

RESOLUTION 26-R-065

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS AUTHORIZING FOURTH AMENDMENT TO SOUTHERN PLANT WASTEWATER SERVICES AND FUNDING AGREEMENT BY AND AMONG CIBOLO CREEK MUNICIPAL AUTHORITY, THE CITY OF SCHERTZ, AND THE CITY OF CIBOLO AND RELATED MATTERS IN CONNECTION THEREWITH.

WHEREAS, the Cibolo Creek Municipal Authority (the Authority), Schertz, and Cibolo previously authorized and executed the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo for an original 0.5 Million Gallons per Day (MGD) wastewater treatment plant with an effective date of August 26, 2014 (the "2014 Funding Agreement"); and

WHEREAS, the Southern Plant Wastewater Services and Funding Agreement contemplates that Schertz and Cibolo will have equal capacity in the Phase I treatment capacity with Schertz having 0.25 MGD and Cibolo having 0.25 MGD and that the Debt Model for the Southern Wastewater Treatment Plant Project, Phase I, would be roughly split between the two municipalities over the 30 year payment schedule with Schertz paying \$9,903,675 and Cibolo paying \$10,104,300, if payments are made according to schedule.

WHEREAS, the Authority, Schertz, and Cibolo previously authorized and executed the First Amendment to the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo with an effective date of October 23, 2018 (the "First Amendment"), to recognize the issuance of the 2018 Bonds and to amend Section 4(b) to reflect the payment obligations of Schertz and Cibolo concerning the 2018 Bonds, as further documented in Section 4(b) and Exhibit C to the 2014 Funding Agreement; and

WHEREAS, the Authority, Schertz, and Cibolo previously authorized and executed the Second Amendment to the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo with an effective date of August 11, 2023 (the "Second Amendment"), to provide Cibolo with additional time to deliver written notice of its intent to meet its obligations under the Agreement, extending the deadline for such notice to November 27, 2023, and amending Section 4(g) of the Funding Agreement accordingly (the 2014 Funding Agreement as amended by the First Amendment and the Second Amendment being referred to herein as the "Funding Agreement"); and

WHEREAS, the Authority, Schertz, and Cibolo previously authorized and executed the Third Amendment to the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo with an effective date of August 11, 2023, to provide and define the obligations between Schertz and Cibolo concerning the repayment of the Southern Plant Bonds, the costs of issuance, the annual maintenance and operations costs at the Southern Plant, documenting and allocating the annual use of the capacity from the Southern Plant, the establishment of the framework for the possible expansion of the Southern Plant, and the ability to add prospective customers to benefit from the Southern Plant; and

WHEREAS, the Authority is currently in the process of obtaining a rerated capacity for the Southern Plant (as defined in the Funding Agreement) (the "Rerate") based on a revised peaking factor, which is anticipated to increase the Southern Plant's rated treatment capacity from 500,000 gallons per day ("GPD") to up to 600,000 GPD, subject to approval by the Texas Commission on Environmental Quality ("TCEQ"); and

WHEREAS, the Rerate is separate and distinct from the previously contemplated expansion of the Southern Plant to 3,000,000 GPD (the "3 MGD Expansion"), and the Rerate does not require the construction of new or additional plant infrastructure; and

WHEREAS, Schertz desires access to the full increase in rated capacity resulting from the Rerate (from 500,000 GPD to 600,000 GPD) until the 3 MGD Expansion is completed and, in consideration therefor, has agreed to pay a proportionately greater share of the annual debt service on the 2014 Bonds and the 2018 Bonds, as a component of the Southern Plant Payments, during the Interim Period (as defined herein); and

WHEREAS, the parties have agreed that, during the Interim Period, Schertz shall be responsible for approximately 58.3% and Cibolo shall be responsible for approximately 41.7% of the applicable annual debt service on the 2014 Bonds and 2018 Bonds, as set forth in the revised payment schedules attached hereto as Exhibit A (the "Revised Debt Service Schedules"); and

WHEREAS, the actual percentages applicable during the Interim Period may be adjusted from those set forth above in the event TCEQ approves a rerated capacity that results in an increase of less than 100,000 GPD above the current rated capacity of 500,000 GPD, and the parties agree to execute a written acknowledgment confirming the final percentages upon receipt of TCEQ's approval; and

WHEREAS, upon completion and commissioning of the 3 MGD Expansion, the payment obligations of Schertz and Cibolo shall revert to those set forth in the Funding Agreement as in effect immediately prior to this Third Amendment; and

NOW THEREFORE, BE IT RESOLVED, THAT THE CITY COUNCIL OF THE CITY OF SCHERTZ, TEXAS THAT:

Section 1. The City Council hereby authorizes the City Manager enter into the fourth amended southern plant wastewater services and funding agreement generally per the attached Exhibit "A."

Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

Section 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND APPROVED on the _____ day of _____, 2026.

CITY OF SCHERTZ, TEXAS

Ralph Rodriguez, Mayor

ATTEST:

Sheila Edmondson, City Secretary

Exhibit "A"

Fourth Amended Southern Plant Funding Agreement

FOURTH AMENDMENT TO SOUTHERN PLANT WASTEWATER SERVICES AND FUNDING AGREEMENT BY AND AMONG CIBOLO CREEK MUNICIPAL AUTHORITY, THE CITY OF SCHERTZ, AND THE CITY OF CIBOLO

WHEREAS, this Fourth Amendment (the “Third Amendment”) to the Southern Plant Wastewater Services and Funding Agreement by and among Cibolo Creek Municipal Authority (the “Authority”), the City of Schertz, Texas (“Schertz”), and the City of Cibolo, Texas (“Cibolo”) has an effective date of _____, 2026; and

WHEREAS, the Authority, Schertz, and Cibolo previously authorized and executed the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo for an original 0.5 Million Gallons per Day (MGD) wastewater treatment plant with an effective date of August 26, 2014 (the “2014 Funding Agreement”); and

WHEREAS, the Southern Plant Wastewater Services and Funding Agreement contemplates that Schertz and Cibolo will have equal capacity in the Phase I treatment capacity with Schertz having 0.25 MGD and Cibolo having 0.25 MGD and that the Debt Model for the Southern Wastewater Treatment Plant Project, Phase I, would be roughly split between the two municipalities over the 30 year payment schedule with Schertz paying \$9,903,675 and Cibolo paying \$10,104,300, if payments are made according to schedule.

WHEREAS, the Authority, Schertz, and Cibolo previously authorized and executed the First Amendment to the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo with an effective date of October 23, 2018 (the “First Amendment”), to recognize the issuance of the 2018 Bonds and to amend Section 4(b) to reflect the payment obligations of Schertz and Cibolo concerning the 2018 Bonds, as further documented in Section 4(b) and Exhibit C to the 2014 Funding Agreement; and

WHEREAS, the Authority, Schertz, and Cibolo previously authorized and executed the Second Amendment to the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo with an effective date of August 11, 2023 (the "Second Amendment"), to provide Cibolo with additional time to deliver written notice of its intent to meet its obligations under the Agreement, extending the deadline for such notice to November 27, 2023, and amending Section 4(g) of the Funding Agreement accordingly (the 2014 Funding Agreement as amended by the First Amendment and the Second Amendment being referred to herein as the "Funding Agreement"); and

WHEREAS, the Authority, Schertz, and Cibolo previously authorized and executed the Third Amendment to the Southern Plant Wastewater Services and Funding Agreement by and among the Authority, Schertz, and Cibolo with an effective date of August 11, 2023, to provide and define the obligations between Schertz and Cibolo concerning the repayment of the Southern Plant Bonds, the costs of issuance, the annual maintenance and operations costs at the Southern Plant, documenting and allocating the annual use of the capacity from the Southern Plant, the

establishment of the framework for the possible expansion of the Southern Plant, and the ability to add prospective customers to benefit from the Southern Plant; and

WHEREAS, the Authority is currently in the process of obtaining a rerated capacity for the Southern Plant (as defined in the Funding Agreement) (the "Rerate") based on a revised peaking factor, which is anticipated to increase the Southern Plant's rated treatment capacity from 500,000 gallons per day ("GPD") to up to 600,000 GPD, subject to approval by the Texas Commission on Environmental Quality ("TCEQ"); and

WHEREAS, the Rerate is separate and distinct from the previously contemplated expansion of the Southern Plant to 3,000,000 GPD (the "3 MGD Expansion"), and the Rerate does not require the construction of new or additional plant infrastructure; and

WHEREAS, Schertz desires access to the full increase in rated capacity resulting from the Rerate (from 500,000 GPD to 600,000 GPD) until the 3 MGD Expansion is completed and, in consideration therefor, has agreed to pay a proportionately greater share of the annual debt service on the 2014 Bonds and the 2018 Bonds, as a component of the Southern Plant Payments, during the Interim Period (as defined herein); and

WHEREAS, the parties have agreed that, during the Interim Period, Schertz shall be responsible for approximately 58.3% and Cibolo shall be responsible for approximately 41.7% of the applicable annual debt service on the 2014 Bonds and 2018 Bonds, as set forth in the revised payment schedules attached hereto as Exhibit A (the "Revised Debt Service Schedules"); and

