COB - BOSAIR FORM

07/24/2026 11:35 AM (MST)

Submitted by Nancy.Cole@pima.gov

BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.

Record Number: SC CA SC2600000425

Award Type:	Contract
BOSAIR Activity:	Board Meeting Request
Requested Board Meeting Date:	08/11/2026
Supplier / Customer / Grantor / Subrecipient:	Arizona Water Company
Project Title / Description:	ASSET PURCHASE AGREEMENT [Acting as the Ajo Domestic Water Improvement District]
Purpose:	This agreement is for the Ajo Domestic Water Improvement District (ADWID) to sell the assets necessary and useful to the provision of water utility services to ADWID's customers to the Arizona Water Company for the purchase price of $250,000. Closing the sale is contingent upon the Arizona Corporation Commission issuance of a Certificate of Convenience and Necessity (CCN) to provide utility services within the ADWID's service area. Arizona Water is the water provider for the area that surrounds the current ADWID service area. On May 12, 2026, The Board of Supervisors acting as the ADWID Board of Directors approved an agreement to retain Arizona Water Company as the ADWID's manager and agent to operate, maintain, manage, and repair the water distribution system, including billing. On December 2, 2025, the Board of Supervisors assumed authority over ADWID and began serving as its Board of Directors. Domestic Water Improvement Districts are separate legal entities. Counties are neither responsible nor liable for any of the costs of the district's public infrastructure, nor for any liability, debt or obligation of the district.
Procurement Method:	N/A
Program Goals/Predicted Outcomes:	Arizona Water Company will purchase the Ajo Domestic Water Improvement District's assets and obtain the necessary approvals from the Arizona Corporation Commission.
Public Benefit and Impact:	Upon closure, the Ajo Domestic Water Improvement District (ADWID) assets and service area will become part of the Arizona Water Company water system which will continue to provide essential water services to approximately 150 ADWID customers. Arizona Water Company has served communities in Arizona for over 70 years and currently operates and maintains the ADWID.
Strategic Plan Pillar	• Infrastructure & Growth

Support of Prosperity Initiative:	• N/A
Provide information that explains how this activity supports the selected Prosperity Initiatives	N/A
Metrics Available to Measure Performance:	The ADWID customers will continue to receive water from the new owner/operator Arizona Water Company.
Retroactive:	NO

Contract / Award Information

Record Number: SC CA SC2600000425

Document Type:	SC
Department Code:	CA
Contract Number:	SC2600000425
Commencement Date:	08/11/2026
Termination Date:	08/10/2027
Supplier / Subrecipient Headquarters Location	Phoenix, AZ

* Headquarters information is not a consideration for awards

Total Expense Amount:

$0.00

Total Revenue Amount:

$0.00

Funding Source Name(s) Required:	ADWID operates as a separate district funded through user fees. This contract is at no cost / no revenue to the County.
Funding from General Fund?	NO
Contract is fully or partially funded with Federal Funds?	NO
Contract is fully or partially funded with Non-Federal Grant Funds?	NO
Were insurance or indemnity clauses modified?	YES
Vendor is using a Social Security Number?	NO

Department:	County Administration
Name:	Carmine DeBonis, Jr.
Telephone:	520-724-2970
Add Procurement Department Signatures	No
Add GMI Department Signatures	No

Department Director Signature: ______________________ Date: ____________

Deputy County Administrator Signature: ______________________ Date: 7/28/2026 | 4:41 PM MST

County Administrator Signature: ______________________ Date: 7/29/2026 | 10:26 AM MST

PIMA COUNTY
FINANCE & RISK MANAGEMENT

Modification to Insurance or Indemnity Clause

Date: 7/27/2026

Requestor Name: Nancy Cole

Department: County Administration

☑ **Change to Insurance** ☑ **Change to Indemnity**

Supplier Name: Arizona Water Company

Contract No: SC2600000425

Project Title/Description:

ASSET PURCHASE AGREEMENT
[Acting as the Ajo Domestic Water Improvement District]

Requested Change:

Language changes reviewed by Maria Luna, as this contract form is not the standard contract template.

Finance approved language per email / review on July 27.

☑ **Approved** ☐ **Denied**

Risk Management: Maria Luna Digitally signed by Maria Luna
Date: 2026.07.27 15:24:21 -07'00'

Comments:

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "**Agreement**") is dated August 11, 2026, and is by and between Ajo Domestic Water Improvement District, an Arizona domestic water improvement district ("**Seller**"), and Arizona Water Company, an Arizona public service corporation ("**Buyer**"). Seller and Buyer are referred to in this Agreement collectively as the "**Parties**" and each individually as a "**Party**."

RECITALS

A. Seller is the legal and beneficial owner of the "Assets," as defined in Section 1.1 of this Agreement, located in the unincorporated community of Ajo in Pima County, Arizona. The Assets are used to provide public utility water service to about 150 customers in Pima County, Arizona.

B. Seller desires to sell and Buyer desires to purchase the Assets necessary and useful to the provision of water utility services to the Seller's customers. Buyer also desires to apply to the Arizona Corporation Commission ("ACC") for a Certificate of Convenience and Necessity ("CCN") to provide public utility water service to Seller's customers.

C. Seller is willing to sell the Assets to Buyer and Buyer is willing to purchase the Assets on the terms and subject to the conditions set forth in this Agreement. Seller is also willing to support Buyer's application to the ACC for a CCN to provide public utility water service to Seller's customers.

D. In consideration of the mutual promises, covenants, representations, warranties, and obligations herein contained, and on the terms and subject to the conditions herein set forth, the Parties agree as set forth below.

