

**CITY OF SHERMAN
CITY COUNCIL CALLED MEETING AGENDA
COUNCIL CHAMBERS OF THE CITY HALL
220 WEST MULBERRY STREET
SHERMAN, TEXAS
MONDAY, MAY 22, 2017
12:00 P.M.**

A. 1. CALL TO ORDER, QUORUM DETERMINED, MEETING DECLARED OPEN

A. 2. INVOCATION BY COUNCIL MEMBER SHAWN C. TEAMANN

Public Hearing

B. 1. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6030

Extending the Corporate Limits of Said City so as to Annex a 459.6 Acre Tract of Land on Preston Club Drive, Adjacent to the Sherman City Limits and in the City of Sherman's Extra Territorial Jurisdiction; Providing for a Municipal Service Plan

Close Public Hearing and Consider Adoption of Ordinances

B. 2. ADOPTION OF ORDINANCES

Consider Adoption of Ordinance Number: 6030

Resolutions

C. 1. RESOLUTION NO. 6225

Authorizing Execution of a Contract with The Estate of Lonzo Gail dba LASS Water Company, Inc. for the Sale and Purchase of the Preston Club and High Country Estates Water and Sewer Systems

D. COUNCIL COMMENTS

E. ADJOURNMENT

COUNCIL CALENDAR

CERTIFICATION

I, the undersigned authority, do hereby certify that the above Notice of Called Meeting of the City Council of the City of Sherman is a true and correct copy of said Notice and that I posted a true and correct copy of said Notice on the bulletin board at City Hall of said City of Sherman, Texas, a place convenient to the public, and said notice was posted on May 18, 2017 at 4:00 p.m., and said time of posting was 72 hours before said meeting was convened or called to order.

Dated this 18th day of May, 2017
City of Sherman, Texas

City Clerk

The above agenda schedule represents an estimate of the order for the indicated items and is subject to change at any time.

All agenda items are subject to final action by the City Council.

An unscheduled closed executive session may be held if the discussion of any of the above agenda items concerns the purchase, exchange, lease or value of real property; the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee; the deployment or use of security personnel or equipment; or requires consultations with the City Attorney.

At the discretion of the City Council, non-agenda items under the headings of "Citizens Requests", "Media Questions", and "Council Concerns" may be presented to the Council for informational purposes; however, by law, the Council shall not discuss, deliberate, or vote upon such matters except that a statement of specific factual information, a recitation of existing policy, and deliberations concerning the placing of the subject on a subsequent agenda may take place.

The City Attorney has approved the Executive Session items on this agenda.

PERSONS WITH DISABILITIES, WHO PLAN TO ATTEND THIS MEETING AND WHO MAY NEED ASSISTANCE, ARE REQUESTED TO CONTACT LINDA ASHBY AT (903) 892-7204, TWO (2) WORKING DAYS PRIOR TO THE MEETING SO THAT APPROPRIATE ARRANGEMENTS CAN BE MADE.

Mayor

David Plyler

Deputy Mayor

Jason Sofey

Council Members

Kevin Couch, Council-At-Large, PL #1

Jason Sofey, Council-At-Large, PL #2

Shawn C. Teamann, Council – District #1

Terrence R. Steele, Council – District #2

Pamela L. Howeth, Council – District #3

Charles H. Brown, Sr., Council – District #4



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Called Meeting

B.1.

Meeting Date: 05/22/2017

Prepared By: Clint Philpott, Director of Engineering

Approved By: Robby Hefton, City Manager

Caption:

INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6030

Extending the Corporate Limits of Said City so as to Annex a 459.6 Acre Tract of Land on Preston Club Drive, Adjacent to the Sherman City Limits and in the City of Sherman's Extra Territorial Jurisdiction; Providing for a Municipal Service Plan

Issue:

To introduce, hold a public hearing, and consider adoption of the annexation ordinance that extends the City of Sherman's corporate limits so as to annex a 459.6 acre tract of land on Preston Club Drive, south of U.S. Highway 82 and west of Highway 289, adjacent to the Sherman city limits, and in the City's extra territorial jurisdiction (ETJ), in accordance with state law and the City Charter

Background:

It is the City's intention to annex specifically identified individual areas in the City's ETJ, in accordance with state law and the City Charter. At its March 20th meeting, the City Council approved the schedule for annexation of this property, which set public hearings for the April 17th and May 1st regular Council meetings and for this May 22nd called Council meeting. The first and second public hearings were held on April 17th and May 1st as scheduled, with no public comments received.

The annexation area includes 331 individual tracts of land. Property owners of 259 of those 331 properties have signed the annexation petition, meaning we have received a petition for 78% of the properties.

Origination:

Petition from Preston Club property owners

Financial Consideration:

The additional property taxes raised from this annexation are estimated at about \$90,000.00 annually, which approximates the estimated costs associated with providing general City services.

Staff Recommendation:

It is recommended that the City Council introduce, hold the public hearing, and consider adoption of the ordinance for annexation of the Preston Club area.

Alternatives:

As directed by the City Council

Attachments

Ordinance No. 6030

Exhibit "A" - Surveyor's Field Notes

Exhibit "B" - Location Map

Exhibit "C" - Municipal Service Plan

Annexation Schedule

ORDINANCE NO. 6030

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, EXTENDING THE CORPORATE LIMITS OF SAID CITY SO AS TO ANNEX A 459.6 ACRE TRACT OF LAND ON PRESTON CLUB DRIVE, ADJACENT TO THE SHERMAN CITY LIMITS AND IN THE CITY OF SHERMAN'S EXTRA TERRITORIAL JURISDICTION; PROVIDING FOR A MUNICIPAL SERVICE PLAN; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

WHEREAS, Chapter 43 of the Texas Local Government Code and Article X, Section 12 of the City Charter of Sherman, Texas, an incorporated City, authorizes the annexation of territory, subject to the laws of this State; and

WHEREAS, the procedures proscribed in Chapter 43 of the Texas Local Government Code, the City Charter of the City of Sherman, Texas, and any other applicable laws have been duly followed with respect to the territory described in Section 1 of this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the limits of the City of Sherman, Texas, shall be extended so as to hereinafter include within the corporate limits of said City the tracts of land, being more particularly described in Exhibit "A" and shown in Exhibit "B".

SECTION 2. That the inhabitants thereof shall hereinafter be entitled to all the rights and privileges of other citizens of the City of Sherman and they shall be bound by the acts, ordinances, resolutions, and regulations of said City.

SECTION 3. That the Service Plan for the annexed area is adopted and attached as Exhibit "C" to this Ordinance and incorporated for all purposes.

SECTION 4. That the provisions of this ordinance are severable and the invalidity of any word, phrase or part of this ordinance shall not affect the validity or effectiveness of the remainder of the ordinance.

SECTION 5. That all ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

SECTION 6. That it is hereby officially found and determined that the meetings at which this ordinance was introduced and passed were open to the public and that public notice of the time, place and purpose of said meetings were given all as required by law.

INTRODUCED on this the _____ day of _____, 2017.

ADOPTED on this the _____ day of _____, 2017.

EFFECTIVE DATE on this the _____ day of _____, 2017.

CITY OF SHERMAN, TEXAS

BY: _____
DAVID PLYLER, MAYOR

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

**APPROVED AS TO FORM
AND CONTENT:**

BY: _____
**BRANDON S. SHELBY,
CITY ATTORNEY**



Legal Description

Situated in the County of Grayson, State of Texas, being a part of the McMullen and McGloin Survey, Abstract No. 762; Daniel Bickenbach Survey, Abstract No. 128; Henry L. Douglas, Abstract No. 368; J. M. Thomas Survey, Abstract No. 1234; W. A. Warner Survey, Abstract No. 1353 and the J. K. Miller Survey, Abstract No. 819, Grayson County, Texas, and being more particularly described by metes and bounds as follows:

Beginning at a point in the intersection of the south right-of-way line U. S. Highway No. 82 and the west line of said McMullen and McGloin, Abstract No. 762;

Thence North 88°23'29" East with said south right-of-way a distance of 1761.39 feet to a point;
Thence with a non-tangent curve to the right having a radius of 250.06 feet, (chord bears South 11°38'08" West, 114.66 feet) an arc length of 115.69 feet to the northeast corner of Lot 1, Preston Club, The Legends, Phase 3, an addition to the County of Grayson as recorded in Volume 17, Page 4, Plat Records, Grayson County, Texas;

Thence South 36°43'07" East with the east line of said Lot 1, a distance of 171.22 feet to a point;
Thence South 57°36'06" West with the south line of said addition, a distance of 1022.63 feet to the southwest corner of Lot 15 of said Addition, a point in the east line of Lot 1, Block 10, Preston Club, the Legends, Phase Two, an addition to the County of Grayson as recorded in Volume 10, Page 31, Plat Records, Grayson County, Texas;

Thence with the east line of said addition the following calls and distances:

South 20°46'07" East a distance of 29.05 feet to a point;
South 04°46'46" West a distance of 189.21 feet to a point;
South 29°28'58" West a distance of 678.55 feet to a point;

Thence South 40°50'30" East a distance of 258.57 feet to a point;

Thence with a curve to the right having a radius of 1116.00 feet, (chord bears South 32°22'17" East, 328.76 feet) an arc length of 329.96 feet to a point;

Thence with a compound curve to the right having a radius of 1116.00 feet, (chord bears South 21°20'01" East, 99.97 feet) an arc length of 100.00 feet to a point;

Thence with a reverse curve to the left having a radius of 722.08 feet, (chord bears South 23°07'29" East, 109.74 feet) an arc length of 109.85 feet to a point;

Thence South 27°29'00" East a distance of 104.71 feet to a point;

Thence with a curve to the left having a radius of 553.73 feet, (chord bears South 43°16'31" East, 301.39 feet) an arc length of 305.24 feet to a point;

Thence South 59°04'00" East a distance of 106.08 feet to a point;

