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BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2019-___-WS

IN RE: Joint Application for Approval of the Sale of Assets and Transfer of Facilities, Territory and Certificate of Public Convenience and Necessity from Harbor Island Utilities Inc. to South Carolina Water Utilities, Inc.	**APPLICATION**

Harbor Island Utilities, Inc. ("Harbor Island") and South Carolina Water Utilities, Inc. ("SCWU") (collectively, the "Joint Applicants"), pursuant to 26 S.C. Code Regs. 103-504 and 103-704, and other applicable rules and regulations, jointly apply to the Public Service Commission of South Carolina ("Commission") for approval of a sale of assets, including water and sewer facilities, territories, and certificates of public convenience and necessity, from Harbor Island to SCWU ("Application"). In support of this Application, the Joint Applicants respectfully show unto the Commission as follows:

1. Harbor Island is a South Carolina corporation that owns and operates water and wastewater service in Beaufort County.

2. Harbor Island is a "public utility" as defined in S.C. Code Ann. §58-5-10(4), providing water and sewer service to the public for compensation in certain areas of South Carolina.

3. Harbor Island's current schedule of rates and charges was approved by this Commission in Order No. 2017-80(A), Docket No. 2016--29-WS dated February 1, 2017.

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4. Harbor Island, in Beaufort County, is the only residential subdivision served by Harbor Island. In addition to the residential customers in the subdivision, Harbor Island serves a limited number of commercial establishments.

5. SCWU is a corporation, duly organized and existing under the laws of the State of Delaware and is authorized to do business in the State of South Carolina. SouthWest Water Company ("SouthWest"), a Delaware limited liability company, indirectly owns 100% of SCWU. On a consolidated basis, SouthWest operates water and sewer utility systems serving approximately 152,291 connections in six states. Additionally, SouthWest indirectly owns Kiawah Island Utility, Inc., a public utility providing water and sewer service to approximately 4,174 water and 3,627 wastewater customer connections in Charleston County, South Carolina. A copy of SCWU's certificate of good standing in South Carolina is attached hereto and incorporated herein by this reference as Exhibit "A".

6. Joint Applicants seek expedited approval of this Application and a waiver of any requirement for a formal hearing if, after notice, no substantial opposition arises therefrom.

7. All communications or inquiries regarding this Application should be directed as set forth below:

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8. The Joint Applicants have entered into an asset purchase agreement (the "Agreement") dated September 6, 2019 whereby SCWU will acquire the water and sewer systems, service territories, personal and business property, real property, easements, governmental authorizations (including the certificates of public convenience and necessity issued to Harbor Island by the Commission, National Pollutant Discharge Elimination System permits, and other permits), and certain other property necessary for the operation of the Harbor Island water and sewer systems. A copy of the Agreement is attached and incorporated herein by reference as Exhibit "B."

9. The Joint Applicants submit that the sale of assets from Harbor Island to SCWU is in the public interest. Harbor Island no longer wishes to own the utility, and SCWU is a willing buyer with the financial resources to effect the transaction. The public interest is served by having utility ownership committed to operating the utility and investing the necessary capital required for sustainable, efficient operation. Customers will not be materially affected by the transaction, and the transition of the utility ownership will be carefully managed so that any inconvenience to customers is as minimal as possible.

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Applicants are meeting with customers to explain the transition and address any concerns they may have.

10. Unless and until a rate adjustment or other rate schedule modification is approved by the Commission, SCWU will operate the subject water and sewer systems under their current schedule of rates and charges approved by this Commission for Harbor Island in the Commission orders previously referenced.

11. If the within Application is granted, all of Harbor Island's water and sewer customers will become customers of SCWU; Harbor Island will discontinue the provision of water and sewer service to the public and will no longer have authorized service territories or the related certificates of public convenience and necessity heretofore authorized to them by this Commission. Further, if the Application is granted, the service area that would be authorized to SCWU would be as set forth in the description attached hereto and incorporated herein by reference as Exhibit "C." This service territory was approved by the Commission in its Order No. 2019-685, issued September 25, 2019.

12. SCWU will post a performance bond as required by S.C. Code Reg. 103-712 upon approval of this Application and will comply with the rules and regulations of the Commission.

13. Closing of the Agreement is expressly contingent, among other things, upon Joint Applicants obtaining the approval of the Commission for the sale of the assets of Harbor Island to SCWU. No transfer of any assets has occurred, nor shall any such transfer occur, unless and until such approval is obtained.

14. Based upon the foregoing, it is in the public interest that the Agreement be approved.

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WHEREFORE, the Joint Applicants respectfully request that the Commission take the following action:

A. Approve the sale of the assets currently used to serve the customers of Harbor Island, including the transfer of water and sewer systems, territory, certificates, permits, powers, and privileges, from Harbor Island to SCWU;

B. To permit SCWU to operate the water and sewer systems currently owned and operated by Harbor Island under the schedules of rates and charges currently approved for them by this Commission; and

C. For such other and further relief as this Commission deems just and proper.

Respectfully submitted,

s/ Charles L.A. Terreni

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Attorney for Joint Applicants

Columbia, South Carolina

September 30, 2019

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EXHIBIT A
Certificate of Good
Standing

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The State of South Carolina

Office of Secretary of State Mark Hammond

Certificate of Existence

I, Mark Hammond, Secretary of State of South Carolina Hereby Certify that:

South Carolina Water Utilities, Inc., a corporation duly organized under the laws of the State of South Carolina on December 7th, 2017, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the State, that the Secretary of State has not mailed notice to the corporation that it is subject to being dissolved by administrative action pursuant to S.C. Code Ann. §33-14-210, and that the corporation has not filed articles of dissolution as of the date hereof.

Given under my Hand and the Great Seal of the State of South Carolina this 18th day of September, 2019.

Mark Hammond

Mark Hammond, Secretary of State

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EXHIBIT B
Asset Purchase Agreement

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PURCHASE AGREEMENT BY AND BETWEEN
T.J. BARNWELL UTILITY, INC.
HARBOR ISLAND UTILITIES, INC.
THE BEAUFORT GROUP, LLC
AND
SOUTH CAROLINA WATER UTILITIES, INC.

September 6, 2019

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PURCHASE AGREEMENT BY AND BETWEEN
T.J. BARNWELL UTILITY, INC.
HARBOR ISLAND UTILITIES, INC.
THE BEAUFORT GROUP, LLC
AND
SOUTH CAROLINA WATER UTILITIES, INC.

THIS AGREEMENT, made and entered into on this 6th day of September, 2019, by and between **T. J. Barnwell Utility, Inc.**, a South Carolina corporation, **Harbor Island Utilities, Inc.**, a South Carolina corporation, and **The Beaufort Group, LLC**. a South Carolina limited liability company (hereinafter collectively referred to as "Sellers" or respectively as "**TJBU**", "**HBIU**" and "**TBG**") and **South Carolina Water Utilities, Inc.**, a South Carolina corporation (hereinafter referred to as "**Buyer**" or "**SWWC**") (Sellers and Buyer are hereinafter sometimes generally referred to as "**Party**" or "**Parties**").

WHEREAS, TJBU operates a wastewater system at Pleasant Point Plantation in Beaufort County, South Carolina, and HBIU operates a water and wastewater system at Harbor Island in Beaufort County, South Carolina (collectively referred to as "the Systems") and TBG's assets are utilized to operate the Systems;

[redacted]

WHEREAS, the Sellers agree to sell to the Buyer, and the Buyer agrees to purchase from the Sellers and to operate and maintain, the Systems, on the terms hereafter set forth.

