



CSWR-Texas UOC

Bringing safe, reliable, and environmentally responsible
water resources to our customers every day.

September 12, 2025

Sent via email to: patriciaflunker@yahoo.com , pflunkerwowsc@yahoo.com

Re: Non-binding Letter of Intent to purchase all the water assets of Windermere Oaks WSC

Dear Patricia Flunker,

Central States Water Resources ("CSWR") and its affiliate CSWR-Texas Utility Operating Company ("CSWR-Texas") is pleased to submit our Indication of Interest ("IOI") to purchase all the water assets of Windermere Oaks Water Supply Corporation including any water assets that may be held in the name of Patricia Flunker collectively referred herein as the Windermere Oaks Water Supply Corporation ("WINDERMERE").

We believe that CSWR and CSWR-Texas collectively have the technical, managerial, and financial skills to successfully own, maintain and operate the system while providing exceptional service to the customers.

CSWR-Texas is an Investor-Owned Utility authorized to provide water and wastewater utility services in the state of Texas. CSWR-Texas is owned by CSWR, LLC, the nation's 10th largest investor-owned water/wastewater utility. We own and operate water and wastewater systems in eleven states serving nearly 500,000 customers.

Sincerely,

Shawn Nichols

Central States Water Resources
Vice President, Business Development & Strategic Planning
Email: snichols@cswrgroup.com



Statement of Qualifications for the Purchase of Water Utility System Assets of

Windermere Oaks WSC



SUBMITTED BY



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EXECUTIVE SUMMARY



CSWR's mission is to bring safe, reliable, and environmentally sustainable water resources to every community in the U.S. We strive to achieve this mission by purchasing water and sewer utilities, dramatically improving the infrastructure, and operating the utilities in a manner that is cost effective and environmentally sound.

Founded in 2014, Central States Water Resources (CSWR) is the 10th largest investor-owned water utility in the United States. CSWR utilizes private investment to acquire and revitalize water and wastewater utilities that have reinvestment needs and long-term investment requirements. CSWR does this by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal standards for providing service to our customers.

CSWR has invested more than \$500 million to acquire and transform critical water and wastewater systems, often in areas where community value has diminished due to limited existing infrastructure. Our investments elevate communities, ultimately enhancing value and helping to drive outside investment and growth. At the end of 2024, we served nearly 500,000 people across eleven states – Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas.

CSWR's approach to building resilient water and wastewater systems is different than many others in our industry because we focus on rehabilitation rather than replacing. Many of the systems we acquire are extremely degraded or in significant disrepair. Rather than simply decommissioning and replacing the existing treatment infrastructure, we employ a different approach. On nearly every project, we maximize the use of existing infrastructure, repairing and repurposing equipment where appropriate to minimize the amount of new construction required. Repairing existing infrastructure instead of replacing the facility significantly reduces the environmental impact from the construction of material production, disposal of decommissioned infrastructure, and general construction activities. This also reduces the overall cost of projects. Through these projects, these facilities achieve environmental compliance, and we ensure communities have safe drinking water and cleaner waterways. We estimate our approach of repurposing existing infrastructure reduces carbon emissions by up to 70 percent in the construction process, compared to plant replacement.

**Bringing Safe, Reliable and Environmentally Responsible
Water Resources to Every Community in The U.S.**



CSWR is pleased to offer WINDERMERE our proposal to acquire the water utility and distribution system.

Our team is prepared to immediately deploy resources to complete a comprehensive review of WINDERMERE's water system assets to review overall operations and work to ensure optimum efficiencies, system performance, reliability and regulatory compliance. A signed Purchase Agreement with CSWR begins the process of acquisition between WINDERMERE and CSWR.

Because we operate in 11 states as one of the largest water and sewer utilities in the U.S. our pool of resources is almost unmatched. Our licensed operational expertise collectively spans across our footprint and through reciprocity we are able to offer support across the state, often providing immediate assistance for our newly acquired systems. Our national footprint also allows us to capitalize on engineering collaboration, giving us out of the box ideas to troubleshoot issues which often arise in our industry. In addition, we have established relationships with multiple vendors and suppliers that guarantee us the best pricing, which in turn we will pass these savings on to our customers.

We have become one of the largest water and wastewater utility companies in America by acquiring systems that can benefit from professional attention in communities that need more investment and resources. Each day, CSWR delivers approximately 15 million gallons of clean drinking water to our customers, and we treat more than 22 million gallons of wastewater. We've invested well over \$500 million in acquisitions and infrastructure upgrades to ensure that our customers' water quality is compliant with the most rigorous rules and regulations. Today, we manage and operate the 10th largest number of domestic water and wastewater plants in America. That experience helps us lead in innovative and efficient solutions to upgrade aging systems.

It is our belief that our proposal will generate significant benefits for both WINDERMERE and its customers.



REQUIRED STANDARDS

► EXPERIENCE

As noted in our cover letter and throughout our response, CSWR is the 10th largest owner of water and wastewater treatment plants in the United States. These plants encompass a broad spectrum of treatment plant processes and technologies and we have a strong bench strength and expertise in operational experience.

