND THAT SELLER IS MAKING NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, BY OPERATION OF LAW OR OTHERWISE, WITH RESPECT TO THE QUALITY, PHYSICAL CONDITION OR VALUE OF THE ASSETS. WITHOUT LIMITING THE FOREGOING, IT IS UNDERSTOOD AND AGREED THAT SELLER MAKES NO WARRANTY OF HABITABILITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR ANY PURPOSE.

SELLER AND AQUA EACH STIPULATE AND AGREE THAT (A) AQUA IS A SOPHISTICATED PURCHASER OF WATER SYSTEM ASSETS, (B) THE TERMS OF THIS SECTION ARE A MATERIAL PART OF THIS CONTRACT AND HAVE BEEN SPECIFICALLY READ AND UNDERSTOOD BY AQUA, (C) THIS CONTRACT, UNCLUDING, WITHOUT LIMITATION, THIS SECTION, HAS BEEN FREELY NEGOTIATED, AND (D) AQUA HAS BEEN REPRESENTED BY LEGAL COUNSEL IN CONNECTION WITH THIS CONTRACT.

THE PROVISIONS OF THIS SECTION SHALL SURVIVE CLOSING.

2.1 Items to be delivered at Closing

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

- (a) Seller shall deliver to Aqua the Assets as follows:
 - (i) with respect to those Assets that constitute personal property, a Bill of Sale and Assignment in the form attached hereto as Schedule 2.1(a)(i);
 - (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 Seller that are part of or related to the Assets, if any; and
 - (iii) a complete and accurate list of the names and addresses of all customers of Seller, both in paper form and in electronic form on a compact disk (CD) that can be downloaded to a computer, along with the available billing history for each customer;

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

- (b) Seller shall deliver to Aqua, the documents and instruments for which Seller is responsible for furnishing at Closing as referred to in **Section 5** hereof.
- (c) Aqua and Seller agree that final meter readings shall be conducted at the end of the regular meter reading period within seven (7) days immediately prior to Closing. These readings shall be utilized by the Seller for the purpose of issuing final bills, and shall constitute the opening readings for Aqua. Aqua shall use these readings to begin the billing cycle for its new customers following Closing, and shall not be responsible

for the collection of any amounts due Seller for bills issued by Seller as a result of the Seller's final meter reading. The Parties agree that the bills sent by the Seller shall provide for payment of such bills to be made to the Seller. In the event the Seller holds any deposits for customers, such deposits shall not be transferred to Aqua until after final payment is received. If final payment is not received, the Seller may apply the deposit against the final payment amount. Seller shall be solely responsible for refunding the service deposits previously collected by Seller from customers within the Service Area.

- (d) At Closing, Seller and Aqua shall each execute the Wholesale Water Services Agreement substantially in the form attached hereto as Schedule 5.7.

2.2 Transfer Taxes on Real Property

No fee ownership of real estate is being transferred as part of this transaction.

2.3 Transfer of Utilities

Seller and Aqua agree that there is no utility service, including telephone, electric and gas service for any of the Assets, and therefore, not transfer of utility service will be made as of the Closing Date.

2.4 Remedies

The Parties acknowledge that the Assets are unique and not otherwise available and agree that, in addition to any other available remedy, the Parties may invoke any equitable remedy to enforce performance hereunder, including, without limitation, the remedy of specific performance, in the event of a breach by a Party.

2.5 Further Assurances

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 Seller agrees that, with respect to the Assets, pending the Closing and except as otherwise agreed to in writing by Aqua:

- (a) The business of Seller shall be conducted solely in the ordinary course consistent with past practices.
- (b) Seller shall continue to maintain and service the tangible Assets substantially in their

present condition and similar working order until Closing.

