

SPARK ENERGY, INC.

FORM 8-K (Current report filing)

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Address	12140 WICKCHESTER LANE SUITE 100 HOUSTON, TX, 77079
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): July 1, 2017

Spark Energy, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-36559
(Commission
File Number)

46-5453215
(IRS Employer
Identification Number)

12140 Wickchester Lane, Suite 100
Houston, Texas 77079
(Address of Principal Executive Offices)
(Zip Code)

(713) 600-2600
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

Item 1.01 Entry into a Material Definitive Agreement.

As previously disclosed in “Item 5. – Other Information” in the Quarterly Report on Form 10-Q for the quarter ended March 31, 2017 of Spark Energy, Inc., a Delaware corporation (the “**Company**”), the Company and CenStar Energy Corp., a New York corporation and a subsidiary of the Company (“**CenStar**”), entered into the Membership Interest and Stock Purchase Agreement, dated as of May 5, 2017, by and among the Company, CenStar and Verde USA Holdings, LLC, a Delaware limited liability company (the “**Seller**”), pursuant to which CenStar would acquire all of the membership interests and stock in the Verde Companies (as defined therein) (the “**Original Purchase Agreement**”).

On July 1, 2017, the Company, CenStar and the Seller entered into the First Amendment to the Membership Interest and Stock Purchase Agreement (the “**First Amendment**”). The First Amendment amends the Original Purchase Agreement (the Original Purchase Agreement, as amended by the First Amendment, the “**Purchase Agreement**”), to change certain defined terms. The foregoing description of the First Amendment is qualified by reference to the full text of the First Amendment, which is attached hereto as Exhibit 2.1 and incorporated by reference into this Item 1.01.

Additionally, on July 1, 2017 and as described below, CenStar issued the Promissory Note to the Seller. The description of the Promissory Note set forth in Item 2.01 below is incorporated by reference into this Item 1.01.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On July 1, 2017, the Company and CenStar completed the acquisition from the Seller (the “**Acquisition**”) of all of the membership interests and stock in each of the Verde Companies pursuant to the Purchase Agreement. Total consideration paid at the closing of the Acquisition was approximately \$85.8 million, of which approximately \$21.0 million was used to purchase positive net working capital. The Company funded the closing consideration through: (i) approximately \$6.8 million of cash on hand, (ii) approximately \$15.0 million in subordinated debt from the Company's founder and majority shareholder through an existing subordinated debt facility, (iii) approximately \$44.0 million in borrowings under its senior secured revolving credit facility, and (iv) the issuance by CenStar to the Seller of a promissory note in the aggregate principal amount of \$20.0 million (the “**Promissory Note**”). In addition to the consideration paid at closing, CenStar is obligated to pay 100% of the Adjusted EBITDA earned by the Verde Companies for the 18 months following closing that exceeds certain thresholds, subject to the Verde Companies’ ability to achieve defined customer count criteria.

The Promissory Note, effective July 1, 2017, matures in eighteen months and bears interest at a rate of 5% per annum. Principal and interest are payable monthly on the first day of each month in which the Promissory Note is outstanding, beginning August 1, 2017. CenStar will deposit a portion of each payment under the Promissory Note into an escrow account, which serves as security for certain indemnification claims and obligations under the Purchase Agreement. All principal and interest payable under the Promissory Note is accelerated upon the occurrence of certain events of default, including the failure to pay any principal or interest when due under the Promissory Note. The foregoing description of the Promissory Note is qualified by reference to the full text of the Promissory Note, which is attached hereto as Exhibit 10.1 and incorporated by reference into this Item 2.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The description of the Promissory Note and the borrowings under the Company's senior secured revolving credit facility set forth in Item 2.01 above are incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

On July 5, 2017, the Company issued a press release announcing the closing of the Acquisition, a copy of which is attached hereto as Exhibit 99.1 and is incorporated by reference into this Item 7.01.