CSWR has also deployed and has in place systems to monitor its environmental compliance and performance, in addition to an asset management system which tracks and monitors both preventative and corrective maintenance work. Our team is focused on ensuring that all assets are properly maintained and have the longest possible service life, to minimize and defer the need for costly capital replacements.



HIGHLIGHT

- 100% Compliance with EPA Consent Decree
- 100% Compliance with State Requirements

► FINANCING

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► TRANSACTION STRUCTURE & VALUATION:

This proposal is based upon the purchase of the assets only and proceeds from the sale will be used by Seller to ensure all the debt (if any), claims, fees, commissions, or obligations associated with the assets to be acquired by CSWR are paid in full on or before the closing date of the transaction.

This proposal and the terms and conditions are provided to Seller on a confidential basis and are not to be disclosed to anyone other than Seller's directors and its authorized personnel. **This is NOT a binding offer to purchase the assets and is intended to be a preliminary indication of the value of the assets. The proposal may be rescinded by CSWR at any time in the sole discretion of CSWR.**

The terms and conditions of this IOI are as follows:

1. **Purchase Price:** The purchase price to acquire the WINDERMERE water and wastewater assets shall be One Million and Eighty Thousand Dollars (\$1,080,000.00).
2. **Assets Sold:** On the Closing Date, Seller will transfer to CSWR all right, title and interest to all the assets (excluding cash and account receivables) of Seller which must be free and clear of mortgages, liens, security interests or other claims or charges.
3. **Due Diligence:** The parties agree to work together to satisfy the following:
 - a. Satisfactory proof, in CSWR's sole discretion, that the assets of Seller include all necessary equipment real property, easements, permits, and other property and rights sufficient to allow CSWR to legally and economically operate Seller.
 - b. Execution of a formal binding definitive purchase agreement between CSWR, as buyer, and Seller, in a form satisfactory to both parties and legal counsel for each respective party.
 - c. Satisfactory proof, in CSWR's sole discretion, that there is no litigation pending against Seller nor that Seller is a party to any administrative or legal proceeding that would, in CSWR's sole judgment, be detrimental to or adversely affect the operation of the Seller's assets by CSWR.
 - d. Review and approval by the PUCT and any other governmental entity requiring review and approval of a water utility in the State of Texas. The review and approval by the state regulators must be satisfactory to CSWR and includes but is not limited to the allowed asset value for rate base, the effective rates to be charged at closing and the regulatory treatment of all transaction and transition cost incurred by CSWR.
4. **No Debt Assumption:** Except as otherwise agreed to in writing, CSWR does not offer to assume any of the claims, debts, fees, commissions, or obligations arising out of the operation of Seller.
5. **Exclusivity and Right of First Refusal:** From and after acceptance of this IOI and for a period of six (6) months after the Expiration Date, Seller agrees not to negotiate with any other parties and to refrain from entering into binding agreements with any other parties with respect to the transaction contemplated herein without CSWR's written approval. Furthermore, should Seller receive a binding proposal for a period of one (1) year following the Expiration Date from any third party to acquire the water system, CSWR shall have a Right- of-First Refusal to match said offer
6. **Offer Deadline:** Except as otherwise agreed to in writing, CSWR will rescind this proposed offer and Letter of Intent on September 30th at 5:00 pm CDT if the terms of this proposal have not been agreed to by that time, indicated by a signed Letter of Intent.

To agree to the terms outlined above, please indicate your acceptance by signing the attached Letter of Intent



PARTNERS

Nationwide, and notably in Texas, CSWR and CSWR-Texas have established and maintained relationships with several engineering firms, consultants and contractors, as we proceed with a number of capital improvement projects (“CIP”). The following is a partial list of the engineering firms where we have an ongoing relationship for our various CIP needs and system improvements.

- Stanley Consultants •
- NCS
- Kimley Horn
- Consor

-  CSWR has a relationship with a national construction management firm, Keeley Construction, who provides overall management and coordination of our various construction activities. Keeley Construction provides guidance and assistance during our procurement processes to identify qualified local contractors in CSWR- Texas to perform work on our various projects that are underway.
-  In Texas, we are actively working to enhance operations and compliance across our facilities through critical infrastructure improvements. At Laguna Tres, Coletto, and The Woodlands, we’ve addressed aging infrastructure, expanded capacity, and strengthened system reliability. These targeted upgrades have improved service quality, increased operational efficiency, and ensured long-term sustainability.

For more details, please reference the case studies on pages 13-15 of this document.

QUALIFICATIONS

Corporate Profile

CSWR, LLC

1630 Des Peres Road, STE 140

Des Peres, MO 63131

Main Phone Number: (314)380-8544

Facsimile Number: (314)736-4743

Tax Identification Number: 46-4754176

Principal Contact Person:

Shawn Nichols

Vice President, Business Development & Strategic Planning

Email: snichols@cswrgroup.com

Description of CSWR

► ENTITY IDENTITY

CSWR was organized in 2014 in the state of Missouri and has been engaged in the water and wastewater utility business continuously since its organization. CSWR owns and operates water and wastewater utility systems in eleven states serving nearly 500,000 customers. CSWR is the nation's 10th largest owner and operator of water and wastewater plants.



