

## WATER SUPPLY CONTRACT

This Water Supply Contract (“**Contract**”) is entered into by and between ELECTRO PURIFICATION, LLC, a Texas Limited Liability Company (“**Seller**”) and Goforth Special Utility District, a conservation and reclamation district operating under Chapters 49 and 65 of the Texas Water Code (“**Buyer**”). The effective date of this Contract (“**Effective Date**”) shall be the date on which it has been signed by both parties.

WHEREAS, Buyer owns and operates a public water system that provides retail water utility service to customer locations within Certificate of Convenience and Necessity No. 11356;

WHEREAS, Buyer desires to secure a supply of potable water for distribution to its customers; and

WHEREAS, Seller intends to develop a groundwater supply project (the “**Project**”), as more particularly described in Exhibit “A” attached hereto, that includes development of a well field in Hays County in the Trinity Aquifer and construction of ground storage facilities (to the extent necessary), an approximately 13-mile transmission line, treatment facilities, and related appurtenances necessary to treat to the standards herein required, deliver and sell water to Buyer in the quantities described in this Contract.

NOW THEREFORE, for and in consideration of the mutual promises and covenants contained herein, Seller and Buyer agree as follows:

### ARTICLE 1 INVESTIGATION PHASE; OPTION PERIOD

1.01 Seller’s Option Period. For and in consideration of \$100, paid by Seller to Buyer, the receipt of which is hereby acknowledged, Seller shall have the option until 5:00 p.m. on that date that is one year after the Effective Date of this Contract (the “**Option Period**”) to initiate the rights and obligations of the parties under this Contract. The purpose of this option period is to allow Seller to secure groundwater rights, conduct groundwater well tests, and take such other actions as are necessary to ensure that sufficient water is available to produce the volume, delivery rate, and quality of water reserved to Buyer under the terms of this Contract. Seller agrees to use commercially reasonable efforts during the Option Period to accomplish such purpose. Seller may exercise its option by delivering a letter, substantially in the form attached hereto as Exhibit “B” (the “**Feasibility Notice**”) to Buyer in the manner provided for notices in Article 11 of this Contract, together with copies of groundwater leases and reports of licensed hydrologists and/or other experts demonstrating the ability of the Seller to produce the volume, delivery rate, and quality of water reserved to Buyer under the terms of this Contract. If Seller fails to timely deliver to Buyer the Feasibility Notice, this Contract shall terminate and shall be of no further force or effect.

1.02 Initiation of Contract. Unless and until Seller initiates this Contract, the obligations of Seller and Buyer shall be limited to those set forth in Section 1.01. If Seller initiates this Contract on or before the end of the Option Period, this Contract shall be in full force and effect and Seller and Buyer will be subject to all of the rights and obligations provided

for in this Contract. If Seller does not initiate this Contract on or before the end of the Option Period, this Contract may be extended for a mutually agreeable time by amendment, or, if either party does not wish to extend the time for initiation of this Contract, it shall automatically terminate.

1.03 Seller's Obligations. If Seller elects to initiate this Contract, Seller agrees that it shall have the following obligations regarding the Project:

- (i) Purchasing or leasing all groundwater rights for the Project;
- (ii) 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, if any, and public water system approvals from the Texas Commission on Environmental Quality (TCEQ);
- (iii) Performing all design, engineering and construction for the Project, including evaluating the quality and quantity of groundwater;
- (iv) Purchasing all materials and equipment for the Project and paying all costs;
- (v) Drilling test wells to confirm the quality and quantity of water, and developing and constructing all production wells;
- (vi) Constructing the gathering system, storage tanks as and if necessary, treatment facilities necessary to comply with the provisions of this Contract, pump stations, transmission pipeline, and related infrastructure;
- (vii) Acquiring easements or other rights-of-way for the Project and associated appurtenances, except for the Easements (hereafter defined) that will be acquired by Buyer for the water transmission pipeline;
- (viii) Acquiring all well sites, facility sites and sanitary control easements;
- (ix) Delivery of the groundwater meeting all TCEQ standards; and
- (x) Operating and maintaining the Project.

## ARTICLE 2 RESERVATION AND CONSTRUCTION PERIODS

2.01 Reservation Period. If Seller timely delivers the Feasibility Notice to Buyer, both Buyer and Seller shall be bound by the terms of this Contract and Seller shall be obligated to deliver the quality and quantity of water herein provided on not less than eighteen (18) months' advance written notice from Buyer to Seller (the "**Construction Notice**"). Notwithstanding the foregoing, Seller shall have the option to delay the start of construction after receiving the Construction Notice until after Buyer has acquired all of the Easements (as hereinafter defined). Buyer shall have a five year period of time after receipt of the Feasibility Notice (the "**Reservation Period**"), within which period Buyer may delay providing the Construction

Notice, provided however that if Buyer has not provided to Seller the Construction Notice within the Reservation Period and Buyer has obtained all of the Easements, then at the expiration of the Reservation Period Seller will proceed as if the Construction Notice was given. In order to compensate the Seller for its work as herein provided, and as consideration to Seller to reserve water production capacity for the use of Buyer, Buyer shall pay to Seller, on or before the first day of each calendar month for the period commencing with the date of the Feasibility Notice and ending on the Completion Date (hereafter defined), a reservation fee in the amount of \$0.36 per 1,000 gallons of reserved water per month (the "**Reservation Fee**"). The Reservation Fee shall be pro-rated during any partial month during the Reservation Period.

2.02 Construction Period. Following the receipt by Buyer of the Construction Notice, Seller shall have eighteen (18) months from the date of the Construction Notice, or if Seller exercises its option under Section 2.01, Seller shall have eighteen (18) months from the date Buyer has obtained all of the Easements, to complete the wells, gathering system and transmission lines necessary to deliver the amount of water reserved to Buyer under this Contract. Upon Seller's completion of the wells, gathering system, transmission lines and other infrastructure necessary to deliver to Buyer the volume of water identified in Section 3.01 of this Contract, and receipt of the results of any tests and laboratory analyses required by Buyer to confirm that Seller can deliver to Buyer the volume, delivery rate, and quality of water identified in Article 3 of this Contract (the "**Completion Date**"), then Buyer shall be obligated to begin making the payments described in Article 4 of this Contract.

2.03 Easements for Transmission Pipeline.

(a) Acquisition. Upon written request from Seller to Buyer after the initiation of this Contract under Section 1.02, Buyer agrees to acquire right-of-way easements (the "**Easements**") authorizing the construction, use, maintenance, repair, inspection, and replacement of Seller's water transmission pipeline beginning from Seller's groundwater well field and ending at Buyer's Point of Delivery (hereafter defined). Buyer and Seller agree to cooperate to determine and, if necessary, adjust the alignment of the water transmission pipeline so that Buyer may obtain the Easements at a reasonable cost and in a reasonable time period. Because the pipeline is necessary for public use and public purposes, Buyer agrees to exercise its power of eminent domain to acquire the Easements if Buyer determines such action is necessary and if authorized by law.