AGREEMENT

ARTICLE 1
PURCHASE AND SALE; CLOSING

1.1 Purchase and Sale of Assets. Subject to the terms and conditions of this Agreement, Seller will sell, assign, transfer, convey, and deliver to Buyer, and Buyer will purchase from Seller, free and clear of any liens (except as explicitly permitted by this Agreement), all of Seller's right, title, and interest in and to all of the properties and assets, whether real, personal or mixed, tangible or intangible, of every kind and description, wherever located, related to, necessary for, and useful in (collectively, the "**Assets**") providing public water utility service to Seller's customers (sometimes referred to as the "**Business**"), including without limitation, the following:

(a) all personal property owned by Seller necessary to operate the Business, including without limitation all wells, pumps and pumping equipment, electrical equipment, water treatment equipment, laboratory equipment, office equipment and furniture, power operated equipment, meter reading equipment, miscellaneous equipment, surplus equipment, parts, machinery, tools, materials and inventory, chemicals, spare parts, and maintenance supplies;

(b) all of Seller's interests in all facilities, plants, structures, storage tanks, pressure tanks, water and supply mains, meters, service lines, pipes, valves, waterlines, meters and meter installations, fire hydrants, distribution reservoirs and standpipes, transmission and distribution mains, back flow prevention devices, associated equipment, and other improvements comprising the utility water systems and infrastructure, whether owned or leased, used to provide public utility water service (the "**Infrastructure**") to Seller's residential and other public water utility customers, whether or not located within the Seller's service area (collectively, "**Customers**");

(c) all customer deposits held by Seller, except as set forth below in Section 1.3(b);

(d) all of Seller's transferable interests in intangible property, including without limitation all permits, licenses, franchises, consents, rights, authorizations, and approvals issued by, and all registrations and filings with, any governmental authority in connection with the Assets or the Business (collectively the "**Permits**");

(e) Seller owns no interest in real property and therefore under the terms of this Agreement will not sell, assign, transfer, convey, and deliver to Buyer ownership of any real property;

(f) to the extent such warranties might exist, all manufacturers' and vendors' warranties benefiting Seller with respect to any of the Assets;

(g) all pertinent business records, maintenance records, maps, construction drawings, as-built drawings, approvals and permits, manuals, reports, operational plans, books, records, computers, and files pertaining to Assumed Liabilities, Customers, Customer accounts for water service with Seller ("Customer Accounts"), excepting only the Excluded Books and Records.

For illustrative purposes, a list of the Assets is shown on **Exhibit A**. The Parties acknowledge this list may not be comprehensive, in part because the Parties may not be able to identify all of the Assets at the time they sign this Agreement, and the Parties may choose to amend Exhibit A to include Assets discovered after signing this Agreement. However, nothing shown on or not shown on Exhibit A will limit the Assets that Buyer is purchasing under this Agreement and only Excluded Assets, as described in Section 1.2, are excluded from purchase by Buyer.

1.2 Excluded Assets. The Parties acknowledge and agree that Seller will not convey, transfer, assign, or deliver to Buyer, and Buyer will not acquire, only the properties and assets set forth below (collectively the "**Excluded Assets**"):

(a) Seller's cash and cash equivalents;

(b) Seller's original ownership records and Seller's ledgers and minute books, general books of account, and books of original entry that comprise its permanent accounting or tax records, books and records for medical, dental, disability, and workers compensation plans, financial statements, and tax returns and other tax filings (collectively the "**Excluded Books and Records**"). Seller will provide copies of the items listed in this Section 1.2(b) to Buyer;

(c) All contracts and agreements of Seller with Customers or any other third parties (the "Contracts"). Seller will provide copies of the items listed in this Section 1.2(c) to Buyer; and

(d) Any equity interests in any other legal entity, including shares or membership interests.

For the avoidance of doubt, Seller agrees that in conducting due diligence between the date hereof and the Closing Date, Buyer may identify specific assets of Seller which Buyer does not desire to acquire, and in such event Buyer has the unilateral right to list such assets on Schedule 1.2 and deliver such schedule to Seller and any such assets so listed will also be Excluded Assets.

1.3 Assumed Liabilities. Subject to the terms and conditions of this Agreement, at the Closing, Buyer will assume and agrees to pay, perform, and otherwise discharge only the following claims, obligations, fines, or liabilities of Seller (collectively the "**Assumed Liabilities**") and no other claims, obligations, fines, or liabilities of Seller of any kind or nature:

(a) the covenants and obligations associated with the provision of water utility service to the Customers on and after the Closing Date (but Buyer specifically will not assume any liability for Seller's violations, if any, occurring under the Permits on or before the Closing Date);

(b) Customer deposits as of the Closing, if any, but only and solely to the extent the same are not able to be and/or actually are offset against Seller's final invoices to Customers and/or refunded by Seller; and

For purposes of clarity, the Assumed Liabilities will not include any fines assessed against the Seller, whether collectively or individually, by the Arizona Department of Environmental Quality ("ADEQ"), or any other governmental agency or authority.

1.4 Risk of Loss and Liabilities. On or before the Closing, Seller will bear all risk of loss, damage to, condemnation of, or the forfeiture or revocation of the Assets or any part of the Assets ("**Risks**") and all claims, liabilities, obligations, losses, fines, penalties, costs, proceedings, deficiencies, and damages, whether for injury or damage to property, whether asserted or not, arising out of or related to Seller's ownership and operation of the Assets ("**Claims**"). In the event of any loss, damage to, condemnation of, or the forfeiture or revocation of the Assets or any material part of the Assets prior to the Closing, Buyer will have the option to terminate this Agreement, in Buyer's sole discretion. In the alternative, Buyer may negotiate for an adjustment to the Purchase Price; however, if Seller and Buyer cannot agree upon an adjustment within a reasonable period (not to exceed forty-five days after the date Buyer receives notice of the material loss, damage, forfeiture, or revocation), Buyer may, in Buyer's sole discretion, terminate this Agreement as provided above. In any event, if Buyer waives any such loss, damage, forfeiture, or revocation of Assets and proceeds to consummate the transaction contemplated by this Agreement, Seller will, at the Closing, deliver and assign to Buyer as of the Closing all rights and claims to insurance or other proceeds that have been received or will be received by Seller in connection therewith.