Own & operate over 900 systems across 11 states



Removed ~390 systems from compliance agreements



Serve nearly 500,000 customers



10th largest IOU



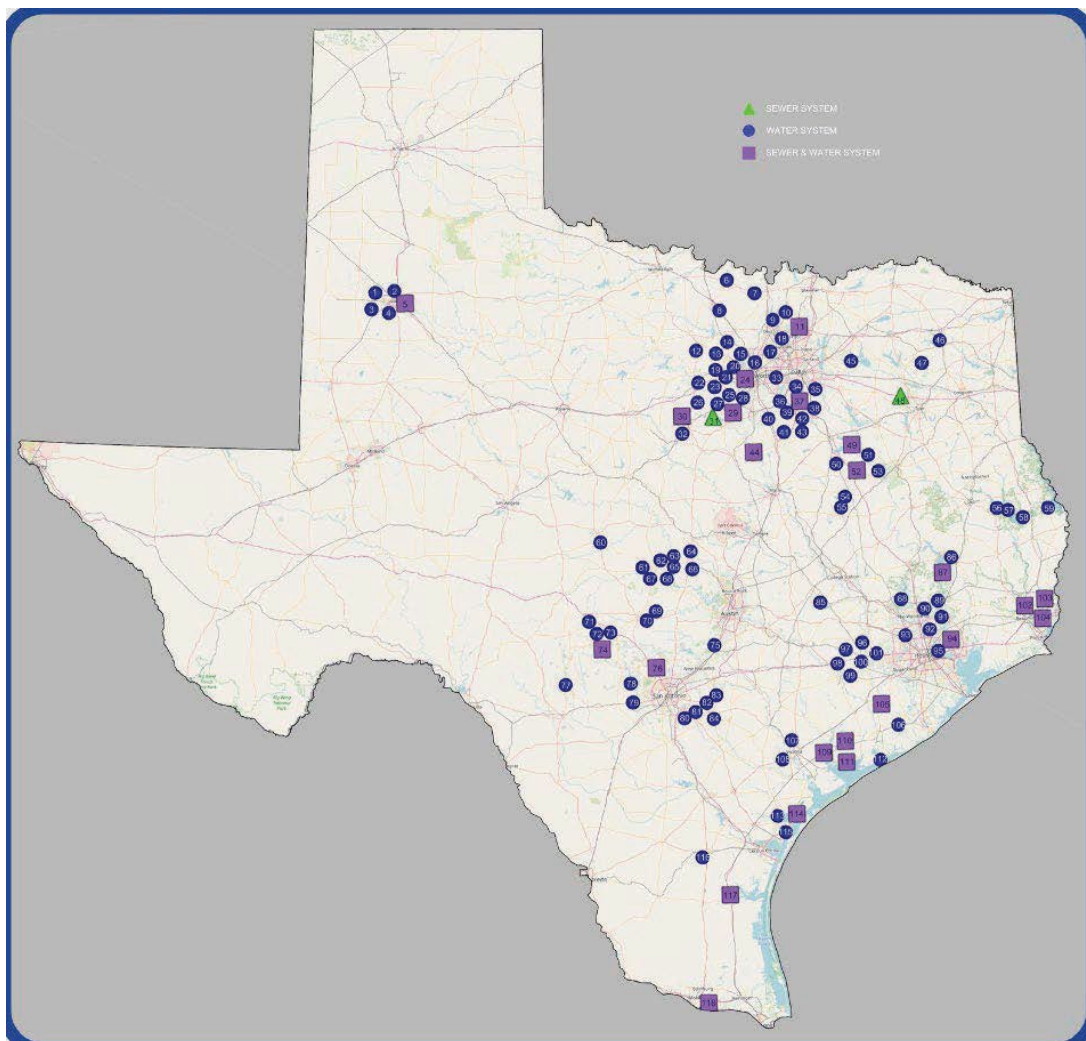
100+ full time employees

RELEVANT PROJECT EXPERIENCE/REFERENCES

- CSWR is a privately owned water/wastewater utility company, and as such, does not provide contract operations and maintenance services. However, from time to time, we have stepped in to provide interim operations and maintenance for distressed systems, until such time as we can complete the acquisition process and receive regulatory approval to acquire systems from public service commissions.

CSWR does make use of contract operations firms to perform day-to-day operations and maintenance of its water and wastewater utilities. In Texas, CSWR-Texas has contracts in place with both Aggregate and Patterson Professional Services to provide a broad spectrum of operations and maintenance tasks for all systems which we currently own.

- CSWR-Texas Utility Operating Company owns and operates more than 165 water and wastewater systems throughout the state of Texas.
- See the map below and table to follow for various water systems in Texas, which we currently own and operate (or have under contract).



