

OTHER NOTEWORTHY ARTICLES NOT COVERED VIA THE TERM SHEET

EFFLUENT WATER AGREEMENT

This Effluent Water Agreement (this “**Agreement**”), dated as of _____, 2014, is entered into by The Urbana & Champaign Sanitary District of Champaign County, Illinois (the “**District**”), a duly authorized sanitary district established pursuant to the Illinois Sanitary District Act of 1917 (the “**District Act**”), and Cronus Chemicals, LLC, a Delaware limited liability company (“**Cronus**”) (the District and Cronus are hereinafter collectively referred to as the “Parties”).

Background

A. The District owns and operates two wastewater treatment plants in Champaign County, Illinois: The “**Southwest Plant**” in the City of Champaign and the “**Northeast Plant**” in the City of Urbana (together the Southwest Plant and the Northeast Plant are referred to as the “**District Plants**”).

B. The District is authorized to sell its treated wastewater (as further described in Article 1, “**Effluent**”) under Section 7 of the Sanitary District Act of 1917 (70 ILCS 2405).

C. Cronus intends to construct a fertilizer plant in Douglas County, Illinois (the “**Cronus Plant**”) and the District has agreed to sell Effluent to Cronus for use at the Cronus Plant.

D. To transport Effluent to the Cronus Plant, Cronus intends to construct a pipeline from the Cronus Plant to the Southwest Plant (as further described in Schedule A, the “**Pipeline**” and, together with the Cronus Plant, the “**Project**”).

E. To support the Project, the District has agreed to construct a lagoon system and a pump station for delivering Effluent to the Pipeline and another pump station to increase Effluent flow at the Southwest Plant (as further described in Schedule B, the “**District Improvements**”).

F. The parties are entering into this Agreement to set forth the terms on which the District will sell, and Cronus will purchase, Effluent.

G. Both parties have evaluated flow data for the District. The parties’ understanding is that via prudent usage of the storage lagoon(s), the use of other District Improvements, and voluntary reductions in demand by Cronus when effluent is scarce, that the District will reliably provide at least 1.5 MGD to the Copper Slough, and 4.5 MGD to the Saline Branch first, and then 6.3 MGD to Cronus, or whatever reduced demand Cronus requires.

H. The parties’ intent is that the District’s Effluent will be the primary source of cooling water to Cronus throughout the life of this contract. Under this contract, connections necessary to provide a reliable back-up source of water shall not be used to provide water except to replace that volume of water when the District is not able to provide a full 6.3 MGD.

**ARTICLE 1
DEFINITIONS AND CONVENTIONS**

**ARTICLE 2
CONDITIONS PRECEDENT**

Satisfaction of Conditions Precedent. The parties shall exercise good faith and due diligence in satisfying the foregoing conditions precedent and each party shall give prompt notice to the other party when such conditions precedent have been satisfied or waived in writing by the party whose obligation is conditioned thereon. *The District and Cronus shall execute an acknowledgment (the "Acknowledgment") stating that all of the conditions precedent in Sections 2.1 and 2.2 have been satisfied or waived. If any such conditions are not so satisfied or waived on or before December 31, 2015, either party may, by notice in writing to the other party, terminate this Agreement. If this Agreement is terminated pursuant to this Section 2.3, Cronus will reimburse the District for its expenses related to its efforts to satisfy the conditions precedent (but excluding District Improvements Work specifically reimbursable by a draw on a Letter of Credit pursuant to Section 2.4) to the extent not previously reimbursed under prior letter or other agreements between the Parties.* Notwithstanding the foregoing, neither party shall be relieved of its obligations hereunder by the failure to satisfy any condition precedent to the extent that the satisfaction of such condition is within such party's control.

Early Work. *Cronus and the District may agree to commence a portion of District Improvements Work prior to the execution of the Acknowledgment.* In such case, Cronus shall deliver to the District (a) a limited notice to proceed specifying the maximum District Costs that the District may incur pursuant to such notice to proceed and (b) a Letter of Credit in the same amount. In such case and notwithstanding anything to the contrary in this Article 2, all provisions of this Agreement will be effective to the extent that they relate to the performance of such District Improvements Work. [Need to discuss force mains on UI Campus.]

**ARTICLE 3
CONSTRUCTION AND MAINTENANCE**

If the Project Commercial Operation Date has not occurred on or before the date that is 48 months after the date of the Acknowledgment for any reason other than a delay in completing the District Improvements, the District may terminate this Agreement.

ARTICLE 4
STARTUP OPERATIONS; CONDITION TO DISTRICT'S OBLIGATIONS

Startup Operations.

(a) Cronus will provide the District with at least 30 days' notice of the commencement of startup operations at the Project and provide its estimate of the quantities of Effluent required for such operations.

(b) *Prior to the completion of the District Improvements, the District will use commercially reasonable efforts to meet Cronus requested deliveries through its existing facilities, but Cronus recognizes that the District will be unable to deliver volumes contemplated by Section 5.1. Following the completion of the District Improvements, the District will deliver the quantities contemplated by Section 5.1, subject to the limitations stated in such Section.*

(c) Cronus will pay for all amounts delivered prior to the Commercial Operation Date at the Purchase Price of \$1.00 per thousand gallons plus the Capital Recovery Fee.