1.5 Retained Liabilities. Seller acknowledges and agrees that Seller will, after the Closing, pay, perform, and discharge each of the following (collectively the **"Retained Liabilities**"):

(a) all of Seller's obligations and liabilities in connection with the Excluded Assets;

(b) all of Seller's obligations and liabilities for taxes, if any;

(c) all of Seller's obligations and liabilities relating to or arising under any qualified retirement plan, non-qualified retirement or similar plan, or welfare benefit plan of Seller, if any;

(d) from the Purchase Price, pay any claims, obligations, and liabilities relating to liens on any of the Assets for those liens which attached to the Assets prior to the Closing;

(e) from the Purchase Price, pay all obligations and liabilities of Seller under contracts for services performed prior to Closing, if any;

(f) any and all costs, fines, or penalties of any kind assessed against Seller by Arizona Department of Water Resources ("ADWR"), ADEQ, Pima County, the ACC, or the Central Arizona Water Conservation District ("CAWCD") with respect to matters first occurring at any time before the Closing Date;

(g) the Risks and Claims described in Section 1.4; and

(h) all claims, obligations, and liabilities of every kind and nature whatsoever of Seller that are not specifically an Assumed Liability.

1.6 Closing. The consummation under this Agreement of the sale and purchase of the Assets contemplated herein (the "**Closing**") will take place via the exchange of documents and signatures on or by 30 days after the satisfaction or waiver of the conditions set forth in Article 4 (the "**Closing Date**"). The Closing will be deemed effective as of 11:59 p.m. Phoenix, Arizona time on the Closing Date.

1.7 Purchase Price.

(a) As a condition of Seller's conveyance of the Assets to Buyer, Buyer will pay to Seller the Purchase Price of $250,000 US Dollars. Buyer will deposit the **Purchase Price** in a single payment, with TLA, LLC, 3100 McKinnon #170, Dallas, Texas 75201 ("Escrow Holder") before the Closing Date. Upon Closing, Seller will be solely responsible to determine how to distribute the Purchase Price among the Seller's customers and to provide distribution instructions and supporting documents and information if necessary to the Escrow Agent.

(b) If, pursuant to Section 7.1(b) of the Agreement For the Operation and Maintenance of Water Distribution System dated May 12, 2026 (the "O&M Agreement), Seller's finances show that the Seller will become unable to pay its necessary expenses within the next 60 days, including the Monthly Fee due from Seller to Buyer under the O&M Agreement, Seller and Buyer may agree to credit unpaid amounts of the Monthly Fee to the Purchase Price Arizona Water will pay for the Assets.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Seller. Seller represents and warrants to Buyer, as and at the date of this Agreement and as of the Closing Date, as provided in this Section 2.1.

2.1.1 Status; Authority. Seller is a domestic water improvement district and its Board of Directors has full power and authority to sign, deliver, and execute this Agreement and to perform its obligations hereunder, and to consummate the transactions contemplated herein. The signing and delivery by Seller of this Agreement, and the execution, performance, and consummation of the transactions contemplated herein, have been duly authorized by all requisite action of Seller. Seller has duly signed and delivered this Agreement. This Agreement and all documents and instruments to be delivered by Seller pursuant to this Agreement constitute (or will constitute on their signing and delivery) valid and legally binding obligations of Seller and are enforceable against Seller in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, receivership, moratorium, and similar laws affecting creditors' rights generally, and to the availability of equitable remedies (whether asserted at law or in equity).

2.1.2 No Conflicts or Violations. The signing, delivery, and execution and performance by Seller and the consummation of the transactions contemplated herein, do not and will not conflict with or result in a violation or breach of or a default under (with or without the giving of notice or the lapse of time or both):

(a) any law applicable to Seller, the Business, or to any of Seller's properties or assets, including the Assets;

(b) ADWID's articles of organization, articles of incorporation, operating agreement, or other organizational documents, as they may have been amended; or

(c) any contract to which Seller is a party or by which Seller or any of Seller's properties or assets, including the Assets, may be legally bound.

2.1.3 Consents. Except for approval of the ACC, no governmental approval or other consent is required to be obtained or made by Seller in connection with their signing, delivery, and execution and performance of this Agreement or the consummation of the transactions contemplated herein.

2.1.4 Liabilities. Seller has no indebtedness, whether matured or unmatured, secured or unsecured, and whether due or to become due.

2.1.5 Taxes.

(a) There will be no liens relating or attributable to taxes on any of the Assets as of the Closing Date, except liens securing the payment of real and personal property taxes and assessments that are not yet due and payable.

(b) Seller has, and as of the Closing Date will have, withheld and paid all taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, member, manager, independent contractor, creditor, or other Person.

(c) Buyer will have no transferee liability for taxes of Seller, if any.

2.1.6 Litigation. There is no action, claim, lawsuit, proceeding, arbitration, grievance, citation, summons, subpoena or investigation of any nature, civil, criminal, regulatory, or otherwise, at law or in equity, pending (or to the knowledge of Seller, threatened) against Seller, the Assets, or any of them, or the Business.. Neither Seller nor any of the Assets are party to, subject to, or bound by any decree, order, injunction, settlement agreement, or arbitration decision or award, or agreement entered into in any administrative, judicial, or arbitration proceeding with any governmental authority with respect to or affecting the properties, assets, personnel, or business activities of Seller or that would prevent or restrict Seller from entering into and performing this Agreement. No citation, fee, or penalty has been levied or asserted against Seller under any environmental laws or regulations prior to the date of this Agreement, and no such citation, fee, or penalty is currently pending or outstanding.

2.1.7 All Assets. Except for the Excluded Assets, the Assets include all properties, assets, rights, licenses, agreements, and contracts the use of which are necessary for the continued conduct of the Business substantially in the manner as it has been conducted, including the service of all Customers in substantially the same manner and substantially the same service levels as they receive on the date of this Agreement.

2.1.8 Title to Assets. Seller has at and as of the date of this Agreement, and will have at and as of the Closing Date, title to all of the Assets free and clear of any and all liens. At the Closing, Seller will deliver to Buyer title to, and possession of, all of the Assets free and clear of any and all liens. Seller will pay in full all liens on the Assets at or prior to the Closing Date. To ensure such title, all tax bills, including property tax bills, and all other assessments applicable to the Assets will be prorated as of the Closing Date.

2.1.9 Property Owner's Association. Seller is not a member of any property owner's association.

2.1.10 Water Rights. The only water rights claimed by Seller as a basis to withdraw and deliver water to Customers are service area rights as defined by Arizona law and regulations and ADWR.