Facility Name	County	Facility Name	County	Facility Name	County
Walnut Bend	Angelina	Vacation Village	Denton	Vista Utilities	Harris
Capano Heights	Aransas	Brittany Hill Water Association	Denton	Amberwoods Subdivision	Harris
Copano Cove	Aransas	East Ponder Estates	Denton	The Woodlands Water System	Hays
Aransas Bay Utilities	Aransas	Hilltown Addition	Denton	Quiet Village II	Hidalgo
Aransas Bay Utilities	Aransas	Pilot Point Rural Water Supply	Denton	Quiet Village	Hidalgo
Hillside Estates	Austin	Emerald Forest	Ellis	Lake Whitney RV Park WS	Hill
Lakeside Estates	Austin	Grande Casa	Ellis	Lake Whitney RV Park wwrF	Hill
Meadowview Estates I	Austin	Lakeview Ranchettes	Ellis	Laguna Vista	Hood
Meadowview Estates II	Austin	Red Oak	Ellis	Laguna Tres	Hood
Settlers Crossing I	Austin	Spanish Grant	Ellis	Laguna Vista	Hood
Settlers Crossing II	Austin	Chambers Meadow	Ellis	Shady Grove Addition	Hood
Settlers Estate Section No. 2	Austin	City of Ferris (Wastewater)	Ellis	Thorp Springs Water	Hood
Settlers Meadow	Austin	City of Ferris (Water)	Ellis	4 R Ranch Water 2	Hunt
Sidney Shores Subdivision	Bandera	Howard Water Coop	Ellis	Perrin Water System	Jack
Bastrop West Water Supply	Bastrop	Lakeview PWS	Ellis	TCP Water System 2	Jackson
K&K Water Company	Bastrop	Thousand Oaks Subdivision	Erath	TCP Water System 3	Jackson
Bridgewood Hills W'NTF	Bexar	Northside Water Corp.	Erath	Tri-County Point wwrP	Jackson/Calhoun
Lincecum Water Powers Addition	Brazoria	Northside Water Corp. wwrP	Erath	TCP Water System 4	Jackson/Calhoun
Woodlands West	Burleson	Keechi Addition	Freestone	English Acres	Jim Wells
Council Creek Village	Burnet	Lakewood Tanglewood	Freestone	Fremont Water	Kerr
S. Silver Creek Village 111& III	Burnet	Thompson Water & Construction wwrF	Freestone	Wood Trail Water Supply	Kerr
Cassie Water System	Burnet	Wildwood Water System	Freestone	Sky Harbor Ranchettes Water System	Kerr
Deer Springs Water Co.	Burnet	Willow Creek Farms	Freestone	Bumblebee Hits	Kerr
South Council Creek 2	Burnet	Chaparral Water System Gillespie	Gillespie	Castlecomb	Kerr
Woodland Harbor	Camp	Vineyard Ridge Water	Gillespie	Castlecomb	Kerr
Myra Water System	Cooke	Oak Hills Ranch	Guadalupe	Riviera WCID	Kleberg
Danielsdale	Dallas	Tall Pines	Harris	Riviera WCID WWTP	Kleberg
Aero Valley Water Service	Denton	Oak Hills Estates	Harris	Farrar WSC	Limestone
Rocky Point Community	Denton	Fountainview Subdivision	Harris	Flag Creek Ranch	Llano
Vacation Village	Denton	Fountainview Subdivision WWfP	Harris	Water Works 1 Floyd Acres	Llano
		Villa Utilities	Harris	Water Works 2 Island Lodges	Llano
Facility Name	County	Facility Name	County	Facility Name	County
Vista Utilities	Harris	Deer Country WSC	Llano	Highland Lakes	Parker
Amberwoods Subdivision	Harris	Franklin Water System 1	Lubbock	Mar Lynn Subdivision	Parker
The Woodlands Water System	Hays	Franklin Water System 3	Lubbock	Ponderosa Hills Subdivision	Parker
Quiet Village II	Hidalgo	Franklin Water System 1	Lubbock	Spring Valley	Parker
Quiet Village	Hidalgo	North University Estates	Lubbock	Texas Landing Utilities wwrF	Polk
Lake Whitney RV Park WS	Hill	Southwest Garden Water	Lubbock	Texas Landing Utilities	Polk
Lake Whitney RV Park WWTP	Hill	Seven Estates	Lubbock	Lake Limestone Coves	Robertson
Laguna Vista	Hood	Hubert Watson Subdivision	Matagorda	Post Oak	Robertson
Laguna Tres	Hood	Live Oak Hills Subdivision	McCulloch	Timberlane Water System	Sabine
Laguna Vista	Hood	Ville Dalsace Water Supply	Medina	El Pinon Estates	San Augustine
Shady Grove Addition	Hood	Waterco	Montague	La Playa Subdivision	San Augustine
Thorp Springs Water	Hood	Sunset Water System	Montague	Garden Valley wwrP	Smith
4 R Ranch Water 2	Hunt	Deerwood	Montgomery	Cooley Point	Tarrant
Perrin Water System	Jack	Goode City	Montgomery	Circle R Ranchettes	Tarrant
TCP Water System 2	Jackson	Vista Verde Water Systems	Montgomery	Knob Hill WSC	Tarrant
TCP Water System 3	Jackson	Heritage Oaks Subdivision	Montgomery	Valley Vista Homeowners Association	Uvalde
Tri-County Point W'NTF	Jackson/Calhoun	Pelican Isle	Navarro	La Caleta Estates	Val Verde
TCP Water System 4	Jackson/Calhoun	Pelican Isle	Navarro	San Pedro Village	Val Verde
English Acres	Jim Wells	Country Squire Water & Sewer	Orange	Coleta	Victoria
Fremont Water	Kerr	Country Squire Subdivision W'NTF	Orange	North Victoria Utilities	Victoria
Wood Trail Water Supply	Kerr	Longford Place Subdivision WWfP	Orange	Boling MWD	Wharton
Sky Harbor Ranchettes Water System	Kerr	Longford Place Subdivision	Orange	Boling MWD WWfP	Wharton
Bumblebee Hits	Kerr	Parkview Subdivision wwrP	Orange	Arrowhead	Wilson
Castlecomb	Kerr	Parkview Water Supply	Orange	C-Willow	Wilson
Castlecomb	Kerr	Treetop Estates	Parker	Hickory Hill	Wilson
Riviera WCID	Kleberg	Abraxas Utilities	Parker	Shady Oaks	Wilson
Riviera WCID wwrP	Kleberg	Abraxas Utilities wwrP	Parker	Creekwood Estates	Wilson
Farrar WSC	Limestone	Crazy Horse Ranch	Parker	Seven Oaks Water Supply	Wilson
Flag Creek Ranch	Llano	Mountain River	Parker	Hills of Briar Oaks	Wise
Water Works 1 Floyd Acres	Llano	Enchanted Lakes Subdivision	Parker	Big Wood Springs	Wood
Water Works 2 Island Lodges	Llano	Enchanted Oaks Subdivision	Parker		