Thence with a curve to the right having a radius of 781.94 feet, (chord bears South 46°08'28" East, 349.84 feet) an arc length of 352.82 feet to the northwest corner of Lot 29, Block 2, Preston Club, The Classics, Phase Three, an addition to the County of Grayson as recorded in Volume 19, Page 46, Plat Records, Grayson County, Texas;

Thence with the east line of said addition the following calls and distances:

North 88°05'34" East a distance of 431.89 feet to a point;
North 80°59'51" East a distance of 223.00 feet to a point;
North 89°30'09" East a distance of 282.81 feet to a point in the east line of a 5.5 acre

tract of land conveyed to Dennis A. Stangel as recorded in Volume 2238, Page 418, Deed Records;

Thence South 01°48'46" East a distance of 174.18 feet to the southwest corner of said 5.5 acre tract;

Thence North 89°15'06" East a distance of 444.28 feet to the southerly southeast corner of said 5.5 acre tract;

Thence North 01°46'58" West a distance of 415.41 feet to an ell corner in said 5.5 acre tract;

Thence North 89°11'03" East a distance of 1072.95 feet to a point in the west right-of-way line of State Highway 289;

Thence South 02°51'30" East with the west line of State Highway 289 a distance of 1546.62 feet to a point;

Thence South 89°11'03" West a distance of 250.16 feet to a point;

Thence South 02°51'30" East a distance of 67.02 feet to a point;

Thence South 83°26'47" West a distance of 203.81 feet to a point;

Thence with a curve to the left having a radius of 850.00 feet, (chord bears South 81°10'54" West, 67.18 feet) an arc length of 67.20 feet to a point;

Thence with a compound curve to the left having a radius of 850.00 feet, (chord bears South 76°13'14" West, 79.97 feet) an arc length of 80.00 feet to a point;

Thence with a compound curve to the left having a radius of 850.00 feet, (chord bears South 64°56'02" West, 253.93 feet) an arc length of 254.88 feet to a point;

Thence with a reverse curve to the right having a radius of 1630.00 feet, (chord bears South 63°35'24" West, 411.21 feet) an arc length of 412.30 feet to a point;

Thence South 01°40'15" East a distance of 3211.46 feet to a point;

Thence South 88°32'28" West a distance of 367.84 feet to the southwest corner of said J. K. Miller Survey;

Thence North 01°40'45" West with the west line of said J. K. Miller Survey, a distance of 1490.00 feet to the southeast corner of said Henry L. Douglas Survey;

Thence North 89°05'38" West with the south line of said Henry L. Douglas Survey, a distance of 3601.62 feet to the southwest corner of said Henry L. Douglas Survey;

Thence North 00°06'49" West a distance of 931.70 feet to a point;

Thence North 00°57'18" West a distance of 823.47 feet to a point;

Thence North 01°29'24" West a distance of 961.97 feet to a point;

Thence North 01°24'23" West a distance of 1006.04 feet to a point;

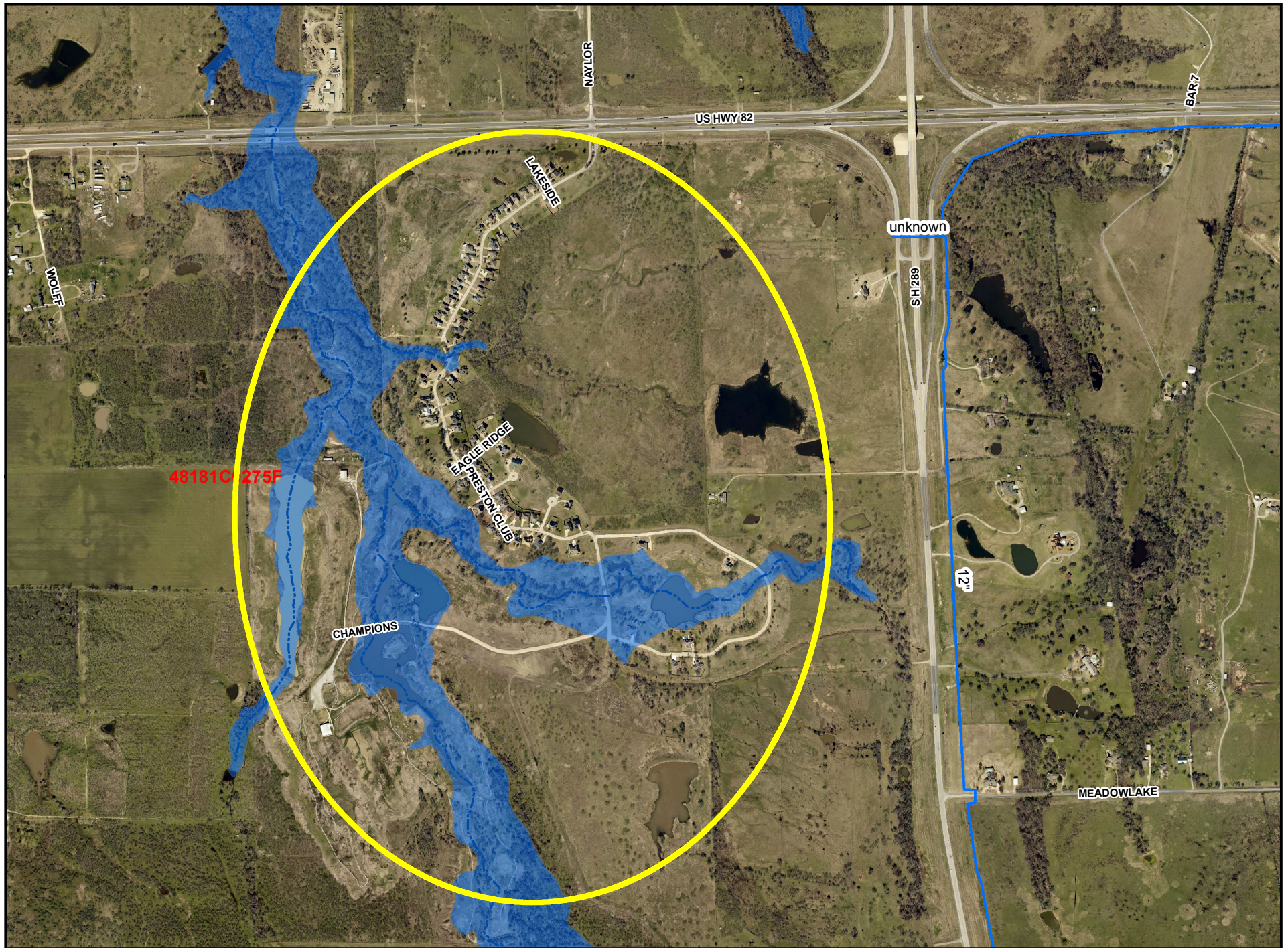
Thence North 88°53'00" East a distance of 301.36 feet to the southwest corner of that 16.641 acre tract of land as recorded in Volume 2338, Page 535, Deed Records, Grayson County, Texas;

Thence North 01°30'39" West with the west line of said 16.641 acre tract a distance of 957.69 feet to the northwest corner of said 16.641 acre tract;

Thence North 88°47'13" East with the north line of said 16.641 acre tract, a distance of 756.79 feet to the northeast corner of said 16.641 acre tract;

Thence North 01°30'39" West with the west line of said McMullen and McGloin Survey, a distance of 1447.70 feet to the Point of Beginning and containing 459.6 acres of land.

Preston Club Annexation



1 inch = 1,000 feet

City of Sherman Municipal Service Plan Preston Club

INTRODUCTION:

The annexation is the site of approximately 459.6 acres southwest of U.S. Highway 82 and S.H. 289 and include Preston Club Drive, Roberts Run, and Champions Drive, lying adjacent to the City of Sherman existing city limits.

This annexation is a step in the process of providing for the orderly growth and development of the City, to protect the City from substandard development and to provide for the enlargement of the city limits by including developments and improvements that are logically a part of the City and receive city utilities.

MUNICIPAL SERVICES TO BE PROVIDED:

POLICE PROTECTION: Patrolling, radio responses to calls, and other routine police services, using present personnel and equipment will be provided on the effective date of annexation.

FIRE PROTECTION: Fire protection by the present personnel and equipment of the fire fighting force will be provided on the effective date of annexation.

SOLID WASTE: The same solid waste collection and disposal service now provided within the City of Sherman will be extended to the annexed area on the effective date of annexation.

BULK WASTE PICKUP: Free monthly bulk trash and brush pickup would be available on the effective date of annexation.

STREETS AND BRIDGES: All roads shall be accepted in current as-is conditions and shall be maintained by the current Homeowners Association. Any future streets or improvements will be developed by the standard provisions of the Developer's Ordinance with future maintenance by the City of Sherman. Street lighting will be established according to city guidelines.

PARKS: No public parks exist in the area to be annexed. Any new park facilities will be developed according to existing City policies as applicable to all city residents.

CONSTRUCTION INSPECTIONS: Building inspection activities will be available upon annexation.

ENVIRONMENTAL HEALTH AND HEALTH CODE ENFORCEMENT: Enforcement of the City's environmental health ordinances and regulations shall be provided within this area on the effective date of the annexation ordinance.

ANIMAL CONTROL: Animal control services will be provided by the City on the effective date of annexation.

PLANNING AND ZONING: The Planning and Zoning jurisdiction of the City will extend to this area on the effective date of this annexation. All areas will be annexed as an R-A on the effective date of the annexation ordinance.

CAPITAL IMPROVEMENTS:

WATER SERVICE: The City of Sherman is in the process of obtaining a CCN at this time. Upon receiving the CCN and completion of the annexation, the City of Sherman will perform the following water utility improvements:

Phase I:

- Extend water mains to development according to existing City policy

Phase II:

- Install fire hydrants in accordance with City of Sherman Subdivision Ordinance requirements and Sherman Fire Department practices

SEWER SERVICE: The City of Sherman is in the process of obtaining a CCN at this time. Upon receiving the CCN and completion of the annexation, the City of Sherman will perform the following sewer utility improvements:

- Construct new sewer lift station North of U.S. Highway 82
- Extend gravity sewer line to tie development into new lift station.