The information in this Item 7.01, including Exhibit 99.1, is being "furnished" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or otherwise subject to the liabilities of Section 18 of the Exchange Act, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The Company will file any financial statements required by this Item not later than 71 days after the date on which this Form 8-K is required to be filed.

(b) Pro Forma Financial Information.

The Company will file any financial statements required by this Item not later than 71 days after the date on which this Form 8-K is required to be filed.

(d) Exhibits.

Exhibit Number	Description
2.1	First Amendment to the Membership Interest and Stock Purchase Agreement, dated July 1, 2017, by and among Spark Energy, Inc., CenStar Energy Corp., and Verde USA Holdings, LLC.
10.1	Promissory Note of CenStar Energy Corp., effective July 1, 2017, payable to Verde USA Holdings, LLC.
99.1	Press Release of Spark Energy, Inc., dated July 5, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: July 5, 2017

SPARK ENERGY, INC.

By: /s/ Gil Melman

Name: Gil Melman

Title: Vice President, General Counsel and Corporate Secretary

EXHIBIT INDEX

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99.1	Press Release of Spark Energy, Inc., dated July 5, 2017.

FIRST AMENDMENT TO THE

MEMBERSHIP INTEREST AND STOCK PURCHASE AGREEMENT

This First Amendment to the Membership Interest and Stock Purchase Agreement, dated as of July 1, 2017 (this “**Amendment**”), is entered into by and among CenStar Energy Corp., a New York corporation (“**Buyer**”), Spark Energy, Inc., a Delaware corporation (“**Guarantor**”), and Verde Energy USA Holdings, LLC, a Delaware limited liability company (“**Seller**” and, together with Buyer and the Guarantor, the “**Parties**” and each a “**Party**”).

WHEREAS, the Parties have entered into that certain Membership Interest and Stock Purchase Agreement, dated May 5, 2017 (as heretofore amended, supplemented or modified, the “**Agreement**”);

WHEREAS, Section 12.1 of the Agreement provides that the Agreement may be amended, modified, or supplemented only by written agreement of the parties thereto;

WHEREAS, the Parties desire to amend the Agreement to change certain defined terms, on the terms and subject to the conditions set forth herein;

WHEREAS, Section 8.1 of the Agreement provides that the Buyer and Seller may agree in writing on the date on which the Closing will occur; and

WHEREAS, the Buyer and Seller desire to set the Closing Date notwithstanding the method set forth in Section 8.1 of the Agreement.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Definitions**. Capitalized terms used and not defined in this Amendment have the meanings assigned to them in the Agreement.

2. **Amendments to the Agreement**. The Agreement is hereby amended and modified as follows:

(a) The definition of “**Direct Subsidiary**” and “**Direct Subsidiaries**” in the preamble to the Agreement is hereby amended to include Verde Ohio.

(b) The definition of “**Effective Time**” in Exhibit A to the Agreement is hereby amended and restated in its entirety as follows:

““ **Effective Time** ” means 12:00:01 a.m. eastern prevailing time on the first day of the calendar month in which the Closing Date occurs.”

3. **Closing Date** . The exchange of executed Transaction Documents and other Closing matters shall occur on June 30, 2017, but the Closing shall be deemed to have occurred on July 1, 2017 and the Closing Date shall be July 1, 2017.

4. **Effect of the Amendment** . Except as expressly modified by this Amendment, all of the terms and provisions of the Agreement remain in full force and effect and are hereby ratified and confirmed by the Parties. On and after the date hereof, each reference in the Agreement to “Agreement,” “hereunder,” “hereof,” “hereto,” “herein” and words of similar import, and each reference to the Agreement in any other agreements, documents or instruments executed and delivered pursuant to, or in connection with, the Agreement, will mean and be a reference to the Agreement as amended by this Amendment.

5. **Miscellaneous** .

(a) **Governing Law** . This Amendment shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, without giving effect to the conflicts of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(b) **Captions** . The section titles (and the titles of other subdivisions of this Amendment) and headings in this Amendment are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Amendment.

