RESOLUTION NUMBER 2026-141

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF BROWNSVILLE, TEXAS, APPROVING THE BROWNSVILLE PUBLIC UTILITIES BOARD'S IDENTIFICATION OF THE SRWA OPTIMIZATION PROJECT AS A QUALIFYING PROJECT FOR FUNDING UNDER PROJECT QUANTUM PURSUANT TO THE BINDING MEMORANDUM OF UNDERSTANDING BETWEEN SPACE EXPLORATION TECHNOLOGIES CORP. AND THE CITY OF BROWNSVILLE DATED AUGUST 29, 2026, AND THE RELATED ESCROW AGREEMENT; AUTHORIZING RELATED ACTIONS; 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, on September 22, 2026, the City Commission adopted Resolution Number 2026-127 identifying two Qualifying Projects, including a project entitled the "SRWA Plant

expansion," whose refurbishment of existing wells is encompassed by the SRWA Optimization Project; and

WHEREAS, on September 23, 2026, the City and SpaceX entered into an escrow agreement with PlainsCapital Bank, a Texas banking association, as escrow agent (the "Escrow Agreement"), governing the separate City-SpaceX Escrow Fund into which SpaceX's Funding Payments are deposited and held pending the identification of Qualifying Projects; and

WHEREAS, on October 12, 2026, BPUB approved Resolution Number 2026-011 identifying the SRWA Optimization Project as a Qualifying Project eligible for support from the City-SpaceX Escrow Fund, and the Board of Directors of the Southmost Regional Water Authority ("SRWA") acknowledged and supported that identification; and

WHEREAS, the SRWA Optimization Project includes the rehabilitation of six existing wells, the planned rehabilitation of the remaining fourteen existing wells, and the possible installation of approximately two new wells, together with related optimization work intended to increase the SRWA Brackish Groundwater Treatment Facility's existing water production capacity from 7.5 million gallons per day ("MGD") to its designed maximum of 10 MGD, an increase of approximately 2.5 MGD; the Project is partially performed and permitted by the Texas Commission on Environmental Quality; and the City Commission finds that approval of BPUB's identification of the Project as a Qualifying Project for funding under Project Quantum will promote the public health, safety, and welfare by improving regional water supplies, helping meet future demand, and strengthening drought resiliency in 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 of BPUB's Identification of Qualifying Project. The City Commission hereby approves BPUB's identification, in BPUB Resolution Number 2026-011 attached hereto as Attachment "A" and incorporated herein for all purposes, of the "SRWA Optimization Project" as a Qualifying Project and an Identified Qualifying Project for purposes of the MOU and the Escrow Agreement and as eligible for funding under Project Quantum from the City-SpaceX Escrow Fund. The Project's scope includes the work described in the recitals of this Resolution and in Exhibit "A" to BPUB Resolution Number 2026-011.

SECTION 3. Funding and Milestones. Approval of the SRWA Optimization Project for funding under Project Quantum is subject to the project-completion milestones set forth in Exhibit "A" to BPUB Resolution Number 2026-011, signed contracts, available funds in the City-SpaceX Escrow Fund, and all other terms and conditions of the MOU and Escrow Agreement. The City Commission acknowledges BPUB's and SRWA's commitment to fund the Project, subject to those milestones, while continuing to seek support from state or federal grants or supplemental

funding. The City Manager, or designee, is authorized to coordinate with BPUB, SRWA, SpaceX, and the Escrow Agent regarding milestones, joint written instructions, disbursements, and related implementation matters consistent with the MOU and Escrow Agreement.

SECTION 4. No Capacity Reservation or Ownership Interest. The approval of BPUB's identification of the SRWA Optimization Project 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, contracts, joint written instructions, and disbursements as may be necessary or desirable to carry out the purposes of this Resolution, the MOU, and the Escrow Agreement with respect to the SRWA Optimization Project.

SECTION 6. Effective Date. This Resolution shall be and become effective immediately upon adoption.

PASSED and **APPROVED** this 3rd day of November, 2026.

John Cowen Jr.

