



Filing Receipt

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

Pursuant to Texas Water Code § 13.301 and 16 Texas Administrative Code § 24.239

Sale, Transfer, or Merger (STM) Application Instructions

- I. **COMPLETE:** In order for the Commission to find the application sufficient for filing, the Applicant should:
 - i. Provide an answer to every question and submit any required attachment applicable to the STM request (i.e., agreements or contracts).
 - ii. Use attachments or additional pages to answer questions as necessary. If you use attachments or additional pages, reference their inclusion in the form.
 - iii. Provide all mapping information as detailed in Part G: Mapping & Affidavits.
- II. **FILE:** Seven (7) copies of the completed application with numbered attachments. One copy should be filed with no permanent binding, staples, tabs, or separators; and 7 copies of the portable electronic storage medium containing the digital mapping data.
 - i. **SEND TO:** Public Utility Commission of Texas, Attention: Filing Clerk, 1701 N. Congress Avenue, P.O. Box 13326, Austin, Texas 78711-3326 (**NOTE: Electronic documents may be sent in advance of the paper copy, however they will not be processed and added to the Commission's on-line Interchange until the paper copy is received and file-stamped in Central Records.**)
- III. The application will be assigned a docket number, and an administrative law judge (ALJ) will issue an order requiring Commission Staff to file a recommendation on whether the application is sufficient. The ALJ will issue an order after Staff's recommendation has been filed:
 - i. **DEFICIENT (Administratively Incomplete):** Applicants will be ordered to provide information to cure the deficiencies by a certain date, usually 30 days from ALJ's order. ***Application is not accepted for filing.***
 - ii. **SUFFICIENT (Administratively Complete):** Applicants will be ordered by the ALJ to give appropriate notice of the application using the notice prepared by Commission Staff. ***Application is accepted for filing.***
- IV. Once the Applicants issue notice, a copy of the actual notice sent and an affidavit attesting to notice should be filed in the docket assigned to the application. Recipients of notice may request a hearing on the merits.
HEARING ON THE MERITS: An affected party may request a hearing within 30 days of notice. In this event, the application may be referred to the State Office of Administrative Hearings (SOAH) to complete this request.
- V. **TRANSACTION TO PROCEED:** at any time following the provision of notice, or prior to 120 days from the last date that proper notice was given, Commission Staff will file a recommendation for the transaction to proceed as proposed or recommend that the STM be referred to SOAH for further investigation. The Applicants will be required to file an update in the docket to the ALJ every 30 days following the approval of the transaction. The transaction must be completed within six (6) months from the ALJ's order (Note: The Applicants may request an extension to the 6 month provision for good cause).
- VI. **FILE:** Seven (7) copies of completed transaction documents and documentation addressing the transfer or disposition of any outstanding deposits. After receiving all required documents from the Applicants, the application will be granted a procedural schedule for final processing. The Applicants are requested to consent in writing to the proposed maps and certificates, or tariff if applicable.
- VII. **FINAL ORDER:** The ALJ will issue a final order issuing or amending the applicable CCNs.

FAQ:

Who can use this form?

Any retail public utility that provides water or wastewater service in Texas.

Who is required to use this form?

A retail public utility that is an investor owned utility (IOU) or a water supply corporation (WSC) prior to any STM of a water or sewer system, or utility, or prior to the transfer of a portion of a certificated service area.

Terms

Transferor: Seller

Transferee: Purchaser

CCN: Certificate of Convenience and Necessity

STM: Sale, Transfer, or Merger

IOU: Investor Owned Utility

Application Summary

Transferor: Rose and Wendell Black

(selling entity)

CCN No.s: 12514

☒ Sale
 ☐ Transfer
 ☐ Merger
 ☐ Consolidation
 ☐ Lease/Rental

Transferee: Patterson Water Supply

(acquiring entity)

CCN No.s: 13248

☒ Water
 ☐ Sewer
 ☐ All CCN
 ☐ Portion CCN
 ☐ Facilities transfer

County(ies): Cooke

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Please mark the items included in this filing

<input checked="" type="checkbox"/> Contract, Lease, Purchase, or Sale Agreement	Part A: Question 1
<input checked="" type="checkbox"/> Tariff including Rate Schedule	Part B: Question 4
<input checked="" type="checkbox"/> List of Customer Deposits	Part B: Question 5
<input checked="" type="checkbox"/> Partnership Agreement	Part C: Question 7
<input type="checkbox"/> Articles of Incorporation and By-Laws (WSC)	Part C: Question 7
<input checked="" type="checkbox"/> Certificate of Account Status	Part C: Question 7
<input checked="" type="checkbox"/> Financial Audit	Part C: Question 10
<input checked="" type="checkbox"/> Application Attachment A & B	Part C: Question 10
<input type="checkbox"/> Disclosure of Affiliated Interests	Part C: Question 10
<input type="checkbox"/> Capital Improvement Plan	Part C: Question 10
<input checked="" type="checkbox"/> List of Assets to be Transferred	Part D: 11.B
<input type="checkbox"/> Developer Contribution Contracts or Agreements	Part D: 11.D
<input type="checkbox"/> Enforcement Action Correspondence	Part E: Question 18 (Part D: Q12)
<input checked="" type="checkbox"/> TCEQ Compliance Correspondence	Part F: Question 22
<input type="checkbox"/> TCEQ Engineering Approvals	Part F: Question 24
<input type="checkbox"/> Purchased Water Supply or Treatment Agreement	Part F: Question 26
<input checked="" type="checkbox"/> Detailed (large scale) Map	Part G: Question 29
<input checked="" type="checkbox"/> General Location (small scale) Map	Part G: Question 29
<input type="checkbox"/> Digital Mapping Data	Part G: Question 29
<input checked="" type="checkbox"/> Signed & Notarized Oath	Page 13-14

Part A: General Information

1. Describe the proposed transaction, including the effect on all CCNs involved, and provide details on the existing or expected land use in the area affected by the proposed transaction. Attach all supporting documentation, such as a contract, a lease, or proposed purchase agreements:

Transfer ownership of Myra Water System, CCN #12514 to Patterson Water Supply, CCN #13248

2. The proposed transaction will require (check all applicable):

For **Transferee** (Purchaser) CCN:

For **Transferor** (Seller) CCN:

- ☐ Obtaining a NEW CCN for Purchaser
☒ Transfer all CCN into Purchaser's CCN (Merger)
☐ Transfer Portion of CCN into Purchaser's CCN
☐ Transfer all CCN to Purchaser and retain Seller CCN
☐ Uncertificated area added to Purchaser's CCN

- ☒ Cancellation of Seller's CCN
☐ Transfer of a Portion of Seller's CCN to Purchaser
☐ Only Transfer of Facilities, No CCN or Customers
☐ Only Transfer of Customers, No CCN or Facilities
☐ Only Transfer CCN Area, No Customers or Facilities

Part B: Transferor Information

Questions 3 through 5 apply only to the *transferor* (current service provider or seller)

3. A. Name: Rose and Wendell Black

(individual, corporation, or other legal entity)

☒ Individual ☐ Corporation ☐ WSC ☐ Other: _____

- B. Mailing Address: P.O Box 126, Myra, TX 76253

Phone: (940) 736-2227

Email: billblackelectric@gmail.com

- 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, accountant, or other title.

Name: Rose Black

Title: Co-Owner

Mailing Address: Same as above

Phone: _____

Email: Same as Above

4. If the utility to be transferred is an Investor Owned Utility (IOU), for the most recent rate change, attach a copy of the current tariff and complete A through B:

- A. Effective date for most recent rates: December 1, 1991

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

☐ No ☒ Yes Application or Docket Number: See Attachment

If the transferor is a Water Supply or Sewer Service Corporation, provide a copy of the current tariff.

5. For the customers that will be transferred following the approval of the proposed transaction, check all that apply:

☐ There are no customers that will be transferred

☒ # of customers without deposits held by the transferor 1

☒ # of customers with deposits held by the transferor* 115

*Attach a list of all customers affected by the proposed transaction that have deposits held, and include a customer indicator (name or account number), date of each deposit, amount of each deposit, and any unpaid interest on each deposit.

Part C: Transferee Information

Questions 6 through 10 apply only to the transferee (purchaser or proposed service provider)

6. A. Name: Patterson Water Supply
(individual, corporation, or other legal entity)
☐ Individual ☐ Corporation ☐ WSC ☒ Other:

B. Mailing Address: P.O. Box 910, Collinsville, TX 76233

Phone: (903) 429-3008 Email: pattproserv@aol.com

C. **Contact Person.** Provide information about the person to be contacted regarding this application. Indicate if this person is the owner, operator, engineer, attorney, accountant, or other title.

Name: Mark Patterson Title: President

Address: P.O. Box 910, Collinsville, TX 76233

Phone: (903) 429-3008 Email: pattproserv@aol.com

D. If the transferee is someone other than a municipality, is the transferee current on the Regulatory Assessment Fees (RAF) with the Texas Commission on Environmental Quality (TCEQ)?

☐ No ☒ Yes ☐ N/A

E. If the transferee is an IOU, is the transferee current on the Annual Report filings with the Commission?

☐ No ☒ Yes ☐ N/A

7. The legal status of the transferee is:

☐ Individual or sole proprietorship

☐ Partnership or limited partnership (*attach* Partnership agreement)

☐ Corporation |
Charter number (as recorded with the Texas Secretary of State): _____

☐ Non-profit, member-owned, member controlled Cooperative Corporation [Article 1434(a) Water Supply or Sewer Service Corporation, incorporated under TWC Chapter 67]
Charter number (as recorded with the Texas Secretary of State): _____
☐ Articles of Incorporation and By-Laws established (*attach*)

☐ Municipally-owned utility

☐ District (MUD, SUD, WCID, FWSD, etc.)

- ☐ County
- ☐ Affected County (a county to which Subchapter B, Chapter 232, Local Government Code, applies)
- ☒ Other (please explain): Limited Liability Company

8. If the transferee operates under any d/b/a, provide the name below:

Name: _____

9. If the transferee's legal status is anything other than an individual, provide the following information regarding the officers, members, or partners of the legal entity applying for the transfer:

Name: Mark Patterson

Position: President

Ownership % (if applicable): 50.00%

Address: 340 Hog Town Rd, Collinsville, TX 76233

Phone: (903) 429-3008

Email: pattproserv@aol.com

Name: David Patterson

Position: Member

Ownership % (if applicable): 25.00%

Address: 2204 Graham Grove Rd, Collinsville, TX 76233

Phone: (903) 429-3008

Email: dpatterson0180@aol.com

Name: James Carney

Position: Member

Ownership % (if applicable): 25.00%

Address: 383 Crossroads Rd Collinsville, TX 76233

Phone: (903) 429-3008

Email: dcarney@pattersonprofessionalservices.com

Name: _____

Position: _____

Ownership % (if applicable): 0.00%

Address: _____

Phone: _____

Email: _____

10. **Financial Information**

The transferee Applicant must provide accounting information typically included within a balance sheet, income statement, and statement of cash flows. If the Applicant is an existing retail public utility, this must include historical financial information and projected financial information. However, projected financial information is only required if the Applicant proposes new service connections and new investment in plant, or if requested by Staff. If the Applicant is a new market entrant and does not have its own historical balance sheet, income statement, and statement of cash flows information, then the Applicant should establish a five-year projection taking the historical information of the transferor Applicant into consideration when establishing the projections.

Historical Financial Information may be shown by providing any combination of the following that includes necessary information found in a balance sheet, income statement, and statement of cash flows:

1. Completed Appendix A;
2. Documentation that includes all of the information required in Appendix A in a concise format; or
3. Audited financial statements issued within 18 months of the application filing date. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Projected Financial Information may be shown by providing any of the following:

1. Completed Appendix B;
2. Documentation that includes all of the information required in Appendix B in a concise format;
3. A detailed budget or capital improvement plan, which indicates sources and uses of funds required, including improvements to the system being transferred; or
4. A recent budget and capital improvements plan that includes information needed for analysis of the operations test (16 Tex. Admin. Code § 24.11(e)(3)) for the system being transferred and any operations combined with the system. This may be provided electronically by providing a uniform resource locator (URL) or a link to a website portal.

Part D: Proposed Transaction Details

11. A. Proposed Purchase Price: \$ 150,000.00

If the transferee Applicant is an investor owned utility (IOU) provide answers to B through D.

B. Transferee has a copy of an inventory list of assets to be transferred (*attach*):

☐ No ☒ Yes ☐ N/A

Total Original Cost of Plant in Service: \$

Accumulated Depreciation: \$ 100.00

Net Book Value: \$ 0.00

C. **Customer contributions in aid of construction (CIAC):** Have the customers been billed for any surcharges approved by the Commission or TCEQ to fund any assets currently used and useful in providing utility service? Identify which assets were funded, or are being funded, by surcharges on the list of assets.

☒ No ☐ Yes

Total Customer CIAC: \$

Accumulated Amortization: \$

D. **Developer CIAC:** Did the transferor receive any developer contributions to pay for the assets proposed to be transferred in this application? If so, identify which assets were funded by developer contributions on the list of assets and provide any applicable developer agreements.

☒ No ☐ Yes

Total developer CIAC: \$

Accumulated Amortization: \$

12. A. Are any improvements or construction required to meet the minimum requirements of the TCEQ or Commission and to ensure continuous and adequate service to the requested area to be transferred plus any area currently certificated to the transferee Applicant? Attach supporting documentation and any necessary TCEQ approvals, if applicable.

☒ No ☐ Yes

B. If yes, describe the source and availability of funds and provide an estimated timeline for the construction of any planned or required improvements:

Myra Water System is not currently in enforcement, however there are critical infrastructure improvements needed. For example, Patterson Water Supply has invested in the construction of a new water line to ensure the system can meet demand in the future.