Condition to District Obligations. The District has no obligation to deliver Effluent prior to the Project Commercial Operation Date or at any time when the Pipeline is not in service.

ARTICLE 5
SALE AND PURCHASE OF EFFLUENT; CAPITAL RECOVERY FEE

5.1 Sale and Purchase of Effluent. From and after the Commercial Operation Date:

(g) If the District consistently makes 6.3 MGD available to Cronus over a five-year period and demonstrates that Effluent flows will be sufficient to deliver an average of at least 6.3 MGD for the foreseeable future, the District may, with the approval of Cronus not to be unreasonably withheld, manage the Discharge Lagoon as part of its regular operation of the Southwest Plant.

Metering.

(e) The Parties acknowledge that Cronus is considering contracting for a back-up water supply that would supply water to the Discharge Lagoon for delivery to Cronus through the Pipeline and that such supply would be delivered to a point before water and Effluent in the Discharge Lagoon is pumped through the metering equipment referred to in Section 5.4(a) and the Interconnection Point. In the event that the District cannot meet the District Delivery Undertaking, Cronus may cause delivery of backup water to the Discharge Lagoon and the District will deliver water and Effluent from the Discharge Lagoon to the Pipeline in an aggregate amount not to exceed the District Delivery Undertaking. The Parties will in good faith agree to a protocol by which the aggregate metered deliveries are reduced by the volume of back up water that passes the metering equipment in order to calculate the Effluent Delivery on the monthly statement delivered pursuant to Section 6.1(a). Should Cronus desire to deliver water and Effluent from the Discharge Lagoon in excess of the District Delivery Undertaking, the Parties will negotiate in good faith to determine an appropriate delivery charge for the excess volume, such charge to be assessed on the monthly statement delivered pursuant to Section 6.1(a).

**ARTICLE 6
BILLING AND PAYMENT**

**ARTICLE 7
FURTHER AGREEMENTS**

Insurance.

Indemnification.

Dispute Resolution.

(a) *In the event of any dispute arising out of or relating to this Agreement, the parties agree that, at the request of either party, a senior representative of each party will review the matter in dispute* and, at the request of either party, meet in person to discuss the matter at the place of business of the party who is requested to attend the meeting (or such other location as agreed to by the parties) within 30 days of the date of the request. *If the dispute cannot be resolved through settlement within 60 days after the date of such request, either party shall be free to pursue such rights or remedies that may be available under the Agreement, at law or in equity.* Nothing in this Section shall be deemed to preclude either party from exercising any right to seek injunctive relief or any right of termination created herein, at law or in equity prior to the expiration of the period for discussion set forth in this Section.

(b) Notwithstanding anything to the contrary in this Agreement, neither party shall be required to await the resolution of dispute proceedings regarding the reasons for terminating this Agreement before exercising such party's termination rights. The provisions of subsection (c), below, will be applicable to any disputes regarding liabilities in connection with such termination.

(c) Pending final resolution of any dispute (except a dispute regarding the cause for terminating this Agreement), the parties shall continue to fulfill their respective obligations under the Agreement.

(d) During the pendency of any dispute concerning the payment of money, the amount in controversy shall not be paid or set-off unless and until the dispute is resolved in favor of the party claiming entitlement to the disputed payment or right of set-off.

Limitation of Liability. *Neither party will be liable under this Agreement to the other party for any indirect, special, punitive, incidental or consequential damages, including loss of anticipated profits, whether in contract or tort* (including the negligence or strict liability of the party whose liability has been so limited) or otherwise. Neither party shall have any claim against any officer, director, employee of agent of the other party in his or her individual capacity arising out of the terms and provisions of this Agreement.

Cooperation with Project Financing.

The parties acknowledge that Cronus intends to finance the construction of the Project by non-recourse “project financing,” and that the Project lenders will require such financing to be secured by a first lien on Cronus’ assets, including a collateral assignment of this Agreement and all of Cronus’ rights and obligations hereunder. *Accordingly, this Agreement may be assigned as collateral by Cronus in connection with the financing or any refinancing of the Project to the Project lenders without further consent of the District. The District (i) agrees to execute such consent and agreement or similar documents with respect to a collateral assignment hereof as the Project lenders may reasonably request in connection with the financing or refinancing of the Facility and (ii) acknowledges that such consent and agreement or similar document will, among other things, require the District to give the lenders notice of, and an opportunity to cure, any breach by Cronus hereunder.*

The District agrees to make available, subject to an appropriate confidentiality agreement, to the Project lenders and other financing institutions or parties involved in the financing process, such information in the control of the District as may reasonably be requested. The District further agrees that, in connection with the financing of the Project, the District will provide an opinion of counsel as to the enforceability against the District of this Agreement and other matters reasonably required in connection with such financing.

ARTICLE 8 DEFAULTS AND REMEDIES

ARTICLE 9 MISCELLANEOUS

Governing Law; Venue. This Agreement is governed by the laws of the State of Illinois without giving effect to principles of conflicts of laws. Venue for any litigation arising from this Agreement will only be proper in the courts of *Champaign County, Illinois*.