BROWNSVILLE
PUBLIC UTILITIES BOARD

Gerardo Martinez, Board Chair

Notice of a Regular Board Meeting of the
Brownsville Public Utilities Board

MEETING DATE:	**October 12, 2026**
MEETING TIME:	**5:00 PM**
MEETING LOCATION:	**BPUB Annex Building** **Board Room** **1425 Robinhood Drive** **Brownsville, Texas 78521**

Dial In: 1-408-418-9388
Access Code: 2480 272 6831 # #

In accordance with Tex. Gov't Code §551.127, NOTICE is hereby given that a physical quorum, including the presiding officer/member, will be present at the specified meeting location. Some members of the board and/or administration may participate via videoconference.

Members of the public may listen to the meeting 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 after the meeting on BPUB's website:
https://brownsvillepub.portal.civicclerk.com/event/141/overview

DISCUSSION AND POSSIBLE ACTION ON THE FOLLOWING MATTERS:

MEETING AGENDA

A. Call to Order

B. Confirmation of a Quorum

C. Pledge of Allegiance for U.S. Flag and Texas Flag

D. Workshop or Public Hearing(s)

E. 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.

F. Consent Agenda Items

1. Approval of Minutes of the September 14, 2026 Regular Board Meeting -

2. Consideration and Possible Action on the Brownsville Public Utilities Board Group Health and Dental Partially Self-Insured Plan Changes and Rates for Policy Year 2027 - Sergio Delgadillo

3. Consideration and Possible Action on the Brownsville Public Utilities Board Group Supplemental Benefits and Voluntary Benefits Plan Changes and Rates for Policy Year 2027 - Sergio Delgadillo

4. Consideration and Possible Action on Brownsville Public Utilities Board the Supplemental Voluntary 457(b) Deferred Compensation (Retirement) Plan - Sergio Delgadillo

5. Consideration and Possible Action on Compensation for the Interim Director of Internal Audit - Paul Gonzalez

6. Consideration and Possible Action of Bid Award for the Supply of Polemount and Padmount Transformers - Diane Solitaire

7. Presentation and Discussion of Proposal Award to Neumo Group, LLC for Banner Maintenance Renewal - Araceli Zuniga

8. Consideration and Possible Action on a Natural Gas Transportation Proposal from Texas Gas Service for delivery to the Silas Ray Power Plant, and authorizing the General Manager and Chief Executive Officer to Negotiate and Execute a Definitive Contract - Cory Carswell

G. Items for Individual Consideration

1. General Manager's Report:
   a. Board Calendar
   b. Industry and Brownsville Public Utilities Board Updates - Marilyn D. Gilbert

2. Consideration and Action on Items Pulled Out of Consent -

3. Staff Reports and Presentations to the Board -

   a. Presentation and Discussion of the Brownsville Public Utilities Board's Financial Performance Report for the Period Ended August 31, 2026 - Justin M Locke

   b. Update regarding Funding for Water Supply Infrastructure sponsored by the City of Brownsville and SpaceX - Justin M Locke

   c. Quarterly Report on GM/CEO Procurement Authorizations - Diane Solitaire

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

H. Recess to Closed Meeting

RECESS TO CLOSED MEETING to Consider Matters Pursuant to Tex. Government Code Chapter 551, et seq.

At this time the items on the Agenda designated for Closed Meeting will be considered. If there is an approved motion to go into Closed Meeting the listeners will be placed on "hold" until the Board returns to Open Meeting.

1. Meeting with the Board Legal Counsel for Advice about Contemplated and Pending Court and Administrative Litigation and on Matters in which the Duty of the Attorney under the Texas Disciplinary Rules of Professional Conduct Conflicts with Chapter 551 (Sec. 551.071) (Paul Gonzalez, Juan Pequeno), including but Not Limited to any Item Moved to Closed Session and the following:
   a. Reports of local and special counsel, including regarding potential or pending litigation involving BPUB, including litigation brought by Bay Runner Pipeline LLC; and
   b. Potential and pending claims, demands, requests, and/or negotiations addressed in-house, including potential BPUB acknowledgment of a proposed conversion agreement at the Port of Brownsville and potential amendment or new non-standard service agreement for water and/or wastewater services with Space Exploration Technologies Corporation. - Paul Gonzalez, Juan Pequeno

2. Presentation, Discussion and Possible Recommendation of Information upon Pricing of Purchased Power, Generation and Fuel and their Impact upon the Fuel, Purchased Energy, and Marketing Charge (Sec. 551.086) - Justin M Locke

3. Discussion regarding Potential Strategic Coordination and Administrative Litigation regarding Electric Transmission Facilities (Sec. 551.071 and Sec. 551.086) - Paul Gonzalez

RECONVENE OPEN MEETING

I. Consideration and Action on Closed Meeting Items

1. Consideration and Possible Action on Items Discussed in Closed Meeting -

J. Consideration and Action on Future Agenda Items

1. Discussion and/or Requests for Future Agenda Items -

Adjournment

Gerardo Martinez, Board Chair

The meeting will be conducted in accordance with Board Resolution No. 2023-0615 (IC5), the "Rules of the Public Utilities Board." Once the Meeting is convened with a quorum present, the Presiding Officer may change the order of business for purposes of accommodation of the Board members or participants and to permit a more orderly consideration of related agenda items.

The BPUB 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).

I certify that a copy of the foregoing agenda of items to be considered by the BPUB was posted on 10/6/26

ATTEST:

Norma L. Sanchez
Norma L. Sanchez, Recording Secretary

Dial by your location:
1-408-418-9388 (US Toll)

1-617-315-0704 (Boston)	1-312-535-8110 (Chicago)
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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)

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.1 - Approval of Minutes of the September 14, 2026 Regular Board Meeting

Open/Closed Session
Consent Agenda Items

Action
Approval of Minutes

Executive Sponsor
Lead Department:

Assigned Staff (Presenter):

Summary
The Board has been provided with draft minutes for review. Any changes will be announced at the meeting before approval.

Strategic Initiatives

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

Fiscal Impact
Budgeted Bid Award Reallocation No Fiscal Impact

Amount Requested: _____
Source of Funding: _____

Recommended Motion

BPUB staff recommends approval of minutes.

BROWNSVILLE PUBLIC UTILITIES BOARD
BROWNSVILLE, TEXAS

MINUTES
of
REGULAR MEETING
SEPTEMBER 14, 2026
3:00 PM

Minutes of a Regular Meeting of the Brownsville Public Utilities Board (BPUB) of the City of Brownsville, Texas, held September 14, 2026, at the BPUB Annex Building Board Room, 1425 Robinhood Drive, Brownsville, Texas with the following present:

PRESENT

Gerardo Martinez	Chair
Daisy Zamora, PhD	Secretary/Treasurer
Joseph L. Hollmann, PhD	Member
Martin Sarkis	Member
Juan Pequeño	Board Counsel
Marilyn D. Gilbert	General Manager & Chief Executive Officer (CEO)
Paul M. Gonzalez	General Counsel & Chief Legal Officer (CLO)
Justin M. Locke	Chief Financial Officer (CFO)
Constanza "Connie" Miner	Chief Administrative Officer
Norma L. Sanchez	Recording Secretary

VIRTUAL

Cody Faulk	Special Counsel

ABSENT

Alonzo "Al" Villarreal	Vice Chair
Alejandro "Alex" Najera	Member
Mayor John Cowen	Ex-Officio Member

With a quorum present, Chairman Gerardo Martinez called the open meeting to order at 3:03 p.m.

The Pledge of Allegiance to the United States Flag and the Texas Flag was led by Gerardo Martinez.

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D. WORKSHOP OR PUBLIC HEARING(S)

There were no workshops or public hearings.

E. PUBLIC COMMENTS

Becca Hinojosa signed up for the public comment session but arrived late. Chairman Martinez gave her the opportunity to speak.

Becca Hinojosa raised concerns about transparency and timing related to a Memorandum of Understanding (MOU) for "Project Quantum" and requested a meeting with BPUB to discuss data center water usage and environmental concerns.

F. CONSENT AGENDA (CA)

Motion was made by Dr. Joseph Hollmann, seconded by Martin Sarkis and unanimously carried by Board approval of CA Items #1 through #3, and #6 through #13. CA Item #5 was moved out of sequence for discussion in open session at the request of Chairman Martinez.

CA Item #1—Approval of Minutes of the August 10, 2026, Regular Meeting, August 27, 2026, Special Board Meeting, August 28, 2026, Special Board Meeting

Approval of minutes as presented.

CA Item #2—Consideration and Possible Action of a Resolution Amending Authorization of Representatives at TexPool - Guadalupe Granado

Approval of a resolution amending authorization of representatives at TexPool.

CA Item #3—Consideration and Possible Action of a Resolution Amending Designation of Certain Officers as Authorized Signatories to Drafts Drawn on Account of BPUB at Texas Regional Bank and Wells Fargo Bank - Guadalupe Granado

Approval of resolutions amending Designation of Certain Officers as authorized signatories to drafts drawn on account of BPUB at Texas Regional Bank and Wells Fargo Bank.

CA Item #4—Consideration and Approval of a Resolution by the Board of Directors Relating to its Annual Review of the BPUB's Investment Policy and Investment Strategies as Required by the Provisions of Chapter 2256, Amended, Texas Government Code; Approving the BPUB's Investment Policy and Investment Strategies; and Other Matters in Connection Therewith - Justin M Locke.

Approval of a resolution to approve the BPUB's Investment Policy and Investment Strategies and other matters in connection therewith.

CA Item #5—Consideration and Approval of Proposed Annual Audit Plan Fiscal Year 2026/2027 and related matters related to Internal Audit - Paul Gonzalez

Consent Agenda Item #5 was moved out of sequence for discussion.

CA Item #6—Consideration and Possible Action to Award Request for Proposal No. P010-26 for Qualified Scheduling Entity Services and Authorize the General Manager & CEO to Negotiate and Execute an Agreement, Subject to Legal Review - Cory Carswell

Approval to authorize the General Manager & CEO to negotiate the contract with Tenaska Power Services Co., as BPUB's Qualified Scheduling Entity for an initial term of five years and automatically renew and extend for successive twelve-month terms.

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CA Item #7—Consideration and Possible Action to approve the request to extend the Electric System Construction Contract (Labor Only for Non-Site Specific Construction) between BPUB and Axis Power, LLC, for a Fourth Year - Eli Alvarez

Approval to extend the contract for a Fourth Year with Axis Power, LLC of Beaumont, Texas, for a total amount not to exceed $1,900,460.80.

CA Item #8—Consideration and Possible Action to Approve the General Liability, Automobile, Mobile Equipment, Crime and Excess Workers' Compensation Liability Insurances - Adolfo Vasquez, Adriana Torres

Approval of the BPUB's General Liability, Automobile (including Auto Physical Damage), Mobile Equipment, Crime and Excess Workers' Compensation Liability Insurances with Texas Municipal League Intergovernmental group for a total of $687,771.00.

CA Item #9—Consideration and Possible Action to Approve the Renewal of the Excess (Umbrella) Liability Insurance - Adriana Torres, Adolfo Vasquez

Approval of the renewal of the Excess (Umbrella) Liability Insurance for the third and final year for a total of $771,433.43.

CA Item #10—Consideration and Possible Action to Approve the Renewal of the Directors and Officers and Employment Practices Liability Insurance - Adolfo Vasquez, Adriana Torres

Approval to renew the Directors and Officers and Employment Practices Liability Insurance for the third and final year for a total of $107,139.89.

CA Item #11—Consideration and Possible Action to Approve the Annual Supply of Fuel for Inventory - Diane Solitaire

Approval of bid award for the annual supply of fuel to Oil Patch Fuel & Supply of Combes, Texas for a grand total amount of $1,377,440.50.

CA Item #12—Consideration and Possible Action to Award Bid for the Additional Electrical Material for the Greater Brownsville Economic Development Council Feeder (EDC) Extension - Javier Martinez, Jr

Approval of the bid award for additional electrical materials for the Greater Brownsville EDC Feeder Extension to the lowest bidders meeting specifications: KBS Electric of Austin, Texas in the amount of $80,294.10; Techline of San Antonio, Texas in the amount of $13,569.60; and Champion Wire & Cable of Houston, Texas in the amount of $154,144.00, for a total amount of $248,007.70.

CA Item #13—Consideration and Approval of the Badger Meter Inc. Change Order for Additional Meters - Jaime Aguilar

Approval to purchase water meters for the AMI Project from Badger Meters Inc. in an amount not to exceed $908,937.75.

G. ITEMS FOR INDIVIDUAL CONSIDERATION (IC)

IC Item #1—General Manager's Report

a) Board Calendar

Marlyn Gilbert, General Manager & CEO, presented a calendar covering the months of September 2026 through November 2026, provided to the Board for reference. BPUB offices will be closed for business on September 7, 2026, November 11, 2026, and November 26-27, 2026 in observance of Labor Day, Veterans Day, and Thanksgiving Holiday, respectively.

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b) Industry and BPUB Updates

At this time, there were no updates provided to the Board.

IC Item #2—Consideration and Action on Items Pulled Out of Consent

CA Item #5—Consideration and Approval of Proposed Annual Audit Plan Fiscal Year (FY) 2026/2027 and Related Matters related to Internal Audit - Paul Gonzalez

With the departure of the Director of Internal Audit, certain administrative functions of the department must continue. As to administrative support issues, the General Counsel & CLO has stepped into the role, for example, in approving departmental p-card transactions; however, the senior auditor (N. Torres) or another qualified person may also be named Acting Director of Internal Audit as to more substantive auditing questions, including pending audits.

Paul Gonzalez, General Counsel & CLO, explained that the Internal Audit function has been reduced due to staffing departures, leaving only one auditor, which required scaling down the FY audit plan to align with current capacity while maintaining essential audit activities. He noted that Legal will continue providing administrative support to Internal Audit, while audit-related duties remain distinct from administrative functions.

Mr. Gonzalez recommended appointing an interim audit leadership role to maintain continuity of audit oversight. Norma Torres, Lead Internal Auditor, agreed to serve as Interim Acting Audit Director on a temporary basis while the organization evaluates a long-term staffing solution.

Motion was made by Dr. Joseph Hollmann, seconded by Martin Sarkis and unanimously carried by Board approval to include the interim appointment and the revised audit plan, to maintain continuity of internal audit operations during the staffing transition.

IC Item #3—Staff Reports and Presentations to the Board

a) Presentation and Discussion of the BPUB's Financial Performance Report for the Period Ended July 31, 2026 - Justin M Locke

Justin Locke, CFO, gave a brief report on BPUB's financial transactions for the period ending July 31, 2026, including financial metrics, showing strong debt service coverage, and over-recovery in fuel purchase energy charge.

b) Presentation and Discussion of Contract Management and Workflow Improvements—Allison Bastian-Rodriguez

Allison Bastian-Rodriguez, Associate General Counsel, introduced Michael Sheldon, Contracts Administrator, who provided an overview of the Contracts Department's current processes and efforts to improve contract management and workflow. He noted that the department is continuing to develop and standardize its processes, which currently rely heavily on manual tools, including spreadsheets, shared files, and follow-ups among departments.

The presentation highlighted the volume and complexity of the contract lifecycle, noting multiple touchpoints across departments, Purchasing, Contracts, and Executive staff. Recent improvements include the implementation of a standardized Document Approval Summary and the introduction of SharePoint-based real-time tracking to improve visibility and workflow management.

The department is focused on stabilizing and standardizing its processes before transitioning to greater automation. Microsoft 365 Copilot is also being configured with applicable policies, procedures, and procurement requirements to assist with internal guidance. The current contract repository, Cobblestone, is primarily used for document storage, while the organization is evaluating Contract Lifecycle Management (CLM) solutions that could provide automated approvals, renewal tracking, compliance monitoring, and workflow routing.

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The presentation also addressed the anticipated evaluation of an RFP for a new CLM solution, potential costs, and the migration of existing contract records. The overall goal is to transition from manual and fragmented processes to a centralized and automated contract management system that improves visibility, reduces delays, and strengthens compliance and tracking.

c) Presentation and Discussion on Year-To-Date Capital Improvement Program (CIP) Delivery Performance as of July 31, 2026 - David Ramirez

Ricardo Pineda, Water/Wastewater Project Development Manager, provided an overview of Year-To-Date CIP delivery performance as of July 31, 2026. CIP includes approximately 181 projects across 10 divisions, with significant investments in Water/Wastewater Engineering, Enterprise Solutions, and Electrical Engineering.

The presentation highlighted an overall spending variance of approximately $19 million, increasing to approximately $21 million due to continued lower-than-expected project execution. Key factors contributing to the variance and project delays include contract execution issues, supplier delays, contractor issues, and delays associated with external approval processes. Smaller projects, which represent the majority of the project count, were also noted as contributing significantly to the overall variance.

The presentation noted that electric and water utilities are projected to execute more than 75% of their approved budgets, while wastewater and general utility services are expected to have lower execution levels. Overall, capital delivery performance continues to show improvement compared to prior years, with stronger execution in FY2025 and a positive outlook for FY2026.

Dr. Daisy Zamora requested that more detailed project status updates be presented to the Facilities/Programs Committee, including individual project variances, delays, project histories, and execution issues. The request was intended to provide greater insight into the causes of project delays, including field conditions, utility conflicts, engineering changes, and other factors affecting project delivery.

Marlyn Gilbert, General Manager & CEO, noted that clearer project-level breakdowns be presented through the Facilities/Programs Committee, including project timelines and the causes of delays, to improve transparency and provide greater detail without requiring every project-level issue to be presented to the full Board.

d) External Partner Outreach Progress Report: Strategic Business Plan 2026-2030 - Luis Jimenez

Luis Jimenez, Operations Administrator, delivered a presentation regarding the External Partner Outreach Progress Report for the Strategic Business Plan 2026–2030. He provided an overview of the plan's structure and scope, which is organized around 10 focus areas and 48 initiatives addressing operations, employees, customers, and community outcomes.

Mr. Jimenez explained that the Strategic Business Plan is intended to serve as both an internal and external roadmap to guide regional growth and organizational performance through coordinated initiatives. The organization is transitioning from the planning phase into active execution, with structured milestone tracking in place.

The presentation highlighted several areas demonstrating significant progress, including employee engagement and leadership development, community engagement initiatives such as branding and customer experience improvements, technology modernization efforts including the AMI rollout and asset management systems, and customer feedback systems, including the RingCentral initiative.

Initiatives identified as developing or planned for future phases include optimization of water supply initiatives, power supply and natural gas-related planning, development of an enterprise risk management framework, and affordability and rate structure modernization.

As part of the external outreach effort, the Strategic Business Plan was presented to multiple external partner organizations to promote alignment with regional development priorities.

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e) Continuous Water Consumption Notification Program - Eduardo Campirano

Eddie Campirano, Senior Customer Service Manager, delivered a presentation on the Continuous Water Consumption Notification Program. The program uses Advanced Metering Infrastructure (AMI) data to proactively identify continuous water consumption over a 24-hour period, which may indicate a leak, and notify customers to increase awareness and allow for earlier response.

The AMI system analyzes hourly meter readings and categorizes continuous consumption into low, moderate, and critical alert levels based on usage. Notifications may be sent through SMS and email, with future push notifications planned through the Silver Blaze app. Notification frequency varies by severity, with follow-up notifications continuing until the continuous consumption ends.

Mr. Campirano noted that notifications are automatically discontinued once the condition is resolved, and the resolution is communicated to the customer. Alerts are also recorded in the customer service system to allow staff to quickly review prior notifications and assist customers.

The program is intended to support earlier detection, improve customer service, and promote a more proactive approach to water management.

f) Presentation and Discussion of the Advanced Metering Infrastructure (AMI) Project - Eddy Hernandez/Jaime Aguilar

Eddy Hernandez, Director of Enterprise Solutions, delivered a presentation on the Advanced Metering Infrastructure (AMI) project, including its scope, progress, and system capabilities. The project has a total budget of approximately $29.7 million, with an additional $5 million grant being utilized. Approximately $25.5 million has been spent to date, with approximately 85% completed.

Approximately 46,000 electric meters and 44,000 water meters have been installed, representing approximately 85% and 82% completion, respectively. Deployment began on the north side of the city and is progressing southward.

Mr. Hernandez highlighted cost savings achieved through in-house work and use of existing warehouse facilities. The AMI system will provide near real-time meter data, generating approximately 11.7 million readings daily, and will integrate with the Outage Management System (OMS), SCADA, and a planned data lake.

The system will support faster outage and leak detection, improved consumption monitoring and load management, and enhanced customer service. It will also enable proactive customer notifications regarding outages, leaks, and consumption abnormalities.

IC Item # 4—Consideration and Possible Action of the BPUB FY 2027 Proposed O&M and Capital Budgets - Jorge Santillan

Jorge Santillan, Finance Manager, presented the FY 2027 Proposed Operations and Maintenance (O&M) and Capital Improvement Program (CIP) budgets. The proposed O&M budget totaled approximately $290.3 million, with a CIP of approximately $74.3 million.

Mr. Santillan reviewed adjustments to the proposed O&M budget, including personnel cost reductions and non-personnel reductions, resulting in a net reduction of approximately $1.2 million. The adjustments improved the projected debt service coverage ratio and reduced O&M growth from 4.4% to 2.9%.

The CIP is funded through improvement funds, contributions, impact fees, and grants.

Motion was made by Dr. Daisy Zamora, seconded by Dr. Joseph Hollmann unanimously carried by Board approval of the FY 2027 proposed O&M and Capital budgets.

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H. CLOSED MEETING

Motion was made by Dr. Joseph Hollmann, seconded by Dr. Daisy Zamora and unanimously carried by the Board to recess into Closed Meeting at 4:51 p.m. to consider the following matters pursuant to Tex. Government Code Sec. 551.071, et seq.

(1) Meeting with the Board Legal Counsel for Advice about Contemplated and Pending Court and Administrative Litigation and on Matters in which the Duty of the Attorney under the Texas Disciplinary Rules of Professional Conduct Conflicts with Chapter 551 (Sec. 551.071) (Paul Gonzalez, Juan Pequeno), including but Not Limited to any Item Moved to Closed Session and the following:

a. Reports of local and special counsel, including regarding potential or pending litigation involving BPUB, including litigation brought by Bay Runner Pipeline LLC; and
b. Discussion on a proposal for an agreement regarding SpaceX (Sec. 551.071) Paul Gonzalez, Juan Pequeno

(2) Presentation, Discussion and Possible Recommendation of Information upon Pricing of Purchased Power, Generation and Fuel and their Impact upon the Fuel, Purchased Energy, and Marketing Charge (Sec. 551.086) – Justin M. Locke

(3) Legal Counsel briefing pursuant to Sec. 551.071, Tex. Gov't Code, regarding BPUB's legal rights, duties, and obligations arising out of a proposed right of entry to certain BPUB-owned real property abutting the Rio Grande River - Allison Bastian-Rodriguez

The Board reconvened the open session for regular meeting at 6:08 p.m.

I. CONSIDERATION AND ACTION ON CLOSED MEETING ITEMS

IC Item #1—Consideration and Possible Action on Items Discussed in Closed Meeting

Closed Meeting Item #1a: Motion was made by Dr. Joseph Hollmann, seconded by Martin Sarkis and unanimously carried by Board approval to proceed as discussed in closed session regarding the Bay Runner Pipeline litigation matter.

There was no other action taken on items discussed in closed meeting.

J. CONSIDERATION AND ACTION ON FUTURE AGENDA ITEMS

Item #1—Discussion and/or Requests for Future Agenda Items

Dr. Daisy Zamora addressed the public comment regarding transparency and a request for a meeting. The Board agreed to respond to the commenters' email and arrange a meeting upon receipt of the requested information, with staff determining the appropriate representatives to participate.

ADJOURNMENT

With no further business to discuss and upon duly made motion, the meeting adjourned at 6:12 p.m.

Approved this 12th day of October 2026.

_____
Gerardo Martinez, Chair

_____
Daisy Zamora, PhD, Secretary/Treasurer

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c: File

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Brownsville Public Utilities Board Meeting - September 14, 2026

Voting Members

Agenda Item			Brief Item Description	Motion By:	Seconded By:	Gerardo Martinez Chair	Al Villarreal Vice-Chair	Daisy Zamora, PhD Secretary / Treasurer	Joseph L. Hollmann Board Member	Alejandro Najera Board Member	Martin Sarkis Board Member	Mayor John Cowen Ex-Officio Member	OutCome
A.			Call to Order at 3:03 PM				Absent			Absent		Absent	
B.			Confirmation of a Quorum	Quorum confirmed									
C.			Pledge of Allegiance for U.S. Flag and Texas Flag										
D.			Workshop or Public Hearing(s)	None									
E.			Public Comment	1 Speaker									
			CONSENT AGENDA ITEMS: (One Motion)	**Dr. Joseph Hollmann**	**Martin Sarkis**	**Yay**	**Absent**	**Yay**	**1st**	**Absent**	**2nd**	**Absent**	**Passed**
F.	1		**Approval of Minutes-August 10, 2026 (Reg. Board Mtg); August 27, 2026 (Special Board Mtg); August 28, 2026 (Special Board Mtg)**			"		"	"		"		**Passed**
	2		**Possible Action: Resolution Amending Authorization of Representatives at TexPool - Guadalupe Granado**			"		"	"		"		**Passed**
	3		**Possible Action: Resolution Amending Designation of Certain Officers as Authorized Signatories to Drafts Drawn on Account of Brownsville Public Utilities Board at Texas Regional Bank and Wells Fargo Bank - Guadalupe Granado**			"	Absent	"	"	Absent	"	Absent	**Passed**
	4		**Possible Action: Resolution by the Board of Directors Relating to its Annual Review of the BPUB's Investment Policy and Investment Strategies as Required by the Provisions of Chapter 2256, Amended, Texas Government Code; Approving the BPUB's Investment Policy and Investment Strategies; and Other Matters in Connection Therewith - Justin M Locke**			"		"	"		"		**Passed**
	5		*Possible Action:Approval of Proposed Annual Audit Plan Fiscal Year 2026/2027 and related matters related to Internal Audit - Paul Gonzalez*	*Moved out of Consent*									Pulled Out
	6		**Possible Action: to Award Request For Proposal No. P010-26 for Qualified Scheduling Entity Services and Authorize the General Manager and Chief Executive Officer to Negotiate and Execute an Agreement, Subject to Legal Review - Cory Carswell**			"		"	"		"		**Passed**
	7		**Possible Action: to approve the request to extend the Electric System Construction Contract (Labor Only for Non-Site Specific Construction) between Brownsville Public Utilities Board (BPUB) and Axis Power,**			"		"	"		"		**Passed**
	8		**Possible Action: Possible Action to Approve the General Liability, Automobile, Mobile Equipment, Crime and Excess Workers' Compensation Liability Insurances - Adolfo Vasquez, Adriana Torres**			"		"	"		"		**Passed**
	9		**Possible Action: to Approve the Renewal of the Excess (Umbrella) Liability Insurance - Adriana Torres, Adolfo Vasquez**			"	Absent	"	"	Absent	"	Absent	**Passed**
	10		**Possible Action: to Approve the Renewal of the Directors and Officers and Employment Practices Liability Insurance - Adolfo Vasquez, Adriana Torres**			"		"	"		"		**Passed**
	11		**Possible Action:to Approve the Annual Supply of Fuel for Inventory - Diane Solitaire**			"		"	"		"		**Passed**
	12		**Possible Action: to Award Bid for the Additional Electrical Material for the Greater Brownsville EDC Feeder Extension - Javier Martinez, Jr**			"		"	"		"		**Passed**
	13		**Possible Action: Approval of the Badger Meter Inc. Change Order for Additional Meters - Jaime Aguilar**			"		"	"		"		**Passed**
			ITEMS FOR INDIVIDUAL CONSIDERATION:										
G.	1		General Manager's Report	Presentation Only									
	2		**Consideration and Action on Items Pulled Out of Consent -- CA Item #5**	**Dr. Joseph Hollmann**	**Martin Sarkis**	**Yay**	**Absent**	**Yay**	**2nd**	**Absent**	**1st**	**Absent**	**Passed**
	3		Staff Reports and Presentations to the Board										
		a.	Presentation and Discussion of the Brownsville Public Utilities Board's Financial Performance Report for the Period Ended July 31, 2026 - Justin Locke	Presentation Only									
		b.	Presentation and Discussion of Contract Management and Workflow Improvements - Allison Bastian-Rodriguez	Presentation Only									
		c.	Presentation and Discussion on Year-To-Date CIP Delivery Performance as of July 31, 2026 - David Ramirez	Presentation Only									
		d.	External Partner Outreach Progress Report: Strategic Business Plan 2026-2030 - Luis Jimenez	Presentation Only									
		e.	Continous Water Consumption Notification Program - Eduardo Campirano	Presentation Only									
		f.	Presentation & Discussion of the Advanced Metering Infrastructure (AMI) Project - Eddy Hernandez, Jaime Aguilar	Presentation Only									
	4		**Possible Action: of the BPUB Fiscal Year 2027 Proposed O&M and Capital Budgets - Jorge Santillan**	**Dr. Daisy Zamora**	**Dr. Joseph Hollmann**	**Yay**	**Absent**	**1st**	**2nd**	**Absent**	**Yay**	**Absent**	**Passed**
			RECESS TO CLOSED MEETING - TIME: 4:51										
H	1	a.	Reports of local and special counsel, including regarding potential or pending litigation involving BPUB,										
		b.	Discussion on a proposal for an agreement regarding SpaceX (Sec. 551.071) - Paul Gonzalez, Juan Pequeno										
	2		Presentation, Discussion and Possible Recommendation of Information upon Pricing of Purchased Power, Generation and Fuel and their Impact upon the Fuel, Purchased Energy, and Marketing Charge (Sec. 551.086) - Justin Locke										
	3		Legal Counsel briefing pursuant to Sec. 551.071, Tex. Gov't Code, regarding BPUB's legal rights, duties, and obligations arising out of a proposed right of entry to certain BPUB-owned real property abutting the Rio Grande River. - Allison Bastian-Rodriguez										
			RECONVENE OPEN MEETING -TIME: 6:08										
I	1		Items discussed in Closed Meeting - **CM Item #1a**	**Dr. Joseph Hollmann**	**Martin Sarkis**	**Yay**	**Absent**	**Yay**	**2nd**	**Absent**	**1st**	**Absent**	**Passed**
J	1		Discussion and/or Requests for Future Agenda Items										
			ADJOURNMENT - TIME: 6:12										

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.2 - Consideration and Possible Action on the Brownsville Public Utilities Board Group Health and Dental Partially Self-Insured Plan Changes and Rates for Policy Year 2027

Open/Closed Session
Consent Agenda Items

Action
Approval

Executive Sponsor
Lead Department: 7140-Human Resources

Assigned Staff (Presenter): Sergio Delgadillo

Summary
The Brownsville Public Utilities Board (BPUB) is in the second year of a three-year contract with Blue Cross Blue Shield of Texas (BCBSTX) for Group Health and Dental Insurance. The proposed renewal period is January 1 through December 31, 2027.
To address rising healthcare costs while maintaining competitive and sustainable benefits at an affordable cost to employees, BPUB recommends transitioning to a dual-plan structure consisting of a $1,000 PPO Base Plan and a $2,000 PPO Buy-Down Plan. These options will allow employees to select the coverage that best aligns with their healthcare needs and financial circumstances.
The recommended Group Health Insurance renewal includes a 21% increase in premiums for the base plan. The recommended Group Dental Insurance renewal includes no changes to rates or benefits.
The Health and Dental Insurance renewal recommendations were presented to the Compensation Committee during a public meeting held on September 28, 2026.

Strategic Initiatives
Strategic Focus Area 1 – Employee Engagement & Development

Statement of Strategic Direction 1: BPUB will build a resilient and future-ready workforce through enhanced recruiting practices, leadership development, and structured succession planning.

and

Statement of Strategic Direction 2: BPUB will increase employee retention by enhancing engagement, focusing on financial wellness, and modernizing HR practices

Referring Committee

Name of Committees	Compensation Committee
Date of Meeting	September 28, 2026
Recommendation(s)	The committee recommended that the item be moved under the consent agenda for discussion, consideration and potential action by the Board.
Vote(s)	

Fiscal Impact

Budgeted	X	Bid Award	Reallocation	No Fiscal Impact
Amount Requested:				
Source of Funding:	O&M Plant Fund			

Recommended Motion

BPUB staff recommends approval of the proposed health plan design, rate structure, and renewals of BPUB's Group Health and Dental Insurance plans with Blue Cross Blue Shield of Texas for the January 1 through December 31, 2027 plan year, and authorization for the BPUB General Manager and Chief Executive Officer to designate the open enrollment period.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
September 28, 2026

Posting Language
1 - Presentation and Discussion of the BPUB Group Health and Dental Partially Self-Insured Plan Changes and Rates for Policy Year 2027

Open/Closed Session
ITEMS FOR PRESENTATION AND DISCUSSION

Action
Presentation

Executive Sponsor
Lead Department: 7140-Human Resources

Assigned Staff (Presenter): Sergio Delgadillo

Summary
Presentation of the recommended health and dental benefit strategy and associated rates for BPUB's partially self-insured plans for Policy Year 2027. The proposal is designed to address rising healthcare costs while maintaining competitive, sustainable employee benefits that support BPUB's long-term workforce retention and employee engagement goals. The recommendation transitions BPUB from a single medical plan offering to a dual-plan structure, providing employees with greater flexibility to select coverage that best aligns with their healthcare needs and financial circumstances. The proposed approach includes a new $1,000 PPO Base Plan and a $2,000 PPO Buy-Down Plan, while preserving access to the same PPO provider network and maintaining BPUB's commitment to substantial employer-funded premium contributions. The proposal reflects a forward-looking cost management strategy that seeks to balance affordability, plan sustainability, employee choice, and benefit value in response to continued healthcare cost pressures.

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: Operations and Maintenance(O&M) - Plant Fund

Recommended Motion

BPUB staff recommends adoption of the proposed 2027 BPUB Group Health and Dental Partially Self-Funded Plan design and rate structure and requests that the item be advanced to the full Board for consideration and approval.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Health Partially Self-Insured Plan

PRESENTATION AND DISCUSSION OF THE BPUB GROUP HEALTH AND DENTAL PARTIALLY SELF-INSURED PLAN CHANGES AND RATES FOR POLICY YEAR 2027

COMPENSATION COMMITTEE MEETING | SEPTEMBER 28, 2026

Sergio Delgadillo

Division Manager for Administration

Human Resources

BPUB Strategic Business Plan 2026-2030

Strategy Alignment

Strategic Focus Area 1:

Employee Engagement & Development

Strategic Focus Area (SFA) Definition	• Build a motivated, high-performing workforce • Foster accountability, recognition, and growth • Invest in talent development and succession
Strategic Challenge	• Address workforce rigidity and leadership gaps • Strengthen retention amid talent market pressures • Ensure continuity and strategic execution
Statement of Strategic Direction (SSD) - 2	• BPUB will increase employee retention by enhancing engagement, focusing on financial wellness, and modernizing HR practices.

2026 Health & Dental Program

- January through December policy year
- Partially self-insured health and dental
- Health plan includes $200,000 individual stop-loss protection
- BCBSTX was approved for claims administration and stop-loss insurance
- Claims funded through the BPUB Group Health & Dental Funds
- Policy Year 2026 is the result of a new RFP year
- Policy Year 2027 would be year 2 of the 3-year contract period
- Alliant Insurance Services, Inc. serves as BPUB's insurance consultant

Employer Health-Care Costs Continue to Rise at Historically Elevated Rates

MercerMarsh Benefits

Aug 2026

Survey: Health benefit costs expected to jump 8.2% in 2027, the biggest increase since 2003

*"Employers expect health benefit cost per employee to rise 8.2% in 2027 (**after making changes to current plans**)"*

*"**2027 will be the fifth consecutive year of elevated health benefit cost growth** after a decade of more moderate annual increases"*

Business Group on Health

Aug 2026

2027 Employer Healthcare Strategy Survey

*"Employers report that healthcare cost volatility has intensified **the need for an overhaul in strategies** to mitigate healthcare costs and optimize health outcomes"*

SHRM
SOCIETY FOR HUMAN RESOURCE MANAGEMENT

Aug 2026

Employers Face 9.5% Healthcare Cost Increase in 2027

*The healthcare cost squeeze shows no sign of easing, with employer healthcare costs projected to jump 9.5% in 2027, pushing **average spending above $19,000 per employee**"*

Employer Health-Care Costs Continue to Rise at Historically Elevated Rates



(Pricewaterhouse Coopers)

June 2026

Medical cost trend is expected to hit 9%, highest in 17 years. Can cost management strategies bend the trend?

*"The challenge is not to understand what is driving costs higher, but **whether health plans can deploy cost-of-care strategies quickly and effectively enough to slow the trajectory**"*

*"**Self-funded employers face higher budget pressure and more difficult tradeoffs around benefit design**, coverage strategy, PBM contracting, and workforce affordability."*



July 2026

In Preliminary Rate Filings, ACA Marketplace Insurers Largely Propose Double-Digit Premium Increase For 2027, Following a Steep Climb This Year

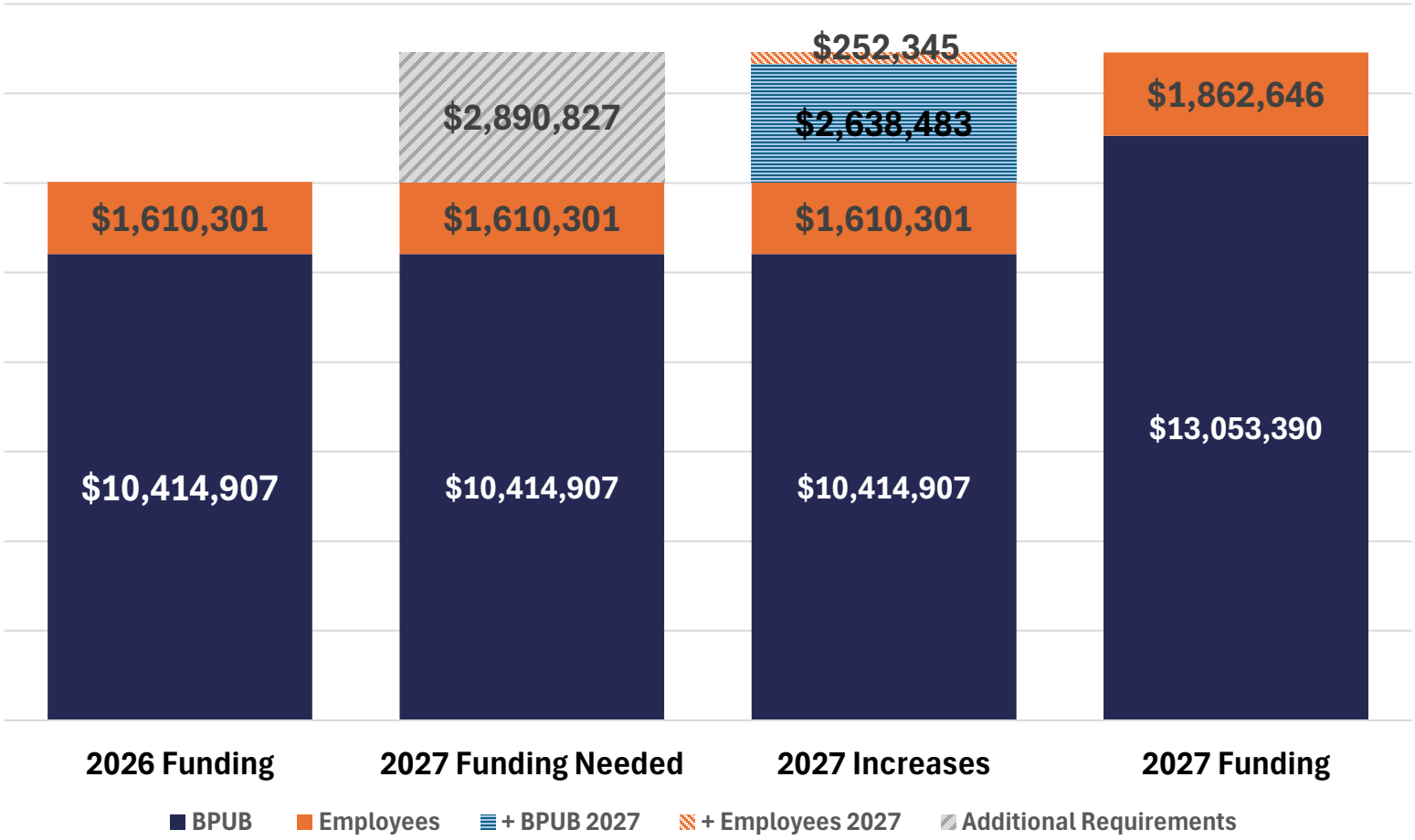
*"ACA Marketplace insurers are proposing a **median premium increase of 14% for 2027**"*

"most are requesting premium increases of between 10% and 20% for 2027, with 20 insurers requesting premium increases of more than 20%."