- (c) Seller will use its best efforts to comply with all laws, ordinances, rules, regulations and orders applicable to it and to the conduct of its business relating to the Assets.
- (d) Seller will promptly advise Aqua in writing of all events between the date hereof and Closing which Seller determines could render any representation or warranty under the Agreement, if restated and republished as of Closing, untrue or incorrect in any material respect.
- (e) Seller will promptly advise Aqua in writing immediately after Seller receives knowledge of the threat or commencement of any dispute, claim, action, suit, proceeding, arbitration or investigation against or involving the Assets or the sale and transfer thereof to Aqua, or of the occurrence of any event (exclusive of general economic factors affecting business in general) of a nature that is or may be materially adverse to the business, operations, properties, assets, prospects or condition (financial or otherwise) of Seller relating to the Assets.
- (g) Seller will conduct its business in such a manner that at the Closing the representations and warranties of Seller contained in this Agreement shall be true as though such representations and warranties were made on and as of such date. Furthermore, Seller will use good faith efforts to cause all of the conditions to this Agreement to be satisfied on or prior to the Closing Date, but shall be under no obligation to incur any costs or expenses in connection therewith including specifically any costs associated with securing any regulatory approvals.
- (h) Seller will not knowingly take any action which would result in a material breach of any of the representations and warranties of Seller hereunder.
- (i) Seller will provide Aqua with such existing financial and other reports of its business related to the Assets as Aqua may reasonably request in accordance with the Texas Public Information Act. Seller shall be under no obligation to create information for Aqua.
- (j) Upon not less than 24 hours prior written notice, Seller will give to Aqua, its officers, employees, accountants, counsel and other representatives reasonable access to and the right to inspect, during normal business hours, all of the premises, properties, assets, records, contracts and other documents relating to the Assets, and shall permit them to consult with the employees, accountants, counsel and agents of Seller for the purpose of making such investigation of the business and operations of Seller relating to the Assets as Aqua shall desire to make, provided that such investigation shall not unreasonably interfere with the business or operations of Seller. Seller's rights shall not extend to any property, documents or operations of Seller unrelated to the Assets.

- (k) Seller shall notify Aqua prior to the initiation, development or execution of any plans for expansion of or improvements to the Assets. The foregoing shall not apply to any repairs or routine maintenance undertaken by the Seller.
- (l) Seller will reasonably cooperate with Aqua in sending any customer notices that in Aqua's judgment are necessary or desirable in connection with the transactions contemplated herein. Aqua shall be responsible for paying all costs and expenses associated with any customer notices that Aqua desires to send to such customers.

4. **CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS**

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

4.1 **Closing Certificate; Performance by Aqua**

Aqua shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Seller shall have been furnished with a certificate or certificates of Aqua dated the Closing Date, signed by an officer of Aqua, certifying, in such detail as Seller may reasonably request, to the fulfillment of the foregoing conditions and that all representations and warranties made by Aqua in this Agreement are true and correct as of Closing, except such as have been rendered incorrect because of events which occurred after the date hereof, as disclosed in writing by Aqua to Seller within a reasonable time after the event occurred.

4.2 **Litigation Affecting Closing**

On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or in the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

5. **CONDITIONS PRECEDENT TO AQUA'S OBLIGATIONS**

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

5.1 **Satisfaction with Operational and Real Estate Title Issues**

Aqua shall be satisfied, within thirty (30) days following the execution of this Agreement, with the results of its due diligence inspections of the overall operational functionality of the Assets, including any real property interests, and at Closing that there has been no material deterioration therein between the expiration of such thirty (30) day period and Closing.

5.2 Closing Certificate; Performance by Seller

Seller shall have materially performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing; and Aqua shall have been furnished with a certificate or certificates of Seller dated the Closing Date, signed by the appropriate officials of Seller, certifying, that all representations and warranties are true and correct as of Closing, except as disclosed by Seller pursuant to **Section 3.1(e)**, and the facts as contained in such disclosure(s) shall not result, as determined by Aqua in its reasonable judgment, in a material adverse change in the condition of the Assets or business and operations of Seller relating to the Assets between the date of this Agreement and Closing.

