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By MD Deputy

SRWA
Southmost Regional Water Authority

Dr. Joseph L. Hollmann, President

Notice of a Regular Board Meeting of the
Southmost Regional Water Authority Board

MEETING DATE:	**October 12, 2026**
MEETING TIME:	**12:00 PM**
MEETING LOCATION:	**BPUB Annex Building** **Board Room** **1425 Robinhood Drive** **Brownsville, Texas 78521**

PURSUANT TO CHAPTER 551.127, TEXAS GOVERNMENT CODE, ONE OR MORE BOARD OF DIRECTORS OR EMPLOYEES MAY ATTEND THIS MEETING REMOTELY USING VIDEOCONFERENCING TECHNOLOGY. THE VIDEO AND AUDIO FEED OF THE VIDEOCONFERENCING EQUIPMENT CAN BE VIEWED AND HEARD BY THE PUBLIC AT THE ADDRESS POSTED ABOVE AS THE LOCATION OF THE MEETING.

Dial In: 1-408-418-9388
Access Code: 2489 487 1915 # #

MEETING AGENDA

Call Open Meeting to Order at 12:00 PM

Confirmation of Quorum

PUBLIC COMMENTS

PUBLIC COMMENTS WILL ONLY BE ACCEPTED IN WRITING NO LATER THAN ONE (1) HOUR IN ADVANCE OF THE MEETING BY SENDING THEM TO PublicComments@brownsville-pub.com. In the body of the email please include date, your name, your address, phone number, agenda item number, if applicable, or subject of discussion, and your comments.

• THERE IS A THREE (3)-MINUTE TIME LIMIT PER SPEAKER. THE PRESIDING OFFICER MAY, BUT IS NOT REQUIRED TO, ALLOW ADDITIONAL TIME TO A SPEAKER.

• THE SPEAKER MUST IDENTIFY BY NAME, ADDRESS, AND ORGANIZATIONAL AFFILIATION (IF ANY) BEFORE SPEAKING.

• QUESTIONS AND COMMENTS SHOULD BE ADDRESSED TO THE BOARD AS A WHOLE, NOT TO INDIVIDUAL BOARD MEMBERS, THE CEO, OR MEMBERS OF THE AUDIENCE.

• IF AN ISSUE ADDRESSED IS NOT INCLUDED ON THE AGENDA, NO FORMAL ACTION WILL BE TAKEN.

OPEN MEETING

1. Consideration and Possible Action on Approval of the Southmost Regional Water Authority Board, September 14, 2026, Meeting Minutes. -
2. General Manager's Report -
    a. Operational, Chemical Optimization and Financial Report - Jacob Galvan, Jorge Santillan
    b. Industry and Southmost Regional Water Authority Updates - Justin M Locke
    c. Update regarding Funding for Water Supply Infrastructure sponsored by the City of Brownsville and SpaceX - Justin M Locke
3. Presentation and Discussion on Generator Purchase versus Rental Cost Analysis - Eli Alvarez
4. Consideration and Action on a Resolution of the Brownsville Public Utilities Board Identifying Qualifying Project(s) pursuant to the Binding Memorandum of Understanding (MOU) and Escrow Agreement between the City of Brownsville and SpaceX for the Funding of Water or Wastewater Facility Project(s). - David Ramirez
5. Discussion on Date, Time of Next Board Meeting -

ADJOURNMENT

Andrew Gonzales (Oct 6, 2026 13:21:54 CDT)

Dr. Joseph L. Hollmann - President

The Southmost Regional Water Authority Board reserves the right to adjourn into executive session at any time to discuss any of the matters listed above, as authorized by Texas Government Code § 551.071 (Consultation with Attorney), § 551.072 (Deliberations about Real Property), § 551.074 (Personnel Matters), § 551.076 (Deliberations about Security Devices), § 551.086 (Public Utility Competitive Matters), § 551.087 (Economic Development), and § 551.089 (Department of Information Resources).

Members of the public may listen to the meetings as it is being held by dialing one of the numbers listed below (same access code above). Because of technology limitations, only a limited number of callers will be allowed to call in, however, a recording of the meeting will be made available to the public on SRWA's website at www.srwadesal.com after the meeting.

Dial by your location: **1-408-418-9388 (US Toll)**	
1-617-315-0704 (Boston)	1-312-535-8110 (Chicago)
1-469-210-7159 (Dallas)	1-720-650-7664 (Denver)
1-904-900-2303 (Jacksonville)	1-213-306-3065 (Los Angeles)
1-646-992-2010 (New York City)	1-602-666-0783 (Phoenix)
1-206-207-1700 (Seattle)	1-202-860-2110 (Washington, DC)

Meeting Date
October 12, 2026

Posting Language
1 - Consideration and Possible Action on Approval of the Southmost Regional Water Authority Board, September 14, 2026, Meeting Minutes.

Open/Closed Session
OPEN MEETING

Action
Approval of Minutes

Executive Sponsor
Lead Department:

Assigned Staff (Presenter):

Summary
The minutes serve as the official record of the Southmost Regional Water Authority (SRWA) Board Meeting.

Strategic Initiatives

Referring Committee
Name of Committees _____
Date of Meeting _____
Recommendation(s) _____
Vote(s) _____

Fiscal Impact
Budgeted Bid Award Reallocation No Fiscal Impact

Source of Funding: _____

Recommended Motion

SRWA staff recommends approval. Upon approval, the SRWA Board Meeting minutes will be executed and filed as a permanent record.

Southmost Regional Water Authority
Brownsville, Texas

Minutes of
Regular Board Meeting
September 14, 2026
12:00 P.M.

Place:	BPUB Board Room (Annex Building)
Present:	Directors & Officers: Joseph L. Hollmann, PhD., SRWA President, BPUB Andrew Gonzales, SRWA Vice-President, City of Los Fresnos James A. Chambers, SRWA Board Member, Town of Indian Lake
Virtual:	No Board Members attended virtually.
Not Present:	Pat Pace, Jr., SRWA Secretary, VMUD #2 Sergio Lopez, SRWA Treasurer, BND
Others Present:	Marilyn D. Gilbert, BPUB General Manager & CEO/SRWA Deputy Secretary/Treasurer Justin M. Locke, Chief Financial Officer Constanza Miner, Chief Administrative Officer Paul Gonzalez, General Counsel & Chief Legal Officer Allison A. Bastian-Rodriguez, Associate General Counsel Anamartha Hinojosa, Legal Assistant David Medrano, Director of Finance Alberto Gomez, Director of W & WW Treatment & Env Svcs. George Rangel, Director of Customer Services Jorge Santillan, Finance Manager Guadalupe Granado III, Treasury & Accounting Manager Sergio Delgadillo, Division Manager for Administration Rene Mariscal, Division Manager for Operations Angela Campirano, Senior Budget Analyst Jacob C. Galvan, W/WW Operator Chief Michael Esquibel, W/WW Lead Plant Operator Daniela Maldonado, Audio-Video & Wireless Comms Spec Ernie Estrada, Computer Tech Support Spec Jaime Flores, Water Resources Administrator Melissa Rivera, Senior Administrative Assistant

Nelda G. Lopez, Senior Administrative Assistant
Rosie Buitron, Executive Assistant
Yolanda Galarza, Executive Assistant
Norma L. Sanchez, Acting Lead Executive Assistant
Judith Moreno, Acting Sr. Executive Assistant
John Clint, P.E., Halff Associates
Jason Starkey, Laguna Madre Water District

Joseph L. Hollmann, PhD., called the meeting to order at 12:00 p.m.

A quorum was confirmed.

Sergio Lopez, BND, notified the Executive Team via email that he would be unable to attend the meeting due to business travel.

PUBLIC COMMENTS

Rosie Buitron, Executive Assistant, announced that no public comment forms were received.

1. Consideration and Possible Action on Approval of the Southmost Regional Water Authority, August 10, 2026, Regular Board Meeting, August 28, 2026, Special Board Meeting, September 3, 2026, Special Board Meeting Minutes.

The Board considered approval of the SRWA Board meeting minutes.

Motion by James Chambers seconded by Andrew Gonzales and carried unanimously, the August 10, 2026, Regular Board Meeting Minutes, August 28, 2026, Special Board Meeting Minutes, and September 3, 2026, Special Board Meeting Minutes, were approved as presented.

At this time, Marilyn Gilbert, General Manager & CEO, yielded the floor to Paul Gonzalez, BPUB's General Counsel & CLO, who provided an update regarding the Memorandum of Understanding (MOU) with SpaceX. Mr. Gonzalez reported that the binding MOU between SpaceX and the City of Brownsville (COB) remains in process.

Mr. Gonzalez also noted that the City Commission is expected to consider approval of the escrow agreement on September 22, 2026. The escrow agreement is a required step under the MOU, which contemplates an initial $40 million payment into an escrow account within 30 days following execution of the MOU.

BPUB and SRWA staff are currently working to identify an initial qualifying project. Once a qualifying project is identified and approved, SpaceX is expected to make quarterly payments of $30 million in accordance with the terms contemplated by the MOU.

2. General Manager's Report

Operational, Chemical Optimization and Financial Report — Jacob Galvan and Jorge Santillan

Operational Report – Jacob C. Galvan, Chief Water/Wastewater Operator, presented the Production/Distribution Report for July 31, 2026, and reviewed the Southmost Regional Water Authority (SRWA) Fiscal Year 2025 Water Distribution Summary and True-Up Estimate. Key points included:

- Year-to-date water distribution flows to each participating entity.
- Current water plant operations and performance indicators.

Dr. Joseph L. Hollmann referenced Slide 15 and inquired whether, given the changes in chlorine dioxide concentration, SRWA should consider reducing the chlorine dioxide dosage. Mr. Galvan advised that staff would evaluate the dosage and aim to reduce it during the upcoming month.

Andrew Gonzales inquired whether the City of Los Fresnos was experiencing any issues with water production or distribution. Mr. Galvan advised that SRWA remains in communication with the City of Los Fresnos and that, at this time, production levels are satisfactory.

James Chambers inquired whether customers pay the market rate when SRWA over-allocates its water supply. Mr. Galvan advised that he was not certain of the applicable rate. Jorge Santillan, Finance Manager, explained that at the end of the year, customers will receive a bill reflecting the applicable rates charged.

Staff also discussed water quality optimization, including the potential reduction of chlorine dioxide dosage based on stable arsenic levels and treatment performance data. Staff plans to conduct further trials to evaluate the appropriate dosage.

Financial Report – Jorge Santillan, Finance Manager, presented the Financial Performance Report for the month ending July 31, 2026.

No action taken.

Drought Update— Jaime Flores

Jaime Flores, Water Resources Administrator, presented a drought status update covering current reservoir conditions, the seasonal weather outlook, and anticipated trends affecting the Lower Rio Grande Valley and Deep South Texas. Highlights of the presentation included the following:

- An overall warmer than normal outlook is favored through the September-November 2026 period. Confidence for hotter than normal is greatest for September. October and November are our top two fastest cooling months.
- Amistad Int'l Reservoir remained slightly above historic seasonal lows at the end of August. Confidence remains near-certain (~100%) on total storage remaining just above record lows through October.

- Late September through mid-October is the timeframe that the NWS is monitoring to see if a transition to wetter conditions occur, thanks to the very strong (potentially historic) El Nino. Heavy rainfall from southwest US monsoon/remnant Pacific tropical cyclones could bring potential significant flooding.

No action taken.

3. Presentation of the Southmost Regional Water Authority Organizational Update—Sergio Delgadillo

Sergio Delgadillo, Division Manager for Administration, presented the Southmost Regional Water Authority Organizational Update. The update highlighted ongoing efforts to strengthen organizational effectiveness and align functions based on areas of direct operational influence.

Mr. Delgadillo presented proposed organizational restructuring of water operations, consolidating functions into two primary divisions to improve coordination and alignment among treatment, engineering, environmental services, and regulatory compliance.

As part of the restructuring, the Environmental Services Division will be expanded to incorporate water treatment operations. The organizational changes are intended to enhance operational integration, support regulatory compliance, and ensure the continued delivery of safe and reliable water and wastewater treatment services.

No action taken. Presentation only.

4. Consideration and Possible Action of a Resolution Amending Designation of Certain Officers as Authorized Signatories to Drafts Drawn on Account of Southmost Regional Water Authority at Texas Regional Bank and Wells Fargo Bank—Guadalupe Granado

Guadalupe Granado, Treasury & Accounting Manager, noted that the Board considered and approved a resolution amending the designation of authorized signatories for drafts drawn on accounts of the Southmost Regional Water Authority (SRWA) at Texas Regional Bank and Wells Fargo Bank. The resolution updated the authorized officials to reflect SRWA's current leadership structure, including the President, Managing Director/CEO, CFO, and Treasury Manager.

Mr. Granado also provided an update on the authorized representatives for TexPool to reflect current finance personnel. In addition, the annual investment policy was reviewed and revised with minor updates to align with Texas Government Code Chapter 2256 and reflect recent staffing and organizational changes. The updates ensure that SRWA's banking and investment authorities remain current, comply with applicable requirements, and align with the Authority's current organizational structure.

Motion by James Chambers, seconded by Andrew Gonzales, and carried unanimously, the Board approved the resolution amending designation of certain officers, as presented and discussed.

5. Consideration and Possible Action of a Resolution Amending Authorization of Representatives at TexPool— Guadalupe Granado

Guadalupe Granado, Treasury & Accounting Manager, presented a resolution amending the authorized representatives for SRWA's TexPool investment accounts. The updated authorization reflects current finance personnel and allows designated representatives to conduct transactions and perform related investment activities.

Motion by James Chambers, seconded by Andrew Gonzales, and carried unanimously, the Board approved the resolution amending designation of certain officers, as presented and discussed.

6. Consideration and Possible Action of a Resolution to Approve the Investment Policy, Investment Strategies and Other Matters in Connection Therewith— Justin M. Locke

Justin Locke, Chief Financial Officer, presented the annual review of SRWA's Investment Policy, Investment Strategies, and related matters, as required by Texas Government Code Chapter 2256. Staff recommended minor revisions and updates to the policy, including administrative clarifications and updates to the authorized personnel, broker/dealer questionnaires and certifications, and authorized brokers/dealers and investment pools.

Motion by Andrew Gonzales, seconded by James Chambers, and carried unanimously, the Board approved the resolution amending designation of certain officers, as presented and discussed.

7. Consideration and Possible Action to Approve the Rental of a Portable Diesel Generator for Back-Up Power for the SRWA Reverse Osmosis Water Treatment System— Jose A. Garza

Michael Esquibel, Water/Wastewater Lead Plant Operator, provided an overview of a 1,250-kW portable diesel generator rental to provide backup power for the SRWA reverse osmosis water treatment system and high-service pump station while the permanent backup generator is out of service. The proposed rental period is 10 months, from August 1, 2026, through May 31, 2027, at a total cost of $110,000.

During discussion, James Chambers inquired about the rental timeframe. Dr. Joseph L. Hollmann noted that the Board is expected to discuss the cost comparison between continued rental and the potential purchase of a permanent generator at an upcoming meeting. Staff also offered to provide additional information regarding the generator rental.

Motion by Andrew Gonzales, seconded by James Chambers, and carried unanimously, the Board approved the rental of a portable diesel generator with Stewart & Stevenson, LLC of Pharr, Texas, as presented and discussed.

8. Consideration and Possible Action to Approve the Annual Supply of Chlorine Dioxide Equipment and Service— Jose A. Garza

Michael Esquibel, Water/Wastewater Lead Plant Operator, provided an overview of the annual chlorine dioxide equipment and service requirements. Chlorine dioxide is used in the treatment process to reduce arsenic, iron, and manganese levels in the drinking water. Evoqua Water Technologies LLC, the sole-source provider of the existing Millennium III C-250 VF chlorine dioxide generators, will provide the necessary equipment and preventive maintenance services at an annual cost of $66,192.00. The contract term is October 1, 2026, through September 30, 2027.

Motion by James Chambers, seconded by Andrew Gonzales, and carried unanimously, the Board approved the annual supply of chlorine dioxide equipment and service, as presented and discussed.

9. Discussion on Date, Time of Next Board Meeting – Dr. Joseph L. Hollman

Dr. Joseph L. Hollmann led a discussion regarding the date and time of the next regular Board meeting. A brief discussion ensued, during which Marlyn Gilbert, General Manager & CEO, advised that staff would reach out to Board members regarding their availability for October 12, 2026.

10. Discussion and/or Requests for Future Agenda Items –

There were no future agenda item requests from the SRWA Board or Staff.
No action was taken.

ADJOURNMENT

There being no further business to come before the SRWA Board, upon duly motion the meeting adjourned at 12:34 p.m.

Approved: _____ Date: _____
Dr. Joseph L. Hollmann, PhD.
Southmost Regional Water Authority
President

Recording Secretary: _____ Date: _____
Melissa Rivera
Senior Administrative Assistant

Meeting Date
October 12, 2026

Posting Language
2.a - Operational, Chemical Optimization and Financial Report

Open/Closed Session
OPEN MEETING

Action
Presentation

Executive Sponsor
Lead Department: 5115-Financial Services

Assigned Staff (Presenter): Jacob Galvan, Jorge Santillan

Summary
Operational, Chemical Optimization and Finance Report

Strategic Initiatives

Referring Committee
Name of Committees _____
Date of Meeting _____
Recommendation(s) _____
Vote(s) _____

Fiscal Impact
Budgeted Bid Award Reallocation No Fiscal Impact

Source of Funding: _____

Recommended Motion
No action required.

Operational, Chemical Optimization and Financial Report

S R W A B O A R D M E E T I N G | October 12, 2026

Jacob Galvan
W/WW Operator Chief
Water Plant I

Jorge Santillan
Finance Manager
Finance Division

Production

&

Distribution

Report

For the Month Ended

August 31, 2026

Jacob C. Galvan

[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]

SRWA 2025-2026 FY Water Distribution Summary and True-Up Estimate

		SRWA Total Distribution			BPUB[1]	Valley MUD#2	Los Fresnos[2]	BND[1]	Indian Lake[2]	Total
Allocation	Percent (%)	Million Gals	Dist. Per sum of column f-j	Difference	92.91% Million Gals	2.51% Million Gals	2.28% Million Gals	2.10%	0.20%	100.00%
	Oct-25	215.868	215.868	0.000	203.694	5.503	1.706	4.533	0.432	215.868
	Nov-25	214.472	214.472	0.000	202.702	5.278	1.559	4.504	0.429	214.472
	Dec-25	207.468	207.468	0.000	195.585	5.453	1.658	4.357	0.415	207.468
	Jan-26	216.848	216.848	0.000	196.888	5.954	9.018	4.554	0.434	216.848
	Feb-26	195.724	195.724	0.000	181.446	5.388	4.389	4.110	0.391	195.724
	Mar-26	220.139	220.139	0.000	205.617	4.236	5.223	4.623	0.440	220.139
	Apr-26	196.088	196.088	0.000	181.243	4.659	5.676	4.118	0.392	196.088
	May-26	197.988	197.988	0.000	182.114	6.140	5.180	4.158	0.396	197.988
	Jun-26	190.963	190.963	0.000	178.716	3.524	4.331	4.010	0.382	190.963
	Jul-26	199.341	199.341	0.000	184.193	4.087	6.476	4.186	0.399	199.341
	Aug-26	216.748	216.748	0.000	197.293	5.792	8.678	4.552	0.433	216.748
	Sep-26		0.000	0.000						-
Actual Distribution	YTD MG	2,271.647	2,271.647	0.000	2,109.491	56.014	53.894	47.705	4.543	2,271.647
	Daily Average (MGD)	6.781			6.297	0.167	0.161	0.142	0.014	6.781

True up Estimate: This is not a bill.

	BPUB	Valley MUD#2	Los Fresnos	BND	Indian Lake	Total
Allocable Distribution Based on % Participation	2,110.587	57.018	51.794	47.705	4.543	2,271.647
Consolidation of Distribution per Agreements	2,158.292	57.018	56.337	-	-	2,271.647
Over (Under) Distributed	(1.10)	(1.00)	2.10	-	-	(0.000)
FY2026 Estimated O&M Cost Per Thousand Gallons	$ 1.96	$ 1.96	$ 1.96			
Total Cost of Over (Under) Distributed	$ (2,147.80)	$ (1,968.51)	$ 4,116.30	$ -	$ -	$ -

[1] BPUB is providing credit to the BND for their SRWA share on their monthly BPUB water bill.

[2] As of Jan 1, 2009, City of Los Fresnos is purchasing Indian Lake's water allocation (as per Interlocal Agreement dated 10/14/2008)

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SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: August-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.174	0.059	7.233	6.082	0.235	0.172	6.489
2	6.721	0.058	6.779	5.560	0.258	0.209	6.027
3	7.211	0.057	7.268	7.212	0.283	0.280	7.775
4	7.245	0.058	7.303	7.222	0.246	0.196	7.664
5	7.248	0.058	7.306	6.087	0.613	0.236	6.936
6	7.152	0.056	7.208	6.597	0.460	0.240	7.297
7	7.316	0.059	7.375	6.857	0.226	0.186	7.269
8	7.145	0.056	7.201	6.311	0.312	0.180	6.803
9	6.588	0.055	6.643	6.129	0.288	0.227	6.644
10	7.130	0.057	7.187	7.461	0.031	0.203	7.695
11	6.911	0.058	6.969	6.690	0.268	0.114	7.072
12	7.002	0.055	7.057	6.553	0.296	0.216	7.065
13	7.160	0.057	7.217	6.663	0.386	0.133	7.182
14	6.640	0.205	6.845	7.041	0.255	0.164	7.460
15	6.194	0.310	6.504	5.981	0.270	0.188	6.439
16	6.218	0.312	6.530	5.773	0.287	0.194	6.254
17	5.939	0.292	6.231	6.371	0.258	0.203	6.832
18	6.290	0.315	6.605	6.052	0.292	0.111	6.455
19	6.554	0.169	6.723	6.714	0.372	0.179	7.265
20	6.686	0.059	6.745	6.089	0.548	0.181	6.818
21	6.957	0.227	7.184	6.215	0.381	0.133	6.729
22	7.196	0.058	7.254	5.831	0.202	0.186	6.219
23	7.277	0.059	7.336	6.822	0.227	0.204	7.253
24	6.852	0.143	6.995	7.297	0.194	0.224	7.715
25	7.238	0.058	7.296	6.561	0.234	0.191	6.986
26	7.208	0.061	7.269	7.074	0.322	0.197	7.593
27	6.995	0.058	7.053	6.904	0.499	0.120	7.523
28	6.582	0.053	6.635	5.792	0.232	0.143	6.167
29	6.147	0.052	6.199	5.673	0.181	0.199	6.053
30	7.276	0.058	7.334	6.719	0.226	0.212	7.157
31	6.879	0.055	6.934	7.512	0.229	0.171	7.912
TOTALS	**213.131**	**3.287**	**216.418**	**201.845**	**9.111**	**5.792**	**216.748**
AVERAGE	**6.875**	**0.106**	**6.981**	**6.511**	**0.294**	**0.187**	**6.992**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.40	$10,400.00	$4,160.00
Calcium Chloride	lbs.	413,377.48	$0.2200	$90,943.04
Caustic Soda	lbs.	21,135.28	$0.1980	$4,184.79
Liquid Ammonium Sulfate	lbs.	22,546.17	$0.1425	$3,212.83
Chlorine	Ton Containers	6.37	$2,397.00	$15,268.89
Ferric Chloride	lbs.	6,651.24	$0.2800	$1,862.35
Sodium Bisulfite	lbs.	8,491.69	$0.2125	$1,804.48
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	2.00	$2,595.32	$5,190.64
Sodium Chlorite	lbs.	4,358.27	$0.727	$3,168.46
Chemical cost per thousand gals:	*$0.600*			**$129,795.48**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		555,600	$0.07623	$42,353.39
MF Processing Plant		149,100	$0.0871	$12,979.16
RO Processing Plant		452,400	$0.0817	$36,975.10
High Service Pumps		138,800	$0.0973	$13,511.49
Power costs per thousand gals:	*$0.489*			**$105,819.13**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: August-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.233		
2	6.779		
3	7.268		
4	7.303		
5	7.306		
6	7.208		
7	7.375		
8	7.201		
9	6.643		
10	7.187		
11	6.969		
12	7.057		
13	7.217		
14	6.845		
15	6.504		
16	6.530		
17	6.231		
18	6.605		
19	6.723		
20	6.745		
21	7.184		
22	7.254		
23	7.336		
24	6.995		
25	7.296		
26	7.269		
27	7.053		
28	6.635		
29	6.199		
30	7.334		
31	6.934		
TOTALS	**216.418**		0
AVERAGE	**6.981**		

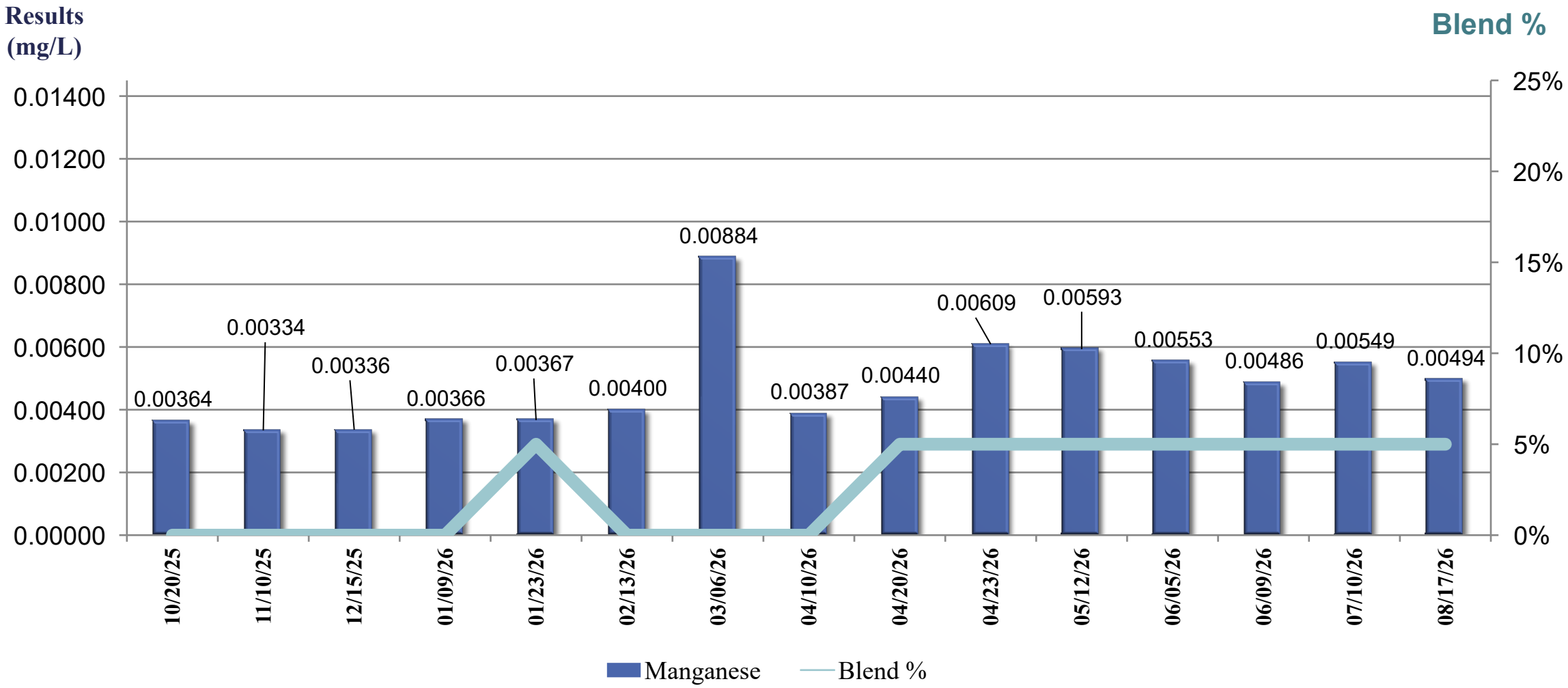
IRON/MANGANESE/ARSENIC REMOVAL

	RAW				FILTRATE				Point of Entry (Tap/ Finished Water)					Treated Water	DOSAGES		
	IRON (mg/L)	MANGANESE (mg/L)	ARSENIC (mg/L)	pH	IRON (mg/L)	MANGANESE (mg/L)	ARSENIC (mg/L)	pH	IRON (mg/L)	MANGANESE (mg/L)	ARSENIC (mg/L)	pH	Total Dissolved Solids (mg/L)	Blend % (SCADA SET POINT)	CL02 (mg/L)	S.B.S. (mg/L)	Ferric (mg/L)
1/9/2026	0.464	0.0971	0.0187	X	<0.00379	0.0967	0.0060	X	<0.00379	0.00366	<0.000902	X	480	0%	0.3	1.50	1.00
1/23/2026	0.479	0.079	0.0206	7.36	<0.00379	0.0821	0.00570	7.33	<0.00379	0.00367	<0.000902	8.43	416	5%	0.3	1.50	1.00
2/13/2026	0.478	0.101	0.027	7.28	<0.00524	0.1040	0.0126	7.30	<0.00524	0.00400	0.003500	8.40	740	0%	0.3	1.50	1.00
3/6/2026	0.533	0.0902	0.0225	7.33	<0.00379	0.0896	0.0059	7.27	<0.00379	0.00884	<0.000902	8.47	620	0%	0.3	1.50	1.00
4/10/2026	0.506	0.0946	0.0238	7.20	<0.00379	0.0828	0.0068	7.29	<0.00379	0.00387	0.001040	8.41	520	0%	0.3	1.50	1.00
4/20/2026	0.646	0.0753	0.0233	7.31	<0.00524	0.0844	0.0061	7.27	<0.00524	0.00440	0.001540	8.42	480	5%	0.3	1.50	1.00
4/23/2026	0.546	0.0862	0.0214	7.32	<0.00524	0.0879	0.0061	7.23	<0.00524	0.00609	<0.000902	8.60	380	5%	0.6	1.50	1.00
5/12/2026	0.520	0.0937	0.0202	7.37	<0.00379	0.1010	0.0010	7.26	<0.00379	0.00593	<0.000902	8.48	530	5%	0.3	1.50	2.00
6/5/2026	0.500	0.0919	0.0211	7.28	<0.00379	0.0916	0.0061	7.31	<0.00379	0.00553	<0.000902	8.48	510	5%	0.3	1.50	1.00
6/9/2026	0.481	0.0923	0.0207	7.34	<0.00379	0.0933	0.0064	7.32	(PRODUCT) <0.00379	(PRODUCT) 0.00486	(PRODUCT) <0.000902	8.50	N/A	5%	0.2	1.50	1.00
7/10/2026	0.486	0.0846	0.0214	7.24	0.00596	0.0932	0.00585	7.20	0.00408	0.00549	<0.000902	8.47	510	5%	0.3	1.50	1.00
8/17/2026	0.504	0.0854	0.0199	7.32	<0.00379	0.0878	0.00536	7.28	<0.00379	0.00494	<0.000902	8.48	550	5%	0.3	1.50	1.00

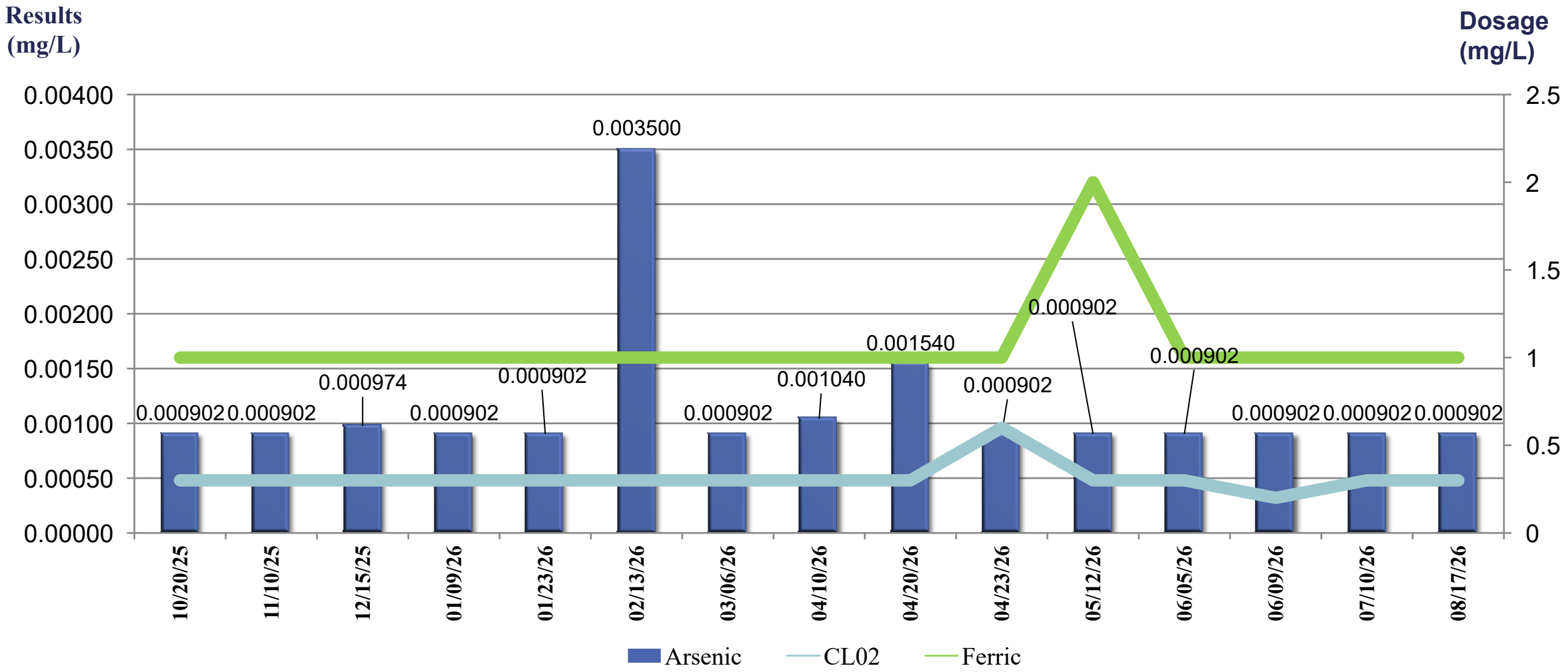
RO and WELL PUMP STATUS

Well #	10/20/2025	11/10/2025	12/15/2025	1/9/2026	1/23/2026	2/13/2026	3/6/2026	4/10/2026	4/20/2026	4/23/2026	5/12/2026	6/5/2026	6/9/2026	7/10/2026	8/17/2026
1 (C-2)	ON	on	ON	ON	ON	ON	ON	ON	OFF	OFF	OFF	OFF	OFF	OFF	OFF
2 (S-5)	ON	on	ON	OFF	OFF	ON	ON	OFF	ON	ON	ON	ON	ON	ON	ON
3 (M-2)	ON	on	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON
4 (S-3C)	ON	on	OFF	ON	ON	ON	OFF	ON	ON	ON	ON	ON	ON	ON	ON
5 (G-4)	ON	on	ON	ON	OFF	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON
6 (M-4)	ON	on	ON	ON	ON	OFF	ON	ON	ON	ON	ON	ON	ON	ON	ON
7 (C-3)	ON	on	ON	OFF	OFF	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON
8 (G-1)	ON	on	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON
9 (D-4B)	ON	off	ON	ON	ON	OFF	OFF	ON	OFF	OFF	OFF	OFF	OFF	OFF	OFF
10 (R-3)	ON	on	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON
11 (SWA-7)	OFF	off	OFF	OFF	ON	ON	ON	ON	OFF	OFF	OFF	OFF	OFF	OFF	OFF
12 (S-3A)	ON	on	OFF	OFF	ON	ON	OFF	ON	ON	ON	ON	ON	ON	ON	OFF
13 (G-5)	ON	on	ON	ON	ON	OFF	ON	ON	ON	ON	ON	OFF	OFF	OFF	OFF
14 (G-2)	ON	on	OFF	ON	OFF	ON	OFF	OFF	OFF	OFF	ON	ON	ON	ON	ON
15 (M-3)	OFF	on	OFF	ON	OFF	ON	ON	OFF	OFF	OFF	ON	OFF	OFF	OFF	ON
16 (D-7)	OFF	on	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON	ON
17 (S-3B)	ON	off	ON	ON	OFF	OFF	ON	ON	ON	ON	OFF	ON	ON	ON	ON
18 (G-3)	OFF	on	ON	ON	OFF	ON	ON	OFF	ON	ON	ON	ON	ON	ON	ON
19 (M-1)	ON	on	ON	ON	OFF	ON	ON	OFF	OFF	OFF	OFF	OFF	OFF	OFF	OFF
20 (D-6)	ON	on	ON	ON	OFF	ON	OFF	ON	ON	ON	ON	ON	ON	ON	ON
	ROs Online	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**	**ROs Online**
	A,B,C,D,F,G,H	A,B,C,D,F,G,H	A,B,C,D,F,G,H	A,B,D,E,F,G,H	A,B,E,G,H	A,B,C,D,F,G,H	B,C,D,E,F,G,H	A,B,C,D,E,F,G	A,B,D,E,G,H	A,B,C,F,G,H	A,B,C,F,G,H	A,B,C,E,F,G	A,B,C,D,F,G	B,C,D,F,G,H	B,C,D,F,G,H

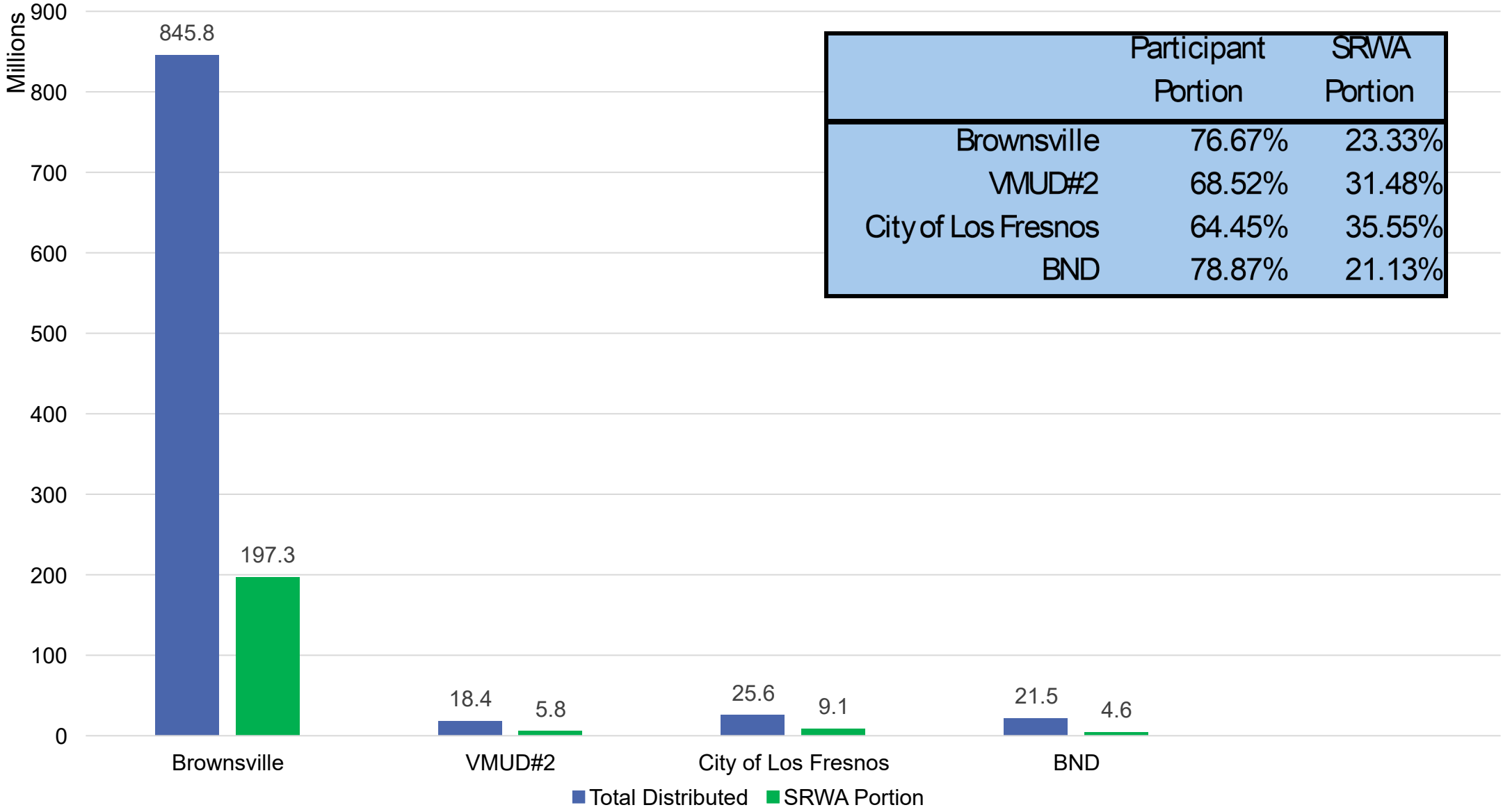
Manganese


Results (mg/L)
Blend %
0.01400
0.01200
0.01000
0.00800
0.00600
0.00400
0.00200
0.00000
25%
20%
15%
10%
5%
0%
0.00364
0.00334
0.00336
0.00366
0.00367
0.00400
0.00884
0.00387
0.00440
0.00609
0.00593
0.00553
0.00486
0.00549
0.00494
10/20/25
11/10/25
12/15/25
01/09/26
01/23/26
02/13/26
03/06/26
04/10/26
04/20/26
04/23/26
05/12/26
06/05/26
06/09/26
07/10/26
08/17/26
Manganese
Blend %

Arsenic


Results (mg/L)
Dosage (mg/L)
0.00400
0.00350
0.00300
0.00250
0.00200
0.00150
0.00100
0.00050
0.00000
2.5
2
1.5
1
0.5
0
0.000902
0.000902
0.000974
0.000902
0.000902
0.003500
0.000902
0.001040
0.001540
0.000902
0.000902
0.000902
0.000902
0.000902
0.000902
10/20/25
11/10/25
12/15/25
01/09/26
01/23/26
02/13/26
03/06/26
04/10/26
04/20/26
04/23/26
05/12/26
06/05/26
06/09/26
07/10/26
08/17/26
Arsenic
CL02
Ferric

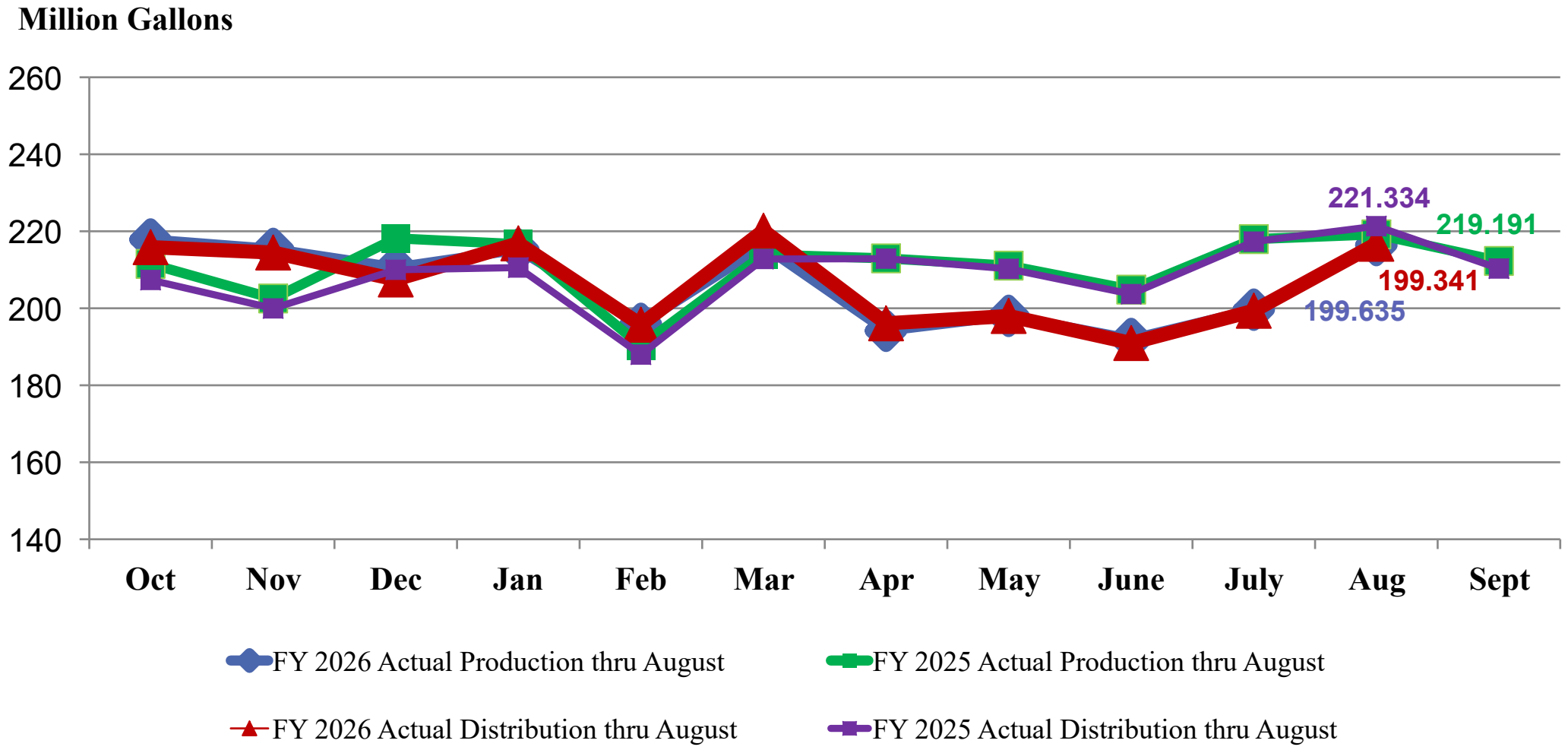
SRWA Water Contribution
August 31, 2026



	Participant Portion	SRWA Portion
Brownsville	76.67%	23.33%
VMUD#2	68.52%	31.48%
City of Los Fresnos	64.45%	35.55%
BND	78.87%	21.13%

Fiscal Year 2026 Southmost Regional Water Authority
Financial Performance as of August 31, 2026

Water Production & Distribution



Financial Performance

For the Month Ended August 31, 2026

Jorge Santillan

Operating Revenues / Expenses

		August 2026	FY 2026 YTD
1.	**Operating Revenues:**		
2.	Member assessments	$ 649,281	$ 7,142,084
3.	Total Operating Revenues	649,281	7,142,084
4.	**Operating Expenses:**		
5.	Personnel services	106,823	997,158
6.	Materials and supplies	98,689	1,661,679
7.	Repairs and maintenance	4,056	87,730
8.	Contractual and other services	149,937	1,744,037
9.	Depreciation expense	113,184	1,240,476
10.	Total Operating Expenses	472,689	5,731,080
11.	**Operating Income (Loss)**	176,592	1,411,004

Non-Operating Revenues / Expenses

		August 2026	FY 2026 YTD
12.	Non-Operating Revenues (Expenses):		
13.	Non-operating revenues (expenses)	(2,627)	(9,150)
14.	Interest from investments	50,549	522,958
15.	Amortized regulatory costs and bond premium	7,017	77,189
16.	Interest expense	(39,797)	(437,768)
17.	Gain (Loss) on Disposition of Property	-	-
18.	Net Non-Operating Revenues (Expenses)	15,142	153,229
19.	Income (Loss) before capital contributions	191,734	1,564,233
20.	Capital contributions	-	-
21.	Change in net position	191,734	1,564,233
22.	Net Position, beginning of year	28,261,234	26,888,735
23.	Net Position, end of period	$ 28,452,968	$ 28,452,968

SUMMARY BY TYPE

TYPE	ACCOUNT	Budget	YTD Actuals	Budget Balance	% of Budget Spent
61 Personnel Salaries & Wages	6160 Overhead Labor	$1,127,484	$997,158	$130,326	88.4%
	Total	**$1,127,484**	**$997,158**	**$130,326**	**88.4%**
71 Operating Office Expenses	7102 Sponsorships	$1,000	$0	$1,000	0.0%
	7105 Books & periodicals	$150	$0	$150	0.0%
	7110 Dues & memberships	$1,800	$2,304	($504)	128.0%
	7120 Office supplies	$1,200	$2,088	($888)	174.0%
	7130 Postage/shipping charges	$600	$238	$362	39.7%
	7135 Telephone expenses	$19,000	$15,002	$3,998	79.0%
	7140 Training expenses	$4,000	$3,495	$505	87.4%
	7145 Travel expenses	$3,000	$877	$2,123	29.2%
	7180 Utilities - departmental	$1,000,000	$1,077,447	($77,447)	107.7%
	Total	**$1,030,750**	**$1,101,451**	**($70,701)**	**106.9%**
72 Operating Materials & Supplies	7203 Sand, Caliche, Gravel,Concrete etc	$27,000	$0	$27,000	0.0%
	7225 Safety supplies	$2,500	$498	$2,002	19.9%
	7278 Chemicals - sodium chlorite	$120,000	$92,944	$27,056	77.5%
	7281 Chemicals - ammonia	$45,000	$30,706	$14,294	68.2%
	7282 Chemicals - caustic soda	$55,000	$46,011	$8,989	83.7%
	7283 Chemicals - chlorine	$177,000	$153,408	$23,592	86.7%
	7288 Chemicals - ferric chloride	$25,000	$25,932	($932)	103.7%
	7291 Chemicals-Microfiltration Cleaners	$60,000	$38,930	$21,070	64.9%
	7292 Chemicals - Sodium Bisulfite	$28,000	$20,239	$7,762	72.3%
	7293 Chemicals - other	$1,500	$0	$1,500	0.0%
	7294 Chemicals - calcium chloride	$876,000	$736,226	$139,774	84.0%
	7295 Chemicals - membrane cleaner	$66,000	$16,336	$49,664	24.8%
	7296 Chemicals - scale inhibitor	$55,000	$41,600	$13,400	75.6%
	7297 Chemicals - cartridge filters	$42,000	$33,871	$8,129	80.6%
	7298 membranes	$382,800	$334,999	$47,801	87.5%
	7299 Other materials & supplies	$168,000	$89,979	$78,021	53.6%
	Total	**$2,130,800**	**$1,661,679**	**$469,121**	**78.0%**
73 Operating Miscellaneous General Exp	7310 Federal, state, & local fees	$1,000	$51	$949	5.1%
	7315 Food, meals, ice, water	$6,500	$8,369	($1,869)	128.8%
	7325 Rental of equip/storage/land	$173,000	$103,951	$69,049	60.1%
	7335 Wearing apparel & dry goods	$2,500	$0	$2,500	0.0%
	7380 Insurance - general liability	$1,950	$1,633	$317	83.7%
	7381 Insurance - boiler,mchnry,property	$220,000	$140,014	$79,986	63.6%
	7384 Insurance - public officials liab	$5,000	$1,938	$3,062	38.8%
	7385 Insurance - comprehensive auto liab	$2,500	$810	$1,690	32.4%
	Total	**$412,450**	**$256,766**	**$155,684**	**62.3%**
74 Operating Transportation Expense	7415 Fuels & lubricants	$4,000	$2,980	$1,020	74.5%
	Total	**$4,000**	**$2,980**	**$1,020**	**74.5%**
75 Operating Maint. of General Plant	7520 Maint. of minor equipment	$7,000	$0	$7,000	0.0%
	7581 Maintenance wells	$203,880	$87,730	$116,150	43.0%
	Total	**$210,880**	**$87,730**	**$123,150**	**41.6%**

SUMMARY BY TYPE

TYPE	ACCOUNT	Budget	YTD Actuals	Budget Balance	% of Budget Spent
76 Operating Consultants/Outside Svc	7601 Legal Fees	$6,000	$1,451	$4,549	24.2%
	7605 Engineering fees	$60,000	$0	$60,000	0.0%
	7615 External auditor fees	$10,000	$11,000	($1,000)	110.0%
	7645 Maintenance services	$25,120	$24,738	$382	98.5%
	7650 Security services	$5,000	$0	$5,000	0.0%
	7660 Ground Keeping Maintenance	$123,000	$126,570	($3,570)	102.9%
	7699 Other services	$250,000	$168,489	$81,511	67.4%
	Total	**$479,120**	**$332,249**	**$146,871**	**69.3%**
78 Operating Purch/Minor Tools & Equip	7801 Communication equipment	$1,000	$0	$1,000	0.0%
	7805 Computer equipment	$2,500	$0	$2,500	0.0%
	7810 Laboratory equipment	$5,000	$0	$5,000	0.0%
	7820 Office furniture & equipment	$1,000	$874	$126	87.4%
	7830 Pumping equipment	$84,000	$48,327	$35,673	57.5%
	7835 Tools, shop and garage equipment	$1,000	$53	$947	5.3%
	7899 Other minor tools & equipment	$6,000	$1,337	$4,663	22.3%
	Total	**$100,500**	**$50,591**	**$49,909**	**50.3%**
Total		**$5,495,984**	**$4,490,604**	**$1,005,380**	**81.7%**

OPERATIONAL & FINANCIAL REPORT

SRWA
Southmost Regional Water Authority



For the Month Ended August 31, 2026









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SRWA
Southmost Regional Water Authority

September 11, 2026

Southmost Regional Water Authority

Dear Board Members:

Enclosed is the report on the financial and plant operations of the Southmost Regional Water Authority for the month ended August 31, 2026.