(c) **Electronic Signatures; Counterparts** . This Amendment may be executed by electronic transmission of signatures by any Party (i.e., portable document format or similar method) and such signature shall be deemed binding for all purposes hereof, without delivery of an original signature being thereafter required. This Amendment may be executed in one or more counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same document.

(d) **Amendment and Modification** . This Amendment may be amended, modified or supplemented only by written agreement of the Parties hereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

SELLER:

VERDE ENERGY USA HOLDINGS, LLC

By: /s/ Thomas FitzGerald

Name: Thomas FitzGerald

Title: Chief Executive Officer

BUYER:

CENSTAR ENERGY CORP.

By: /s/ Nathan Kroeker

Name: Nathan Kroeker

Title: Chief Executive Officer and President

GUARANTOR:

SPARK ENERGY, INC.

By: /s/ Nathan Kroeker

Name: Nathan Kroeker

Title: Chief Executive Officer and President

[Signature Page to the First Amendment to
Membership Interest and Stock Purchase Agreement]

NEITHER THIS NOTE, NOR THE SECURITIES REPRESENTED HEREBY HAVE BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF CENSTAR ENERGY CORP. THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO CENSTAR ENERGY CORP., (B) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT, (C) IN ACCORDANCE WITH RULE 144, RULE 145 OR RULE 144A UNDER THE SECURITIES ACT, IF APPLICABLE, AND IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS OR (D) IF CENSTAR ENERGY CORP. HAS RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO CENSTAR ENERGY CORP., OR OTHERWISE SATISFIED ITSELF, THAT THE TRANSACTION DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE U.S. STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES.

**CENSTAR ENERGY CORP.
PROMISSORY NOTE**

**Issuance Date: July 1, 2017
Houston, Texas**

For value received, CenStar Energy Corp., a New York corporation (“***CenStar***” or the “***Issuer***”), promises to pay to the order of Verde Energy USA Holdings, LLC (the “***Holder***”), the principal sum of **Twenty Million and No/100 US Dollars (\$20,000,000.00)**. This promissory note (this “***Note***”) is being issued pursuant to that certain Membership Interest and Stock Purchase Agreement dated as of May 5, 2017 among Holder, CenStar, and Spark Energy, Inc. (the “***MIPA***”) and is subject to the following terms and conditions. Capitalized terms not otherwise defined herein shall have the meanings given to such terms in the MIPA.

1. Interest, Maturity and Default

(a) Interest on this Note shall accrue from the Issuance Date on the unpaid principal balance at a rate equal to five percent (5%) per annum, with principal and interest payable monthly on the first day of each month in which this Note is outstanding commencing on the first day of the month immediately following the Issuance Date (each a “***Payment Date***”) in accordance with the amortization schedule set forth on Appendix A hereto, *provided, however*, that (1) initially \$388,888.89 shall be withheld from each payment (\$388,888.87 for the last payment) and deposited into the Escrow Account with the Escrow Agent pursuant to Section 2.7 of the MIPA, which amounts so withheld are subject to adjustment pursuant to Section 2.7(d) of the MIPA, and (2) the payments shown on the amortization schedule are subject to offset as provided in Section 3 of this Note. The foregoing amounts, once withheld or offset, shall not constitute amounts due and owing by Issuer hereunder, and Holder releases all claims hereunder to such amounts as they shall be governed by the terms of the MIPA and the Escrow Agreement. Holder shall not be entitled to demand that the authorized withholdings or offsets under this Section 1(a) be amended or terminated. Any payment received by Holder more than ten (10) days after it is due shall be subject to a late charge of five percent (5%) of the amount due. Subject to Section 3 of this Note and unless sooner paid, the entire

outstanding principal balance of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on the 18-month anniversary of the Issuance Date. Whenever any payment to be made hereunder shall be due on a Saturday, Sunday or a date on which banks in the State of Texas are authorized or required to be closed, such payment will be made on the next succeeding business day.