LEADERSHIP TEAM



JOSIAH COX PRESIDENT

An experienced and deeply passionate water utility executive, Josiah started a water/wastewater focused engineering, construction, and environmental consulting firm specializing in the intersection of water quality protection and utility system design. In 2010, he developed a business strategy to acquire and recapitalize failing water and wastewater systems as investor-owned utility companies. Ultimately this became Central States Water Resources (CSWR) which he founded in 2014 and is now the 11th largest investor-owned utility in the U.S. Josiah earned his undergraduate degree in environmental sciences from the University of Kansas where he was also a student-athlete, and his MBA from Washington University in St. Louis.



TODD THOMAS SENIOR VICE PRESIDENT

A veteran engineer in the water utility industry, Todd has dedicated his professional career to addressing the mounting problems that threaten aging water and wastewater infrastructure. Todd joined Central States Water Resources in its early stages and has played an instrumental role in expanding the growth of the company. With a scope that includes business development, operations and maintenance, asset management, engineering, and customer service, Todd is as passionate about transforming the industry as he is committed to safeguarding the environment. Todd earned his undergraduate degree in Civil Engineering from the Missouri University of Science and Technology, and his MBA from Washington University in St. Louis.



RUSS MITTEN GENERAL COUNCIL

For more than 20 years, Russ Mitten has served as Chief Legal Officer and Corporate Secretary to a variety of corporations in the telecommunications and utility industries. Russ has represented clients in proceedings before the FCC, the FERC, and more than 30 state utility regulatory agencies. Russ is listed in “The Best Lawyers in America” in the area of Energy Law and “Who’s Who in America.”



CHELSIE CARTER DIRECTOR, CUSTOMER EXPERIENCE

Prior to joining CSWR in 2020, Chelsie led the Accounts Receivable division at the St. Louis Metropolitan Sewer District (MSD) where she also served as the point of contact for dozens of major accounts. Chelsie also spent 16 years with American Water, starting as the supervisor for the Customer Call Center and working her way up to Business Services Specialist. In this role, she served as the point of contact for the Public Service Commission on customer related issues and resolutions. Chelsie joined CSWR in 2020 as Customer Experience Manager and was promoted to Director of Customer Experience in 2021. Chelsie earned both her undergraduate degree and her MBA from Lindenwood University in St. Louis.





JAKE FREEMAN DIRECTOR OF ENGINEERING

Jake has been Director of Engineering at CSWR since 2019, overseeing the engineering, surveying, and facility construction upgrades for all newly acquired CSWR affiliated water and wastewater utilities. Before joining CSWR, Jake spent the first two years of his career working for Corrigan Mechanical, a design-building mechanical contractor in St. Louis where he designed, estimated, and managed plumbing, HVAC and process piping construction projects in Missouri and Illinois. He then spent 11 years with Brotcke Well & Pump where he eventually became Vice President and Principal in charge of all the company's engineering services. Jake earned his Bachelor of Science degree in Mechanical Engineering from the University of Missouri-Columbia.



SHAWN NICHOLS VICE PRESIDENT, BUSINESS DEVELOPMENT & STRATEGIC PLANNING

Shawn brings over 37 years of experience in the gas, power, and water industries, with a focus on Texas. He has spent the past eight years specializing in small rural water systems and currently serves as the Central States Water Resources (CSWR) representative for the Texas Association of Water Companies (TAWC). Before transitioning to the water sector, Shawn spent more than two decades in the gas and power industry, holding various leadership roles. He has also served on the Illinois Sustainable Technology Center Advisory Board since 2018 and previously held a position on the Gas Processors Association Board. A proud Baylor Bear, Shawn holds a Master of Business Administration degree and has built strong industry relationships throughout Texas.