5.3 Litigation Affecting Closing

On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

5.4 Seller Authorizations

Seller shall have furnished Aqua with certified copies of all proceedings of Seller, including a signed and certified copy of the appropriate document(s) authorizing the transactions hereby contemplated, as Aqua reasonably shall require.

5.5 Governmental Approvals

Aqua shall have received all governmental authorizations needed to acquire the Assets, including, but not limited to, adoption and approval of an Order from the Public Utility Commission of Texas ("PUC"), authorizing: (a) the transfer of the Assets as contemplated by this Agreement; and (b) Aqua to provide retail public water utility service to the residents in the Service Area and to charge retail water utility rates and fees for such service without requiring a PUC water utility rate/tariff change application filing/hearing. Such governmental authorizations, orders, authorizations and approvals by the PUC shall be in form and substance satisfactory to Aqua in its sole discretion. Aqua shall pay all costs and expenses associated with securing such governmental authorizations, and shall be solely responsible for securing such authorizations. Aqua shall provide a copy of any applications for such governmental approvals to Seller for review and comment prior to filing of same. Seller shall cooperate with respect to securing any such approvals, but shall be under no obligation to incur any costs in connection therewith.

5.6 Material Damage

The Assets shall not be, or be threatened to be, materially adversely affected by fire, explosion, earthquake, disaster, accident, cessation or interruption of utility or other services, flood, drought, lack of water supply, contamination of water supply, embargo, riot, civil disturbance,

uprising, activity of armed forces or act of God or public enemy, or any other event or occurrence.

5.7 Agreement for the Sale of Water to Aqua

On the Closing Date and as a condition of Closing, Aqua and Seller shall enter into the Wholesale Water Services Agreement substantially in the form attached hereto in Schedule 5.7.

6. **REPRESENTATIONS AND WARRANTIES OF SELLER**

6.1 Seller hereby represents and warrants to Aqua as follows:

- (a) Organization. Brushy Creek Municipal Utility District is a duly organized political subdivision of the State of Texas.
- (b) Systems Ownership. To the best of Seller's knowledge, Seller holds the exclusive right, title and interest to the Assets.
- (c) Current Operations. Seller 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 own and operate the Water System.
- (d) Legal Authority. Seller has the full power and lawful authority to transfer to Aqua the rights, title and interest in and to the Assets subject to the terms and conditions of this Agreement, including receipt of all required regulatory approvals for transfer of the Assets.
- (e) Due Authorization; Valid and Binding. Subject to the terms and conditions of this Agreement, including receipt of all required regulatory approvals for transfer of the Assets and finding that the Assets are surplus property, Seller has the full power and lawful authority to execute and deliver this Agreement and all related 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 Seller.
- (f) No Approvals or Violations. Except with respect to certain regulatory approvals required to consummate the transactions that are the subject hereof, 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 Seller is a party. The person signing on behalf of the Seller represents that: (1) the signatory has the authority to execute this Agreement and bind the Seller to its terms; and (2) authority for the Seller to enter this Agreement has been approved or the Agreement was ratified in a meeting of the Seller's Board of Directors duly noticed in compliance

with the Texas Open Meetings Act and all other applicable laws. Seller agrees that if the Open Meetings Act notice for the Seller's Board of Directors meeting at which authority to enter this Agreement was provided or the Agreement was ratified is challenged in an administrative proceeding or judicial proceeding as inadequate, Seller will provide adequate notice and ratify this Agreement at a subsequent meeting.

- (g) Party to Decree. Seller 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 Assets.
- (h) List of Assets. Schedule 1.1 contains a true and complete list of the Assets to be conveyed at Closing.
- (j) Customer Records. To Seller's knowledge, the data contained in the customer records provided to Aqua is true and accurate.