NOW THEREFORE, in consideration of [redacted] Dollars [redacted] to be paid according to the terms set forth herein, and other good and valuables consideration paid by Buyer to Sellers (the "Purchase Price"), the sufficiency of which the Sellers hereby acknowledge, and in consideration of the mutual covenants and agreements hereinafter set forth, Sellers and Buyer hereby agree as follows:

PART A. ACQUISITION OF THE SYSTEMS

1. TRANSFER OF ASSETS.

Subject to the terms and conditions of this Agreement, the Sellers agree to grant, bargain, sell, convey, assign and transfer to Buyer, and Buyer agrees to purchase, the following described properties:

(a) The Systems owned by the Sellers, wherever situated, together with all improvements and appurtenances, including plants, systems, facilities, pipelines, transmission mains, meters, service lines, valves, fittings, collection lines, outfall lines, lift stations, treatment facilities and other usual component parts of water and sanitary sewer systems, and all of the Sellers' other properties,

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real, personal, and mixed, tangible and intangible, which form a part of or pertain to, the Systems, including, but not limited to, the real estate and any structures or improvements located thereon. The real property ("Real Property") comprising the Systems is more particularly described on **Schedule 1(a)** attached hereto and incorporated herein by reference;

(b) All leases, leasehold interests, easements, rights-of-way, crossing agreements, privileges, immunities, used by the Sellers in the operation of the Systems, all as more particularly described on **Schedule 1(b)** hereto;

(c) To the extent transferrable, all permits, franchises and licenses, used by the Sellers in the operation of the Systems, all as more particularly described on **Schedule 1(c)** attached hereto;

(d) All personal property forming a part of or relating to the Systems, including but not limited to maps, O&M manuals, line locators, software, GIS application, inventory, furniture, fixtures and equipment, all as more particularly described on **Schedule 1(d)** attached hereto;

(e) All of the Sellers' contracts, agreements, documents and instruments relating to the Systems, including but not limited to, all books (excluding minute books), records, customer service agreements, reservation of capacity agreements, franchise agreements, surveys, appraisals and environmental reports, all as more particularly described on **Schedule 1(e)** attached hereto;

(f) All of the Sellers' financial and accounting records and information relating to the Systems, in whatever medium such financial and accounting records and information exist, all as more particularly described on **Schedule 1(f)** attached hereto;

(g) All of the Sellers' right, title and interest in and to their permits and governmental authorizations, and all fees incidental thereto after the Closing Date, a copy of each being attached hereto as **Schedule 1(g)**;

(h) All property, rights and privileges, whether real, personal or mixed, and whether tangible or intangible, relating to the Systems, that the Sellers may acquire between the date of this Agreement and the Closing of this transaction as provided herein;

(i) The right to use the names "T.J. Barnwell Utility" and "Harbor Island Utilities" in connection with the ownership and operation of the Systems; provided that Buyer agrees to indemnify and hold Sellers harmless from any suit, action, or liability which may arise from Buyer's use of the name.

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(j) The value of the Systems as a going concern, including all goodwill associated with the Systems.

2. CONSIDERATION FOR TRANSFER OF ASSETS.

(a) At the Closing of this transaction, as consideration for the Sellers transferring, conveying and granting the Systems to Buyer, Buyer agrees to pay the Sellers [redacted] (the "Initial Purchase Payment"), in cash or by wire transfer, to Sellers' bank account, together with the assumption of those liabilities related to the Systems which are specifically identified in herein ("Assumed Liabilities").

(b) In addition to the consideration mentioned in Section 2(a), the Parties agree to the prorated allocation of income and expenses as provided for in Section 14 of this Agreement.

(c) Subject to the requirements of state and federal law, within fifteen (15) days after the Closing Date, the Buyer and Sellers will agree upon an allocation of the Initial Purchase Price and amount of Assumed Liabilities among the assets in accordance with Section 1060 of the U.S. Internal Revenue Code ("Code") and the regulations thereunder (and any similar provisions of other law, as appropriate). The Buyer and the Sellers agree to cooperate with each other, and to furnish each other with such information as is reasonably requested by the other Party, for purposes of determining the allocation of the Initial Purchase Price and amount of Assumed Liabilities among the transferred assets. The Parties agree to make a consistent use of such agreed upon allocation for all tax purposes and in all tax returns, including the filing of IRS Form 8594 as required by Section 1060 of the Code. The Parties' preliminary allocation is reflected in the attached to the Disclosure Schedule as **Schedule 2(c)**.

(d) In addition to the Buyer's payment of the Initial Purchase Payment pursuant to Section 2(a), Buyer will pay Sellers [redacted] ("Purchase Payment Balance") [redacted]

3. CLOSING.

The closing of the transactions provided for herein involving the Systems ("Closing") shall take place with each Party executing the required documents in counterparts and delivering them to the other, or at such physical location as may be agreed upon by the Parties, on the first business day after the end of the normal billing cycle following

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satisfaction of the Parties' Conditions Precedent to Closing set forth in this Agreement ("the Closing Date") or at such other time as may be agreed upon by the Parties.

(a) In addition to the deliveries of documents to be made at the Closing as provided herein, there shall also be delivered the certificates, consents, representations, resolutions, ordinances, agreements, franchises, deeds, leases, and other instructions referred to in this Agreement. At the Closing, each of the Sellers shall deliver to Buyer a general assignment of all rights, title and interest, and such deeds, leases, bills of sale, endorsements, assignment and other good and sufficient instruments of transfer, conveyance and assignments and other good and sufficient instruments of transfer, conveyance and assignment, as shall be necessary to vest in the Buyer good and merchantable title, free and clear of all liens, claims and encumbrances except as hereinafter provided, to the assets to be transferred, conveyed and assigned under this Agreement; provided, however, that deeds and other conveyances of real property (with the exception of any leases for real property) shall be in the form of general warranty deeds. The form and content of all deeds, leases, bills of sale, assignments, documents, and instruments by which any of said assets are to be transferred to Buyer shall be subject to the approval of Buyer. At the Closing, Sellers shall also deliver to Buyer customer lists, maps and surveys of the Systems and all books (excluding minute books), records and other data relating to the assets which are transferred under this Agreement. Simultaneously with such delivery by the Sellers, the Sellers shall take all such steps as may be necessary to put Buyer in actual peaceable possession and operating control of such assets.

(b) Prior to the Closing, Sellers shall provide to Buyer any and all surveys, title insurance policies, environmental site assessments and geotechnical reports as are in Sellers' possession, or reasonably accessible to Sellers, relating to the Real Property. Buyer shall be responsible for obtaining title opinions and title insurance, at its expense, regarding Real Property, in form and substance satisfactory to the Buyer prior to Closing. If Buyer is not satisfied with any exception to either the title, title insurance policy, or condition of the Real Property, and Sellers are unwilling or unable to cure or correct the same, Buyer shall have no obligation to consummate the sale and purchase contemplated hereby.

Any provision hereof to the contrary notwithstanding, if any action or proceeding questioning the validity of the transfer and conveyance of assets under this Agreement is commenced prior to Closing, Buyer shall be entitled, at its election, to terminate and cancel this Agreement, without Buyer incurring any liability.

4. FURTHER ASSURANCES.

The Sellers shall from time to time, whether before, at, or after Closing, at Buyer's request and without further consideration, execute and deliver such other instruments

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of transfer, conveyance, and assignment, and take such other action as Buyer may require to more effectively transfer, convey and assign to and vest in Buyer, and to put Buyer in possession of the Systems, including any property to be transferred, conveyed, assigned, and delivered hereunder. If there are any contracts, rights, licenses or permits, which cannot be transferred effectively without the consent of the other party or parties thereto, and such consent is unattainable, the Sellers will terminate such contracts if terminable, or use their best efforts to assign and convey to Buyer the benefits thereof. The Sellers are not, and upon consummation of the transactions contemplated hereby, will not be, in default under any contract and, to the knowledge of the Sellers no other party to any contract is or will be in default thereunder.

5. AUTHORIZATION.

Prior to Closing, each of the Sellers will, by proper action of its shareholders, members, and managers, duly adopt all necessary and appropriate resolutions and/or ordinances authorizing the transactions hereunder and take all steps necessary for their execution. The Sellers will further take all actions reasonably required to obtain all necessary authorizations and consents of third parties.

6. SELLERS' REPRESENTATIONS, WARRANTIES AND COVENANTS.

Sellers hereby jointly represent, warrant and covenant as follows:

(a) Organization. TJBU is a corporation duly organized and validly existing under the laws of the State of South Carolina, and has all necessary powers to own and operate the wastewater system at Pleasant Point. HBIU is a corporation duly organized and validly existing under the laws of the State of South Carolina, and has all necessary powers to own and operate the water and wastewater system at Harbor Island. TBG is a limited liability company duly organized and validly existing under the laws of the State of South Carolina.