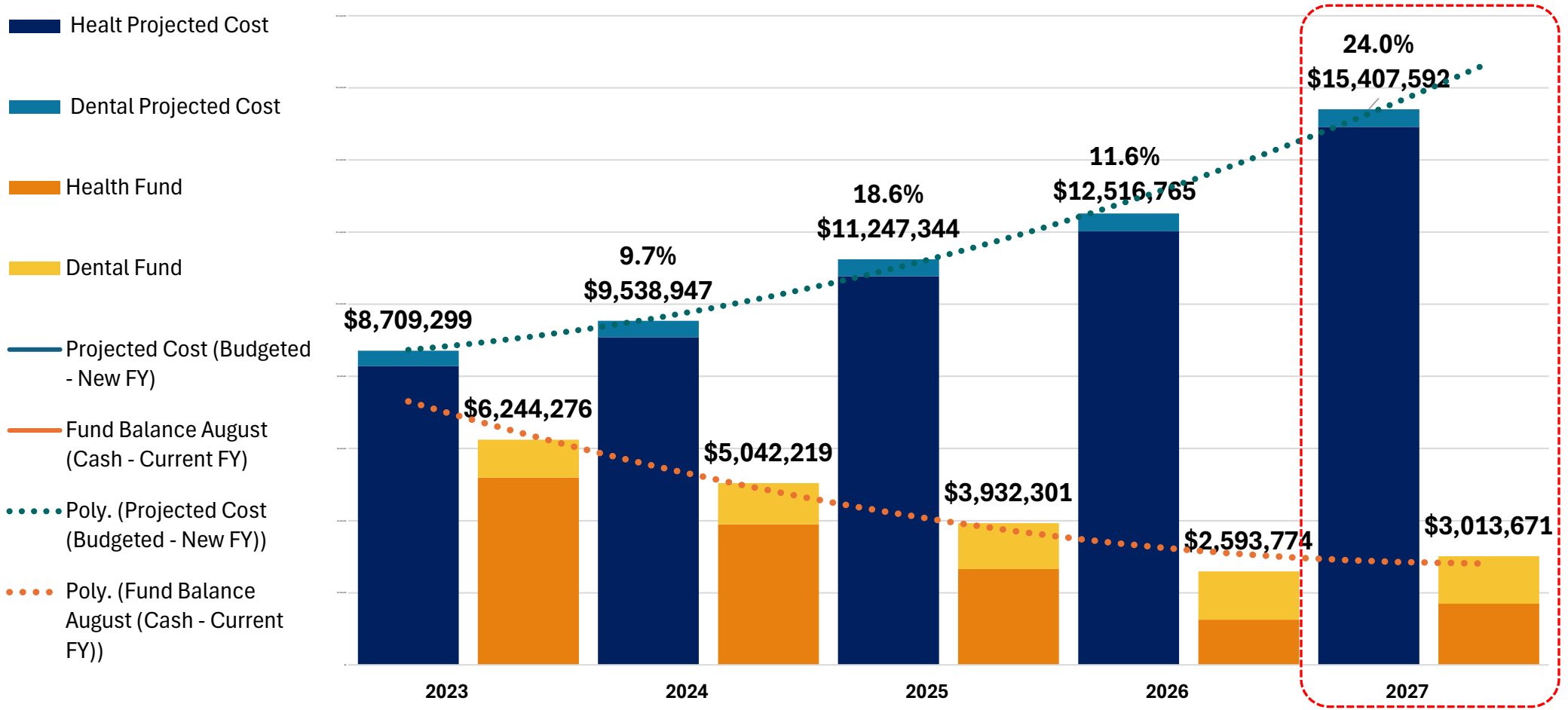
Expected Funding Requirements Under Current Plan Design

Highlights

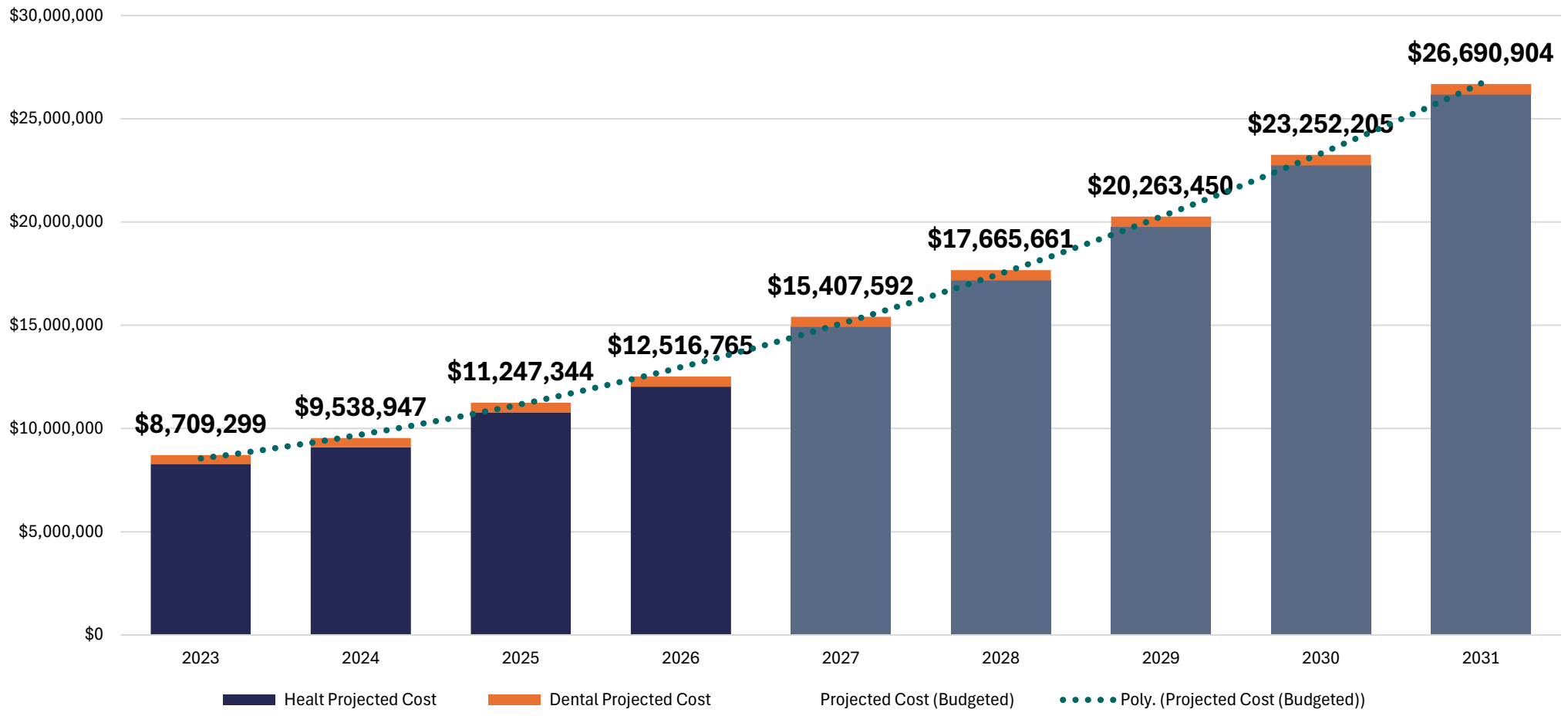
- 24.1% increase required on each employee tier
- Increase projected at $2.9M based on current enrollment
- BPUB covers 88% of premiums, in aggregate
- Additional Budget BPUB ~$2,890,830



Historical Funding Performance: Health & Dental Plans



Health and Dental Plan Cost Trajectory



Health Plan Components

Financial Foundation

- Individual Deductible
- Family Deductible
- Individual Out-of-Pocket Maximum
- Family Out-of-Pocket Maximum
- Lifetime Maximum

Cost Sharing

- Coinsurance

Covered Services

- Office Visit (PCP)
- Office Visit (Specialist)
- Hospital Inpatient
- Additional Hospital Copay
- Outpatient Surgery
- Emergency Room
- Additional ER Copay
- Urgent Care Copay
- Routine Lab/X-Ray (In Office)
- Routine Lab/X-Ray (Outside)
- Advanced Imaging

RX Coverage

- Generic drugs
- Preferred brand drugs
- Non-preferred Brand (Specialty)

Health Plan

Health Plan Proposed Changes
Cost-of-care Strategy

BCBSTX Current $500 PPO moving into $1,000 PPO

What Stays the Same

- Same PPO network and in-network coverage access
- Primary Care Physician (PCP) copay remains $30
- Specialist copay remains $40
- Lifetime maximum remains unlimited

What Changes

Deductible

Individual	$500	→	$1,000
Family	$1,000	→	$2,000

Out-of-pocket Maximum

Individual	$3,500	→	$5,000
Family	$7,000	→	$10,000

Coinsurance

80% / 20% → 75% / 25%

Prescription Drug Costs

$10/$20/$50 → $15/$30/$60

Urgent Care Copay

$50 → $45

Emergency Room Copay

$300 → $500

Health Plan Proposed Changes
Cost-of-care Strategy

BCBSTX $2,000 PPO Alternative Plan – Buy Down

What Stays the Same

- **Same PPO network and in-network coverage access**
- **Lifetime maximum remains unlimited**

What Changes

Deductible

Individual	$500	→	$2,000
Family	$1,000	→	$4,000

Out-of-pocket Maximum

Individual	$3,500	→	$7,000
Family	$7,000	→	$14,000

Coinsurance

80% / 20% → 70% / 30%

Prescription Drug Costs

$10/$20/$50 → $15/$30/$60

Office Visits

Primary Care:
$30 → $35

Specialist:
$40 → $45

Urgent Care Copay

$50 → $55

Emergency Room Copay

$300 → $500

Proposed Plans Deductible Chart -
$1,000 PPO and $2,000 PPO

	BCBSTX - Current		BCBSTX - Plan Changes			
	$500 PPO		$1,000 PPO - Base Plan		$2,000 PPO - Buy Down	
Accumulator	*Calendar Year*		*Calendar Year*		*Calendar Year*	
Aggregate / Embedded Deductible	*Embedded*		*Embedded*		*Embedded*	
Actuarial Value	***87.60%***		***83.90%***		***80.40%***	
BENEFITS	**IN**	**OUT**	**IN**	**OUT**	**IN**	**OUT**
Individual Deductible	$500	$2,000	$1,000	$4,000	$2,000	$5,000
Family Deductible	$1,000	$6,000	$2,000	$8,000	$4,000	$10,000
Individual Out of Pocket Max	$3,500	$15,000	$5,000	$20,000	$7,000	$40,000
Family Out of Pocket Max	$7,000	$45,000	$10,000	$65,000	$14,000	$80,000
Lifetime Max	Unlimited		Unlimited		Unlimited	
Coinsurance	80%	50%	75%	50%	70%	50%
Office Visit - PCP	$30	50%	$30	50%	$35	50%
Office Visit - Specialist	$40	50%	$40	50%	$45	50%
Hospital - Inpatient	80%	50%	75%	50%	70%	50%
Additional Hospital Copay	N/A		N/A		N/A	
Outpatient Surgery	80%	50%	75%	50%	70%	50%
Emergency Room	80%		75%		70%	
Additional ER Copay	$300		$500		$500	
Urgent Care Copay	$50	50%	$45	50%	$55	50%
Routine Lab/X-Ray - In Office Visit	OV Copay	50%	OV Copay	50%	OV Copay	50%
Routine Lab/X-Ray - Outside Facility	80%	50%	75%	50%	70%	50%
Advanced Imaging	80%	50%	75%	50%	70%	50%
RX Deductible	N/A		N/A		N/A	
Retail RX (In-Network)	$10 / $20 / $50		$15 / $30 / $60		$15 / $30 / $60	

BPUB Group Health Insurance 2026 Participation and Rates

BCBSTX Medical $500 PPO	EE Count	Monthly Premium	Employee Contr.	BPUB Contr.	BPUB Contr. %	Dependent Subsidy
Employee	373	$986.49	$0.00	$986.49	100%	0.0%
Employee + Spouse	80	$1,676.87	$265.79	$1,411.08	84%	61.5%
Employee + Child(ren)	75	$1,643.41	$252.91	$1,390.50	85%	61.5%
Employee + Family	158	$2,381.34	$537.01	$1,844.33	77%	61.5%
Yearly	**686**	**$12,019,414**	**$1,500,948**	**$10,518,466**	**88%**	

Alliant Recommendation

- **Base Plan (1,000 PPO) +20%;**
- **Buy-Down Options 1 +10%**

- Dependent Subsidy remains at 61.5%
- Same Subsidy Amount Maintained for All Buy-Up Options
- 19.2% change to BPUB cost.

	Employee /Retiree Contribution	BPUB Health Funding Budget	BPUB Health Projected Cost
2026	$1,500,948	$10,518,466	$12,019,414
2027	$1,759,418	$12,534,302	$14,293,720
Change	$258,470	$2,015,836	$2,274,306
Change	17.2%	**19.2%**	18.9%

BCBSTX Medical – 1,000 PPO	EE Count	Monthly Premium	Employee Contr.	EE Monthly vs. Current	Company Contr.	%	*Dependent Subsidy*
Employee	373	$1,181	$0	$0	$1,181	*100.0%*	*0.0%*
Employee + Spouse	56	$2,008	$318	$52	$1,690	*84.1%*	*61.5%*
Employee + Child(ren)	53	$1,968	$303	$50	$1,665	*84.6%*	*61.5%*
Employee + Family	111	$2,851	$643	$106	$2,208	*77.4%*	*61.5%*
Yearly	**593**	**$11,686,061**	**$1,262,992**	**$208,233**	**$10,423,069**	***89%***	

BCBSTX Medical – 2,000 PPO	EE Count	Monthly Premium	Employee Contr.	EE Monthly vs. Current	Company Contr.	%	*Dependent Subsidy*
Employee	0	$1,138	$0	$0	$1,138	*100.0%*	*0.0%*
Employee + Spouse	24	$1,935	$290	$24	$1,645	*85.0%*	*61.5%*
Employee + Child(ren)	22	$1,896	$275	$22	$1,621	*85.5%*	*61.5%*
Employee + Family	47	$2,748	$603	$66	$2,145	*78.1%*	*61.5%*
Yearly	**93**	**$2,607,659**	**$496,426**	**$50,236**	**$2,111,233**	***81%***	

Total	**686**	**$14,293,720**	**$1,759,418**	**$258,470**	**$12,534,302**	***87.7%***	

BPUB Proposed Plan

- **Base Plan (1,000 PPO) +21%;**
- **Buy-Down Options 1 +0%**

- Dependent Subsidy remains at 61.5%
- Same Subsidy Amount Maintained for All Buy-Up Options
- 19.8% change to BPUB cost.

	Employee /Retiree Contribution	BPUB Health Funding Budget	BPUB Health Projected Cost
2026	$1,500,948	$10,518,466	**$12,019,414**
2027	$1,710,984	$12,559,281	**$14,270,266**
Change	$236,923	$2,083,765	$2,320,688
Change	15.8%	19.8%	19.3%

BCBSTX Medical – 1,000 PPO	EE Count	Monthly Premium	Employee Contr.	EE Monthly vs. Current	Company Contr.	%	*Dependent Subsidy*
Employee	373	$1,194	$0	$0	$1,194	*100.0%*	*0.0%*
Employee + Spouse	56	$2,029	$322	$56	$1,707	*84.1%*	*61.5%*
Employee + Child(ren)	53	$1,989	$306	$53	$1,682	*84.6%*	*61.5%*
Employee + Family	111	$2,881	$650	$113	$2,232	*77.4%*	*61.5%*
Yearly	**593**	**$11,809,043**	**$1,276,278**	**$221,519**	**$10,532,764**	***89%***	

BCBSTX Medical - 2,000 PPO	EE Count	Monthly Premium	Employee Contr.	EE Monthly vs. Current	Company Contr.	%	*Dependent Subsidy*
Employee	0	$1,105	$0	$0	$1,105	*100.0%*	*0.0%*
Employee + Spouse	24	$1,878	$264	($2)	$1,615	*86.0%*	*61.5%*
Employee + Child(ren)	22	$1,841	$249	($4)	$1,592	*86.5%*	*61.5%*
Employee + Family	47	$2,667	$567	$30	$2,100	*78.7%*	*61.5%*
Yearly	**93**	**$2,531,060**	**$461,593**	**$15,404**	**$2,069,467**	***82%***	

Total	**686**	**$14,340,102**	**$1,737,871**	**$236,923**	**$12,602,231**	***87.9%***	

Group Health Insurance
Policy Year 2027 Funding Analysis

Period: January 1, 2027 - December 31, 2027

BCBSTX Administrative Services Only (ASO) Projection

Description	Annual
Claim Costs	
Expected	$12,960,643
Maximum	$16,188,304
***Total Costs**	
Expected	**$14,293,720**
Maximum	$17,531,381

*Includes administrative & fix cost for $ 1,343,076.68

Status-Quo Scenario - Funding Sources

	Policy Year 2026	Proposed Policy Year 2027
BPUB O&M Budget	$10,397,309	$12,602,493
Employee/Retiree Contribution	$1,610,301	$1,737,847
BPUB Health Fund	$17,598	
Total	**$11,990,012**	**$14,340,340**
$200,000 Stop Loss		
Additional Funding Requirements		**$2,350,328**

Health Plan Coverage Level Categories

Insurance	Level	Typical Premium	Typical Deductible $	Employer (Plan) Pays (Average)	Member Pays (Average) Coinsurance	Primary Care Copay	Specialist Copay
	Compact	Lowest	$6,000-$8,000+	60%	30%-40%	+50 or Full	+80 or Full
2000 PPO	Sedan	Moderate	$2,000-$5,000	70%	20%-30%	$30-$50	$50-$80
1000 PPO	SUV	Higher	$500-$2,000	80%	10%-20%	$20-$35	$40-$60
500 PPO	Luxury	Highest	$0-$500	90%	0%-10%	$10-$25	$20-$40

Historical Overview of Health Plan Changes

Change from Single Plan to Dual Plan

From PPO 500 to PPO 1000

Employee Plus Spouse

Policy Year	Paid by BPUB				Paid by Employee			BPUB Dep Subsidy	BPUB Health Cost %
	Employee	Increase %	Dependent	Increase %	Dependent	Increase $	Increase %		
2018	$500.45	0.0%	$203.06	0.0%	$139.46	$0.00	0.0%	**59.3%**	**0.835 : 1.00**
2019	$525.47	5.0%	$213.21	5.0%	$146.44	$6.98	5.0%	**59.3%**	**0.835 : 1.00**
2020	$588.53	12.00%	$247.57	16.12%	$155.23	$8.79	6.0%	**61.5%**	**0.843 : 1.00**
2021	$647.38	10.00%	$272.33	10.00%	$170.75	$15.52	10.0%	**61.5%**	**0.843 : 1.00**
2022	$673.28	4.00%	$283.22	4.00%	$177.58	$6.83	4.0%	**61.5%**	**0.843 : 1.00**
2023	$673.28	0.00%	$283.22	0.00%	$177.58	$0.00	0.0%	**61.5%**	**0.843 : 1.00**
2024	$740.61	10.00%	$311.53	10.00%	$195.35	$17.77	10.0%	**61.5%**	**0.843 : 1.00**
2025	$888.73	20.00%	$373.84	20.00%	$234.42	$39.07	20.0%	**61.5%**	**0.843 : 1.00**
2026	$986.49	11.00%	$424.59	13.58%	$265.79	$31.37	13.4%	**61.5%**	**0.841 : 1.00**
2027	$1,193.65	21.00%	$513.75	21.00%	$321.61	$55.82	21.0%	**61.5%**	**0.841 : 1.00**

Historical Overview of Health Plan Changes

Change from Single Plan to Dual Plan

From PPO 500 to PPO 2000

Employee Plus Spouse

Policy Year	Paid by BPUB				Paid by Employee			BPUB Dep Subsidy	BPUB Health Cost %
	Employee	Increase %	Dependent	Increase %	Dependent	Increase $	Increase %		
2018	$500.45	0.0%	$203.06	0.0%	$139.46	$0.00	0.0%	**59.3%**	**0.835 : 1.00**
2019	$525.47	5.0%	$213.21	5.0%	$146.44	$6.98	5.0%	**59.3%**	**0.835 : 1.00**
2020	$588.53	12.00%	$247.57	16.12%	$155.23	$8.79	6.0%	**61.5%**	**0.843 : 1.00**
2021	$647.38	10.00%	$272.33	10.00%	$170.75	$15.52	10.0%	**61.5%**	**0.843 : 1.00**
2022	$673.28	4.00%	$283.22	4.00%	$177.58	$6.83	4.0%	**61.5%**	**0.843 : 1.00**
2023	$673.28	0.00%	$283.22	0.00%	$177.58	$0.00	0.0%	**61.5%**	**0.843 : 1.00**
2024	$740.61	10.00%	$311.53	10.00%	$195.35	$17.77	10.0%	**61.5%**	**0.843 : 1.00**
2025	$888.73	20.00%	$373.84	20.00%	$234.42	$39.07	20.0%	**61.5%**	**0.843 : 1.00**
2026	$986.49	11.00%	$424.59	13.58%	$265.79	$31.37	13.4%	**61.5%**	**0.841 : 1.00**
2027	$1,193.65	21.00%	$420.94	-0.86%	$263.50	-$2.29	-0.9%	**61.5%**	**0.860 : 1.00**

Historical Overview of Health Plan Changes

Change from Single Plan to Dual Plan

From PPO 500 to PPO 1000

Employee Plus Child(ren)

Policy Year	Paid by BPUB				Paid by Employee			BPUB Dep Subsidy	BPUB-EMP Ratio
	Employee	Increase %	Dependent	Increase %	Dependent	Increase $	Increase %		
2018	$500.45	0.0%	$203.06	0.0%	$139.46	$0.00	0.0%	**59.3%**	**0.835 : 1.00**
2019	$525.47	5.0%	$213.21	5.0%	$146.44	$6.98	5.0%	**59.3%**	**0.835 : 1.00**
2020	$588.53	12.00%	$247.57	16.12%	$155.23	$8.79	6.0%	**61.5%**	**0.843 : 1.00**
2021	$647.38	10.00%	$272.33	10.00%	$170.75	$15.52	10.0%	**61.5%**	**0.843 : 1.00**
2022	$673.28	4.00%	$283.22	4.00%	$177.58	$6.83	4.0%	**61.5%**	**0.843 : 1.00**
2023	$673.28	0.00%	$283.22	0.00%	$177.58	$0.00	0.0%	**61.5%**	**0.843 : 1.00**
2024	$740.61	10.00%	$311.53	10.00%	$195.35	$17.77	10.0%	**61.5%**	**0.843 : 1.00**
2025	$888.73	20.00%	$373.84	20.00%	$234.42	$39.07	20.0%	**61.5%**	**0.843 : 1.00**
2026	$986.49	11.00%	$404.01	8.07%	$252.91	$18.49	7.9%	**61.5%**	**0.846 : 1.00**
2027	$1,193.65	21.00%	$488.85	21.00%	$306.02	$53.11	21.0%	**61.5%**	**0.846 : 1.00**

Historical Overview of Health Plan Changes

Change from Single Plan to Dual Plan

From PPO 500 to PPO 2000

Employee Plus Child(ren)

Policy Year	Paid by BPUB				Paid by Employee			BPUB Dep Subsidy	BPUB-EMP Ratio
	Employee	Increase %	Dependent	Increase %	Dependent	Increase $	Increase %		
2018	$500.45	0.0%	$203.06	0.0%	$139.46	$0.00	0.0%	**59.3%**	**0.835 : 1.00**
2019	$525.47	5.0%	$213.21	5.0%	$146.44	$6.98	5.0%	**59.3%**	**0.835 : 1.00**
2020	$588.53	12.00%	$247.57	16.12%	$155.23	$8.79	6.0%	**61.5%**	**0.843 : 1.00**
2021	$647.38	10.00%	$272.33	10.00%	$170.75	$15.52	10.0%	**61.5%**	**0.843 : 1.00**
2022	$673.28	4.00%	$283.22	4.00%	$177.58	$6.83	4.0%	**61.5%**	**0.843 : 1.00**
2023	$673.28	0.00%	$283.22	0.00%	$177.58	$0.00	0.0%	**61.5%**	**0.843 : 1.00**
2024	$740.61	10.00%	$311.53	10.00%	$195.35	$17.77	10.0%	**61.5%**	**0.843 : 1.00**
2025	$888.73	20.00%	$373.84	20.00%	$234.42	$39.07	20.0%	**61.5%**	**0.843 : 1.00**
2026	$986.49	11.00%	$404.01	8.07%	$252.91	$18.49	7.9%	**61.5%**	**0.846 : 1.00**
2027	$1,193.65	21.00%	$397.89	-1.51%	$249.08	-$3.83	-1.5%	**61.5%**	**0.865 : 1.00**

Historical Overview of Health Plan Changes

Change from Single Plan to Dual Plan

From PPO 500 to PPO 1000

Employee Plus Family

Policy Year	Paid by BPUB				Paid by Employee			BPUB Dep Subsidy	BPUB Health Cost %
	Employee	Increase %	Dependent	Increase %	Dependent	Increase $	Increase %		
2018	$500.45	0.0%	$381.01	0.0%	$276.27	0.0%	0.0%	**58.0%**	**0.761 : 1.00**
2019	$525.47	5.0%	$400.06	5.0%	$290.09	$13.82	5.0%	**58.0%**	**0.761 : 1.00**
2020	$588.53	12.00%	$465.46	16.35%	$307.50	$17.41	6.0%	**60.2%**	**0.774 : 1.00**
2021	$647.38	10.00%	$512.01	10.00%	$338.25	$30.75	10.0%	**60.2%**	**0.774 : 1.00**
2022	$673.28	4.00%	$532.49	4.00%	$351.78	$13.53	4.0%	**60.2%**	**0.774 : 1.00**
2023	$673.28	0.00%	$532.49	0.00%	$351.78	$0.00	0.0%	**60.2%**	**0.774 : 1.00**
2024	$740.61	10.00%	$585.76	10.00%	$386.94	$35.16	10.0%	**60.2%**	**0.774 : 1.00**
2025	$888.73	20.00%	$702.92	20.00%	$464.32	$77.38	20.0%	**60.2%**	**0.774 : 1.00**
2026	$986.49	11.00%	$857.84	22.04%	$537.01	$72.69	15.7%	**61.5%**	**0.774 : 1.00**
2027	$1,193.65	21.00%	$1,037.98	21.00%	$649.79	$112.78	21.0%	**61.5%**	**0.774 : 1.00**

Historical Overview of Health Plan Changes

Change from Single Plan to Dual Plan

From PPO 500 to PPO 2000

Employee Plus Family

Policy Year	Paid by BPUB				Paid by Employee			BPUB Dep Subsidy	BPUB Health Cost %
	Employee	Increase %	Dependent	Increase %	Dependent	Increase $	Increase %		
2018	$500.45	0.0%	$381.01	0.0%	$276.27	0.0%	0.0%	**58.0%**	**0.761 : 1.00**
2019	$525.47	5.0%	$400.06	5.0%	$290.09	$13.82	5.0%	**58.0%**	**0.761 : 1.00**
2020	$588.53	12.00%	$465.46	16.35%	$307.50	$17.41	6.0%	**60.2%**	**0.774 : 1.00**
2021	$647.38	10.00%	$512.01	10.00%	$338.25	$30.75	10.0%	**60.2%**	**0.774 : 1.00**
2022	$673.28	4.00%	$532.49	4.00%	$351.78	$13.53	4.0%	**60.2%**	**0.774 : 1.00**
2023	$673.28	0.00%	$532.49	0.00%	$351.78	$0.00	0.0%	**60.2%**	**0.774 : 1.00**
2024	$740.61	10.00%	$585.76	10.00%	$386.94	$35.16	10.0%	**60.2%**	**0.774 : 1.00**
2025	$888.73	20.00%	$702.92	20.00%	$464.32	$77.38	20.0%	**60.2%**	**0.774 : 1.00**
2026	$986.49	11.00%	$857.84	22.04%	$537.01	$72.69	15.7%	**61.5%**	**0.774 : 1.00**
2027	$1,193.65	21.00%	$906.18	5.64%	$567.27	$30.26	5.6%	**61.5%**	**0.787 : 1.00**

BPUB Group Health Insurance 2027 Participation, Base Plan New Rates

Salary Range	Annual COLA (FY 2027)		Health Plan (Annual Increase Employee)				Grand Total
	From	To	EO	EC	ES	FA	
				$670	$637	$1,353	
Less than $45k	$1,018	$1,440	87	11	11	9	**119**
			~14.7%	~1.9%	~1.9%	~1.6%	**~20%**
From $45k to <$55k	$1,440	$1,760	73	16	11	28	**129**
			~12.3%	~2.8%	~1.9%	~4.7%	**~22%**
From $55k to <$70k	$1,760	$2,240	75	14	17	28	**135**
			~12.6%	~2.4%	~2.9%	~4.7%	**~23%**
From $70k to <$85k	$2,240	$2,720	33	15	9	31	**89**
			~5.5%	~2.6%	~1.6%	~5.2%	**~15%**
From $85k to <$100k	$2,720	$3,200	13	10	3	25	**51**
			~2.2%	~1.7%	~0.5%	~4.1%	**~9%**
More han $100k	$3,200		17	4	14	37	**73**
			~2.9%	~0.7%	~2.4%	~6.2%	**~12%**
Total			**300**	**72**	**67**	**157**	**596**
			~50%	**~12%**	**~11%**	**~26%**	**100%**

BPUB Group Dental Insurance Funding Analysis

Period: January 1, 2027 - December 31, 2027

BCBSTX Administrative Services Only (ASO) Projection

Description	Annual
Claim Costs	
Expected	$448,392
Total Costs	
Expected	$491,556

Rate Increase Recommendations

	Policy Year 2026	Policy Year 2027
BPUB O&M Budget	$359,393	$352,533
Employee/Retiree Contribution	$132,852	$127,944
BPUB Dental Fund	$0	$11,079
Total	**$492,246**	**$491,556**

Recommended Health Insurance Rate Increase	**0.0%**

** BPUB Dental Fund is projected to decrease by $11,079 for policy year 2027*

Recommendation:

No changes to rates

Group Dental Insurance
Policy Year 2027 Funding Analysis

Policy Year 2026 Approved Rates			
Tier	Rate	Enrollment	Total Cost/Tier
E/RO	$36.24	321	$11,633.04
E/R + Child (ren)	$76.43	60	$4,585.80
E/R + Spouse	$76.43	70	$5,350.10
E/R +S+C (Familiy)	$101.31	192	$19,451.52
Total Monthly Contributions		643	$41,020.46
Total Annual Contributions			$492,245.52
2026 Expected Liability			$491,556.00
Liability			**-$689.52**
Percentage			-0.1%
BPUB Contribution			$359,393.28
Employee/Retiree Contribution			$132,852.24
BPUB Health Fund (Increase)			
Total			$492,245.52

Policy Year 2027 Proposed Funding Rates			
Tier	Rate	Enrollment	Total Cost/Tier
E/RO	$36.24	319	$11,560.56
E/R + Child (ren)	$76.43	75	$5,732.25
E/R + Spouse	$76.43	63	$4,815.09
E/R +S+C (Familiy)	$101.31	177	$17,931.87
Total Monthly Contributions		634	$40,039.77
Total Annual Contributions			$480,477.24
2026 Expected Liability			$491,556.00
Liability			**$11,078.76**
Policy Year 2027 Proposed Funding Sources			
BPUB O&M Budget			$352,533.24
Employee/Retiree Contribution			$127,944.00
BPUB Health Fund (Decrease)			$11,078.76
Total			$491,556.00

Recommended Premium Increase	
0.00%	
E/R + Child (ren)	0.0%
E/R + Spouse	0%
E/R (Familiy)	0%

Increase	%
-$6,860.04	-1.9%
-$4,908.24	-3.7%
$11,078.76	
-$689.52	-0.1%

* Estimated based on current enrollment and active employee rates for 2025 and projected for 2026
E/RO: Employee or retiree only
E/R+1: Employee or retiree plus one dependent
E/R+2 or More: Employee or retiree plus 2 or more dependents

Proposed Policy Year 2027 Dental Insurance Monthly Rates

Projected Enrollment

Tier	Emp
E/RO	319
E/R + Child (ren)	75
E/R + Spouse	63
E/R +S+C (Familiy)	177
Total	634

1	A	B	C	D	E	F	G
2	**Proposed Policy Year 2027 Monthly Rates**	**Rate/Month**	**Employee/ Retiree Only**	**Dependent(s)**	**Dependent(s)**	**N/A**	**N/A**
3	**PAID BY:**		**BPUB**	**BPUB**	**Employee/ Retiree**	**N/A**	**N/A**
4	**Active Employees**						
5	Employee	$36.24	$36.24	N/A	N/A	N/A	N/A
6	Employee + Child(ren)	$76.43	$36.24	$15.07	$25.12	$6.96	$11.60
7	Employee + Spouse	$76.43	$36.24	$15.07	$25.12	$6.96	$11.60
8	Employee + Family	$101.31	$36.24	$24.40	$40.67	$11.27	$18.78
9	**Retirees: Based on BCBSTX Recommended Rate and 2% Adm. Fee**						
10	Retiree	$36.96	$0.00	$0.00	$36.96	$0.00	$16.26
11	Retiree+ Child(ren)	$77.96	$0.00	$0.00	$77.96	$0.00	$34.28
12	Retiree+ Spouse	$77.96	$0.00	$0.00	$77.96	$0.00	$34.28
13	Retiree+ Family	$103.34	$0.00	$0.00	$103.34	$0.00	$45.41
14	**COBRA Rates: Based on BCBSTX Recommended Rate and 2% Adm. Fee**						
15		**Rate/Month**	**Former Emp Only**	**Dependent(s)**	**Dependent(s)**	**N/A**	**N/A**
16	**PAID BY:**		**BPUB**	**BPUB**	**Former Employee**	**N/A**	**N/A**
17	Former Employee	$36.96	$0.00	$0.00	$36.96		
18	Former Emp +Child(ren)	$77.96	$0.00	$0.00	$77.96		
19	Former Emp +Spouse	$77.96	$0.00	$0.00	$77.96		
20	Former Empl + Family	$103.34	$0.00	$0.00	$103.34		

BROWNSVILLE
PUBLIC UTILITIES BOARD

Q&A

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.3 - Consideration and Possible Action on the Brownsville Public Utilities Board Group Supplemental Benefits and Voluntary Benefits Plan Changes and Rates for Policy Year 2027

Open/Closed Session
Consent Agenda Items

Action
Approval

Executive Sponsor
Lead Department: 7140-Human Resources

Assigned Staff (Presenter): Sergio Delgadillo

Summary
The Brownsville Public Utilities Board (BPUB) is requesting the renewal of all employer-paid and voluntary employee benefits for an additional one-year term for the January 1 through December 31, 2027, Plan Year. These benefits include BPUB's Group Supplemental and Voluntary Insurance Plans and represent the third and final year of a three-year rate guarantee contract.
Proposals for the Group Supplemental and Voluntary Benefits were last solicited in August 2024 and approved by the Board for Plan Year 2025, with a subsequent renewal for Plan Year 2026. These benefits include Basic and Voluntary Life/AD&D, Short- and Long-Term Disability, Worksite Benefits, Vision, COBRA Administration, and Cafeteria/Flex Plan Administration, as recommended by Alliant Insurance Services, Inc. Premium rates for 2027 remain unchanged. Plan Year 2027 will also serve as the request for proposal (RFP) year for these voluntary and employer-paid benefits.
The presentation reviews the proposed 2027 BPUB Group Supplemental and Voluntary Benefits program, outlines projected costs, and introduces a new voluntary vision buy-up option designed to provide enhanced coverage and greater value for employees while maintaining a range of affordable benefit choices.
The Group Supplemental and Voluntary Benefits renewal recommendations were presented to the Compensation Committee during a public meeting held on September 28, 2026.

Strategic Initiatives
Strategic Focus Area 1 – Employee Engagement & Development

Statement of Strategic Direction 1: BPUB will build a resilient and future-ready workforce through enhanced recruiting practices, leadership development, and structured succession planning.

and

Statement of Strategic Direction 2: BPUB will increase employee retention by enhancing engagement, focusing on financial wellness, and modernizing HR practices

Referring Committee

Name of Committees	Compensation Committee
Date of Meeting	September 28, 2026
Recommendation(s)	The committee recommended that the item be moved under the consent agenda for discussion, consideration and potential action by the Board.
Vote(s)	

Fiscal Impact

Budgeted	X Bid Award	Reallocation	No Fiscal Impact
Amount Requested:			
Source of Funding:	O&M Plant Fund		

Recommended Motion

BPUB staff recommends approval of the renewal of BPUB's Group Supplemental and Voluntary Benefits, the proposed dual vision plan design, and authorization for the BPUB General Manager and Chief Executive Officer to establish the open enrollment period for the January 1 through December 31, 2027 policy period.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
September 28, 2026

Posting Language
2 - Presentation and discussion of BPUB Group Supplemental Benefits and Voluntary Benefits Plan Changes and Rates for Policy Year 2027

Open/Closed Session
ITEMS FOR PRESENTATION AND DISCUSSION

Action
Presentation

Executive Sponsor
Lead Department: 7140-Human Resources

Assigned Staff (Presenter): Sergio Delgadillo

Summary
Presentation of the proposed 2027 BPUB Group Supplemental and Voluntary Benefits program, including projected costs, participation levels, and recommended plan enhancements

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: Operations and Maintenance(O&M) - Plant Fund

Recommended Motion

BPUB staff recommends adoption of the proposed 2027 BPUB Group Supplemental and Voluntary Benefits program and that the item be advanced to the full Board for consideration and approval.

BROWNSVILLE
PUBLIC UTILITIES BOARD

BPUB Group Supplemental and Voluntary Benefits

POLICY YEAR 2027

COMPENSATION COMMITTEE MEETING | SEPTEMBER 28, 2026

Sergio Delgadillo

Division Manager for Administration

Human Resources Division

Presentation and discussion of BPUB Group Supplemental Benefits and Voluntary Benefits Plan Changes and Rates for Policy Year 2027

BROWNSVILLE
PUBLIC UTILITIES BOARD

Background

History

Policy Year: January – December

Current Policy Year 2025: First year of the (3)-Plan Year (PY) contract

- Board Approval – October 8, 2024 through RFP process

Upcoming Policy Year 2027: Third year of the (3) PY contract

Insurance Consultant/Agent of Record Contract – Alliant Insurance Services

Employee Benefits

Benefits to Protect Income

Group Benefits Purchased by BPUB

- Basic Term Life and AD&D Insurance
- Long-Term Disability

Voluntary: (Optional) Purchased by Employees

- Voluntary Life/AD&D Insurance
- Short-Term Disability

Employee Benefits

Ancillary Benefits

Group: Purchased by BPUB

- Cafeteria Plan Administration / Flexible Spending Account (Administration)

Voluntary: (Optional) Purchased by Employees

- Group Vision
- Group Critical Care Insurance
- Group Hospital Indemnity Insurance
- Cafeteria Plan Administration / Flexible Spending Account (Contributions)

Supplemental Benefits

12-Month Projection






12 Months Projected

Product (benefit)	Participation	Cost
Basic: Employer (BPUB) Paid		
Basic Term Life	613	$65,790
Basic Term Life - Dependent	420	$11,390
Accidental Life and Dismemberment (AD&D)	613	$10,488
Long-Term Disability	613	$79,519
Cafeteria Plan Administration / FSA (Administration)	304	$12,403
Total		**$172,776**
Voluntary: (Optional) Employee-Paid		
Term Life & AD&D Insurance - Employee	386	$144,535
Term Life & AD&D Insurance - Spouse	172	$24,331
Term Life & AD&D Insurance - Child	185	$6,228
Short-Term Disability	225	$81,544
Vision	490	$48,763
Accident	351	$56,334
Critical Illness	342	$85,374
Hospital Indemnity	239	$81,004
Total		**$459,690**
Grand Total		**$632,466**

BROWNSVILLE
PUBLIC UTILITIES BOARD

Proposed Changes to Vision: Introducing a New Buy-Up Plan Option

Summary of Benefits

Highest Plan Max
Rates are 25% higher than the low plan but provides double the benefit and less than half the current copay.

		MetLife - Current/Renewal		MetLife Dual Plan option			
		Vision Plan		Vision Plan - High		Vision Plan - Low	
Accumulator							
BENEFITS		**IN**	**OUT**	**IN**	**OUT**	**IN**	**OUT**
Copay (Exam / Materials)		$25	$45 allowance	$10	$45 allowance	$25	$45 allowance
Frequency (Exam / Lenses / Frames)		12/12/24		12/12/24		12/12/24	
Exam		$25	$45 allowance	$10	$45 allowance	$25	$45 allowance
Single Vision Lenses		$25	$30 allowance	$10	$30 allowance	$25	$30 allowance
Bifocal Lenses		$25	$50 allowance	$10	$50 allowance	$25	$50 allowance
Trifocal Lenses		$25	$65 allowance	$10	$65 allowance	$25	$65 allowance
Frame Allowance		$130	$70 allowance	$250	$70 allowance	$130	$70 allowance
Contact Lenses - Medically Necessary		Covered in full	$210 allowance	Covered in full	$210 allowance	Covered in full	$210 allowance
Contact Lenses - Elective		$130	$105 allowance	$250	$105 allowance	$130	$105 allowance
Employer Paid or Voluntary		Voluntary		Voluntary		Voluntary	
RATES	**ENROLLMENT**	**CURRENT**	**RENEWAL**	**Renewal**		**Renwal**	
EE Only	**220**	**$4.04**	**$4.20**	**$6.22**		**$4.20**	
EE + Spouse	**73**	**$8.07**	**$8.39**	**$12.49**		**$8.39**	
EE + Child(ren)	**46**	**$9.63**	**$10.02**	**$10.57**		**$10.02**	
EE + Family	**145**	**$14.71**	**$15.03**	**$17.43**		**$15.03**	
PREMIUM	**484**		**14.71**				
Monthly Premium		**$4,054**	**$4,177**	**$3,139**		**$2,469**	**$0**
Annual Premium		**$48,646**	**$50,121**	**$37,665**		**$29,631**	**$0**
$ Change Over Current			***$1,475***	***-$10,981***		***-$19,015***	***-$48,646***
% Change Over Current			***3.0%***	***-22.6%***		***-39.1%***	***-100.0%***

Q & A

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.4 - Consideration and Possible Action on Brownsville Public Utilities Board the Supplemental Voluntary 457(b) Deferred Compensation (Retirement) Plan

Open/Closed Session
Consent Agenda Items

Action
Approval

Executive Sponsor
Lead Department: 7140-Human Resources

Assigned Staff (Presenter): Sergio Delgadillo

Summary
The Brownsville Public Utilities Board (BPUB) is requesting a six-month extension of the current Voluntary 457(b) Deferred Compensation (Retirement) Plan administration agreement. BPUB staff recommends this extension to provide additional flexibility during the evaluation, selection, contract execution, and potential transition of plan administration and associated assets.
Proposals for the current Voluntary 457(b) Deferred Compensation (Retirement) Plan were last solicited in January 2019 and awarded by Board Resolution on March 11, 2019, to AXA Equitable Life Insurance Company for a five-year term with annual renewals thereafter.
In 2026, a Request for Proposals (RFP P052-26) was issued for 457(b) Deferred Compensation Plan administration services. The RFP was advertised on July 18, 2026, with vendor questions due on July 27, 2026. The original proposal submission deadline was August 12, 2026, at 5:00 p.m., with proposal acknowledgment scheduled for August 13, 2026, at 10:00 a.m. The proposal period was subsequently extended by one week, resulting in proposal acknowledgment on August 21, 2026. Six vendor proposals were received and are currently under evaluation.
An update on the 457(b) Deferred Compensation (Retirement) Plan RFP process and staff recommendations was presented to the Compensation Committee during a public meeting held on September 28, 2026.

Strategic Initiatives
Strategic Focus Area 1 – Employee Engagement & Development

Statement of Strategic Direction 1: BPUB will build a resilient and future-ready workforce through enhanced recruiting practices, leadership development, and structured succession planning.

and

Statement of Strategic Direction 2: BPUB will increase employee retention by enhancing engagement, focusing on financial wellness, and modernizing HR practices

Referring Committee

Name of Committees	Compensation Committee
Date of Meeting	September 28, 2026
Recommendation(s)	The committee recommended that the item be moved under the consent agenda for discussion, consideration and potential action by the Board.
Vote(s)	

Fiscal Impact

Budgeted	Bid Award	Reallocation	No Fiscal Impact

Amount Requested:	N/A
Source of Funding:	

Recommended Motion

BPUB staff recommends approval of the extension of the current 457(b) Deferred Compensation Plan administration agreement for a period not to exceed six (6) months, effective January 2027, and authorize the General Manager and Chief Executive Officer to execute all documents necessary to effectuate this action.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
September 28, 2026

Posting Language
3 - Presentation and Discussion of Request for Proposals (RFP) P052-26 for the BPUB Supplemental Voluntary 457(b) Deferred Compensation (Retirement) Plan (Update)

Open/Closed Session
ITEMS FOR PRESENTATION AND DISCUSSION

Action
Presentation

Executive Sponsor
Lead Department: 7140-Human Resources

Assigned Staff (Presenter): Sergio Delgadillo

Summary
Presentation and discussion of the status of Request for Proposal (RFP) P052-26 for BPUB's Supplemental Voluntary 457(b) Deferred Compensation Plan. The update reviews the procurement process, vendor response activity, evaluation progress, and the role of BPUB's independent retirement plan advisor in supporting the review. The item also outlines the project timeline and next steps toward selecting a provider that will support employee retirement savings opportunities and long-term plan administration.

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:	No Funding Requested

Recommended Motion

BPUB staff recommends, in order to provide additional flexibility in the selection process, contract execution, and possible transition of plan administration and associated funds for RFP P052-26, this item be forwarded to the Board of Directors for consideration and approval of an extension of the current 457(b) Deferred Compensation Plan administration agreement for a period not to exceed six (6) months, and authorization for the General Manager and CEO to execute all necessary documents.

BROWNSVILLE
PUBLIC UTILITIES BOARD

BPUB Group Supplemental and Voluntary Benefits

SUPPLEMENTAL VOLUNTARY 457(B) DEFERRED COMPENSATION (RETIREMENT) PLAN

COMPENSATION COMMITTEE MEETING | SEPTEMBER 28, 2026

Sergio Delgadillo

Division Manager for Administration

Human Resources Division

Presentation and Discussion of Request for Proposals (RFP) P052-26 for the BPUB Supplemental Voluntary 457(b) Deferred Compensation (Retirement) Plan (Update)

BROWNSVILLE
PUBLIC UTILITIES BOARD

Voluntary 457(b)
Deferred Compensation (Retirement) Plan

Allows employees to defer pre-tax income, lowering taxable income while investments grow tax-deferred until retirement

457(b) Plan Administration

- BPUB offers a 457(b) deferred compensation plan through Equitable Retirement.
- Original agreement included a five-year term with annual renewal options upon Board approval.
- Initial term concluded in March 2024. Board approved renewal through December 31, 2026

RFP P052-26 Procurement Status Update

457(b) Plan Administration

- Advertised July 18, 2026; vendor questions due July 27, 2026.
- Original proposal submission deadline: August 12, 2026, at 5:00 p.m.
- Proposal acknowledgment scheduled for August 13, 2026, at 10:00 a.m.
- Proposal period extended one week, establishing proposal acknowledgment on August 21, 2026.
- Six (6) vendor responses received and currently under evaluation.

Independent Advisory Support for the 457(b) Plan

- BPUB has retained HUB Investment Partners as its independent retirement plan advisor to support the governance and oversight of the 457(b) Deferred Compensation Plan.
- The firm conducts periodic plan reviews and advises management on opportunities to enhance plan effectiveness, employee engagement, and retirement readiness.
- For RFP P052-26, HUB served in an advisory capacity, assisting with procurement planning, market analysis, evaluation methodology, and development of recommendations for management and Board consideration.

RFP P052-26 Project Timeline

Phase / Activity	Target Date	Owner	Status
Finalist presentations / due diligence	~September 1–15, 2026	*Consultant + BPUB*	UPCOMING
Recommendation presented to BPUB Executive Team	~September 22, 2026	*Consultant*	UPCOMING
Compensation Committee / Board agenda submission (21-day advance requirement)	~September 22, 2026	*BPUB*	BPUB ACTION
BPUB Board / Committee approval	October 5 or 12, 2026 (Board meeting)	*BPUB Board*	MILESTONE
Contract execution	~October 7–14, 2026	*BPUB Legal + New Vendor*	UPCOMING
Asset transfer / transition period (current recordkeeper audit + conversion)	Oct – Dec 2026 (90–120 days) Note: Equitable may hold assets through year-end	*Current Provider + New Vendor*	NOTE
Target go-live / new provider launch	January 1, 2027 (goal) or as soon as transfer completes	*New Vendor + BPUB*	GOAL

Q & A

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.5 - Consideration and Possible Action on Compensation for the Interim Director of Internal Audit

Open/Closed Session
Consent Agenda Items

Action
Approval

Executive Sponsor
Lead Department: 1115-Legal Services

Assigned Staff (Presenter): Paul Gonzalez

Summary
During its Regular Board Meeting held on September 14, 2026, the Brownsville Public Utilities Board (BPUB) approved the interim appointment of Ms. Norma Torres, Lead Internal Auditor, to fulfill the duties of the vacant Director of Internal Audit (IAD) position so that essential audit functions may proceed, with appropriate administrative support of the General Counsel & CLO. This action occurred during discussion of Agenda Item G-2, Items for Individual Consideration, related to Internal Audit matters and the proposed Annual Audit Plan for Fiscal Year 2026/2027, in light of two recent departures from the department. At the time, compensation details had not been established by the Board.

Following the Board's designation, Human Resources staff evaluated compensation parameters for the interim assignment and, on September 28, 2026, briefed the Compensation Committee during closed session related to Personnel Matters. As a result, staff propose the following recommendation to the Board regarding appropriate compensation to provide Ms. Torres during her time acting as IAD.

The recommendation is intended to recognize existing IAD qualification requirements for manager and director-level positions and to maintain internal payscale equity by aligning compensation with incumbent management positions within Pay Grade 525 and comparable experience. We also recommend, in recognition of the director-level nature of the appointment, the provision of applicable director-level employment benefits, including car and phone allowances. The proposed arrangement is temporary in nature and would remain effective from

initial appointment and through the duration of the interim appointment.

Nothing in the Board's action directly affects other Board-level determinations that may be made with regard to the IAD position.