(b) Reimbursement. Seller estimates that the cost to acquire the Easements is approximately \$320,000.00. Seller shall reimburse Buyer for all reasonable costs and expenses incurred by Buyer to acquire the Easements up to the sum of \$500,000.00. If the costs and expenses to acquire the Easements exceeds \$500,000.00, Seller agrees to reimburse Buyer for 50% of such excess costs and expenses. Seller agrees to pay the reimbursement due under this Section 2.03(b) within thirty (30) days of receipt of a written request for payment from Buyer. Buyer may submit periodic requests for payment as expenses are incurred, but no more frequently than once per month.

(c) Lease of Easements. Buyer agrees to lease the rights under the Easements to Seller beginning after Seller's reimbursement of Buyer's costs and expenses and continuing through the end of the initial term and any renewal terms of this Contract for the total amount of

\$100.00. As part of such lease, Seller shall have the obligation to maintain the property described in the Easements in good condition and repair, including by trimming trees, undergrowth and other vegetation on such property.

(d) Cooperation. Buyer and Seller agree to cooperate in good faith in the acquisition and leasing of the Easements.

### ARTICLE 3 RESERVATION AND SUPPLY OF WATER

3.01 Water Reservation. If Seller timely delivers the Feasibility Notice to Buyer, Buyer agrees to reserve from Seller, and Seller agrees to reserve for supply to Buyer, 1.00 million gallons per day ("MGD") of water from the Project, calculated as an annual average (the "**Reservation Volume**"). The Seller agrees to make the Reservation Volume available for delivery to Buyer as follows:

- (i) Beginning on the Completion Date and for a period of one (1) year thereafter, Seller shall make available for delivery to Buyer, on a take or pay basis, at the Point of Delivery, 0.50 MGD of water, calculated as an annual average (the "**Take or Pay Volume**"); provided, however, that Buyer, at Buyer's option, may obtain a lower initial Take or Pay Volume if another customer of Seller commits to purchase water from Seller on a take or pay basis such that the combined amount from Buyer and such customer is at least 0.50 MGD of water; and
- (ii) Beginning at the expiration of the period described in (i) above, and every one (1) year thereafter, the Take or Pay Volume shall increase in increments of 0.125 MGD, calculated as an annual average, up to the Reservation Volume, and Seller will make available for delivery to Buyer, on a take or pay basis, at the Point of Delivery, the revised Take or Pay Volume.

3.02 Maximum Delivery Rate. The maximum amount of water that Seller shall be required to deliver in any one calendar day shall be 1.20 multiplied by the then Take or Pay Volume (the "**Maximum Delivery Rate**"). Seller agrees to use its best efforts during the Option Period to ensure that the Project will accomplish and maintain the Maximum Delivery Rate.

3.03 Point of Delivery; Pressure. Subject to the conditions set forth herein, Seller agrees to deliver water from the Project to Buyer at Buyer's existing "Plant D" as more particularly shown in Exhibit "C" attached hereto (the "**Point of Delivery**"). Seller shall furnish water at the Point of Delivery at a reasonably constant gauge pressure of 35 pounds per square inch, or at such other pressure agreed upon by Seller and Buyer. Any emergency failures of pressure or supply due to water line breaks; power failure; repairs to supply or distribution lines; flood; fire; earthquake; or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3.04 Reliability. Seller will operate and maintain the Project in a reasonable, efficient and effective manner and will take such action as may be necessary to furnish Buyer with the quantity and delivery rate of water set forth in Sections 3.01 and 3.02 of this Contract. Temporary failures to deliver water shall be remedied with all reasonable dispatch. As necessity

may arise in case of a break, emergency or other unavoidable case, Seller shall have the right to temporarily interrupt water delivery to Buyer in order to make necessary repairs; provided, however, that in the event such interruption extends for more than 48 hours, whether consecutive or aggregated, in any 30-day period (the "**Maximum Downtime Period**"), Buyer's obligation to pay the Take or Pay Charge in Section 4.01 shall be suspended and shall be reduced by the amount of the average daily Take or Pay Charge for each day, or part of a day, that the interruption of water delivery continues beyond the Maximum Downtime Period. In addition, in the event of a total failure of the Project, meaning Seller's inability to deliver the quantity or quality of water required by Section 3.01(i) within twenty-four (24) months after delivery of the Construction Notice, then Buyer shall have the right to terminate this Contract, and thereafter the parties shall have no further obligations to each other except those that have accrued prior to such termination.

3.05 Well-Site Requirements. The Seller's well sites will be securely fenced in accordance with the requirements of the TCEQ. Seller will install meters, of adequate size and manufacture at each well site. Seller shall be responsible for providing electricity at each well site. Wells shall be located within valid sanitary control easements to the extent required by applicable law.

3.06 Title to Water. Title to all water supplied herein shall be in Seller up to the Point of Delivery, at which point title will pass to Buyer. Each of the parties hereby agrees to save and hold the other party hereto harmless from all claims, demands, and causes of action which may be asserted by anyone on account of the transportation and delivery of the water while title remains in such party.

3.07 Quality. The water delivered by Seller to Buyer at the Point of Delivery shall be potable water of a quality conforming to the requirements of any applicable state laws, rules, regulations or orders, including the requirements of the TCEQ, or its successors, for human consumption or other domestic use. In addition, Seller agrees that water from each groundwater well supplying water for the Project will meet the TCEQ's secondary standards described in 30 Tex. Admin. Code § 290.118(b) on an individual basis. The parties agree that all references to "water" for supply under this Contract shall refer to water meeting the quality requirements set forth in this Section 3.07. Seller agrees to ensure that Seller's method of disinfection is compatible with Buyer's method of disinfection for Buyer's public water system, which is currently treatment with chloramines.

3.08 Access to Project Information. In addition to the reports and information provided by Seller to Buyer under Section 1.01, during the term of this Contract, Seller agrees to make available to Buyer, at Buyer's request, all tests, studies, reports and other documentation concerning operation of the Project, including information regarding groundwater wells, water quality, hydrology, geology, reliability of water, permitting, maintenance, and repair of the Project.

ARTICLE 4  
FEES, BILLING AND PAYMENT

4.01 Take or Pay Charge.

(a) Beginning on the Completion Date, the Buyer shall pay an initial price for the Take or Pay Volume of \$3.25 per 1,000 gallons per month (the "**Take or Pay Charge**"). Beginning on the fourth anniversary of the Completion Date, the Take or Pay Charge shall be reduced on an annual basis by a rollback amount in the initial amount of \$0.25 per 1,000 gallons per month (the "**Rollback Amount**"). The Rollback Amount shall be applied to the Take or Pay Charge for four (4) consecutive years. An example of the applicability of the Rollback Amount is shown on Exhibit "D" attached hereto.

(b) Except as otherwise provided herein (including Sections 3.01 and 3.04), so long as Seller is willing and able to deliver the Take or Pay Volume, Buyer agrees that it shall be unconditionally obligated to pay, without off-set or counterclaim, the Take or Pay Charge regardless of whether or not Seller delivers any water to Buyer, or whether or not Buyer actually receives or uses water from Seller.

4.02 Reservation Fee. After the delivery of the Feasibility Notice, but in no case earlier than nine (9) months after the Effective Date, Buyer agrees to pay a Reservation Fee on a monthly basis of \$0.36 per 1,000 gallons per month for that portion of the Reservation Volume that is not currently part of the Take or Pay Volume. As each increment of the Reservation Volume is converted to the Take or Pay Volume as described in Section 3.01, such increment of water shall no longer be subject to the Reservation Fee, but shall be subject to the Take or Pay Charge.