2.1.11 Environmental Matters. Seller is in material compliance with all applicable environmental laws and regulations and has no liability under any Environmental Law, and there is no reasonable basis for any such liability. Seller has obtained all permits required under applicable environmental laws and regulations necessary for the operation of the Business as presently conducted. Seller has not received any communication from, and is not aware of any pending communication from, any governmental authority or other party with respect to:

(a) any actual or alleged violation of any environmental laws or regulations;

(b) any actual or proposed remedial action; or

(c) any release or threatened release of a hazardous material.

No notification of a release of a hazardous material has been filed by or on behalf of Seller. Seller has provided or made available to Buyer all (and have not withheld from Buyer any) assessments, studies, analyses, reports and test results, in the possession, custody, or control of Seller, relating to the Business and/or Seller's activities and operations.

2.1.12 Employees. Seller has no employees. Buyer shall have no obligation to employ any person affiliated with Seller by virtue of this Agreement or the transactions set forth in this Agreement.

2.1.13 Brokers. All negotiations relating to this Agreement and the transactions contemplated herein have been carried on without the participation of any Person acting on behalf of Seller or any of its affiliates in any way or manner as to give rise to any valid claim against Seller, or any of its affiliates, or Buyer for any broker's or finder's commission, fee, or similar compensation, or for any bonus payable to any member, manager, employee, agent, or sales representative of or consultant to Seller or any of its affiliates by reason of the Parties entering into this Agreement or upon the consummation of the transactions contemplated herein or otherwise.

2.1.14 Full Disclosure. No representation or warranty by Seller in this Agreement and no statement contained in the schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

2.2 Representations and Warranties of Buyer. Buyer represents and warrants to Seller, as and at the date of this Agreement and as of the Closing Date, as provided in this Section 2.2:

2.2.1 Status; Authorization. The signing and delivery by Buyer of this Agreement, and the consummation of the transactions contemplated herein, have been duly authorized by all requisite action of Buyers. Buyer has duly signed and delivered this Agreement. This Agreement and all documents and instruments to be delivered by Buyer under this Agreement constitute (or will constitute on their execution and delivery) the valid and legally binding obligation of Buyer enforceable against Buyer in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, fraudulent transfer and conveyance, receivership, moratorium, and similar laws affecting creditor's rights generally, and to the availability of equitable remedies (whether asserted at law or in equity).

2.2.2 No Conflicts. The signing, delivery, and execution and performance by Buyer of this Agreement and the consummation of the transactions contemplated herein do not and will not conflict with or result in a violation of or under (with or without the giving of notice or the lapse of time or both):

(a) any law applicable to Buyers or any of their properties or assets; or

(b) any contract to which Buyers are party or by which they or any of their respective properties or assets may be legally bound.

ARTICLE 3
COVENANTS

3.1 Regulatory Approval. Following the signing of this Agreement, the Parties agree to use diligent efforts to obtain, as soon as possible, the ACC's approval of the transactions contemplated by this Agreement. As part of these efforts, Seller will support Buyer's application to the ACC for issuance of a CCN to Buyer for the areas where Seller's customers are located.

3.2 Conduct of Business.

3.2.1 Preservation of Business. From the date of this Agreement and through and including the Closing Date (and thereafter with respect to any covenant or agreement extending beyond the Closing Date), unless otherwise consented to by Buyer in writing, Seller will:

(a) use reasonable efforts to maintain the Assets in their possession and control in the same operating condition and repair as at the date of this Agreement, ordinary wear and tear excepted;

(b) keep and maintain in full force and effect all existing insurance policies with respect to the Assets or the Business; all with the goal and intent that the goodwill and ongoing Business will be in all material respects unimpaired as of the Closing Date.

3.2.2 Consent Required. From the date of this Agreement and through and including the Closing Date (and thereafter with respect to any covenant or agreement extending beyond the Closing Date), unless otherwise consented to by Buyer in writing, Seller will not:

(a) permit any lien, monetary or otherwise to be imposed on or placed against any of the Assets; or

(b) take or omit to take any action that, if taken or omitted prior to the date of this Agreement, would constitute a breach of any of the representations or warranties of Seller in this Agreement or in any of the Schedules.

3.3 Further Actions.

3.3.1 Good Faith Efforts. Buyer and Seller will use reasonable good faith efforts to take all actions and to do all things necessary, proper, or advisable to consummate the transactions contemplated herein as soon as is reasonably possible.

3.3.2 Obtain Consents. Buyer and Seller will, as promptly as practicable, file or supply, or cause to be filed or supplied, all applications, notifications, and information required to be filed or supplied pursuant to applicable law in connection with this Agreement and the consummation of the transactions contemplated herein. Buyer and Seller, as promptly as practicable, will use all reasonable efforts to obtain all consents and governmental approvals necessary to be obtained hereunder in order to consummate the transactions contemplated herein.

3.3.3 Cooperation. Buyer and Seller will coordinate and cooperate with one another in exchanging such information and providing such assistance as may be reasonably requested by a Party in connection with the filings and other actions contemplated in this Agreement.

3.3.4 Notification. At all times prior to the Closing Date, Buyer and Seller will promptly notify one another in writing of any fact, condition, event, or occurrence that will or may result in the failure of any of the conditions precedent contained in Article 4, promptly upon becoming aware of the same.

3.3.5 Access to Seller. Unless and until this Agreement is terminated in accordance with Article 5, until the Closing Date, Seller will provide to Buyer and its employees, consultants, and representatives complete access to Seller's facilities, plants, properties, assets, books, records, contracts, agreements, ACC filings and directives, ADWR filings and directives, ADEQ filings and directives, and other information reasonably requested by Buyer or its employees, consultants or representatives, in connection with Buyer's due diligence investigation and integration planning.

3.3.6 Buyer's Due Diligence. In addition to the provisions of Article 4 below, commencing on the date of this Agreement and continuing until the Closing Date, Buyer may conduct a due diligence review, investigation, and inquiry respecting the Assets, the Assumed Liabilities, and the Business including without limitation the following:

(a) an engineering review of all of Seller's assets;

(b) volumetric consumption data and other Customer data;

(c) a financial analysis and projection of revenues, expenses, and capital expenditures; and

(d) such other matters as Buyer in its reasonable discretion deems relevant.