13. Provide any other information concerning the nature of the transaction you believe should be given consideration:

Patterson Water Supply has a proven track record of keeping systems in compliance and going above the standard to provide quality service to our customers. The investment in a new waterline for the Myra Water System shows our dedication to our customers.

14. Complete the following proposed entries (listed below) as shown in the books of the Transferee (purchaser) after the acquisition. Debits (positive numbers) should equal credits (negative numbers) so that all line items added together equal zero. Additional entries may be made; the following are suggested only, and not intended to pose descriptive limitations:

Utility Plant in Service: \$ _____

Accumulated Depreciation of Plant: \$ _____

Cash: \$ _____

Notes Payable: \$ _____

Mortgage Payable: \$ _____

(Proposed) Acquisition Adjustment*: \$ _____

* Acquisition Adjustments will be subject to review under 16 TAC § 24.41(d) and (e)

Other (NARUC account name & No.): _____

Other (NARUC account name & No.): _____

15. A. Explain any proposed billing change (NOTE: If the acquiring entity is an IOU, the IOU may not change the rates charged to the customers through this STM application. Rates can only be changed through the approval of a rate change application.)

We want to include the systems into the Patterson Water Supply tariff (CCN #13248). This will be completed via a separate rate change application.

B. If transferee is an IOU, state whether or not the transferee intends to file with the Commission, or an applicable municipal regulatory authority, an application to change rates for some or all of its customers as a result of the transaction within the next twelve months. If so, provide details below:

The rates in place have been in place since 1991. The system was in need of critical infrastructure upgrades and needs to be able to fund these projects to ensure the viability of the water system.

Part E: CCN Obtain or Amend Criteria Considerations

16. Describe, in detail, the anticipated impact or changes in the quality of retail public utility service in the requested area as a result of the proposed transaction:

Patterson Water Supply will ensure continuous and adequate service to meet the customers of the utility to meet Texas Water Code and Texas Health & Safety code requirements. Patterson Water Supply plans to upgrade and replace much of the distribution system.

17. Describe the transferee's experience and qualifications in providing continuous and adequate service. This should include, but is not limited to: other CCN numbers, water and wastewater systems details, and any corresponding compliance history for all operations.

Patterson Water has been in operations for 10+ years, and owns and operates 4 systems it received through the receivership program 1) Vacation Village in Denton County, 2) Hills of Briar Oaks in Wise County, 3) Cooley Point in Tarrant County and 4) Crazy Horse Ranch (CCN 13248)

18. Has the transferee been under an enforcement action by the Commission, TCEQ, Texas Department of Health (TDH), the Office of the Attorney General (OAG), or the Environmental Protection Agency (EPA) in the past five (5) years for non-compliance with rules, orders, or state statutes? Attach copies of any correspondence with the applicable regulatory agency(ies)

☐

No

☒

Yes

19. Explain how the environmental integrity or the land will be impacted or disrupted as a result of the proposed transaction:

There will be no impact to the environmental integrity of the land as a result of the proposed transactions.

20. How will the proposed transaction serve the public interest?

It will ensure that continuous and adequate water service is provided to customers of the utility.

21. List all neighboring water or sewer utilities, cities, districts (including ground water conservation districts), counties, or other political subdivisions (including river authorities) providing the same service within two (2) miles from the outer boundary of the requested area affected by the proposed transaction:

There are no other CCN or neighboring utilities within 2 miles of the boundaries of Myra Water System

Part F: TCEQ Public Water System or Sewer (Wastewater) Information

Complete Part F for EACH Public Water or Sewer system to be transferred subject to approval of the transaction.
Attach a separate sheet with this information if you need more space for additional systems being transferred.

22. A. For Public Water System (PWS):

TCEQ PWS Identification Number: TX0490019 (7 digit ID)

Name of PWS: Myra Water System

Date of last TCEQ compliance inspection: October 29, 2020 (attach TCEQ letter)

Subdivisions served: Myra, TX

B. For Sewer service:

TCEQ Water Quality (WQ) Discharge Permit Number: WQ - (8 digit ID)

Name of Wastewater Facility: _____

Name of Permittee: _____

Date of last TCEQ compliance inspection: _____ (attach TCEQ letter)

Subdivisions served: _____

Date of application to transfer permit submitted to TCEQ: _____

23. List the number of existing connections, by meter/connection type, to be affected by the proposed transaction:

Water				Sewer	
	Non-metered		2"		Residential
116	5/8" or 3/4"		3"		Commercial
	1"		4"		Industrial
	1 1/2"		Other		Other
Total Water Connections:			116	Total Sewer Connections:	

24. A. Are any improvements required to meet TCEQ or Commission standards?

☒ No ☐ Yes

B. Provide details on each required major capital improvement necessary to correct deficiencies to meet the TCEQ or Commission standards (attach any engineering reports or TCEQ approval letters):

Description of the Capital Improvement:	Estimated Completion Date:	Estimated Cost:

C. Is there a moratorium on new connections?

☒ No ☐ Yes:

25. Does the system being transferred operate within the corporate boundaries of a municipality?

☒ No ☐ Yes: _____ (name of municipality)

If yes, indicate the number of customers within the municipal boundary.

Water: _____ Sewer: _____

26. A. Does the system being transferred purchase water or sewer treatment capacity from another source?

☒ No ☐ Yes: If yes, attach a copy of purchase agreement or contract.

Capacity is purchased from: _____

Water: _____

Sewer: _____

B. Is the PWS required to purchase water to meet capacity requirements or drinking water standards?

☒ No ☐ Yes

C. What is the amount of water supply or sewer treatment purchased, per the agreement or contract? What is the percent of overall demand supplied by purchased water or sewer treatment (if any)?

	Amount in Gallons	Percent of demand
Water:		0.00%
Sewer:		0.00%

D. Will the purchase agreement or contract be transferred to the Transferee?

☒ No ☐ Yes:

27. Does the PWS or sewer treatment plant have adequate capacity to meet the current and projected demands in the requested area?

☐ No ☒ Yes:

28. List the name, class, and TCEQ license number of the operator that will be responsible for the operations of the water or sewer utility service:

Name (as it appears on license)	Class	License No.	Water or Sewer
Mark Patterson	B	WG0008889	Water
David Parrerson	C	WG0013751	Water
Preston Patterson	D	WO0043621	Water

Part G: Mapping & Affidavits

ALL applications require mapping information to be filed in conjunction with the STM application.

Read question 29 A and B to determine what information is required for your application.

29. A. For applications requesting to transfer an entire CCN, without a CCN boundary adjustment, provide the following mapping information with each of the seven (7) copies of the application:

1. A general location (small scale) map identifying the requested area in reference to the nearest county boundary, city, or town. The following guidance should be adhered to:
 - i. If the application requests to transfer certificated service areas for both water and sewer, separate maps must be provided for each.
 - ii. A hand drawn map, graphic, or diagram of the requested area is not considered an acceptable mapping document.

- iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.

- 2. A detailed (large scale) map identifying the requested area in reference to verifiable man-made and natural landmarks such as roads, rivers, and railroads. The Applicant should adhere to the following guidance:
 - i. The map must be clearly labeled and the outer boundary of the requested area should be marked in reference to the verifiable man-made or natural landmarks. These verifiable man-made or natural landmarks must be labeled and marked on the map as well.
 - ii. If the application requests an amendment for both water and sewer certificated service area, separate maps need to be provided for each.
 - iii. To maintain the integrity of the scale and quality of the map, copies must be exact duplicates of the original map. Therefore, copies of maps cannot be reduced or enlarged from the original map, or in black and white if the original map is in color.
 - iv. The outer boundary of the requested area should not be covered by any labels, roads, city limits or extraterritorial jurisdiction (ETJ) boundaries.

- B. For applications that are requesting to include area not currently within a CCN, or for applications that require a CCN amendment (any change in a CCN boundary), such as the transfer of only a portion of a certificated service area, provide the following mapping information with each of the seven (7) copies of the application:
 - 1. A general location (small scale) map identifying the requested area with enough detail to locate the requested area in reference to the nearest county boundary, city, or town. Please refer to the mapping guidance in part A 1 (above).
 - 2. A detailed (large scale) map identifying the requested area with enough detail to accurately locate the requested area in reference to verifiable man-made or natural landmarks such as roads, rivers, or railroads. Please refer to the mapping guidance in part A 2 (above).
 - 3. One of the following identifying the requested area:
 - i. A metes and bounds survey sealed or embossed by either a licensed state land surveyor or a registered professional land surveyor. Please refer to the mapping guidance in part A 2 (above);
 - ii. A recorded plat. If the plat does not provide sufficient detail, Staff may request additional mapping information. Please refer to the mapping guidance in part A 2 (above); or
 - iii. Digital mapping data in a shapefile (SHP) format georeferenced in either NAD 83 Texas State Plane Coordinate System (US Feet) or in NAD 83 Texas Statewide Mapping System (Meters). The digital mapping data shall include a single, continuous polygon record. The following guidance should be adhered to:
 - a. The digital mapping data must correspond to the same requested area as shown on the general location and detailed maps. The requested area must be clearly labeled as either the water or sewer requested area.
 - b. A shapefile should include six files (.dbf, .shp, .shx, .sbx, .sbn, and the projection (.prj) file).
 - c. The digital mapping data shall be filed on a data disk (CD or USB drive), clearly labeled, and filed with Central Records. Seven (7) copies of the digital mapping data is also required.

Part H: Notice Information

The following information will be used to generate the proposed notice for the application.

DO NOT provide notice of the application until it is found sufficient and the Applicants are ordered to provide notice.

30. Complete the following using verifiable man-made or natural landmarks such as roads, rivers, or railroads to describe the requested area (to be stated in the notice documents). Measurements should be approximated from the outermost boundary of the requested area:

The total acreage of the requested area is approximately: 990.00

Number of customer connections in the requested area: 116

Affected subdivision : N/A

The closest city or town: Muenster, TX

Approximate mileage to closest city or town center: 2

Direction to closest city or town: Northwest

The requested area is generally bounded on the North by: FM 1198

on the East by: Bradford St

on the South by: County Road 308

on the West by: Brushy Elm Creek

31. A copy of the proposed map will be available at: 9963 US Hwy 377, Collinsville, TX 76233

32. What effect will the proposed transaction have on an average bill to be charged to the affected customers? Take into consideration the average consumption of the requested area, as well as any other factors that would increase or decrease a customer's monthly bill.

☒ All of the customers will be charged the same rates they were charged before the transaction.

☐ All of the customers will be charged different rates than they were charged before the transaction.

☐ higher monthly bill ☐ lower monthly bill

☐ Some customers will be charged different rates than they were charged before
(i.e. inside city limit customers)

☐ higher monthly bill ☐ lower monthly bill

Oath for Transferor (Transferring Entity)

STATE OF Texas

COUNTY OF Grayson

I, Mark Patterson being duly sworn, file this application for sale,
merger, consolidation, acquisition, lease, or transfer,
rental, as **President**

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest 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 been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement 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)

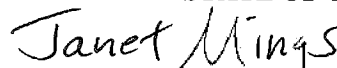
If the Affiant to this form is any person other than the sole owner, partner, officer of the Applicant, or its attorney, a properly verified Power of Attorney must be enclosed.

SUBSCRIBED AND SWORN BEFORE ME, a Notary Public in and for the State of Texas
this day the 15 of June, 2021

SEAL

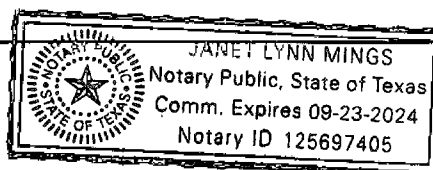


**NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS**



PRINT OR TYPE NAME OF NOTARY

My commission expires:



Oath for Transferor (Transferring Entity)

STATE OF TEXAS

COUNTY OF COOKE

I, ROSE A. BLACK being duly sworn, file this application for sale,
merger, consolidation, acquisition, lease, or transfer,
rental, as Partner Co-owner

(owner, member of partnership, title as officer of corporation, or authorized representative)

I attest 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 been provided with a copy of the 16 TAC § 24.239 Commission rules. I am also authorized to agree and do agree to be bound by and comply with any outstanding enforcement 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.

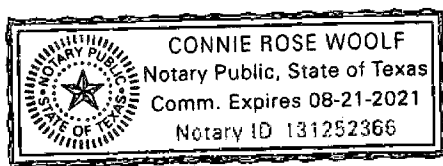
Rose A. Black
AFFIANT
(Utility's Authorized Representative)

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 BEFORE ME, a Notary Public in and for the State of Texas

this day the 15th of June, 20 21

SEAL



Connie Rose Woolf
NOTARY PUBLIC IN AND FOR THE
STATE OF TEXAS

Connie Rose Woolf
PRINT OR TYPE NAME OF NOTARY

My commission expires: 8.21.21

WATER SYSTEM OPERATIONS AND TRANSFER AGREEMENT

This Water System Operations and Transfer Agreement (this "Agreement") is entered into effective October 1, 2020 (the "Effective Date") between Patterson Water Supply, LLC ("Patterson"), a Texas limited liability company, and Myra Water System,, a _____ Partnership ("MWS"), each acting by and through its undersigned, duly authorized representatives. Patterson and MWS may be individually referred to as "Party" and collectively referred to as the "Parties."