John Cowen, Jr., Mayor

ATTEST:

CITY OF BROWNSVILLE TEXAS INCORPORATED FEBRUARY 7 1853

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"

BPUB Resolution Number 2026-011 Identifying the SRWA Optimization Project as a Qualifying Project, including Exhibit "A" and SRWA Acknowledgment and Support

Attachment "A"

BROWNSVILLE
PUBLIC UTILITIES BOARD

October 15, 2026

City Commission
c/o Mr. Alan Guard, City Manager
Alan.Guard@brownsvilletx.gov
City of Brownsville
1001 E. Elizabeth Street
Brownsville, Texas 78521

CityAttorney@brownsvilletx.gov
City Attorney
City of Brownsville
1001 E. Elizabeth Street
Brownsville, Texas, 78521

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

Re: Identification of the SRWA Optimization Project as a Qualifying Project for funding

Esteemed representatives of Brownsville and SpaceX:

On behalf of the Public Utilities Board of the City of Brownsville, Texas (BPUB) and the Southmost Regional Water Authority (SRWA), we appreciate the initiative the City and SpaceX demonstrate to advance water supply infrastructure initiatives that benefit the region through the Binding Memorandum of Understanding (MOU) dated August 29, 2026, and related escrow agreement.

Please accept the enclosed Resolution No. 2026-011 approved by BPUB on October 12, 2026, identifying the **SRWA's Optimization Project** as a Qualifying Project eligible for support from the City-SpaceX Escrow Fund. The Project's stages, estimated costs, and milestones, culminating in completion within the first quarter of 2029, are presented in Exhibit A of the resolution. Note that certain stages of this ongoing project have already been completed, and that certain steps also support and benefit the SRWA Expansion Project that was highlighted in the MOU. The Optimization Project will improve regional water supplies, help meet future demand, and strengthen area resiliency by increasing the existing plant output by 2.5 MGD, bringing the overall output of the existing plant to its designed maximum of 10 MGD. The SRWA Board acknowledged and fully supports the resolution.

This is the first of the Qualifying Projects that has been refined and updated for presentation to the City and SpaceX as an "Identified" project for funding. BPUB, as a City agency granted full management of the City's electric, water and wastewater system and as the SRWA participant consuming a majority of the potable water produced, believes that this project merits funding and satisfies the criteria defined under the MOU and escrow agreement. To the extent that a presentation or additional information or details would be helpful in your determination, please do not hesitate to contact me. Similar details are being assembled for other projects, so this experience will help map appropriate details to satisfy the generous contribution by SpaceX to the benefit of the water supply needs of the region.

Inasmuch as BPUB has actively supported the City-SpaceX efforts in providing these funds over these past weeks, we are excited to continue collaboration that will benefit ratepayers, support projected growth, and improve drought resilience in Brownsville and surrounding areas.

Sincerely,

for Marilyn D. Gilbert
General Manager & Chief Executive Officer

Enclosure: BPUB Resolution No. 2026-011

CC: Gerardo Martinez, Chair, BPUB
Joseph Hollmann, President, SRWA
Constanza Miner, BPUB Chief Administrative Officer
Justin Locke, BPUB Chief Financial Officer
Paul Gonzalez, BPUB General Counsel & Chief Legal Officer

RESOLUTION 2026-011

A RESOLUTION OF THE PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS IDENTIFYING QUALIFYING PROJECT(S) PURSUANT TO THE BINDING MEMORANDUM OF UNDERSTANDING AND ESCROW AGREEMENT BETWEEN THE CITY OF BROWNSVILLE AND SPACE EXPLORATION TECHNOLOGIES CORP. FOR THE FUNDING OF WATER OR WASTEWATER FACILITY PROJECTS; AND ADDRESSING OTHER MATTERS IN CONNECTION THEREWITH

RECITALS

WHEREAS, Article VI, Section 1 of the Home Rule Charter of the City of Brownsville, Texas, ("Charter") establishes the Public Utilities Board of the City of Brownsville, Texas ("Board" or "BPUB") as a separate and distinct agency of the City of Brownsville (sometimes "City"), with absolute and complete authority and power over the control, management and operation of the City's power and light, water, and wastewater systems (the "System"), and over the expenditure and application of System revenues, subject to the provisions of the Charter; and

WHEREAS, Space Exploration Technologies Corp. ("SpaceX") owns and operates industrial, commercial, residential, and related facilities at and near the City of Starbase and elsewhere in Cameron County, Texas, including within the water and wastewater service territories of BPUB, and intends continued expansion and development of these facilities and operations; and

