



, 2022

Dalton Rice, City Manager
Mayor Dennis Green, City Mayor
Morgan's Point Resort
8 Morgan's Point Boulevard
Morgan's Point Resort, TX 76513

RE: Term Sheet: Proposed terms for a potential definitive agreement expanding wastewater infrastructure and operations of the current wastewater system to The City of Morgan's Point Resort.

Dear Mr. Rice and Mayor Green

The following summarizes the general terms that would form the basis of a formal offer to provide operations to The City of Morgan's Point Resort current wastewater systems and fund, build, own, and operate additional water resource recovery facilities (WRRF) for The City of Morgan's Point Resort's benefit. Here are the highlights (details are provided below): subject to The City of Morgan's Point Resort approval, BVRT will operate the existing wastewater system at no cost to The City of Morgan's Point Resort: BVRT will continue to operate and maintain the existing plant and the city will continue to be the retail billing entity. BVRT will simultaneously begin evaluating the future needs for the City and surrounding areas and work towards a new plant that meets 5 5 2 1 water quality requirements. The City and BVRT will enter into a wholesale, franchise, and/or billing agreement, or some combination as determined by the entities. The terms identified herein are not binding upon either party until a contractual agreement between the parties has been fully executed.

City:	The City of Morgan's Point Resort
Address:	8 Morgan's Point Boulevard Morgan's Point Resort, TX 76513
City Contact:	Dalton Rice
City Phone:	254.780.9287 (office) 254.780.9287 (Cell)
City Contact:	Mayor Dennis Green
City Phone:	254.780.1344
Utility:	BVRT Utility Holding Company, LLC or its subsidiary
Utility Address:	503 E Ramsey Rd, Suite 201 San Antonio, Texas 78216
Utility Contact:	Kristi Hester
Utility Phone:	512.216.1577 (Cell)
Property/Asset Description:	To be determined.

City of Morgan's Point Resort
August 2022
Page 2 of 3

Terms/Conditions:

1. The City shall continue to be the retail billing entity for WWR services in the city limits.
2. The City shall continue to maintain and service the existing sewer line infrastructure in the city limits.
3. The City shall incorporate BVRT into all development, annexation, and non annexation, agreements as the sole provider of WWR services.
4. The City agrees to utilize its powers of eminent domain for easements, lift station locations and future plant locations as necessary to facilitate the expansion, maintenance, and operation of the WWRF(s)
5. The City shall turnover the existing CCN for sewer services to BVRT and cooperate with any expansion of the CCN by BVRT.
6. BVRT will operate and maintain the City's existing WWRF including filing required reports to the State
7. BVRT will provide capital and own, operate, and maintain new WWRF(s) as needed.
8. BVRT will provide capital and own, operate, and maintain new lift stations, force mains, and gravity lines as expansion or replacement occurs.
9. BVRT will provide WWRF services inside the city limits as well as areas outside the city limits.
10. BVRT will recover its costs, including return on investment, through rates charged in the monthly bill to the city. Those rates will be based on cost-of-service ratemaking following the general principles utilized by the Public Utility Commission of Texas and the National Association of Regulatory Utility Commissions.
11. BVRT will attempt to obtain the easements as required for any offsite improvements. However, the city will use its power of eminent domain in those instances where the utility is unable to affect the easement acquisitions.

Should you have any questions and would like to discuss the general terms identified herein, or require any additional information, please do not hesitate to contact us. If the general terms identified herein are acceptable to you, please notify us in writing, and these terms will be incorporated into a definitive proposal that would form the basis of a binding agreement. We look forward to your reply.

Sincerely,

Kristi Hester, Director of Business Development