RECITALS

WHEREAS, MYRA WS wishes to immediately divest itself of the water system operation and maintenance functions related to the Myra Water System located in Cooke County, Texas (the "System"), and to transfer all assets to Patterson effective as of the date of Sale, Transfer, and Merger application approval by order of the Public Utility Commission of Texas (the "STM Approval");

WHEREAS, Patterson provides professional water operation and maintenance services and also owns water systems in Texas, and has all licensing required by state and federal regulations related to providing such services; and

WHEREAS, The Parties desire to enter into an agreement by which Patterson will operate the Systems on behalf of MWS during the interim time between the Effective Date of this Agreement and the date of STM Approval in exchange for the revenues generated from customer billings and to acquire the Systems at such time as the STM Approval is received;

THEREFORE, FOR AND IN CONSIDERATION OF THE PREMISES, AND THE MUTUAL AGREEMENTS SET FORTH BELOW, PATTERSON AND MWS AGREE AS FOLLOWS:

AGREEMENTS

ARTICLE I.

INTERIM OPERATIONS

1. Recitals. The above recitals are true and correct and are incorporated herein for all purposes.
2. Description of Systems. The Systems are more particularly described in Exhibit A, attached hereto and incorporated herein for all purposes.
3. Interim Operations and Maintenance of Systems. Patterson shall assume all routine operation and maintenance responsibilities for the Systems as of the Effective Date (the "Interim Operations") and ending upon full transfer of the Systems to Patterson upon STM Approval in accordance with Article II. "Routine" shall mean providing the following services during the Interim Operations period:
 - a. Monitoring of Systems, including a 24-hour-per-day response service;
 - b. Provide the personnel, travel, and hand tools necessary for the ordinary daily operations of the System;
 - c. Perform all inspections, tests, and sampling required by law and respond to inquiries from governmental entities with jurisdiction over the System' functions; provided,

however, that response to such inquiries from governmental entities does not include any response required under Article I., Section 7;

- d. Operation of the Systems in the ordinary course of business in accordance with applicable rules and laws; and
- e. Supply routine chemicals needed for the Systems' operation.

All other services not specifically delineated under this Section 3 shall be separately billed by Patterson upon the prior written consent by MWS to perform any non-routine service during the Interim Operations period.

- 4. Payment. As consideration for the Interim Operations prior to the transfer set forth in Article III., Patterson shall collect all revenues received from customer billings from the beginning of the billing cycle occurring during the Effective Date. All customer or other payments sent to MWS after the Effective Date that fall within the billing cycle belonging to Patterson shall be mailed or delivered to Patterson within fifteen (15) days of receipt.
- 5. Staffing and Licenses. Patterson will provide qualified personnel to provide the Interim Operations. All employees of Patterson will readily identify themselves when communicating with MWS' customers and the general public. Patterson personnel will wear distinctive clothing identifying themselves as employees of Patterson. Patterson will obtain and maintain in effect, at all times during the term of this Agreement, all local, state, and federal licenses, permits, registrations, and other approvals necessary for performing its obligations under this Agreement.
- 6. Records. MWS shall turn over all records related to the Systems within five (5) business days from the Effective Date.
- 7. Regulatory Orders or Violations. If the Texas Commission on Environmental Quality, Public Utility Commission of Texas, or any other regulatory entity having jurisdiction over the Systems issues any form of order or penalty for violations of applicable rules or laws that occurred in any way before the Effective Date, or that occurred due to the operation and maintenance of the Systems prior to the Effective Date, MWS is solely responsible for and will take all necessary action to comply with, or otherwise respond to, any such violation or order and is solely responsible for all fines or penalties connected to any such orders or violations.

ARTICLE II.

TRANSFER OF SYSTEMS UPON STM APPROVAL

- 1. Transfer of System Assets. Immediately upon STM Approval, the Systems described in Exhibit A, including all assets related thereto, shall convey and become the property of Patterson. MWS, including its affiliates, subsidiaries, successors and assigns, specifically grants, sells, assigns, and conveys the following assets to Patterson (the "System Assets") immediately upon STM Approval:
 - a. All personal property, including but not limited to all equipment and tools and appurtenances, related to the Systems in existence as of the STM Approval date;
 - b. All easements, rights-of-way, plans and specifications, warranties, guarantees, and as-built plans of the Systems or MWS;
 - c. The lands and all other real property belonging to MWS and to which the Systems are located on;

- d. All water distribution infrastructure associated with the Systems, together with all and singular the rights, interests, and appurtenances thereto in any wise belonging;
 - e. All cash and other commercial paper on hand related to the Systems, including but not limited to funds held in operation and maintenance accounts; and
 - f. All other such property and assets necessary to own, operate and maintain the Systems in existence as of the STM Approval date.
- 2. Warranties. MWS warrants and represents to Patterson with regard to the System Assets described in Section 1 of this Article II. that:
 - a. it has no knowledge of any title defect;
 - b. its title is free and clear of the rights of persons other than MWS;
 - c. its interest is free and clear of all mechanic's liens, liens, mortgages, or encumbrances of any nature and no work has been performed or begun by MWS, and no materials have been furnished which might give rise to mechanic's, materialman's, or other liens against any of the System Assets, or the title therein, or any portion thereof; and
 - d. that it has neither assigned, pledged, or otherwise in any manner whatsoever sold or agreed to sell or transfer by an instrument in writing or otherwise any System Asset to any other person or entity.
- 3. Cooperation. MWS agrees to promptly provide all necessary information and assistance to complete the transfer described by this Article II. MWS shall in no way divest itself of any asset related to the Systems during the Interim Operations period without the prior written consent of Patterson.

ARTICLE III. MISCELLANEOUS

- 1. Term. The Term of this Agreement shall begin on the Effective Date and end upon STM Approval; provided, however that MWS' indemnity, liability, and regulatory responsibilities under Article III., Section 12, and Article II., Section 7, respectively, shall survive termination of this Agreement.
- 2. Termination. Either Party may terminate this Agreement by immediate written notice if the other has failed to comply with a material term, provided that the non-defaulting party has first given the defaulting party written notice to cure the default within forty five (45) days (the "Cure Period") and the defaulting party has not done so. If a default cannot be cured within the Cure Period, the parties may agree to an extension as long as the defaulting party provides evidence within the Cure Period that it has commenced a cure and is pursuing it diligently. This Agreement may also be terminated in the event STM Approval is denied, or has not occurred within three (3) years from the Effective Date.
- 3. Independent Contractor. It is understood and agreed that Patterson is retained as and will serve under this Agreement in the capacity of an independent Contractor. Patterson will be responsible for hiring and compensating any personnel which Patterson deems necessary or appropriate in carrying out its duties hereunder.
- 4. Entire Agreement and Assignment. This Agreement constitutes the entire agreement of the

Parties. Neither Party may assign this Agreement or any portion hereof without receiving the prior written consent of the other Party.

5. Notices. All notices given under this Agreement must be in writing and must be personally delivered or dispatched by United States certified mail, postage prepaid, return receipt requested, to the addresses shown at the end of this Agreement. Either party may change the address to which notice is to be addressed by giving notice in writing to the other party of the change. Any time limitation provided for in this Agreement will commence with the date that the party actually receives written notice, and the date of postmark of any return receipt indicating the date of delivery of notice to the addressee will be conclusive evidence of receipt.
6. Amendments. No subsequent alteration, amendment, change, deletion or addition to this Agreement will be binding unless made in writing and signed by both Parties.
7. Applicable Law and Venue. This Agreement will be construed under and in accordance with the laws of the State of Texas. Venue shall lie in Grayson County, Texas.
8. Construction. Whenever used herein the singular number shall include the plural and the plural number shall include the singular. Whenever used herein the masculine gender shall include the feminine and neuter genders and the neuter gender shall refer to any gender. Section headings used in this Agreement are intended for convenience only and not necessarily to describe the intent of a particular Section and therefore shall not be construed as limiting the effect of any provision of this Agreement. This Agreement shall be deemed drafted equally by all Parties hereto. The language of all parts of this Agreement shall be construed as a whole according to its fair meaning, and any presumptions or principle that the language herein is to be construed against any Party shall not apply.
9. Severability. The provisions of this Agreement are severable, and if any provision or part herein or the application thereof to any person or circumstance shall ever be held by any court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part of this Agreement to other persons or circumstances shall not be affected thereby.
10. Waiver. No failure on the part of either Party to this Agreement to require the performance by the other of any portion of this Agreement shall in any way affect either Party's right to enforce such provision, nor shall any waiver by either Party be taken or held to be a waiver of any other provision. No rights under this Agreement may be waived and no modification or amendment to this Agreement may be made except by separate written agreement executed by both Parties.
11. Force Majeure. Except for an obligation of payment, a Party shall be excused for the period of any delay in the performance of an obligations hereunder when prevented from doing so by cause or causes beyond a Party's absolute control, which shall include, without limitation, all labor disputes, civil commotion, civil disorder, riot, civil disturbance, war, war-like operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations, orders, moratoriums or controls, fire or other casualty, inability to obtain any material, services or financing or Acts of God.
12. Indemnification and Liability. To the extent permitted by law, MWS shall indemnify, defend and hold Patterson harmless against any claim of liability or loss which may arise out of MWS' knowing, negligent, or willful misconduct in connection with the Systems or related property, or any conditions created by the Systems or the operations thereof by MWS' conduct related thereto. In the event of Patterson's negligence or willful misconduct, Patterson shall so indemnify MWS, to the extent

allowable by law. Except as otherwise provided herein, MWS shall be solely responsible for all claims, actions, and liabilities related to the operation and maintenance of the Systems prior to the STM Approval and full transfer of the Systems to Patterson under Article II. of this Agreement.

13. No Partnership. No provisions of this Agreement shall be deemed or construed to constitute a partnership or joint venture.
14. No Third Party Beneficiary. The Parties agree that the Agreement only affects matters between the Parties to this Agreement, and is in no way intended by the Parties to benefit or otherwise affect any third person or entity.
15. Memorandum of Agreement. For the purpose of providing constructive notice, the Parties shall execute a Memorandum of Agreement to be recorded in the real property records of Cooke County, Texas.
16. Multiple Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[SIGNATURE PAGES TO FOLLOW]

EXECUTED on the date or dates indicated below, to be effective as of the Effective Date:

PATTERSON:

PATTERSON Water Supply, LLC


By: Mark Patterson, President

Date: _____

Address: P.O. Box 910
9963 U.S. 377 North
Collinsville, TX 76233

ACKNOWLEDGEMENT


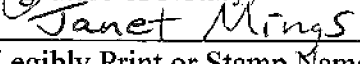
STATE OF TEXAS

COUNTY OF _____

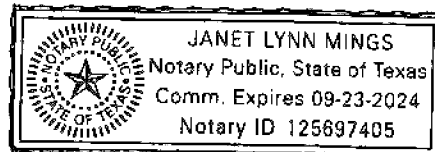
I certify that I know or have satisfactory evidence that Mark Patterson is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the President of Patterson Water Supply, LLC to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____.

Notary Seal


(Signature of Notary)

(Legibly Print or Stamp Name of Notary)
Notary Public in and for the State of

My appointment expires: 9-23-2024



MWS:

Myra Water System

By: Rose Black
Rose Black

By: Wendell Black
Wendell Black

Date: 9-22-2020

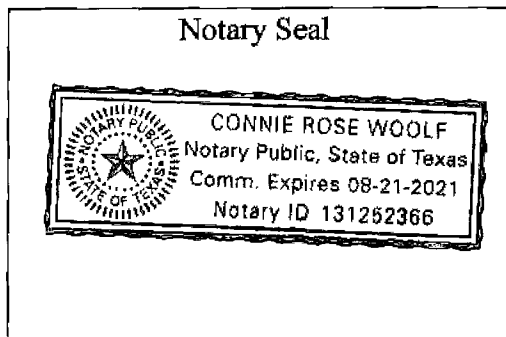
Address: P.O. Box 126
Myra TX 76253

ACKNOWLEDGEMENT

STATE OF TEXAS
COUNTY OF COOKE

I certify that I know or have satisfactory evidence that Rose Black and Wendell Black are the persons who appeared before me, and said persons acknowledged that said persons signed this instrument, on oath stated that said persons were authorized to execute the instrument and acknowledged it as the members of Myra Water System, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 9-22-2020



Connie Rose Woolf
(Signature of Notary)
Connie Rose Woolf
(Legibly Print or Stamp Name of Notary)
Notary Public in and for the State of
TEXAS
My appointment expires: 8-21-21

SECTION 1.0--RATE SCHEDULE

Section 1.01--Rates

METER SIZE	Monthly Minimum Charge	Gallage Charge
5/8" or 3/4"	\$ <u>15.00</u> (INCLUDING <u>3,000</u> GALLONS)	\$ <u>1.25</u>
		PER 1000 GALLONS

Section 1.02--Miscellaneous Fees

TAP FEE.....\$ 250.00
TAP FEE IS BASED ON THE AVERAGE OF THE UTILITY'S ACTUAL COST FOR MATERIALS AND LABOR FOR
STANDARD RESIDENTIAL CONNECTION OF 5/8" or 3/4" METER.

RECONNECTION FEE

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

- a) Non payment of bill (Maximum \$25.00).....\$ 25.00
b) Customer's request.....\$ 25.00
OR OTHER REASONS LISTED UNDER SECTION 2.0 OF THIS TARIFF

LATE CHARGE

\$ 2.00 OR 5%

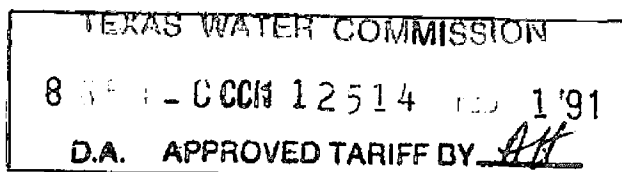
A ONE TIME PENALTY MAY BE MADE ON DELINQUENT BILLS BUT MAY NOT BE APPLIED TO ANY
BALANCE TO WHICH THE PENALTY WAS APPLIED IN A PREVIOUS BILLING.

