



Control Number: 50422



Item Number: 27

Addendum StartPage: 0

SP UTILITY CO
PO BOX 690521
HOUSTON, TX 77269
832-534-8545

RECEIVED
2021 FEB -9 PM 3: 33
PUBLIC UTILITY COMMISSION
FILING CLERK

DOCKET #50422

FEB 9TH, 2021

1. Order No. 10 issued on September 3rd, 2020 approved the sale and transfer transaction in the referenced matter and required the applicants to submit with 180 days of the order and not later than 30 days after the consummation of the transaction has been consummated.
2. There were no customer deposits to transfer.
3. Attached is the executed contract.
4. Sp utility has therefore submitted all documents or information required by order no. 9, SP utility requests that commission staff file a recommendation to approve the sufficiency of the documents.



Harrison Williams

ASSET PURCHASE AGREEMENT
between
MICHAEL JOHNSON AND RYAN JOHNSON D/B/A JOHNSONS WATER SERVICE
and
SP UTILITY COMPANY, INC.

THIS ASSET PURCHASE AGREEMENT (this “**Agreement**”) executed as of this the 5th day of March, 2020, (the “**Effective Date**”), is by and between Michael Johnson and Ryan Johnson d/b/a Johnsons Water Service, owners of the Public Water Supply (“**PWS**”) Johnson’s Water Service (referred to jointly herein as “**Seller**”), and SP UTILITY COMPANY, INC. (referred to herein as “**Purchaser**”). The Purchaser and Seller may be referred to individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, Seller operates a potable water supply system located at 1713 Oleander Street, Rosharon, Texas 77583-2433 better known as Johnson water service, identified with the Public Utility Commission of Texas (“**PUCT**”) under its Certificate of Convenience and Necessity (“**CCN**”) number 12004, PWS number 0200158, (all together, the “**Water System**”);

WHEREAS, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, all of Seller’s assets that it utilizes in the Water System on the terms and conditions set forth herein; and

WHEREAS, the Parties acknowledge and agree that Seller gave notice to Purchaser of the requirements of Section 13.301(k) of the Texas Water Code before either Party executed this Agreement.

NOW, THEREFORE, in consideration of the above premises and the respective representations, warranties, agreements and conditions herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 As used in this Agreement:

- (a) “*Acquired Assets*” has the meaning set forth in Section 2.1.
- (b) “*Final Order Date*” means the date on which the PUCT Final Order becomes final and non-appealable in all respects.
- (c) “*Person*” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity or a governmental authority.
- (d) “*Water System*” has the meaning set forth in the first recital of this Agreement.

- (e) “*TCEQ*” means the Texas Commission on Environmental Quality or its successor.
- (f) “*PUCT*” means the Public Utility Commission of Texas or its successor.
- (g) “*STM Application*” means an “Application for Sale, Transfer or Merger of a Retail Public Utility” that is required to be filed with the PUCT in connection with the sale and transfer of the Water System from Seller to Purchaser and the assignment to Purchaser of Seller’s CCN service area.
- (h) “*PUCT Final Order*” means the final order issued by the PUCT after approval of the STM Application authorizing the transfer of the Water System from Seller to the Purchaser and the assignment to Purchaser of Seller’s CCN service area.

ARTICLE II

SALE OF ASSETS AND ASSUMPTION OF LIABILITIES

2.1 Sale of Assets. At the Closing, Seller shall sell and transfer to Purchaser, and Purchaser shall accept from Seller, free and clear of all liens, encumbrances and adverse claims of any kind, except as may otherwise be expressly set forth herein, all right, title and interest in and to the assets used by or for the benefit of the Seller in connection with the operation of the Water System (collectively, the “**Acquired Assets**”), which assets include the following:

- (a) all of the real property set forth on **Schedule 2.1(a)** (the “**Owned Real Property**”);
- (b) all of Seller’s personal property, equipment and fixtures used by Seller in the operation of the Water System, including, but not limited to, that property described on **Schedule 2.1(b)**, subject to the following:
 - (i) Seller shall provide to Purchaser copies of all of Seller’s records regarding the operation and maintenance of the water company and Water System, including electronic records;
 - (2) Seller shall provide to Purchaser the hard copy version of all other of Seller’s records regarding the operation and maintenance of the water company and Water System, unless declined by Purchaser.
 - (3) Purchaser shall retain copies of the hard copy version of records pertaining to the Acquired Assets or Water System obtained by Purchaser from Seller prior to the Closing Date and such records shall be made available for review and copying by Seller upon reasonable request and notice until the Closing Date; and
 - (4) No other personal property located within the confines of Seller’s office shall convey, unless specifically listed on Schedule 2.1(b); and
 - (5) Purchaser shall not be liable to Seller, its agents or assigns, for the unintentional loss, damage, or destruction of any records provided to Purchaser from Seller in accordance with this Section 2.1(b).

- (d) all of Seller's rights of recovery under any insurance policies or otherwise existing under law or in equity regarding damages or losses relating to the Water System, except that Seller shall first receive from such proceeds reimbursement for actual expenses incurred and paid or incurred by Seller prior to Closing, if covered under the policy, after allowing for the policy's threshold deductible;
- (e) all rights to surface water and groundwater related to, and used by, the Water System;
- (f) all historical groundwater production rights associated with the wells on the Owned Real Property, the wells used by or for the benefit of the Water System, and any production credit associated with the lands served by such wells.

2.2 Condition and Suitability. Except as stated herein, the assets to be conveyed by Seller to Purchaser in Section 2.1 shall be conveyed "*Where Is, As Is*" as of the date of Closing. Without limiting the foregoing, Seller shall make a general warranty of title to all of the Acquired Assets, and as a material part of this Agreement, the Parties agree as follows:

EXCEPT FOR ANY WARRANTY AS TO TITLE CONTAINED IN THE DEED TO BE DELIVERED BY SELLER TO PURCHASER AND THE WARRANTIES EXPRESSLY MADE IN THIS ASSET PURCHASE AGREEMENT, SELLER HEREBY DISCLAIMS AND PURCHASER HEREBY WAIVES, ANY AND ALL OTHER WARRANTIES OF ANY NATURE, EXPRESS OR IMPLIED, REGARDING THE ACQUIRED ASSETS, INCLUDING WITHOUT LIMITATION ANY AND ALL OTHER WARRANTIES RELATED TO THE CONDITION, CONSTRUCTION, FITNESS, HABITABILITY, SAFETY, PROFITABILITY AND/OR MERCHANTABILITY, OF THE PROPERTY OR THE ACQUIRED ASSETS, OR TO CUSTOM AND USAGE, OR TO COMPLIANCE OF THE ACQUIRED ASSETS WITH ANY LEGAL REQUIREMENTS APPLICABLE THERETO, AND PURCHASER SHALL ACCEPT THE ACQUIRED ASSETS SUBJECT TO ANY AND ALL DEFECTS THEREIN, WHETHER LATENT OR PATENT, "AS-IS," "WHERE-IS," AND "WITH ALL FAULTS".

PURCHASER HAS MADE, WILL MAKE, OR STATES THAT IT HAS HAD THE OPPORTUNITY TO MAKE ITS OWN INDEPENDENT INSPECTION OF ALL ASPECTS OF THE ACQUIRED ASSETS, AND SHALL HAVE NO RECOURSE WHATSOEVER AGAINST SELLER IN THE EVENT OF DISCOVERY BY PURCHASER OF ANY DEFECTS OF ANY KIND, LATENT OR PATENT, EXCEPT AS MAY BREACH ANY WARRANTY OF TITLE CONTAINED IN THE DEED TO BE DELIVERED BY SELLER TO PURCHASER OR THE WARRANTIES EXPRESSLY MADE BY SELLER IN THIS ASSET PURCHASE AGREEMENT.

The Parties agree that language substantially to this effect will be included in the deed at Closing, but that this limitation of warranty shall survive Closing and not merge with the deed or any other document.

2.3 Indemnification by Seller. Notwithstanding any of the foregoing or any other provision of this Agreement, Seller agrees to indemnify, defend and hold harmless Purchaser, its parent company, subsidiaries of such parent company and all of their respective officers, directors,

employees, and agents harmless, from and against any and all losses, claims, damages, liabilities, fines, penalties, judgments (“**Claims**”) to which those indemnified herein may become subject to after the Closing, including reasonable costs and attorney fees, insofar as such Claims, arise out of or are based on Seller’s breach of its representations and warranties set forth in Article IV. Seller’s indemnification obligations set forth in this Section 2.3 shall survive the expiration or termination of this Agreement or the Closing.

ARTICLE III

PURCHASE PRICE AND CLOSING

3.1 **Purchase Price.** In consideration for Seller’s sale and transfer of the Acquired Assets to Purchaser, Purchaser agrees to pay to Seller FORTY THOUSAND DOLLARS (\$40,000.00), (the “**Purchase Price**”).

3.1.1 **Release of Funds to Seller:** Title Company will release the Closing Payment to Seller on or before the next business day after receipt of a copy of the signed PUCT Final Order.

3.2 **The Closing.** The Closing shall take place at the offices of American Title Company of Houston, 3322 E. Walnut St #111, Pearland, Texas 77581 or such other place as may be agreed upon by the Parties no later than ninety (90) days following the latter of: (i) the earlier of (a) the 120th day after proper notice has been given to each of Seller’s customers and each utility within 2 miles of Seller’s CCN service area in accordance with the requirements of the Purchaser’s STM Application, or (b) Purchaser has received written notice from the PUCT that a hearing on the sale will not be requested; (ii) if a hearing is requested or if proper notice is not provided, the written determination by the PUCT that the sale serves the public interest; or (iii) the satisfaction or waiver by Purchaser that the conditions of Section 7.1 have been met by Seller. However, in no event will the Closing Date be later than _____ 2020, unless otherwise agreed to in writing by both Parties. If this transaction has not closed by _____, 2020, and the Parties have not otherwise extended the Closing Date, this Agreement will terminate, and in such event, the Title Company is hereby authorized and directed to unilaterally make disbursement of the Earnest Money to the Party or Parties entitled thereto, without any further joinder or approval of Seller or Purchaser, and neither Party shall have any further rights or obligations under this Agreement or otherwise, except as may be set forth herein with respect to rights or obligations which survive termination.