ANNEXATION SCHEDULING PLAN

Annexation of
Northern Challenge, Phase I – Vol. 19, Pg. 86-87
Preston Club – Vol. 10, Pg. 58- 58A
Preston Club The Classics, Phase Two – Vol. 14, Pg. 72
Preston Club The Classics, Phase Three – Vol. 19, Pg. 46-47
Preston Club The Classics – Phase Four – Vol. 20, Pg. 144-147
Preston Club The Legends Subdivision Phase One – Vol. 9, Pg. 85
Preston Club The Legends Subdivision Phase Two – Vol. 10, Pg. 31
Preston Club The Legends, Phase 3 – Vol. 17, Pg. 4

Also included is the adjacent golf course which lies within the McMullen & McGoin Survey, Abstract No. 762, the Daniel Bickenback Survey, Abstract No. 128, & the Henry Douglas Survey, Abstract No. 368

Wednesday, April 5, 2017.....Send written notice to property owners in the area to be annexed, public or private entities that provide services in that area, and any railroads with a right of way in the area to be annexed. The Department of Engineering Services will prepare a service plan that details the specific Municipal Services that will be provided to the area after it is annexed.

Thursday, April 6, 2017.....Post notice on City's website, newspaper and City Hall for City Council's 1st Public Hearing on intent to annex. Send written notice to each public school district in the area to be annexed. Send by certified mail a second written notice to any railroads with a right of way in the area to be annexed. Obtain required affidavit of publication from newspaper.

Thursday, April 13, 2017..... Post notice of 1st Public Hearing under the Open Meetings Act.

Monday, April 17, 2017.....City Council's 1st Public Hearing on intent to annex and service plan.* (Regular Council Meeting)

Thursday, April 20, 2017 Post notice on City's website, newspaper and City Hall for City Council's 2nd Public Hearing on intent to annex. Obtain required affidavit of publication from newspaper.

Thursday, April 27, 2017..... Post notice of 2nd Public Hearing under the Open Meetings Act.

Monday, May 1, 2017..... City Council's 2nd Public Hearing on intent to annex and service plan.* (Regular Council Meeting)

Thursday, May 18, 2017.....Post notice on City's website, newspaper and City Hall for introduction of annexation ordinance and adoption of the ordinance. Posting will also be in compliance with the Open Meetings Act.

Monday, May 22, 2017.....City Council Public Hearing for introduction and consideration of adoption of annexation ordinance. (Called Council Meeting**)

* If more than twenty (20) adults who are residents of the area to be annexed protest within ten (10) days of the notice by publication, then one (1) of the public hearings must be held in the area to be annexed.

** Called Council meeting to meet statutory requirement that the two public hearings be held no more than 40 days and no less than 20 days prior to adoption of Ordinance



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Called Meeting

B.2.

Meeting Date: 05/22/2017

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

ADOPTION OF ORDINANCES

Consider Adoption of Ordinance Number: 6030

Issue:

B. 1. INTRODUCTION AND PUBLIC HEARING OF ORDINANCE NO. 6030

Extending the Corporate Limits of Said City so as to Annex a 459.6 Acre Tract of Land on Preston Club Drive, Adjacent to the Sherman City Limits and in the City of Sherman's Extra Territorial Jurisdiction; Providing for a Municipal Service Plan



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Called Meeting

C.1.

Meeting Date: 05/22/2017

Prepared By: Mary Lawrence, Director of Finance

Approved By: Robby Hefton, City Manager

Caption:

RESOLUTION NO. 6225

Authorizing Execution of a Contract with The Estate of Lonzo Gail dba LASS Water Company, Inc. for the Sale and Purchase of the Preston Club and High Country Estates Water and Sewer Systems

Issue:

Approval of a contract with The Estate of Lonzo Gail dba LASS Water Company, Inc. (LASS) to purchase the Preston Club and High Country Estates water and sewer systems

Background:

On March 20, 2017, in response to the request of landowners in the area, the City Council approved a schedule to annex a tract of land on Preston Club Drive, south of U.S. Highway 82 and west of Highway 289, adjacent to the Sherman city limits and in the City's Extra Territorial Jurisdiction. City staff has been working with the owners of the water and sewer systems that serve Preston Club and High Country Estates to transfer ownership of that system to the City. The City will then file the contract documenting the transfer with the Public Utility Commission for their approval. This agenda item relates to approval of the contract between the City and LASS for this transaction.

City staff expects to begin major improvements to the water and sewer systems within the next two months and hopes to be completed with the system overhaul in 2018.

Origination:

City Manager Robby Hefton

Financial Consideration:

There is no cost associated with the transfer of the systems. The cost of improvements to water and sewer systems will be paid out of the Utility Improvement Fund and will be reimbursed by the current water and sewer system customers in that area through their utility rates. The total cost of improvements is estimated between \$1.5 and \$2.0 million.

Staff Recommendation:

It is recommended that the City Council authorize the execution of a Contract for the Sale and Purchase of the Preston Club and High Country Estates Water and Sewer Systems.

Alternatives:

The Council could choose not to approve this contract.

Attachments

Resolution No. 6225

Contract for Sale and Purchase of Preston Club and High Country Estates Water and Sewer Systems

RESOLUTION NO. 6225

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS, AUTHORIZING EXECUTION OF A CONTRACT WITH THE ESTATE OF LONZO GAIL DBA LASS WATER COMPANY, INC. FOR THE SALE AND PURCHASE OF THE PRESTON CLUB AND HIGH COUNTRY ESTATES WATER AND SEWER SYSTEMS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED WAS NOTICED AND IS OPEN TO THE PUBLIC AS REQUIRED BY LAW.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHERMAN, TEXAS:

SECTION 1. That the Mayor be and is hereby authorized, subject to all contract documents being properly completed and approved as to form and content by the City Attorney, to execute a Contract for the Sale and Purchase of the Preston Club and High Country Estates Water and Sewer Systems from The Estate of Lonzo Gail dba LASS Water Company, Inc., in the same or substantially same form as the contract documents attached hereto and incorporated herein for all purposes.

SECTION 2. That it is hereby officially found and determined that the meeting at which this resolution is passed is open to the public and that public notice of the time, place, and purpose of said meeting was given as required by law.

PASSED AND APPROVED on this the ____ day of _____, 2017.

CITY OF SHERMAN, TEXAS

ATTEST:

BY: _____
LINDA ASHBY, CITY CLERK

BY: _____
DAVID PLYLER, MAYOR

**APPROVED AS TO FORM
AND CONTENT:**

BY: _____
**BRANDON S. SHELBY,
CITY ATTORNEY**

**CONTRACT FOR THE SALE AND PURCHASE OF THE PRESTON CLUB AND HIGH COUNTRY ESTATES
WATER AND SEWER SYSTEMS**

This Contract for the Sale and Purchase of the Preston Club and High Country Estates Water and Sewer Systems ("Contract") is made on _____, 2017, by and between the ESTATE OF LONZO GAIL ("Lonzo Gail") DBA LASS WATER COMPANY, INC., acting herein by and through Sandra Barbey, independent executor of the estate of Lonzo Gail, LASS WATER COMPANY, INC. ("Lass"), a Texas Corporation, acting herein by and through Sandra Barbey, its Vice President duly authorized hereto, and the CITY OF SHERMAN, a Texas home-rule municipal corporation of the State of Texas ("Buyer"), acting herein by and through David Plyler, its Mayor duly authorized hereto. Lonzo Gail and Lass are collectively, "Seller"; and Seller and Buyer are collectively called the "Parties," or singularly as a "Party".

RECITALS:

On February 19, 2013, WSWs Company and Lass entered into a certain, "Contract for Purchase and Transfer of Water Utility Service Area, Water Utility Assets, Wastewater Service Area, and Wastewater Assets between WSWs Company and Lass Water Company, Inc.," providing in part the sale and transfer of the Preston Club and High Country Estates Water and Sewer Systems (collectively, the "Systems") from WSWs Company to Lass.

On May 20, 2014, the TCEQ in part approved the transfer of the Systems from WSWs Company to Lass.

Seller owns and operates the Systems, which are located in Grayson County, Texas.

Seller owns all the real property, equipment, and infrastructure used in the operation of the Systems and in the delivery of retail water and sewer services to its customers in the Preston Club and High Country Estates service areas.

The Preston Club Water System is identified by the Texas Commission on Environmental Quality ("TCEQ") as Public Water System Registration No. TX0910143.

The High Country Estates Water System is identified by the TCEQ as Public Water System Registration No. TX0910112.

The Preston Club Sewer System collects, transports, and treats raw domestic wastewater, and discharge treated effluent under Texas Pollutant Discharge Elimination System Permit No. WQ0013309001.

Seller provides retail water and sewer service through the Systems under water and sewer Certificates of Convenience and Necessity ("CCN") Nos. 12258 and 21076, respectively, issued by the Public Utility Commission and/or its predecessor agencies.

Buyer is a home rule city, operating under and governed by the laws and Constitution of the State of Texas.

Seller desires to sell and Buyer desires to purchase the Systems, and other assets related thereto, including, but limited to, the governmental permits, on and subject to the terms and conditions set forth herein; and

The purpose of this Contract is to set forth the terms for the sale of the assets of the Systems, as more fully described below, from Seller to Buyer for the consideration hereafter set forth.

NOW, THEREFORE, for good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged by the Parties herein, the Parties contract, covenant and agree as follows:

I.
Definitions

Unless the context requires otherwise, terms used in this Contract defined herein shall have the following meanings:

"Assumed Liabilities" shall have the meaning in Section 2.03 of this Contract.

"Assets" shall have the meaning in Section 2.01 of this Contract.

"Closing" shall have the meaning provided in Section 4.01 of this Contract.

"CCN" shall have the meaning provided in the Recitals.

"Customers" shall have the meaning in Section 2.01 of this Contract.

"Customer Deposits" shall have the meaning in Section 2.01 of this Contract.

"Effective Date" is the date at which the last Party executes this Contract.