Strategic Initiatives

Strategic Focus Area 6 – Enterprise Risk Management: It is important for BPUB to develop and institutionalize a comprehensive Enterprise Risk Management (ERM) framework to identify, monitor, and mitigate strategic, operational, financial, regulatory, and reputational risks. Statement of Strategic Direction 11: BPUB will integrate risk management into business planning and operational decision-making.

Referring Committee

Name of Committees	Compensation Committee
Date of Meeting	September 28, 2026
Recommendation(s)	The committee recommended that the item be moved under the consent agenda for discussion, consideration and potential action by the Board.
Vote(s)	

Fiscal Impact

Budgeted	X Bid Award	Reallocation	No Fiscal Impact
Amount Requested:			
Source of Funding:	O&M Plant Fund		

Recommended Motion

BPUB staff recommends approval of a temporary compensation adjustment for the Interim Director of Internal Audit position, aligned with internal compensation equity and comparable management-level and experience compensation within Pay Grade 525, together with applicable director-level employment benefits, for the duration of the interim appointment.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.6 - Consideration and Possible Action of Bid Award for the Supply of Polemount and Padmount Transformers

Open/Closed Session
Consent Agenda Items

Action
Bid Award

Executive Sponsor
Lead Department: 5130-Purchasing

Assigned Staff (Presenter): Diane Solitaire

Summary
The BPUB Purchasing Department opened bids on September 10, 2026 for the supply of polemount and padmount transformers (B059-26). Invitation to bid was advertised in The Brownsville Herald on August 15 and 22, 2026, posted on the BPUB webpage and emailed to thirty five (35) vendors, with twenty two (22) vendors responding. Transformers are inventoried for use in providing new electric service and/or replacements for current customers throughout the BPUB electric service area. Brownsville PUB is recommending the low bidder(s) meeting specifications..

BPUB requested pricing on ten distinct categories of transformers, including on stainless steel transformers. BPUB staff recommends purchasing the stainless steel polemount and padmount transformers versus painted steel due to the extended life expectancy of the stainless steel material. The high voltage current, plus the exposure to silty clay soil and sprinkler systems causes the painted steel to oxidize and corrode. The total transformer owning cost includes all the expenses associated with purchasing, operating, and maintaining a transformer over the life of the unit. In general, a transformer with lower losses has a higher purchase price. While lower losses serve to reduce operating costs, a higher initial investment cost also results in higher tax or interest costs, as applicable. The transformer with the lowest total ownership cost is usually not the one with the lowest price or the lowest losses. The following are the evaluated lowest responsible bidders among the categories advertised for bids:

VENDOR/MANUFACTURER	TOTAL	VENDOR/MANUFACTURER	TOTAL
Alpha Plotter NC, Inc. (80 each)	$169,880.00	D Transformers (Delta) (28 each)	$225,332.46
Magnetron USA, LLC (10 each)	$11,865.00	Kllen Group America (11 each)	$159,605.00

Transformers are inventoried for use in providing new electric service and/or replacements for current customers throughout the BPUB electric service area. Brownsville PUB is recommending the low bidder(s) meeting specifications.

Strategic Initiatives

Resiliency & Reliability - Ensure materials needed for everyday operations & maintenance of the electrical system are inventoried for quick access for the field crews to restore services promptly.

Referring Committee

Name of Committees _____

Date of Meeting _____

Recommendation(s) _____

Vote(s) _____

Fiscal Impact

Budgeted | Bid Award | X Reallocation | No Fiscal Impact

Amount Requested: $566,682.46

Source of Funding: Inventory 100-154010

Recommended Motion

BPUB staff recommends approval of bid award for the supply of polemount and padmount transformers to the most responsive bidders, Alpha Plotter NC, Inc. of Raleigh, NC, in the amount of $169,880.00; and D Transformers, LLC of Laredo, Texas in the amount of $225,332.46; Magnetron USA, LLC of Doral, FL in the amount of $11,865.00; and Kllen Group America of Simpson, NC, in the amount of $159,605.00, for a grand total amount of $566,682.46.

BROWNSVILLE
PUBLIC UTILITIES BOARD

PROCUREMENT PACKAGE

Supply of Polemount & Padmount Transformers

Bid #059-26

PROCUREMENT SUMMARY

I. INTERNAL BPUB CUSTOMER NEED

Requested by: Diane Solitaire, Purchasing & Materials Manager

II. DATES ADVERTISED

August 15, 2026

August 22, 2026

III. DATE OPENED

September 10, 2026

III. VENDOR IDENTIFICATION STRATEGY

Thirty-five (35) vendors were contacted and invited

Twenty-two (22) vendors responded.

Centaurus Consulting, Inc.; L/C Magnetics, Inc.; and Priester-Mell & Nicholson- Disqualified, they did not sign bid document

CF Select Corporation did not submit the load/no load losses for proper evaluation - Disqualified.

Awarded vendors: Alpha Plotter NC, Inc $169,880.00; D Transformers $225,332.46; Magnetron USA, LLC $11,865.00; and Kllen Group America $159,605.00

IV. BID TABUALTION

Attached is bid tabulation and evaluation

BROWNSVILLE
PUBLIC UTILITIES BOARD

BID NAME: B059-26 SUPPLY OF POLEMOUNT & PADMOUNT TRANSFORMERS
DATE & TIME: SEPTEMBER 10, 2026 AT 10:00 AM

VENDOR		E1410-02 10 KVA 7200 120/240	E1411-01 15 KVA 7200 120/240	E1412-01 25 KVA 7200 120/240	E1506-00 75 KVA 7200 120/240	E1508-00 100 KVA 7200 120/240	E1524-00 225 KVA 7200 120/208	E1526-00 300 KVA 7200 120/208	E1528-00 500 KVA 7200 120/208	E1529-00 500 KVA 7200 277/480	E1530-00 750 KVA 7200 120/208
		5 EA	5 EA	60 EA	20 EA	20 EA	5 EA	2 EA	6 EA	4 EA	2 EA
ALPHA PLOTTER NC INC		$1,250.00	$1,430.00	$1,565.00	$3,799.00	$4,590.00	$14,478.00	$15,446.00	$17,250.00	$16,970.00	$20,175.00
RALEIGH, NC	NL	36	54	70	150	188	415	480	690	690	880
MFG: APHA PLOTTER	LL	129	153	271	676	822	2010	2735	4150	4150	6080
DELIVERY: 112 DAYS	TL	165	207	341	826	1010	2425	3215	4840	4840	6960
AMERICAN WIRE GROUP, LLC		$4,527.50	$5,015.00	$6,315.00	$21,427.50	$23,540.00	$63,352.50	$69,527.50	$77,450.00	$76,515.00	$88,377.50
MIAMI, FL	NL	38	42	46	120	150	400	460	710	710	860
MFG: KUCKDONG ELECTRIC	LL	122	210	380	820	1005	2092	2840	4095	4095	6205
DELIVERY: 140 DAYS	TL	160	252	426	940	1155	2492	3300	4805	4805	7065
BELL ELECTRICAL SUPPLY, CO., INC.		$3,568.00	$3,568.00	$3,900.00	$6,400.00	$6,950.00	$24,400.00	$27,000.00	$34,500.00	$34,500.00	$43,000.00
WOODSIDE, NY	NL	45	55	70	175	200	380	440	720	720	840
MFG: META POWER SOLUTIONS	LL	180	180	380	845	1200	2170	2550	4300	4300	7300
DELIVERY: 90 DAYS	TL	225	235	450	1020	1400	2550	2990	5020	5020	8140
*CENTAURUS CONSULTING INC		$3,764.81	$3,702.66	$3,385.36	$8,542.46	$9,884.76	$31,978.63	$36,382.90	$43,594.09	$44,623.28	$52,928.24
FRISCO, TX	NL	45.5	61	79	155	208	400	450	890	890	1125
MFG: JIANGSHAN SCOTECH ELECTRICAL CO., LTD	LL	91	128	237.5	670	753	2100	2925	3305	3305	5050
DELIVERY: 210-300	TL	136.5	189	316.5	825	961	2500	3375	4195	4195	6175

VENDOR		E1410-02 10 KVA 7200 120/240	E1411-01 15 KVA 7200 120/240	E1412-01 25 KVA 7200 120/240	E1506-00 75 KVA 7200 120/240	E1508-00 100 KVA 7200 120/240	E1524-00 225 KVA 7200 120/208	E1526-00 300 KVA 7200 120/208	E1528-00 500 KVA 7200 120/208	E1529-00 500 KVA 7200 277/480	E1530-00 750 KVA 7200 120/208
		5 EA	5 EA	60 EA	20 EA	20 EA	5 EA	2 EA	6 EA	4 EA	2 EA
CF SELECT CORP		$5,200.00	$5,700.00	$7,300.00	$12,000.00	$14,000.00	$25,000.00	$28,000.00	$36,500.00	$35,500.00	$47,750.00
ISLIP, NY	NL										
MFG:	LL										
DELIVERY: 150-240 DAYS	TL								0	0	0
D TRANSFORMERS LLC		NO BID	NO BID	NO BID	$4,242.31	$4,712.84	$12,265.20	$13,227.95	$15,404.45	$15,404.45	$19,324.48
LAREDO, TX	NL				185	205	405	483	716	677	1319
MFG: DELTA ELECTRIC	LL				479	675	1879	2583	3125	4089	3785
DELIVERY: 20 WEEKS	TL				664	880	2284	3066	3841	4766	5104
ESSENG SOLUTIONS, LLC		$1,507.00	$1,689.00	$1,857.00	$4,140.00	$4,764.00	$17,919.00	$21,378.00	$27,529.00	$25,410.00	$34,671.00
COPPELL, TX	NL	36	54	70	150	188	415	480	690	690	880
MFG:EAGLERISE RENEWABLE ENERGY	LL	129	153	271	676	822	2010	2735	4150	4150	6080
DELVIERY: 98-112 DAYS	TL	165	207	341	826	1010	2425	3215	4840	4840	6960
GD PARTNERS GROUP INC		$2,915.00	$3,135.00	$3,520.00	$9,900.00	$11,385.00	$43,450.00	$45,650.00	$53,900.00	$51,150.00	$66,000.00
WAYNE, PA	NL	14	19	25	54	64	330	390	620	700	710
MFG: (SHIRID SAI LIMITED)	LL	136	201	325	686	905	2300	3000	4250	4000	6330
DELIVERY: 154-168 DAYS	TL	150	220	350	740	969	2630	3390	4870	4700	7040
IRBY		$1,697.16	$1,872.73	$2,223.86	$4,915.91	$5,618.18	$24,279.53	$26,658.30	$33,955.27	$32,561.11	$43,624.23
BASTROP, TX	NL	27	37	52	135	156	152	173	245	263	362
MFG: COOPER	LL	159	215	329	717	928	2613	3476	5550	4802	7854
DELIVERY: 175 - 180 DAYS	TL	186	252	381	852	1084	2765	3649	5795	5065	8216

VENDOR		E1410-02 10 KVA 7200 120/240	E1411-01 15 KVA 7200 120/240	E1412-01 25 KVA 7200 120/240	E1506-00 75 KVA 7200 120/240	E1508-00 100 KVA 7200 120/240	E1524-00 225 KVA 7200 120/208	E1526-00 300 KVA 7200 120/208	E1528-00 500 KVA 7200 120/208	E1529-00 500 KVA 7200 277/480	E1530-00 750 KVA 7200 120/208
		5 EA	5 EA	60 EA	20 EA	20 EA	5 EA	2 EA	6 EA	4 EA	2 EA
KBS ELECTRICAL DISTRIBUTORS		$1,439.00	$1,665.00	$1,858.00	$4,591.00	$4,800.00	$17,828.00	$19,895.00	$24,832.00	$22,742.00	$38,696.00
CREEDMOOR, TX	NL	33	46	59	52	164	382	427	574	610	830
MFG: RYMEL, CENTRAL MOLONEY	LL	146	190	321	895	995	2145	2950	4630	4475	6216
70-112 DAYS	TL	179	236	380	947	1159	2527	3377	5204	5085	7046
KLLEN GROUP AMERICA INC		$1,574.00	$1,614.00	$1,949.00	$4,400.00	$5,090.00	$13,181.00	$13,680.00	$16,585.00	$16,585.00	$21,300.00
SIMPSON, NC	NL	28	41	60	139	182	221	300	464	464	645
MFG: KLLEN	LL	121	150	280	548	723	2208	2667	4409	4409	6045
DELIVERY: 112 DAYS	TL	149	191	340	687	905	2429	2967	4873	4873	6690
*L/C MAGNETICS INC		$3,105.00	$3,675.00	$4,560.00	$10,575.00	$13,743.00	$37,353.00	$40,779.00	$49,035.00	$48,510.00	$62,011.50
ANAHEIM, CA	NL										
MFG: L/C MAGNETICS	LL										
DELIVERY: 18 WEEKS	TL	0	0	0	0	0	0	0	0	0	0
LARSON ELECTRONICS LLC		$6,804.11	$7,132.33	$8,295.51	$11,248.28	$11,944.87	$50,871.05	$57,650.88	$76,242.16	$76,242.16	$104,320.15
KEMP, TX	NL	45	67.5	112.5	337.5	450	1012.5	1350	2250	2250	3375
MFG: LARSON ELECTRONICS	LL	350	525	875	2625	3500	7875	10500	17500	17500	26250
DELIVERY: 18-22 WEEKS	TL	395	592.5	987.5	2962.5	3950	8887.5	11850	19750	19750	29625
MAGNETRON USA LLC		$1,189.00	$1,184.00	$1,623.00	$4,501.00	$4,931.00	$14,290.00	$15,896.00	$24,027.00	$18,144.00	$32,712.00
DORAL, FL	NL	28	51	60	127	198	351	409	791	847	805
MFG: MAGNETRON	LL	158	152	312	757	946	2294.4	2869	3700	3230	6229
DELIVERY: 70-182 DAYS	TL	186	203	372	884	1144	2645.4	3278	4491	4077	7034

VENDOR		E1410-02 10 KVA 7200 120/240	E1411-01 15 KVA 7200 120/240	E1412-01 25 KVA 7200 120/240	E1506-00 75 KVA 7200 120/240	E1508-00 100 KVA 7200 120/240	E1524-00 225 KVA 7200 120/208	E1526-00 300 KVA 7200 120/208	E1528-00 500 KVA 7200 120/208	E1529-00 500 KVA 7200 277/480	E1530-00 750 KVA 7200 120/208
		5 EA	5 EA	60 EA	20 EA	20 EA	5 EA	2 EA	6 EA	4 EA	2 EA
META POWER SOLUTIONS LLC		$4,606.60	$4,871.17	$5,111.45	$12,785.31	$13,232.43	$26,566.18	$28,677.82	$34,840.57	$34,840.57	$42,553.01
PALM BEACH GARDENS, FL	NL	40	55	81	175	189	380	440	720	720	840
MFG: META POWER SOLUTIONS	LL	124	180	289	845	1197	2170	2550	4300	4300	7300
DELIVERY: 112-126	TL	164	235	370	1020	1386	2550	2990	5020	5020	8140
MVA POWER INC		$2,524.37	$2,713.37	$3,054.23	$8,215.59	$9,818.71	$27,580.45	$29,184.58	$37,618.78	$36,413.66	$43,287.35
MONTREAL QC, CAN	NL	45.5	61	79	155	208	400	450	890	890	1125
MVA POWER INC	LL	91	128	237.5	670	753	2100	2925	3305	3305	5050
DELIVERY: 160-170 DAYS	TL	136.5	189	316.5	825	961	2500	3375	4195	4195	6175
***NEXUS POWER SYSTEMS LLC		$2,268.00	$2,477.00	$2,456.00	$7,828.00	$9,209.00	$16,160.00	$18,605.00	$19,324.00	$20,316.00	$24,583.00
SHERIDAN, WY	NL	34	37	56	132	163	415	490	730	740	770
MFG: JIANGSU YAWEI TRANSFORMER CO. LTD	LL	140	232	339	770	950	2020	2710	4000	3960	6950
DELIVERY: 70-80 DAYS	TL	174	269	395	902	1113	2435	3200	4730	4700	7720
TECHLINE		$1,682.22	$1,913.33	$2,408.88	$5,788.89	$7,598.89	$21,844.45	$24,277.78	$33,500.00	$31,328.89	$62,421.11
SAN ANTONIO, TX	NL	31	44	65	140	173	396	524	734	818	792
MFG: HOWARD INDUSTRIES	LL	147	193	278	687	857	1983	2403	3669	3315	6084
DELIVERY: 12-20 WEEKS	TL	178	237	343	827	1030	2379	2927	4403	4133	6876
TECHNOLOGY INTERNATIONAL, INC.		$1,850.00	$1,700.00	$2,075.00	$4,800.00	$5,000.00	$23,000.00	$25,150.00	$37,200.00	$33,800.00	$89,000.00
LAKE MARY, FL	NL	34	44	23	52	164	378	432	673	671	755
MFG: CENTRAL MOLONEY	LL	152	202	380	895	995	2379	3113	4369	4529	6564
DELIVERY: 168 DAYS	TL	186	246	403	947	1159	2757	3545	5042	5200	7319

VENDOR		E1410-02 10 KVA 7200 120/240	E1411-01 15 KVA 7200 120/240	E1412-01 25 KVA 7200 120/240	E1506-00 75 KVA 7200 120/240	E1508-00 100 KVA 7200 120/240	E1524-00 225 KVA 7200 120/208	E1526-00 300 KVA 7200 120/208	E1528-00 500 KVA 7200 120/208	E1529-00 500 KVA 7200 277/480	E1530-00 750 KVA 7200 120/208
		5 EA	5 EA	60 EA	20 EA	20 EA	5 EA	2 EA	6 EA	4 EA	2 EA
**TEXAS ELECTRIC COOPERATIVES		$1,504.21	$1,554.73	$1,740.00	$4,208.42	$5,877.89	$19,444.21	$20,724.21	$25,104.21	$26,088.42	$36,675.78
GEORGETOWN, TX	NL:	29	41	59	122	122	408	550	683	810	879
MFG: GE PROLEC	LL:	153	199	299	731	1009	1805	2140	4041	3126	5752
DELIVERY: 91-154 DAYS	TL:	182	240	358	853	1131	2213	2690	4724	3936	6631
WESCO		$1,971.27	$2,036.79	$2,280.46	$5,515.00	$7,703.00	$25,478.16	$27,156.33	$32,895.50	$34,185.05	$48,057.50
SAN ANTONIO, TX	NL:	29	41	59	122	122	408	550	683	810	879
MFG: GE PROLEC	LL:	153	199	299	731	1009	1805	2140	4041	3126	5752
DELIVERY: 98-196 DAYS	TL:	182	240	358	853	1131	2213	2690	4724	3936	6631
*PRIESTER MELL & NICHOLSON INC		$2,045.00	$1,855.00	$2,253.00	$5,219.00	$5,457.00	$25,314.00	$27,372.00	$40,366.00	$36,784.00	$96,806.00
SAN ANTONIO, TX	NL:	34	44	23	52	164	378	432	673	671	755
MFG: CENTRAL MOLONEY	LL:	152	202	380	895	995	2379	3113	4369	4529	6564
DELIVERY: 110-165	TL:	186	246	1350	947	1159	2757	3545	5042	5200	7319

*Vendor Did Not Sign Bid Document
**Price Adjustment due to Tariff and/or Raw Material Price increase
***Terms include Pre-payment

APPROVED BY: Solitaire 9-21-2026

DIANE SOLITAIRE

POLEMOUNT SINGLE PHASE - STAINLESS STEEL

E1410-02 (WITH TAP CHANGER +/-2.5%)
10 KVA 7200 120/240
QTY 5

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 1,250.00	129	36	$ 1,947.05		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 4,527.50	122	38	$ 5,225.45		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 3,568.00	180	45	$ 4,489.38		90 DAYS
*CENTAURUS CONSULTING INC	$ 3,764.81	91	45.5	$ 4,453.45		210-300 DAYS
CF SELECT CORP	$ 5,200.00	0	0	$ 5,200.00		150 DAYS
D TRANSFORMERS LLC	NO BID	0	0			20 WKS
ESSENG SOLUTIONS, LLC	$ 1,507.00	129	36	$ 2,204.05		98-112 DAYS
GD PARTNERS GROUP INC	$ 2,915.00	136	14	$ 3,415.25		140 DAYS
IRBY	$ 1,697.16	159	27	$ 2,386.16		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 1,439.00	146	33	$ 2,152.06		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 1,574.00	121	28	$ 2,171.33		16 WKS
*L/C MAGNETICS INC	$ 3,105.00	0	0	$ 3,105.00		
LARSON ELECTRONICS LLC	$ 6,804.11	350	45	$ 8,179.39		18-22 WKS
MAGNETRON USA LLC	$ 1,189.00	158	28	$ 1,885.12	**LOW BID**	70-182 DAYS
META POWER SOLUTIONS LLC	$ 4,606.60	124	40	$ 5,329.48		112-126 DAYS
MVA POWER INC	$ 2,524.37	91	45.5	$ 3,213.01		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 2,268.00	140	34	$ 2,974.83		70-80 DAYS
TECHLINE	$ 1,682.22	147	31	$ 2,378.36		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 1,850.00	152	34	$ 2,588.87		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 1,504.21	153	29	$ 2,196.78		196;91;154 DAYS
WESCO	$ 1,971.27	153	29	$ 2,663.84		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 2,045.00	152	34	$ 2,783.87		110;125;165 DAYS

RECOMMENDATION - Purchase from MAGNETRON USA LLC for:
$1,189.00/each **Total $ 5,945.00**

E1411-01 (WITH TAP CHANGER +/-2.5%)
15 KVA 7200 120/240
QTY 5

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 1,430.00	153	54	$ 2,367.44		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 5,015.00	210	42	$ 5,987.09		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 3,568.00	180	55	$ 4,587.33		90 DAYS
*CENTAURUS CONSULTING INC	$ 3,702.66	128	61	$ 4,641.92		210-300 DAYS
CF SELECT CORP	$ 5,700.00	0	0	$ 5,700.00		150 DAYS
D TRANSFORMERS LLC	NO BID	0	0			20 WKS
ESSENG SOLUTIONS, LLC	$ 1,689.00	153	54	$ 2,626.44		98-112 DAYS
GD PARTNERS GROUP INC	$ 3,135.00	201	19	$ 3,857.78		140 DAYS
IRBY	$ 1,872.73	215	37	$ 2,809.20		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 1,665.00	190	46	$ 2,622.87		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 1,614.00	150	41	$ 2,416.10		16 WKS
*L/C MAGNETICS INC	$ 3,675.00	0	0	$ 3,675.00		
LARSON ELECTRONICS LLC	$ 7,132.33	525	67.5	$ 9,195.24		18-22 WKS
MAGNETRON USA LLC	$ 1,184.00	152	51	$ 2,089.39	**LOW BID**	70-182 DAYS
META POWER SOLUTIONS LLC	$ 4,871.17	180	55	$ 5,890.50		112-126 DAYS
MVA POWER INC	$ 2,713.37	128	61	$ 3,652.63		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 2,477.00	232	37	$ 3,458.86		70-80 DAYS
TECHLINE	$ 1,913.33	193	44	$ 2,859.62		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 1,700.00	202	44	$ 2,670.32		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 1,554.73	199	41	$ 2,487.66		196;91;154 DAYS
WESCO	$ 2,036.79	199	41	$ 2,969.72		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 1,855.00	202	44	$ 2,825.32		110;125;165 DAYS

RECOMMENDATION - Purchase from MAGNETRON USA , LLC for:
$1,184.00/each **Total $ 5,920.00**

E1412-01 (WITH TAP CHANGER +/-2.5%)
75 KVA 7200 120/240
QTY 60

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 1,565.00	271	70	$ 2,974.22	**LOW BID**	112 DAYS
AMERICAN WIRE GROUP, LLC	$ 6,315.00	380	46	$ 7,780.17		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 3,900.00	380	70	$ 5,600.25		90 DAYS
*CENTAURUS CONSULTING INC	$ 3,385.36	237.5	79	$ 4,793.29		210-300 DAYS
CF SELECT CORP	$ 7,300.00	0	0	$ 7,300.00		150 DAYS
D TRANSFORMERS LLC	NO BID	0	0			20 WKS
ESSENG SOLUTIONS, LLC	$ 1,857.00	271	70	$ 3,266.22		98-112 DAYS
GD PARTNERS GROUP INC	$ 3,520.00	325	25	$ 4,632.63		140 DAYS
IRBY	$ 2,223.86	329	52	$ 3,611.63		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 1,858.00	321	59	$ 3,292.98		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 1,949.00	280	60	$ 3,284.30		16 WKS
*L/C MAGNETICS INC	$ 4,560.00	0	0	$ 4,560.00		
LARSON ELECTRONICS LLC	$ 8,295.51	875	112.5	$ 11,733.70		18-22 WKS
MAGNETRON USA LLC	$ 1,623.00	312	60	$ 3,043.74		70-182 DAYS
META POWER SOLUTIONS LLC	$ 5,111.45	289	81	$ 6,676.48		112-126 DAYS
MVA POWER INC	$ 3,054.23	237.5	79	$ 4,462.16		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 2,456.00	339	56	$ 3,909.65		70-80 DAYS
TECHLINE	$ 2,408.88	278	65	$ 3,787.82		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 2,075.00	380	23	$ 3,314.89		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 1,740.00	299	59	$ 3,116.24		196;91;154 DAYS
WESCO	$ 2,280.46	299	59	$ 3,656.70		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 2,253.00	380	23	$ 3,492.89		110;125;165 DAYS

RECOMMENDATION - Purchase from ALPHA PLOTTER NC, INC. for:
$1,565.00/each **Total $ 93,900.00**

E1506-00 (WITH TAP CHANGER +/-2.5%)
75 KVA 7200 120/240
QTY 20

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 3,799.00	676	150	$ 7,073.17	**LOW BID**	112 DAYS
AMERICAN WIRE GROUP, LLC	$ 21,427.50	820	120	$ 24,792.30		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 6,400.00	845	175	$ 10,370.28		90 DAYS
*CENTAURUS CONSULTING INC	$ 8,542.46	670	155	$ 11,849.59		210-300 DAYS
CF SELECT CORP	$ 12,000.00	0	0	$ 12,000.00		150 DAYS
D TRANSFORMERS LLC	$ 4,242.31	479	185	$ 7,333.32		20 WKS
ESSENG SOLUTIONS, LLC	$ 4,140.00	676	150	$ 7,414.17		98-112 DAYS
GD PARTNERS GROUP INC	$ 9,900.00	686	54	$ 12,260.55		140 DAYS
IRBY	$ 4,915.91	717	135	$ 8,152.63		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 4,591.00	895	52	$ 7,489.99		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 4,400.00	548	139	$ 7,224.67		16 WKS
*L/C MAGNETICS INC	$ 10,575.00	0	0	$ 10,575.00		
LARSON ELECTRONICS LLC	$ 11,248.28	2625	337.5	$ 21,562.84		18-22 WKS
MAGNETRON USA LLC	$ 4,501.00	757	127	$ 7,766.16		70-182 DAYS
META POWER SOLUTIONS LLC	$ 12,785.31	845	175	$ 16,755.59		112-126 DAYS
MVA POWER INC	$ 8,215.59	670	155	$ 11,522.72		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 7,828.00	770	132	$ 11,176.84		70-80 DAYS
TECHLINE	$ 5,788.89	687	140	$ 8,994.48		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 4,800.00	895	52	$ 7,698.99		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 4,208.42	731	122	$ 7,355.18		196;91;154 DAYS
WESCO	$ 5,515.00	731	122	$ 8,661.76		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 5,219.00	895	52	$ 8,117.99		110;125;165 DAYS

RECOMMENDATION - Purchase from ALPHA PLOTTER NC, INC. for:
$3,799.00.00/each **Total $ 75,980.00**

E1508-00 (WITH TAP CHANGER +/-2.5%)
100 KVA 7200 120/240
QTY 20

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 4,590.00	822	188	$ 8,626.20		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 23,540.00	1005	150	$ 27,692.60		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 6,950.00	1200	200	$ 12,113.00		90 DAYS
*CENTAURUS CONSULTING INC	$ 9,884.76	753	208	$ 13,932.63		210-300 DAYS
CF SELECT CORP	$ 14,000.00	0	0	$ 14,000.00		150 DAYS
D TRANSFORMERS LLC	$ 4,712.84	675	205	$ 8,523.07	**LOW BID**	20 WKS
ESSENG SOLUTIONS, LLC	$ 4,764.00	822	188	$ 8,800.20		98-112 DAYS
GD PARTNERS GROUP INC	$ 11,385.00	905	64	$ 14,428.23		140 DAYS
IRBY	$ 5,618.18	928	156	$ 9,623.96		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 4,800.00	995	164	$ 9,063.03		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 5,090.00	723	182	$ 8,803.10		16 WKS
*L/C MAGNETICS INC	$ 13,743.00	0	0	$ 13,743.00		
LARSON ELECTRONICS LLC	$ 11,944.87	3500	450	$ 25,697.62		18-22 WKS
MAGNETRON USA LLC	$ 4,931.00	946	198	$ 9,396.23		70-182 DAYS
META POWER SOLUTIONS LLC	$ 13,232.43	1197	189	$ 18,279.68		112-126 DAYS
MVA POWER INC	$ 9,818.71	753	208	$ 13,866.58		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 9,209.00	950	163	$ 13,342.09		70-80 DAYS
TECHLINE	$ 7,598.89	857	173	$ 11,581.62		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 5,000.00	995	164	$ 9,263.03		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 5,877.89	1009	122	$ 9,766.91		196;91;154 DAYS
WESCO	$ 7,703.00	1009	122	$ 11,592.02		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 5,457.00	995	164	$ 9,720.03		110;125;165 DAYS

RECOMMENDATION - Purchase from D TRANSFORMERS for: $4,712.84/each **Total $ 94,256.80**

E1524-00 (WITH TAP CHANGER +/-2.5%)
225 KVA 7200 120/208
QTY 5

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 14,478.00	2010	415	$ 23,909.63		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 63,352.50	2092	400	$ 72,856.14		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 24,400.00	2170	380	$ 33,916.00		90 DAYS
*CENTAURUS CONSULTING INC	$ 31,978.63	2100	400	$ 41,503.63		210-300 DAYS
CF SELECT CORP	$ 25,000.00	0	0	$ 25,000.00		150 DAYS
D TRANSFORMERS LLC	$ 12,265.20	1879	405	$ 21,249.11		20 WKS
ESSENG SOLUTIONS, LLC	$ 17,919.00	2010	415	$ 27,350.63		98-112 DAYS
GD PARTNERS GROUP INC	$ 43,450.00	2300	330	$ 52,823.35		140 DAYS
IRBY	$ 24,279.53	2613	152	$ 32,745.08		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 17,828.00	2145	382	$ 27,296.84		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 13,181.00	2208	221	$ 21,241.06	**LOW BID**	16 WKS
*L/C MAGNETICS INC	$ 37,353.00	0	0	$ 37,353.00		
LARSON ELECTRONICS LLC	$ 50,871.05	7875	1012.5	$ 81,814.74		18-22 WKS
MAGNETRON USA LLC	$ 14,290.00	2294.4	351	$ 23,854.09		70-182 DAYS
META POWER SOLUTIONS LLC	$ 26,566.18	2170	380	$ 36,082.18		112-126 DAYS
MVA POWER INC	$ 27,580.45	2100	400	$ 37,105.45		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 16,160.00	2020	415	$ 25,618.33		70-80 DAYS
TECHLINE	$ 21,844.45	1983	396	$ 31,017.88		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 23,000.00	2379	378	$ 33,054.44		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 19,444.21	1805	408	$ 28,259.92		196;91;154 DAYS
WESCO	$ 25,478.16	1805	408	$ 34,293.87		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 25,314.00	2379	378	$ 35,368.44		110;125;165 DAYS

RECOMMENDATION - Purchase from Kllen Group (Kllen) for: $13,181.00/each **Total $ 65,905.00**

E1526-00 (WITH TAP CHANGER +/-2.5%)
300 KVA 7200 120/208
QTY 2

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 15,446.00	2735	480	$ 27,450.05		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 69,527.50	2840	460	$ 81,616.00		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 27,000.00	2550	440	$ 38,118.30		90 DAYS
*CENTAURUS CONSULTING INC	$ 36,382.90	2925	450	$ 48,600.40		210-300 DAYS
CF SELECT CORP	$ 28,000.00	0	0	$ 28,000.00		150 DAYS
D TRANSFORMERS LLC	$ 13,227.95	2583	483	$ 24,855.55		20 WKS
ESSENG SOLUTIONS, LLC	$ 21,378.00	2735	480	$ 33,382.05		98-112 DAYS
GD PARTNERS GROUP INC	$ 45,650.00	3000	390	$ 57,480.05		140 DAYS
IRBY	$ 26,658.30	3476	173	$ 37,633.76		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 19,895.00	2950	427	$ 31,953.97		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 13,680.00	2667	300	$ 23,739.39	**LOW BID**	16 WKS
*L/C MAGNETICS INC	$ 40,779.00	0	0	$ 40,779.00		
LARSON ELECTRONICS LLC	$ 57,650.88	10500	1350	$ 98,909.13		18-22 WKS
MAGNETRON USA LLC	$ 15,896.00	2869	409	$ 27,562.39		70-182 DAYS
META POWER SOLUTIONS LLC	$ 28,677.82	2550	440	$ 39,796.12		112-126 DAYS
MVA POWER INC	$ 29,184.58	2925	450	$ 41,402.08		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 18,605.00	2710	490	$ 30,640.25		70-80 DAYS
TECHLINE	$ 24,277.78	2403	524	$ 35,826.37		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 25,150.00	3113	432	$ 37,693.15		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 20,724.21	2140	550	$ 31,825.26		196;91;154 DAYS
WESCO	$ 27,156.33	2140	550	$ 38,257.38		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 27,372.00	3113	432	$ 39,915.15		110;125;165 DAYS

RECOMMENDATION - Purchase from Kllen Group (Kllen) for:
$13,680.00/each **Total $ 27,360.00**

E1528-00 (WITH TAP CHANGER +/-2.5%)
500 KVA 7200 120/208
QTY 6

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 17,250.00	4150	690	$ 35,089.05		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 77,450.00	4095	710	$ 95,338.10		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 34,500.00	4300	720	$ 53,033.40		90 DAYS
*CENTAURUS CONSULTING INC	$ 43,594.09	3305	890	$ 61,135.99		210-300 DAYS
CF SELECT CORP	$ 36,500.00	0	0	$ 36,500.00		150 DAYS
D TRANSFORMERS LLC	$ 15,404.45	3125	716	$ 30,761.42	**LOW BID**	20 WKS
ESSENG SOLUTIONS, LLC	$ 27,529.00	4150	690	$ 45,368.05		98-112 DAYS
GD PARTNERS GROUP INC	$ 53,900.00	4250	620	$ 71,320.40		140 DAYS
IRBY	$ 33,955.27	5550	245	$ 51,173.55		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 24,832.00	4630	574	$ 42,816.43		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 16,585.00	4409	464	$ 32,901.91		16 WKS
*L/C MAGNETICS INC	$ 49,035.00	0	0	$ 49,035.00		
LARSON ELECTRONICS LLC	$ 76,242.16	17500	2250	$ 145,005.91		18-22 WKS
MAGNETRON USA LLC	$ 24,027.00	3700	791	$ 41,653.85		70-182 DAYS
META POWER SOLUTIONS LLC	$ 34,840.57	4300	720	$ 53,373.97		112-126 DAYS
MVA POWER INC	$ 37,618.78	3305	890	$ 55,160.68		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 19,324.00	4000	730	$ 37,154.35		70-80 DAYS
TECHLINE	$ 33,500.00	3669	734	$ 50,485.76		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 37,200.00	4369	673	$ 55,457.27		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 25,104.21	4041	683	$ 42,583.67		196;91;154 DAYS
WESCO	$ 32,895.50	4041	683	$ 50,374.96		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 40,366.00	4369	673	$ 58,623.27		110;125;165 DAYS

RECOMMENDATION - Purchase from D Transformers, LLC for:
$15,404.45/each **Total $ 92,426.70**

E1529-00 (WITH TAP CHANGER +/-2.5%)
500 KVA 7200 277/480
QTY 4

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 16,970.00	4150	690	$ 34,809.05		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 76,515.00	4095	710	$ 94,403.10		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 34,500.00	4300	720	$ 53,033.40		90 DAYS
*CENTAURUS CONSULTING INC	$ 44,623.28	3305	890	$ 62,165.18		210-300 DAYS
CF SELECT CORP	$ 35,500.00	0	0	$ 35,500.00		150 DAYS
D TRANSFORMERS LLC	$ 15,404.45	4089	677	$ 32,953.30		20 WKS
ESSENG SOLUTIONS, LLC	$ 25,410.00	4150	690	$ 43,249.05		98-112 DAYS
GD PARTNERS GROUP INC	$ 51,150.00	4000	700	$ 68,686.50		140 DAYS
IRBY	$ 32,561.11	4802	263	$ 47,958.54		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 22,742.00	4475	610	$ 40,665.20		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 16,585.00	4409	464	$ 32,901.91	**LOW BID**	16 WKS
*L/C MAGNETICS INC	$ 48,510.00	0	0	$ 48,510.00		
LARSON ELECTRONICS LLC	$ 76,242.16	17500	2250	$ 145,005.91		18-22 WKS
MAGNETRON USA LLC	$ 18,144.00	3230	847	$ 35,064.47		70-182 DAYS
META POWER SOLUTIONS LLC	$ 34,840.57	4300	720	$ 53,373.97		112-126 DAYS
MVA POWER INC	$ 36,413.66	3305	890	$ 53,955.56		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 20,316.00	3960	740	$ 38,137.50		70-80 DAYS
TECHLINE	$ 31,328.89	3315	818	$ 48,192.25		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 33,800.00	4529	671	$ 52,464.88		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 26,088.42	3126	810	$ 42,368.79		196;91;154 DAYS
WESCO	$ 34,185.05	3126	810	$ 50,465.42		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 36,784.00	4529	671	$ 55,448.88		110;125;165 DAYS

RECOMMENDATION - Purchase from Kllen Group (Kllen) for:
$16,585.00/each **Total $ 66,340.00**

E1530-00 (WITH TAP CHANGER +/-2.5%)
750 KVA 7200 120/208
QTY 2

VENDOR	DOLLAR PRICE EA.	LOAD LOSS	NOLOAD LOSS	TOTAL EVAL.COST		LEAD TIME
ALPHA PLOTTER NC INC	$ 20,175.00	6080	880	$ 45,028.20		112 DAYS
AMERICAN WIRE GROUP, LLC	$ 88,377.50	6205	860	$ 113,368.55		140 DAYS
BELL ELECTRICAL SUPPLY, CO., INC.	$ 43,000.00	7300	840	$ 70,718.80		90 DAYS
*CENTAURUS CONSULTING INC	$ 52,928.24	5050	1125	$ 77,431.12		210-300 DAYS
CF SELECT CORP	$ 47,750.00	0	0	$ 47,750.00		150 DAYS
D TRANSFORMERS LLC	$ 19,324.48	3785	1319	$ 42,350.04	**LOW BID**	20 WKS
ESSENG SOLUTIONS, LLC	$ 34,671.00	6080	880	$ 59,524.20		98-112 DAYS
GD PARTNERS GROUP INC	$ 66,000.00	6330	710	$ 89,855.55		140 DAYS
IRBY	$ 43,624.23	7854	362	$ 68,140.20		135-180 DAYS
KBS ELECTRICAL DISTRIBUTORS	$ 38,696.00	6216	830	$ 63,422.57		70-112 DAYS
KLLEN GROUP AMERICA INC	$ 21,300.00	6045	645	$ 43,757.93		16 WKS
*L/C MAGNETICS INC	$ 62,011.50	0	0	$ 62,011.50		
LARSON ELECTRONICS LLC	$ 104,320.15	26250	3375	$ 207,465.78		18-22 WKS
MAGNETRON USA LLC	$ 32,712.00	6229	805	$ 57,228.41		70-182 DAYS
META POWER SOLUTIONS LLC	$ 42,553.01	7300	840	$ 70,271.81		112-126 DAYS
MVA POWER INC	$ 43,287.35	5050	1125	$ 67,790.23		160-170 DAYS
***NEXUS POWER SYSTEMS LLC	$ 24,583.00	6950	770	$ 50,681.65		70-80 DAYS
TECHLINE	$ 62,421.11	6084	792	$ 86,423.03		12-14 WKS & 40 WKS
TECHNOLOGY INTERNATIONAL, INC.	$ 89,000.00	6564	755	$ 113,921.11		168 DAYS
**TEXAS ELECTRIC COOPERATIVES	$ 36,675.78	5752	879	$ 60,643.43		196;91;154 DAYS
WESCO	$ 48,057.50	5752	879	$ 72,025.15		196;91;154 DAYS
*PRIESTER MELL & NICHOLSON INC	$ 96,806.00	6564	755	$ 121,727.11		110;125;165 DAYS

RECOMMENDATION - Purchase from D Transformers, LLC for:
$19,324.48/each **Total $ 38,648.96**

GRAND TOTAL $ 566,682.46

	POLEMOUNT 1-PH	PADMOUNT 3-PH	PADMOUNT	Total by Vendor	Qty.
ALPHA	$169,880.00			**$ 169,880.00**	80
D TRANSFORMER		$ 94,256.80	$ 131,075.66	**$ 225,332.46**	28
MAGNETRON	$11,865.00			**$ 11,865.00**	10
KLLEN			$ 159,605.00	**$ 159,605.00**	11
SUBTOTAL	**$181,745.00**	**$94,256.80**	**$290,680.66**		
	TOTAL COST		**$ 566,682.46**	**$ 566,682.46**	129

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.7 - Presentation and Discussion of Proposal Award to Neumo Group, LLC for Banner Maintenance Renewal

Open/Closed Session
Consent Agenda Items

Action
Approval

Executive Sponsor
Lead Department: 7133-IT Applications Support

Assigned Staff (Presenter): Araceli Zuniga

Summary
BPUB relies on Banner software as its core finance and procurement "ERP" platform, while Oracle serves as part of the utility's enterprise data infrastructure, most notably as the database platform supporting its GIS, Asset Management, and Customer Information systems. Under a Technical Currency Agreement initiated in 1996, Banner provides services related to Human Resources Software Maintenance and Finance Software Maintenance while Oracle software, developed and maintained by Oracle Corporation, provides services related to data management. The Banner system supports a broad range of functions for the organization, including financial management, purchasing and procurement, stores inventory, budgeting, human resources, accounts payable, and payroll.

Neumo Group, LLC is the contract owner of the Banner software and is positioned to ensure continued support, sales, and services as the sole source provider. A quote from the sole-source vendor was received for renewal of the Banner and Oracle software maintenance services for a 3-year period for these services. A copy of the sole source letter is included in the agenda materials. The annual combined cost is $121,426.20 with a total three-year total of $364,278.60.

Strategic Initiatives
This Banner and Oracle software maintenance renewal is consistent with SSD-13 Initiative 29, which directs BPUB to maintain a comprehensive technology roadmap that evaluates current operational capabilities and strategically prioritizes future enterprise technology investments.

Referring Committee

Name of Committees	Finance Committee
Date of Meeting	September 30, 2026
Recommendation(s)	Approval to place the item under the consent agenda item section
Vote(s)	

Fiscal Impact

Budgeted	X	Bid Award	Reallocation	No Fiscal Impact

Source of Funding: 100-7133-7635-A76030

Recommended Motion

BPUB staff recommends approval of the Banner Maintenance renewal in the amount of $364,278.60.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Banner Financial Management Maintenance and Support

3-YEAR AGREEMENT RENEWAL

FINANCE COMMITTEE | September 30, 2026

Araceli S. Zuniga

IT Systems & Software Support Manager

7133 – IT Applications Support

Overview

- Banner was acquired in 1996.
- Renewal includes Banner and Oracle software maintenance
- Term is for October 2026- September 2029



Relevant Strategic Business Plan Initiatives

- This Banner and Oracle software maintenance renewal aligns with the following initiative:

  - SSD-13, Initiative 29 : BPUB will develop a comprehensive Technology Roadmap that identifies all mission-critical systems (e.g., AMI, OMS, GIS, Banner), assesses current-state capabilities and integration gaps, and prioritizes future enterprise technology investments over a 5-year horizon

Budget

	Annual Cost
Year 1	$ 121,426.20
Year 2	$ 121,426.20
Year 3	$ 121,426.20
Total	**$ 364,278.60**

BROWNSVILLE
PUBLIC UTILITIES BOARD

Questions?

RENEWAL AND AMENDMENT

AMENDMENT NO. 5 TO TECHNICAL CURRENCY AGREEMENT

This Renewal and Amendment ("**Amendment**") to the agreement(s) listed below is entered into as of (the "**Effective Date**"), by and between Neumo Government Systems, LLC f/k/a Avenu Government Systems, LLC, with a principal place of business at 5885 Trinity Parkway, Suite 120, Centreville, VA 20120 ("**Neumo**") and Brownsville Public Utilities, with its principal place of business at 1425 Robinhood Drive, Brownsville, TX 78512, United States ("**Customer**"). Neumo and Customer may each be referred to as "**Party**" and collectively as the "**Parties**."

1. AGREEMENT(S) BEING RENEWED AND AMENDED. This Amendment renews and extends the following agreement(s) (collectively, the "**Agreement(s)**"):

- TECHNICAL CURRENCY AGREEMENT, effective September 26, 1996, currently set to expire on September 30, 2026 (the "**Original Agreement**").

