



December 21, 2018

Mr. Mark Millett  
Chief Executive Officer  
Steel Dynamics, Inc.  
7575 West Jefferson Blvd.  
Fort Wayne, IN 46804

Keith Selman  
INTERIM CITY MANAGER

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Dear Mr. Millett:

The City of Corpus Christi provides water to 18 cities and communities in seven counties of the Coastal Bend of Texas with over 500,000 residents, as well as numerous major industrial water users. The City has a safe yield of 158 million gallons per day (MGD), of which 90MGD was utilized last year. We also have plans for additional water sources in the planning and implementation phase. The City has the existing water capacity to supply Steel Dynamics, Inc. with 6MGD.

If you locate your project in San Patricio County near Sinton (as discussed), we can provide 6MGD through our partner at San Patricio Municipal Water District (SPMWD) (who would be your retail supplier) to the project. The Mary Rhodes is a major water pipeline in close proximity to your contemplated site. There are two options available, the first would be to utilize SPMWD's existing tap, which may need to be expanded, and run a pipeline to your site. Alternatively, with City Council approval, a second tap could supply water directly to your site. Given that both options require infrastructure expansion, we anticipate a long-term supply contract with SDI (referred to as a "take or pay" contract).

I also understand that you have an alternative site in Nueces County in a remote area between Robstown and Driscoll. The City of Corpus Christi is interested in an agreement to supply 6MGD directly to SDI at that location. It is anticipated this will require additional infrastructure and a long-term supply contract (infrastructure improvement agreement) with SDI. City Council approval is required for this system expansion.

The Corpus Christi City Council is pro-economic development, supportive of new industry in the region, and has been briefed on your project in Executive Session by our Economic Development team. As with any large industrial project, City staff will work with your team to ensure that system design and construction is appropriately managed. To reiterate, the City can supply your 6MGD demand and will collaboratively work to ensure adequate and appropriate water delivery infrastructure.

Sincerely,

Keith Selman  
Interim City Manager