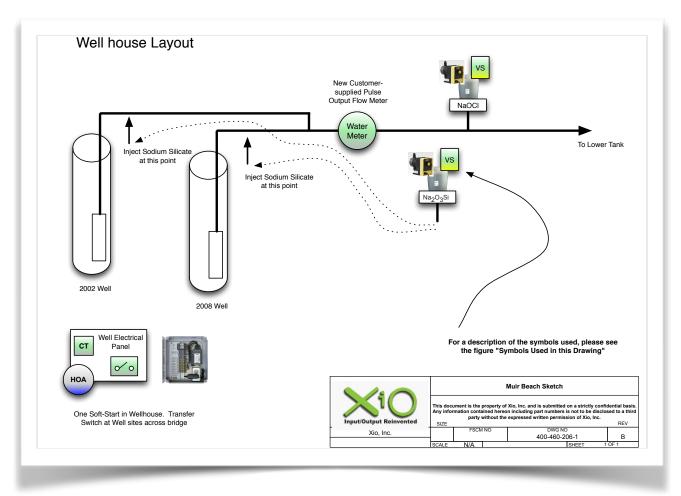


A Proposal for an XiO Cloud SCADA® Water Control System for Muir Beach Community.

Version 1.2

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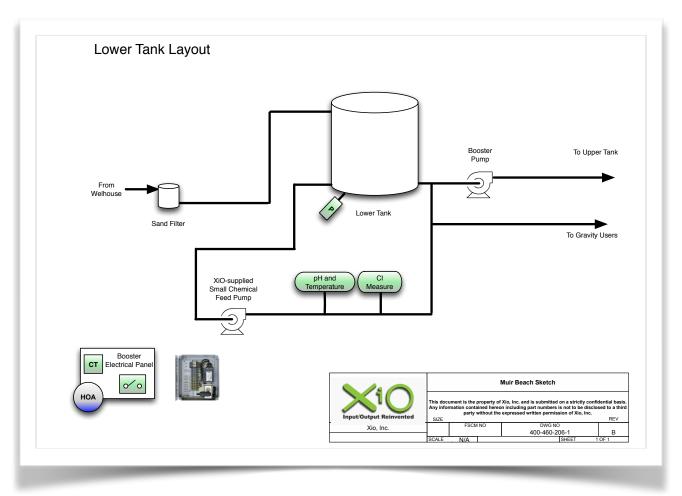
Well House Layout

Proposal

XiO Proposed System

XiO, Inc. (XiO) is pleased to supply this proposal to provide a monitoring and control system for Muir Beach Community Services District (Muir Beach). The purpose of this proposed system is to:

- Provide a start command for the well pump Soft Start, the two wells will operate as one well as described below.
- Monitor the electrical energy used by the well pumps.
- Monitor the combined flow rate and total flow from the wells using the customer-supplied pulse output meter.
- Provide a 4-20mA pump pacing signals for the sodium silicate and sodium hypochlorite injection pumps. The dose may be switched depending on which pump is running.
- Monitor the volume of the sodium silicate drum and the sodium hypochlorite drum.
- Monitor the level of the lower tank using an external water level management sensor.



Lower Tank Layout

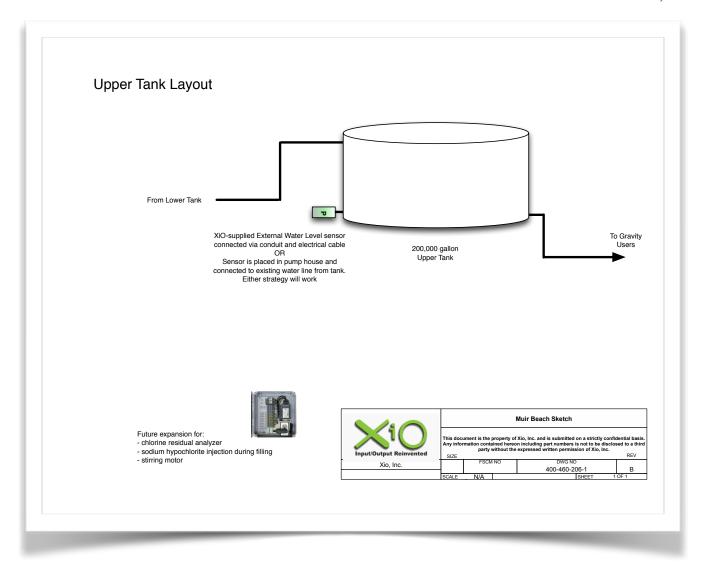
- Monitor and report pH, Temperature, and Residual Chlorine of the water in the tank using XiO-supplied analyzers.
- Circulate water from the lower tank through the analytical equipment and back into the tank using an XiO supplied chemical feed pump. By recirculating the effluent, Muir Beach can save up to 60,000 gallons of water per year.
- Control the booster pump that pumps to the upper tank and monitor the electrical energy used. When possible, and authorized by an operator, this pump will employ a Time-of-Use pumping strategy where it avoids pumping during hours of peak electrical rates.
- Monitor the upper tank level using an XiO-supplied external water level management sensor.