"Environmental, Health, and Safety Laws" shall mean all laws of federal, state, and local governments (and all agencies thereof) concerning pollution or protection of the environment, public health and safety, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants or chemical, industrial, hazardous, or toxic materials or waste into ambient air, surface water, groundwater, or lands or otherwise, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, the Federal and Texas Solid Waste Disposal Acts, the Resource Conservation and Recovery Act, the Emergency Planning and Community Right to Know Act of 1986, the Clean Air Act, the Federal and Texas Clean Water Acts, the Toxic Substances Control Act, the Hazardous Materials Transportation Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Federal Safe Drinking Water Act, the Federal Radon and Indoor Air Quality Research Act, and the Occupational Safety and Health Act, as all such laws or acts have been amended.

"Excluded Liabilities" shall have the meaning in Section 2.03 of this Contract.

"Improvements" shall have the meaning in Section 2.01 of this Contract.

"Permits" shall have the meaning in Section 2.01 of this Contract.

"Plans" shall have the meaning in Section 2.01 of this Contract.

"PUC" means the Public Utility Commission or its predecessor and successor agencies.

"Purchase Price" shall have the meaning in Article III of this Contract.

"Real Property" shall have the meaning in Section 2.01 of this Contract.

"Service Agreements" shall have the meaning in Section 2.01 of this Contract.

"Systems" shall have the meaning provided in the Recitals.

"Title Company" means a title company to be chosen by Buyer.

"TCEQ" shall have the meaning provided in the Recitals, and also includes any successor entity thereto.

"TPDES" means Texas Pollutant Discharge Elimination System Permit.

"Water System" shall mean and include, but is not limited to: for the Preston Club and High Country Estates Water Systems: (a) the wells, any and all existing water intake structures, storage facilities, pump stations, water lines, meters, tanks, transmission mains, lighting, and all other facilities and appurtenances currently operated by Seller in connection with such water systems, including but not limited to those situated within the geographical area included in water CCN No. 12258, (b) all land upon which the foregoing may be located that is owned by Seller, (c) easements upon and in which the foregoing may be located for purposes of obtaining water and transporting and delivering to retail customers, (d) permits issued by governmental entities that pertain to the operation of such water systems, and (e) all Assets of Seller that are described in Section 2.01 related to such water systems.

"Sewer System" shall mean and include, but is not limited to: for the Preston Club Sewer System: (a) any and all existing sewer treatment structures, lift stations, storage facilities, pump stations, lines, meters, tanks, transmission mains, lighting, and all other facilities and appurtenances currently operated by Seller in connection with such sewer systems, including but not limited to those situated within the geographical area included in CCN No. 21076, (b) all land upon which the foregoing may be located that is owned by Seller, (c) easements upon and in which the foregoing may be located for purposes of transporting and treating sewage for retail customers, (d) permits issued by governmental entities that pertain to the operation of such sewer systems, and (e) all Assets of Seller that are described in Section 2.01 related to such sewer systems.

II.

Sale and Purchase of Assets

2.01 The Assets. Seller hereby agrees to sell, grant, convey, and assign to Buyer, and Buyer hereby agrees to purchase from Seller, free of liens and encumbrances (unless hereinafter specifically provided), and subject to the terms, covenants, conditions, and provisions herein set forth, the Systems, which include, but are not limited to, the following (collectively, the "Assets"), to-wit:

- (a) all of the property and equipment owned by Seller, including, but not limited to, the items described on Exhibit "A" attached hereto and incorporated herein by this reference related to the Systems; and any and all personal property will be conveyed to Buyer by Seller by bill of sale and assignment;
- (b) all deeds, easements and rights-of-way granted or assigned to Seller, or reserved for the benefit of Seller, in Grayson County, Texas (collectively, the "Real Property"), which are for the benefit of the Systems or any portion thereof; and any and all easements of the Real Property shall be assigned and transferred to Buyer from Seller by notarized assignment, and any and all deeds of the Real Property shall be conveyed to Buyer by Seller by special warranty deed;
- (c) all permits, licenses, authorizations, and governmental approvals, if any, granted or issued by any governmental authority for the operation of the Systems, including, but not limited to, CCN Nos. 12258 and 21076, public water system Nos. TX0910112 and TX0910143, and TPDES Permit No. WQ0013309001 (collectively, the "Permits"), same to be transferred and assigned, to the extent transferrable or assignable, by Seller to Buyer by bill of sale and assignment. The term Permits shall also include the permits contemplated under Section 2.01(k) of this Contract. To the extent that transfer and assignment of such matters are subject to governmental approval or consent, Seller and Buyer agree to work together and exercise reasonable efforts to obtain all approvals and consents that are necessary to effect the assignments and transfers contemplated herein and the issuance of the necessary CCNs for the contemplated transfer of the Systems. This obligation will survive Closing if approvals or transfers are not obtained prior to Closing;
- (d) all improvements and personal property necessary or incidental to the operation or maintenance of the Systems or within the Real Property (collectively, the "Improvements"). At Closing, such Improvements shall be conveyed by Seller to Buyer by bill of sale and assignment, in their "AS IS, WHERE IS" condition;
- (e) all right, title, and interest of Seller, if any, in and to the plans, specifications, shop drawings, sketches, drawings, operating manuals, diagrams, and other documents depicting the Improvements and their location (collectively, the "Plans"), to the extent existing and within the possession or control of Seller and/or the engineering consultants of Seller. The Plans will be assigned by Seller to Buyer by bill of sale and assignment;
- (f) all right, title, and interest of Seller in and under vendor service contracts, operating agreements, and manufacturers' warranties, and amendments, modifications, additions, and changes thereto, that are related to the Systems (collectively, the "Service Agreements"). At Closing, Seller and Buyer will execute an Assignment and Assumption Agreement pursuant to which Seller will assign such Service Agreements to Buyer without representation or warranty of any kind, and Buyer shall assume all liabilities and obligations of Seller under such vendors' service contracts and manufacturers' warranties from the date of Closing;
- (g) to the extent allowed by law, the lists of names and addresses of each customer of Seller in the Subdivision ("Customers"), and information regarding deposits made by such

Customers to Seller, in hard copy and on computer media, that are in the possession of Seller;

- (h) all customer deposits of every nature, including security deposits, guaranty fees, prepaid tap fees, and other sums paid to Seller by Customers, and which are held in trust for or are reimbursable to one or more Customers ("Customer Deposits"), if any, upon the occurrence of future conditions or events;
- (i) all books, records, and financial data of Seller directly related to the System, and Buyer agrees to and will comply with the provisions of TEX. UTILITY CODE §182.051-182.055 or other relevant state or federal customer confidentiality statutes that are applicable to the Systems regarding the information contained in such books, records and financial data;
- (j) all appurtenances, if any, benefiting or pertaining to any of the foregoing, including all right, title, and interest of Seller in and to all streets, roads, driveways, parking areas, alleys, rights-of-way, and easements adjacent to or benefiting the Systems; and
- (k) all permits, if any, granted by groundwater conservation districts ("GCDs"), all rights to permits granted by GCDs, and all rights to groundwater, if any, necessary to serve the Customers of the Systems within and outside of the CCN associated with the Systems.
- (l) all logs, documentation, data, compilations, and other information related to wells located within the Systems.
- (m) any and all information related to any violation or report of violation to any government entity involving the Systems, including but not limited to any information received from or submitted to TCEQ.
- (n) a list of contact information for any and all persons or companies employed or contracted by Seller for maintenance or operation of the Systems.
- (o) all surveys, tests, soil and substrata studies, environmental assessments or studies, of any kind, if any, now or hereafter in the possession of Seller which relate to the Systems.

2.02 Asset Sale Only. This is an asset sale only, and except as otherwise provided in this Contract, Buyer shall only assume and be liable for obligations of Seller that are expressly assumed in this Contract and not otherwise.

2.03 NO ASSUMPTION OF LIABILITIES. EXCEPT AS OTHERWISE PROVIDED HEREIN, BUYER SHALL NOT ASSUME, AND SHALL NOT BE DEEMED TO HAVE ASSUMED OR BE IN ANY WAY LIABLE FOR OR SUBJECT TO OR HAVE ANY OBLIGATION FOR OR WITH RESPECT TO, ANY LIABILITIES, OBLIGATIONS OR COMMITMENTS OF THE SYSTEMS OF ANY KIND, NATURE OR DESCRIPTION WHATSOEVER, INCLUDING, BUT NOT LIMITED TO, LIABILITIES OF THE SELLER RELATING TO RECORDED OR UNRECORDED ACCOUNTS PAYABLE, PAYROLL, VACATION AND SICK LEAVE, EMPLOYEES, CURRENT AND DEFERRED INCOME TAXES, TAXES RELATED TO ANY REAL PROPERTY OF THE SYSTEMS PRIOR TO THE CLOSING DATE OR ANY DEBT OF SELLER OR ANY LIABILITIES RELATING TO THE SYSTEMS; PROVIDED, HOWEVER, THAT BUYER SHALL EXPRESSLY ASSUME AND AGREE TO PERFORM, PAY AND DISCHARGE FROM THE CLOSING DATE FORWARD, ONLY THOSE LIABILITIES, OBLIGATIONS AND COMMITMENTS OF

BUYER SPECIFICALLY DESCRIBED HEREIN (THE "ASSUMED LIABILITIES"). ALL OBLIGATIONS, LIABILITIES AND COMMITMENTS OF THE BUYER OTHER THAN THE ASSUMED LIABILITIES ARE REFERRED TO HEREIN AS THE "EXCLUDED LIABILITIES." EXCLUDED LIABILITIES EXPRESSLY INCLUDE, WITHOUT LIMITATION, ANY FINES OR PENALTIES FOR ACTS, OMISSIONS, OR VIOLATIONS OF RULE OR OTHER LAWS OCCURRING PRIOR TO CLOSING, IMPOSED BY THE PUC, TCEQ, THE RED RIVER GROUNDWATER CONSERVATION DISTRICT, OR ANY OTHER ENTITY WITH JURISDICTION OVER SELLER. SELLER SHALL PAY, PERFORM AND DISCHARGE WHEN DUE, ALL OF THE EXCLUDED LIABILITIES. THE TERM "EXCLUDED LIABILITIES" INCLUDES ANY LIABILITY OR OBLIGATION OF SELLER WHICH AROSE OR WERE INCURRED ON OR BEFORE THE CLOSING DATE, OR WHICH ARISE FROM OR ARE BASED ON EVENTS OCCURRING OR CONDITIONS EXISTING ON OR BEFORE THE CLOSING DATE.