Sincerely,

Justin M. Locke
Chief Financial Officer

1255 FM 511. P.O. Box 3270
Brownsville. Texas 78523-3270
(956) 350-8819 fax (956) 350 8973

I.
Financial Statements

SRWA
Southmost Regional Water Authority

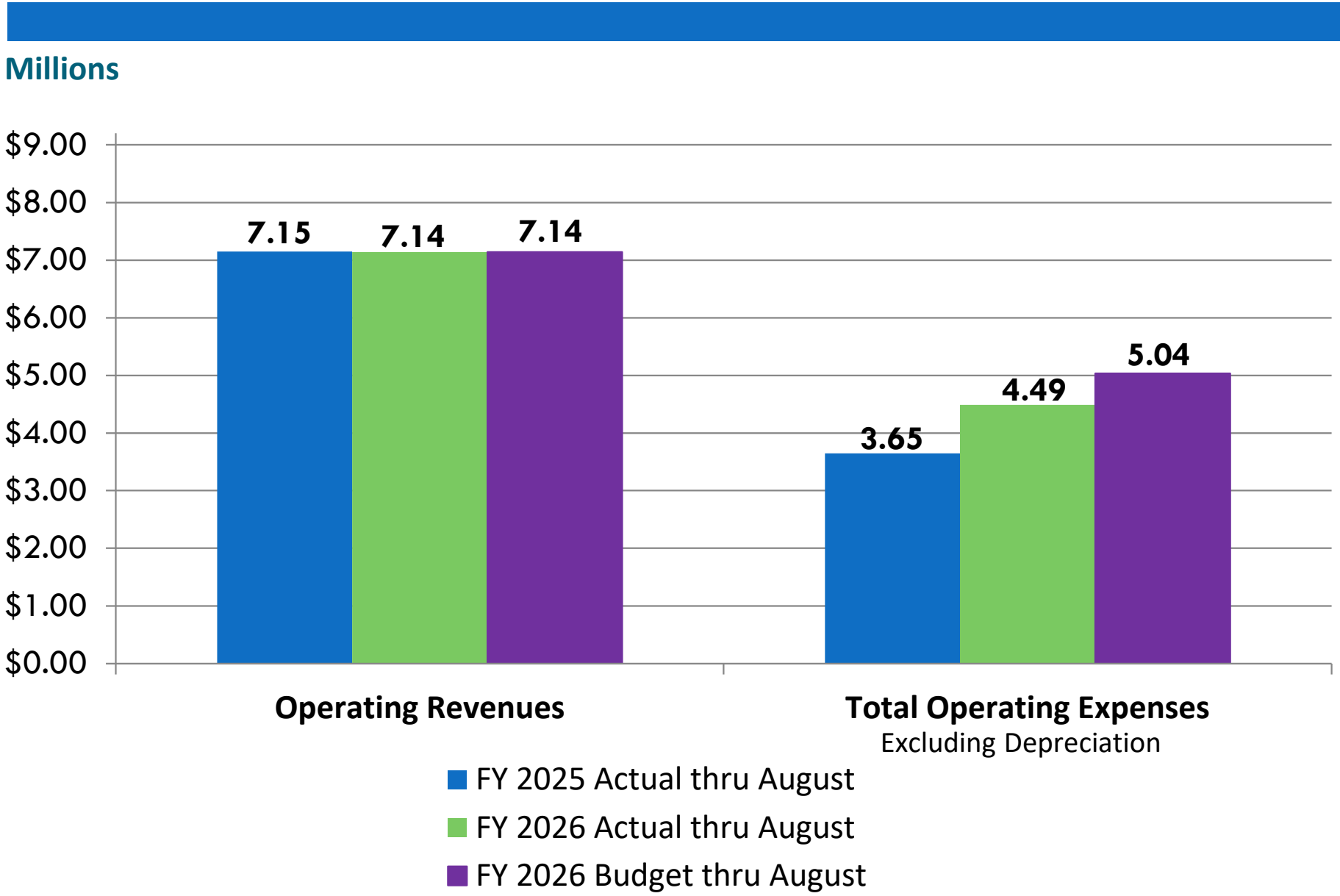
Statements of Net Position
August 31, 2026 and September 30, 2025

	August 2026	Audited September 2025
ASSETS		
Current Assets:		
Cash - unrestricted	$ 4,350,609	$ 10,000
Investments - unrestricted	6,366,029	10,224,112
Investments - restricted	2,239,851	360,688
Due from other governments	40,619	13,486
Interest receivable	99,166	80,359
Prepaid expense	96,278	90,456
Total Current Assets	13,192,552	10,779,100
Non-Current Assets:		
Cash-restricted	25,344	-
Investments - restricted	2,846,271	2,822,216
Capital assets, net of accumulated depreciation	29,215,925	30,098,030
Unamortized regulatory assets	127,189	166,709
Total Non-Current Assets	32,214,729	33,086,955
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	247,052	323,978
Total Deferred Outflows of Resources	247,052	323,978
Total Assets plus Deferred Outflows of Resources	$ 45,654,333	$ 44,190,033
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	$ 198,880	$ 364,801
Unearned revenues	250,852	190,214
Total Current Unrestricted Liabilities	449,732	555,015
Payable from restricted assets:		
Accrued interest	238,783	39,797
Bonds payable - current redemption	1,805,000	1,805,000
Total Current Restricted Libilities	2,043,783	1,844,797
Total Current Liabilities	2,493,515	2,399,812
Non-Current Liabilities:		
Bonds payable	14,410,000	14,410,000
Reoffering premium	427,948	642,840
Bond issue discount	(130,098)	(151,353)
Total Non-Current Liabilities	14,707,850	14,901,488
Total Liabilities	17,201,365	17,301,299
Net Position:		
Net investment in capital assets	12,950,127	13,715,521
Restricted for debt service	2,817,119	1,085,540
Restricted for capital projects	2,055,564	2,057,568
Unrestricted	10,630,158	10,030,106
Total Net Position	28,452,968	26,888,735
Total Liabilities and Net Position	$ 45,654,333	$ 44,190,034

Statements of Revenues, Expenses, and Changes in Net Position
For the Month Ended August 31, 2026 and Fiscal Year Ended September 30, 2025

	August 2026	Audited September 2025
Operating Revenues:		
Member assessments	$ 7,142,084	$ 7,800,691
Total Operating Revenues	7,142,084	7,800,691
Operating Expenses:		
Personnel services	997,158	974,469
Materials and supplies	1,661,679	1,290,451
Repairs and maintenance	87,730	131,443
Contractual and other services	1,744,037	1,852,414
Depreciation expense	1,240,476	1,363,931
Total Operating Expenses	5,731,080	5,612,708
Operating Income	1,411,004	2,187,983
Non-Operating Revenues (Expenses):		
Non-operating revenues (expenses)	(9,150)	(10,032)
Interest from investments	522,958	632,262
Amortized regulatory costs	77,189	84,206
Interest expense	(437,768)	(540,540)
Gain (Loss) on disposition of property	-	-
Net Non-Operating Revenues (Expenses)	153,229	165,896
Income before capital contributions	1,564,233	2,353,879
Capital contributions	-	-
Change in net position	1,564,233	2,353,879
Net position at beginning of year	26,888,735	24,534,856
Net position at end of year	$ 28,452,968	$ 26,888,735

Fiscal Year 2026 Southmost Regional Water Authority
Financial Performance as of August 31, 2026



Statement of Demand Accounts & Investments
August 31, 2026

Current:	Demand	Investments	Totals
Operating Cash	$ 4,350,609	$ 4,133,041	$ 8,483,650
Operating Fund - Membrane Replacement	-	1,300,518	1,300,518
Operation & Maintenance Reserve	-	932,470	932,470
Capital Improvement	188	2,055,376	2,055,564
Debt Service Fund	25,156	1,613,017	1,638,173
Debt Service Fund 2009	-	626,834	626,834
Debt Service Reserve Fund 2009	-	790,895	790,895
Total	$ 4,375,953	$ 11,452,151	$ 15,828,104

II.
Operations & Maintenance Expenses

Approved FY 2026 Budget Allocation

SRWA
Southmost Regional Water Authority

FISCAL YEAR 2026
APPROVED BUDGET ALLOCATION
BY PARTICIPANT

Line Ref	[A] PARTICIPANT	[B] PERCENT ALLOCATION	[C] 2026 TOTAL DEBT SERVICE	[D] 2026 APPROVED O&M BUDGET	[E] 2026 APPROVED CAPITAL BUDGET	[F] 2026 INTEREST ON INVESTMENTS *	[G] TOTAL APPROVED 2026 ALLOCATION	[H] TOTAL APPROVED 2025 ALLOCATION	[I] VARIANCE: FISCAL YEAR 2026 VS 2025 ([G]-[I])
1	Brownsville Public Utilities Board	92.91%	$ 2,120,732	$ 5,106,319	$ 337,091	$ (325,185)	$ 7,238,957	$ 7,247,621	$ (8,664)
2	Valley Municipal Utility District No. 2	2.51%	57,292	137,949	9,107	(8,785)	195,563	195,797	(234)
3	City of Los Fresnos	2.28%	52,042	125,308	8,272	(7,980)	177,642	177,856	(214)
4	Brownsville Navigation District	2.10%	47,934	115,416	7,619	(7,350)	163,619	163,815	(196)
5	Town of Indian Lake	0.20%	4,565	10,992	726	(700)	15,583	15,602	(19)
6		**100.00%**	**$ 2,282,565**	**$ 5,495,984**	**$ 362,815**	**$ (350,000)**	**$ 7,791,364**	**$ 7,800,691**	**$ (9,327)**
7	**FISCAL YEAR 2025 APPROVED BUDGET:**		**$ 2,276,265**	**$ 5,924,426**	**$ -**	**$ (400,000)**	**$ 7,800,691**		
8	**Dollar Increases - FY 2026 VS. 2025 APPROVED**		**$ 6,300**	**$ (428,442)**	**$ 362,815**	**$ (50,000)**	**$ (9,327)**		
9	**% DECREASE - FY 2026 VS. 2025 APPROVED**		**0.28%**	**-7.23%**	**100.00%**	**-12.50%**	**-0.12%**		

*** Interest earned on investments will offset the participant allocations.**

Summary by Account Type

11

TYPE	ACCOUNT	Budget	YTD Actuals	Budget Balance	% of Budget Spent
61 Personnel Salaries & Wages	6160 Overhead Labor	$1,127,484	$997,158	$130,326	88.4%
	Total	**$1,127,484**	**$997,158**	**$130,326**	**88.4%**
71 Operating Office Expenses	7102 Sponsorships	$1,000	$0	$1,000	0.0%
	7105 Books & periodicals	$150	$0	$150	0.0%
	7110 Dues & memberships	$1,800	$2,304	($504)	128.0%
	7120 Office supplies	$1,200	$2,088	($888)	174.0%
	7130 Postage/shipping charges	$600	$238	$362	39.7%
	7135 Telephone expenses	$19,000	$15,002	$3,998	79.0%
	7140 Training expenses	$4,000	$3,495	$505	87.4%
	7145 Travel expenses	$3,000	$877	$2,123	29.2%
	7180 Utilities - departmental	$1,000,000	$1,077,447	($77,447)	107.7%
	Total	**$1,030,750**	**$1,101,451**	**($70,701)**	**106.9%**
72 Operating Materials & Supplies	7203 Sand, Caliche, Gravel,Concrete etc	$27,000	$0	$27,000	0.0%
	7225 Safety supplies	$2,500	$498	$2,002	19.9%
	7278 Chemicals - sodium chlorite	$120,000	$92,944	$27,056	77.5%
	7281 Chemicals - ammonia	$45,000	$30,706	$14,294	68.2%
	7282 Chemicals - caustic soda	$55,000	$46,011	$8,989	83.7%
	7283 Chemicals - chlorine	$177,000	$153,408	$23,592	86.7%
	7288 Chemicals - ferric chloride	$25,000	$25,932	($932)	103.7%
	7291 Chemicals-Microfiltration Cleaners	$60,000	$38,930	$21,070	64.9%
	7292 Chemicals - Sodium Bisulfite	$28,000	$20,239	$7,762	72.3%
	7293 Chemicals - other	$1,500	$0	$1,500	0.0%
	7294 Chemicals - calcium chloride	$876,000	$736,226	$139,774	84.0%
	7295 Chemicals - membrane cleaner	$66,000	$16,336	$49,664	24.8%
	7296 Chemicals - scale inhibitor	$55,000	$41,600	$13,400	75.6%
	7297 Chemicals - cartridge filters	$42,000	$33,871	$8,129	80.6%
	7298 membranes	$382,800	$334,999	$47,801	87.5%
	7299 Other materials & supplies	$168,000	$89,979	$78,021	53.6%
	Total	**$2,130,800**	**$1,661,679**	**$469,121**	**78.0%**
73 Operating Miscellaneous General Exp	7310 Federal, state, & local fees	$1,000	$51	$949	5.1%
	7315 Food, meals, ice, water	$6,500	$8,369	($1,869)	128.8%
	7325 Rental of equip/storage/land	$173,000	$103,951	$69,049	60.1%
	7335 Wearing apparel & dry goods	$2,500	$0	$2,500	0.0%
	7380 Insurance - general liability	$1,950	$1,633	$317	83.7%
	7381 Insurance - boiler,mchnry,property	$220,000	$140,014	$79,986	63.6%
	7384 Insurance - public officials liab	$5,000	$1,938	$3,062	38.8%
	7385 Insurance - comprehensive auto liab	$2,500	$810	$1,690	32.4%
	Total	**$412,450**	**$256,766**	**$155,684**	**62.3%**
74 Operating Transportation Expense	7415 Fuels & lubricants	$4,000	$2,980	$1,020	74.5%
	Total	**$4,000**	**$2,980**	**$1,020**	**74.5%**
75 Operating Maint. of General Plant	7520 Maint. of minor equipment	$7,000	$0	$7,000	0.0%
	7581 Maintenance wells	$203,880	$87,730	$116,150	43.0%
	Total	**$210,880**	**$87,730**	**$123,150**	**41.6%**
76 Operating Consultants/Outside Svc	7601 Legal Fees	$6,000	$1,451	$4,549	24.2%
	7605 Engineering fees	$60,000	$0	$60,000	0.0%
	7615 External auditor fees	$10,000	$11,000	($1,000)	110.0%
	7645 Maintenance services	$25,120	$24,738	$382	98.5%
	7650 Security services	$5,000	$0	$5,000	0.0%
	7660 Ground Keeping Maintenance	$123,000	$126,570	($3,570)	102.9%
	7699 Other services	$250,000	$168,489	$81,511	67.4%
	Total	**$479,120**	**$332,249**	**$146,871**	**69.3%**
78 Operating Purch/Minor Tools & Equip	7801 Communication equipment	$1,000	$0	$1,000	0.0%
	7805 Computer equipment	$2,500	$0	$2,500	0.0%
	7810 Laboratory equipment	$5,000	$0	$5,000	0.0%
	7820 Office furniture & equipment	$1,000	$874	$126	87.4%
	7830 Pumping equipment	$84,000	$48,327	$35,673	57.5%
	7835 Tools, shop and garage equipment	$1,000	$53	$947	5.3%
	7899 Other minor tools & equipment	$6,000	$1,337	$4,663	22.3%
	Total	**$100,500**	**$50,591**	**$49,909**	**50.3%**
Total		**$5,495,984**	**$4,490,604**	**$1,005,380**	**81.7%**



Check Register for the Month Ended August 31, 2026

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CHECK #	COAS	BANK CODE	CHECK AMT	CHECK DATE	VENDOR_NAME	COMM_DESC
!0090129	P	SM	60.74	08/13/26	MODEL LAUNDRY LLC	LAUNDRY AND CLEANING SERVICE DEPT 3190
!0090130	P	SM	1,365.00	08/13/26	SMARTCOM TELEPHONE, LLC	TELEPHONE AND INTERNET SERVICES
!0090131	P	SM	12,150.00	08/13/26	VALLEYWIDE TREE TRIMMING, LLC	SRWA ANNUAL GROUNDS KEEPING
!0090132	P	SM	401.87	08/13/26	XEROX CORPORATION	SRWA: XEROX C8155H SERIAL# EHQ-405941
!0090194	P	SM	69,542.00	08/20/26	UNIVAR SOLUTIONS USA, INC.	SRWA: ANNUAL SUPPLY OF CALCIUM CHLORIDE SOLUTION
!0090195	P	SM	8,450.00	08/20/26	VALLEYWIDE TREE TRIMMING, LLC	SRWA ANNUAL GROUNDS KEEPING
!0090262	P	SM	5,516.00	08/27/26	EWT HOLDINGS III CORP	SRWA:SERVICE RENEWAL OF CHLORINE DIOXIDE EQUIPMENT
!0090263	P	SM	2,975.00	08/27/26	FELGLO, INC.	REPAIR STAINLESS STEEL PUMP
!0090264	P	SM	1,260.00	08/27/26	MCLEMORE BUILDING	SRWA ANNUAL JANITORIAL SERVICES
!0090265	P	SM	4,056.00	08/27/26	SOUTH TEXAS WATER WELL	SRWA: SUBMERSILBE PUMP / MOTORS SVC, REPAIR
!0090266	P	SM	189.00	08/27/26	SOUTHERN PETROLEUM LABORATORIES,	CONTRACT LABORATORY SERVICES DEPT #3190
!0090267	P	SM	8,350.00	08/27/26	STEWART & STEVENSON LLC	RENTAL OF 1,000 KW STAND-BY POWER DIESEL GENERATOR
!0090268	P	SM	2,000.00	08/27/26	U.S. BANK NATIONAL ASSOCIATION	SRWA REV BDS 2017(ADMIN FEE 05/01/26-04/30/27)
00182673	P	SM	9,588.00	08/20/26	PVS DX INC	SRWA: ANNUAL SUPPLY OF CHLORINE
W0019186	P	SD	190,213.75	08/19/26	U.S. BANK NATIONAL ASSOCIATION	SRWA BOND WTR SUP CTR 2009 A&B, 2012 & 2017 AUG'26
W0019187	P	SM	8,615.22	08/25/26	U.S. BANK NATIONAL ASSOCIATION	PROCURMENT CARD PURCHASE

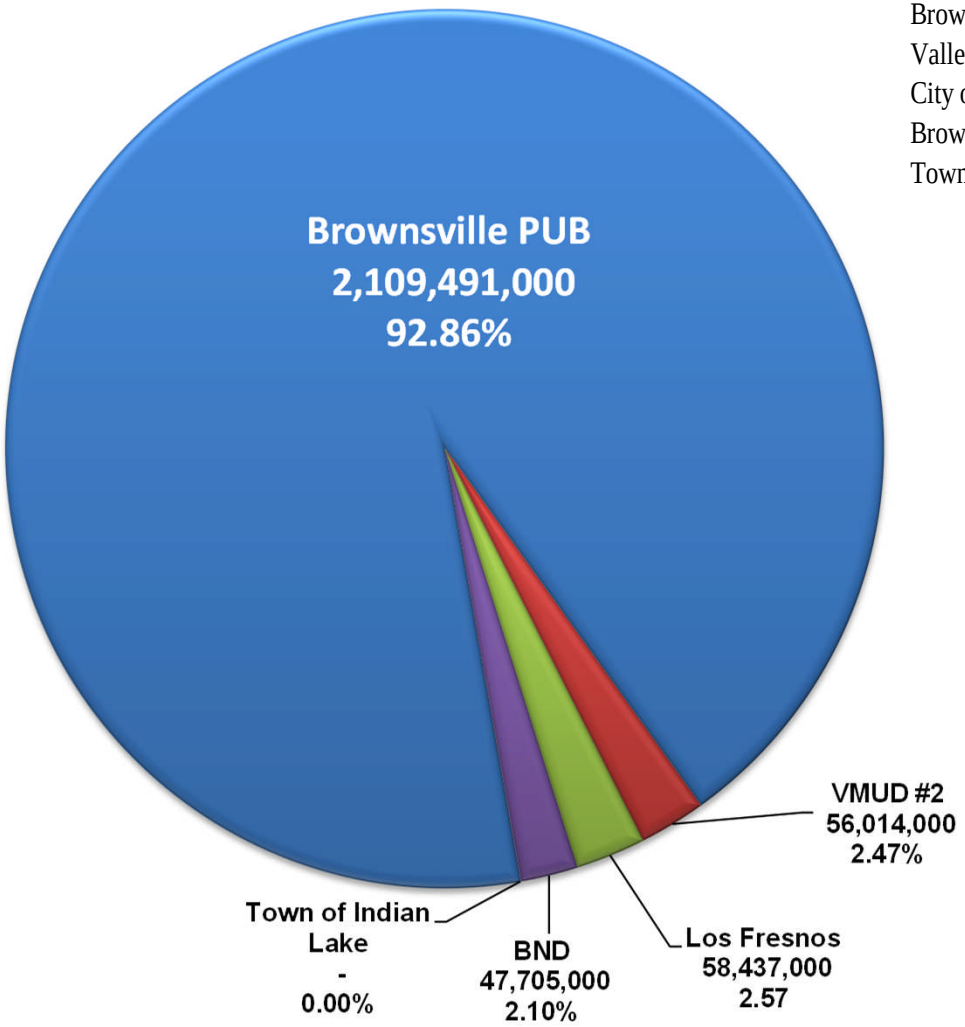
TOTAL CHECK REGISTER FOR THE MONTH OF AUG	**324,732.58**
TOTAL CANCEL CHECKS FOR THE MONTH OF AUG	**0**
TOTAL FOR THE MONTH OF AUG	**324,732.58**

III.
Operational Statistics

SRWA Total Distribution

Fiscal Year 2026 Southmost Regional Water Authority
Financial Performance as of August 31, 2026

Total SRWA Distribution: **2,271,647,000 Gallons**



Participant	Percent Allocation	Allocable Distribution	Actual Distribution		Over (Under) Distributed
Brownsville Public Utilities Board	92.91%	2,110,587,228	2,109,491,000		(1,096,228)
Valley Municipal Utility District #2	2.51%	57,018,339	56,014,000		(1,004,339)
City of Los Fresnos	2.28%	51,793,552	58,437,000		6,643,448
Brownsville Navigation District	2.10%	47,704,587	47,705,000	[2]	413
Town of Indian Lake	0.20%	4,543,294	-	[1]	(4,543,294)
	100.00%	2,271,647,000	2,271,647,000		-

Comments:

1. As of January 1, 2009, Los Fresnos is purchasing Indian Lake's water allocation.
2. PUB is providing credit to the BND for their SRWA share on their monthly bill.
3. Unit Cost of Water combines O&M and Debt Service.

SRWA Unit Cost of Water (1,000 gallons) [3]

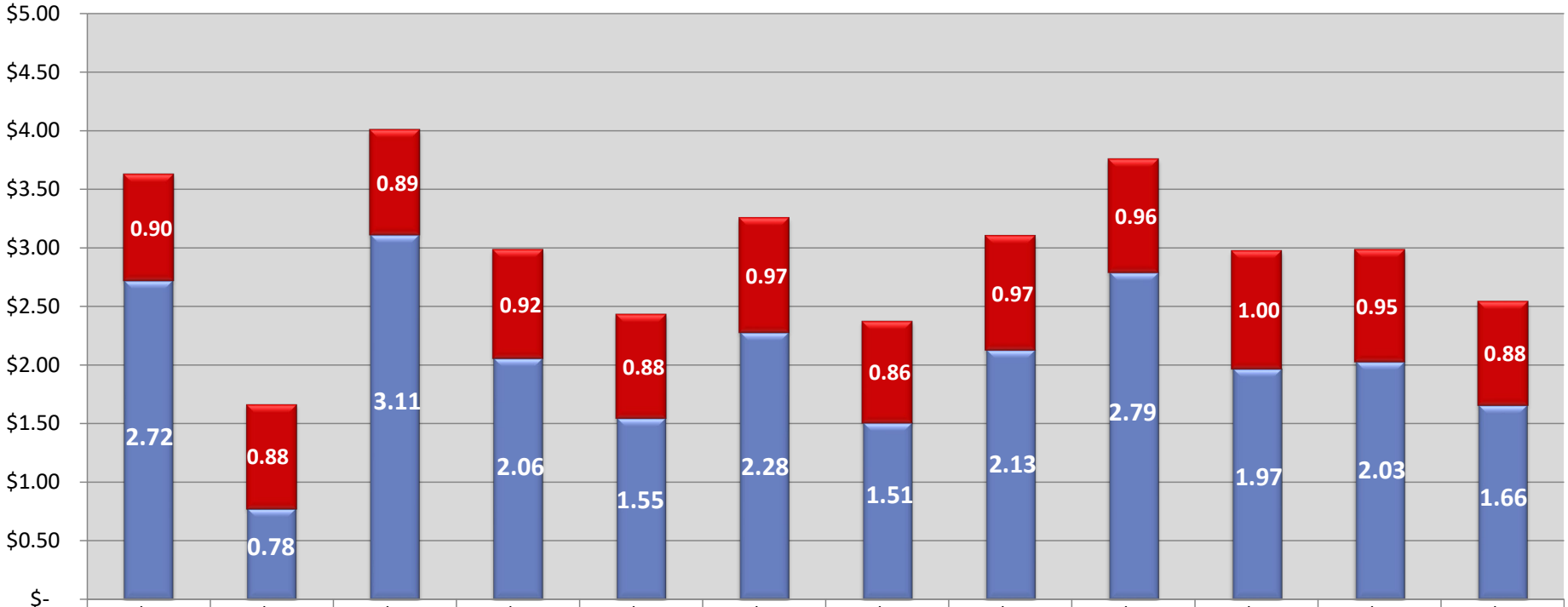
	O&M	DS	Combined
FY Ending 2024	$ 1.93	$ 0.91	$ 2.84
FY Ending 2025	$ 1.96	$ 0.91	$ 2.87

Historical Monthly Unit Cost of Water

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SRWA
Southmost Regional Water Authority

SOUTHMOST REGIONAL WATER AUTHORITY
UNIT COST OF WATER (THOUSAND GALLONS)
September 2025 - August 2026



	09/2025	10/2025	11/2025	12/2025	01/2026	02/2026	03/2026	04/2026	05/2026	06/2026	07/2026	08/2026
COMBINED RATE	3.62	1.66	4.00	2.98	2.43	3.25	2.37	3.10	3.75	2.97	2.98	2.54
DEBT SERVICE	0.90	0.88	0.89	0.92	0.88	0.97	0.86	0.97	0.96	1.00	0.95	0.88
O & M	2.72	0.78	3.11	2.06	1.55	2.28	1.51	2.13	2.79	1.97	2.03	1.66



Summary of Distribution for FY 2026

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[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
SRWA 2025-2026 FY Water Distribution Summary and True-Up Estimate										
		SRWA Total Distribution			**BPUB[1]**	**Valley MUD#2**	**Los Fresnos[2]**	**BND[1]**	**Indian Lake[2]**	**Total**
Allocation	**Percent (%)**	**Million Gals**	**Dist. Per sum of column f-j**	**Difference**	**92.91% Million Gals**	**2.51% Million Gals**	**2.28% Million Gals**	**2.10%**	**0.20%**	**100.00%**
	Oct-25	215.868	215.868	0.000	203.694	5.503	1.706	4.533	0.432	215.868
	Nov-25	214.472	214.472	0.000	202.702	5.278	1.559	4.504	0.429	214.472
	Dec-25	207.468	207.468	0.000	195.585	5.453	1.658	4.357	0.415	207.468
	Jan-26	216.848	216.848	0.000	196.888	5.954	9.018	4.554	0.434	216.848
	Feb-26	195.724	195.724	0.000	181.446	5.388	4.389	4.110	0.391	195.724
	Mar-26	220.139	220.139	0.000	205.617	4.236	5.223	4.623	0.440	220.139
	Apr-26	196.088	196.088	0.000	181.243	4.659	5.676	4.118	0.392	196.088
	May-26	197.988	197.988	0.000	182.114	6.140	5.180	4.158	0.396	197.988
	Jun-26	190.963	190.963	0.000	178.716	3.524	4.331	4.010	0.382	190.963
	Jul-26	199.341	199.341	0.000	184.193	4.087	6.476	4.186	0.399	199.341
	Aug-26	216.748	216.748	0.000	197.293	5.792	8.678	4.552	0.433	216.748
	Sep-26		0.000	0.000						-
Actual Distribution	**YTD MG**	**2,271.647**	**2,271.647**	**0.000**	**2,109.491**	**56.014**	**53.894**	**47.705**	**4.543**	**2,271.647**
	Daily Average (MGD)	**6.781**			**6.297**	**0.167**	**0.161**	**0.142**	**0.014**	**6.781**

True up Estimate: This is not a bill.

Allocable Distribution Based on % Participation	2,110.587	57.018	51.794	47.705	4.543	2,271.647
Consolidation of Distribution per Agreements	2,158.292	57.018	56.337	-	-	2,271.647
Over (Under) Distributed	(1.10)	(1.00)	2.10	-	-	(0.000)
FY2026 Estimated O&M Cost Per Thousand Gallons	$ 1.96	$ 1.96	$ 1.96			
Total Cost of Over (Under) Distributed	**$ (2,147.80)**	**$ (1,968.51)**	**$ 4,116.30**	**$ -**	**$ -**	**$ -**

[1] BPUB is providing credit to the BND for their SRWA share on their monthly BPUB water bill.

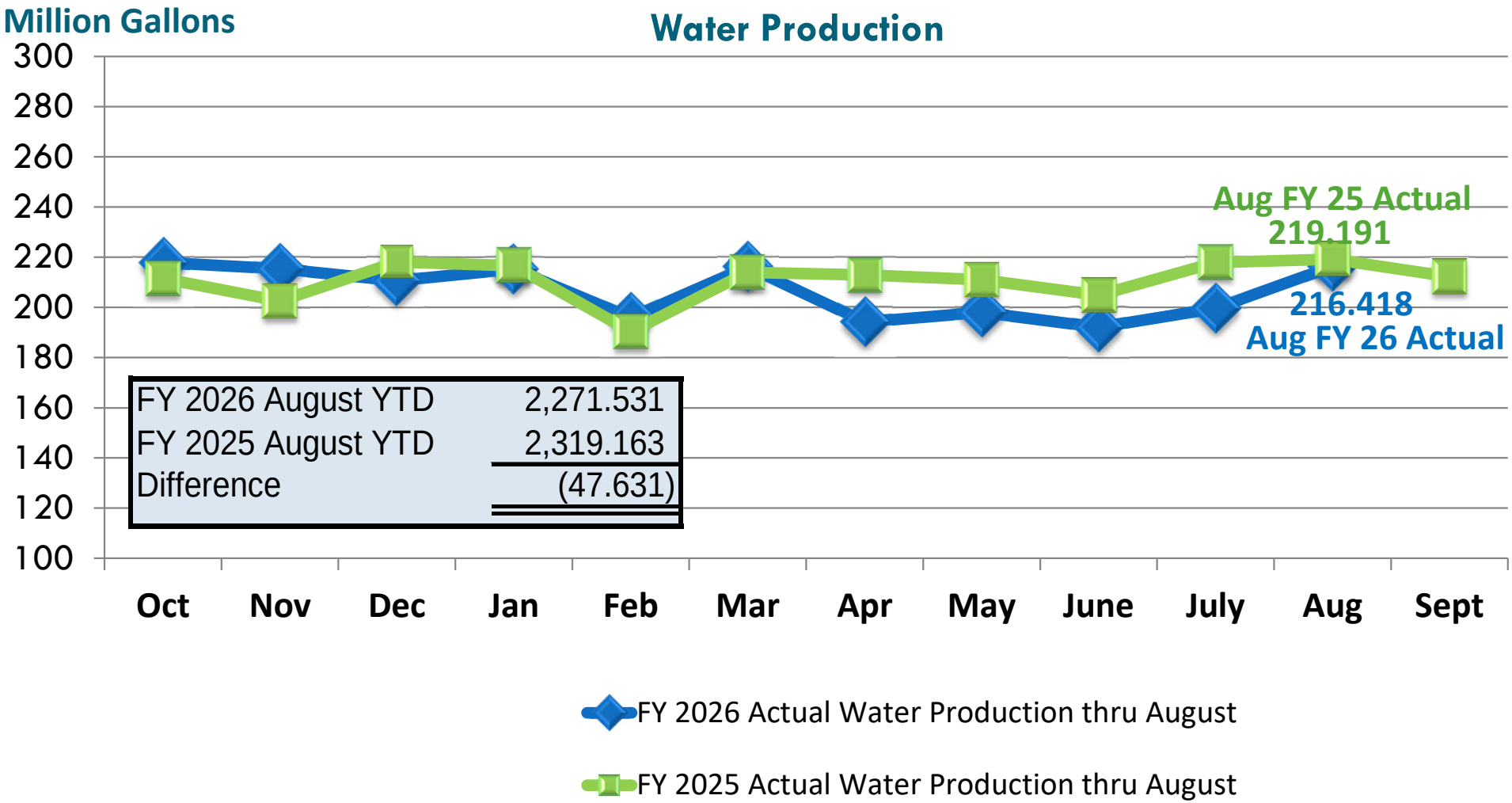
[2] As of Jan 1, 2009, City of Los Fresnos is purchasing Indian Lake's water allocation (as per Interlocal Agreement dated 10/14/2008)

$ -

Water Production Chart

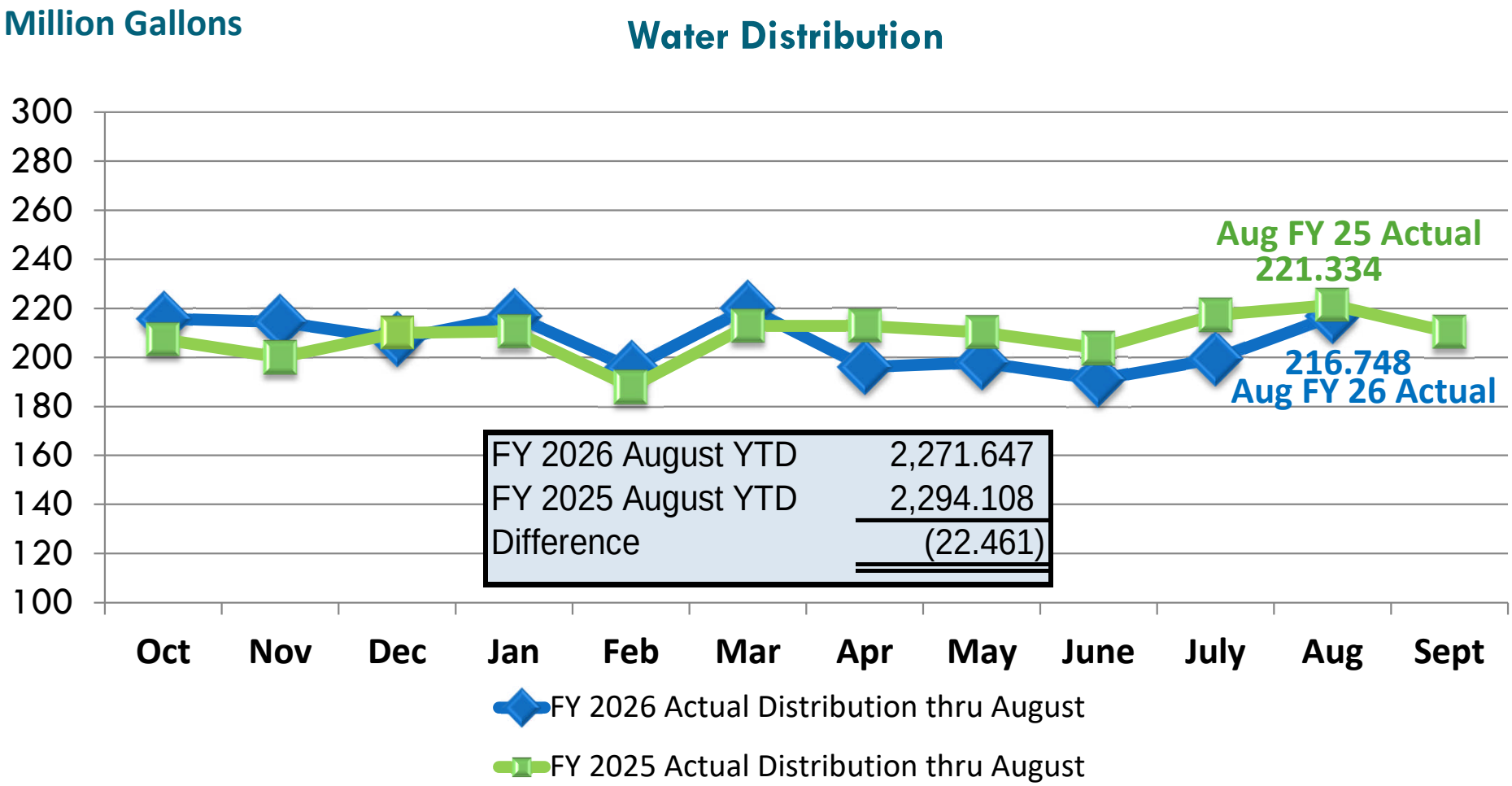
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Fiscal Year 2026 Southmost Regional Water Authority
Financial Performance as of August 31, 2026



Water Distribution Chart

Fiscal Year 2026 Southmost Regional Water Authority
Financial Performance as of August 31, 2026



Production/Distribution Costs

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: August-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.174	0.059	7.233	6.082	0.235	0.172	6.489
2	6.721	0.058	6.779	5.560	0.258	0.209	6.027
3	7.211	0.057	7.268	7.212	0.283	0.280	7.775
4	7.245	0.058	7.303	7.222	0.246	0.196	7.664
5	7.248	0.058	7.306	6.087	0.613	0.236	6.936
6	7.152	0.056	7.208	6.597	0.460	0.240	7.297
7	7.316	0.059	7.375	6.857	0.226	0.186	7.269
8	7.145	0.056	7.201	6.311	0.312	0.180	6.803
9	6.588	0.055	6.643	6.129	0.288	0.227	6.644
10	7.130	0.057	7.187	7.461	0.031	0.203	7.695
11	6.911	0.058	6.969	6.690	0.268	0.114	7.072
12	7.002	0.055	7.057	6.553	0.296	0.216	7.065
13	7.160	0.057	7.217	6.663	0.386	0.133	7.182
14	6.640	0.205	6.845	7.041	0.255	0.164	7.460
15	6.194	0.310	6.504	5.981	0.270	0.188	6.439
16	6.218	0.312	6.530	5.773	0.287	0.194	6.254
17	5.939	0.292	6.231	6.371	0.258	0.203	6.832
18	6.290	0.315	6.605	6.052	0.292	0.111	6.455
19	6.554	0.169	6.723	6.714	0.372	0.179	7.265
20	6.686	0.059	6.745	6.089	0.548	0.181	6.818
21	6.957	0.227	7.184	6.215	0.381	0.133	6.729
22	7.196	0.058	7.254	5.831	0.202	0.186	6.219
23	7.277	0.059	7.336	6.822	0.227	0.204	7.253
24	6.852	0.143	6.995	7.297	0.194	0.224	7.715
25	7.238	0.058	7.296	6.561	0.234	0.191	6.986
26	7.208	0.061	7.269	7.074	0.322	0.197	7.593
27	6.995	0.058	7.053	6.904	0.499	0.120	7.523
28	6.582	0.053	6.635	5.792	0.232	0.143	6.167
29	6.147	0.052	6.199	5.673	0.181	0.199	6.053
30	7.276	0.058	7.334	6.719	0.226	0.212	7.157
31	6.879	0.055	6.934	7.512	0.229	0.171	7.912
TOTALS	**213.131**	**3.287**	**216.418**	**201.845**	**9.111**	**5.792**	**216.748**
AVERAGE	**6.875**	**0.106**	**6.981**	**6.511**	**0.294**	**0.187**	**6.992**

CHEMICAL CONSUMPTION	**TYPE**	**QUANTITY**	**COST/UNIT**	**TOTALS**
Scale Inhibitor	275-Gal Tote	0.40	$10,400.00	$4,160.00
Calcium Chloride	lbs.	413,377.48	$0.2200	$90,943.04
Caustic Soda	lbs.	21,135.28	$0.1980	$4,184.79
Liquid Ammonium Sulfate	lbs.	22,546.17	$0.1425	$3,212.83
Chlorine	Ton Containers	6.37	$2,397.00	$15,268.89
Ferric Chloride	lbs.	6,651.24	$0.2800	$1,862.35
Sodium Bisulfite	lbs.	8,491.69	$0.2125	$1,804.48
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	2.00	$2,595.32	$5,190.64
Sodium Chlorite	lbs.	4,358.27	$0.727	$3,168.46
Chemical cost per thousand gals:	*$0.600*			**$129,795.48**

ELECTRIC CONSUMPTION		**kwh**	**COST/kwh**	**TOTALS**
Well Field		555,600	$0.07623	$42,353.39
MF Processing Plant		149,100	$0.0871	$12,979.16
RO Processing Plant		452,400	$0.0817	$36,975.10
High Service Pumps		138,800	$0.0973	$13,511.49
Power costs per thousand gals:	*$0.489*			**$105,819.13**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: August-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.233		
2	6.779		
3	7.268		
4	7.303		
5	7.306		
6	7.208		
7	7.375		
8	7.201		
9	6.643		
10	7.187		
11	6.969		
12	7.057		
13	7.217		
14	6.845		
15	6.504		
16	6.530		
17	6.231		
18	6.605		
19	6.723		
20	6.745		
21	7.184		
22	7.254		
23	7.336		
24	6.995		
25	7.296		
26	7.269		
27	7.053		
28	6.635		
29	6.199		
30	7.334		
31	6.934		
TOTALS	**216.418**		0
AVERAGE	**6.981**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: July-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	6.224	0.311	6.535	6.451	0.141	0.067	6.659
2	6.191	0.310	6.501	6.229	0.335	0.076	6.640
3	6.182	0.309	6.491	6.209	0.160	0.076	6.445
4	6.199	0.311	6.510	5.911	0.152	0.067	6.130
5	5.989	0.310	6.299	6.379	0.151	0.068	6.598
6	6.304	0.310	6.614	5.881	0.130	0.058	6.069
7	6.317	0.311	6.628	6.667	0.134	0.198	6.999
8	6.290	0.312	6.602	6.700	0.244	0.064	7.008
9	5.947	0.306	6.253	5.306	0.397	0.092	5.795
10	6.199	0.311	6.510	5.878	0.031	0.105	6.014
11	6.206	0.310	6.516	6.290	0.125	0.081	6.496
12	6.142	0.310	6.452	6.396	0.141	0.087	6.624
13	6.001	0.307	6.308	6.259	0.142	0.081	6.482
14	6.287	0.310	6.597	5.415	0.183	0.086	5.684
15	6.196	0.310	6.506	6.877	0.179	0.069	7.125
16	5.796	0.282	6.078	6.135	0.203	0.063	6.401
17	6.252	0.313	6.565	6.007	0.296	0.058	6.361
18	6.179	0.310	6.489	5.534	0.141	0.062	5.737
19	6.195	0.310	6.505	6.399	0.180	0.237	6.816
20	6.211	0.298	6.509	7.984	0.166	0.458	8.608
21	6.783	0.057	6.840	6.337	0.167	0.160	6.664
22	6.521	0.184	6.705	5.369	0.291	0.166	5.826
23	6.201	0.298	6.499	5.242	0.437	0.144	5.823
24	6.214	0.311	6.525	6.384	0.277	0.200	6.861
25	6.083	0.309	6.392	5.228	0.159	0.176	5.563
26	6.223	0.311	6.534	5.669	0.471	0.264	6.405
27	5.860	0.291	6.151	6.964	0.194	0.150	7.308
28	5.551	0.276	5.827	5.293	0.235	0.179	5.708
29	6.210	0.310	6.520	5.997	0.367	0.185	6.549
30	5.485	0.259	5.744	5.095	0.316	0.171	5.582
31	6.301	0.125	6.426	5.894	0.330	0.137	6.361
TOTALS	**190.743**	**8.892**	**199.635**	**188.379**	**6.875**	**4.087**	**199.341**
AVERAGE	**6.153**	**0.287**	**6.440**	**6.077**	**0.222**	**0.132**	**6.430**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.34	$10,400.00	$3,536.00
Calcium Chloride	lbs.	297,827.47	$0.2200	$65,522.04
Caustic Soda	lbs.	17,950.89	$0.1980	$3,554.28
Liquid Ammonium Sulfate	lbs.	20,117.66	$0.1425	$2,866.77
Chlorine	Ton Containers	5.71	$2,397.00	$13,686.87
Ferric Chloride	lbs.	6,018.26	$0.2800	$1,685.11
Sodium Bisulfite	lbs.	7,948.37	$0.2125	$1,689.03
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	1.00	$2,595.32	$2,595.32
Sodium Chlorite	lbs.	3,938.02	$0.727	$2,862.94
Chemical cost per thousand gals:	*$0.491*			**$97,998.36**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		492,000	$0.07623	$37,505.16
MF Processing Plant		133,800	$0.0871	$11,647.29
RO Processing Plant		395,100	$0.0817	$32,291.92
High Service Pumps		138,400	$0.0973	$13,472.55
Power costs per thousand gals:	*$0.475*			**$94,916.92**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: July-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	6.535		
2	6.501		
3	6.491		
4	6.510		
5	6.299		
6	6.614		
7	6.628		
8	6.602		
9	6.253		
10	6.510		
11	6.516		
12	6.452		
13	6.308		
14	6.597		
15	6.506		
16	6.078		
17	6.565		
18	6.489		
19	6.505		
20	6.509		
21	6.840		
22	6.705		
23	6.499		
24	6.525		
25	6.392		
26	6.534		
27	6.151		
28	5.827	Testing of back-up power generator with 4 ROs (Reduced Flow)	1
29	6.520		
30	5.744	Plant maintenance replaced a 12" isolation valve at the microfiltration building	3
31	6.426		
TOTALS	**199.635**		4
AVERAGE	**6.440**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: June-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	5.243	0.244	5.487	5.782	0.320	0.212	6.314
2	5.999	0.304	6.303	5.282	0.160	0.263	5.705
3	6.300	0.307	6.607	5.912	0.120	0.178	6.210
4	6.153	0.307	6.460	6.403	0.138	0.172	6.713
5	5.886	0.299	6.185	6.063	0.222	0.064	6.349
6	6.144	0.308	6.452	5.924	0.136	0.120	6.180
7	5.854	0.304	6.158	6.219	0.148	0.131	6.498
8	6.343	0.307	6.650	6.393	0.132	0.092	6.617
9	6.014	0.301	6.315	6.021	0.129	0.117	6.267
10	5.971	0.298	6.269	6.150	0.031	0.086	6.267
11	6.129	0.307	6.436	5.915	0.117	0.142	6.175
12	6.209	0.309	6.518	6.549	0.227	0.096	6.872
13	6.266	0.313	6.579	5.773	0.110	0.130	6.013
14	5.945	0.296	6.241	5.769	0.120	0.132	6.020
15	5.717	0.286	6.003	5.954	0.104	0.134	6.192
16	6.104	0.307	6.411	6.527	0.101	0.130	6.758
17	6.290	0.310	6.600	6.294	0.111	0.107	6.512
18	6.109	0.308	6.417	5.854	0.145	0.123	6.122
19	6.125	0.310	6.435	6.318	0.183	0.110	6.611
20	6.050	0.306	6.356	6.040	0.165	0.094	6.300
21	6.273	0.314	6.587	6.127	0.338	0.119	6.584
22	6.173	0.309	6.482	6.528	0.137	0.099	6.764
23	6.216	0.311	6.527	5.743	0.119	0.109	5.971
24	6.201	0.311	6.512	6.389	0.121	0.135	6.645
25	6.234	0.312	6.546	6.203	0.111	0.081	6.395
26	6.123	0.307	6.430	6.186	0.319	0.083	6.588
27	6.077	0.310	6.387	6.102	0.239	0.078	6.419
28	6.257	0.313	6.570	6.191	0.143	0.084	6.418
29	6.296	0.314	6.610	6.668	0.134	0.049	6.851
30	6.168	0.308	6.476	5.444	0.133	0.056	5.633
31							
TOTALS	**182.874**	**9.140**	**192.014**	**182.726**	**4.713**	**3.524**	**190.963**
AVERAGE	**6.096**	**0.305**	**6.400**	**6.091**	**0.157**	**0.117**	**6.365**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.33	$10,400.00	$3,432.00
Calcium Chloride	lbs.	294,915.16	$0.2200	$64,881.33
Caustic Soda	lbs.	17,163.29	$0.1980	$3,398.33
Liquid Ammonium Sulfate	lbs.	19,329.74	$0.1425	$2,754.49
Chlorine	Ton Containers	5.50	$2,397.00	$13,183.50
Ferric Chloride	lbs.	5,878.75	$0.2800	$1,646.05
Sodium Bisulfite	lbs.	7,807.71	$0.2125	$1,659.14
High pH Membrane Cleaner (237)	55-Gal Drum	1.00	$2,186.60	$2,186.60
Low pH Membrane Cleaner (234)	55-Gal Drum	1.00	$1,897.40	$1,897.40
Citric Acid	330-Gal Totes	2.00	$2,595.32	$5,190.64
Sodium Chlorite	lbs.	3,808.60	$0.727	$2,768.85
Chemical cost per thousand gals:	*$0.536*			**$102,998.34**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		480,000	$0.07623	$36,590.40
MF Processing Plant		129,000	$0.0871	$11,229.45
RO Processing Plant		385,500	$0.0817	$31,507.30
High Service Pumps		136,400	$0.0973	$13,277.86
Power costs per thousand gals:	*$0.482*			**$92,605.01**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: June-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	5.487	Load test of backup power generators to the Reverse Osmosis and High Service Pump facilities.	3
2	6.303		
3	6.607		
4	6.460		
5	6.185		
6	6.452		
7	6.158		
8	6.650		
9	6.315		
10	6.269		
11	6.436		
12	6.518		
13	6.579		
14	6.241		
15	6.003		
16	6.411		
17	6.600		
18	6.417		
19	6.435		
20	6.356		
21	6.587		
22	6.482		
23	6.527		
24	6.512		
25	6.546		
26	6.430		
27	6.387		
28	6.570		
29	6.610		
30	6.476		
31			
TOTALS	**192.014**		3
AVERAGE	**6.400**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: May-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	6.189	0.309	6.498	5.857	0.234	0.234	6.325
2	6.214	0.312	6.526	6.202	0.128	0.122	6.452
3	6.059	0.308	6.367	6.495	0.165	0.172	6.832
4	6.206	0.310	6.516	5.893	0.157	0.194	6.244
5	6.213	0.311	6.524	5.685	0.144	0.209	6.038
6	6.229	0.312	6.541	6.358	0.146	0.175	6.679
7	6.201	0.311	6.512	5.755	0.138	0.214	6.107
8	6.113	0.306	6.419	6.901	0.241	0.186	7.328
9	5.081	0.266	5.347	4.225	0.096	0.311	4.632
10	5.767	0.299	6.066	6.631	0.031	0.265	6.927
11	6.026	0.304	6.330	5.139	0.126	0.163	5.428
12	6.221	0.319	6.540	6.518	0.120	0.132	6.770
13	6.106	0.296	6.402	6.610	0.125	0.148	6.883
14	6.119	0.305	6.424	6.392	0.157	0.155	6.704
15	6.117	0.306	6.423	6.010	0.264	0.283	6.557
16	6.215	0.312	6.527	5.590	0.140	0.266	5.996
17	6.200	0.310	6.510	5.883	0.147	0.223	6.253
18	6.201	0.311	6.512	6.433	0.150	0.320	6.903
19	6.016	0.308	6.324	5.604	0.119	0.286	6.009
20	6.301	0.312	6.613	5.937	0.114	0.141	6.192
21	5.650	0.287	5.937	5.663	0.108	0.223	5.994
22	6.255	0.311	6.566	6.230	0.262	0.201	6.693
23	6.198	0.311	6.509	5.847	0.132	0.219	6.198
24	6.250	0.310	6.560	6.170	0.322	0.187	6.679
25	6.153	0.311	6.464	5.970	0.636	0.230	6.836
26	6.212	0.311	6.523	5.606	0.356	0.216	6.178
27	5.287	0.260	5.547	5.024	0.134	0.144	5.302
28	6.209	0.311	6.520	6.787	0.141	0.110	7.038
29	6.671	0.233	6.904	6.389	0.239	0.133	6.761
30	5.758	0.390	6.148	5.599	0.133	0.132	5.864
31	6.115	0.311	6.426	6.869	0.171	0.146	7.186
TOTALS	**188.554**	**9.473**	**198.027**	**186.272**	**5.576**	**6.140**	**197.988**
AVERAGE	**6.082**	**0.306**	**6.388**	**6.009**	**0.180**	**0.198**	**6.387**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.34	$10,400.00	$3,484.00
Calcium Chloride	lbs.	303,364.56	$0.2200	$66,740.20
Caustic Soda	lbs.	17,087.73	$0.1980	$3,383.37
Liquid Ammonium Sulfate	lbs.	19,729.21	$0.1425	$2,811.41
Chlorine	Ton Containers	5.61	$2,397.00	$13,447.17
Ferric Chloride	lbs.	10,186.32	$0.2800	$2,852.17
Sodium Bisulfite	lbs.	7,964.61	$0.2125	$1,692.48
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	0.00	$2,595.32	$0.00
Sodium Chlorite	lbs.	3,885.70	$0.727	$2,824.91
Chemical cost per thousand gals:	*$0.491*			**$97,235.71**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		493,200	$0.07623	$37,596.64
MF Processing Plant		130,800	$0.0871	$11,386.14
RO Processing Plant		394,500	$0.0817	$32,242.88
High Service Pumps		138,800	$0.0973	$13,511.49
Power costs per thousand gals:	*$0.478*			**$94,737.14**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: May-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	6.498		
2	6.526		
3	6.367		
4	6.516		
5	6.524		
6	6.541		
7	6.512		
8	6.419		
9	5.347	Power outage at well field due to a blown fuse on main power pole	5
10	6.066		
11	6.330		
12	6.540		
13	6.402		
14	6.424		
15	6.423		
16	6.527		
17	6.510		
18	6.512		
19	6.324		
20	6.613		
21	5.937	Power outage at well field due to a blown fuse on main power pole	2
22	6.566		
23	6.509		
24	6.560		
25	6.464		
26	6.523		
27	5.547	Scheduled shutdown to replace battery backup for RO PLC	4
28	6.520		
29	6.904		
30	6.148		
31	6.426		
TOTALS	**198.027**		11
AVERAGE	**6.388**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: April-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.125	0.000	7.125	7.895	0.207	0.116	8.218
2	7.073	0.000	7.073	6.978	0.289	0.092	7.359
3	7.189	0.000	7.189	6.303	0.187	0.091	6.581
4	7.078	0.000	7.078	6.354	0.599	0.115	7.068
5	3.519	0.000	3.519	4.103	0.571	0.086	4.760
6	7.034	0.000	7.034	5.843	0.343	0.120	6.306
7	7.122	0.000	7.122	6.677	0.116	0.114	6.907
8	5.980	0.000	5.980	5.798	0.135	0.188	6.121
9	6.930	0.000	6.930	7.269	0.125	0.123	7.517
10	6.038	0.000	6.038	6.026	0.031	0.111	6.168
11	5.354	0.000	5.354	4.766	0.138	0.172	5.076
12	7.064	0.000	7.064	6.265	0.172	0.190	6.627
13	6.310	0.000	6.310	7.128	0.174	0.175	7.477
14	6.117	0.000	6.117	6.137	0.143	0.125	6.405
15	6.153	0.123	6.276	5.527	0.164	0.165	5.856
16	6.138	0.307	6.445	6.350	0.147	0.146	6.643
17	6.298	0.311	6.609	6.159	0.283	0.189	6.631
18	6.399	0.311	6.710	6.636	0.157	0.154	6.947
19	6.362	0.310	6.672	6.223	0.243	0.174	6.640
20	6.380	0.312	6.692	5.717	0.148	0.135	6.000
21	6.367	0.311	6.678	7.430	0.157	0.179	7.766
22	6.249	0.311	6.560	6.319	0.148	0.218	6.685
23	6.237	0.312	6.549	6.186	0.154	0.185	6.525
24	6.236	0.310	6.546	5.484	0.241	0.217	5.942
25	5.538	0.284	5.822	5.156	0.161	0.156	5.473
26	6.227	0.312	6.539	6.595	0.177	0.166	6.938
27	6.183	0.310	6.493	6.727	0.152	0.175	7.054
28	6.212	0.311	6.523	5.098	0.170	0.190	5.458
29	6.234	0.312	6.546	6.800	0.176	0.185	7.161
30	6.246	0.312	6.558	5.412	0.160	0.207	5.779
31							
TOTALS	**189.393**	**4.759**	**194.152**	**185.361**	**6.068**	**4.659**	**196.088**
AVERAGE	**6.313**	**0.159**	**6.472**	**6.179**	**0.202**	**0.155**	**6.536**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.35	$10,400.00	$3,640.00
Calcium Chloride	lbs.	314,453.90	$0.2200	$69,179.86
Caustic Soda	lbs.	27,400.66	$0.1980	$5,425.33
Liquid Ammonium Sulfate	lbs.	20,833.81	$0.1425	$2,968.82
Chlorine	Ton Containers	5.94	$2,397.00	$14,238.18
Ferric Chloride	lbs.	5,580.95	$0.2800	$1,562.67
Sodium Bisulfite	lbs.	7,809.17	$0.2125	$1,659.45
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	1.00	$2,595.32	$2,595.32
Sodium Chlorite	lbs.	5,015.36	$0.727	$3,646.17
Chemical cost per thousand gals:	*$0.540*			**$104,915.79**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		508,200	$0.07623	$38,740.09
MF Processing Plant		130,200	$0.0871	$11,333.91
RO Processing Plant		397,500	$0.0817	$32,488.07
High Service Pumps		138,400	$0.0973	$13,472.55
Power costs per thousand gals:	*$0.495*			**$96,034.62**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: April-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.125		
2	7.073		
3	7.189		
4	7.078		
5	3.519	Inclement weather caused a loss of communication and power outage at the well field.	11
6	7.034		
7	7.122		
8	5.980	A new VFD to High Service Pump #6 was installed.	4
9	6.930		
10	6.038		
11	5.354	Resumed work on the installation of a new VFD to High Service Pump #6.	5
12	7.064		
13	6.310		
14	6.117		
15	6.276		
16	6.445		
17	6.609		
18	6.710		
19	6.672		
20	6.692		
21	6.678		
22	6.560		
23	6.549		
24	6.546		
25	5.822	Power outage due to a blown transformer.	3
26	6.539		
27	6.493		
28	6.523		
29	6.546		
30	6.558		
31			
TOTALS	**194.152**		23
AVERAGE	**6.472**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: March-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.208	0.000	7.208	7.598	0.186	0.217	8.001
2	7.173	0.000	7.173	7.408	0.141	0.110	7.659
3	7.218	0.000	7.218	6.312	0.177	0.270	6.759
4	7.245	0.000	7.245	7.602	0.160	0.155	7.917
5	6.966	0.000	6.966	6.262	0.171	0.185	6.618
6	7.278	0.000	7.278	6.924	0.253	0.149	7.326
7	7.193	0.000	7.193	7.042	0.171	0.121	7.333
8	6.870	0.000	6.870	6.078	0.181	0.155	6.414
9	7.224	0.000	7.224	7.580	0.179	0.141	7.900
10	7.215	0.000	7.215	7.805	0.031	0.128	7.964
11	6.609	0.000	6.609	6.762	0.173	0.157	7.092
12	6.933	0.000	6.933	5.422	0.159	0.138	5.719
13	7.131	0.000	7.131	6.689	0.240	0.118	7.046
14	7.222	0.000	7.222	7.335	0.167	0.118	7.620
15	7.340	0.000	7.340	6.456	0.184	0.141	6.781
16	6.067	0.000	6.067	5.823	0.147	0.107	6.077
17	4.566	0.000	4.566	4.882	0.155	0.173	5.210
18	7.081	0.000	7.081	6.462	0.160	0.101	6.722
19	7.164	0.000	7.164	6.242	0.177	0.110	6.529
20	7.192	0.000	7.192	7.497	0.283	0.101	7.880
21	6.308	0.000	6.308	5.764	0.185	0.115	6.063
22	6.980	0.000	6.980	7.772	0.220	0.217	8.209
23	7.078	0.000	7.078	6.312	0.199	0.096	6.607
24	7.101	0.000	7.101	7.057	0.194	0.132	7.383
25	7.155	0.000	7.155	7.032	0.184	0.119	7.335
26	7.120	0.000	7.120	6.878	0.196	0.087	7.161
27	7.171	0.000	7.171	7.224	0.247	0.105	7.575
28	7.028	0.000	7.028	6.625	0.133	0.118	6.876
29	7.121	0.000	7.121	7.488	0.209	0.130	7.827
30	7.111	0.000	7.111	7.081	0.189	0.100	7.370
31	7.138	0.000	7.138	6.827	0.217	0.122	7.166
TOTALS	**216.207**	**0.000**	**216.207**	**210.240**	**5.663**	**4.236**	**220.139**
AVERAGE	**6.974**	**0.000**	**6.974**	**6.782**	**0.183**	**0.137**	**7.101**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.42	$10,400.00	$4,322.24
Calcium Chloride	lbs.	349,786.85	$0.2200	$76,953.11
Caustic Soda	lbs.	45,309.20	$0.1980	$8,971.22
Liquid Ammonium Sulfate	lbs.	23,706.23	$0.1425	$3,378.14
Chlorine	Ton Containers	6.68	$2,397.00	$16,010.38
Ferric Chloride	lbs.	5,669.39	$0.2800	$1,587.43
Sodium Bisulfite	lbs.	8,859.50	$0.2125	$1,882.64
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	1.00	$2,595.32	$2,595.32
Sodium Chlorite	lbs.	4,372.30	$0.727	$3,178.66
Chemical cost per thousand gals:	*$0.550*			**$118,879.14**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		574,800	$0.07623	$43,817.00
MF Processing Plant		147,300	$0.0871	$12,822.47
RO Processing Plant		453,900	$0.0817	$37,097.70
High Service Pumps		156,000	$0.0973	$15,185.82
Power costs per thousand gals:	*$0.504*			**$108,922.99**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: March-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.208		
2	7.173		
3	7.218		
4	7.245		
5	6.966		
6	7.278		
7	7.193		
8	6.870		
9	7.224		
10	7.215		
11	6.609		
12	6.933		
13	7.131		
14	7.222		
15	7.340		
16	6.067		
17	4.566	Check valves were replaced for the concentrate and permeate on R.O.'s C, D, and F.	9
18	7.081		
19	7.164		
20	7.192		
21	6.308		
22	6.980		
23	7.078		
24	7.101		
25	7.155		
26	7.120		
27	7.171		
28	7.028		
29	7.121		
30	7.111		
31	7.138		
TOTALS	**216.207**		9
AVERAGE	**6.974**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: **February-26**