RETURNED CHECK CHARGE.....\$ 10.00

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

RATES LISTED ARE EFFECTIVE ONLY IF
THIS PAGE HAS TWC APPROVAL STAMP

TWC-WATER TARIFF 9/90



SECTION 2.0--SERVICE RULES AND REGULATIONS

Section 2.01--Texas Water Commission Rules

The utility will have the most current Texas Water Commission Rules, Chapter 291, Water Rates, available at its office for reference purposes. The Rules and this tariff shall be available for public inspection and reproduction at a reasonable cost. The latest Rules or Commission approved changes to the Rules supersede any rules or requirements in this tariff.

Section 2.02--Application for and Provision of Water Service

All applications for service will be made on the utility's standard application or contract form (attached in the Appendix to this tariff) and will be signed by the applicant before water service is provided by the utility. A separate application or contract will be made for each service at each separate location.

After the applicant has met all the requirements, conditions and regulations for service, the utility will install tap, meter and utility cut-off valve and/or take all necessary actions to initiate service. The utility will serve each qualified applicant for service within 5 working days unless line extensions or new facilities are required. If construction is required to fill the order and if it cannot be completed within 30 days, the utility will provide the applicant with a written explanation of the construction required and an expected date of service.

Where service has previously been provided, the utility will reconnect the service within one working day after the applicant has met the requirements for reconnection.

The customer will be responsible for furnishing and laying the necessary customer service pipe from the meter location to the place of consumption. Customers may be required to install a customer owned cut-off valve on the customer's side of the meter or connection.

Section 2.03--Refusal of Service

The utility may decline to serve an applicant until the applicant has complied with the regulations of the regulatory agencies (state and municipal regulations) and for the reasons outlined in the TWC Rules. In the event that the utility refuses to serve an applicant, the utility will inform the applicant in writing of the basis of its refusal. The utility is also required to inform the applicant that he may file a complaint with the Commission.

Section 2.04--Customer Deposits

If a residential applicant cannot establish credit to the satisfaction of the utility, the applicant will be required to pay a deposit as provided for in Section 1.02 of this tariff. The utility will keep records of the deposit and credit interest in accordance with TWC Rules.

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

Residential applicants 65 years of age or older may not be required to pay deposits unless the applicant has an outstanding account balance with the utility or another water or sewer utility which accrued within the last two years.

Nonresidential applicants who cannot establish credit to the satisfaction of the utility may be required to make a deposit that does not exceed an amount equivalent to one-sixth of the estimated annual billings.

Refund of deposit - If service is not connected, or after disconnection of service, the utility will promptly refund the customer's deposit plus accrued interest or the balance, if any, in excess of the unpaid bills for service furnished. The utility may refund the deposit at any time prior to termination of utility service but must refund the deposit plus interest for any customer who has paid 18 consecutive billings without being delinquent.

Section 2.05--Meter Requirements, Readings, and Testing

All water sold by the utility will be billed based on meter measurements. The utility will provide, install, own and maintain meters to measure amounts of water consumed by its customers. One meter is required for each residential, commercial or industrial facility in accordance with the TWC Rules.

Service meters will be read at monthly intervals and as nearly as possible on the corresponding day of each monthly meter reading period unless otherwise authorized by the Commission.

Meter tests. The utility will, upon the request of a customer, and, if the customer so desires, in his presence or in that of his authorized representative, make without charge a test of the accuracy of the customer's meter. The test will be made during the utility's normal working hours at a time convenient to the customer if he desires to observe the test. The test will be made preferably on the customer's premises, but may, at the utility's discretion, be made at the utility's test laboratory. If within a period of two years the customer requests a new test, the utility will make the test, but if the meter is found to be within the accuracy standards established by the American Water Works Association, the utility will charge the customer a fee which reflects the cost to test the meter up to a maximum \$25 for a residential customer. Following the completion of any requested test, the utility will promptly advise the customer of the date of removal of the meter, the date of the test, the result of the test, and who made the test.

TEXAS WATER COMMISSION

Section 2.06--Billing

Bills from the utility will be mailed monthly unless otherwise authorized by the Commission. Payment is considered late if not received by 5:00 PM at the utility's office or postal address within sixteen (16) days of the billing date. The postmark on the envelope

8 - CCCW 12514 FEB 1 1991

D.A. APPROVED TARIFF BY *ADH*

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

of the bill or the recorded date of mailing by the utility, if there is no postmark on the envelope, will constitute proof of the date of issuance. If the due date falls on a holiday or weekend, the due date for payment purposes will be the next work day after the due date.

A late penalty of either \$2.00 or 5.0% will be charged on bills received after the due date. The penalty on delinquent bills will not be applied to any balance to which the penalty was applied in a previous billing. The utility must maintain a record of the date of mailing to charge the late penalty.

Each bill will provide all information required by the TWC Rules. The utility will maintain and note on the monthly billing a telephone number (or numbers) which may be reached by a local call by customers of each of the systems it operates. At the utility's option, a toll-free telephone number or the equivalent may be provided.

In the event of a dispute between a customer and a utility regarding any bill for utility service, the utility will conduct an investigation and report the results to the customer. If the dispute is not resolved, the utility will inform the customer that a complaint may be filed with the Commission.

Section 2.07--Service Disconnection

Utility service may be disconnected if the bill has not been paid in full by the date listed on the termination notice. The termination date must be at least 10 days after the notice is mailed or hand delivered.

The utility is encouraged to offer a deferred payment plan to a customer who cannot pay an outstanding bill in full and is willing to pay the balance in reasonable installments. However, a customer's utility service may be disconnected if a bill has not been paid or a deferred payment agreement entered into within 26 days from the date of issuance of a bill and if proper notice of termination has been given.

Notice of termination must be a separate mailing or hand delivery in accordance with the TWC Rules.

Utility service may also be disconnected without notice for reasons as described in the TWC Rules.

Utility personnel must be available to collect payments and to reconnect service on the day of and the day after any disconnection of service unless service was disconnected at the customer's request or because of a hazardous condition.

TEXAS WATER COMMISSION

6-20-0000 12-14-12 19

O.A. APPROVED TARIFF BY *AK*

SECTION 2.0--SERVICE RULES AND REGULATIONS (CONT.)

Section 2.08--Reconnection of Service

Service will be reconnected within 24 hours after the past due bill and any other outstanding charges are paid or correction of the conditions which caused service to be disconnected.

Section 2.09--Service Interruptions

The utility will make all reasonable efforts to prevent interruptions of service. If interruptions occur, the utility will re-establish service within the shortest possible time. Except for momentary interruptions due to automatic equipment operations, the utility will keep a complete record of all interruptions, both emergency and scheduled and will notify the Commission in writing of any service interruptions affecting the entire system or any major division of the system lasting more than four hours. The notice will explain the cause of the interruptions.

Prorated Bills - If service is interrupted or seriously impaired for 24 consecutive hours or more, the utility will prorate the monthly base bill in proportion to the time service was not available to reflect this loss of service.

Section 2.10--Quality of Service

The utility will plan, furnish, and maintain production, treatment, storage, transmission, and distribution facilities of sufficient size and capacity to provide a continuous and adequate supply of water for all reasonable consumer uses. Unless otherwise authorized by the Commission, the utility will maintain facilities as described in the TWC Rules or in the Texas Department of Health's "Rules and Regulations for Public Water Systems."

Section 2.11--Customer Complaints and Disputes

If a customer or applicant for service lodges a complaint, the utility will promptly make a suitable investigation and advise the complainant of the results. Service will not be disconnected pending completion of the investigation. If the complainant is dissatisfied with the utility's response, the utility must advise the complainant that he has recourse through the Texas Water Commission complaint process. Pending resolution of a complaint, the commission may require continuation or restoration of service.

The utility will maintain a record of all complaints which shows the name and address of the complainant, the date and nature of the complaint and the adjustment or disposition thereof, for a period of two years after the final settlement of the complaint.

TEXAS WATER COMMISSION

SECTION 2.20 SPECIFIC UTILITY SERVICE RULES AND REGULATIONS

This section contains specific utility service rules in addition to the rules previously listed under Section 2.0. It must be reviewed and approved by the Commission and in compliance with the TWC Rules to be effective.

TEXAS WATER COMMISSION

83 CCCN 1-1-91 FEB 1 91

APPROVED TARIFF BY AK

SECTION 3.0--EXTENSION POLICY

Section 3.01--Standard Extension Requirements

LINE EXTENSION AND CONSTRUCTION CHARGES. No contribution in aid of construction may be required of any customer except as provided for in this approved extension policy.

The customer will be given an itemized statement of the costs, options such as rebates to the customer, sharing of construction costs between the utility and the customer, or sharing of costs between the customer and other applicants prior to beginning construction.

The utility will bear the full cost of any oversizing of water mains necessary to serve other customers in the immediate area. The individual residential customer shall not be charged for any additional production, storage, or treatment facilities. Contributions in aid of construction may not be required of individual residential customers for production, storage, treatment or transmission facilities unless otherwise approved by the Commission under this specific extension policy.

COST UTILITIES SHALL BEAR. Within its certificate area, the utility will pay the cost of the first 200 feet of any water main or sewer collection line necessary to extend service to an individual residential customer within a platted subdivision. However, if the residential customer requesting service purchased the property after the developer was notified of the need to provide facilities to the utility, the utility may charge for the first 200 feet. The utility must also be able to document that the developer of the subdivision refused to provide facilities compatible with the utility's facilities in accordance with the utility's approved extension policy after receiving a written request from the utility.

Developers may be required to provide contributions in aid of construction in amounts to furnish the system with all facilities necessary to comply with the Texas Department of Health's "Rules and Regulations for Public Water Systems."

TEXAS WATER COMMISSION

8 FEB 1990
A. APPROVED BY *ALT*

SECTION 3.20--SPECIFIC UTILITY EXTENSION POLICY

This section contains the utility's specific extension policy which complies with the requirements already stated under Section 3.01. The approval stamp of the Commission indicates that it is in compliance with the TWC Rules and is effective after the date on the stamp.

Residential customers not covered under Section 3.01 will be charged the equivalent of the costs of extending service to their property from the nearest transmission or distribution line even if that line does not have adequate capacity to serve the customer. However, if the customer places unique, non-standard service demands upon the system, the customer may be charged the full cost of extending service to and throughout their property, including the cost of all necessary transmission and storage facilities necessary to meet the service demands anticipated to be created by that property.

Developers will be required to provide contributions in aid of construction in amounts sufficient to furnish the development with all facilities necessary to provide for reasonable local demand requirements and to comply with Texas Department of Health minimum design criteria for facilities used in the production, transmission, pumping, or treatment of water or Texas Water Commission minimum requirements. For purposes of this subsection, a developer is one who subdivides or requests more than two meters on a piece of property. Commercial, industrial, and wholesale customers will be treated as developers.

TEXAS WATER COMMISSION

APPROVED BY *PH* FEB 1 1991
FILED

Model Drought Contingency Plan

**DROUGHT CONTINGENCY PLAN
FOR THE
INVESTOR OWNED UTILITY**

MYRA WATER SYSTEM

(Name of utility)

P.O. BOX 126, MYRA, TX 76253

(Address, City, Zip Code)

12514

(CCN#)

0490019

(PWS #s)

AUGUST 26, 2000

(Date)

Section 1 Declaration of Policy, Purpose, and Intent

In cases of extreme drought, periods of abnormally high usage, system contamination, or extended reduction in ability to supply water due to equipment failure, temporary restrictions may be instituted to limit non-essential water usage. The purpose of the Drought Contingency Plan is to encourage customer conservation in order to maintain supply, storage, or pressure or to comply with the requirements of a court, government agency or other authority.

Please note: Water restriction is not a legitimate alternative if water system does not meet the Texas Natural Resource Conservation Commission's (TNRCC) capacity requirements under normal conditions or if the utility fails to take all immediate and necessary steps to replace or repair malfunctioning equipment.

I WENDELL BLACK (Please print name), being the responsible official
for MYRA WATER SYSTEM (Name of utility), request a minor tariff
amendment to include the enclosed Drought Contingency Plan.

Wendell Black
(Signature)

8-26-00
(Date)

TNRCC RESOURCE CONSERVATION COMMISSION

Section 2 Public Involvement

Opportunity for the public to provide input into the preparation of the Plan was provided by:
(check at least one of the following)

☒ scheduling and providing public notice of a public meeting to accept input on the Plan.

The meeting took place at:

Date: 8-28-00 Time: 6:00 P.M. Location: M.W.S. OFFICE

☐ mailed survey with summary of results. (attach survey and results)

☐ bill insert inviting comment. (attach bill insert)

☐ other method CALLS AND NEWSPAPER ADD AND POSTING
NOTICES IN LOCAL STORES AND OFFICES, AND
POST OFFICE

Section 3 Public Education

The MYRA WATER SYSTEM (name of utility) will periodically provide the public with information about the Plan, including information about the conditions under which each stage of the Plan is to be initiated or terminated and the drought response measures to be implemented in each stage.

Drought plan information will be provided by:
(check at least one of the following)

☒ public meeting

☐ press releases

☐ utility bill inserts

☐ other POSTING NOTICES

Section 4 Coordination with Regional Water Planning Groups

The service area of the MYRA WATER SYSTEM (name of your utility) is located within:

Regional Water Planning Group (RWPG) _____

MYRA WATER SYSTEM (name of your utility) has mailed a copy of this Plan to the RWPG.