How the Water System Operates

Two wells across a creek operate as one well in that there is only one motor starter and one Soft Start. A transfer switch near the wells allows either the older 2002 well or the newer 2008 well to run when it is called at the pump house.

Sodium silicate is added as a flocculation aid and pH adjuster. It is injected at the well heads via pipes that take the sodium silicate from the pump house across the bridge to a point where the water first emerges from the wellhead.

When water arrives at the pump house across the bridge, it passes through a new pulse output water meter. Sodium hypochlorite is then injected to provide for disinfection.



Upper Tank Layout

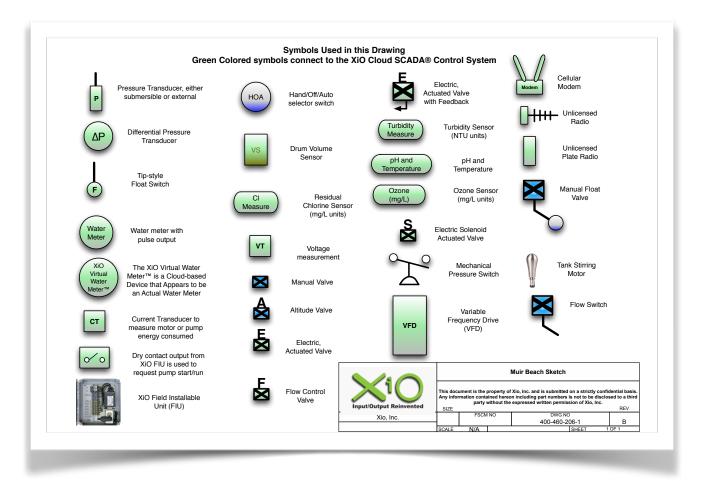
XiO will provide two 4—20mA outputs, one for sodium silicate and one for sodium hypochlorite. This pacing capability allows the dose to be switches based upon which well is running. Note that the XiO system does not know which well is running, thus the operator will select that.

XiO will provide two drum volume sensors suitable for monitoring the volume of 30 to 50 gallon drums. These sensors are very popular with operators because it not only provides an alarm upon low drum volume but allows the operator to verify that chemical is being pumped when the chemical pumps are being called.

Water is pumped from the wells directly to the lower tank.

Water enters the tank through a sand filter that is outside the scope of this XiO proposal. At the lower tank, the XiO system monitors the level of the tank via an external level sensor mounted to a dead leg on the tank.

Water from the tank is circulated using an XiO supplied NSF-rated chemical pump through an EPA-recognized amperometric residual chlorine probe system as well as a pH and Temperature probe. The effluent from the sensors is entirely returned to the tank, saving perhaps 60,000 gallons of water per year that would otherwise be dumped. The level of the



Symbols Used In This Document

chlorine residual, pH and Temperature will be constantly monitored and recorded. Alarms may be configured for high or low chlorine residual.

An authorized operator can remotely visualize this residual and adjust the pacing rate in the pump house.

Water from the lower tank is pumped via a booster pump at the lower tank to the upper tank. This booster pump can be called based upon the level of the upper tank as well as the time of day and the day of the week in order to reduce the cost to pump to the upper tank.