3.3.7 Standstill Agreement. Unless and until this Agreement is terminated pursuant to Article 5 without the Closing having taken place, Seller will not, directly or indirectly, solicit offers, negotiate with, or in any manner encourage, discuss, accept, or consider any proposal by any Person relating to an acquisition of ADWID, or the Assets, in whole or in part, whether through a direct purchase, merger, consolidation, asset sale, or other business combination. Seller will notify Buyer immediately if any Person makes any proposal, offer, inquiry, or contact with respect to any of the foregoing.

3.4 Transition of Customers. After the Closing, Seller will terminate agreements between Customers and Seller, if any, with respect to the Business or Assets.

3.5 Further Assurances. Upon and following the Closing Date, Buyer and Seller will, from time to time and without any additional consideration, execute and deliver such additional stipulations, instruments, documents, conveyances, or assurances consistent with the terms of this Agreement and take such other actions consistent with the terms of this Agreement as will be necessary, or otherwise reasonably requested by any other Party, to confirm and assure the rights and obligations provided for in this Agreement and render effective the consummation of the transactions contemplated hereby. Without limiting the generality of the foregoing, Seller covenants and agrees to support Buyer's application to the ACC to purchase the Assets and to extend its CNN, including by submitting letters in support of the purchase of the Assets and the extension of Buyer's CCN. In the event this Agreement does not proceed to Closing, is terminated, or both, Buyer and Seller will, from time to time and without any additional consideration, sign and deliver such additional instruments, documents, conveyances, or assurances, consistent with Article 5, as are necessary to terminate this Agreement and the transactions contemplated hereby.

3.6 Costs of Transaction. Except as expressly provided otherwise in this Agreement, each Party and each Party's affiliates will bear their own costs and expenses, including the fees and costs of attorneys and accountants, in connection with the negotiation, due diligence investigation, preparation and consummation of this Agreement, and the transactions contemplated in this Agreement.

3.7 Public Announcements. None of Seller, Seller's affiliates, Seller's shareholders, managers, employees (if any), agents, or representatives of Seller or its affiliates, will issue any press release or make any public disclosure or announcement (or any statement that a reasonable natural person might believe could result in a public disclosure) with respect to this Agreement or the transactions contemplated hereunder, without the prior written consent of Buyer, which consent will be in Buyer's sole discretion. Nothing contained in this Section 3.7 will prevent Seller at any time from furnishing any information to any governmental authority if required by applicable law or to comply with any applicable law.

3.8 Retention of Excluded Books and Records. Seller will maintain and retain all of the Excluded Books and Records that in any way pertain to the Business or the Assets for a period of five years after the Closing Date. Buyer at their own cost will have the continuing right to inspect and copy any or all of such Excluded Books and Records after the Closing Date from time to time during normal business hours and upon reasonable notice to Seller for the entire five-year period after the Closing Date.

ARTICLE 4
CONDITIONS PRECEDENT; CLOSING DELIVERIES

4.1 Conditions to Obligations of All Parties. The obligations of each of the Parties to consummate the transactions contemplated by this Agreement will be and are subject to the fulfillment on or prior to the Closing Date, or the written waiver by all of the Parties, of the following conditions:

(a) consummation of the transactions contemplated hereby will not have been restrained, enjoined, or otherwise prohibited by any applicable law or any governmental authority, including by any order, injunction, decree, or judgment of any court or other governmental authority; and

(b) no court or other governmental authority will have determined that applicable law makes illegal the consummation of the transactions contemplated hereby or that such transactions should be prohibited on any other grounds, and no proceeding with respect to the application of any such applicable law or other grounds to such effect will be pending.

4.2 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated hereby will be subject to the fulfillment (or waiver by Buyer, in its sole discretion) of the requirements set forth in this Agreement on or prior to the Closing Date, including the following conditions:

4.2.1 Representations and Performance. The representations and warranties of Seller contained in this Agreement will be true and correct in all material respects as of the date of this Agreement and as of the Closing Date. Seller will have duly performed and complied in all material respects with all covenants and agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or on the Closing Date.

4.2.2 Consents and Governmental Approvals. All consents and governmental approvals necessary or advisable to consummate the Closing will have been obtained, including without limitation the following:

(a) ACC approval of the sale and transfer of the Assets to Buyer.

(b) Administrative closure of all open matters of Seller before the ACC.

(c) Approval of Buyer's application to the ACC to extend Buyer's CCN to include the Seller's customers and Seller's former service area.

4.2.3 Action by Governmental Authority. No governmental authority will have:

(a) taken any action preventing or attempting to prevent Buyer from consummating the Closing;

(b) assessed or threatened to assess any fine or penalty against Seller, or the Assets; or

(c) commenced any enforcement action against or investigation of Seller, the Assets, or the Business.

4.2.4 Other Documents. Seller will deliver to Buyer on or before the Closing Date:

(a) a Bill of Sale in the form attached hereto as **Exhibit B**, duly executed by Seller, transferring the tangible personal property included in the Assets to Buyer;

(b) such other evidence of the performance of all covenants and satisfaction of all conditions required of Seller by this Agreement, at or prior to the Closing Date, as Buyer or its counsel may reasonably require; and

4.2.5 Due Diligence. Buyer will have completed Buyer's due diligence investigation of Seller and the Business pursuant to Section 3.3.6 and, in Buyer's sole discretion, will have been satisfied with the results of such due diligence investigation.

4.3 Conditions to Obligations of Seller. The obligation of Seller to consummate the transactions contemplated hereby will be subject to the fulfillment (or waiver by Seller in its sole discretion), of the requirements set forth in this Agreement on or prior to the Closing Date, including the following conditions:

4.3.1 Deposit of Purchase Price. Buyer will deposit the Purchase Price with the Escrow Agent as provided in Section 1.7.

4.3.2 Representations, Performance. The representations and warranties of Buyer contained in this Agreement will be true and correct in all material respects at and as of the date hereof, and as of the Closing Date. Buyer will have duly performed and complied in all material respects with all terms and conditions required by this Agreement to be performed or complied with by Buyer prior to or on the Closing Date.

