

Exhibit B – Project Phases - FM 517 Water Plant

Phase I is the existing water plant which consists of the following:

- A surface water meter station which supports full buildout of the service area. This installation is fully complete
- A ground storage tank that is 67,500 gallons which supports 337 total connections.
- A 5,000 gallon hydropneumatics tank that supports approximately 250 connections
- A booster pump station that support 418 total connection.

Phase I is completely constructed and operational. It is owned and operated by the City of Texas City, TX. Phase I is not included in the Project which is the subject of this Agreement.

Phase 2 - The Project which is the subject of this Agreement consists of Phase 2A and 2B as follows:

Phase 2A includes the following :

- Well and appurtenances: rated 700 gpm well with chlorine & ammonia chemical injection, piping, auxiliary generator – this water well will provide backup water supply at a rate of 0.35gpm to 2,000 connections.
- Tank: 20,000 gal Hydropneumatic pressurized water tank – this tank will provide for 1,000 total water connections. This tank may replace the existing 5,000 gal or operate in conjunction with the existing tank, at the option of the City.
- Miscellaneous costs: Mobilization, performance & payment bonds, one year maintenance bonds

Phase 2B includes the following:

- 350,000gal Ground Storage Water Tank – this tank in conjunction with the existing tank would provide storage for a total of 2,087 connections.
- Expansion of Booster Station – addition of two booster pumps at 500 gpm each – in conjunction with the existing pumps would provide capacity for 1046 connections.
- Miscellaneous costs: Mobilization, performance & payment bonds, one year maintenance bonds

Phase 2A and 2B shall be designed together as a cohesive expansion of the existing water plant, but may be issued for bids and/or constructed either separately or together as decided by the City, the Developer and the District.

Phase 3 – A future Phase 3 will be necessary to build out the water plant to provide for the ultimate projected buildout of 1,986 total connections in its service area. Phase 3 for ultimate buildout would include at least one additional 20,000 gal hydropneumatic pressurized water tank and an upgrade to the booster station. Phase 3 is not included in the Project which is the subject of this Agreement.