2.04 INDEMNIFICATION. EFFECTIVE AFTER THE CLOSING, TO THE EXTENT PERMITTED BY LAW, SELLER AGREES TO DEFEND, INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ANY AND ALL DAMAGES, LOSSES, LIABILITIES, OBLIGATIONS, COSTS AND EXPENSES, DISBURSEMENTS, DEFICIENCIES, DIMINUTION IN VALUE, VIOLATIONS OR CLAIMED VIOLATIONS OF ANY ENVIRONMENTAL, HEALTH, AND SAFETY LAWS WHICH RELATE IN ANY WAY TO THE OWNERSHIP, OCCUPANCY, USE, OPERATION, OR CONDITIONS OF ANY PRESENT OR FORMER PROPERTIES OF THE WATER SYSTEM ON OR BEFORE THE CLOSING DATE, ANY CLEANUP OR REMEDIATION REQUIREMENT OR LIABILITY OR ANY OTHER DAMAGES OR LIABILITY ARISING FROM A RELEASE OR THREATENED RELEASE OR EXPOSURE TO ANY HAZARDOUS SUBSTANCES TO THE EXTENT THAT THOSE HAZARDOUS SUBSTANCES ARE PRESENT AT ANY PRESENT OR FORMER PROPERTIES OF THE SYSTEMS ON OR BEFORE THE CLOSING DATE, ANY TAXES ATTRIBUTABLE TO THE SYSTEMS, CLAIMS, DEMANDS AND SUITS (BY ANY PERSON, INCLUDING WITHOUT LIMITATION ANY GOVERNMENTAL AUTHORITY), OBLIGATIONS, PENALTIES OR SETTLEMENTS OF ANY KIND OR NATURE, WHETHER FORESEEABLE OR UNFORESEEABLE, INCLUDING WITHOUT LIMITATION, CONSEQUENTIAL OR SPECIAL DAMAGES, INTEREST, PENALTIES, LEGAL, ACCOUNTING, OTHER PROFESSIONAL FEES AND EXPENSES OR OTHER COSTS AND EXPENSES INCURRED IN THE INVESTIGATION, COLLECTION, PROSECUTION OR DEFENSE OF AND ALL ACTIONS, DEMANDS, ASSESSMENTS, JUDGMENTS, SETTLEMENTS AND COMPROMISES, THAT MAY BE IMPOSED ON OR OTHERWISE INCURRED, SUFFERED OR SUSTAINED BY BUYER BASED UPON, ARISING OUT OF, OR BY REASON OF ANY OF THE EXCLUDED LIABILITIES, INCLUDING THE OWNERSHIP AND OPERATION OF THE ASSETS PRIOR TO THE CLOSING DATE.

2.05 TRANSFER OF PERMITS TO BUYER. Buyer agrees to take all necessary steps and pay all costs to prepare, file, and advance applications at the PUC, TCEQ, and any other governmental entity to transfer the Permits from Seller to Buyer, and to obtain all other necessary regulatory approvals at the PUC and/or TCEQ to transfer other Assets from Seller to Buyer, if any. Seller agrees to cooperate with Buyer, at Seller's own cost, with such applications and obtaining such approvals. This Section 2.05 will survive Closing.

III.

Payment and Application of Purchase Price

Purchase Price between Buyer and Seller. The consideration from Buyer for the benefit of Seller for the sale and conveyance of the Assets is as follows:

- (a) Buyer will forgive the debt of Seller in the amount of Sixty-Seven Thousand Eight Hundred Twenty-Four Dollars and Eighty-Three Cents (\$67,824.83), at Closing, in exchange for the Systems (the "Purchase Price"); and
- (b) The transfer of Customer accounts of Seller into Customer accounts of Buyer, such transfer to be effective at Closing, and without charge of connection or impact fees.

IV. Closing

4.01 Closing Date. Subject to the satisfaction of the conditions precedent set out in this Contract, including, but not limited to, the terms of this Article IV, this transaction shall close (the "Closing") at such location acceptable to the Parties as soon as reasonably possible (the "Closing Date") following approval by the governing body of Buyer and approval of the Contract by the PUC and TCEQ, to the extent such approval from the PUC and TCEQ are necessary. The Closing is not complete and has not occurred until the consummation of the transactions contemplated in this Contract and funding of the Purchase Price to Seller in accordance with this Contract.

4.02 Conditions Precedent to Seller's Obligations.

- (a) All obligations of Buyer under this Contract shall have been fulfilled or satisfied by Buyer, or waived by Seller prior to or at the Closing Date.
- (b) The PUC has authorized the transfer of Seller's CCN Nos. 12258 and 21076 to the Buyer, if such authorization is required by law to close the transaction contemplated by this Contract. If such authorization is not required to close the transaction, this condition will be satisfied if the PUC is processing the application for such transfers.

4.03 Seller's Closing Obligations. At the Closing, Seller shall perform the following:

- (a) execute and deliver to Buyer the following conveyance or assignment documents to the extent necessary to transfer of the Assets, free and clear of all liens, security interests and rights of any creditor or lender in their "AS IS, WHERE IS" condition:
 - (i) a bill of sale and assignment substantially in the form attached as Exhibit "B";
 - (ii) a special warranty deed substantially in the form attached as Exhibit "C";
 - (iii) an assignment of easements substantially in the form attached as Exhibit "D."
- (b) upon Buyer's request, deliver to Buyer and the Title Company a certificate from the Secretary of State of Texas showing that none of the Assets to be conveyed are covered by an unreleased lien, security agreement, or financing statement.
- (c) deliver possession of the Assets to Buyer.
- (d) deliver evidence of Seller's authority to act hereunder in form reasonably satisfactory to Buyer.

- (e) execute closing statements, affidavits, non-foreign certificates, assignments and other documents reasonably required as conditions precedent to Closing.
- (f) pay all costs required to be paid by Seller under this Contract.
- (g) execute and deliver a certificate, in form and substance satisfactory to Buyer confirming that all representations and warranties of Seller with respect to the Contract are true and correct as of the Closing Date.
- (h) execute and deliver to Buyer the certain "Indemnity and Affidavit as to Debts and Liens of Lass Water Company Inc.," and "Indemnity and Affidavit as to Debts and Liens of the Estate of Lonzo Gail," attached hereto as Exhibit "E".

4.04 Conditions Precedent to Buyer's Obligations.

- (a) All obligations of Seller under this Contract shall have been fulfilled or satisfied by Seller, or waived by Buyer prior to or at the Closing Date.
- (b) Buyer shall have received the PUC's or other governmental authorizations necessary to transfer CCN Nos. 12258 and 21076 and the Systems to the Buyer, to the extent applicable and required by law. To the extent such authorizations are not required to close the transaction contemplated by this Contract, this condition will be satisfied if such applications are being processed by the applicable governmental entities. Such governmental authorizations, orders, authorizations and approvals must be in a form and substance satisfactory to Buyer in its sole discretion.
- (c) Between the date of this Contract and the Closing Date, the Systems shall not have been materially and adversely affected by fire, explosion, earthquake, disaster, accident, cessation or interruption of utility or other services, flood, drought, lack of water supply, contamination of water supply, embargo, riot, civil disturbance, uprising, activity of armed forces or act of God or public enemy, that has rendered it unfit to function if not cured by Seller.
- (d) As of the Closing, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.

4.05 Buyer's Closing Obligations. At the Closing, Buyer shall perform all of the following obligations:

- (a) execute duplicate originals of the bill of sale and assignment and assumption agreement described above regarding the transfer of the Assets which will include documentation as may be required by the PUC to reflect Buyer's obligation to assume the liabilities for customer deposits (if any), customer contracts, and customer accounts assigned to it;

- (b) deliver evidence of Buyer's authority to act hereunder in form reasonably satisfactory to Seller, including appropriate resolutions from the city council of Buyer;
- (c) execute closing statements, affidavits, non-foreign certificates, and other documents reasonably required as conditions precedent to Closing;
- (d) take any actions or execute any documents necessary to evidence Buyer's consideration for transfer of the Assets under this Contract; and
- (e) pay on or before the Closing Date all costs required to be paid by Buyer under this Contract.

4.06 Closing Costs. Buyer shall pay all closing costs, except that each Party shall be responsible for the payment of its own attorney's fees, copying expenses, and other costs incurred in connection with this transaction and Seller shall pay the premium for the Title Policy.

V.

Representations, Warranties and Covenants of Seller

5.01 Representations and Warranties. Seller hereby represents and warrants to Buyer as follows, which representations and warranties shall be deemed made by Seller to Buyer also as of the Closing:

- (a) Except as specifically disclosed by Seller to Buyer in writing: (i) Seller has complied with all applicable laws, regulations, statutes, rules, and restrictions relating to the Systems; (ii) Seller has complied with the terms of all easements and rights-of-way instruments under or pursuant to which the Systems have been made and/or installed, if any; (iii) Seller is not in default under any easement or right-of-way instrument; (iv) the Systems are in compliance with the Texas Water Code and the TCEQ's rules for public drinking water systems and wastewater collection and treatment systems, as applicable; (v) no enforcement actions or unresolved violations are pending at the TCEQ or PUC against Seller regarding the Systems.
- (b) Seller further represents and warrants that all of the Systems are located within public rights-of-way and not within any privately-owned property. Seller has received no notice of any violation of any applicable zoning regulation, ordinance, or any other law, covenant, condition, restriction, easement, or right-of-way relating to the Systems from any governmental agency having jurisdiction over the Assets or from any other person or owner, and Seller does not have any knowledge of any such violation. If any part of the Systems is located on privately held property, Seller agrees to provide Buyer with the necessary property right to access, operate, maintain, repair, or remove such infrastructure, free and clear of any and all liens and encumbrances, within a commercially reasonable time; provided, however, that if such right to the real property is not provided within thirty (30) days of the Closing, Buyer will have the sole discretion to exercise its authority to obtain such real property right at Seller's sole cost and expense. Seller shall have the obligation to reimburse Buyer within fifteen (15) days of receipt of a bill for such costs. This obligation will be a continuing obligation of Seller that will survive Closing.