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.100	0.000	7.100	6.644	0.132	0.155	6.931
2	7.204	0.000	7.204	6.950	0.118	0.185	7.253
3	6.963	0.000	6.963	6.512	0.151	0.161	6.824
4	5.652	0.000	5.652	6.312	0.117	0.205	6.634
5	6.961	0.000	6.961	7.077	0.041	0.165	7.283
6	7.142	0.000	7.142	5.791	0.148	0.132	6.071
7	7.129	0.000	7.129	6.825	0.100	0.161	7.086
8	7.254	0.000	7.254	6.915	0.108	0.198	7.221
9	6.707	0.000	6.707	6.614	0.120	0.155	6.889
10	7.140	0.000	7.140	6.599	0.031	0.169	6.799
11	5.783	0.000	5.783	5.960	0.157	0.124	6.241
12	6.932	0.000	6.932	6.144	0.164	0.181	6.489
13	6.702	0.000	6.702	6.138	0.073	0.173	6.384
14	7.266	0.000	7.266	7.043	0.260	0.214	7.517
15	7.232	0.000	7.232	7.245	0.178	0.233	7.656
16	7.218	0.000	7.218	6.543	0.177	0.242	6.962
17	7.219	0.000	7.219	6.325	0.154	0.205	6.684
18	7.222	0.000	7.222	7.839	0.242	0.202	8.283
19	7.219	0.000	7.219	5.883	0.533	0.125	6.541
20	7.224	0.000	7.224	6.578	0.395	0.235	7.208
21	7.218	0.000	7.218	6.221	0.171	0.264	6.656
22	7.236	0.000	7.236	6.863	0.191	0.277	7.331
23	7.213	0.000	7.213	7.164	0.170	0.334	7.668
24	7.183	0.000	7.183	6.745	0.165	0.175	7.085
25	7.224	0.000	7.224	7.629	0.164	0.246	8.039
26	7.078	0.000	7.078	6.561	0.156	0.138	6.855
27	6.304	0.000	6.304	5.487	0.197	0.174	5.858
28	7.227	0.000	7.227	6.949	0.167	0.160	7.276
29							
30							
31							
TOTALS	**195.951**	**0.000**	**195.951**	**185.556**	**4.780**	**5.388**	**195.724**
AVERAGE	**6.998**	**0.000**	**6.998**	**6.627**	**0.171**	**0.192**	**6.990**

CHEMICAL CONSUMPTION	**TYPE**	**QUANTITY**	**COST/UNIT**	**TOTALS**
Scale Inhibitor	275-Gal Tote	0.38	$10,400.00	$3,910.40
Calcium Chloride	lbs.	306,470.27	$0.2200	$67,423.46
Caustic Soda	lbs.	29,915.57	$0.1980	$5,923.28
Liquid Ammonium Sulfate	lbs.	19,662.07	$0.1425	$2,801.85
Chlorine	Ton Containers	5.58	$2,397.00	$13,375.26
Ferric Chloride	lbs.	5,293.52	$0.2800	$1,482.19
Sodium Bisulfite	lbs.	8,318.19	$0.2125	$1,767.61
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	4.00	$2,595.32	$10,381.28
Sodium Chlorite	lbs.	3,919.11	$0.727	$2,849.19
Chemical cost per thousand gals:	*$0.561*			**$109,914.52**

ELECTRIC CONSUMPTION		**kwh**	**COST/kwh**	**TOTALS**
Well Field		511,800	$0.07623	$39,014.51
MF Processing Plant		131,700	$0.0871	$11,464.49
RO Processing Plant		404,400	$0.0817	$33,052.02
High Service Pumps		138,400	$0.0973	$13,472.55
Power costs per thousand gals:	*$0.495*			**$97,003.56**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: February-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.100		
2	7.204		
3	6.963		
4	5.652	Water distribution line isolated, for a service connection tie in.	5
5	6.961		
6	7.142		
7	7.129		
8	7.254		
9	6.707		
10	7.140		
11	5.783	Power failure at SRWA. Overhead crew found an open circuit near by.	4
12	6.932		
13	6.702		
14	7.266		
15	7.232		
16	7.218		
17	7.219		
18	7.222		
19	7.219		
20	7.224		
21	7.218		
22	7.236		
23	7.213		
24	7.183		
25	7.224		
26	7.078		
27	6.304		
28	7.227		
29			
30			
31			
TOTALS	**195.951**		9
AVERAGE	**6.998**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: January-26

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.347	0.000	7.347	7.435	0.017	0.192	7.644
2	7.251	0.000	7.251	7.286	0.104	0.196	7.586
3	7.271	0.000	7.271	7.338	0.011	0.185	7.534
4	7.236	0.000	7.236	6.863	0.033	0.193	7.089
5	7.229	0.000	7.229	7.520	0.010	0.183	7.713
6	7.267	0.000	7.267	6.691	0.021	0.170	6.881
7	7.188	0.000	7.188	6.929	0.028	0.168	7.125
8	7.093	0.000	7.093	6.672	0.683	0.190	7.546
9	5.450	0.000	5.450	5.572	0.534	0.325	6.431
10	7.226	0.000	7.226	5.742	0.031	0.381	6.154
11	7.074	0.000	7.074	6.723	0.625	0.472	7.820
12	7.268	0.000	7.268	5.458	0.605	0.155	6.218
13	7.318	0.000	7.318	6.611	0.577	0.171	7.359
14	6.715	0.000	6.715	5.926	0.607	0.166	6.699
15	7.224	0.000	7.224	6.944	0.555	0.208	7.707
16	6.715	0.000	6.715	5.563	0.529	0.136	6.228
17	7.221	0.000	7.221	6.789	0.559	0.174	7.522
18	7.236	0.000	7.236	6.711	0.543	0.196	7.450
19	7.293	0.000	7.293	6.652	0.726	0.153	7.531
20	6.341	0.139	6.480	5.018	0.583	0.110	5.711
21	5.560	0.261	5.821	6.265	0.498	0.131	6.894
22	3.882	0.175	4.057	4.153	0.220	0.073	4.446
23	6.257	0.120	6.377	4.584	0.202	0.141	4.927
24	7.201	0.000	7.201	6.767	0.136	0.173	7.076
25	7.249	0.000	7.249	6.853	0.116	0.222	7.191
26	7.224	0.000	7.224	6.952	0.108	0.156	7.216
27	7.254	0.000	7.254	7.140	0.104	0.190	7.434
28	7.214	0.000	7.214	7.274	0.180	0.200	7.654
29	7.190	0.000	7.190	8.075	0.108	0.172	8.355
30	7.166	0.000	7.166	7.047	0.278	0.213	7.538
31	7.391	0.000	7.391	5.890	0.121	0.158	6.169
TOTALS	**214.553**	**0.695**	**215.248**	**201.442**	**9.452**	**5.954**	**216.848**
AVERAGE	**6.921**	**0.022**	**6.943**	**6.498**	**0.305**	**0.192**	**6.995**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.41	$10,400.00	$4,222.40
Calcium Chloride	lbs.	333,652.36	$0.2200	$73,403.52
Caustic Soda	lbs.	31,155.72	$0.1980	$6,168.83
Liquid Ammonium Sulfate	lbs.	21,511.59	$0.1425	$3,065.40
Chlorine	Ton Containers	6.11	$2,397.00	$14,643.27
Ferric Chloride	lbs.	8,253.74	$0.2800	$2,311.05
Sodium Bisulfite	lbs.	9,148.13	$0.2125	$1,943.98
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	1.00	$2,595.32	$2,595.32
Sodium Chlorite	lbs.	4,359.87	$0.727	$3,169.63
Chemical cost per thousand gals:	*$0.518*			**$111,523.40**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		561,000	$0.07623	$42,765.03
MF Processing Plant		143,400	$0.0871	$12,482.97
RO Processing Plant		441,000	$0.0817	$36,043.37
High Service Pumps		159,200	$0.0973	$15,497.32
Power costs per thousand gals:	*$0.496*			**$106,788.70**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: January-26

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.347		
2	7.251		
3	7.271		
4	7.236		
5	7.229		
6	7.267		
7	7.188		
8	7.093		
9	5.450	Plant maintenance replumbed the chlorine feed line at the injection point.	9
10	7.226		
11	7.074		
12	7.268		
13	7.318		
14	6.715		
15	7.224		
16	6.715		
17	7.221		
18	7.236		
19	7.293		
20	6.480		
21	5.821	Three-day operational test, that excluded wells with the highest manganese concentrations.	
22	4.057	Plant maintenance replumbed the caustic feed line at the injection point.	8
23	6.377		
24	7.201		
25	7.249		
26	7.224		
27	7.254		
28	7.214		
29	7.190		
30	7.166		
31	7.391		
TOTALS	**215.248**		17
AVERAGE	**6.943**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: December-25

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.220	0.000	7.220	6.229	0.019	0.239	6.487
2	7.231	0.000	7.231	7.104	0.021	0.156	7.281
3	7.140	0.000	7.140	6.833	0.019	0.177	7.029
4	7.181	0.000	7.181	6.664	0.100	0.198	6.962
5	7.248	0.000	7.248	6.504	0.142	0.186	6.832
6	7.287	0.000	7.287	6.802	0.214	0.205	7.221
7	7.166	0.000	7.166	7.089	0.225	0.172	7.486
8	7.174	0.000	7.174	6.473	0.010	0.213	6.696
9	7.252	0.000	7.252	7.085	0.016	0.165	7.266
10	5.747	0.000	5.747	7.016	0.035	0.152	7.203
11	7.227	0.000	7.227	5.874	0.153	0.143	6.170
12	6.726	0.000	6.726	6.708	0.151	0.150	7.009
13	7.229	0.000	7.229	7.061	0.063	0.170	7.294
14	7.225	0.000	7.225	6.407	0.079	0.172	6.658
15	7.172	0.000	7.172	6.147	0.087	0.198	6.432
16	7.230	0.000	7.230	7.316	0.017	0.148	7.481
17	5.551	0.000	5.551	5.226	0.090	0.161	5.477
18	6.956	0.000	6.956	5.877	0.135	0.193	6.205
19	7.205	0.000	7.205	6.873	0.087	0.131	7.091
20	6.756	0.000	6.756	6.666	0.086	0.204	6.956
21	7.036	0.000	7.036	6.146	0.026	0.182	6.354
22	6.891	0.000	6.891	7.192	0.025	0.212	7.429
23	6.583	0.000	6.583	5.764	0.021	0.183	5.968
24	6.636	0.000	6.636	6.262	0.025	0.182	6.469
25	6.244	0.000	6.244	7.310	0.025	0.213	7.548
26	7.124	0.000	7.124	6.667	0.128	0.250	7.045
27	7.221	0.000	7.221	6.986	0.015	0.163	7.164
28	7.407	0.000	7.407	7.284	0.017	0.157	7.458
29	2.800	0.000	2.800	3.413	0.013	0.141	3.567
30	7.220	0.000	7.220	5.950	0.015	0.110	6.075
31	5.518	0.000	5.518	5.014	0.014	0.127	5.155
TOTALS	**210.604**	**0.000**	**210.604**	**199.942**	**2.073**	**5.453**	**207.468**
AVERAGE	**6.794**	**0.000**	**6.794**	**6.450**	**0.067**	**0.176**	**6.693**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.41	$10,400.00	$4,243.20
Calcium Chloride	lbs.	331,127.83	$0.2200	$72,848.12
Caustic Soda	lbs.	21,536.93	$0.1980	$4,264.31
Liquid Ammonium Sulfate	lbs.	21,107.00	$0.1425	$3,007.75
Chlorine	Ton Containers	6.04	$2,397.00	$14,477.88
Ferric Chloride	lbs.	8,714.92	$0.2800	$2,440.18
Sodium Bisulfite	lbs.	9,515.39	$0.2125	$2,022.02
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	1.00	$2,595.32	$2,595.32
Sodium Chlorite	lbs.	4,166.90	$0.727	$3,029.33
Chemical cost per thousand gals:	*$0.517*			**$108,928.11**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		530,400	$0.07623	$40,432.39
MF Processing Plant		138,600	$0.0871	$12,065.13
RO Processing Plant		400,200	$0.0817	$32,708.75
High Service Pumps		149,600	$0.0973	$14,562.81
Power costs per thousand gals:	*$0.474*			**$99,769.08**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: December-25

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.220		
2	7.231		
3	7.140		
4	7.181		
5	7.248		
6	7.287		
7	7.166		
8	7.174		
9	7.252		
10	5.747	Repaired a leak on the main raw water line running through Rancho Viejo	5
11	7.227		
12	6.726		
13	7.229		
14	7.225		
15	7.172		
16	7.230		
17	5.551	Loss of power and communication at the well field	5
18	6.956		
19	7.205		
20	6.756		
21	7.036		
22	6.891		
23	6.583		
24	6.636		
25	6.244		
26	7.124		
27	7.221		
28	7.407		
29	2.800	Caustic soda leak by injection point	15
30	7.220		
31	5.518	Chlorine solution leak by the injection point	5
TOTALS	**210.604**		30
AVERAGE	**6.794**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: November-25

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.184	0.000	7.184	6.752	0.021	0.184	6.957
2	6.398	0.000	6.398	6.179	0.021	0.192	6.392
3	7.028	0.000	7.028	6.580	0.391	0.179	7.150
4	7.288	0.000	7.288	6.755	0.269	0.161	7.185
5	7.284	0.000	7.284	7.440	0.019	0.169	7.628
6	7.203	0.000	7.203	6.772	0.020	0.170	6.962
7	7.094	0.000	7.094	6.751	0.130	0.179	7.060
8	7.131	0.000	7.131	6.655	0.019	0.157	6.831
9	7.058	0.000	7.058	7.332	0.019	0.155	7.506
10	7.330	0.000	7.330	6.706	0.031	0.213	6.950
11	7.143	0.000	7.143	7.015	0.020	0.188	7.223
12	7.266	0.000	7.266	7.573	0.019	0.164	7.756
13	7.273	0.000	7.273	6.921	0.019	0.152	7.092
14	7.174	0.000	7.174	6.766	0.109	0.169	7.044
15	7.353	0.000	7.353	7.144	0.018	0.199	7.361
16	7.156	0.000	7.156	6.779	0.020	0.191	6.990
17	7.207	0.000	7.207	6.983	0.022	0.158	7.163
18	7.215	0.000	7.215	7.049	0.018	0.202	7.269
19	7.196	0.000	7.196	6.888	0.020	0.176	7.084
20	7.319	0.000	7.319	6.958	0.020	0.187	7.165
21	7.187	0.000	7.187	6.647	0.100	0.108	6.855
22	7.219	0.000	7.219	6.781	0.025	0.237	7.043
23	7.160	0.000	7.160	7.200	0.019	0.153	7.372
24	7.165	0.000	7.165	7.066	0.020	0.179	7.265
25	7.222	0.000	7.222	7.113	0.022	0.169	7.304
26	7.272	0.000	7.272	6.321	0.018	0.158	6.497
27	7.165	0.000	7.165	6.825	0.020	0.213	7.058
28	7.257	0.000	7.257	7.157	0.068	0.170	7.395
29	7.212	0.000	7.212	7.269	0.030	0.184	7.483
30	7.259	0.000	7.259	6.829	0.441	0.162	7.432
31							
TOTALS	**215.415**	**0.000**	**215.415**	**207.206**	**1.988**	**5.278**	**214.472**
AVERAGE	**7.180**	**0.000**	**7.180**	**6.907**	**0.066**	**0.176**	**7.149**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.41	$10,400.00	$4,284.80
Calcium Chloride	lbs.	334,537.55	$0.2200	$73,598.26
Caustic Soda	lbs.	18,814.44	$0.1980	$3,725.26
Liquid Ammonium Sulfate	lbs.	21,151.60	$0.1425	$3,014.10
Chlorine	Ton Containers	6.05	$2,397.00	$14,501.85
Ferric Chloride	lbs.	8,700.24	$0.2800	$2,436.07
Sodium Bisulfite	lbs.	9,800.00	$0.2125	$2,082.50
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	1.00	$2,595.32	$2,595.32
Sodium Chlorite	lbs.	4,343.80	$0.727	$3,157.94
Chemical cost per thousand gals:	*$0.508*			**$109,396.10**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		547,800	$0.07623	$41,758.79
MF Processing Plant		141,300	$0.0871	$12,300.17
RO Processing Plant		442,500	$0.0817	$36,165.97
High Service Pumps		155,600	$0.0973	$15,146.88
Power costs per thousand gals:	*$0.489*			**$105,371.81**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: November-25

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.184		
2	6.398		
3	7.028		
4	7.288		
5	7.284		
6	7.203		
7	7.094		
8	7.131		
9	7.058		
10	7.330		
11	7.143		
12	7.266		
13	7.273		
14	7.174		
15	7.353		
16	7.156		
17	7.207		
18	7.215		
19	7.196		
20	7.319		
21	7.187		
22	7.219		
23	7.160		
24	7.165		
25	7.222		
26	7.272		
27	7.165		
28	7.257		
29	7.212		
30	7.259		
31			
TOTALS	**215.415**		0
AVERAGE	**7.180**		

SOUTHMOST REGIONAL WATER AUTHORITY

PRODUCTION / DISTRIBUTION COSTS

MONTH: October-25

	R.O. Water Produced MGD	Blend Water Produced MGD	Total Water Produced	DISTRIBUTION (MGD) TO BROWNSVILLE	TO LOS FRESNOS	TO VMUD #2	TOTAL WATER DISTRIBUTED
1	7.255	0.000	7.255	7.210	0.165	0.156	7.531
2	4.759	0.000	4.759	5.358	0.114	0.123	5.595
3	7.387	0.000	7.387	6.323	0.181	0.157	6.661
4	7.267	0.000	7.267	6.067	0.032	0.187	6.286
5	7.091	0.000	7.091	6.802	0.038	0.242	7.082
6	7.338	0.000	7.338	7.255	0.036	0.194	7.485
7	7.131	0.000	7.131	6.515	0.028	0.150	6.693
8	7.196	0.000	7.196	7.038	0.018	0.175	7.231
9	7.293	0.000	7.293	7.015	0.018	0.190	7.223
10	7.067	0.000	7.067	6.666	0.031	0.209	6.907
11	7.041	0.000	7.041	6.786	0.015	0.185	6.986
12	7.340	0.000	7.340	7.192	0.018	0.177	7.387
13	7.113	0.000	7.113	6.917	0.018	0.216	7.151
14	7.256	0.000	7.256	7.345	0.017	0.213	7.575
15	7.176	0.000	7.176	6.565	0.016	0.124	6.705
16	7.281	0.000	7.281	6.808	0.019	0.218	7.045
17	7.067	0.000	7.067	7.116	0.057	0.158	7.331
18	7.199	0.000	7.199	6.603	0.018	0.195	6.816
19	7.370	0.000	7.370	7.336	0.020	0.237	7.593
20	7.206	0.000	7.206	7.379	0.086	0.140	7.605
21	4.179	0.000	4.179	4.883	0.182	0.220	5.285
22	7.260	0.000	7.260	5.451	0.048	0.034	5.533
23	7.143	0.000	7.143	7.096	0.185	0.147	7.428
24	7.213	0.000	7.213	6.355	0.172	0.195	6.721
25	7.205	0.000	7.205	6.731	0.087	0.203	7.021
26	7.241	0.000	7.241	7.385	0.094	0.178	7.657
27	7.054	0.000	7.054	6.731	0.088	0.162	6.981
28	7.084	0.000	7.084	6.509	0.091	0.167	6.767
29	7.291	0.000	7.291	6.806	0.088	0.176	7.070
30	7.168	0.000	7.168	6.972	0.089	0.168	7.229
31	7.188	0.000	7.188	7.011	0.069	0.208	7.288
TOTALS	**217.861**	**0.000**	**217.861**	**208.227**	**2.138**	**5.503**	**215.868**
AVERAGE	**7.028**	**0.000**	**7.028**	**6.717**	**0.069**	**0.178**	**6.963**

CHEMICAL CONSUMPTION	TYPE	QUANTITY	COST/UNIT	TOTALS
Scale Inhibitor	275-Gal Tote	0.42	$10,400.00	$4,336.80
Calcium Chloride	lbs.	333,826.02	$0.3000	$100,147.81
Caustic Soda	lbs.	19,520.52	$0.1900	$3,708.90
Liquid Ammonium Sulfate	lbs.	21,381.31	$0.1595	$3,410.32
Chlorine	Ton Containers	6.11	$2,359.00	$14,413.49
Ferric Chloride	lbs.	6,377.70	$0.2700	$1,721.98
Sodium Bisulfite	lbs.	9,866.23	$0.1855	$1,830.19
High pH Membrane Cleaner (237)	55-Gal Drum	0.00	$2,186.60	$0.00
Low pH Membrane Cleaner (234)	55-Gal Drum	0.00	$1,897.40	$0.00
Citric Acid	330-Gal Totes	2.00	$2,830.65	$5,661.30
Sodium Chlorite	lbs.	4,279.69	$0.600	$2,567.81
Chemical cost per thousand gals:	*$0.633*			**$137,798.59**

ELECTRIC CONSUMPTION		kwh	COST/kwh	TOTALS
Well Field		562,800	$0.07623	$42,902.24
MF Processing Plant		143,100	$0.0871	$12,456.86
RO Processing Plant		432,300	$0.0817	$35,332.31
High Service Pumps		160,000	$0.0973	$15,575.20
Power costs per thousand gals:	*$0.488*			**$106,266.61**

SOUTHMOST REGIONAL WATER AUTHORITY

MONTH: October-25

	TOTAL MGD PRODUCED	DESCRIPTION	DOWN TIME HOURS
1	7.255		
2	4.759	Scheduled shutdown to rewire transfer pump #2 and Microfiltration SCADA server upgrade	9
3	7.387		
4	7.267		
5	7.091		
6	7.338		
7	7.131		
8	7.196		
9	7.293		
10	7.067		
11	7.041		
12	7.340		
13	7.113		
14	7.256		
15	7.176		
16	7.281		
17	7.067		
18	7.199		
19	7.370		
20	7.206		
21	4.179	Power outage at SRWA	11
22	7.260		
23	7.143		
24	7.213		
25	7.205		
26	7.241		
27	7.054		
28	7.084		
29	7.291		
30	7.168		
31	7.188		
TOTALS	**217.861**		20
AVERAGE	**7.028**		

IV.
Plant Issues

INTER-OFFICE CORRESPONDENCE

Date: September 9, 2026

To: Marilyn Gilbert, MBA, General Manager & CEO

From: Michael Esquibel, Lead W/WW Operator M.E.

Subject: Southmost Regional Water Authority— August 2026 Operations Report

During August 2026, the Southmost Regional Water Authority Brackish Groundwater Treatment Facility (SRWA) produced and distributed the following amount of water:

- Production: 216.418 MG (Daily average: 6.981 MGD)
- Distribution: 216.748 MG (Daily average: 6.992 MGD)

The year-to-date (YTD) water flow to City of Los Fresnos is above its target allocation, while water flow to VMUD and Brownsville is below their respective allocation targets. Staff will continue to adjust flow rates in accordance with the established ownership allocation percentages.

If you have any questions or need additional information, please let me know.

C: Albert Gomez
Rene Mariscal
Jose A. Garza

V.
Capital Improvements

SRWA
Southmost Regional Water Authority

FISCAL YEAR 2026
CAPITAL EXPENDITURES REPORT

RUN DATE: 11-SEPT-2026

	APPROVED BUDGET FY 2026	Y-T-D EXPENSES AS OF 8/31/2026	OUTSTANDING ENCUMBRANCES	CURRENT ENDING BALANCE
WATER PROJECTS	$ 2,590,430.00	$ 295,181.51	$ 1,009,701.22	$ 1,257,953.65
CAPITALIZED EQUIPMENT	54,000.00	63,189.59	18,642.36	(238.33)
UNENCUMBERED BUDGET	-	-	-	-
IMPROVEMENT FUND BUDGET TOTAL	$ 2,644,430.00	$ 358,371.10	$ 1,028,343.58	$ 1,257,715.32
WATER PROJECT	$ -	$ -	$ -	$ -
UNENCUMBERED BUDGET - GRANT	-	-	-	-
GRANTS FUND BUDGET TOTAL	$ -	$ -	$ -	$ -
OVERALL CAPITAL BUDGET TOTAL	$ 2,644,430.00	$ 358,371.10	$ 1,028,343.58	$ 1,257,715.32

SRWA
Southmost Regional Water Authority

FISCAL YEAR 2026
CAPITAL PROJECT LISTING
YEAR-TO-DATE EXPENDITURE REPORT
IMPROVEMENT FUND

RUN DATE: 11-SEPT-2026

WORK ORDER OPENED	WORK ORDER #	ACTIVITY	DESCRIPTION	APPROVED BUDGET FY 2026	TRANSFERS IN (OUT)	AMENDED BUDGET FY 2026	Y-T-D EXPENSES AS OF 8/31/2026	OUTSTANDING ENCUMBRANCES	CURRENT ENDING BALANCE	PROJECT COMPLETION %
05/22/24	236005	WS1409	24-INCH PIPE MODIFICATION ON BLENDED PERMEATE PIPE - ENGINEERING	26,969.00	-	26,969.00	4,322.01	-	22,646.99	100%
07/01/24	237917	WT1414	SRWA OPTIMIZATION FEASIBILITY STUDY FOR TITLE XVI FEDERAL FUNDING PARTICIPATION	13,909.00	-	13,909.00	-	-	13,909.00	Closed
8/8/2024	240048	WT1415	SRWA WELL REHAB CONSULTING PROJECT SRWA WELL FIELD/ VARIOUS WELL SITES	32,870.00	-	32,870.00	285.00	8,286.64	24,298.36	100%
05/08/24	235112	WT1432	VFD UNITS REPLACEMENT AT HIGH SERVICE PUMP NO. 5 AND NO. 6	276,000.00	76,836.73	352,836.73	290,574.50	65,519.58	(3,257.35)	75%
10/28/25	267151	WS1487	REHABILITATION OF 6 GROUNDWATER WELLS AND INSTALLATION OF AQUA GARD PREVENTATIVE MAINTENANCE SYSTEM TO WELL NO. 1, 13 AND 16	991,280.00	-	991,280.00	-	935,895.00	55,385.00	25%
04/07/25	N/A	OPTIMZ	SRWA WELL FIELD OPTIMIZATION SERVICES - AQUA FREED PROCESS AND DUBOIS WELL SERVICES	213,540.00	-	213,540.00	-	-	213,540.00	100%
09/09/24	275286	WA1509	ARIA FILTRA MICROFILTRATION SYSTEM	71,515.00	-	71,515.00	-	-	71,515.00	100%
N/A	N/A	WS1585	SRWA WELLS BACKUP POWER (10% Grant Local Match)	-	132,406.00	132,406.00	-	-	132,406.00	0%
N/A	N/A	WT1584	MANGANESE STUDY	-	316,800.00	316,800.00	-	-	316,800.00	0%
			IMPROVEMENT FUND TOTAL	$ 1,626,083.00	$ 526,042.73	$ 2,152,125.73	$ 295,181.51	$ 1,009,701.22	$ 847,243.00	

SRWA
Southmost Regional Water Authority

FISCAL YEAR 2026
CAPITAL PROJECT LISTING
YEAR-TO-DATE EXPENDITURE REPORT
IMPROVEMENT FUND

RUN DATE: 11-SEPT-2026

WORK ORDER OPENED	WORK ORDER #	ACTIVITY	DESCRIPTION	APPROVED BUDGET FY 2026	TRANSFERS IN (OUT)	AMENDED BUDGET FY 2026	Y-T-D EXPENSES AS OF 8/31/2026	OUTSTANDING ENCUMBRANCES	CURRENT ENDING BALANCE	PROJECT COMPLETION %
N/A	N/A	N/A	ADMINISTRATION BUILDING FIRE SYSTEM UPGRADE	76,206.00	-	76,206.00	-	-	76,206.00	25%
N/A	N/A	N/A	24-INCH PIPE MODIFICATION ON BLENDED PERMEATE PIPE	154,356.00	-	154,356.00	-	-	154,356.00	0%
N/A	N/A	N/A	50FT X 100FT STEEL STORAGE BUILDING DESIGN AND CONSTRUCTION	30,000.00	(30,000.00)	-	-	-	-	
N/A	N/A	N/A	MICROFILTRATION TRANSFER PUMPS STATION EXPANSION	40,000.00	(40,000.00)	-	-	-	-	
N/A	N/A	N/A	2 EACH CHEMICAL BULK TANKS FOR LIQUID ALUMINUM SULFATE (LAS) - DESIGN AND CONSTRUCTION	44,600.00	-	44,600.00	-	-	44,600.00	5%
N/A	N/A	N/A	36-INCH HIGH SERVICE PUMP HEADER LINE REPLACEMENT	364,416.00	(228,867.35)	135,548.65	-	-	135,548.65	0%
N/A	N/A	N/A	CHLORINATION FFED SYSTEM IMPROVEMENTS - DESIGN AND CONSTRUCTION	131,529.00	(131,529.00)	-	-	-	-	
N/A	N/A	N/A	VFD UNIT REPLACEMENT FOR TRANSFER PUMP NO. 1	123,240.00	(123,240.00)	-	-	-	-	
			CAPITAL PROJECTS TOTAL	$ 2,590,430.00	$ (27,593.62)	$ 2,562,836.38	$ 295,181.51	$ 1,009,701.22	$ 1,257,953.65	
		EQW	SCISSOR LIFT (REPLACE EXISTING UNIT)	15,000.00	-	15,000.00	15,595.97	-	(595.97)	100%
		EQW	JOHN DEERE GATOR (REPLACE EXISTING UNIT)	19,000.00	-	19,000.00	-	18,642.36	357.64	50%
		EQW	FORKLIFT (REPLACE EXISTING UNIT)	20,000.00	27,593.62	47,593.62	47,593.62	-	(0.00)	100%
			CAPITAL EQUIPMENT TOTAL	$ 54,000.00	$ 27,593.62	$ 81,593.62	$ 63,189.59	$ 18,642.36	$ (238.33)	
			UNENCUMBERED BUDGET TOTAL	-	-	-	-	-	-	
			OVERALL IMPROVEMENT FUND BUDGET TOTAL	$ 2,644,430.00	$ -	$ 2,644,430.00	$ 358,371.10	$ 1,028,343.58	$ 1,257,715.32	

SRWA
Southmost Regional Water Authority

FISCAL YEAR 2026
CAPITAL PROJECT LISTING
YEAR-TO-DATE EXPENDITURE REPORT
GRANTS FUND

RUN DATE: 11-SEPT-2026

PROJECT ORIGINATOR	DATE OPENED	WORK ORDER #	ACTIVITY	DESCRIPTION	FY 2026 BEGINNING BALANCE	Y-T-D EXPENSES AS OF 8/31/2026	OUTSTANDING ENCUMBRANCES	CURRENT ENDING BALANCE	DEFERRED FY 2027+ BUDGET	DATE COMPLETED

There are no projects in this category.

OVERALL GRANTS FUND PROJECT TOTAL	$ -	$ -	$ -	$ -	$ -
UNENCUMBERED BUDGET TOTAL	$ -	$ -	$ -	$ -	$ -
OVERALL GRANTS FUND BUDGET TOTAL	$ -	$ -	$ -	$ -	$ -

VI.
SRWA Outstanding Debt

DEBT SERVICE

The Southmost Regional Water Authority (SRWA) Reverse Osmosis Plant Project was complete and operational during 2005. The SRWA successfully issued $30,975,000 in Water Supply Contract Revenue Bonds, Series 2002 during FY 2003 and has expended approximately 100% of bond proceeds in the construction of the desalination plant. The Series 2002 bonds were issued with insured ratings of “Aaa” and “AAA” by Moody’s Investor Services and Fitch Ratings, respectively.

The underlying ratings on the bonds are “A2” and “A” by Moody’s and Fitch, respectively.

The SRWA issued $9,950,000 in aggregate principal amount of Water Supply Contract Revenue Refunding Bonds, Series 2006. The refunding bonds provided proceeds to defease $9,360,000 of the Series 2002 Revenue Bonds for the years 2019 and from 2028 through 2032.

On December 7, 2009, the SRWA issued $9,295,000 in Water Supply Contract Revenue Bonds, Series 2009A and $3,795,000 in Water Supply Contract Revenue Bonds, Series 2009B through the Texas Water Development Board Drinking Water State Revolving Fund for the construction of a full-scale Micro Filtration Pretreatment System. The objective of this project is to achieve compliance with both existing and future maximum contaminant levels for arsenic in public drinking water by constructing a full-scale Micro Filtration Pretreatment System prior to entering the existing reverse osmosis treatment process. An additional need is to control and reduce iron levels to eliminate complaints of colored water. Project objectives also include an additional 1.0 million gallons per day of capacity through upgrading certain pumps within the existing well field and adding one additional reverse osmosis train.

On September 26, 2012, the SRWA issued $13,530,000 in Water Supply Contract Revenue Refunding Bonds, Series 2012. The refunding bonds provided proceeds to defease $14,990,000 of the Series 2002 Revenue Bonds for the years 2013 through 2027.

On April 1, 2017, the SRWA issued $9,255,000 in Water Supply Contract Revenue Refunding Bonds, Series 2017. The refunding bonds had a closing date of April 18, 2017, and the proceeds plus the bond premium were used to defease $9,715,000 of the Series 2006 Water Supply Contract Revenue Refunding Bonds for the years 2019 through 2032.

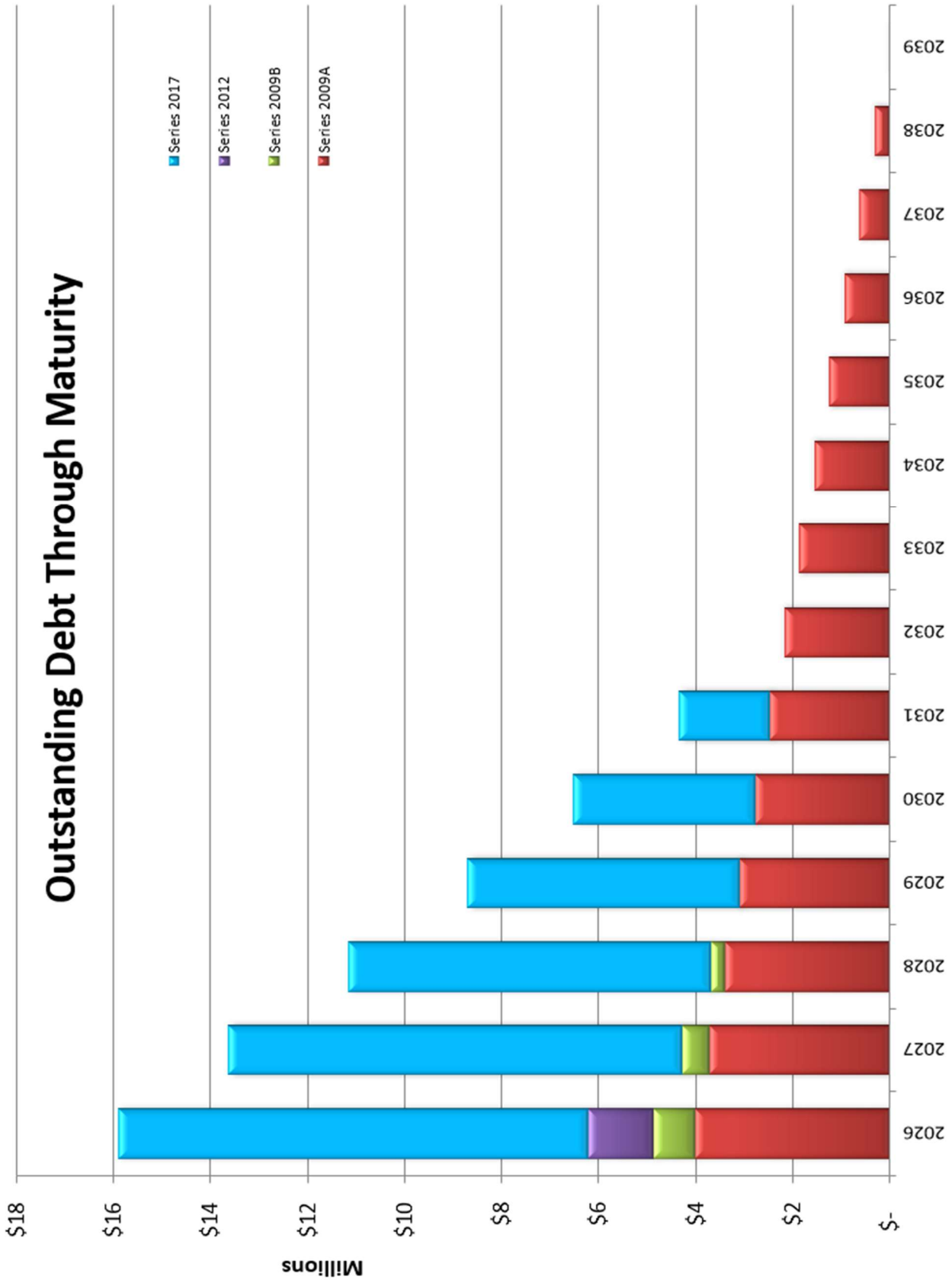
OUTSTANDING DEBT

- $9,295,000 Revenue Bonds, Series 2009A; due in remaining annual installments ranging from $305,000 to $310,000 through 2039 with interest rate at 0.0%

- $3,795,000 Revenue Bonds, Series 2009B; due in remaining annual installments ranging from $240,000 to $270,000 through 2029 with interest rate ranging from 4.10% to 4.25%

- $13,530,000 Water Supply Contract Revenue Refunding Bonds, Series 2012; due in remaining annual installments ranging from $1,255,000 to $1,285,000 through 2027 with interest rate ranging from 3.0% to 5.0%

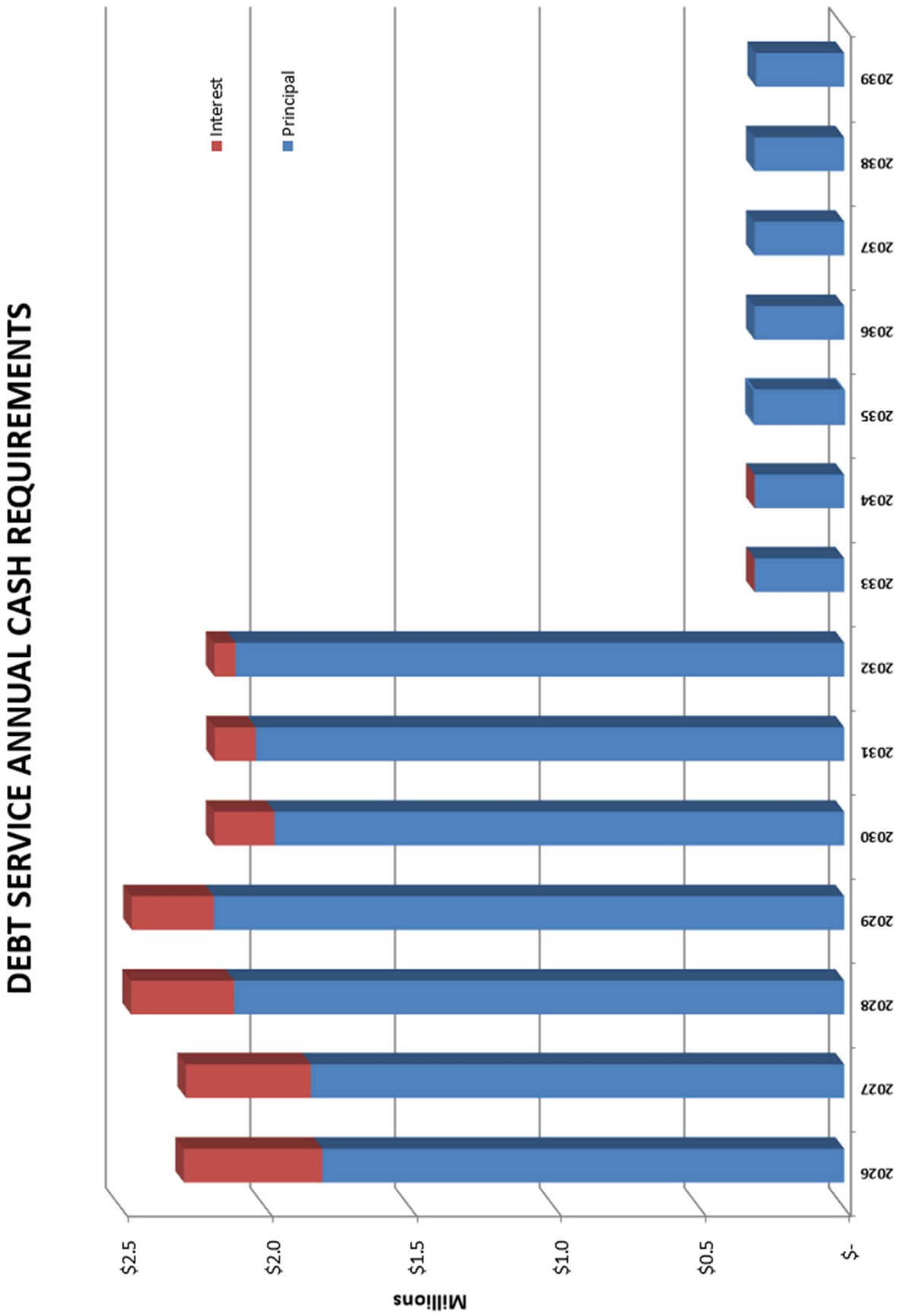
- $9,255,000 Water Supply Contract Revenue Refunding Bonds, Series 2017; due in remaining annual installments ranging from $1,540,000 to $1,795,000 through 2032 with interest rate of 4.0%.



Note: Includes Principal and Interest.

DEBT SERVICE REQUIREMENTS BY FISCAL YEAR

Year Ending Sept. 1	Years	Principal	Interest	Total Debt Svc. Requirements	Declining Debt Svc. Balance
2026	14	1,805,000	477,565	2,282,565	15,897,875
2027	13	1,845,000	430,075	2,275,075	13,622,800
2028	12	2,110,000	355,325	2,465,325	11,157,475
2029	11	2,180,000	282,675	2,462,675	8,694,800
2030	10	1,970,000	207,200	2,177,200	6,517,600
2031	9	2,035,000	140,800	2,175,800	4,341,800
2032	8	2,105,000	71,800	2,176,800	2,165,000
2033	7	310,000	-	310,000	1,855,000
2034	6	310,000	-	310,000	1,545,000
2035	5	310,000	-	310,000	1,235,000
2036	4	310,000	-	310,000	925,000
2037	3	310,000	-	310,000	615,000
2038	2	310,000	-	310,000	305,000
2039	1	305,000	-	305,000	-
		$ 16,215,000	$ 1,965,440	$ 18,180,440	


DEBT SERVICE ANNUAL CASH REQUIREMENTS
Interest
Principal
Millions
$2.5
$2.0
$1.5
$1.0
$0.5
$-
2026
2027
2028
2029
2030
2031
2032
2033
2034
2035
2036
2037
2038
2039

VII.
Glossary

GLOSSARY

Acceptable Pressure – means the pressure at the Delivery Point not less than the minimum pressure of 60 psia.

Accountant – shall mean a firm of independent, certified public accountants retained by the Authority which is experienced in auditing political subdivisions of the state.

A/P – Accounts Payable

A/R – Accounts Receivable

Account – A basis for distinguishing types of expenses or expenditures.

Accrual – The method of accounting that recognizes income when earned and expenses when incurred regardless of when cash is received or disbursed.

ACH – Automated Clearing House; name of the network used for electronic financial transactions.

Asset – A property that has value.

AST – Above-ground storage tank.

Authority – Shall mean the Southmost Regional Water Authority, or its Board of Directors as the context may indicate, and any legal successor which succeeds to the function and authority thereof. The Authority is the largest such facility in Texas, the regional reverse osmosis plant uses state-of-the-art reverse osmosis (RO) technology to treat previously untapped and unusable brackish groundwater resources as an alternative water supply.

Average Daily Rate – Rate of delivery of water from the System delivered to the Participating Customer at the Delivery Point calculated as the average amount of water delivered on a daily basis over a 30 day period.

Balanced Budget – a budget in which forward expenditures for a set period are matched by expected revenues for the same period.

BANNER 9.3.36 – name of program used as the Financial Management Information System.

Bonds – Shall mean the initial Project Bonds, as well as any other notes, bonds, refunding bonds and lease obligations, or other revenue obligations issued from time to time by the Authority the proceeds of which are used for financing or refinancing allocable or attributable cost, expense or liability incurred or paid by the Authority for the financing, or refinancing, construction, reconstruction, acquisition, operation or maintenance of the System or otherwise paid or incurred by the Authority in order to perform its obligations under the Water Supply Contracts.

GLOSSARY

Bond Covenants – The issuer's pledge, in the financing documents, to do or to avoid performing certain practices and actions.

Bond Ratings – A measure of the quality and safety of a bond, based on the issuer's financial condition; more specifically, an evaluation from a rating service indicating the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments. Typically, AAA is the highest (best), and D is the lowest (worst). The SRWA is maintaining an "A2" as rated by Moody's, and an "A" as rated by Fitch Ratings.

BPUB (Brownsville Public Utilities Board; Brownsville PUB; the Public Utilities Board; PUB; the System; the Board) – See "Participating Customer"

Brownsville Navigation District (BND) - See "Participating Customer"

Budget – A financial plan, generally for one fiscal year, presenting proposed expenditures and an estimate of the necessary sources of funds; the Budget Document, as prepared and presented, to the governing body.

Capital Asset – An asset with an initial, individual cost of more than $5,000 and an estimated useful life in excess of eighteen (18) months.

Capital Expenditure – Capital Expenditures are those investments in property, plant, and equipment that have a useful life that is greater than one year (depreciable assets).

Capital Project – the construction, reconstruction, acquisition, and structural maintenance of building s or real property that adds value to the utility's system.

CFO – Chief Financial Officer; in charge of managing the finances of the company.

CIP – Capital Improvement Plan; strategy of planning and prioritizing capital projects based on projected availability of resources.

City of Los Fresnos – See "Participating Customer"

Construction Bond Fund – Funding source of SRWA capital project(s)

COO – Chief Operating Officer; in charge of managing the operations of the company.

CPA – Certified Public Accountant; certification given to individual who has passed the Uniform Certified Public Accountant Examination and has met the required state education and experience requirements.

CPR – Continuing Property Records System; information system used to record and keep track of the capital assets of the company.

GLOSSARY

Debt Service – The principal repayment, interest expense, and issue costs associated with the retirement of outstanding debt.

Defeasance – Termination of the rights and interests of the trustee and bondholders under a trust agreement or indenture on final payment or provision for payment of all debt service and premiums and other costs, as specifically provided for in the trust instrument.

Depreciation – Depreciation represents the use of capital asset over its useful life. Eventually all physical assets wear out or become obsolete. Depreciation recognizes this fact, but does not represent either an actual cash outflow or cash inflow.

Distribution – Usable portion of the delivery system coming from the substation or water plant/tank to the customer's meter.

EPA – Environmental Protection Agency; federal government agency charged with protecting and safeguarding human health and the natural environment (www.epa.gov).

Expense – A use of financial resources to acquire goods or services consumed in a single year's current operations.

Federal Deposit Insurance Corporation (FDIC) – An independent agency created by Congress that maintains the stability and public confidence in the nation's financial system by insuring deposits, examining and supervising financial institutions, and managing receiverships (www.fdic.gov).

Fiscal Year (FY) – A consecutive 12-month period marking the beginning and ending dates for recording financial transactions. The SRWA's fiscal year begins October 1 and ends September 30 of the following calendar year. This is also referred to as the budget year.

FS – Financial Statements

FTE – Full Time Employee working 40 hours per week.

GASB - The Governmental Accounting Standards Board**;** Governmental Board organized in 1984 as an operating entity of the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities (www.gasb.org).

GAAP - Generally Accepted Accounting Principles; the conventions, rules, and procedures necessary to define an accepted accounting practice at a particular time. The principles have been developed on the basis of experience, custom, usage, and to a significant extent, practical necessity.

GM & CEO – General Manager & Chief Executive Officer; in charge of managing the company and reports to the Board of Directors

GLOSSARY

Grant – A legal transaction giving money or property for a specific purpose.

Interest Expense – Interest expense is the cost of borrowing funds. It is shown as a financial expense item within the income statement.

Interest From Investments or Investment Income –Interest and dividends from short-term and overnight investments. The Brownsville PUB invests certain cash assets in order to receive interest earnings until that cash is needed. All interest earned is recorded as investment income.

Junior lien – See "lien obligations".

Kilowatt hour (kWh) - measures a unit of energy, equal to 3,600,000 joules (3.6 MJ). It can also be described as the amount of energy that would be transferred at a constant rate of one kilowatt for one hour. This is the unit that is used by power companies to determine the amount of energy used by a home or business for billing purposes.

Liabilities - a liability is a debt or obligation that a company must pay. Liabilities are recorded on a company's balance sheet and can include accounts payable, taxes, wages, accrued expenses, and deferred revenues.

Lien Obligations – Security protection claim for repayment of a debt. Legal priority rights are placed on the repayment of debt. If legal remedies for repayment occur, first emphasis for repayment is Priority Obligations, then Second Lien Obligations, then Junior Lien Obligations, and then Subordinate Lien Obligations. While bonds with second or third liens are generally rated significantly lower than those with first liens, the issuer may determine that the senior-lien credit is so strong that a well-structured junior-lien bond will be rated relatively close to senior bond.

MG – Million gallons.

MGD – Million gallons per day.

Mg/l – Million gallons per load.

MSRB – Municipal Securities Rulemaking Board and any successors to its duties

Net Assets - Total assets minus total liabilities of an individual or company

NRMSIR – Each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time.

O&M – Operations & Maintenance

GLOSSARY

Operating Revenues – Gross Revenues with respect to any period, after deducting the O&M expenses.

Operations and Maintenance Budget (O&M Budget) – Plan of current expenditures and proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery activities of the utility are controlled.

Operations and Maintenance Non-Personnel (O&M Non-Personnel) – Also known as operating costs, these are the expenses of the day-to-day operations assigned to the current operating period.

Operations and Maintenance Personnel (O&M Personnel) – Cost related to compensating employees, including salaries, wages, insurance, payroll taxes, and retirement contributions.

Other Non-Operating Expenses – Miscellaneous expenses, debt discounts/expenses and other interest expenses.

Participating Customer – A Texas municipal utility district created under the authority of Article XVI, Section 59 of the Texas Constitution and operating pursuant to Chapter 49 and 54, Texas Water Code. Each Participating Customer or any Participating Customer shall mean, subject to the proviso in the definition of the Water Supply Contract, one or more of the Participating Customers entered in the Water Supply Contract, its legal successors or permitted assigns so long as such entity is a party to the Water Supply Contract, and shall also include any purchaser of treated water from the Authority which becomes a Participating Customer.

Participant's System – Water system or combined utility system of each Participating Customer, as applicable.

P.E. – Professional Engineer; registered or licensed engineer.

Operating Fund - This fund group is used to account for the maintenance and operations of the Systems physical plant and assets.

Policy – A program of actions adopted by a person, group, or government, or the set of principles on which they are based.

Polychlorinated biphenyl (PCB) – Several compounds that are produced by replacing hydrogen atoms in biphenyl with chlorine, have various industrial applications, and are toxic environmental pollutants which tend to accumulate in animal tissues.

Prudent Utility Practice – shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the water utility industry during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the

facts known at the time the decision was made, could have been expected to accomplish the desired result at lowest reasonable cost consistent with good business practices, reliability, safety, and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method, or act, to the exclusion of all others, but rather to include a spectrum of possible practices, methods, or acts generally acceptable in the water utility industry in light of the circumstances.

Public Utility Commission of Texas (PUCT) – agency that regulates the rates and services of electric, water and wastewater utilities, as defined by state and Federal laws and regulations (www.puc.state.tx.us).

QA – Quality assurance

QC – Quality control

Ratings – See "Bond Ratings." Alpha and/or numeric symbols used to give indications of relative credit quality. In the municipal market these designations are published by the investors' rating services. Internal ratings are also used by other market participants to indicate relative credit quality.

Revenue Bonds – Securities for which debt service payments are generated from a specific revenue source.

Reverse Osmosis – A process by which a solvent such as water is purified of solutes by being forced through a semi-permeable membrane through which the solvent, but not the solutes, may pass.

Sale and Offering Documents – Any resolution, indenture, preliminary official statement, or other preliminary offering document for the Bonds.

SEC – The United States Securities and Exchange Commission and any successor to its duties.

SID – Any entity designated by the State or an authorized department, officer, or agency thereof as, and determined by the SEC or its staff to be, a state information depository within the meaning of the Rule from time to time.
State – Shall mean the State of Texas.

Senior Lien – See "lien obligations".

Southmost Regional Water Authority (SRWA) – See "Authority."

Statement of Net Assets - Presents information on all of the Authority's assets and liabilities, with the difference reported as net assets.

GLOSSARY

Statement of Revenues, Expense & Changes in Net Assets - Presents the results of the business activities over the course of the fiscal year.

Statement of Demand Accounts & Investments - Presents the Authority's restricted and unrestricted cash and investment account balances at a given period.

Subordinate Lien – See "lien obligations".

System – shall mean the Initial Project, any additional Projects, and all other properties and assets, real, personal, tangible and intangible, of the Authority, now or hereafter existing and used to supply water, or any other utility service that the Authority may lawfully provide, to a Participating Customer hereunder and shall include on site general plant and administrative facilities of the Authority and all interest of the Authority in the water treatment, storage, conveyance and distribution facilities and administrative facilities of the Authority, together with al lands, easements and rights-of-way of the Authority and all other works, property or structures of the Authority and contract rights, water rights permits and other tangible and intangible assets of the Authority through which water is diverted from the Authority's water supply system or any other supplier of raw water, raw water storage capacity, or raw water pumping and conveyancing.

System Capacity – Shall mean the actual total capacity as reasonably determined and verified by the Authority from time to time of the System to produce and deliver treated water.

System Costs – Shall mean the Operating Costs plus the Capital Costs of the System.

TCEQ – Texas Commission for Environmental Quality is the environmental agency for the State of Texas (www.tceq.state.tx.us).

TPDES – Texas Pollutant Discharge Elimination System; refer to the following web address: http://www.tceq.state.tx.us/permitting/water_quality/wastewater/pretreatment/tpdes_definition.html

TSS – Total Suspended Solids

TWDB – Texas Water Development Board; state agency providing leadership, planning, financial assistance, information, and education for the conservation and responsible development of water resources for the State of Texas (www.twdb.state.tx.us)

TXDOT – Texas Department of Transportation; state agency providing safe, effective, and efficient movement of goods within the State of Texas (www.dot.state.tx.us)

Town of Indian Lake - See "Participating Customer"

UST – Underground Storage Tank.

GLOSSARY

Valley Municipal Utility District 2 (VMUD) - See "Participating Customer"

Water Supply Contracts – Shall mean the Contract and the contracts with any other Participating Customers and the Authority, in substantially the same form as the Contract, as amended from time to time; provided, however, that if a Participating Customer is added that was not a Participating Customer on the Effective Date, the Authority reserves the right to charge this new Participating Customer greater (but in no event less than) Capital Costs and/or Operating Costs, or a greater percentage thereof allocated to such new participating Customer as recognized by the provisions of Section 3.4(b) and Section 3.5(g) of the Water Supply Contract. Otherwise, any such contract between the new Participating Customer and the Authority shall be substantially in the form as the Contract.

VIII.
Selected Provisions from the SRWA Water Supply Contract

SELECTED PROVISIONS FROM THE SRWA WATER SUPPLY CONTRACT

Section 2.4 Design Capacity. The Initial Project shall be designed so that the water treatment plant will produce treated water complying with the quality standards for potable water as provided in the contract at a minimum rated capacity of 7.5 MGD, on a consistent basis throughout a calendar year in compliance with regulatory requirements. After the Commencement Date of the Initial Project, the Authority shall make appropriate tests to determine the actual rated capacity of the water treatment plant as provided in Section 3.11.

Section 3.1 Allocated Portion. Subject to the other provisions of the contract, the Authority agrees to sell and deliver to the Participating customer, and the participating customer design of the system capacity, participating customer shall be entitled to receive treated water at a daily rate of delivery equivalent to its Allocated Portion during each day of the year (subject to planned outages for maintenance and repairs or Force Majeure). The Participating Customer's initial "Allocated Portion of System Capacity" (averaged over each calendar year) is designated of System Capacity during the term of this Contract, except as otherwise permitted herein.