4.3.3 Action by Governmental Authority. No governmental authority will have taken any action preventing or attempting to prevent Seller from consummating the Closing.

4.3.4 Other Documents. Buyer will deliver to Seller at or prior to Closing such evidence of the performance of all covenants and satisfaction of all conditions required of Buyer by this Agreement, at or prior to the Closing Date, as Seller or its counsel may reasonably require.

ARTICLE 5
TERMINATION

5.1 Termination.

5.1.1 By Buyer. This Agreement may be terminated at any time prior to the Closing Date by Buyer by written notice to Seller:

(a) pursuant to Section 1.4;

(b) if the representations and warranties of Seller were not true and correct in all material respects as of the date when made;

(c) if Buyer is not satisfied with the results of Buyer's due diligence investigation conducted pursuant to Section 3.3.6; or

(d) if any of the conditions set forth in Section 4.1 or Section 4.2 have not been, or if it becomes apparent to Buyer in its reasonable discretion that any of such conditions will not be, fulfilled by the Closing Date.

(e) if, in the sole opinion of Buyer, any of the consents and governmental approvals required in Section 4.2.2 contain conditions or terms that are unacceptable to Buyer.

5.1.2 By Seller. This Agreement may be terminated at any time prior to the Closing Date by Seller by written notice to Buyer if the representations and warranties of Buyer were not true and correct in all material respects as of the date when made.

ARTICLE 6
EFFECT OF TERMINATION

In the event of the termination of this Agreement pursuant to the provisions of Section 5.1, this Agreement will terminate and have no further force or effect, without any liability to any Party in respect hereof or of the transactions contemplated hereby, or any Party's affiliates, directors, officers, managers, employees, agents, consultants, representatives, attorneys, advisers, stockholders, or members, except for any liability resulting from such Party's material breach of this Agreement.

ARTICLE 7
INDEMNIFICATION

7.1 Indemnification by Seller. To the extent permitted by law, Seller, jointly and severally, agree to defend, indemnify, and hold harmless Buyer, and its directors, officers, employees, attorneys, consultants, advisors, agents, representatives, and affiliates (collectively, the "**Buyer Indemnitees**") for, from, and against, and to pay or reimburse Buyer Indemnitees for, any and all claims, amounts paid in settlement of claims, liabilities, obligations, losses, fines, penalties, costs, proceedings, deficiencies, and damages (whether absolute, accrued, or conditional and whether or not resulting from third party claims), including without limitation any out-of-pocket expenses and the reasonable fees and costs of attorneys, accountants, consultants, and experts, incurred in the investigation or defense of any of the same or in asserting any of their respective rights hereunder, whether or not suit is brought and at trial and all levels of appeal and in bankruptcy, insolvency, or similar proceedings (collectively, "**Losses**") to the extent resulting from or arising out of:

(a) any inaccuracy of any representation or warranty by Seller contained in this Agreement;

(b) any failure of Seller to perform or Seller's breach of any covenant or agreement in this Agreement or in any certificate, instrument, or document delivered or to be delivered by Seller pursuant to this Agreement or to fulfill any other obligation in respect hereof or thereof;

(c) any claims asserted with respect to a period prior to (and including) the Closing Date by any governmental authority based on, arising out of, or relating to any tax liability of Seller;

(d) any failure on the part of Seller to pay, perform, or discharge any of the Retained Liabilities;

(e) any and all claims and liabilities to the extent based on, arising out of, or relating to any of the Excluded Assets; and

(f) the ownership of the Business or the Assets by Seller prior to and including the Closing Date.

7.2 Indemnification by Buyer. Buyer covenants and agrees to defend, indemnify, and hold harmless Seller, and their shareholders, members managers, employees, agents, advisors, representatives, and affiliates (collectively, the "**Seller Indemnitees**") for, from, and against, and to pay or reimburse Seller Indemnitees for, any and all Losses to the extent resulting from or arising out of:

(a) any inaccuracy of any representation or warranty by Buyer contained in this Agreement; and

(b) any failure of Buyer to perform any covenant or agreement hereunder or to fulfill any other obligation in respect hereof.

7.3 Indemnification Procedures. In the case of any claim by a Buyer Indemnitee or a Seller Indemnitee (any of which, an "**Indemnified Party**") for indemnification under this Article 7, notice will be given by the Indemnified Party to the Party required to provide indemnification (the "**Indemnifying Party**") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought hereunder. The notice will specify the factual basis of the claim in reasonable detail to the extent known by the Indemnified Party.

7.3.1 Third Party Claims. With regard to third party claims, the Indemnified Party may, but is not obligated to, permit the Indemnifying Party to assume the defense of any third-party claim or any litigation resulting therefrom. If the Indemnified Party does not permit the Indemnifying Party to assume the defense of a third-party claim or any litigation resulting therefrom, the Indemnified Party will have the right to conduct the defense of such claim or litigation and will be indemnified by the Indemnifying Party for any Losses associated with such claim or litigation as set forth in this Article 7. If the Indemnified Party permits the Indemnifying Party to assume the defense of a third-party claim or litigation:

(a) the counsel for the Indemnifying Party who will conduct the defense of such claim or litigation must be reasonably satisfactory to the Indemnified Party, and

(b) the Indemnified Party may participate in the defense at the Indemnified Party's expense.

The failure by any Indemnified Party to give notice as provided herein will not relieve the Indemnifying Party of its indemnification obligation under this Agreement except to the extent that such omission results in a failure of actual notice to the Indemnifying Party and the Indemnifying Party is materially prejudiced as a result of the failure to give notice. Except with the prior written consent of the Indemnified Party, no Indemnifying Party, in the defense of any such claim or litigation, will consent to entry of any judgment or enter into any settlement that provides for injunctive or other nonmonetary relief affecting the Indemnified Party or that does not include as an unconditional term thereof the giving by each claimant or plaintiff to such Indemnified Party of a release from all liability with respect to such claim or litigation. If the Indemnified Party permits the Indemnifying Party to assume the defense of a third-party claim or litigation, and the Indemnified Party subsequently determines that the conduct of the defense of any claim subject to indemnification hereunder or any proposed settlement of any such claim by the Indemnifying Party might be expected to affect adversely the Indemnified Party's tax liability or the ability of the Indemnified Party to conduct its business, or that the Indemnified Party may have available to it one or more defenses or counterclaims that are inconsistent with one or more of those that may be available to the Indemnifying Party in respect of such claim or any litigation relating thereto, the Indemnified Party will have the right at all times to take over and assume control over the defense, settlement, negotiations or litigation relating to any such claim at the sole cost of the Indemnifying Party. The Indemnifying Party and the Indemnified Party will cooperate in the defense of any claim or litigation subject to this Section 7.3, including tax audits and appeals, and the records of each of them will be available to the other to the extent relevant to such defense.