At the upper tank, the level is constantly monitored. In the future, Muir Beach can add a chlorine residual analyzer, a sodium hypochlorite injection system to keep the residual level topped up or a stirring motor.

E-mail or SMS text alarms can be configured to be sent indicating a problem, this may include well pump failure, low tank level, or low system pressure; alarms are described below.

The XiO control system draws about 10 Watts. A Verizon Modem will provide a link to the XiO cloud servers. Without an Uninterruptible Power Supply (UPS), communication will be lost upon power failure. An alarm will be sent upon loss of communication with the site resulting from a power failure. Upon power restoration, the XiO system will boot within about one minute and resume operation with no onsite action required.

Alarms

The XiO system will send email or SMS text notifications to a list of authorized operators upon at least the following alarm conditions:

- No communication with the site
- Well pump fails to start
- Low sodium hypochlorite drum volume
- Low sodium silicate drum volume
- Low Lower Tank water level
- Low Upper Tank water level
- High Temperature
- High Residual Chlorine
- Low/High pH

Verizon Modem

The XiO Cloud SCADA control system requires a minimum of one connection to the Internet. XiO supplies a rugged NEMA4X enclosure with a Verizon modem that connects to the Verizon network. Like all parts of the XiO control system, the modem is shipped to site ready for an electrician to mount, apply 120VAC and power up. The system automatically connects to the Internet and XiO is informed of the event and can aid in system bring-up.

For Muir Beach, no such Verizon modern will be employed, however. XiO understands that Muir Beach will provide a secure local network (LAN) connection at the three sites, the well pump house, the lower tank and the upper tank. Each of the XiO FIU's will need to access named XiO servers located on the Internet. In addition, each of the XiO FIU's will need to be able to access each other using their respective IP addresses which are assumed to be fixed and non-routable.

Report Generator

Included at no additional cost is a comprehensive report generation system that can produce monthly reports downloadable in Excel format containing required fields, employing any data collected such as pressure levels, pump hours, water pumped, electricity used, cost to pump water—all listed by month, day, hour, minute. The data is organized and can be viewed by any authorized operator on the secure XiO website.

Cloud Based Management

The XiO system will be monitored and managed through an account on XiO's secure cloud servers. The password protected account will provide managers with the following:

- **System Overview** Process diagram showing the current state of the system (i.e. tank levels, status of pumps, etc.).
- Levels Line graphs showing the levels of all monitored parameters.
- **Reports** Downloadable reports showing water pumped (gallons), energy used by pumps (kWh), efficiency of pumps (kWh/1000gallons), and pump runtime (hours).
- Alarms View of all alarms that have been triggered.
- Schedule Page allowing the user to adjust the set points that affect when the pumps will run.

Features to be Delivered

Quantity	Item	Description
1	Well Controller without submersible level sensor	Well Controller provides up-to-the-minute views of well operation. Monitors and controls well pump. Provides reports on electrical energy used by the well pump, water production, well level and pump efficiency reports. Advanced correlation alarms notify users of low flows and pump failures. Historical pump runtimes are included in the package. Provides well level, flow rates, and total flow from the well. *water production reports and flow require a water meter to be connected. Pricing includes: • Field Installable Unit • RMS electrical current transducer with 10 feet of shielded 600V cable, approved for use inside electrical enclosures. • Inputs to monitor a water meter
2	Tank Controller with external water level sensor	Tank Controller provides up-to-the-minute views of tank levels. Provides the ability to adjust well operation based on tank levels. Alarms notify users of a high and low tank levels. Pricing includes: Field Installable Unit External Water Level Management Sensor with 20 feet of water-tight, connectorized, low-loss, shielded cable for easy installation. Inputs to monitor a water meter
2	Chemical Drum Volume Monitoring	Monitors chemical drum level. Provides the XiO system with the ability to monitor drum level and allows users to receive alarms indicating a low drum level. This is a crucial feature in water treatment facilities, ensures operators are always aware of the chemical drum level. Pricing includes: • Drum level sensor with 20 feet of water-tight, connectorized, low-loss, shielded cable for easy installation.
2	Chemical Pump Pacing	Chemical Pump Pacing provides up-to-the-minute monitoring and control of a customer supplied chemical pacing pump. This allows the chemical dosage to be controlled based on the amount of water being pumped, CT factor, and authorized user input. This feature requires a customer supplied chemical pacing pump.

