

**CITY OF BUDA/ELECTRO PURIFICATION LLC
GROUNDWATER SUPPLY PROJECT
NON-BINDING DEAL POINTS**

1. **Groundwater Supply Project.** Under the proposed groundwater supply project (“Project”), Electro Purification LLC (“Electro Purification”) would supply treated potable groundwater from the Trinity Aquifer to the City of Buda. The Project would include development of a well field in Hays County and construction of ground storage facilities and an approximately 13-mile pipeline. More specifically, Electro Purification would be responsible for:
- Purchasing or leasing the groundwater rights for the Project;
 - Securing and maintaining all permits, licenses and approvals for the Project, including water well drilling, production and other permits from the appropriate groundwater conservation district, and public water system approvals from the TCEQ;
 - Performing all design, engineering and construction for the Project, including evaluating the quality and quantity of groundwater;
 - Purchasing all materials and equipment for the Project and paying all costs;
 - Drilling test wells to confirm the quality and quantity of water, and developing and constructing all production wells;
 - Constructing the gathering system, storage tanks, treatment facilities, pump stations, transmission pipeline, and related infrastructure;
 - Acquiring easements or other rights-of-way for the pipeline and associated appurtenances;
 - Acquiring all well sites, facility sites and sanitary control easements;
 - Treating the groundwater to all TCEQ standards and the City of Buda reasonable specifications; and
 - Operating and maintaining the Project.
2. **Project Phases.** The Project would be pursued in the following 3 phases:
- *Investigation Phase (Phase 1)* – During this phase, Electro Purification will confirm water quantity, water quality and taste to the City of Buda’s reasonable specifications. If Electro Purification fails to complete the Investigation Phase and meet all required quality and quantity specifications within [18 months] after the execution of a definitive agreement by the parties, the agreement will automatically terminate, and the parties will not be obligated to proceed to the subsequent phases, unless otherwise agreed to by the parties.

- Reserve Water Phase (Phase 2) – During this phase, except for the construction of the pipeline, Electro Purification will complete all actions necessary to produce and deliver treated water to the City of Buda, including acquiring easements for the water transmission line. Electro Purification shall make necessary lease payments to hold groundwater leases which are part of the Project.

- Pipeline Construction Phase (Phase 3) – At least [18 months] before the City of Buda anticipates needing delivery of the reserved groundwater supply, the City of Buda will notify Electro Purification to initiate the Pipeline Construction Phase. During this phase, Electro Purification will construct the water transmission from the well field to the City of Buda's delivery point, complete construction of storage, treatment and pumping facilities, and take all remaining steps necessary to deliver water to Buda.

3. Water Quality. The quality of water at the Delivery Point will meet all TCEQ requirements for public water supply.

4. Term. The initial term of the agreement would be for [30] years; with an option for the City of Buda to extend the agreement for two additional ten (10) year periods.

5. Definitive Agreement Required. Definitive terms will be embodied in a written agreement negotiated by the parties.