Management, title and control of the Water System, along with the Owned Real Property, shall transfer from Seller to Purchaser at Closing. Seller shall be responsible for the operation, repair, and upgrade of the Water System and the Owned Real Property, the payment of all expenses associated therewith, and be entitled to all revenues accrued prior to Closing. Purchaser shall be responsible for the operation, repair and upgrade of the Water System and the Owned Real Property after Closing, the payment of all expenses associated therewith, and Purchaser will be entitled to all revenues from water sales from the date of Closing forward.

ARTICLE IV
SELLER'S REPRESENTATIONS AND WARRANTIES

Seller represents and warrants to Purchaser as follows, such representations and warranties being deemed to be made as of the time specified. All representations made by Seller in this Agreement are made to the personal knowledge of Michael Johnson and Ryan Johnson, current as of the time deemed made, under no duty to further investigate after such time specified.

- 4.1 Organization of Seller. As of the Effective Date and at the time of Closing, Sellers are individuals doing business as Johnsons Water Service is validly existing in the State of Texas and in good standing with the Comptroller of the State of Texas with regards to the payment of all taxes, franchise or otherwise.
- 4.2 Authorization of Transaction. As of the Effective Date and on a continuous basis until the Closing, the execution, delivery and performance of this Agreement and all other transaction documents contemplated by this Agreement, to which Seller is a party, have been duly authorized by Seller.
- 4.3 Non-contravention. As of the Effective Date and at the time of Closing, the transactions contemplated by this Agreement will not (i) violate any legal requirement to which Seller is subject or any provision of its organizational documents, (ii) conflict with, or result in a breach of, any contract to which Seller is a party; or (iii) violate any ordinance, regulation, statute or law of any governmental entity or authority.
- 4.4 Third Party Consents. As of the Effective Date and at the time of Closing, except for the consents set forth in **Schedule 4.4** ("**Seller's Required Consents**"), no consent, approval, waiver or authorization of any governmental authority or any other person, other than the PUCT, is necessary in connection with the execution, delivery or performance by Seller of this Agreement, the conveyance of the Water System, along with the Owned Real Property, to Purchaser, or the subsequent operation of the Water System, along with the Owned Real Property, by Purchaser.
- 4.5 Brokers' Fees. As of the Effective Date and on a continuous basis until the Closing, Seller has no obligation to pay any fees or commissions to any broker, finder, or similar agent with respect to the transactions contemplated herein for which Purchaser could become liable or obligated to pay.
- 4.6 Title to Assets. At Closing, Seller will have good and marketable title to all of the Acquired Assets, meaning that they are free and clear of any liens, encumbrance, third-party claim or ownership, or restriction on transfer, except for Permitted Encumbrances (as that term is defined below) and as may otherwise be set forth herein. At Closing, Seller will provide a release of Vendor's Lien as described in Exhibit A, Warranty Deed With Vendor's Lien, executed December 30, 1997.
- 4.7 Tax Matters. As of the Effective Date and at the time of Closing, each of the following: There are no liens, or unpaid accounts, for taxes or assessments or unpaid taxes (other than taxes or assessments not yet due and payable), including ad valorem taxes and assessments,

upon any of the Acquired Assets. Seller has withheld and paid all taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, or other third party, and all Forms W-2 and 1099 required with respect thereto have been properly completed in all respects and timely filed. No proceeding is pending against or involving Seller with respect to any of Seller's tax returns or with respect to Seller's taxes, and Seller has not waived any statute of limitations in respect of taxes or agreed to any extension of time with respect to a tax assessment or deficiency. Seller will pay, at or before Closing, for all unpaid and due property or ad valorem taxes attributable to the Acquired Assets (assessed against both the personal and real property of Seller) for years prior to the year of the Closing, and it will pay at Closing its prorated share of any property or ad valorem taxes or estimates thereof attributable to the Acquired Assets up to the date of the Closing, except that Seller will pay only for any rollback taxes due as a result of any change of use of any of the Acquired Assets by Seller prior to Closing, and Purchaser will pay for any such rollback taxes due to change of use by Purchaser.

- 4.8 Rights of Third Parties. As of the Closing Date, Seller has not leased or otherwise granted to any Person the right to use or occupy any of the Acquired Assets, and there are no outstanding options, rights of first offer or rights of first refusal to purchase any of the Acquired Assets and any interest therein.
- 4.9 Condition of Acquired Assets. Seller makes no representation or warranty (other than title) of the condition of all buildings, structures, fixtures, building systems and equipment, and all components thereof, included in the Acquired Assets. As of the Closing Date, Seller owns title to the easements or fee attributable to the real property underlying all of the Water System, and there are no third-party claims to any of that underlying real property that would affect or diminish the value of the Water System to Purchaser.
- 4.10 Compliance. Except as disclosed in writing to Purchaser in **Schedules 4.10, 4.13 and 4.15(f)**, as of the Effective Date this Agreement, and except as Seller may otherwise be notified by the TCEQ or PUCT up to the time of Closing, Seller is, in general compliance with all legal requirements applicable to the lawful operation of the Water System. Except as disclosed to Purchaser in an applicable schedule to this Agreement or in accordance with Section 4.15(f), and except as Seller may be otherwise notified after the Effective Date, at Closing, Seller has not received any notice of pending material violation or impending violation of any state regulations, legal requirements, or insurance requirements relating to the Acquired Assets, and there is no material basis for the issuance of any such notice or the taking of any action for such violation. In the event that Seller has received notice after the Effective Date that the Acquired Assets are not in such compliance (including those outstanding violations disclosed in Schedule 4.15(f)), Seller shall use commercially reasonable efforts to bring the Acquired Assets into compliance prior to Closing. In the event that Seller is unable to bring the Acquired Assets into compliance prior to Closing, then Purchaser shall have the right to terminate under Section 9.1. Any and all reports or notices of non-compliance received by Seller after the Effective Date shall be provided to Purchaser within 48 hours of Seller's receipt of the same. Any administrative or penalties sought by the TCEQ, PUCT or other governmental entity at the time of closing and as disclosed in Schedules 4.10, 4.13 or 4.15(f) in a pending Order or other instrument, will remain the responsibility and be paid by Seller. If any such enforcement Order is issued

by the TCEQ or PUCT or other governmental entity, the Seller will remain liable for compliance with said Order.

- 4.11 Access. At Closing, each parcel of real property that is a part of the Acquired Assets has direct access to a public street adjoining that property or has access to a public street via an insurable easement benefiting such parcel, and such access is not dependent on any land or other real property interest that is not included in the Acquired Assets. None of the improvements or any portion thereof is dependent on access, use or operation on any land, building, improvement or other real property interest that is not included in the Acquired Assets.
- 4.12 Prepayments and Customer Deposits. At the time of Closing, Seller shall have refunded all customer deposits, improperly collected pass-through charges, and any and all other monies owed the Water System customers by Seller, with interest accrued to the benefit of those customers if applicable. At Closing, Seller shall supply Purchaser with an affidavit executed by Seller contained in the form agreement attached hereto in **Schedule 4.12** (the "**Closing Agreement**"), which affidavit shall evidence Seller's payment of the aforementioned refunds. The affidavit provided for in Schedule 4.12 may be modified by the Parties at any time prior to the PUCT Final Order Date in order to facilitate the PUCT's acceptance of the same as evidence that all amounts mentioned in this Section 4.12 have been refunded by Seller to Seller's customer's on or prior to the Closing Date.
- 4.13 Litigation and Insurance Claims. Except as disclosed to Purchaser as set forth on **Schedule 4.13**, as of the Effective Date and, except as Seller may be otherwise notified after the Effective Date, and up to the time of Closing, Seller is not subject to any outstanding court or administrative order or other legal or regulatory proceedings, nor does the Seller have any knowledge of any notice or threat of it to be made a party to any legal proceeding or subject to any administrative order or investigation. In the event that Seller has received notice of such suit, order, or proceeding and Seller is unable to fully resolve such prior to Closing, then Purchaser shall have the right to terminate under Section 9.1. Any and all notices of administrative, legal, or regulatory proceeding received by Seller after the Effective Date shall be provided to Purchaser within 48 hours of Seller's receipt of the same.
- As of the Effective Date, Seller has no claims outstanding against any insurer of any property, general liability, worker's compensation, automotive, or umbrella insurance policy in any way related to the Acquired Assets.
- 4.14 Employees. As of the Effective Date and on a continuous basis until the Closing, Seller has not made any representations to any of Seller's employees that would cause any such employee to expect that any of them would or will become an employee of South Coast Utilities, LLC.
- 4.15 Environmental, Health, and Safety Requirements.
- (a) As of the Effective Date and at the time of Closing and with the exception of any enforcement action identified on Schedule 4.10, 4.13, or 4.15(f), Seller is in compliance, with all governmental environmental, health and safety requirements.