(b) The following events shall constitute an event of default (each an “***Event of Default***”): (i) the execution by Issuer of a general assignment for the benefit of creditors, (ii) the filing by or against Issuer of a petition in bankruptcy or any petition for relief under the federal bankruptcy act or the continuation of such petition without dismissal for a period of ninety (90) days or more, (iii) the appointment of a receiver or trustee to take possession of the property or assets of Issuer, or (iv) Issuer’s failure to pay any sum due on this Note and such failure continues for more than five (5) days after receipt of notice by the Issuer; provided however, that no such failure under clause (iv) of this paragraph shall be considered an Event of Default if the Issuer has elected to offset or reduce this Note by such amount in accordance with Section 3, and a good faith dispute exists between the Holder and Issuer regarding the ability of Issuer to make such offset or reduction. After an Event of Default, the interest rate on this Note will be increased to a fixed rate per annum equal to twelve percent (12%).

(c) At the option of Holder, the entire principal balance of this Note and accrued interest thereon shall at once become due and payable without notice or demand upon the occurrence of an Event of Default in clause (iv) of the preceding paragraph, provided that Holder has given Issuer a second notice after the expiration of the five (5) day period described in clause (iv) of the preceding paragraph, and such failure continues for more than five (5) days after receipt of the second notice by the Issuer, and Holder may proceed to exercise any rights it has under this Note or at law, in equity or otherwise. Notwithstanding the preceding sentence, the entire principal balance of this Note shall become due and payable, without any action by the Holder, upon the occurrence of any Event of Default in clause (i), (ii) or (iii) of the preceding paragraph, and Holder may proceed to exercise any rights it has under this Note or at law, in equity or otherwise.

(d) Issuer hereby waives presentment, demand and notice in connection with the delivery, acceptance, performance, default or enforcement of this Note, except as otherwise expressly provided herein.

2. Unsecured Obligation

The indebtedness evidenced by this Note, including principal and interest, is unsecured, but is guaranteed by the Guarantor.

3. Rights to Setoff

The Issuer shall have the option, at its sole discretion, to notify Holder of its election to offset any Final Deficiency pursuant to Section 2.5(e) of the MIPA, and Losses and Indeterminate Loss Amounts pursuant to Section 2.7(c) and Section 10.9 of the MIPA, against any unpaid principal of, and all accrued and unpaid interest under, this Note on a dollar-for-dollar basis (the “***Setoff***”).

Notification ”). If within fifteen (15) days after receiving the Setoff Notification, Holder notifies the Issuer that it will pay all such amounts and tenders payment thereof within such fifteen (15) day period, no such setoff referenced in this Section 3 shall occur. The parties hereby agree that the amount offset shall be applied first to accrued but unpaid interest and the remainder applied to principal of this Note. These rights of offset, shall be exercisable by Issuer consistent with this Section 3 by giving written notice to Holder from time to time specifying the amount being offset and the effective date of such offset.

4. Payment

All payments shall be made in lawful money of the United States of America at such place as the Holder hereof may from time to time designate in writing to CenStar. Payment shall be credited first to the accrued but unpaid interest then due and payable and the remainder applied to principal. Any amounts due in connection with this Note may be prepaid in whole or in part at any time without penalty upon ten (10) days’ advance notice by CenStar to the registered holder of this Note. Any partial prepayment of this Note will be applied against the remaining installments in inverse order of maturity.

5. Representations and Warranties of Holder

Holder hereby makes the representations and warranties set forth on attached Appendix B.

6. Transfer; Successors and Assigns

The terms and conditions of this Note shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Notwithstanding the foregoing, the Holder may not assign, pledge, or otherwise transfer this Note without the prior written consent of Issuer. Subject to the preceding sentence, this Note may be transferred only upon surrender of the original Note to Issuer for registration of transfer, duly endorsed, or accompanied by a duly executed written instrument of transfer in form satisfactory to Issuer, and, thereupon, a new note for the same principal amount and interest will be issued to, and registered in the name of, the transferee. Interest and principal are payable only to the registered holder of this Note. Upon receipt by Issuer of evidence reasonably satisfactory to it of the loss, theft or destruction, and, in such case, of indemnity or security reasonably satisfactory to it, and upon surrender of this Note if mutilated, Issuer will make and deliver a new Note of like tenor, in lieu of this Note.