4.03 Adjustment of Costs and Charges. On each anniversary of the Completion Date, the Reservation Fee, Take or Pay Charge, and Rollback Amount shall each be adjusted by providing for an increase equal to the percentage by which the CPI (as hereinafter defined) has increased after the Completion Date through the subject anniversary date; provided, however, that no increase over the prior year's charge shall be greater than 5% on any anniversary. For the purposes of this paragraph, "CPI" shall mean the Consumer Price Index for All Urban Consumers, All Items, U.S.A. Area, 1982-1984 = 100, as published by the Bureau of Labor Statistics, United States Department of Labor (U.S. City Average). If such index is discontinued, CPI shall then mean the most nearly comparable index published by the Bureau of Labor Statistics or other official agency of the United States Government. The initial base index shall mean the CPI for the month which is two months prior to the Completion Date. Thereafter, the index used shall mean the CPI for the month which is two months prior to the subject anniversary date. Seller will notify Buyer of the increase within twenty (20) days after the end of each anniversary of the Completion Date, and the revised price shall take effect at the time of the next bill.

4.04 Pass Through of Groundwater Charges. If, after the execution of this Contract, a Groundwater District or similar entity is created that levies an export or production tax on water delivered pursuant to this Contract, the amount of such tax will be added to the foregoing price per 1,000 gallons. Seller agrees to use its best efforts to eliminate or minimize any export or

production tax imposed on water delivered pursuant to this Contract, including, but not limited to, taking steps to oppose the imposition of such tax. Seller further agrees that Buyer shall have the right to work directly with any Groundwater District or similar entity to eliminate or minimize any export or production tax and that Seller shall take no action to oppose Buyer's efforts or to encourage or assist any third party in opposing such efforts, provided that both Buyer and Seller agree to fully inform the other party of all actions and communications taken with respect to such entity.

4.05 Billing. Seller shall read the meters once each month. Bills shall be delivered to Buyer by mail, facsimile or electronic mail within the first ten (10) business days of each month. The due date shall be the last business day of each month. Any amount billed to Buyer that is not paid on or before the due date shall accrue a late fee at the rate of 1.5% per month, or the maximum legal rate, whichever is less.

#### ARTICLE 5 METERING

5.01 Seller shall provide, operate, maintain and read the meters at the Point of Delivery which shall record all water that is produced and delivered to Buyer. Seller shall keep accurate records of all measurements of water required under this Contract, and the measuring devices and the records shall be open to inspection by the Buyer during business hours. Buyer shall have access to the metering equipment at all reasonable times. Upon written request of the Buyer, Seller will give Buyer copies of such records or permit Buyer to have access to the same in the office of Seller during reasonable business hours.

5.02 Seller shall calibrate its meter(s) once every one (1) year, at Seller's expense, and, if requested by Buyer, shall do so in the presence of a representative of Buyer. Buyer may request, in writing, Seller to calibrate the meter(s) at any time. In that event Seller shall calibrate its meter(s) and, if requested by Buyer, shall do so in the presence of a representative of Buyer. If upon test of the meter(s) pursuant to the request of Buyer the percentage inaccuracy of such metering equipment is found to be in excess of four percent (4%), Seller shall pay the cost of the calibration. If the percentage inaccuracy of such metering equipment is found to be less than four percent (4%), the cost thereof shall be paid by Buyer.

5.03 If upon any test of the meter(s) the percentage inaccuracy of such metering equipment is found to be in excess of four percent (4%), registration thereof shall be corrected for a period extending back to the time when such inaccuracy began, if such time is ascertainable. If such time is not ascertainable, then for a period extending back one-half time elapsed since the latest date of calibration, but in no event further back than a period of six months. If any meters are out of service or out of repair so that the amount of water delivered cannot be ascertained or computed from the reading thereof, the water delivered during the periods such meter(s) are out of service or repair shall be estimated and agreed upon by the parties hereto upon the basis of the best data available.

ARTICLE 6  
REGULATION OF GROUNDWATER

6.01 Groundwater Conservation District. If the groundwater leases pursuant to which Seller delivers water to Buyer, or water produced pursuant to those groundwater leases are, or become, subject to the regulatory jurisdiction of a Groundwater Conservation District, or other similar entity of the State of Texas, which regulates the pumping of groundwater, then Buyer and Seller agree to expedite, in a professional and cooperative manner, the joint beneficial effort of making application(s) for and completion of the administrative process to obtain the necessary permit(s), if any, recognizing the right to drill for and pump pursuant to the groundwater leases.

6.02 Buyer and Seller agree to proceed as follows if the application/recognition/notice/approval process is necessary:

(a) Seller agrees to take any and all necessary steps to apply for the recognition of Seller's rights to the water pursuant to the groundwater leases and shall request (i) authorization to pump the maximum allotted acre feet per year of water related to the groundwater leases allowed by law, and (ii) authorization, if necessary, to transport the water. Buyer will take all reasonable steps to obtain the governing agency's approval of Seller's application. Seller shall be responsible for all expenses, costs, and fees necessary to complete the application process before the governing agency. Additionally, Seller agrees to reimburse Buyer for all of Buyer's actual reasonable expenses, costs, and fees (including reasonable attorney's fees) necessary to complete the application process before the governing agency.

(b) Buyer and Seller agree to cooperate in a professional and expeditious manner to fully complete the administrative process regarding the application process identified in this Section 6.02.

ARTICLE 7  
FORCE MAJEURE

Seller shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to "Force Majeure" so long as Seller uses its best efforts to mitigate the impact and promptly remedy any condition that constitutes a "Force Majeure." The term "Force Majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, droughts, landslides, and lightning; acts of a public enemy, wars, blockades, insurrections, or riots; strikes or lockouts; or epidemics or quarantine regulations; or laws, acts, or orders of federal, state, municipal, or other governments or governmental officers or agents under color of authority. If Seller is required, ordered, or directed to cease drilling operations, reworking operations, or production of water intended for delivery to Buyer by action of Force Majeure, until such time as such Force Majeure is terminated, the obligations of Seller under this Contract shall be suspended and inoperative, but this Contract shall otherwise continue in full force. In the event that Seller believes a "Force Majeure" condition has occurred, it shall immediately notify Buyer of the details of the condition and its plans to mitigate and remedy the condition.



ARTICLE 8  
TERM OF CONTRACT

If Seller initiates this Contract pursuant to the provisions of Section 1.01 above, this Contract shall be in force and effect from the Effective Date and shall continue for an initial term of thirty (30) years after the Completion Date. Following completion of the initial term, this Contract will automatically renew for two (2) successive renewal terms of ten (10) years each, provided that Buyer shall first give to Seller not less than one (1) year's prior written notice of its intent to renew. If the Buyer fails to give Seller the required notice, Buyer's right to extend the term of this Contract and a future renewal, if any, shall terminate. All terms and conditions set forth in this Contract will remain the same during each renewal term unless otherwise mutually agreed by the Parties. If any terms and conditions are changed for a renewal term, a new or amended agreement will be executed by the Parties.