6.2 Except as set forth on Schedule 6.2, Seller hereby represents and warrants to Aqua as follows:

- (a) Title of Assets. To Seller's knowledge, Seller has good and marketable title to the Assets, free and clear of all liens, encumbrances and security interests.
- (b) Undisclosed Liabilities. To Seller's knowledge, there are no liabilities or obligations of Seller, either accrued, absolute, contingent or otherwise, relating to the Assets other than the obligation to provide retail water service to customers.
- (c) Condition of Assets. At Closing, the Seller shall convey possession of the Assets in the condition of the Assets existing as of Closing, "as-is," "where-is," and "with all faults".
- (d) No Other Parties. As of Closing, no person other than Seller will own or have any interest in the Assets.
- (e) Rights to Facilities. To Seller's knowledge, Seller has good and valid rights to occupy and to obtain access to the areas where the distribution lines and other facilities of the Assets are located.
- (h) Pending Litigation. There are no pending claims, actions, investigations or legal or administrative proceedings regarding the Assets or Seller's ability to transfer the Assets.
- (i) Threatened Litigation. There are no threatened claims, actions, investigations or legal or administrative proceedings regarding the Assets or Seller's ability to transfer the Assets, nor does Seller know of any basis for any such claim, action or proceeding.

- (j) Contract for Refunds. Seller is not a party to any contract for future payment of refunds under any extension agreement, customer deposit agreement or similar agreement with respect to the Assets except as specified in Schedule 6.2(j).
- (k) Contract with Suppliers. Seller is not a party to any contract for the purchase of, or payment for supplies, equipment or for services related to the Assets, except such contracts that shall not survive Closing.
- (m) No Material Adverse Conditions. To Seller's knowledge, there are no conditions or developments existing or, to the knowledge of Seller, threatened which would have a material adverse effect on the Assets.
- (n) Compliance with Law. To Seller's knowledge, Seller is not in any material violation of any law, ordinance or governmental rule or regulation relating to the Assets.
- (o) To Seller's knowledge, no representation or warranty by Seller 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 Aqua 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.

6.3 Documents Produced

Seller will deliver at closing to Aqua true and complete copies of all the agreements, contracts, commitments, leases, certificates, permits and other instruments, documents and undertakings required to be furnished under this Agreement.

6.4 Fire Service

Except as set forth in Schedule 6.6, Seller hereby acknowledges that to its knowledge, the System was not constructed to provide fire flow levels of service and represents and warrants to Aqua as follows with respect to fire flow levels of service:

- (a) Agreements with Customers. Seller has not entered into an agreement to provide fire flow levels of service to any customer served by the Assets;
- (b) Representations about Fire Flow Levels of Service. Seller has not made a representation to any customer or other person, business or governmental agency that the Assets are capable of providing flows to fight any fire.

7. REPRESENTATIONS AND WARRANTIES OF AQUA

7.1 Aqua hereby represents and warrants to Seller as follows:

- (a) Organization. Aqua is a corporation duly organized and validly existing and in good standing under the laws of the State of Texas.
- (b) Due Authorization; Valid and Binding. Aqua 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 Aqua.
- (c) Financial Wherewithal. Aqua has the financial wherewithal to complete the purchase of the Assets as contemplated hereunder and upon completion of Closing, to operate and manage the Assets at, or exceeding, the level of service provided by the Seller prior to Closing.

8. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

IT IS UNDERSTOOD AND AGREED THAT SELLER MAKES NO WARRANTY OF HABITABILITY, SUITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR ANY PURPOSE. TO THE EXTENT THAT WARRANTIES ARE TO BE MADE THAT SURVIVE CLOSING, SUCH WARRANTIES SHALL BE SET FORTH SOLELY AND EXPRESSLY IN THE TRANSFER DOCUMENTS.

9. MISCELLANEOUS

9.1 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.

9.2 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 Seller or Aqua.

9.3 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.

9.4 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 Aqua:

Robert L. Laughman, President
Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin, Texas 78723

If to Seller:

Mike Petter, General Manager
Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, Texas 78681

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, telegraphed or mailed.

9.5 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.

