

**FIRST SUPPLEMENT TO
FOURTH AMENDED AND RESTATED WATER SUPPLY CONTRACT
BETWEEN
GULF COAST WATER AUTHORITY
AND
CITY OF LEAGUE CITY, TEXAS**

_____, 2025

**FIRST SUPPLEMENT TO FOURTH AMENDED AND
RESTATED WATER SUPPLY CONTRACT BETWEEN
GULF COAST WATER AUTHORITY AND
CITY OF LEAGUE CITY, TEXAS**

This **FIRST SUPPLEMENT TO FOURTH AMENDED AND RESTATED WATER SUPPLY CONTRACT BETWEEN GULF COAST WATER AUTHORITY AND CITY OF LEAGUE CITY, TEXAS** (this “First Supplement”), dated as of _____, 2025, is by and between the **GULF COAST WATER AUTHORITY**, a conservation and reclamation district and political subdivision of the State of Texas the “Authority”), and the **CITY OF LEAGUE CITY, TEXAS**, a municipal corporation and home rule municipality of the State of Texas (the “City”).

RECITALS:

WHEREAS, the City owns and operates a waterworks system supplying water to inhabitants of the City and adjacent areas situated on the mainland of Galveston County, Texas; and

WHEREAS, the Authority has the responsibility and authority to develop water supplies for agricultural, municipal, industrial and other uses in the Gulf Coast area, including Galveston County, Texas; and

WHEREAS, the Authority is one of the participants to the Plant Cost Sharing Agreement, pursuant to which the Authority has acquired, on behalf of the City and the City of Pearland, Texas (“Pearland”), capacity in the Plant; and

WHEREAS, the City and the Authority have entered into that certain Fourth Amended and Restated Water Supply Contract between the Gulf Coast Water Authority and the City of League City, Texas, dated as of November 18, 2021 (the “Agreement”), which, *inter alia*, governs the City’s obligation to pay the Authority its proportionate share of the payments charged to the Authority by Houston for the surface water from the Plant that is provided to the City through the Authority under the Plant Sharing Agreement; and

WHEREAS, Section 5.04(d) of the Agreement obligates the City to fix and maintain such rates and collect such charges for the facilities and services provided by its water and sewer system as will be adequate to permit the City to make prompt payment of all expenses of operating and maintaining the City’s water and sewer system, including all payments required to be made to the Authority under the Agreement; and

WHEREAS, the City and the Authority acknowledge that the payments made by the City to the Authority under the Agreement are the sole source of funds available to the Authority to meet its payment obligations for the City’s proportionate share of the payments due to Houston

under the Plant Cost Sharing Agreement; and

WHEREAS, in order to resolve a dispute about the proper calculation for the estimated raw water demand capacity cost, and thus the final amounts owed to Houston by the City of Friendswood, Texas (“Friendswood”), and the Authority therefor, under Exhibit “I” of the 2007 Amendment, and the proper method to calculate said amounts owed, the Authority, Houston and Friendswood have entered into that certain Settlement Agreement for Agreed Payment Amount and Payment Schedule under Amendment to Cost Sharing Agreement – Southeast Water Purification Plant (Restated and Amended) dated as of _____, 2025 (the “Settlement Agreement”); and

WHEREAS, pursuant to the Settlement Agreement, the Authority has agreed to make certain settlement payments to Houston on behalf of the City and Pearland in the total amount of \$5,181,363.00 (the “Settlement Amount”) in full satisfaction of the payment obligations of the Authority under Exhibit “I” of the 2007 Amendment; and

WHEREAS, the City and the Authority now desire to enter into this First Supplement providing for the City’s payment to the Authority of its proportionate share of the Settlement Amount as a separate line item component of the Operating Charges in accordance with and subject in all respects to the terms of the Agreement, the Settlement Agreement and the Plant Cost Sharing Agreement; and

NOW, THEREFORE, in consideration of the premises, and for good and valuable consideration, the City and the Authority agree as follows:

AGREEMENT

Section 1. The recitals contained herein are hereby found to be true, and such recitals are hereby made a part of this First Supplement for all purposes.

Section 2. All capitalized terms not defined herein shall have the meanings assigned to such terms in the Agreement.

Section 3. The Agreement is hereby supplemented by this First Supplement, but that the First Supplement does not change the terms thereof.

Section 4. The City will pay the Authority the amount of \$1,727,121.00, its proportionate share of the Settlement Amount, in ten (10) equal yearly installments of \$172,712.10 that will then be divided monthly (each monthly installment, a “Settlement Charge”), beginning in Houston’s fiscal year 2027 (*i.e.*, the fiscal year beginning July 1, 2026, and ending June 30, 2027). The Authority will bill the Settlement Charge to the City monthly as a separate line item component of the Operating Charges, which will be payable by the City in the same matter as all Operating Charges pursuant to Section 5.03(b) of the Agreement. When the City makes a payment of the Settlement Charges to the Authority, the Authority shall forward such payment to Houston in the

same manner in which the Authority forwards payment to Houston of all Operating Charges as required by the Plant Cost Sharing Agreement.

(Signature pages follow)

AGREED TO THIS _____ day of _____, 2025.

CITY OF LEAGUE CITY, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

(SEAL)

GULF COAST WATER AUTHORITY

By: _____
President, Board of Directors

ATTEST:

Secretary, Board of Directors

(SEAL)