KARL STEPHENS REGIONAL DIRECTOR (ARIZONA, ARKANSAS, TEXAS)

Karl Stephens joined Central States Water Resources (CSWR) on November 15, 2021, as the Regional Manager for Texas operations. Mr. Stephens has extensive operational and managerial experience in the water and wastewater industry which includes project oversight, contract management, and regulatory compliance. During his tenure with CSWR, he has expanded his realm of responsibilities to incorporate operational management of both Arizona and Arkansas. Mr. Stephens has a Bachelor of Science in Finance & Economics and received his Master of Business Administration in 2021. Karl is a certified operator in the state of Arizona possessing certifications in the following disciplines: Wastewater Treatment, Collections, Water Treatment, and Distribution.

HOW WE OPERATE

We work with a large network of partners to provide professional operations and maintenance to our facilities. We monitor environmental health and safety performance with highly trained professionals, real-time data and reports from our SCADA systems. We also engage actively to prepare and manage disruptions through mandatory system redundancy, emergency response plans, simulations, and stress test operations to handle scenarios that might impact service to our customers.

To standardize and strengthen our partner engagements we've built our own internal proprietary platforms to track and report our compliance, asset management, and preventative maintenance.

Within 90 days before CSWR purchases a facility, we conduct an internal safety audit with a group of environmental health and safety regulatory managers and compliance inspectors. Once we own a facility, it continues to be audited periodically by a regulatory agency from the state which we are active partners with. In addition, third-party engineering firms are doing system level audits that include examining closing documents, compliance memos, service area maps, and engineering maps. Our responsibility is to confirm that we are fulfilling our mission of bringing safe, reliable, and environmentally responsible services to every community we serve. These continual audits are part of our commitment to demonstrating hyper-transparency in our operations.

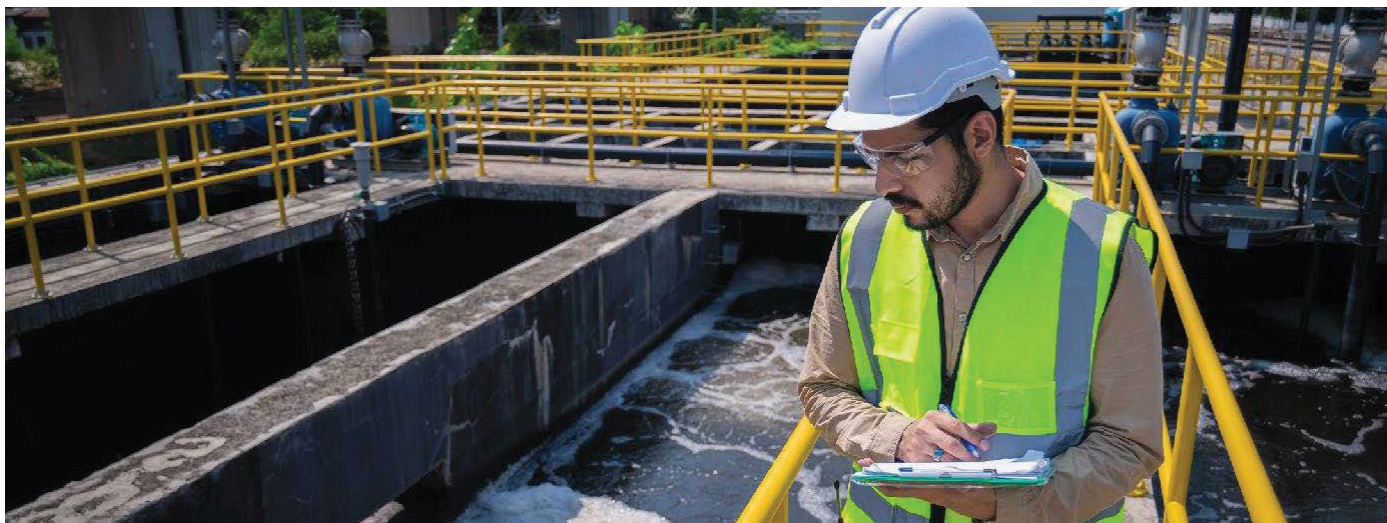
Safety is first and foremost at the top of our priorities, so we've implemented annual third-party safety auditing of all operations and management partners' internal training and policies with auditors who have a minimum of five years of experience in the field or with OSHA.

In 2024, no partner was found to be in violation of our operations standards.

BENEFITS OF WORKING WITH US

- ♦ 24/7 Operational Response
- ♦ 24/7 Professional Customer Service Response
- ♦ 100% Path to Compliance
- ♦ Abundant Resources for Engineering, Planning, Construction and Design

PRIVATIZATION IN ACTION



“Since acquiring our 64 plants in Louisiana, CSWR has taken the worry out of our day-to-day activities. To have the financial freedom to be focused on building the economics of our goals not to mention their 24/7 customer service has alleviated our quality of customer experience. I’m also happy to report our customers are thrilled with the quality of service and the promptness of the capital investments - We could not be happier with our decision to sell!”