WHEREAS, the actual percentages applicable during the Interim Period may be adjusted from those set forth above in the event TCEQ approves a rerated capacity that results in an increase of less than 100,000 GPD above the current rated capacity of 500,000 GPD, and the parties agree to execute a written acknowledgment confirming the final percentages upon receipt of TCEQ's approval; and

WHEREAS, upon completion and commissioning of the 3 MGD Expansion, the payment obligations of Schertz and Cibolo shall revert to those set forth in the Funding Agreement as in effect immediately prior to this Third Amendment; and

WHEREAS, the governing bodies of each of the Authority, Schertz, and Cibolo have each authorized the execution of this Third Amendment; NOW, THEREFORE,

Section 1. Defined Terms. Capitalized terms used but not defined in this Third Amendment shall have the meanings assigned to them in the Funding Agreement.

Section 2. Amendment of Debt Service Payment Obligations – Interim Period.

(a) Commencing with the first full month following TCEQ's approval of the Rerate, and continuing through the first full month after the 3 MGD Expansion is completed and placed into service (the "Interim Period"), the monthly installments of the respective Southern Plant Payment pertaining to the annual debt service payment obligations of Schertz and Cibolo with respect to the 2014 Bonds and the 2018 Bonds shall be based on the Revised Debt Service

Schedules attached hereto as Exhibit A and incorporated herein by reference, reflecting allocations of approximately 58.3% to Schertz and approximately 41.7% to Cibolo.

(b) The Revised Debt Service Schedules are based on the assumption that the Rerate results in an increase in rated capacity of 100,000 GPD (i.e., from 500,000 GPD to 600,000 GPD). In the event TCEQ approves a Rerate resulting in an increase of less than 100,000 GPD, the payment percentages applicable during the Interim Period shall be adjusted on a pro rata basis to reflect the actual increase in rated capacity approved, and the parties shall execute a written acknowledgment confirming the adjusted annual payment amounts as soon as practicable following receipt of TCEQ's final approval. For example, if TCEQ approves only 50,000 GPD of additional capacity (50% of the assumed 100,000 GPD), Schertz's incremental share would increase proportionally by half of the differential between 50% and 58.3% for the Interim Period.

(c) Notwithstanding the payment schedule set forth in Section 4(b) of the Funding Agreement and the payment schedule attached as Exhibit C thereto, during the Interim Period, the allocation of the payments between Schertz and Cibolo with respect to the 2014 Bonds and the 2018 Bonds, as a component of the Southern Plant Payments, shall be as set forth in Exhibit A to this Third Amendment.

(d) Notwithstanding Sections 3(a) and 4(b) of the Funding Agreement, Cibolo's right to subordinated use of the Southern Plant during the Interim Period shall correspond to its actual payment share of the 2014 Bonds and the 2018 Bonds, as reflected in Exhibit A hereto.

(e) The Participants agree that, regardless of the payment obligations of each Participant reflected in Section 4(b) of the Funding Agreement and Exhibit A hereto, the Participants shall each be jointly and severally obligated to pay the Southern Plant Payments, including the payment obligations with respect to the 2014 Bonds and the 2018 Bonds as a component of the Southern Plant Payments during the Interim Period, as reflected in Exhibit A hereto, in the event any Participant fails to make such payments. If a Participant fails to make the Participant's share of a Southern Plant Payment, including the payment obligations with respect to the 2014 Bonds and the 2018 Bonds as a component of the Southern Plant Payments as reflected in Exhibit A hereto, and the other Participant is required to pay the defaulting Participant's share of a Southern Plant Payment, then the Participant making the payment shall be entitled to recover the amount of the payment, as reflected in Exhibit A hereto with respect to the 2014 Bonds and the 2018 Bonds as a component of the Southern Plant Payments, plus interest from the defaulting Participant as provided in Section 14(b) of the Funding Agreement.

(f) For the avoidance of doubt, the Participants agree that, during the Interim Period, the payment obligations of each Participant reflected in Sections 3(b)(2) and (3), with respect to Schertz, and Sections 4(e)(2) and (3), with respect to Cibolo, shall not be modified by this Third Amendment.

(g) Except as modified by this Section 2 during the Interim Period, all other terms and conditions of the Funding Agreement regarding the payment of the Southern Plant Payments, including the payment of debt service on the 2014 Bonds and the 2018 Bonds, shall remain in full force and effect.