Section 3.2 Increases or Decreases In System Capacity. If the System Capacity is increased or decreased at any time pursuant to Section 3.12 that is not due to construction of an additional Project or a Special Project Facility, each Participating Customer shall be entitled to its Allocated Portion of the increased or decreased System Capacity, except to the extend another mutually acceptable arrangement is agreed to by the Participating Customers.

Section 3.3 Additional Projects or New Projects. Each Participating customer will have the first right to participate in future phases of the Project based upon the initial "Allocated Portion of System Capacity" designated on Exhibit "B". Any additional System Capacity due to the construction of an additional Project shall not be offered to a party that is not a Participating Customer as of the Effective Date until all such Participating Customer have been offered such additional System Capacity.

Section 3.5.(e) Price of Water. The amount of the Operating Costs to be paid by the Participating Customer shall be established on a monthly basis by the Annual System Budget as described in Sections 4.2 and 4.3 and adjusted from time to time as the Authority deems necessary to cover its Operating Costs. The Annual System Budget, as amended, shall provide for payment by the Participating Customer on a monthly basis which corresponds to the Authority's Operating Costs, but the payments shall be trued up at the end of each Fiscal Year so that each Participating Customer pays the same rate for Operating Costs per 1,000 gallons of water delivered to the Participating Customers.

Section 3.10. Sale of Water by Participating Customer. The Participating Customer shall have the right to maintain existing contracts or to enter into contracts for the resale of water delivered to the Participating Customer by the Authority. The consideration as between or among the participating Customer and its customers shall be determined by the contracting parties, but no such contract shall relieve the participating Customer of its primary obligation to the Authority under the terms of this Contract. Before a participating Customer may resell to a

third party any water that was originally delivered to it by the Authority, the Participating Customer must first offer that water for sale to other participating Customers. Water sold to more than one Participating Customer will be allocated based on the original Allocated Portion of the system Capacity, except to the extend another mutually accepted arrangement is agreed to by the Participating Customer.

Section 3.11. Rated Water Treatment Capacity of System. The Authority shall, from time to time, determine if the rated water treatment capacity should be changed (increased or decreased) to reflect the actual capacity of the System to supply treated water complying with water quality standards for potable water as provided in this Contract on a consistent basis if operated throughout the year in accordance with regulatory requirements. Any such determination shall be based upon a written report by the Consulting Engineer. The Authority shall give the Participating Customer prior notice of any test to predetermine the rated water treatment capacity of the System and attain the Participating Customer and its Consulting Engineer or other representations the opportunity to be present du ring any test period and to review and comment on a draft of the report of the Consulting Engineer. Any change in the rated water treatment capacity shall not affect the obligations of the Participating Customer or its Allocated Portion of the System Capacity.

Section 5.10. Monthly Operations Report. The Authority covenants and agrees to provide the Participating Customer with a monthly operations report. The monthly operations report shall contain all information required by the rules and regulations established by the Authority. The monthly operations reports shall at a minimum include unaudited financial statements, the quantity of water delivered form the System, the current System Capacity and any material maintenance or repairs performed or required.

Exhibit "B" of Water Supply Contract

Allocated Portion of the System Capacity

Participating Customer	Allocated Portion
Brownsville Public Utilities Board	92.91%
Valley Municipal Utility District #2	2.51%
City of Los Fresnos	2.28%
Brownsville Navigation District	2.10%
Town of Indian Lake	0.20%

Meeting Date
October 12, 2026

Posting Language
2.b - Industry and Southmost Regional Water Authority Updates

Open/Closed Session
OPEN MEETING

Action
Briefing

Executive Sponsor
Lead Department: 1110-General Manager

Assigned Staff (Presenter): Justin M Locke

Summary
Communications Overview — Our strategy has focused on providing accurate information, maintaining transparency and directing the community to a single source of truth, while avoiding unnecessary amplification of the issue.

Strategic Initiatives

Referring Committee
Name of Committees _____
Date of Meeting _____
Recommendation(s) _____
Vote(s) _____

Fiscal Impact
Budgeted Bid Award Reallocation No Fiscal Impact

Source of Funding: _____

Recommended Motion

Brief Update.

BROWNSVILLE
PUBLIC UTILITIES BOARD

COMMUNICATIONS OVERVIEW

WATER SUPPLY REGIONAL INVESTMENT

ALEXA J. PEREZ

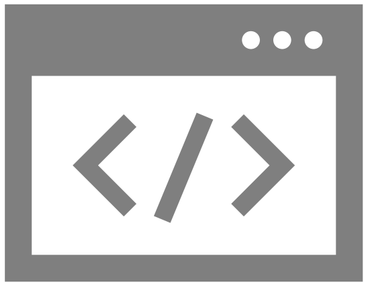
DIV. MANAGER FOR COMMUNICATIONS & MARKETING

COMMUNICATIONS OVERVIEW

Our strategy has focused on **providing accurate information, maintaining transparency and directing the community to a single source of truth**, while avoiding unnecessary amplification of the issue.



WHAT WE HAVE DONE



Website

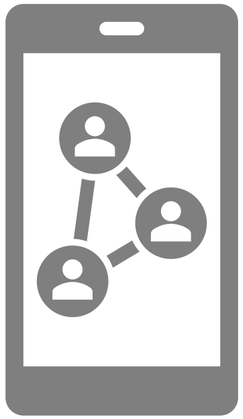


Media Relations

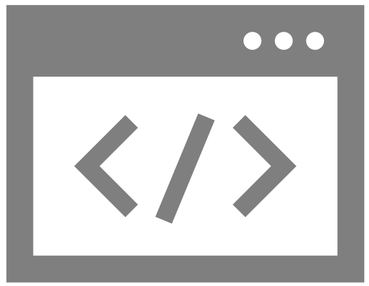


Community

GOING FORWARD



Social Media



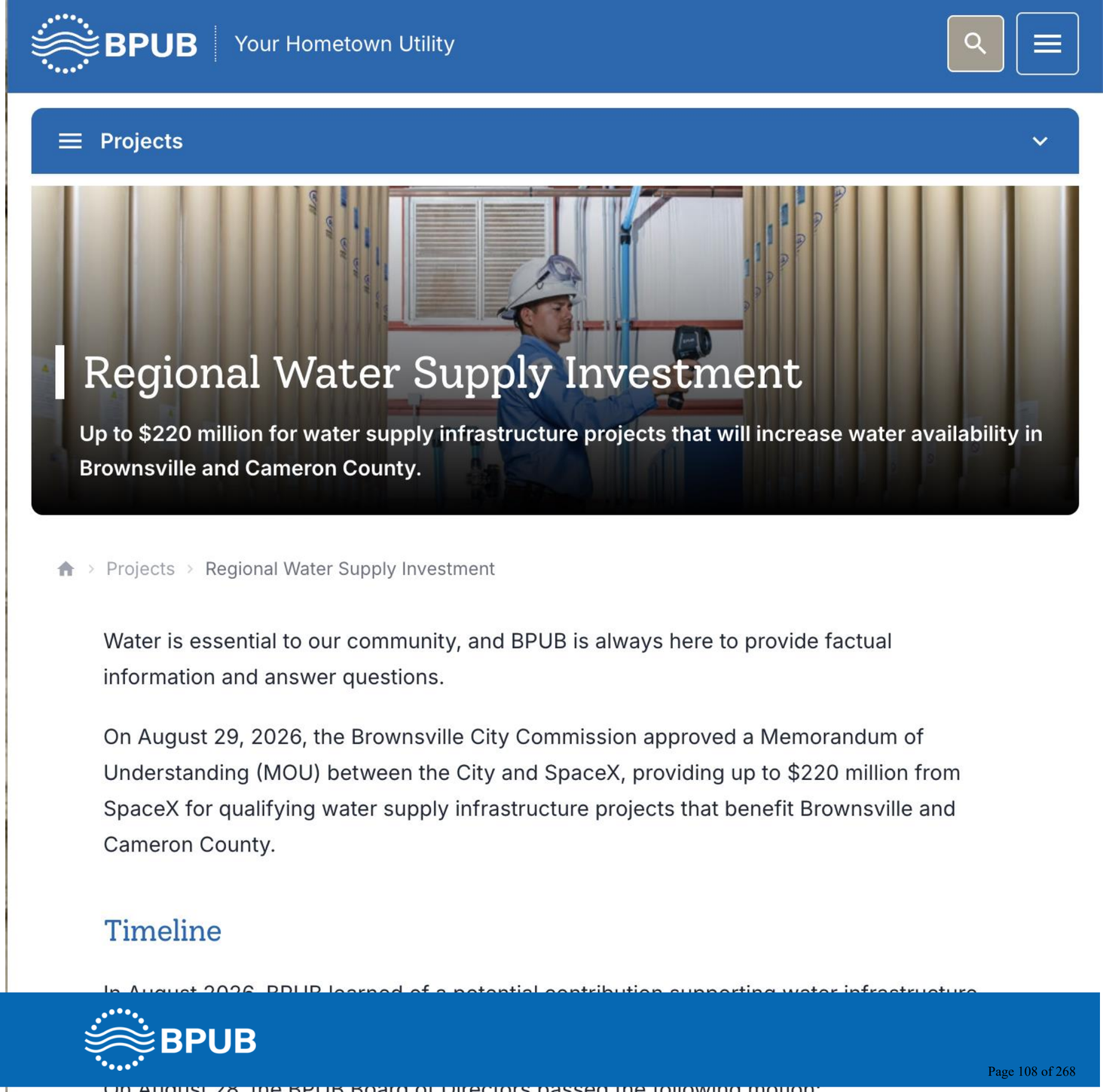
Website



Media

WEBSITE

- ✓ Updated project webpages to ensure information is current and accessible.
- ✓ Published a dedicated webpage, addressing FAQ, water infrastructure projects and BPUB's role.
- ✓ Continuously update the FAQ with the latest project information, timelines and links to project webpages so customers can follow progress as information becomes available.



MEDIA RELATIONS

- ✓ Per established protocols, managed media inquiries through BPUB Communications & Public Relations
- ✓ Most inquiries have been informational and focused on project timelines, facts and our role.
- ✓ Provided approved responses and directed media to the appropriate public information when available.



COMMUNITY

- ✓ Shared the FAQ when customers or community members raise questions online or directly with BPUB.
- ✓ Future customer newsletters will provide updates as project information becomes available.
- ✓ Information will continue to be provided in both English and Spanish.

BPUB Your Hometown Utility



Join Us for the Big Public Utilities Bash:

Big trucks, great food, family fun, and a closer look at the services we all depend on.

Ever wonder what happens behind the scenes to keep the lights on, the water flowing, and essential services running? The Big Public Utilities Bash is your chance to see it up close and meet the people who make it happen every day.

Bring the family and join us on Friday, October 2, from 5:30 to 8:30 p.m. at 1425 Robinhood Drive for an evening of hands-on activities, live demonstrations, food, prizes, and fun for all ages. Admission is free.



Why Public Power Matters

Owned by the community. Focused on Brownsville.

Public power may not be a phrase you hear every day, but it has a direct connection to your electric service. BPUB is community-owned, which means we're here to serve local community and support the needs of our city.

The focus stays close to home. Revenue supports the electric system, including the crews, equipment and maintenance needed to provide dependable service. It also helps us prepare for growth and make improvements that benefit the people who live and work here.

That local connection matters when the weather changes or an outage occurs. Our crews know the streets, neighborhoods and customers they serve. They work to restore service safely and get homes and businesses back on track. Public power also gives residents a way to stay informed. You can attend public meetings, follow utility projects and learn how decisions affect Brownsville today and in the years ahead.

Public power means local service, local accountability, and a commitment to keeping Brownsville powered today and prepared for tomorrow. Learn more.

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You are receiving this email because you opted in at our website.

Our mailing address is:
Brownsville Public Utilities Board
1425 Robinhood Drive
Brownsville, TX 78521

Add us to your address book

Want to change how you receive these emails?
You can update your preferences or unsubscribe from this list.

BPUB

CITY COORDINATION

- ✓ Provided feedback on City talking points related to the BPUB's water projects.
- ✓ Shared official project descriptions and approved images for use on the City's website.
- ✓ Helped ensure BPUB projects are represented accurately and consistently across public communications.
- ✓ BPUB Legal team worked closely with the City to develop terms that strengthen protections for the City and BPUB and better align the agreement with the parties' respective interests and responsibilities.



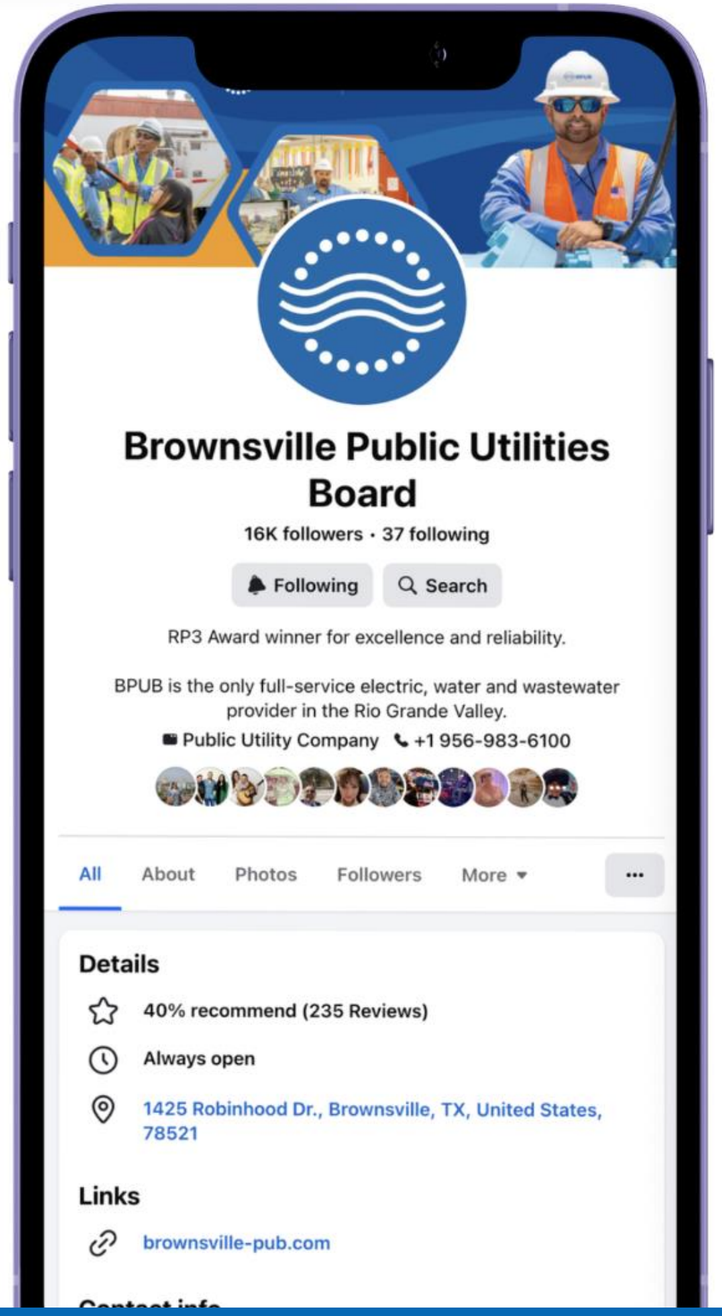
WASHINGTON, DC FLY-IN

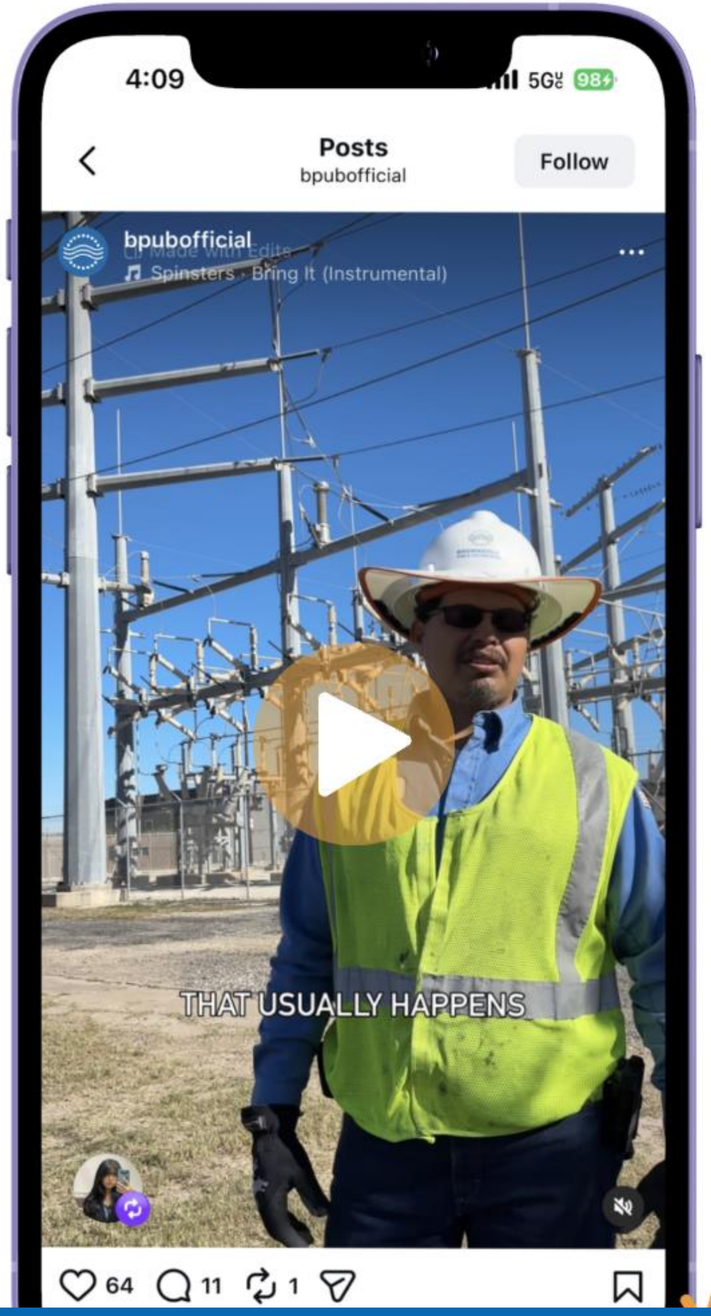
- ✓ Continuously provide information on BPUB's water infrastructure priorities and projects to the Brownsville Chamber of Commerce for its annual Washington, D.C. Fly-In.
- ✓ Used the opportunity to reinforce the importance of federal support for water infrastructure, resilience and long-term water supply.



SOCIAL MEDIA

- ✓ As information becomes available, we will develop videos, graphics and other educational content to explain project progress and water infrastructure investments.
- ✓ Content will provide broader context around our overall water strategy, including projects such as Banco Morales, the Water Renewal Project and the SRWA Optimization & Expansion.





MEDIA

- ✓ Continue proactively sharing progress through media releases, interviews and educational opportunities.
- ✓ Use these opportunities to explain how BPUB's water infrastructure investments are strengthening long-term water security and supporting Brownsville's growth.



EXAMPLE

SRWA OPTIMIZATION & EXPANSION SCHEDULE

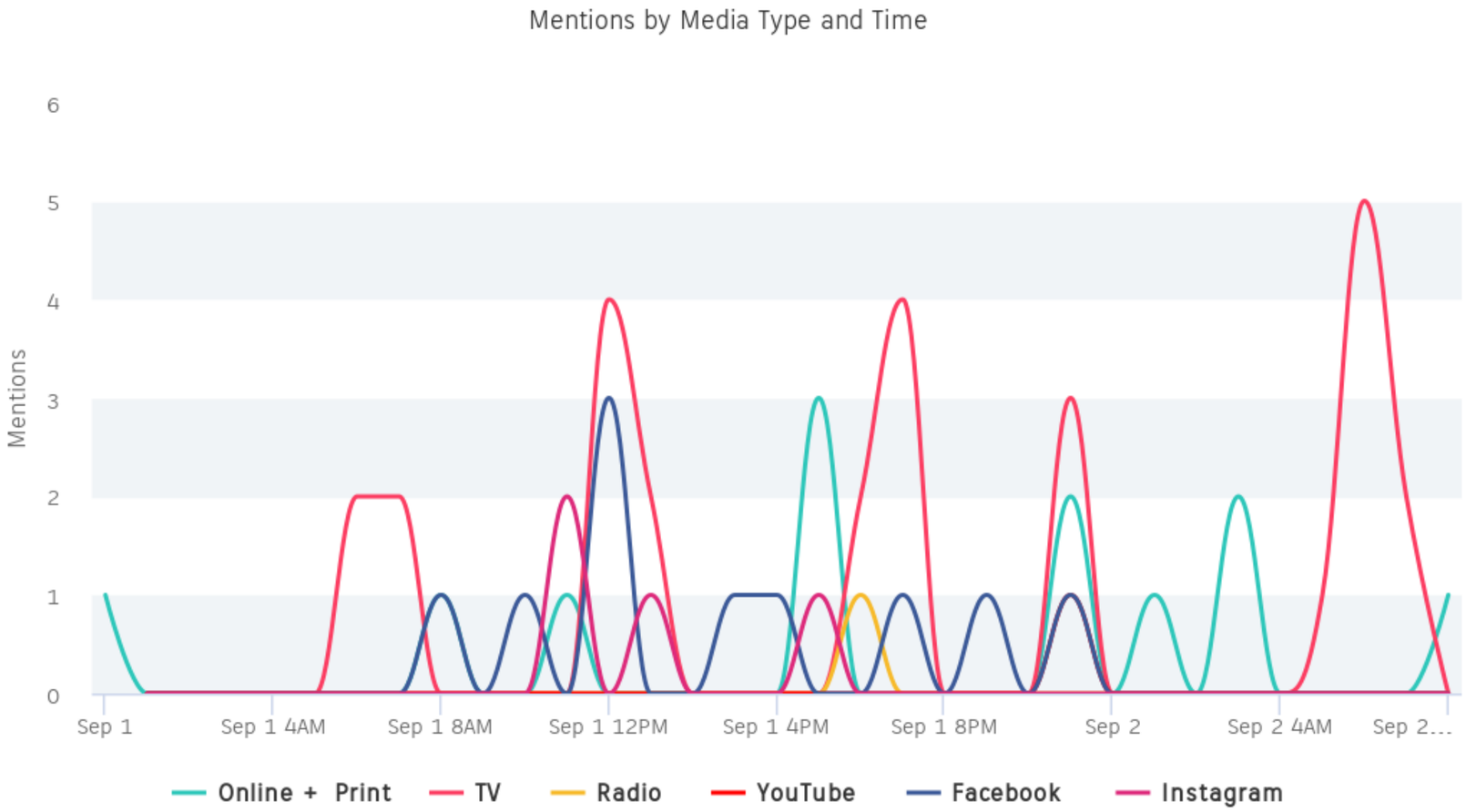
				2027				2028				2029				2030				2031	
		TOTAL COST	STATUS	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN
SRWA Optimization & Rehabilitation	Hydrogeologic Study	$147,000	Planned	$20,965,426.00																	
	Optimization Study	$198,776	Completed																		
	Rehabilitation of 6 Existing Wells	$935,895	In Progress																		
	Rehabilitation of 14 Existing Wells	$2,183,755	Planned																		
	2 New Wells	$7,500,000	Planned																		
	Tier 1 Project: RO Membrane Replacement	$600,000	Completed																		
	Addressing the Tier 1 Projects in the Optimization Study for Current Design Capacity as Recommended	$9,400,000	Planned																		

CUSTOMER COMMUNICATIONS



SOCIAL LISTENING

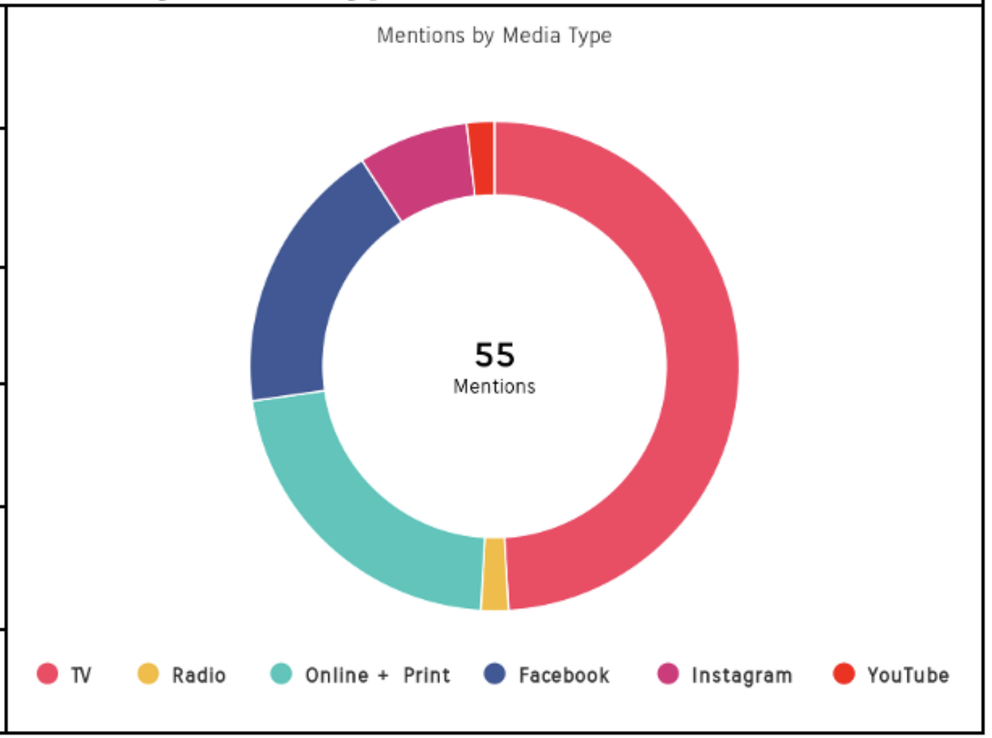
- ✓ The general media monitoring search captured 55 articles linked directly to Brownsville and the SpaceX land disannexation.
- ✓ The monitoring covers six different media types: online and print, tv, radio, YouTube, Facebook, and Instagram.
- ✓ The increases in coverage are targeted by running news stories on TV at 6 a.m., 12 p.m., 6 p.m. and 12 a.m.



SOCIAL LISTENING

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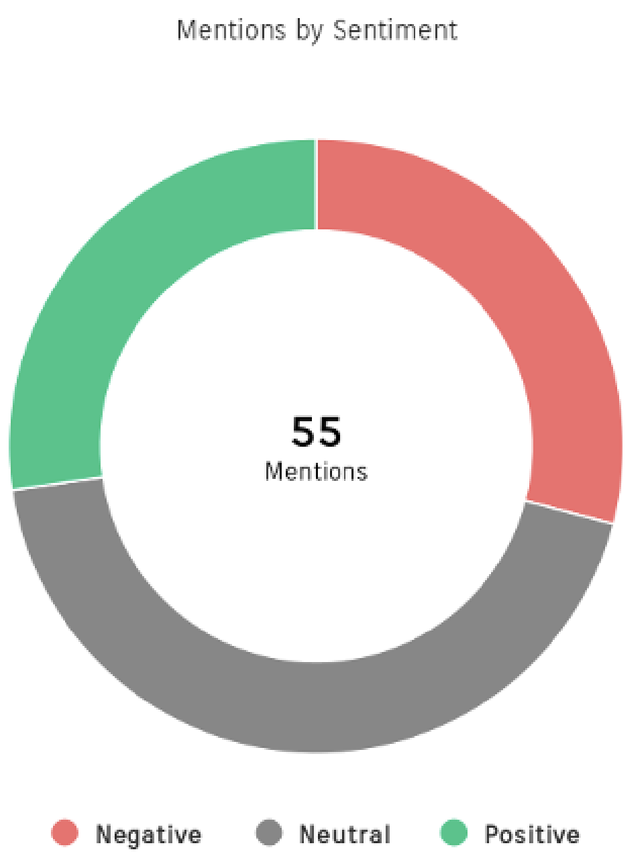
Mentions by Media Type	
TV	27
Radio	1
Online and Print	12
Facebook	10
Instagram	4
Total Mentions	**55**



SOCIAL LISTENING

71%

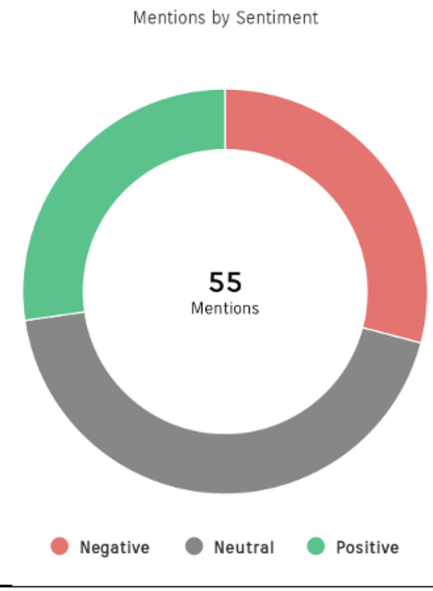
29%

Mentions by Sentiment		
Positive	15 - (27%)	
Neutral	24 - (44%)	
Negative	16 - (29%)	
Total Mentions	**55 – 100%**	

SOCIAL LISTENING

Our social listening report indicates that the current approach is working:

- ✓ BPUB has not become a primary target of public backlash or activist criticism.
- ✓ BPUB mentions have remained largely neutral to positive, primarily associated with long-term water infrastructure and water security benefits.
- ✓ We will continue monitoring sentiment and adjust our communications approach as needed.

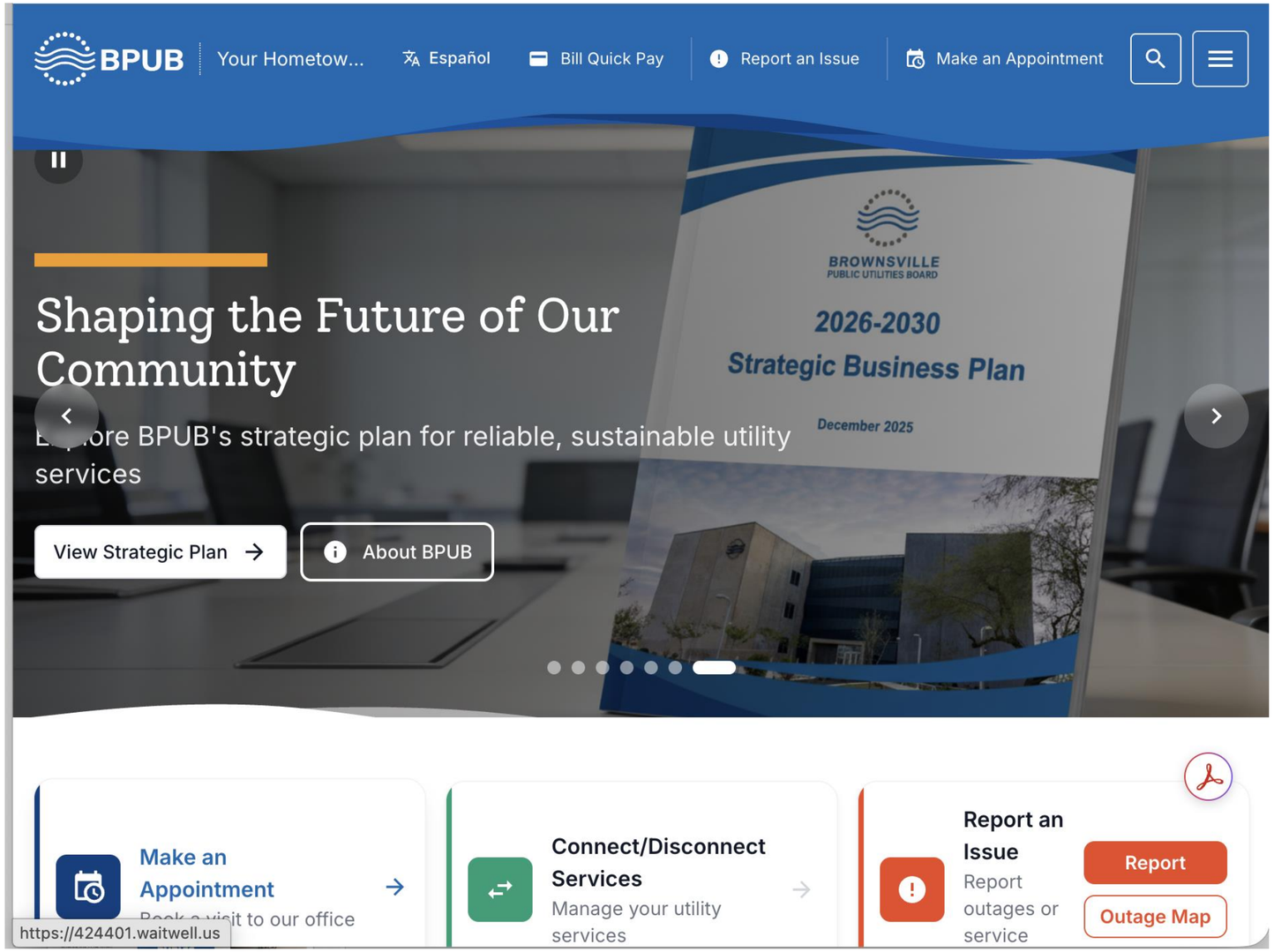
Mentions by Sentiment		
Positive	15 - (27%)	
Neutral	24 - (44%)	
Negative	16 - (29%)	
Total Mentions	**55 – 100%**	

OVERALL STRATEGY

1. Be transparent without speculation.

2. Keep the focus on BPUB's role and long-term water security for the community.

3. Build trust and understanding through project progress reporting.



Meeting Date
October 12, 2026

Posting Language
2.c - Update regarding Funding for Water Supply Infrastructure sponsored by the City of Brownsville and SpaceX

Open/Closed Session
OPEN MEETING

Action
Briefing

Executive Sponsor
Lead Department: 5110-Finance

Assigned Staff (Presenter): Justin M Locke

Summary
On September 23, 2026, Space Exploration Technologies Corp. (SpaceX) and the City of Brownsville, Texas, entered into the "Brownsville Regional Infrastructure Escrow Agreement." The escrow agreement establishes a place for SpaceX to periodically deposit funds dedicated to fund a portion of Qualified Projects by BPUB and the Southmost Regional Water Authority (SRWA) that add to regional water supplies. The City created a website on this topic, including links to publicly available version of Escrow Agreement, the underlying Memorandum of Understanding, and the City's Resolution: www.brownsvilletxwatersecurity.com.

This agenda item, requested by Board members at the regular September 2026 meeting, serves to provide a brief overview of the status of the fund.

Strategic Initiatives

Referring Committee

Name of Committees	BPUB Finance Committee
Date of Meeting	September 30, 2026
Recommendation(s)	
Vote(s)	

Fiscal Impact

Budgeted	Bid Award	Reallocation	No Fiscal Impact

Source of Funding: Brownsville Regional Infrastructure Escrow Agreement

Recommended Motion
Not Applicable

BROWNSVILLE REGIONAL INFRASTRUCTURE ESCROW PACKAGE

Escrow Agreement

by and among

SPACE EXPLORATION TECHNOLOGIES CORP.
a Texas corporation

THE CITY OF BROWNSVILLE, TEXAS
a Texas home-rule municipality

and

PlainsCapital Bank
a Texas banking association

Dated as of September 22, 2026

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

SECTION 1: ESCROW TERM SHEET

The following Term Sheet summarizes the principal terms of the Escrow Agreement contemplated by the Binding Memorandum of Understanding between Space Exploration Technologies Corp. and the City of Brownsville, Texas (the "MOU"). It is provided for convenience of reference only and is qualified in its entirety by the Escrow Agreement as set forth in Section 2.

Term	Description
Transaction	Escrow Agreement pursuant to Binding MOU for water and wastewater infrastructure contributions
Parties	Space Exploration Technologies Corp., a Texas corporation ("SpaceX"); City of Brownsville, Texas, a home-rule municipality chartered in the State of Texas ("City"); and PlainsCapital Bank, a Texas banking association ("Escrow Agent")
Funding Structure	Initial Escrow Amount of $40,000,000.00 no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein; remaining $180,000,000.00 in six Quarterly Installments of $30,000,000.00; Maximum Contribution of $220,000,000.00
Deposit Mechanics	Initial Escrow Amount deposited no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein; each Quarterly Installment deposited to the Escrow Account pursuant to the schedule provided in Section 2.2 and the MOU
Escrow Status	Funds held as restricted funds and disbursed only as Committed Funds for Identified Qualifying Projects under signed project agreements establishing funding amounts and milestones
Refund Events	(a) No Qualifying Project Identified within one year after the Initial Escrow Amount is funded: all Uncommitted Funds refunded within 30 days; (b) signed contracts for aggregate Maximum Contribution not reached within two years: unpaid obligations suspended and Uncommitted Funds refunded
Investment Earnings	Accrue to the Escrow Account for expansion of water resources and do not increase or decrease the Maximum Contribution
Nature of Payments	Contractual contributions, not a purchase of capacity, ownership interest, preferential utility treatment, or prepaid volumetric rates
Qualifying Projects	Potable reuse/wastewater reclamation, SRWA Plant expansion, and other water or wastewater projects Identified by the Parties that expand water availability and satisfy applicable permitting requirements
Fees	SpaceX pays all Escrow Agent fees and expenses; no deduction from Escrow Property (as defined herein)
Disputes	MOU Article VI: good-faith negotiation, then non-binding mediation; venue in Cameron County, Texas

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Resignation	90 days' prior written notice; City appoints successor Escrow Agent
Termination	Upon disbursement of all Escrow Property per project agreements, refund of all Uncommitted Funds under the refund conditions, or mutual written agreement

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SECTION 2: ESCROW AGREEMENT

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") is entered into as of September 22, 2026 (the "Effective Date"), by and among **SPACE EXPLORATION TECHNOLOGIES CORP.**, a Texas corporation ("SpaceX"); **THE CITY OF BROWNSVILLE, TEXAS**, a Texas home-rule municipality (the "City"); and **PLAINSCAPITAL BANK**, a Texas banking association (the "Escrow Agent"). SpaceX, the City, and the Escrow Agent are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

Whereas, SpaceX and the City have entered into a Binding Memorandum of Understanding dated August 29, 2026 (the "MOU") pursuant to which SpaceX will contribute up to $220,000,000.00 toward water and wastewater projects that expand water availability in Brownsville and the broader Cameron County community;

Whereas, the MOU contemplates Funding Payments consisting of an Initial Escrow Amount and Quarterly Installments, subject in the aggregate to the Maximum Contribution, to fund Qualifying Projects;

Whereas, the MOU requires the Parties to execute this Agreement to govern the custody, restriction, investment, and disbursement of the Funding Payments;

Whereas, the Parties intend that this Agreement will implement the escrow provisions of Article II of the MOU, and that the MOU will govern the underlying funding obligations and project commitments to the extent not addressed in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I — DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below; terms not defined herein shall be construed as in normal, customary usage:

1.1 "Committed Funds" means Funding Payments subject to a signed contract detailing the amount of funding and project-completion milestones for a Qualifying Project.

1.2 "Designated Public Account" means an account designated in a signed project agreement or joint written disbursement instruction for receipt of funds for a Qualifying Project, maintained with a depository institution authorized to receive public funds under Texas law.

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1.3 "Escrow Account" means the separate account established with and maintained by the Escrow Agent into which Funding Payments are deposited and held on behalf of the Parties pending identification, commitment, disbursement, or refund in accordance with this Agreement.

1.4 "Escrow Agent" means a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, and mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board, with which the Escrow Account is created, and any successor appointed under Article XIV.

1.5 "Escrow Amount" means the aggregate amount of Funding Payments then deposited in the Escrow Account.

1.6 "Escrow Property" means, collectively, the aggregate Funding Payments deposited with the Escrow Agent pursuant to Article II, all investment earnings and income thereon, and all proceeds, products, and substitutions thereof.

1.7 "Funding Payments" means the Initial Escrow Amount and the Quarterly Installments payable by SpaceX under the MOU and this Agreement, not to exceed the Maximum Contribution in the aggregate.

1.8 "Identified" or to "Identify" means, with respect to a Qualifying Project, that the City or its authorized agent has adopted a written resolution naming the project, describing its scope, and committing to the project funding subject to project-completion milestones.

1.9 "Initial Escrow Amount" means Forty Million and No/100 Dollars ($40,000,000.00).

1.10 "Legally Prohibited" means that a required approval, permit, license, or authorization from a local, state, or federal jurisdiction is not legally obtainable, or that a statute, ordinance, practice, policy, regulation, or court or governmental order makes continuation or operation of the development project contemplated by the MOU unlawful or legally impossible, such that the development project cannot proceed or operate with all necessary approvals. Economic infeasibility, loss of a commercial counterparty, or a voluntary pause is not a Legal Prohibition.

1.11 "Legal Prohibition" means a circumstance in which a party is Legally Prohibited.

1.12 "Maximum Contribution" means Two Hundred Twenty Million and No/100 Dollars ($220,000,000.00).

1.13 "MOU" means the Binding Memorandum of Understanding between SpaceX and the City dated August 29, 2026, as amended in accordance with its terms.

1.14. "Owner" or "Operator" means, with respect to a Qualifying Project, either the Brownsville Public Utilities Board ("BPUB") or the Southmost Regional Water Authority ("SRWA"), as applicable, that owns, operates, or has responsibility for the applicable Qualifying Project or any portion thereof.

1.15 "Qualifying Project" means a water or wastewater facility project, including treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, and related residuals or concentrate management, that (a) expands water availability, directly or indirectly, in the City of Brownsville or the broader Cameron County community, (b) has been Identified by the Parties, and (c) is capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ.

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1.16 "Quarterly Installment" means Thirty Million and No/100 Dollars ($30,000,000.00).

1.17 "Uncommitted Funds" means Funding Payments held in the Escrow Account that are not Committed Funds.

1.18 "Water Supply" means treated water meeting applicable Texas Department of Health, TCEQ, and Safe Drinking Water Act standards, as administered by the applicable authorities.

ARTICLE II — DEPOSIT AND FUNDING PAYMENTS

2.1 Initial Escrow Amount.

SpaceX shall deposit, or cause to be deposited, the Initial Escrow Amount of $40,000,000.00 with the Escrow Agent by federal funds wire transfer to the Escrow Account no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein.

2.2 Quarterly Installments.

SpaceX shall pay the remaining $180,000,000.00 in six (6) Quarterly Installments of $30,000,000.00 each. The first Quarterly Installment is due within thirty (30) days after the Parties Identify and approve, in consultation with BPUB, the first Qualifying Project. Approval for the Qualifying Project shall not be unreasonably withheld, conditioned, or delayed, provided the project satisfies the requirements of Section 1.15. No Party may withhold, condition, or delay approval of a Qualifying Project on any ground other than (a) the project's failure to satisfy the requirements of Section 1.15 or (b) a Legal Prohibition. For the avoidance of doubt, the fact that a Qualifying Project has not yet obtained all permits, approvals, or authorizations required for construction or operation shall not constitute grounds for withholding approval so long as the project is capable of being permitted under the applicable environmental, health, and safety permitting requirements referenced in Section 1.15. Each subsequent Quarterly Installment is due on the last business day of the last month of each successive calendar quarter following the calendar quarter in which the first Quarterly Installment is paid, until the full $180,000,000.00 has been paid. Each Quarterly Installment shall be deposited into the Escrow Account. Written notice of each deposit shall be provided by SpaceX to the Owner or Operator of the Qualifying Project. SpaceX's obligations are subject to the suspension provisions of Article V and the MOU.

2.3 Appointment of Escrow Agent.

SpaceX, the City, and the Brownsville Public Utilities Board hereby appoint the Escrow Agent to serve as the escrow agent under the terms of this Agreement, and the Escrow Agent accepts such appointment. The Escrow Agent agrees to place the Escrow Amount in a separate escrow account at a federally insured depository institution in the name of the Escrow Agent. Interest earned on escrowed funds shall accrue solely to the Escrow Account for expansion of water resources, as determined by the City in consultation with BPUB, and shall not increase or decrease the Maximum Contribution. The Escrow Agent further agrees to carry out the provisions of this Agreement on its part to be performed, but SpaceX and the City acknowledge and agree that the duties of the Escrow Agent are purely ministerial in nature. The Escrow Agent shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred in connection with the performance of services.

2.4 Wire Transfer Mechanics.

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Each Funding Payment shall be made by federal funds wire transfer in immediately available funds to the Escrow Account. No checks, drafts, automated clearinghouse transfers, or other instruments shall be accepted. The Escrow Agent shall provide current wire instructions to SpaceX not fewer than five (5) business days before each scheduled deposit date.

2.5 Deposit Instruction.

For each Funding Payment, SpaceX shall deliver a completed deposit instruction in the form of Exhibit A identifying the deposit type, amount, wire date, and reference number. The Escrow Agent may accept and credit each Funding Payment only after confirming that the wire is received in cleared, immediately available funds.

2.6 Confirmation of Receipt.

For each Funding Payment received, the Escrow Agent shall promptly, and in no event later than 5:00 p.m. Central Time on the business day of receipt, provide written confirmation to SpaceX, the City, and the Owner or Operator of the Qualifying Project, by email and overnight courier, specifying: (a) the deposit type and amount; (b) the date and time of receipt; (c) the wire reference number; and (d) the aggregate Funding Payments then held in the Escrow Account.

2.7 No Deposit Condition Precedent.

Failure to receive a scheduled Funding Payment by its due date does not void or terminate this Agreement. Any failure to pay when due, and any applicable cure period or remedy, shall be governed by the MOU and the applicable provisions of this Agreement.

2.8 Late Payment; Default Remedies.

(a) Interest on Late Payments. If SpaceX fails to deposit any Funding Payment on or before the date such payment is due under Section 2.1 or Section 2.2 (each, a "Payment Due Date"), interest shall accrue on the unpaid amount from the Payment Due Date until the date the Funding Payment is received by the Escrow Agent in cleared funds, at a rate equal to the lesser of (i) ten percent (10%) per annum or (ii) the maximum lawful rate permitted under Chapter 303, Texas Finance Code, calculated on the basis of a 365-day year and actual days elapsed. Any interest accruing under this Section shall be deposited into the Escrow Account together with the delinquent Funding Payment and shall become part of the Escrow Property.

(b) Notice and Cure. The City shall provide SpaceX written notice of any failure to make a Funding Payment when due. SpaceX shall have thirty (30) days after receipt of such notice to cure the delinquency by depositing the overdue Funding Payment, together with all accrued interest under Section 2.8(a), with the Escrow Agent in cleared funds. If SpaceX cures the delinquency within the cure period, the failure shall not constitute an Event of Default under the MOU.

(c) Administrative Hold During Uncured Default. If a Funding Payment remains unpaid after the expiration of the thirty (30)-day cure period, then until the delinquency and all accrued interest are cured in full: (i) the Escrow Agent shall not process any new joint written disbursement instruction under Article VI; and (ii) the City shall have no obligation to execute any new joint written disbursement instruction or to Identify additional

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Qualifying Projects. Committed Funds already subject to a signed project agreement shall not be affected by the administrative hold, and the Escrow Agent shall continue to process disbursement instructions for previously approved milestones under existing signed project agreements.

(d) Remedies Upon Uncured Default. An uncured failure to make a Funding Payment after the expiration of the cure period constitutes an Event of Default under MOU Section 4.1(a). Upon such Event of Default, and in addition to any other remedy available under the MOU, the City may, by written notice to SpaceX with a copy to the Escrow Agent: (i) declare all remaining unpaid Funding Payments immediately due and payable; (ii) suspend performance of its obligations under this Agreement and the MOU; or (iii) terminate this Agreement and the MOU in accordance with MOU Section 4.2. Interest on any accelerated amounts shall accrue at the rate specified in Section 2.8(a) from the date of the City's acceleration notice.

(e) Reservation of Rights. The remedies set forth in this Section 2.8 implement and supplement the remedies provided in Article IV of the MOU and are not exclusive. The City retains all rights and remedies available at law or in equity, including the right to recover amounts then due with interest at the maximum lawful rate as provided in MOU Section 4.2. No exercise or failure to exercise a remedy under this Section shall constitute a waiver of any other right or remedy.

ARTICLE III — ESCROW ACCOUNT, DUTIES OF ESCROW AGENT AND RESTRICTIONS

3.1 Segregation.

The Escrow Agent shall hold the Escrow Property in a segregated, interest-bearing Escrow Account maintained separately from the Escrow Agent's own assets and from the assets of any other person or entity. The Escrow Account shall be titled as the "Brownsville Water Supply Expansion Fund."

3.2 Permitted Investments.

Upon written instruction from the Parties, the Escrow Agent shall invest and reinvest the Escrow Property solely in investments that would be authorized under the Public Funds Investment Act, Texas Government Code Chapter 2256 (the "PFIA"), as if the Escrow Property were public funds, including without limitation: (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) fully collateralized certificates of deposit; (d) repurchase agreements collateralized by obligations described in clauses (a) or (b); and (e) no-load money market mutual funds rated AAA by at least one nationally recognized statistical rating organization, consisting exclusively of obligations described in clauses (a) through (d). The Escrow Agent shall at all times prioritize preservation of principal and maintenance of liquidity consistent with PFIA principles. If the Parties do not deliver joint written investment instructions, the Escrow Agent shall hold the Escrow Property in a federally insured interest-bearing deposit account or in a no-load money market mutual fund described in clause (e), pending further instruction.

3.3 No Commingling.

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The Escrow Agent shall not commingle the Escrow Property with any other funds held by the Escrow Agent in any capacity whatsoever, including the Escrow Agent's proprietary accounts, other fiduciary accounts, or other escrow accounts.

3.4 No Fee Deduction from Escrow Property.

Under no circumstances shall the Escrow Agent deduct, offset, or withhold any fees, expenses, costs, or charges from the Escrow Property or from investment earnings thereon. All Escrow Agent fees and expenses shall be paid exclusively by SpaceX in accordance with Article XVI.

3.5 Purpose of the Escrow Amount.

The purpose of the Escrow Amount is to fund Qualifying Projects, including water or wastewater facility projects that expand water availability, either through direct or indirect expansion of Water Supply, in the City of Brownsville or the broader Cameron County community, and that have been Identified and are capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ. Qualifying Projects include but are not limited to treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, related residuals or concentrate management, the potable reuse / wastewater reclamation project on the BPUB system, and the Southmost Regional Water Authority Plant expansion described in the MOU.

3.6 Distribution of the Escrow Amount.

No disbursement shall occur until the applicable Qualifying Project has been Identified, and the Escrow Agent shall release the Escrow Amount only in accordance with joint written instructions received from SpaceX and the City through completion and submission of the form provided in Exhibit D.

ARTICLE IV — INVESTMENT EARNINGS

4.1 Accrual to Escrow Account.

All interest, dividends, gains, and other investment earnings accruing on the Escrow Property shall accrue solely to the Escrow Account and shall be retained for the expansion of water resources through Qualifying Projects.

4.2 No Effect on Maximum Contribution.

Investment earnings are part of the Escrow Property but are not Funding Payments. They shall not increase or decrease the Maximum Contribution. For the avoidance of doubt, investment earnings may be disbursed for Qualifying Projects as part of the Escrow Property in accordance with Article VI and the applicable signed project agreements, and any investment earnings remaining in the Escrow Account upon termination of this Agreement shall be disbursed or refunded in accordance with the provisions of this Agreement applicable to the remaining Escrow Property.

4.3 Tax Reporting.

The Escrow Agent shall prepare and file all required tax information returns, including IRS Forms 1099, with respect to investment earnings and shall furnish the applicable reporting information to

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the Parties and any other person legally entitled to receive it. Each Party shall provide the Escrow Agent with a completed IRS Form W-9 upon execution of this Agreement. The tax treatment of earnings shall be determined under applicable law.

ARTICLE V — REFUND CONDITIONS AND PAYMENT SUSPENSION

5.1 One-Year Identification Condition.

If the Parties have not Identified at least one Qualifying Project within one (1) year after the date the Initial Escrow Amount is funded, all Uncommitted Funds, including remaining escrow principal and any investment earnings then attributable to those funds, shall be refunded to SpaceX within thirty (30) days from the one (1) year anniversary of the date the Initial Escrow Amount was funded, without duplication of any Uncommitted Funds previously refunded to SpaceX under Section 5.6. Upon completion of that refund, this Agreement shall terminate in accordance with Article XXV.

5.2 Refund Mechanics.

Upon the occurrence of a refund condition under this Article, the Escrow Agent shall refund the applicable Uncommitted Funds to SpaceX by federal funds wire transfer within thirty (30) days. SpaceX shall provide written refund wire instructions to the Escrow Agent, with a copy to the City. No fees or expenses may be deducted from the refund. The Escrow Agent may rely on those instructions unless it receives conflicting instructions, in which case Article XIII applies.

5.3 Two-Year Commitment Condition.

If, within two (2) years after the date the Initial Escrow Amount is funded, the Parties have not entered into one or more signed contracts detailing funding and project-completion milestones for Qualifying Projects whose aggregate committed funding is at least the Maximum Contribution, then: (a) SpaceX's obligation to make any then-unpaid Funding Payments is suspended until such signed contracts exist; and (b) any Uncommitted Funds shall be refunded to SpaceX within thirty (30) days from the two (2) year anniversary of the date the Initial Escrow Amount is funded. Committed Funds already subject to a signed milestone contract shall not be refunded.

5.4 Resumption of Suspended Payments.

When the condition in Section 5.3 is later satisfied, SpaceX's suspended obligation resumes. The next Quarterly Installment shall be due thirty (30) days after written notice of satisfaction is delivered to SpaceX. If Uncommitted Funds were refunded, SpaceX shall fund Qualifying Projects Identified up to the Maximum Contribution within seven (7) years after the Initial Escrow Amount was funded, subject to the MOU and this Agreement.

5.5 Legal Prohibition.

If SpaceX is Legally Prohibited from continuing the development project contemplated by the MOU, SpaceX's obligation to make any Funding Payment not then due shall be suspended for so long as the Legal Prohibition continues. SpaceX shall give prompt written notice and use commercially reasonable efforts to remove the Legal Prohibition. If the Legal Prohibition lasts less than one (1) year and then ceases, the payment schedule resumes, with installments becoming due thirty (30) days after the Legal Prohibition ceases and quarterly thereafter under the original terms.

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If the Legal Prohibition continues for one (1) year or more, SpaceX's obligation to make future Funding Payments permanently terminates. Uncommitted Funds then held in the Escrow Account shall be disbursed for any Qualifying Project that has been Identified but not yet fully funded, and any remaining Uncommitted Funds after such allocation shall be refunded to SpaceX within thirty (30) days. Funding Payments shall continue to the extent of Committed Funds regardless of any Legal Prohibition.

5.6 Project Abandonment; Idle Uncommitted Funds.

If a Qualifying Project for which Funding Payments have become Committed Funds is permanently abandoned, cancelled, or otherwise discontinued ("Abandoned Project"), the Committed Funds previously allocated to such project shall not revert to Uncommitted Funds and shall not be refunded to SpaceX. Instead, such funds shall remain in the Escrow Account and shall be available for allocation to another Qualifying Project Identified by the Parties in accordance with this Agreement and the MOU. The Parties shall cooperate in good faith to Identify a replacement Qualifying Project or multiple Qualifying Projects following any such discontinuation, with the objective of restoring the aggregate committed funding for Qualifying Projects to at least the Maximum Contribution. If no replacement Qualifying Project is Identified within the applicable timeframes set forth in this Article V (measured from the date of discontinuation of the Abandoned Project), the refund conditions of this Article V shall apply to such funds as if they were Uncommitted Funds as of the date the applicable timeframe commenced. For the avoidance of doubt, Committed Funds that have already been disbursed to a Designated Public Account pursuant to a signed project agreement shall not be subject to return, refund, or reallocation under this Article V or any other provision of this Agreement.

Notwithstanding the satisfaction of the commitment condition in Section 5.3, the Parties acknowledge that the intent of this Agreement and the MOU is for the full Maximum Contribution to be committed and disbursed for Qualifying Projects that expand water availability in the City of Brownsville and the broader Cameron County community. Accordingly, if the aggregate committed funding for Qualifying Projects falls below the Maximum Contribution at any time during the term of this Agreement as a result of the abandonment, cancellation, or discontinuation of one or more Qualifying Projects, SpaceX's obligation to fund Qualifying Projects up to the Maximum Contribution shall continue, and the Parties shall use commercially reasonable efforts to Identify and enter into signed contracts for replacement Qualifying Projects sufficient to restore aggregate committed funding to at least the Maximum Contribution. No refund of Committed Funds reallocated to a replacement Qualifying Project under this Section, and no suspension of Funding Payments under Section 5.3, shall relieve SpaceX of its obligation to fund Qualifying Projects up to the Maximum Contribution within seven (7) years after the date the Initial Escrow Amount was funded, subject to the terms of this Agreement and the MOU.