WHEREAS, in mid-August 2026, BPUB and the Southmost Regional Water Authority (SRWA), of which BPUB is a principal member, became aware of a funding opportunity provided by SpaceX to support water or wastewater infrastructure projects which expand water availability in Brownsville and the broader Cameron County community, including within the areas served by other members of the SRWA; and

WHEREAS, upon becoming aware of the funding opportunity, BPUB and SRWA, along with the City of Brownsville, negotiated the terms of a Binding Memorandum of Understanding ("MOU") between the City of Brownsville and SpaceX, the terms of which provide for up to $220 million in funding from SpaceX for "Qualifying Projects" as defined by the MOU; and

WHEREAS, the terms of the MOU outline the basic funding, projects, including, but not limited to, BPUB's indirect potable reuse project and SRWA's well field expansion project, payment, and other conditions for SpaceX to fund Identified Qualifying Projects, as defined in the MOU—specifically the requirement that the City or its authorized agent adopt a written resolution that names the project, describes its scope, and commits to funding each project subject to project-completion milestones; and

WHEREAS, at a Special Board Meeting on the morning of Friday, August 28, 2026, SRWA expressed general support for the concept of developer contributions for funding of infrastructure to increase regional water supplies, including the possible expansion of the SRWA wellfield, authorizing the president and deputy secretary treasurer to negotiate documents to effectuate this

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intention, including securing legal services or other consultants as may be reasonable and necessary, with regular reports to the board of directors; and

WHEREAS, at a Special Board Meeting on the evening of August 28, 2026, after extensive negotiations with representatives of the City and SpaceX, BPUB approved also approved a motion to "support the concept of developer contributions for funding of infrastructure to increase regional water supplies as proposed by the City and SpaceX, authorizing the General Manager and CEO, or her designee, to finalize discussions on the proposed expansion project and, as appropriate, express support"; and

WHEREAS, on Saturday, August 29, 2026, the City of Brownsville and SpaceX entered into the MOU as parties thereto, and BPUB signed an acknowledgement in support of the MOU's terms, and its role in connection with the Project; and

WHEREAS, at a Special Board Meeting on September 3, 2026, SRWA considered the MOU and approved a motion "expressing support for the binding memorandum of understanding entered into by the City of Brownsville, Texas and Space Exploration Technology Corp. on August 29, 2026 regarding regional water supply infrastructure improvements, including the economical development of SRWA's optimization and expansion projects"; and

WHEREAS, on September 23, 2026, the City and SpaceX entered into an escrow agreement with PlainsCapital Bank (the "Escrow Agreement") which, in accordance with the terms and definitions of the MOU and Escrow Agreement, will govern a separate Escrow Account into which the "Funding Payments" from SpaceX contemplated therein are deposited and held on behalf of the parties pending the Identification of Qualifying Projects; and

WHEREAS, on behalf of SRWA participants, BPUB operates the SRWA's Brackish Groundwater Treatment Facility (Facility), which turns brackish groundwater extracted from the Rio Grande Alluvium within the Gulf Coast Aquifer into drinking water, therefore reducing reliance on the Rio Grande for water supply for SRWA participants; and

WHEREAS, SRWA has plans underway to optimize or "rehabilitate" the Facility, through the current rehabilitation of six existing wells, the planned rehabilitation of the remaining 14 existing wells, and the possible installation of approximately two new wells; all of which would be intended to increase the Facility's existing water production capacity from 7.5 million gallons per day (MGD) to 10 MGD in the treatment and desalinization of well water, thereby expanding water availability through direct or indirect expansion of the Water Supply by approximately 2.5 MGD (the "SRWA Optimization Project" or "Project"); and

WHEREAS, the Project has already been partially performed by SRWA and is permitted by the Texas Commission on Environmental Quality ("TCEQ"), subject to ongoing efforts by BPUB to obtain additional state or federal grants or low/no-interest financing; and

WHEREAS, the City of Brownsville, in its September 22, 2026 meeting, approved Resolution No. 2026-127, Identifying two Qualifying Projects, including a project entitled the "SRWA Plant

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expansion," which involves the refurbishment of existing wells sufficient to expand Water Supply, the refurbishment of which is encompassed by the SRWA Optimization Project; and

WHEREAS, the optimization of the Facility, the Identification of the Project by SRWA and BPUB, and the permitting by TCEQ as described herein establish that the Project meets the requirements of a "Qualifying Project" as defined in the MOU and Escrow Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PUBLIC UTILITIES BOARD OF THE CITY OF BROWNSVILLE, TEXAS, THAT:

Section 1. The Recitals above are true and correct, and incorporated herein by reference.