- (c) Seller has no unpaid bills with respect to the Systems, except (i) those previously disclosed by Seller to Buyer in writing, and (ii) Seller's aged account balance owed to Buyer in the amount of Sixty-Seven Thousand Eight Hundred Twenty-Four Dollars and Eighty-Three Cents (\$67,824.83) as of the Effective Date of this Contract.
- (d) There is no pending condemnation, proceeding, or assessment currently existing of which Seller has been notified or, to the best of Seller's knowledge, threatened or contemplated against Seller or its Water or Sewer System by any governmental entity or authority.
- (e) The person executing this Contract on behalf of Seller has the proper authority to enter into this Contract on Seller's behalf, and to bind Seller to its terms.

The obligation of Buyer to close this transaction is contingent upon the continued truth and accuracy of Seller's representations and warranties hereunder as of the Closing. If, at the Closing, any of the representations or warranties set forth herein is untrue or incorrect in any material respect, Seller will be in default. Upon such a default, Buyer will have the right, but not the obligation, to terminate this Contract and avail itself of any and all remedies under this Contract and all remedies at law or in equity to which it may be entitled.

5.02 General. To the extent not previously disclosed to Buyer, Seller shall immediately give notice to Buyer of any of the following prior to Closing that comes within the actual knowledge of Seller:

- (a) Any significant event that materially affects the operation of the Systems, including notice of possible violation of governmental regulation.
- (b) Any right, title or interest in or to the Assets or any portion thereof vested in or claimed by any party or parties other than Seller.
- (c) Any pending condemnation proceeding or assessment currently existing or where Seller has been notified.

5.03 Covenants of Seller. Seller agrees that, between the Effective Date of this Contract and the Closing Date:

- (a) Seller shall continue to operate and maintain the Systems in accordance with governmental regulations that are applicable to the Systems and reasonable operating standards, and the operation of the Systems shall be conducted in the ordinary course of business consistent with PUC and TCEQ rules.
- (b) Seller shall continue to maintain and service the Systems consistent with TCEQ rules.
- (c) Seller will use reasonable efforts to maintain its relations and goodwill with its suppliers, customers and any others having business relations with it.
- (d) Seller shall comply with all laws, ordinances, rules, regulations and PUC or TCEQ orders applicable to the conduct of the Systems' business.

- (e) Seller will promptly advise Buyer in writing of the commencement of any dispute, claim, action, suit, arbitration or investigation against or involving the Systems.
- (f) Seller will give to Buyer, its officers, employees, accountants, counsel and other representatives free and full access to and the right to inspect, during normal business hours (on at least three days prior notice to Seller and during times consented to by Seller, which consent will not be unreasonably conditioned, delayed or withheld), all of the premises, properties, assets, records, contracts and other documents relating to the Systems' business and operations, and shall permit them to consult with the officers, employees, accountants, and agents of Seller in a manner that does not unreasonably interfere with the business or operations of Seller in the determination of the Seller.
- (g) Except as required by TCEQ, prior to Closing, Seller shall not initiate an expansion of or alteration to the System without Buyer's approval.
- (h) In connection with the Closing, Seller will provide Buyer with the necessary information for any customer notices that in Buyer's reasonable judgment are necessary or desirable in connection with the transactions contemplated herein, but such notices shall not disparage the Seller in any manner.
- (i) Seller will not enter into or grant any liens, leases, easements, restrictive covenants or other agreements creating property rights or interests of any kind which would survive the Closing and which would affect title to the Assets, without the prior written approval of Buyer.
- (j) Seller will not sell, transfer, convey, demolish, destroy, dispose of, relinquish, amend, alter, change or modify the Assets, or any portion thereof, without the prior written consent of Buyer.
- (k) Seller will not knowingly allow or permit the introduction, spillage, release, discharge, use, storage or disposal of any hazardous material (with the exception of chlorine in any form), hazardous waste or pollutant of any kind or nature into, onto or from the Assets.
- (l) Seller will not use, occupy or knowingly allow the use or occupancy of the Assets in any manner which violates any applicable laws, ordinances, rules, regulations, restrictive covenants, easements, or rights-of-way.
- (m) Seller will immediately notify Buyer of any damage to or destruction of the Assets or any portion thereof which materially affects the value or operation of the Systems.

5.04 Covenant to Cooperate. The Parties shall cooperate with each other, with timely assistance, in all reasonable and necessary ways to facilitate the Closing of the transaction contemplated by this Contract.

5.05 Further Assurances. From and after the Closing Date, Seller shall execute such instruments and take such actions as the Parties may reasonably agree are necessary in order to allow the Buyer to receive the full benefit of the Systems as contemplated by this Contract. Seller and Buyer shall also execute and deliver to the appropriate other Party such other instruments as may be reasonably

required in connection with the performance of this Contract and each Party shall take all further actions as may be reasonably required to carry out the transactions contemplated by this Contract.

VI. **Remedies**

6.01 Remedies.

(a) **Buyer's Remedies.** Notwithstanding any provision of this Contract to the contrary, in the event Seller fails or refuses to timely comply with Seller's obligations hereunder after reasonable notice and opportunity to cure or is unable to do so as the result of Seller's act or failure to act, or at Closing a material breach of any of Seller's obligations or covenants contained herein has occurred and remains uncured, Buyer shall have the following options: (i) to terminate this Contract by giving Seller timely written notice of such election prior to or at Closing, and thereupon this Contract shall terminate, and Seller and Buyer shall be relieved and released of all further obligations, claims, and liabilities hereunder; (ii) to waive, prior to or at Closing, as applicable, the applicable objection or condition and proceed to close the transaction contemplated hereby in accordance with the remaining terms hereof; (iii) to seek a writ of mandamus to compel Seller's performance of its obligations hereunder; and/or to pursue any and all remedies available to Buyer at law and/or at equity, and/or (iv) to extend the time of Closing to allow the condition to be corrected. In the event Seller fails or refuses to timely perform any obligations required by it under this Agreement to be performed after Closing, Buyer may: (i) seek a writ of mandamus to compel Seller's performance of its post-closing obligations, and/or (ii) pursue any and all remedies available to Buyer at law and/or at equity.

(b) **Seller's Remedies.** Notwithstanding any provision of this Contract to the contrary, in the event Buyer fails or refuses to timely comply with Buyer's obligations hereunder or is unable to do so as the result of Buyer's act or failure to act, or at Closing a material breach of any of Buyer's obligations or covenants contained herein has occurred and remains uncured, Seller shall have the following options: (i) to terminate this Contract by giving Buyer timely written notice of such election prior to or at Closing, and thereupon this Contract shall terminate, and Seller and Buyer shall be relieved and released of all further obligations, claims, and liabilities hereunder, (ii) to pursue any and all remedies available to Seller at law and/or at equity, (iii) to waive, prior to or at Closing, as applicable, the applicable objection or condition and proceed to close the transaction contemplated hereby in accordance with the remaining terms hereof; and/or (iv) to extend the time of Closing to allow the condition to be corrected, provided, that such extension may not exceed three months without the prior written approval of the Buyer.

6.02 Attorney's Fees. Parties shall be responsible for their own attorney's fees, expenses and costs of court related to this Contract or any dispute arising therefrom.

VII. **Miscellaneous Provisions**

7.01 Binding Effect. This Contract, and the terms, covenants, and conditions herein contained, shall be covenants running with the Assets and shall inure to the benefit of and be binding upon the heirs, personal representatives, successors, and assigns of each of the Parties hereto.

7.02 Notice. Any notice, communication, request, reply or advice (severally and collectively referred to as "Notice") in this Contract provided or permitted to be given, made or accepted by either

party to the other must be in writing. Notice may, unless otherwise provided herein, be given or served: (i) by depositing the same in the United States Mail, certified, with return receipt requested, addressed to the party to be notified and with all charges prepaid; or (ii) by depositing the same with Federal Express or another service guaranteeing "next day delivery", addressed to the party to be notified and with all charges prepaid; (iii) by delivering the same to such party, or an agent of such party; or (iv) by transmitting the same to the party to be notified by telecopy, provided that receipt for such telecopy is verified by the sender and followed by a notice sent in accordance with one of the other provisions set forth above. Notices hereunder shall be effective on the date of delivery, deposit or transmittal in the manner described hereinabove. For the purposes of notice, the addresses of the parties shall, until changed as provided below, be as follows:

SELLER:

Ms. Sandra Barbey
Vice President
LASS Water Company
P.O. Box 385
Mt. Enterprise, Texas 75681

Telephone: 713.542.8405
Facsimile: 903.822.3276

Estate of Lonzo Gail
Attn: Ms. Sandra Barbey, Executor

P.O. Box 385
Mt. Enterprise, Texas 75681

Telephone: 713.542.8405
Facsimile: 903.822.3276

BUYER:

The Honorable David Plyler
Mayor
City of Sherman, Texas
220 West Mulberry Street
P. O. Box 1106
Sherman, Texas 75091-1106
Telephone: 903.892.7200
Facsimile: 903.892.7355

With copy to:
City Attorney
City of Sherman, Texas
220 West Mulberry Street
P. O. Box 1106
Sherman, Texas 75091-1106
Telephone: 903.892.7305
Facsimile: 903.892.7355

The Parties hereto shall have the right from time to time to change their respective addresses, and each shall have the right to specify as its address any other address within the United States of America by at least five (5) days written notice to the other party. If any date or any period provided in this Agreement ends on a Saturday, Sunday or legal holiday, the applicable period shall be extended to the first business day following such Saturday, Sunday or legal holiday.

