

SETTLEMENT TERM SHEET

The Texas A&M University System (“TAMUS”), the City of Bryan, the City of College Station, and Brazos County (collectively, the “Brazos County Entities”), UW Brazos Valley Farm LLC (“UWBVF”), the Brazos Valley Groundwater Conservation District (“BVGCD” or the “District”), and Alan Day, General Manager (“GM”) of the District (collectively, the “Parties”), resolve their present disputes on the following general terms regarding proposed issuance of permits:

1. **Transport Permits** BVTP-C001, BVTP-C002, BVTP-C003, BVTP-C004, BVTP-C005, BVTP-C006, BVTP-C007, and BVTP-C008

The terms transport and export are used interchangeably to describe groundwater that is being transferred outside of Brazos and Robertson counties.

- a. 50,000 acre-feet/year collective export volume limit for all above-listed transport permits for initial term of transport permits associated with UWBVF Transport Project
- b. 30-year term plus the lesser of four (4) years or the period of time for the Project associated with the Project Transport Permits to achieve financial close
- c. Disassociated Transport Permits Deemed Void

If a Landowner(s) associated with BVTP-C002, BVTP-C003, BVTP-C004, BVTP-C005, BVTP-C006, BVTP-C007, and/or BVTP-C008 disassociates with

BVTP-C001 and is no longer part of the UWBVF Transport Project, then BVGCD shall be given notice and the disassociated transport permit(s) is deemed void.

- d. Contractual Ramp Up of Transport
 - i. Prior to January 1, 2034, other than in compliance with the Disincentive Provisions, UWBVF shall not export from the District more than 23,000 AFY under the Transport Permits;
 - ii. Prior to January 1, 2039, other than in compliance with the Disincentive Provisions, UWBVF shall not export from the District more than 39,000 AFY under the Transport Permits.
 - iii. UWBVF agrees to give BVGCD notice if Contractual Ramp will be exceeded, and UWBVF agrees to pay three (3) times the Negotiated Tier 2 Rate on the volume in excess of the applicable ramp limit for each calendar year, in addition to the agreed-to export fees

2. **BVGCD Export Fees**

- a. Agreed UW Export fee Structure as allowed by Tex. Water Code §36.122(e)(1)
- b. UWBVF shall pay Tier 1 Export Fees when a Water Supply Agreement is signed for the first 4 years following the execution of a Water Supply Agreement
 - i. \$0.17/1000 gallons authorized minus the applicable water production fee adopted for FY 2025, subject to an annual increase of 3% each year, and shall be charged on 50,000 AFY which is the collective export volume limitation
 - ii. If water is exported during the first four years following execution of the Water Supply Agreement, UW Brazos Valley Farm LLC, or any successor in interest thereto, shall pay this Tier 1 Negotiated Fee and any Tier 2 Negotiated Fees (defined below) on water exported outside the District
 - iii. For water exported out of the District under any of BVTP-C001, BVTP-C002, BVTP-C003, BVTP-C004, BVTP-C005, BVTP-C006, BVTP-C007, and BVTP-C008, the export fee due and payable to the District shall be \$0.206/1000 gallons exported. The District may increase the Negotiated Tier 2 Export Fees hereunder by a maximum of three percent each calendar year, subject to approval by the Board after a public hearing.
 - iv. On the 10-year Anniversary from the date the first Water Supply Agreement is signed, BVGCD may change the base Tier 2 rate to what rate is allowed by State law.
- c. The District will use collected export fees as allowed by State law, including to mitigate wells that are affected by transport projects under BVGCD's adopted Well Assistance Program. The District will further develop its Well Assistance Program, as appropriate.

3. **Operating Permits**

- a. BVGCD will issue the operating permits associated with BVTP-C002, BVTP-C003, BVTP-C004, BVTP-C005, BVTP-C006, BVTP-C007, and BVTP-C008
- b. Drilling Schedule and Operating Permit Term/Expiration

If associated with the UWBVF Transport Project and BVTP-C001, then the associated operating permits have 15 years to drill from the operating permit issuance date. If a operating permit(s) disassociates from the UWBVF Transport Project and BVTP-C001, then the operating permit associated with such transport permit shall retain their post-settlement issuance date and is subject to the permit term and expiration date under BVGCD Rule 8.5.

c. Agreed Aggregations

For Rule 7.2 curtailment purposes to achieve the adopted Desired Future Conditions, the Parties and the District agree to the applicable aggregation of wells.

d. Production Fees

Production fees will be paid on operating permits associated with the UWBVF Transport project at the municipal /PWS rate, under the adopted BVGCD Fee Schedule for the applicable year, once the first Water Supply Agreement is signed.

4. **Memorandum of Understanding Between TAMUS, Bryan, College Station, and the District**

The District, TAMUS, Bryan, and College Station have entered into a Memorandum of Understanding of even date with this Settlement Agreement that addresses the District's use of export and other fees to assist with the mitigation of impacts on the groundwater wells of TAMUS, Bryan, College Station, and retail public utilities (as defined by Texas Water Code § 13.002) within the District that are eligible for well assistance funding under the District's Well Assistance Program based on the predicted response of the Simsboro Aquifer to pumping associated with the Project.