7.3.2 Claims for Losses other than Third Party Claims. With regard to a claim for indemnification for Losses other than a third-party claim, the Indemnifying Party will within twenty days after receiving notice of the claim give notice to the Indemnified Party of the acceptance or rejection of the claim by the Indemnifying Party. A notice of rejection of a claim will create a Dispute under Article 8, which will be resolved pursuant to the provisions of Article 8.

7.4 Effect of Investigation. The representations, warranties, and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, will not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party or by reason of the fact that the Indemnified Party knew or should have known that any such representation or warranty is, was, or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in Article 4, as the case may be.

ARTICLE 8
DISPUTE RESOLUTION

8.1 Disputes. Except for injunctive relief sought by Buyer (as provided in Section 8.3), any claim, dispute, or other matter in controversy, whether based on contract, tort, statute, or other legal theory (including but not limited to any claim of fraud or misrepresentation), based on, arising out of, or related to this Agreement or the breach thereof (a "**Dispute**") will be settled exclusively according to the procedures set forth in this Article 8.

8.2 Negotiation. In the event of a Dispute, except for equitable relief as provided in Section 8.3, prior to instituting legal proceedings or proceedings before the ACC, the Parties to the

Dispute will meet to attempt in good faith to resolve the Dispute through negotiation, third party intervention, or mediation, after one Party gives notice of the Dispute to any other Party.

8.3 Injunctive Relief. Seller acknowledges and agrees that:

(a) Buyer would be irreparably injured in the event of a breach by Sellers of its obligations under Article 1;

(b) monetary damages would not be an adequate remedy for Buyer in such an event; and

(c) Buyer will be entitled in such an event to injunctive relief, including without limitation specific performance or other injunctive relief (without posting of a bond), in addition to any other remedy that Buyer may have under the terms of this Agreement.

ARTICLE 9
MISCELLANEOUS

9.1 Time Periods. If the time for the performance of any duty or obligation under this Agreement expires on a Saturday or Sunday or on a federal or Arizona holiday, the time for performance will be extended to the next succeeding day that is not a Saturday, Sunday, or federal or Arizona legal holiday.

9.2 Time of the Essence; Diligence. All dates and times for performance set forth in this Agreement are of the essence. The Parties will diligently perform all of the covenants and obligations set forth in this Agreement.

9.3 Waiver. Except as may be specifically provided elsewhere in this Agreement, the waiver of a breach of any term or condition of this Agreement may be made only in writing and will not be deemed to constitute a waiver of a subsequent breach of such term or condition, or a waiver of a breach or subsequent breach of any other term or condition.

9.4 Entire Agreement. This Agreement (including the Schedules and Exhibits) constitutes the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral.

9.5 Amendment. No amendment to or modification of this Agreement will be effective unless it is in writing and signed by both Parties.

9.6 Construction. This Agreement is the result of negotiations between Buyer and Seller, and the terms and provisions hereof will be interpreted and construed in accordance with their usual and customary meanings. The Parties waive the application of any rule of law that otherwise would be applicable in connection with the interpretation and construction of this Agreement pursuant to which ambiguous or conflicting terms or provisions should be interpreted or construed against the Party who, or whose attorney, prepared this Agreement or any earlier draft of the same. The captions or headings of articles, sections, or subsections of this Agreement are for purposes of reference only and will not limit or define the meaning of any provision of this

Agreement. Common nouns and pronouns will be deemed to refer to the masculine, feminine, neuter, singular, and plural, as the identity of the person may in the context require.

9.7 Severability. If any provision of this Agreement, including any phrase, sentence, clause, section, or subsection is inoperative or unenforceable for any reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions invalid, inoperative, or unenforceable to any extent whatsoever.

9.8 Governing Law; Venue. This Agreement will be governed in all respects, including as to validity, interpretation, and enforcement, by the internal laws of the State of Arizona, but without the application of any conflict of law principles that would require or permit the application of the laws of any other jurisdiction. Except for disputes resolved in accordance with Article 8, any action at law or judicial proceeding instituted by any Party relating to this Agreement will be instituted and maintained only in the state or federal courts in Pima County, Arizona.

9.9 Binding Effect. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

9.10 No Third-Party Beneficiaries. Except as provided in Article 7 with respect to indemnification of Buyer Indemnities and the Seller Indemnities hereunder, nothing in this Agreement will confer any rights upon any Person other than the Parties and their respective successors, and permitted assigns.

9.11 Attorneys' Fees. In the event of any Dispute between or among any of the Parties arising out of or relating to this Agreement, including any breach, the prevailing Party will be entitled, in addition to such other relief as may be granted, to recover its costs and expenses, including without limitation, reasonable attorneys' fees, expert witness fees and investigators' fees, all as may be determined by the arbitrator or, if applicable, the court if the matter is litigated.

9.12 Notices. Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given if:

(a) delivered to the Party at the address set forth below;

(b) deposited in the U.S. first class mail, registered or certified, return receipt requested, to the address set forth below; or

(c) given to a recognized and reputable overnight delivery service, to the address set forth below:

If to Buyer: Arizona Water Company
3805 North Black Canyon Highway
Phoenix, Arizona 85015
Attn: President

With a courtesy copy to:	Osborn Maledon, P.A. 2929 N. Central Ave., Suite 2100 Phoenix, AZ 85012 Attn: Meghan Grabel
If to Seller:	Art Cuaron Chief Financial Officer 130 West Congress Street Tucson, Arizona 85701
With a courtesy copy to:	Pima County Attorney 32 North Stone Avenue Tucson, Arizona 85701

or at such other address, and to the attention of such other person or officer, as any Party may designate in writing by notice duly given pursuant to this Section 9.12. Notices will be deemed received

(d) when delivered to the Party;

(e) three business days after being placed in the U.S. first class mail, registered or certified, properly addressed, with sufficient postage; or

(f) the business day after being given to a recognized overnight delivery service, with the person giving the notice paying all required charges and instructing the delivery service to deliver on the following business day.

