



## **Filing Receipt**

**Filing Date - 2024-06-27 02:25:43 PM**

**Control Number - 54429**

**Item Number - 47**

# **PALO DURO SERVICE COMPANY, INC.**

**3505 Williams Road, Fort Worth Texas 76116 | (817) 244-2248**

---

June 27, 2024

To Whom It May Concern,

In accordance with order No. 6 in the Ordering Paragraphs of Docket No. 54429, requiring applicants to file monthly updates regarding the status of the closing, below is the final required update.

On June 27, 2024, the closing between Palo Duro Service Company, Inc. and the City of Hudson Oaks was fully executed (see attached closing documents below).

Rhett Micheletti, President  
Palo Duro Service Company, Inc.  
3505 Williams Road  
Fort Worth, Texas 76116  
(832) 541-5909

**CLOSING AGREEMENT**  
between  
**Palo Duro Service Company Inc., d/b/a Trinity River Estates**  
and  
**City of Hudson Oaks**

THIS CLOSING AGREEMENT executed effective as of June 22, 2024, is by and between City of Hudson Oaks ("Purchaser"), and Palo Duro Service Company Inc., d/b/a Trinity River Estates ("Seller"). The Purchaser and Seller are referred to individually as a "Party" and collectively as the "Parties." Capitalized terms not defined in this Closing Agreement shall have the same definitions set forth in the Asset Purchase Agreement (defined below).

**RECITALS**

**WHEREAS**, Rhett G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, Deceased, owns and operates Palo Duro Service Company Inc. ("Palo Duro"), the owner and operator of the Trinity River Estates Public Water System, Public Water System (PWS) No. TX1840099, (the "Water System");

**WHEREAS**, Palo Duro Service Company Inc. owns and operates the Water System under its Certificate of Convenience and Necessity (CCN) No. 12200 issued by the Public Utility Commission of Texas (PUCT);

**WHEREAS**, Purchaser and Rhett G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, Deceased, entered into that Agreement for the Sale and Purchase of Water System dated October 24, 2022, (the "Asset Purchase Agreement") under which Purchaser agreed to purchase from Seller, and Seller agreed to sell to Purchaser, the Water System and assets utilized by Seller in the operation of the Water System (the "Assets"); and

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

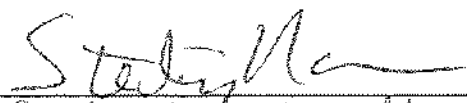
**NOW, THEREFORE**, in consideration of the above premises and the conditions herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. All the transactions contemplated through the date hereof by the Asset Purchase Agreement have been completed and funded, the Closing of the transaction taking place on June 21, 2024.
2. Prior to Closing, Seller refunded all customer deposits and any and all other monies owed the Water System customers by Seller, including interest accrued to the benefit of those customers if applicable.
3. Seller hereby consents to the transfer of the Water System Assets to Purchaser according to the terms of the Asset Purchase Agreement.

The Parties understand and accept that this Closing Agreement will serve to authorize the PUCT to take action upon receipt of this executed Closing Agreement, and other closing documents, for approval of the sale, transfer, or merger of facilities and certificate rights in Parker County according to the Application filed with the PUCT in Docket 54429; including: (1) the sale and transfer of 0.1 acres of Palo Duro's singly-certificated service area under its CCN number 12200 to Hudson Oaks; (2) the sale and transfer of 68.4 acres of Palo Duro's service area under CCN number 12200 to Hudson Oaks, which is dually-certificated with Hudson Oaks; (3) the amendment of Palo Duro's CCN number 12200 to remove the 68.5 acres of service area; and (4) the amendment of Hudson Oaks' CCN number 12273 to add the 0.1 acres.

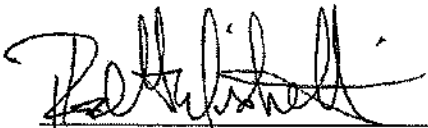
IN WITNESS WHEREOF, the undersigned have executed this Closing Agreement effective as of the date first written above.