Quantity	Item	Description
1	Pump Monitoring & Control	Pump Monitoring and Control provides the ability to monitor and control a booster pump. Provides reports on pump run times and electrical energy used. Pricing includes: Contactor Relay to provide start command to the pump RMS electrical current transducer with 10 feet of shielded 600V cable, approved for use inside electrical enclosures. Inputs to monitor a water meter.
1	Amperometric Residual Chlorine Analyzer with pH & Temperature outputs	Monitors residual chlorine and pH on a constant basis. Enables the XiO Cloud SCADA® Control System to report values to the cloud and alarm on unacceptable chlorine or pH levels. Includes: •Chlorine monitor with sealed flow cell and 25 ft. of cable. •pH & Temperature outputs on chlorine monitor. •15 ft. of shielded, 300V cable (signal and power from XiO FIU).
1	Chemical Feed Pump	Small, fixed-speed metering pump compatible with the XiO Cloud SCADA® Control System. This pump will be used to circulate water through the provided Amperometric Residual Chlorine Analyzer and back into the tank.

System Installation

XiO does not act as a contractor and does not install the equipment. XiO recommends that the Proposed Control System be installed by a licensed electrician and a water operator. The XiO hardware requires a single 120VAC circuit, fused at 15 amps or less. An individual Field Installable Unit (FIU) draws 3.7 watts, while the supplied cellular modern draws 6 watts. A solid earth ground must be provided, as required by code, but no special precautions need be taken. All connections are clearly marked with UL-recognized label materials. All enclosures are non-metallic rated NEMA4X, and XiO recommends employing water tight conduit especially in near-marine environments.

The customer is responsible for providing a suitable mounting location for the FIU(s) and other XiO-supplied hardware. There are several considerations when selecting a suitable mounting location for the FIU, Uninterruptible Power Supply (UPS) or other XiO supplied hardware:

Temperature- As with all electronics, extreme temperatures, especially heat, can affect the proper operation of the XiO Control System. It is important to consider sources of heat when selecting a suitable mounting location for the FIU.

- Keep the FIU out of direct sunlight
- Do not mount the FIU on a South-facing wall or panel
- Consider constructing a cover to provide shade for the FIU
- Avoid mounting the FIU on a surface that may become hot such as an outdoor metal panel.
- Be sure the Soft-I/O Module is properly seated in its bracket

Environment- Components of the XiO Cloud SCADA® Control System are housed in NEMA-4X enclosures that protect them from many environmental conditions such as rain, solid objects, dust, and some corrosive agents.

- Take additional steps to avoid harsh environmental conditions if possible
 - This includes potentially dangerous gasses produced by wastewater
- Be sure to provide a water-tight seal on any enclosure penetrations

Delivery

The preconfigured system will be shipped from XiO 4-6 weeks after receipt of a purchase order.

Quoted Price

The total cost of the system will be **\$20,899** (not including tax or actual UPS ground shipping costs). This price includes all XiO-supplied hardware as listed above, all programming, configuration, installation support (but no on-site installation). There are no other charges for the hardware.

Recurring Monthly Service Fees

The cloud service fee is **\$39/month per Controller** and includes all programming, ongoing support, alarms, report generation, unlimited access to the secure website and an extended warranty on the FIU control module--Soft-I/O®--as long as the Cloud service fee is kept current. The warranty referenced in this paragraph is attached to this document. This paragraph specifically modifies the warranty in the favor of the customer. The cloud secure cellular access charge, including Internet, is \$35/month per modem, however this fee *does not apply* since Muir Beach is employing its existing IP network.

When the system has been installed, the customer will receive notice regarding payment for the recurring service fees. A check will be required for the first 90 days of service. Subsequent payments will be made through an automatic payment process.

Total Monthly fees: (including the monthly charge for the three (3) XiO Controllers $(3 \times 39) = 117$

Terms

This proposal is valid for 90 days from the date that this proposal was transmitted. XiO will invoice upon shipment, and payment is due 30 days from invoice date.