- (b) A list of all permits, licenses and governmental authorizations known by Seller as of the Effective Date to be required by all governmental environmental, health and safety requirements for the occupation of Seller's facilities and Seller's operation of the Seller's Water System is set forth on **Schedule 4.15(b)**.
- (c) As of the Effective Date and at the time of Closing and with the exception of those enforcement cases identified in Schedules 4.10, 4.13 and 4.15(f), Seller has not received any written notice, report or other information from any governmental authority regarding any actual or alleged existing violation of environmental, health and safety requirements, or any liabilities, including any investigatory, remedial or corrective obligations, relating to the Water System arising under any environmental, health or safety requirement. Any and all such reports or notices received by Seller after the Effective Date shall be provided to Purchaser within 48 hours of Seller's receipt of the same.
- (d) As of the Effective Date and except as may be discovered due to any environmental studies done during the pendency of this Agreement, Seller does not have any knowledge that any of the following exists at any property or facility used by the Water System:
 - (i) underground storage tanks,
 - (ii) asbestos-containing material in any friable and damaged form or condition,
 - (iii) materials or equipment containing polychlorinated biphenyls,
 - (iv) landfills, surface impoundments, or disposal areas, or
 - (v) lead paint.
- (e) As of the Effective Date and the Closing Date and on a continuous basis until the Closing, excepting chlorine, Seller has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, manufactured, distributed, or released any substance, including any hazardous substance, or owned or operated any property or facility (and no such property or facility is contaminated by any such substance) so as to give rise to any current or future liabilities, including any liability for fines, penalties, response costs, corrective action costs, personal injury, property damage, natural resources damages or attorney's fees, pursuant to any environmental, health or safety requirement. Seller has used and maintained on premises chlorine for the sole purpose of water disinfection as required by TCEQ regulations and that chlorine is a known hazardous substance.
- (f) As of the Effective Date, Seller has given to Purchaser written copies of all environmental audits, environmental reports, TCEQ inspection reports, notices of violation, environmental notices and other environmental documents and related correspondence from any governmental authority relating to Seller's Water System, current properties, facilities, or operations that are in their possession or under their reasonable control and of any environmental audits, reports, and other material environmental documents and correspondences that Seller has conducted, prepared or received in the last two (2) years. **Schedule 4.15(f)** lists each of the environmental audits, reports, inspection reports, notices of violation and other

material environmental enforcement documents that have been delivered to Purchaser as of the Effective Date. Seller shall give to Purchaser a copy of any such audits, inspection reports, et al. that Seller receives after the Effective Date and prior to the Final Order Date within 48 hours of Seller's receipt of the same.

- 4.16 Customers. **Schedule 4.16** lists all of Seller's customers at the time of the Effective Date which Purchaser will rely on in its STM Application filing in connection with the transactions hereunder. This list shall be updated by Seller at Closing. As of the Effective Date no customer listed on Schedule 4.16 has given Seller written notice of its intent to protest this transaction. All prepayments and customer deposits received by Seller, described in Section 4.12, shall be returned or refunded to said customers by Seller prior to the Closing Date in accordance with Section 7.1.7.
- 4.17 Operations. Until Closing, Seller will continue to operate the Water System and to service its customers under the same manner and methods that Seller has used historically, and Seller will use its best efforts to maintain the condition and operating standards of the Water System throughout that period.
- 4.18 Access to Books and Records and Facilities. Seller shall provide Purchaser with reasonable access to the Water System and Seller's books and records related thereto at any time before Closing. Purchaser shall give Seller at least forty-eight (48) hour notice of an inspection. Purchaser shall be liable for and shall repair any damage to the Water System due to the fault of Purchaser occurring during Purchaser's inspection(s). Books and records of Seller will be available at 3202 Cactus Heights Ln. Pearland, Texas 77581, unless Purchaser agrees to pay for copy of same to be made and delivered to Purchaser, in which case Seller will reasonably cooperate with Purchaser to accomplish that delivery.

ARTICLE V

PURCHASER'S REPRESENTATIONS AND WARRANTIES

Purchaser represents and warrants to the Seller as follows (such representations and warranties being deemed to be made as of the date hereof and on a continuous basis until the Closing).

- 5.1 Organization of Purchaser. Purchaser is duly organized, validly existing, and in good standing under the laws of the State of Texas.
- 5.2 Operation after Closing. Purchaser shall be completely responsible for the operation and maintenance of the Water System, including compliance with all state and federal regulations, after Closing, and knowingly assumes all duties, obligations and liabilities associated therewith without any recourse to Seller, except those arising from any liability to TCEQ, PUCT, other governmental entity, or person under enforcement order or for breach by Seller of the representations and warranties made by Seller or its principal herein.

ARTICLE VI PRE-CLOSING COVENANTS

The Parties agree as follows with respect to the period between the execution of this Agreement and the Closing:

- 6.1 Cooperation; Access. Each of the Parties will use commercially reasonable efforts to take all actions and to do all things necessary, proper or advisable to close this transaction.
- 6.2 Consents; Regulatory Matters and Approvals. Seller will give any notices needed to accomplish the transaction, and it will execute all applications and related documents and use commercially reasonable efforts to obtain the Seller's Required Consents and, at no further cost to Seller, to assist Purchaser in obtaining the necessary PUCT approvals, PUCT Final Order and all other authorizations, consents, and approvals necessary to complete the transaction. Purchaser shall prepare and file the Parties' STM Application no later than Sixty (60) days following the Effective Date of this Agreement. Purchaser shall pay all costs associated with the preparation, filing, prosecution, and notice of the STM application. Seller covenants and agrees to fully cooperate with, and to assist, Purchaser in submitting the STM Application and any other related filing requirements.
- 6.3 Preservation of Business. Seller shall carry on its business in the ordinary course of business and shall: (a) use its best efforts in the manner specified in Section 4.17 to preserve intact the Water System, the Acquired Assets, its present operations, physical facilities, working conditions, insurance policies, and business organization, and (b) keep and endeavor to preserve its relationships with customers, lessors, landlords, partners, suppliers and others having business dealings with it to the end that its goodwill and ongoing business shall not be impaired in any material respect at the Closing. Without limiting the generality of the foregoing, Seller will not: (i) intentionally and willfully engage in any practice or take any action that would cause or result in, or permit by inaction, any of the representations and warranties contained in Article IV to become untrue or misleading, (ii) intentionally and willfully engage in any practice, take any action or otherwise act in any manner that may result in a material adverse effect on Seller, Purchaser, the Acquired Assets, the Assumed Liabilities or the transactions contemplated herein, or (iii) intentionally and willfully engage in any act that would cause Seller to deplete the Acquired Assets other than in the ordinary course of business.
- 6.4 Transfer of Utility Accounts. Within five (5) days preceding the Closing, or such other time agreed to by the Parties, Seller and Purchaser shall conduct final meter readings of all meters related to the operation of the systems, including, without limitation, water, natural gas and electric meters. They each shall use their best efforts to have all such accounts transferred to the name of the Purchaser as of the date of Closing. Seller shall be entitled to the refund of all of Seller's outstanding deposits with its utility suppliers and other vendors.
- 6.5 Notice of Developments. Each Party will give prompt written notice to the other Party of any adverse development causing a breach of any of its own representations and warranties in Article IV or Article V or likely to cause a material adverse effect. No disclosure by any Party pursuant to this Section 6.5, however, shall be deemed to amend or supplement such

Party's disclosure schedules or to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

- 6.6 Backup Offers/Confidentiality. Seller shall not solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to the acquisition of all or substantial portion of the assets of Seller after the Effective Date of this Agreement. If Seller does receive any proposals or inquiries from third-parties, due in no part to the actions of Seller following the Effective Date of this Agreement, Seller shall promptly communicate to Purchaser the terms of any such inquiry or proposal concerning the acquisition of the assets or the Water System that Seller may receive, and if such inquiry or proposal is in writing, Seller shall promptly deliver a copy of such inquiry or proposal to Purchaser. Under no circumstances shall Seller disclose the identity of Purchaser or the Purchase Price to any third parties, unless and until such information becomes public information in the filing of the STM Application. Both Parties agree to keep the Purchase Price confidential and to not disclose it to any third parties, save and except on a need-to-know basis to the Parties' respective accountants, attorneys, bankers, financial advisors, directors, and principals, and as may be reasonably required in processing the closing, issuance of the title policies, and in applying for, qualifying for, and otherwise processing the STM Application.

ARTICLE VII CONDITIONS TO OBLIGATION TO CLOSE

- 7.1 Conditions to Purchaser's Obligation. The Purchaser's obligation to close is subject to satisfaction of all the following conditions:
- 7.1.1 In compliance with Section 13.301 of the Texas Water Code, Purchaser shall have obtained all approvals from the PUCT of the STM Application and any others necessary to close the transactions contemplated by this Agreement without the imposition of any restrictions, conditions or obligations that are deemed to be unacceptable to Purchaser in its sole discretion;
 - 7.1.2 The representations and warranties set forth in Article IV shall be true and correct in all material respects as of the Closing, and there has been no material adverse change in the value of the Water System;
 - 7.1.3 Seller shall have complied with all of its covenants in this Agreement in all material respects through the Closing;
 - 7.1.4 Seller and Purchaser shall each be in compliance with all material regulatory requirements of all applicable governmental authorities necessary to close this transaction;
 - 7.1.5 Seller shall be able to transfer good and marketable title to the Owned Real Property, meaning being free and clear of any liens, encumbrance, third-party claim or ownership, or restriction on transfer, except for Permitted Encumbrances (as that term is defined below), as may otherwise be set forth on **Schedule 2.1(b)**, and as

may otherwise be set forth herein, by the execution of the deed described in Section 8.1.1, and Purchaser shall have received enforceable title commitments dated as of the Closing (from a title company reasonably acceptable to Purchaser) covering the Owned Real Property in such form and substance reasonably acceptable to Purchaser in its sole and absolute discretion;

- 7.1.6 Seller shall have good and indefeasible title to all of the Acquired Assets, being free and clear of any liens, encumbrance, third-party claim or ownership, or restriction on transfer, except as may otherwise be set forth herein. Any Acquired Assets owned by Seller, shall have been transferred to Purchaser prior to Closing.
- 7.1.7 As of its final billing to the customers of the Water System, Seller shall have refunded all customer deposits, improperly collected pass-through charges, and any and all other monies owed the Water System customers by Seller, with interest accrued to the benefit of those customers, and Seller shall have supplied Purchaser reasonable proof of such refunds in such form and substance as is reasonably necessary to prove the same to the PUCT, said form being attached hereto in Schedule 4.12, as may be amended prior to the PUCT Final Order Date; and
- 7.1.8 Seller shall have resolved, to the satisfaction of the TCEQ, PUCT and Purchaser, any and all of the Water System violations disclosed, and that are required to be disclosed, to Purchaser by Seller in accordance with Section 4.10 and Section 4.15(f) (altogether, the "Water System Violations").
- 7.2 Purchaser may waive any condition specified in Section 7.1, but that waiver must be in writing and signed by Purchaser, except that if Purchaser proceeds to Closing, such condition shall be deemed waived.
- 7.3 Conditions to Seller's Obligation. The obligation of Seller to close is subject to the following conditions:
 - 7.3.1 The representations and warranties set forth in Article V shall be true and correct in all material respects at and as of the Closing; and
 - 7.3.2 Purchaser shall have complied with all of its covenants in this Agreement in all material respects through the Closing.
- 7.4 Seller may waive any condition specified in Section 7.3, but that waiver must be in writing signed by Seller, except that if Seller proceeds to Closing, such condition shall be deemed waived.