TEXAS WATER RESOURCE CONSERVATION COMMISSION

Section 5 Notice Requirements

Written notice will be provided to each customer prior to implementation or termination of each stage of the water restriction program. Mailed notice must be given to each customer 72 hours prior to the start of water restriction. If notice is hand delivered, the utility cannot enforce the provisions of the plan for 24 hours after notice is provided. The written notice to customers will contain the following information:

1. the date restrictions will begin,
2. the circumstances that triggered the restrictions,
3. the stages of response and explanation of the restrictions to be implemented, and,
4. an explanation of the consequences for violations.

The utility must notify the TNRCC by telephone at (512) 239- 6020, or electronic mail at watermon@tnrcc.state.tx.us prior to implementing Stage III and must notify in writing the Public Drinking Water Section at MC - 155, P.O. Box 13087, Austin, Texas 78711-3087 within five (5) working days of implementation including a copy of the utility's restriction notice. The utility must file a status report of its restriction program with the TNRCC at the initiation and termination of mandatory water use restrictions (i.e. Stages III and IV).

Section 6 Violations

1. First violation - The customer will be notified by written notice of their specific violation.
2. Subsequent violations:
 - a. After written notice, the utility may install a flow restricting device in the line to limit the amount of water which will pass through the meter in a 24 hour period. The utility may charge the customer for the actual cost of installing and removing the flow restricting device, not to exceed \$50.00.
 - b. After written notice, the utility may discontinue service at the meter for a period of seven (7) days, or until the end of the calendar month, whichever is LESS. The normal reconnect fee of the utility will apply for restoration of service.

Section 7 Exemptions or Variances

The utility may grant any customer an exemption or variance from the drought contingency plan for good cause upon written request. A customer who is refused an exemption or variance may appeal such action of the utility in writing to the Texas Natural Resource Conservation Commission. The utility will treat all customers equally concerning exemptions and variances, and shall not discriminate in granting exemptions and variances. No exemption or variance shall be retroactive or otherwise justify any violation of this Plan occurring prior to the issuance of the variance.

Section 8 Response Stages

Unless there is an immediate and extreme reduction in water production, or other absolute necessity to declare an emergency or severe condition, the utility will initially declare Stage I restrictions. If, after a reasonable period of time, demand is not reduced enough to alleviate outages, reduce the risk of outages, or comply with restrictions required by a court, government agency or other authority, Stage II may be implemented with Stage III to follow if necessary.

STAGE I - CUSTOMER AWARENESS

Stage I will begin:

Every April 1st, the utility will mail a public announcement to its customers.

No notice to TNRCC required.

Stage I will end:

Every September 30th, the utility will mail a public announcement to its customers.

No notice to TNRCC required.

Utility Measures:

This announcement will be designed to increase customer awareness of water conservation and encourage the most efficient use of water. A copy of the current public announcement on water conservation awareness shall be kept on file available for inspection by the TNRCC.

Voluntary Water Use Restrictions:

Water customers are requested to voluntarily limit the use of water for non-essential purposes and to practice water conservation.

STAGE II - VOLUNTARY WATER CONSERVATION:

The water utility will implement Stage 2 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. mean sea level (m.s.l.)
- ☒ Overnight recovery rate reaches 14 ft. TANK 1, 12' TANK 2
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 2 _____
- ☒ Other NO RAIN FALL FOR 30 DAYS

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☒ Pump hours per day 18 hrs.
- ☐ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage 2, the utility will mail a public announcement to its customers. No notice to TNRCC required.

Requirements for termination

Stage 2 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 2, Stage 1 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a daily basis. Monthly review of customer use records and follow-up on any that have unusually high usage.

Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: reduced or discontinued flushing of water mains, activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes.

The second water source for MYRA WATER SYSTEM (name of utility) is:
(check one)

- ☐ Other well
- ☒ Inter-connection with other system
- ☐ Purchased water
- ☐ Other _____

Voluntary Water Use Restrictions:

1. **Restricted Hours:** Outside watering is allowed daily, but only during periods specifically described in the customer notice; between 10:00 PM and 5:00 AM for example; **OR**
2. **Restricted Days/Hours:** Water customers are requested to voluntarily limit the irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems. Customers are requested to limit outdoor water use to **Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays**

TEXAS WATER RESOURCE CONSERVATION COMMISSION

for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.

3. Other uses that waste water such as water running down the gutter.

STAGE III - MANDATORY WATER USE RESTRICTIONS:

The water utility will implement Stage 3 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches 18 ft. TANK 1, 14' TANK 2
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 3 _____
- ☐ Other 45 DAYS WITHOUT RAIN FALL

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☒ Pump hours per day 20 hrs.
- ☐ Production or distribution limitations.
- ☐ Other _____

Upon initiation and termination of Stage 3, the utility will mail a public announcement to its customers. Notice to TNRCC required.

Requirements for termination

Stage 3 of the Plan may end when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 3, Stage 2 becomes operative.

Utility Measures:

Visually inspect lines and repair leaks on a regular basis. Flushing is prohibited except for dead end mains.

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Describe additional measures, if any, to be implemented directly by the utility to manage limited water supplies and/or reduce water demand. Examples include: activation and use of an alternative supply source(s); use of reclaimed water for non-potable purposes; offering low-flow fixtures and water restrictors.

Mandatory Water Use Restrictions: The following water use restrictions shall apply to all customers.

1. Irrigation of landscaped areas with hose-end sprinklers or automatic irrigation systems shall be limited to Mondays for water customers with a street address ending with the numbers 1, 2, or 3, Wednesdays for water customers with a street address ending with the numbers 4, 5, or 6, and Fridays for water customers with a street address ending with the numbers 7, 8, 9, or 0. Irrigation of landscaped areas is further limited to the hours of 12:00 midnight until 10:00 a.m. and between 8:00 p.m. and 12:00 midnight on designated watering days. However, irrigation of landscaped areas is permitted at anytime if it is by means of a hand-held hose, a faucet filled bucket or watering can of five (5) gallons or less, or drip irrigation system.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight. Such washing, when allowed, shall be done with a hand-held bucket or a hand-held hose equipped with a positive shutoff nozzle for quick rinses. Vehicle washing may be done at any time on the immediate premises of a commercial car wash or commercial service station. Further, such washing may be exempted from these regulations if the health, safety, and welfare of the public is contingent upon frequent vehicle cleansing, such as garbage trucks and vehicles used to transport food and perishables.
3. Use of water to fill, refill, or add to any indoor or outdoor swimming pools, wading pools, or "jacuzzi" type pools is prohibited except on designated watering days between the hours of 12:00 midnight and 10:00 a.m. and between 8 p.m. and 12:00 midnight.
4. Operation of any ornamental fountain or pond for aesthetic or scenic purposes is prohibited except where necessary to support aquatic life or where such fountains or ponds are equipped with a recirculation system.
5. Use of water from hydrants or flush valves shall be limited to maintaining public health, safety, and welfare.
6. Use of water for the irrigation of golf courses, parks, and green belt areas is prohibited except by hand held hose and only on designated watering days between the hours 12:00 midnight and 10:00 a.m. and between 8:00 p.m. and 12:00 midnight.
7. The following uses of water are defined as non-essential and are prohibited: .

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

- a. wash down of any sidewalks, walkways, driveways, parking lots, tennis courts, or other hard-surfaced areas;
- b. use of water to wash down buildings or structures for purposes other than immediate fire protection;
- c. use of water for dust control;
- d. flushing gutters or permitting water to run or accumulate in any gutter or street;
- e. failure to repair a controllable leak(s) within a reasonable period after having been given notice directing the repair of such leak(s); and
- f. Any waste of water.

STAGE IV - CRITICAL WATER USE RESTRICTIONS:

The water utility will implement Stage 4 when any one of the selected triggers is reached:

Supply-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Well level reaches _____ ft. (m.s.l.)
- ☐ Overnight recovery rate reaches 20 ft. TANK 1, 16' TANK 2
- ☐ Reservoir elevation reaches _____ ft. (m.s.l.)
- ☐ Stream flow reaches _____ cfs at USGS gage # _____
- ☐ Wholesale supplier's drought Stage 4 _____
- ☐ Supply contamination.
- ☐ Other _____

Demand- or Capacity-Based Triggers (check at least one and fill in the appropriate value)

- ☐ Drinking water treatment as % of capacity _____ %
- ☐ Total daily demand as % of pumping capacity _____ %
- ☐ Total daily demand as % of storage capacity _____ %
- ☐ Pump hours per day 24 hrs.
- ☐ Production or distribution limitations.
- ☐ System outage.
- ☐ Other IF EITHER OF THE PUMPS GO OUT

Upon initiation and termination of Stage 4, the utility will mail a public announcement to its customers. Notice to TNRCC required.

Requirements for termination :

Stage 4 of the Plan may be rescinded when all of the conditions listed as triggering events have ceased to exist for a period of three (3) consecutive days. Upon termination of Stage 4, Stage 3 becomes operative.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

Operational Measures:

The utility shall visually inspect lines and repair leaks on a daily basis. Flushing is prohibited except for dead end mains and only between the hours of 9:00 p.m. and 3:00 a.m.. Emergency interconnects or alternative supply arrangements shall be initiated. All meters shall be read as often as necessary to insure compliance with this program for the benefit of all the customers. *Describe additional measures, if any, to be implemented directly to manage limited water supplies and/or reduce water demand.*

Mandatory Water Use Restrictions: All outdoor use of water is prohibited.

1. Irrigation of landscaped areas is absolutely prohibited.
2. Use of water to wash any motor vehicle, motorbike, boat, trailer, airplane or other vehicle is absolutely prohibited.

TEXAS NATURAL RESOURCE CONSERVATION COMMISSION

CCN 12514 DEC 21 '0

APPROVED TARIFF BY *Lois KB*

COMPANY AGREEMENT OF PATTERSON WATER SUPPLY, LLC

THIS COMPANY AGREEMENT (the "Agreement") is made and entered into effective July 1, 2019 (the "Effective Date"), by and among: Mark Patterson, David Patterson, and James Carney, (individually referred to as a "Member" and collectively referred to as the "Members").

SECTION 1 - THE LIMITED LIABILITY COMPANY

1.1 Formation. Effective July 23, 2013, Mark Patterson and David Patterson formed Patterson Water Supply, LLC, pursuant to the laws of the State of Texas (the "Company"). Mark Patterson and David Patterson are the original members of the Company, and desire to add a third member, James Carney, pursuant to the terms set forth herein. The Members each individually and collectively desire for the terms of this Agreement to control the business and financial operations of the Company beginning on the Effective Date.

1.2 Company or Operating Agreement. No previous operating or company agreement related to Company exists as of the Effective Date, and this Agreement shall therefore control all business and financial operations of the Company beginning on the Effective Date. The Members agree to make the appropriate filings with the State of Texas related to the addition of James Carney. The rights and obligations of the Members are as provided in Chapter 101 of the Texas Business Organizations Code (the "Act"), except as otherwise expressly provided in this Agreement.

1.3 Name. The business of the Company will be conducted under the name Patterson Water Supply, LLC, or such other name upon which the Members may unanimously agree.

1.4 Purpose. The purpose of the Company is to engage in any lawful act or activity for which a Limited Liability Company may be formed within the State of Texas.

1.5 Office. The Company will maintain its principal business office within the State of Texas at the following address: 9963 U.S. Hwy 377 South, Collinsville, Texas 76233.

1.6 Registered Agent. Mark Patterson, at the address under Section 1.5, shall be named as the registered agent for Company, unless otherwise agreed to by a Majority of the Members. Any changes to the registered agent must be reported to the Secretary of State pursuant to the Act.

1.7 Term. The Company shall continue perpetually unless sooner terminated as provided in this Agreement.

1.8 Names and Addresses of Members. The Members' names and addresses as of the effective date are attached as Schedule 1 to this Agreement.

1.9 Admission of Additional Members. Except as otherwise expressly provided in this Agreement, no additional members may be admitted to the Company through issuance by the company of a new interest in the Company without the prior unanimous written consent of the Members.

SECTION 2 - CAPITAL CONTRIBUTIONS

2.1 Initial Contributions Based on Valuation as of Effective Date. The Members have or shall, as applicable pursuant to this section, contribute to the Company capital as described in Schedule 2 attached to this Agreement. Mark Patterson and David Patterson have previously contributed the

contributions listed in Schedule 2 based upon the Company valuation as of the Effective Date, and are not required to provide any initial capital or contribution prior to or after the Effective Date, unless as set forth under Section 2.2. James Carney is required to contribute the funds as set forth in Schedule 2 in order to become a Member of Company pursuant to this Agreement. In the event James Carney contributes less than the total required capital contribution of THREE HUNDRED SEVENTY FIVE THOUSAND AND 00/100 Dollars (\$375,000.00) set forth in Schedule 2, the contribution figures and percentage of ownership under Schedule 2 and the valuation under Schedule 3 shall be adjusted on a pro rata basis according to the precise contribution made by James Carney. In the event James Carney makes no/zero (\$0.00) capital contribution by February 28, 2020, this Agreement shall terminate as to James Carney.

2.2 Additional Contributions. No Member shall be obligated to make any additional contribution to the Company's capital without the prior unanimous written consent of the Members.

2.3 No Interest on Capital Contributions. Members are not entitled to interest or other compensation for or on account of their capital contributions to the Company except to the extent, if any, expressly provided in this Agreement.

SECTION 3 - ALLOCATION OF PROFITS AND LOSSES; DISTRIBUTIONS

3.1 Profits/Losses. For financial accounting and tax purposes, the Company's net profits or net losses shall be determined on an annual basis and shall be allocated to the Members in proportion to each Member's relative capital interest in the Company as set forth in Schedule 2 as amended from time to time in accordance with U.S. Department of the Treasury Regulation 1.704-1.