(b) Authority Relative to this Agreement as of the Closing. Each of the Sellers' signatories to this Agreement has full power and authority to execute and deliver this Agreement and all agreements, documents and instruments referred to herein or contemplated hereby, and the sale, conveyance, assignment and transfer contemplated hereby has been duly authorized by the Sellers in accordance with the provisions of all applicable law; contemporaneously with executing this Agreement, the Sellers shall deliver to Buyer true and complete copies of the minutes of the meeting or meetings of the Sellers at which such authorization was conferred, approving and authorizing the transactions contemplated by this Agreement and these documents shall be attached as **Schedule 6(b)** and neither the Sellers' entering into this Agreement, nor the Sellers' compliance with all the terms of this Agreement, shall violate any mortgage or indenture or bond to which

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any of the Sellers is a party or any other agreement or instrument by which any of the Sellers is bound. Except for the regulatory approvals referred to herein, no consent or authorization of any federal, state or local authority or entity is required for the execution and performance of this Agreement by the Sellers, or if such consent or authorization is required, said consent or authorization has been obtained and is evidenced by appropriate certified instruments delivered to Buyer. Upon the execution hereof by the Sellers, this Agreement shall constitute the legal, valid and binding obligation of the Sellers, jointly and severally enforceable against the Sellers in accordance with its terms.

(c) Title to Property; Absence of Liens, Claims and Encumbrances; Taxes, etc. Each Seller has good and marketable title to its properties and assets comprising the Systems, real, personal and mixed, tangible and intangible, free and clear of all liens, claims, encumbrances and violations, except such imperfections of title and encumbrances, if any, which are identified on **Schedule 6(c),** and which are insubstantial in character, amount or extent, and which do not materially detract from the value of, or interfere with, the present or future use of the property subject thereto or affected thereby or otherwise materially impair the Sellers' ownership and operation of the Systems. Sellers have good and marketable fee simple title to the Real Property. The Sellers have not received notice of violations of any applicable zoning regulations, ordinances or other laws, or any applicable regulations, laws, ordinances or requirements relating to the operation of the Systems and their properties, and, so far as known to Sellers, there is no such violation, and all assets which are being transferred or assigned to Buyer conform with all applicable ordinances, codes, laws and regulations. The Sellers are either exempt from the requirement to pay taxes of any nature, whether federal, state, or local, or, if subject to the payment of taxes, have paid or caused to be paid all taxes owed by it in a timely manner. There are no audits of any tax liability of Sellers pending before any federal, state or local taxing authority, and to the best knowledge of the Sellers, there is no factual basis for any such audit to be conducted. For purposes of this Agreement, "taxes" means any federal, state, local and foreign income, payroll, withholding, excise, sales, use, personal property, use and occupancy, business and occupation, mercantile, real estate, gross receipts, license, employment, severance, stamp, premium, windfall profits, social security (or similar unemployment), disability, transfer, registration, value added, alternative, or add-on minimum, estimated, or capital stock and franchise and other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

(d) Absence of Undisclosed Liabilities. The Sellers are not in default of any contract, agreement or obligation relating to the Systems. Except as set forth herein, the Sellers have no liabilities or obligations about the Systems,

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secured or unsecured, whether accrued, absolute, contingent or otherwise, other than current monthly operating expenses. At the Closing, the Sellers will not be in violation of any laws, ordinances, rules or regulations which would materially affect the operation of the Systems. If there should prove to be undisclosed default, liabilities or obligations of the Sellers in connection with the Systems, whether known or unknown to the Sellers, or should the Sellers be in violation of any laws, ordinances, rules or regulations, either the Sellers or the Buyer, in their sole discretion, may terminate and cancel this Agreement; provided, however, Buyer may not terminate the Agreement until Buyer has given the Sellers written notice of such violation, and the Sellers fail to cure such violation within thirty (30) days following Buyer's notice.

(e) Litigation. As of the date hereof, the Sellers have no knowledge of, and have received no notice of, any litigation, proceeding or governmental investigation pending, or threatened against the Sellers or their properties or operations, or the transactions contemplated by this Agreement arising out of, or about, the Systems, and, to Sellers' knowledge, there is no basis for any such claims. The Sellers have not brought or filed any pending suit or proceeding about the Systems. None of the Sellers is a party defendant to, or subject to, the provisions of any order, decree or judgment with continuing effect of any court having jurisdiction or of any governmental agency.

(f) Assets. Except as identified in **Schedule 6(f)**, all assets used about the Systems are capable of being used without the present need for repair or replacement except in the ordinary course of business in a manner consistent with the Sellers' past practices. Repairs or replacements not identified by the date of the Closing will be the responsibility of the Buyer.

(g) Customer Billing. Contemporaneously with the execution of this Agreement by all Parties, the Sellers will provide Buyer with all current customer billing and account information, and will assist in the transitioning of customer billing from Sellers to Buyer.

(h) Further Assurances. To furnish further assurances of title, execute any written agreement or do any other act necessary to effectuate the purposes and provisions of this Agreement,

(i) Compliance with Applicable Environmental Law.

i. The term "Applicable Environmental Law" shall be defined as any laws, rules, regulations, ordinances, judgments, decrees, codes, orders, injunctions, notices and demand letters of any governmental authority relating to environmental conditions, industrial hygiene, pollution, or the protection of human health or the environment.

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ii. Each Seller represents and warrants to Buyer that, to the best of its knowledge, the Real Property, the Systems, and Sellers are not in violation of or subject to any existing, pending or threatened investigation or inquiry by any governmental authority or any response costs or remedial obligations under any Applicable Environmental Law and that, to the best of its knowledge, Sellers have not failed to obtain any permits, licenses or similar authorizations to construct, occupy, operate or use any buildings, improvements, fixtures or equipment forming a part of the Real Property and the Systems by reason of any Applicable Environmental Law and all of such permits, licenses or similar authorizations are in full force and effect. A list of past notices of violation for each system is attached as **Schedule 6(i)ii.**

iii. Each Seller represents and warrants that it has taken all steps necessary to determine and has determined that no petroleum products, oil, hazardous substances, or solid wastes have been disposed of or otherwise released on the Real Property and the Systems;

iv. Each Seller agrees to notify Buyer if any governmental agency or other entity notifies Seller(s) that the Real Property, or the Systems, may not be in compliance with any Applicable Environmental Laws;

v. Each Seller hereby agrees to pay any fines, charges, fees, expenses, damages, losses, liabilities or response costs arising from or pertaining to the application of any such Applicable Environmental Law while the Real Property and the Systems were in Seller's possession, and to indemnify and forever save Buyer harmless from the same. This indemnity shall survive the Closing or the termination of this Agreement.

(j) Sanctions. Sellers are, and all officers, directors, shareholders or members of Sellers are, in compliance with all anti-money laundering laws related to the prevention of money laundering and terrorist financing in the jurisdictions in which Sellers operates. None of the Sellers is a person that is, or is owned or controlled by persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. None of the transactions contemplated by this Agreement will violate Sanctions applicable to Sellers. None of the Sellers, nor any officer, director, shareholder or member of Sellers, is a senior political control figure, an immediate family member of a senior political control figure, or a close associate of a senior political control figure. None of Sellers, or any shareholder or member of Sellers, is a shell bank.

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(k) Ethical Business Practices. None of the Sellers, nor any of their officers, directors, shareholders or members, nor, to the knowledge of Sellers, any agents or other persons acting on behalf of any of the foregoing, directly or indirectly in relation to the operation of the Systems, or the transactions contemplated by this Agreement, has:

i. violated or is in violation of applicable anti-corruption laws, or

ii. made, offered or promised to make, or authorized the payment or giving of money, or anything else of value, to any (i) executive, official, employee or person acting in an official capacity for or on behalf of a governmental body or a government-controlled entity or a public international organization (e.g., the International Monetary Fund or the World Bank), or (ii) political party or official thereof, or candidate for political office (each of the foregoing a "Government Official"), or (iii) any other person, while knowing or believing that all or some portion of the money or value will be offered, given or promised to a Government Official or other person for the purposes of obtaining or retaining business or securing any improper advantage or in other circumstances when such offer, payment or promise would be unlawful (each a "Prohibited Payment"), or

iii. been subject to any investigation by any governmental body or body of regulators regarding any actual or alleged breach of any relevant anti-corruption law.

7. BUYER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

Buyer hereby represents, warrants and covenants as follows:

(a) Organization. Buyer is a corporation, organized and existing under the laws of the State of South Carolina, is duly qualified to do business in South Carolina.

(b) Authority Relative to this Agreement as of the Closing. Buyer is authorized to transact business in South Carolina and is permitted by the laws of the State of South Carolina to execute and perform this Agreement and to accept the transfer and conveyance of the Systems.

