

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

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

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.

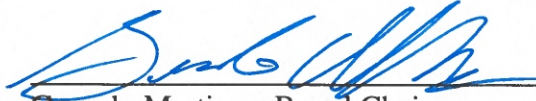
Section 3. The BPUB General Manager/CEO is hereby authorized and directed to any and all actions, based upon her responsible discretion, to effectively implement the intent of this resolution.

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

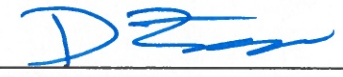
(Signature Page Follows)

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

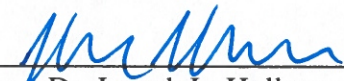

By: Dr. Joseph L. Hollman
Title: President
Date: 10/12/2026

EXHIBIT A

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									
	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	