Payment of Recurring Monthly Service Fees

When the system has been installed, the customer will receive notice regarding payment for the recurring service fees. A check will be required for the first 90 days of service. Subsequent payments will be made through an automatic payment process.

Terms and Conditions of Sale

The following Terms & Conditions of Sale are included in this proposal.

Terms and Conditions

The following Terms and Conditions are incorporated in and are a part of the Purchase Agreement. Where the Product in question is a software product, it is understood that Customer receives only a license to use such product on the terms stated herein. XiO, Inc. ("XiO") retains title to said product.

1. Price; Payment Terms

- A. Prices for all products (hardware and software) will be the price agreed upon in XiO's acknowledgment of Customer's order or at the time of online order placement.
- B. XiO shall provide written acknowledgment of all non-online orders showing price, anticipated delivery date and payment terms. For online orders, Customer is provided with these Terms and Conditions, price, anticipated delivery date and payment terms. As a result, no written acknowledgment is provided for online orders.
- C. Prices are exclusive of all federal, state, municipal or other government, excise, sales, use, occupational, or like taxes or duties now in force or enacted in the future. Any such tax, fee, or charge of any nature whatsoever imposed by any governmental authority on, or measured by, the transaction (including the shipment of goods) between XiO and Customer shall be paid by Customer in addition to the prices quoted or invoiced. In the event XiO is required to pay any such tax, fee, or charge at the time of sale or thereafter, Customer shall reimburse XiO therefore.
- D. Payments shall be made by Customer in accordance with payment terms stated by XiO in written acknowledgment of order, or in an online description for online orders. Amounts not timely paid shall bear interest at the rate of 1-1/2% for each month or portion thereof that payment is late.

2. Delivery

- A. Delivery will be F.O.B. XiO's plant and shall occur on the date of turnover to a common carrier unless, at Customer's option, Product is picked up at the F.O.B. point by Customer.
- B. Title and risk of loss for Products shall pass to Customer on delivery F.O.B. XiO's plant. Customer shall then be responsible for and bear the entire risk of loss or damage to Products. Unless otherwise instructed, by Customer, XiO shall insure each product during shipment for Customer' account and will add the cost of such insurance to Customer' invoice.
- C. Shipment will be scheduled to be made on the date specified on Customer's written purchase order or on the date agreed upon by both parties and specified on the written acknowledgment of XiO, whichever is later, or--in the case of online orders--based upon the online-stated scheduled date. This date is the scheduled shipment date. XiO reserves the right to extend this date by not more than sixty (60) days upon notification of Customer. If shipment is delayed by XiO more than sixty (60) days, Customer may terminate this Agreement and receive a refund of all money paid hereunder.

3. Change Orders

Any written request from Customer for a change in the order acknowledged by XiO may subject Customer to a price change reflecting XiO's increased or decreased direct costs or an extension of the scheduled shipment date, or both, depending on the change requested. Written acknowledgment by XiO of a change order will specify and confirm any price or delivery impact.

4. Shipment

In the absence of specific shipping instructions from Customer, XiO will ship by the method it deems most advantageous to both parties. Transportation charges may be prepaid and will be subsequently invoiced to Customer. Unless otherwise specified, products shall be shipped in XiO's standard commercial packaging. When special packaging is requested or, in the opinion of XiO, required under the circumstances, the cost of the same will be separately invoiced. If Customer specifies the shipment method on the purchase order, and XiO uses a different method, then XiO shall be liable for the difference, if any, between the cost of freight incurred and the cost of freight which would have been incurred had XiO complied with Customer' shipping instructions.

5. Cancellations

XiO shall have the right to cancel the order and recover possession of and title to a product (if such have passed to Customer) under any of the following circumstances: Customer fails to perform its obligations under any of the material Terms and Conditions hereunder; or Customer's delay directly causes material delay to XiO's performance; or any bankruptcy, arrangement or insolvency proceedings are commenced by or against Customer; or in the event of the appointment of any assignee for the benefit of creditors or of a receiver of Customer or its properties. No such termination shall prejudice any of the rights of XiO arising prior to such termination or shall limit in any way other remedies available to XiO. Customer shall have no right to cancel the purchase of any product after shipment from XiO. Orders for standard products that are canceled within fifteen (15) days prior to the scheduled shipment date from XiO shall be subject to a cancellation charge equal to twenty percent (20%) of the total purchase price. Orders for custom products are not cancelable after order acknowledgment.