7. Governing Law; Consent to Jurisdiction and Jury Trial Waiver.

(a) **Governing Law.** This Note shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, without giving effect to the conflicts of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(b) **Consent to Jurisdiction.** The parties irrevocably submit to the exclusive jurisdiction of the Court of Chancery of the State of Delaware and any state appellate court therefrom within the

State of Delaware (or, if under applicable Law exclusive jurisdiction over the applicable matter is vested in the federal courts, any court of the United States located in the State of Delaware) for the purposes of any Proceeding arising out of this Note or the transactions contemplated hereby (and each party agrees that no such Proceeding relating to this Note or the transactions contemplated hereby shall be brought by it except in such courts). The parties irrevocably and unconditionally waive (and agree not to plead or claim) any objection to the laying of venue of any Proceeding arising out of this Note or the transactions contemplated hereby in (i) any state or federal court sitting in the State of Delaware, or (ii) any state appellate court therefrom within the State of Delaware or that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the parties hereto also agrees that any final and non-appealable judgment against a party hereto in connection with any Proceeding shall be conclusive and binding on such party and that such award or judgment may be enforced in any court of competent jurisdiction, either within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment.

(c) JURY TRIAL WAIVER. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS NOTE IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS NOTE. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS NOTE BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7(C).

8. Notices

Any notice required or permitted by this Note shall be given in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) upon confirmation of receipt by fax by the party to be notified, (c) one (1) business day after deposit with a reputable overnight courier, prepaid for overnight delivery and addressed as set forth in subsection (d), or (d) three (3) days after deposit with the United States Post Office, postage prepaid, registered or certified with return receipt requested and addressed to the party to be notified at the address of such party indicated directly below, or at such other address as such party may designate by ten (10) days' advance written notice to the other party given in the foregoing manner.

CenStar
12140 Wickchester Lane
Suite 100
Houston, TX 77079
Attn: Chief Executive Officer

Holder
Verde Energy USA Holdings, LLC
101 Merritt 7, Second Floor
Norwalk, CT 06851

9. Amendments and Waivers

Any term of this Note may be amended only with the written consent of the Issuer and the Holder. Any amendment or waiver effectuated in accordance with this Section 9 shall be binding upon Issuer, Holder and each transferee of this Note.

10. Shareholders, Officers and Directors Not Liable

In no event shall any shareholder, officer or director of CenStar be liable for any amounts due or payable pursuant to this Note.

11. Action to Collect on Note

Issuer promises to pay, in addition to said principal sum and interest hereby (the "Loan Indebtedness"), all costs of collection including reasonable attorneys' fees incurred by Holder to (1) collect the Loan Indebtedness due hereunder from any party liable for the payment of the Loan Indebtedness whether as maker, endorser, guarantor, surety or otherwise (the "Parties") and realize its rights under this Note, (2) enforce, foreclose and realize its rights under this Note, and (3) defend, protect and assert Holder's rights under this Note in connection with any proceeding under any bankruptcy, reorganization, dissolution or liquidation law relating to any of the Parties. Said costs, expenses and reasonable attorneys' fees enumerated above shall expressly include but not be limited to those as may be incurred by Holder to collect the Loan Indebtedness due hereunder from any of the Parties after judgment in favor of Holder, including those incurred by Holder to foreclose any judgment lien, or to otherwise obtain payment and satisfaction of such judgment from any of the Parties. Issuer's obligation to pay such costs and reasonable attorneys' fees of Holder in connection with the protecting, asserting, enforcing or realizing of the rights and remedies above described shall exist whether or not proceedings are instituted or legal appearances made on behalf of Holder.