3.2 Distributions. The Members shall determine and distribute available funds annually or at more frequent intervals as they see fit. Available funds, as referred to herein, shall mean the net cash of the Company available after appropriate provision for expenses and liabilities, as determined by the Managers. Distributions in liquidation of the Company or in liquidation of a Member's interest shall be made in accordance with the positive capital account balances pursuant to U.S. Department of the Treasury Regulation 1.704.1(b)(2)(ii)(b)(2). To the extent a Member shall have a negative capital account balance, there shall be a qualified income offset, as set forth in U.S. Department of the Treasury Regulation 1.704.1(b)(2)(ii)(d).

3.3 No Right to Demand Return of Capital. No Member has any right to any return of capital or other distribution except as expressly provided in this Agreement. No Member has any drawing account in the Company.

SECTION 4 - INDEMNIFICATION

The Company shall indemnify any person who was or is a party defendant or is threatened to be made a party defendant, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company) by reason of the fact that he is or was a Member of the Company, Manager, employee or agent of the Company, or is or was serving at the request of the Company, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if the Members determine that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Company, and with respect to any criminal action proceeding, has no reasonable cause to believe his/her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of "no lo Contendere" or its equivalent, shall not in itself create a

presumption that the person did or did not act in good faith and in a manner which he reasonably believed to be in the best interest of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his/her conduct was lawful

SECTION 5 - POWERS AND DUTIES OF MANAGERS

5.1 Management of Company.

5.1.1 The Members, within the authority granted by the Act and the terms of this Agreement shall have the complete power and authority to manage and operate the Company and make all decisions affecting its business and affairs. Mark Patterson shall be the Managing Member (also referred to as President) of the Company.

5.1.2 Except as otherwise provided in this Agreement, all decisions and documents relating to the management and operation of the Company shall be made and executed by a Majority in Interest of the Members.

5.1.3 Third parties dealing with the Company shall be entitled to rely conclusively upon the power and authority of a Majority in Interest of the Members to manage and operate the business and affairs of the Company.

5.2 *Decisions by Members.* Whenever in this Agreement reference is made to the decision, consent, approval, judgment, or action of the Members, unless otherwise expressly provided in this Agreement, such decision, consent, approval, judgment, or action shall mean a Majority of the Members.

5.3 *Withdrawal by a Member.* A Member has no power to withdraw from the Company, except as otherwise provided in Section 8.

SECTION 6 - SALARIES, REIMBURSEMENT, AND PAYMENT OF EXPENSES

6.1 **Organization Expenses.** All expenses incurred in connection with organization of the Company will be paid by the Company.

6.2 **Salary.** No salary will be paid to a Member for the performance of his or her duties under this Agreement unless the salary has been approved in writing by a Majority of the Members.

6.3 **Legal and Accounting Services.** The Company may obtain legal and accounting services to the extent reasonably necessary for the conduct of the Company's business.

SECTION 7 - BOOKS OF ACCOUNT, ACCOUNTING REPORTS, TAX RETURNS, FISCAL YEAR, BANKING

7.1 **Method of Accounting.** The Company will use the method of accounting previously determined by the Members for financial reporting and tax purposes.

7.2 **Fiscal Year; Taxable Year.** The fiscal year and the taxable year of the Company is the calendar year.

7.3 **Capital Accounts.** The Company will maintain a Capital Account for each Member on a cumulative basis in accordance with federal income tax accounting principles.

7.4 **Banking.** All funds of the Company will be deposited in a separate bank account or in an account or accounts of a savings and loan association in the name of the Company as determined by a Majority of the Members. Company funds will be invested or deposited with an institution, the accounts or deposits of which are insured or guaranteed by an agency of the United States

government.

SECTION 8 - TRANSFER OF MEMBERSHIP INTEREST

8.1 Sale or Encumbrance Prohibited. Except as otherwise permitted in this Agreement, no Member may voluntarily or involuntarily transfer, sell, convey, encumber, pledge, assign, or otherwise dispose of (collectively, "Transfer") an interest in the Company without the prior written consent of a majority of the other non-transferring Members determined on a per capita basis. Any transfer of shares required by law shall confer only an economic right as set forth in Section 8.4, unless and until a majority of the other Members determined on a per capita basis admit the transferee as a Member in accordance with the provisions of Section 8.3.

8.2 Right of First Refusal. Notwithstanding Section 8.1 and subject to Section 8.3, a Member may transfer all or any part of the Member's interest in the Company (the "Interest") as follows:

8.2.1 The Member desiring to transfer his or her Interest first must provide written notice (the "Notice") to the other Members, specifying the price and terms on which the Member is prepared to sell the Interest (the "Offer").

8.2.2 For a period of 30 days after receipt of the Notice, the Members may acquire all, but not less than all, of the Interest at the price and under the terms specified in the Offer. If the other Members desiring to acquire the Interest cannot agree among themselves on the allocation of the Interest among them, the allocation will be proportional to the Ownership Interests of those Members desiring to acquire the Interest.

8.2.3 Closing of the sale of the Interest will occur as stated in the Offer; provided, however, that the closing will not be less than 45 days after expiration of the 30- day notice period.

8.2.4 If the other Members fail or refuse to notify the transferring Member of their desire to acquire all of the Interest proposed to be transferred within the 30-day period following receipt of the Notice, then the Members will be deemed to have waived their right to acquire the Interest on the terms described in the Offer, and the transferring Member may sell and convey the Interest consistent with the Offer to any other person or entity; provided, however, that notwithstanding anything in Section 8.2 to the contrary, should the sale to a third person be at a price or on terms that are more favorable to the purchaser than stated in the Offer, then the transferring Member must reoffer the sale of the Interest to the remaining Members at that other price or other terms; provided, further, that if the sale to a third person is not closed within six months after the expiration of the 30-day period describe above, then the provisions of Section 8.2 will again apply to the Interest proposed to be sold or conveyed.

8.2.5 Notwithstanding the foregoing provisions of Section 8.2, should the sole remaining Member be entitled to and elect to acquire all the Interests of the other Members of the Company in accordance with the provisions of Section 8.2, the acquiring Member may assign the right to acquire the Interests to a spouse, lineal descendent, or an affiliated entity if the assignment is reasonably believed to be necessary to continue the existence of the Company as a limited liability company.

8.3 Substituted Parties. Any transfer in which the Transferee becomes a fully substituted Member is not permitted unless and until:

8.3.1 The transferor and assignee execute and deliver to the Company the documents and instruments of conveyance necessary or appropriate in the opinion of counsel to the Company to effect the transfer and to confirm the agreement of the permitted assignee to be

bound by the provisions of this Agreement; and

8.3.2 The transferor furnishes to the Company an opinion of counsel, satisfactory to the Company, that the transfer will not cause the Company to terminate for federal income tax purposes or that any termination is not adverse to the Company or the other Members.

8.4 Death, Incompetency, or Bankruptcy of Member. On the death, adjudicated incompetence, or bankruptcy of a Member, unless the Company exercises its rights under Section 8.5, the successor in interest to the Member (whether an estate, bankruptcy trustee, or otherwise) will receive only the economic right to receive distributions whenever made by the Company and the Member's allocable share of taxable income, gain, loss, deduction, and credit (the "Economic Rights"), unless and until a majority of the other Members determined on a per capita basis admit the transferee as a fully substituted Member in accordance with the provisions of Section 8.3.

8.4.1 Any transfer of Economic Rights pursuant to Section 8.4 will not include any right to participate in management of the Company, including any right to vote, consent to, and will not include any right to information on the Company or its operations or financial condition. Following any transfer of only the Economic Rights of a Member's Interest in the Company, the transferring Member's power and right to vote or consent to any matter submitted to the Members will be eliminated, and the Ownership Interests of the remaining Members, for purposes only of such votes, consents, and participation in management, will be proportionately increased until such time, if any, as the transferee of the Economic Rights becomes a fully substituted Member.

8.5 Death Buy Out. Notwithstanding the foregoing provision of Section 8, the Members covenant and agree that on the death of any Member, the Company, at its option, by providing written notice to the estate of the deceased Member within 180 days of the death of the Member, may purchase, acquire, and redeem the Interest of the deceased Member in the Company pursuant to the provision of Section 8.5.

8.5.1 The value of each Member's Interest in the Company will be determined pursuant to Schedule 2, and the value will be endorsed on Schedule 3 attached and made a part of this Agreement. The Members will use their best efforts to endorse those values on Schedule 3. The purchase price for a decedent Member's interest conclusively is the value last determined before the death of such Member; provided, however, that if the latest valuation is more than two years before the death of the deceased Member, the provisions of Section 8.5.2 will apply in determining the value of the Member's Interest in the Company.

8.5.2 If the Members have failed to value the deceased Member's Interest within the prior two-year period, the value of each Member's Interest in the Company on the date of death, in the first instance, will be determined by mutual agreement of the surviving Members and the personal representative of the estate of the deceased Member. If the parties cannot reach an agreement on the value within 30 days after the appointment of the personal representative of the deceased Member, then the surviving Members and the personal representative each must select a qualified appraiser within the next succeeding 30 days. The appraisers so selected must attempt to determine the value of the Company Interest owned by the decedent at the time of death based solely on their appraisal of the total value of the Company's assets and the amount the decedent would have received had the assets of the Company been sold at that time for an amount equal to their fair market value and the proceeds (after payment of all Company obligations) were distributed in the manner contemplated in Section 8. The

appraisal may not consider and discount for the sale of a minority Interest in the Company. In the event the appraisers cannot agree on the value within 30 days after being selected, the two appraisers must, within 30 days, select a third appraiser. The value of the Interest of the decedent in the Company and the purchase price of it will be the average of the two appraisals nearest in amount to one another. That amount will be final and binding on all parties and their respective successors, assigns, and representatives. The costs and expenses of the third appraiser and any costs and expenses of the appraiser retained but not paid for by the estate of the deceased Member will be offset against the purchase price paid for the deceased Member's Interest in the Company.

8.5.3 Closing of the sale of the deceased Member's Interest in the Company will be held at the office of the Company on a date designated by the Company, not be later than 90 days after agreement with the personal representative of the deceased Member's estate on the fair market value of the deceased Member's Interest in the Company; provided, however, that if the purchase price are determined by appraisals as set forth in Section 8.5.2, the closing will be 30 days after the final appraisal and purchase price are determined. If no personal representative has been appointed within 60 days after the deceased Member's death, the surviving Members have the right to apply for and have a personal representative appointed.

8.5.4 At closing, the Company will pay the purchase price for the deceased Member's Interest in the Company. If the purchase price is less than \$1,000.00, the purchase price will be paid in cash; if the purchase price is \$1,000.00 or more, the purchase price will be paid as follows:

(1) \$1,000.00 in cash, bank cashier's check, or certified funds;

(2) The balance of the purchase price by the Company executing and delivering its promissory note for the balance, with interest at the prime interest rate stated by primary banking institution utilized by the Company, its successors and assigns, at the time of the deceased Member's death. Interest will be payable monthly, with the principal sum being due and payable in three equal annual installments. The promissory note will be unsecured and will contain provisions that the principal sum may be paid in whole or in part at any time, without penalty.

8.5.5 At the closing, the deceased Member's estate or personal representative must assign to the Company all of the deceased Member's Interest in the Company free and clear of all liens, claims, and encumbrances, and, at the request of the Company, the estate or personal representative must execute all other instruments as may reasonably be necessary to vest in the Company all of the deceased Member's right, title, and interest in the Company and its assets. If either the Company or the deceased Member's estate or personal representative fails or refuses to execute any instrument required by this Agreement, the other party is hereby granted the irrevocable power of attorney which, it is agreed, is coupled with an interest, to execute and deliver on behalf of the failing or refusing party all instruments required to be executed and delivered by the failing or refusing party.

8.5.6 On completion of the purchase of the deceased Member's Interest in the Company, the Ownership Interests of the remaining Members will increase proportionately to their then existing Ownership Interests.

SECTION 9 - DISSOLUTION AND WINDING UP OF THE COMPANY

9.1 Dissolution. The Company will be dissolved on the happening of any of the following events:

9.1.1 Sale, transfer, or other disposition of all or substantially all of the property of the Company;

9.1.2 The agreement of all of the Members;

9.1.3 By operation of law; or

9.1.4 The death, incompetence, expulsion, or bankruptcy of a Member, or the occurrence of any event that terminates the continued membership of a Member in the Company, unless there are then remaining at least the minimum number of Members required by law and all of the remaining Members, within 120 days after the date of the event, elect to continue the business of the Company.

9.2 Winding Up. On the dissolution of the Company (if the Company is not continued), the Members must take full account of the Company's assets and liabilities, and the assets will be liquidated as promptly as is consistent with obtaining their fair value, and the proceeds, to the extent sufficient to pay the Company's obligations with respect to the liquidation, will be applied and distributed, after any gain or loss realized in connection with the liquidation has been allocated in accordance with Section 3 of this Agreement, and the Members' Capital Accounts have been adjusted to reflect the allocation and all other transactions through the date of the distribution, in the following order:

9.2.1 To payment and discharge of the expenses of liquidation and of all the Company's debts and liabilities to persons or organizations other than Members;

9.2.2 To the payment and discharge of any Company debts and liabilities owed to Members; and

9.2.3 To Members in the amount of their respective adjusted Capital Account balances on the date of distribution; provided, however, that any then outstanding Default Advances (with interest and costs of collection) first must be repaid from distributions otherwise allocable to the Defaulting Member pursuant to Section 9.2.3.

SECTION 10 - GENERAL PROVISIONS

10.1 Amendments. Amendments to this Agreement may be proposed by any Member. A proposed amendment will be adopted and become effective as an amendment only on the written approval of a Majority of the Members.

10.2 Governing Law. This Agreement and the rights and obligations of the parties under it are governed by and interpreted in accordance with the laws of the State of Texas (without regard to principles of conflicts of law).