"Qualifying Activity" means, with respect to Uncommitted Funds or a Qualifying Project to which Uncommitted Funds may be allocated, any of the following activities undertaken by the City, BPUB, SRWA, or their authorized agents, consultants, or contractors in furtherance of the identification, development, or implementation of a Qualifying Project: (a) feasibility studies, needs assessments, or preliminary engineering evaluations; (b) planning, conceptual design, schematic design, or detailed design and engineering; (c) environmental review, permitting, or regulatory applications or proceedings, including any application to or proceeding before TCEQ or any other federal, state, or local agency; (d) land acquisition, easement negotiation, or right-of-way procurement; (e) procurement activities, including requests for qualifications, requests for

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proposals, competitive sealed proposals, design-build solicitations, or contract negotiations with contractors, engineers, or consultants; (f) negotiation, drafting, or execution of project agreements, interlocal agreements, or cooperative agreements related to a Qualifying Project; (g) grant applications, state revolving fund applications, or other financing activities related to a Qualifying Project; (h) construction, fabrication, equipment procurement, or installation activities; or (i) any other material activity directly related to advancing a Qualifying Project from identification through completion. A Qualifying Activity need not be continuous, and the existence of intervals between discrete activities (such as between the completion of a feasibility study and the commencement of design) shall not, by itself, indicate the absence of Qualifying Activity so long as the applicable Qualifying Project has not been abandoned.

"Idle Uncommitted Funds" means Uncommitted Funds held in the Escrow Account with respect to which no Qualifying Activity has occurred for a period of twelve (12) consecutive months (the "Idle Period"), as measured in accordance with this Section, subject to the tolling and exclusion provisions below.

The Idle Period shall be tolled (i.e., suspended and not counted) during any period in which any of the following circumstances exist:

a) **Force Majeure.** A Force Majeure event, as defined in the MOU, that materially impedes the City's, BPUB's, or SRWA's ability to conduct Qualifying Activity with respect to a Qualifying Project;

b) **Supply Chain Disruption.** A material disruption in the supply chain for equipment, materials, or components necessary for the design, engineering, or construction of a Qualifying Project, including shortages, embargo, shipping delays, or manufacturer lead times exceeding historical norms, provided the City, BPUB, or SRWA is using commercially reasonable efforts to mitigate such disruption;

c) **Regulatory Delay.** A pending permit application, regulatory proceeding, environmental review, or governmental approval process with respect to a Qualifying Project for which the City, BPUB, or SRWA is awaiting agency action and has no material outstanding obligation to submit additional information or respond to agency requests;

d) **Litigation or Administrative Hold.** Any litigation, administrative proceeding, injunction, temporary restraining order, or governmental investigation that materially impedes the advancement of a Qualifying Project;

e) **Intergovernmental Coordination.** A period during which the City, BPUB, and SRWA are actively negotiating or finalizing an interlocal agreement, cooperative agreement, or other intergovernmental arrangement necessary for the implementation of a Qualifying Project; or

f) **Seasonal or Regulatory Scheduling Constraints.** Any period during which applicable regulatory or environmental windows (such as biological survey windows, construction moratoriums, or seasonal restrictions) prevent the commencement or continuation of Qualifying Activity.

Upon cessation of the tolling event, the Idle Period shall resume from the point at which it was suspended (and shall not restart from zero), unless a Qualifying Activity has occurred in the interim, in which case the Idle Period shall restart from zero.

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At any time during the Idle Period, the City may deliver to SpaceX and the Escrow Agent a written certification (a **"Qualifying Activity Certificate"**), signed by the City Manager, the BPUB General Manager, or their respective designees, stating that a Qualifying Activity is ongoing or has occurred within the preceding twelve (12) months, identifying the nature of the activity and the applicable Qualifying Project or prospective Qualifying Project. Delivery of a Qualifying Activity Certificate shall restart the Idle Period from zero. SpaceX may, within thirty (30) days after receipt, deliver a written objection to the Qualifying Activity Certificate, and any dispute regarding whether a Qualifying Activity has occurred shall be resolved in accordance with Article XXI of this Agreement. The absence of a Qualifying Activity Certificate shall not, by itself, establish that Uncommitted Funds are Idle Uncommitted Funds if a Qualifying Activity has in fact occurred.

At any time after the Parties have Identified at least one Qualifying Project, to the extent Idle Uncommitted Funds exist in the Escrow Account, SpaceX may deliver a written request to the City and the Escrow Agent requesting refund of such Idle Uncommitted Funds. The City shall have sixty (60) days after receipt of such request (the **"Cure Period"**) to deliver a Qualifying Activity Certificate demonstrating that a Qualifying Activity is ongoing or to Identify a Qualifying Project to which such funds may be allocated. If the City does not deliver a Qualifying Activity Certificate or Identify a Qualifying Project within the Cure Period, the Escrow Agent shall refund the applicable Idle Uncommitted Funds to SpaceX by federal funds wire transfer within thirty (30) days after expiration of the Cure Period. A refund under this Section shall not reduce the Maximum Contribution, shall not terminate this Agreement, and shall not relieve SpaceX of its obligation to fund a Qualifying Project that is subsequently Identified and committed in accordance with the MOU and this Agreement. SpaceX shall redeposit or otherwise fund the applicable amount, up to the Maximum Contribution, within seven (7) years after the date the Initial Escrow Amount was funded, when such Qualifying Project becomes subject to a signed project agreement, consistent with Section 5.4 of this Agreement and Section 2.7 of the MOU.

Committed Funds shall remain in the Escrow Account and continue to be held for the applicable Identified Qualifying Project regardless of any delay in project completion, milestone achievement, permitting, or construction, and shall be disbursed as and when the applicable project-completion milestones are satisfied under the signed project agreement. Committed Funds shall not be subject to refund, sweep, or withdrawal on account of project delay. Pending any refund or redeposit under this Section, the Escrow Agent shall continue to invest the Escrow Property in accordance with Article III, and all investment earnings shall accrue to the Escrow Account as provided in Article IV.

ARTICLE VI — DISBURSEMENT OF FUNDS

6.1 Restricted Disbursement.

Escrow Property shall be disbursed only as Committed Funds against project-completion milestones for an Identified Qualifying Project. No disbursement shall occur until the applicable Qualifying Project has been Identified.

6.2 Joint Written Instructions Required.

The Escrow Agent may disburse Escrow Property only upon joint written instructions of SpaceX and the City in the form of Exhibit D. If a Party fails or refuses to execute a joint written instruction

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within fifteen (15) business days after the other Party delivers a proposed instruction for a disbursement of Committed Funds against a completed milestone under a signed project agreement, the requesting Party may deliver a written dispute notice to the withholding Party and the Escrow Agent (a "Section 6.2 Dispute Notice"). The withholding Party shall have ten (10) business days after receipt of the Section 6.2 Dispute Notice to either (A) execute the joint written instruction or (B) deliver to the requesting Party and the Escrow Agent a written statement specifying in reasonable detail the grounds for withholding execution. If the withholding Party fails to execute the joint written instruction or deliver a written statement of objections within such ten (10) business day period, the withholding Party's execution shall be deemed given, and the Escrow Agent shall process the disbursement upon the requesting Party's certification that the notice and cure periods under this Section have expired without response.

If the withholding Party timely delivers a written statement of objections under Section 6.2, the dispute shall be resolved in accordance with the expedited arbitration procedures set forth in Section 21.4(c) through Section 21.4(g), and for purposes of such arbitration all references in Section 21.4 to an "Approval Dispute" and to unreasonable withholding of approval of a proposed Qualifying Project shall be deemed to refer to the applicable dispute under this Section 6.2 and to unreasonable withholding of execution of a joint written instruction, respectively.

6.3 Required Instruction Contents.

Each joint written instruction shall identify the Qualifying Project, attach or reference the written resolution establishing that the project is Identified, identify the applicable signed project agreement, specify the milestone achieved, state the amount to be disbursed, and provide wire instructions for the Designated Public Account.

6.4 Signed Project Agreement.

Each disbursement shall be made pursuant to a signed contract detailing the funding amount and project-completion milestones for the applicable Qualifying Project. A disbursement may be made in installments as milestones are completed.

6.5 Escrow Agent Review.

The Escrow Agent shall review a joint written instruction solely for facial completeness, proper execution, identification of the applicable project and milestone, and conformity with this Agreement. The Escrow Agent shall not be required to investigate the substance of the project, the accuracy of the certifications, or the performance of the milestone.

6.6 Disbursement Mechanics.

Upon receipt of a facially complete joint written instruction (or a disbursement authorized by deemed execution or arbitral determination under Section 6.2) and absent conflicting instructions, the Escrow Agent shall transfer the authorized amount by federal funds wire to the Designated Public Account or other project account specified in the instruction within two (2) business days. No fee or expense may be deducted from the Escrow Property. Any balance not disbursed remains in the Escrow Account as Uncommitted Funds.

ARTICLE VII — HOLDING PENDING PROJECT IDENTIFICATION

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7.1 Holding Pending Identification.

Pending identification of a Qualifying Project and execution of the applicable signed project agreement, the Escrow Agent shall continue to hold, invest, and safeguard the Escrow Property in the Escrow Account as restricted funds in accordance with this Agreement.

7.2 No Disbursement Before Identification.

The passage of time or delivery of a project proposal does not authorize a disbursement. The Escrow Agent shall continue to hold Uncommitted Funds until the applicable Qualifying Project has been Identified, the required signed project agreement is in place, and the joint written instruction required by Article VI (or a disbursement authorized under Section 6.2) has been delivered. The refund conditions in Article V remain applicable throughout the holding period.

7.3 Quarterly and Annual Reporting.

The Escrow Agent shall provide SpaceX and the City with monthly statements and an annual report within thirty (30) days after each calendar year-end, setting forth: (a) the principal balance of the Escrow Property; (b) deposits, disbursements, refunds, and the balance of Committed Funds and Uncommitted Funds; (c) investment activity and earnings; and (d) confirmation that the Escrow Property remains segregated and invested in accordance with Article III.

7.4 Project Cooperation.

The City, BPUB, and SpaceX shall cooperate in good faith concerning the identification of Qualifying Projects and the preparation of signed project agreements. Nothing in this Section requires the City or BPUB to Identify a project that does not satisfy Article I or the MOU, and no project is eligible for disbursement until the requirements of this Agreement are met.

ARTICLE VIII — PROJECT DISBURSEMENT MECHANICS

8.1 Project Identification Resolution.

The City or its authorized agent shall deliver to SpaceX and the Escrow Agent a written resolution substantially in the form of Exhibit E that Identifies the applicable Qualifying Project, names the project, describes its scope, and commits to project funding subject to project-completion milestones.

8.2 Signed Project Agreement and Account.

Before any disbursement, the Parties shall have or receive a signed contract detailing the funding amount and project-completion milestones. The contract or related joint written instruction shall identify the Designated Public Account or other project account authorized to receive the applicable disbursement.

8.3 Joint Written Disbursement Instruction.

SpaceX and the City shall jointly execute and deliver to the Escrow Agent a written disbursement instruction substantially in the form of Exhibit D; provided that, if a Party withholds execution and a disbursement is authorized by deemed execution or arbitral determination under Section 6.2, the requesting Party’s certification or the arbitral determination, as applicable, shall satisfy the

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execution requirement of this Section. The instruction shall certify that the project is Identified, the applicable contract is signed, the stated milestone has been satisfied or is payable under the contract, and the requested amount is Committed Funds.

8.4 Escrow Agent Verification and Transfer.

Upon receipt of the documents required by this Article, the Escrow Agent shall review them solely for facial completeness and, absent conflicting instructions, transfer the authorized amount to the project account by federal funds wire. The Escrow Agent shall not be required to evaluate the merits, feasibility, permitting, or completion status of the Qualifying Project.

8.5 Continuing Escrow Administration.

Disbursement to a project account is not a transfer to a single designated recipient and does not terminate this Agreement unless the termination conditions in Article XXV are satisfied. The Escrow Agent shall continue to hold any remaining Escrow Property and shall maintain records of each project disbursement.

ARTICLE IX — QUALIFYING PROJECTS

9.1 Eligible Project Scope.

A Qualifying Project may include a water or wastewater facility project, including treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, residuals or concentrate management, and related facilities, provided it satisfies Section 1.14.

9.2 Planning-Level Projects.

The planning-level projects eligible to be Identified include: (a) a potable-reuse or wastewater-reclamation project on the BPUB system sufficient to support an increase in Water Supply of approximately 8 MGD; and (b) expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells, sufficient to expand Water Supply by approximately 10 MGD. Other projects of similar or greater effect on increased water availability may also be considered.

9.3 Identification and Permitting.

A project is eligible for Funding Payments only after it has been Identified by the Parties through the written resolution required by Article VIII and is capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ.

9.4 Restricted Use and Accounting.

Escrow Property disbursed for a Qualifying Project shall be used solely for planning, design, engineering, permitting, construction, acquisition, improvement, expansion, rehabilitation, or other project costs directly related to the Qualifying Project and its milestones. The City or applicable project entity shall maintain separate accounting sufficient to trace receipts, disbursements, and project expenditures.

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9.5 Project Records.

Each signed project agreement shall require appropriate supporting records, including contracts, invoices, milestone certifications, and other documentation sufficient to demonstrate the use of disbursed funds for the applicable Qualifying Project. The City shall maintain such records in accordance with applicable law and the MOU.

9.6 No SpaceX Project Control.

SpaceX shall not have the right to direct, approve, veto, or control the selection, design, procurement, construction, operation, or administration of a Qualifying Project. The joint instruction process is an escrow-administration requirement and does not give SpaceX an ownership, governance, or operational interest in a Qualifying Project.

9.7 Public Purpose.

Qualifying Projects and expenditures of Escrow Property shall serve a public purpose by expanding water availability in Brownsville or the broader Cameron County community. Any incidental benefit to SpaceX or a related party shall be no greater than the benefit received by the general public served by the applicable infrastructure.

ARTICLE X — NO UTILITY OR PRIVATE ENTITLEMENT

10.1 No Capacity Rights.

Funding Payments and the Escrow Property do not create, grant, reserve, or guarantee to SpaceX or any related party any right to water or wastewater service capacity, whether committed, reserved, prioritized, or otherwise. Any service to SpaceX's facilities shall be obtained solely through the standard application and approval processes applicable to similarly situated customers.

10.2 No Rate Modifications.

Funding Payments and the Escrow Property do not entitle SpaceX or any related party to any modification, reduction, credit, rebate, or preferential treatment with respect to water or wastewater rates, fees, charges, impact fees, or connection charges. All rates and charges applicable to SpaceX shall be determined by the applicable rate-setting authority under its standard methodologies and procedures.

10.3 No Ownership Interest.

Funding Payments and the Escrow Property do not create, convey, or vest in SpaceX any ownership interest, property right, easement, license, or other real or personal property interest in a Qualifying Project or infrastructure constructed, acquired, or improved with Escrow Property.

10.4 No Water Rights.

Nothing in this Agreement creates, conveys, transfers, or reserves to SpaceX any water right, appropriative right, contractual right to raw water, or interest in any water supply contract, permit, or allocation held by the City, BPUB, SRWA, or any other entity. Any water or wastewater service to SpaceX must be established through separate utility service agreements with BPUB or the applicable certificated retail public utility, subject to applicable rates, tariffs, system capacity,

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TCEQ permits, water rights, drought-contingency requirements, and the utility's independent engineering and operational determinations.

10.5 No Preferential Treatment.

Funding Payments and the Escrow Property do not entitle SpaceX or any related party to preferential treatment in any permitting, land use, zoning, platting, development review, inspection, or regulatory process administered by the City or any other governmental entity.

10.6 Infrastructure Decisions Governed by Engineering and Tariff.

Decisions regarding the planning, sizing, sequencing, design, and construction of Qualifying Projects shall be driven by qualified engineering studies and applicable BPUB service policies, system-planning standards, tariffs, and TCEQ criteria. SpaceX shall have no right to direct, approve, veto, or prioritize any project, scope, schedule, phasing, procurement method, contractor, or design standard.

10.7 No Amendments to Existing Agreements.

Nothing in this Agreement shall be construed to amend, modify, supersede, or impair any existing agreement, contract, franchise, certificate of convenience and necessity, or other arrangement between SpaceX and the City, BPUB, SRWA, or any other public entity.

10.8 No Impairment of BPUB or SRWA Authority.

Nothing in this Agreement shall limit, impair, or affect the independent authority of BPUB or SRWA to manage, operate, maintain, expand, or regulate their respective water and wastewater systems or to set rates, fees, and charges in accordance with applicable law.

ARTICLE XI — Intentionally Left Blank

ARTICLE XII — ESCROW AGENT DUTIES

12.1 Ministerial Capacity; Exclusive Duties.

The Escrow Agent acts solely in a ministerial capacity and shall have only those duties and responsibilities expressly set forth in this Agreement. The Escrow Agent shall have no implied duties, fiduciary obligations, or responsibilities beyond those expressly stated herein. Except as otherwise expressly provided in this Agreement, the Escrow Agent shall not be required to refer to, shall not be charged with knowledge of, and shall not be bound by the provisions of the MOU or any other agreement, instrument, or understanding to which the Escrow Agent is not a party. The indemnification of the Escrow Agent by SpaceX and the City is governed exclusively by Article XV.

12.2 Modification or Cancellation.

The Escrow Agent shall not be bound or affected by any modification, amendment, waiver, cancellation, or termination of this Agreement unless written notice thereof, executed by SpaceX and the City, is delivered to the Escrow Agent. No modification, amendment, waiver, cancellation,

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or termination that alters, expands, or otherwise affects the Escrow Agent's duties, obligations, rights, protections, compensation, or liabilities shall be effective against the Escrow Agent unless the Escrow Agent expressly consents thereto in writing.

12.3 Standard of Care; Limitation of Liability.

The Escrow Agent shall discharge its duties with the care, skill, prudence, and diligence that a professional escrow agent would exercise under similar circumstances and, in no event, with less care than the Escrow Agent exercises with respect to its own property of a similar nature. The Escrow Agent shall not be liable for any mistake of fact, error of judgment, or action taken or omitted in good faith in reliance upon this Agreement or any certificate, notice, judgment, demand, direction, consent, instruction, joint written instruction, or other document believed by the Escrow Agent to be genuine and properly executed, except to the extent that such action or omission constitutes the Escrow Agent's willful misconduct, gross negligence, or fraud.

12.4 Reliance on Facially Valid Documents and Signatures.

The Escrow Agent shall be entitled to rely, and shall be fully protected in relying, upon any judgment, certificate, notice, demand, direction, consent, instruction, joint written instruction, signature, or other communication or writing that is facially valid and purports to be signed, issued, or delivered by the proper Party, official, court, or other governmental authority. The Escrow Agent may assume that any person purporting to give any notice, execute any instrument, deliver any instruction, or make any statement in connection with this Agreement has been duly authorized to do so. The Escrow Agent shall have no duty to determine the authenticity of any such instrument or signature; the truth, accuracy, or completeness of any facts, statements, or representations contained therein; the propriety or validity of its execution, delivery, or service; or the authority or jurisdiction of the court or governmental body issuing any judgment or order.

12.5 No Duty to Investigate.

The Escrow Agent shall have no duty or obligation to investigate, determine, or verify the substance, legality, feasibility, permitting, engineering, funding, milestone performance, or other merits of any Qualifying Project; the sufficiency or validity of any written resolution or signed project agreement; or any factual statement, representation, or certification contained in a joint written instruction or other document delivered under this Agreement. The Escrow Agent's review shall be limited to determining the facial completeness of the documents and satisfaction of the express documentary requirements established by this Agreement.

12.6 Legal Counsel.

The Escrow Agent may consult with legal counsel of its own choosing concerning any matter arising under or relating to this Agreement. The Escrow Agent shall be fully protected in acting or refraining from acting in good-faith reliance upon the advice of such counsel. The reasonable fees and expenses of such counsel shall be paid by SpaceX in accordance with the applicable provisions of this Agreement.

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12.7 Taxes.

Except for the reporting duties expressly imposed upon the Escrow Agent by this Agreement, the Escrow Agent shall have no responsibility for determining or paying any taxes arising from or relating to the Escrow Property, the Escrow Account, or any transaction contemplated by this Agreement. The Escrow Agent shall not be required to pay any tax unless SpaceX or the Party legally responsible for such tax has furnished the Escrow Agent with sufficient funds for that purpose. No tax, charge, assessment, or related expense may be deducted from the Escrow Property except as expressly authorized by this Agreement or by joint written instruction of SpaceX and the City.

12.8 No Duty to Institute or Defend Proceedings.

The Escrow Agent shall not be required to institute, prosecute, appear in, or defend any action, suit, arbitration, interpleader, or other proceeding involving this Agreement, the Escrow Property, or the Escrow Agent's duties or potential liability hereunder. At the request of a Party, the Escrow Agent may elect, in its sole discretion, to institute, prosecute, appear in, or defend such a proceeding, but only after receiving indemnity, security, or other assurances satisfactory to the Escrow Agent against all resulting claims, liabilities, costs, and expenses, including reasonable attorneys' fees. The Escrow Agent's decision not to institute, prosecute, appear in, or defend any such proceeding shall not constitute a breach of this Agreement.

12.9 Termination Documentation.

Upon the termination of this Agreement, the Escrow Agent may request from SpaceX and the City such additional certificates, satisfactions, releases, acknowledgments, assurances, or other documents as the Escrow Agent reasonably determines are necessary to evidence the termination of this Agreement and the discharge of its duties. No such request shall delay a disbursement or refund otherwise required by this Agreement, alter the Parties' substantive rights, or expand the conditions for termination established by this Agreement.

ARTICLE XIII — ESCROW-LEVEL DISPUTE RESOLUTION AND CONFLICTING INSTRUCTIONS

13.1 Freeze Upon Conflicting Instructions.

If the Escrow Agent receives instructions or claims from two or more Parties that, in the Escrow Agent's reasonable judgment, conflict or are inconsistent with each other or with this Agreement, the Escrow Agent shall immediately freeze the Escrow Account and refrain from taking action with respect to the Escrow Property, other than continued investment in accordance with Article III, until the conflict is resolved.

13.2 Notice of Conflict.

Promptly after freezing the Escrow Account, the Escrow Agent shall provide written notice to all Parties describing the conflicting instructions and requesting joint written instructions resolving the conflict.

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13.3 Dispute Resolution Regarding Escrow Amount.

Any dispute that may arise under this Agreement with respect to (a) the delivery or right to possession of the Escrow Property, or any portion thereof; (b) the facts upon which the Escrow Agent's determinations are based; (c) the duties of the Escrow Agent hereunder; and (d) any other questions arising under this Agreement regarding the Escrow Property, shall be finally determined by (i) mutual agreement of SpaceX and the City (evidenced by appropriate instructions in writing to the Escrow Agent signed by SpaceX and the City) within thirty (30) days after such dispute arises, or (ii) a court of competent jurisdiction; provided, however, that the foregoing shall not be construed to preclude SpaceX and the City from resolving any dispute arising hereunder by mutual agreement in accordance with clause (i) above at any time; provided further, that if the Escrow Agent has deposited the Escrow Property with a court pursuant to Section 13.5 hereof, the dispute shall be determined by such court. The Escrow Agent shall be under no duty to institute or defend any proceeding relating to any such dispute and none of the costs and expenses of any such proceeding shall be borne by the Escrow Agent. Pending the resolution of any dispute as provided in this Section 13.3, the Escrow Agent is authorized and directed to retain in the Escrow Account the Escrow Property or the portion of the Escrow Property that is the subject of or involved in the dispute.

13.4 Escrow Agent Removal.

The Escrow Agent may be removed at any time by mutual agreement of SpaceX and the City by giving not less than thirty (30) days' prior written notice to the Escrow Agent. Prior to the expiration of such thirty (30)-day period, SpaceX and the City shall designate, by mutual consent, a successor escrow agent that is mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board as required by Section 14.2. If no successor escrow agent is appointed within such thirty (30)-day period, the Escrow Agent may deposit the Escrow Property with a court of competent jurisdiction as provided in Section 13.5 hereof, whereupon the Escrow Agent shall be discharged of all duties and obligations hereunder.

13.5 Interpleader.

Notwithstanding anything herein to the contrary, if the conflict remains unresolved for ten (10) business days after the Escrow Agent's notice under Section 13.2 (which notice shall satisfy any prior-notice requirement for a deposit of the Escrow Property into court), the Escrow Agent may, in its sole discretion and without liability, commence an interpleader action in a court of competent jurisdiction in Cameron County, Texas, deposit the Escrow Property with the court, and upon that deposit be discharged from further duties and obligations hereunder. The Escrow Agent shall provide at least ten (10) days' prior written notice to SpaceX and the City before depositing the Escrow Property with a court. All costs and expenses of the interpleader action, including reasonable attorneys' fees, shall be paid by SpaceX.

13.6 Escrow-Level vs. Contract-Level Disputes.

This Article XIII governs operational disputes concerning the Escrow Property, the Escrow Account, and the duties of the Escrow Agent. Broader disputes arising under this Agreement or the MOU that are not specific to the Escrow Agent's administration of the Escrow Property shall be resolved under Article XXI.

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ARTICLE XIV — RESIGNATION AND SUCCESSOR ESCROW AGENT

14.1 Resignation.

The Escrow Agent may resign by providing not fewer than ninety (90) calendar days' prior written notice to SpaceX and the City. Resignation shall not become effective until a successor Escrow Agent has been appointed, accepted the appointment, and received the Escrow Property and related records.

14.2 City Appointment of Successor.

Upon receipt of the Escrow Agent's resignation notice, the City shall appoint a successor Escrow Agent within sixty (60) calendar days. The successor shall be a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, and mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board.

14.3 Court Appointment.

If the City fails to appoint a successor Escrow Agent within the sixty (60)-day period, the resigning Escrow Agent or any Party may petition a court of competent jurisdiction in Cameron County, Texas, to appoint a successor meeting the requirements of Section 14.2. The costs of that petition shall be paid by SpaceX.

14.4 Successor Acceptance.

The successor Escrow Agent shall execute an acknowledgment substantially in the form of Exhibit C and shall assume the duties of the Escrow Agent upon receipt of the Escrow Property and related records.

14.5 Continued Administration During Transition.

Until the transfer to the successor Escrow Agent is complete, the resigning Escrow Agent shall continue to hold and administer the Escrow Property under this Agreement. The refund, suspension, and disbursement provisions of Articles V and VI remain applicable during the transition.

14.6 Transfer to Successor.

Upon appointment and acceptance by the successor Escrow Agent, the resigning Escrow Agent shall transfer the Escrow Property, together with all books, records, and documents relating thereto, to the successor within five (5) business days. Upon completion of the transfer, the resigning Escrow Agent shall be discharged from future duties and obligations hereunder, subject to any obligations that survive termination or discharge.

ARTICLE XV — INDEMNIFICATION

15.1 SpaceX Indemnification of Escrow Agent.

SpaceX shall indemnify, defend, and hold harmless the Escrow Agent and its directors, officers, employees, and agents from and against any and all claims, demands, losses, damages, liabilities, costs, and expenses, including reasonable attorneys' fees and costs of litigation, arising out of or

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relating to: (a) the performance by the Escrow Agent of its duties hereunder in good faith and in accordance with this Agreement; (b) any dispute between SpaceX and the City; (c) any third-party claim relating to the Escrow Property; or (d) the Escrow Agent's compliance with any court order or legal process. This indemnification shall not apply to losses resulting from the Escrow Agent's gross negligence, willful misconduct, or fraud.

15.2 City Indemnification of Escrow Agent.

Subject to applicable law, the limitations and protections otherwise applicable to the City under this Agreement, and the availability of appropriated funds, and except with respect to claims, losses, liabilities, damages, costs, or expenses resulting from the Escrow Agent's willful misconduct, gross negligence, or fraud, the City shall indemnify, defend, and hold harmless the Escrow Agent and its officers, directors, shareholders, partners, employees, representatives, and agents from and against any claim made against any such indemnified person by SpaceX arising out of or relating to this Agreement, but only to the extent such claim does not arise from the negligence or misconduct of any indemnified person. Nothing in this Section waives or shall be construed as waiving any governmental immunity, defense, limitation of liability, appropriation requirement, or other protection available to the City under applicable law or any other provision of this Agreement.

15.3 Several Indemnification of Escrow Agent for Third-Party Claims.

SpaceX, on one hand, and the City, on the other hand, on a several basis and not a joint and several basis, shall indemnify and hold the Escrow Agent, its officers, directors, shareholders, partners, employees and agents harmless from any claim made by any third party arising out of or relating to this Agreement, such indemnification to include all costs and expenses incurred by the Escrow Agent, including reasonable attorneys' fees.

15.4 City Limitations.

The City's obligations under this Agreement are limited by the doctrine of governmental immunity as provided by the laws of the State of Texas. Nothing in this Agreement shall be construed as a waiver of the City's governmental immunity, and the City does not waive, and expressly reserves, all defenses available to it under the Texas Tort Claims Act (Texas Civil Practice & Remedies Code, Chapter 101) and all other applicable law.

15.5 No Waiver of Immunity.

Nothing in this Agreement shall be construed as creating any obligation or liability on the part of the City that would require the expenditure of public funds beyond those specifically appropriated for the purpose of this Agreement. The City's participation in this Agreement does not waive, and shall not be construed as waiving, any immunity, defense, or limitation of liability available to the City under applicable law.

ARTICLE XVI — FEES AND EXPENSES

16.1 SpaceX Responsibility.

SpaceX shall pay all fees, costs, and expenses of the Escrow Agent arising under or in connection with this Agreement, including without limitation: (a) annual Escrow Agent fees; (b) account-

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maintenance fees; (c) investment-management fees; (d) wire-transfer fees; (e) legal fees incurred by the Escrow Agent; (f) tax-preparation and reporting fees; and (g) extraordinary fees or expenses incurred in connection with conflicting instructions, interpleader actions, or other disputes.

16.2 No Deduction from Escrow Property.

Under no circumstances shall any fees, costs, or expenses be deducted from, charged against, offset against, or paid out of the Escrow Property or any investment earnings thereon. The Escrow Property shall remain whole and undiminished by any fees or expenses throughout the term of this Agreement.

16.3 Fee Schedule.

The Escrow Agent's fee schedule is set forth in Exhibit F and incorporated herein by reference. The Escrow Agent shall invoice SpaceX directly for all fees and expenses, and SpaceX shall pay all undisputed invoices within thirty (30) days after receipt.

16.4 Survival.

SpaceX's obligation to pay fees and expenses shall survive termination of this Agreement with respect to fees and expenses incurred before or in connection with termination.

ARTICLE XVII — NOTICES

17.1 Form of Notice.

All notices, requests, demands, consents, instructions, certificates, and other communications required or permitted under this Agreement shall be in writing and shall be deemed given when delivered personally, sent by overnight courier or certified mail with confirmation of delivery, or transmitted by email with confirmation of receipt. A Party may change its notice address by at least five (5) days' written notice to the other Parties.

17.2 Addresses.

Notices shall be directed to the Parties at the following addresses (or at such other address as a Party may designate by notice given in accordance with this Section):

If to SpaceX:

Space Exploration Technologies Corp.

1 Rocket Road

Starbase, Texas 78521

Attention: Legal

Email: StarbaseLegal@SpaceX.com

If to the City:

City Attorney

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City of Brownsville
1001 E. Elizabeth Street
Brownsville, Texas 78520
Email: cityattorney@brownsvilletx.gov

If to the Escrow Agent:

PlainsCapital Bank, a Texas banking association
7201 N 10th St.
McAllen, Texas 78504
Attention: Yvonne A. Trevino, Senior Vice President
Email: yvonne.trevino@plainscapital.com

If to the Brownsville Public Utilities Board:

General Counsel/Chief Legal Officer
Brownsville Public Utilities Board
1425 Robin Hood Drive
Brownsville, Texas 78521
Email: LegalServicesDL@brownsville-pub.com
CC: pgonzalez@brownsville-pub.com; aabastian@brownsville-pub.com

17.3 Change of Address.

A Party may change its notice address or email address by at least five (5) days' written notice to the other Parties.

ARTICLE XVIII — REPRESENTATIONS AND WARRANTIES

18.1 SpaceX Representations.

SpaceX represents and warrants to the City and the Escrow Agent as follows:

(a) Authority. SpaceX is duly organized, validly existing, and in good standing under the laws of Texas, and has full corporate power and authority to execute, deliver, and perform this Agreement. The execution, delivery, and performance of this Agreement have been duly authorized by all necessary corporate action.

(b) Lawful Source of Funds. Each Funding Payment is derived from lawful sources, and its deposit does not violate any applicable law, regulation, or order, including applicable anti-money-laundering laws and regulations.

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(c) No Adverse Claims. Each Funding Payment is free and clear of all liens, security interests, pledges, encumbrances, claims, and restrictions of any kind. No person or entity other than SpaceX has any right, title, interest, or claim to a Funding Payment when deposited.

18.2 City Representations.

The City represents and warrants to SpaceX and the Escrow Agent as follows:

(a) Authority. The City is a Texas home-rule municipality duly organized and existing under the laws of the State of Texas, with authority to execute, deliver, and perform this Agreement, subject to approvals required by the MOU and applicable law.

(b) Proper Approvals. The City has obtained, or will obtain before performance requires them, the approvals, authorizations, and consents necessary for execution and performance of this Agreement, and its execution and performance do not conflict with applicable law or any agreement binding upon the City.

18.3 Escrow Agent Representation.

The Escrow Agent represents that it is a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, has authority to enter into and perform this Agreement, and is mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board.

ARTICLE XIX — NO THIRD-PARTY BENEFICIARIES

19.1 No Third-Party Beneficiaries.

Except as provided herein, this Agreement is made solely for the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any other person or entity any legal or equitable right, benefit, remedy, or claim under or by reason of this Agreement. No ratepayer, utility customer, property owner, developer, contractor, project participant, or member of the public shall have rights or claims arising under this Agreement. For the avoidance of doubt, this Agreement is intended to benefit the BPUB and the SRWA, along with the Parties, in the funding of water and wastewater projects that expand water availability in Brownsville and the broader Cameron County community.

ARTICLE XX — AMENDMENTS AND ASSIGNMENT

20.1 Written Amendments.

This Agreement may be amended, modified, or supplemented only by a written instrument signed by all Parties. Any amendment to the MOU or to an obligation governed by the MOU must also satisfy the MOU's amendment requirements.

20.2 No Unilateral Amendments.

No Party may amend, waive, or vary a material escrow term, including the funding structure, refund conditions, investment restrictions, disbursement requirements, or termination provisions,

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through an instruction, certificate, or course of dealing. Each such change requires the written amendment described in Section 20.1.

20.3 Administrative Matters.

Changes to notice information, wire instructions, or other administrative details do not amend this Agreement, but shall be documented in writing and delivered to all Parties, along with BPUB, in accordance with Article XVII.

20.4 Non-Material Amendments.

Amendments to non-material terms (including administrative matters, notice addresses, and escrow agent fee schedules) may be executed by the City Manager on behalf of the City without further Commission approval, provided that such amendments do not alter any material term listed in Section 20.2.

20.5 Assignment.

This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors and assigns. SpaceX may assign this Agreement, in whole or in part, to any entity that controls, is controlled by, or is under common control with SpaceX, or to a successor in a sale, spinoff, acquisition, or merger of SpaceX, provided (a) the assignee can lawfully perform the obligations of SpaceX, (b) the assignee has the net worth or financial capacity required to perform SpaceX's remaining Funding Payment obligations, and (c) SpaceX provides the City and the Escrow Agent with thirty (30) days' prior written notice together with evidence of the assignee's financial capacity as the City and BPUB may require. Any other assignment requires prior written consent of the other party.

ARTICLE XXI — DISPUTE RESOLUTION, GOVERNING LAW, AND VENUE

21.1 Dispute Resolution.

The Parties shall first attempt in good faith to resolve any dispute arising under this Agreement through negotiation among senior executives. If the dispute remains unresolved after thirty (30) days, the Parties shall, before resorting to litigation, try in good faith to settle the dispute by non-binding mediation under Chapter 154 of the Texas Civil Practice and Remedies Code. Nothing herein precludes provisional injunctive relief.

21.2 Governing Law.

This Agreement shall be governed by, construed in accordance with, and enforced under the laws of the State of Texas, without regard to conflicts-of-law principles that would require application of another jurisdiction's laws.

21.3 Venue.

Any action, suit, or proceeding arising out of or relating to this Agreement shall be brought exclusively in the state district courts located in Cameron County, Texas. Each Party submits to the jurisdiction of those courts and waives any objection to venue or inconvenient forum.

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

21.4 Expedited Arbitration of Qualifying Project Approval Disputes.

a) **Scope.** This Section 21.4 applies solely to a dispute in which either SpaceX or the City contends that the other Party has unreasonably withheld, conditioned, or delayed approval of a proposed Qualifying Project under Section 2.2 of this Agreement ("Approval Dispute"). This Section 21.4 does not apply to, and no Party may invoke arbitration under this Section with respect to: (i) any dispute concerning the delivery, validity, or sufficiency of a Qualifying Activity Certificate under Section 5.6; (ii) any dispute concerning the classification, refund, redeposit, or treatment of Uncommitted Funds, Idle Uncommitted Funds, or Committed Funds under Article V; or (iii) any other approval, consent, instruction, certification, or determination required or permitted under this Agreement, except as expressly provided in Section 6.2. Disputes excluded from this Section 21.4 shall be resolved exclusively under Sections 21.1 through 21.3 or, with respect to escrow-level operational disputes, under Article XIII.

b) **Prerequisite Exhaustion.** No Party may demand arbitration under this Section unless and until the Party has first (i) attempted in good faith to resolve the Approval Dispute through negotiation among senior executives for a period of not fewer than thirty (30) days after written notice of the Approval Dispute is delivered to the other Party, and (ii) if the dispute remains unresolved after such thirty (30)-day period, tried in good faith to settle the Approval Dispute by non-binding mediation under Chapter 154 of the Texas Civil Practice and Remedies Code for a period of not fewer than thirty (30) days. If the Approval Dispute remains unresolved after the negotiation and mediation periods described above, either Party may demand arbitration by written notice to the other Party and the Escrow Agent.

c) **Single Arbitrator.** The Approval Dispute shall be resolved by a single arbitrator who (i) is admitted to the practice of law in the State of Texas, (ii) has not fewer than ten (10) years of experience in Texas municipal law, public infrastructure transactions, or public finance, and (iii) has no past or present relationship with any Party, BPUB, or SRWA that would give rise to a reasonable question of impartiality. The Parties shall attempt to agree on an arbitrator within fifteen (15) days after the demand for arbitration. If the Parties are unable to agree within such period, either Party may request that the presiding judge of the state district court in Cameron County, Texas, appoint an arbitrator meeting the foregoing qualifications.

d) **Standard of Review.** The sole question before the arbitrator shall be whether the Party against whom the Approval Dispute is asserted has unreasonably withheld, conditioned, or delayed approval of the proposed Qualifying Project. In making this determination, the arbitrator shall apply the following standard: approval may be withheld only on the grounds that (i) the proposed project fails to satisfy the requirements of Section 1.15 of this Agreement, or (ii) a Legal Prohibition exists with respect to the proposed project. The arbitrator shall not substitute the arbitrator's judgment for the policy, planning, or engineering determinations of the City, BPUB, or SRWA, and shall give due deference to the public-purpose and community-benefit considerations inherent in the identification of Qualifying Projects under this Agreement and the MOU. The burden of establishing that approval has been unreasonably withheld shall rest with the Party asserting the Approval Dispute.

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

e) **Venue, Governing Law, and Procedure.** The arbitration shall be conducted in Brownsville, Cameron County, Texas. The arbitration shall be governed by the laws of the State of Texas, including the Texas General Arbitration Act (Texas Civil Practice and Remedies Code, Chapter 171), and not by the Federal Arbitration Act (9 U.S.C. §§ 1–16) except to the extent federal law is mandatorily applicable and cannot be waived. The arbitrator shall conduct the proceeding in accordance with the following expedited schedule: (i) discovery, if any, shall be limited to the exchange of documents directly relevant to the Approval Dispute and shall be completed within thirty (30) days after the arbitrator's appointment; (ii) the hearing shall be conducted within sixty (60) days after the arbitrator's appointment; and (iii) the arbitrator shall render a written decision within thirty (30) days after the conclusion of the hearing. The arbitrator may extend any deadline set forth in this paragraph by not more than fifteen (15) days upon a showing of good cause by either Party.

f) **Remedies; Limitation on Relief.** The arbitrator's authority is limited to determining whether the withholding Party has unreasonably withheld, conditioned, or delayed approval of the proposed Qualifying Project. If the arbitrator determines that approval has been unreasonably withheld, the arbitrator may issue a declaratory determination to that effect and may direct the withholding Party to act on the approval request within a period specified by the arbitrator, not to exceed thirty (30) days. The arbitrator shall not have authority to: (i) award monetary damages of any kind, including consequential, incidental, or punitive damages; (ii) order specific performance compelling the City to adopt a resolution, appropriate funds, or take any legislative or governmental action; (iii) modify, amend, or supplement this Agreement or the MOU; (iv) determine any issue other than whether approval has been unreasonably withheld under the standard set forth in Section 21.4(d); or (v) award any relief inconsistent with the governmental immunity, limitations of liability, or other protections available to the City under this Agreement or applicable law.

g) **Costs.** Each Party shall bear its own attorneys' fees, costs, and expenses in connection with the arbitration. The fees and expenses of the arbitrator shall be shared equally by the Parties.

h) **Preservation of Governmental Immunity.** The City's agreement to arbitrate Approval Disputes under this Section 21.4 is limited to the scope, procedures, and remedies expressly set forth herein and shall not be construed as a general waiver of, or consent to suit beyond, the City's governmental immunity under the laws of the State of Texas. The City expressly reserves all immunities, defenses, and limitations of liability available to it under the Texas Tort Claims Act (Texas Civil Practice and Remedies Code, Chapter 101), the Texas General Arbitration Act, and all other applicable law. No arbitration award or determination under this Section shall be enforceable against the City to the extent it would require the expenditure of public funds not specifically appropriated for the purpose of this Agreement or would constitute relief barred by the City's governmental immunity. The arbitrator shall not have jurisdiction to determine the scope or applicability of the City's governmental immunity.

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

i) **Finality and Judicial Review.** The arbitrator's determination shall be final and binding on the Parties, subject to the grounds for vacatur, modification, or correction set forth in the Texas General Arbitration Act. Confirmation, vacatur, modification, or correction of an arbitration award shall be sought exclusively in the state district courts of Cameron County, Texas.

ARTICLE XXII — SEVERABILITY

22.1 General Severability.

If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the remainder shall continue in effect and the invalid, illegal, or unenforceable provision shall be modified to the minimum extent necessary to make it valid and enforceable.

ARTICLE XXIII — COUNTERPARTS AND ELECTRONIC SIGNATURES

23.1 Counterparts.

This Agreement may be executed in any number of counterparts, including electronic PDF counterparts, each of which is an original, and all of which together shall constitute one and the same instrument.

23.2 Electronic Signatures.

Signatures transmitted by facsimile, portable document format (PDF), or other electronic means shall be deemed original signatures for all purposes and shall be binding upon the Parties. This Agreement may be executed and delivered electronically in accordance with the Texas Uniform Electronic Transactions Act (Texas Business & Commerce Code, Chapter 322) and the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. Section 7001 et seq.).

ARTICLE XXIV — INTEGRATION AND INTERPRETATION

24.1 Integration.

This Agreement, together with the MOU and the exhibits attached hereto, constitutes the entire agreement among the Parties with respect to the custody, restriction, investment, disbursement, and refund of the Escrow Property and supersedes prior agreements and understandings concerning that subject matter. The MOU governs the underlying Funding Payment obligations, project commitments, and suspension or termination rights; this Agreement governs escrow administration. If the two documents conflict, the MOU controls the underlying obligations and this Agreement controls the Escrow Agent’s administration to the extent consistent with the MOU.

24.2 Public Information.

The City is subject to Chapter 552, Texas Government Code. SpaceX may mark genuinely confidential commercial information as such, and the City will use reasonable efforts to assert available exceptions, but cannot guarantee withholding.

24.3 Interpretation.

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The word "including" means "including without limitation." The words "shall" and "will" have the same meaning.

24.4 No Presumption Against Drafter.

There will be no presumption against any party on the ground that such party was responsible for preparing this Agreement or any part of it.

ARTICLE XXV — TERMINATION

25.1 Termination Events.

This Agreement shall terminate upon the first to occur of the following:

(a) all Escrow Property has been disbursed as Committed Funds in accordance with signed project agreements and this Agreement;

(b) all Uncommitted Funds have been refunded to SpaceX in accordance with Article V and no Committed Funds remain in the Escrow Account; or

(c) the Parties have agreed in a mutual written instrument to terminate this Agreement and have provided instructions addressing any remaining Escrow Property.

25.2 Effect of Termination.

Upon termination, the Escrow Agent shall be discharged from future duties and obligations hereunder, except for the obligation to provide a final escrow statement and any obligations expressly stated to survive termination. The indemnification obligations of Article XV, the fee obligations of Article XVI, and record-retention obligations shall survive termination.

[SIGNATURE PAGE FOLLOWS]

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

IN WITNESS WHEREOF, the Parties have executed this Escrow Agreement as of the date first written above.

SPACEX:
SPACE EXPLORATION TECHNOLOGIES CORP.

By: Sheila McCorkle
Name: Sheila McCorkle
Title: VP, Starship Legal & Regulatory
Date: 2026-09-22

CITY:
CITY OF BROWNSVILLE, TEXAS

By: Alan Guard
Name: Alan Guard
Title: City Manager
Date: 2026-09-22

ATTEST:

By: Mayra A. Rios
Name: Mayra Rios
Title: City Secretary

CITY OF BROWNSVILLE TEXAS INCORPORATED FEBRUARY 7 1853

APPROVED AS TO FORM:

By: Guillermo (Will) S. Trevino
Name: Guillermo (Will) S. Trevino
Title: City Attorney

ESCROW AGENT:
PlainsCapital Bank, a Texas banking association

By: Kirt Deltaau for Yvonne A. Trevino
Name: Yvonne A. Trevino, CCTS
Title: Senior Vice President
Date: 2026-09-23

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

SECTION 3: EXHIBITS TO ESCROW AGREEMENT

The following exhibits are incorporated into and form a part of the Escrow Agreement by reference. Each exhibit shall be completed, executed, and delivered in accordance with the terms and conditions set forth in the Escrow Agreement.

Exhibits Omitted for Public Release

CERTIFICATE *of* SIGNATURE

REF. NUMBER
MJQ4M-QXSAZ-F2HVF-6R9UH

DOCUMENT COMPLETED BY ALL PARTIES ON
24 SEP 2026 00:35:09 UTC

SIGNER	TIMESTAMP	SIGNATURE
GUILLERMO TREVINO EMAIL WILL.TREVINO@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:33:03 VIEWED 22 SEP 2026 22:07:55 SIGNED 23 SEP 2026 00:23:39	 IP ADDRESS 216.194.176.173 LOCATION BROWNSVILLE, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 22 SEP 2026 22:07:55	
ALAN GUARD EMAIL ALAN.GUARD@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:33:03 VIEWED 23 SEP 2026 00:29:16 SIGNED 23 SEP 2026 00:29:29	 IP ADDRESS 172.58.48.35 LOCATION HOUSTON, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 00:29:16	

CERTIFICATE *of* SIGNATURE

REF. NUMBER
MJQ4M-QXSAZ-F2HVF-6R9UH

DOCUMENT COMPLETED BY ALL PARTIES ON
24 SEP 2026 00:35:09
UTC

SIGNER	TIMESTAMP	SIGNATURE
SHEILA MCCORKLE EMAIL SHEILA.MCCORKLE@SPACEX.COM	SENT 22 SEP 2026 19:33:03 VIEWED 23 SEP 2026 00:40:47 SIGNED 23 SEP 2026 00:41:56	 IP ADDRESS 66.9.191.198 LOCATION BROWNSVILLE, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 00:40:47	
MAYRA RIOS EMAIL MAYRA.RIOS@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:33:03 VIEWED 23 SEP 2026 01:31:21 SIGNED 23 SEP 2026 01:31:49	 IP ADDRESS 172.56.89.184 LOCATION SAN ANTONIO, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 01:31:21	

CERTIFICATE *of* SIGNATURE

REF. NUMBER
MJQ4M-QXSAZ-F2HVF-6R9UH

DOCUMENT COMPLETED BY ALL PARTIES ON
24 SEP 2026 00:35:09 UTC

SIGNER	TIMESTAMP	SIGNATURE
KIRT DEHAAN EMAIL KIRT.DEHAAN@PLAINSCAPITAL.COM SHARED VIA LINK	SENT 22 SEP 2026 19:33:03 VIEWED 24 SEP 2026 00:23:04 SIGNED 24 SEP 2026 00:35:09	Kirt DeHaan for Yvonne A. Trevino IP ADDRESS 75.35.119.19 LOCATION GRAND PRAIRIE, UNITED STATES

Meeting Date
October 12, 2026

Posting Language
3 - Presentation and Discussion on Generator Purchase versus Rental Cost Analysis

Open/Closed Session
OPEN MEETING

Action
Briefing

Executive Sponsor
Lead Department: 1145-Electric Operations

Assigned Staff (Presenter): Eli Alvarez

Summary
Two existing SRWA backup generators are no longer in service, with the latest out-of-surface as of summer 2026. SRWA has been renting one backup generator, with a second rented generator transferred to replace the most recent failure. As this transfer was approved by the SRWA Board in September 2026, Board members requested additional information to compare costs of replacement generators versus continued rentals of these facilities.

Strategic Initiatives

Referring Committee
Name of Committees _____
Date of Meeting _____
Recommendation(s) _____
Vote(s) _____

Fiscal Impact
Budgeted Bid Award Reallocation No Fiscal Impact

Source of Funding: _____

Recommended Motion
Presentation and discussion only.

SRWA Backup Generation

RENT VS. BUY

SRWA BOARD MEETING | October 12, 2026

Eli Alvarez

Director of Electrical Operations

Electrical Operations

Outline

- SRWA Back-up Power Requirements
- SRWA Generator Assets
- SRWA Generator Deployment Sites
- SRWA's Generator Rental Requirements
- Evaluating Rent Vs. Buy Options
- Cost Comparison Assumptions
- Comparison Results
- Comparison Graph
- Considerations
- Recommendation(s)

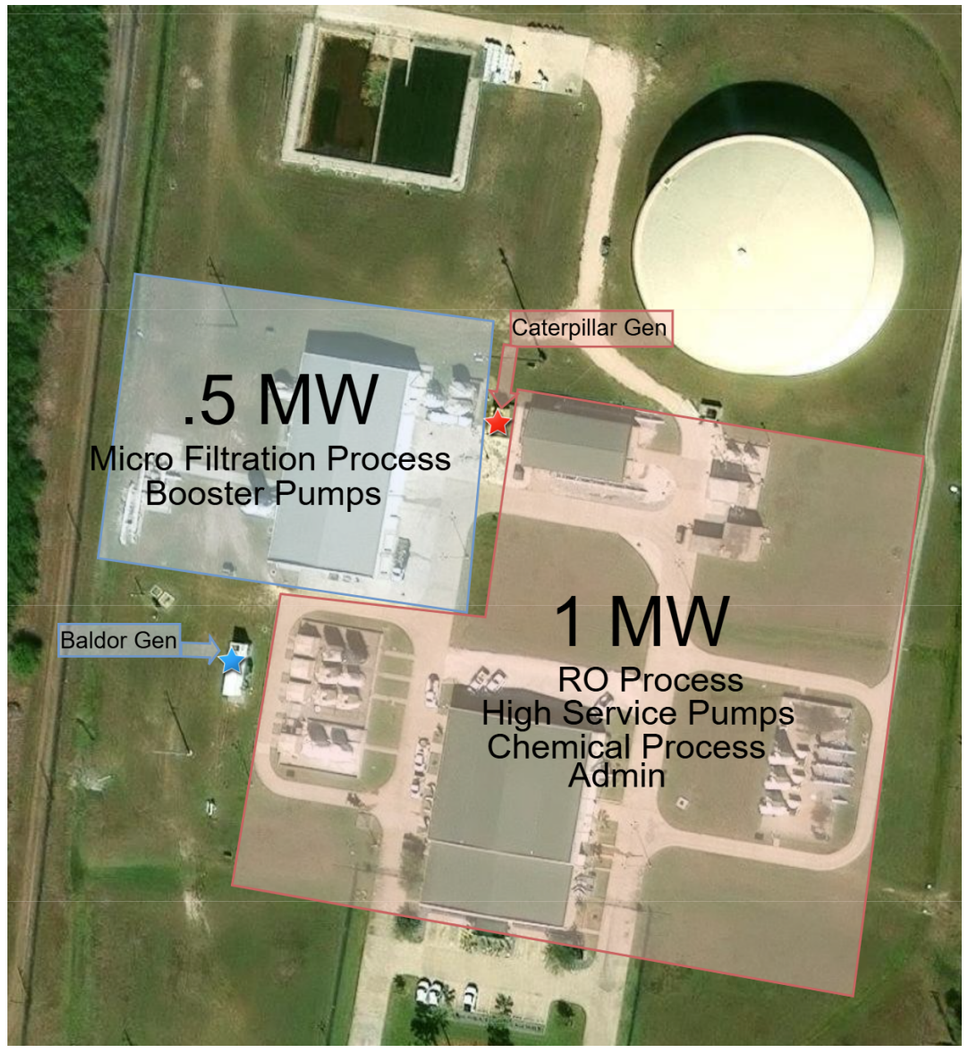
SRWA Back-up Power Requirements

- The Texas Commission on Environmental Quality (TCEQ) regulations and Texas Senate Bill 3 (SB 3) require water utilities to demonstrate (and document) the ability to maintain critical operations and minimum water pressure (at least 20 psi) during an extended power outages.
- SRWA meets this requirement with:
  - Local back up generation to critical loads (most reliable)
  - Alternate electric feeder that is served from a different substation.

SRWA Generator Assets

- Existing generators: (2)-1MW Diesel Generators*
  - 1-MW Caterpillar®
    - > 20 years in service
  - 1-MW Baldor®;
    - >12 years in service
- Total capacity: 2 MW

SRWA Generator Deployment Sites



SRWA's Generator Rental Requirements

- Both BPUB owned units are currently out of commission.
  - The Baldor® has been out of commission for several years.
  - The Caterpillar® failed in the summer of 2026.
- Current electrical infrastructure requires two (2) for backup power to critical processes.
- Required capacity: At least 1.5 MW
- Expected rental usage: 12 months/year
- Annual rental cost for both rentals: $200,400.00

Evaluating Rent Vs. Buy Options

RENT OPTION

Pros:

- Lower initial costs
- Flexibility changing generator sizes and quantities
- Minimal Maintenance Costs
- No ownership obsolescence risk

Cons:

- Reoccurring rental charges
- Higher long term costs
- Utilization may be poor

BUY OPTION

Pros:

- Long term asset
- Lower long-term cost
- Greater control over testing and maintenance
- No rental availability risk

Cons:

- Significant initial costs
- Reoccurring maintenance cost and responsibility
- Equipment has a finite useful life (≈12-15 years)
- Utilization may be poor

Cost Comparison Assumptions (1MW)

- The cost of the 1MW generator is $600k USD (September 2026).
- The annual cost of renting a 1MW generator is $100,200 USD (2026).
- Annual rental, Annual maintenance of generators cost includes a 2% escalator for the duration of the comparison study (study).
- The time considered for this comparison is 10 years and the expected useful life of the generator is at least equal to the time considered for the study.
- Annual maintenance of generators includes annual load testing and quarterly testing with a cost equal to 1% of the purchase price.
- *Major maintenance will occur every two years and is equal to 2% of the purchase price.
- Insurance and fuel costs are assumed to be equal and were not considered in study.

*Based on Mean time to failure for 750kW-5MW referenced in IEEE Gold Book officially designated as IEEE Std 493-2007. The IEEE Gold Book is an industry standard providing recommended practices for the design of reliable industrial and commercial power systems.

Comparison Results (1MW)

Year	Rent Option	Buy Option	Rent - Buy
Year 1	$ 103,200.00	$ 606,000.00	$ (502,800.00)
Year 5	$ 524,444.82	$ 655,224.24	$ (130,779.42)
Year 6 + 5 Months (Breakeven Point)	$ 681,169.09	$ 676,608.93	$ 4,560.17
10 Year	$ 1,100,162.04	$ 725,698.33	$ 374,463.72

Comparison Graph (1MW)



Cost Comparison Assumptions (2MW)

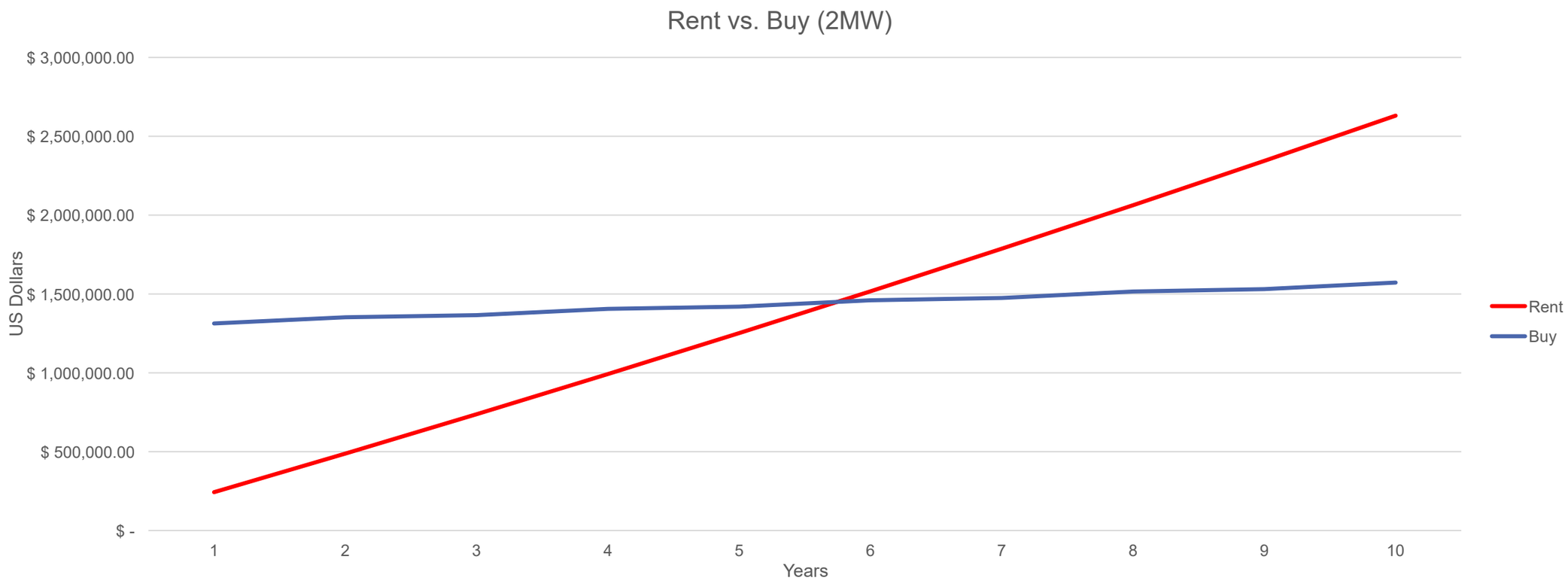
- The cost of the 2MW generator is $1.3M USD (September 2026).
- The annual cost of renting a 2MW generator is $240,000 USD (2026).
- Annual rental, Annual maintenance of generators cost includes a 2% escalator for the duration of the comparison study (study).
- The time considered for this comparison is 10 years and the expected useful life of the generator is at least equal to the time considered for the study.
- Annual maintenance of generators includes annual load testing and quarterly testing with a cost equal to 1% of the purchase price.
- *Major maintenance will occur every two years and is equal to 2% of the purchase price.
- Insurance and fuel costs are assumed to be equal and were not considered in study.