ARTICLE VIII

CLOSING DELIVERIES

- 8.1 Items to be delivered by the Seller. At the Closing, the Seller shall deliver to Purchaser the following:

- 8.1.1 The General Warranty Deed, substantially in form attached hereto as Exhibit "A", conveying full and unencumbered title to the Owned Real Property;
 - 8.1.2 Closing documents acceptable to Purchaser of all conveyances of all interests in and to the Acquired Assets currently owned by Seller (as defined later herein), which conveyances convey unencumbered title to the assets owned by Seller;
 - 8.1.3. Access to and possession and control of the Acquired Assets;
 - 8.1.4. Tax certificates evidencing Seller's payment of any and all past-due ad valorem taxes assessed against the Acquired Assets (personal and real property); and
 - 8.1.5. Title commitment policy insuring title into Purchaser with no exceptions other than the Permitted Encumbrances.
- 8.2 Items to be delivered by Purchaser. At the Closing, Purchaser shall deliver:
- 8.2.1 The Closing Payment, as described in Section 3.1; and,
 - 8.2.2 The Assignment and Assumption of Non-Realty Assets, as described above, executed by Purchaser.

ARTICLE IX TERMINATION

- 9.1 Termination of Agreement. The Parties may terminate this Agreement by mutual written consent at any time prior to the Closing. Purchaser may terminate this Agreement by giving written notice to the Seller: (a) if the Seller has materially breached any material representation, warranty, or covenant contained in this Agreement, including those obligations listed in Section 7.1, Purchaser has notified the Seller of the breach in writing, and the breach has continued without cure for a period of ten (10) days after Seller's receipt of the notice of breach, (b) if there has been any material adverse change in the Seller's Water System, including, without limitation, the Cash Flow, as that term is defined at the end of this subparagraph, from the Acquired Assets, Purchaser has notified the Seller of the change in writing, and the change has continued without cure for a period of ten (10) days after Seller's receipt of the notice of change, (c) if any consent or approval of any governmental authority or entity necessary to consummate the transactions contemplated by this Agreement has imposed any restrictions, conditions, or obligations that are deemed to be unacceptable to Purchaser, if Purchaser has otherwise complied with all terms of this Agreement, (d) Seller has not conveyed to Purchaser the Owned Real Property and all other Acquired Assets that are owned by Seller on or before the Closing Date. For purposes of this subparagraph "Cash Flow" means normal, long-term operating cash flow without consideration for any extraordinary expense, including emergency repairs, incurred due to an event or cause that occurred after the Effective Date and that Seller had no knowledge nor reasonable expectation would occur between the Effective Date and the Closing; or

ARTICLE X
MISCELLANEOUS

- 10.1 Notices. Notice may be given by certified mail, return receipt requested, regular mail, personal delivery, courier delivery, facsimile transmission, electronic mail (email), or other commercially reasonable means and will be effective when actually received. Any address for notice may be changed by written notice delivered as provided herein. Copies of each notice must be given by one of these methods to the attorney of the party to whom notice is given. Contact information is as follows:

If to Seller: Michael and Ryan Johnson
 P.O. Box 853
 Pearland, Tx. 77588
 e-mail: rjohnson@purposeplumbingtx.com

If to Purchaser: Harrison Williams
 South Coast Utilities, LLC
 P.O. Box 690521
 Houston, Tx. 77269
 e-mail: harrison.ftu@gmail.com

With copy to: Gilbert Wilburn, PLLC
 Attn: Helen Gilbert
 7000 N. MoPac Expwy, Suite 200
 Austin, Tx. 78731
 Fax No.: (512) 472-4014
 E-mail: hgilbert@gwtxlaw.com

- 10.2 Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all of the Parties hereto. No waiver by any Party of any provision of this Agreement or any individual default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver.
- 10.3 Incorporation of Exhibits and Schedules. The Exhibits and Schedules referred to or identified in this Agreement are incorporated herein by reference and made a part hereof.
- 10.4 Entire Agreement. This Agreement (including the Schedules and Exhibits of even date herewith and the other documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements or representations by or between the Parties, written or oral, to the extent they relate in any way to the subject matter hereof.

- 10.5 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Facsimile signatures shall be given the same effect as original signatures.
- 10.6 Section Headings. The section headings are intended for the convenience of reference only, and they have no substantive meaning or effect on the agreement of the Parties.
- 10.7 Time is of the Essence. In matters related to this Agreement, time is of the essence.
- 10.8 Days. The term "business day" shall mean any calendar day other than Saturday, Sunday or a day which is generally recognized as a holiday by financial institutions in the State of Texas. Any other reference to day or days shall refer to calendar days. If any date or any period provided in this Agreement ends on a day which is not a business day, then the applicable period shall be extended to 5:00 p.m. Central Standard Time on the next business day.
- 10.9 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Texas. Venue of any arbitration, mediation or litigation arising under or related to this Agreement shall be in Brazoria County, Texas.

ARTICLE XI

Purchaser's Indemnity of Seller

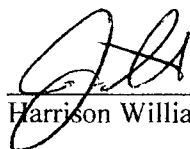
- 11.1 Purchaser's Indemnity of Seller. Purchaser agrees to indemnify, defend and hold harmless Seller and all of its respective officers, directors, employees, and agents harmless, from and against any and all losses, claims, damages, liabilities, fines, penalties, judgments ("Seller Claims") to which those indemnified herein may become subject to after the Closing, including reasonable costs and attorney fees, insofar as such Claims, arise out of or are based on Purchaser's obligations under Section 5.2, and such indemnification obligations shall survive Closing.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

PURCHASER:

SP UTILITY COMPANY, INC

By:

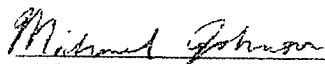

Harrison Williams, President

Date:

3/5/20

SELLER:


Michael Johnson d/b/a Johnsons Water Service

By: 
Michael Johnson, owner

Date: 03-05-20

SELLER:

Ryan Johnson d/b/a Johnsons Water Service

By: 
Ryan Johnson, owner

Date: 03-05-20

SCHEDULE 2.1(a)
Owned Real Property (being acquired by Purchaser)

1. *See Exhibit A – general warranty deed attached.*
2. Any and all water utility easements, recorded or unrecorded, owned by Seller and used in the operation of the Acquired Assets.
3. All system fixtures used or useful in the operation of the Acquired Assets located on or within the aforementioned real property and easements as described on Schedule 2.1(b).

SCHEDULE 2.1(b)
Personal Property, Equipment and Fixtures

1. One 50 gallon-per-minute well designated by the Texas Water Development Board/Water Well Driller Logs as: TX 0200158A.
2. Two Galvanized 550-gallon pressure tanks.
3. One Galvanized 900-gallon pressure tank.

SCHEDULE 4.4
Third Party Consents – “Seller’s Required Consents”

Public Utility Commission of Texas approval of Application for Sale, Transfer, or Merger of a Retail Public Utility.

SCHEDULE 4.10
Compliance

Seller has no information responsive to this request other than what Seller has already disclosed in Schedule 4.15(f).

SCHEDULE 4.12
Closing Agreement

CLOSING AGREEMENT

between

**Michael Johnson and Ryan Johnson d/b/a Johnsons Water Service and
South Coast Utilities, LLC**

THIS CLOSING AGREEMENT executed effective as of _____, 2019, is by and between Michael Johnson and Ryan Johnson d/b/a Johnsons Water Service doing business as Johnsons Water Service ("Seller"), and South Coast Utilities, LLC, a Texas limited liability company ("Purchaser"). The Purchaser and Seller are referred to individually as a "Party" and collectively as the "Parties." Capitalized terms not defined in this Closing Agreement shall have the same definitions set forth in the Asset Purchase Agreement.

RECITALS

WHEREAS, Purchaser and Seller entered into that Asset Purchase Agreement dated _____, 2019, (the "Asset Purchase Agreement"), under which Purchaser agreed to purchase from Seller, and Seller agreed to sell to Purchaser, all of Seller's water distribution system assets and associated real and personal property utilized by Seller in the operation of Seller's potable water supply system in Brazoria County, Texas, better known as the Johnson Water Service system, identified with the Public Utility Commission of Texas under its Certificate of Convenience and Necessity ("CCN") number 12004 and Public Water System number 0200158, (all together, the "Water System"); and

WHEREAS, all of the conditions, representations, and warranties of the Asset Purchase Agreement have been met, and the Parties wish to commemorate the Closing of the purchase and sale of the Water System.

NOW, THEREFORE, in consideration of the above premises and the respective representations, warranties, agreements and conditions herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. All the transactions contemplated by the Asset Purchase Agreement have been completed and funded.
2. Seller certifies, represents and warrants to Purchaser as of the date hereof, that each and every one of Seller's representations and warranties contained in Asset Purchase Agreement are and continue to be true and correct on the date hereof.
3. Seller certifies, represents and warrants to Purchaser that in accordance with Section 4.12 of the Asset Purchase Agreement, as of the date of Closing, and the effective date of this Closing Agreement, Seller has refunded all customer deposits, improperly collected pass-through charges, and any and all other monies owed the Water System customers by Seller, including interest accrued to the benefit of those customers if applicable. Accordingly,

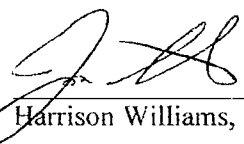
Seller shall be bound by its indemnification obligations set forth in Section 2.3 of the Asset Purchase Agreement for failure to comply with its obligation described in this paragraph.

4. Seller hereby consents to the transfer of the Water System assets to Purchaser according to the terms of the Asset Purchase Agreement.