2. RENEWAL TERM. The Parties agree to renew and extend the term of the Original Agreement(s) for an additional period (the "**Renewal Term**") as follows:
- Renewal Term Start Date: October 1, 2026
- Renewal Term End Date: September 30, 2029

3. RENEWAL FEES AND PAYMENT TERMS. During the Renewal Term, the fees and payment terms for the Agreement(s) shall be as follows:

Solution/SKU	Fee Description	Amount	Billing Frequency	Payment Terms
FT000011	Banner Human Resources Software Maintenance	$33,119.42	Annual	Net 30
FT000013	Oracle Database – Software Maintenance	$38,430.61	Annual	Net 30
FT000010	Banner Finance Software Maintenance	$49,876.17	Annual	Net 30

4. REPRESENTATIONS. Each Party represents and warrants that: (i) it has full power and authority to execute and deliver this Amendment and to perform its obligations hereunder; (ii) this Amendment has been duly executed and delivered by such Party and constitutes a legal, valid and binding obligation of such Party; and (iii) the execution and performance of this Amendment does not violate any law or other contractual restriction applicable to such Party.

5. EFFECT OF AMENDMENT; CONTINUATION OF TERMS. Except as expressly modified by this Amendment, all terms and conditions of the Original Agreement(s) remain unchanged and in full force and effect during the Renewal Term. In the event of any conflict between this Amendment and the Original Agreement(s), the terms of this Amendment shall control solely with respect to the matters addressed herein. This Amendment, together with the Original Agreement(s), constitutes the entire agreement between the Parties with respect to the subject matter

hereof and supersedes all prior or contemporaneous understandings, whether written or oral, relating to such subject matter.

6. COUNTERPARTS; ELECTRONIC SIGNATURES. This Amendment may be executed in counterparts, each of which is deemed an original and all of which together constitute one instrument. Electronic signatures and PDF counterparts are binding to the fullest extent permitted by law.

[Signature page follows]

SIGNATURE PAGE

The Parties accept and agree to the terms and conditions set forth herein and have caused this Amendment to be executed by their respective authorized representatives:

NEUMO GOVERNMENT SYSTEMS, LLC	BROWNSVILLE PUBLIC UTILITIES
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

June 8, 2026

To Whom It May Concern:

Neumo Group, LLC is the contract owner for the Banner® software products, is currently, and will continue to be, the sole source provider of sales, support and services, for all Banner products available to the local government market.

If you should have any questions, or wish to discuss this matter further, please feel free to contact me at (571) 248-5392.

Sincerely,

Karen Maniscalco

Karen Maniscalco
Banner/RDBA Services
Neumo, LLC

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
F.8 - Consideration and Possible Action on a Natural Gas Transportation Proposal from Texas Gas Service for delivery to the Silas Ray Power Plant, and authorizing the General Manager and Chief Executive Officer to Negotiate and Execute a Definitive Contract

Open/Closed Session
Consent Agenda Items

Action
Presentation
Approval

Executive Sponsor
Lead Department: 2215-Power Supply & Market Operations

Assigned Staff (Presenter): Cory Carswell

Summary
Texas Gas Service (TGS) is BPUB's service provider for natural gas transportation to the Silas Ray Power Station. As part of TGS's 2025 system-wide rate case, TGS implemented a new rate structure for electric generation customers that includes a Maximum Daily Quantity (MDQ) demand charge, among other chages. This rate applies to TGS electric generation transportation customers.

Strategic Initiatives
Strategic Focus Area 5 – Power Supply Optimization: Optimize fuel supply and transportation costs for BPUB generation resources.

Referring Committee

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

Fiscal Impact

Budgeted	Bid Award	Reallocation	No Fiscal Impact

Amount Requested:	
Source of Funding:	100-4220-7708-E50101

Recommended Motion

BPUB staff recommends Board approval to authorize the General Manager and Chief Executive Officer to complete negotiations and execute a natural gas transportation agreement with Texas Gas Service for a 3-year period.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
G.1 - General Manager's Report:
a. Board Calendar
b. Industry and Brownsville Public Utilities Board Updates

Open/Closed Session
Items for Individual Consideration

Action
Briefing

Executive Sponsor
Lead Department: 1110-General Manager

Assigned Staff (Presenter): Marilyn D. Gilbert

Summary
The General Manager & CEO, will brief the Board on the current Board Calendar and provide updates on upcoming meetings, governance activities, and key dates.

Strategic Initiatives

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

Fiscal Impact
Budgeted Bid Award Reallocation No Fiscal Impact

Amount Requested: _____
Source of Funding: _____

Recommended Motion
No action required.

BPUB Board Calendar

October 2026

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

November 2026

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

December 2026

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Monthly Scheduled Meetings

Oct 12	**SRWA Board Meeting**
Oct 12	**BPUB Board Meeting**
Oct 21	**PUBCAP Meeting**
Nov 2	**SRWA Board Meeting**
Nov 9	**BPUB Board Meeting**
Nov 18	**PUBCAP Meeting**
Dec 7	**SRWA Board Meeting**
Dec 14	**BPUB Board Meeting**
Dec	**No PUBCAP Meeting**

Other Events/Meetings

Oct 2	BPUB Annual Big Bash
Oct 20	Joint Subcommittee COB/BPUB Meeting
Oct 28	**Finance Committee** Mtg (Tentative)
Nov 4	**Regulatory/Policy Committee** Mtg (Tentative)
Nov 5	Annual BPUB Veterans Breakfast
Nov 18	**Audit Committee** Mtg (Tentative)
Nov 19	Annual Safety Luncheon
Dec 12	BPUB Annual Dinner & Dance

BPUB Holidays (BPUB Offices Closed)

Nov 11	Veterans Day
Nov 26-27	Thanksgiving Holiday
Dec 24	BPUB Floating Holiday
Dec 25	Christmas Day

General Manager's Report

October 12, 2026



Cory Carswell's Recognition

Director of Power Supply and Market Operations Cory Carswell received recognition from the State of Texas for his service as a technical expert in the grant review process for the Texas Advanced Nuclear Energy Office (TANEO). Carswell brought a utility perspective and helped identify which projects were realistic and executable for the state's nuclear energy goals.



Mirta Vasquez Selected for Advisory Council

Senior Energy Efficiency and Conservation Coordinator Mirta Vasquez was selected to serve on the HOMES (Home Owner Managing Energy Savings) and HEAR (Home Electrification and Appliance Rebates) Rebate Programs Advisory Council. The programs are part of the U.S. Department of Energy's Home Energy Rebates Program, funded by the Inflation Reduction Act, and provide rebates to help Texans reduce energy costs, improve home efficiency and lower emissions. The programs are being implemented by the Texas State Energy Conservation Office (SECO) with APTIM Federal Services LLC, with Vasquez providing guidance on program design and implementation.



APPA Cybersecurity Acceleratior Program Gold Designation

BPUB's Electric Supervisory Control and Acquisition (SCADA) team earned a Gold designation in the medium category of the American Public Power Association (APPA) Cybersecurity Accelerator program. The program assessed BPUB's cybersecurity capabilities and practices across four categories: internal controls, cybersecurity governance and training, cyber incident response, and cyber risk management. The Gold designation recognizes BPUB's implementation of core cybersecurity practices in these areas.



Communications and Marketing Division Recogniton

BPUB's Communications and Marketing Division was recognized in the American Public Power Association's Excellence in Public Power Communications Awards in the Video category. The award recognizes BPUB's work in public power communications and will be presented during APPA's Customer Connections Conference in Nashville, Tennessee, in October.

General Manager's Report

October 12, 2026

Industry and Brownsville Public Utilities Board Updates

During its Regular Commission Meeting of October 6, 2026, the City Commission of the City of Brownsville considered Resolution 2026-131-A, appointing members to the City of Brownsville Environmental and Conservation Task Force.

This task force is a board previously "reactivated" by the City Commission in Resolution 2026-121-A, during its meeting of September 22, 2026. This resolution charges the task force with undertaking a "comprehensive, fact-based evaluation of data center development;" the City Commission adopted it with amendments providing for the delivery of a final report on same to the City Commission by March 15, 2027 (with a report with recommendations due for commission presentation on December 15, 2026). This resolution also provides that, upon submission of the final report, the Task Force shall cease to exist (unless otherwise abolished or continued).

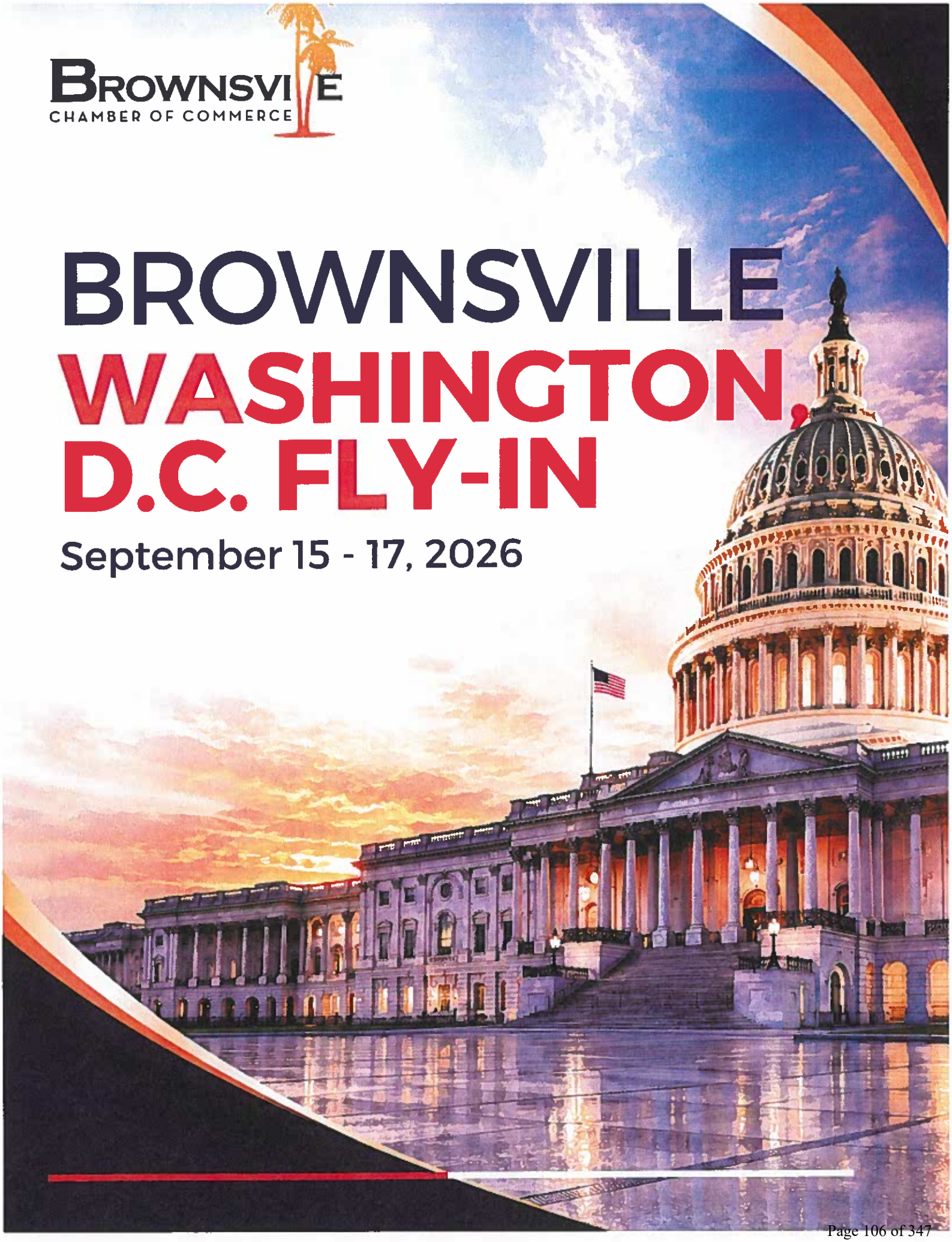
In anticipation of the October 6, 2026 meeting wherein task force members would be appointed, BPUB legal services sent an email to City Management and the City Attorney that afternoon, notifying of two individuals who had expressed interest in serving as the BPUB Representative on the board—BPUB Member Alejandro Najera and BPUB System Planning Engineer Leo Guzman. This was not submitted as a recommendation but just to give notice regarding the stated interest, as City Ordinances give city commissioners the final authority to select and approve individuals to serve on City boards.

During the October 6 City Commission Meeting, the City did not select the BPUB Representative but instead approved a motion to allow BPUB to pick its "best qualified" individual to serve. City staff suggested that Resolution 2026-131-A could come back for reconsideration at a subsequent City Commission meeting.

BROWNSVILLE
CHAMBER OF COMMERCE

BROWNSVILLE WASHINGTON, D.C. FLY-IN

September 15 - 17, 2026



About The BROWNSVILLE CHAMBER

Advocacy . Leadership . Growth

A 501(c)(6) nonprofit organization, incorporated in 1937, and primarily funded by member dues, the Brownsville Chamber of Commerce is the community's leading advocate for businesses, with a primary objective to create a climate of growth and success in Brownsville, Texas.

An Accredited Four-Star Chamber of Commerce, the Brownsville Chamber of Commerce is a member driven business organization whose principal mission is to advance the business interests of its members through leadership, civic engagement, promotion, support and advocacy.



Esmeralda Villarreal, IOM
President & CEO



Hannia P. Rovelo-Quintero
Director of Community Engagement & Strategic Operations



America Salazar
Director of Marketing & Programs

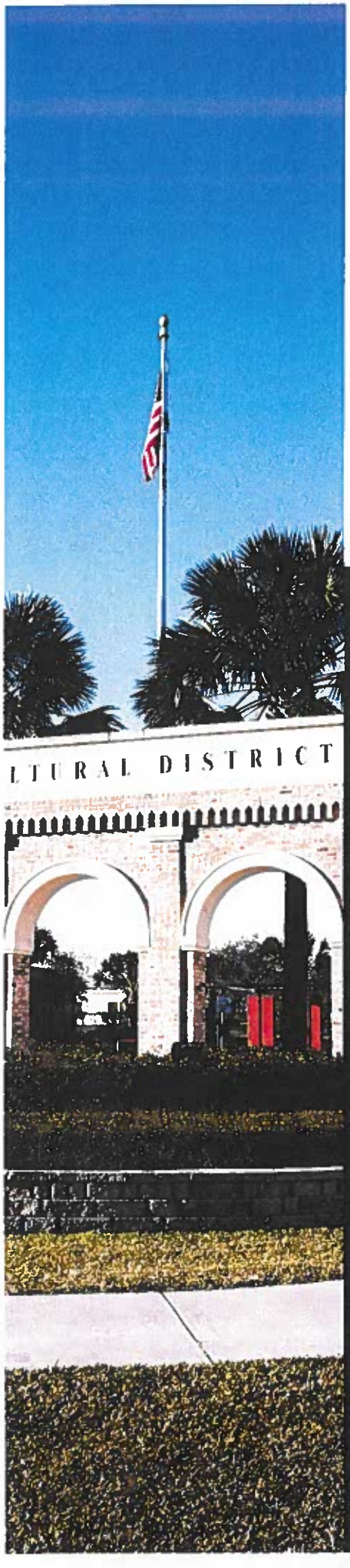


Orlando Gutierrez
Membership & Revenue Growth Specialist



Melissa Montoya
Information & Administrative Support Specialist





About The Government & International Trade Committee

The mission of the Government & International Trade Committee is to promote awareness and take action on governmental issues of importance to chamber members at local, state and federal levels, and to increase member involvement around critical issues related to voting, legislation and business advocacy. To represent the international commerce and trade needs of chamber members and the community.

Meet The Committee Leadership Team

Chairwoman of the Board



Griselda Y. Muñoz-German, MBA
Greater Brownsville EDC

Committee Chair



Mark Hodgson
SA Recycling

Committee Vice-Chair



Marisela Cortez
SpaceX

U.S. Chamber of Commerce

Four-Star Distinction

Accredited

☆ ☆ ☆ ☆

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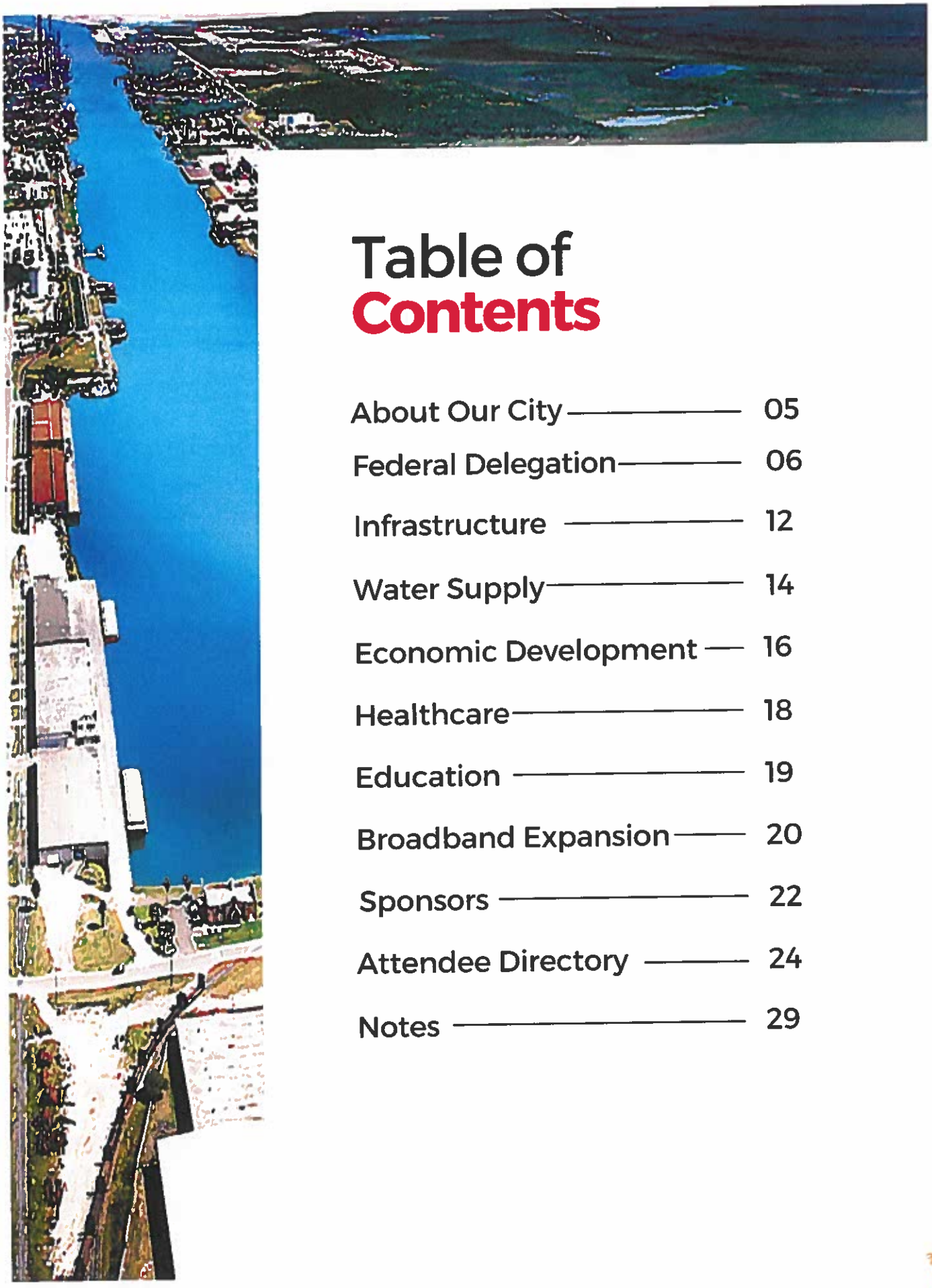


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About Our City:

BROWNSVILLE, TEXAS

Brownsville is the county seat of Cameron County, located at the southernmost tip of Texas, with approximately 193,000 residents. It is a growing international hub known as the Gateway to SpaceX and South Padre Island and a strategic gateway between the United States and Mexico. Its unique location supports six modes of transportation: air, water, highway, rail, trail, and space, making Brownsville a critical center for international trade, logistics, manufacturing and nearshoring.

SpaceX and expanding industries in aerospace, advanced manufacturing, energy, logistics, healthcare and technology are creating new investment and employment opportunities and transforming Brownsville's economic landscape.

Brownsville is pairing this economic growth with major investments in quality of life and long-term planning. The City has developed multiple master plans focused on downtown revitalization, housing, transportation, parks and future growth, while investing hundreds of millions of dollars in infrastructure and public facilities. Its historic downtown, cultural heritage, natural areas, birding destinations and proximity to the Gulf Coast and South Padre Island make Brownsville an increasingly attractive place to live, work and visit. With more than 10 million visitors annually, Brownsville is positioning itself not only as a gateway to space and South Padre Island, but as a destination and economic hub in its own right.

BY THE NUMBERS

192,957
Total Population

$59,491
Median Household Income

7.3%
Unemployment Rate

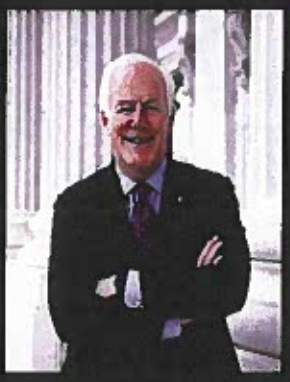
23.0%
Without Health Care Coverage

28.2%
Bachelor's Degree or Higher

Meet The Federal Delegation

United States Senator John Cornyn

(R-TX 107th-119th)



Cornyn, John, a Senator from Texas; born in Houston, Texas, on February 2, 1952; grew up in San Antonio; B.A., Trinity University, 1973; J.D., St. Mary's School of Law, 1977; LLM, University of Virginia, 1995; attorney; Bexar County district court judge, 1984-1990; Texas Supreme Court justice, 1990-1997; Texas attorney general, 1999-2002; elected as a Republican to the U.S. Senate in 2002; reelected in 2008, 2014, and 2020; currently serving his fourth term; Republican Conference vice-chair, 2007-2009; chair, National Republican Senatorial Committee, 2009-2012; Senate Republican whip, 2013-2019; currently serves on the Senate Finance, Judiciary, Intelligence, Foreign Relations, and Budget Committees; chair, Finance Subcommittee on International Trade, Customs, and Global Competitiveness; chair, Judiciary Subcommittee on Border Security and Immigration; married Sandy Cornyn in 1979; two daughters.

Meet The Federal Delegation

United States Senator Ted Cruz

(R-TX-113th-119th)



Cruz, Ted, a Senator from Texas; raised in Texas; B.A., Princeton University, 1992; J.D., Harvard Law School, 1995; law clerk to Chief Justice William Rehnquist of the U.S. Supreme Court; attorney in private practice; domestic policy advisor to the George W. Bush presidential campaign, 1999; served in the U.S. Department of Justice and Federal Trade Commission during the George W. Bush administration; solicitor general of Texas, 2003-2008, arguing eight cases before the U.S. Supreme Court; returned to private practice and argued a ninth case before the Supreme Court; elected as a Republican to the U.S. Senate in 2012 and took office January 3, 2013; reelected in 2018 and 2024 and currently serving his third term; authored legislation addressing education savings, national security, space and aviation, energy, civil rights records, and other federal issues; chairman, Senate Committee on Commerce, Science, and Transportation, 2025-present; member, Senate Committees on Foreign Relations and Judiciary; married Heidi Nelson Cruz; two daughters, Caroline and Catherine; resides in Houston, Texas.

Meet The Federal Delegation

U.S. Congressman Vicente Gonzalez, Jr.

(D,TX-34)



Gonzalez, Vicente, a Representative from Texas; represents Texas' 34th Congressional District, stretching from the Rio Grande Valley to the Coastal Bend; elected to the U.S. House of Representatives and currently serving his fifth term; secured nearly $8 billion in federal investments for South Texas, including more than $306 million for Brownsville; helped authorize $40 million for Brownsville Public Utilities Board water and wastewater infrastructure and delivered nearly $33 million for Brownsville South Padre Island International Airport; secured more than $29 million in Fiscal Year 2026 Title I funding for Brownsville ISD and $1.75 million for local community projects; advocated for expansion of the Gateway International Bridge and secured critical permits for the Flor de Mayo International Bridge and two LNG export terminals at the Port of Brownsville; supported $68 million for the Brazos Island Harbor Channel Improvement Project; works across the aisle on health care, education, veterans, senior citizens, and lowering costs; resides in South Texas with his wife, Lorena Saenz Gonzalez.

Meet The Federal Delegation

U.S. Congressman Henry Cuellar

(D,TX-28)



Cuellar, Henry, a Representative from Texas; born and raised in Laredo, Texas, the eldest of eight children of migrant farmworkers; A.A., Laredo Community College; B.S., Georgetown University; M.A., Texas A&M International University; J.D. and Ph.D., University of Texas at Austin; professional certificates in budget and finance from Georgetown University and homeland security from Texas A&M University; M.A., Defense and Strategic Studies, U.S. Naval War College, 2025; attorney; licensed customs broker; educator at Texas A&M International University and Laredo College; member of the Texas House of Representatives; Texas secretary of state; elected as a Democrat to the U.S. House of Representatives in 2004 and took office in 2005, representing Texas' 28th Congressional District; senior member, House Committee on Appropriations; ranking member, Appropriations Subcommittee on Homeland Security; member, Appropriations Subcommittees on Defense and Military Construction, Veterans Affairs, and Related Agencies; Chief Deputy Whip; married Imelda Cuellar; two daughters, Christina and Catherine; resides in Laredo, Texas.

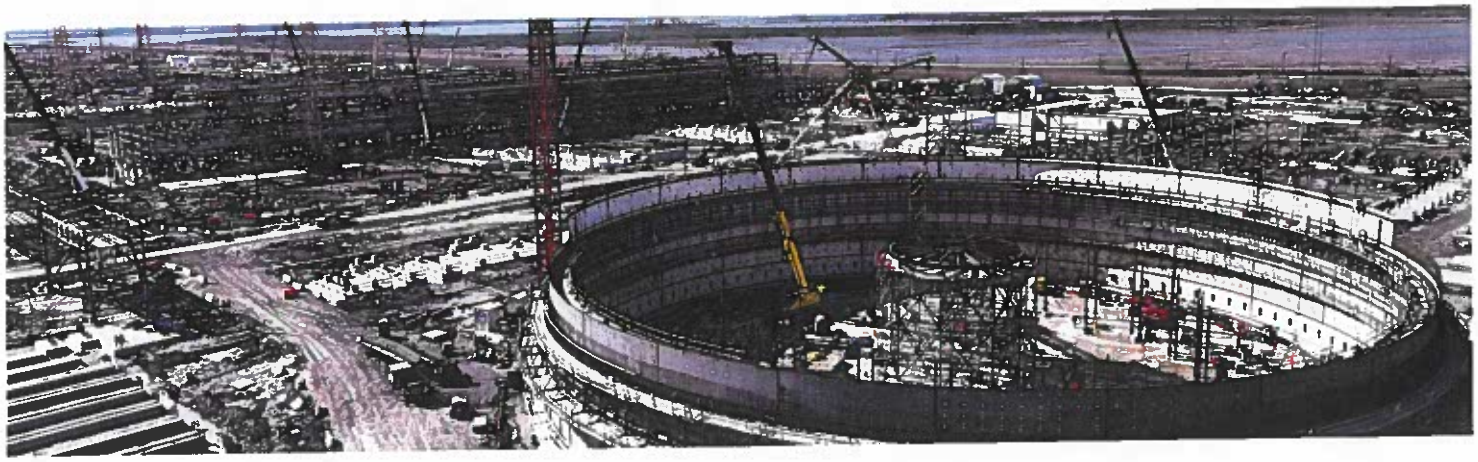
Meet The Federal Delegation

U.S. Congresswoman Monica De La Cruz

(R,TX-15)



De La Cruz, Monica, a Representative from Texas; raised in Brownsville, Texas; granddaughter of a Mexican farmworker and raised by her mother, Norma; earned a business degree from the University of Texas at San Antonio; studied Spanish at the Universidad Nacional Autónoma de México; small business owner and insurance professional for more than 20 years; elected as a Republican to the U.S. House of Representatives in 2022 and took office in 2023, becoming the first Latina and first Republican to represent Texas' 15th Congressional District; reelected and currently serving her second term; member, House Committees on Agriculture and Financial Services; vice chair, Agriculture Subcommittee on Nutrition and Foreign Agriculture; vice chair, Financial Services Subcommittee on Housing and Insurance; has had three major pieces of legislation signed into law; returned more than $12 million to South Texans through nearly 1,500 constituent cases and helped deliver $280 million in federal investments; legislative priorities include agriculture, housing affordability, border and water issues, veterans, financial services, and economic development; resides in Hidalgo County, Texas.



Infrastructure, Energy & Trade

Energy & Grid Reliability

- Support investment in reliable power generation and energy infrastructure to meet increasing demand associated with Brownsville's population, industrial, manufacturing, and technology growth.
- Modernize transmission infrastructure to meet demand from electrification, industry, and population growth.
- Preserve clean energy tax credits and streamline permitting for energy projects.
- Ensure affordable, reliable power for residents and businesses; expand LIHEAP for low-income households.
- Protect the electric grid against cyber threats with federal resources.
- Invest in workforce development to train utility and grid professionals.
- Support an all-energy strategy: oil & gas, renewables, carbon capture, hydrogen, modular nuclear, and storage.
- Support LNG growth: Rio Grande LNG's $30B project employs 7,500+ workers today with plans in strengthening U.S. energy exports.

By The Numbers:

Energy Growth

Texas's energy demand could reach 367, 790 megawatts by 2032, driven by economic growth and rapidly increasing demand from data centers, industrial facilities, and oil and gas operations.

[Source: Electric Reliability Council of Texas]

Economic Impact

The state's oil and gas industry employs over 495, 500 Texans and contributed $27 billion in state and local taxes in Fiscal Year 2025.

[Source: Texas Oil & Gas Association]

Trade & Transportation Infrastructure

- Support air cargo and logistics development to expand movement of goods, attract new commercial activity, and strengthen Brownsville's position as a multimodal gateway to Northern Mexico and the Lower Rio Grande Valley.
- Improve multimodal freight connectivity between international crossings, highways, rail, and the Port of Brownsville to reduce congestion, improve safety, and increase the efficiency of goods movement through the region.
- Strengthen Brownsville's international trade and logistics capacity by leveraging the airport's port of entry designation, U.S. Customs and Border Protection Federal Inspection Station, Foreign Trade Zone access, and connectivity to international bridge crossings, I-69E, and the Port of Brownsville.
- Strengthen regional emergency evacuation and tourism connectivity to South Padre Island by advancing the I-69 Connector, Outer Parkway, FM 106, and SH 104 Second Access projects.
- Advance the East Loop as a key freight corridor connecting the Veterans International Bridge, Port of Brownsville, major industries, and SpaceX, supporting international trade and nearly $60 billion in regional investment.
- Secure federal funding to modernize Brownsville's transit infrastructure, including park-and-ride improvements and connections between Downtown Brownsville, the Mitte Cultural District, the Port of Brownsville, and the regional transportation network.

By The Numbers:

LNG Exports

Texas helped propel U.S. LNG exports to a record 5.5 trillion cubic feet in 2025, strengthening America's role in the global energy market.

[Source: U.S. Energy Information Administration]

Short Line Railroads

Statewide, Texas' 45 short line railroads spanning 2,570 miles across 80 counties, employ approximately 1,500 Texans and generate $200 million in labor income statewide

[Source: Texas Short Line & Regional Railroad Association]

Water Supply & Resiliency

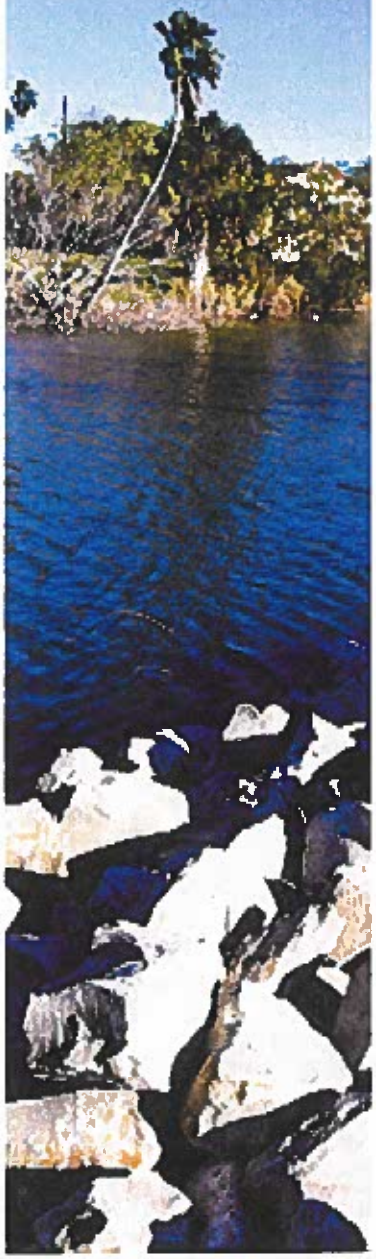
Sustainable Water Supply

- Increase federal investment in water and wastewater infrastructure to expand capacity, modernize systems, and prepare Brownsville for continued population and industrial growth.
- Support federal co-investment in regional and statewide water strategies to ensure adequate, resilient, and cost-effective supply for Texas's growing population and industries.
- Oppose federal disinvestment in utility infrastructure that shifts burdens to states and municipalities already stretched thin.
- Urge reauthorization and funding increases for EPA SRF and WIFIA programs to support local and regional water projects.

Innovation & Flexibility in Water Management

- Encourage federal policies that promote innovation, technology adoption, and market-based solutions for drought-prone regions like South Texas.
- Support federal research and demonstration grants (DOI, DOE, USDA, EPA) for:
  - Brackish groundwater desalination (e.g., Southmost Regional Water Authority Optimization & Expansion Projects)
  - Advanced water recycling & reuse
  - Indirect & direct potable reuse systems
  - Digital water infrastructure (leak detection, smart metering, allocation tools)
- Push for regulatory flexibility and streamlined permitting (EPA & USACE) for reuse and impoundment projects.





Preparedness for Growth

- Secure strategic federal investment in water infrastructure to protect Texas's economy, especially in agriculture, energy, aerospace, and advanced manufacturing.
- Advocate for water resiliency provisions in future national industrial & energy competitiveness packages.
- Ensure Department of Commerce & USDA Rural Development programs prioritize high-growth areas near ports & industrial zones, including Brownsville.

By The Numbers:

Population Growth

The Rio Grande Region's population is projected to grow from 1.89 million in 2030 to 2.09 million by 2070, increasing annual municipal water demand by approximately 11%

(Source: 2026 Rio Grande Regional Water Plan)

Industrial Usage

Brownsville's municipal water demand is projected to increase from 32,212 acre-feet in 2030 to 32,908 acre-feet by 2040, with baseline usage estimated at 154 gallons per capita per day.

(Source: 2026 Rio Grande Regional Water Plan)

Infrastructure Needs

In 2021, an estimated 130 billion gallons of water were lost due to infrastructure issues. Of that total, 30 billion gallons of water loss can be attributed to broken pipes and water leaks – enough to provide a year's supply of water to nearly 1.2 million average American households.

(Source: Texas Comptroller of Public Accounts)

Economic & Community Development

Economic Development & Incentives

- Protect federal economic development funding by sustaining the Economic Development Administration and preserving critical investment for distressed border communities.
- Promote federal policies and funding opportunities that strengthen aerospace and advanced manufacturing growth, including FAA infrastructure support and aerospace supplier recruitment initiatives.
- Improve federal funding access for distressed border communities by reducing local match barriers, recognizing persistent poverty in federal cost-share policies, and ensuring metropolitan border communities can compete effectively for federal grants.
- Strengthen small business and entrepreneurship programs by protecting SBA technical assistance, CDFI lending, and federal support that helps local businesses grow and create jobs.

Workforce Development & Education

- Advance rapid transit connections to the Port of Brownsville and SpaceX to improve workforce mobility, access to employment, and regional economic growth.
- Strengthen the skilled-trades workforce pipeline by supporting training programs aligned with the workforce needs of Brownsville's growing industrial, logistics, construction, and recycling sectors.
- Expand support for registered apprenticeships, Pell Grants for short-term credentials, and Labor Department reskilling programs.
- Preserve and improve employment-based visa programs, including H-2B visas, to help employers address documented workforce shortages.
- Advocate for workforce development grants and technical training programs aligned with high-growth industries such as aerospace, advanced manufacturing, maritime, and energy to ensure a competitive regional workforce pipeline.

Economic & Community Development

Key Priorities – Space Industry

Orbital AI Compute

Support more efficient and predictable FAA permitting and licensing processes, with a particular focus on accelerating license modification approval timelines and modernizing airspace integration for launches and reentries to safely enable higher flight rate through the National Airspace System (NAS). This regulatory certainty is required to support vital national security, NASA, and commercial missions, including Artemis Moon missions, global rollout of Starlink high-speed satellite broadband, and rapid deployment of Starmind orbital AI compute capability.

Modernize Federal Permitting, Licensing, and Airspace Integration

Support more efficient and predictable federal permitting and licensing processes, with a particular focus on modernizing airspace integration. A streamlined regulatory framework will enable an increased Starship flight rate while maintaining rigorous safety standards, strengthening U.S. leadership in space and supporting the growing cadence of NASA, national security, and commercial missions.

Financial Stability & Credit Access

- Expand access to federal financing, credit, and investment programs that help local recyclers modernize operations, remain competitive, and strengthen America's domestic supply chain.
- Promote federal financial regulations that balance consumer protection with equitable credit access for small businesses and underserved communities.
- Advocate for regulations addressing predatory practices without penalizing community lenders or stifling innovation.

Trade & Tariff Policy

- Invest in infrastructure and trade capacity by strengthening federal support for border and port communities, improving transportation connectivity, and funding infrastructure needed to support regional industrial growth.
- Leverage federal transportation investment to support major private-sector growth in South Texas, ensuring infrastructure keeps pace with expanding international trade and manufacturing activity.

Aerospace & Innovation Growth

- Advance airport-centered economic development by supporting infrastructure and site readiness for the airport's available aeronautical and non-aeronautical property, including opportunities for general aviation, industrial, manufacturing, air cargo, and logistics development.
- Highlight SpaceX Starbase near Brownsville, which has generated more than $13 billion in gross economic impact and supported more than 24,000 direct and indirect jobs, with indirect taxes of more than $305 million that fund essential local services, public education, and infrastructure.

By The Numbers:

Economic Contributions

Businesses account for approximately 59.5% of state and local tax collections in Texas, compared with 45.8% nationwide.

[Source: 2024 FY US COST & STBI Report]

Workforce Needs

Texas is projected to add more than 226,000 high-wage, high-demand middle-skill jobs through 2032, with nearly 74% paying more than $55,000 annually.

[Source: Texas Workforce Commission]

17

Healthcare

Expand Access to Affordable Healthcare

- Support restoring and strengthening enhanced federal premium tax credits to improve affordability and reduce barriers to health coverage.
- Protect Medicaid and Medicare funding and oppose policies that could reduce coverage or create barriers to care for low income, elderly, disabled, and medically vulnerable residents.
- Support community health centers and programs that expand access to primary, preventive, behavioral and specialty care.

Strengthen the Healthcare Workforce

- Expand federal investment in Graduate Medical Education and increase Medicare-supported residency slots in medically underserved regions such as South Texas.
- Support HRSA workforce programs, nursing and allied health workforce initiatives, rural training tracks, and community-based training programs.
- Expand federal incentives that help recruit and retain physicians, nurses, behavioral health professionals and other healthcare providers in underserved communities.





Education

- Protect Pell Grants, TRIO, GEAR UP, Federal Work-Study, and other federal student aid programs that improve college access, affordability, and completion.
- Preserve affordable federal financing options for undergraduate, graduate, and professional students.

Preserve Access to Graduate & Professional Education

- Preserve affordable federal financing options for graduate and professional students, particularly those pursuing high-cost, high-demand professions.
- Support flexible federal borrowing options that maintain access to graduate, professional, and health profession programs.

Federal Research & Innovation Capacity

- Support federal research investments through NIH, NSF, DOD, DOE, NASA, USDA, and other agencies.
- Expand research capacity and infrastructure supporting health, energy, advanced manufacturing, cybersecurity, aerospace, coastal studies, and border resilience.

By The Numbers:

Uninsured Rates

29.4% of Brownsville residents under 65 are uninsured, compared to a statewide average of 16.4%.

[Source: U.S. Census Bureau]

Preventive Care Needs

The lower Rio Grande Valley has a type 2 diabetes prevalence of 30.7% among adults, compared to a 9.3% nationwide.

[Source: Valley Baptist Medical Center]

Broadband Expansion & Digital Equity

Closing the Connectivity Gap

- Advance secure and resilient digital infrastructure by supporting Brownsville's private 5G deployment to improve emergency communications, essential municipal services, and critical infrastructure operations.

Promoting Public-Private Partnerships

- Ensure flexibility in federal broadband grant and loan programs to accommodate innovative partnerships, including Brownsville's BTXFiber, a city-led initiative supported by a $42 million state broadband fund to expand current infrastructure and connect 17 new cities.

Streamlining Federal Permitting & Access

- Support provisions like those in H.R. 2805, the "PLAN for Broadband Act", to streamline permitting and access to federal infrastructure assets.
- Prioritize faster deployment of fiber and fixed wireless in historically underserved border communities.

Digital & Critical Infrastructure

- Support Brownsville's FCC waiver for private 5G infrastructure to expand secure wireless coverage and strengthen intelligent transportation, critical infrastructure, public safety, and connectivity supporting the U.S.-Mexico border and regional economy.
- Champion federal investment that supports Brownsville's fiber and broadband infrastructure expansion, building on the City's approximately 95–100-mile middle-mile network and continued last-mile deployment to improve reliable high-speed connectivity for residents, businesses, and community institutions.

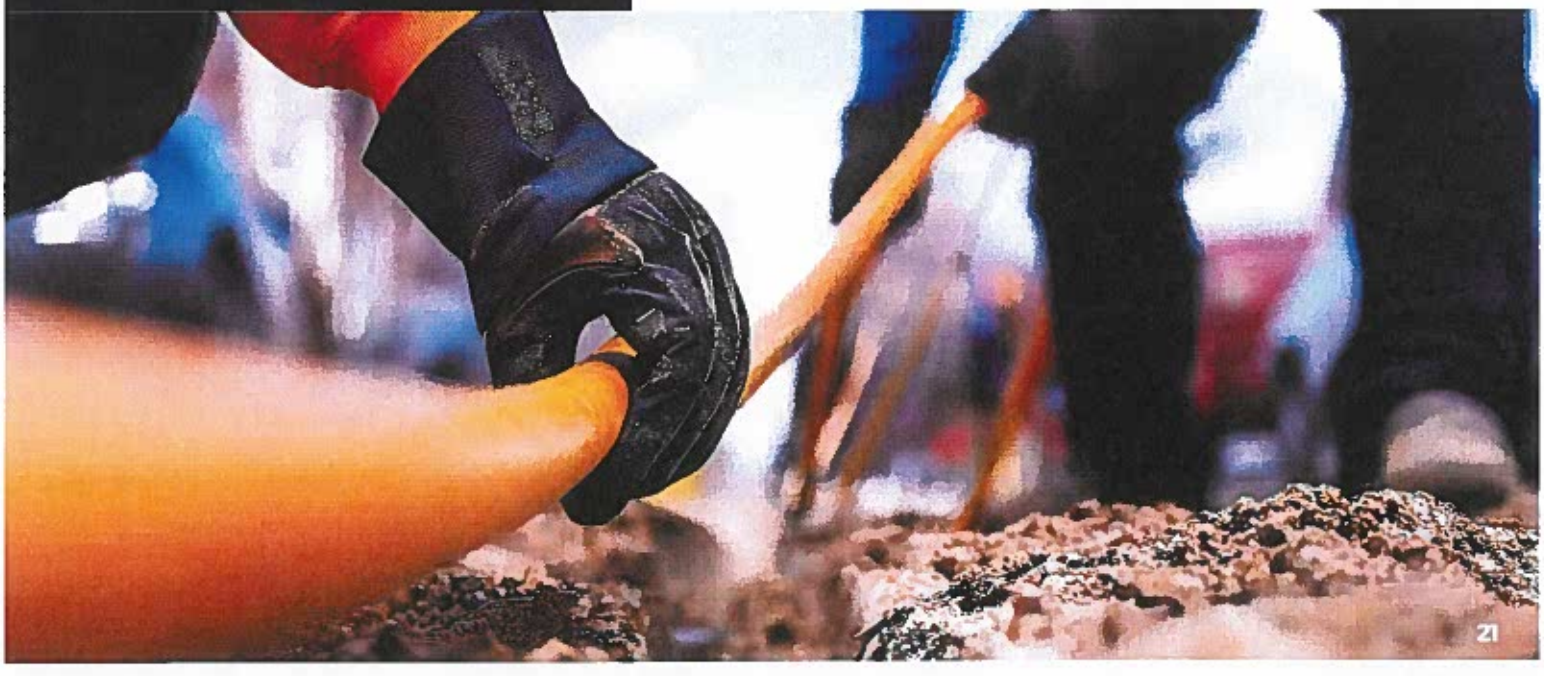
By The Numbers:

Broadband Connectivity

Brownsville has made significant progress in closing the digital divide, with 86.1% of households now having a broadband internet subscription and 91.4% having a computer, according to the U.S. Census Bureau's 2020-2024 estimates.

However, nearly 14% of Brownsville households still lack a broadband subscription, underscoring the need for continued investment in affordable, reliable connectivity to support education, healthcare, workforce opportunities, and small business growth.