6. Warranty

Hardware products and software media are warranted against defects in materials and workmanship for a period of one year from the date of shipment. During the

warranty period, XiO will, at its option, either repair or replace (but not install) product or software media which proves to be defective. The Product or media must be returned to XiO for warranty service or repair. Customer shall prepay shipping charges to XiO and XiO shall ship to Customer in accordance with Section 4 of this Agreement, except that shipment by surface transportation to Customer, within the U.S. only, shall be at XiO's expense. XiO warrants that software products will conform to published specifications and will operate properly for one year from the date of shipment. XiO will correct material defects in software products during the warranty period by issuing converted versions of software products.

7. Limitations and Disclaimers of Warranties

Certain products are factory sealed and carry a label stating "warranty void if this seal is broken". In such a case, the foregoing warranty shall not apply if the product seal has been broken or the enclosure has been opened. The foregoing warranties shall not apply to defects resulting from improper connection, improper interfacing, misuse, or operation outside the specified environment.

THE FOREGOING WARRANTIES ARE IN LIEU OF ANY OTHER WARRANTY, EXPRESSED OR IMPLIED. XIO SPECIFICALLY DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE DESCRIPTION CONTAINED HEREIN.

8. Waiver of Certain Damages and Limit of Liability

XIO WILL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED, OR ON ANY THEORY OF LIABILITY, NOR WILL XIO BE LIABLE FOR LOSS, DAMAGE OR EXPENSE WHICH DIRECTLY OR INDIRECTLY ARISES FROM CUSTOMER' USE OF OR INABILITY TO USE PRODUCT EITHER SEPARATELY OR IN COMBINATION WITH OTHER EQUIPMENT [EXCEPT FOR DAMAGE TO PERSON OR TANGIBLE PROPERTY], OR FOR COMMERCIAL LOSS OF ANY KIND, OR FOR PROCUREMENT OF SUBSTITUTE GOODS, WHETHER OR NOT XIO HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE OR LOSS. IN NO EVENT SHALL XIO'S LIABILITY ARISING OUT OF THIS AGREEMENT EXCEED THE AMOUNT PAID TO XIO BY CUSTOMER FOR THE PURCHASE OF THE PRODUCT GIVING RISE TO SUCH LIABILITY. THIS LIMITATION IS INTENDED TO LIMIT THE LIABILITY OF XIO AND SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

9. Security Interest

Customer hereby grants to XiO a security interest in each product, to secure payment of the purchase price. XiO shall have the rights of a secured party under the Uniform Commercial Code in effect in the state where the premises at which the product is installed are located, including the right to retake possession of, or inhibit the use of product on any default by Customer. XiO's security interest shall expire upon the payment to XiO of the full purchase price. Customer agrees to execute such other documents as XiO shall reasonably require to perfect XiO's security interest.

10. Patent and Copyright Indemnity

- A. XiO will defend at its expense any action brought against Customer to the extent based upon the claim that a product constitutes direct infringement of any duly issued United States patent or copyright and shall pay any settlements or judgments to the extent based thereon, provided XiO shall have sole control of any such action or settlement negotiations, provided further that Customer notifies XiO promptly in writing of such claim, suit or proceeding and, at XiO's expense (except the value of time of Customer' employees), gives XiO adequate information and uses its best efforts to settle and/or defend any such claim, suit or proceeding.
- B. If a product becomes, or in the opinion or XiO may become, subject to any claim of infringement for any United States patent or copyright, XiO may, at its option: (i)

procure for Customer the right to use or sell the product; (ii) replace or modify the product, or part thereof; or (iii) remove the product, or part thereof, and refund the aggregate payments paid therefor to XiO less a reasonable sum for use and damage. XiO shall not be liable for any costs or expenses incurred without its prior written authorization.