(c) Obligations. Buyer will pay and perform all obligations of this Agreement according to its terms.

(d) Sanctions. Buyer, and all officers, directors, shareholders of Buyer are, in compliance with all anti-money laundering laws related to the prevention of money laundering and terrorist financing in the jurisdictions in which Buyer operates. Buyer is not a person that is or is owned or controlled by persons that are: (i) the subject of any sanctions administered or enforced by the U.S.

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Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "Sanctions"), or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions. None of the transactions contemplated by this Agreement will violate Sanctions applicable to Buyer. Neither Buyer, nor any officer, director, shareholder of Buyer, is a senior political control figure, an immediate family member of a senior political control figure, or a close associate of a senior political control figure. Neither Buyer, or any shareholder of Buyer, is a shell bank.

(e) Ethical Business Practices. Neither Buyer, nor any of its officers, directors, or shareholders, nor, to the knowledge of Buyer, any agents or other persons acting on behalf of any of the foregoing, directly or indirectly in relation to the operation of the Systems, or the transactions contemplated by this Agreement, has:

i. violated or is in violation of applicable anti-corruption laws, or

ii. made, offered or promised to make, or authorized the payment or giving of money, or anything else of value, to any (i) executive, official, employee or person acting in an official capacity for or on behalf of a governmental body or a government-controlled entity or a public international organization (e.g., the International Monetary Fund or the World Bank), or (ii) political party or official thereof, or candidate for political office (each of the foregoing a "Government Official"), or (iii) any other person, while knowing or believing that all or some portion of the money or value will be offered, given or promised to a Government Official or other person for the purposes of obtaining or retaining business or securing any improper advantage or in other circumstances when such offer, payment or promise would be unlawful (each a "Prohibited Payment"), or

iii. been subject to any investigation by any governmental body or body of regulators regarding any actual or alleged breach of any relevant anti-corruption law.

8. ACCESS TO INFORMATION CONCERNING PROPERTIES, RECORDS, ETC.

Throughout the period prior to the Closing, and for a reasonable period after the Closing, the Sellers shall give to Buyer, its counsel, accountants, engineers, and other representatives, full access to all of the properties, books, contracts, commitments and records of the Sellers (to the extent in the possession of, or reasonably accessible to, the Sellers relating to the Systems, and the Sellers shall furnish Buyer during such

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period with all such information concerning the Systems and its affairs as Buyer may reasonably request.

9. CONDUCT OF THE SELLERS' OPERATIONS PENDING THE CLOSING.

Pending the Closing, except as otherwise consented to by Buyer in writing or as contemplated by the provisions of this Agreement:

(a) Ordinary Course of Business. The operations of the Systems shall be conducted only in the ordinary course of business, which shall include, but not be limited to, the maintenance, in full force and effect, of any outstanding insurance policies, permits, the payment of all taxes or other obligations as they become due, collection of accounts receivable from all customers of the Systems, and satisfaction of, and continued compliance with, all of the Sellers' other expenses and obligations relating to the Systems. Without limiting the generality of the foregoing sentence, no commitment binding on Buyer shall be made by the Sellers, unless the same shall have been approved in writing, in advance, by the Buyer.

(b) Limitations on Borrowing. No money shall be borrowed by the Sellers upon reliance of any of the property, assets, or revenues of the Sellers, which are to be transferred or assigned to Buyer. No mortgage or pledge of any property or assets of the Sellers, which are used in connection with the Systems shall be made, and all such mortgages and pledges, if any, shall be satisfied by the Sellers, prior to the Closing, without any cost or obligation on the part of, Buyer.

(c) Compliance with Laws. Each of the Sellers shall conduct its operations in such a manner so that at the time of Closing, each of the Sellers will be in compliance with all provisions of existing laws, rules, and regulations.

(d) Representations True and Correct. Each of the Sellers will conduct its business and operations in such manner so that on Closing Date the representations, warranties, and covenants contained in this Agreement shall be true as though such representations, warranties and covenants were made on and as of the Closing Date.

10. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS AND CONDITIONS PRECEDENT TO THE SELLERS' OBLIGATIONS.

(a) In addition to any other condition precedent set forth in this Agreement, all obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

i. Misrepresentations. Buyer or its agents or attorneys shall not have discovered, and there shall not be or have been, any material errors, misstatements or omissions in the representations and warranties made by the Sellers in or pursuant to this Agreement.

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ii. Representations True at Closing; Performance by the Sellers. All representations and warranties made by the Sellers in or pursuant to this Agreement shall be deemed to have been made again at and as of the time of the Closing and shall then be true and correct in all material respects. The Sellers shall have performed and complied with all agreements and conditions required by this Agreement to be performed and complied with by it prior to Closing. At the Closing, the Sellers shall deliver to Buyer a certificate, in form satisfactory to Buyer, setting forth and reaffirming said representations and warranties as of the date of the Closing.

iii. Authorization. The Sellers shall have complied with all provisions of applicable law and regulations with respect to the authorization of this Agreement and transactions contemplated by this Agreement and shall have taken all other necessary steps, prior to or at the time of Closing, to consummate the transactions contemplated herein, including the obtaining of all consents, authorizations, conveyances, grants, and assignments referred to in Section 5 of this Agreement.

iv. Regulatory Approvals. Buyer's obligations are contingent on the approval of this Agreement by the South Carolina Public Service Commission (SCPSC) under terms acceptable to the Buyer, and Buyer's receipt of the necessary permits and authorizations to operate the Systems from the South Carolina Department of Health and Environmental Control (DHEC).

v. Litigation Affecting Closing. At the date of the Closing, no suit, action, or other proceeding shall be pending or threatened before any court or other 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 at Closing there shall be delivered to Buyer a certificate, dated the date of Closing, signed by an authorized representative of the Sellers to the foregoing effect, in form satisfactory to Buyer.

vi. Material Adverse Change After the Date Hereof. During the period of time from the date hereof to the Closing, there shall not have been any material adverse change in the properties or any material adverse change in the financial condition of the Sellers or any material adverse change in the operation or customer list of the Sellers, and at the Closing there shall be delivered to Buyer a certificate, dated the date of the Closing, signed by an authorized representative of Sellers to the foregoing effect, in form satisfactory to Buyer.

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vii. Agreements, Consents, Grants, Conveyances, and Actions of the Sellers. The Sellers shall:

1. Take all steps and actions, including, without limiting the generality of the foregoing, adoption of resolutions, the authorized execution of instruments and documents, and the calling of meetings of its members and the sole manager, necessary or desirable for the execution, effectuation, and performance of this Agreement and the transactions contemplated thereby.

2. Take all steps and perform all actions as may be required by, and necessary for compliance with the Sellers' authorizations to conduct business from all federal, state, and local authorities, and all applicable federal, state and local laws and administrative regulations.

viii. Completion of Due Diligence. Buyer shall have completed its due diligence, and the results of such due diligence shall be satisfactory to Buyer in its sole discretion.

(b) All obligations of the Sellers under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

i. Misrepresentation. The Sellers or their agents or attorneys shall not have discovered, and there shall not be or have been, any material errors, misstatements or omissions in the representations and warranties made by Buyer in or pursuant to this Agreement which in the aggregate shall be material.

ii. Representations True at Closing; Performance by Buyer. All representations and warranties made by Buyer in or pursuant to this Agreement shall be deemed to have been made again at and as of the time of the Closing and shall then be true and correct in all material respects. Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed and complied with by it prior to the Closing. At the Closing, Buyer shall deliver to the Sellers certificate, in form satisfactory to the Sellers, setting forth and reaffirming said representations and warranties as of the date of the Closing.

iii. Authorization. Buyer shall have complied with all provisions of applicable laws and regulations with respect to the authorization of this Agreement and the transactions contemplated by this Agreement and shall have taken all other necessary steps, prior to or at the time of Closing, to consummate the transactions contemplated herein.

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1. Regulatory Approvals. Buyer's obligations are contingent on the approval of this Agreement under terms acceptable to the Buyer, by the South Carolina Public Service Commission ("SCPSC"), and Buyer's receipt of the necessary DHEC permits and authorizations to operate the Systems.