*Based on Mean time to failure for 750kW-5MW referenced in IEEE Gold Book officially designated as IEEE Std 493-2007. The IEEE Gold Book is an industry standard providing recommended practices for the design of reliable industrial and commercial power systems.

Comparison Results (2MW)

Year	Rent Option	Buy Option	Rent - Buy
Year 1	$ 243,000.00	$ 1,313,000.00	$ (1,070,000.00)
Year 5	$ 1,251,969.64	$ 1,419,652.52	$ (167,682.88)
Year 5 + 9 Months (Breakeven point)	$ 1,446,807.43	$ 1,430,206.24	$ 16,601.19
Year 10	$ 2,630,933.04	$ 1,572,346.37	$ 1,058,586.67

Comparison Graph (2MW)



Considerations

- Based on cost comparison results, the purchase of generator assets may yield cost savings.

- Uncertainty with plant expansion:
  - Expansion time frame
  - Capacity requirements for expansion scale

- The SRWA Electrical infrastructure within the plant needs to upgraded and consolidated to ensure maximum reliability and flexibility

- Purchase costs, rental costs and lead times for generators may increase due to demand (data centers).

Recommendation(s)

- Continue to rent and/or repair current assets while expansion plans are solidified.

- Prioritize electrical infrastructure improvements needed for reliability, capacity expansion, and efficient asset utilization.

- Once electrical requirements are known, rerun the comparison analysis with updated pricing to determine whether or not the “buy option” is still financially advantageous.

SRWA
Southmost Regional Water Authority

Questions?

Meeting Date
October 12, 2026

Posting Language
4 - Consideration and Action on a Resolution of the Brownsville Public Utilities Board Identifying Qualifying Project(s) pursuant to the Binding Memorandum of Understanding (MOU) and Escrow Agreement between the City of Brownsville and SpaceX for the Funding of Water or Wastewater Facility Project(s).

Open/Closed Session
OPEN MEETING

Action
Approval
Resolution

Executive Sponsor
Lead Department: 4310-Water & Wastewater Operations

Assigned Staff (Presenter): David Ramirez

Summary
The additional funding for water supply infrastructure projects made available through agreements between the City of Brownsville and SpaceX under an August 29, 2026 Memorandum of Understanding provides an opportunity for regional water supplies to be improved. City Resolution No. 2026-127 (adopted Sept. 22, 2026) formally identifies as Qualifying Projects the following projects that were named in Exhibit A to the MOU:

a. **Potable reuse / wastewater reclamation**. A wastewater treatment reclamation or potable-reuse project on the BPUB system of a scale sufficient to support an increase of Water Supply of approximately 8 MGD.

b. **SRWA Plant expansion.** Expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells sufficient to expand Water Supply by approximately 10 MGD.

The Southmost Regional Water Authority has previously identified and is implementing a project to optimize and expand the SRWA well field and plant. The ongoing optimization project aims to achieve the existing plant's nameplate production capacity of 10 million gallons

per day (MGD), increasing potable water output by about 2.5 MGD. The optimization phase includes several major milestones, including:

1. Updating of hydrological studies
2. Replace existing reverse osmosis (RO) trains (partially completed)
3. Rehabilitate/reconstruct 14 wells (6 wells previously completed)
4. Construction of two additional wells

As noted, two milestones reflect partial completion over the past two years. Other milestones are detailed in background materials included with this item. The overall project is expected to be completed by the first quarter of 2029. As indicated on online materials at www.bpub.com/projects/srwa-expansion-optimization, this project also supports and advances the expansion of the SRWA well field and plant and additional 10 MGD expansion, which will increase total SRWA capacity to approximately 20 MGD to further meet future regional water demand and improve area resiliency.

While the optimization project is believed to accomplish goals defined under the MOU and Escrow Agreement between the City of Brownsville and SpaceX for funding water or wastewater facility projects, approval of this project by the boards of SRWA and BPUB is intended to further identify the project as a Qualifying Project that funding from the City-SpaceX Escrow Fund should support. Upon adoption, the accompanying resolution will be forwarded to the City and SpaceX.

BPUB and SRWA staff are continuing to develop appropriate milestones for Qualifying Projects, including the water reclamation project and SRWA expansion project.

Strategic Initiatives

Strategic Business Plan 2026-2030: Strategic Focus Area 2 – Optimizing Water Supply. Under SSD-3: BPUB will diversify water supply sources to reduce reliance on the Rio Grande and increase drought resilience.

Referring Committee

Name of Committees _____

Date of Meeting _____

Recommendation(s) _____

Vote(s) _____

Fiscal Impact

Budgeted Bid Award Reallocation No Fiscal Impact

Source of Funding: _____

Recommended Motion

BPUB Staff Recommends Approval of a Resolution of the SRWA Board Identifying Qualifying Project(s) pursuant to the Binding Memorandum of Understanding (MOU) and Escrow Agreement between the City of Brownsville and SpaceX for the funding of water or wastewater facility project(s).

RESOLUTION NUMBER 2026-127

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF BROWNSVILLE, TEXAS, IDENTIFYING QUALIFYING PROJECTS DESCRIBED IN EXHIBIT "A" TO THE MEMORANDUM OF UNDERSTANDING BETWEEN SPACE EXPLORATION TECHNOLOGIES CORP. AND THE CITY OF BROWNSVILLE DATED AUGUST 29, 2026; AUTHORIZING RELATED ACTIONS, INCLUDING RATIFYING AN ESCROW AGREEMENT BETWEEN THE CITY, PLAINSCAPITAL BANK, AND SPACEX FOR THE BENEFIT OF BROWNSVILLE PUBLIC UTILITIES BOARD AND SOUTHMOST REGIONAL WATER AUTHORITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Brownsville, Texas (the "City") is a home rule city acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution, and Chapter 9 of the Texas Local Government Code; and

WHEREAS, on August 29, 2026, Space Exploration Technologies Corp., a Texas corporation ("SpaceX"), and the City entered into a Binding Memorandum of Understanding (the "MOU") to expand water availability for the City and the broader community by funding water and wastewater facility projects, including potable reuse and SRWA Plant expansion; and

WHEREAS, SpaceX operates industrial, commercial, residential, and related facilities at and near Starbase in Cameron County, Texas, and intends further industrial development of those facilities; and

WHEREAS, SpaceX is a water and wastewater retail customer of the Public Utilities Board of the City of Brownsville ("BPUB") and will require additional water capacity for a planned expansion of SpaceX's facilities within BPUB's service area; and

WHEREAS, under the MOU, SpaceX's aggregate obligation to fund Qualifying Projects shall not exceed Two Hundred Twenty Million and No/100 Dollars ($220,000,000.00), consisting of an initial escrow amount of Forty Million and No/100 Dollars ($40,000,000.00) and six (6) quarterly installments of Thirty Million and No/100 Dollars ($30,000,000.00) each, subject to the terms and conditions of the MOU; and

WHEREAS, the MOU provides that Funding Payments are contractual contributions to fund Qualifying Projects and are not a purchase of capacity, a purchase of an ownership interest, or a prepayment of volumetric rates; and

WHEREAS, the MOU defines an "Identified" Qualifying Project as one for which the City, or its authorized agent, has adopted a written resolution that names the project, describes its scope, and commits to funding the project subject to project-completion milestones; and

WHEREAS, Exhibit "A" to the MOU lists planning-level Qualifying Projects eligible to be Identified, including a wastewater treatment reclamation or potable-reuse project on the

BPUB system of a scale sufficient to support an increase of Water Supply of approximately 8 MGD and expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells sufficient to expand Water Supply by approximately 10 MGD; and

WHEREAS, the City Commission desires to approve and identify the Qualifying Projects described in Exhibit "A" to the MOU for purposes of the MOU and funding of the escrow agreement; and

WHEREAS, the City and SpaceX have agreed to utilize PlainsCapital Bank, a Texas banking association, as Escrow Agent for the purposes stated within the MOU and Escrow Agreement; and

WHEREAS, the City Commission finds that approval of the Escrow Agreement and the identification of the Qualifying Projects described herein as required by the MOU will promote the public health, safety, and welfare by supporting expanded water availability for the City and the broader community.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF BROWNSVILLE, TEXAS, THAT:

SECTION 1. Findings Incorporated. The findings and recitations set out in the preamble to this Resolution are found to be true and correct, and they are hereby adopted by the City Commission as its legislative findings and made a part hereof for all purposes.

SECTION 2. Approval and Identification of Qualifying Projects; Identified Projects. For purposes of the MOU, the City Commission identifies the following projects as Qualifying Projects described in Exhibit "A" to the MOU, attached as Attachment "A" and incorporated herein for all purposes, as the "Identified Projects." The City Commission further commits funds, as provided by SpaceX through the MOU and the escrow agreement attached as Attachment "B" and incorporated herein for all purposes, to fund these projects subject to the project-completion milestones shown in Attachment "C," also attached hereto and incorporated herein for all purposes, and subject to the terms and conditions of the MOU:

a. Potable reuse / wastewater reclamation. A wastewater treatment reclamation or potable-reuse project on the BPUB system of a scale sufficient to support an increase of Water Supply of approximately 8 MGD.

b. SRWA Plant expansion. Expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells sufficient to expand Water Supply by approximately 10 MGD.

SECTION 3. Funding and Milestones. The funding commitments identified in Section 2 are subject to project-completion milestones, signed contracts, and all other terms and conditions of the MOU. The City Manager, or designee, is authorized to coordinate with BPUB / SRWA, SpaceX, and the escrow agent regarding project-completion milestones, joint written instructions, and related implementation matters consistent with the MOU.

SECTION 4. No Capacity Reservation or Ownership Interest. The identification of the Qualifying Projects in this Resolution does not constitute a reservation or sale of water capacity, a purchase of an ownership interest, or a prepayment of volumetric rates, and shall be construed consistently with the MOU.

SECTION 5. Authority. The City Manager, City Attorney, and their designees are authorized to take such actions, execute such documents, and seek such ordinances, resolutions, permits, approvals, and contracts as may be necessary or desirable to carry out the purposes of this Resolution and the MOU. Furthermore, the City Commission hereby authorizes the City Manager to execute an escrow agreement between the City, PlainsCapital Bank, and SpaceX for the benefit of the Brownsville Public Utilities Board and the Southmost Regional Water Authority for the projects identified herein.

SECTION 6. Escrow Authority. Any one of the following officers is authorized to act on behalf of the City for the purposes stated within the MOU and Escrow Agreement, including, but not limited to, executing documents, inquiring, giving written or oral instructions to PlainsCapital Bank, with respect to any transactions with PlainsCapital Bank for the purposes stated herein, the MOU, and the Escrow Agreement:

Alan Guard, City Manager/CFO;
Felix Sauceda, Deputy City Manager;
Doroteo Garcia, Deputy City Manager; or
Stephen Muse, Finance Director.

SECTION 7. Effective Date. This Resolution shall be and become effective immediately upon adoption.

PASSED and **APPROVED** this 22nd day of September, 2026.

CITY OF BROWNSVILLE TEXAS INCORPORATED FEBRUARY 7 1853

John Cowen

John Cowen, Jr., Mayor

ATTEST:

Mayra A. Rios

Mayra Rios
City Secretary

APPROVED AS TO FORM AND LEGALITY:

Guillermo (Will) S. Trevino

Guillermo (Will) S. Trevino
City Attorney

Attachment "A"
MOU Between Space Exploration Technologies Corp.
and the City of Brownsville dated August 29, 2026

BINDING MEMORANDUM OF UNDERSTANDING

Between

SPACE EXPLORATION TECHNOLOGIES CORP. and
THE CITY OF BROWNSVILLE, TEXAS

This Binding Memorandum of Understanding (this "MOU") is entered into as of the date of last signature below (the "Effective Date"), by and among Space Exploration Technologies Corp., a Texas corporation ("SpaceX") and the City of Brownsville, Texas, a Texas home-rule municipality (the "City of Brownsville"). Each a "Party" and together the "Parties."

RECITALS

WHEREAS, the Public Utilities Board of the City of Brownsville ("BPUB") owns, operates, and maintains Public Water System No. TX0310001 and is the holder of water Certificate of Convenience and Necessity No. 10549, and the City of Brownsville has delegated to BPUB management of the City's combined water, wastewater, and electric systems pursuant to Chapter 552, Texas Local Government Code, the City charter and ordinances, BPUB's Water and Wastewater Service Policies as amended May 1, 2024 (the "Service Policies"), and other applicable law; and

WHEREAS, SpaceX operates industrial, commercial, residential, and related facilities at and near Starbase in Cameron County, Texas (the "SpaceX Facilities"); and

WHEREAS, SpaceX intends further industrial development of the SpaceX Facilities (the "Development Project");

WHEREAS, SpaceX is a water and wastewater retail customer of BPUB and will require additional water capacity for a planned expansion of SpaceX's facilities within BPUB's service area that is subject to rules and regulations applicable to other similarly situated retail customers of BPUB in an amount that is significantly less than the water supply capacity to be added under this MOU; and

WHEREAS, the Parties desire to expand water availability for the City of Brownsville and the broader community by funding water and wastewater facility projects, including potable reuse and SRWA Plant expansion, that increase capacity to a degree similar to or greater than the planning-level projects described in Exhibit A; and

NOW, THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

Document Ref: JJSJN-G5FU8-VH4A6-DZHUD

Document Ref: UMZAH-ZXEFT-W7BPW-FZ9C3

ARTICLE I — DEFINITIONS AND INTERPRETATION

1.1 Definitions.

In addition to terms defined in the preamble and recitals, the following terms have the meanings set forth below. Definitions not provided here, even if capitalized, shall be construed as in normal, customary usage.

"Committed Funds" means Funding Payments that are the subject of a signed contract detailing the amount of funding and project-completion milestones for a Qualifying Project.

"Escrow Account" means the separate account established with and maintained by a neutral third party authorized to hold funds in escrow, into which the funding contemplated by this Agreement is deposited and held on behalf of the Parties pending the occurrence of specific conditions or obligations, or the delivery of further instructions, in accordance with the terms of the Escrow Agreement as defined herein.

"Escrow Agent" means a national bank or Texas trust company with an office in Texas, mutually acceptable to the Parties, and with which the Escrow Account is created and within which funds contemplated by this Agreement are deposited.

"Escrow Agreement" means the escrow agreement between and among the Parties and the Escrow Agent implementing Article II.

"Force Majeure" means acts of God, strikes, lockouts, military conflict or other industrial disturbances, acts of public enemy, laws or orders of any kind of the Government of the United States or the State of Texas, or any civil or military authority, insurrection, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, pandemics, droughts, arrests, restraint of government and people, civil disturbances, explosions, supply chain disruption attributable to military conflict or pandemic, breakage or accidents to machinery, pipelines, canals or other structures or entire failure of Water Supply due to an act of God, or any other causes not reasonably foreseeable by or within the control of the party claiming an inability to act by reason of force majeure, and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence and using commercially reasonable efforts, such party is unable to overcome.

"Funding Payments" means the Initial Escrow Amount and the Quarterly Installments, not to exceed the Maximum Contribution in the aggregate, from SpaceX.

"Identified" means, with respect to a Qualifying Project, that the City, or its authorized agent, has adopted a written resolution that names the project, describes its scope, and commits to the funding of the project subject to project-completion milestones. The potable-reuse project and the SRWA expansion described in Exhibit A are eligible to be so Identified but other projects may be considered.

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"Initial Escrow Amount" means Forty Million and No/100 Dollars ($40,000,000.00).

"Legally Prohibited" means that a required approval, permit, license, or authorization from a local, state, or federal jurisdiction is not legally obtainable, or that a statute, ordinance, practice, policy, regulation, or order of a court or governmental authority having jurisdiction makes, development, continuation or operation of the Development Project unlawful or legally impossible, such that the Development Project is unable to proceed or operate with all necessary approvals. Economic infeasibility, loss of a commercial counterparty, or a voluntary pause is not a Legal Prohibition.

"Maximum Contribution" means Two Hundred Twenty Million and No/100 Dollars ($220,000,000.00).

"MGD" means million gallons of water per day.

"Qualifying Project" means a water or wastewater facility project — including but not limited to treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, and related residuals or concentrate management — that (a) expands water availability, either through direct or indirect expansion of the Water Supply, in the City of Brownsville or the broader Cameron County community, (b) has been Identified by the Parties, and (c) is capable of being permitted under applicable TCEQ and other law.

"Quarterly Installment" means Thirty Million and No/100 Dollars ($30,000,000.00).

"Uncommitted Funds" means Funding Payments held in escrow or by the Parties that are not Committed Funds.

"Water Supply" means treated water meeting the standards of treatment established by the Texas Department of Health or the Texas Commission on Environmental Quality ("TCEQ") and the provisions of the Safe Drinking Water Act, Title 42, Section 300F, U.S.C.A., as administered by the United States Environmental Protection Agency and the TCEQ.

1.2 Interpretation.

Headings are for convenience only. "Including" means "including without limitation." References to statutes include amendments and successors. This MOU has been negotiated by the Parties and their counsel; no rule of construction against the drafter applies.

ARTICLE II — FUNDING, ESCROW, AND PAYMENT CONDITIONS

2.1 Maximum Contribution.

Consistent with SpaceX's desire to contribute to water supply of the region in excess of its projected usage, SpaceX's aggregate obligation to fund Qualifying Projects under this MOU shall not exceed the Maximum Contribution of $220,000,000.00. Interest earned on escrowed funds accrues solely to the Escrow Account in accordance with the Escrow Agreement for expansion of water resources and does not increase or decrease the Maximum Contribution.

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2.2 Initial Escrow Amount.

The Parties shall execute the Escrow Agreement and SpaceX shall deposit the Initial Escrow Amount of $40,000,000.00 with the Escrow Agent, to be held for the benefit of the Parties, within thirty (30) days after the date this MOU is executed by all Parties.

2.3 Quarterly Installments.

SpaceX shall pay the remaining $180,000,000.00 in six (6) Quarterly Installments of $30,000,000.00 each. The first Quarterly Installment is due within thirty (30) days after the Parties identify and approve the first Qualifying Project, which approval and identification shall not be unreasonably withheld. Each subsequent Quarterly Installment is due on the last business day of the third month after the applicable quarter until $180,000,000.00 has been paid. Quarterly Installments shall be paid to the Escrow Account.

2.4 Escrow Terms.

The Escrow Agreement shall provide that: (a) the Initial Escrow Amount is held as restricted funds; (b) may be disbursed only as Committed Funds against milestones for an Identified Qualifying Project; (c) no disbursement shall occur until the applicable Qualifying Project has been Identified; and (d) the Escrow Agent shall rely on joint written instructions of the Parties as specified within the Escrow Agreement.

2.5 Nature of Payments.

Funding Payments are contractual contributions to fund Qualifying Projects. They are not a purchase of capacity, a purchase of an ownership interest, or a prepayment of volumetric rates.

2.6 One-Year Identification Condition.

If the Parties have not Identified at least one Qualifying Project within one (1) year after the date the Initial Escrow Amount is funded, then all Uncommitted Funds, including remaining escrow principal, shall be refunded to SpaceX within thirty (30) days and the agreement terminates.

2.7 Two-Year Commitment Condition.

If, within two (2) years after the date the Initial Escrow Amount is funded, the Parties have not entered into one or more signed contracts detailing funding and project-completion milestones for Qualifying Projects whose aggregate committed funding is at least the Maximum Contribution, then: (a) SpaceX's obligation to make any then-unpaid Funding Payments is suspended until such signed contracts exist and (b) any Uncommitted Funds shall be refunded to SpaceX within thirty (30) days. Committed Funds already subject to a signed milestone contract are not refunded. When the signed-contract condition is later satisfied, the suspended obligation resumes and the next Quarterly Installment is due thirty (30) days after written notice to SpaceX and SpaceX will fund any projects identified up to the Maximum Contribution within seven (7) years of the Initial Escrow Amount being funded should any Uncommitted Funds have been refunded to SpaceX.

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2.8 Legal Prohibition.

If SpaceX is Legally Prohibited from continuing the Development Project, SpaceX's obligation to make any Funding Payment not then due shall be suspended for so long as the Legal Prohibition continues. SpaceX shall give prompt written notice and shall use commercially reasonable efforts to remove the Legal Prohibition. If the Legal Prohibition lasts less than one (1) year and then ceases, the payment schedule resumes with installments becoming due thirty (30) days after the Legal Prohibition ceases then due quarterly thereafter per the original terms. If the Legal Prohibition continues for one (1) year or more, SpaceX's obligation to make future Funding Payments permanently terminates. Notwithstanding any other provision of this agreement, Funding Payments shall continue to the extent of any Committed Funds regardless of any SpaceX legal prohibition.

2.9 No Other Payment Obligation.

Except for the Funding Payments, SpaceX has no obligation under this MOU to fund any Party or other project.

ARTICLE III — REPRESENTATIONS

3.1 Mutuality.

Each Party represents that it is duly organized and validly existing; that it has power and authority to enter into this MOU and perform its obligations, subject to the approvals required by Section 6.7; that the individual signing is authorized to bind their respective Party; and that this MOU is a valid and binding obligation enforceable in accordance with its terms, subject to bankruptcy law, governmental immunity as limited by Chapter 271, Local Government Code, and those approval contingencies.

3.2 City of Brownsville.

The City of Brownsville represents that it will seek in due course the ordinances, resolutions, and permits required to perform its obligations.

3.3 SpaceX.

SpaceX acknowledges that no exaction by the City is undertaken or proposed to be undertaken under this MOU and represents that it will not use this MOU to assert an ownership interest in any Qualifying Project.

ARTICLE IV — DEFAULT, TERMINATION, AND REMEDIES

4.1 Events of Default.

The following are Events of Default: (a) failure by SpaceX to make a Funding Payment when due, if the failure continues for thirty (30) days after written notice; (b) material breach of any other covenant that remains uncured for sixty (60) days after written notice, or such longer period as is

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reasonably necessary if the breach is not reasonably curable in sixty days and the breaching Party is diligently curing; or (c) bankruptcy, insolvency, or similar proceedings involving a Party that are not dismissed within ninety (90) days.

4.2 Remedies.

Upon an Event of Default, the non-defaulting Party may suspend its performance, terminate this MOU by written notice, recover amounts then due with interest at the maximum lawful rate, and pursue other remedies available at law or in equity. If this MOU is terminated because of SpaceX's default, Committed Funds may be retained and applied to the applicable Qualifying Project, and Uncommitted Funds shall be refunded.

4.3 Termination without Default.

This MOU may be terminated by mutual written agreement. It terminates automatically as provided in Section 2.6 (one-year identification failure). Future Funding Payment obligations terminate as provided in Section 2.8 if a Legal Prohibition lasts one year or more.

ARTICLE V — FORCE MAJEURE

5.1 Force Majeure.

No Party is liable for failure or delay in performance to the extent caused by Force Majeure. If by reason of Force Majeure a Party is rendered in whole or in part unable to carry out its obligations under this MOU, that Party shall give notice and full particulars in writing to the other Parties within two (2) days after occurrence of the event, and the affected obligation shall be suspended during the continuance of the inability then claimed, but for no longer period, and the affected Party shall endeavor to remove or overcome such inability with all reasonable dispatch.

ARTICLE VI — MISCELLANEOUS

6.1 Governing Law and Venue.

This MOU is governed by the laws of the State of Texas, without regard to conflicts principles. Exclusive venue and jurisdiction lie in the state district courts located in Cameron County, Texas.

6.2 Dispute Resolution.

The Parties shall first attempt to resolve any dispute arising under this MOU through good-faith negotiation of senior executives. If the dispute remains unresolved after thirty (30) days, the Parties shall, before resorting to litigation, try in good faith to settle the dispute by non-binding mediation under Texas Civil Practice and Remedies Code Chapter 154. Controversies arising solely from Funding Payments may proceed to litigation without mediation after the negotiation period. Nothing herein precludes provisional injunctive relief.

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6.3 Notices.

Notices shall be in writing and given as follows:

If to SpaceX: Space Exploration Technologies Corp., Attention: Legal, 1 Rocket Road, Brownsville, Texas 78521, Email: StarbaseLegal@SpaceX.com.

If to the City of Brownsville: City Attorney, City of Brownsville, 1001 E. Elizabeth Street, Brownsville, Texas 78520.

If to BPUB: General Counsel & Chief Legal Officer, 1425 Robinhood Drive, Brownsville, Texas 78521, Email: PGonzalez@brownsville-pub.com.

A Party may change its notice address by at least five (5) days' written notice to the others.

6.4 Entire Agreement; Amendment.

This MOU, including its Exhibits, is the entire agreement among the Parties. No amendment is effective unless in writing and signed by authorized representatives of all Parties then bound.

6.5 Severability; Waiver; Assignment.

If a provision is held invalid, the remainder continues in effect and the invalid provision shall be modified to the minimum extent necessary to make it valid. No waiver is effective unless in writing. SpaceX may assign this MOU, in whole or in part, without consent, to any entity that controls, is controlled by, or is under common control with SpaceX, or to a successor in a sale, spinoff, acquisition, or merger of SpaceX, provided the assignee can lawfully perform the obligations of the assignor. Any other assignment requires prior written consent of the other Party.

6.6 No Third-Party Beneficiaries.

Nothing in this MOU confers a right on any person who is not a Party. Affiliates of SpaceX do not constitute third parties.

6.7 Approvals; Effectiveness; Counterparts.

This MOU is subject to formal approval by the City Commission of the City of Brownsville and does not become effective until that approval is obtained and evidenced in writing and this MOU is signed. This MOU may be executed in counterparts, including electronic PDF counterparts, each of which is an original, and all of which together are one instrument.

6.8 Public Information.

The governmental Parties are subject to Chapter 552, Texas Government Code. SpaceX may mark genuinely confidential commercial information as such. The receiving governmental Party will use reasonable efforts to assert available exceptions, but cannot guarantee withholding.

(Signature page follows)

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IN WITNESS WHEREOF, the Parties have executed this Binding Memorandum of Understanding as of the Effective Date.

SPACE EXPLORATION TECHNOLOGIES CORP.

By: Sheila McCorkle
Name: Sheila McCorkle
Title: VP, Starship Legal & Regulatory
Date: 2026-08-29

CITY OF BROWNSVILLE, TEXAS

By: John Cowen
Name: John Cowen, Jr.
Title: Mayor
Date: 2026-08-29

CITY OF BROWNSVILLE TEXAS INCORPORATED FEBRUARY 7 1853

APPROVED AS TO FORM AND LEGALITY

Guillermo (Will) S. Trevino
City Attorney
City of Brownsville, Texas

ACKNOWLEDGMENT AND SUPPORT

On behalf of the Board of Directors of BPUB as approved on August 28, 2026, this acknowledgment is to evidence support for this MOU and the purposes and objectives contemplated therein.

PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS

By:
Name: Marilyn D. Gilbert
Title: General Manager & CEO
Date: 2026-08-29

Document Ref: JJSJN-G5FU8-VH4A6-DZHUD

Document Ref: UMZAH-ZXEFT-W7BPW-FZ9C3

EXHIBIT A

Planning-Level Qualifying Projects

(Eligible to Be Identified — Not a Capacity Reservation)

The Parties may Identify, and may commit to fund subject to completion milestones, the following projects, or other Qualifying Projects of similar or greater effect on increased water availability.

1. Potable reuse / wastewater reclamation. A wastewater treatment reclamation or potable-reuse project on the BPUB system of a scale sufficient to support an increase of Water Supply of approximately 8MGD

2. SRWA Plant expansion. Expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells sufficient to expand Water Supply of approximately 10MGD.

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Document Ref: UMZAH-ZXEFT-W7BPW-FZ9C3

CERTIFICATE *of* SIGNATURE

REF. NUMBER
JJSJN-G5FU8-VH4A6-DSHUD

DOCUMENT COMPLETED BY ALL PARTIES ON
30 AUG 2026 03:50:00
UTC

SIGNER	TIMESTAMP	SIGNATURE
SHEILA MCCORKLE EMAIL SHEILA.MCCORKLE@SPACEX.COM	SENT 30 AUG 2026 02:52:41 VIEWED 30 AUG 2026 03:01:49 SIGNED 30 AUG 2026 03:02:22	Sheila McCorkle IP ADDRESS 172.56.93.100 LOCATION SAN ANTONIO, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 30 AUG 2026 03:01:49	
JOHN COWEN EMAIL JOHN.COWEN@BROWNSVILLETX.GOV	SENT 30 AUG 2026 02:52:41 VIEWED 30 AUG 2026 03:35:44 SIGNED 30 AUG 2026 03:36:02	John Cowen IP ADDRESS 174.246.198.23 LOCATION SAN ANTONIO, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 30 AUG 2026 03:35:44	

Attachment "B"
Escrow Agreement

BROWNSVILLE REGIONAL INFRASTRUCTURE ESCROW PACKAGE

Escrow Agreement

by and among

SPACE EXPLORATION TECHNOLOGIES CORP.
a Texas corporation

THE CITY OF BROWNSVILLE, TEXAS
a Texas home-rule municipality

and

PlainsCapital Bank
a Texas banking association

Dated as of September 22, 2026

SECTION 1: ESCROW TERM SHEET

The following Term Sheet summarizes the principal terms of the Escrow Agreement contemplated by the Binding Memorandum of Understanding between Space Exploration Technologies Corp. and the City of Brownsville, Texas (the "MOU"). It is provided for convenience of reference only and is qualified in its entirety by the Escrow Agreement as set forth in Section 2.

Term	Description
Transaction	Escrow Agreement pursuant to Binding MOU for water and wastewater infrastructure contributions
Parties	Space Exploration Technologies Corp., a Texas corporation ("SpaceX"); City of Brownsville, Texas, a home-rule municipality chartered in the State of Texas ("City"); and PlainsCapital Bank, a Texas banking association ("Escrow Agent")
Funding Structure	Initial Escrow Amount of $40,000,000.00 no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein; remaining $180,000,000.00 in six Quarterly Installments of $30,000,000.00; Maximum Contribution of $220,000,000.00
Deposit Mechanics	Initial Escrow Amount deposited no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein; each Quarterly Installment deposited to the Escrow Account pursuant to the schedule provided in Section 2.2 and the MOU
Escrow Status	Funds held as restricted funds and disbursed only as Committed Funds for Identified Qualifying Projects under signed project agreements establishing funding amounts and milestones
Refund Events	(a) No Qualifying Project Identified within one year after the Initial Escrow Amount is funded: all Uncommitted Funds refunded within 30 days; (b) signed contracts for aggregate Maximum Contribution not reached within two years: unpaid obligations suspended and Uncommitted Funds refunded
Investment Earnings	Accrue to the Escrow Account for expansion of water resources and do not increase or decrease the Maximum Contribution
Nature of Payments	Contractual contributions, not a purchase of capacity, ownership interest, preferential utility treatment, or prepaid volumetric rates
Qualifying Projects	Potable reuse/wastewater reclamation, SRWA Plant expansion, and other water or wastewater projects Identified by the Parties that expand water availability and satisfy applicable permitting requirements
Fees	SpaceX pays all Escrow Agent fees and expenses; no deduction from Escrow Property (as defined herein)
Disputes	MOU Article VI: good-faith negotiation, then non-binding mediation;

	venue in Cameron County, Texas
Resignation	90 days' prior written notice; City appoints successor Escrow Agent
Termination	Upon disbursement of all Escrow Property per project agreements, refund of all Uncommitted Funds under the refund conditions, or mutual written agreement

SECTION 2: ESCROW AGREEMENT

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") is entered into as of September 22, 2026 (the "Effective Date"), by and among **SPACE EXPLORATION TECHNOLOGIES CORP.**, a Texas corporation ("SpaceX"); **THE CITY OF BROWNSVILLE, TEXAS**, a Texas home-rule municipality (the "City"); and **PLAINSCAPITAL BANK**, a Texas banking association (the "Escrow Agent"). SpaceX, the City, and the Escrow Agent are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

Whereas, SpaceX and the City have entered into a Binding Memorandum of Understanding dated August 29, 2026 (the "MOU") pursuant to which SpaceX will contribute up to $220,000,000.00 toward water and wastewater projects that expand water availability in Brownsville and the broader Cameron County community;

Whereas, the MOU contemplates Funding Payments consisting of an Initial Escrow Amount and Quarterly Installments, subject in the aggregate to the Maximum Contribution, to fund Qualifying Projects;

Whereas, the MOU requires the Parties to execute this Agreement to govern the custody, restriction, investment, and disbursement of the Funding Payments;

Whereas, the Parties intend that this Agreement will implement the escrow provisions of Article II of the MOU, and that the MOU will govern the underlying funding obligations and project commitments to the extent not addressed in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I — DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below; terms not defined herein shall be construed as in normal, customary usage:

1.1 "Committed Funds" means Funding Payments subject to a signed contract detailing the amount of funding and project-completion milestones for a Qualifying Project.

1.2 "Designated Public Account" means an account designated in a signed project agreement or joint written disbursement instruction for receipt of funds for a Qualifying Project, maintained with a depository institution authorized to receive public funds under Texas law.

1.3 "Escrow Account" means the separate account established with and maintained by the Escrow Agent into which Funding Payments are deposited and held on behalf of the Parties pending identification, commitment, disbursement, or refund in accordance with this Agreement.

1.4 "Escrow Agent" means a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, and mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board, with which the Escrow Account is created, and any successor appointed under Article XIV.

1.5 "Escrow Amount" means the aggregate amount of Funding Payments then deposited in the Escrow Account.

1.6 "Escrow Property" means, collectively, the aggregate Funding Payments deposited with the Escrow Agent pursuant to Article II, all investment earnings and income thereon, and all proceeds, products, and substitutions thereof.

1.7 "Funding Payments" means the Initial Escrow Amount and the Quarterly Installments payable by SpaceX under the MOU and this Agreement, not to exceed the Maximum Contribution in the aggregate.

1.8 "Identified" or to "Identify" means, with respect to a Qualifying Project, that the City or its authorized agent has adopted a written resolution naming the project, describing its scope, and committing to the project funding subject to project-completion milestones.

1.9 "Initial Escrow Amount" means Forty Million and No/100 Dollars ($40,000,000.00).

1.10 "Legally Prohibited" means that a required approval, permit, license, or authorization from a local, state, or federal jurisdiction is not legally obtainable, or that a statute, ordinance, practice, policy, regulation, or court or governmental order makes continuation or operation of the development project contemplated by the MOU unlawful or legally impossible, such that the development project cannot proceed or operate with all necessary approvals. Economic infeasibility, loss of a commercial counterparty, or a voluntary pause is not a Legal Prohibition.

1.11 "Legal Prohibition" means a circumstance in which a party is Legally Prohibited.

1.12 "Maximum Contribution" means Two Hundred Twenty Million and No/100 Dollars ($220,000,000.00).

1.13 "MOU" means the Binding Memorandum of Understanding between SpaceX and the City dated August 29, 2026, as amended in accordance with its terms.

1.14. "Owner" or "Operator" means, with respect to a Qualifying Project, either the Brownsville Public Utilities Board ("BPUB") or the Southmost Regional Water Authority ("SRWA"), as applicable, that owns, operates, or has responsibility for the applicable Qualifying Project or any portion thereof.

1.15 "Qualifying Project" means a water or wastewater facility project, including treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, and related residuals or concentrate management, that (a) expands water availability, directly or indirectly, in the City of Brownsville or the broader Cameron County community, (b) has been Identified by the Parties, and (c) is capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ.

1.16 "Quarterly Installment" means Thirty Million and No/100 Dollars ($30,000,000.00).

1.17 "Uncommitted Funds" means Funding Payments held in the Escrow Account that are not Committed Funds.

1.18 "Water Supply" means treated water meeting applicable Texas Department of Health, TCEQ, and Safe Drinking Water Act standards, as administered by the applicable authorities.

ARTICLE II — DEPOSIT AND FUNDING PAYMENTS

2.1 Initial Escrow Amount.

SpaceX shall deposit, or cause to be deposited, the Initial Escrow Amount of $40,000,000.00 with the Escrow Agent by federal funds wire transfer to the Escrow Account no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein.

2.2 Quarterly Installments.

SpaceX shall pay the remaining $180,000,000.00 in six (6) Quarterly Installments of $30,000,000.00 each. The first Quarterly Installment is due within thirty (30) days after the Parties Identify and approve, in consultation with BPUB, the first Qualifying Project. Approval for the Qualifying Project shall not be unreasonably withheld, conditioned, or delayed, provided the project satisfies the requirements of Section 1.15. No Party may withhold, condition, or delay approval of a Qualifying Project on any ground other than (a) the project's failure to satisfy the requirements of Section 1.15 or (b) a Legal Prohibition. For the avoidance of doubt, the fact that a Qualifying Project has not yet obtained all permits, approvals, or authorizations required for construction or operation shall not constitute grounds for withholding approval so long as the project is capable of being permitted under the applicable environmental, health, and safety permitting requirements referenced in Section 1.15. Each subsequent Quarterly Installment is due on the last business day of the last month of each successive calendar quarter following the calendar quarter in which the first Quarterly Installment is paid, until the full $180,000,000.00 has been paid. Each Quarterly Installment shall be deposited into the Escrow Account. Written notice of each deposit shall be provided by SpaceX to the Owner or Operator of the Qualifying Project. SpaceX's obligations are subject to the suspension provisions of Article V and the MOU.

2.3 Appointment of Escrow Agent.

SpaceX, the City, and the Brownsville Public Utilities Board hereby appoint the Escrow Agent to serve as the escrow agent under the terms of this Agreement, and the Escrow Agent accepts such appointment. The Escrow Agent agrees to place the Escrow Amount in a separate escrow account at a federally insured depository institution in the name of the Escrow Agent. Interest earned on escrowed funds shall accrue solely to the Escrow Account for expansion of water resources, as determined by the City in consultation with BPUB, and shall not increase or decrease the Maximum Contribution. The Escrow Agent further agrees to carry out the provisions of this Agreement on its part to be performed, but SpaceX and the City acknowledge and agree that the duties of the Escrow Agent are purely ministerial in nature. The Escrow Agent shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred in connection with the performance of services.

2.4 Wire Transfer Mechanics.

Each Funding Payment shall be made by federal funds wire transfer in immediately available funds to the Escrow Account. No checks, drafts, automated clearinghouse transfers, or other instruments shall be accepted. The Escrow Agent shall provide current wire instructions to SpaceX not fewer than five (5) business days before each scheduled deposit date.

2.5 Deposit Instruction.

For each Funding Payment, SpaceX shall deliver a completed deposit instruction in the form of Exhibit A identifying the deposit type, amount, wire date, and reference number. The Escrow Agent may accept and credit each Funding Payment only after confirming that the wire is received in cleared, immediately available funds.

2.6 Confirmation of Receipt.

For each Funding Payment received, the Escrow Agent shall promptly, and in no event later than 5:00 p.m. Central Time on the business day of receipt, provide written confirmation to SpaceX, the City, and the Owner or Operator of the Qualifying Project, by email and overnight courier, specifying: (a) the deposit type and amount; (b) the date and time of receipt; (c) the wire reference number; and (d) the aggregate Funding Payments then held in the Escrow Account.

2.7 No Deposit Condition Precedent.

Failure to receive a scheduled Funding Payment by its due date does not void or terminate this Agreement. Any failure to pay when due, and any applicable cure period or remedy, shall be governed by the MOU and the applicable provisions of this Agreement.

2.8 Late Payment; Default Remedies.

(a) Interest on Late Payments. If SpaceX fails to deposit any Funding Payment on or before the date such payment is due under Section 2.1 or Section 2.2 (each, a "Payment Due Date"), interest shall accrue on the unpaid amount from the Payment Due Date until the date the Funding Payment is received by the Escrow Agent in cleared funds, at a rate equal to the lesser of (i) ten percent (10%) per annum or (ii) the maximum lawful rate permitted under Chapter 303, Texas Finance Code, calculated on the basis of a 365-day year and actual days elapsed. Any interest accruing under this Section shall be deposited into the Escrow Account together with the delinquent Funding Payment and shall become part of the Escrow Property.

(b) Notice and Cure. The City shall provide SpaceX written notice of any failure to make a Funding Payment when due. SpaceX shall have thirty (30) days after receipt of such notice to cure the delinquency by depositing the overdue Funding Payment, together with all accrued interest under Section 2.8(a), with the Escrow Agent in cleared funds. If SpaceX cures the delinquency within the cure period, the failure shall not constitute an Event of Default under the MOU.

(c) Administrative Hold During Uncured Default. If a Funding Payment remains unpaid after the expiration of the thirty (30)-day cure period, then until the delinquency and all accrued interest are cured in full: (i) the Escrow Agent shall not process any new joint written disbursement instruction under Article VI; and (ii) the City shall have no

obligation to execute any new joint written disbursement instruction or to Identify additional Qualifying Projects. Committed Funds already subject to a signed project agreement shall not be affected by the administrative hold, and the Escrow Agent shall continue to process disbursement instructions for previously approved milestones under existing signed project agreements.

(d) Remedies Upon Uncured Default. An uncured failure to make a Funding Payment after the expiration of the cure period constitutes an Event of Default under MOU Section 4.1(a). Upon such Event of Default, and in addition to any other remedy available under the MOU, the City may, by written notice to SpaceX with a copy to the Escrow Agent: (i) declare all remaining unpaid Funding Payments immediately due and payable; (ii) suspend performance of its obligations under this Agreement and the MOU; or (iii) terminate this Agreement and the MOU in accordance with MOU Section 4.2. Interest on any accelerated amounts shall accrue at the rate specified in Section 2.8(a) from the date of the City's acceleration notice.

(e) Reservation of Rights. The remedies set forth in this Section 2.8 implement and supplement the remedies provided in Article IV of the MOU and are not exclusive. The City retains all rights and remedies available at law or in equity, including the right to recover amounts then due with interest at the maximum lawful rate as provided in MOU Section 4.2. No exercise or failure to exercise a remedy under this Section shall constitute a waiver of any other right or remedy.

ARTICLE III — ESCROW ACCOUNT, DUTIES OF ESCROW AGENT AND RESTRICTIONS

3.1 Segregation.

The Escrow Agent shall hold the Escrow Property in a segregated, interest-bearing Escrow Account maintained separately from the Escrow Agent's own assets and from the assets of any other person or entity. The Escrow Account shall be titled as the "Brownsville Water Supply Expansion Fund."

3.2 Permitted Investments.

Upon written instruction from the Parties, the Escrow Agent shall invest and reinvest the Escrow Property solely in investments that would be authorized under the Public Funds Investment Act, Texas Government Code Chapter 2256 (the "PFIA"), as if the Escrow Property were public funds, including without limitation: (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) fully collateralized certificates of deposit; (d) repurchase agreements collateralized by obligations described in clauses (a) or (b); and (e) no-load money market mutual funds rated AAA by at least one nationally recognized statistical rating organization, consisting exclusively of obligations described in clauses (a) through (d). The Escrow Agent shall at all times prioritize preservation of principal and maintenance of liquidity consistent with PFIA principles. If the Parties do not deliver joint written investment instructions, the Escrow Agent shall hold the Escrow Property in a federally insured interest-bearing deposit account or in a no-load money market mutual fund described in clause (e), pending further instruction.

3.3 No Commingling.

The Escrow Agent shall not commingle the Escrow Property with any other funds held by the Escrow Agent in any capacity whatsoever, including the Escrow Agent's proprietary accounts, other fiduciary accounts, or other escrow accounts.

3.4 No Fee Deduction from Escrow Property.

Under no circumstances shall the Escrow Agent deduct, offset, or withhold any fees, expenses, costs, or charges from the Escrow Property or from investment earnings thereon. All Escrow Agent fees and expenses shall be paid exclusively by SpaceX in accordance with Article XVI.

3.5 Purpose of the Escrow Amount.

The purpose of the Escrow Amount is to fund Qualifying Projects, including water or wastewater facility projects that expand water availability, either through direct or indirect expansion of Water Supply, in the City of Brownsville or the broader Cameron County community, and that have been Identified and are capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ. Qualifying Projects include but are not limited to treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, related residuals or concentrate management, the potable reuse / wastewater reclamation project on the BPUB system, and the Southmost Regional Water Authority Plant expansion described in the MOU.

3.6 Distribution of the Escrow Amount.

No disbursement shall occur until the applicable Qualifying Project has been Identified, and the Escrow Agent shall release the Escrow Amount only in accordance with joint written instructions received from SpaceX and the City through completion and submission of the form provided in Exhibit D.

ARTICLE IV — INVESTMENT EARNINGS

4.1 Accrual to Escrow Account.

All interest, dividends, gains, and other investment earnings accruing on the Escrow Property shall accrue solely to the Escrow Account and shall be retained for the expansion of water resources through Qualifying Projects.

4.2 No Effect on Maximum Contribution.

Investment earnings are part of the Escrow Property but are not Funding Payments. They shall not increase or decrease the Maximum Contribution. For the avoidance of doubt, investment earnings may be disbursed for Qualifying Projects as part of the Escrow Property in accordance with Article VI and the applicable signed project agreements, and any investment earnings remaining in the Escrow Account upon termination of this Agreement shall be disbursed or refunded in accordance with the provisions of this Agreement applicable to the remaining Escrow Property.

4.3 Tax Reporting.

The Escrow Agent shall prepare and file all required tax information returns, including IRS Forms 1099, with respect to investment earnings and shall furnish the applicable reporting information to the Parties and any other person legally entitled to receive it. Each Party shall provide the Escrow Agent with a completed IRS Form W-9 upon execution of this Agreement. The tax treatment of earnings shall be determined under applicable law.

ARTICLE V — REFUND CONDITIONS AND PAYMENT SUSPENSION

5.1 One-Year Identification Condition.

If the Parties have not Identified at least one Qualifying Project within one (1) year after the date the Initial Escrow Amount is funded, all Uncommitted Funds, including remaining escrow principal and any investment earnings then attributable to those funds, shall be refunded to SpaceX within thirty (30) days from the one (1) year anniversary of the date the Initial Escrow Amount was funded, without duplication of any Uncommitted Funds previously refunded to SpaceX under Section 5.6. Upon completion of that refund, this Agreement shall terminate in accordance with Article XXV.

5.2 Refund Mechanics.

Upon the occurrence of a refund condition under this Article, the Escrow Agent shall refund the applicable Uncommitted Funds to SpaceX by federal funds wire transfer within thirty (30) days. SpaceX shall provide written refund wire instructions to the Escrow Agent, with a copy to the City. No fees or expenses may be deducted from the refund. The Escrow Agent may rely on those instructions unless it receives conflicting instructions, in which case Article XIII applies.

5.3 Two-Year Commitment Condition.

If, within two (2) years after the date the Initial Escrow Amount is funded, the Parties have not entered into one or more signed contracts detailing funding and project-completion milestones for Qualifying Projects whose aggregate committed funding is at least the Maximum Contribution, then: (a) SpaceX's obligation to make any then-unpaid Funding Payments is suspended until such signed contracts exist; and (b) any Uncommitted Funds shall be refunded to SpaceX within thirty (30) days from the two (2) year anniversary of the date the Initial Escrow Amount is funded. Committed Funds already subject to a signed milestone contract shall not be refunded.

5.4 Resumption of Suspended Payments.

When the condition in Section 5.3 is later satisfied, SpaceX's suspended obligation resumes. The next Quarterly Installment shall be due thirty (30) days after written notice of satisfaction is delivered to SpaceX. If Uncommitted Funds were refunded, SpaceX shall fund Qualifying Projects Identified up to the Maximum Contribution within seven (7) years after the Initial Escrow Amount was funded, subject to the MOU and this Agreement.

5.5 Legal Prohibition.

If SpaceX is Legally Prohibited from continuing the development project contemplated by the MOU, SpaceX's obligation to make any Funding Payment not then due shall be suspended for so long as the Legal Prohibition continues. SpaceX shall give prompt written notice and use

commercially reasonable efforts to remove the Legal Prohibition. If the Legal Prohibition lasts less than one (1) year and then ceases, the payment schedule resumes, with installments becoming due thirty (30) days after the Legal Prohibition ceases and quarterly thereafter under the original terms. If the Legal Prohibition continues for one (1) year or more, SpaceX's obligation to make future Funding Payments permanently terminates. Uncommitted Funds then held in the Escrow Account shall be disbursed for any Qualifying Project that has been Identified but not yet fully funded, and any remaining Uncommitted Funds after such allocation shall be refunded to SpaceX within thirty (30) days. Funding Payments shall continue to the extent of Committed Funds regardless of any Legal Prohibition.

5.6 Project Abandonment; Idle Uncommitted Funds.

If a Qualifying Project for which Funding Payments have become Committed Funds is permanently abandoned, cancelled, or otherwise discontinued ("Abandoned Project"), the Committed Funds previously allocated to such project shall not revert to Uncommitted Funds and shall not be refunded to SpaceX. Instead, such funds shall remain in the Escrow Account and shall be available for allocation to another Qualifying Project Identified by the Parties in accordance with this Agreement and the MOU. The Parties shall cooperate in good faith to Identify a replacement Qualifying Project or multiple Qualifying Projects following any such discontinuation, with the objective of restoring the aggregate committed funding for Qualifying Projects to at least the Maximum Contribution. If no replacement Qualifying Project is Identified within the applicable timeframes set forth in this Article V (measured from the date of discontinuation of the Abandoned Project), the refund conditions of this Article V shall apply to such funds as if they were Uncommitted Funds as of the date the applicable timeframe commenced. For the avoidance of doubt, Committed Funds that have already been disbursed to a Designated Public Account pursuant to a signed project agreement shall not be subject to return, refund, or reallocation under this Article V or any other provision of this Agreement.

Notwithstanding the satisfaction of the commitment condition in Section 5.3, the Parties acknowledge that the intent of this Agreement and the MOU is for the full Maximum Contribution to be committed and disbursed for Qualifying Projects that expand water availability in the City of Brownsville and the broader Cameron County community. Accordingly, if the aggregate committed funding for Qualifying Projects falls below the Maximum Contribution at any time during the term of this Agreement as a result of the abandonment, cancellation, or discontinuation of one or more Qualifying Projects, SpaceX's obligation to fund Qualifying Projects up to the Maximum Contribution shall continue, and the Parties shall use commercially reasonable efforts to Identify and enter into signed contracts for replacement Qualifying Projects sufficient to restore aggregate committed funding to at least the Maximum Contribution. No refund of Committed Funds reallocated to a replacement Qualifying Project under this Section, and no suspension of Funding Payments under Section 5.3, shall relieve SpaceX of its obligation to fund Qualifying Projects up to the Maximum Contribution within seven (7) years after the date the Initial Escrow Amount was funded, subject to the terms of this Agreement and the MOU.

"Qualifying Activity" means, with respect to Uncommitted Funds or a Qualifying Project to which Uncommitted Funds may be allocated, any of the following activities undertaken by the City, BPUB, SRWA, or their authorized agents, consultants, or contractors in furtherance of the identification, development, or implementation of a Qualifying Project: (a) feasibility studies, needs assessments, or preliminary engineering evaluations; (b) planning, conceptual design,

schematic design, or detailed design and engineering; (c) environmental review, permitting, or regulatory applications or proceedings, including any application to or proceeding before TCEQ or any other federal, state, or local agency; (d) land acquisition, easement negotiation, or right-of-way procurement; (e) procurement activities, including requests for qualifications, requests for proposals, competitive sealed proposals, design-build solicitations, or contract negotiations with contractors, engineers, or consultants; (f) negotiation, drafting, or execution of project agreements, interlocal agreements, or cooperative agreements related to a Qualifying Project; (g) grant applications, state revolving fund applications, or other financing activities related to a Qualifying Project; (h) construction, fabrication, equipment procurement, or installation activities; or (i) any other material activity directly related to advancing a Qualifying Project from identification through completion. A Qualifying Activity need not be continuous, and the existence of intervals between discrete activities (such as between the completion of a feasibility study and the commencement of design) shall not, by itself, indicate the absence of Qualifying Activity so long as the applicable Qualifying Project has not been abandoned.

"Idle Uncommitted Funds" means Uncommitted Funds held in the Escrow Account with respect to which no Qualifying Activity has occurred for a period of twelve (12) consecutive months (the "Idle Period"), as measured in accordance with this Section, subject to the tolling and exclusion provisions below.

The Idle Period shall be tolled (i.e., suspended and not counted) during any period in which any of the following circumstances exist:

a) **Force Majeure.** A Force Majeure event, as defined in the MOU, that materially impedes the City's, BPUB's, or SRWA's ability to conduct Qualifying Activity with respect to a Qualifying Project;

b) **Supply Chain Disruption.** A material disruption in the supply chain for equipment, materials, or components necessary for the design, engineering, or construction of a Qualifying Project, including shortages, embargo, shipping delays, or manufacturer lead times exceeding historical norms, provided the City, BPUB, or SRWA is using commercially reasonable efforts to mitigate such disruption;

c) **Regulatory Delay.** A pending permit application, regulatory proceeding, environmental review, or governmental approval process with respect to a Qualifying Project for which the City, BPUB, or SRWA is awaiting agency action and has no material outstanding obligation to submit additional information or respond to agency requests;

d) **Litigation or Administrative Hold.** Any litigation, administrative proceeding, injunction, temporary restraining order, or governmental investigation that materially impedes the advancement of a Qualifying Project;

e) **Intergovernmental Coordination.** A period during which the City, BPUB, and SRWA are actively negotiating or finalizing an interlocal agreement, cooperative agreement, or other intergovernmental arrangement necessary for the implementation of a Qualifying Project; or

f) **Seasonal or Regulatory Scheduling Constraints.** Any period during which applicable regulatory or environmental windows (such as biological survey windows, construction moratoriums, or seasonal restrictions) prevent the commencement or continuation of Qualifying Activity.

Upon cessation of the tolling event, the Idle Period shall resume from the point at which it was suspended (and shall not restart from zero), unless a Qualifying Activity has occurred in the interim, in which case the Idle Period shall restart from zero.

At any time during the Idle Period, the City may deliver to SpaceX and the Escrow Agent a written certification (a **"Qualifying Activity Certificate"**), signed by the City Manager, the BPUB General Manager, or their respective designees, stating that a Qualifying Activity is ongoing or has occurred within the preceding twelve (12) months, identifying the nature of the activity and the applicable Qualifying Project or prospective Qualifying Project. Delivery of a Qualifying Activity Certificate shall restart the Idle Period from zero. SpaceX may, within thirty (30) days after receipt, deliver a written objection to the Qualifying Activity Certificate, and any dispute regarding whether a Qualifying Activity has occurred shall be resolved in accordance with Article XXI of this Agreement. The absence of a Qualifying Activity Certificate shall not, by itself, establish that Uncommitted Funds are Idle Uncommitted Funds if a Qualifying Activity has in fact occurred.

At any time after the Parties have Identified at least one Qualifying Project, to the extent Idle Uncommitted Funds exist in the Escrow Account, SpaceX may deliver a written request to the City and the Escrow Agent requesting refund of such Idle Uncommitted Funds. The City shall have sixty (60) days after receipt of such request (the **"Cure Period"**) to deliver a Qualifying Activity Certificate demonstrating that a Qualifying Activity is ongoing or to Identify a Qualifying Project to which such funds may be allocated. If the City does not deliver a Qualifying Activity Certificate or Identify a Qualifying Project within the Cure Period, the Escrow Agent shall refund the applicable Idle Uncommitted Funds to SpaceX by federal funds wire transfer within thirty (30) days after expiration of the Cure Period. A refund under this Section shall not reduce the Maximum Contribution, shall not terminate this Agreement, and shall not relieve SpaceX of its obligation to fund a Qualifying Project that is subsequently Identified and committed in accordance with the MOU and this Agreement. SpaceX shall redeposit or otherwise fund the applicable amount, up to the Maximum Contribution, within seven (7) years after the date the Initial Escrow Amount was funded, when such Qualifying Project becomes subject to a signed project agreement, consistent with Section 5.4 of this Agreement and Section 2.7 of the MOU.