**PURCHASER: City of Hudson Oaks**

By:   
Steffen Neumann, City Administrator

*[SELLER SIGNATURE ON FOLLOWING PAGE]*

**SELLER: Palo Duro Service Company, Inc.**

By:   
Rhett G. Micheletti, its President

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

**ASSIGNMENT OF EASEMENTS**

**THE STATE OF TEXAS           §  
  §       **KNOW ALL MEN BY THESE PRESENTS:**  
COUNTY OF PARKER         §**

That Rhett G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, Deceased, and Palo Duro Service Company Inc., d/b/a Trinity River Estates (together, the "**Assignor**") for and in consideration of the sum of TEN AND NO/100THS (\$10.00) DOLLARS and other valuable consideration to the undersigned paid by the Assignee named, the receipt and sufficiency of which are hereby acknowledged, has **GRANTED, SOLD, ASSIGNED AND CONVEYED**, and by these presents does **GRANT, SELL, ASSIGN AND CONVEY** unto City of Hudson Oaks ("**Assignee**"), all of Assignor's right, title, and interest in and to the following described easement rights, which rights shall hereinafter be referred to as the "**Easements:**"

*[Easements described on Exhibit A attached hereto]*

TO HAVE AND TO HOLD said Easements, together with all and singular the rights and appurtenances thereto in anywise belonging to Assignor, unto Assignee and Assignee's successors and assigns forever; and Assignor does hereby bind itself and its successors and assigns to WARRANT and FOREVER DEFEND all and singular the said Easements unto Assignee, and Assignee's successors and assigns against every person whomever claiming or to claim the same or any part thereof, by, through and under Assignor but not otherwise.

Assignee hereby accepts the foregoing assignment and transfer and agrees to assume, fulfill, perform and discharge all the various commitments, obligations and liabilities of Assignor under and by virtue of the Easements accruing or obligated to be performed by Assignor from and after the date hereof.

*[Continues on Following Pages]*

EXECUTED effective this the 22<sup>nd</sup> day of June 2024.

**ASSIGNOR:**

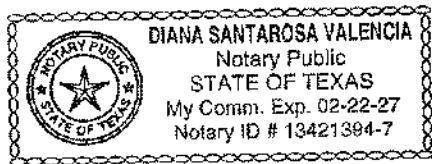
The Estate of Richard Micheletti, Deceased

By: *Rhett G. Micheletti*  
Rhett G. Micheletti, as Independent Executor

**ACKNOWLEDGEMENT**

STATE OF TEXAS       §  
                                  §  
COUNTY OF Galveston §

This instrument was acknowledged before me, the undersigned authority, on this the 22<sup>nd</sup> day of June 2024 by Rhett G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, deceased.



*Diana Santarosa Valencia*  
NOTARY PUBLIC, STATE OF TEXAS  
Printed Name: Diana Santarosa Valencia  
My Commission Expires: 2/22/27

**ASSIGNOR:**

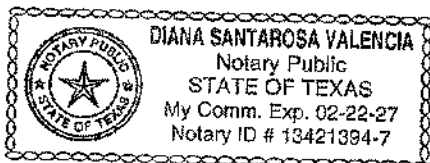
Palo Duro Service Company, Inc.

By: *Rhett G. Micheletti*  
Rhett G. Micheletti, its President

**ACKNOWLEDGEMENT**

STATE OF TEXAS       §  
                                  §  
COUNTY OF Galveston §

This instrument was acknowledged before me, the undersigned authority, on this the 22<sup>nd</sup> day of June 2024 by Rhett G. Micheletti, President of Palo Duro Service Company, Inc., a Texas corporation, on behalf of said Texas corporation.



*Diana Santarosa Valencia*  
NOTARY PUBLIC, STATE OF TEXAS  
Printed Name: Diana Santarosa Valencia  
My Commission Expires: 2/22/27

**ASSIGNEE:**  
City of Hudson Oaks

By: *Sterlin Naron*  
Sterlin Naron, City Administrator

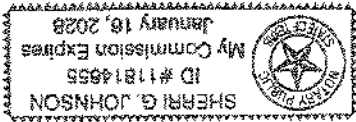
**ACKNOWLEDGEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF Parker       §

This instrument was acknowledged before me, the undersigned authority on this the 27 day of June 2024 by Sterlin Naron, City Administrator for the City of Hudson Oaks.