JILL DUGAS *Previous Owner, Water and Wastewater LLC*



EMERGENCY PREPAREDNESS & SUPPORT

“Thank you for keeping us informed of any outages that CSWR is experiencing due to Beryl. We appreciate your diligence and efforts to provide quality service while keeping us informed.”

TAMMY BENTER *Director of Utility Outreach, PUCT*

“We appreciate you keeping us informed and the hard work you do for your customers.”

ANA ORTEGA *Chief Policy Advisor, Florida Public Service Commission*



MAKING A CLEAR DIFFERENCE

“The guys/gals we have working in the field down there are top notch. They do not quit or give up. They work day and night and will not take no for an answer. They get the job done at all cost. I saw them working knee deep in gunk on a hot, hot day to find a line. They found it and got the work done.”

LONNIE ROBINSON *CSWR Customer, TN*

CASE STUDY

People expect safe and clean water. To provide quality drinking water and wastewater treatment, there are enormous technical, operational, and financial investment efforts required. We purchase drinking water systems that draw water from groundwater wells, and we treat, store, and distribute water to our customers. The most common form of treatment required to make groundwater safe to consume is disinfection to prevent harmful pathogens from growing in the infrastructure. Beyond treatment and contamination issues, we have encountered many systems where water supply and storage is so inadequate that it hinders a community's use of water services. In communities with these crises, we restore adequate water supply by repairing and/or replacing damaged equipment, invest in additional storage, build emergency service infrastructure and make improvements to ensure safe and reliable service.

Case Study: Laguna Tres

CSWR-Texas performed critical repairs to the Laguna Tres Water System in Hood County, addressing significant issues with aging infrastructure that had been impacting the system's efficiency. One of the primary concerns was the original hydropneumatic tank, which was deteriorated beyond use and inactive, posing a risk to the system's ability to maintain proper water pressure.

CSWR-Texas replaced the damaged hydropneumatic tank with a new, operational unit to restore system functionality. In addition, repairs were made to the ground storage tanks, ensuring they were in optimal condition to store water and support the overall system. While contractors were onsite, the well header and casing were also recoated, which will extend the life of the equipment and protect it from wear and environmental factors.

These repairs have greatly improved the performance and longevity of the Laguna Tres Water System, ensuring reliable water service for the community while addressing the previous equipment failures. The successful completion of these upgrades has strengthened the system's infrastructure and ensured its continued operation for years to come.

Before



After



CASE STUDY

In 2022, CSWR-Texas completed capital improvements on the Coeto Water system in Texas. When we purchased this system, it had been suffering from years of neglect and lack of reinvestment. The 44,000-gallon ground storage tank had severe corrosion and multiple leaks. The hydropneumatic tank also faced severe corrosion and had no access hatch, rendering an interior inspection of the tank impossible. CSWR-Texas removed the ground storage tank and installed a new fiberglass tank. The hydropneumatic tank was also replaced.

The poor condition of the original tanks meant that any disruption to the system would cause a loss of water pressure, resulting in a boil water advisory for all customers. With the Coeto Water system, 180 households had experienced 15 boil water advisories - many lasting for days. Every time a boil water advisory is issued, it represents a potential health hazard for a given community.

After CSWR-Texas completed the tank replacements in September 2022, there have been no boil water advisories and the residents of Coeto have safe, reliable water service.

Before



After



CASE STUDY

CSWR-Texas completed a major rehabilitation of The Woodlands Water System in Hays County to address critical capacity and infrastructure needs. The system required significant upgrades to improve its ability to meet the community's growing water demands and extend the lifespan of its key components.

One of the primary improvements was the addition of much-needed ground storage and service pump capacity, enhancing the system's ability to store and distribute water efficiently. In addition, all above-ground equipment was replaced and coated for UV protection, safeguarding it against the elements and increasing its durability.

The hydropneumatic tank, which had suffered from a damaged interior coating, was recoated to restore its functionality and increase its usable lifespan. To further enhance the system's infrastructure, the service pump housing building was given a full refurbishment. This included repainting the building, repairing its walls, and replacing the roof, ensuring that it remains in good condition and protected from future damage.

These comprehensive improvements have greatly strengthened The Woodlands Water System, providing reliable water service to the community while extending the operational lifespan of the facility's critical assets. The upgrades ensure that the system can effectively meet current and future needs for years to come.