[Source: United States Census Bureau]



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Presenting Partners

GREATER BROWNSVILLE EDC

SPACEX

Leading Partners

BROWNSVILLE COMMUNITY IMPROVEMENT CORPORATION
AN ECONOMIC DEVELOPMENT CORPORATION

City of BROWNSVILLE Texas
On the Border By the Sea

PORT OF BROWNSVILLE
the port that *works*

RG LNG
RIO GRANDE LNG

SA Recycling

Thank You
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Brownsville & Rio Grande Railway

BPUB

HANSON

IBC

KARPOWER

Sunny Glen
CHILDREN'S HOME
SINCE 1936

Texas Gas Service
A Division of ONE Gas

Valley Regional Medical Center

Venue Partner

THE Access to Health FOUNDATION

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BROWNSVILLE
CHAMBER OF COMMERCE

U.S. Chamber of Commerce

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Brownsville, TX 78520

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2026 Brownsville Chamber Washington, D.C. Fly-In

Attendee DRAFT Agenda:

TRAVEL TO WASHINGTON D.C. & EVENING RECEPTION

Tuesday, September 15, 2026

ATTIRE REMINDER - Mexican/Charro Days Attire
We encourage all delegation members to wear festive Mexican/Charro Days Attire for the evening private reception at the William & Jensen Rooftop.

Fly to D.C. (airfare and ground transportation to the **Host Hotel** must be arranged and paid for by the attendee)

1:00 PM - 3:00 PM	Check In to **Host Hotel** **Hyatt Place Washington DC / National Mall** 400 E Street SW, Washington, DC 20024
3:00 PM	Pick-up Delegation at the **Host Hotel** for the Library of Congress Tour ***[Optional]***
3:20 PM - 4:30 PM	Library of Congress Tour 101 Independence Ave SE, Washington, DC 20540
4:30 PM	Pick-up Delegation for travel back to the Host Hotel
5:30 PM	Pick-up Delegation from the Host Hotel for Private Reception
6:00 PM - 8:00 PM	Private Reception at **William & Jensen Rooftop** 1201 Pennsylvania Avenue NW Washington DC, 20004
8:00 PM	Pick-up Delegation for travel back to Host Hotel

BROWNSVILLE CHAMBER WASHINGTON D.C. FLY-IN

Wednesday, September 16, 2026

ATTIRE REMINDER - Business Professional Attire
We encourage all delegation members to wear **NAVY BLUE** to create a cohesive look for meetings, media opportunities, and the official delegation photo.

7:30 AM	Pick-up Delegation for **travel to the U.S. Capitol from Host Hotel** for Delegation Photo & Agency Meetings
8:00 AM	Delegation Photo at Capitol Steps
8:30 AM - 10:30 AM	Capitol Hill Meetings - Room: Cannon 130

CONFIDENTIAL

	8:30 AM - Breakfast 9:00 AM - Welcome & Opening Remarks 9:15 AM - **Keynote:** Border Trade as a National Economic Priority 9:45 AM - **Panel 1:** Trade, Logistics & Border/Customs Modernization
10:30 AM - 10:45 AM	Networking Break & Room Change
10:45 AM - 1:30 PM	Capitol Hill Meetings - Room: Cannon 240
	11:00 AM - **Panel 2:** Infrastructure, Maritime, Water & Energy Resources 12:00 PM - **Keynote:** Economic Development & Incentives
1:30 PM - 3:30 PM	Lunch ***[On Your Own]***
2:30 PM - 3:30 PM	Capitol Tour ***[Optional]***
3:30 PM- 5:15 PM	Capitol Hill Meetings - SR-198, Russell Senate Office Building
	3:30 PM - Office of Congressman Vicente Gonzalez (D,TX-34) 4:00 PM - Office of U.S. Senator Ted Cruz (R, TX 113th-119th) 4:30 PM - **Panel 3:** Business Taxes, Regulation & Healthcare Access
5:20 PM	Pick-up Delegation for travel back to the Host Hotel
6:00 PM	Pick-up Delegation for **travel for Private Dinner from Host Hotel**
6:00 PM - 8:00 PM	Sponsored Private Dinner at **Del Frisco's Double Eagle Steakhouse** 950 I St NW Ste 501, Washington, DC 20001
8:00 PM	Pick-up Delegation from Private Dinner for Travel to the **National Mall**
9:00 PM	Pick-up Delegation from National Mall for travel back to Host Hotel

DEPARTING WASHINGTON D.C.

Thursday, September 17, 2026

8:30 AM	Pick-up Delegation for **Travel to the AT&T Conference Center from Host Hotel** for Agency Meetings 601 New Jersey Avenue NW, 5th floor, Washington, DC 20001
9:00 AM	Office of Congresswoman Mónica de la Cruz, (R, T-15)
9:25 AM - 10:15 AM	**Panel 4:** Workforce Development & the Education Pipeline
10:20 AM	Office of Congressman Henry Cuellar, (D, T-28)
10:45 AM	Pickup Delegation for travel back to Host Hotel for Check-Out
11:00 AM	Check-Out of Hotel and head back to Brownsville

CONFIDENTIAL

BROWNSVILLE
PUBLIC UTILITIES BOARD

Drought Update

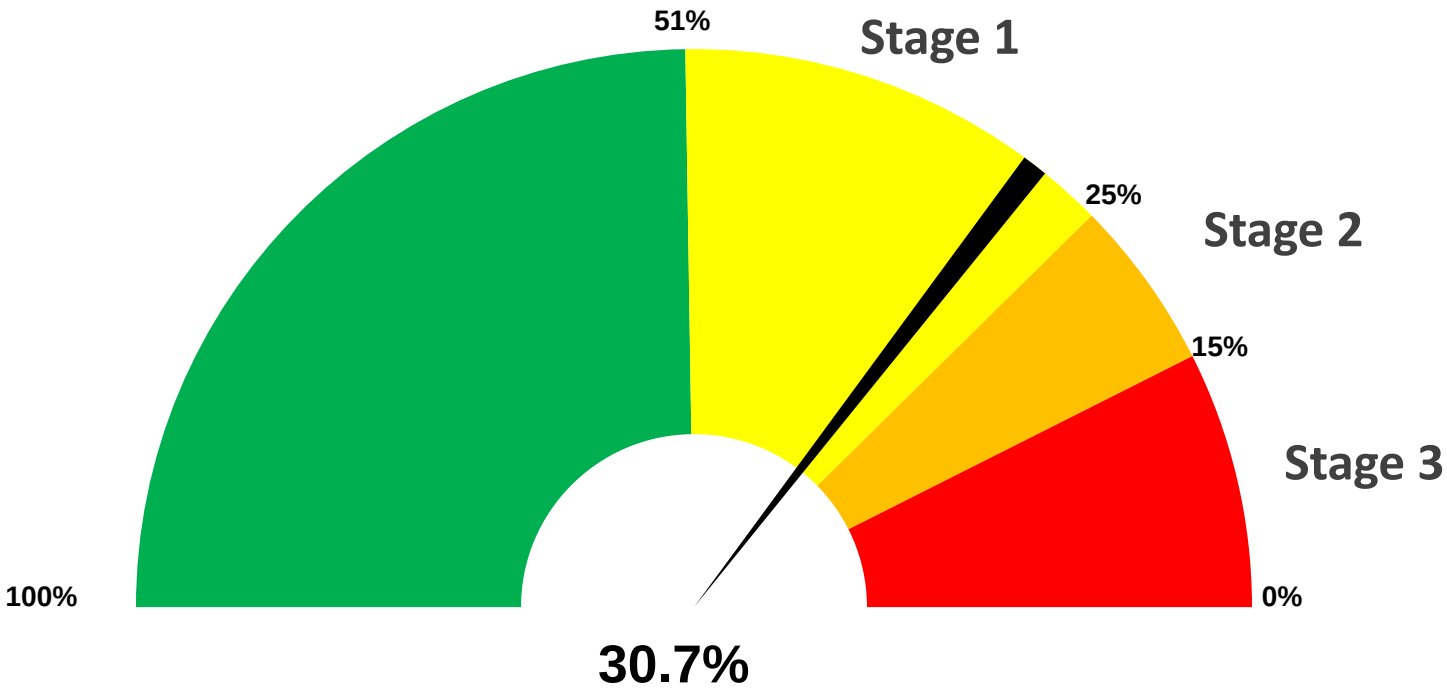
BOARD OF DIRECTORS MEETING | October 12, 2026

Jaime Flores

Water Resources Administrator

Raw Water Supply

BPUB Drought Stage Meter



U.S. Combined ownership at Amistad and Falcon Reservoirs
September 26, 2026 = 30.7%

Previous 3 Readings

30.3%

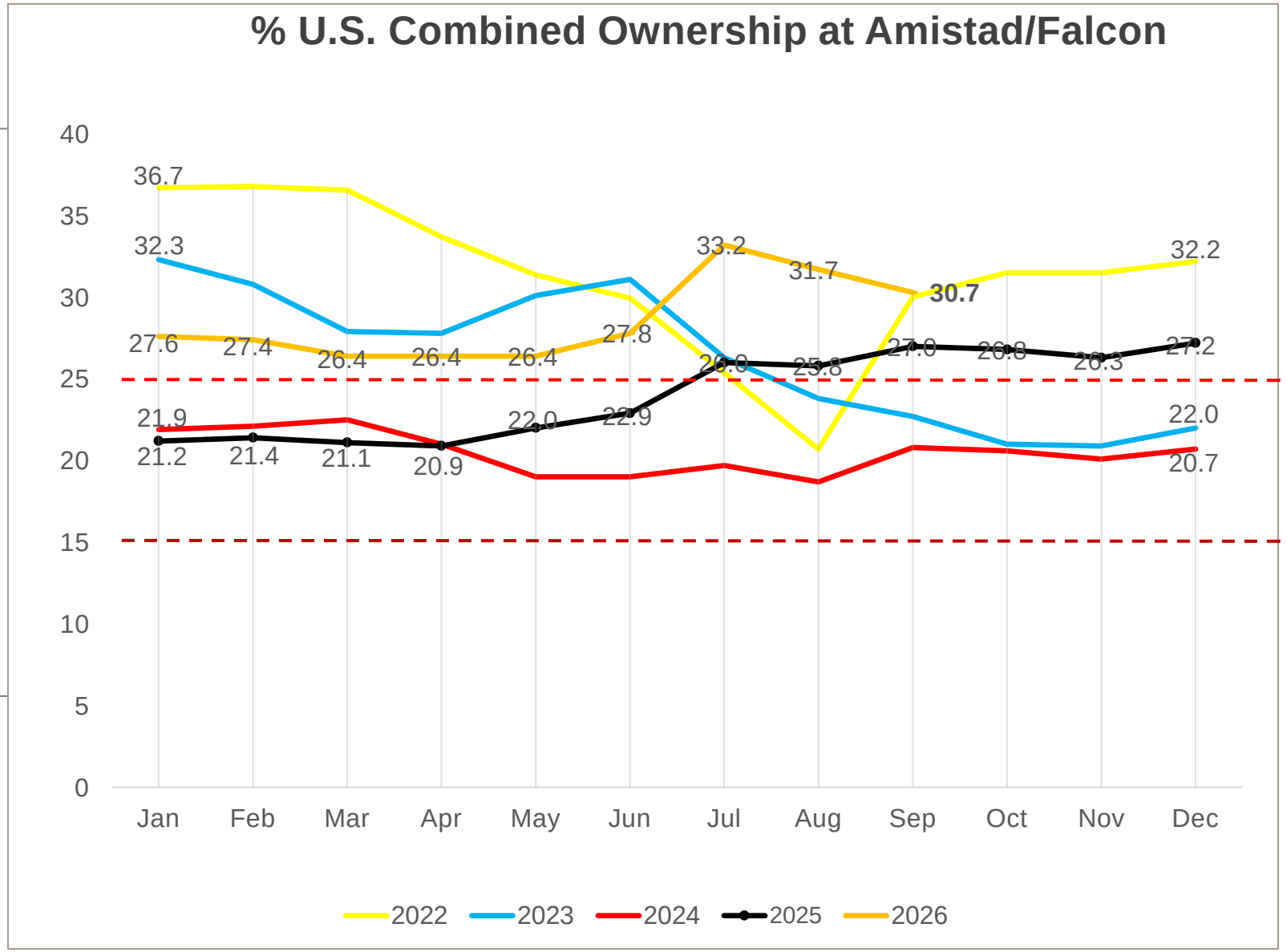
September 19, 2026

30.7%

September 12, 2026

31.3%

September 5, 2026



National Weather Service October to December 2026 Outlook: For the Lower Rio Grande Valley/Deep South Texas Region

- A wetter than normal outlook is favored through the October-December 2026 period. The increased rain occurrences will result in lower temperatures compared to previous months. October and November are our top two fastest cooling months.
- Amistad and Falcon Int'l Reservoir remained just above historic seasonal lows at the end of September. Confidence remains near-certain (~80%) on total storage remaining just above record lows through November.
- Thanks to the increasing influences of a very strong El Nino, a transition to wetter conditions can be expected in October. Heavy rainfall from southwest US monsoons and the re-curvature of remnant Pacific tropical cyclones could bring flooding, some potentially significant.

Stage 1 Voluntary Water Conservation

Goal:

Achieve a voluntary reduction in water use on the Brownsville PUB system

Stage 1 Triggering Conditions

Condition 1: The TCEQ Rio Grande Watermaster advises the Brownsville PUB that a water shortage is possible due to reduction of water levels in the Amistad and Falcon International Reservoirs; and/or

Condition 2: The level of the United States' water stored in the Amistad and Falcon International Reservoirs reaches fifty-one percent (51%) or 1.66 million acre-feet as reported by the TCEQ Rio Grande Watermaster; and/or

Condition 3: Line breaks, or pump or system failure due to hurricanes, flooding freezes and/or some other natural or man-made cause may result in unprecedented loss of capability to provide service; and/or

Condition 4: Peak demands on the Brownsville PUB's water distribution and/or treatment plants is nearing capacity levels and may place a strain on the system(s)

Stage 1 Voluntary Water Conservation Recommendations

(a) Recommend that all landscaped areas be irrigated on a twice per week schedule (as discussed under Stage 2) and that such irrigation occur from midnight through 7:00 a.m. and from 7:00 p.m. through midnight or other such hours as determined by the General Manager & CEO, or his/her designee. City and Governmental Agencies as well as Public Parks and Public Gardens will adhere to general restrictions throughout this Drought Contingency Plan.

(b) Recommend irrigation of landscaped areas to minimize waste by means of a hand-held garden hose, soaker hose, hand-held bucket or water can, no larger than five (5) gallons in capacity, hose-end sprinkler, irrigation system, computer-controlled irrigation system, or drip irrigation system.

Stage 1 Voluntary Water Conservation Recommendations

(c) Recommend that water customers practice water conservation and minimize or discontinue water use for non-essential purposes (as defined in Stage 2 of the Plan).

(d) Recommend reductions in fire hydrant and sewer line flushing.

(e) No restrictions are recommended for fire-fighting and medical uses of water throughout this Drought Contingency Plan.

STAGE 2: WATER USE RESTRICTIONS



Lawn irrigation is allowed

Midnight through 7:00 a.m.
7:00 p.m. through midnight.
On designated watering days.

- Landscape irrigation with a hand-held garden hose, soaker hose, hand-held bucket, no larger than 5 gallons, or drip irrigation is allowed based on last digit of service address.
- New landscape vegetation may be irrigated any day during the designated Stage 2 irrigation hour. Requires variance.
- Variance is available for 4 weeks from the date of planting, and renewal is available for 8 weeks total.

Watering Schedule

based on last digit of service address

Last # of Address	Watering Days
0 or 1	Monday, Saturday
2 or 3	Tuesday, Saturday
4 or 5	Wednesday, Saturday
6 or 7	Thursday, Sunday
8 or 9	Friday, Sunday

EVERY DROP COUNTS! Learn more about drought at: **brownsville-pub.com/drought-resources**

STAGE 2: WATER USE RESTRICTIONS



Car washing is allowed

Midnight through 10:00 a.m.
7:00 p.m. through midnight.
On designated watering days.

- Vehicle washing is allowed at commercial vehicle wash facilities at any time.
- Fundraising car washes will follow the watering schedule and allowed time.

Watering Schedule

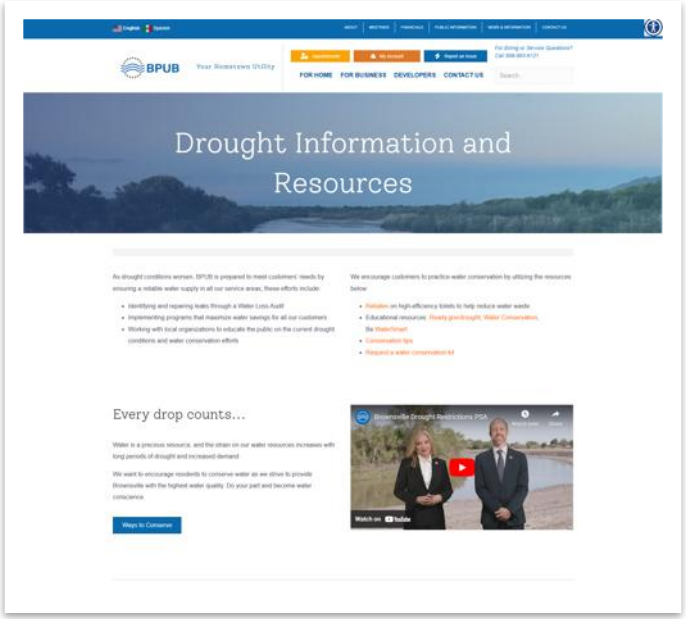
based on last digit of service address

Last # of Address	Watering Days
0 or 1	Monday, Saturday
2 or 3	Tuesday, Saturday
4 or 5	Wednesday, Saturday
6 or 7	Thursday, Sunday
8 or 9	Friday, Sunday

EVERY DROP COUNTS! Learn more about drought at: **brownsville-pub.com/drought-resources**

Drought Messaging

August 2026

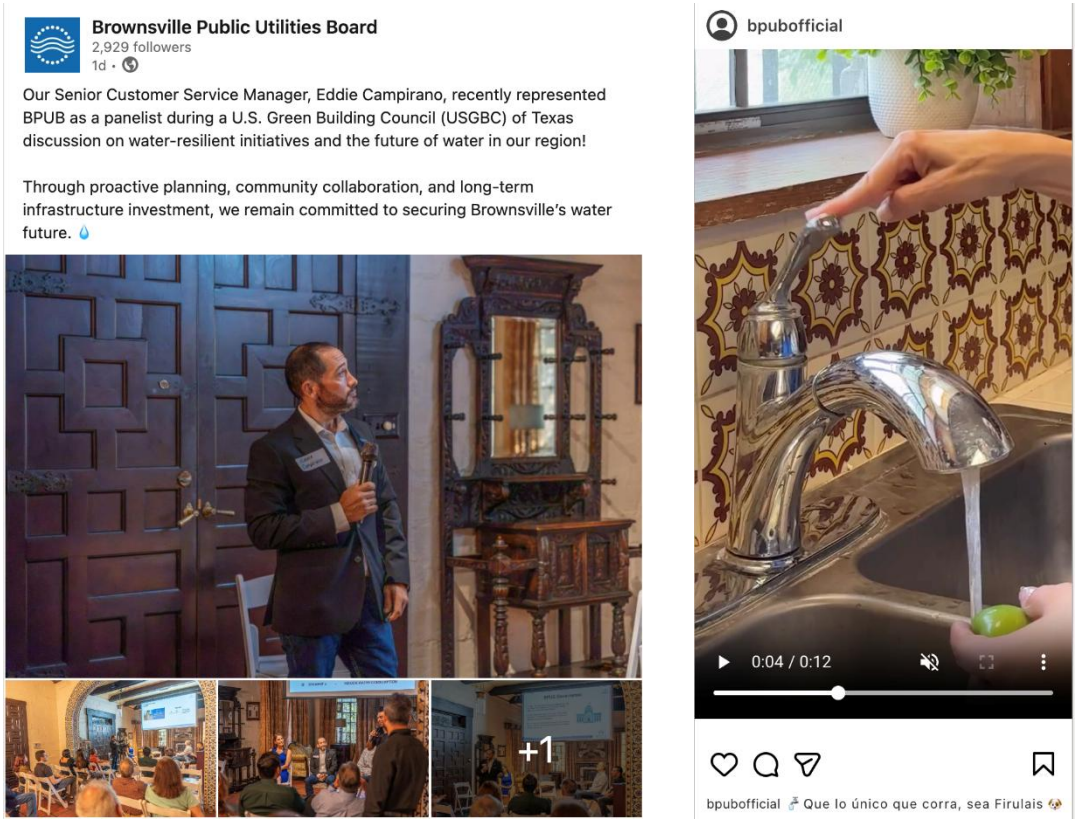


WEBSITE

Drought Resources

188

visitors



SOCIAL MEDIA

13 drought-related content

25,840

Views

687

Interactions

Drought Messaging

August 2026





Billboards

4
Billboards

2
Locations

1,014,665
Fiscal year-to-date Appearances

Presentations

1
Presentation

BROWNSVILLE
PUBLIC UTILITIES BOARD

EVERY DROP COUNTS!

Learn more about drought at:

brownsville-pub.com/drought-resources

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
G.3.a - Presentation and Discussion of the Brownsville Public Utilities Board's Financial Performance Report for the Period Ended August 31, 2026

Open/Closed Session
Items for Individual Consideration

Action
Presentation

Executive Sponsor
Lead Department: 5110-Finance

Assigned Staff (Presenter): Justin M Locke

Summary
Presentation and Discussion of the Brownsville Public Utilities Board's Financial Performance Report for the Period Ended August 31, 2026.

Strategic Initiatives
SFA4: It is important for BPUB to enhance the quality, responsiveness and accessibility of BPUB's services. Delivering a consistent, transparent customer-focused experience directly influences trust, customer satisfaction and BPUB's reputation.

SSD:7 BPUB will make the customer journey intuition, efficient, and trust across service channels.

Referring Committee

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

Fiscal Impact

Budgeted	Bid Award	Reallocation	No Fiscal Impact

Source of Funding:	Ongoing electric operations/rates

Recommended Motion

No action required.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Financial Performance Report as of August 31, 2026

PRESENTATION AND DISCUSSION OF THE BROWNSVILLE PUBLIC UTILITIES BOARD'S FINANCIAL PERFORMANCE REPORT

BOARD OF DIRECTORS MEETING | 10/12/2026

Justin M. Locke

Chief Financial Officer

Finance Division

Fiscal Year 2026 Financial Performance
As of August 31, 2026
Executive Summary

BROWNSVILLE
PUBLIC UTILITIES BOARD

Flow of Funds: Adjusted Gross Revenues came in lower due to a lower FPEC rate. YTD, $5,005,943 has been generated to replenish the improvement fund. Debt Service Coverage is at 2.12x, well above the 1.25x minimum.



FPEC has generated an over-recovery of $19.64M as of August 31, which is currently being used and will continue to be used to offset future market uncertainty.



COB Cash Transfer is higher than budgeted due to a lower FPEC rate.



Personnel and **Non-Personnel** expenses came in lower than budgeted primarily due to current vacancies and timing issues.



Personnel Jobs Filled Vs. Vacancies
Jobs Filled – 600 (91.19%)
Vacancies – 58 (8.81%)

BPUB's **Average Bill i**s lower than both the average MOU bill and the average IOU bill for 1000 kwh.



CIP year-to-date actuals and committed total $49.38M and $28.18M respectively, which represent 86.5% of the FY 2026 approved plan.



All **Key Financial Metrics** are currently in compliance.



Fiscal Year 2026 Financial Performance
As of August 31, 2026
Key Financial Metrics

BROWNSVILLE
PUBLIC UTILITIES BOARD

Debt Service Coverage Ratio
Per Bond Covenant ~ 1.25x
Actual ~ 2.12x

Outstanding Debt
BPUB ~ $243,815,000
Annual Debt Service ~ $29,256,803

Debt to Capitalization Ratio
Municipal Utility Median ~ 38%
BPUB FY 2026 ~ 38%

Days Cash on Hand
Industry Standard ~ 180 days
BPUB ~ 366 days

Bond Ratings
Moody's: A2/Outlook Stable
Fitch: A/Outlook Stable
S&P: A-/Outlook Stable

All Reserves Fully Funded
Capital Improvement Reserve $15,038,819
Debt Service Reserves – Junior and Senior Liens (Net of Surety Policies) $17,234,564
Operating Cash Reserve $17,016,229

Fiscal Year 2026 Financial Performance
As of August 31, 2026
Statement of Revenues, Expenses, and Changes in Net Position

BROWNSVILLE PUBLIC UTILITIES BOARD

		FY 2026 AUGUST 2026 YTD	FY 2025 AUGUST 2025 YTD
1	Operating Revenues	$ 215,573,662	$ 214,766,553
2	Operating (Expenses)	(187,498,259)	(182,501,951)
3	Operating Income	28,075,403	32,264,602
4	Net nonoperating Revenues (Expenses)	(15,949,908)	(15,795,112)
5	Income (loss) before capital contributions	12,125,495	16,469,490
6	Capital contributions	20,394,900	16,652,016
7	Change in net position	32,520,395	33,121,506
8	Net position at beginning of fiscal year	510,826,541	475,136,246
9	Net position at end of period	$ 543,346,936	$ 508,257,752

Notes:

1. Excludes Southmost Regional Water Authority (a component unit of the BPUB)

Fiscal Year 2026 Financial Performance
As of August 31, 2026
Summary of Revenues & Expenses (Flow of Funds)

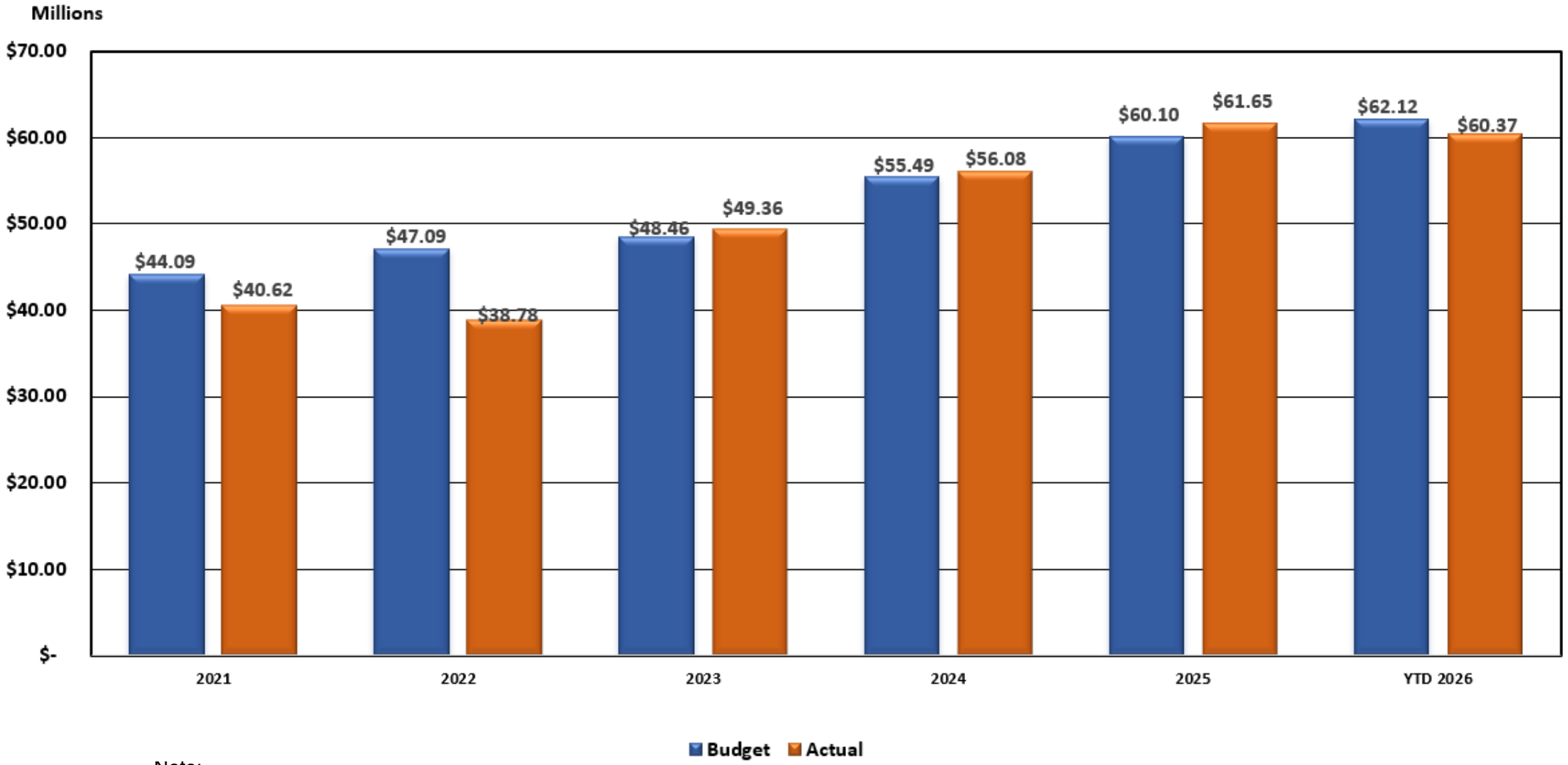
BROWNSVILLE PUBLIC UTILITIES BOARD

		YTD BUDGET	AUGUST 2026 YTD ACTUAL	VARIANCE
1	Operating Revenues	$ 226,108,333	$ 206,447,573	$ (19,660,760)
2	Other Revenues	21,496,506	21,009,376	(487,130)
3	Gross Revenues	247,604,839	227,456,949	(20,147,890)
4	Fuel	(82,660,417)	(52,424,448)	30,235,969
5	Off System Energy Expenses	-	(12,595,985)	(12,595,985)
6	SRWA	(6,326,711)	(6,326,710)	1
7	Total Fuel and SRWA	(88,987,128)	(71,347,143)	17,639,985
8	Adjusted Gross Revenues	158,617,711	156,109,806	(2,507,905)
9	Other Requirements (O&M, Non-Oper)	(103,145,850)	(98,173,744)	4,972,106
10	Other Requirements (Debt Svc)	(27,226,485)	(27,279,506)	(53,021)
11	Total Requirements (Excluding Fuel, SRWA)	(130,372,335)	(125,453,250)	4,919,084
12	Balance Available After Requirements	28,245,376	30,656,556	2,411,180
13	COB Usage	(5,348,109)	(4,118,266)	1,229,843
14	COB Cash Transfer	(10,513,663)	(11,492,714)	(979,051)
15	Total Cash/Utility Benefit to COB	(15,861,772)	(15,610,980)	(250,792)
16	Balance Available for Internal Transfers	12,383,604	15,045,576	2,661,972
17	Internal Transfers	(10,039,631)	(10,039,632)	1
18	Improvement Fund Replenishment	2,343,973	5,005,944	2,661,971
19	Debt Service Coverage Ratio	2.04 x	2.12 x	

Note: Debt Service Coverage Ratio = (Adjusted Gross Revenues - O&M and Non-Operating Exp.) / Debt Service

Fiscal Year 2026 Financial Performance
As of August 31, 2026
O&M Expenses – Personnel (Budget vs. Actuals)

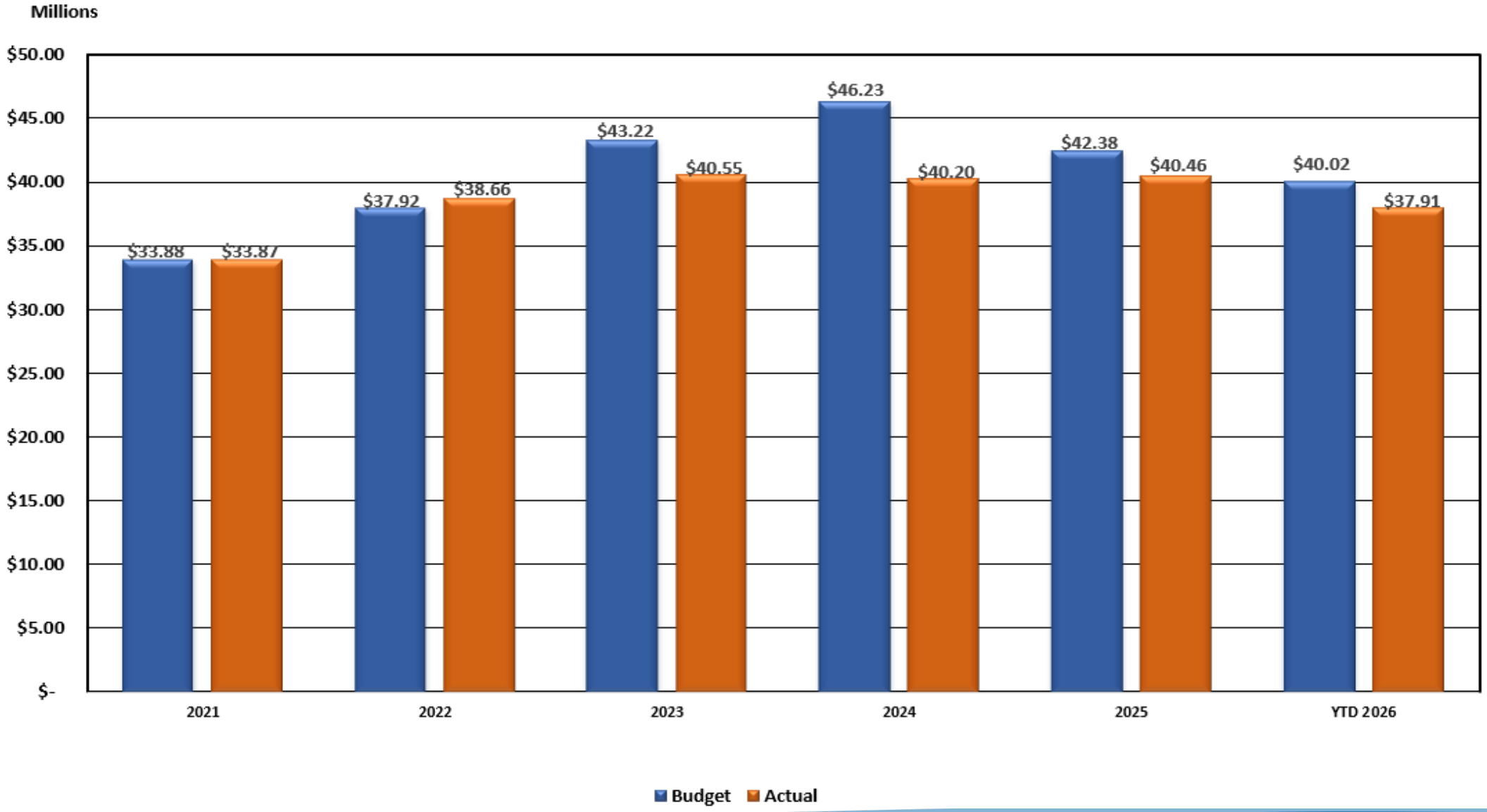
BROWNSVILLE PUBLIC UTILITIES BOARD



Note:

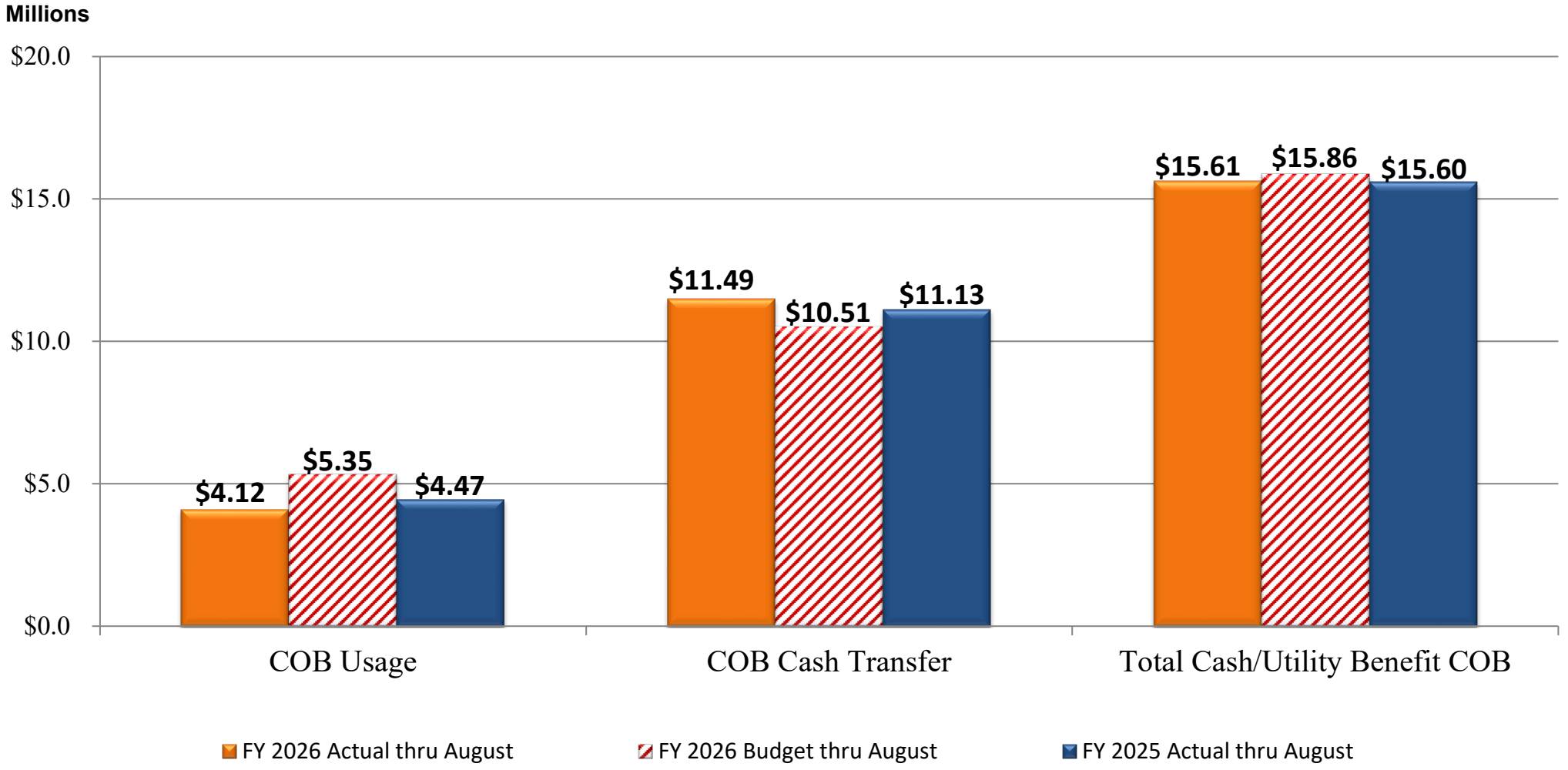
- The large variance in FY 2022 is attributed to the budgeted MAG study that wasn't fully implemented until early FY 2023.

Fiscal Year 2026 Financial Performance
As of August 31, 2026
O&M Expenses – Non-Personnel (Budget vs. Actuals)



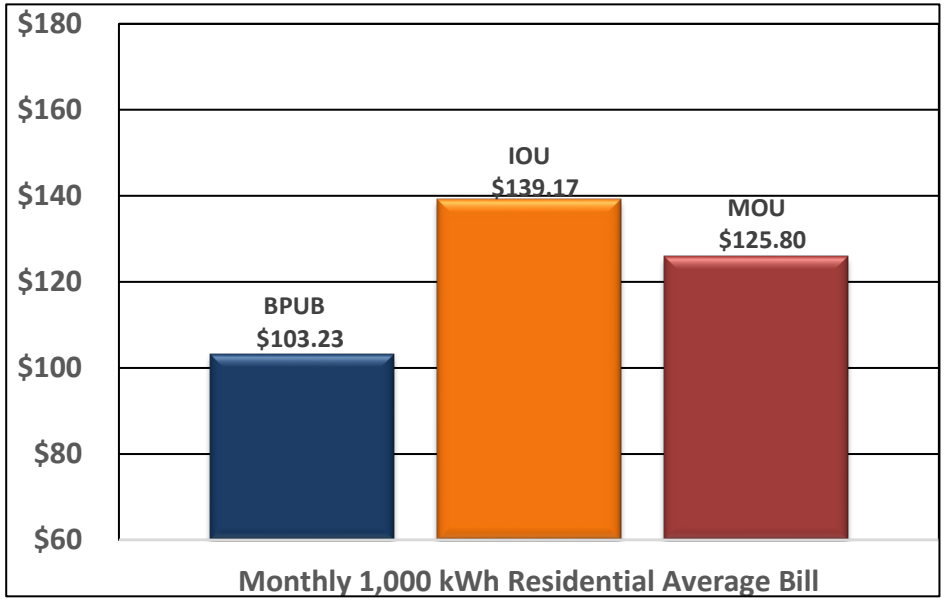
Fiscal Year 2026 Financial Performance
As of August 31, 2026
City of Brownsville Transfer Summary

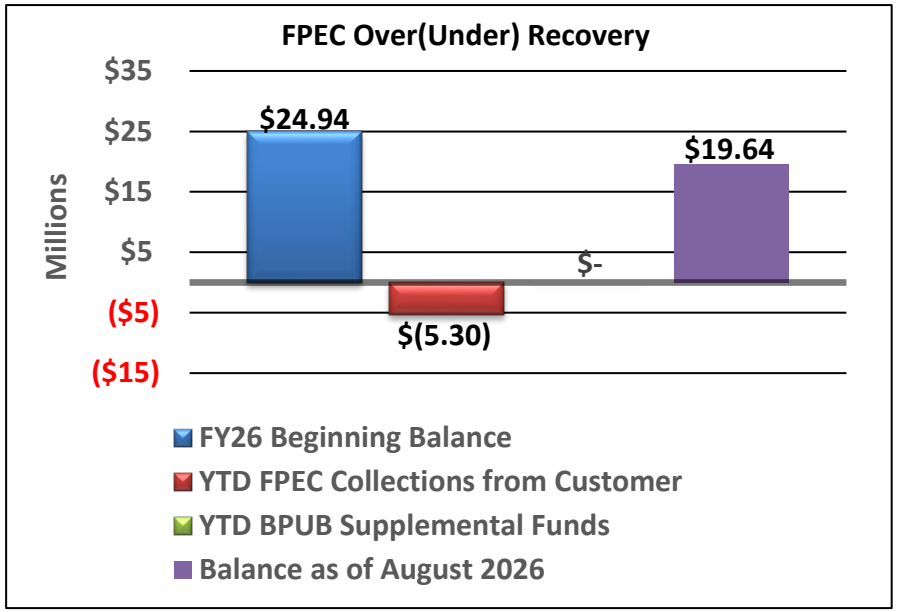
BROWNSVILLE
PUBLIC UTILITIES BOARD

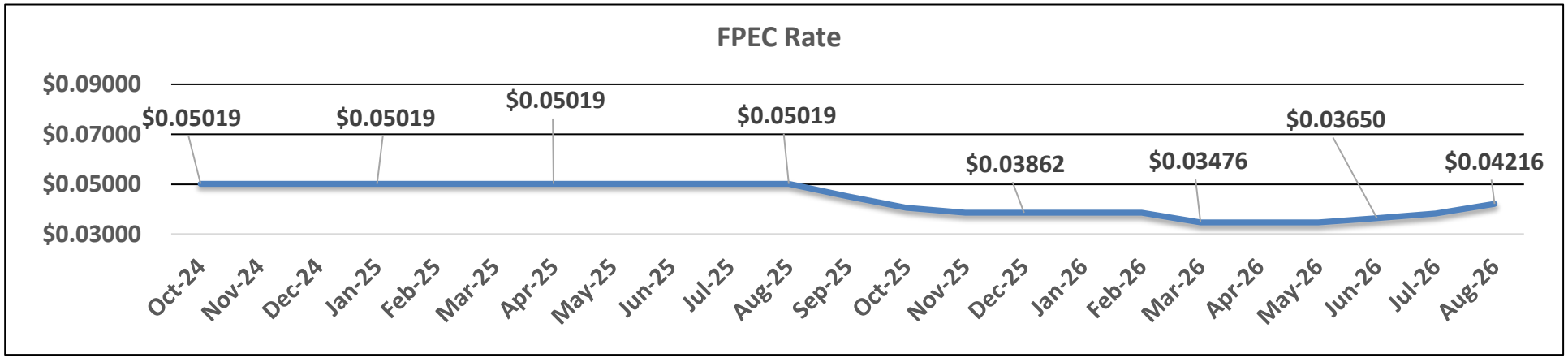


Fiscal Year 2026 Financial Performance
As of August 31, 2026
Average Electric Bill and
Fuel and Purchased Energy Charge (FPEC)

BROWNSVILLE
PUBLIC UTILITIES BOARD







Fiscal Year 2026 Financial Performance
Capital Improvement Plan
Budget vs. Actual

BROWNSVILLE PUBLIC UTILITIES BOARD

[A] LINE REF.	[B] CATEGORY	[C] AMENDED PLAN FOR FY 2026	[D] TRANSFERS IN (OUT)	[E] AMENDED PLAN FOR FY 2026	[F] YTD ACTUAL AS OF 08/31/2026	[G] ADJUSTMENTS	[H] PROJECT BALANCE AS OF 08/31/2026	[I] P.O. BALANCE AS OF 08/31/2026	[J] % BY CATEGORY
1	Customer Connections	$ 2,068,000	$ -	$ 2,068,000	$ 2,649,989	$ (6,076)	$ (575,913)	$ 106,611	128.14%
2	Grant Funded	8,646,108	-	8,646,108	6,872,369	-	1,773,739	1,183,641	79.49%
3	Heavy Equipment and Vehicles	5,837,733	1,153,590	6,991,323	4,068,173	-	2,923,150	2,534,673	58.19%
4	Hidalgo Energy Center	945,000	-	945,000	545,384	-	399,616	-	57.71%
5	In Design	12,371,407	(119,459)	12,251,948	1,628,372	-	10,623,576	2,248,905	13.29%
6	Proposed Projects	9,313,916	(459,724)	8,854,192	-	-	8,854,192	-	0.00%
7	Resaca Fee Funded Equipment	810,635	-	810,635	326,019	-	484,616	9,032	40.22%
8	Routine Activities	3,413,405	(698,711)	2,714,694	3,677,432	(3,343)	(959,395)	1,448,222	135.46%
9	Under Construction	32,245,581	407,942	32,653,523	26,093,866	-	6,559,657	14,901,981	79.91%
10	Utility Relocations	8,863,294	(402,063)	8,461,231	2,301,801	-	6,159,430	5,750,965	27.20%
11	Completed	1,366,833	90,967	1,457,800	1,214,396	(251,216)	494,620	-	83.30%
12	Contract Development	3,824,258	27,458	3,851,716	5,035	-	3,846,681	-	0.13%
	Grand Total	**$ 89,706,170**	**$ -**	**$ 89,706,170**	**$ 49,382,836**	**$ (260,635)**	**$ 40,583,969**	**$ 28,184,030**	**55.05%**