ARTICLE 9  
SELLER'S OTHER CONTRACTS

Most Favored Nations. Seller agrees that for as long as this Contract is in effect, Buyer is entitled to pricing terms that are at least equally favorable to the pricing terms offered by Seller (or its affiliates) to any other wholesale water purchaser for the purchase of groundwater from the Trinity Aquifer in Hays County. Therefore pursuant to this "most favored nations" provision, Seller agrees that, for the Term of this Contract, Buyer shall be entitled to receive, at Buyer's sole election made with reasonable notice to Seller, payment under this Contract in accordance with pricing terms included in any other agreement made by Seller (or its affiliates) for the acquisition of groundwater from the Trinity Aquifer in Hays County. Seller agrees to inform Buyer in the event Seller (or its affiliates) makes an agreement for groundwater from the Trinity Aquifer after the date hereof, and furthermore, Buyer shall have the right of reasonable inspection of any agreements made by Seller for the acquisition of groundwater from the Trinity Aquifer in Hays County. Notwithstanding anything above to the contrary, the Buyer's most favored nation provision applies solely to the price charged by Seller or its affiliates per thousand gallons of water for similar volumes of water and taking into account any difference in transportation costs due to the distance to the respective points of delivery.

ARTICLE 10  
DEFAULT AND REMEDIES

10.01 Remedies. It is not intended hereby to specify (and this Contract shall not be considered as specifying) an exclusive remedy for any default, but all such other remedies (other than termination) existing at law or in equity may be availed of by either party hereto and shall be cumulative. Recognizing, however, that failure in the performance of either party's obligations hereunder could not be adequately compensated in money damages alone, each party agrees in the event of any default on its part that each party shall have available to it the equitable remedy of mandamus and specific performance, in addition to any other legal or equitable remedies (other than termination) which also may be available.

10.02 Notice and Opportunity to Cure. Except for Buyer's payment obligations in Article 4, if either party (referred to herein as the "**Defaulting Party**") fails to comply with its

obligations under this Contract or is otherwise in breach or default under this Contract (collectively, a “Default”) then the other party (referred to herein as the “Non-Defaulting Party”) shall not have any right to invoke any rights or remedies with respect to any Default until and unless: (i) the Non-Defaulting Party delivers to the Defaulting Party a written notice (the “Default Notice”) that specifies the particulars of the Default and specifies the actions necessary to cure the Default; and (ii) the Defaulting Party fails to cure, within ten (10) days after the Defaulting Party’s receipt of the Default Notice, any matters specified in the Default Notice which may be cured solely by the payment of money or the Defaulting Party fails to commence the cure of any matters specified in the Default Notice which cannot be cured solely by the payment of money within a reasonable period of time after the Defaulting Party’s receipt of the Default Notice or fails to thereafter pursue curative action with reasonable diligence to completion.

10.03 Facility Repairs. In the event that any well, transmission line, or other facility of Seller for providing water for delivery to Buyer needs repair, if Seller has not begun repairs within 48 hours of notice to Seller that a problem exists, Buyer shall have the right, but not the obligation to repair the well, transmission line, or other facility, and recover the expense of the repair from Seller.

ARTICLE 11  
NOTICES

Any notice to be given hereunder by either party to the other party shall be in writing and may be effected by personal delivery, by facsimile, or by sending said notices by registered or certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given when received by facsimile or by personal delivery, or three days after deposited with the United States Postal Service with sufficient postage affixed. Any notice mailed to Seller shall be addressed:

Electro Purification, LLC  
4605 Post Oak Place Drive, Ste. 212  
Houston, Texas 77027  
Attn: Tim Throckmorton  
Fax: (713) 871-9487  
E-mail: tintmgs@hotmail.com

Any such notice mailed to Buyer shall be addressed:

Mario Tobias, General Manager  
Goforth Special Utility District  
8900 Niederwald Strasse  
Niederwald, Texas 78640  
(512) 376-7631 Fax

*with a copy to:* Leonard H. Dougal  
Jackson Walker L.L.P.  
100 Congress Avenue, Suite 1100  
Austin, Texas 78701  
(512) 236-2002 Fax

Either party may change the address or facsimile number for notice to it by giving notice of such change in accordance with the provisions of this section.

ARTICLE 12  
GENERAL TERMS

12.01 Assignment. Neither Seller nor Buyer may assign all or any part of this Contract without the prior written approval of the other party.

12.02 Approvals. Whenever the term “approve” or “approval” is used in this Contract, the party whose approval is required will not unreasonably withhold or delay it. Where approval is necessary, the party seeking approval may request approval in writing. If the party whose approval is requested fails to either approve the submittal or provide written comments specifically identifying the required changes within 21 working days, the submittal, as submitted by the requesting party, will be deemed to have been approved by the party whose approval is requested. If the matter has not been approved or deemed approved and the parties are unable to agree on a modification, the parties will mediate a resolution of the matter. Each party will be responsible for 50% of the costs and fees associated with hiring the mediator.

12.03 Waiver. The failure on the part of either party to require performance by the other of any portion of this Contract shall not be deemed a waiver of, or in any way affect that party’s rights to enforce such provision in the future. Any waiver by either party of any provision of this Contract shall not be a waiver of any other provision hereof.

12.04 Severability. The invalidity or unenforceability of any provision of this Contract shall not affect the validity or enforceability of any other provision of this Contract.

12.05 Attorney’s Fees. In the event either party shall become a party to any litigation against the other to enforce or protect any rights or interest under this Contract and shall prevail, the losing party shall reimburse the prevailing party for all investigative and court costs and attorney’s fees incurred in such litigation.

12.06 Governing Law. This Contract shall be governed by the laws of the State of Texas and venue shall lie in Hays County, Texas.

12.07 Binding Effect. The Contract shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

12.08 Time. Time is of the essence. Unless otherwise specified, all references to “days” means calendar days. If the date for performance of any obligation falls on a Saturday, Sunday, or legal public holiday, the date for performance will be the next following regular business day.

12.09 No Partnership, Agency or Third Party Beneficiaries Intended. Nothing in this Contract will be construed as creating any form of partnership or joint venture relationship between the parties, nor shall either party be authorized to act as an agent for the other party. Nothing in this Contract shall be construed to confer any right, privilege or benefit on, or to otherwise create any vested right or third-party beneficiary relationship with any person or entity not a party to the Contract.

12.10 Authority. Each of the persons signing on behalf of Buyer and Seller hereby confirm that they have the authority to execute this Contract on behalf of the party indicated by their signature and have the authority to bind such party hereto.

12.11 Headings. The captions and headings appearing in this Contract are inserted merely to facilitate reference and will have no bearing upon its interpretation.

12.12 Further Assurances. Buyer and Seller shall take all further actions and shall execute and deliver to the other any other document or instrument which is necessary to fully carry out the transactions evidenced by this Contract. Seller and Buyer shall cooperate with each other and act in good faith to accomplish the purposes of this Contract.

12.13 Compliance with All Laws. Buyer and Seller agree that each of them will comply with all applicable federal, state, and local laws and any applicable ordinances, rules, orders, and regulations of any of the authorities having jurisdiction in carrying out its duties and obligations hereunder. However, nothing contained in this Contract shall be construed as a waiver of any right to question or contest any law, ordinance, order, rule, or regulation in any forum having jurisdiction.