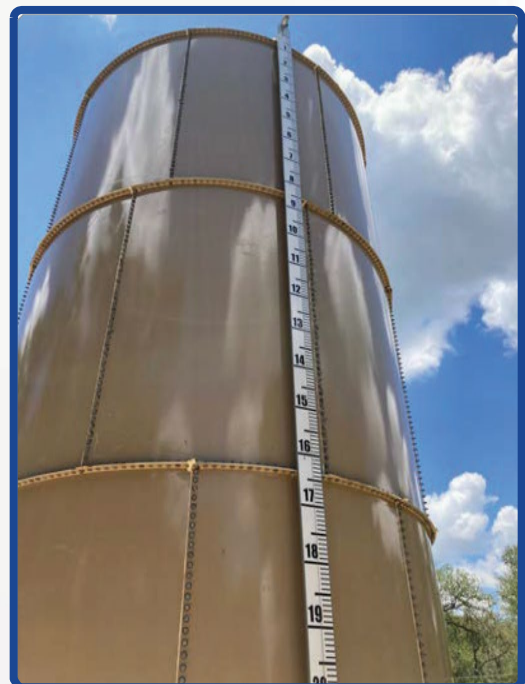
Facility Before



Facility After



New Ground Storage Tank



COMMITMENT TO CUSTOMERS & COMMUNITY



CSWR is transforming how water utilities work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards, while protecting aquifers, lakes, rivers and streams that are essential to our world.



We are a dedicated team of employees and partners serving nearly 500,000 people. Our service connection isn't just to an account, but to a human being, a family, a home, or a business. Our promise begins and ends with reliability – safe and reliable water 365 days a year. We believe that customer care goes beyond the boundaries of our customer service team and operators. At CSWR, our executive leadership continually seeks opportunities to meet with customers either in person in their service areas or through virtual town halls. We believe that we *all* have a responsibility to educate our customers about the safety, reliability, and costs of water and wastewater treatment.

CUSTOMERS 1ST MENTALITY

- ♦ We offer payment plans
- ♦ We help households find programs that can help manage their utility bills
- ♦ Currently developing an online platform for real-time water usage reporting

CUSTOMERS - OUR PRIORITY

When it comes to programs that support our customers, CSWR is a trusted partner

in organizations such as the National Association of Water Companies (NAWC), where our Director of Customer Experience served as NAWC Chairperson of Customer Experience during 2023-2024. Along with NAWC, CSWR actively supports programs such as the Low-Income Household Water Assistance Program (LIHWAP) which we offer on our affiliated Operating Company web pages and through our billing statements, in addition to reminding customers seeking assistance when they contact our Customer Support team.

And finally, when it comes to our customers, we are a dedicated team of employees and partners serving nearly 500,000 customers. We believe we have a responsibility to educate our customers about the safety, reliability, and costs of water and wastewater. Our service connection isn't just to an account, but to a human being, a family, a home, or a business. We use tools like in-person conversations, direct mail, email, several social media platforms, our educational blog and community impact area of our website, and 24-hour phone availability for emergencies. Our very promise begins and ends with reliability – safe and reliable water, 365 days a year.



THE LAST DROP

WINDERMERE would benefit directly from the sale of its water system. CSWR has the financial, managerial, and technical expertise required to successfully own and operate the water utilities. With all regulatory oversight being focused on CSWR, WINDERMERE would no longer have to dedicate resources to operate, maintain or respond to the concerns of the system nor its assets.

Throughout this report CSWR has highlighted the unique qualifications we possess to own and operate. With over 173 years combined experience in running and managing water and wastewater systems we consider ourselves the most knowledgeable on the process and procedures of acquisitions. With over 900 facilities acquired in the last 10 years, CSWR will work expeditiously to move this acquisition forward. CSWR currently owns, operates as temporary manager, or has under contract over 165 drinking water and wastewater systems in Texas and through those acquisitions we have formed trusting relations with The Texas Commission on Environmental Quality (TCEQ) and The Public Utility Commission of Texas (PUCT).

In summary, why choose CSWR and CSWR-Texas?

- The 10th largest owner and operator of small to mid-sized water and wastewater systems in the United States.
- A broad and extensive footprint in Texas.
- Excellent working relationships with key regulatory agencies.
- Expertise and knowledge in addressing deficiencies and rehabilitating similar sized water plants. CSWR is a leader in bringing water plants into full compliance.
- Exceptional Customer Service.
- Experienced Texas Leadership.



NEXT STEPS

Once the Purchase Agreement has been fully executed between CSWR and WINDERMERE, CSWR will begin working diligently to create the application that will be filed with the Public Utility Commission of Texas (PUCT) to acquire the water assets of WINDERMERE. The CSWR Regulatory Department will work with WINDERMERE to gather all information essential for the application and the overall acquisition. Required for the application is a preliminary engineering memo, which CSWR will hire a third-party licensed engineer to complete.

-  1 Once filed with the PUCT, the application takes approximately 6-9 months to receive approval. This timeline is subject to the PUCT's review of the application. Thus along with due diligence and the preparation of the application and the potential appraisal review process, the total timeline typically is 15-18 months.
-  2 Throughout the acquisition, representatives from CSWR's Engineering and Operations Departments will visit WINDERMERE's systems to gain an understanding of the current state of operations and the system components. CSWR will also hire third-party attorneys to ensure proper title on the real property where the system components are located, and they will hire third-party surveying specialists to create surveys of the systems and the service areas. Any third parties and internal departments conducting site visits will schedule the visit with a WINDERMERE representative.
-  3 Upon obtaining approval from the PUCT, WINDERMERE will work with CSWR's internal departments to transfer customer and billing data, prepare for the operations transfer, and to address other imperative closing items. WINDERMERE will also work with CSWR's third-party attorneys to finalize closing documents and schedule a closing date.



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