9.6 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.

9.7 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.

9.8 Exhibits and Schedules

All Exhibits, Attachments and Schedules referred to herein are intended to be and hereby are specifically made a part of this Agreement.

9.9 Cooperation/Further Assurances

Seller from time to time after the Closing, at Aqua's request, and without additional compensation, will execute, acknowledge and deliver to Aqua 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 Aqua may reasonably require in order to vest in Aqua, and/or to place Aqua fully in possession of, all of the 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.

9.10 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.

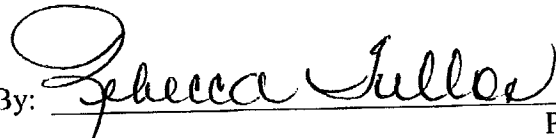
9.11 Counterparts

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. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.


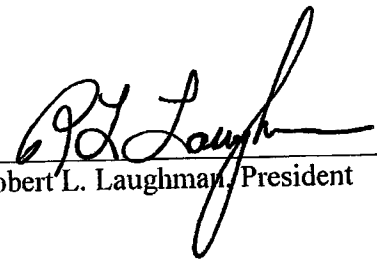
IN WITNESS WHEREOF, intending to be legally bound, the parties hereto have duly executed this Agreement on the date first written.

SELLER:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By:  President
Brushy Creek Board of Directors

AQUA TEXAS, INC. dba AQUA TEXAS

 By:  President
Robert L. Laughman, President

**LIST OF
SCHEDULES AND EXHIBITS**

SCHEDULES

Schedule 1.1	List of Assets
Schedule 1.2	Excluded Assets
Schedule 1.4	Assumed Liabilities
Schedule 2.1(a)(i)	Form of Bill of Sale and Assignment
Schedule 5.7	Form of Wholesale Water Services Agreement
Schedule 6.2	Exceptions to Seller's Representations and Warranties
Exhibit 1	Service Area Map

Schedule 1.1

List of Assets

- (i) All the pipes, pipelines, fire hydrants, improvements, fixtures, owned by Seller, or in which Seller has an interest, and all appurtenances belonging or appertaining thereto located within Brushy Bend Park, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 7, Page 62, Plat Records of Williamson County, Texas; Brushy Bend Park Section II, Phase I, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 9, Page 77, Plat Records of Williamson County, Texas; and Brushy Bend Park Section II, Phase II, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 10, Page 25, Plat Records of Williamson County, Texas;
- (ii) That portion of the 6-inch water transmission line owned by Seller located “downstream” of the meter under which Seller shall provide wholesale water service to Aqua after Closing, as more particularly identified on the sketch attached to this Schedule;
- (iii) Seller’s right to provide retail public water utility service to customers within the subdivisions described in (i) above, including all such rights possessed under Seller’s Certificate of Convenience and Necessity (“CCN”) within those subdivisions; and
- (iv) Copies of all existing billing records, information, files, records, data, plans, and recorded knowledge related to the foregoing assets.

Schedule 1.2

Excluded Assets

The Assets shall not include any assets, properties, rights and interests of Seller not identified in Schedule 1.1 including, without limitation, the following:

- 1) Any and all customer water service lines that run from outside the meter box to each individual residence, commercial or industrial structure served by the Assets;
- 2) All piping and fixtures internal to each individual customer's structure;
- 3) Seller's cash and accounts receivables as of the date of Closing;
- 4) any machinery, equipment, tools, vehicles, furniture, furnishings, leasehold improvements, goods, and other tangible personal property owned by Seller or in which Seller has an interest;
- 5) all supplies and inventories owned by Seller;
- 6) all rights of Seller 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 except as set forth on Schedule 1.1;
- 7) Lot 54, Section 2, Phase 1 Brushy Bend Park (CAD #R032660); and
- 8) Customer service deposits held by Seller for customers located within the Service Area.