12.14 Entire Agreement. This Contract constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

12.15 Counterparts. This Contract may be executed by the parties in any number of counterparts, each of which when so executed and delivered shall be deemed an original instrument, but all such counterparts together shall constitute but one and the same instrument.

[SIGNATURES TO FOLLOW]

**SELLER:**

ELECTRO PURIFICATION, LLC

By: Tim N Throckmorton  
Tim N Throckmorton, Manager

Date of Signature: 2-8-13

By: R. D Bart Fletcher  
R. D Bart Fletcher, Manager

Date of Signature: 2-8-2013

By: John H. Echols  
John H. Echols, Manager

Date of Signature: 2/7/13

By: \_\_\_\_\_  
Norbert Barcena, Manager

Date of Signature: \_\_\_\_\_

**BUYER:**

GOFORTH SPECIAL UTILITY DISTRICT

By: Debbie Sandoval  
Debbie Sandoval, President

Date of Signature: 2/14/13

**SELLER:**

ELECTRO PURIFICATION, LLC

By: \_\_\_\_\_  
Tim N Throckmorton, Manager


Date of Signature: \_\_\_\_\_

By: \_\_\_\_\_  
R. D Bart Fletcher, Manager

Date of Signature: \_\_\_\_\_

By: \_\_\_\_\_  
John H. Echols, Manager

Date of Signature: \_\_\_\_\_

By:   
Norbert Barcena, Manager

Date of Signature: 2-7-2013

**BUYER:**

GOFORTH SPECIAL UTILITY DISTRICT

By: \_\_\_\_\_  
Debbie Sandoval, President

Date of Signature: \_\_\_\_\_

**EXHIBIT "A" TO WATER SUPPLY CONTRACT**  
**DESCRIPTION OF THE GROUNDWATER SUPPLY PROJECT**

The Project will include the following:

- Purchasing or leasing all groundwater rights necessary to produce and deliver the quantity of water reserved by Buyer under this Contract;
- Drilling and producing groundwater from not less than four (4) groundwater wells in the Trinity Aquifer in Hays County, Texas;
- Constructing, operating, maintaining and repairing the gathering system, storage tanks, treatment facilities, pump stations, approximately 13-mile transmission pipeline, and related infrastructure necessary to produce, treat and deliver water from Seller's groundwater well field to Buyer's Point of Delivery; and
- Delivering potable water meeting the standards described in this Contract to Buyer's Point of Delivery.

**EXHIBIT "B" TO WATER SUPPLY CONTRACT**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: Exercise of Option to Enter Into Water Supply Contract

Dear Sir:

Pursuant to Section 1.01 of the Water Supply Contract by and between Electro Purification, LLC and Goforth Special Utility District, with Effective Date \_\_\_\_\_, please be advised that Electro Purification, LLC, hereby exercises its option to initiate the rights and obligations of the parties under that Contract. The Contract is now in effect pursuant to all terms and conditions therein.

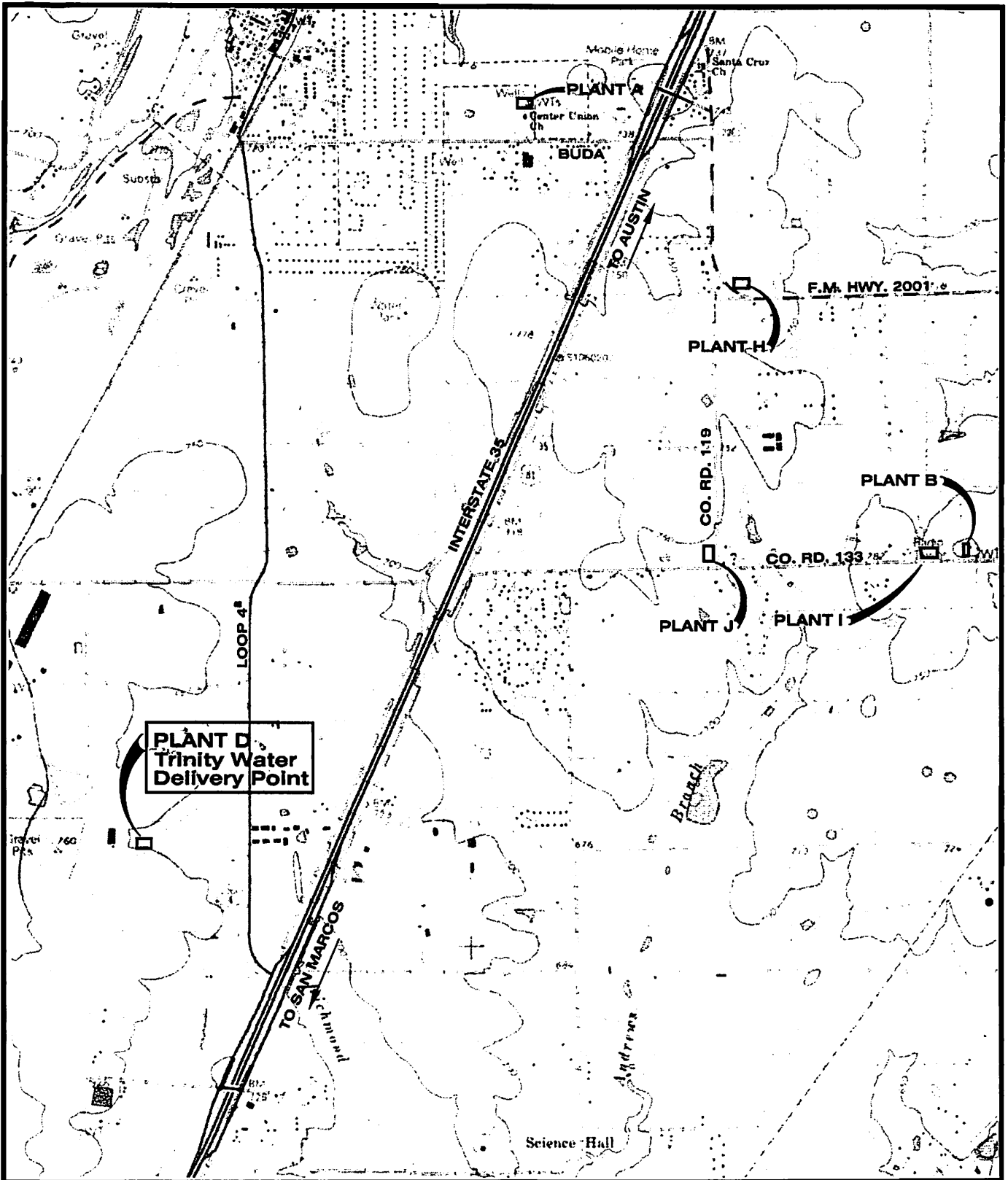
Very truly yours,

ELECTRO PURIFICATION, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT "C" TO WATER SUPPLY CONTRACT  
MAP SHOWING AGREED POINT OF DELIVERY**



SCALE: 1" = 2000'