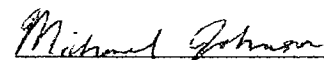
The Parties understand and accept that this consent will serve to authorize the Executive Director of the PUCT to take action upon receipt of Purchaser's signed consent form alone and that Seller is relying on Purchaser to provide the final consent on the transfer of the Water System and corresponding amendment to Purchaser's Certificate of Convenience and Necessity in accordance with Title 16, Chapter 24, Subchapter G, of the Texas Administrative Code.

IN WITNESS WHEREOF, the undersigned have executed this Closing Agreement effective as of the date first written above.

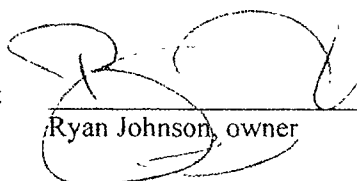
PURCHASER: SP UTILITY COMPANY, INC., a Texas Corporation

By:  3/5/2020
Harrison Williams, President

SELLER: Johnsons Water Service, a Texas sole proprietorship

By:  03-05-20
Michael Johnson, owner

SELLER: Johnsons Water Service, a Texas sole proprietorship

By:  03-05-20
Ryan Johnson, owner

SCHEDULE 4.13
Litigation and Insurance Claims

Seller has no information to disclose responsive to this request other than what Seller has already disclosed in Schedule 4.15(f).

SCHEDULE 4.15(b)
Permits, Licenses and Governmental Authorizations

1. PUCT Certificate of Convenience and Necessity (CCN) No. 12004.
2. TCEQ Public Water System (PWS) No. 0200158.
3. Brazoria County Groundwater Conservation District Permit No. 15976.

SCHEDULE 4.15(f)

Environmental Audits, Reports, Notices, and “Other” Material Environmental Documents

An Agreed Order in Docket No. 2014-0415-PWS-E issued by the TCEQ on 2/5/15 remains in effect for five years and is active at the time of this conveyance. Additionally alleged violations of 30 Tex. Admin. Code ch. 290, public water supply rules, identified in a 1/10/19 investigation report could result in a formal enforcement action before the STM is finalized and final order issued by the PUCT.

Liability for these or any administrative or civil penalties, corrective action, technical requirements, specific performance or any other damages as the result of other known or unknown violations relating to the Acquired Assets shall be the sole responsibility of Seller. Purchaser shall have no liability for any federal, state, or local action, administrative or civil penalty, or damages sought by an individual, customer, vendor, federal, state or local governmental entity or political subdivision or other entity which arises from the Acquired Assets prior to the issuance of the PUCT’s Final Order approving the STM.

[TCEQ and PUCT Documents Attached on Following Pages]

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY



IN THE MATTER OF AN	§	BEFORE THE
ENFORCEMENT ACTION	§	
CONCERNING	§	TEXAS COMMISSION ON
MICHAEL H. JOHNSON DBA	§	
JOHNSONS WATER SERVICE	§	ENVIRONMENTAL QUALITY
RN101193001	§	

**AGREED ORDER
DOCKET NO. 2014-0415-PWS-E**

I. JURISDICTION AND STIPULATIONS

On _____, the Texas Commission on Environmental Quality ("the Commission" or "TCEQ") considered this agreement of the parties, resolving an enforcement action regarding Michael H. Johnson dba Johnsons Water Service ("Respondent") under the authority of TEX. HEALTH & SAFETY CODE ch. 341. The Executive Director of the TCEQ, through the Enforcement Division, and the Respondent together stipulate that:

1. The Respondent owns and operates a public water supply located at 1713 Oleander Street in Rosharon, Brazoria County, Texas (the "Facility") that has approximately 33 service connections and serves at least 25 people per day for at least 60 days per year.
2. The Executive Director and the Respondent agree that the Commission has jurisdiction to enter this Agreed Order, and that the Respondent is subject to the Commission's jurisdiction.
3. The Respondent received notice of the violations alleged in Section II ("Allegations") on or about February 26, 2014.
4. The occurrence of any violation is in dispute and the entry of this Agreed Order shall not constitute an admission by the Respondent of any violation alleged in Section II ("Allegations"), nor of any statute or rule.
5. An administrative penalty in the amount of One Thousand Five Hundred Twenty-Two Dollars (\$1,522) is assessed by the Commission in settlement of the violations alleged in Section II ("Allegations"). The Respondent has paid One Hundred Eighteen Dollars (\$118) of the administrative penalty and Three Hundred Four Dollars (\$304) is deferred contingent upon the Respondent's timely and satisfactory compliance with all the terms of this Agreed Order. If the Respondent fails to timely and satisfactorily comply with all

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

Michael H. Johnson dba Johnsons Water Service
DOCKET NO. 2014-0415-PWS-E
Page 2

requirements of this Agreed Order, the Executive Director may require the Respondent to pay all or part of the deferred penalty.

The remaining amount of One Thousand One Hundred Dollars (\$1,100) of the administrative penalty shall be payable in 11 monthly payments of One Hundred Dollars (\$100) each. The next monthly payment shall be paid within 30 days after the effective date of this Agreed Order. The subsequent payments shall each be paid not later than 30 days following the due date of the previous payment until paid in full. If the Respondent fails to timely and satisfactorily comply with the payment requirements of this Agreed Order, the Executive Director may, at the Executive Director's option, accelerate the maturity of the remaining installments, in which event the unpaid balance shall become immediately due and payable without demand or notice. In addition, the failure of the Respondent to meet the payment schedule of this Agreed Order constitutes the failure by the Respondent to timely and satisfactorily comply with all the terms of this Agreed Order.

6. Any notice and procedures, which might otherwise be authorized or required in this action, are waived in the interest of a more timely resolution of the matter.
7. The Executive Director and the Respondent agree on a settlement of the matters alleged in this enforcement action, subject to final approval in accordance with 30 TEX. ADMIN. CODE § 70.10(a).
8. The Executive Director may, without further notice or hearing, refer this matter to the Office of the Attorney General of the State of Texas ("OAG") for further enforcement proceedings if the Executive Director determines that the Respondent has not complied with one or more of the terms or conditions in this Agreed Order.
9. This Agreed Order shall terminate five years from its effective date or upon compliance with all the terms and conditions set forth in this Agreed Order, whichever is later.
10. The provisions of this Agreed Order are deemed severable and, if a court of competent jurisdiction or other appropriate authority deems any provision of this Agreed Order unenforceable, the remaining provisions shall be valid and enforceable.

II. ALLEGATIONS

As owner and operator of the Facility, the Respondent is alleged to have:

1. Failed to mail or directly deliver one copy of the Consumer Confidence Report ("CCR") to each bill paying customer by July 1 of each year and failed to submit to the TCEQ by July 1 of each year a copy of the annual CCR and certification that the CCR has been distributed to the customers of the Facility and that the information in the CCR is correct and consistent with compliance monitoring data, in violation of 30 TEX. ADMIN. CODE §§ 290.271(b) and 290.274(a) and (c), as documented during a record review conducted on January 27, 2014. Specifically, the Respondent did not mail or directly deliver the CCR to the bill paying customers nor did the Respondent submit the CCR or the required certification to the TCEQ for the years 2011 and 2012.

ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS

Michael H. Johnson dba Johnsons Water Service
DOCKET NO. 2014-0415-PWS-E
Page 3

2. Failed to collect the annual nitrate sample and provide the results to the Executive Director for the 2012 and 2013 monitoring periods, in violation of 30 TEX. ADMIN. CODE § 290.106(c) and (e), as documented during a record review conducted on January 27, 2014.
3. Failed to submit a Disinfectant Level Quarterly Operating Report ("DLQOR") to the Executive Director each quarter by the tenth day of the month following the end of the quarter, in violation of 30 TEX. ADMIN. CODE § 290.110(e)(4)(A) and (f)(3), as documented during a record review conducted on January 27, 2014. Specifically, the Respondent did not submit the DLQOR for the second quarter of 2013.
4. Failed to collect routine distribution water samples for coliform analysis for the months of November and December 2013, in violation of 30 TEX. ADMIN. CODE § 290.109(c)(2)(A)(ii) and TEX. HEALTH & SAFETY CODE § 341.033(d), as documented during a record review conducted on January 27, 2014.
5. Failed to provide the results of triennial metal, mineral, and synthetic organic chemical ("SOC") (methods 504, 515, and 531) contaminants sampling to the Executive Director, in violation of 30 TEX. ADMIN. CODE §§ 290.106(e) and 290.107(e), as documented during a record review conducted on January 27, 2014. Specifically, the Respondent failed to provide mineral, metal, and SOC results for the January 1, 2011 to December 31, 2013 monitoring period.
6. Failed to provide public notification for the failure to collect routine coliform monitoring samples for the month of May 2013, in violation of 30 TEX. ADMIN. CODE § 290.122(c)(2)(A), as documented during a record review conducted on January 27, 2014.

III. DENIALS

The Respondent generally denies each allegation in Section II ("Allegations").