2. Litigation Affecting Closing. At the date of the Closing, no suit, action, or other proceeding shall be pending or threatened before any court or other 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 at Closing there shall be delivered to Buyer a certificate, dated the date of Closing, signed by an authorized representative of the Sellers to the foregoing effect, in form satisfactory to Buyer.

PART B. OWNERSHIP AND OPERATION OF THE SYSTEMS

11. LIABILITIES AND INDEMNIFICATION.

(a) Except as otherwise provided herein, and to the extent allowed by law, the Sellers agree that they will pay, satisfy, indemnify and hold harmless the Buyer, and each shareholder, director, officer, employee, agent or representative of Buyer (collectively, "Buyer Indemnified Parties") from the following at all times after the date of this Agreement: (i) all liabilities, debts and obligations of any of the Sellers, or the Systems of any nature, whether accrued, absolute, contingent or otherwise, existing prior to or at the date of the Closing, or arising out of transactions or commitments entered into, or any state of facts existing, prior to, or at the time of, the Closing, including all fees, charges and expenses of attorneys and engineers, so long as, and to the extent that, such liabilities, debts and obligations relate to the Systems. Without limiting the generality of the foregoing, the Sellers will satisfy and hold harmless the Buyer Indemnified Parties from any commissions or brokers' fees incurred in connection with this Agreement; any and all fees, charges and expenses of engineers in connection with this Agreement; any claims or liens with respect to outstanding line charge deposits on the Systems, and, any claims for refund of any deposits or other money, including customer service deposits; (ii) any damage or deficiency resulting from, or connected with, any misrepresentations, breach of warranty, or nonfulfillment of any agreement or covenant on the part of any of the Sellers under this Agreement or from any misrepresentation in, or omission from, any certificate or other instrument or document furnished or to be furnished to Buyer hereunder, (iii) any liability, debt, or obligation arising or related to health insurance policies, employee benefit plans, retirement plans, individual retirement accounts, or 401(k) accounts related to, managed by, belonging to, or held for the benefit of, Sellers, their officers, members, shareholders, employees, or any other third parties, and (iv) all actions, suits, proceedings, investigations,

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demands, assessments, judgments, costs, fines, expenses, appeals, attorneys' fees, and expenses incident to any of the foregoing. The Sellers shall promptly pay any such item covered by this indemnity clause or shall, upon demand.

(b) No party shall have any liability to another party under this Section for damages to the extent that:

i. the indemnified Party recovers insurance proceeds covering the damages; or

ii. the indemnified Party's tax liability is actually reduced as a result of a tax benefit to which the indemnified Party becomes entitled in respect of the damages.

(c) If at any time subsequent to the receipt by an indemnified Party of an indemnity payment hereunder, such indemnified Party, or any affiliate thereof, receives any recovery, settlement or other similar payment with respect to the damages for which it received such indemnity payment (including insurance proceeds, or a tax benefit, (the "Recovery"), such indemnified Party shall promptly pay to the indemnifying Party an amount equal to the amount of such Recovery, less any expense incurred by such indemnified Party (or its affiliates) in connection with such Recovery, but in no event shall any such payment exceed the amount of such indemnity payment.

(d) The Sellers shall have no liability or obligation under this Section for any damages resulting from the inaccuracy or breach of any representation or warranty if such inaccuracy or breach is disclosed in writing by the Sellers prior to Closing.

(e) No party shall have any liability to another party under this Section for damages to the extent that: the indemnified Party recovers insurance proceeds covering the damages; or

(f) The indemnified Party's tax liability is actually reduced as a result of a tax benefit to which the indemnified Party becomes entitled in respect of the damages.

12. CANCELLATION OF EXISTING COMMITMENTS.

Except as provided herein, and with the prior consent of Buyer, the Sellers hereby agree and consent to the cancellation and termination, as of the date of the Closing, of any contract, commitment or undertaking with respect to Systems which it has made with any other person, firm, or corporation, other than this Agreement and excepting those contracts, commitments, or undertakings which by their terms are not cancelable or terminable, or which have been assumed by Buyer pursuant hereto, and each party hereto shall take such action as is necessary to effect such cancellation and termination.

13. IMPACT FEES.

The Sellers shall pay over to the Buyer any impact fees which may be paid to the Sellers by any customer of the Systems following the Closing for projects and anticipated service connections to the Systems.

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14. PRORATIONS.

The Parties shall allocate operating income and expenses as follows:

(a) Generally, all operating income and operating expenses of the Sellers shall be adjusted and allocated between the parties to reflect the principle that all such income and expenses related to the operation of the Systems on or before the Closing Date shall be for the account of the Sellers, and all income and expenses related to the operation of the Systems after the Closing Date shall be for the account of the Buyer.

(b) The allocations and prorations to be made pursuant to this Section shall be computed in a manner consistent with the assumptions, categories, classifications, judgments and allocation, valuation and estimation methodologies set forth on **Schedule 14(b)**. Allocations made pursuant to this Section shall be made in accordance with Generally Accepted Accounting Principles ("GAAP") unless it would be inconsistent with the express provisions of this Agreement

(c) Within sixty (60) days of the Closing Date, the Buyer shall prepare and deliver to the Sellers updated Proration Amounts, if necessary, with a brief explanation in reasonable detail consistent with Schedule 14(b). The Proration List shall become final and binding upon the Parties thirty (30) days following delivery thereof, unless Sellers gives written notice of its disagreement with the Proration List. Both Parties mutually agree to resolve any disagreement within thirty (30) days after the Sellers has notified the Buyer of a disagreement. If Parties cannot agree to remedy, both Parties will refer the disagreement to a mutually agreeable independent accountant for resolution.

15. RETIREMENT AND BENEFIT PLANS

Buyer will not be responsible for any funding or continued operation of any health insurance policies, employee benefit plans, retirement plans, individual retirement accounts, or 401(k) accounts related to, managed by, belonging to, or held for the benefit of, Sellers, their officers, members, shareholders, employees, or any other third parties,

16. FILINGS AND AUTHORIZATIONS.

The Buyer will, at its expense and as promptly as practicable, make or cause to be made all such filings and submissions under laws, rules and regulations applicable to it as may be required to consummate the terms of this Agreement, including but not limited to submission of this Agreement for approval by the SCPSC and DHEC. Any such filings and supplemental information will be in substantial compliance with the requirements of the applicable laws, rules or regulations. The Buyer, on the one hand, and the Sellers, on the other, shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission to any regulatory authority having jurisdiction over the Systems (an "Authority"). The Sellers, on the one hand, and the Buyer, on the other, shall keep each other apprised of the status of any communications with, and inquiries or requests for

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additional information from, any Authority, and shall comply promptly with any such inquiry or request. The Buyer will use its reasonable best efforts to obtain any clearance from any other Authority necessary for the consummation of the transactions contemplated in this Agreement in accordance with the terms and conditions hereof. Notwithstanding the foregoing, nothing contained in this Section will require or obligate any party: (a) to initiate, pursue or defend any litigation (or threatened litigation) to which any Authority is a party; (b) to agree or otherwise become subject to any material limitations on: (i) the right of the Buyer effectively to control or operate the Systems, (ii) the right of the Buyer to acquire or hold the Systems, or (iii) the right of the Buyer to exercise full rights of ownership of the Systems or all or any material portion of the purchased assets; or (c) to agree or otherwise be required to sell or otherwise dispose of, hold separate (through the establishment of a trust or otherwise), or divest itself of all or any portion of the business, assets or operations of the Sellers or the Buyer, or the Systems. The Parties agree that no representation, warranty or covenant of the Buyer or the Sellers contained in this Agreement shall be breached or deemed breached as a result of the failure by the Buyer, on the one hand, or the Sellers, on the other, to take any of the actions specified in the preceding sentence.

17. MAINTENANCE OF BOOKS AND RECORDS.

The Sellers and the Buyer shall cooperate fully with each other after the Closing so that (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege) each party has access to the business records, contracts and other information existing at the Closing Date and relating in any manner to the matters made the subject of this Agreement or the operation of the Systems (whether in the possession of the Sellers or the Buyer).

18. OPERATION OF WATER AND SEWER SYSTEMS.

After the Closing Date, the Buyer shall perform all services necessary for the proper and effective operation and maintenance of the Systems.

(a) Compliance with Laws. The Buyer shall assume ownership of the Systems and all responsibilities, obligations commitments associated with said ownership and provide operation and maintenance of the Systems in accordance with all applicable laws, rules, regulations, orders, judgments and ordinances.