Committed Funds shall remain in the Escrow Account and continue to be held for the applicable Identified Qualifying Project regardless of any delay in project completion, milestone achievement, permitting, or construction, and shall be disbursed as and when the applicable project-completion milestones are satisfied under the signed project agreement. Committed Funds shall not be subject to refund, sweep, or withdrawal on account of project delay. Pending any refund or redeposit under this Section, the Escrow Agent shall continue to invest the Escrow Property in accordance with Article III, and all investment earnings shall accrue to the Escrow Account as provided in Article IV.

ARTICLE VI — DISBURSEMENT OF FUNDS

6.1 Restricted Disbursement.

Escrow Property shall be disbursed only as Committed Funds against project-completion milestones for an Identified Qualifying Project. No disbursement shall occur until the applicable Qualifying Project has been Identified.

6.2 Joint Written Instructions Required.

The Escrow Agent may disburse Escrow Property only upon joint written instructions of SpaceX and the City in the form of Exhibit D. If a Party fails or refuses to execute a joint written instruction within fifteen (15) business days after the other Party delivers a proposed instruction for a disbursement of Committed Funds against a completed milestone under a signed project agreement, the requesting Party may deliver a written dispute notice to the withholding Party and the Escrow Agent (a "Section 6.2 Dispute Notice"). The withholding Party shall have ten (10) business days after receipt of the Section 6.2 Dispute Notice to either (A) execute the joint written instruction or (B) deliver to the requesting Party and the Escrow Agent a written statement specifying in reasonable detail the grounds for withholding execution. If the withholding Party fails to execute the joint written instruction or deliver a written statement of objections within such ten (10) business day period, the withholding Party's execution shall be deemed given, and the Escrow Agent shall process the disbursement upon the requesting Party's certification that the notice and cure periods under this Section have expired without response.

If the withholding Party timely delivers a written statement of objections under Section 6.2, the dispute shall be resolved in accordance with the expedited arbitration procedures set forth in Section 21.4(c) through Section 21.4(g), and for purposes of such arbitration all references in Section 21.4 to an "Approval Dispute" and to unreasonable withholding of approval of a proposed Qualifying Project shall be deemed to refer to the applicable dispute under this Section 6.2 and to unreasonable withholding of execution of a joint written instruction, respectively.

6.3 Required Instruction Contents.

Each joint written instruction shall identify the Qualifying Project, attach or reference the written resolution establishing that the project is Identified, identify the applicable signed project agreement, specify the milestone achieved, state the amount to be disbursed, and provide wire instructions for the Designated Public Account.

6.4 Signed Project Agreement.

Each disbursement shall be made pursuant to a signed contract detailing the funding amount and project-completion milestones for the applicable Qualifying Project. A disbursement may be made in installments as milestones are completed.

6.5 Escrow Agent Review.

The Escrow Agent shall review a joint written instruction solely for facial completeness, proper execution, identification of the applicable project and milestone, and conformity with this Agreement. The Escrow Agent shall not be required to investigate the substance of the project, the accuracy of the certifications, or the performance of the milestone.

6.6 Disbursement Mechanics.

Upon receipt of a facially complete joint written instruction (or a disbursement authorized by deemed execution or arbitral determination under Section 6.2) and absent conflicting instructions, the Escrow Agent shall transfer the authorized amount by federal funds wire to the Designated Public Account or other project account specified in the instruction within two (2)

business days. No fee or expense may be deducted from the Escrow Property. Any balance not disbursed remains in the Escrow Account as Uncommitted Funds.

ARTICLE VII — HOLDING PENDING PROJECT IDENTIFICATION

7.1 Holding Pending Identification.

Pending identification of a Qualifying Project and execution of the applicable signed project agreement, the Escrow Agent shall continue to hold, invest, and safeguard the Escrow Property in the Escrow Account as restricted funds in accordance with this Agreement.

7.2 No Disbursement Before Identification.

The passage of time or delivery of a project proposal does not authorize a disbursement. The Escrow Agent shall continue to hold Uncommitted Funds until the applicable Qualifying Project has been Identified, the required signed project agreement is in place, and the joint written instruction required by Article VI (or a disbursement authorized under Section 6.2) has been delivered. The refund conditions in Article V remain applicable throughout the holding period.

7.3 Quarterly and Annual Reporting.

The Escrow Agent shall provide SpaceX and the City with monthly statements and an annual report within thirty (30) days after each calendar year-end, setting forth: (a) the principal balance of the Escrow Property; (b) deposits, disbursements, refunds, and the balance of Committed Funds and Uncommitted Funds; (c) investment activity and earnings; and (d) confirmation that the Escrow Property remains segregated and invested in accordance with Article III.

7.4 Project Cooperation.

The City, BPUB, and SpaceX shall cooperate in good faith concerning the identification of Qualifying Projects and the preparation of signed project agreements. Nothing in this Section requires the City or BPUB to Identify a project that does not satisfy Article I or the MOU, and no project is eligible for disbursement until the requirements of this Agreement are met.

ARTICLE VIII — PROJECT DISBURSEMENT MECHANICS

8.1 Project Identification Resolution.

The City or its authorized agent shall deliver to SpaceX and the Escrow Agent a written resolution substantially in the form of Exhibit E that Identifies the applicable Qualifying Project, names the project, describes its scope, and commits to project funding subject to project-completion milestones.

8.2 Signed Project Agreement and Account.

Before any disbursement, the Parties shall have or receive a signed contract detailing the funding amount and project-completion milestones. The contract or related joint written instruction shall identify the Designated Public Account or other project account authorized to receive the applicable disbursement.

8.3 Joint Written Disbursement Instruction.

SpaceX and the City shall jointly execute and deliver to the Escrow Agent a written disbursement instruction substantially in the form of Exhibit D; provided that, if a Party withholds execution and a disbursement is authorized by deemed execution or arbitral determination under Section 6.2, the requesting Party's certification or the arbitral determination, as applicable, shall satisfy the execution requirement of this Section. The instruction shall certify that the project is Identified, the applicable contract is signed, the stated milestone has been satisfied or is payable under the contract, and the requested amount is Committed Funds.

8.4 Escrow Agent Verification and Transfer.

Upon receipt of the documents required by this Article, the Escrow Agent shall review them solely for facial completeness and, absent conflicting instructions, transfer the authorized amount to the project account by federal funds wire. The Escrow Agent shall not be required to evaluate the merits, feasibility, permitting, or completion status of the Qualifying Project.

8.5 Continuing Escrow Administration.

Disbursement to a project account is not a transfer to a single designated recipient and does not terminate this Agreement unless the termination conditions in Article XXV are satisfied. The Escrow Agent shall continue to hold any remaining Escrow Property and shall maintain records of each project disbursement.

ARTICLE IX — QUALIFYING PROJECTS

9.1 Eligible Project Scope.

A Qualifying Project may include a water or wastewater facility project, including treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, residuals or concentrate management, and related facilities, provided it satisfies Section 1.14.

9.2 Planning-Level Projects.

The planning-level projects eligible to be Identified include: (a) a potable-reuse or wastewater-reclamation project on the BPUB system sufficient to support an increase in Water Supply of approximately 8 MGD; and (b) expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells, sufficient to expand Water Supply by approximately 10 MGD. Other projects of similar or greater effect on increased water availability may also be considered.

9.3 Identification and Permitting.

A project is eligible for Funding Payments only after it has been Identified by the Parties through the written resolution required by Article VIII and is capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ.

9.4 Restricted Use and Accounting.

Escrow Property disbursed for a Qualifying Project shall be used solely for planning, design, engineering, permitting, construction, acquisition, improvement, expansion, rehabilitation, or other project costs directly related to the Qualifying Project and its milestones. The City or applicable project entity shall maintain separate accounting sufficient to trace receipts, disbursements, and project expenditures.

9.5 Project Records.

Each signed project agreement shall require appropriate supporting records, including contracts, invoices, milestone certifications, and other documentation sufficient to demonstrate the use of disbursed funds for the applicable Qualifying Project. The City shall maintain such records in accordance with applicable law and the MOU.

9.6 No SpaceX Project Control.

SpaceX shall not have the right to direct, approve, veto, or control the selection, design, procurement, construction, operation, or administration of a Qualifying Project. The joint instruction process is an escrow-administration requirement and does not give SpaceX an ownership, governance, or operational interest in a Qualifying Project.

9.7 Public Purpose.

Qualifying Projects and expenditures of Escrow Property shall serve a public purpose by expanding water availability in Brownsville or the broader Cameron County community. Any incidental benefit to SpaceX or a related party shall be no greater than the benefit received by the general public served by the applicable infrastructure.

ARTICLE X — NO UTILITY OR PRIVATE ENTITLEMENT

10.1 No Capacity Rights.

Funding Payments and the Escrow Property do not create, grant, reserve, or guarantee to SpaceX or any related party any right to water or wastewater service capacity, whether committed, reserved, prioritized, or otherwise. Any service to SpaceX's facilities shall be obtained solely through the standard application and approval processes applicable to similarly situated customers.

10.2 No Rate Modifications.

Funding Payments and the Escrow Property do not entitle SpaceX or any related party to any modification, reduction, credit, rebate, or preferential treatment with respect to water or wastewater rates, fees, charges, impact fees, or connection charges. All rates and charges applicable to SpaceX shall be determined by the applicable rate-setting authority under its standard methodologies and procedures.

10.3 No Ownership Interest.

Funding Payments and the Escrow Property do not create, convey, or vest in SpaceX any ownership interest, property right, easement, license, or other real or personal property interest in a Qualifying Project or infrastructure constructed, acquired, or improved with Escrow Property.

10.4 No Water Rights.

Nothing in this Agreement creates, conveys, transfers, or reserves to SpaceX any water right, appropriative right, contractual right to raw water, or interest in any water supply contract, permit, or allocation held by the City, BPUB, SRWA, or any other entity. Any water or wastewater service to SpaceX must be established through separate utility service agreements with BPUB or the applicable certificated retail public utility, subject to applicable rates, tariffs, system capacity, TCEQ permits, water rights, drought-contingency requirements, and the utility's independent engineering and operational determinations.

10.5 No Preferential Treatment.

Funding Payments and the Escrow Property do not entitle SpaceX or any related party to preferential treatment in any permitting, land use, zoning, platting, development review, inspection, or regulatory process administered by the City or any other governmental entity.

10.6 Infrastructure Decisions Governed by Engineering and Tariff.

Decisions regarding the planning, sizing, sequencing, design, and construction of Qualifying Projects shall be driven by qualified engineering studies and applicable BPUB service policies, system-planning standards, tariffs, and TCEQ criteria. SpaceX shall have no right to direct, approve, veto, or prioritize any project, scope, schedule, phasing, procurement method, contractor, or design standard.

10.7 No Amendments to Existing Agreements.

Nothing in this Agreement shall be construed to amend, modify, supersede, or impair any existing agreement, contract, franchise, certificate of convenience and necessity, or other arrangement between SpaceX and the City, BPUB, SRWA, or any other public entity.

10.8 No Impairment of BPUB or SRWA Authority.

Nothing in this Agreement shall limit, impair, or affect the independent authority of BPUB or SRWA to manage, operate, maintain, expand, or regulate their respective water and wastewater systems or to set rates, fees, and charges in accordance with applicable law.

ARTICLE XI — Intentionally Left Blank

ARTICLE XII — ESCROW AGENT DUTIES

12.1 Ministerial Capacity; Exclusive Duties.

The Escrow Agent acts solely in a ministerial capacity and shall have only those duties and responsibilities expressly set forth in this Agreement. The Escrow Agent shall have no implied duties, fiduciary obligations, or responsibilities beyond those expressly stated herein. Except as otherwise expressly provided in this Agreement, the Escrow Agent shall not be required to refer to, shall not be charged with knowledge of, and shall not be bound by the provisions of the MOU or any other agreement, instrument, or understanding to which the Escrow Agent is not a party.

The indemnification of the Escrow Agent by SpaceX and the City is governed exclusively by Article XV.

12.2 Modification or Cancellation.

The Escrow Agent shall not be bound or affected by any modification, amendment, waiver, cancellation, or termination of this Agreement unless written notice thereof, executed by SpaceX and the City, is delivered to the Escrow Agent. No modification, amendment, waiver, cancellation, or termination that alters, expands, or otherwise affects the Escrow Agent's duties, obligations, rights, protections, compensation, or liabilities shall be effective against the Escrow Agent unless the Escrow Agent expressly consents thereto in writing.

12.3 Standard of Care; Limitation of Liability.

The Escrow Agent shall discharge its duties with the care, skill, prudence, and diligence that a professional escrow agent would exercise under similar circumstances and, in no event, with less care than the Escrow Agent exercises with respect to its own property of a similar nature. The Escrow Agent shall not be liable for any mistake of fact, error of judgment, or action taken or omitted in good faith in reliance upon this Agreement or any certificate, notice, judgment, demand, direction, consent, instruction, joint written instruction, or other document believed by the Escrow Agent to be genuine and properly executed, except to the extent that such action or omission constitutes the Escrow Agent's willful misconduct, gross negligence, or fraud.

12.4 Reliance on Facially Valid Documents and Signatures.

The Escrow Agent shall be entitled to rely, and shall be fully protected in relying, upon any judgment, certificate, notice, demand, direction, consent, instruction, joint written instruction, signature, or other communication or writing that is facially valid and purports to be signed, issued, or delivered by the proper Party, official, court, or other governmental authority. The Escrow Agent may assume that any person purporting to give any notice, execute any instrument, deliver any instruction, or make any statement in connection with this Agreement has been duly authorized to do so. The Escrow Agent shall have no duty to determine the authenticity of any such instrument or signature; the truth, accuracy, or completeness of any facts, statements, or representations contained therein; the propriety or validity of its execution, delivery, or service; or the authority or jurisdiction of the court or governmental body issuing any judgment or order.

12.5 No Duty to Investigate.

The Escrow Agent shall have no duty or obligation to investigate, determine, or verify the substance, legality, feasibility, permitting, engineering, funding, milestone performance, or other merits of any Qualifying Project; the sufficiency or validity of any written resolution or signed project agreement; or any factual statement, representation, or certification contained in a joint written instruction or other document delivered under this Agreement. The Escrow Agent's review shall be limited to determining the facial completeness of the documents and satisfaction of the express documentary requirements established by this Agreement.

12.6 Legal Counsel.

The Escrow Agent may consult with legal counsel of its own choosing concerning any matter arising under or relating to this Agreement. The Escrow Agent shall be fully protected in acting or refraining from acting in good-faith reliance upon the advice of such counsel. The reasonable fees and expenses of such counsel shall be paid by SpaceX in accordance with the applicable provisions of this Agreement.

12.7 Taxes.

Except for the reporting duties expressly imposed upon the Escrow Agent by this Agreement, the Escrow Agent shall have no responsibility for determining or paying any taxes arising from or relating to the Escrow Property, the Escrow Account, or any transaction contemplated by this Agreement. The Escrow Agent shall not be required to pay any tax unless SpaceX or the Party legally responsible for such tax has furnished the Escrow Agent with sufficient funds for that purpose. No tax, charge, assessment, or related expense may be deducted from the Escrow Property except as expressly authorized by this Agreement or by joint written instruction of SpaceX and the City.

12.8 No Duty to Institute or Defend Proceedings.

The Escrow Agent shall not be required to institute, prosecute, appear in, or defend any action, suit, arbitration, interpleader, or other proceeding involving this Agreement, the Escrow Property, or the Escrow Agent's duties or potential liability hereunder. At the request of a Party, the Escrow Agent may elect, in its sole discretion, to institute, prosecute, appear in, or defend such a proceeding, but only after receiving indemnity, security, or other assurances satisfactory to the Escrow Agent against all resulting claims, liabilities, costs, and expenses, including reasonable attorneys' fees. The Escrow Agent's decision not to institute, prosecute, appear in, or defend any such proceeding shall not constitute a breach of this Agreement.

12.9 Termination Documentation.

Upon the termination of this Agreement, the Escrow Agent may request from SpaceX and the City such additional certificates, satisfactions, releases, acknowledgments, assurances, or other documents as the Escrow Agent reasonably determines are necessary to evidence the termination of this Agreement and the discharge of its duties. No such request shall delay a disbursement or refund otherwise required by this Agreement, alter the Parties' substantive rights, or expand the conditions for termination established by this Agreement.

ARTICLE XIII — ESCROW-LEVEL DISPUTE RESOLUTION AND CONFLICTING INSTRUCTIONS

13.1 Freeze Upon Conflicting Instructions.

If the Escrow Agent receives instructions or claims from two or more Parties that, in the Escrow Agent's reasonable judgment, conflict or are inconsistent with each other or with this Agreement, the Escrow Agent shall immediately freeze the Escrow Account and refrain from

taking action with respect to the Escrow Property, other than continued investment in accordance with Article III, until the conflict is resolved.

13.2 Notice of Conflict.

Promptly after freezing the Escrow Account, the Escrow Agent shall provide written notice to all Parties describing the conflicting instructions and requesting joint written instructions resolving the conflict.

13.3 Dispute Resolution Regarding Escrow Amount.

Any dispute that may arise under this Agreement with respect to (a) the delivery or right to possession of the Escrow Property, or any portion thereof; (b) the facts upon which the Escrow Agent's determinations are based; (c) the duties of the Escrow Agent hereunder; and (d) any other questions arising under this Agreement regarding the Escrow Property, shall be finally determined by (i) mutual agreement of SpaceX and the City (evidenced by appropriate instructions in writing to the Escrow Agent signed by SpaceX and the City) within thirty (30) days after such dispute arises, or (ii) a court of competent jurisdiction; provided, however, that the foregoing shall not be construed to preclude SpaceX and the City from resolving any dispute arising hereunder by mutual agreement in accordance with clause (i) above at any time; provided further, that if the Escrow Agent has deposited the Escrow Property with a court pursuant to Section 13.5 hereof, the dispute shall be determined by such court. The Escrow Agent shall be under no duty to institute or defend any proceeding relating to any such dispute and none of the costs and expenses of any such proceeding shall be borne by the Escrow Agent. Pending the resolution of any dispute as provided in this Section 13.3, the Escrow Agent is authorized and directed to retain in the Escrow Account the Escrow Property or the portion of the Escrow Property that is the subject of or involved in the dispute.

13.4 Escrow Agent Removal.

The Escrow Agent may be removed at any time by mutual agreement of SpaceX and the City by giving not less than thirty (30) days' prior written notice to the Escrow Agent. Prior to the expiration of such thirty (30)-day period, SpaceX and the City shall designate, by mutual consent, a successor escrow agent that is mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board as required by Section 14.2. If no successor escrow agent is appointed within such thirty (30)-day period, the Escrow Agent may deposit the Escrow Property with a court of competent jurisdiction as provided in Section 13.5 hereof, whereupon the Escrow Agent shall be discharged of all duties and obligations hereunder.

13.5 Interpleader.

Notwithstanding anything herein to the contrary, if the conflict remains unresolved for ten (10) business days after the Escrow Agent's notice under Section 13.2 (which notice shall satisfy any prior-notice requirement for a deposit of the Escrow Property into court), the Escrow Agent may, in its sole discretion and without liability, commence an interpleader action in a court of competent jurisdiction in Cameron County, Texas, deposit the Escrow Property with the court, and upon that deposit be discharged from further duties and obligations hereunder. The Escrow Agent shall provide at least ten (10) days' prior written notice to SpaceX and the City before

depositing the Escrow Property with a court. All costs and expenses of the interpleader action, including reasonable attorneys' fees, shall be paid by SpaceX.

13.6 Escrow-Level vs. Contract-Level Disputes.

This Article XIII governs operational disputes concerning the Escrow Property, the Escrow Account, and the duties of the Escrow Agent. Broader disputes arising under this Agreement or the MOU that are not specific to the Escrow Agent's administration of the Escrow Property shall be resolved under Article XXI.

ARTICLE XIV — RESIGNATION AND SUCCESSOR ESCROW AGENT

14.1 Resignation.

The Escrow Agent may resign by providing not fewer than ninety (90) calendar days' prior written notice to SpaceX and the City. Resignation shall not become effective until a successor Escrow Agent has been appointed, accepted the appointment, and received the Escrow Property and related records.

14.2 City Appointment of Successor.

Upon receipt of the Escrow Agent's resignation notice, the City shall appoint a successor Escrow Agent within sixty (60) calendar days. The successor shall be a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, and mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board.

14.3 Court Appointment.

If the City fails to appoint a successor Escrow Agent within the sixty (60)-day period, the resigning Escrow Agent or any Party may petition a court of competent jurisdiction in Cameron County, Texas, to appoint a successor meeting the requirements of Section 14.2. The costs of that petition shall be paid by SpaceX.

14.4 Successor Acceptance.

The successor Escrow Agent shall execute an acknowledgment substantially in the form of Exhibit C and shall assume the duties of the Escrow Agent upon receipt of the Escrow Property and related records.

14.5 Continued Administration During Transition.

Until the transfer to the successor Escrow Agent is complete, the resigning Escrow Agent shall continue to hold and administer the Escrow Property under this Agreement. The refund, suspension, and disbursement provisions of Articles V and VI remain applicable during the transition.

14.6 Transfer to Successor.

Upon appointment and acceptance by the successor Escrow Agent, the resigning Escrow Agent shall transfer the Escrow Property, together with all books, records, and documents relating thereto, to the successor within five (5) business days. Upon completion of the transfer, the

resigning Escrow Agent shall be discharged from future duties and obligations hereunder, subject to any obligations that survive termination or discharge.

ARTICLE XV — INDEMNIFICATION

15.1 SpaceX Indemnification of Escrow Agent.

SpaceX shall indemnify, defend, and hold harmless the Escrow Agent and its directors, officers, employees, and agents from and against any and all claims, demands, losses, damages, liabilities, costs, and expenses, including reasonable attorneys' fees and costs of litigation, arising out of or relating to: (a) the performance by the Escrow Agent of its duties hereunder in good faith and in accordance with this Agreement; (b) any dispute between SpaceX and the City; (c) any third-party claim relating to the Escrow Property; or (d) the Escrow Agent's compliance with any court order or legal process. This indemnification shall not apply to losses resulting from the Escrow Agent's gross negligence, willful misconduct, or fraud.

15.2 City Indemnification of Escrow Agent.

Subject to applicable law, the limitations and protections otherwise applicable to the City under this Agreement, and the availability of appropriated funds, and except with respect to claims, losses, liabilities, damages, costs, or expenses resulting from the Escrow Agent's willful misconduct, gross negligence, or fraud, the City shall indemnify, defend, and hold harmless the Escrow Agent and its officers, directors, shareholders, partners, employees, representatives, and agents from and against any claim made against any such indemnified person by SpaceX arising out of or relating to this Agreement, but only to the extent such claim does not arise from the negligence or misconduct of any indemnified person. Nothing in this Section waives or shall be construed as waiving any governmental immunity, defense, limitation of liability, appropriation requirement, or other protection available to the City under applicable law or any other provision of this Agreement.

15.3 Several Indemnification of Escrow Agent for Third-Party Claims.

SpaceX, on one hand, and the City, on the other hand, on a several basis and not a joint and several basis, shall indemnify and hold the Escrow Agent, its officers, directors, shareholders, partners, employees and agents harmless from any claim made by any third party arising out of or relating to this Agreement, such indemnification to include all costs and expenses incurred by the Escrow Agent, including reasonable attorneys' fees.

15.4 City Limitations.

The City's obligations under this Agreement are limited by the doctrine of governmental immunity as provided by the laws of the State of Texas. Nothing in this Agreement shall be construed as a waiver of the City's governmental immunity, and the City does not waive, and expressly reserves, all defenses available to it under the Texas Tort Claims Act (Texas Civil Practice & Remedies Code, Chapter 101) and all other applicable law.

15.5 No Waiver of Immunity.

Nothing in this Agreement shall be construed as creating any obligation or liability on the part of the City that would require the expenditure of public funds beyond those specifically

appropriated for the purpose of this Agreement. The City's participation in this Agreement does not waive, and shall not be construed as waiving, any immunity, defense, or limitation of liability available to the City under applicable law.

ARTICLE XVI — FEES AND EXPENSES

16.1 SpaceX Responsibility.

SpaceX shall pay all fees, costs, and expenses of the Escrow Agent arising under or in connection with this Agreement, including without limitation: (a) annual Escrow Agent fees; (b) account-maintenance fees; (c) investment-management fees; (d) wire-transfer fees; (e) legal fees incurred by the Escrow Agent; (f) tax-preparation and reporting fees; and (g) extraordinary fees or expenses incurred in connection with conflicting instructions, interpleader actions, or other disputes.

16.2 No Deduction from Escrow Property.

Under no circumstances shall any fees, costs, or expenses be deducted from, charged against, offset against, or paid out of the Escrow Property or any investment earnings thereon. The Escrow Property shall remain whole and undiminished by any fees or expenses throughout the term of this Agreement.

16.3 Fee Schedule.

The Escrow Agent's fee schedule is set forth in Exhibit F and incorporated herein by reference. The Escrow Agent shall invoice SpaceX directly for all fees and expenses, and SpaceX shall pay all undisputed invoices within thirty (30) days after receipt.

16.4 Survival.

SpaceX's obligation to pay fees and expenses shall survive termination of this Agreement with respect to fees and expenses incurred before or in connection with termination.

ARTICLE XVII — NOTICES

17.1 Form of Notice.

All notices, requests, demands, consents, instructions, certificates, and other communications required or permitted under this Agreement shall be in writing and shall be deemed given when delivered personally, sent by overnight courier or certified mail with confirmation of delivery, or transmitted by email with confirmation of receipt. A Party may change its notice address by at least five (5) days' written notice to the other Parties.

17.2 Addresses.

Notices shall be directed to the Parties at the following addresses (or at such other address as a Party may designate by notice given in accordance with this Section):

If to SpaceX:

Space Exploration Technologies Corp.
1 Rocket Road
Starbase, Texas 78521
Attention: Legal
Email: StarbaseLegal@SpaceX.com

If to the City:
City Attorney
City of Brownsville
1001 E. Elizabeth Street
Brownsville, Texas 78520
Email: cityattorney@brownsvilletx.gov

If to the Escrow Agent:
PlainsCapital Bank, a Texas banking association
7201 N 10th St.
McAllen, Texas 78504
Attention: Yvonne A. Trevino, Senior Vice President
Email: yvonne.trevino@plainscapital.com

If to the Brownsville Public Utilities Board:
General Counsel/Chief Legal Officer
Brownsville Public Utilities Board
1425 Robin Hood Drive
Brownsville, Texas 78521
Email: LegalServicesDL@brownsville-pub.com
CC: pgonzalez@brownsville-pub.com; aabastian@brownsville-pub.com

17.3 Change of Address.

A Party may change its notice address or email address by at least five (5) days' written notice to the other Parties.

ARTICLE XVIII — REPRESENTATIONS AND WARRANTIES

18.1 SpaceX Representations.

SpaceX represents and warrants to the City and the Escrow Agent as follows:

(a) Authority. SpaceX is duly organized, validly existing, and in good standing under the laws of Texas, and has full corporate power and authority to execute, deliver, and perform this Agreement. The execution, delivery, and performance of this Agreement have been duly authorized by all necessary corporate action.

(b) Lawful Source of Funds. Each Funding Payment is derived from lawful sources, and its deposit does not violate any applicable law, regulation, or order, including applicable anti-money-laundering laws and regulations.

(c) No Adverse Claims. Each Funding Payment is free and clear of all liens, security interests, pledges, encumbrances, claims, and restrictions of any kind. No person or entity other than SpaceX has any right, title, interest, or claim to a Funding Payment when deposited.

18.2 City Representations.

The City represents and warrants to SpaceX and the Escrow Agent as follows:

(a) Authority. The City is a Texas home-rule municipality duly organized and existing under the laws of the State of Texas, with authority to execute, deliver, and perform this Agreement, subject to approvals required by the MOU and applicable law.

(b) Proper Approvals. The City has obtained, or will obtain before performance requires them, the approvals, authorizations, and consents necessary for execution and performance of this Agreement, and its execution and performance do not conflict with applicable law or any agreement binding upon the City.

18.3 Escrow Agent Representation.

The Escrow Agent represents that it is a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, has authority to enter into and perform this Agreement, and is mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board.

ARTICLE XIX — NO THIRD-PARTY BENEFICIARIES

19.1 No Third-Party Beneficiaries.

Except as provided herein, this Agreement is made solely for the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any other person or entity any legal or equitable right, benefit, remedy, or claim under or by reason of this Agreement. No ratepayer, utility customer, property owner, developer, contractor, project participant, or member of the public shall have rights or claims arising under this Agreement. For the avoidance of doubt, this Agreement is intended to benefit the BPUB and the SRWA, along with the Parties, in the funding of water and wastewater projects that expand water availability in Brownsville and the broader Cameron County community.

ARTICLE XX — AMENDMENTS AND ASSIGNMENT

20.1 Written Amendments.

This Agreement may be amended, modified, or supplemented only by a written instrument signed by all Parties. Any amendment to the MOU or to an obligation governed by the MOU must also satisfy the MOU's amendment requirements.

20.2 No Unilateral Amendments.

No Party may amend, waive, or vary a material escrow term, including the funding structure, refund conditions, investment restrictions, disbursement requirements, or termination provisions, through an instruction, certificate, or course of dealing. Each such change requires the written amendment described in Section 20.1.

20.3 Administrative Matters.

Changes to notice information, wire instructions, or other administrative details do not amend this Agreement, but shall be documented in writing and delivered to all Parties, along with BPUB, in accordance with Article XVII.

20.4 Non-Material Amendments.

Amendments to non-material terms (including administrative matters, notice addresses, and escrow agent fee schedules) may be executed by the City Manager on behalf of the City without further Commission approval, provided that such amendments do not alter any material term listed in Section 20.2.

20.5 Assignment.

This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors and assigns. SpaceX may assign this Agreement, in whole or in part, to any entity that controls, is controlled by, or is under common control with SpaceX, or to a successor in a sale, spinoff, acquisition, or merger of SpaceX, provided (a) the assignee can lawfully perform the obligations of SpaceX, (b) the assignee has the net worth or financial capacity required to perform SpaceX's remaining Funding Payment obligations, and (c) SpaceX provides the City and the Escrow Agent with thirty (30) days' prior written notice together with evidence of the assignee's financial capacity as the City and BPUB may require. Any other assignment requires prior written consent of the other party.

ARTICLE XXI — DISPUTE RESOLUTION, GOVERNING LAW, AND VENUE

21.1 Dispute Resolution.

The Parties shall first attempt in good faith to resolve any dispute arising under this Agreement through negotiation among senior executives. If the dispute remains unresolved after thirty (30) days, the Parties shall, before resorting to litigation, try in good faith to settle the dispute by non-binding mediation under Chapter 154 of the Texas Civil Practice and Remedies Code. Nothing herein precludes provisional injunctive relief.

21.2 Governing Law.

This Agreement shall be governed by, construed in accordance with, and enforced under the laws of the State of Texas, without regard to conflicts-of-law principles that would require application of another jurisdiction's laws.

21.3 Venue.

Any action, suit, or proceeding arising out of or relating to this Agreement shall be brought exclusively in the state district courts located in Cameron County, Texas. Each Party submits to the jurisdiction of those courts and waives any objection to venue or inconvenient forum.

21.4 Expedited Arbitration of Qualifying Project Approval Disputes.

a) **Scope.** This Section 21.4 applies solely to a dispute in which either SpaceX or the City contends that the other Party has unreasonably withheld, conditioned, or delayed approval of a proposed Qualifying Project under Section 2.2 of this Agreement ("Approval Dispute"). This Section 21.4 does not apply to, and no Party may invoke arbitration under this Section with respect to: (i) any dispute concerning the delivery, validity, or sufficiency of a Qualifying Activity Certificate under Section 5.6; (ii) any dispute concerning the classification, refund, redeposit, or treatment of Uncommitted Funds, Idle Uncommitted Funds, or Committed Funds under Article V; or (iii) any other approval, consent, instruction, certification, or determination required or permitted under this Agreement, except as expressly provided in Section 6.2. Disputes excluded from this Section 21.4 shall be resolved exclusively under Sections 21.1 through 21.3 or, with respect to escrow-level operational disputes, under Article XIII.

b) **Prerequisite Exhaustion.** No Party may demand arbitration under this Section unless and until the Party has first (i) attempted in good faith to resolve the Approval Dispute through negotiation among senior executives for a period of not fewer than thirty (30) days after written notice of the Approval Dispute is delivered to the other Party, and (ii) if the dispute remains unresolved after such thirty (30)-day period, tried in good faith to settle the Approval Dispute by non-binding mediation under Chapter 154 of the Texas Civil Practice and Remedies Code for a period of not fewer than thirty (30) days. If the Approval Dispute remains unresolved after the negotiation and mediation periods described above, either Party may demand arbitration by written notice to the other Party and the Escrow Agent.

c) **Single Arbitrator.** The Approval Dispute shall be resolved by a single arbitrator who (i) is admitted to the practice of law in the State of Texas, (ii) has not fewer than ten (10) years of experience in Texas municipal law, public infrastructure transactions, or public finance, and (iii) has no past or present relationship with any Party, BPUB, or SRWA that would give rise to a reasonable question of impartiality. The Parties shall attempt to agree on an arbitrator within fifteen (15) days after the demand for arbitration. If the Parties are unable to agree within such period, either Party may request that the presiding judge of the state district court in Cameron County, Texas, appoint an arbitrator meeting the foregoing qualifications.

d) **Standard of Review.** The sole question before the arbitrator shall be whether the Party against whom the Approval Dispute is asserted has unreasonably withheld, conditioned, or delayed approval of the proposed Qualifying Project. In making this determination, the arbitrator shall apply the following standard: approval may be withheld only on the grounds that (i) the proposed project fails to satisfy the requirements of Section 1.15 of this Agreement, or (ii) a Legal Prohibition exists with respect to the proposed project. The arbitrator shall not substitute the arbitrator's judgment for the policy, planning, or engineering determinations of the City, BPUB, or SRWA, and shall give due deference to the public-purpose and community-benefit considerations inherent in the identification of Qualifying Projects under this Agreement and the MOU. The burden of establishing that approval has been unreasonably withheld shall rest with the Party asserting the Approval Dispute.

e) **Venue, Governing Law, and Procedure.** The arbitration shall be conducted in Brownsville, Cameron County, Texas. The arbitration shall be governed by the laws of the State of Texas, including the Texas General Arbitration Act (Texas Civil Practice and Remedies Code, Chapter 171), and not by the Federal Arbitration Act (9 U.S.C. §§ 1–16) except to the extent federal law is mandatorily applicable and cannot be waived. The arbitrator shall conduct the proceeding in accordance with the following expedited schedule: (i) discovery, if any, shall be limited to the exchange of documents directly relevant to the Approval Dispute and shall be completed within thirty (30) days after the arbitrator's appointment; (ii) the hearing shall be conducted within sixty (60) days after the arbitrator's appointment; and (iii) the arbitrator shall render a written decision within thirty (30) days after the conclusion of the hearing. The arbitrator may extend any deadline set forth in this paragraph by not more than fifteen (15) days upon a showing of good cause by either Party.

f) **Remedies; Limitation on Relief.** The arbitrator's authority is limited to determining whether the withholding Party has unreasonably withheld, conditioned, or delayed approval of the proposed Qualifying Project. If the arbitrator determines that approval has been unreasonably withheld, the arbitrator may issue a declaratory determination to that effect and may direct the withholding Party to act on the approval request within a period specified by the arbitrator, not to exceed thirty (30) days. The arbitrator shall not have authority to: (i) award monetary damages of any kind, including consequential, incidental, or punitive damages; (ii) order specific performance compelling the City to adopt a resolution, appropriate funds, or take any legislative or governmental action; (iii) modify, amend, or supplement this Agreement or the MOU; (iv) determine any issue other than whether approval has been unreasonably withheld under the standard set forth in Section 21.4(d); or (v) award any relief inconsistent with the governmental immunity, limitations of liability, or other protections available to the City under this Agreement or applicable law.

g) **Costs.** Each Party shall bear its own attorneys' fees, costs, and expenses in connection with the arbitration. The fees and expenses of the arbitrator shall be shared equally by the Parties.

h) **Preservation of Governmental Immunity.** The City's agreement to arbitrate Approval Disputes under this Section 21.4 is limited to the scope, procedures, and remedies expressly set forth herein and shall not be construed as a general waiver of, or consent to suit beyond, the City's governmental immunity under the laws of the State of Texas. The City expressly reserves all immunities, defenses, and limitations of liability available to it under the Texas Tort Claims Act (Texas Civil Practice and Remedies Code, Chapter 101), the Texas General Arbitration Act, and all other applicable law. No arbitration award or determination under this Section shall be enforceable against the City to the extent it would require the expenditure of public funds not specifically appropriated for the purpose of this Agreement or would constitute relief barred by the City's governmental immunity. The arbitrator shall not have jurisdiction to determine the scope or applicability of the City's governmental immunity.

i) **Finality and Judicial Review.** The arbitrator's determination shall be final and binding on the Parties, subject to the grounds for vacatur, modification, or correction set forth in the Texas General Arbitration Act. Confirmation, vacatur, modification, or correction of an arbitration award shall be sought exclusively in the state district courts of Cameron County, Texas.

ARTICLE XXII — SEVERABILITY

22.1 General Severability.

If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the remainder shall continue in effect and the invalid, illegal, or unenforceable provision shall be modified to the minimum extent necessary to make it valid and enforceable.

ARTICLE XXIII — COUNTERPARTS AND ELECTRONIC SIGNATURES

23.1 Counterparts.

This Agreement may be executed in any number of counterparts, including electronic PDF counterparts, each of which is an original, and all of which together shall constitute one and the same instrument.

23.2 Electronic Signatures.

Signatures transmitted by facsimile, portable document format (PDF), or other electronic means shall be deemed original signatures for all purposes and shall be binding upon the Parties. This Agreement may be executed and delivered electronically in accordance with the Texas Uniform Electronic Transactions Act (Texas Business & Commerce Code, Chapter 322) and the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. Section 7001 et seq.).

ARTICLE XXIV — INTEGRATION AND INTERPRETATION

24.1 Integration.

This Agreement, together with the MOU and the exhibits attached hereto, constitutes the entire agreement among the Parties with respect to the custody, restriction, investment, disbursement, and refund of the Escrow Property and supersedes prior agreements and understandings concerning that subject matter. The MOU governs the underlying Funding Payment obligations, project commitments, and suspension or termination rights; this Agreement governs escrow administration. If the two documents conflict, the MOU controls the underlying obligations and this Agreement controls the Escrow Agent's administration to the extent consistent with the MOU.

24.2 Public Information.

The City is subject to Chapter 552, Texas Government Code. SpaceX may mark genuinely confidential commercial information as such, and the City will use reasonable efforts to assert available exceptions, but cannot guarantee withholding.

24.3 Interpretation.

The word "including" means "including without limitation." The words "shall" and "will" have the same meaning.

24.4 No Presumption Against Drafter.

There will be no presumption against any party on the ground that such party was responsible for preparing this Agreement or any part of it.

ARTICLE XXV — TERMINATION

25.1 Termination Events.

This Agreement shall terminate upon the first to occur of the following:

(a) all Escrow Property has been disbursed as Committed Funds in accordance with signed project agreements and this Agreement;

(b) all Uncommitted Funds have been refunded to SpaceX in accordance with Article V and no Committed Funds remain in the Escrow Account; or

(c) the Parties have agreed in a mutual written instrument to terminate this Agreement and have provided instructions addressing any remaining Escrow Property.

25.2 Effect of Termination.

Upon termination, the Escrow Agent shall be discharged from future duties and obligations hereunder, except for the obligation to provide a final escrow statement and any obligations expressly stated to survive termination. The indemnification obligations of Article XV, the fee obligations of Article XVI, and record-retention obligations shall survive termination.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Escrow Agreement as of the date first written above.

SPACEX:
SPACE EXPLORATION TECHNOLOGIES CORP.

By: _____
Name: Sheila McCorkle
Title: VP, Starship Legal & Regulatory
Date: _____

CITY:
CITY OF BROWNSVILLE, TEXAS

By: _____
Name: Alan Guard
Title: City Manager
Date: _____

ATTEST:

By: _____
Name: Mayra Rios
Title: City Secretary

APPROVED AS TO FORM:

By: _____
Name: Guillermo (Will) S. Trevino
Title: City Attorney

ESCROW AGENT:
PlainsCapital Bank, a Texas banking association

By: _____
Name: Yvonne A. Trevino, CCTS
Title: Senior Vice President
Date: _____

SECTION 3: EXHIBITS TO ESCROW AGREEMENT

The following exhibits are incorporated into and form a part of the Escrow Agreement by reference. Each exhibit shall be completed, executed, and delivered in accordance with the terms and conditions set forth in the Escrow Agreement.

[Exhibits Omitted for Resolution]

Attachment "C"
Identified Projects and Milestones

a. Potable reuse / wastewater reclamation. A wastewater treatment reclamation or potable-reuse project on the BPUB system of a scale sufficient to support an increase of Water Supply of approximately 8 MGD.

b. SRWA Plant expansion. Expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells sufficient to expand Water Supply by approximately 10 MGD.

CERTIFICATE *of* SIGNATURE

REF. NUMBER
UMZAH-ZXEFT-W7BPW-FZ9C3

DOCUMENT COMPLETED BY ALL PARTIES ON
23 SEP 2026 02:23:54
UTC

SIGNER	TIMESTAMP	SIGNATURE
GUILLERMO TREVINO EMAIL WILL.TREVINO@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:37:47 VIEWED 23 SEP 2026 00:24:13 SIGNED 23 SEP 2026 00:29:07	 IP ADDRESS 216.194.176.173 LOCATION BROWNSVILLE, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 00:24:13	
MAYRA RIOS EMAIL MAYRA.RIOS@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:37:47 VIEWED 23 SEP 2026 01:30:29 SIGNED 23 SEP 2026 01:31:05	 IP ADDRESS 172.56.89.184 LOCATION SAN ANTONIO, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 01:30:29	

CERTIFICATE *of* SIGNATURE

REF. NUMBER
UMZAH-ZXEFT-W7BPW-FZ9C3

DOCUMENT COMPLETED BY ALL PARTIES ON
23 SEP 2026 02:23:54 UTC

SIGNER	TIMESTAMP	SIGNATURE
JOHN COWEN EMAIL JOHN.COWEN@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:37:47 VIEWED 23 SEP 2026 02:23:39 SIGNED 23 SEP 2026 02:23:54	 IP ADDRESS 198.182.179.119 LOCATION GRAPEVINE, UNITED STATES

RECIPIENT VERIFICATION

EMAIL VERIFIED
23 SEP 2026 02:23:39

BROWNSVILLE REGIONAL INFRASTRUCTURE ESCROW PACKAGE

Escrow Agreement

by and among

SPACE EXPLORATION TECHNOLOGIES CORP.
a Texas corporation

THE CITY OF BROWNSVILLE, TEXAS
a Texas home-rule municipality

and

PlainsCapital Bank
a Texas banking association

Dated as of September 22, 2026

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

SECTION 1: ESCROW TERM SHEET

The following Term Sheet summarizes the principal terms of the Escrow Agreement contemplated by the Binding Memorandum of Understanding between Space Exploration Technologies Corp. and the City of Brownsville, Texas (the "MOU"). It is provided for convenience of reference only and is qualified in its entirety by the Escrow Agreement as set forth in Section 2.

Term	Description
Transaction	Escrow Agreement pursuant to Binding MOU for water and wastewater infrastructure contributions
Parties	Space Exploration Technologies Corp., a Texas corporation ("SpaceX"); City of Brownsville, Texas, a home-rule municipality chartered in the State of Texas ("City"); and PlainsCapital Bank, a Texas banking association ("Escrow Agent")
Funding Structure	Initial Escrow Amount of $40,000,000.00 no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein; remaining $180,000,000.00 in six Quarterly Installments of $30,000,000.00; Maximum Contribution of $220,000,000.00
Deposit Mechanics	Initial Escrow Amount deposited no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein; each Quarterly Installment deposited to the Escrow Account pursuant to the schedule provided in Section 2.2 and the MOU
Escrow Status	Funds held as restricted funds and disbursed only as Committed Funds for Identified Qualifying Projects under signed project agreements establishing funding amounts and milestones
Refund Events	(a) No Qualifying Project Identified within one year after the Initial Escrow Amount is funded: all Uncommitted Funds refunded within 30 days; (b) signed contracts for aggregate Maximum Contribution not reached within two years: unpaid obligations suspended and Uncommitted Funds refunded
Investment Earnings	Accrue to the Escrow Account for expansion of water resources and do not increase or decrease the Maximum Contribution
Nature of Payments	Contractual contributions, not a purchase of capacity, ownership interest, preferential utility treatment, or prepaid volumetric rates
Qualifying Projects	Potable reuse/wastewater reclamation, SRWA Plant expansion, and other water or wastewater projects Identified by the Parties that expand water availability and satisfy applicable permitting requirements
Fees	SpaceX pays all Escrow Agent fees and expenses; no deduction from Escrow Property (as defined herein)
Disputes	MOU Article VI: good-faith negotiation, then non-binding mediation; venue in Cameron County, Texas

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Resignation	90 days' prior written notice; City appoints successor Escrow Agent
Termination	Upon disbursement of all Escrow Property per project agreements, refund of all Uncommitted Funds under the refund conditions, or mutual written agreement

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SECTION 2: ESCROW AGREEMENT

ESCROW AGREEMENT

This Escrow Agreement (this "Agreement") is entered into as of September 22, 2026 (the "Effective Date"), by and among **SPACE EXPLORATION TECHNOLOGIES CORP.**, a Texas corporation ("SpaceX"); **THE CITY OF BROWNSVILLE, TEXAS**, a Texas home-rule municipality (the "City"); and **PLAINSCAPITAL BANK**, a Texas banking association (the "Escrow Agent"). SpaceX, the City, and the Escrow Agent are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

RECITALS

Whereas, SpaceX and the City have entered into a Binding Memorandum of Understanding dated August 29, 2026 (the "MOU") pursuant to which SpaceX will contribute up to $220,000,000.00 toward water and wastewater projects that expand water availability in Brownsville and the broader Cameron County community;

Whereas, the MOU contemplates Funding Payments consisting of an Initial Escrow Amount and Quarterly Installments, subject in the aggregate to the Maximum Contribution, to fund Qualifying Projects;

Whereas, the MOU requires the Parties to execute this Agreement to govern the custody, restriction, investment, and disbursement of the Funding Payments;

Whereas, the Parties intend that this Agreement will implement the escrow provisions of Article II of the MOU, and that the MOU will govern the underlying funding obligations and project commitments to the extent not addressed in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I — DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below; terms not defined herein shall be construed as in normal, customary usage:

1.1 "Committed Funds" means Funding Payments subject to a signed contract detailing the amount of funding and project-completion milestones for a Qualifying Project.

1.2 "Designated Public Account" means an account designated in a signed project agreement or joint written disbursement instruction for receipt of funds for a Qualifying Project, maintained with a depository institution authorized to receive public funds under Texas law.

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1.3 "Escrow Account" means the separate account established with and maintained by the Escrow Agent into which Funding Payments are deposited and held on behalf of the Parties pending identification, commitment, disbursement, or refund in accordance with this Agreement.

1.4 "Escrow Agent" means a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, and mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board, with which the Escrow Account is created, and any successor appointed under Article XIV.

1.5 "Escrow Amount" means the aggregate amount of Funding Payments then deposited in the Escrow Account.

1.6 "Escrow Property" means, collectively, the aggregate Funding Payments deposited with the Escrow Agent pursuant to Article II, all investment earnings and income thereon, and all proceeds, products, and substitutions thereof.

1.7 "Funding Payments" means the Initial Escrow Amount and the Quarterly Installments payable by SpaceX under the MOU and this Agreement, not to exceed the Maximum Contribution in the aggregate.

1.8 "Identified" or to "Identify" means, with respect to a Qualifying Project, that the City or its authorized agent has adopted a written resolution naming the project, describing its scope, and committing to the project funding subject to project-completion milestones.

1.9 "Initial Escrow Amount" means Forty Million and No/100 Dollars ($40,000,000.00).

1.10 "Legally Prohibited" means that a required approval, permit, license, or authorization from a local, state, or federal jurisdiction is not legally obtainable, or that a statute, ordinance, practice, policy, regulation, or court or governmental order makes continuation or operation of the development project contemplated by the MOU unlawful or legally impossible, such that the development project cannot proceed or operate with all necessary approvals. Economic infeasibility, loss of a commercial counterparty, or a voluntary pause is not a Legal Prohibition.

1.11 "Legal Prohibition" means a circumstance in which a party is Legally Prohibited.

1.12 "Maximum Contribution" means Two Hundred Twenty Million and No/100 Dollars ($220,000,000.00).

1.13 "MOU" means the Binding Memorandum of Understanding between SpaceX and the City dated August 29, 2026, as amended in accordance with its terms.

1.14. "Owner" or "Operator" means, with respect to a Qualifying Project, either the Brownsville Public Utilities Board ("BPUB") or the Southmost Regional Water Authority ("SRWA"), as applicable, that owns, operates, or has responsibility for the applicable Qualifying Project or any portion thereof.

1.15 "Qualifying Project" means a water or wastewater facility project, including treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, and related residuals or concentrate management, that (a) expands water availability, directly or indirectly, in the City of Brownsville or the broader Cameron County community, (b) has been Identified by the Parties, and (c) is capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ.

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1.16 "Quarterly Installment" means Thirty Million and No/100 Dollars ($30,000,000.00).

1.17 "Uncommitted Funds" means Funding Payments held in the Escrow Account that are not Committed Funds.

1.18 "Water Supply" means treated water meeting applicable Texas Department of Health, TCEQ, and Safe Drinking Water Act standards, as administered by the applicable authorities.

ARTICLE II — DEPOSIT AND FUNDING PAYMENTS

2.1 Initial Escrow Amount.

SpaceX shall deposit, or cause to be deposited, the Initial Escrow Amount of $40,000,000.00 with the Escrow Agent by federal funds wire transfer to the Escrow Account no later than September 28, 2026, which date is 30 days following execution of the MOU, as provided therein.

2.2 Quarterly Installments.

SpaceX shall pay the remaining $180,000,000.00 in six (6) Quarterly Installments of $30,000,000.00 each. The first Quarterly Installment is due within thirty (30) days after the Parties Identify and approve, in consultation with BPUB, the first Qualifying Project. Approval for the Qualifying Project shall not be unreasonably withheld, conditioned, or delayed, provided the project satisfies the requirements of Section 1.15. No Party may withhold, condition, or delay approval of a Qualifying Project on any ground other than (a) the project's failure to satisfy the requirements of Section 1.15 or (b) a Legal Prohibition. For the avoidance of doubt, the fact that a Qualifying Project has not yet obtained all permits, approvals, or authorizations required for construction or operation shall not constitute grounds for withholding approval so long as the project is capable of being permitted under the applicable environmental, health, and safety permitting requirements referenced in Section 1.15. Each subsequent Quarterly Installment is due on the last business day of the last month of each successive calendar quarter following the calendar quarter in which the first Quarterly Installment is paid, until the full $180,000,000.00 has been paid. Each Quarterly Installment shall be deposited into the Escrow Account. Written notice of each deposit shall be provided by SpaceX to the Owner or Operator of the Qualifying Project. SpaceX's obligations are subject to the suspension provisions of Article V and the MOU.

2.3 Appointment of Escrow Agent.

SpaceX, the City, and the Brownsville Public Utilities Board hereby appoint the Escrow Agent to serve as the escrow agent under the terms of this Agreement, and the Escrow Agent accepts such appointment. The Escrow Agent agrees to place the Escrow Amount in a separate escrow account at a federally insured depository institution in the name of the Escrow Agent. Interest earned on escrowed funds shall accrue solely to the Escrow Account for expansion of water resources, as determined by the City in consultation with BPUB, and shall not increase or decrease the Maximum Contribution. The Escrow Agent further agrees to carry out the provisions of this Agreement on its part to be performed, but SpaceX and the City acknowledge and agree that the duties of the Escrow Agent are purely ministerial in nature. The Escrow Agent shall be entitled to reimbursement for reasonable out-of-pocket expenses incurred in connection with the performance of services.

2.4 Wire Transfer Mechanics.

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Each Funding Payment shall be made by federal funds wire transfer in immediately available funds to the Escrow Account. No checks, drafts, automated clearinghouse transfers, or other instruments shall be accepted. The Escrow Agent shall provide current wire instructions to SpaceX not fewer than five (5) business days before each scheduled deposit date.

2.5 Deposit Instruction.

For each Funding Payment, SpaceX shall deliver a completed deposit instruction in the form of Exhibit A identifying the deposit type, amount, wire date, and reference number. The Escrow Agent may accept and credit each Funding Payment only after confirming that the wire is received in cleared, immediately available funds.

2.6 Confirmation of Receipt.

For each Funding Payment received, the Escrow Agent shall promptly, and in no event later than 5:00 p.m. Central Time on the business day of receipt, provide written confirmation to SpaceX, the City, and the Owner or Operator of the Qualifying Project, by email and overnight courier, specifying: (a) the deposit type and amount; (b) the date and time of receipt; (c) the wire reference number; and (d) the aggregate Funding Payments then held in the Escrow Account.

2.7 No Deposit Condition Precedent.

Failure to receive a scheduled Funding Payment by its due date does not void or terminate this Agreement. Any failure to pay when due, and any applicable cure period or remedy, shall be governed by the MOU and the applicable provisions of this Agreement.

2.8 Late Payment; Default Remedies.

(a) Interest on Late Payments. If SpaceX fails to deposit any Funding Payment on or before the date such payment is due under Section 2.1 or Section 2.2 (each, a "Payment Due Date"), interest shall accrue on the unpaid amount from the Payment Due Date until the date the Funding Payment is received by the Escrow Agent in cleared funds, at a rate equal to the lesser of (i) ten percent (10%) per annum or (ii) the maximum lawful rate permitted under Chapter 303, Texas Finance Code, calculated on the basis of a 365-day year and actual days elapsed. Any interest accruing under this Section shall be deposited into the Escrow Account together with the delinquent Funding Payment and shall become part of the Escrow Property.

(b) Notice and Cure. The City shall provide SpaceX written notice of any failure to make a Funding Payment when due. SpaceX shall have thirty (30) days after receipt of such notice to cure the delinquency by depositing the overdue Funding Payment, together with all accrued interest under Section 2.8(a), with the Escrow Agent in cleared funds. If SpaceX cures the delinquency within the cure period, the failure shall not constitute an Event of Default under the MOU.

(c) Administrative Hold During Uncured Default. If a Funding Payment remains unpaid after the expiration of the thirty (30)-day cure period, then until the delinquency and all accrued interest are cured in full: (i) the Escrow Agent shall not process any new joint written disbursement instruction under Article VI; and (ii) the City shall have no obligation to execute any new joint written disbursement instruction or to Identify additional

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Qualifying Projects. Committed Funds already subject to a signed project agreement shall not be affected by the administrative hold, and the Escrow Agent shall continue to process disbursement instructions for previously approved milestones under existing signed project agreements.

(d) Remedies Upon Uncured Default. An uncured failure to make a Funding Payment after the expiration of the cure period constitutes an Event of Default under MOU Section 4.1(a). Upon such Event of Default, and in addition to any other remedy available under the MOU, the City may, by written notice to SpaceX with a copy to the Escrow Agent: (i) declare all remaining unpaid Funding Payments immediately due and payable; (ii) suspend performance of its obligations under this Agreement and the MOU; or (iii) terminate this Agreement and the MOU in accordance with MOU Section 4.2. Interest on any accelerated amounts shall accrue at the rate specified in Section 2.8(a) from the date of the City's acceleration notice.

(e) Reservation of Rights. The remedies set forth in this Section 2.8 implement and supplement the remedies provided in Article IV of the MOU and are not exclusive. The City retains all rights and remedies available at law or in equity, including the right to recover amounts then due with interest at the maximum lawful rate as provided in MOU Section 4.2. No exercise or failure to exercise a remedy under this Section shall constitute a waiver of any other right or remedy.

ARTICLE III — ESCROW ACCOUNT, DUTIES OF ESCROW AGENT AND RESTRICTIONS

3.1 Segregation.

The Escrow Agent shall hold the Escrow Property in a segregated, interest-bearing Escrow Account maintained separately from the Escrow Agent's own assets and from the assets of any other person or entity. The Escrow Account shall be titled as the "Brownsville Water Supply Expansion Fund."

3.2 Permitted Investments.

Upon written instruction from the Parties, the Escrow Agent shall invest and reinvest the Escrow Property solely in investments that would be authorized under the Public Funds Investment Act, Texas Government Code Chapter 2256 (the "PFIA"), as if the Escrow Property were public funds, including without limitation: (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) fully collateralized certificates of deposit; (d) repurchase agreements collateralized by obligations described in clauses (a) or (b); and (e) no-load money market mutual funds rated AAA by at least one nationally recognized statistical rating organization, consisting exclusively of obligations described in clauses (a) through (d). The Escrow Agent shall at all times prioritize preservation of principal and maintenance of liquidity consistent with PFIA principles. If the Parties do not deliver joint written investment instructions, the Escrow Agent shall hold the Escrow Property in a federally insured interest-bearing deposit account or in a no-load money market mutual fund described in clause (e), pending further instruction.

3.3 No Commingling.

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The Escrow Agent shall not commingle the Escrow Property with any other funds held by the Escrow Agent in any capacity whatsoever, including the Escrow Agent's proprietary accounts, other fiduciary accounts, or other escrow accounts.

3.4 No Fee Deduction from Escrow Property.

Under no circumstances shall the Escrow Agent deduct, offset, or withhold any fees, expenses, costs, or charges from the Escrow Property or from investment earnings thereon. All Escrow Agent fees and expenses shall be paid exclusively by SpaceX in accordance with Article XVI.