*[Handwritten Signature]*

\_\_\_\_\_  
NOTARY PUBLIC, STATE OF TEXAS  
Printed Name: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_





## ASSIGNMENT OF EASEMENTS

### EXHIBIT A

Any and all easements and rights-of-way, recorded or unrecorded, owned by Assignor and utilized by Assignor in the operation of the Trinity River Estates Water System, Public Water System No. TX1840099, in Parker County, Texas, (the "Water System"); including, but not limited to, all easements and rights-of-way conveyed or assigned to Assignor, and described in the following recorded instruments:

Being a 150' radius Sanitary Control Easement being more particularly described in that May 22, 1986, Sanitary Easement from Don L. Newton to Richard J. Micheletti recorded in Volume 1388, Page 254 to 256, Official Public Records, Parker County, Texas.

Being a 150' radius Sanitary Control Easement being more particularly described in that September 15, 1997, Sanitary Easement Revised from Don L. Newton to Richard J. Micheletti recorded in Volume 1757, Page 102 to 104, Official Public Records, Parker County, Texas.

**BILL OF SALE**  
**between**  
**Rhett G. Micheletti, as Independent Executor of**  
**the Estate of Richard Micheletti, Deceased,**  
**Palo Duro Service Company Inc., d/b/a Trinity River Estates,**  
**and**  
**City of Hudson Oaks**

This BILL OF SALE (this "Agreement") made effective as of June 22, 2024, (the "Effective Date") is entered into by and between the City of Hudson Oaks ("Purchaser"), and Rhett G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, Deceased, and Palo Duro Service Company Inc., d/b/a Trinity River Estates (together, the "Seller"). The Purchaser and Seller are referred to individually as a "Party" and collectively as the "Parties." Capitalized terms not defined in this Agreement shall have the same definitions set forth in the Asset Purchase Agreement (defined below).

WHEREAS, Rhett G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, Deceased, owns and operates Palo Duro Service Company Inc., the owner and operator of the Trinity River Estates Public Water System, Public Water System (PWS) No. TX1840099, (the "Water System");

WHEREAS, Palo Duro Service Company Inc. owns and operates the Water System under its Certificate of Convenience and Necessity (CCN) No. 12200 issued by the Public Utility Commission of Texas (PUCT);

WHEREAS, Purchaser and Rhett G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, Deceased, entered into that Agreement for the Sale and Purchase of Water System dated October 24, 2022, (the "Asset Purchase Agreement") under which Purchaser agreed to purchase from Seller, and Seller agreed to sell to Purchaser, the Water System and assets utilized by Seller in the operation of the Water System (the "Assets"); and

WHEREAS, the execution and delivery of this Agreement is required under Sections 5.02(c) and 5.04(a) of the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereafter set forth, Purchaser and Seller, intending to be legally bound, hereby agree as follows:

1. Bill of Sale:

- a. For good and valuable consideration, in the amounts paid to Seller as provided for in the Asset Purchase Agreement, the receipt and adequacy of which Seller hereby acknowledges, as of the Effective Date, Seller hereby irrevocably sells, conveys, transfers, assigns, grants, delivers and vests in Purchaser, and its successors and assigns, all of Seller's right, title and interest, legal, equitable and beneficial, in and to the assets described on Exhibit A attached hereto (collectively, the "Personal

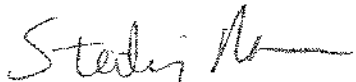
Property”). Except as otherwise set forth in the Asset Purchase Agreement, Seller represents and warrants that Seller is conveying good and marketable title to all Personal Property, free and clear of all liens, and Seller has the right to sell the Personal Property to Purchaser and hereby warrants and defends the right against the lawful claims and demands of all Persons in accordance with the terms and conditions of the Asset Purchase Agreement.