DRAWN BY: MAM DATE: 10/12

CHECKED BY: NRG DATE: 10/12

FILE: Location Map.dwg

**GENERAL LOCATION MAP**  
TRINITY WATER DELIVERY POINT

**GOFORTH S.U.D.**

HAYS, CALDWELL, & TRAVIS COUNTIES, TEXAS



**Southwest Engineers, Inc.**

Civil - Environmental - Planning  
Gonzales Buda

www.swengineers.com  
TBPE No. F-1909

## EXHIBIT "D" TO WATER SUPPLY CONTRACT

### EXAMPLE TAKE OR PAY CHARGE WITH ROLLBACK AMOUNT<sup>1</sup>

| <b>Year(s) After<br/>Completion Date</b> | <b>Take-Or-Pay Charge</b> |
|--|---------------------------|
| 1  | \$3.25                    |
| 2  | \$3.25                    |
| 3  | \$3.25                    |
| 4  | \$3.25                    |
| 5  | \$3.00                    |
| 6  | \$2.75                    |
| 7  | \$2.50                    |
| 8  | \$2.25                    |
| 9  | \$2.25                    |
| 10                                       | \$2.25                    |
| 11                                       | \$2.25                    |
| 12                                       | \$2.25                    |
| 13                                       | \$2.25                    |
| 14                                       | \$2.25                    |
| 15                                       | \$2.25                    |

---

<sup>1</sup> This example does not reflect the escalation of costs and charges provided for in Section 4.03 of the Agreement and is not intended to modify the Agreement. To the extent of any conflict with the terms of the Agreement, the terms of the Agreement shall control.

## FIRST AMENDMENT TO WATER SUPPLY CONTRACT

This First Amendment to Water Supply Contract ("**Amendment**") is entered into by and between ELECTRO PURIFICATION, LLC, a Texas Limited Liability Company ("**Seller**") and Goforth Special Utility District, a conservation and reclamation district operating under Chapters 49 and 65 of the Texas Water Code ("**Buyer**"). Buyer and Seller may be referred to herein collectively as the "Parties" or individually as a "Party."

WHEREAS, effective February 14, 2013, the Parties entered into that certain "Water Supply Contract" (the "**Contract**"), whereby Buyer agreed to purchase potable water for distribution to its customers and Seller agreed to supply potable water to Buyer;

WHEREAS, Seller is in the process of developing a groundwater supply project (the "**Project**"), as more particularly described in Exhibit "A" attached to the Contract, that includes development of a well field in Hays County in the Trinity Aquifer and construction of ground storage facilities (to the extent necessary), an approximately 13-mile transmission line, treatment facilities, and related appurtenances necessary to treat to the standards herein required, deliver, and sell water to Buyer;

WHEREAS, Seller has leased groundwater, drilled and tested test wells for the Project, and has issued the Feasibility Notice, as set forth in Section 1.01 of the Contract and therefore the Contract is in full force and effect; and

WHEREAS, Buyer and Seller desire to increase the quantities of water which Seller will provide and which Buyer will purchase to the quantities described in this Amendment.

NOW THEREFORE, for and in consideration of the mutual promises and covenants contained herein, Seller and Buyer agree as follows:

1. **Reservation and Supply of Water.**

- a. The Parties agree that the first sentence of Section 3.01 of the Contract is hereby amended to read in its entirety as follows:

"If Seller timely delivers the Feasibility Notice to Buyer, Buyer agrees to reserve from Seller, and Seller agrees to reserve for supply to Buyer, 3.00 million gallons per day ("MGD") of water from the Project, calculated as an annual average (the "**Reservation Volume**")."

- b. The Parties further agree that all references to the "Reservation Volume" in the Contract and this Amendment shall hereafter refer to the supply quantity set forth in this Amendment.

- c. The Parties further agree that Section 3.02 of the Contract is hereby amended to read in its entirety as follows:

“Maximum Delivery Rate. The maximum amount of water that Seller shall be required to deliver in any one calendar day shall be 1.20 multiplied by the then Take or Pay Volume (the **“Maximum Delivery Rate”**) until such time as the Take or Pay Volume has increased to and equals 2.50 MGD, at which time the multiplier will be phased out and the Maximum Delivery Rate shall thereafter be equal to 3.00 MGD, irrespective of the annual increase in the Take or Pay Volume set forth in Section 3.01(ii). (As an example, if the Take or Pay Volume is 2.75 MGD, the Maximum Delivery Rate shall be 3.00 MGD). Seller agrees to use its best efforts during the Term of this Contract to ensure that the Project will accomplish and maintain the Maximum Delivery Rate.”

- d. The Parties further agree that all references to the “Maximum Delivery Rate” in the Contract and this Amendment shall hereafter refer to the rate set forth in this Amendment.
- e. The Parties further agree that the second sentence of Section 3.07 of the Contract is hereby amended to read in its entirety as follows:

“In addition, Seller agrees to use reasonable efforts to ensure that water from groundwater wells supplying water for the Project will meet the TCEQ’s secondary standards described in 30 Tex. Admin. Code § 290.118(b) (“Secondary Standards”), on an individual well basis; however, Seller shall be considered to be in compliance with the quality requirements of this Contract so long as, after blending the water, the water as blended meets the Secondary Standards and also contains less than 850 mg/L of total dissolved solids, as that term is defined by TCEQ.”

2. **Miscellaneous.**

- a. All references in the Contract to the terms of the Contract incorporate the amended terms of this Amendment, where applicable.
- b. All other terms, conditions, and provisions set out in the Contract, and its exhibits, unless specifically amended herein, shall remain in full force and effect.
- c. Except as otherwise defined herein, all capitalized terms shall have the meanings set forth in the Contract.
- d. This Amendment, together with the Contract and all related exhibits, constitutes the sole and entire agreement of the Parties with respect to the subject matter of the Contract and this Amendment. Further, this Amendment, together with the Contract and all related exhibits, supersedes all prior and contemporaneous understandings,


**FIRST AMENDMENT TO WATER SUPPLY CONTRACT**

agreements, representations and warranties, both written and oral, with respect to the subject matter of the Contract and this Amendment.

- e. This Amendment may be simultaneously executed in any number of counterparts, each of which will serve as an original, and will constitute one and the same instrument.
- f. The Effective Date of this Amendment shall be the last date upon which it has been executed by both Parties.

**SELLER:**

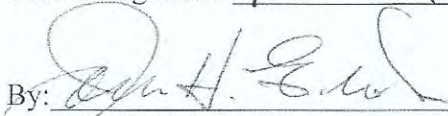
ELECTRO PURIFICATION, LLC

By:   
Tim N Throckmorton, Manager


Date of Signature: 4-24-14

By:   
R. D Bart Fletcher, Manager

Date of Signature: 4/29/2014

By:   
John H. Echols, Manager

Date of Signature: 4/29/2014

By:   
Norbert Barcena, Manager

Date of Signature: 04/24/2014

**BUYER:**

GOFORTH SPECIAL UTILITY DISTRICT

By: Debbie Sandoval  
Debbie Sandoval, President

Date of Signature: 5/19/14

**FIRST AMENDMENT TO WATER SUPPLY CONTRACT**

10257660v.2

## SECOND AMENDMENT TO WATER SUPPLY CONTRACT

This Second Amendment to Water Supply Contract (“**Second Amendment**”) is entered into by and between ELECTRO PURIFICATION, LLC, a Texas Limited Liability Company (“**Seller**”) and Goforth Special Utility District, a conservation and reclamation district operating under Chapters 49 and 65 of the Texas Water Code (“**Buyer**”). Buyer and Seller may be referred to herein collectively as the “**Parties**” or individually as a “**Party**.”

