

Mission Economic Development Corporation Tax-Exempt Bond Financing



**Upwell Water LLC
UW CMC LLC**

**Zero Liquid Discharge &
Transforming Brines into Industrial Chemicals**

NOVEMBER 7, 2023

CITY OF EL PASO

ZERO LIQUID DISCHARGE FACILITY OVERVIEW

Project at a Glance

- Blue Brine ("BB"), through its project company UW CMC LLC (the "Company"), is raising financing for a state-of-the-art water processing plant (the "Plant").
- The Plant, located in TX, has executed a 20+ year contract with El Paso Water (S&P & Fitch AA+, "EPWU" or "Offtaker").
- Offtaker supplies feedstock at zero cost. The Plant processes and returns fresh water, which Offtaker purchases, take-or-pay.
- The Plant also recovers minerals and produces byproducts (primarily hydrochloric acid ("HCl"), caustic soda ("NaOH") and gypsum, collectively "Byproducts").
- Byproducts, representing a majority of revenue, are contracted for volume at market price, with a cost advantage in the regional market.
- Company has already largely constructed the Plant with scheduled full operation ("COD") in early 2025.
- The Plant contributes to the circular economy. It returns ~1 billion gallons per year of fresh water, creates zero liquid discharge, avoids transport and underground discharge, and produces Byproducts locally. This avoids long transportation ranges and associated carbon emissions.

Strategic Partners



Crestview **Jacobs** NORAM

Asset and Plant Overview

Project Location



The plant will supply El Paso Water with ~1 billion gallons of fresh water per year.



THE ZLD OPPORTUNITY IN DESALINATION

Benefits and Impact

- **Resource Recovery:** Lower production costs for water and “Green” minerals.
- **Water Conservation:** Approximately 1 billion gallons of fresh water production annually from previously discharged brine generated by the Kay Bailey Hutchinson desalination facility.
- **Environmental Protection:** Zero Liquid Discharge of anything to the environment.
- **Energy Efficiency:** Cogenerated water and Industrial green minerals is highly efficient.
- **ESG benefits:** Lower GHG production and no deep well reinjection impact.
- **Enhanced Public Image:** Implementing ZLD demonstrates a commitment to environmental sustainability, improves a company’s image and relationships with stakeholders.
- **Economic Development:** Satisfies rapidly growing demands for potable water.

TAX-EXEMPT BOND FINANCING FOR FACILITY UPGRADES AND EXPANSION

Tax-Exempt Bond Overview

- **Cost of Upgrades:** Company is investing approximately \$100 million to upgrade and expand production at the facility located at 3640 Global Reach, El Paso.
- **Public Hearing Requirement:** To utilize tax-exempt bonds, under federal tax law a public hearing must be held pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended.
- **Resolution Requirement:** Approval of the City Council is required under Texas law (for the MEDC Issuer's Bonds) pursuant to the Development Corporation Act, Local Government Code, Chapter 501, as amended.
- **Fiscal Impact:** There is no payment obligation, risk or liability to the City of El Paso with regards to holding the public hearing or approving the resolution.
- **Prior Approval:** El Paso held a public hearing and approved a resolution for a similar \$48 million tax-exempt bond transaction for this facility on October 20, 2015.

Questions?