FY 2026 AMENDED CIP PLAN

Funding Source	Amount	% of Total
Pay as You Go	$ 75,558,113.00	84.23%
Grants	8,646,108.00	9.64%
Impact Fees	4,691,314.00	5.23%
Resaca Fees	810,635.00	0.89%
Contributions	-	0.00%
TOTAL	$ 89,706,170.00	100%

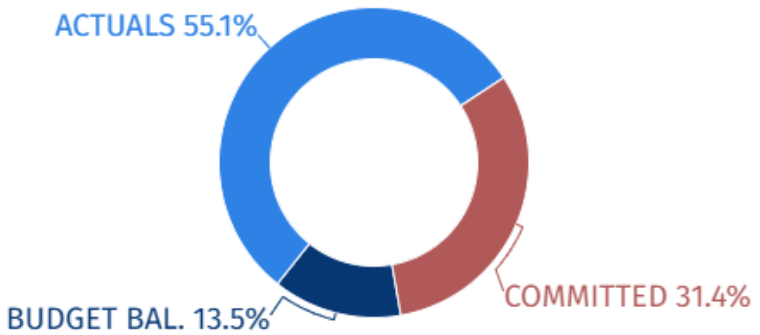
CAPITAL SPENDING FIVE-YEAR HISTORY

DESCRIPTION	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Approved Budget	**$ 90,795,286.00**	**$ 98,169,572.00**	**$ 92,133,995.00**	**$ 91,717,365.00**	**$ 76,099,290.00**
Electric	10,932,832.00	12,766,187.00	16,239,713.00	20,234,443.00	25,037,918.00
General	16,641,320.00	2,596,943.00	1,033,971.00	1,288,500.00	1,038,290.00
Water	4,653,944.00	8,325,458.00	5,362,216.00	6,767,712.00	14,763,692.00
Wastewater	4,084,570.00	6,976,183.00	6,116,850.00	7,937,983.00	13,103,997.00
Total Expenditures	**$ 36,312,666.00**	**$ 30,664,771.00**	**$ 28,752,750.00**	**$ 36,228,638.00**	**$ 53,943,897.00**
YTD % Incurred	**40.0%**	**31.2%**	**31.2%**	**39.5%**	**70.9%**

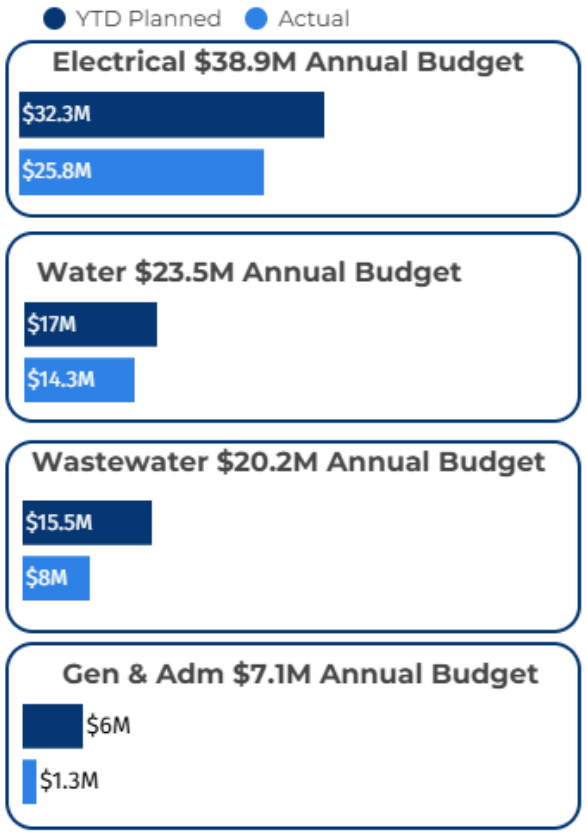
CIP Combined Utility Summary as of 8/31/2026

TOTAL FY2026 AMENDED CIP BUDGET
$89.7M

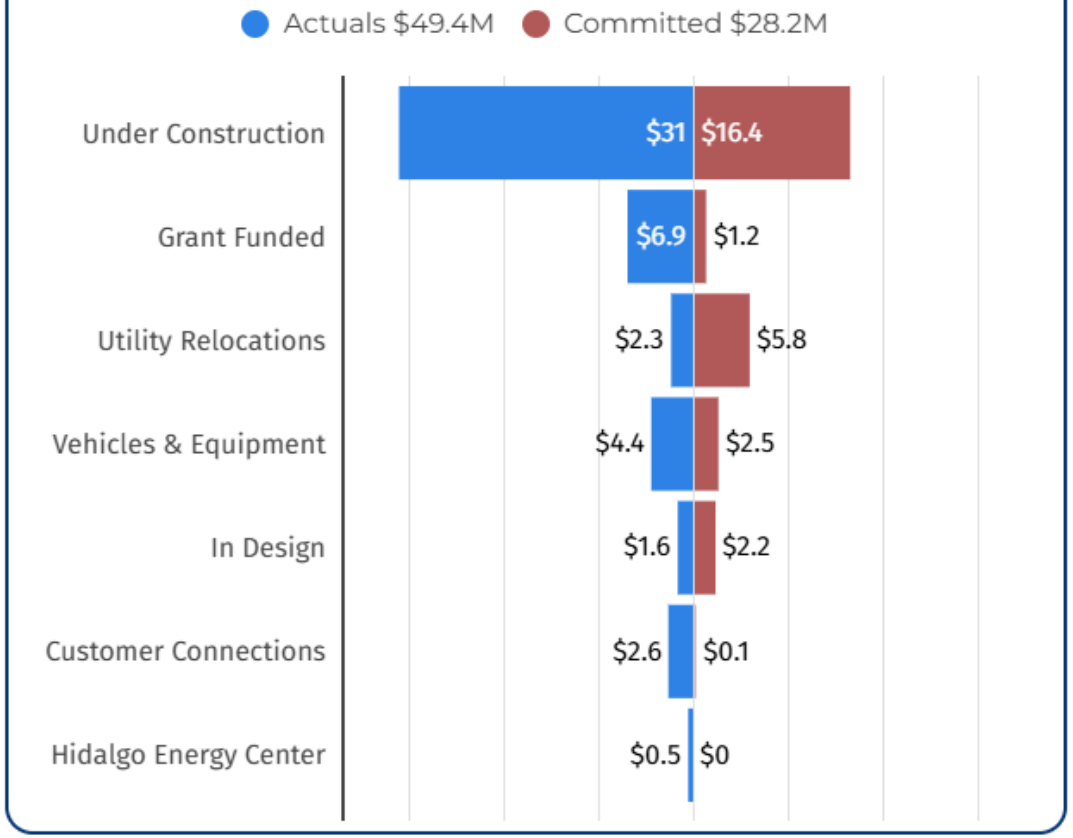
Actuals $49.4M
Committed $28.2M
Budget Balance $12.1M



YEAR-TO-DATE PLANNED VS ACTUAL BY PROJECT TYPE



YEAR -TO-DATE ACTUALS & COMMITTED BY CATEGORY (In Millions)



BROWNSVILLE
PUBLIC UTILITIES BOARD

CUSTOMER RECEIVABLES AGING REPORT

	Current	Past Due 30 Days	Past due 60 Days	Past due 90 Days	Total
Value in Dollars	14,609,623.27	1,094,657.36	135,863.05	578,815.09	16,418,958.77
% of Total Receivables	89.0%	6.7%	0.8%	3.5%	100%
Number of Accounts	36,455	7,917	1,841	603	46,816

FISCAL YEAR 2026
UTILITY ASSISTANCE

MONTH	NUMBER OF ACCOUNTS	TOTAL ASSISTANCE RECEIVED
October-25	195	$ 114,325.29
November-25	82	$ 27,635.25
December-25	48	$ 10,387.25
January-26	29	$ 3,114.12
February-26	60	$ 79,352.50
March-26	166	$ 203,533.99
April-26	187	$ 196,591.77
May-26	81	$ 71,696.87
June-26	105	$ 104,514.85
July-26	177	$ 150,875.60
August-26	121	$ 114,333.37
September-26		
YTD Totals		**$ 1,076,360.86**

AVERAGE CUSTOMER RECEIVABLES

FISCAL YEAR	DAYS
FY 2026 YTD	19.91
FY 2025	21.76
FY 2024	19.46
FY 2023	20.08
FY 2022	20.07
FY 2021	21.77
FY 2020	24.25

Glossary of Terms

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 Brownsville PUB is maintaining an "A2", as rated by Moody's, an "A-" as rated by Standard & Poor's, and an "A" as rated by Fitch Ratings. "A" ratings denote expectations of low credit risk and a strong capacity for payment of financial commitments.

Capital Improvement Plan (CIP) – A plan that lays out the financing, location, and timing for capital improvement projects over several years.

Debt to Capitalization Ratio – Indicates a utility funds a greater portion of capital needs on a pay-as-you-go basis and has capacity for additional borrowing for future needs.

Debt Service Coverage Ratio – Formula that measures a firm's available cash flow to pay current debt obligations. The ratio is calculated by dividing net operating revenues by debt service, including principal and interest.

Fuel & Purchased Energy Charge (FPEC) – An electric cost adjustment is the mechanism that tracks and passes through to customers the actual cost of purchased fuel or purchased electricity. The Brownsville PUB meets on a monthly basis to make FPEC adjustments if actual costs vary from forecasted prices. Adjustments can be decreased or increased.

Improvement Fund CIP Funding – Deposit account used for meeting any capital improvements to the System.

Improvement Fund Replenishment – Deposit of any funds remaining after all debt requirements have been made.

Improvement Reserve Fund - Reserve account for future CIP projects. The goal is to establish reserves of $15,000,000, as required by Bond Ordinance covenants.

IOU (Investor-Owned Utility) – A company that provides utility services that are privately run and own their infrastructure and equipment.

MOU (Municipally-Owned Utility) – A non-profit utility provider that is owned and operated by the municipality it serves.

Operating Reserve Funds – Reserve amount of not less than two months of budgeted O&M expenses ($17,000,000 minimum) for the current fiscal year.

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

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

Other Non-Operating Revenues – Revenues consisting of TCI – Pole Rental charges, miscellaneous income and billing discounts.

Other Revenues – Revenues consisting of other sales, forfeited discounts (penalties), connection and service charges and TCOS charges.

PAY-AS-YOU-GO – The principle or practice of financing expenditures with surplus funds that are currently available rather than borrowed.

Surety Policy - A financial guaranty insurance policy that insures payment of principal of and interest on Bonds that is issued simultaneously with the delivery of the Bonds

ADDITIONAL INFORMATION

Statement of Revenues, Expenses, and Changes in Net Position*
As of August 31, 2026

BROWNSVILLE
PUBLIC UTILITIES BOARD

		August 2026	FY 2026 YTD
	Operating Revenues:		
1.	Sales and Service Charges	$ 30,128,672	$ 167,267,481
2.	Fuel Collection	6,162,465	47,127,179
3.	Fuel (over) Under Billings	1,674,841	5,297,268
4.	Less rate stabilization	-	-
5.	Less utilities service to the City of Brownsville, Texas	(425,439)	(4,118,266)
6.	Total Operating Revenues	37,540,539	215,573,662
	Operating Expenses:		
7.	Purchased power and fuel	7,837,305	52,424,447
8.	Personnel services	5,300,927	60,372,892
9.	Materials and supplies	738,675	8,508,283
10.	Repairs and maintenance	162,074	3,465,848
11.	Contractual and other services	15,597,627	38,534,369
12.	Depreciation	2,229,393	24,192,420
13.	Total Operating Expenses	31,866,001	187,498,259
14.	Operating Income (Loss)	$ 5,674,538	$ 28,075,403

Statement of Revenues, Expenses, and Changes in Net Position*
As of August 31, 2026 - continued

BROWNSVILLE
PUBLIC UTILITIES BOARD

		August 2026	FY 2026 YTD
	Non-Operating Revenues (Expenses):		
15.	SRWA other water supply	(575,156)	(6,663,802)
16.	Investment and interest income	508,439	8,785,888
17.	Operating grant revenue	9,501	1,659,056
18.	Interest expense	(806,913)	(9,286,538)
19.	Other	224,638	1,123,630
20.	Gain (loss) on disposition of capital assets	(6,057)	(75,428)
21.	Payments to City of Brownsville	(1,331,201)	(11,492,714)
22.	Net nonoperating revenues (expenses)	(1,976,750)	(15,949,908)
23.	Income (loss) before capital contributions	3,697,788	12,125,495
24.	Capital contributions	1,945,947	20,394,900
25.	Change in net position	5,643,735	32,520,395
26.	Net position at beginning of year	537,703,201	510,826,541
27.	Net position at end of year	$ 543,346,936	$ 543,346,936

*Excludes Southmost Regional Water Authority (a component unit of the BPUB)

Fiscal Year 2026 Financial Performance Report
As of August 31, 2026
Summary of Revenues & Expenses (Flow of Funds)

BROWNSVILLE PUBLIC UTILITIES BOARD

		August 2026	FY 2026 YTD
1.	Operating Revenues	$ 22,311,648	$ 191,633,847
2.	Off System Energy Sales	14,813,726	14,813,726
3.	Net Operating Revenues	37,125,374	206,447,573
4.	Other Revenues	840,604	13,244,355
5.	Interest from Investments	477,317	5,652,030
6.	Other Non-Operating Income	131,550	2,112,991
7.	Gross Revenues	38,574,845	227,456,949
8.	Less:		
9.	Fuel & Energy Costs	7,837,307	52,424,448
10.	Off System Energy Expenses	12,595,985	12,595,985
11.	SRWA	575,155	6,326,710
12.	Adjusted Gross Revenues	17,566,398	156,109,806
13.	O&M Expenses	9,203,317	98,285,406
14.	Other Non-Operating (Revenue)/Expenses	(141,659)	(111,662)
15.	Total Expenses	9,061,658	98,173,744
16.	Debt Service Obligation	2,443,662	27,279,506
17.	Total Requirements (Excluding Fuel & SRWA)	11,505,320	125,453,250

Fiscal Year 2026 Financial Performance Report
As of August 31, 2026
Summary of Revenues & Expenses (Flow of Funds) - continued

BROWNSVILLE PUBLIC UTILITIES BOARD

		August 2026	FY 2026 YTD
18.	Balance Available After Requirements	$ 6,061,078	$ 30,656,556
19.	Total Cash/Utility Benefit to COB	$ 1,756,639	$ 15,610,980
20.	Balance Available for Transfers Out	$ 4,304,439	$ 15,045,576
21.	Balance Available for Transfers Out:		
22.	Operating Subaccount - Fuel Adjustment	$ -	$ -
23.	Power Supply Stabilization Reserve	1,099,998	2,016,667
24.	Decomissioning Reserve	999,996	1,833,334
25.	Improvement Fund - CIP Funding	1,125,388	6,189,631
26	Total Transfers Out	3,225,382	10,039,632
27	Balance Available to PUB:		
28	Improvement Fund Replenishment	1,079,040	1,820,937
29	Resaca Fees	17	3,185,007
30.	Total	$ 4,304,439	$ 15,045,576

Statements of Net Position*
As of August 31, 2026

BROWNSVILLE PUBLIC UTILITIES BOARD

		FY 2026 YTD	Audited SEPT 2025
	ASSETS		
	Current Assets:		
1.	**Cash - unrestricted**	$ 10,109,191	$ 4,853,137
2.	**Investments - unrestricted**	32,058,628	39,795,829
3.	**Due from other governments**	809,188	1,919,029
4.	**Receivables**	31,012,049	31,969,360
5.	**Interest receivable**	690,437	592,786
6.	**Inventories**	10,960,968	10,774,075
7.	**Prepaid expense**	1,810,517	1,407,374
8.	**Total Current Assets**	87,450,978	91,311,590
	Non-Current Assets:		
9.	**Cash-restricted**	35,542,703	26,081
10.	**Investments - restricted**	108,029,090	181,792,699
11.	**Capital assets, net of accumulated depreciation**	656,716,849	618,986,895
12.	**Regulatory Assets**	2,255,098	1,833,146
13.	**Post-Employment Benefits**	17,090,078	17,001,496
14.	**Total Non-Current Assets**	819,633,818	819,640,317
15.	**Total Assets**	907,084,796	910,951,907
	DEFERRED OUTFLOWS OF RESOURCES		
16.	**Deferred charge on refunding**	10,360,403	11,815,285
17.	**Unrealized Contribution Related/Pension**	14,175,004	14,175,003
18.	**Deferred Credit-fuel under recovery**	-	-
19.	**Total Deferred Outflows of Resources**	24,535,407	25,990,288
20.	**Total Assets plus Deferred Outflows of Resources**	$ 931,620,203	$ 936,942,195

Statements of Net Position*
As of August 31, 2026 - continued

BROWNSVILLE
PUBLIC UTILITIES BOARD

		FY 2026 YTD	Audited SEPT 2025
	LIABILITIES AND NET POSITION		
	Current Liabilities:		
21.	**Accounts payable**	$ 16,913,018	$ 27,025,978
22.	**Accrued Vacation & Sick Leave**	6,907,030	6,917,630
23.	**Due to primary government**	2,449,165	3,719,604
24.	**Total Current Liabilities**	26,269,213	37,663,212
	Current Liabilities Payable from Restricted Assets:		
25.	**Accounts Payable and accrued liabilities**	7,868,147	7,700,583
26.	**Accrued interest**	-	772,828
27.	**Customer Deposits**	6,465,832	6,288,372
28.	**Bonds payable - current redemption**	-	18,975,000
29.	**Commercial Paper**	-	30,000,000
30.	**Total Current Restricted Libilities**	14,333,979	63,736,783
31.	**Total Current Liabilities**	40,603,191	101,399,995
	Non-Current Liabilities:		
32.	**Bonds payable**	267,718,206	239,914,002
33.	**Other Post -employment benefits**	16,557,147	16,557,147
34.	**Net Pension Liability**	34,693,620	34,693,620
35.	**Self Insurance worker's compensation claims**	604,184	156,704
36.	**Total Non-Current liabilities**	319,573,157	291,321,473
37.	**Total Liabilities**	360,176,349	392,721,468

Statements of Net Position*
As of August 31, 2026 - continued

BROWNSVILLE
PUBLIC UTILITIES BOARD

		FY 2026 YTD	Audited SEPT 2025
	DEFERRED INFLOWS OF RESOURCES		
38.	**Deferred Credit-fuel over recovery**	**19,644,002**	**24,941,270**
39.	**Unrealized Contributions and losses related to pension**	**8,452,916**	**8,452,916**
40.	**Total Deferred Inflows of Resources**	**28,096,918**	**33,394,186**
41.	**Total Liabilities plus Deferred Inflows of Resources**	**388,273,267**	**426,115,654**
	Net Position:		
42.	**Invested in capital assets**	**401,583,977**	**343,735,167**
	Restricted for:		
43.	**Debt Service**	**35,000**	**2,314,959**
44.	**Repair and replacement**	**118,171,976**	**153,738,120**
45.	**Operating reserve**	**17,016,229**	**17,026,255**
46.	**Fuel adjustment subaccount**	**-**	**-**
47.	**Capital Projects**	**6,539,754**	**-**
48.	**Unrestricted**	**-**	**(5,987,960)**
49.	**Total Net Position**	**543,346,936**	**510,826,541**
	Total Liabilities Plus Deferred Inflows of Resources		
50.	**Plus Net Position**	**$ 931,620,203**	**$ 936,942,195**

***Excludes Southmost Regional Water Authority (a component unit of the BPUB)**

STATEMENT OF TOTAL UTILITY REVENUES AND EXPENSES
2025-2026 YTD AUGUST ACTUAL

		2025-2026 BUDGET TOTAL UTILITY	2025-2026 ACTUAL TOTAL UTILITY	2024-2025 ACTUAL TOTAL UTILITY
1.	Operating Revenues	$ 226,108,334	$ 191,633,847	$ 190,171,466
2.	Off System Energy Sales	-	14,813,726	14,038,372
3.	Net Operating Revenues	226,108,334	206,447,573	204,209,838
4.	Other Revenues	14,834,657	13,244,355	15,027,481
5.	Interest from Investments	4,400,000	5,652,030	7,187,961
6.	Other Non-Operating Revenues	2,261,849	2,112,991	1,670,708
7.	Gross Revenues	247,604,840	227,456,949	228,095,988
8.	Less:			
9.	Fuel & Energy Costs	82,660,417	52,424,448	53,779,847
10.	Off System Energy Expenses	-	12,595,985	11,679,070
11.	SRWA - O&M	4,382,706	4,382,706	4,705,015
12.	SRWA - Debt Service	1,944,004	1,944,004	1,938,637
13.	Adjusted Gross Revenues	158,617,713	156,109,806	155,993,419
14.	O&M Expenses	102,137,517	98,285,406	90,522,796
15.	Other Non-Operating (Revenue)/Expenses	1,008,333	(111,662)	175,270
16.	Net Revenues	$ 55,471,863	$ 57,936,062	$ 65,295,353
17.	Less:			
18.	Debt Service Obligation	$ 27,088,987	$ 27,184,435	$ 25,351,235
19.	Commercial Paper Expense	137,500	95,071	975,648
20.	Balance Available After Debt Service	28,245,376	30,656,556	38,968,470
21.	COB Usage	$ 5,348,109	$ 4,118,266	$ 4,470,766
22.	COB Cash Transfer	10,513,663	11,492,714	11,128,576
23.	Total Cash/Utility Benefit COB	15,861,772	15,610,980	15,599,342
25.	Balance Available for Transfers Out	$ 12,383,604	$ 15,045,576	$ 23,369,128
26.	Balance Available for Transfers Out:	ANNUAL	YTD	
27.	Operating Subaccount - Fuel Adjustment (Plant)	$ -	$ -	
28.	Power Supply Stabilization Reserve	2,200,000	2,016,667	
29.	Decomissioning Reserve	2,000,000	1,833,334	
30.	Improvement Fund-CIP Funding	6,752,326	6,189,631	
31.	Total Transfers Out	$ 10,952,326	$ 10,039,632	
32.	Balance Available to PUB:			
33.	Improvement Fund - Replenishment	-	1,820,937	
34.	Resaca Fees	2,557,061	3,185,007	
35.	Total	$ 13,509,387	$ 15,045,576	

STATEMENT OF TOTAL UTILITY REVENUES AND EXPENSES
2025-2026 YTD AUGUST ACTUAL

		2025-2026 BUDGET ELECTRIC	2025-2026 ACTUAL ELECTRIC	2024-2025 ACTUAL ELECTRIC
1.	Operating Revenues	$ 158,160,689	$ 121,518,589	$ 125,353,581
2.	Off System Energy Sales	-	14,813,726	14,038,372
3.	Net Operating Revenues	158,160,689	136,332,315	139,391,953
4.	Other Revenues	13,276,813	11,653,437	13,464,005
5.	Interest from Investments	2,640,000	3,458,434	4,321,755
6.	Other Non-Operating Revenues	1,808,803	1,654,283	921,042
7.	Gross Revenues	175,886,305	153,098,469	158,098,755
8.	Less:			
9.	Fuel & Energy Costs	82,660,417	52,424,448	53,779,847
10.	Off System Energy Expenses	-	12,595,985	11,679,070
11.	SRWA - O&M	-	-	-
12.	SRWA - Debt Service	-	-	-
13.	Adjusted Gross Revenues	93,225,888	88,078,036	92,639,838
14.	O&M Expenses	56,447,517	52,097,382	45,962,685
15.	Other Non-Operating (Revenue)/Expenses	458,333	5,351	(65,958)
16.	Net Revenues	$ 36,320,038	$ 35,975,303	$ 46,743,111
17.	Less:			
18.	Debt Service Obligation	$ 17,829,632	$ 18,586,238	$ 17,867,724
19.	Commercial Paper Expense	96,250	48,553	531,825
20.	Balance Available After Debt Service	18,394,156	17,340,512	28,343,562
21.	COB Usage	$ 3,996,667	$ 2,729,595	$ 3,119,372
22.	COB Cash Transfer	5,325,922	6,078,208	6,144,612
23.	Total Cash/Utility Benefit COB	9,322,589	8,807,803	9,263,984
25.	Balance Available for Transfers Out	$ 9,071,567	$ 8,532,709	$ 19,079,578
26.	Balance Available to Transfers Out:	ANNUAL	YTD	
27.	Operating Subaccount - Fuel Adjustment (Plant)	$ -	$ -	
28.	Power Supply Stabilization Reserve	2,200,000	2,016,667	
29.	Decomissioning Reserve	2,000,000	1,833,334	
30.	Improvement Fund-CIP Funding	5,696,256	5,221,568	
31.	Total Transfers Out	$ 9,896,256	$ 9,071,569	
32.	Balance Available to PUB:			
33.	Improvement Fund - Replenishment	-	(538,860)	
34.	Resaca Fees	-	-	
35.	Total	$ 9,896,256	$ 8,532,709	

STATEMENT OF TOTAL UTILITY REVENUES AND EXPENSES
2025-2026 YTD AUGUST ACTUAL

		2025-2026 BUDGET WATER	2025-2026 ACTUAL WATER	2024-2025 ACTUAL WATER
1.	Operating Revenues	$ 36,992,806	$ 38,000,051	$ 35,159,138
2.	Off System Energy Sales	-	-	-
3.	Net Operating Revenues	36,992,806	38,000,051	35,159,138
4.	Other Revenues	829,339	1,014,400	981,588
5.	Interest from Investments	880,000	1,096,798	1,433,103
6.	Other Non-Operating Revenues	226,523	229,354	498,186
7.	Gross Revenues	38,928,668	40,340,603	38,072,015
8.	Less:			
9.	Fuel & Energy Costs	-	-	-
10.	Off System Energy Expenses	-	-	-
11.	SRWA - O&M	4,382,706	4,382,706	4,705,015
12.	SRWA - Debt Service	1,944,004	1,944,004	1,938,637
13.	Adjusted Gross Revenues	32,601,958	34,013,893	31,428,363
14.	O&M Expenses	22,435,943	24,736,521	22,656,298
15.	Other Non-Operating (Revenue)/Expenses	275,000	(266,085)	(8,938)
16.	Net Revenues	$ 9,891,015	$ 9,543,457	$ 8,781,003
17.	Less:			
18.	Debt Service Obligation	$ 4,117,243	$ 3,817,344	$ 3,271,416
19.	Commercial Paper Expense	20,625	21,448	263,913
20.	Balance Available After Debt Service	5,753,147	5,704,665	5,245,674
21.	COB Usage	$ 745,982	$ 787,249	$ 744,090
22.	COB Cash Transfer	2,514,214	2,614,140	2,398,746
23.	Total Cash/Utility Benefit COB	3,260,196	3,401,389	3,142,836
25.	Balance Available for Transfers Out	$ 2,492,951	$ 2,303,276	$ 2,102,838
26.	Balance Available to Transfers Out:	ANNUAL	YTD	
27.	Operating Subaccount - Fuel Adjustment (Plant)	$ -	$ -	
28.	Power Supply Stabilization Reserve	-	-	
29.	Decomissioning Reserve	-	-	
30.	Improvement Fund-CIP Funding	162,521	148,976	
31.	Total Transfers Out	$ 162,521	$ 148,976	
32.	Balance Available to PUB:			
33.	Improvement Fund - Replenishment	-	(1,030,707)	
34.	Resaca Fees	2,557,061	3,185,007	
35.	Total	$ 2,719,582	$ 2,303,276	

STATEMENT OF TOTAL UTILITY REVENUES AND EXPENSES
2025-2026 YTD AUGUST ACTUAL

		2025-2026 BUDGET WASTEWATER	2025-2026 ACTUAL WASTEWATER	2024-2025 ACTUAL WASTEWATER
1.	Operating Revenues	$ 30,954,839	$ 32,115,207	$ 29,658,747
2.	Off System Energy Sales	-	-	-
3.	Net Operating Revenues	30,954,839	32,115,207	29,658,747
4.	Other Revenues	728,505	576,518	581,888
5.	Interest from Investments	880,000	1,096,798	1,433,103
6.	Other Non-Operating Revenues	226,523	229,354	251,480
7.	Gross Revenues	32,789,867	34,017,877	31,925,218
8.	Less:			
9.	Fuel & Energy Costs	-	-	-
10.	Off System Energy Expenses	-	-	-
11.	SRWA - O&M	-	-	-
12.	SRWA - Debt Service	-	-	-
13.	Adjusted Gross Revenues	32,789,867	34,017,877	31,925,218
14.	O&M Expenses	23,254,057	21,451,503	21,903,813
15.	Other Non-Operating (Revenue)/Expenses	275,000	149,072	250,166
16.	Net Revenues	$ 9,260,810	$ 12,417,302	$ 9,771,239
17.	Less:			
18.	Debt Service Obligation	$ 5,142,112	$ 4,780,853	$ 4,212,095
19.	Commercial Paper Expense	20,625	25,070	179,910
20.	Balance Available After Debt Service	4,098,073	7,611,379	5,379,234
21.	COB Usage	$ 605,460	$ 601,422	$ 607,304
22.	COB Cash Transfer	2,673,527	2,800,366	2,585,218
23.	Total Cash/Utility Benefit COB Transferred	3,278,987	3,401,788	3,192,522
25.	Balance Available for Transfers Out	$ 819,086	$ 4,209,591	$ 2,186,712
26.	Balance Available to Transfers Out:	ANNUAL	YTD	
27.	Operating Subaccount - Fuel Adjustment (Plant)	$ -	$ -	
28.	Power Supply Stabilization Reserve	-	-	
29.	Decomissioning Reserve	-	-	
30.	Improvement Fund-CIP Funding	893,549	819,087	
31.	Total Transfers Out	$ 893,549	$ 819,087	
32.	Balance Available to PUB:			
33.	Improvement Fund - Replenishment	-	3,390,504	
34.	Resaca Fees	-	-	
35.	Total	$ 893,549	$ 4,209,591	

STATEMENT OF DEMAND ACCOUNTS & INVESTMENTS
August 31, 2026

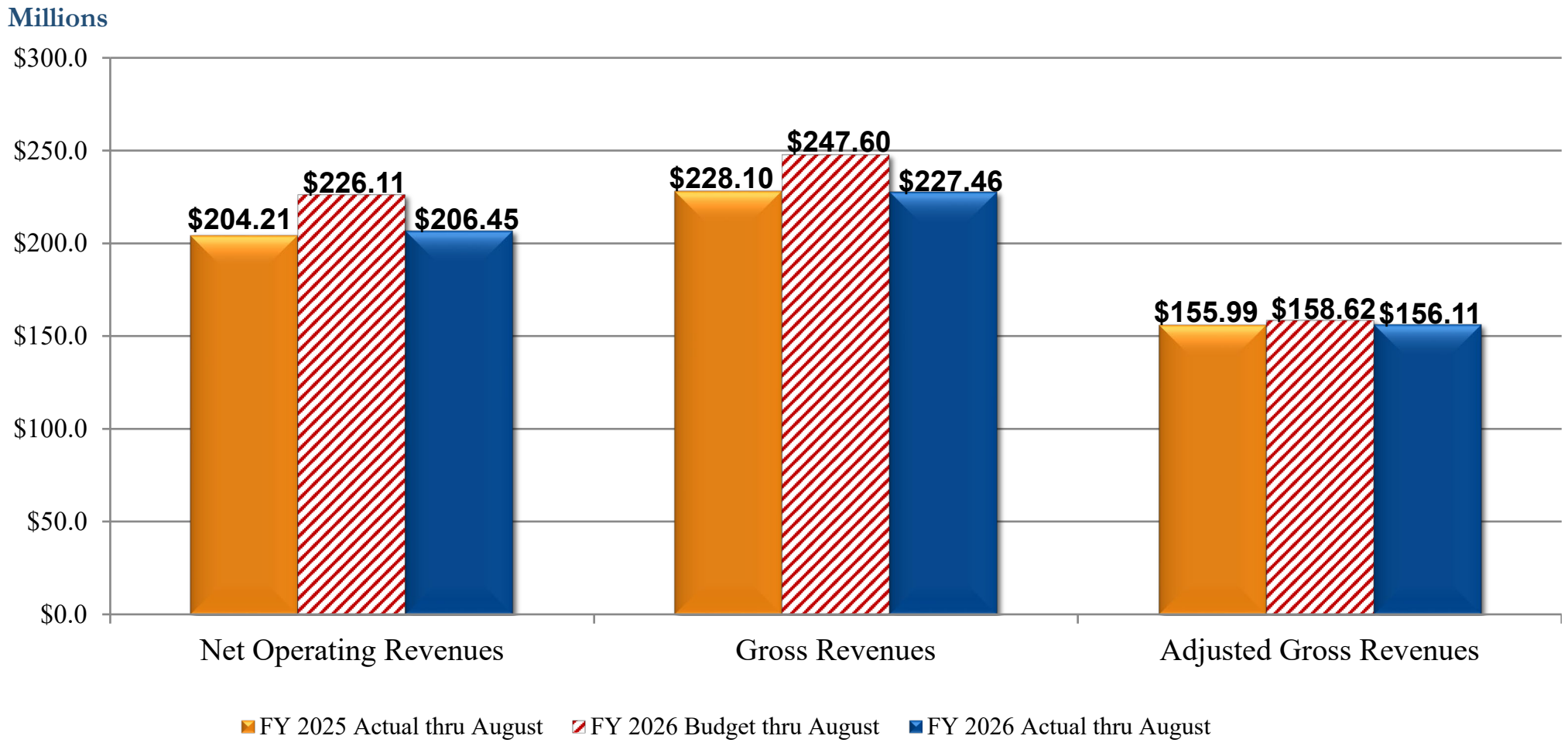
			Demand	Investments	Totals
*	1.	Capital Improvement Reserve	$ 6,142,174	$ 8,896,645	$ 15,038,819
	2.	City Transfer Fund	1,121,839	65	1,121,904
	3.	Clearing Account	-	-	-
	4.	AP Clearing Account	2,882	-	2,882
*	5.	Commercial Paper	2	-	2
	6.	Dental Insurance	35,627	1,283,679	1,319,306
	7.	Employee Health	1,639,915	54,450	1,694,365
*	8.	EPA Grants	-	-	-
	9.	Flexible Spending	6,828	6,455	13,283
*	10.	Improvement Fund	10,605,615	42,022,894	52,628,509
*	11.	Improvement Impact Fees	4,904,215	12,101,489	17,005,704
*	12.	Improvement Water Rights	2,014,905	4,097,171	6,112,076
*	13.	Resaca Fees	9,511,297	641,006	10,152,303
*	14.	Junior Lien Debt Service I&S	2	130	132
*	15.	Junior Lien Reserve Fund	-	121,721	121,721
*	16.	Meter Deposit	-	8,348,587	8,348,587
*	17.	Operating Reserve Cash	85,245	16,930,984	17,016,229
	18.	Other Post Employment Benefit	-	-	-
	19.	Payroll	4,278	-	4,278
	20.	Plant Fund	7,105,303	18,659,563	25,764,866
*	21.	Senior Debt Service I&S Fund	-	34,868	34,868
*	22.	Senior Lien Reserve Fund	2,279,248	14,833,594	17,112,842
*	23.	Share Fund	27	100,228	100,255
	24.	Workers Compensation	192,492	6,004,182	6,196,674
	25.	Power Supply Stabilization Reserve	-	3,116,669	3,116,669
	26.	Decommissioning Reserve	-	2,833,338	2,833,338
		Total	**$ 45,651,894**	**$ 140,087,718**	**$ 185,739,612**

NOTES:

* Restricted Assets

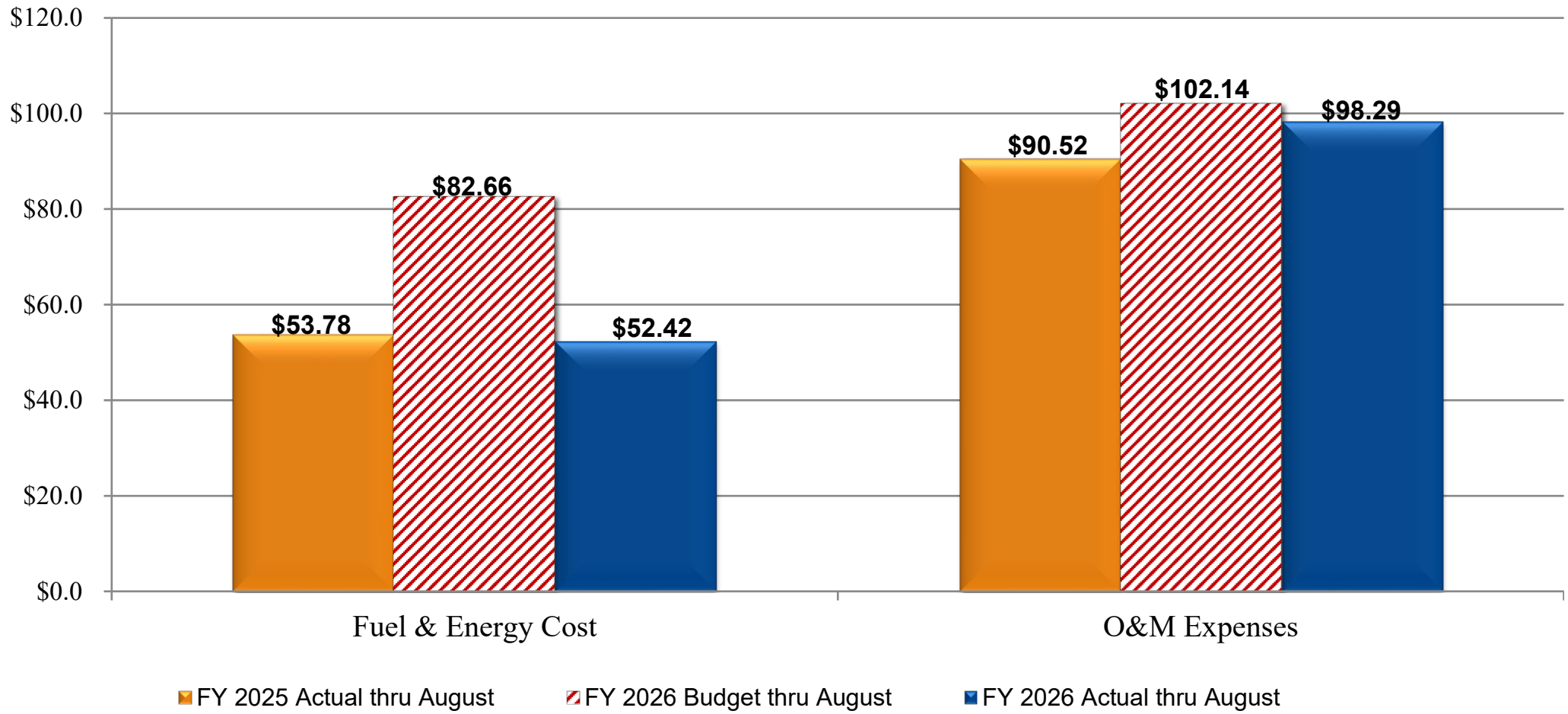
Fiscal Year 2026 Financial Performance
As of August 31, 2026

BROWNSVILLE
PUBLIC UTILITIES BOARD



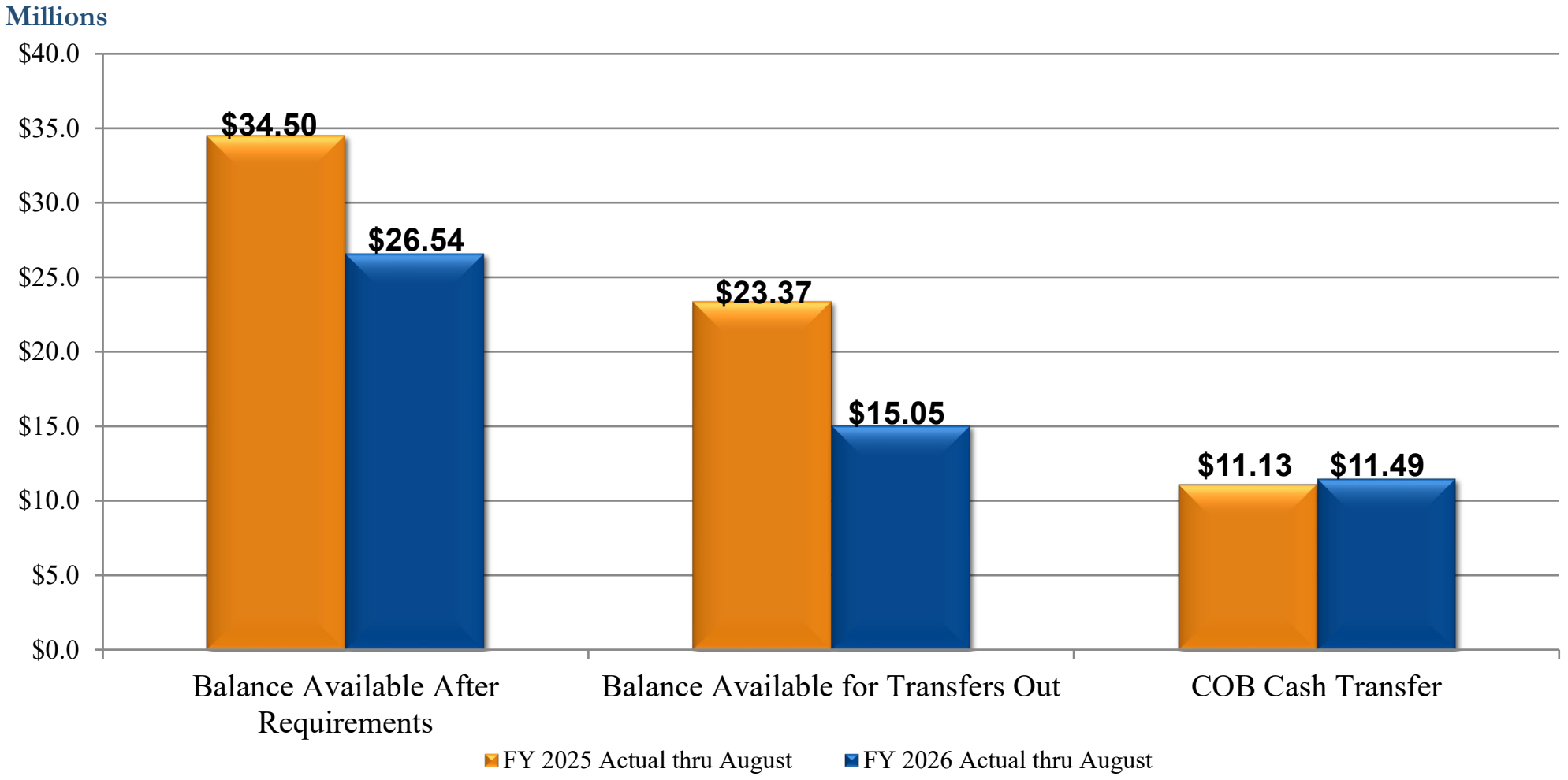
Fiscal Year 2026 Financial Performance
As of August 31, 2026

BROWNSVILLE
PUBLIC UTILITIES BOARD



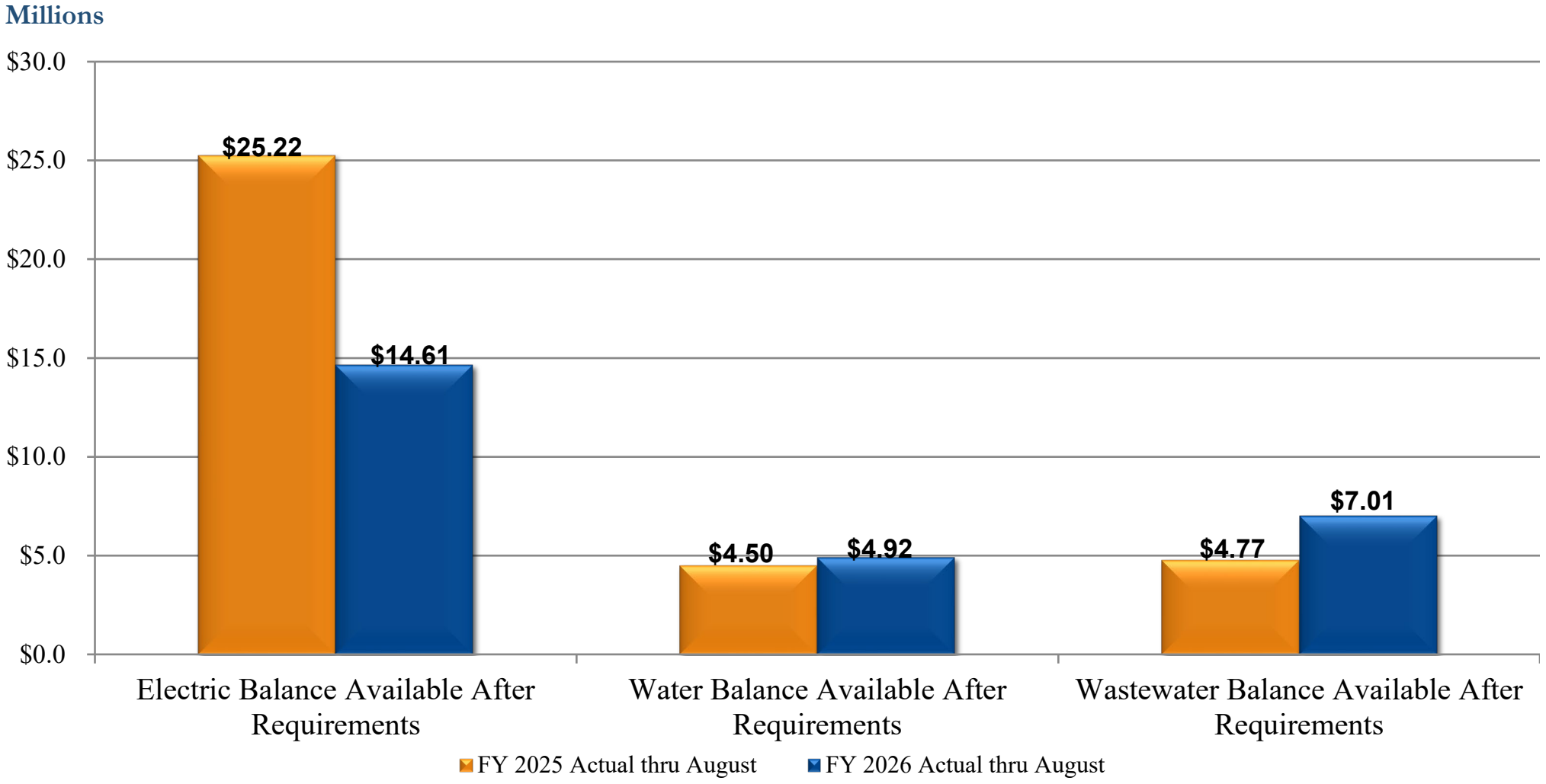
Fiscal Year 2026 Financial Performance
As of August 31, 2026