WHEREAS, effective February 14, 2013, the Parties entered into that certain “Water Supply Contract” (the “**Original Contract**”), whereby Buyer agreed to purchase from Seller potable water for distribution to its customers and Seller agreed to supply potable water to Buyer;

WHEREAS, effective May 19, 2014, the Parties entered into that certain “First Amendment to Water Supply Contract” (the “**First Amendment**”) whereby the Parties agreed to increase the volume of water to be reserved and ultimately purchased by Buyer from Seller;

WHEREAS, hereinafter the Original Contract and the First Amendment shall be referred to as the “**Contract**;”

WHEREAS, Seller is in the process of developing a groundwater supply project (the “**Project**”), as more particularly described in Exhibit “A” attached to the Original Contract, that includes development of a well field in Hays County in the Trinity Aquifer and construction of ground storage facilities (to the extent necessary), an approximately 13-mile water transmission pipeline, chlorination and/or blending facilities, and related appurtenances necessary to treat to the standards herein required, deliver, and sell water to Buyer;

WHEREAS, Seller has leased groundwater, drilled and tested seven test wells for the Project, and has issued the Feasibility Notice, as set forth in Section 1.01 of the Contract and, therefore, the Contract is in full force and effect;

WHEREAS, Buyer has issued the Construction Notice as set forth in Section 2.01 of the Contract;

WHEREAS, after Seller issued the Feasibility Notice and Buyer issued the Construction Notice, the Project was included within the boundaries of the Barton Springs Edwards Aquifer Conservation District (“**BSEACD**”) pursuant to HB 3405 (Act of June 19, 2015, 84<sup>th</sup> Leg. R.S., ch. 975, 2015 Tex. Gen Laws 3426) and, thereafter, became subject to the BSEACD’s regulations;

WHEREAS, subjecting the Project to the BSEACD regulations resulted in delaying the ability of the Parties to undertake and complete certain obligations under the Contract, adding the requirements to perform additional pump testing of the groundwater wells identified in Exhibit “E” attached to this Second Amendment and securing a permit from BSEACD, and creating uncertainty as to the total amount of water Seller will be able to provide to Buyer; and

SECOND AMENDMENT TO WATER SUPPLY CONTRACT



WHEREAS, Buyer and Seller desire to modify certain provisions in the Contract related to the Reservation Fee, the timing of the Project, and the termination provisions of the Contract.

NOW THEREFORE, for and in consideration of the mutual promises and covenants contained herein, Seller and Buyer agree as follows:

1. **Definitions.** Capitalized terms not otherwise defined in the recitals to this Second Amendment, or in this Second Amendment, are given the definitions assigned to them in the Contract.
2. **Recitals.** The Parties agree that the facts set forth in the recitals to this Second Amendment are true and correct and are incorporated herein.
3. **Reservation and Construction Periods.**
  - a. The Parties agree that Section 2.01 of the Contract is hereby amended to read in its entirety as follows:

**“Reservation Period.**

- (a) If Seller timely delivers the Feasibility Notice to Buyer, both Buyer and Seller shall be bound by the terms of this Contract unless terminated as set forth in Article 8. Seller shall be obligated to deliver the quality and quantity of water herein provided within twelve months of the latter of (i) the date of advance written notice from Buyer to Seller (the “**Construction Notice**”), or (ii) the date the Seller obtains a production permit from the BSEACD for the Project (the “**Permit**”). Notwithstanding the foregoing, Seller shall have the option, upon written notice to Buyer, to delay the start of construction after receiving the Construction Notice until after Buyer has acquired all of the Easements (as hereinafter defined) necessary for the construction and operation of the water transmission pipeline between Seller's well field and Buyer's Point of Delivery.
- (b) In order to compensate the Seller for its work as herein provided, and as consideration to Seller to reserve water production capacity for the use of Buyer, Buyer shall pay to Seller the amounts set forth in Section 2.01(c) and Section 4.02. The Parties acknowledge and agree that any Reservation Fees paid by Buyer to Seller under the terms of the Contract in effect prior to this Second Amendment may be retained by Seller as consideration to reserve water production capacity based on the Parties' prior understandings. The Parties further acknowledge and agree

that any Reservation Fees that otherwise would have been due by Buyer to Seller under the terms of the Contract in effect prior to this Second Amendment but which were not paid by Buyer to Seller are no longer owed.

- (c) As part of the requirements for Seller to obtain a Permit from BSEACD, Seller is required to conduct additional pump testing and Seller desires to perform acidification of the groundwater wells identified in Exhibit "E" as the Bridges Well Nos. 1 and 2, and Odell Well No. 2, which Seller estimates will cost \$371,500.00. As part of the consideration to Seller to reserve production capacity for the use of Buyer, Buyer shall pay to Seller fifty-percent (50%) of the actual costs to perform the acidification and pump testing on the three identified wells but shall not exceed \$185,750.00. Buyer agrees to pay the costs due under this Section 2.01(c) within thirty (30) days of receipt of a written request for payment from Seller enclosing invoices demonstrating the actual costs of the acidification and pump tests.

- b. The Parties agree that the first sentence of Section 2.02 of the Contract is hereby amended to read in its entirety as follows:

“Upon the latter of (i) the date of receipt by Seller of the Construction Notice or the date of receipt by Seller of the Permit, or (ii) if Seller exercises its option in Section 2.01, the date Buyer has obtained all of the Easements, Seller shall have eighteen (18) months to complete the wells, gathering systems, and transmission lines necessary to deliver the amount of water reserved to Buyer under this Contract.”

- c. The Parties agree that Section 2.03(a) of the Contract is hereby amended to read in its entirety as follows:

“Acquisition. Buyer agrees to acquire right-of-way easements (the **“Easements”**) authorizing the construction, use, maintenance, repair, inspection, and replacement of a water transmission pipeline beginning from Seller’s groundwater well field and ending at Buyer’s Point of Delivery (hereafter defined). The Parties acknowledge that Buyer initiated the process of acquiring the Easements in 2014 but that, by mutual agreement, abated the process. The Parties agree that Buyer is not required to restart the process of acquiring the Easements until Buyer receives from Seller, after the Effective Date of this Second Amendment a written notice to restart the acquisition of the Easements. Buyer and Seller agree to cooperate to determine and, if necessary, adjust the alignment of the water transmission pipeline so that Buyer may obtain the Easements at a reasonable cost and in a reasonable time period; provided, however, that

the Parties acknowledge and agree that the ultimate route of the transmission pipeline; size, location, and fee-type of the properties along the route; the independent appraiser and land surveyor and other professionals associated with route and properties along the route, and the size and specifications of the transmission pipeline to be located within the easements is subject to the ultimate decision and approval of Buyer. Because the pipeline is necessary for public use and public purposes, Buyer agrees to exercise its power of eminent domain to acquire the Easements if Buyer, in its sole discretion, determines such action is necessary and if authorized by law.”

4. **Reservation and Supply of Water.**

- a. The Parties agree to delete the last sentence of Section 3.04 of the Contract and replace it with the following:

“In addition, Buyer shall have the right to terminate this Contract in accordance with Section 8.02.”