Section 3. Reversion to Original Payment Terms upon Completion of 3 MGD Expansion.

(a) Upon the completion and commissioning of the 3 MGD Expansion, [pursuant to a written determination provided by the engineer of the Authority,] and effective as of the first day of the next succeeding full month, the payment obligations of Schertz and Cibolo shall automatically revert to the applicable term and year for the payment of the Southern Plant Bonds as set forth in Section 4(b) of the Funding Agreement and in the First Amendment, as in effect immediately prior to this Third Amendment, without the need for further action by the parties; provided, however, that the parties agree to execute a written acknowledgment confirming the date of reversion within fifteen (15) calendar days following such completion.

(b) For the avoidance of doubt, the reversion described in Section 3(a) shall not affect any payment obligations that accrued during the Interim Period.

Section 4. Ratification. Except as expressly modified by this Third Amendment, each of the Authority, Schertz, and Cibolo hereby authorizes, readopts, reconfirms, and ratifies the Funding Agreement in all respects.

Section 5. Authority to Execute. Each person signing on behalf of the parties hereby confirms that they have the authority to execute this Third Amendment on behalf of the party indicated by their signature.

Section 6. Counterparts. The parties hereto acting under authority of their respective governing bodies have caused this Third Amendment to be duly executed in several counterparts, each of which shall constitute an original, all as of the day and year first above written, which is the effective date of this Third Amendment.

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CIBOLO CREEK MUNICIPAL AUTHORITY

President, Board of Directors

ATTEST:

Secretary, Board of Directors

STATE OF TEXAS §
 §
COUNTY OF GUADALUPE §

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose names are subscribed to the foregoing instrument and who executed this document in my presence.

Given under my hand and seal of office this _____ day of _____, 2026.

Notary Public, State of Texas

(NOTARY SEAL)

CITY OF SCHERTZ, TEXAS

By: City Manager

ATTEST:

City Secretary

STATE OF TEXAS §
 §
COUNTY OF GUADALUPE §

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose names are subscribed to the foregoing instrument and who executed this document in my presence.

Given under my hand and seal of office this _____ day of _____, 2026.

Notary Public, State of Texas

(NOTARY SEAL)

CITY OF CIBOLO, TEXAS

By: City Manager

ATTEST:

City Secretary

STATE OF TEXAS §
 §
COUNTY OF GUADALUPE §

Before me, on this day personally appeared the foregoing individuals, known to me to be the persons whose names are subscribed to the foregoing instrument and who executed this document in my presence.

Given under my hand and seal of office this _____ day of _____, 2026.

Notary Public, State of Texas

(NOTARY SEAL)

EXHIBIT A

Revised Debt Service Schedules (Interim Period)

(a) City of Schertz — Payments @ 58.3% (Interim Period)

Fiscal Year Ending 9/30	Series 2014 Bonds	Series 2018 Bonds	Total Debt Service
2026	\$239,176	\$300,600	\$539,776
2027	\$240,692	\$304,350	\$545,042
2028	\$239,059	\$176,416	\$415,475
2029	\$240,225	\$175,250	\$415,475
2030	\$241,158	\$176,853	\$418,011
2031	\$238,943	\$175,250	\$414,193
2032	\$239,526	\$176,416	\$415,942
2033	\$239,875	\$177,290	\$417,165
2034	\$239,992	\$174,958	\$414,950
2035	\$0	\$175,396	\$175,396

Note: The fiscal years to which the Interim Period applies will be confirmed upon receipt of TCEQ approval of the Rerate and completion of the 3 MGD Expansion. The above schedule reflects the pro-rated 58.3% allocation for the applicable years based on the currently projected Rerate.

(b) City of Cibolo — Payments @ 41.7% (Interim Period)

Fiscal Year Ending 9/30	Series 2014 Bonds	Series 2018 Bonds	Total Debt Service
2026	\$171,074	\$0	\$171,074
2027	\$172,158	\$0	\$172,158
2028	\$170,991	\$126,184	\$297,175
2029	\$171,825	\$125,350	\$297,175
2030	\$172,492	\$126,497	\$298,989
2031	\$170,907	\$125,350	\$296,257
2032	\$171,324	\$126,184	\$297,508
2033	\$171,575	\$126,810	\$298,385
2034	\$171,658	\$125,142	\$296,800
2035	\$411,450	\$125,454	\$536,904

Note: The fiscal years to which the Interim Period applies will be confirmed upon receipt of TCEQ approval of the Rerate and completion of the 3 MGD Expansion. The above schedule reflects the pro-rated 41.7% allocation for the applicable years based on the currently projected Rerate.