If a copy of a notice is also given to a Party's counsel or other recipient, the provisions above governing the date on which a notice is deemed to have been received by a Party will mean and refer to the date on which the Party, and not its counsel or other recipient to which a copy of the notice may be sent, is deemed to have received the notice.

9.13 Assignment. This Agreement will not be assignable or otherwise transferable by any Party without the prior written consent of the other Parties.

9.14 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail, or other means of electronic transmission will be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

In witness whereof, each of the Parties has duly executed this Agreement by its authorized representative as of the date first above written.

BUYER:

ARIZONA WATER COMPANY
an Arizona corporation

By: ______________________
Fredrick K. Schneider, President
DA001237

APPROVED AS TO FORM:

____
E. Robert Spear, Vice President and General Counsel

SELLER:

AJO DOMESTIC WATER IMPROVEMENT DISTRICT, an Arizona domestic water improvement district

____

By: Jen Allen
Its: Chair, ADWID Board of Directors

Date: ______________________

ATTEST

____
Clerk of the Board

____
Date

APPROVED AS TO FORM

____
Deputy County Attorney

James Morrow
Print DCA Name
Date June 23, 2026

APPROVED AS TO CONTENT

____
ADWID Chief Financial Officer

ART CHARON
Date 7.23.2026

EXHIBIT A
List of Assets

MAINS

Size (in inches)	Material	Length (in feet)
4	PVC	10,900
6	PVC	16,680
8	PVC	6,200
10	Steel	700
3/4	Copper	160

CUSTOMERS METERS

Size (in inches)		Quantity
5/8 X 3/4	Sensus SRII	158
2	Sensus SRH	1
1	Sensus SRII	1

WATER VALVES/FIRE HYDRANTS

	Quantity
Water Valves	68
Fire Hydrants	12

MISCELLANEOUS SHOP INVENTORY

Quantity	Size & Description	Manufacturer
30'	8" PVC C-900 water pipe	
30'	6" PVC C-900 water pipe	
20'	4" PVC C-900 water pipe	
5'	2" PVC Schedule 40 water pipe	
30'	1" Copper water line	
3	8" cast valve covers	
4	6" waterline coupling	Romac Industries
4	4" waterline coupling	Romac Industries
25'	2 1/2" trash pump discharge line	
1	3/4" water meter	Sensus
2	8" waterline coupling	Romac Industries
2	2" trash pump suction hoses	
1	212cc trash pump	
1	2000W generator	Predator
1	Wheelbarrow	
8	24" x 18" plastic meter boxes	
10	Road barricades	
6	1" meter valves	
14	1" union couplings	

8	3/4" x 1" union couplings	
2	2" brass ball valve	
2	2" 45 degree Galv. Coupling	
2	2" Galv. Coupling	
4	2" x 6" Galv. Nipple	
2	4" coupling collars	
10	6" coupling collars	
4	4" repair sleeves	
4	6" repair sleeves	
1	8" repair sleeve	
12	3/4" x 4" flange bolts	
1	4" traffic repair sleeve	
4	6" restrainers	
13	1" water meter adapters	
10	6" taps for water meters	
13	1" spud collar for 6" waterline	
4	1" spud collar for 4" waterline	
2	Complete water hydrant 6" x 5"	
12	5/8" x 3/4" meter adapters	
1	6" x 8" waterpipe repair clamp	Romac Industries
2	4" x 8" waterpipe repair clamp	Romac Industries
1	4" x 16" waterpipe repair clamp	Romac Industries
1	4" rolling toolbox	Craftsman
1	Top toolbox with assorted tools	Kobalt
4	6" complete water valves	
5	6" waterline collars	
1	Waterline hydrant without accessories	
2	6' x 6' four tier storage shelves	Gladiator

UTILITY ASSETS

Office Building (septic, water, and electrical)

Maintenance Shed

125,000 gallon water tank

Kubota tractor

EXHIBIT B
Form of Bill of Sale

Bill of Sale

Ajo Domestic Water Improvement District, an Arizona domestic water improvement district ("Seller"), for valuable consideration as recited in the Asset Purchase Agreement between the parties, the receipt of which Seller hereby acknowledges, hereby grants, bargains, conveys, transfers, assigns, and delivers unto Arizona Water Company, an Arizona corporation, all of its right, title, and interest in and to the Assets and related facilities and equipment, collectively referred to as the Assets and listed on Exhibit A.

Seller, for itself and its successors, representatives, heirs, and assigns covenants with Arizona Water Company and its successors, representatives, heirs, and assigns that Seller is lawfully seized of the Assets; that Seller has the right to convey the Assets; that Seller warrants and will defend the title and quiet enjoyment of the Assets against all actions of Seller, and none else; and Seller will do any further acts for the purpose of perfecting and confirming the title to the Assets that Arizona Water Company may reasonably require.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be signed this _____ day of ___________________, 2026.

AJO DOMESTIC WATER IMPROVEMENT DISTRICT, an Arizona domestic water improvement district

By: ________________________________
Name: _____________________________
Its: _______________________________

STATE OF ARIZONA)
) ss.
County of _____________)

On this the _____ day of ________________, 2026, before me, the undersigned Notary Public, personally appeared ______________, who acknowledged her/himself to be the ____________________ of Ajo Domestic Water Improvement District, an Arizona domestic water improvement district, and that s/he, as such officer and Individual, being authorized so to do, executed the foregoing instrument, for the purpose therein contained, by signing the name of said corporation by her/himself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

____
Notary Public

My Commission Expires:

____

SCHEDULE 1.2
Excluded Assets

NONE