(b) Licenses and Permits. The Buyer shall at its cost be responsible for obtaining, and maintaining in force all permits, licenses, certifications and approvals, including all National Pollutant Discharge Elimination System ("NPDES") Permits and Underground Injection Control ("UIC") Permits as required by local, state and federal agencies and authorities for ownership and operation of the Systems. The Buyer shall timely prepare and file any reports required by any licenses, permits or applicable law. The reports shall identify all maintenance activities and orders pending or completed.

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PART C. MISCELLANEOUS

19. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

The Sellers and Buyer agree that neither party has made any representation, warranty, or covenant not set forth herein or called for hereby and that this Agreement constitutes the entire agreement between the Parties. All representations, warranties, covenants, and agreements made in or pursuant to this Agreement shall survive the Closing for the term of any applicable statute of limitations and shall survive any investigation at any time made by or on behalf of Buyer.

20. AMENDMENT AND TERMINATION OF AGREEMENT; WAIVER.

The Sellers and Buyer, by mutual consent of their respective members, boards of managers or boards of directors, may amend or modify this Agreement in such manner as may be agreed upon, by written instrument executed by the Sellers and Buyer, at any time after execution of this Agreement and prior to the Closing. This Agreement may be terminated by the Sellers or Buyer for failure of any condition precedent to the obligations of the terminating party or for any material breach of this Agreement by the other party hereto, by a written notice delivered or mailed to the other party, except that a party, hereto may, at its option, waive in writing the observance or performance of any or all the terms and conditions herein contained to which its obligations hereunder are subject. No such waiver shall operate as a waiver of any other conditions or rights, which the waiving party may have, and which have, not been expressly waived in writing. Further, in the event, either party terminates, or attempts to terminate, this Agreement, or fails or refuses to proceed to the Closing hereof, in the absence of either (a) joint written agreement of the Parties, (b) failure of any condition precedent, or (c) material breach of this Agreement by the other party, then, in such event, the non-breaching party shall be entitled to equitable relief, including injunctive relief or specific performance, as well as to all other remedies which may be available to such non-breaching party under this Agreement or by operation of law.

21. PARTIES IN INTEREST.

This Agreement shall inure to the benefit of, and be binding upon, the Parties named herein and their respective successors and assigns, provided that any assignment of this Agreement or the rights thereunder by the Sellers without Buyer's prior written consent shall be void. Nothing in this Agreement, express or implied, confers or is intended to confer upon any other person, firm, or corporation (other than the Parties hereto or their respective successors or assigns) any rights or remedies under, or because of, this Agreement. Any successor to, or assignee of, Buyer's ownership of the Systems shall be a third-party beneficiary of the rights, remedies, duties and obligations of Buyer hereunder.

22. CERTAIN TAXES AND EXPENSES.

The Buyer and the Sellers shall pay equal shares of all state and local sales, use, transfer, real property transfer, documentary stamp, recording and other similar taxes arising from and with respect to the sale and purchase of the Systems, if any. Except as otherwise provided in this Agreement, each of the Parties hereto shall bear its respective accounting, legal and other expenses incurred in connection with the transactions contemplated by this Agreement.

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PART D – CONFIDENTIALITY

23. CONFIDENTIALITY

a) The Parties agreed to abide by the terms of the Mutual Confidentiality Agreement, dated as of May 13, 2016 and attached as **Schedule 23** to this Agreement (the "Confidentiality Agreement"). The Parties agree to continue to abide by the terms of the Confidentiality Agreement, with Buyer being substituted for "SWWC" and TBG being included as a "Counterparty" with the other Sellers, from the effective date of the Confidentiality Agreement until two years after the Closing Date.

b) Without limiting the generality of the foregoing, no Party shall make, or permit or cause to be made, any press release or public announcement, including any communication to employees, customers, suppliers, or others having dealings with Sellers or Buyer regard this Agreement or the transactions contemplated hereby without the prior written consent of the other Party hereto (such consent not to be unreasonably withheld, delayed or conditioned), provided, that the foregoing prohibition shall not apply to public disclosures required by applicable law or disclosures otherwise conforming to the terms and conditions of the Confidentiality Agreement. Sellers shall be permitted to retain a copy of their books and records pertaining to their operation of the Systems and ownership of the assets being transferred pursuant to this Agreement in accordance with Sellers' respective existing applicable record retention policies.

PART E – GOVERNING LAW

24. GOVERNING LAW.

The Parties hereto acknowledge that this Agreement has been negotiated and entered in the State of South Carolina. The Parties expressly agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the laws of the State of South Carolina.

* * * * * *Signature Page Follows* * * * * *

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IN WITNESS WHEREOF, Each of the Sellers has caused this Agreement to be executed by its duly authorized officer, and Buyer has caused this Agreement to be executed by its duly authorized officer, all as of the date first above written.

SELLER:
T.J. Barnwell Utilities, Inc.

By: Robert G. Gross
Name: Robert G. Gross
Its: President

WITNESS:

Signature: [signature]
Name: MARK A BRIDGES

SELLER:
Harbor Island Utilities, Inc.

By: Robert G. Gross
Name: Robert G. Gross
Its: President

WITNESS:

Signature: [signature]
Name: MARK A BRIDGES

SELLER:
The Beaufort Group, LLC

By: Robert G. Gross
Name: Robert G. Gross
Its: President

WITNESS:

Signature: [signature]
Name: MARK A BRIDGES

BUYER:
South Carolina Water Utilities, Inc.

By: Robert GM
Name: Robert MacLean
Its: Chief Executive Officer

WITNESS:

Signature: Rita S. Carroll
Name: RITA S. CARROLL

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SCHEDULES

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1(a)	Real Property	2
1(b)	Leases, etc.	2
1(c)	Permits, franchises, licenses	2
1(d)	Personal Property	2
1(e)	Contracts, etc.	2
1(f)	Financial and Accounting Records	2
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23	Confidentiality	18

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Schedule 1(a)

Real Property

1. Harbor Island Sewer Treatment Plant
2. Harbor Island Water Tank and Pump System
3. T.J. Barnwell Sewer Plant, Vivian's Island Pump Station
4. Beaufort County real property parcels:
    a. R20000900A02450000
    b. R30002000A02490000
    c. R30002000B00340000

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Schedule 1(b)

Leases, Etc.

1. Office space from Mobley Enterprises
2. RVS Corporation Utility (utility software)
3. DeLange Financial (copier/fax/scanner)

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Schedule 1(c)

Permits, Franchises, Licenses, Etc.

Harbor Island:

1. Construction Permit – Class 2 Water Supplement permit number: c0157-ws
2. Permit to operate – Class 2 Water Supplement permit number: c0157-ws
3. Construction Permit for Disk filter – permit number: 39570-ww
4. Permit to operate Disk Filter – permit number: 39570-ww
5. State Land Application Permit – permit number: ND0088013

TJ Barnwell:

1. Construction Permit for Drying Bed – DHEC Permit Number 37934-WW
2. State Land Application Permit – Permit Number ND0067393

Service Area:

1. Harbor Island – reflected in ORS maps
2. TJ Barnwell – reflected in ORS maps

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Schedule 1(d)

Personal Property

1. 1999 Ford F-350 service truck with compressor, pump, and all appurtenances, tools, etc.
2. 2007 Ford F-150 pickup truck
3. 2000 Ford Ranger pickup truck
4. Sewer Cleaning Machine (jetting machine)
5. JCB 803 Plus mini excavator
6. Field testing equipment – dissolved oxygen meters, pH meters, etc.
7. Office furniture, file cabinets, desks, telephones, a server, computers, software, etc.
8. Many engineering drawings for HBIU and a few for TJBU.
9. The TJBU collection system was videotaped in about 2000 and we have converted those tapes to DVDs.

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Schedule 1(e)

Contracts, Etc.