7.03 Real Estate Commissions. Seller and Buyer each represent and warrant to the other that no real estate brokerage commission or other finder's fee or commission of any kind is payable to any person or entity in connection with this transaction, and, to the extent permitted by law, each indemnifies and holds the other harmless against the payment of any commission to any person or entity claiming by, through or under Seller or Buyer, as applicable.

7.04 Time. Time is of the essence in the performance of this Contract.

7.05 Assignment. This Contract may not be assigned by either Seller or Buyer without the consent of the other.

7.06 Severability. If any provision of this Contract is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the parties hereto that the remainder of this Contract shall not be affected thereby, and it is also the intention of the parties to this Contract that in lieu of each provision of this Contract that is illegal, invalid, or unenforceable, there be added as a part of this Contract a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible, and be legal, valid, and enforceable.

7.07. Waiver. Any failure by a Party hereto to insist, or any election by a Party hereto not to insist, upon strict performance by the other Party of any of the terms, provisions, or conditions of this Contract shall not be deemed to be a waiver thereof or of any other term, provision, or condition hereof, and such party shall have the right at any time or times thereafter to insist upon strict performance of any and all of the terms, provisions, and conditions hereof.

7.08 Applicable Law. The construction and validity hereof shall be governed by the laws of Texas.

7.09 Venue. Venue shall be in the court of proper jurisdiction located in Grayson County, Texas.

7.10 Grammatical Construction. Wherever appropriate, the masculine gender may include the feminine or neuter, and the singular may include the plural, and vice versa.

7.11 Counterpart Execution. This Contract may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document, and all counterparts will constitute one and the same agreement.

7.12 Entire Agreement. This Contract and Exhibits hereto contain the entire agreement of the Parties with respect to the sale and purchase of the Systems. There are no other agreements, oral or written, between the Parties regarding the sale and purchase of the Systems as of the date of execution this Contract by both Parties. This Contract may be amended only by written agreement signed by the Parties expressly amending this Contract.

XIII.

Other Covenants and Issues

8.01 Retained Equipment. Seller shall not retain and will convey to Buyer all equipment currently being used by Seller in the operation of the Systems as listed on Exhibit "A".

8.02 Matters to Survive Closing. In order to induce the other party to enter into this contract and to close the transaction, the Parties have agreed to certain warranties, representations, covenants and obligations set forth above in this contract. Certain of these are intended to survive closing and none of these surviving covenants or obligations shall merge with the special warranty deed or other conveyance documents at closing pursuant to the Doctrine of Merger. The following warranties, representations, covenants and obligations shall survive Closing: Sections 2.01(c), 2.03, 2.04, 2.05, 4.06, 5.01(b), 5.05, 6.01, 6.02, 7.02, 7.03, 7.08, 7.09 and 8.02.

All warranties, representations, covenants and obligations in this Contract, other than and excepting the surviving obligations set forth above, shall not survive the Closing and shall merge with a special warranty deed and other conveyance documents at Closing pursuant to the Doctrine of Merger.

(The remainder of this page is left intentionally blank.)

EXHIBIT LIST

EXHIBIT "A"	Description of the Assets
EXHIBIT "B"	Bill of Sale and Assignment
EXHIBIT "C"	Special Warranty Deed
EXHIBIT "D"	Assignment of Easements
EXHIBIT "E"	Indemnity and Affidavits as to Debts and Liens of Lass Water Company Inc. and the Estate of Lonzo Gail

(The remainder of this page is left intentionally blank.)

EXECUTED by the undersigned on the dates set forth herein below.

SELLER:
Lass Water Company Inc.

BUYER:
City of Sherman, Texas

By: _____
Name: Sandra Barbey, Vice President

By: _____
Name: David Plyler, Mayor

Date Signed: _____

Date Signed: _____

ATTEST:

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: Linda Ashby, City Clerk

SELLER:
Estate of Lonzo Gail

By: _____
Name: Sandra Barbey, Independent Executor

Date Signed: _____

ATTEST:

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM AND CONTENT:

By: _____
Name: Brandon Shelby
Title: City Attorney

EXHIBIT "A"
ASSETS

The Preston Club and High Country Estates Water Systems, including, but not limited to, all meters, pumps, pipes, motors, water lines and related facilities, water transmission mains, water distribution lines to individual connections, storage facilities, groundwater wells, disinfection equipment and pumping equipment related thereto, water treatment plants and any other components necessary to operate these water systems, valves, electrical connections, buildings, parking areas, landscaping and all other improvements situated on, over, under, or within the Real Estate for such water systems; and

The Preston Club Sewer System, including, but not limited to, all water quality ponds, wastewater treatment plants, pumps, lift stations, valves, collection lines, force mains, manholes, and any other components that are necessary to operate the wastewater system, drainage facilities, including but not limited to storm sewers, drainage channels, and detention ponds, electrical connections, buildings, parking areas, landscaping and all other improvements situated on, over, under, or within the Real Estate for such sewer systems.

EXHIBIT "B"
BILL OF SALE AND ASSIGNMENT

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

The Estate of Lonzo Gail ("Lonzo Gail"), acting herein by and through Sandra Barbey, independent executor of the Estate of Lonzo Gail, and Lass Water Company Inc. of Magnolia, Texas ("Lass"), acting herein by and through Sandra Barbey, independent executor (Lonzo Gail and Lass are collectively, "Grantor"), for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) cash and other good and valuable consideration paid to Grantor by the City of Sherman, a home-rule municipality of the State of Texas ("Grantee"), the receipt and sufficiency of which is hereby acknowledged, has granted, sold and conveyed, and by these presents does grant, sell, and convey unto Grantee, its successors and assigns, the following:

1. Personal Property. All items of furniture, fixtures, equipment, documents, surveys, tests, soil and substrata studies, and miscellaneous tangible personal property owned by Grantor, and located on or within or used in connection with the ownership or operation of the improvements located in Grayson County, Texas, consisting of all of the personal property used and/or owned by Grantor in connection with the Preston Club and High Country Estates water distribution systems and wastewater treatment systems (collectively, the "Systems") serving the retail water service area and retail sewer service area assigned under Certificates of Convenience and Necessity ("CCN") No. 12258 and No. 21076 by the Public Utility Commission ("PUC") and all of such items and personal property being collectively referred to herein as the "Personal Property"; such Personal Property that constitutes infrastructure of the Systems is depicted or described in **Schedule 1**, attached hereto and incorporated herein for all purposes.
2. Leases. All of Grantor's right, title, and interest as lessor or landlord in and under all leases and license agreements granting possessory rights in, on, or covering the Systems (the "Leases") including said CCN No. 12258 and CCN No. 21076.
3. Property Agreements. All of the Grantor's right, title, and interest as owner of the Systems, to the extent Grantor's interest is assignable, in and to any and all agreements that relate solely to the ownership, use, leasing, management, advertising, security, maintenance, construction, or operation of the Project or the Personal Property (the "Property Agreements").
4. Intangibles. To the extent and relating solely to the ownership, development use, or projected use, maintenance, or operation of the Systems, Personal Property, Leases, or Property Agreements, all of Grantor's right, title, and interest in and to all (i) plans, models, drawings, specifications, surveys, engineering reports, and other technical descriptions or materials that are in the possession of Grantor or its representatives (collectively, the "Plans"); (ii) warranties, guaranties, indemnities, rights under vendor service contracts, operating agreements, and claims (collectively, the "Warranties"); (iii) licenses, permits, franchises, and similar rights issued by any federal, state, or municipal authority, including, without limitation, any permits for a public drinking water system, sewer system, wastewater treatment plant, Texas Pollutant Discharge Elimination System, water or sewer CCNs, groundwater supply, waste, storm sewer, or other utility capacity reservations or allocations issued solely for the benefit of the Project or improvements to be constructed on the above described land (collectively, the "Permits"); and (iv) to the extent allowed by law, all books, records, and financial data of Grantor, including but not limited lists of

names and addresses of each customer of Seller served by the Systems, in hard copy and on computer media that are in the possession of Seller, and groundwater well logs, documentation, data, and compilations (collectively, the "Intangibles").

5. Customer Deposits. All customer deposits of every nature, including security deposits, guaranty fees, prepaid tap fees, and other sums paid to Seller by Customers, and which are held in trust for or are reimbursable to one or more Customers ("Customer Deposits"), if any, upon the occurrence of future conditions or events.

TO HAVE AND TO HOLD the Personal Property, Leases, Property Agreements, Plans, Warranties, Permits, and Intangibles, together with all and singular rights and appurtenances thereto in anywise belonging, unto the said Grantee, its successors and assigns, forever, and Grantor does hereby bind itself and its successors to WARRANT AND FOREVER DEFEND title to the Personal Property, Leases, Property Agreements, Plans, Warranties, Permits, and Intangibles unto said Grantee, its successors and assigns, against the lawful claims of any and all persons lawfully claiming or to claim the same or any part hereof.

Grantor warrants that there are no liens, encumbrances, or security agreements affecting the Project and/or Grantor's interest in the Project.

IN WITNESS WHEREOF, Grantor has executed this Bill of Sale and Assignment as of the _____ day of _____, 20____.

GRANTOR:
LASS Water Company Inc.

By: _____
Name: Sandra Barbey
Title: Vice President

THE STATE OF TEXAS §
COUNTY OF GRAYSON §

BEFORE ME, the undersigned authority, on this day personally appeared Sandra Barbey, Vice President of Lass Water Company Inc. of Magnolia, Texas, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed as an individual and corporate officer.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, 20____.