IV. ORDERING PROVISIONS

1. It is, therefore, ordered by the TCEQ that the Respondent pay an administrative penalty as set forth in Section I, Paragraph 5 above. The payment of this administrative penalty and the Respondent's compliance with all the terms and conditions set forth in this Agreed Order resolve only the allegations in Section II. The Commission shall not be constrained in any manner from requiring corrective action or penalties for violations which are not raised here. Administrative penalty payments shall be made payable to "TCEQ" and shall be sent with the notation "Re: Michael H. Johnson dba Johnsons Water Service, Docket No. 2014-0415-PWS-E" to:

ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS

Michael H. Johnson dba Johnsons Water Service
DOCKET NO. 2014-0415-PWS-E
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Financial Administration Division, Revenue Operations Section
Attention: Cashier's Office, MC 214
Texas Commission on Environmental Quality
P.O. Box 13088
Austin, Texas 78711-3088

2. It is further ordered that the Respondent shall undertake the following technical requirements:
 - a. Within 30 days after the effective date of this Agreed Order:
 - i. Update the Facility's operational guidance and conduct employee training to ensure that self-reporting requirements are properly accomplished, including the timely submittal of signed and certified DLQORs, in accordance with 30 TEX. ADMIN. CODE § 290.110;
 - ii. Implement procedures to ensure that all necessary public notifications are provided in a timely manner to the customers of the Facility, including but not limited to providing public notification for the failure to collect routine samples, in accordance with 30 TEX. ADMIN. CODE § 290.122;
 - iii. Implement improvements to the Facility's process procedures, guidance, training, and/or oversight to ensure that all future drinking water chemical samples are collected and the results are released by the Facility's laboratories and reported to the Executive Director within ten days of Executive Director request or of their receipt by the Facility, whichever is later, in accordance with 30 TEX. ADMIN. CODE § 290.106 (Inorganic Contaminants) and 290.107 (Organic Contaminants);
 - iv. Mail or directly deliver one copy of the CCR prepared using the compliance monitoring data for the year 2013 to each bill paying customer and make good faith effort to deliver the CCR to non-bill paying customers, in accordance with 30 TEX. ADMIN. CODE § 290.274;
 - v. Ensure that all delinquent drinking water chemical analysis results are reported to the Executive Director or demonstrate that a compliance schedule has been established, in accordance with 30 TEX. ADMIN CODE §§ 290.106 (Inorganic Contaminants) and 290.107 (Organic Contaminants); and
 - vi. Begin complying with applicable coliform monitoring requirements by collecting routine coliform distribution samples and providing water that meets the provisions regarding microbial contaminants, in accordance with 30 TEX. ADMIN CODE § 290.109. This provision will be satisfied upon six consecutive months of compliant monitoring and reporting.
 - b. Within 45 days after the effective date of this Agreed Order:
 - i. Submit written certification of compliance with Ordering Provisions Nos. 2.a.i. through 2.a.v., in accordance with Ordering Provision No. 2.g. below; and

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

Michael H. Johnson dba Johnsons Water Service
DOCKET NO. 2014-0415-PWS-E
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- ii. Submit to the Commission a copy of the CCR provided to customers of the Facility and the certification that the CCR has been distributed to the customers of the Facility and that the information in the CCR is correct and consistent with the compliance monitoring data, in accordance with 30 TEX. ADMIN CODE § 290.274. The copy of the CCR and certification shall be mailed to:

Public Drinking Water Section
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

- c. Within 60 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision No. 2.b.ii., in accordance with Ordering Provision No. 2.g below.
- d. Within 90 days after the effective date of this Agreed Order, begin submitting DLQORs to the Executive Director each quarter by the tenth day of the month following the end of the quarter, in accordance with 30 TEX. ADMIN. CODE § 290.110. This provision will be satisfied upon two consecutive quarters of compliant reporting. DLQORs shall be submitted to:

DLQOR Coordinator
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087.

- e. Within 225 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision No. 2.a.vi., in accordance with Ordering Provision No. 2.g. below
- f. Within 285 days after the effective date of this Agreed Order, submit written certification of compliance with Ordering Provision No. 2.d, in accordance with Ordering Provision No. 2.g. below.
- g. The written certifications of compliance required by Ordering Provisions Nos. 2.b.i., 2.c., 2.e. and 2.f. shall include detailed supporting documentation including photographs, receipts, and/or other records, shall be notarized by a State of Texas Notary Public, and include the following certification language:

"I certify under penalty of law that I have personally examined and am familiar with the information submitted and all attached documents, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate and complete. I am aware that there are significant penalties for submitting false

ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS

Michael H. Johnson dba Johnsons Water Service
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information, including the possibility of fines and imprisonment
for knowing violations."

The certification shall be submitted to:

Order Compliance Team
Enforcement Division, MC 149A
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

with a copy to:

Public Drinking Water Section Manager
Water Supply Division, MC 155
Texas Commission on Environmental Quality
P.O. Box 13087
Austin, Texas 78711-3087

3. The provisions of this Agreed Order shall apply to and be binding upon the Respondent. The Respondent is ordered to give notice of the Agreed Order to personnel who maintain day-to-day control over the Facility operations referenced in this Agreed Order.
4. The Executive Director may grant an extension of any deadline in this Agreed Order or in any plan, report, or other document submitted pursuant to this Agreed Order, upon a written and substantiated showing of good cause. All requests for extensions by the Respondent shall be made in writing to the Executive Director. Extensions are not effective until the Respondent receives written approval from the Executive Director. The determination of what constitutes good cause rests solely with the Executive Director.
5. This Agreed Order, issued by the Commission, shall not be admissible against the Respondent in a civil proceeding, unless the proceeding is brought by the OAG to: (1) enforce the terms of this Agreed Order; or (2) pursue violations of a statute within the Commission's jurisdiction, or of a rule adopted or an order or permit issued by the Commission under such a statute.
6. This Agreed Order may be executed in separate and multiple counterparts, which together shall constitute a single instrument. Any page of this Agreed Order may be copied, scanned, digitized, converted to electronic portable document format ("pdf"), or otherwise reproduced and may be transmitted by digital or electronic transmission, including but not limited to facsimile transmission and electronic mail. Any signature affixed to this Agreed Order shall constitute an original signature for all purposes and may be used, filed, substituted, or issued for any purpose for which an original signature could be used. The term "signature" shall include manual signatures and true and accurate reproductions of manual signatures created, executed, endorsed, adopted, or authorized by the person or persons to whom the signatures are attributable. Signatures may be copied or reproduced digitally, electronically, by photocopying, engraving, imprinting, lithographing, electronic mail, facsimile transmission, stamping, or any other means or process which the Executive Director deems acceptable. In this paragraph exclusively, the terms "electronic transmission", "owner", "person", "writing",

ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS

Michael H. Johnson dba Johnsons Water Service
DOCKET NO. 2014-0415-PWS-E
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and "written" shall have the meanings assigned to them under TEX. BUS. ORG. CODE § 1.002.

7. Under 30 TEX. ADMIN. CODE § 70.10(b), the effective date is the date of hand-delivery of the Order to the Respondent, or three days after the date on which the Commission mails notice of the Order to the Respondent, whichever is earlier.

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

Received:
DEC-01-2014(MON) 14:17 Stephen Hale DOS

Dec 1 2014 01:12pm
(FAX)409 9459901

P.009/009

Michael H. Johnson dba Johnsons Water Service
DOCKET NO. 2014-0415-PWS-E
Page 8

SIGNATURE PAGE

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

For the Commission

For the Executive Director

Date

I, the undersigned, have read and understand the attached Agreed Order. I am authorized to agree to the attached Agreed Order on behalf of the entity indicated below my signature, and I do agree to the terms and conditions specified therein. I further acknowledge that the TCEQ, in accepting payment for the penalty amount, is materially relying on such representation.

I also understand that failure to comply with the Ordering Provisions, if any, in this order and/or failure to timely pay the penalty amount, may result in:

- A negative impact on compliance history;
- Greater scrutiny of any permit applications submitted;
- Referral of this case to the Attorney General's Office for contempt, injunctive relief, additional penalties, and/or attorney fees, or to a collection agency;
- Increased penalties in any future enforcement actions;
- Automatic referral to the Attorney General's Office of any future enforcement actions; and
- TCEQ seeking other relief as authorized by law.

In addition, any falsification of any compliance documents may result in criminal prosecution.

Michael Johnson
Signature

12-1-14
Date

Michael Johnson
Name (Printed or typed)
Authorized Representative of
Michael H. Johnson dba Johnsons Water Service

Owner
Title

Instructions: Send the original, signed Agreed Order with penalty payment to the Financial Administration Division, Revenue Operations Section at the address in Section IV, Paragraph 1 of this Agreed Order.



Central Registry

The Customer Name displayed may be different than the Customer Name associated to the Additional IDs related to the customer. This name may be different due to ownership changes, legal name changes, or other administrative changes.

Detail of: **Public Water System/Supply Registration 0200158**

For: **JOHNSONS WATER SERVICE (RN101193001)**

KEY MAP 612T

Registration Status: **ACTIVE**

Held by: **Michael H. Johnson (CN602791899)** View 'Issued To' History

OWNER Since 11/10/1997

Mailing Address: Not on file

Notice of Violations Current TCEQ Rules

NOV Date	Status	Citation/Requirement Provision	Allegation	Classification	Self Reporting Indicator
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.41(c)(3)(J) (Not applicable to CH)	Failure to maintain a concrete sealing block extending at least three feet from the well casing in all directions, with a minimum thickness of six inches and sloped to drain away at not less than 0.25 inches per foot shall be provided around the wellhead.	MODERATE	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.45(b)(1)(A)(i) (Not applicable to CH)	Failure to provide minimum well capacity of 1.5 gallons per minute per connection.	MINOR	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(f)(3)(A)(i) (Not applicable to CH)	Failure to provide the public water system's weekly chemical usage records accessible for review during inspections and available to the executive director upon request.	MODERATE	NO

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(i) (Not applicable to CH)	Failure to provide an updated customer service agreement at the time of investigation.	MINOR	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.46(f)(3)(E)(v) (Not applicable to CH)	Failure to provide a copy of any Initial Distribution System Evaluation (IDSE) plan, report, approval letters and other compliance documentation.	MODERATE	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.41(c)(3)(J) (Not applicable to CH)	Failure to repair the cracked concrete sealing block surrounding Well Number 1, G0200158A, using a flexible, nontoxic, waterproof compound.	MINOR	NO
01/10/2019	ACTIVE	30 TAC Chapter 290, SubChapter D 290.41(c)(3)(K) (Not applicable to CH)	Failure to fully seal the wellhead with the use of gaskets or a pliable crack resistant caulking compound.	MODERATE	NO
09/22/2014	RESOLVED	30 TAC Chapter 290, SubChapter F 290.110(c)(4) (Not applicable to CH)	Failure to perform at least once every seven days, chlorine residual tests on water collected from various locations within the distribution system. A record of these tests and the sample location should be kept in your files for a minimum of 3 years. At the time of the investigation, the chlorine residuals were recorded on a calendar and	MODERATE	NO

ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS

			the location and sampler were not noted.		
09/22/2014	RESOLVED	30 TAC Chapter 290, SubChapter D 290.46(s)(2)(C)(i) (Not applicable to CH)	Failure by the regulated entity to verify the accuracy of the manual disinfectant residual analyzer at least once every 90 days by calibrating it with chlorine solutions of a known concentration At the time of the investigation, no documentation was provided demonstrating that the accuracy of the chlorine meter was being verified.	MODERATE	NO
09/22/2014	RESOLVED	30 TAC Chapter 290, SubChapter D 290.46(e) (Not applicable to CH)	Failure by the regulated entity to be under the direct supervision of licensed water works operator at all times. A valid license issued under the direction of the Texas Commission on Environmental Quality is required. To assist you in complying with this statutory requirement, we are enclosing the following material: (a) application for water works operator's license, and (b) license information. Please have your operator complete and return the application at the time of the	MAJOR	NO

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

<u>Texas Commission on Environmental Quality</u>	<u>Office of Water</u>	<u>Public Drinking Water Section</u>
<u>County Map of TX</u>	<u>Water System Search</u>	<u>Office of Compliance and Enforcement</u>

<u>Water System Detail</u>			
<u>Water System Facilities</u>	<u>Violations</u>	<u>Enforcement</u>	<u>TCR Sample Results</u>
<u>Source Water Assessment Results</u>	<u>Actions</u>		<u>TTHM HAA5 Summaries</u>
<u>Sample Points</u>	<u>Assistance Actions</u>	<u>Recent Positive TCR Results</u>	<u>PBCU Summaries</u>
<u>Sample Schedules / FANLs / Plans</u>	<u>Compliance Schedules</u>	<u>Other Chemical Results</u>	<u>Chlorine Summaries</u>
<u>Site Visits</u> <u>Milestones</u>	<u>TOC/Alkalinity Results</u>	<u>Chemical Results: Sort by: Name Code</u>	<u>Turbidity Summaries</u>
<u>Operators</u> <u>All POC</u>	<u>LRAA (TTHM/HAA5)</u>	<u>Recent Non-TCR Sample Results</u>	<u>TCR Sample Summaries</u>
<u>Glossary</u>		<u>DWW Instructions</u>	

Water System Detail Information			
Water System No.:	TX0200158	Federal Type:	C
Water System Name:	JOHNSONS WATER SERVICE	Federal Source:	GW
Principal County Served:	BRAZORIA	System Status:	A
Principal City Served:		Activity Date:	01-01-1913

Group Violations					
Fed Fiscal Year	Determ. Date	Violation Type	Violation Name	Analyte Group	Analyte Group Name
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>515</u>	SOC METHOD 515.4
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>MIN</u>	MINERALS
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>504</u>	EDB/DBCP
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>531</u>	SOC METHOD 531.1
<u>2013</u>	01-29-2014	03	MONITORING, ROUTINE MAJOR	<u>MTL</u>	METALS

Individual Violations							
Violation	Compliance	Violation Type	Violation Name	Analyte	Analyte Name	Has the Violation been Addressed?	Has the Violation been Resolved?

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

No.	Period	Code		Code		(On the Path to Compliance)	(Returned to Compliance)
<u>2019-100068768</u>	03-01-2019-03-31-2019	3A	MONITORING, ROUTINE, MAJOR (RTCR)	8000	REVISED TOTAL COLIFORM RULE (RTCR)	Yes - Informal	Yes
<u>2018-100068767</u>	08-01-2017-08-31-2017	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	No
<u>2018-100068766</u>	08-01-2017-08-31-2017	3A	MONITORING, ROUTINE, MAJOR (RTCR)	8000	REVISED TOTAL COLIFORM RULE (RTCR)	Yes - Informal	Yes
<u>2015-100068763</u>	07-01-2014-07-31-2014	34	MONITOR GWR TRIGGERED/ADDITIONAL, MAJOR	3014	E. COLI	Yes - Informal	Yes
<u>2015-100068761</u>	12-30-2014-04-17-2015	66	LEAD CONSUMER NOTICE (LCR)	5000	LEAD & COPPER RULE	Yes - Informal	Yes
<u>2014-100068762</u>	07-01-2014-09-30-2014	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2014-100068760</u>	10-01-2013-12-31-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068759</u>	07-01-2013-09-30-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068758</u>	02-01-2014-02-28-2014	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and Informal	Yes
<u>2013-100068756</u>	07-01-2013-09-30-2013	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2013-100068757</u>	10-01-2013-12-31-2013	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2014-100068755</u>	12-01-2013-12-31-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and Informal	Yes
<u>2014-100068754</u>	02-01-2014-02-28-2014	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Formal and Informal	Yes
<u>2014-100068753</u>	11-01-2013-11-30-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and	Yes

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.15(f) - ENFORCEMENT DOCUMENTS**

						Informal	
<u>2014-100068752</u>	01-01-2012-12-31-2012	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068751</u>	04-01-2013-06-30-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Informal	Yes
<u>2014-100068750</u>	12-01-2013-12-31-2013	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Formal and Informal	Yes
<u>2013-100068718</u>	01-01-2013-12-31-2013	03	MONITORING, ROUTINE MAJOR	1040	NITRATE	Yes - Formal and Informal	Yes
<u>2014-100068717</u>	11-01-2013-11-30-2013	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Formal and Informal	Yes
<u>2013-100068716</u>	01-01-2012-12-31-2012	03	MONITORING, ROUTINE MAJOR	1040	NITRATE	Yes - Formal and Informal	Yes
<u>2013-100068715</u>	04-01-2013-06-30-2013	27	MONITORING, ROUTINE (DBP), MAJOR	0999	CHLORINE	Yes - Formal and Informal	Yes
<u>2013-100068714</u>	07-01-2013-07-18-2014	71	CCR REPORT	7000	CONSUMER CONFIDENCE RULE	Yes - Formal and Informal	Yes
<u>2013-100068713</u>	05-01-2013-05-31-2013	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	Yes - Formal and Informal	Yes
<u>2013-100068711</u>	05-01-2013-05-31-2013	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Informal	Yes
<u>2013-100068709</u>	07-01-2012-07-18-2014	71	CCR REPORT	7000	CONSUMER CONFIDENCE RULE	Yes - Formal and Informal	Yes
<u>2012-100068708</u>	05-01-2012-05-31-2012	23	MONITORING (TCR), ROUTINE MAJOR	3100	COLIFORM (TCR)	Yes - Informal	Yes
<u>2010-100068515</u>	07-01-2010-12-22-2010	71	CCR REPORT	7000	CONSUMER CONFIDENCE RULE	Yes - Informal	Yes
<u>2010-100068703</u>	07-01-2010-12-22-2010	72	CCR ADEQUACY/AVAILABILITY/CONTENT	7000	CONSUMER CONFIDENCE RULE	Yes - Informal	Yes

SCHEDULE 4.16
Customer List

[Customer List Attached on Following Pages]

ASSET PURCHASE AGREEMENT
SCHEDULE 4.16 - CUSTOMER LIST
Johnson Water Service
CUSTOMER CONTACT LIST

CUSTOMER	PHONE NUMBERS	EMAIL	FULL NAME	BILLING ADDRESS	SHIPPING ADDRESS
1614 A			1614 A	1614 A Oleander Rosharon TX 77583	1614 A Oleander Rosharon TX 77583
Adolfo Hernandez		fito700222@gmail.com	Adolfo Hernandez	2806 CR 48 Rosharon TX 77581	2806 CR 48 Rosharon TX 77581
Alfredo Peinado	Phone (832) 290-3023	nelly_peinado@yahoo.com	Alfredo Peinado	1706 Oleander Rosharon TX 77583	1706 Oleander Rosharon TX 77583
Alfredo Acosta			Alfredo Acosta	1623 Oleander #2 Rosharon TX 77583	1623 Oleander #2 Rosharon TX 77583
Andres Garcia	Mobile (832) 436-5047	nochez92 ag@gmail.com	Andres Garcia	1603 Oleander Rosharon TX 77583	1603 Oleander Rosharon TX 77583
Angel Webb	Phone (281) 996-0123	angel@angelwebb.com	Angel Webb	1726 Oleander Rosharon TX 77583	2350 Lawrence Rd Kemah TX 77565
Armida Gamboa	Phone (281) 908-1488	armidabdiaz@yahoo.com	Armida Gamboa	1707 Oleander Rosharon TX 77583	1707 Oleander Rosharon TX 77583
Bill Griffiths	Phone (713) 436-5553	w-griffiths@sbcglobal.net	Bill Griffiths	1620 Oleander Rosharon TX 77583	1620 Oleander Rosharon TX 77583
Chns Mayer	Phone (713) 436-1597	c1944m@yahoo.com	Chns Mayer	1619 Oleander Rosharon TX 77583	1619 Oleander Rosharon TX 77583
CJ Selvera		mselvera@alvinisd.net	CJ Selvera	1714 B Oleander Rosharon TX 77583	1714 B Oleander Rosharon TX 77583
Dons Marquez	Phone (832) 267-7840	donsmarquez5@gmail.com	Dons Marquez	1729 1/2 Oleander Rosharon TX 77583	1729 1/2 Oleander Rosharon TX 77583
Eudelia Sanches	Phone (281) 760-8670	deliasanchez617@gmail.com	Eudelia Sanches	1719 Oleander Rosharon TX 77583	1719 Oleander Rosharon TX 77583
Felipe Sayago	Phone (713) 732-8839		Felipe Sayago	1610 Oleander Rosharon TX 77583	1610 Oleander Rosharon TX 77583
Fernando Jimenez		tiffanyjimenez0329@gmail.com	Fernando Jimenez	12915 Magnolia Pkwy Rosharon TX 77583	
Hilda Rojo	Phone (281) 905-6056	hmrojo@hotmail.com	Hilda Rojo	3107 Honeysuckle Rosharon TX 77583	3107 Honeysuckle Rosharon TX 77583
Howard Menfee	Phone (832) 483-7538	brenda.menfee@gmail.com	Howard or Brenda Menfee	12935 Magnolia Pkwy Rosharon TX 77583	12935 Magnolia Pkwy. Rosharon TX 77583
Janet Perez			Janet Perez	1618- B Oleander Rosharon TX 77583	1618- B Oleander Rosharon TX 77583
Javier Vega			Javier Vega	12925 Magnolia Pkwy Rosharon TX 77583	12925 Magnolia Pkwy Rosharon TX 77583
Jesse Perez			Jesse Perez	1622 Oleander Rosharon TX 77583	1622 Oleander Rosharon TX 77583
Jim Grant	Phone (832) 457-3163	catidog@prodigy.net	Jim Grant	1611 Oleander Rosharon TX 77583	1611 Oleander Rosharon TX 77583
Jimmy Johnson			Jimmy Johnson	1711- 1 Oleander Rosharon TX 77583	1711- 1 Oleander Rosharon TX 77583
Johnny Lewis-Riley	Phone (713) 436-0931		Johnny Lewis-Riley	3003 Honeysuckle Rosharon TX 77583	3003 Honeysuckle Rosharon TX 77583
Jose Alvarado	Phone (713) 384-3712		Jose Alvarado	1614 Oleander B Rosharon TX 77583	1614 Oleander B Rosharon TX 77583
Jose Ruiz	Phone (832) 705-5614		Jose Ruiz	1708 Oleander Rosharon TX 77583	1708 Oleander Rosharon TX 77583
Jose Sosa			Jose Sosa/Alma Trevino	3015 Honeysuckle Rosharon TX 77581	3015 Honeysuckle Rosharon TX 77581
Juan Lopez	Phone: (832) 894-9481		Juan Lopez	2806 CR 48 Rosharon TX 77583	2806 CR 48 Rosharon TX 77583
Karen Simper	Phone: (713) 436-0157		Karen Simper	1627 Oleander Rosharon TX 77583	1627 Oleander Rosharon TX 77583
Louis Hearn	Phone (713) 249-2775 Mobile (281) 489-8668		Louis Hearn	4142 CR 48 Rosharon TX 77583	4142 CR 48 Rosharon TX 77583
Mariana Castro	Phone (832) 259-6321	nana.castro5@gmail.com	Mariana Castro	2951 Honeysuckle Rosharon TX 77583	2951 Honeysuckle Rosharon TX 77583
Mark Sligar			Mark Sligar	1615 Oleander Rosharon TX 77583	1615 Oleander Rosharon TX 77583
Michelle Contreras	Phone: (281) 235-3328	contrerasmichelle29@icloud.com	Michelle Contreras	1606 Oleander St Rosharon TX 77583	1606 Oleander St Rosharon TX 77583
Mildreth Diaz	Phone (832) 705-6288	diazmildreth1414@gmail.com	Mildreth Diaz	1608 Oleander Rosharon TX 77583	1608 Oleander Rosharon TX 77583
Mirella Montano	Phone: (281) 818-6161	mirella.montano@yahoo.com	Mirella Montano	3007 Honeysuckle Rosharon TX 77583	3007 Honeysuckle Rosharon TX 77583
Miniam Gomez	Phone (832) 483-1548	miniamxa13@gmail.com	Miniam Gomez	1713 Oleander Rosharon TX 77583	1713 Oleander Rosharon TX 77583