1. Irrigation Water Agreement dated May 1, 2019 between Pleasant Point Owners Association, Inc. and T.J. Barnwell Utility, Inc. (effluent for Country Club of Beaufort)
2. Pleasant Point Owners Association (PPOA) for monthly $20 sewer availability fee
3. Fripp Island Public Service District merger with HBIU
4. Service Agreement with Carolina Pump & Dredge Company (Russell Hobbs)

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Schedule 1(f)

Financial and Accounting Records

1. Financial information since 2000 for TJBU and HBIU
2. Balance Sheets for HBIU and TJBU as of 7/18/19.

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Schedule 1(g)

DHEC Permits

Same as items listed in Disclosure Schedule 1(c):

HBIU:

- SCDHEC ND Land Disposal Permit
- SCDHEC Water Operating Permit
- SCDHEC Construction Permits
- SCDHEC Water Operating Permit–permit number: 0750013

TJBU:

- SCDHEC ND Land Disposal Permit
- SCDHEC Construction Permits

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Schedule 2(c)

Preliminary Allocation

Bob Gross
Purchaser's Proposed Allocation of [redacted] Purchase Price
Among Various Entities

	Property & Equipment	Goodwill	Total Allocation
Summary			
Harbor Island Utilities	[redacted]		
TJ Barnwell Utility Company			
The Beaufort Group			
Grand Total	[redacted]		

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Schedule 6(b)

Sellers' Authorizations to Sign

RESOLUTION
OF
THE BEAUFORT GROUP, LLC

WHEREAS, **THE BEAUFORT GROUP, LLC,** (hereinafter called the Company) is a limited liability company, organized and existing under the laws of the State of South Carolina, and duly authorized to do business in the State of South Carolina, with its office and principal place of business in Beaufort, South Carolina; and

WHEREAS, the Company (together with Harbor Island Utilities, Inc. and T.J. Barnwell Utility, Inc.) desires to sell certain assets located in Beaufort County, SC to SOUTH CAROLINA WATER UTILITIES, INC.

THEREFORE, BE IT RESOLVED, that the sole Member has unanimously approved this sale of the assets, and Robert G. Gross is hereby authorized, directed and empowered for and in the name of the Company to (1) execute Letters of Intent and Contracts of Sale for the Company, (2) sell the assets for such terms and conditions as he may deem appropriate, and, (3) he can execute and deliver for and in the name of the Company any other documents such as bills of sale or deeds, etc. that may be necessary to perform the sale of the assets.

BE IT FURTHER RESOLVED, that the duly authorized Robert G. Gross as sole Member of the Company is hereby authorized, directed and empowered to perform any and all other acts and things necessary and incidental to this sale of the assets.

BE IT FURTHER RESOLVED, that any and all actions hereinabove authorized and directed and which may have already been performed are hereby ratified and confirmed by the sole Member.

The Beaufort Group, LLC

Sep 13, 2019

By: Robert G. Gross
Robert G. Gross, Sole Member

File: 3125.0039

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RESOLUTION
OF
HARBOR ISLAND UTILITIES, INC.

WHEREAS, **HARBOR ISLAND UTILITIES, INC.,** (hereinafter called the Company) is a corporation, organized and existing under the laws of the State of South Carolina, and duly authorized to do business in the State of South Carolina, with its office and principal place of business in Beaufort, South Carolina; and

WHEREAS, the Company (together with T. J. Barnwell Utility, Inc. and The Beaufort Group, LLC) desires to sell certain assets located in Beaufort County, SC to SOUTH CAROLINA WATER UTILITIES, INC.

THEREFORE, BE IT RESOLVED, that the shareholders have unanimously approved this sale of the assets, and Robert G. Gross, President is hereby authorized, directed and empowered for and in the name of the Company to (1) execute Letters of Intent and Contracts of Sale for the Company, (2) sell the assets such terms and conditions as he may deem appropriate, and, (3) he can execute and deliver for and in the name of the Company any other documents such as bills of sale or deeds, etc. that may be necessary to perform the sale of the assets.

BE IT FURTHER RESOLVED, that the duly authorized President of the Company is hereby authorized, directed and empowered to perform any and all other acts and things necessary and incidental to this sale of the assets.

BE IT FURTHER RESOLVED, that any and all actions hereinabove authorized and directed and which may have already been performed are hereby ratified and confirmed by the shareholders.

Harbor Island Utilities, Inc.

Sep 13, **2019**

By: Robert G Gross
Robert G. Gross, President

By: Robert G Gross
Robert G. Gross
Sole Shareholder and
Director

File: 3125.0039

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RESOLUTION
OF
T.J. BARNWELL UTILITY, INC.

WHEREAS, **T.J. BARNWELL UTILITY, INC.,** (hereinafter called the Company) is a corporation, organized and existing under the laws of the State of South Carolina, and duly authorized to do business in the State of South Carolina, with its office and principal place of business in Beaufort, South Carolina; and

WHEREAS, the Company (together with Harbor Island Utilities, Inc. and The Beaufort Group, LLC) desires to sell certain assets located in Beaufort County, SC to SOUTH CAROLINA WATER UTILITIES, INC.

THEREFORE, BE IT RESOLVED, that the shareholders have unanimously approved this sale of the assets, and Robert G. Gross, President is hereby authorized, directed and empowered for and in the name of the Company to (1) execute Letters of Intent and Contracts of Sale for the Company, (2) sell the assets for such terms and conditions as he may deem appropriate, and, (3) he can execute and deliver for and in the name of the Company any other documents such as bills of sale or deeds, etc. that may be necessary to perform the sale of the assets.

BE IT FURTHER RESOLVED, that the duly authorized President of the Company is hereby authorized, directed and empowered to perform any and all other acts and things necessary and incidental to this sale of the assets.

BE IT FURTHER RESOLVED, that any and all actions hereinabove authorized and directed and which may have already been performed are hereby ratified and confirmed by the shareholders.

T.J. Barnwell Utility, Inc.

Sep 13, **2019**

By: Robert G. Gross
Robert G. Gross, President

By: Robert G. Gross
Robert G. Gross
Sole Shareholder and
Director

File: 3125.0039

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Schedule 6(c)

Liens and Encumbrances

- Liens for Catherine Gross and Ellison
- Payoffs to Palmetto State Bank and US Small Business Administration

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Schedule 6(f)

Assets Requiring Repair

System	Item	Deficiency Description	Corrective Action
TJBU	1	Inadequate walkway on plant	Remove wooden structure; Install walkway support, grating, handrails toe plate; Blast & paint
TJBU	2	Surge & digester tank corrosion	Dewater and install new divider wall, sand blast, apply coal-tar coating
TJBU	3	Surge & digester tank floated	Excavate, level and anchor
TJBU	4	No dedicated digester blower	Add digester blower, controls & piping
TJBU	6	No spill containment for bleach	Install outside spill containment
TJBU	7	PS discharge pipe corrosion	Replace discharge piping (3 PSs)
TJBU	8	Other miscellaneous safety at WWTP & PS & mission SCADA	Install appropriate safety warning labels to all panels
HBIU	9	Corroded structural wall - aeration/digester	Dewater & rehab
HBIU	11	Creek eroding bank at Causeway Pump Station #2	Build retaining wall

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Schedule 6(i).ii

Notices of Violation

- HBIU: DHEC Letter dated August 10, 2017 – BOD
- HBIU: DHEC Letter dated November 7, 2017 – Fecal coliform

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Schedule 14

Prorations

This Schedule 14 sets forth certain assumptions, categories, classifications, judgments and allocation, valuation and estimation methodologies that the Parties agree will be used in connection with allocations and prorations under Section 14 of the Agreement. Capitalized terms used but not defined herein shall have the meaning given such terms in the Agreement.

1. Ad Valorem and Other Property Taxes; Assessments. Real estate and personal property taxes and other assessments (including, without limitation, special assessments and improvement assessments) levied against the Assets shall be prorated at the Closing. The Sellers shall be responsible for all real property taxes and personal property taxes and other assessments for the period ending on the Closing Date and the Buyer shall be responsible for all real property taxes and personal property taxes for the period beginning the day after the Closing. To the extent not known, real estate and personal property taxes will be apportioned on the basis of taxes assessed for the preceding year.

2. Utility Expenses; Accounts Payable. To the extent not paid by the Sellers as of the Closing, the Sellers will retain the obligation for payment of all trade accounts that were incurred on or prior to the Closing Date for work performed or materials delivered for the benefit of the Systems on or prior to the Closing Date. The Buyer shall be responsible for all trade payables that arise or accrue for the benefit of the Systems after the Closing Date. Any amounts payable that cover both periods before and after the Closing shall be prorated based upon number of days.