12. Severability

If any provision of this Note shall be judicially declared to be illegal, invalid or unenforceable under any present or future law, and if the rights or obligations of the parties under this Note would not be materially and adversely affected thereby, such provision shall be fully separable, and this Note shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof, and the remaining provisions of this Note shall remain in full force and

effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance therefrom.

[Signature Page Follows]

ISSUER:

CENSTAR ENERGY CORP.

By: /s/ Nathan Kroeker

Name: Nathan Kroeker

Title: Chief Executive Officer and President

GUARANTOR:

SPARK ENERGY, INC.

By: /s/ Nathan Kroeker

Name: Nathan Kroeker

Title: Chief Executive Officer and President

**AGREED TO AND ACCEPTED:
HOLDER:**

VERDE ENERGY USA HOLDINGS, LLC

By: /s/ Thomas FitzGerald

Name: Thomas FitzGerald

Title: Chief Executive Officer

[Signature Page to CenStar Energy Corp.
Promissory Note]

APPENDIX A
Amortization Schedule

<u>Month</u>		<u>Gross Payment</u>		<u>Escrow</u>		<u>Net to Seller</u>
1	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
2	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
3	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
4	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
5	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
6	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
7	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
8	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
9	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
10	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
11	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
12	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
13	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
14	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
15	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
16	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
17	\$	1,155,610.69	\$	388,888.89	\$	766,721.80
18	\$	<u>1,155,610.69</u>	\$	<u>388,888.87</u>	\$	<u>766,721.82</u>
	\$	20,800,992.42	\$	7,000,000.00	\$	13,800,992.42

APPENDIX B
To Promissory Note

REPRESENTATIONS AND WARRANTIES OF THE HOLDER

The Holder represents and warrants to Issuer as follows:

A. **Investment Intent** . Holder hereby represents and warrants that Holder is acquiring the Note for the Holder's own account, not as nominee or agent, for beneficial interests and investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the Securities Act of 1933, as amended (the "*Securities Act*"), or any state securities laws.

B. **Restricted Securities** . The Holder understands that this Note is a "restricted security" under the federal securities laws inasmuch as it is being acquired from Issuer in a transaction not involving a public offering and that under such law and applicable regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. The Holder represents that it is familiar with Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

Spark Energy, Inc. Closes on Acquisition of Verde Energy

HOUSTON, July 5, 2017 (GLOBE NEWSWIRE) -- Spark Energy, Inc. (NASDAQ: SPKE), a Delaware corporation (“Spark” or the “Company”) announced today it has completed its previously announced acquisition of Verde Energy (“Verde”).

“We are very excited for Verde to join the Spark family,” said Nathan Kroeker, Spark’s President and Chief Executive Officer. “Verde adds a number of unique offerings, including a 100% renewable portfolio of customers and a unique sales channel, that we look forward to expanding throughout Spark. We believe this transaction significantly enhances and further diversifies our cash flow profile, and we expect it to be immediately accretive to earnings.”

“On behalf of Verde, its customers and employees, we could not be happier to be a part of the Spark family of companies,” said Thomas FitzGerald, Verde’s Founder and Chief Executive Officer. “We expect to build on our prior successes in the renewable energy space and to pursue a number of exciting opportunities and initiatives within the Spark platform.”

The acquisition of Verde is effective as of July 1, 2017. The Company financed the transaction with a combination of cash on hand and borrowings from its credit facilities. This represents the tenth acquisition by Spark since the Company’s initial public offering in August 2014, and brings Spark to nearly 1,000,000 total RCEs.

About Spark Energy, Inc.

Spark Energy, Inc. is an established and growing independent retail energy services company founded in 1999 that provides residential and commercial customers in competitive markets across the United States with an alternative choice for their natural gas and electricity. Headquartered in Houston, Texas, Spark currently operates in 19 states and serves 94 utility territories. Spark offers its customers a variety of product and service choices, including stable and predictable energy costs and green product alternatives.

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