

SECOND ADDENDUM TO WATER PURCHASE AGREEMENT

THIS SECOND ADDENDUM TO WATER PURCHASE AGREEMENT, hereinafter referred to as (the "Second St. Croix Addendum") is made and entered into June 12, 2013 by and between the VIRGIN ISLANDS WATER AND POWER AUTHORITY ("WAPA"), a public authority established and existing under the laws of the United States Virgin Islands (the "U.S. Virgin Islands"), and Seven Seas Water Corporation (USVI), ("Seven Seas"), a corporation organized and existing under the laws of the United States Virgin Islands. Each of WAPA and Seven Seas may be referred to in this Agreement as the "Party" and collectively as the "Parties." All capitalized terms not otherwise defined in this Second St. Croix Addendum shall have the definitions specified in the St. Croix WPA (as defined below)

RECITALS

WHEREAS, on April 5, 2012, WAPA and Seven Seas executed a Water Purchase Agreement for the construction, installation and operation by Seven Seas of a First Pass Water Facility to be located at the Richmond Generation Plant on the island of St. Croix, U.S. Virgin Islands, hereinafter referred to as (the "St. Croix WPA"); and,

WHEREAS, on April 5, 2012, WAPA and Seven Seas executed a Lease Agreement, hereinafter (the "Lease"), for the leasing of real property from WAPA, as Lessor, to Seven Seas, as Lessee, for the construction, installation and operation by Seven Seas of the First Pass Water Facility and the Ultrapure Water facility within the Richmond Generation Plant on real property described and depicted in the Lease; and,

WHEREAS, on August 27, 2012, WAPA and Seven Seas entered into the First Addendum to the St. Croix WPA (the "First St. Croix Addendum") that provides for the accelerated construction, installation and operation of a facility to produce Ultrapure Water; and,

WHEREAS, WAPA and Seven Seas agree that additional pumps, motors and associated electrical conduits and materials are needed due to the replacement or refurbishment of the two (2) intake pumps located at the existing Intake Pit #2 inside the Richmond Generation Plant; and,

NOW THEREFORE, in consideration of the mutual promises and covenants of each Party to the other contained in this Second St. Croix Addendum and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree as follows:

TERMS OF ADDENDUM

1. Except as otherwise expressly provided herein, nothing in this Second St. Croix Addendum or the First St. Croix Addendum shall be construed such that either this Second St. Croix Addendum or the First St. Croix Addendum changes the terms of the St. Croix WPA with respect to the subject matter of the St. Croix WPA. Except as otherwise expressly provided herein, nothing in this Second St. Croix Addendum shall be construed such that it changes the

terms of the First St. Croix Addendum with respect to the subject matter of the First St. Croix Addendum.

2. In consideration for Seven Seas entering into this Second St. Croix Addendum, the Water Charge for First Pass Water as set forth in the St. Croix WPA shall be modified and Schedule 2.1 shall be deleted in its entirety and the following paragraphs shall be inserted in lieu thereof:

Schedule 2.1 Water Charge. The Water Charge for each Billing Period shall be determined as the sum of the following components (a) through (d):

(a) WAPA shall pay to Seven Seas, in respect of such Billing Period and in accordance with ARTICLE 5, a charge in the amount of \$3.43 per kgal for First Pass Water, as specified in Section 4.3(a), and delivered to WAPA as metered at the Delivery Point, hereinafter the "Base Water Charge."

(b) WAPA shall pay to Seven Seas, in respect of such Billing Period and in accordance with ARTICLE 5, an additional \$2.30 per kgal of Ultrapure Water, as specified in Section 4.3(c), and delivered to WAPA as metered at the Delivery Point, hereinafter after the "Ultrapure Water Charge." The Ultrapure Water consumption shall be billed at an amount equal to the greater of (a) 140,000 GPD times the number of days in each Calendar Month or (b) the actual amount of Ultrapure Water consumed as measured by the meters specified in Schedule 6.

(c) **Additional Civil Work Charge:** In the event the Lot Property is chosen as the Site as contemplated in Section 3.1, a charge of \$0.12 per kgal shall be added to the Base Water Charge of \$3.43 per kgal beginning from Commercial Operation Date and continuing for a period of twelve (12) years. It is agreed that Seven Seas has budgeted One Million Dollars (\$1.0 mil) for the additional civil work for the Lot Property. In the event that said additional civil work exceeds the One Million Dollars (\$1.0 mil) as budgeted by Seven Seas and said overage is caused by WAPA, then said overage costs may be paid by WAPA, at WAPA's option, in either a lump sum payment or said overage costs may be amortized as an additional water costs added onto the Additional Civil Work Charge. For clarity, the effect of the additional amortization shall be calculated as follows:

$(\text{Actual cost of additional civil work divided by } \$1.0 \text{ million}) \times \$0.12/\text{kgal}$

= New Additional Civil Work Charge

(d) **Additional Intake Pump Upgrade Charge:** A charge of \$0.10 per kgal shall be added to the Base Water Charge of \$3.43 per kgal beginning from Commercial Operation Date and continuing for a period of sixteen (16) years. It is agreed that Seven Seas has budgeted \$900,000 for the Additional Intake Pump Upgrade Charge. In the event that said Additional Intake Pump Upgrade work exceeds \$900,000 as budgeted by Seven Seas and said over budget costs is caused by WAPA, then said overage costs may be paid by WAPA, at WAPA's option, in

either a lump sum payment or said overage costs may be amortized as an additional water costs added onto the Additional Intake Pump Upgrade Charge. In the event that the Additional Intake Pump Upgrade work costs less than the \$900,000, as budgeted by Seven Seas, then said under budget actual costs shall be amortized and the Additional Intake Pump Upgrade Charge Additional adjusted accordingly. For clarity, the effect of the additional amortization shall be calculated as follows:

i. Over Budget Calculation -

$$(\$900,000 + \text{Extra Costs})/(\$900,000) \times \$0.10/\text{kgal} \\ = \text{Additional Intake Pump Upgrade Charge}$$

ii. Under Budget Calculation -

$$(\$900,000 - \text{Underrun Costs})/(\$900,000) \times \\ \$0.10/\text{kgal} = \text{Additional Intake Pump Upgrade} \\ \text{Charge}$$

(c) All of the above prices exclude the cost of any electricity consumption at the Facility, the cost of which shall be borne by WAPA as set forth at Schedule 15.4(b).

3. Exhibit J in the St. Croix WPA shall be deleted in its entirety and the attached Amended Exhibit J shall be inserted in lieu thereof.

4. Section 3.5 (ix) shall be deleted in its entirety and the following paragraph shall be inserted in lieu thereof:

(ix) Provide access from the Facility to Richmond Plant Intake Structures (as referred to internally by WAPA as Intake Pit #1 and Intake Pit #2) for all Intake Work including all work which Seven Seas must perform to install, maintain, operate and repair, if necessary, all pumps, pipes, valves and appurtenances which are necessary for Seven Seas' to operate the Facility. All initial intake pumps and ancillary equipment installations which are needed to bring the Facility up to Commercial Operation shall be installed by Seven Seas beginning with all Intake Work at Intake Pit #1 to be followed by all Intake Work at Intake Pit #2. All Intake Work, including that which is needed to bring the Facility up to Commercial Operation, shall be performed in a manner so as not to interrupt operations at Richmond Power Plant or operations at the Facility. As such, the Parties agree that each shall work with the other in perform all Intake Work so as to coordinate said work, which said coordinated efforts shall include each party providing to the other a detailed schedule evidencing an approximate timeline for when all Intake Work will

begin and will same be completed. Throughout the Contract Term, WAPA shall be solely responsible for maintaining and repair the physical structure, intake screens, and pipeline of the Richmond Plant Intake Structures and any pumps, pipes, valves, screens and appurtcnances that WAPA installs or was install for WAPA's on the Richmond Plant Intake Structures that are required for WAPA's Richmond Plant operations.

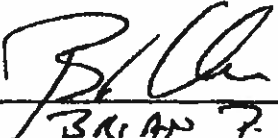
5.

IN WITNESS WHEREOF, the Parties have caused this Second St. Croix Addendum to be executed and delivered by their duly authorized representatives as of the date first set forth above.

HH

ATTEST:

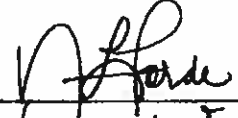
SEVEN SEAS WATER CORPORATION
(USVI)

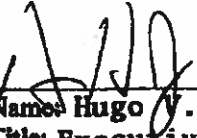

BRIAN F. HERMON
S.V.P. SEVEN SEAS WATER

By: 
Name: Douglas R. Brown
Title: Chairman

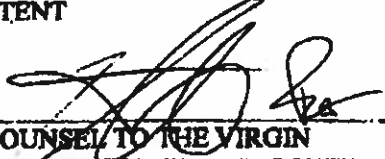
ATTEST:

VIRGIN ISLANDS WATER AND POWER
AUTHORITY


Nerissa L. Forde
Executive Assistant

By:  6/14/13
Name: Hugo V. Hodge, Jr.
Title: Executive Director (CEO)

APPROVED AS TO LEGAL FORM AND
CONTENT

By: 
COUNSEL TO THE VIRGIN
ISLANDS WATER AND POWER
AUTHORITY