BROWNSVILLE
PUBLIC UTILITIES BOARD



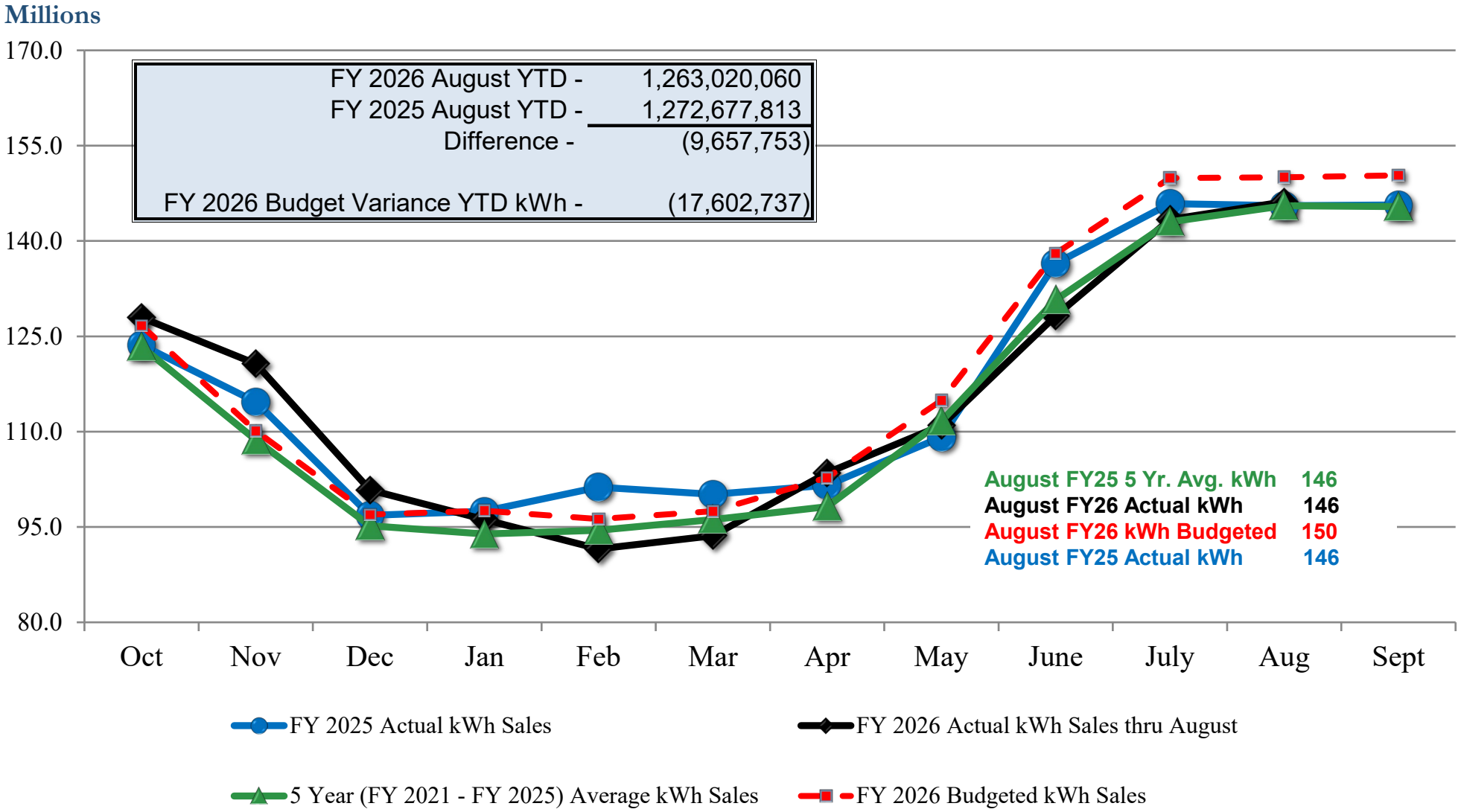
Fiscal Year 2026 Financial Performance
As of August 31, 2026

BROWNSVILLE
PUBLIC UTILITIES BOARD



Fiscal Year 2026 Financial Performance
As of August 31, 2026
Electric Sales

BROWNSVILLE
PUBLIC UTILITIES BOARD

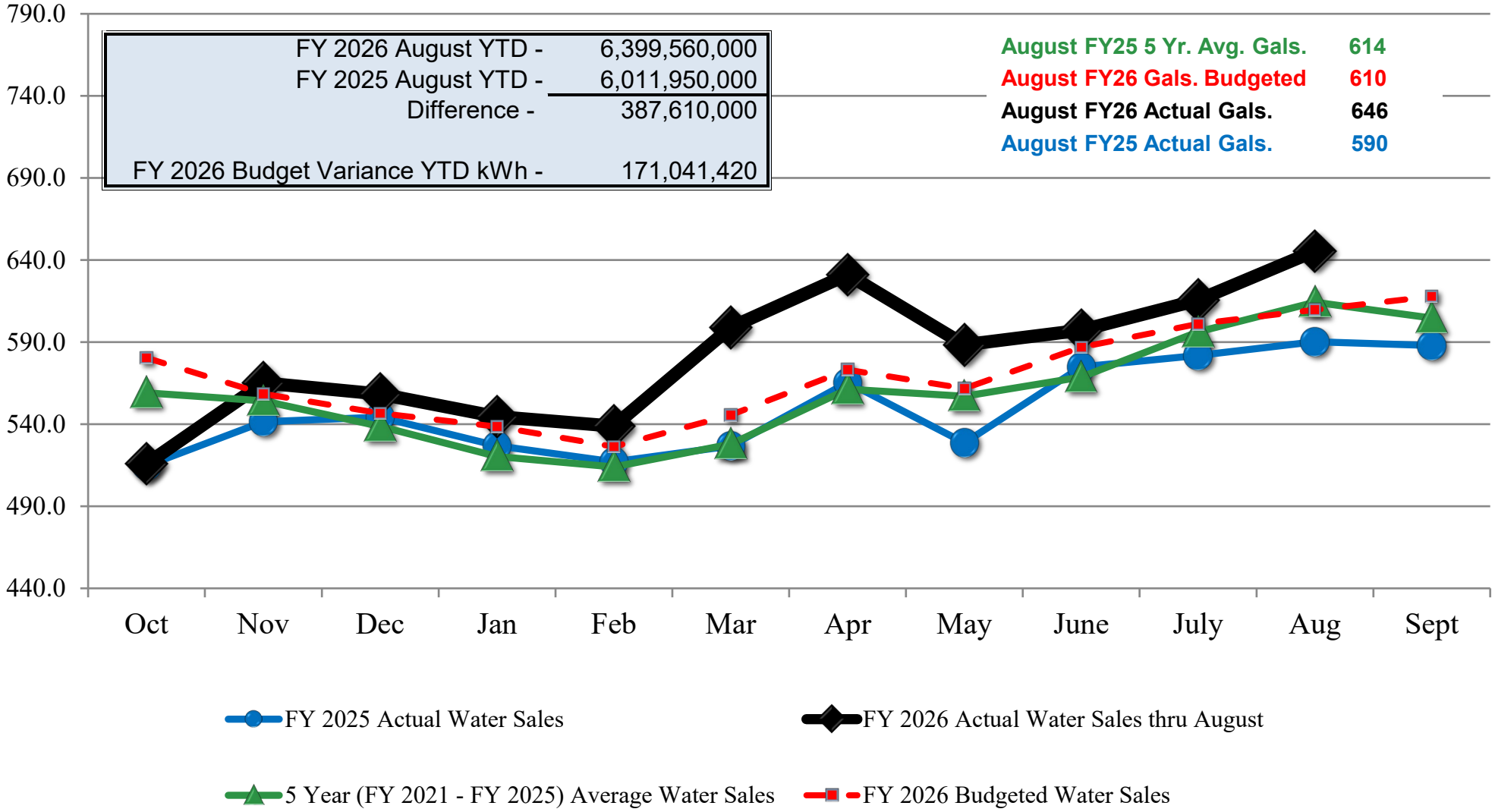


Fiscal Year 2026 Financial Performance
As of August 31, 2026
Water Sales

BROWNSVILLE
PUBLIC UTILITIES BOARD

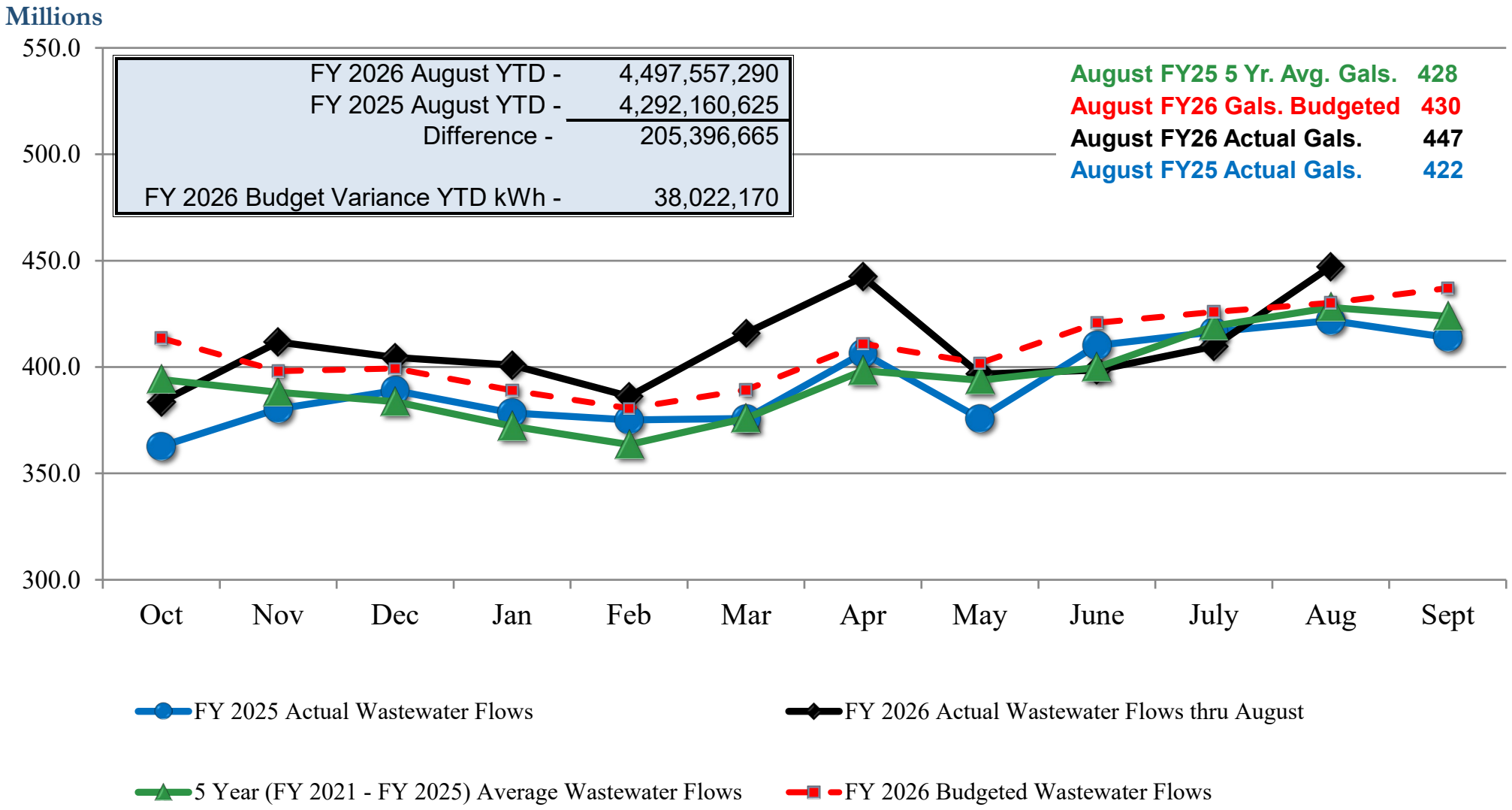
FY 2026 August YTD -	6,399,560,000
FY 2025 August YTD -	6,011,950,000
Difference -	387,610,000
FY 2026 Budget Variance YTD kWh -	171,041,420

August FY25 5 Yr. Avg. Gals.	614
August FY26 Gals. Budgeted	610
August FY26 Actual Gals.	646
August FY25 Actual Gals.	590



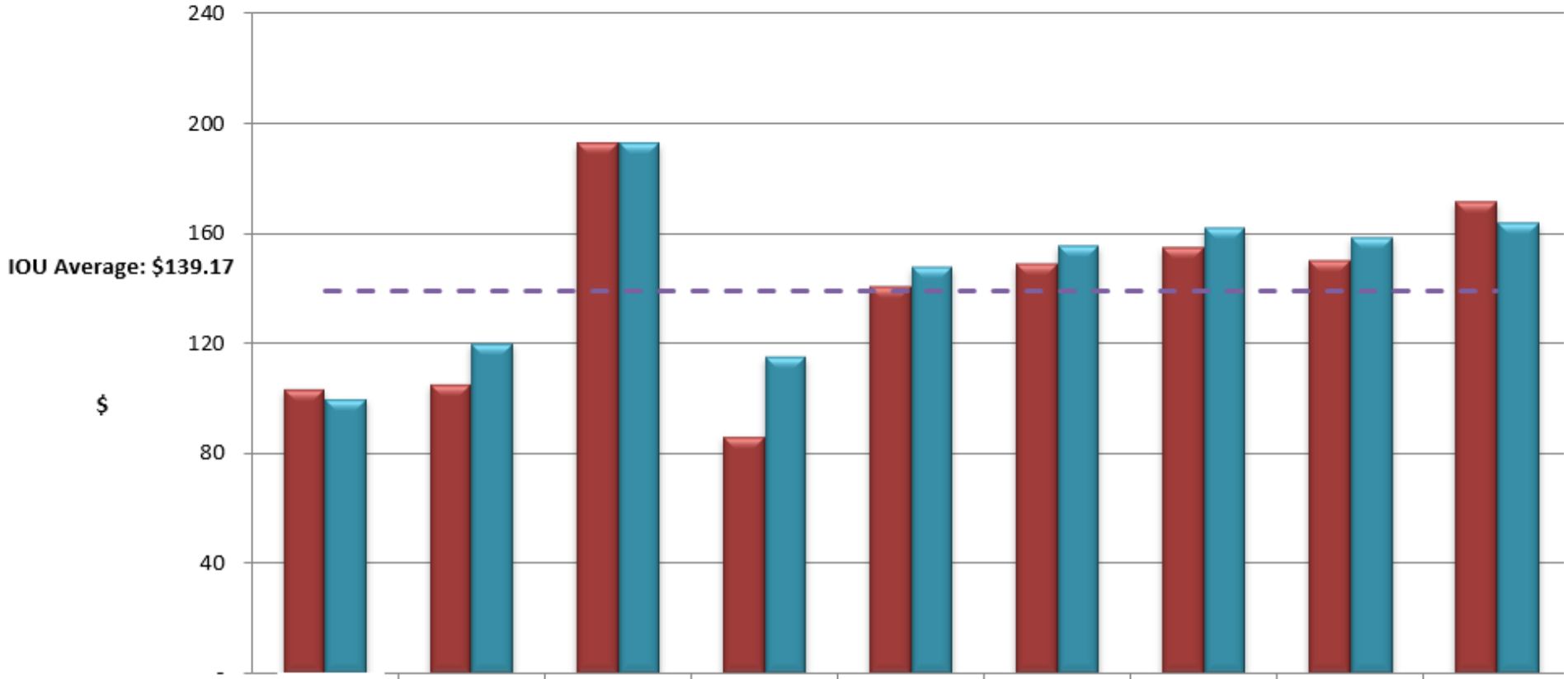
Fiscal Year 2026 Financial Performance
As of August 31, 2026
Wastewater Flows

BROWNSVILLE
PUBLIC UTILITIES BOARD



Investor Owned Utilities
Residential Electric Bill Comparison
August 2026
Based on 1,000 kWh of Electric Sales

BROWNSVILLE
PUBLIC UTILITIES BOARD



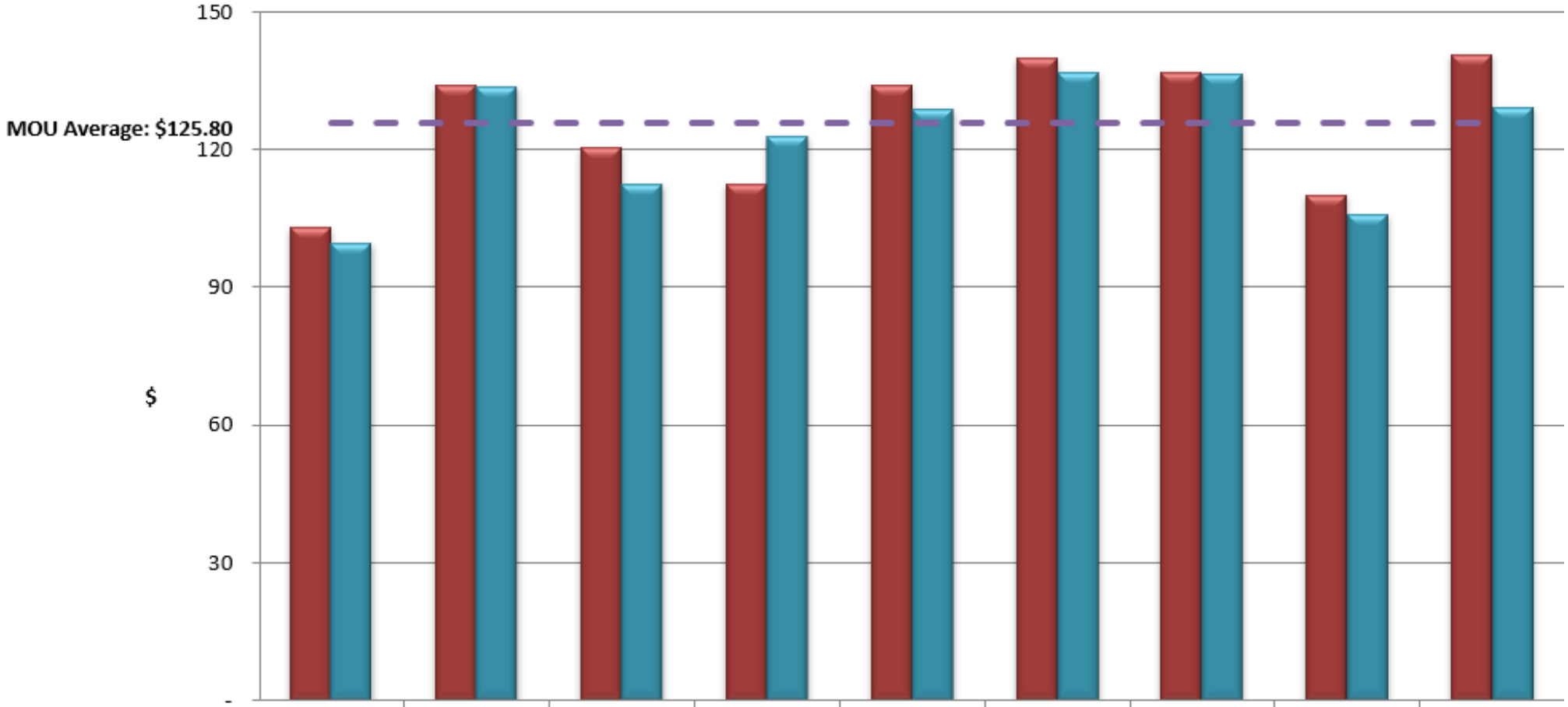
	BPUB	MVEC	AMBIT Energy	Amigo Energy	Cirro Corp.	Direct Energy	IGS Energy	Reliant	TXU
AUGUST 2026	103.23	105.12	192.70	86.05	140.38	148.86	154.85	149.88	171.46
12-Month Average	99.53	119.93	192.52	115.27	147.63	155.36	161.52	158.50	163.59

Notes:
1. This comparison is compiled using information for Retail Electric Providers (REPs) which is publicly available through the Power to Choose link on the Public Utilities Commission of Texas' website. The monthly bills shown on this sheet are inclusive of all fixed (e.g. customer & metering charges) and variable charges (e.g. transmission & distribution charges).

2. For comparative purposes bills shown are all fixed plans.

Municipally Owned Utilities
Residential Electric Bill Comparison
August 2026
Based on 1,000 kWh of Electric Sales

BROWNSVILLE
PUBLIC UTILITIES BOARD

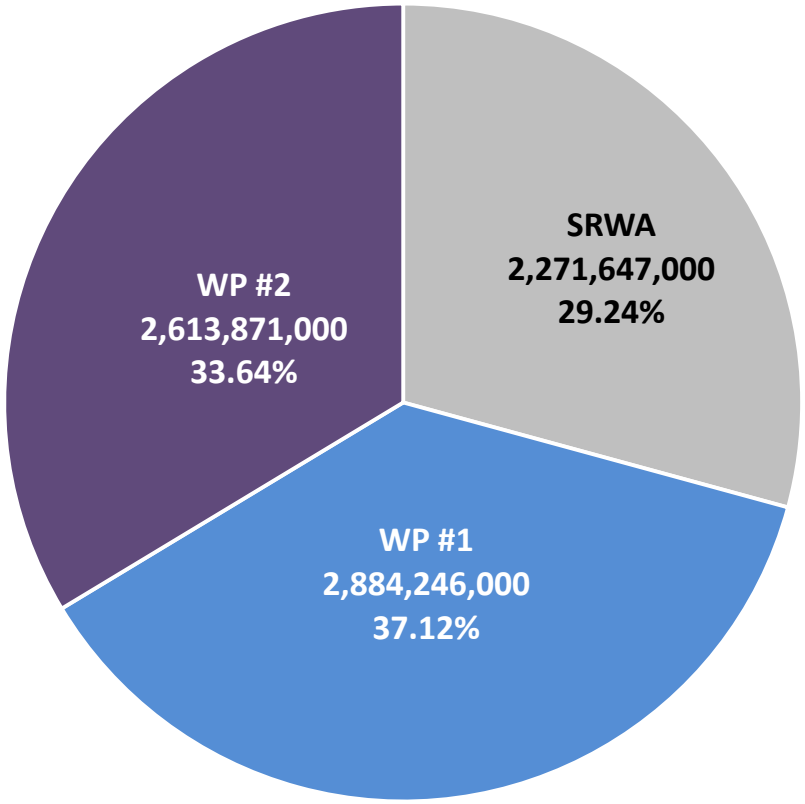


	BPUB	Austin Energy (City of Austin)	Bryan Texas Utilities	City of San Marcos	CPS (San Antonio)	Denton Municipal Electric	Georgetown Utility	Kerrville Public Utility Board	New Braunfels Utilities
AUGUST	103.23	134.02	120.70	112.44	134.16	140.00	136.87	110.00	140.70
12-Month Average	99.53	133.72	112.48	122.88	128.94	136.87	136.67	106.04	129.41

Fiscal Year 2026 Southmost Regional Water Authority
Financial Performance as of August 31, 2026
Water Plants 1 & 2 and SRWA Distribution

BROWNSVILLE
PUBLIC UTILITIES BOARD

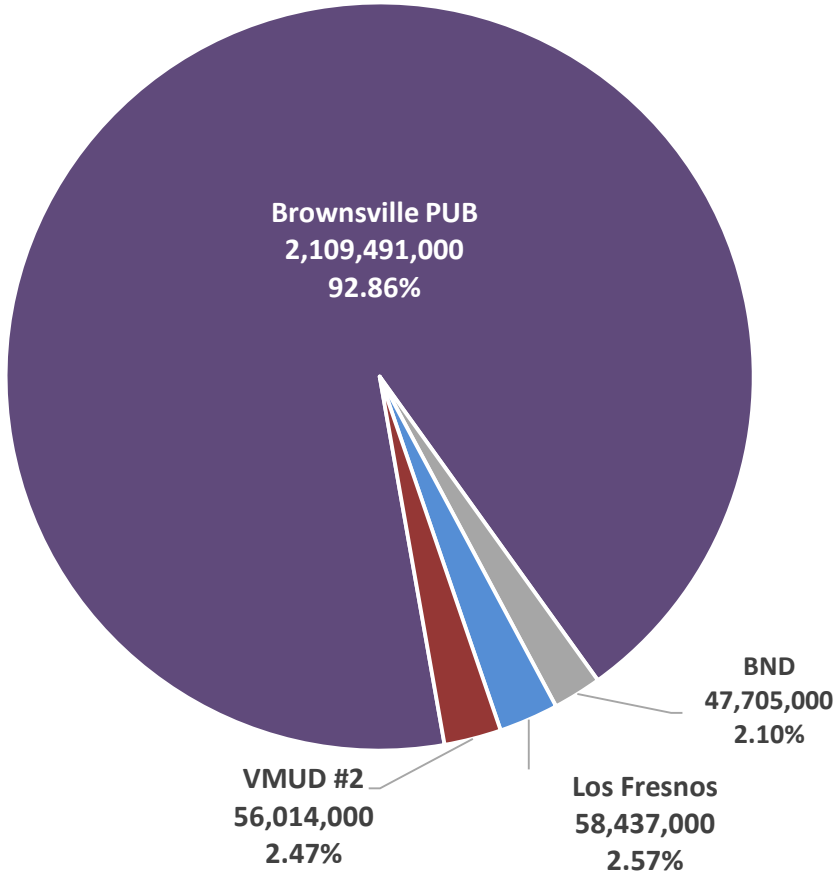
Total Water Plants and SRWA Distribution:
7,769,764,000 Gallons



Unit Cost of Water (1,000 gallons)
FY Ending 2025 (Audited)

■ BPUB WP I & II	$ 1.31
■ SRWA	2.86
■ Blended (BPUB & SRWA)	$ 1.83

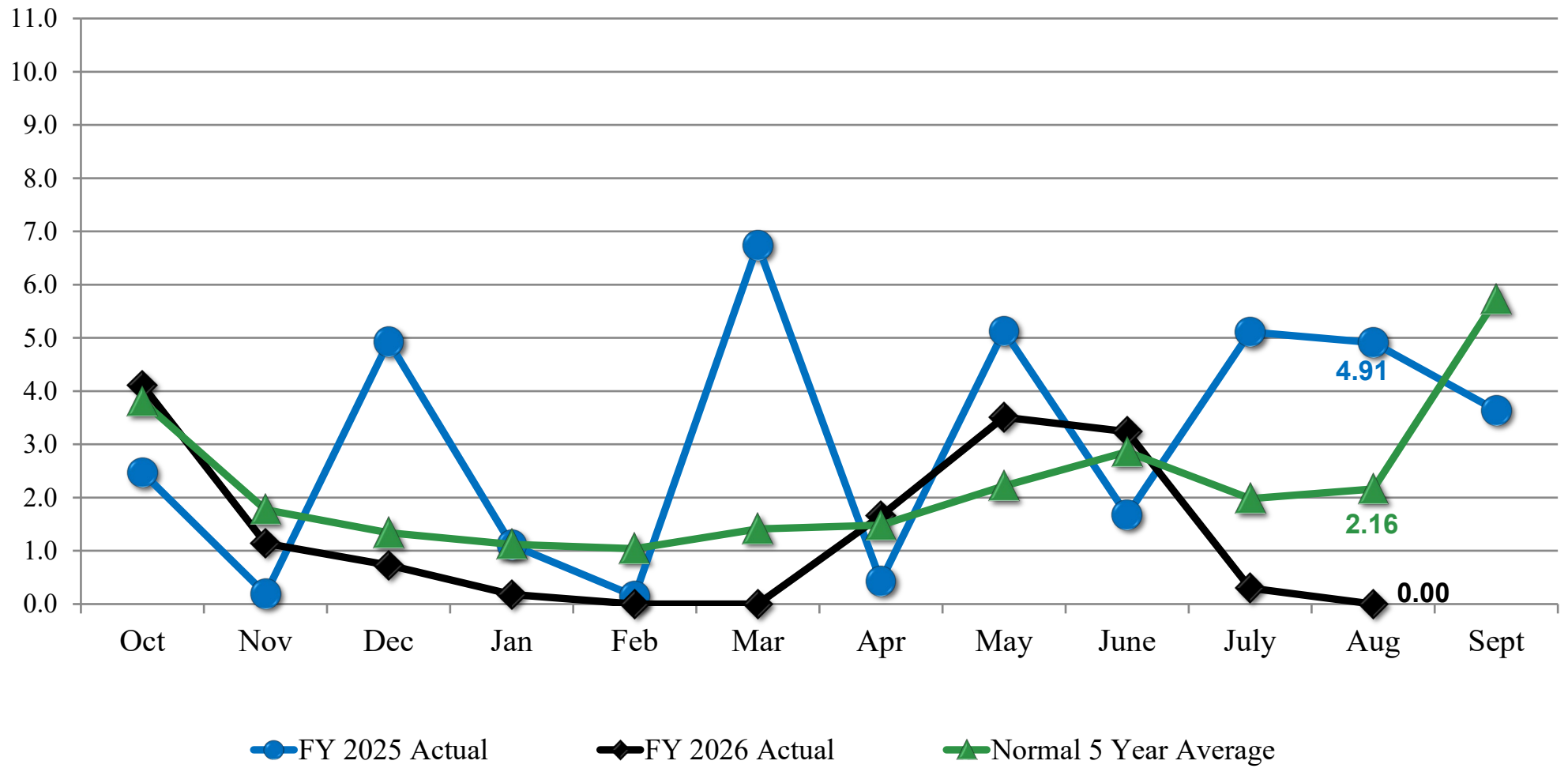
SRWA Distribution to participating entities.
Total SRWA Distribution: 2,271,647,000 Gallons



Fiscal Year 2026 Financial Performance
As of August 31, 2026
Precipitation Levels

BROWNSVILLE
PUBLIC UTILITIES BOARD

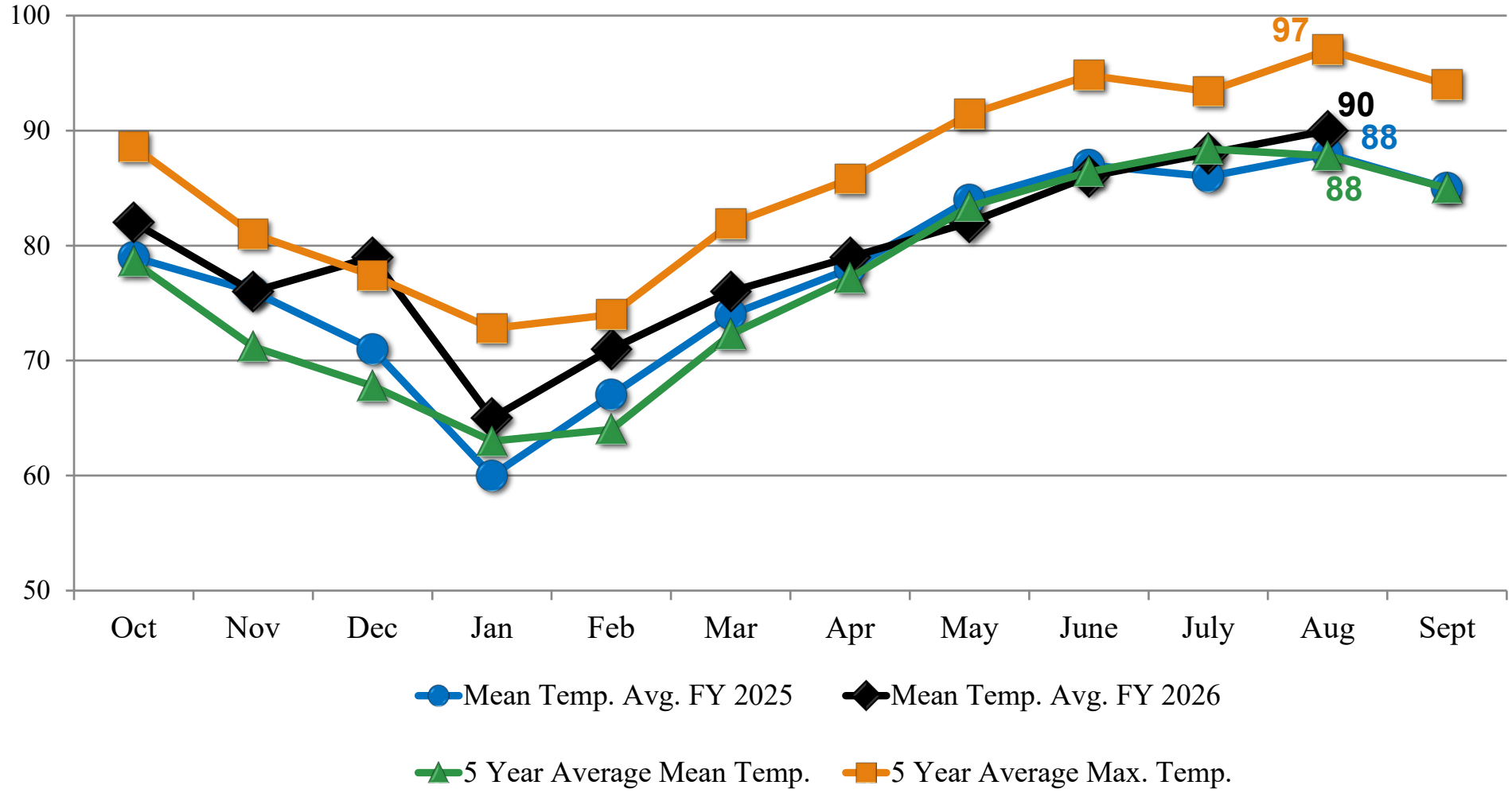
Inches



Fiscal Year 2026 Financial Performance
As of August 31, 2026
Mean Temperature Average

BROWNSVILLE
PUBLIC UTILITIES BOARD

Degrees
Fahrenheit



BROWNSVILLE
PUBLIC UTILITIES BOARD

FISCAL YEAR 2026
BUDGET STATUS FOR THE
ENGINEERING FEES EXPENSE ACCOUNT
AS OF AUGUST 31, 2026

FUND	ORGN	VENDOR	APPROVED BUDGET	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL	MAY ACTUAL	JUNE ACTUAL	JULY ACTUAL	AUG ACTUAL	BUDGET BALANCE
100 Operating Fund-Plant															
	2210 SCADA & Electrical Support Services		10,000	-	-	-	-	-	-	-	-	-	-	-	10,000
	2220 Power Production	ALONSO GONZALEZ	48,120	-	-	-	-	-	7,557	(7,557)	-	-	-	-	48,120
	2410 Electric Engineering	M&S ENGINEERING, LLC	1,252,504	1,338	-	4,345	8,332	-	5,893	2,200	-	-	-	59,442	1,164,272
		OSMOSE UTILITIES SERVICES, INC	-	-	5,000	-	-	-	-	-	-	1,682			-
	2420 Electrical System Planning	SIEMENS INDUSTRY, INC	387,184	34,872	-	-	16,116	-	-	1,800	11,280	-	-	-	142,123
		ELECTRICAL CONSULTANTS INC	-	12,869	-	31,390	-	2,116	-	-	102,625	17,751	9,918	-	-
		HORD, JAMES	-	-	200	-	800	-	800	-	-	-		-	-
		M&S ENGINEERING, LLC	-	-	-	4,780	1,740	-	1,780	-	-	-	-	1,290	-
		GREATER BROWNSVILLE	-	-	-	-	-	-	-	-	-	-	-	(7,066)	-
	3120 Water Plant I		15,000	-	-	-	-	-	-	-	-	-	-	-	15,000
	3130 Water Plant II		30,000	-	-	-	-	-	-	-	-	-	-	-	30,000
	3135 Resaca Maintenance	HALFF ASSOCIATES INC.	119,041	25	-	(25)	-	-	96,750	(63,855)	-	-	19,950	-	66,196
	3140 Raw Water Supply		10,000	-	-	-	-	-	-	-	-	-	-	-	10,000
	3310 Water & Wastewater Engineering	FREESE & NICHOLS, INC.	100,000	11,317	21,105	-	39,948	5,806	-	875	-	-	-	7,187	1,744
		HAZEN AND SAWYER, DPC	-	1,543	-	1,485	-	1,620	-	-	-	-	-	-	-
		HALFF ASSOCIATES INC.	-	-	-	-	-	-	-	-	-	-	-	7,370	-
	4115 Asset Management		35,798	-	-	-	-	-	-	-	-	-	-	-	35,798
	4220 Fuel & Purchased Energy Supply	EXPERIENCE ON DEMAND LLC	11,595	-	1,760	5,520	-	-	-	-	-	-	-	480	(4,644)
		ACCLAIM STRATEGIES LLC	-	-	-	-	-	-	3,520	1,760	959	2,240	-	-	-
	4310 Operational Support Services		1,135	-	-	-	-	-	-	-	-	-	-	-	1,135
	5110 Finance	NEWGEN STRATEGIES & SOLUTIONS	20,000	-	-	9,290	-	-	-	-	10,823	23,720	31,573	-	(55,406)
		SUBTOTAL	**2,040,377**	**61,964**	**28,065**	**56,785**	**66,936**	**9,542**	**116,300**	**(64,777)**	**125,687**	**45,393**	**61,441**	**68,703**	**1,464,338**
Subtotal O&M Funds			**2,040,377**	**61,964**	**28,065**	**56,785**	**66,936**	**9,542**	**116,300**	**(64,777)**	**125,687**	**45,393**	**61,441**	**68,703**	**1,464,338**
								YTD	**576,039**						

BROWNSVILLE PUBLIC UTILITIES BOARD

FISCAL YEAR 2026
BUDGET STATUS FOR THE
ENGINEERING FEES EXPENSE ACCOUNT
AS OF AUGUST 31, 2026

FUND	ORGN	VENDOR	APPROVED BUDGET	OCT ACTUAL	NOV ACTUAL	DEC ACTUAL	JAN ACTUAL	FEB ACTUAL	MAR ACTUAL	APR ACTUAL	MAY ACTUAL	JUNE ACTUAL	JULY ACTUAL	AUG ACTUAL	BUDGET BALANCE
400 Capital Projects-Improvement															
	2120 Substations and Relaying	ELECTRICAL CONSULTANTS INC	-	-	-	59,231	-	73,260	-	-	4,991	-	-	-	-
	2410 Electric Engineering	ELLETT AND GAYNOR	-	-	-	-	-	-	14,843	(14,843)	-	-	-	-	-
		M&S ENGINEERING, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-
	2420 Electrical System Planning	ELLETT AND GAYNOR	-	6,418	-	-	-	-	112,071	(28,408)	-	10,365	-	-	-
		M&S ENGINEERING, LLC	-	-	-	-	6,248	-	56,900	7,970	5,040	3,173	23,368	-	-
	3110 W/WW Engineering Captl Planning	GOERO INTERNATIONAL LLC	-	-	-	-	(218,738)	-	-	-	-	-	-	-	-
		AMBIOTEC CIVIL ENGINEERING	-	-	-	-	-	29,024	14,512	-	-	14,512	-	-	-
	3120 Water Plant I	FREESE & NICHOLS, INC.	-	-	9,773	3,772	9,161	3,519	4,138	5,251	3,593	-	5,459	-	-
	3220 Robindale Wastewater Treatment Plr	FREESE & NICHOLS, INC.	-	9,746	27,488	15,623	7,561	-	122,698	-	79,783	-	72,956	-	-
	3310 Water & Wastewater Engineering	AMBIOTEC CIVIL ENGINEERING	-	6,500	-	-	-	63,225	14,512	-	-	14,512	-	-	-
		CP&Y, INC.	-	-	-	6,075	-	-	-	-	-	-	-	-	-
		CAROLLO ENGINEERS, INC	-	-	23,046	-	-	-	-	-	-	-	2,700	11,065	-
		PROFESSIONAL SERVICE	-	-	-	570	-	-	395	-	-	790	-	-	-
		TERRACON CONSULTANTS, INC.	-	-	566	-	-	841	751	-	-	-	-	-	-
		FREESE & NICHOLS, INC.	-	2,320	-	-	-	-	-	-	-	-	-	3,519	-
		GARVER, LLC	-	-	-	-	-	-	-	-	64,798	-	46,559	-	-
		HANSON PROFESSIONAL SERVICES INC	-	10,930	-	-	4,868	5,700	5,600	8,369	11,782	-	10,998	10,099	-
		HAZEN AND SAWYER, DPC	-	9,807	-	9,437	-	10,299	-	-	-	-	-	-	-
		HALFF ASSOCIATES INC.	-	-	-	-	-	68,805	-	41,283	-	-	59,099	-	-
		STV INCORPORATED	-	-	-	-	-	-	-	5,108	-	-	-	-	-
	3315 W/WW Prj. Development	PROFESSIONAL SERVICE	-	200	1,152	1,790	1,061	1,941	3,443	1,279	485	872	-	2,972	-
		EARTHCO LLC	-	-	-	-	970	2,830	-	1,243	3,443	-	-	1,255	-
		TERRACON CONSULTANTS, INC.	-	845	1,145	850	-	-	-	-	-	1,870	-	1,535	-
		MILLENNIUM ENGINEERS GROUP INC	-	-	1,816	830	682	-	-	-	-	-	-	2,830	-
		RABA KISTNER, INC.	-	-	1,558	2,184	991	2,901	744	840	298	3,617	-	-	-
		EWT HOLDINGS III CORP	-	-	-	-	-	-	-	-	-	-	-	242	-
	4105 Operations	GOERO INTERNATIONAL LLC	-	-	-	-	(11,013)	-	-	-	-	-	-	-	-
	7135 GIS	POWER ENGINEERS INC.	-	-	-	-	-	-	-	-	-	-	-	16,110	-
	7160 Facility Maintenance	HALFF ASSOCIATES INC.	-	-	-	-	-	-	-	-	-	-	3,942	-	-
405 Capital Projects-Commercial Paper														-	
	3310 Water & Wastewater Engineering	HANSON PROFESSIONAL SERVICES INC	-	10,930	(10,930)	-	-	-	-	-	-	-	-	-	-
		MISCELLANEOUS WATER/SEWER	-	-	-	-	-	-	(395)	-	-	-		-	-
410 Capital Projects-Impact Fees														-	
	3310 Water & Wastewater Engineering	HALFF ASSOCIATES INC.	-	-	26,698	-	36,186	10,919	117,045	-	26,847	7,830	87,220	-	-
		GARVER, LLC	-	-	-	-	-	69,840	9,237	-	-	20,931	38,299	-	-
	7135 GIS	CHAVEZ AUTOMATED DESIGN	-	-	-	-	-	-	-	-	-	-	-	31,700	-
Subtotal Capital Funds			**2,700,000**	**57,696**	**82,312**	**100,362**	**(162,023)**	**343,104**	**476,494**	**28,092**	**201,060**	**78,472**	**350,600**	**81,327**	**1,062,504**
*Capital funds are budgeted on a per-project basis. The CIP Engineering budget is estimated based on actual prior year expenses.								**YTD**	**1,637,496**						
Grand Total			**4,740,377**	**119,660**	**110,377**	**157,147**	**(95,087)**	**352,646**	**592,794**	**(36,685)**	**326,747**	**123,865**	**412,041**	**150,030**	**2,526,842**

FISCAL YEAR 2026
LEGAL FEES STATUS REPORT BY CATEGORY
AS OF AUGUST 31, 2026

Category	Approved Budget	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Balance Available
	$ 566,000													$ 566,000
Special Utility Counsel		-	680	37,513	22,094	-	12,684	911	980	38,749	6,969	6,342	-	(126,922)
Personnel Matters		-	-	8,060	2,448	-	2,615	-	2,666	5,634	5,221	-	-	(26,644)
Electric Contracts and Agreements		-	4,201	2,028	4,141	-	14,833	(12,675)	52	-	6,825	(6,825)	-	(12,580)
Opinions		-	975	14,296	12,419	-	7,401	5,241	4,702	-	-	2,665	-	(47,699)
Construction Contracts		-	-	-	2,954	-	-	-	-	-	-	-	-	(2,954)
General Contracts		-	-	-	-	-	408	423	325	-	-	130	-	(1,286)
COB - Tenaska Audit		-	-	1,182	-	-	-	-	-	-	-	-	-	(1,182)
PUCT General		-	476	1,740	1,907	-	3,340	3,140	5,344	-	-	4,113	-	(20,060)
Real Estate and R-O-W Easements		-	-	6,164	203	-	-	-	-	585	-	-	-	(6,952)
ERCOT General		-	-	-	-	-	-	-	2,301	-	-	312	-	(2,613)
Lit Fiber ROW Management		-	3,413	709	-	-	-	-	-	-	-	748	-	(4,870)
SpaceX Starbase Service Agreements		-	2,437	293	2,018	-	19,757	1,103	-	-	-	-	-	(25,608)
Element Fuels Transmission Interconnection		-	182	1,352	-	-	-	-	-	-	-	-	-	(1,534)
Subtotal O&M Budget	$ 566,000	$ -	$ 12,364	$ 73,337	$ 48,184	$ -	$ 61,038	$ (1,857)	$ 16,370	$ 44,968	$ 19,015	$ 7,485	$ -	$ 285,096

Total O&M Y-T-D Actuals: $ 280,904

FISCAL YEAR 2026
LEGAL FEES STATUS REPORT BY CATEGORY
AS OF AUGUST 31, 2026

Category	Approved Budget	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26	Balance Available
Capital Projects	$ 50,000													$ 50,000
Administration Building Remodel		-	-	-	(457)	-	-	-	-	-	-	-	-	457
Airport Substation Project (trans)		-	-	281	107	-	557	-	-	281	96	-	-	(1,322)
Airport Substation Project (dist)		-	-	281	107	-	557	-	-	281	96	-	-	(1,322)
BPUB Kiosk Project		-	-	-	-	-	371	-	-	-	-	-	-	(371)
Cross Valley Pipeline Project		-	-	7,369	65,531	-	12,496	-	-	61,689	67,240	20,345	-	(234,670)
HVAC Replacement and Design Phase Project at the Analytical Lab		-	683	2,438	553	-	-	-	-	-	-	-	-	(3,674)
Madeira Project		-	-	-	158	-	-	-	-	-	-	-	-	(158)
SEL Blueframe Data Management and Automation		-	-	-	1,138	-	-	-	-	-	-	-	-	(1,138)
Waterport Substation Relay Switchboard Panel		-	-	-	2,613	-	-	-	-	-	-	-	-	(2,613)
Subtotal Capital Budget	$ 50,000	$ -	$ 683	$ 10,369	$ 69,750	$ -	$ 13,981	$ -	$ -	$ 62,251	$ 67,432	$ 20,345	$ -	$ (194,811)
												Total Capital Y-T-D Actuals:		$ 244,811
Total Legal Fees Budget	$ 616,000	$ -	$ 13,047	$ 83,706	$ 117,934	$ -	$ 75,019	$ (1,857)	$ 16,370	$ 107,219	$ 86,447	$ 27,830	$ -	$ 90,285
												Overall Total Y-T-D Actuals:		$ 525,715

Notes:

- Report includes all transactions recorded in BPUB's financial system as of the reporting month.
- Capital funds are budgeted on a per-project basis. The CIP Legal Fees budget is estimated based on past two years of actual expenses.