Schedule 1.4

Assumed Liabilities

None

Schedule 2.1(a)(i)

Form of Bill of Sale and Assignment

BILL OF SALE AND ASSIGNMENT

Date: _____, 2016

Grantor: BRUSHY CREEK MUNICIPAL UTILITY DISTRICT, a Texas conservation and reclamation district

Grantor's Mailing Address:

Brushy Creek Municipal Utility District
16318 Great Oaks Drive
Round Rock, Williamson County, Texas 78681

Grantee: AQUA TEXAS, INC. dba AQUA TEXAS, a Texas corporation

Grantee's Mailing Address:

Aqua Texas, Inc.
1106 Clayton Lane, Suite 400W
Austin, Travis County, Texas 78723

Consideration: Ten Dollars (\$10.00) and other valuable consideration in hand paid by Grantee

Assets: See Exhibit A attached hereto

Intangible Assets: See Exhibit B attached hereto

Grantor, for the consideration herein expressed, hereby SELLS, ASSIGNS, and TRANSFERS to Grantee:

- a) The Assets as described on Exhibit A; and
- b) The Intangible Assets as described on Exhibit B.

This conveyance is made in accordance with the Assets Purchase Agreement between Grantor and Grantee dated as of _____, 2015. Grantor specifically agrees to cooperate with Grantee, take such actions, and execute such specific other documents as may be necessary or appropriate to accomplish the transfers contemplated in the Assets Purchase Agreement.

In addition to Assets and Intangible Assets described in Exhibits A and B, Grantor hereby transfers to Grantee all retail public water utility service rights that it may have under any Certificate of Convenience and Necessity for the service territory served by the Assets (also known as "Brushy Bend").

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

EXECUTED effective this _____ day of _____, 2015.

GRANTOR:

BRUSHY CREEK MUNICIPAL UTILITY DISTRICT

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

This instrument was acknowledged before me on this ____ day of _____, 2016, by _____, _____ of Brushy Creek Municipal Utility District, a Texas conservation and reclamation district, on behalf of such joint district.

NOTARY PUBLIC, State of Texas

ACCEPTED:

GRANTEE:

AQUA TEXAS, INC. dba AQUA TEXAS

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §
 §
COUNTY OF _____ §

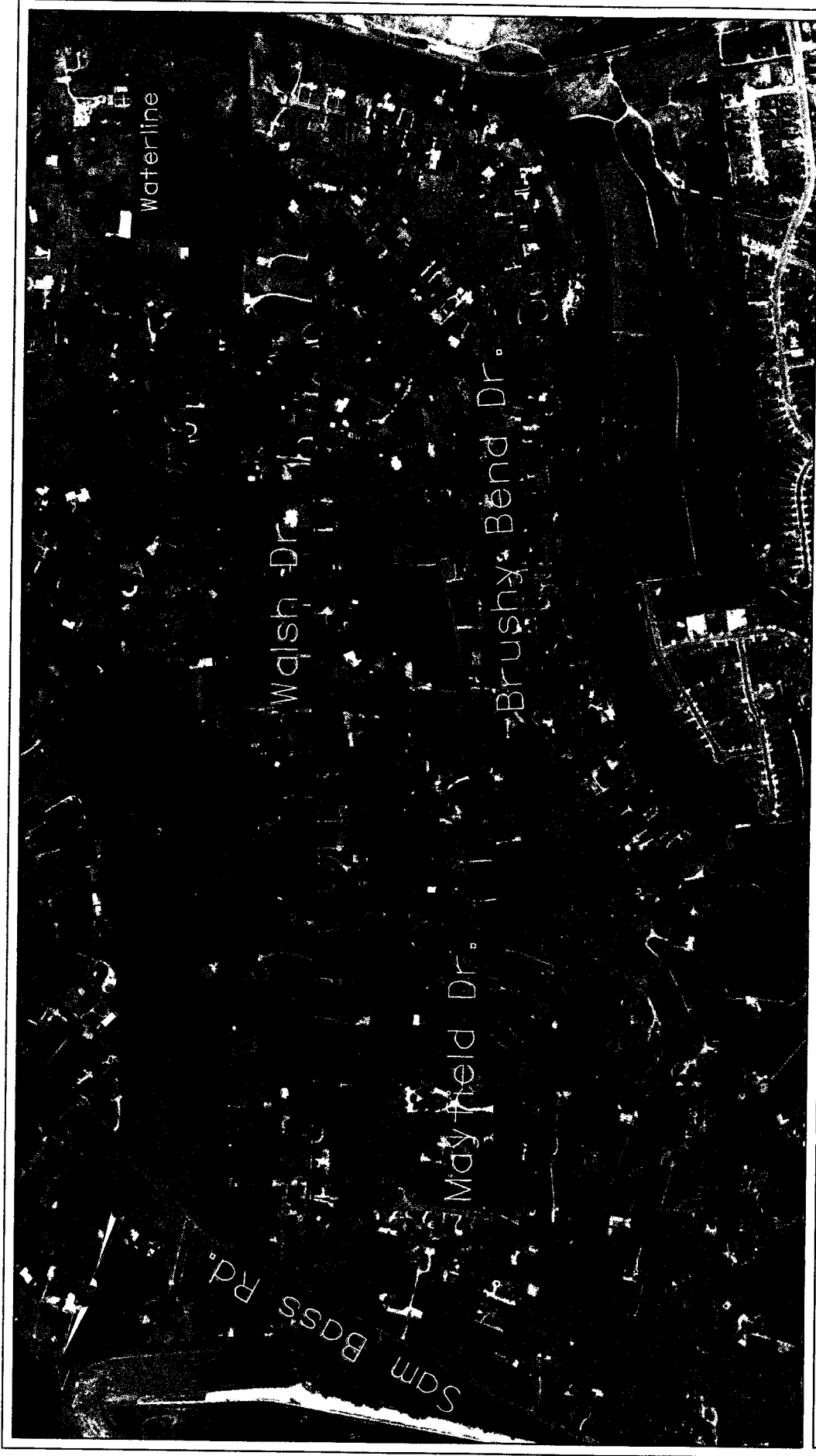
This instrument was acknowledged before me on this ____ day of _____, 2016,
by _____, _____ of Aqua Texas, Inc. dba Aqua Texas, a Texas corporation,
on behalf of said corporation.

NOTARY PUBLIC, State of Texas

EXHIBIT A

DESCRIPTION OF ASSETS

- (i) All the pipes, pipelines, fire hydrants, improvements, fixtures, owned by Seller, or in which Seller has an interest, and all appurtenances belonging or appertaining thereto located within Brushy Bend Park, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 7, Page 62, Plat Records of Williamson County, Texas; Brushy Bend Park Section II, Phase I, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 9, Page 77, Plat Records of Williamson County, Texas; and Brushy Bend Park Section II, Phase II, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 10, Page 25, Plat Records of Williamson County, Texas;
- (ii) The 6-inch water transmission line improvements more particularly identified on the sketch attached hereto; and
- (iii) Copies of all existing billing records, information, files, records, data, plans, and recorded knowledge related to the foregoing assets.



BRUSHY BEND PARK WATER DISTRIBUTION SYSTEM

ROUND ROCK, TX

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EXHIBIT B
INTANGIBLE ASSETS

1. All rights, including but not limited to those rights arising under all bonds, warranties or other guarantees, held by Seller pertaining to the improvements referenced on Exhibit "A".

2. Seller's right to provide retail water service to customers within Brushy Bend Park, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 7, Page 62, Plat Records of Williamson County, Texas; Brushy Bend Park Section II, Phase I, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 9, Page 77, Plat Records of Williamson County, Texas; and Brushy Bend Park Section II, Phase II, a subdivision in Williamson County, Texas, according to the map or plat thereof recorded in Volume 10, Page 25, Plat Records of Williamson County, Texas.