

flow to Cronus, this will include electricity and other associated costs with operating such systems;

14. The District will construct and maintain a lagoon storage system on its property to maintain typical flow, to the extent possible, during periods of low precipitation;

15. The Project construction schedule will be mutually agreeable to the parties;

16. Cronus will provide a guarantee to the District, via the posting of a letter of credit or other acceptable security in the amount of \$10 million, that the District will be compensated for all Cronus related capital costs; the amount of the letter of credit will be reduced periodically by an amount equal to one dollar for each thousand gallons of water delivered to Cronus and, when the security is reduced to zero, Cronus will retire the security and the Capital Recovery Fee will terminate;

17. Cronus will not sell or otherwise allow third parties to use Effluent sold to it by the District without prior written authorization by the District to do so;

18. With the exception of providing the necessary minimum flow to area waterways (1.5 MGD to the Copper Slough and 4.5 MGD to the Saline Branch of the Salt Fork River), which are the District's first priorities, the District will not sell or make other arrangements to transfer Effluent to a third-party that would in any way interfere with providing flow to Cronus;

19. At any time that the water flow exceeds the amounts required to be provided to the Copper Slough and the Saline Branch of the Salt River and the 6.3 MGD to be provided to Cronus, the District will use the excess to replenish the lagoons;

20. The Effluent Agreement will include:

- (a) conditions precedent to parties' rights and obligations, including but not limited to:
  - Cronus and the District obtaining financing;
  - The District obtaining an IEPA permit for the modifications to its system;
  - Cronus obtaining needed right-of-way and all permits necessary to begin construction of the Project;
  - Cronus delivering the guarantee or other security described in Paragraph 16;
- (b) a deadline by which the conditions precedent must be satisfied or waived; and
- (c) customary insurance and indemnification provisions.

### **Binding Agreements**