- C. XiO assumes no liability for (i) infringement of patent or copyright claims resulting from completed products of Customer into which a product is incorporated; (ii) any assembly, circuit, combination, method or process of Customer in which any product may be used; (iii) any compliance with Customer' specifications; or (iv) the modification of a product, or any part thereof, unless such modification was made by XiO or with the written approval of XiO.
- D. THE FOREGOING STATES THE SOLE AND EXCLUSIVE LIABILITY OF XIO, AND THE EXCLUSIVE REMEDY OF CUSTOMER, FOR PATENT, COPYRIGHT AND OTHER INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT OR CLAIMS OF INFRINGEMENT.

11. Substitutions and Modifications

XiO reserves the right to make substitutions and modifications in the specifications of products designed by XiO providing that such substitutions or modifications will not materially negatively affect performance in the intended application, and that upon written request, XiO will provide a brief explanation of the change.

12. Entire Agreement

The Purchase Agreement and Terms and Conditions as set forth herein shall govern and constitute the entire agreement between XiO and Customer. XiO shall not be bound by any terms of Customer' order which are inconsistent with or additional to the Terms and Conditions herein set forth.

13. Software Products Restriction

Products delivered to Customer pursuant to these Terms and Conditions may embody and include certain software programs in object code (machine-readable but not human-readable form). In some cases, the only product delivered will be a software product. The software may be contained on disk drives or CD's, erasable programmable read-only memories (EPROMS), non-volatile random access memories (NVRAM), electrically erasable programmable read-only memories (EEPROMS or flash memory), programmable array logic devices (PALS or FPGAS), disk cartridges,

may be embodied in Application Specific Integrated Circuits (ASIC's) or in other electronic or mechanical forms. Such software constitutes either the copyrighted property of XiO or the proprietary trade secret information of XiO, or both, and shall be held in confidence by Customer. XiO retains title to the software (excluding media on which recorded) and all intellectual property rights, and no title to software or intellectual property rights is transferred to Customer. Unless Customer is granted greater rights by written amendment to these Terms and Conditions executed by XiO, Customer is hereby granted a personal, non-transferable, non-exclusive perpetual license to use only the number of copies of the software which are provided by XiO, and to use such copies only on (i) the hardware on which it is originally mounted by XiO, or (ii) on a single hardware product identified by Customer in its purchase order and confirmed by XiO in its order acknowledgment. Without XiO's prior written consent, Customer may not copy the software for any purpose, nor may Customer remove the software or attempt to execute the software on any hardware other than the authorized hardware. Customer shall not, whether through use of disassemblers or any other means whatsoever (including but not limited to manual, mechanical or electrical means), reverse engineer, decompile, disassemble or derive source code from the software, or attempt to or permit any third party to do any of the foregoing, including causing the software to be destroyed or disabled. Any attempt to do any of these things shall be material breach of these Terms and Conditions which shall immediately entitle XiO to exercise any remedies set forth herein, as well as any remedy that may exist at law or in equity. The provisions of this Section 13 shall survive this Agreement in perpetuity.

14. Conditions of Operation

THE PRODUCTS PROVIDED BY XIO ARE INTENDED TO BE USED ONLY WHEN SUPPLEMENTAL PROTECTION IS PROVIDED TO PREVENT DAMAGE TO CUSTOMER' PROPERTY OR INJURY TO PERSONNEL. BECAUSE OF THE HIGH COMPLEXITY OF A COMPUTER-CONTROLLED MACHINE CONTROL OR INPUT/OUTPUT SYSTEM, UNINTENDED MOTION AND ACTIONS CAN OCCUR. CUSTOMER ACCEPTS ALL RESPONSIBILITY FOR INTEGRATING XIO PRODUCTS INTO MECHANISMS OR PROCESSES. LIMIT SWITCHES MUST BE A PART OF A MACHINE CONTROL OR INPUT/OUTPUT SYSTEM. OPERATOR GUARDS AND OTHER PROTECTION FOR OPERATORS MUST UNILATERALLY ACT TO PROTECT PERSONNEL AND PROPERTY. CUSTOMER ACCEPTS ALL RESPONSIBILITY FOR INSURING THAT MECHANISMS OR PROCESSES OF WHICH XIO PRODUCTS ARE A PART COMPLY WITH APPLICABLE SAFETY AND HEALTH STANDARDS, MUNICIPAL CODES, AND ANY SIMILAR REQUIREMENTS.