**ASSET PURCHASE AGREEMENT
SCHEDULE 4.16 - CUSTOMER LIST**

CUSTOMER	PHONE NUMBERS	EMAIL	FULL NAME	BILLING ADDRESS	SHIPPING ADDRESS
Mr Bradberry	Phone: (832) 860-7378		Mr Bradberry	3900 CR 48 #184W Rosharon TX 77583	
Patrick Johnson			Patrick Johnson	1623 Oleander Rosharon TX 77583	1623 Oleander Rosharon TX 77583
Roberto Rodriguez		3kingsteam72@gmail.com	Roberto Rodriguez	1710 B Oleander Rosharon TX 77583	1710 B Oleander Rosharon TX 77583
Roney Jacob		realtorroney@gmail.com	Roney Jacob	1619 Crescent Oak Dr Missouri City TX 77459	3007 1/2 Honeysuckle Rosharon TX 77583
Rosendo Palacios	Phone. (832) 898-1019		Rosendo Palacios	1723 Oleander Rosharon TX 77583	1723 Oleander Rosharon TX 77583
Rufino Vasquez	Phone (713) 922-0695		Rufino Vasquez	1702 Oleander Rosharon TX 77583	1702 Oleander Rosharon TX 77583
Simon Estrada	Phone (713) 538-3181	tankie82@yahoo.com	Simon Estrada	1710 Oleander Rosharon TX 77583	1710 Oleander Rosharon TX 77583
Thurman Johnson	Phone (832) 294-9032	johnsonthurman34@gmail.com	Thurman Johnson	2940 CR 48 Rosharon TX 77583	2940 CR 48 Rosharon TX 77583
Vacant/Locked Out	Phone (281) 662-1502		Guadalupe Almanza	1727 1/2 Oleander Rosharon TX 77583	1727 1/2 Oleander Rosharon TX 77583
Yesenia Reyes	Phone. (832) 713-4688	yesenializ1990@gmail.com	Yesenia Reyes	3115 Honeysuckle Rosharon TX 77583	3115 Honeysuckle Rosharon TX 77583

EXHIBIT "A"
Warranty Deed With Vendor's Lien

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY AND ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

WARRANTY DEED WITH VENDOR'S LIEN

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

98 013895

ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed

9745258989

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4

WARRANTY DEED WITH VENDOR'S LIEN

THE STATE OF TEXAS)

COUNTY OF BRAZORIA)

THAT, I, CARRIE MARIE THOMAS, a feme sole, of Brazoria County, Texas, hereinafter called Grantor, have GRANTED, SOLD AND CONVEYED, and by these presents do GRANT, SELL AND CONVEY unto MICHAEL H. JOHNSON of Brazoria County, Texas, hereinafter called Grantee, the following described tract or parcel of land, lying and being situated in Brazoria County, Texas, to-wit:

The surface rights to a tract of land out of Lots 11 and 15, Allison-Richey Gulf Coast Home Suburban Gardens, out of the SE portion of H. T. & B. R. R. Co., Survey 84, A-538, Brazoria County, Texas, such tract being described by metes and bounds as follows: Commencing at the SE corner of said Section 84, being at the intersection of the centerlines of County Roads No. 48 and No. 59; Thence South 89° 57' 26" West along the centerline of County Road No. 59, a distance of 30 feet to a point; Thence North at 660 feet past a 5/8" iron rod in the South line of Lot 15, and continue a total distance of 990' to a point for corner; Thence South 89° 57' 26" West a distance of 1,110' to the Northeast corner of subject tract, being the Point of Beginning; Thence South a distance of 60' to a point for corner; Thence South 89° 57' 26" West a distance of 60' to a point for corner; Thence North a distance of 60 feet to a point for corner; Thence North 89° 57' 26" East a distance of 60' to the point of beginning; together with non-exclusive use of a roadway easement 30' wide extending from the North ½ of the East line of subject property East to the cul-de-sac on County Road.

THIS CONVEYANCE is made and accepted subject to the following matters to the extent same are in effect at this time: Any and all restrictions, covenants, conditions, easements, mineral or royalty reservations and leases, if any, relating to the hereinabove described property, but only to the extent they are still in effect, shown of record in the public

**ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed**

records of Brazoria County, Texas; and to all zoning laws, regulations and ordinances of municipal and/or other governmental authorities if any, but only to the extent that they are still in effect, relating to the hereinabove described property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said Grantee, his heirs, executors, administrators, successors, or assigns forever. I do hereby bind myself, my heirs, executors, administrators, and successors, to WARRANT AND FOREVER DEFEND, all and singular the said premises unto the said Grantee, his heirs, executors, administrators, successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

THE CONSIDERATION for this conveyance is the sum of Ten (\$10.00) Dollars and other good and valuable consideration cash to me in hand paid by Grantee, the receipt of which is hereby acknowledged, and the further consideration of the execution of one certain promissory Vendor's Lien Note, dated on even date herewith by Grantee, payable to Carrie Marie Thomas, or order, one in the principal sum of \$5,000.00 bearing no interest and being due and payable as therein provided, and said note containing the usual and customary acceleration, foreclosure and attorney's fees clauses, and being additionally secured by a Deed of Trust of even date herewith, executed by Grantee to David C. Bonnen, Trustee, for the use and benefit of Grantor.

BUT IT IS EXPRESSLY AGREED AND STIPULATED that the Vendor's Lien is retained in favor of Grantor, her heirs and assigns, against the above-described property, premises and improvements, until said above described notes are fully paid according to their face and tenor, effect and reading, when this Deed shall become absolute.

ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed

EXECUTED this the 10th day of November, 1997

Grantee's Address:
1713 Oleander
Rosharon, Texas 77583

Carrie Marie Thomas
CARRIE MARIE THOMAS

STATE OF TEXAS)
COUNTY OF BRAZORIA)

This instrument was acknowledged before me on the 30 day of December, 1997
by CARRIE MARIE THOMAS.



Matina Bonnen
Notary Public - State of Texas

Prepared in the Law Office of:
David C. Bonnen
122 E. Myrtle St.
Angleton, Texas 77515

THE STATE OF TEXAS
COUNTY OF BRAZORIA

I, DOLLY BAILEY, Clerk of the County Court in and for Brazoria County, Texas, do hereby certify that this instrument was FILED FOR RECORD and RECORDED in the OFFICIAL RECORD at the time and date as stamped hereon by me.



Dolly Bailey
County Clerk of Brazoria Co., TX

FILED FOR RECORD
98 APR 15 PM 4: 10

Dolly Bailey
COUNTY CLERK
BRAZORIA COUNTY TEXAS

Ret. To: Alamo Title
9745258989

ASSET PURCHASE AGREEMENT
SCHEDULE 2.1(a) - Deed

98 013895

1S
5M
7R
13.00
CR# 459

Alamo Title

Deed

SECURITY FEE 1.00
INSTRUMENT 5.00
RECORDING 7.00
TOTAL 13.00
FILE # 13895
CHECK 13.00
DRAWER-A 1
0001 2127-0000 0032 4/16/98 4:14PM THU