- b. Purchaser hereby accepts such sale, conveyance, transfer, assignment, grant, delivery and vesting of the Personal Property, consistent with the terms of the Asset Purchase Agreement.
  - c. The assignment of the Personal Property pursuant to this Agreement is absolute. Purchaser shall have all rights, if any, of Seller in and to the Personal Property sold, conveyed, transferred, assigned, granted, delivered and vested hereunder.
  - d. The Personal Property is in a used condition, and Seller is neither a manufacturer nor distributor of, nor dealer nor merchant in, said Personal Property. Assignor makes no warranty other than the warranty of title with respect to said Personal Property, and said Personal Property is transferred and conveyed in an "as is, where is" condition.
2. No Third-Party Beneficiaries. Nothing herein expressed or implied is intended to confer upon any Person, other than Purchaser and its successors and assigns, any rights, remedies, obligations or liabilities.
  3. Amendment; Successors and Assigns. This Agreement may not be amended or modified in any respect, except by a written instrument signed by Seller and Purchaser making specific reference to this Agreement. This Agreement shall inure to the benefit of, and be binding upon, Purchaser, Seller and their respective successors and assigns.
  4. Severability. If any term, provision or clause hereof, or of any other agreement or document that is required by this Agreement, is held to be invalid, such invalidity shall not affect or render invalid any other provision or clause hereof or thereof, all of which shall remain in full force and effect. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as is enforceable under the laws of the State of Texas.
  5. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same document. The exchange of copies of this Agreement and of signature pages by facsimile transmission, by electronic mail in "portable document format" (".pdf") form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.

6. Further Assurances. The Parties agree (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as another Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.


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

**PURCHASER: City of Hudson Oaks**

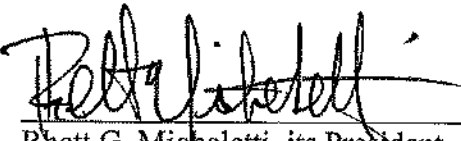
By:   
Sterling Newman, City Administrator

*[SELLER SIGNATURES ON FOLLOWING PAGE]*

**SELLER: The Estate of Richard Micheletti, Deceased**

By:   
Rhett G. Micheletti, as Independent Executor

**SELLER: Palo Duro Service Company, Inc.**

By:   
Rhett G. Micheletti, its President

**BILL OF SALE**  
**EXHIBIT A**

Personal Property and Fixtures

Seller conveys to Purchaser, its successors and assigns, all right, title, and interest in and to the Trinity River Estates Water System, Public Water System No. TX1840099, in Parker County, Texas, (the "*Water System*") located on and within the real property and easements described on foregoing **Exhibit A-1**, including, but not limited to, all of Seller's right, title and interest in and to the following:

1. All wells, any and all existing intake structures, storage facilities, pump stations, water lines, meters, tanks, transmission mains, lighting, and all other facilities and appurtenances owned and operated by Seller in connection with the Water System located on or within the real property and easements described on the foregoing **Exhibit A-1**;
2. All rights, including, without limitation, the right to pump, produce, transport, convey and sell, to all groundwater that may be produced from or earned by the water wells referenced herein;
3. All permits, exemptions, registrations and any other regulatory right granted or recognized by any government authority with jurisdiction over the Water System, including the Upper Trinity Groundwater Conservation District, and Texas Commission on Environmental Quality.
4. All of Seller's rights, title and interests in and to surface water and groundwater related to or a part of the Water System, including any water within the water system (line fill) and any groundwater production credit associated with the lands or the wells identified as part of the Assets;
5. All of Seller's rights of recovery under any insurance policies (including title policies) or otherwise existing under law or in equity regarding damages or losses relating to the Water Assets;
6. All customer water account data, related deposit information, and other information regarding Seller's Water System customers, and all rights and obligations relating to providing water service to Seller's Water System customers, including without limitation those described in written agreements between Seller and Seller's Water System customers; and

**EXCLUDED ASSETS**: Explicitly excluded from this sale, assignment and conveyance is all personal property and real property owned by Seller and utilized by Seller in the provision of retail water utility service to public water systems other than the Trinity River Estates Water System (the "*Other Water Systems*"); including, but not limited to, Seller's CCN service area for property served by the Other Water Systems.

**BILL OF SALE**  
**EXHIBIT A-1**

**Real Property and Easements**

Any and all real property, recorded or unrecorded, owned by Seller in which Assets of the Water System are located; including, but not limited to:

All roads, streets and easements shown on the Plats of the Trinity River Estates Subdivision, Parker County, Texas.

The real property described in that General Warranty Deed executed June 30, 2022, between Rhet G. Micheletti, as Independent Executor of the Estate of Richard Micheletti, Deceased, and City of Hudson Oaks, recorded as Document No. 202225642, Official Public Records, Parker County, Texas.