Section 2. The Board of the Southmost Regional Water Authority, at its October 12, 2026 Board Meeting, has expressed support of the Identification of the SRWA Optimization Project as a "Qualifying Project" for purposes of the MOU and Escrow Agreement, and recommends that BPUB take action to so Identify it, as follows:

a. **Project Name:** "SRWA Optimization Project"

b. **Project Scope:** As described in Exhibit "A" to this Resolution, attached hereto and incorporated herein for all purposes.

c. **Project Funding:** SRWA and BPUB hereby commit to funding the Project subject to Project-completion milestones while also continuing to seek supporting state and/or federal grants or supplemental funding.

Section 3. The BPUB General Manager/CEO is hereby authorized and directed to any and all actions, based upon her responsible discretion, to effectively implement the intent of this resolution.

Section 4. This Resolution shall become effective immediately upon passage by the Public Utilities Board of the City of Brownsville, Texas.

(Signature Page Follows)

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PASSED AND APPROVED ON THIS, THE 12th DAY OF OCTOBER, 2026.

BROWNSVILLE PUBLIC UTILITIES BOARD

Gerardo Martinez, Board Chair

Attest:

BPUB Board Secretary

ACKNOWLEDGMENT AND SUPPORT

On behalf of the Board of Directors of the Southmost Regional Water Authority, and as approved on October 12, 2026, this acknowledgment is to evidence support for this MOU and the purposes and objectives contemplated therein.

SOUTHMOST REGIONAL
WATER AUTHORITY

By: Dr. Joseph L. Hollman
Title: President
Date: 10/12/2026

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EXHIBIT A

SRWA OPTIMIZATION

		TOTAL COST	STATUS	2027 JAN-MAR	2027 APR-JUN	2027 JUL-SEP	2027 OCT-DEC	2028 JAN-MAR	2028 APR-JUN	2028 JUL-SEP	2028 OCT-DEC	2029 JAN-MAR	2029 APR-JUN
SRWA Optimization	Hydrogeologic Study	$147,000	Planned										
	Optimization Study	$198,776	Completed										
	Rehabilitation of 6 Existing Wells	$935,895	Undergoing										
	Rehabilitation of 14 Existing Wells	$2,183,755	Planned					$2,183,755					
	2 New Wells	$7,500,000	Planned		$7,500,000								
	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								$9,400,000		

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CERTIFICATE *of* SIGNATURE

REF. NUMBER
KGWNV-K3PHN-YBDAQ-4TJKB

DOCUMENT COMPLETED BY ALL PARTIES ON
05 NOV 2026 13:31:20
UTC

SIGNER	TIMESTAMP	SIGNATURE
WILL TREVINO EMAIL WILL.TREVINO@BROWNSVILLETX.GOV	SENT 04 NOV 2026 20:13:08 VIEWED 05 NOV 2026 00:06:38 SIGNED 05 NOV 2026 00:07:16	 IP ADDRESS 216.194.176.151 LOCATION BROWNSVILLE, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 05 NOV 2026 00:06:38	
JOHN COWEN JR. EMAIL JOHN.COWEN@BROWNSVILLETX.GOV	SENT 04 NOV 2026 20:13:08 VIEWED 05 NOV 2026 05:28:55 SIGNED 05 NOV 2026 05:30:28	 IP ADDRESS 38.179.56.18 LOCATION BROWNSVILLE, UNITED STATES
RECIPIENT VERIFICATION	EMAIL VERIFIED 05 NOV 2026 05:28:55	

CERTIFICATE *of* SIGNATURE

REF. NUMBER
KGWNV-K3PHN-YBDAQ-4TJKB

DOCUMENT COMPLETED BY ALL PARTIES ON
05 NOV 2026 13:31:20
UTC

SIGNER	TIMESTAMP	SIGNATURE
MAYRA RIOS EMAIL MAYRA.RIOS@BROWNSVILLETX.GOV	SENT 04 NOV 2026 20:13:08 VIEWED 05 NOV 2026 13:29:13 SIGNED 05 NOV 2026 13:31:20	 IP ADDRESS 184.93.87.181 LOCATION BROWNSVILLE, UNITED STATES

RECIPIENT VERIFICATION

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