3.5 Purpose of the Escrow Amount.

The purpose of the Escrow Amount is to fund Qualifying Projects, including water or wastewater facility projects that expand water availability, either through direct or indirect expansion of Water Supply, in the City of Brownsville or the broader Cameron County community, and that have been Identified and are capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ. Qualifying Projects include but are not limited to treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, related residuals or concentrate management, the potable reuse / wastewater reclamation project on the BPUB system, and the Southmost Regional Water Authority Plant expansion described in the MOU.

3.6 Distribution of the Escrow Amount.

No disbursement shall occur until the applicable Qualifying Project has been Identified, and the Escrow Agent shall release the Escrow Amount only in accordance with joint written instructions received from SpaceX and the City through completion and submission of the form provided in Exhibit D.

ARTICLE IV — INVESTMENT EARNINGS

4.1 Accrual to Escrow Account.

All interest, dividends, gains, and other investment earnings accruing on the Escrow Property shall accrue solely to the Escrow Account and shall be retained for the expansion of water resources through Qualifying Projects.

4.2 No Effect on Maximum Contribution.

Investment earnings are part of the Escrow Property but are not Funding Payments. They shall not increase or decrease the Maximum Contribution. For the avoidance of doubt, investment earnings may be disbursed for Qualifying Projects as part of the Escrow Property in accordance with Article VI and the applicable signed project agreements, and any investment earnings remaining in the Escrow Account upon termination of this Agreement shall be disbursed or refunded in accordance with the provisions of this Agreement applicable to the remaining Escrow Property.

4.3 Tax Reporting.

The Escrow Agent shall prepare and file all required tax information returns, including IRS Forms 1099, with respect to investment earnings and shall furnish the applicable reporting information to

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the Parties and any other person legally entitled to receive it. Each Party shall provide the Escrow Agent with a completed IRS Form W-9 upon execution of this Agreement. The tax treatment of earnings shall be determined under applicable law.

ARTICLE V — REFUND CONDITIONS AND PAYMENT SUSPENSION

5.1 One-Year Identification Condition.

If the Parties have not Identified at least one Qualifying Project within one (1) year after the date the Initial Escrow Amount is funded, all Uncommitted Funds, including remaining escrow principal and any investment earnings then attributable to those funds, shall be refunded to SpaceX within thirty (30) days from the one (1) year anniversary of the date the Initial Escrow Amount was funded, without duplication of any Uncommitted Funds previously refunded to SpaceX under Section 5.6. Upon completion of that refund, this Agreement shall terminate in accordance with Article XXV.

5.2 Refund Mechanics.

Upon the occurrence of a refund condition under this Article, the Escrow Agent shall refund the applicable Uncommitted Funds to SpaceX by federal funds wire transfer within thirty (30) days. SpaceX shall provide written refund wire instructions to the Escrow Agent, with a copy to the City. No fees or expenses may be deducted from the refund. The Escrow Agent may rely on those instructions unless it receives conflicting instructions, in which case Article XIII applies.

5.3 Two-Year Commitment Condition.

If, within two (2) years after the date the Initial Escrow Amount is funded, the Parties have not entered into one or more signed contracts detailing funding and project-completion milestones for Qualifying Projects whose aggregate committed funding is at least the Maximum Contribution, then: (a) SpaceX's obligation to make any then-unpaid Funding Payments is suspended until such signed contracts exist; and (b) any Uncommitted Funds shall be refunded to SpaceX within thirty (30) days from the two (2) year anniversary of the date the Initial Escrow Amount is funded. Committed Funds already subject to a signed milestone contract shall not be refunded.

5.4 Resumption of Suspended Payments.

When the condition in Section 5.3 is later satisfied, SpaceX's suspended obligation resumes. The next Quarterly Installment shall be due thirty (30) days after written notice of satisfaction is delivered to SpaceX. If Uncommitted Funds were refunded, SpaceX shall fund Qualifying Projects Identified up to the Maximum Contribution within seven (7) years after the Initial Escrow Amount was funded, subject to the MOU and this Agreement.

5.5 Legal Prohibition.

If SpaceX is Legally Prohibited from continuing the development project contemplated by the MOU, SpaceX's obligation to make any Funding Payment not then due shall be suspended for so long as the Legal Prohibition continues. SpaceX shall give prompt written notice and use commercially reasonable efforts to remove the Legal Prohibition. If the Legal Prohibition lasts less than one (1) year and then ceases, the payment schedule resumes, with installments becoming due thirty (30) days after the Legal Prohibition ceases and quarterly thereafter under the original terms.

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If the Legal Prohibition continues for one (1) year or more, SpaceX's obligation to make future Funding Payments permanently terminates. Uncommitted Funds then held in the Escrow Account shall be disbursed for any Qualifying Project that has been Identified but not yet fully funded, and any remaining Uncommitted Funds after such allocation shall be refunded to SpaceX within thirty (30) days. Funding Payments shall continue to the extent of Committed Funds regardless of any Legal Prohibition.

5.6 Project Abandonment; Idle Uncommitted Funds.

If a Qualifying Project for which Funding Payments have become Committed Funds is permanently abandoned, cancelled, or otherwise discontinued ("Abandoned Project"), the Committed Funds previously allocated to such project shall not revert to Uncommitted Funds and shall not be refunded to SpaceX. Instead, such funds shall remain in the Escrow Account and shall be available for allocation to another Qualifying Project Identified by the Parties in accordance with this Agreement and the MOU. The Parties shall cooperate in good faith to Identify a replacement Qualifying Project or multiple Qualifying Projects following any such discontinuation, with the objective of restoring the aggregate committed funding for Qualifying Projects to at least the Maximum Contribution. If no replacement Qualifying Project is Identified within the applicable timeframes set forth in this Article V (measured from the date of discontinuation of the Abandoned Project), the refund conditions of this Article V shall apply to such funds as if they were Uncommitted Funds as of the date the applicable timeframe commenced. For the avoidance of doubt, Committed Funds that have already been disbursed to a Designated Public Account pursuant to a signed project agreement shall not be subject to return, refund, or reallocation under this Article V or any other provision of this Agreement.

Notwithstanding the satisfaction of the commitment condition in Section 5.3, the Parties acknowledge that the intent of this Agreement and the MOU is for the full Maximum Contribution to be committed and disbursed for Qualifying Projects that expand water availability in the City of Brownsville and the broader Cameron County community. Accordingly, if the aggregate committed funding for Qualifying Projects falls below the Maximum Contribution at any time during the term of this Agreement as a result of the abandonment, cancellation, or discontinuation of one or more Qualifying Projects, SpaceX's obligation to fund Qualifying Projects up to the Maximum Contribution shall continue, and the Parties shall use commercially reasonable efforts to Identify and enter into signed contracts for replacement Qualifying Projects sufficient to restore aggregate committed funding to at least the Maximum Contribution. No refund of Committed Funds reallocated to a replacement Qualifying Project under this Section, and no suspension of Funding Payments under Section 5.3, shall relieve SpaceX of its obligation to fund Qualifying Projects up to the Maximum Contribution within seven (7) years after the date the Initial Escrow Amount was funded, subject to the terms of this Agreement and the MOU.

"Qualifying Activity" means, with respect to Uncommitted Funds or a Qualifying Project to which Uncommitted Funds may be allocated, any of the following activities undertaken by the City, BPUB, SRWA, or their authorized agents, consultants, or contractors in furtherance of the identification, development, or implementation of a Qualifying Project: (a) feasibility studies, needs assessments, or preliminary engineering evaluations; (b) planning, conceptual design, schematic design, or detailed design and engineering; (c) environmental review, permitting, or regulatory applications or proceedings, including any application to or proceeding before TCEQ or any other federal, state, or local agency; (d) land acquisition, easement negotiation, or right-of-way procurement; (e) procurement activities, including requests for qualifications, requests for

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proposals, competitive sealed proposals, design-build solicitations, or contract negotiations with contractors, engineers, or consultants; (f) negotiation, drafting, or execution of project agreements, interlocal agreements, or cooperative agreements related to a Qualifying Project; (g) grant applications, state revolving fund applications, or other financing activities related to a Qualifying Project; (h) construction, fabrication, equipment procurement, or installation activities; or (i) any other material activity directly related to advancing a Qualifying Project from identification through completion. A Qualifying Activity need not be continuous, and the existence of intervals between discrete activities (such as between the completion of a feasibility study and the commencement of design) shall not, by itself, indicate the absence of Qualifying Activity so long as the applicable Qualifying Project has not been abandoned.

"Idle Uncommitted Funds" means Uncommitted Funds held in the Escrow Account with respect to which no Qualifying Activity has occurred for a period of twelve (12) consecutive months (the "Idle Period"), as measured in accordance with this Section, subject to the tolling and exclusion provisions below.

The Idle Period shall be tolled (i.e., suspended and not counted) during any period in which any of the following circumstances exist:

a) **Force Majeure.** A Force Majeure event, as defined in the MOU, that materially impedes the City's, BPUB's, or SRWA's ability to conduct Qualifying Activity with respect to a Qualifying Project;

b) **Supply Chain Disruption.** A material disruption in the supply chain for equipment, materials, or components necessary for the design, engineering, or construction of a Qualifying Project, including shortages, embargo, shipping delays, or manufacturer lead times exceeding historical norms, provided the City, BPUB, or SRWA is using commercially reasonable efforts to mitigate such disruption;

c) **Regulatory Delay.** A pending permit application, regulatory proceeding, environmental review, or governmental approval process with respect to a Qualifying Project for which the City, BPUB, or SRWA is awaiting agency action and has no material outstanding obligation to submit additional information or respond to agency requests;

d) **Litigation or Administrative Hold.** Any litigation, administrative proceeding, injunction, temporary restraining order, or governmental investigation that materially impedes the advancement of a Qualifying Project;

e) **Intergovernmental Coordination.** A period during which the City, BPUB, and SRWA are actively negotiating or finalizing an interlocal agreement, cooperative agreement, or other intergovernmental arrangement necessary for the implementation of a Qualifying Project; or

f) **Seasonal or Regulatory Scheduling Constraints.** Any period during which applicable regulatory or environmental windows (such as biological survey windows, construction moratoriums, or seasonal restrictions) prevent the commencement or continuation of Qualifying Activity.

Upon cessation of the tolling event, the Idle Period shall resume from the point at which it was suspended (and shall not restart from zero), unless a Qualifying Activity has occurred in the interim, in which case the Idle Period shall restart from zero.

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At any time during the Idle Period, the City may deliver to SpaceX and the Escrow Agent a written certification (a **"Qualifying Activity Certificate"**), signed by the City Manager, the BPUB General Manager, or their respective designees, stating that a Qualifying Activity is ongoing or has occurred within the preceding twelve (12) months, identifying the nature of the activity and the applicable Qualifying Project or prospective Qualifying Project. Delivery of a Qualifying Activity Certificate shall restart the Idle Period from zero. SpaceX may, within thirty (30) days after receipt, deliver a written objection to the Qualifying Activity Certificate, and any dispute regarding whether a Qualifying Activity has occurred shall be resolved in accordance with Article XXI of this Agreement. The absence of a Qualifying Activity Certificate shall not, by itself, establish that Uncommitted Funds are Idle Uncommitted Funds if a Qualifying Activity has in fact occurred.

At any time after the Parties have Identified at least one Qualifying Project, to the extent Idle Uncommitted Funds exist in the Escrow Account, SpaceX may deliver a written request to the City and the Escrow Agent requesting refund of such Idle Uncommitted Funds. The City shall have sixty (60) days after receipt of such request (the **"Cure Period"**) to deliver a Qualifying Activity Certificate demonstrating that a Qualifying Activity is ongoing or to Identify a Qualifying Project to which such funds may be allocated. If the City does not deliver a Qualifying Activity Certificate or Identify a Qualifying Project within the Cure Period, the Escrow Agent shall refund the applicable Idle Uncommitted Funds to SpaceX by federal funds wire transfer within thirty (30) days after expiration of the Cure Period. A refund under this Section shall not reduce the Maximum Contribution, shall not terminate this Agreement, and shall not relieve SpaceX of its obligation to fund a Qualifying Project that is subsequently Identified and committed in accordance with the MOU and this Agreement. SpaceX shall redeposit or otherwise fund the applicable amount, up to the Maximum Contribution, within seven (7) years after the date the Initial Escrow Amount was funded, when such Qualifying Project becomes subject to a signed project agreement, consistent with Section 5.4 of this Agreement and Section 2.7 of the MOU.

Committed Funds shall remain in the Escrow Account and continue to be held for the applicable Identified Qualifying Project regardless of any delay in project completion, milestone achievement, permitting, or construction, and shall be disbursed as and when the applicable project-completion milestones are satisfied under the signed project agreement. Committed Funds shall not be subject to refund, sweep, or withdrawal on account of project delay. Pending any refund or redeposit under this Section, the Escrow Agent shall continue to invest the Escrow Property in accordance with Article III, and all investment earnings shall accrue to the Escrow Account as provided in Article IV.

ARTICLE VI — DISBURSEMENT OF FUNDS

6.1 Restricted Disbursement.

Escrow Property shall be disbursed only as Committed Funds against project-completion milestones for an Identified Qualifying Project. No disbursement shall occur until the applicable Qualifying Project has been Identified.

6.2 Joint Written Instructions Required.

The Escrow Agent may disburse Escrow Property only upon joint written instructions of SpaceX and the City in the form of Exhibit D. If a Party fails or refuses to execute a joint written instruction

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within fifteen (15) business days after the other Party delivers a proposed instruction for a disbursement of Committed Funds against a completed milestone under a signed project agreement, the requesting Party may deliver a written dispute notice to the withholding Party and the Escrow Agent (a "Section 6.2 Dispute Notice"). The withholding Party shall have ten (10) business days after receipt of the Section 6.2 Dispute Notice to either (A) execute the joint written instruction or (B) deliver to the requesting Party and the Escrow Agent a written statement specifying in reasonable detail the grounds for withholding execution. If the withholding Party fails to execute the joint written instruction or deliver a written statement of objections within such ten (10) business day period, the withholding Party's execution shall be deemed given, and the Escrow Agent shall process the disbursement upon the requesting Party's certification that the notice and cure periods under this Section have expired without response.

If the withholding Party timely delivers a written statement of objections under Section 6.2, the dispute shall be resolved in accordance with the expedited arbitration procedures set forth in Section 21.4(c) through Section 21.4(g), and for purposes of such arbitration all references in Section 21.4 to an "Approval Dispute" and to unreasonable withholding of approval of a proposed Qualifying Project shall be deemed to refer to the applicable dispute under this Section 6.2 and to unreasonable withholding of execution of a joint written instruction, respectively.

6.3 Required Instruction Contents.

Each joint written instruction shall identify the Qualifying Project, attach or reference the written resolution establishing that the project is Identified, identify the applicable signed project agreement, specify the milestone achieved, state the amount to be disbursed, and provide wire instructions for the Designated Public Account.

6.4 Signed Project Agreement.

Each disbursement shall be made pursuant to a signed contract detailing the funding amount and project-completion milestones for the applicable Qualifying Project. A disbursement may be made in installments as milestones are completed.

6.5 Escrow Agent Review.

The Escrow Agent shall review a joint written instruction solely for facial completeness, proper execution, identification of the applicable project and milestone, and conformity with this Agreement. The Escrow Agent shall not be required to investigate the substance of the project, the accuracy of the certifications, or the performance of the milestone.

6.6 Disbursement Mechanics.

Upon receipt of a facially complete joint written instruction (or a disbursement authorized by deemed execution or arbitral determination under Section 6.2) and absent conflicting instructions, the Escrow Agent shall transfer the authorized amount by federal funds wire to the Designated Public Account or other project account specified in the instruction within two (2) business days. No fee or expense may be deducted from the Escrow Property. Any balance not disbursed remains in the Escrow Account as Uncommitted Funds.

ARTICLE VII — HOLDING PENDING PROJECT IDENTIFICATION

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7.1 Holding Pending Identification.

Pending identification of a Qualifying Project and execution of the applicable signed project agreement, the Escrow Agent shall continue to hold, invest, and safeguard the Escrow Property in the Escrow Account as restricted funds in accordance with this Agreement.

7.2 No Disbursement Before Identification.

The passage of time or delivery of a project proposal does not authorize a disbursement. The Escrow Agent shall continue to hold Uncommitted Funds until the applicable Qualifying Project has been Identified, the required signed project agreement is in place, and the joint written instruction required by Article VI (or a disbursement authorized under Section 6.2) has been delivered. The refund conditions in Article V remain applicable throughout the holding period.

7.3 Quarterly and Annual Reporting.

The Escrow Agent shall provide SpaceX and the City with monthly statements and an annual report within thirty (30) days after each calendar year-end, setting forth: (a) the principal balance of the Escrow Property; (b) deposits, disbursements, refunds, and the balance of Committed Funds and Uncommitted Funds; (c) investment activity and earnings; and (d) confirmation that the Escrow Property remains segregated and invested in accordance with Article III.

7.4 Project Cooperation.

The City, BPUB, and SpaceX shall cooperate in good faith concerning the identification of Qualifying Projects and the preparation of signed project agreements. Nothing in this Section requires the City or BPUB to Identify a project that does not satisfy Article I or the MOU, and no project is eligible for disbursement until the requirements of this Agreement are met.

ARTICLE VIII — PROJECT DISBURSEMENT MECHANICS

8.1 Project Identification Resolution.

The City or its authorized agent shall deliver to SpaceX and the Escrow Agent a written resolution substantially in the form of Exhibit E that Identifies the applicable Qualifying Project, names the project, describes its scope, and commits to project funding subject to project-completion milestones.

8.2 Signed Project Agreement and Account.

Before any disbursement, the Parties shall have or receive a signed contract detailing the funding amount and project-completion milestones. The contract or related joint written instruction shall identify the Designated Public Account or other project account authorized to receive the applicable disbursement.

8.3 Joint Written Disbursement Instruction.

SpaceX and the City shall jointly execute and deliver to the Escrow Agent a written disbursement instruction substantially in the form of Exhibit D; provided that, if a Party withholds execution and a disbursement is authorized by deemed execution or arbitral determination under Section 6.2, the requesting Party’s certification or the arbitral determination, as applicable, shall satisfy the

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execution requirement of this Section. The instruction shall certify that the project is Identified, the applicable contract is signed, the stated milestone has been satisfied or is payable under the contract, and the requested amount is Committed Funds.

8.4 Escrow Agent Verification and Transfer.

Upon receipt of the documents required by this Article, the Escrow Agent shall review them solely for facial completeness and, absent conflicting instructions, transfer the authorized amount to the project account by federal funds wire. The Escrow Agent shall not be required to evaluate the merits, feasibility, permitting, or completion status of the Qualifying Project.

8.5 Continuing Escrow Administration.

Disbursement to a project account is not a transfer to a single designated recipient and does not terminate this Agreement unless the termination conditions in Article XXV are satisfied. The Escrow Agent shall continue to hold any remaining Escrow Property and shall maintain records of each project disbursement.

ARTICLE IX — QUALIFYING PROJECTS

9.1 Eligible Project Scope.

A Qualifying Project may include a water or wastewater facility project, including treatment, desalination, potable reuse, wastewater reclamation, wells, raw-water collection, transmission, pumping, storage, residuals or concentrate management, and related facilities, provided it satisfies Section 1.14.

9.2 Planning-Level Projects.

The planning-level projects eligible to be Identified include: (a) a potable-reuse or wastewater-reclamation project on the BPUB system sufficient to support an increase in Water Supply of approximately 8 MGD; and (b) expansion of the SRWA Plant, including refurbishment of existing wells and construction of new wells, sufficient to expand Water Supply by approximately 10 MGD. Other projects of similar or greater effect on increased water availability may also be considered.

9.3 Identification and Permitting.

A project is eligible for Funding Payments only after it has been Identified by the Parties through the written resolution required by Article VIII and is capable of being permitted under applicable environmental, health, and safety permitting requirements, including those administered by TCEQ.

9.4 Restricted Use and Accounting.

Escrow Property disbursed for a Qualifying Project shall be used solely for planning, design, engineering, permitting, construction, acquisition, improvement, expansion, rehabilitation, or other project costs directly related to the Qualifying Project and its milestones. The City or applicable project entity shall maintain separate accounting sufficient to trace receipts, disbursements, and project expenditures.

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9.5 Project Records.

Each signed project agreement shall require appropriate supporting records, including contracts, invoices, milestone certifications, and other documentation sufficient to demonstrate the use of disbursed funds for the applicable Qualifying Project. The City shall maintain such records in accordance with applicable law and the MOU.

9.6 No SpaceX Project Control.

SpaceX shall not have the right to direct, approve, veto, or control the selection, design, procurement, construction, operation, or administration of a Qualifying Project. The joint instruction process is an escrow-administration requirement and does not give SpaceX an ownership, governance, or operational interest in a Qualifying Project.

9.7 Public Purpose.

Qualifying Projects and expenditures of Escrow Property shall serve a public purpose by expanding water availability in Brownsville or the broader Cameron County community. Any incidental benefit to SpaceX or a related party shall be no greater than the benefit received by the general public served by the applicable infrastructure.

ARTICLE X — NO UTILITY OR PRIVATE ENTITLEMENT

10.1 No Capacity Rights.

Funding Payments and the Escrow Property do not create, grant, reserve, or guarantee to SpaceX or any related party any right to water or wastewater service capacity, whether committed, reserved, prioritized, or otherwise. Any service to SpaceX's facilities shall be obtained solely through the standard application and approval processes applicable to similarly situated customers.

10.2 No Rate Modifications.

Funding Payments and the Escrow Property do not entitle SpaceX or any related party to any modification, reduction, credit, rebate, or preferential treatment with respect to water or wastewater rates, fees, charges, impact fees, or connection charges. All rates and charges applicable to SpaceX shall be determined by the applicable rate-setting authority under its standard methodologies and procedures.

10.3 No Ownership Interest.

Funding Payments and the Escrow Property do not create, convey, or vest in SpaceX any ownership interest, property right, easement, license, or other real or personal property interest in a Qualifying Project or infrastructure constructed, acquired, or improved with Escrow Property.

10.4 No Water Rights.

Nothing in this Agreement creates, conveys, transfers, or reserves to SpaceX any water right, appropriative right, contractual right to raw water, or interest in any water supply contract, permit, or allocation held by the City, BPUB, SRWA, or any other entity. Any water or wastewater service to SpaceX must be established through separate utility service agreements with BPUB or the applicable certificated retail public utility, subject to applicable rates, tariffs, system capacity,

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TCEQ permits, water rights, drought-contingency requirements, and the utility's independent engineering and operational determinations.

10.5 No Preferential Treatment.

Funding Payments and the Escrow Property do not entitle SpaceX or any related party to preferential treatment in any permitting, land use, zoning, platting, development review, inspection, or regulatory process administered by the City or any other governmental entity.

10.6 Infrastructure Decisions Governed by Engineering and Tariff.

Decisions regarding the planning, sizing, sequencing, design, and construction of Qualifying Projects shall be driven by qualified engineering studies and applicable BPUB service policies, system-planning standards, tariffs, and TCEQ criteria. SpaceX shall have no right to direct, approve, veto, or prioritize any project, scope, schedule, phasing, procurement method, contractor, or design standard.

10.7 No Amendments to Existing Agreements.

Nothing in this Agreement shall be construed to amend, modify, supersede, or impair any existing agreement, contract, franchise, certificate of convenience and necessity, or other arrangement between SpaceX and the City, BPUB, SRWA, or any other public entity.

10.8 No Impairment of BPUB or SRWA Authority.

Nothing in this Agreement shall limit, impair, or affect the independent authority of BPUB or SRWA to manage, operate, maintain, expand, or regulate their respective water and wastewater systems or to set rates, fees, and charges in accordance with applicable law.

ARTICLE XI — Intentionally Left Blank

ARTICLE XII — ESCROW AGENT DUTIES

12.1 Ministerial Capacity; Exclusive Duties.

The Escrow Agent acts solely in a ministerial capacity and shall have only those duties and responsibilities expressly set forth in this Agreement. The Escrow Agent shall have no implied duties, fiduciary obligations, or responsibilities beyond those expressly stated herein. Except as otherwise expressly provided in this Agreement, the Escrow Agent shall not be required to refer to, shall not be charged with knowledge of, and shall not be bound by the provisions of the MOU or any other agreement, instrument, or understanding to which the Escrow Agent is not a party. The indemnification of the Escrow Agent by SpaceX and the City is governed exclusively by Article XV.

12.2 Modification or Cancellation.

The Escrow Agent shall not be bound or affected by any modification, amendment, waiver, cancellation, or termination of this Agreement unless written notice thereof, executed by SpaceX and the City, is delivered to the Escrow Agent. No modification, amendment, waiver, cancellation,

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or termination that alters, expands, or otherwise affects the Escrow Agent's duties, obligations, rights, protections, compensation, or liabilities shall be effective against the Escrow Agent unless the Escrow Agent expressly consents thereto in writing.

12.3 Standard of Care; Limitation of Liability.

The Escrow Agent shall discharge its duties with the care, skill, prudence, and diligence that a professional escrow agent would exercise under similar circumstances and, in no event, with less care than the Escrow Agent exercises with respect to its own property of a similar nature. The Escrow Agent shall not be liable for any mistake of fact, error of judgment, or action taken or omitted in good faith in reliance upon this Agreement or any certificate, notice, judgment, demand, direction, consent, instruction, joint written instruction, or other document believed by the Escrow Agent to be genuine and properly executed, except to the extent that such action or omission constitutes the Escrow Agent's willful misconduct, gross negligence, or fraud.

12.4 Reliance on Facially Valid Documents and Signatures.

The Escrow Agent shall be entitled to rely, and shall be fully protected in relying, upon any judgment, certificate, notice, demand, direction, consent, instruction, joint written instruction, signature, or other communication or writing that is facially valid and purports to be signed, issued, or delivered by the proper Party, official, court, or other governmental authority. The Escrow Agent may assume that any person purporting to give any notice, execute any instrument, deliver any instruction, or make any statement in connection with this Agreement has been duly authorized to do so. The Escrow Agent shall have no duty to determine the authenticity of any such instrument or signature; the truth, accuracy, or completeness of any facts, statements, or representations contained therein; the propriety or validity of its execution, delivery, or service; or the authority or jurisdiction of the court or governmental body issuing any judgment or order.

12.5 No Duty to Investigate.

The Escrow Agent shall have no duty or obligation to investigate, determine, or verify the substance, legality, feasibility, permitting, engineering, funding, milestone performance, or other merits of any Qualifying Project; the sufficiency or validity of any written resolution or signed project agreement; or any factual statement, representation, or certification contained in a joint written instruction or other document delivered under this Agreement. The Escrow Agent's review shall be limited to determining the facial completeness of the documents and satisfaction of the express documentary requirements established by this Agreement.

12.6 Legal Counsel.

The Escrow Agent may consult with legal counsel of its own choosing concerning any matter arising under or relating to this Agreement. The Escrow Agent shall be fully protected in acting or refraining from acting in good-faith reliance upon the advice of such counsel. The reasonable fees and expenses of such counsel shall be paid by SpaceX in accordance with the applicable provisions of this Agreement.

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12.7 Taxes.

Except for the reporting duties expressly imposed upon the Escrow Agent by this Agreement, the Escrow Agent shall have no responsibility for determining or paying any taxes arising from or relating to the Escrow Property, the Escrow Account, or any transaction contemplated by this Agreement. The Escrow Agent shall not be required to pay any tax unless SpaceX or the Party legally responsible for such tax has furnished the Escrow Agent with sufficient funds for that purpose. No tax, charge, assessment, or related expense may be deducted from the Escrow Property except as expressly authorized by this Agreement or by joint written instruction of SpaceX and the City.

12.8 No Duty to Institute or Defend Proceedings.

The Escrow Agent shall not be required to institute, prosecute, appear in, or defend any action, suit, arbitration, interpleader, or other proceeding involving this Agreement, the Escrow Property, or the Escrow Agent's duties or potential liability hereunder. At the request of a Party, the Escrow Agent may elect, in its sole discretion, to institute, prosecute, appear in, or defend such a proceeding, but only after receiving indemnity, security, or other assurances satisfactory to the Escrow Agent against all resulting claims, liabilities, costs, and expenses, including reasonable attorneys' fees. The Escrow Agent's decision not to institute, prosecute, appear in, or defend any such proceeding shall not constitute a breach of this Agreement.

12.9 Termination Documentation.

Upon the termination of this Agreement, the Escrow Agent may request from SpaceX and the City such additional certificates, satisfactions, releases, acknowledgments, assurances, or other documents as the Escrow Agent reasonably determines are necessary to evidence the termination of this Agreement and the discharge of its duties. No such request shall delay a disbursement or refund otherwise required by this Agreement, alter the Parties' substantive rights, or expand the conditions for termination established by this Agreement.

ARTICLE XIII — ESCROW-LEVEL DISPUTE RESOLUTION AND CONFLICTING INSTRUCTIONS

13.1 Freeze Upon Conflicting Instructions.

If the Escrow Agent receives instructions or claims from two or more Parties that, in the Escrow Agent's reasonable judgment, conflict or are inconsistent with each other or with this Agreement, the Escrow Agent shall immediately freeze the Escrow Account and refrain from taking action with respect to the Escrow Property, other than continued investment in accordance with Article III, until the conflict is resolved.

13.2 Notice of Conflict.

Promptly after freezing the Escrow Account, the Escrow Agent shall provide written notice to all Parties describing the conflicting instructions and requesting joint written instructions resolving the conflict.

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13.3 Dispute Resolution Regarding Escrow Amount.

Any dispute that may arise under this Agreement with respect to (a) the delivery or right to possession of the Escrow Property, or any portion thereof; (b) the facts upon which the Escrow Agent's determinations are based; (c) the duties of the Escrow Agent hereunder; and (d) any other questions arising under this Agreement regarding the Escrow Property, shall be finally determined by (i) mutual agreement of SpaceX and the City (evidenced by appropriate instructions in writing to the Escrow Agent signed by SpaceX and the City) within thirty (30) days after such dispute arises, or (ii) a court of competent jurisdiction; provided, however, that the foregoing shall not be construed to preclude SpaceX and the City from resolving any dispute arising hereunder by mutual agreement in accordance with clause (i) above at any time; provided further, that if the Escrow Agent has deposited the Escrow Property with a court pursuant to Section 13.5 hereof, the dispute shall be determined by such court. The Escrow Agent shall be under no duty to institute or defend any proceeding relating to any such dispute and none of the costs and expenses of any such proceeding shall be borne by the Escrow Agent. Pending the resolution of any dispute as provided in this Section 13.3, the Escrow Agent is authorized and directed to retain in the Escrow Account the Escrow Property or the portion of the Escrow Property that is the subject of or involved in the dispute.

13.4 Escrow Agent Removal.

The Escrow Agent may be removed at any time by mutual agreement of SpaceX and the City by giving not less than thirty (30) days' prior written notice to the Escrow Agent. Prior to the expiration of such thirty (30)-day period, SpaceX and the City shall designate, by mutual consent, a successor escrow agent that is mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board as required by Section 14.2. If no successor escrow agent is appointed within such thirty (30)-day period, the Escrow Agent may deposit the Escrow Property with a court of competent jurisdiction as provided in Section 13.5 hereof, whereupon the Escrow Agent shall be discharged of all duties and obligations hereunder.

13.5 Interpleader.

Notwithstanding anything herein to the contrary, if the conflict remains unresolved for ten (10) business days after the Escrow Agent's notice under Section 13.2 (which notice shall satisfy any prior-notice requirement for a deposit of the Escrow Property into court), the Escrow Agent may, in its sole discretion and without liability, commence an interpleader action in a court of competent jurisdiction in Cameron County, Texas, deposit the Escrow Property with the court, and upon that deposit be discharged from further duties and obligations hereunder. The Escrow Agent shall provide at least ten (10) days' prior written notice to SpaceX and the City before depositing the Escrow Property with a court. All costs and expenses of the interpleader action, including reasonable attorneys' fees, shall be paid by SpaceX.

13.6 Escrow-Level vs. Contract-Level Disputes.

This Article XIII governs operational disputes concerning the Escrow Property, the Escrow Account, and the duties of the Escrow Agent. Broader disputes arising under this Agreement or the MOU that are not specific to the Escrow Agent's administration of the Escrow Property shall be resolved under Article XXI.

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ARTICLE XIV — RESIGNATION AND SUCCESSOR ESCROW AGENT

14.1 Resignation.

The Escrow Agent may resign by providing not fewer than ninety (90) calendar days' prior written notice to SpaceX and the City. Resignation shall not become effective until a successor Escrow Agent has been appointed, accepted the appointment, and received the Escrow Property and related records.

14.2 City Appointment of Successor.

Upon receipt of the Escrow Agent's resignation notice, the City shall appoint a successor Escrow Agent within sixty (60) calendar days. The successor shall be a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, and mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board.

14.3 Court Appointment.

If the City fails to appoint a successor Escrow Agent within the sixty (60)-day period, the resigning Escrow Agent or any Party may petition a court of competent jurisdiction in Cameron County, Texas, to appoint a successor meeting the requirements of Section 14.2. The costs of that petition shall be paid by SpaceX.

14.4 Successor Acceptance.

The successor Escrow Agent shall execute an acknowledgment substantially in the form of Exhibit C and shall assume the duties of the Escrow Agent upon receipt of the Escrow Property and related records.

14.5 Continued Administration During Transition.

Until the transfer to the successor Escrow Agent is complete, the resigning Escrow Agent shall continue to hold and administer the Escrow Property under this Agreement. The refund, suspension, and disbursement provisions of Articles V and VI remain applicable during the transition.

14.6 Transfer to Successor.

Upon appointment and acceptance by the successor Escrow Agent, the resigning Escrow Agent shall transfer the Escrow Property, together with all books, records, and documents relating thereto, to the successor within five (5) business days. Upon completion of the transfer, the resigning Escrow Agent shall be discharged from future duties and obligations hereunder, subject to any obligations that survive termination or discharge.

ARTICLE XV — INDEMNIFICATION

15.1 SpaceX Indemnification of Escrow Agent.

SpaceX shall indemnify, defend, and hold harmless the Escrow Agent and its directors, officers, employees, and agents from and against any and all claims, demands, losses, damages, liabilities, costs, and expenses, including reasonable attorneys' fees and costs of litigation, arising out of or

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relating to: (a) the performance by the Escrow Agent of its duties hereunder in good faith and in accordance with this Agreement; (b) any dispute between SpaceX and the City; (c) any third-party claim relating to the Escrow Property; or (d) the Escrow Agent's compliance with any court order or legal process. This indemnification shall not apply to losses resulting from the Escrow Agent's gross negligence, willful misconduct, or fraud.

15.2 City Indemnification of Escrow Agent.

Subject to applicable law, the limitations and protections otherwise applicable to the City under this Agreement, and the availability of appropriated funds, and except with respect to claims, losses, liabilities, damages, costs, or expenses resulting from the Escrow Agent's willful misconduct, gross negligence, or fraud, the City shall indemnify, defend, and hold harmless the Escrow Agent and its officers, directors, shareholders, partners, employees, representatives, and agents from and against any claim made against any such indemnified person by SpaceX arising out of or relating to this Agreement, but only to the extent such claim does not arise from the negligence or misconduct of any indemnified person. Nothing in this Section waives or shall be construed as waiving any governmental immunity, defense, limitation of liability, appropriation requirement, or other protection available to the City under applicable law or any other provision of this Agreement.

15.3 Several Indemnification of Escrow Agent for Third-Party Claims.

SpaceX, on one hand, and the City, on the other hand, on a several basis and not a joint and several basis, shall indemnify and hold the Escrow Agent, its officers, directors, shareholders, partners, employees and agents harmless from any claim made by any third party arising out of or relating to this Agreement, such indemnification to include all costs and expenses incurred by the Escrow Agent, including reasonable attorneys' fees.

15.4 City Limitations.

The City's obligations under this Agreement are limited by the doctrine of governmental immunity as provided by the laws of the State of Texas. Nothing in this Agreement shall be construed as a waiver of the City's governmental immunity, and the City does not waive, and expressly reserves, all defenses available to it under the Texas Tort Claims Act (Texas Civil Practice & Remedies Code, Chapter 101) and all other applicable law.

15.5 No Waiver of Immunity.

Nothing in this Agreement shall be construed as creating any obligation or liability on the part of the City that would require the expenditure of public funds beyond those specifically appropriated for the purpose of this Agreement. The City's participation in this Agreement does not waive, and shall not be construed as waiving, any immunity, defense, or limitation of liability available to the City under applicable law.

ARTICLE XVI — FEES AND EXPENSES

16.1 SpaceX Responsibility.

SpaceX shall pay all fees, costs, and expenses of the Escrow Agent arising under or in connection with this Agreement, including without limitation: (a) annual Escrow Agent fees; (b) account-

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maintenance fees; (c) investment-management fees; (d) wire-transfer fees; (e) legal fees incurred by the Escrow Agent; (f) tax-preparation and reporting fees; and (g) extraordinary fees or expenses incurred in connection with conflicting instructions, interpleader actions, or other disputes.

16.2 No Deduction from Escrow Property.

Under no circumstances shall any fees, costs, or expenses be deducted from, charged against, offset against, or paid out of the Escrow Property or any investment earnings thereon. The Escrow Property shall remain whole and undiminished by any fees or expenses throughout the term of this Agreement.

16.3 Fee Schedule.

The Escrow Agent's fee schedule is set forth in Exhibit F and incorporated herein by reference. The Escrow Agent shall invoice SpaceX directly for all fees and expenses, and SpaceX shall pay all undisputed invoices within thirty (30) days after receipt.

16.4 Survival.

SpaceX's obligation to pay fees and expenses shall survive termination of this Agreement with respect to fees and expenses incurred before or in connection with termination.

ARTICLE XVII — NOTICES

17.1 Form of Notice.

All notices, requests, demands, consents, instructions, certificates, and other communications required or permitted under this Agreement shall be in writing and shall be deemed given when delivered personally, sent by overnight courier or certified mail with confirmation of delivery, or transmitted by email with confirmation of receipt. A Party may change its notice address by at least five (5) days' written notice to the other Parties.

17.2 Addresses.

Notices shall be directed to the Parties at the following addresses (or at such other address as a Party may designate by notice given in accordance with this Section):

If to SpaceX:

Space Exploration Technologies Corp.

1 Rocket Road

Starbase, Texas 78521

Attention: Legal

Email: StarbaseLegal@SpaceX.com

If to the City:

City Attorney

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City of Brownsville
1001 E. Elizabeth Street
Brownsville, Texas 78520
Email: cityattorney@brownsvilletx.gov

If to the Escrow Agent:

PlainsCapital Bank, a Texas banking association
7201 N 10th St.
McAllen, Texas 78504
Attention: Yvonne A. Trevino, Senior Vice President
Email: yvonne.trevino@plainscapital.com

If to the Brownsville Public Utilities Board:

General Counsel/Chief Legal Officer
Brownsville Public Utilities Board
1425 Robin Hood Drive
Brownsville, Texas 78521
Email: LegalServicesDL@brownsville-pub.com
CC: pgonzalez@brownsville-pub.com; aabastian@brownsville-pub.com

17.3 Change of Address.

A Party may change its notice address or email address by at least five (5) days' written notice to the other Parties.

ARTICLE XVIII — REPRESENTATIONS AND WARRANTIES

18.1 SpaceX Representations.

SpaceX represents and warrants to the City and the Escrow Agent as follows:

(a) Authority. SpaceX is duly organized, validly existing, and in good standing under the laws of Texas, and has full corporate power and authority to execute, deliver, and perform this Agreement. The execution, delivery, and performance of this Agreement have been duly authorized by all necessary corporate action.

(b) Lawful Source of Funds. Each Funding Payment is derived from lawful sources, and its deposit does not violate any applicable law, regulation, or order, including applicable anti-money-laundering laws and regulations.

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(c) No Adverse Claims. Each Funding Payment is free and clear of all liens, security interests, pledges, encumbrances, claims, and restrictions of any kind. No person or entity other than SpaceX has any right, title, interest, or claim to a Funding Payment when deposited.

18.2 City Representations.

The City represents and warrants to SpaceX and the Escrow Agent as follows:

(a) Authority. The City is a Texas home-rule municipality duly organized and existing under the laws of the State of Texas, with authority to execute, deliver, and perform this Agreement, subject to approvals required by the MOU and applicable law.

(b) Proper Approvals. The City has obtained, or will obtain before performance requires them, the approvals, authorizations, and consents necessary for execution and performance of this Agreement, and its execution and performance do not conflict with applicable law or any agreement binding upon the City.

18.3 Escrow Agent Representation.

The Escrow Agent represents that it is a national bank, federally chartered trust company, or state-chartered trust company located in the United States, independent of the Parties, has authority to enter into and perform this Agreement, and is mutually acceptable to SpaceX, the City, and the Brownsville Public Utilities Board.

ARTICLE XIX — NO THIRD-PARTY BENEFICIARIES

19.1 No Third-Party Beneficiaries.

Except as provided herein, this Agreement is made solely for the benefit of the Parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any other person or entity any legal or equitable right, benefit, remedy, or claim under or by reason of this Agreement. No ratepayer, utility customer, property owner, developer, contractor, project participant, or member of the public shall have rights or claims arising under this Agreement. For the avoidance of doubt, this Agreement is intended to benefit the BPUB and the SRWA, along with the Parties, in the funding of water and wastewater projects that expand water availability in Brownsville and the broader Cameron County community.

ARTICLE XX — AMENDMENTS AND ASSIGNMENT

20.1 Written Amendments.

This Agreement may be amended, modified, or supplemented only by a written instrument signed by all Parties. Any amendment to the MOU or to an obligation governed by the MOU must also satisfy the MOU's amendment requirements.

20.2 No Unilateral Amendments.

No Party may amend, waive, or vary a material escrow term, including the funding structure, refund conditions, investment restrictions, disbursement requirements, or termination provisions,

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through an instruction, certificate, or course of dealing. Each such change requires the written amendment described in Section 20.1.

20.3 Administrative Matters.

Changes to notice information, wire instructions, or other administrative details do not amend this Agreement, but shall be documented in writing and delivered to all Parties, along with BPUB, in accordance with Article XVII.

20.4 Non-Material Amendments.

Amendments to non-material terms (including administrative matters, notice addresses, and escrow agent fee schedules) may be executed by the City Manager on behalf of the City without further Commission approval, provided that such amendments do not alter any material term listed in Section 20.2.

20.5 Assignment.

This Agreement will inure to the benefit of and be binding upon the Parties and their respective successors and assigns. SpaceX may assign this Agreement, in whole or in part, to any entity that controls, is controlled by, or is under common control with SpaceX, or to a successor in a sale, spinoff, acquisition, or merger of SpaceX, provided (a) the assignee can lawfully perform the obligations of SpaceX, (b) the assignee has the net worth or financial capacity required to perform SpaceX's remaining Funding Payment obligations, and (c) SpaceX provides the City and the Escrow Agent with thirty (30) days' prior written notice together with evidence of the assignee's financial capacity as the City and BPUB may require. Any other assignment requires prior written consent of the other party.

ARTICLE XXI — DISPUTE RESOLUTION, GOVERNING LAW, AND VENUE

21.1 Dispute Resolution.

The Parties shall first attempt in good faith to resolve any dispute arising under this Agreement through negotiation among senior executives. If the dispute remains unresolved after thirty (30) days, the Parties shall, before resorting to litigation, try in good faith to settle the dispute by non-binding mediation under Chapter 154 of the Texas Civil Practice and Remedies Code. Nothing herein precludes provisional injunctive relief.

21.2 Governing Law.

This Agreement shall be governed by, construed in accordance with, and enforced under the laws of the State of Texas, without regard to conflicts-of-law principles that would require application of another jurisdiction's laws.

21.3 Venue.

Any action, suit, or proceeding arising out of or relating to this Agreement shall be brought exclusively in the state district courts located in Cameron County, Texas. Each Party submits to the jurisdiction of those courts and waives any objection to venue or inconvenient forum.

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21.4 Expedited Arbitration of Qualifying Project Approval Disputes.

a) **Scope.** This Section 21.4 applies solely to a dispute in which either SpaceX or the City contends that the other Party has unreasonably withheld, conditioned, or delayed approval of a proposed Qualifying Project under Section 2.2 of this Agreement ("Approval Dispute"). This Section 21.4 does not apply to, and no Party may invoke arbitration under this Section with respect to: (i) any dispute concerning the delivery, validity, or sufficiency of a Qualifying Activity Certificate under Section 5.6; (ii) any dispute concerning the classification, refund, redeposit, or treatment of Uncommitted Funds, Idle Uncommitted Funds, or Committed Funds under Article V; or (iii) any other approval, consent, instruction, certification, or determination required or permitted under this Agreement, except as expressly provided in Section 6.2. Disputes excluded from this Section 21.4 shall be resolved exclusively under Sections 21.1 through 21.3 or, with respect to escrow-level operational disputes, under Article XIII.

b) **Prerequisite Exhaustion.** No Party may demand arbitration under this Section unless and until the Party has first (i) attempted in good faith to resolve the Approval Dispute through negotiation among senior executives for a period of not fewer than thirty (30) days after written notice of the Approval Dispute is delivered to the other Party, and (ii) if the dispute remains unresolved after such thirty (30)-day period, tried in good faith to settle the Approval Dispute by non-binding mediation under Chapter 154 of the Texas Civil Practice and Remedies Code for a period of not fewer than thirty (30) days. If the Approval Dispute remains unresolved after the negotiation and mediation periods described above, either Party may demand arbitration by written notice to the other Party and the Escrow Agent.

c) **Single Arbitrator.** The Approval Dispute shall be resolved by a single arbitrator who (i) is admitted to the practice of law in the State of Texas, (ii) has not fewer than ten (10) years of experience in Texas municipal law, public infrastructure transactions, or public finance, and (iii) has no past or present relationship with any Party, BPUB, or SRWA that would give rise to a reasonable question of impartiality. The Parties shall attempt to agree on an arbitrator within fifteen (15) days after the demand for arbitration. If the Parties are unable to agree within such period, either Party may request that the presiding judge of the state district court in Cameron County, Texas, appoint an arbitrator meeting the foregoing qualifications.

d) **Standard of Review.** The sole question before the arbitrator shall be whether the Party against whom the Approval Dispute is asserted has unreasonably withheld, conditioned, or delayed approval of the proposed Qualifying Project. In making this determination, the arbitrator shall apply the following standard: approval may be withheld only on the grounds that (i) the proposed project fails to satisfy the requirements of Section 1.15 of this Agreement, or (ii) a Legal Prohibition exists with respect to the proposed project. The arbitrator shall not substitute the arbitrator's judgment for the policy, planning, or engineering determinations of the City, BPUB, or SRWA, and shall give due deference to the public-purpose and community-benefit considerations inherent in the identification of Qualifying Projects under this Agreement and the MOU. The burden of establishing that approval has been unreasonably withheld shall rest with the Party asserting the Approval Dispute.

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e) **Venue, Governing Law, and Procedure.** The arbitration shall be conducted in Brownsville, Cameron County, Texas. The arbitration shall be governed by the laws of the State of Texas, including the Texas General Arbitration Act (Texas Civil Practice and Remedies Code, Chapter 171), and not by the Federal Arbitration Act (9 U.S.C. §§ 1–16) except to the extent federal law is mandatorily applicable and cannot be waived. The arbitrator shall conduct the proceeding in accordance with the following expedited schedule: (i) discovery, if any, shall be limited to the exchange of documents directly relevant to the Approval Dispute and shall be completed within thirty (30) days after the arbitrator's appointment; (ii) the hearing shall be conducted within sixty (60) days after the arbitrator's appointment; and (iii) the arbitrator shall render a written decision within thirty (30) days after the conclusion of the hearing. The arbitrator may extend any deadline set forth in this paragraph by not more than fifteen (15) days upon a showing of good cause by either Party.

f) **Remedies; Limitation on Relief.** The arbitrator's authority is limited to determining whether the withholding Party has unreasonably withheld, conditioned, or delayed approval of the proposed Qualifying Project. If the arbitrator determines that approval has been unreasonably withheld, the arbitrator may issue a declaratory determination to that effect and may direct the withholding Party to act on the approval request within a period specified by the arbitrator, not to exceed thirty (30) days. The arbitrator shall not have authority to: (i) award monetary damages of any kind, including consequential, incidental, or punitive damages; (ii) order specific performance compelling the City to adopt a resolution, appropriate funds, or take any legislative or governmental action; (iii) modify, amend, or supplement this Agreement or the MOU; (iv) determine any issue other than whether approval has been unreasonably withheld under the standard set forth in Section 21.4(d); or (v) award any relief inconsistent with the governmental immunity, limitations of liability, or other protections available to the City under this Agreement or applicable law.

g) **Costs.** Each Party shall bear its own attorneys' fees, costs, and expenses in connection with the arbitration. The fees and expenses of the arbitrator shall be shared equally by the Parties.

h) **Preservation of Governmental Immunity.** The City's agreement to arbitrate Approval Disputes under this Section 21.4 is limited to the scope, procedures, and remedies expressly set forth herein and shall not be construed as a general waiver of, or consent to suit beyond, the City's governmental immunity under the laws of the State of Texas. The City expressly reserves all immunities, defenses, and limitations of liability available to it under the Texas Tort Claims Act (Texas Civil Practice and Remedies Code, Chapter 101), the Texas General Arbitration Act, and all other applicable law. No arbitration award or determination under this Section shall be enforceable against the City to the extent it would require the expenditure of public funds not specifically appropriated for the purpose of this Agreement or would constitute relief barred by the City's governmental immunity. The arbitrator shall not have jurisdiction to determine the scope or applicability of the City's governmental immunity.

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i) **Finality and Judicial Review.** The arbitrator's determination shall be final and binding on the Parties, subject to the grounds for vacatur, modification, or correction set forth in the Texas General Arbitration Act. Confirmation, vacatur, modification, or correction of an arbitration award shall be sought exclusively in the state district courts of Cameron County, Texas.

ARTICLE XXII — SEVERABILITY

22.1 General Severability.

If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the remainder shall continue in effect and the invalid, illegal, or unenforceable provision shall be modified to the minimum extent necessary to make it valid and enforceable.

ARTICLE XXIII — COUNTERPARTS AND ELECTRONIC SIGNATURES

23.1 Counterparts.

This Agreement may be executed in any number of counterparts, including electronic PDF counterparts, each of which is an original, and all of which together shall constitute one and the same instrument.

23.2 Electronic Signatures.

Signatures transmitted by facsimile, portable document format (PDF), or other electronic means shall be deemed original signatures for all purposes and shall be binding upon the Parties. This Agreement may be executed and delivered electronically in accordance with the Texas Uniform Electronic Transactions Act (Texas Business & Commerce Code, Chapter 322) and the federal Electronic Signatures in Global and National Commerce Act (15 U.S.C. Section 7001 et seq.).

ARTICLE XXIV — INTEGRATION AND INTERPRETATION

24.1 Integration.

This Agreement, together with the MOU and the exhibits attached hereto, constitutes the entire agreement among the Parties with respect to the custody, restriction, investment, disbursement, and refund of the Escrow Property and supersedes prior agreements and understandings concerning that subject matter. The MOU governs the underlying Funding Payment obligations, project commitments, and suspension or termination rights; this Agreement governs escrow administration. If the two documents conflict, the MOU controls the underlying obligations and this Agreement controls the Escrow Agent’s administration to the extent consistent with the MOU.

24.2 Public Information.

The City is subject to Chapter 552, Texas Government Code. SpaceX may mark genuinely confidential commercial information as such, and the City will use reasonable efforts to assert available exceptions, but cannot guarantee withholding.

24.3 Interpretation.

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The word "including" means "including without limitation." The words "shall" and "will" have the same meaning.

24.4 No Presumption Against Drafter.

There will be no presumption against any party on the ground that such party was responsible for preparing this Agreement or any part of it.

ARTICLE XXV — TERMINATION

25.1 Termination Events.

This Agreement shall terminate upon the first to occur of the following:

(a) all Escrow Property has been disbursed as Committed Funds in accordance with signed project agreements and this Agreement;

(b) all Uncommitted Funds have been refunded to SpaceX in accordance with Article V and no Committed Funds remain in the Escrow Account; or

(c) the Parties have agreed in a mutual written instrument to terminate this Agreement and have provided instructions addressing any remaining Escrow Property.

25.2 Effect of Termination.

Upon termination, the Escrow Agent shall be discharged from future duties and obligations hereunder, except for the obligation to provide a final escrow statement and any obligations expressly stated to survive termination. The indemnification obligations of Article XV, the fee obligations of Article XVI, and record-retention obligations shall survive termination.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Parties have executed this Escrow Agreement as of the date first written above.

SPACEX:
SPACE EXPLORATION TECHNOLOGIES CORP.

By: Sheila McCorkle
Name: Sheila McCorkle
Title: VP, Starship Legal & Regulatory
Date: 2026-09-22

CITY:
CITY OF BROWNSVILLE, TEXAS

By: Alan Guard
Name: Alan Guard
Title: City Manager
Date: 2026-09-22

ATTEST:

By: Mayra A. Rios
Name: Mayra Rios
Title: City Secretary

CITY OF BROWNSVILLE TEXAS INCORPORATED FEBRUARY 7 1853

APPROVED AS TO FORM:

By: Guillermo (Will) S. Trevino
Name: Guillermo (Will) S. Trevino
Title: City Attorney

ESCROW AGENT:
PlainsCapital Bank, a Texas banking association

By: Kirt Deltaau for Yvonne A. Trevino
Name: Yvonne A. Trevino, CCTS
Title: Senior Vice President
Date: 2026-09-23

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

SECTION 3: EXHIBITS TO ESCROW AGREEMENT

The following exhibits are incorporated into and form a part of the Escrow Agreement by reference. Each exhibit shall be completed, executed, and delivered in accordance with the terms and conditions set forth in the Escrow Agreement.

Exhibits Omitted for Public Release

CERTIFICATE *of* SIGNATURE

REF. NUMBER
MJQ4M-QXSAZ-F2HVF-6R9UH

DOCUMENT COMPLETED BY ALL PARTIES ON
24 SEP 2026 00:35:09 UTC

SIGNER	TIMESTAMP	SIGNATURE
GUILLERMO TREVINO EMAIL WILL.TREVINO@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:33:03 VIEWED 22 SEP 2026 22:07:55 SIGNED 23 SEP 2026 00:23:39	 IP ADDRESS 216.194.176.173 LOCATION BROWNSVILLE, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 22 SEP 2026 22:07:55	
ALAN GUARD EMAIL ALAN.GUARD@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:33:03 VIEWED 23 SEP 2026 00:29:16 SIGNED 23 SEP 2026 00:29:29	 IP ADDRESS 172.58.48.35 LOCATION HOUSTON, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 00:29:16	

CERTIFICATE *of* SIGNATURE

REF. NUMBER
MJQ4M-QXSAZ-F2HVF-6R9UH

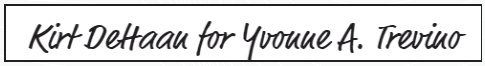
DOCUMENT COMPLETED BY ALL PARTIES ON
24 SEP 2026 00:35:09
UTC

SIGNER	TIMESTAMP	SIGNATURE
SHEILA MCCORKLE EMAIL SHEILA.MCCORKLE@SPACEX.COM	SENT 22 SEP 2026 19:33:03 VIEWED 23 SEP 2026 00:40:47 SIGNED 23 SEP 2026 00:41:56	 IP ADDRESS 66.9.191.198 LOCATION BROWNSVILLE, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 00:40:47	
MAYRA RIOS EMAIL MAYRA.RIOS@BROWNSVILLETX.GOV	SENT 22 SEP 2026 19:33:03 VIEWED 23 SEP 2026 01:31:21 SIGNED 23 SEP 2026 01:31:49	 IP ADDRESS 172.56.89.184 LOCATION SAN ANTONIO, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 23 SEP 2026 01:31:21	

CERTIFICATE *of* SIGNATURE

REF. NUMBER
MJQ4M-QXSAZ-F2HVF-6R9UH

DOCUMENT COMPLETED BY ALL PARTIES ON
24 SEP 2026 00:35:09 UTC

SIGNER	TIMESTAMP	SIGNATURE
KIRT DEHAAN EMAIL KIRT.DEHAAN@PLAINSCAPITAL.COM SHARED VIA LINK	SENT 22 SEP 2026 19:33:03 VIEWED 24 SEP 2026 00:23:04 SIGNED 24 SEP 2026 00:35:09	 IP ADDRESS 75.35.119.19 LOCATION GRAND PRAIRIE, UNITED STATES

SRWA OPTIMIZATION

		TOTAL COST	STATUS	2027				2028				2029				
				JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN			
SRWA Optimization	Hydrogeologic Study	$147,000	Planned	**$20,965,426.00**												
	Optimization Study	**$198,776**	**Completed**													
	Rehabilitation of 6 Existing Wells	**$935,895**	**Undergoing**													
	Rehabilitation of 14 Existing Wells	$2,183,755	Planned													
	2 New Wells	$7,500,000	Planned													
	Tier 1 Project: RO Membrane Replacement	**$600,000**	**Completed**													
	Addressing the Tier 1 Projects in the Optimization Study for Current Design Capacity as Recommended	$9,400,000	Planned													

NOVEMBER 2026

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3	4	5	6	7
8	9 BPUB Board Meeting	10	11 Veteran's Day	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26 Thanksgiving Day	27 Friday after Thanksgiving Day	28
29	30					
		Notes			Calendar Templates by Vertex42.com https://www.vertex42.com/calendars/ © 2019 Vertex42 LLC. Free to print.	