10.3 Entire Agreement; Modification. This Agreement constitutes the entire understanding and agreement between the Members with respect to the subject matter of this Agreement. No agreements, understandings, restrictions, representations, or warranties exist between or among the members other than those in this Agreement or referred to or provided for in this Agreement. No modification or amendment of any provision of this Agreement will be binding on any Member unless in writing and signed by all the Members.

10.4 Attorney Fees. In the event of any suit or action to enforce or interpret any provision of this Agreement (or that is based on this Agreement), the prevailing party is entitled to recover, in addition to other costs, reasonable attorney fees in connection with the suit, action, or arbitration, and in any

appeals. The determination of who is the prevailing party and the amount of reasonable attorney fees to be paid to the prevailing party will be decided by the court or courts, including any appellate courts, in which the matter is tried, heard, or decided.

10.5 Further Effect. The parties agree to execute other documents reasonably necessary to further effect and evidence the terms of this Agreement, as long as the terms and provisions of the other documents are fully consistent with the terms of this Agreement.

10.6 Severability. If any term or provision of this Agreement is held to be void or unenforceable, that term or provision will be severed from this Agreement, the balance of the Agreement will survive, and the balance of this Agreement will be reasonably construed to carry out the intent of the parties as evidenced by the terms of this Agreement.

10.7 Captions. The captions used in this Agreement are for the convenience of the parties only and will not be interpreted to enlarge, contract, or alter the terms and provisions of this Agreement.

10.8 Notices. All notices required to be given by this Agreement will be in writing and will be effective when actually delivered or, if mailed, when deposited as certified mail, postage prepaid, directed to the addresses first shown above for each Member or to such other address as a Member may specify by notice given in conformance with these provisions to the other Members.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties to this Agreement execute this Agreement as of the Effective Date

MEMBERS:

MARK Patterson
Printed/Typed Name

[Signature]
Signature

David Patterson
Printed/Typed Name

[Signature]
Signature

JAMES CARNEY
Printed/Typed Name

JAMES Carney
Signature

Listing of Members - Schedule 1

As of the Effective Date, the following is a list of Members of the Company:

Mark Patterson

David Patterson

James Carney

Listing of Capital Contributions and Ownership Interests - Schedule 2

Pursuant to ARTICLE 2, the valuation of the Company as of the Effective Date is ONE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS AND 00/100s (\$1,450,000.00). The initial capital contribution and related ownership is to be completed in two (2) phases, and the description and each individual portion of this valuation and initial contribution is as follows:

PHASE 1 – Initial Contribution to be completed not later than August 1, 2019

NAME	CONTRIBUTION	% OWNERSHIP
Mark Patterson	\$797,500.00	55%
David Patterson	\$362,500.00	25%
James Carney	\$290,000.00	20%

PHASE 2 – Total Contribution to be completed not later than February 28, 2020

NAME	CONTRIBUTION	% OWNERSHIP
Mark Patterson	\$750,000.00	50%
David Patterson	\$375,000.00	25%
James Carney	\$375,000.00	25%

SIGNED AND AGREED this 2 day of July, 2019 ^{mt}

Mark Patterson
Printed/Typed Name

[Signature]
Signature

David Patterson
Printed/Typed Name

[Signature]
Signature

JAMES CARNEY
Printed/Typed Name

[Signature]
Signature

Listing of Valuation of Members Interest - Schedule 3

Pursuant to ARTICLE 8, the value of each Member's interest in the Company as of the Effective Date and pursuant and subject to the terms of ARTICLE 2 and Schedule 2 is endorsed as follows:

NAME	VALUATION ENDORSEMENT - Phase 1
<u>Mark Patterson</u>	\$797,500.00
<u>David Patterson</u>	\$362,500.00
<u>James Carney</u>	\$290,000.00

NAME	VALUATION ENDORSEMENT - Phase 2
<u>Mark Patterson</u>	\$750,000.00
<u>David Patterson</u>	\$375,000.00
<u>James Carney</u>	\$375,000.00

SIGNED AND AGREED this 2 day of July, 2019

Mark Patterson
Printed/Typed Name

[Signature]
Signature

David Patterson
Printed/Typed Name

[Signature]
Signature

JAMES CARNEY
Printed/Typed Name

[Signature]
Signature

ACKNOWLEDGEMENTS

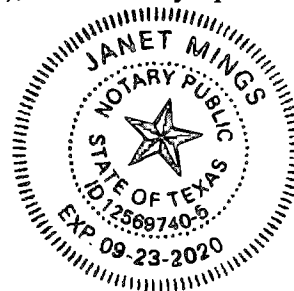
State of Texas

County of Grayson

On July 2, 2019 before me **Mark Patterson** personally appeared who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Janet Mings



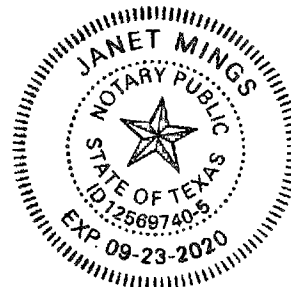
State of Texas

County of Grayson

On July 2, 2019 before me, **David Patterson** personally appeared who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature Janet Mings



State of Texas

County of Grayson

On July 2, 2019 before me, **James Carney** personally appeared who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity(ies), and that by his signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.


Signature Janet Mings



Completion of Sale Agreement

On March 31, 2020 **James Carney** completed his option to purchase an additional 5% of PWS as agreed in Company Agreement of Patterson Water Supply LLC originally dated July 2, 2019. This will complete this agreement as described in Phase 2 schedule 2 of the agreement.

Date: March 31, 2020 Check # 5459 Amount **\$85,000.00**

Mark Patterson 

James Carney 

Witnessed By: Janet Mings 

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



John Steen
Secretary of State

Office of the Secretary of State

CERTIFICATE OF FILING OF

PATTERSON WATER SUPPLY, LLC
File Number: 801820571

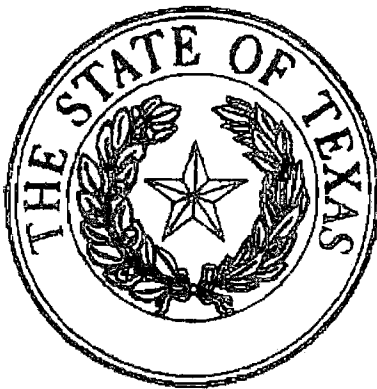
The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Limited Liability Company (LLC) has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 07/23/2013

Effective: 07/23/2013



A handwritten signature of John Steen.

John Steen
Secretary of State

Come visit us on the internet at <http://www.sos.state.tx.us/>

Phone: (512) 463-5555
Prepared by: Debbie Gustafson

Fax: (512) 463-5709
TID: 10306

Dial: 7-1-1 for Relay Services
Document: 491243940(02

Form 205
(Revised 05/11)

This space reserved for office use.



Submit in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512 463-5709
Filing Fee: \$300

Certificate of Formation
Limited Liability Company

Article 1 – Entity Name and Type

The filing entity being formed is a limited liability company. The name of the entity is:

PATTERSON WATER SUPPLY, LLC

The name must contain the words "limited liability company," "limited company," or an abbreviation of one of these phrases.

Article 2 – Registered Agent and Registered Office

(See instructions. Select and complete either A or B and complete C.)

☐ A. The initial registered agent is an organization (cannot be entity named above) by the name of:

OR

☒ B. The initial registered agent is an individual resident of the state whose name is set forth below:

<u>MARK</u>		<u>PATTERSON</u>	
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>

C. The business address of the registered agent and the registered office address is:

<u>446 GRAHAMS GROVE ROAD</u>	<u>COLLINSVILLE</u>	<u>TX</u>	<u>76233</u>
<i>Street Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>

Article 3 – Governing Authority

(Select and complete either A or B and provide the name and address of each governing person.)

☒ A. The limited liability company will have managers. The name and address of each initial manager are set forth below.

☐ B. The limited liability company will not have managers. The company will be governed by its members, and the name and address of each initial member are set forth below.

GOVERNING PERSON 1

NAME (Enter the name of either an individual or an organization, but not both.)

IF INDIVIDUAL

<u>MARK</u>		<u>PATTERSON</u>	
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>

OR

IF ORGANIZATION

Organization Name

ADDRESS

<u>446 GRAHAMS GROVE ROAD</u>	<u>COLLINSVILLE</u>	<u>TX</u>	<u>USA</u>	<u>76233</u>
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Country</i>	<i>Zip Code</i>

GOVERNING PERSON 2					
NAME (Enter the name of either an individual or an organization, but not both.)					
IF INDIVIDUAL					
DAVID		PATTERSON			
First Name	M.I.	Last Name		Suffix	
OR					
IF ORGANIZATION					
Organization Name					
ADDRESS					
446 GRAHAMS GROVE ROAD		COLLINSVILLE		TX	USA 76233
Street or Mailing Address		City		State	Country Zip Code

GOVERNING PERSON 3					
NAME (Enter the name of either an individual or an organization, but not both.)					
IF INDIVIDUAL					
First Name		M.I.	Last Name		Suffix
OR					
IF ORGANIZATION					
Organization Name					
ADDRESS					
Street or Mailing Address		City		State	Country Zip Code

Article 4 – Purpose

The purpose for which the company is formed is for the transaction of any and all lawful purposes for which a limited liability company may be organized under the Texas Business Organizations Code.

Supplemental Provisions/Information

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

Organizer

The name and address of the organizer:

JOHN P GRAVES, CPA

Name

502 NORTH LOCUST ST

Street or Mailing Address

DENTON

City

TX 76201

State Zip Code

Effectiveness of Filing (Select either A, B, or C.)

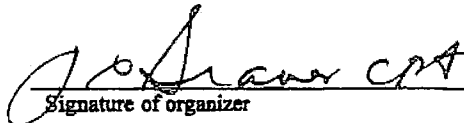
- A. ☒ This document becomes effective when the document is filed by the secretary of state.
- B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____
- C. ☐ This document takes effect upon the occurrence of the future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized to execute the filing instrument.

Date: 07-12-2013



Signature of organizer

JOHN P GRAVES, CPA

Printed or typed name of organizer

Myra Deposits

PATTERSON WATER - MYRA

Name	Acct # Srv Add	Dep 1 Date	Dep 1 Amt
1 Pryor, Melinda	109 416 Saxon St	3/4/2021	\$50.00
1 Abbott, Candy	1 207 N Jones St	Pre Patterson	\$0.00
2 Anderle, Cody	2 1236 CR 327	Pre Patterson	\$0.00
3 Baker, Lonnie	3 648 CR 327	Pre Patterson	\$0.00
4 Balthrop, James & Billie	4 1893 FM 1198	Pre Patterson	\$0.00
5 Barrett, Gina Jerrye	5 1782 FM 1198	Pre Patterson	\$0.00
6 Baxter, Mary	6 483 Bergman St	Pre Patterson	\$0.00
7 Bayer, Ryan	7 193 Pecan	Pre Patterson	\$0.00
8 Bell, Skyler	8 209 S Robinson	Pre Patterson	\$0.00
9 Bengfort, Robert	9 715 Saxon	Pre Patterson	\$0.00
10 Dangelmayr, Eli	10 899 S Pecan	Pre Patterson	\$0.00
11 Boaz, Gary & Vicki	11 118 S Sanders	Pre Patterson	\$0.00
12 Boggs, Kenneth & Etta	12 115 S Robinson St	Pre Patterson	\$0.00
13 Boley, Bennie	13 350 Saxon St	Pre Patterson	\$0.00
14 Cerro, Jeffrey	14 601 Bradford St	Pre Patterson	\$0.00
15 Chapman, Angela	15 615 Bradford Street	Pre Patterson	\$0.00
16 Conner, Kim	16 189 S Pecan St	Pre Patterson	\$0.00
17 Dugger, Tony & Rebecca	17 FM 1198	Pre Patterson	\$0.00
18 Eckart, James J	18 Saxon	Pre Patterson	\$0.00
19 Escobedo, Eddie	19 204 N Robinson St	Pre Patterson	\$0.00
20 Felderhoff, Billy Jr	20 1263 FM 1198	Pre Patterson	\$0.00
21 Fuhrmann & Sons - Garage	21 Corner 1198 & Bradford St	Pre Patterson	\$0.00
22 Fuhrmann, Sandra	22 605 Bergman St	Pre Patterson	\$0.00
23 Fuhrmann & Sons - Michael	23 Corner 1198 & Bradford St	Pre Patterson	\$0.00
24 Grewing, Theresa	24 217 Bradford St	Pre Patterson	\$0.00
25 Grewing, Michael	25 Pecan - FM 1198	Pre Patterson	\$0.00
26 Grewing, Mike #2	26	Pre Patterson	\$0.00
27 Hacker, Walter	27 417 Saxon Street	Pre Patterson	\$0.00
28 Hacker, Maurus J	28 602 S Pecan St	Pre Patterson	\$0.00
29 Hacker, Chris	29 1779 FM 1198	Pre Patterson	\$0.00
30 INACTIVE/VACANT	30	Pre Patterson	\$0.00
31 Hamilton, Mrs. Charles	31 207 S Robinson	Pre Patterson	\$0.00
32 Hammer, Amber & Shannon	32 207 Bradford St	Pre Patterson	\$0.00
33 Hennigan, Brad	33 217 Robinson	Pre Patterson	\$0.00
34 Hopkins, Joe	34 1939 FM 1198	Pre Patterson	\$0.00
35 Huckaby, James	35 218 Saxon	Pre Patterson	\$0.00
36 Huddleston, Ronnie	36 164 Bergman St	Pre Patterson	\$0.00
37 Hudspeth, Dink Clarence	37 105 N Jones	Pre Patterson	\$0.00
38 Lamkin, Carol	38 1857 FM 1198	Pre Patterson	\$0.00
39 Huston, Mary Anne	39 216 Robinson	Pre Patterson	\$0.00
40 Huston, Tom	40 5168 CR 308	Pre Patterson	\$0.00
41 Knabe, Donnie	41 299 Elm St	Pre Patterson	\$0.00
42 Kyle, Clinton & Jenny	42 1394 CR 327	Pre Patterson	\$0.00
43 Looye, Roger	43 601 Saxon	Pre Patterson	\$0.00
44 Luttmer, Mike	44 2058 FM 1198	Pre Patterson	\$0.00
45 Luttmer, Charlie	45 107 N Robinson St	Pre Patterson	\$0.00
46 Martin, Doug #1	46 208 N Sanders St	Pre Patterson	\$0.00
47 Matthews, Angela	47 1713 FM 1198	Pre Patterson	\$0.00
48 Matthews, Jeremy	48 109 Robinson	Pre Patterson	\$0.00
49 Matthews, Donald & Peggy	49 1753 FM 1198	Pre Patterson	\$0.00
50 Michaud, Randy	50 203 Saxon	Pre Patterson	\$0.00
51 Miller, Aaron/METER OFF	51 105 Pecan	Pre Patterson	\$0.00
52 Miles, Jackie	52 113 Jones Street	Pre Patterson	\$0.00
53 Muller, Steve	53 217 Saxon St	Pre Patterson	\$0.00