Notary Public in and for the State of Texas

Printed Name: _____
My Commission Expires: _____

SCHEDULE 1

The Preston Club and High Country Estates Water and Sewer Systems, which includes, but is not limited to:

- For the Preston Club and High Country Estates Water Systems, including, but not limited to, all meters, pumps, pipes, motors, water lines and related facilities, water transmission mains, water distribution lines to individual connections, storage facilities, groundwater wells and pumping equipment related thereto, water treatment plants and any other components necessary to operate these water systems, valves, electrical connections, buildings, parking areas, landscaping and all other improvements situated on, over, under, or within the Real Estate for such water systems;
- For the Preston Club Sewer System, including, but not limited to, all water quality ponds, wastewater treatment plants, pumps, lift stations, valves, collection lines, force mains, manholes, and any other components that are necessary to operate the wastewater system, drainage facilities, including but not limited to storm sewers, drainage channels, and detention ponds, electrical connections, buildings, parking areas, landscaping and all other improvements situated on, over, under, or within the Real Estate for such sewer systems;
- all improvements and personal property necessary or incidental to the operation or maintenance of the Systems or within the Real Property; and
- all appurtenances, if any, benefiting or pertaining to any of the foregoing, including all right, title, and interest of Seller in and to all streets, roads, driveways, parking areas, alleys, rights-of-way, and easements adjacent to or benefiting the Systems.

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.

SPECIAL WARRANTY DEED

Date: _____, 2017

Grantor: Lass Water Company Inc.

Grantor's Mailing Address:

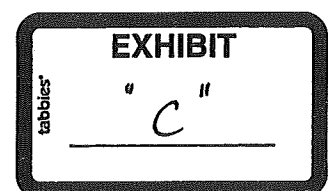
Grantee: City of Sherman, Texas

Grantee's Mailing Address:

Consideration:

The consideration for this conveyance, receipt of which is hereby acknowledged, is \$10.00 and other valuable consideration paid to Grantor for which no lien either express or implied is retained.

Property (excluding items described in Reservations to Conveyance):



Reservations from Conveyance, Exceptions to Conveyance, and Warranty:

Easements, rights-of-way, and prescriptive rights, whether of record or not; all presently recorded instruments that affect the Property, rights of adjoining owners in any walls and fences situated on a common boundary; any discrepancies, conflicts, or shortages in area or boundary lines; any encroachments or overlapping of improvements; taxes for the current year (prorated as of the date of this deed), the payment of which Grantee assumes, but not subsequent assessments for prior years due to change in land usage, the payment of which Grantor assumes.

Grantor, for the consideration and subject to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty, grants, sells, and conveys to Grantee the Property, together with all and singular the rights and appurtenances thereto in any way belonging, to have and to hold it to Grantee, Grantee's successors, or assigns forever. Grantor binds Grantor and Grantor's heirs, executors, administrators, and successors to warrant and forever defend all and singular the Property to Grantee and Grantee's successors, and assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof, when the claim is by, through or under Grantor but not otherwise, except as to the Reservations from Conveyance and the Exceptions to Conveyance and Warranty. When the context requires, singular nouns and pronouns include the plural.

[signature pages follow]

GRANTOR:

Lass Water Company Inc.

By: _____

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

 This instrument was acknowledged before me on the ____ day of _____,
by _____, authorized member of _____, on behalf of the
company.

Notary Public - State of Texas

AGREED TO AND ACCEPTED BY GRANTEE:

City of Sherman, Texas

By: _____

STATE OF TEXAS §

§

COUNTY OF GRAYSON §

 This instrument was acknowledged before me on this ____ day of _____, by
_____, _____, on behalf of the City.

Notary Public - State of Texas

After Recording Return To:

CONSENT AND SUBORDINATION BY LIENHOLDER

_____ (“Lienholder”), as the holder of lien(s) on the Easement Property, consents to the above grant of an easement, including the terms and conditions of such grant, and Lienholder subordinates its lien(s) to the rights and interests of the easement, such that a foreclosure of the lien(s) will not extinguish the rights and interests of the easement.

By: _____
Its: _____

STATE OF _____ §
 §
COUNTY OF _____ §

2017 by _____ This instrument was acknowledged before me on the _____ day of _____, on behalf of _____.

Notary Public, State of Texas

Exhibit A
Property

ASSIGNMENT OF EASEMENT

Date: _____, 2017

Assignor: LASS Water Company Inc.

Assignor's Mailing Address (including County):

Assignee: City of Sherman, Texas

Assignee's Mailing Address (including county):

Consideration: Ten dollars and other good and valuable consideration the receipt of which is hereby acknowledged

Easement(s): The easement(s) described in Exhibit A, attached to and made a part of this instrument.

Assignment:

Assignor hereby sells, transfers, assigns and conveys all of its interests in and to the Easement(s), together with all and singular the rights and appurtenances thereto in any wise belonging, to Assignee, and Assignee's successors and assigns, to have and to hold the same; and Assignor binds itself and its successors and assigns to warrant and forever defend the Easement(s) to Assignee and its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Assignor, but not otherwise.

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

[signature pages follow]



ASSIGNOR;

LASS Water Supply Inc.

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

This instrument was acknowledged before me on _____, 2017, by
_____, _____, on behalf of the company.

Notary Public, State of Texas

ASSIGNEE:

City of Sherman

STATE OF TEXAS §
 §
COUNTY OF GRAYSON §

This instrument was acknowledged before me on the _____ day of _____, 2017 by
_____, on behalf of the City.

Notary Public, State of Texas
Printed Name: _____
My Commission expires:

After recording, please return to:

Exhibit A
Easements Assigned

STATE OF TEXAS

§

COUNTY OF GRAYSON

§

§

**INDEMNITY AND AFFIDAVIT AS TO DEBTS AND LIENS
OF LASS WATER COMPANY INC.**

SUBJECT PROPERTY:

The property is described as the water and wastewater infrastructure, equipment, and related facilities constructed or used to provide water and wastewater service to some or all of the following subdivisions in Grayson County, Texas: Preston Club (the "Property"). The Property is located on, upon, and within certain public rights-of-way in such subdivision and includes all of the water infrastructure, equipment, and related facilities used in LASS Water Company Inc.'s public drinking water system identified by the Texas Commission on Environmental Quality as Public Water System Registration No. _____ to serve its customers within its water certificate of convenience and necessity No. 12258, and all of the wastewater infrastructure used in LASS Water Company Inc.'s Texas Pollutant Discharge Elimination System Permit No. WQ0013309001 to serve its customers within its sewer certificate of convenience and necessity No. 21076.

STATE OF TEXAS

§

§

COUNTY OF GRAYSON §

Before me, the undersigned authority, on this day personally appeared _____, President of LASS Water Company Inc. ("Seller"), personally known to me to be the person(s) whose name(s) is subscribed hereto and upon oath deposes, says and represents on behalf of Seller to the City of Sherman, Texas ("Buyer") that as of the date of execution of this document, there are:

1. No unpaid debts for taxes for the Property, no portions of the Property that have been purchased on time payment contracts, and no security interests on the Property secured by a financing statement, security agreement or otherwise except the following:

Creditor

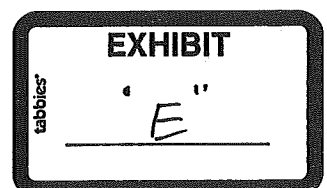
Approximate Amount

None

2. To the best of Seller's knowledge, no loans or liens (including federal or state liens and judgment liens) of any kind on the Property except the following:

Creditor

Approximate Amount



None

3. During Seller's ownership of the Property, all labor and material used in the construction of the Property have been paid for and there are no unpaid labor or material claims against the improvements or the property upon which same are situated, and Seller hereby declares that all sums of money due for the installation of the Property have been fully paid and satisfied, except the following:

None

INDEMNITY: SELLER AGREES TO PAY ON DEMAND TO THE PURCHASER IN THIS TRANSACTION, ITS SUCCESSORS AND ASSIGNS, ALL AMOUNTS SECURED BY ANY AND ALL LIENS NOT SHOWN ABOVE, TOGETHER WITH ALL COSTS, LOSS AND ATTORNEY'S FEES THAT SAID PARTIES MAY INCUR IN CONNECTION WITH SUCH UNMENTIONED LIENS, PROVIDED SAID LIENS EITHER CURRENTLY APPLY TO SUCH PROPERTY, OR A PART HEREOF, OR ARE SUBSEQUENTLY ESTABLISHED AGAINST SAID PROPERTY AND ARE CREATED BY SELLER, KNOWN TO SELLER, OR HAVE AN INCEPTION DATE PRIOR TO THE CLOSING OF THIS TRANSACTION.

Seller realizes that the Purchaser is relying on the presentations contained herein in purchasing same and would not purchase the same unless said representations were made.

LASS WATER COMPANY INC.

By: _____,
_____, President

SWORN AND SUBSCRIBED TO BEFORE ME, on this ____ day of _____,
_____.

Notary Public, State of Texas

Printed Name of Notary

My Commission Expires:

[seal]

Exhibit A
Water System Diagram



SHERMAN CITY COUNCIL

Agenda Communication Form

City Council Called Meeting

Meeting Date: 05/22/2017

Prepared By: Pamela Cloer, Assistant to the City Manager

Approved By: Robby Hefton, City Manager

Caption:

COUNCIL CALENDAR

Attachments

2017 Council Calendar

2017

JANUARY						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
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29	30	31				

FEBRUARY						
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26	27	28				

MARCH						
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26	27	28	29	30	31	

APRIL						
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30						

M A Y						
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28	29	30	31			

JUNE						
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JULY						
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30	31					

AUGUST						
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27	28	29	31			

SEPTEMBER						
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OCTOBER						
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22	23	24	25	26	27	28
29	30	31				

NOVEMBER						
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19	20	21	22	23	24	25
26	27	28	29	30		

DECEMBER						
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17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

1/2/2017	New Years Day/Called Council Meeting on 1/3/2017 - Cancelled
3/21/2017	Called Joint Meeting with SISD Board of Trustees
4/21/2017	Called Budget Planning Mtg in Council Chambers
5/22/2017	Called Council Meeting for Introduction, PH and Adoption of Annexation Ordinance (459.6 acre tract on Preston Club Drive in ETJ)
6/15-16/2017	Called Budget Workshop in Council Chambers
9/4/2017	Labor Day/Called Council Meeting on 9/5/2017

[illegible]