5. **Fees, Billing, and Payment.**

- a. The Parties agree that the first sentence of Section 4.02 of the Contract is hereby amended to read in its entirety as follows:

“Beginning on the Completion Date, Buyer agrees to pay a reservation fee on a monthly basis of \$0.36 per 1,000 gallons per month (the “**Reservation Fee**”) for that portion of the Reservation Volume that is not currently part of the Take or Pay Volume.”

6. **Term of Contract.**

- a. The Parties agree that Article 8 of the Contract is hereby amended to renumber the existing paragraph as 8.01 and to add 8.02 to read in its entirety as follows:

“8.02 **Termination.** Buyer may terminate this Contract, effective thirty (30) days after providing written notice to Seller, if the following conditions occur: (1) Seller has not obtained the Permit on or before June 1, 2018; or (2) the Completion Date has not been attained in accordance with the terms of this Contract and more than eighteen (18) months has elapsed since the later of (a) the date Buyer has obtained all necessary Easements; or (b) the date of issuance of the Permit; or (c) the date of the Construction Notice.”

7. **Miscellaneous.**

- a. All references in the Original Contract or First Amendment to the terms of the Contract incorporate the amended terms of this Second Amendment, where applicable.

- b. All other terms, conditions, and provisions set out in the Contract, and its exhibits, unless specifically amended herein, shall remain in full force and effect.
- c. This Second Amendment, together with the Original Contract, the First Amendment, and all related exhibits, constitutes the sole and entire agreement of the Parties with respect to the subject matter of the Contract and this Second Amendment. Further, this Second Amendment, together with the Original Contract, First Amendment, and all related exhibits, supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to the subject matter of the Contract and this Second Amendment.
- d. This Second Amendment may be simultaneously executed in any number of counterparts, each of which will serve as an original, and will constitute one and the same instrument.
- e. The Effective Date of this Second Amendment shall be the last date upon which it has been executed by both Parties.
- f. This Second Amendment was approved by the Buyer's Board of Directors in an open, duly noticed public meeting.

**SELLER:**

ELECTRO PURIFICATION, LLC

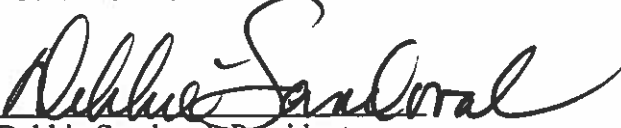
By: Tim N Throckmorton  
Tim N Throckmorton, Manager  
Date of Signature: 11-4-16

By: R. D Bart Fletcher  
R. D Bart Fletcher, Manager  
Date of Signature: 11-4-2016

By: Andrew C. Echols  
Andrew C. Echols, Manager  
Date of Signature: 11-25-16

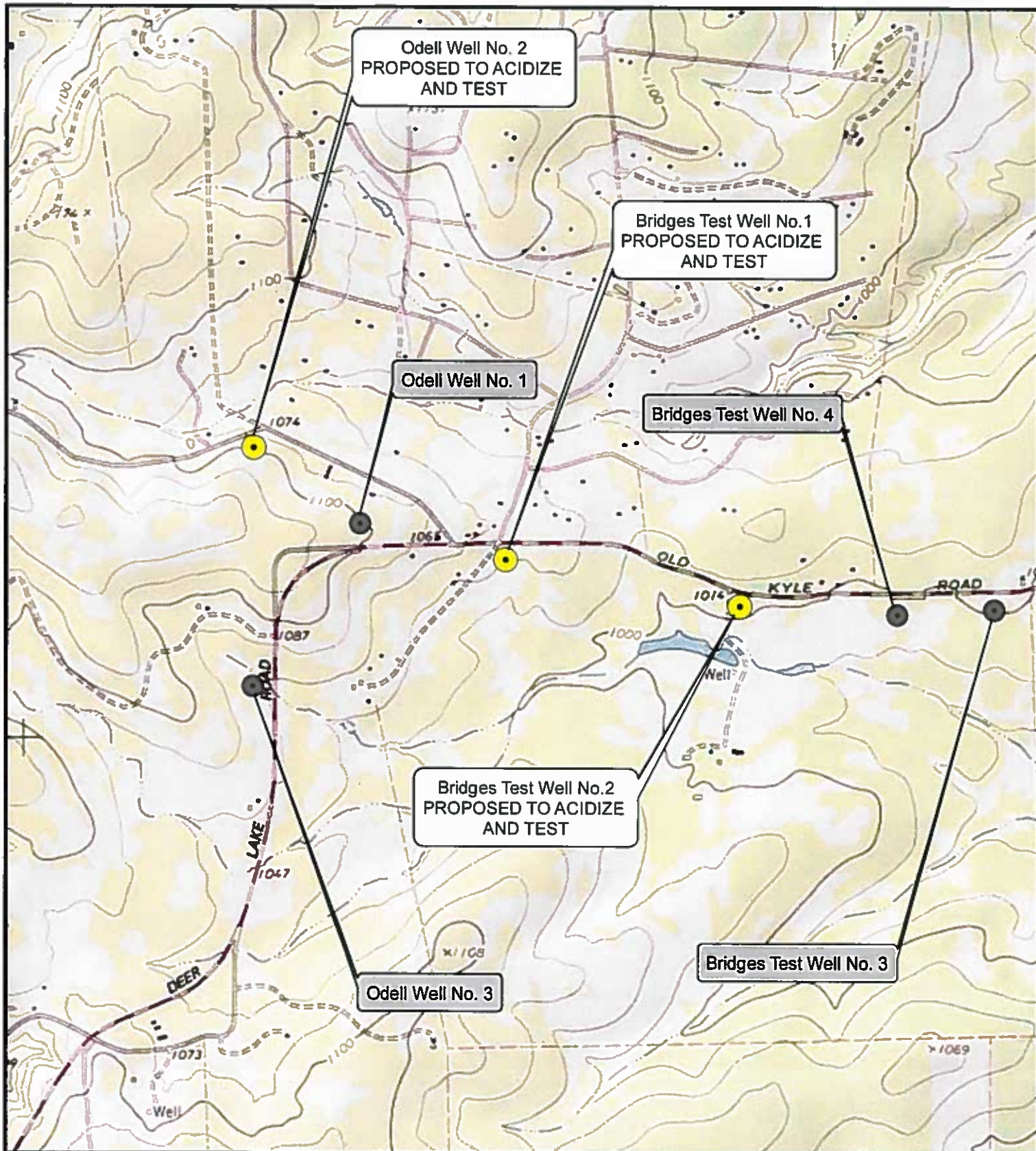
**BUYER:**

GOFORTH SPECIAL UTILITY DISTRICT

By:   
Debbie Sandoval, President  
Date of Signature: 6/22/2016

**Exhibit "E"**

(map of groundwater wells for acidification and pump testing)



Scale: 1 inch = 1,500 feet

Drawn By: KK Date: 5-16-16

Quad Name and No:  
Driftwood, TX 30098 A-1

Projection:  
UTM NAD 83 Zone 14



### Well Field - Location Map

Electro Purification, LLC

Hays County, Texas



**Wet Rock Groundwater Services, L.L.C.**  
Groundwater Specialists

TBPG Firm No. 50038

317 Ranch Road 620 South, Ste. 203  
Austin, Texas 78734 Ph: 512.773.3226  
[www.wetrockgs.com](http://www.wetrockgs.com)