54 Myra Corner Store/NO METER	54 FM 1198	Pre Patterson	\$0.00
55 Nissen, Tina	55 605 Olive St	Pre Patterson	\$0.00
56 Orona, Martha	56 118 N Robinson	Pre Patterson	\$0.00
57 Orsburn, Kent	57 418 Bradford Street	Pre Patterson	\$0.00
58 Owens, Randy	58 308 CR 327	Pre Patterson	\$0.00
59 Powell, David R	59 215 Bradford St	Pre Patterson	\$0.00
60 Price, Robin & Adela	60 312 Bradford St	Pre Patterson	\$0.00
61 Proffer, Daniel #1	61 369 N Robinson St	Pre Patterson	\$0.00
62 Proffer, Robert	62 380 Sears Street	Pre Patterson	\$0.00
63 Proffer, Randy	63 405 Bradford Street	Pre Patterson	\$0.00
64 Proffer, Daniel #2/NONE	64 220 N Sears St	Pre Patterson	\$0.00
65 Rains, Mitch & Linda	65 306 Bradford St	Pre Patterson	\$0.00
66 Ramsey, Eddie & Sherry	66 206 N Ramsey	Pre Patterson	\$0.00
67 Rennels, Roy Lee	67 103 S Jones St	Pre Patterson	\$0.00
68 Rivera, Abraham	68 115 N Sanders St	Pre Patterson	\$0.00
69 Rivera, Aritzu	69 168 Olive Street	Pre Patterson	\$0.00
70 Rowe, William/NO METER	70 Myra Corner Store	Pre Patterson	\$0.00
71 Sampson, Kay	71 118 Saxon	Pre Patterson	\$0.00
72 Marple, John	72 116 Saxon	Pre Patterson	\$0.00
73 Sancen, Alexander	73 203 N Jones	Pre Patterson	\$0.00
74 Schmidtkofer, Leroy	74 801 Peach	Pre Patterson	\$0.00
75 Scoggins, Bobby	75 617 Olive St	Pre Patterson	\$0.00
76 Sherbet, Chris & Madis	76 587 Pecan	Pre Patterson	\$0.00
77 Sicking, Bill	77 618 Bradford St	Pre Patterson	\$0.00
78 Sicking, Bryan & Sheila	78 1311 FM 1198	Pre Patterson	\$0.00
79 Sicking, Bernice	79 415 Bradford Street	Pre Patterson	\$0.00
80 Sicking, Travis	80 502 Bradford Street	Pre Patterson	\$0.00
81 Sicking, Carl & Diane	81 530 CR 327	Pre Patterson	\$0.00
82 Solarzano, Saide Mariel	82 120 S Pecan	Pre Patterson	\$0.00
83 Sparkman, Larry	83 116 N Jones St	Pre Patterson	\$0.00
84 Reid, Carrie	84 110 N Sears	Pre Patterson	\$0.00
85 Stapelton, Ethan	85 219 Sears St	Pre Patterson	\$0.00
86 Stewart, Rita Earl	86 475 Bergman	Pre Patterson	\$0.00
87 Sutton, Jimmy	87 442 Pecan	Pre Patterson	\$0.00
88 Switzer, Charlie	88 305 Bradford	Pre Patterson	\$0.00
89 Switzer, Sally	89 856 CR 327	Pre Patterson	\$0.00
90 Tamplin, Shirley	90 108 Saxon	Pre Patterson	\$0.00
91 Tolbert, Tina	91 1976 FM 1198	Pre Patterson	\$0.00
92 Trees, Blake	92 172 Postal Rd	Pre Patterson	\$0.00
93 Vogel, Larry & Kathy	93 117 Bradford St	Pre Patterson	\$0.00
94 Vogel, Misty	94 604 Saxon	Pre Patterson	\$0.00
95 Walterscheid, Mark	95 705 W Bradford St	Pre Patterson	\$0.00
96 Williams, C.L. & Bettye	96 805 Peach St	Pre Patterson	\$0.00
97 Williams, Dewayne	97 618 Pecan Street	Pre Patterson	\$0.00
98 Williamson, Mark/MeterOff	98	Pre Patterson	\$0.00
99 Wolfe, Shannon	99 115 Pecan Street	Pre Patterson	\$0.00
100 York, Ed	100 408 CR 327	Pre Patterson	\$0.00
101 Parker, Joseph & Randa	101 103 Robinson Street	Pre Patterson	\$0.00
102 Black Electric Office	102	Pre Patterson	\$0.00
103 Harerdt, Donna	103 1695 FM 1198	Pre Patterson	\$0.00
104 Myra Bapt Church/NO METER	104	Pre Patterson	\$0.00
105 Myra VFD-NO METER	105	Pre Patterson	\$0.00
106 Black, Rose	106	Pre Patterson	\$0.00
107 Hacker, Curtis #2	107 471 Bergman	Pre Patterson	\$0.00
108 Martin, Doug #2/Meter Off	108 603 Olive Street	Pre Patterson	\$0.00
109 Jones, Nora/METER OFF	110 109 Pecan Street	Pre Patterson	\$0.00
110 Boaz, Tyler	111 204 S Sanders	Pre Patterson	\$0.00
111 Evans, Nance/OFF	112 1682 Hwy 1198	Pre Patterson	\$0.00
112 Old Evans/VACANT	113	Pre Patterson	\$0.00
113 Piece, Jason & Tami	114 1750 FM 1198	Pre Patterson	\$0.00
114 Grewing, Mike #3	115 722 CR 327	Pre Patterson	\$0.00

Myra Water System - Assets to be Transferred

Well Site #1

- 19,200 gallon ground storage tank
- 25' x 30' Storage and Pump Building
- 8' x 12' Well and Chlorine Building
- (2) Galvanized Pressure Tank
- (2) Booster Pumps and Electrical Components
- Fence

Well Site #2

- Water Tower
- 7' X 7' Chlorine Building
- (2) Galvanized Pressure Tanks
- (2) Booster Pumps and Electrical Components

10:25 AM

08/13/21

Accrual Basis

PATTERSON WATER SUPPLY, LLC

Profit & Loss by Class

All Transactions

	Myra Water System	TOTAL
Ordinary Income/Expense		
Income		
Myra Water System Sales	36,770.35	36,770.35
Vacation Village Sales		
Repairs - Customer Damage	2,300.00	2,300.00
Total Vacation Village Sales	2,300.00	2,300.00
Water Connection Fees	4,500.00	4,500.00
Total Income	43,570.35	43,570.35
Expense		
Base Commerce	2,176.74	2,176.74
Chemicals	1,141.03	1,141.03
Deluxe Checks	69.21	69.21
GCD Fees	100.00	100.00
Lab Fees	423.14	423.14
Office Supplies	147.86	147.86
PPS - Customer Misc Payclix	-2,300.00	-2,300.00
Repairs and Maintenance		
Labor	53,872.36	53,872.36
Parts	4,662.32	4,662.32
Repairs and Maintenance - Other	3,275.00	3,275.00
Total Repairs and Maintenance	61,809.68	61,809.68
TCEQ-Regulatory Assess Fee	200.00	200.00
Utilities	7,532.09	7,532.09
Total Expense	71,299.75	71,299.75
Net Ordinary Income	-27,729.40	-27,729.40
Net Income	-27,729.40	-27,729.40

A map of Myra, Oregon, showing the city boundary and surrounding area. The city boundary is outlined in red and filled with a red diagonal hatching pattern. The map includes labels for streets: Bergman St, Myra, N Jones St, Olive St, N Dear St, N Robinson St, S Sanders St, Saxon St, and Bradford St. A red line indicates the location of Highway 115. The number 12514 is displayed in the center of the map. The surrounding area is shown in a light tan color with a dashed line indicating the city limit.

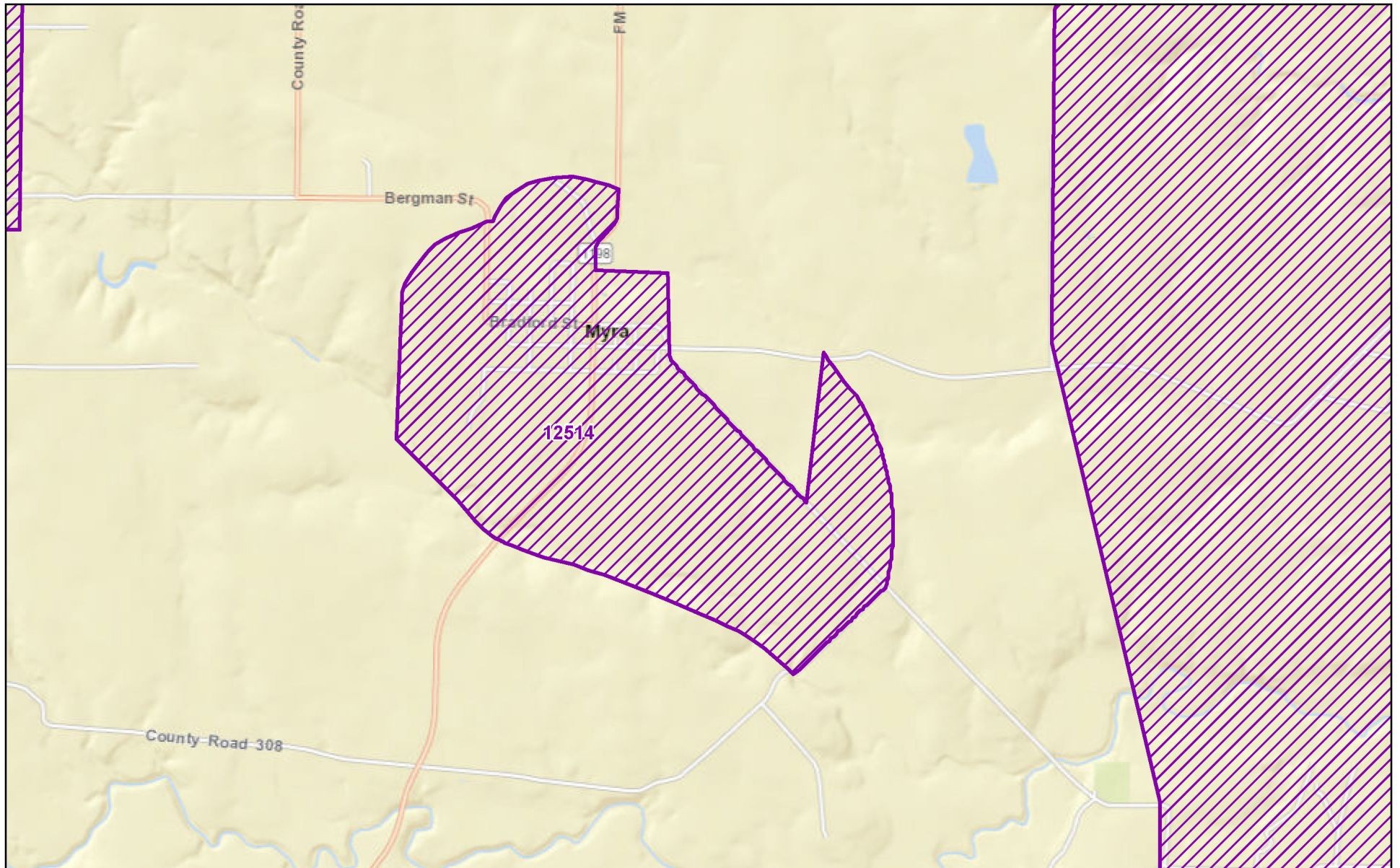
March 17, 2021

1:18,056

The image shows two horizontal number lines. The top number line is labeled with miles (mi) and has tick marks at 0, 0.13, 0.25, and 0.5. The bottom number line is labeled with kilometers (km) and has tick marks at 0, 0.2, 0.4, and 0.8. The lines are aligned such that 0.25 miles corresponds to 0.4 kilometers.

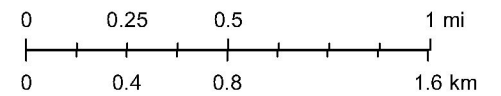
Esri, HERE, Garmin, INCREMENT P, NGA, USGS

Small Myra



March 17, 2021

1:36,112



Esri, HERE, Garmin, INCREMENT P, NGA, USGS