AMENDED FISCAL YEAR 2026
FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMBINED UTILITY SUMMARY
BY CATEGORY AND UTILITY

[A] LINE REF.	[B] PRIMARY UTILITY	[C] CATEGORY	[D] AMENDED PLAN FOR FY 2026	[E] TRANSFERS IN (OUT)	[F] AMENDED PLAN FOR FY 2026	[G] YTD ACTUAL AS OF 08/31/2026	[H] ADJUSTMENTS	[I] PROJECT BALANCE AS OF 08/31/2026
1	Electric	Customer Connections	$ 968,000	$ -	$ 968,000	$ 973,437	$ (3,180)	$ (2,257)
2		Grant Funded	-	-	-	33,800	-	(33,800)
3		Heavy Equipment and Vehicles	2,053,948	1,153,590	3,207,538	2,134,916	-	1,072,622
4		Hidalgo Energy Center	945,000	-	945,000	545,384	-	399,616
5		In Design	2,186,667	(104,000)	2,082,667	276,647	-	1,806,020
6		Proposed Projects	5,307,500	(4,700,000)	607,500	-	-	607,500
7		Routine Activities	3,413,405	(698,711)	2,714,694	3,677,432	(3,343)	(959,395)
8		Under Construction	22,650,095	(184,298)	22,465,797	18,137,591	-	4,328,206
9		Utility Relocations	200,000	8,121	208,121	48,235	-	159,886
10		Completed	30,000	-	30,000	-	-	30,000
11		Contract Development	1,105,500	-	1,105,500	-	-	1,105,500
12	Electric Total		38,860,115	(4,525,298)	34,334,817	25,827,442	(6,523)	8,513,898
13	Gen & Admin	Proposed Projects	$ 1,444,109	$ 4,543,956	$ 5,988,065	$ -	$ -	$ 5,988,065
14		Under Construction	3,196,846	73,664	3,270,510	1,143,223	-	2,127,287
15		Completed	232,184	7,380	239,564	122,222	(251,216)	368,558
16		Contract Development	2,204,408	21,413	2,225,821	-	-	2,225,821
17	Gen & Admin Total		7,077,547	4,646,413	11,723,960	1,265,445	(251,216)	10,709,731

AMENDED FISCAL YEAR 2026
FIVE YEAR CAPITAL IMPROVEMENT PLAN
COMBINED UTILITY SUMMARY
BY CATEGORY AND UTILITY

[A] LINE REF.	[B] PRIMARY UTILITY	[C] CATEGORY	[D] AMENDED PLAN FOR FY 2026	[E] TRANSFERS IN (OUT)	[F] AMENDED PLAN FOR FY 2026	[G] YTD ACTUAL AS OF 08/31/2026	[H] ADJUSTMENTS	[I] PROJECT BALANCE AS OF 08/31/2026
18	Wastewater	Customer Connections	$ 500,000	$ -	$ 500,000	$ 427,189	$ (2,686)	$ 75,497
19		Grant Funded	3,868,608	-	3,868,608	2,586,794	-	1,281,814
20		Heavy Equipment and Vehicles	1,800,273	-	1,800,273	985,823	-	814,450
21		In Design	4,743,798	75,000	4,818,798	752,556	-	4,066,242
22		Proposed Projects	722,634	(74,702)	647,932	-	-	647,932
23		Under Construction	2,205,411	500,643	2,706,054	1,506,602	-	1,199,452
24		Utility Relocations	5,978,941	(250,643)	5,728,298	1,430,356	-	4,297,942
25		Completed	402,669	(46,413)	356,256	341,568	-	14,688
26	Wastewater Total		20,222,334	203,885	20,426,219	8,030,888	(2,686)	12,398,017
27	Water	Customer Connections	$ 600,000	$ -	$ 600,000	$ 1,249,363	$ (210)	$ (649,153)
28		Grant Funded	4,777,500	-	4,777,500	4,251,775	-	525,725
29		Heavy Equipment and Vehicles	1,983,512	-	1,983,512	947,434	-	1,036,078
30		In Design	5,440,942	(90,459)	5,350,483	599,169	-	4,751,314
31		Proposed Projects	1,839,673	(228,978)	1,610,695	-	-	1,610,695
32		Resaca Fee Funded Equipment	810,635	-	810,635	326,019	-	484,616
33		Under Construction	4,193,229	17,933	4,211,162	5,306,450	-	(1,095,288)
34		Utility Relocations	2,684,353	(159,541)	2,524,812	823,210	-	1,701,602
35		Completed	701,980	130,000	831,980	750,606	-	81,374
36		Contract Development	514,350	6,045	520,395	5,035	-	515,360
37	Water Total		23,546,174	(325,000)	23,221,174	14,259,061	(210)	8,962,323
38	**Grand Total**		**$ 89,706,170**	**$ -**	**$ 89,706,170**	**$ 49,382,836**	**$ (260,635)**	**$ 40,583,969**

CAPITAL WORK ORDERS
REQUESTED BY THE CITY OF BROWNSVILLE, TEXAS
UNBILLED SERVICES FROM FISCAL YEAR 2022 THROUGH 2026

Type	FY 2022			FY 2023			FY 2024			FY 2025			FY 2026			FY 2022 - FY 2026 Total		
	Authorized Work Order Amount	Expenditures Incurred	Work Orders	Authorized Work Order Amount	Expenditures Incurred	Work Orders	Authorized Work Order Amount	Expenditures Incurred	Work Orders	Authorized Work Order Amount	Expenditures Incurred	Work Orders	Authorized Work Order Amount	Expenditures Incurred	Work Orders	Authorized Work Order Amount	Expenditures Incurred	Work Orders
Fiber Optics	7,102	7,102	-	26,787	25,317	1	-	-	-	-	-	-	-	-	-	33,889	32,419	1
New Connections	12,228	14,787	1	106,997	123,246	16	47,903	-	2	1,275	-	1	-	-	-	168,402	138,033	20
Street Lights	13,280	13,760	11	626	209	1	-	27,150	3	673	753	1	-	-	-	14,579	41,872	16
Infrastructure Improvements	2,352	1,493	1	-	-	-	-	-	-	2,888	2,873	1	-	-	-	5,240	4,367	2
Other	73,084	235,797	1	-	-	-	-	-	-	-	-	-	-	-	-	73,084	235,797	1
Electric Utility Total	108,046	272,940	14	134,410	148,772	18	47,903	27,150	5	4,836	3,626	3	-	-	-	295,195	452,488	40
Other - Sewer & Water	13,883	6,044	1	30,860	13,963,667	5	-	1,190	1	-	-	-	-	-	-	44,743	13,970,901	7
Grand Total	$ 121,929	$ 278,984	15	$ 165,270	$ 14,112,439	23	$ 47,903	$ 28,340	6	$ 4,836	$ 3,626	3	$ -	$ -	-	$ 339,938	$ 14,423,389	47

Note: All expenditures are from multi year work order inception date through 08/31/2026.

BILLED SERVICES OF COB WORK ORDERS FOR FISCAL YEAR 2026

Type	OPEN BALANCE as of 09/30/25	October	November	December	January	February	March	April	May	June	July	August	September	FY 2026 INVOICE TOTAL	OPEN BALANCE as of 08/31/26	INVOICE PAYMENTS RECEIVED	FY 2026 OPEN BALANCE
Fiber Optics	$ 7,102	$ -	$ (7,102)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (7,102)	$ -	$ -	$ -
New Connections	60,244	-	(55,884)	-	-	-	24,849	-	-	-	-	18,511	-	(12,525)	47,719	-	47,719
Street Lights	168,305	-	(168,305)	-	-	-	-	-	-	-	-	18,709	-	(149,596)	18,709	-	18,709
Infrastructure Improvements	23,631	-	(23,631)	-	-	-	-	-	-	-	-	-	-	(23,631)	-	-	-
Other	5,576	-	(5,576)	-	-	-	-	62,769	-	(62,769)	-	-	-	(5,576)	-	-	-
LIT Pole Attachments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric Utility Total	264,859	-	(260,498)	-	-	-	24,849	62,769	-	(62,769)	-	37,219	-	(198,431)	66,428	-	66,428
ARPA - Sewer & Water	-	-	-	-	-	-	-	-	-	-	-	725,000	-	725,000	725,000	-	725,000
Grand Total	$ 264,859	$ -	$ (260,498)	$ -	$ -	$ -	$ 24,849	$ 62,769	$ -	$ (62,769)	$ -	$ 762,219	$ -	$ 526,569	$ 791,428	$ -	$ 791,428

TOTAL TRANSFERS TO THE CITY OF BROWNSVILLE
SUMMARY BY UTILITY FROM FISCAL YEAR 2022 THROUGH 2026

Utility	FY 2022			FY 2023			FY 2024			FY 2025			FY 2026 (as of August 31, 2026)		
	COB Usage	COB Cash Transfer	COB Transfer Total	COB Usage	COB Cash Transfer	COB Transfer Total	COB Usage	COB Cash Transfer	COB Transfer Total	COB Usage	COB Cash Transfer	COB Transfer Total	COB Usage	COB Cash Transfer	COB Transfer Total
Electric	4,223,052	8,707,564	12,930,616	4,666,211	7,303,235	11,969,446	4,701,605	5,998,441	10,700,046	3,412,964	6,960,971	10,373,935	2,729,595	6,078,208	8,807,803
Water	751,795	1,585,378	2,337,173	783,093	1,903,337	2,686,430	791,422	2,223,808	3,015,230	817,142	2,215,506	3,032,648	787,249	2,260,250	3,047,499
Water - Resaca Fees	-	113,813	113,813	-	386,127	386,127	-	414,279	414,279	-	419,528	419,528	-	353,890	353,890
Wastewater	537,454	2,071,047	2,608,501	604,121	2,463,226	3,067,347	596,384	2,757,020	3,353,404	664,258	2,831,621	3,495,879	601,422	2,800,366	3,401,788
Grand Total	$ 5,512,301	$ 12,477,802	$ 17,990,103	$ 6,053,425	$ 12,055,925	$ 18,109,350	$ 6,089,411	$ 11,393,548	$ 17,482,959	$ 4,894,364	$ 12,427,626	$ 17,321,990	$ 4,118,266	$ 11,492,714	$ 15,610,980

Note: On November 10, 2025, the Board of Directors approved the waiver of the contributions in aid of construction invoiced prior to October 1, 2025. The adjustments are reflected during the month of November.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
G.3.b - Update regarding Funding for Water Supply Infrastructure sponsored by the City of Brownsville and SpaceX

Open/Closed Session
Items for Individual Consideration

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
SFA 2-Optimizing Water Supply: SSD-3 BPUB will diversify water supply sources to reduce reliance on the Rio Grande and increase drought resilience. SSD-5 BPUB will improve operational efficiency through technology, data, and proactive asset management.

Referring Committee

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

Vote(s) _____

Fiscal Impact

Budgeted	Bid Award	Reallocation	No Fiscal Impact

Amount Requested:	Not Applicable
Source of Funding:	Brownsville Regional Infrastructure Escrow Agreement

Recommended Motion

For information only

BROWNSVILLE
PUBLIC UTILITIES BOARD

COMMUNICATIONS OVERVIEW

WATER SUPPLY REGIONAL INVESTMENT

ALEXA J. PEREZ

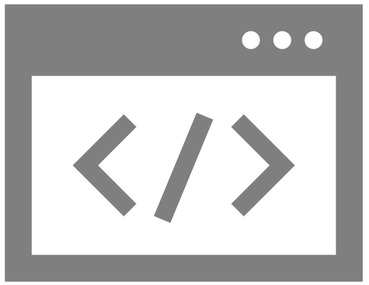
DIV. MANAGER FOR COMMUNICATIONS & MARKETING

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

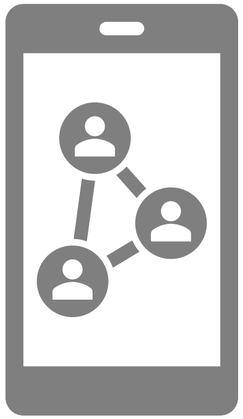


Media Relations

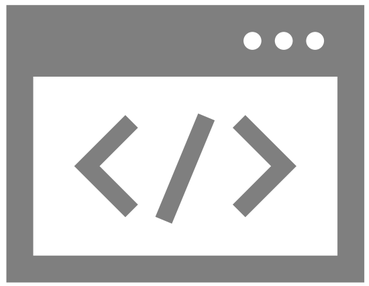


Community

GOING FORWARD



Social Media



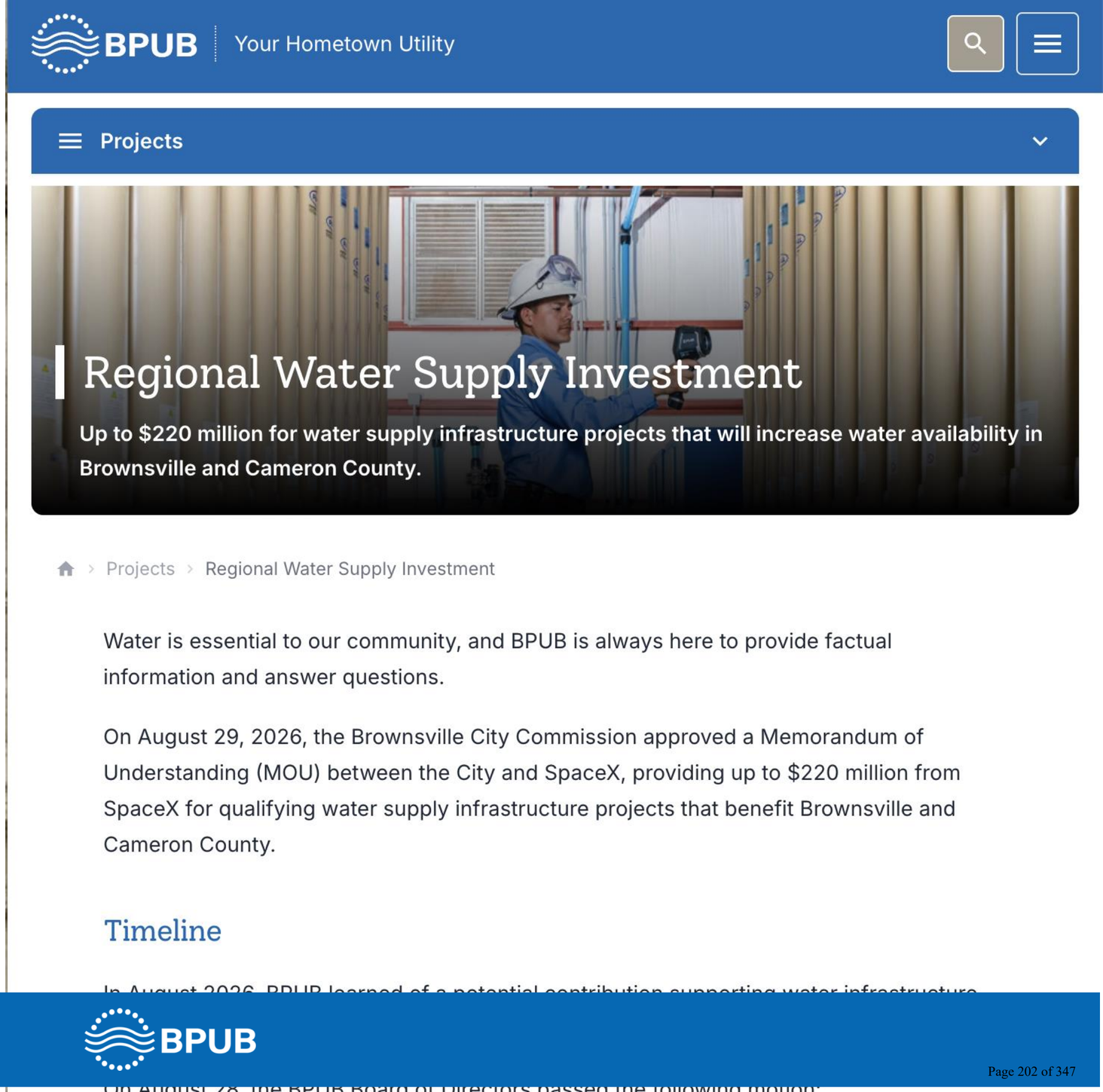
Website



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.

Copyright © 2026 Brownsville Public Utilities Board, All rights reserved.
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.



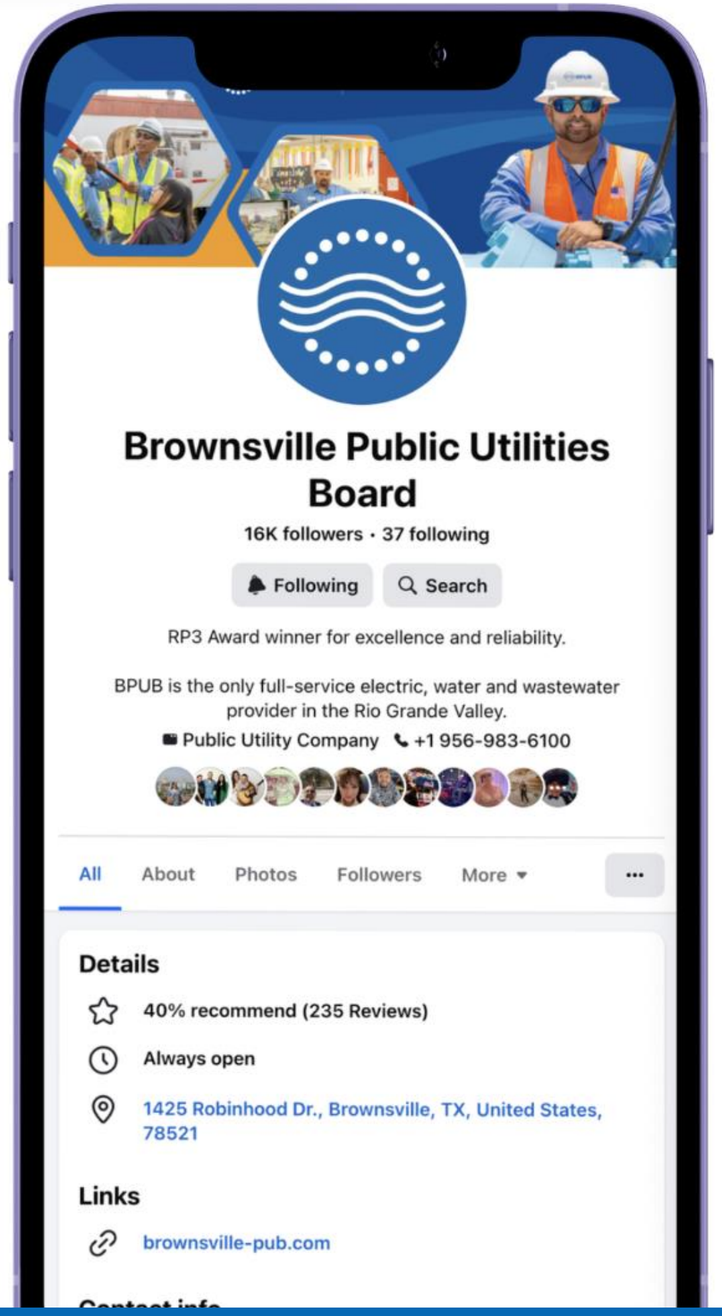
WASHINGTON, DC FLY-IN

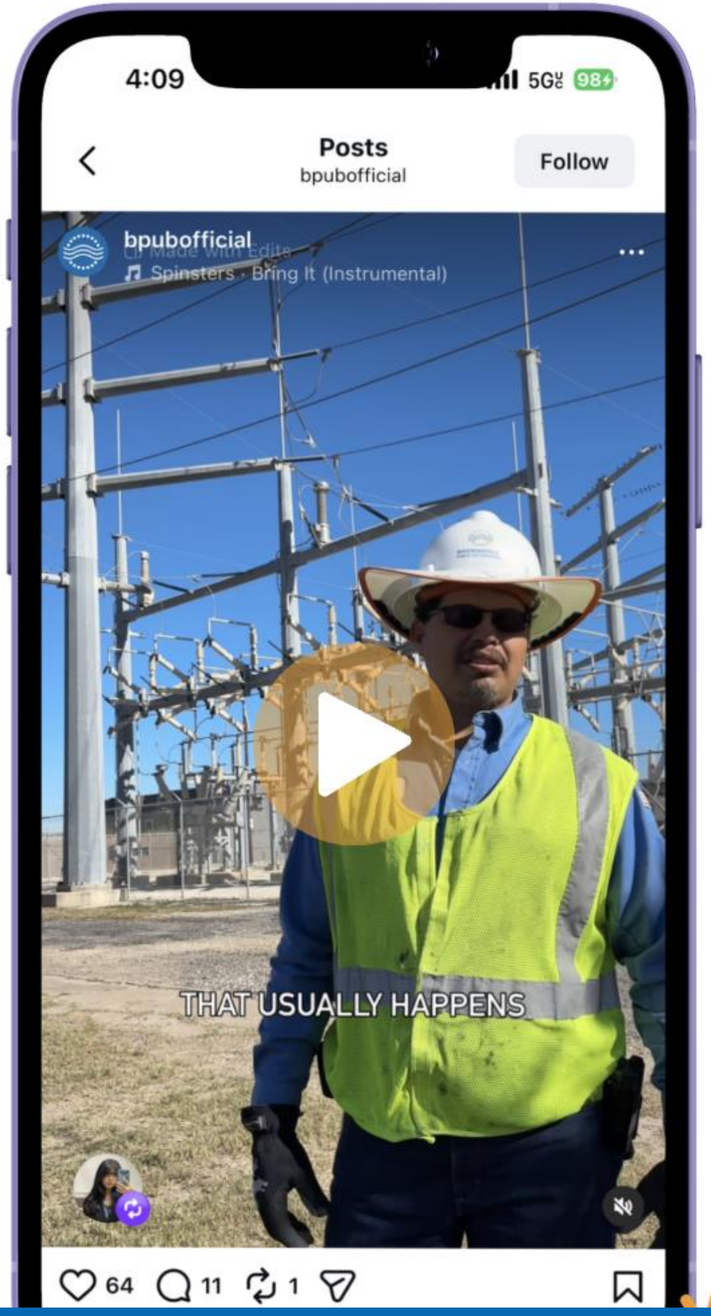
- ✓ Continuously provide information on BPUB's water infrastructure priorities and projects to the Brownsville Chamber of Commerce for its annual Washington, D.C. Fly-In.
- ✓ Used the opportunity to reinforce the importance of federal support for water infrastructure, resilience and long-term water supply.



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

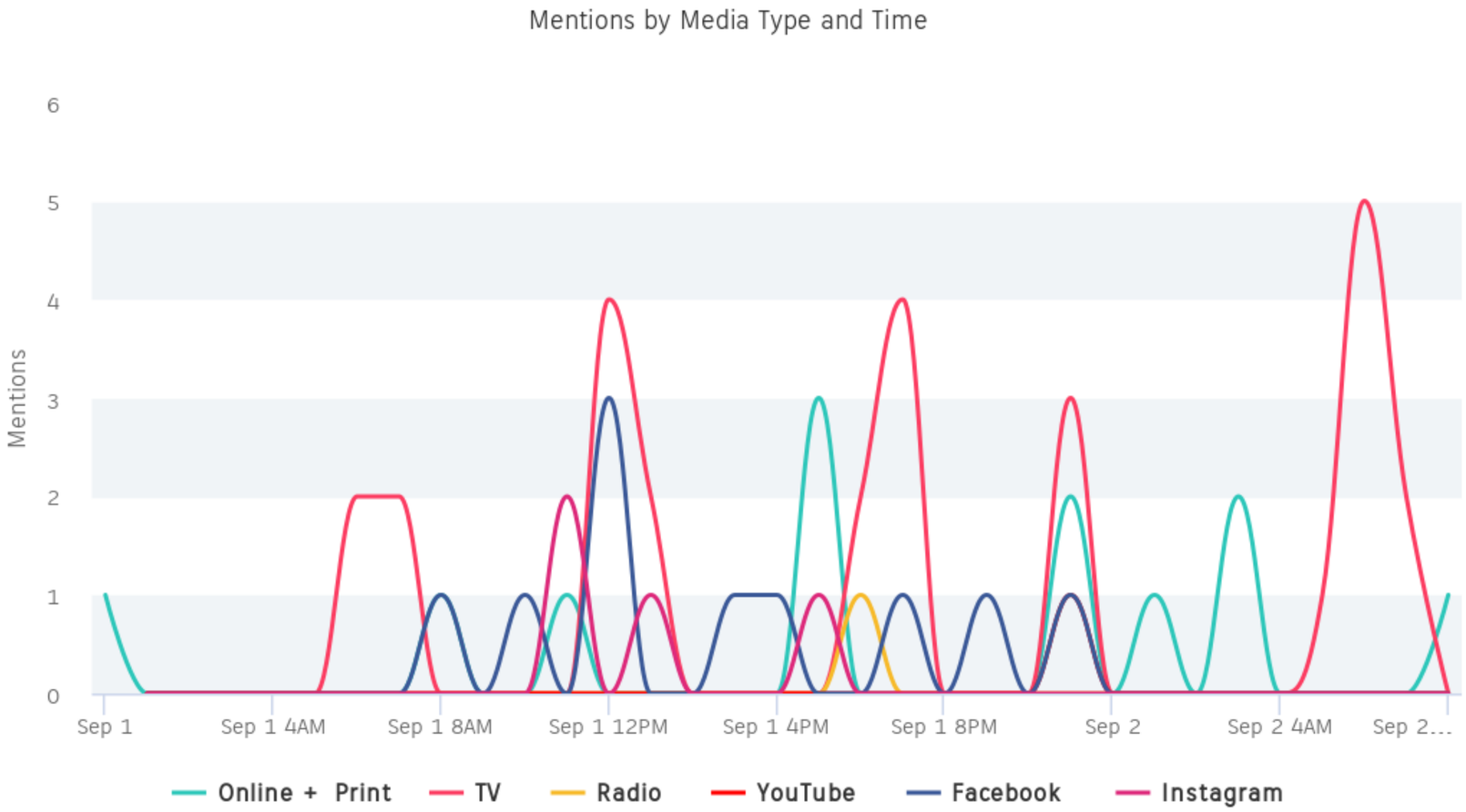
				2027				2028				2029				2030				2031	
		TOTAL COST	STATUS	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN	JUL-SEP	OCT-DEC	JAN-MAR	APR-JUN
SRWA Optimization & Rehabilitation	Hydrogeologic Study	$147,000	Planned	$20,965,426.00																	
	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

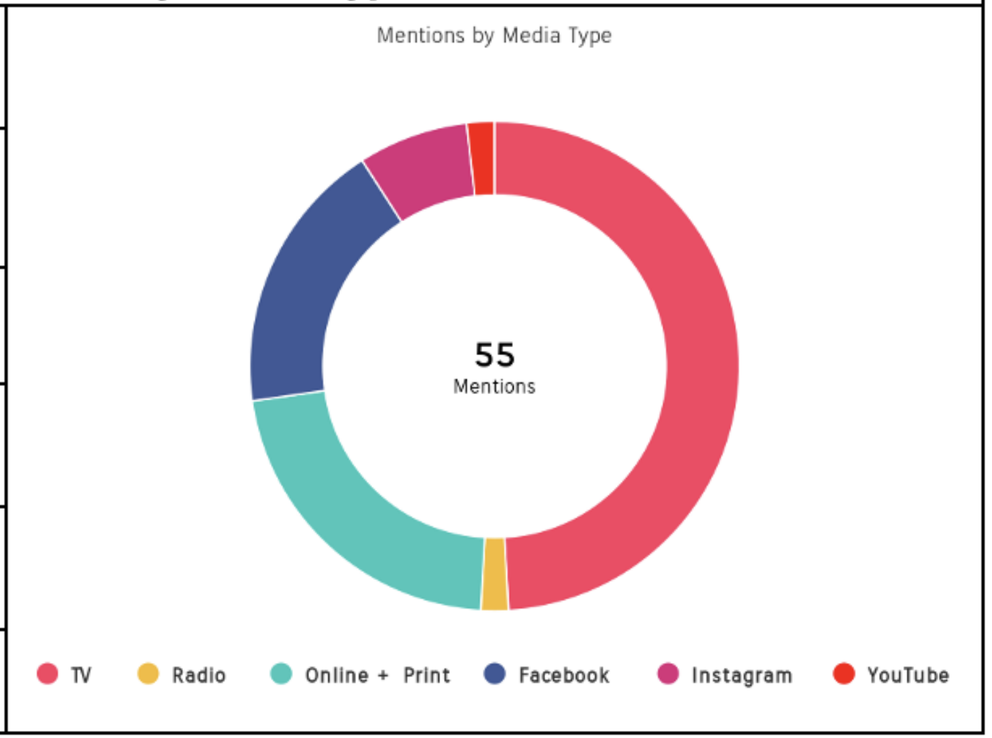
- ✓ The general media monitoring search captured 55 articles linked directly to Brownsville and the SpaceX land disannexation.
- ✓ The monitoring covers six different media types: online and print, tv, radio, YouTube, Facebook, and Instagram.
- ✓ The increases in coverage are targeted by running news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



SOCIAL LISTENING

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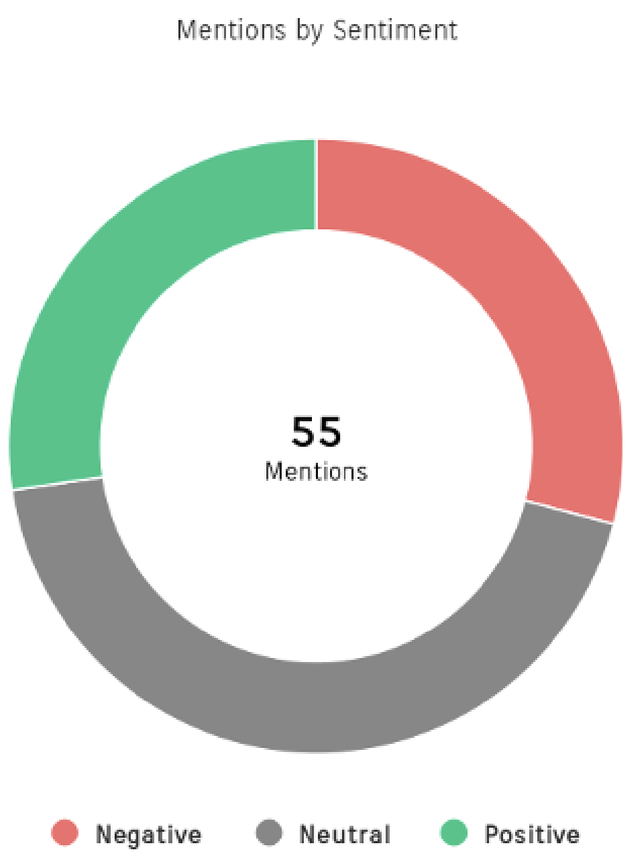
Mentions by Media Type	
TV	27
Radio	1
Online and Print	12
Facebook	10
Instagram	4
Total Mentions	**55**



SOCIAL LISTENING

71%

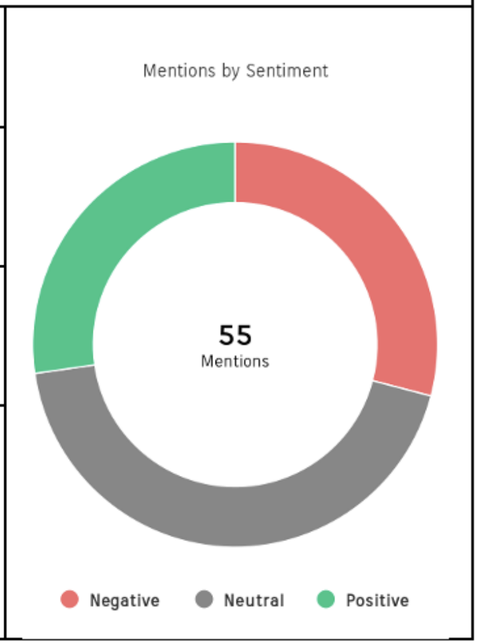
29%

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.

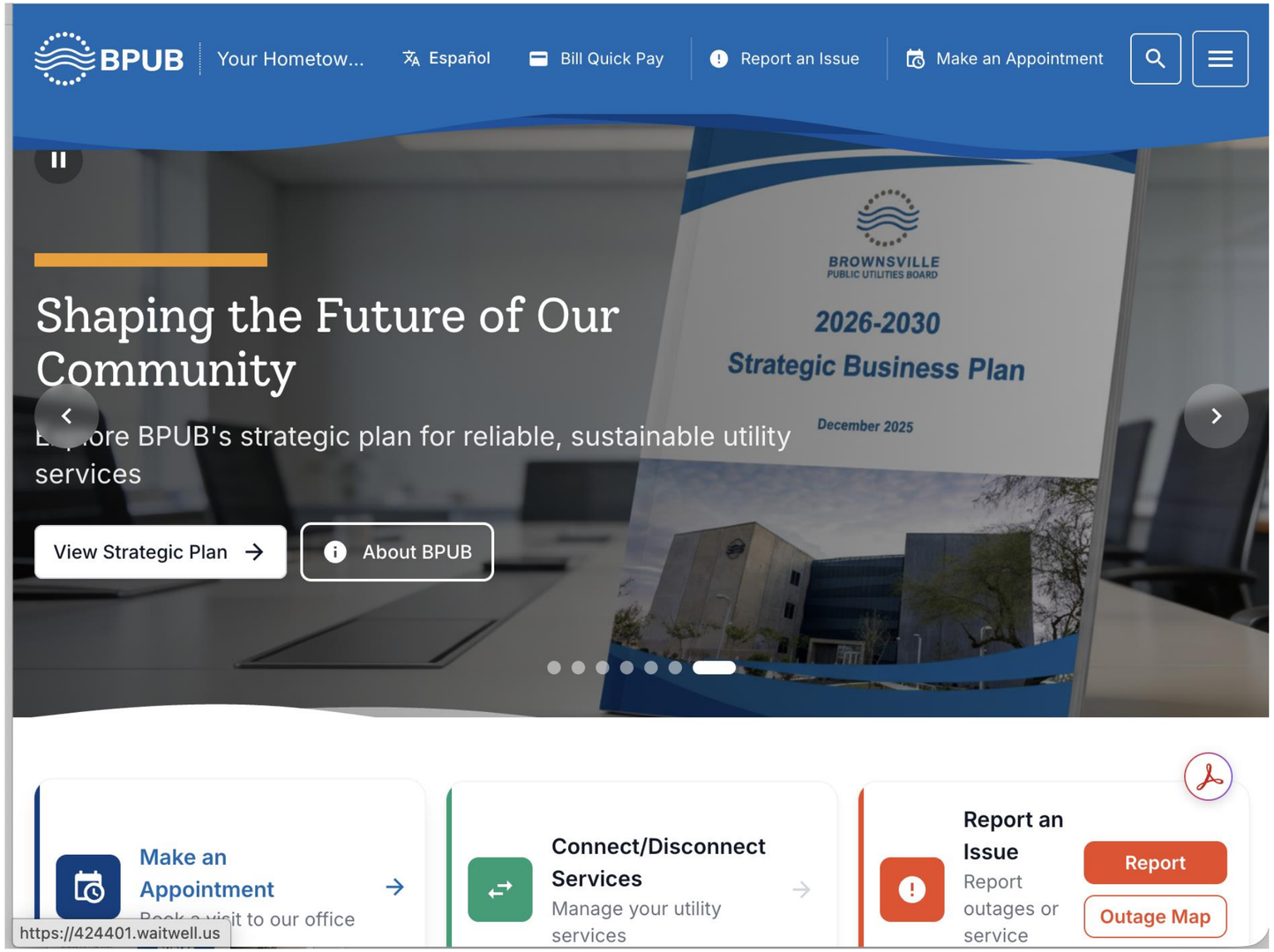
Mentions by Sentiment		
Positive	15 - (27%)	
Neutral	24 - (44%)	
Negative	16 - (29%)	
Total Mentions	**55 – 100%**	

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.



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

Document Ref: MJQ4M-QXSAZ-F2HVF-6R9UH

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]

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

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
G.3.c - Quarterly Report on GM/CEO Procurement Authorizations

Open/Closed Session
Items for Individual Consideration

Action
Presentation

Executive Sponsor
Lead Department: 5130-Purchasing

Assigned Staff (Presenter): Diane Solitaire

Summary
Quarterly report on GM/CEO procurement authorizations for 3rd quarter - July - September 2026

Strategic Initiatives

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

Fiscal Impact
Budgeted Bid Award Reallocation No Fiscal Impact

Amount Requested: _____
Source of Funding: _____

Recommended Motion
No action required.

BROWNSVILLE
PUBLIC UTILITIES BOARD

Quarterly Report on GM/CEO Procurement Authorizations

3RD QUARTER- JULY – SEPTEMBER 2026

BOARD OF DIRECTORS MEETING

Diane Solitaire

Purchasing & Materials Manager

Finance Department

Brownsville Public Utilities Board
Quarterly Report on GM/CEO Procurement Authorizations
3rd Quarter - July - September 2026

Vendor	Description	Amount	Date Signed	Procurement Type
WATER/WASTEWATER/ ADMINISTRATION - Authorization up to $200,000				
Insight Public Sector	Palo Alto 3410 and DLP Licenses AI Network security subscription	$193,775.00	7/16/2026	B
Insight Public Sector	Palo Alto URL filtering advanced subscription for 6 months & 1 year	$163,249.17	7/16/2026	B
City of Brownsville	Landfill service for May 2026	$53,695.07	8/26/2026	E
Milsoft Utility Solutions	IVR monthly subscription amendment to purchase order	$69,200.00	7/17/2026	C
Lamar Advertising	Billboard advertising on Boca Chica Blvd & Exp 77 & Ruben Torres Blvd & Exp 77	$74,623.00	7/20/2026	D
University of Arlington	OSHA Training for BPUB employees	$55,192.85	7/9/2026	A
DLT Solutions	AutoCad Software Annual Subscription renewal	$66,640.00	8/3/2026	B
C&C Waste Management	Amend purchase order for additional cubic yards of sludge removed from the drying lagoon	$58,482.39	9/4/2026	A
SNF, Inc.	Water-soluble in emulsion cationic polymer for reservoir sediment dewatering - 2nd year	$150,650.00	8/13/2026	A
Cityworks Azteca	Cityworks annual maintenance renewal	$169,827.18	8/26/2026	D
Valleywide Tree Trimming	Amendment to purchase order P2501898 for grounds keeping services	$93,978.32	9/4/2026	C
Xylem Water Solutions	Flygt 8" Submersible pumps for LS 159	$70,718.40	8/13/2026	D
Halff Associates	Engineering services for Coffee Port Road W/WW Improvements, Phase 1	$139,440.00	8/3/2026	H
SmartCom Telephone	Internet bandwidth upgrade from 1GB to 10GB - 3 year term	$88,164.00	9/15/2026	B
TPPA (Texas Public Power Association)	Annual membership dues 8/1/2026 - 7/31/2027	$56,682.00	8/20/2026	D
Matrix Imaging Solutions (Data Prose)	Amendment to purchase order P2500337 for printing & mailing services for utility bills/reminders	$72,000.00	9/11/2026	C
Gateway Printing	Replacement of 11 cubicles for Call Center	$56,361.56	8/25/2026	B
City of Brownsville	Old Highway 77 Street Improvements (Mako Contracting) Relocations of sanitary sewer offset, fireline & water service	$63,600.55	8/10/2026	E
Vacuum Blower Repair	Centrifugal Blower #9 Repairs for SWWTP	$89,497.00	9/3/2026	D
APPA	Membership dues for 10/1/2026 to 9/30/2027	$54,220.45	9/15/2026	D
	Total amount for W/WW/Administration	**$1,230,261.85**		
ELECTRIC - Authorization up to $200,000				
KBS Electrical Distributors	B032-26 15.5 KV Outdoor Vacuum Breakers	$173,017.00	7/27/2026	A
GTS Technolody	Dell Power Edge R770 Servers 4 each	$81,711.28	7/16/2026	B
The Reynolds Company	Rockwell automation software/hardware for W/WW SCADA system	$150,304.32	8/13/2026	D
Halff Associates	GBEDC BPUB Feeder Extension	$126,360.00	9/15/2026	H
Pulse Electrical Testing	Variable frequency drive replacement for Raw Water pump at WTP No. 1	$68,946.00	8/31/2026	A
Balli Group dba Safe Ride Academy	Commercial Drivers license training services	$66,698.16	8/31/2026	A
	Total amount for Electric	**$667,036.76**		
	GRAND TOTAL FOR W/WW/ADMIN/ELECTRIC	**$1,897,298.61**		

Legend:	
A-Competitive Bid	E-City of Brownsville MOU
B-State Contract	F-Emergency
C-Existing Contract	G-In Process Pending Signature
D-Sole Source	H-Engineering Services

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

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

Open/Closed Session
Items for Individual Consideration

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

Amount Requested: _____

Source of Funding: _____

Recommended Motion

BPUB staff recommends approval of a Resolution of the BPUB identifying qualifying project(s) pursuant to the binding 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)

Document Ref: JJSJN-G5FU8-VH4A6-DZHUD

Document Ref: UMZAH-ZXEFT-W7BPW-FZ9C3

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.

Document Ref: JJSJN-G5FU8-VH4A6-DZHUD

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

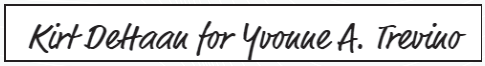
DOCUMENT COMPLETED BY ALL PARTIES ON
24 SEP 2026 00:35:09
UTC

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													

BROWNSVILLE
PUBLIC UTILITIES BOARD

Meeting Date
October 12, 2026

Posting Language
H.1 - Meeting with the Board Legal Counsel for Advice about Contemplated and Pending Court and Administrative Litigation and on Matters in which the Duty of the Attorney under the Texas Disciplinary Rules of Professional Conduct Conflicts with Chapter 551 (Sec. 551.071) (Paul Gonzalez, Juan Pequeno), including but Not Limited to any Item Moved to Closed Session and the following:

a. Reports of local and special counsel, including regarding potential or pending litigation involving BPUB, including litigation brought by Bay Runner Pipeline LLC; and

b. Potential and pending claims, demands, requests, and/or negotiations addressed in-house, including potential BPUB acknowledgment of a proposed conversion agreement at the Port of Brownsville and potential amendment or new non-standard service agreement for water and/or wastewater services with Space Exploration Technologies Corporation.

Open/Closed Session
Recess to Closed Meeting

Action
Briefing

Executive Sponsor
Lead Department: 1115-Legal Services

Assigned Staff (Presenter): Paul Gonzalez, Juan Pequeno

Summary
Routine reports of counsel in packet. Discussion in closed meeting.

Strategic Initiatives

Referring Committee
N/A

Fiscal Impact

Recommended Motion

This item to be discussed in closed meeting. Any required Board action would be in open session.