3. Unbilled Revenue. Revenue earned by the Systems during any period (or portion thereof) ending on the Closing Date shall be allocated to the Sellers and revenue earned by the Systems after the Closing Date shall be allocated to the Buyer. The Sellers will read meters just prior to the Closing and will be responsible for preparing and delivering customer bills. The actual preparation and delivery of customers' bills will not delay the Closing.

4. Prepayments. Vendor and customer prepayments shall be allocated between the Sellers and the Buyer at Closing. The Sellers will identify and schedule such prepayments to the Buyer prior to the Closing, so that vendor prepayments that benefit the Buyer after Closing shall be allocated to the Sellers and customer prepayments that relate to periods after Closing shall be allocated to the Buyer.

5. Accounts Receivable. The Buyer shall purchase and pay for all the accounts receivable of the Systems accrued as of the Closing Date, whether or not billed. The Sellers shall provide the Buyer with a schedule of such accounts receivable prior to the Closing. It will be the responsibility of the Buyer to collect such accounts receivable and the Sellers will not be responsible for uncollectible amounts. The Buyer is not required to pay any amounts related to the balances for Availability Fees that are one hundred twenty (120) days past due or older.

6. Inventory. The Buyer shall purchase all inventories of the System owned as of the Closing Date. The Sellers shall provide the Buyer, to the extent practical, with a schedule of all inventory at the Closing no later than five (5) Business Days prior to the Closing.

7. Employment Matters. Accrued but unpaid vested and unvested salary, wages and bonuses, accrued but unpaid health and welfare benefits, accrued but unpaid vested and unvested vacation, sick and personal days, accrued but unpaid vested and unvested fringe benefits, accrued but unpaid employee severance payments, and other accrued but unpaid vested and unvested compensation and fringe benefits shall be prorated as of the Closing Date.

8. Other Expenses. If any of the items described in Section 14 of the Agreement or this Schedule 14 that cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at the Closing or subsequent thereto, such items will be estimated as of the Closing and then adjusted, as necessary, pursuant to Section 14(c) of the Agreement.

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Schedule 23

Confidentiality Agreement

MUTUAL CONFIDENTIALITY AGREEMENT

THIS MUTUAL CONFIDENTIALITY AGREEMENT (this "Agreement") is dated as of this 13th day of May, 2016 (the "Effective Date"), and is entered into by and between SouthWest Water Company ("SWWC") and T. J. Barnwell Utility, Inc. together with Harbor Island Utilities, Inc. ("Counterparty") (SWWC and Counterparty are sometimes referred to herein each as a "Party" and collectively as "Parties") with reference to the following:

A. The Parties desire to discuss a prospective business relationship pursuant to which SWWC buying all the water utility assets of the Counterparty (the "Discussions").

B. In such Discussions, each Party may disclose to the other certain confidential information (the disclosing Party is referred to herein as the "Discloser" and the Party receiving such confidential information is referred to herein as the "Recipient").

Accordingly, the Parties to this Agreement agree as follows:

1. **CONFIDENTIALITY**.

1.1 **Definition of "Confidential Information"**. As used in this Agreement, "Confidential Information" means all information that is received by Recipient or its Representatives in connection with the Discussions from Discloser or any of Discloser's affiliates, or any of Discloser's attorneys or other agents, in whatever form transmitted, relating to Discloser's operations, business, affairs or property, including, without limitation, technologies, research and development, business, financial and marketing plans, strategies and development, technology, trade secrets, and systems, whether or not the information is marked as being confidential or proprietary.

1.2 **Strict Confidence**. Recipient shall maintain all Confidential Information in strict confidence, shall not disclose Confidential Information to any third party other than its Representatives or as required by Law, and shall protect all Confidential Information with not less than the same degree of care as Recipient normally uses in the protection of Recipient's own confidential or proprietary information, but at least with reasonable care. Recipient shall use Confidential Information only for the purpose of evaluating the Discussions, or to carry out Recipient's obligations relating to the Discussions. "Representatives" means, to the extent they receive or have access to Confidential Information from or on behalf of the Recipient, the Recipient's affiliates and its and their directors, officers, employees, managers, investment advisers, agents, contractors, attorneys, accountants, sources of financing and professional advisors. For the avoidance of doubt, "Representatives" of SWWC shall not include JPMorgan Chase & Co., a diversified financial institution, or its affiliates, other than, to the extent Confidential Information is provided to them pursuant to this Agreement, employees of J.P, Morgan Asset Management's Global Real Assets – Infrastructure Investments Group involved in the Discussions and applicable in-house Legal, Compliance, Risk Management, Media Relations, Government Relations and Conflicts departments.

1.3 **Permitted Disclosure**. The term "Confidential Information" shall not apply to information which: (a) was already known to Recipient at the time Recipient received the Confidential Information from Discloser, so long as Recipient's initial receipt of that Confidential Information is evidenced by documents in Recipient's possession; (b) was disclosed to Recipient by a third party having the lawful right to disclose that Confidential Information; (c) had been available to the public at the time Recipient received that Confidential Information, or subsequently lawfully became available to the public otherwise than by a breach of this Agreement; or (d) Recipient was required or requested to disclose by law, rule, regulation, stock exchange obligation, professional standards committee, or governmental, regulatory, administration or judicial body (collectively, "Law") , but only so long as, prior to making the disclosure, if legally permissible, Recipient gives Discloser written notice of the requirement that Recipient or its Representative disclose the Confidential Information and provide Discloser with the opportunity to challenge that requirement. Notwithstanding anything contained in this Agreement to the contrary, neither Recipient nor its Representatives shall be required to inform or notify Discloser or any other person of any disclosure made to or requested by a bank examiner, regulatory examiner or self-regulatory examiner in the course of such examiner's examination, inspection or audit, and any such disclosure shall not be deemed a breach of this Agreement.

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2. **NON-SOLICIT**. The Parties agree that for a period of one (1) year from the Effective Date neither Party shall solicit or hire, or cause any third party to solicit or hire on its behalf, any person employed by the other Party, provided that the foregoing shall not apply (a) to general employment solicitations, (b) to discussions already occurring as of the date hereof or (c) to the extent such employee approaches the party of his or her own volition.

3. **RETURN OF INFORMATION**. Immediately upon request by Discloser, Recipient shall deliver to Discloser, or at the Recipient's option destroy and provide certification of such destruction, all manifestations of the Confidential Information, including all copies and extracts thereof, provided that the Recipient and its Representatives may retain Confidential Information as required by law, rule or regulation or internal compliance policy or to the extent deleting such information from computer systems would be impractical. Any Confidential Information retained pursuant to this Section will remain subject to the terms hereof.

4. **NO LICENSE**. This Agreement shall not be construed to grant any rights to Recipient under any patent, copyright or other intellectual property of Discloser, other than for the use expressly provided herein.

5. **RIGHT TO WITHDRAW**. Until definitive agreements are mutually executed binding the parties to proceed with a business relationship, there shall be no binding relationship between the parties nor shall either party have any expectation of a binding relationship, apart from the explicit terms of this Agreement. Either Party may at any time withdraw from and terminate the discussions regarding the prospective relationship without liability.

6. **EQUITABLE RELIEF**. Recipient acknowledges that any disclosure or unauthorized use of the Confidential Information may cause harm to Discloser that may be substantial and for which damages would not be a full and adequate remedy. In the event of such breach, and in addition to all other remedies, Discloser shall have the right to seek injunctive relief, without the necessity of posting any bond or other security.

7. **TERM**. Except as otherwise provided herein, this Agreement shall commence on the Effective Date and shall expire on the second anniversary of such date.

8. **MISCELLANEOUS**. This Agreement may not be amended, modified or supplemented except pursuant to an instrument in writing signed by each of the parties hereto. This Agreement contains the entire agreement among the Parties with respect to the subject matter herein and supersedes all prior agreements or understandings among the Parties with respect thereto. All the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns. South Carolina law, without regard to conflicts or choice of law principles, shall govern the interpretation of this Agreement. The prevailing Party in any action brought to enforce this Agreement shall be entitled to recovery from the non-prevailing Party of reasonable expenses, including attorneys' fees that the prevailing Party may incur in such action.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be duly executed as of the date first written above.

SouthWest Water Company

By: Keith Fischer

Its: Managing Director of Business Development

T.J. Barnwell Utility, Inc. and Harbor Island Utilities, Inc.

By: Robert A. Gross

Its: President/Owner

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EXHIBIT C
Service Territory Map

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Harbor Island Distribution System

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Harbor Island Distribution System

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