AGENDA MEMORANDUM
Action Item for the City Council Meeting October 21, 2025

DATE: October 21, 2025

TO: Peter Zanoni, City Manager

FROM: Sergio Villasana, Director of Finance
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Reimbursement Resolution for Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP

CAPTION:

Consideration and approval of a resolution relating to establishing the City's intention to reimburse itself for the prior lawful expenditure of funds relating to any capital expenditures from the proceeds of one or more series of tax-exempt or taxable obligations to be issued by the City in an aggregate amount not to exceed $169,500,000 for authorized purposes, including the Evangeline groundwater rights project; authorizing other matters incident and related thereto; and providing an effective date.

SUMMARY:

The City of Corpus Christi is planning on executing a Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP in the amount of $169,491,700.00, prior to the issuance of bonds. his resolution is necessary to allow the City to incur costs and subsequently reimburse itself with bond proceeds once the bonds are issued.

BACKGROUND AND FINDINGS:

During the September 23rd council meeting, Council approved the negotiated term sheet for fee simple groundwater rights. The negotiated contract includes a purchase price of $7,437 for 22,789 acres of groundwater rights. As part of the purchase, surface use agreements and surface accommodation agreements will be provided to the City. The negotiated contract also includes a $1,000,000 earnest and option payment for a 120-day inspection period with an additional $3,250,000 to be escrowed at the end of the inspection period and applied to the purchase price at closing.

The seller will have 180 days after the inspection period to provide final, non-appealable permits for twenty-two wells, production permit, and transport permit with closing to occur sixty days after all permits are obtained.

Pre-engineering has begun to review surface use agreements, identify well locations, determine alignment for water line and electrical infrastructure, locate the required pump station, and integrate the groundwater source with the conveyance of the Mary Rhodes Pipeline. Hydrogeologic modeling is also being conducted to determine long term safe pumping for the well field.

For the City to be eligible for reimbursement of any expenditure incurred prior to the bond sale, the City must declare its intent to reimburse itself for payments made prior to the bonds being sold. This action must meet specific U.S. Treasury Regulations and requires approval by the City Council.

ALTERNATIVES:

The alternative would be to reject the reimbursement resolution, which would prevent the City from reimbursing itself for any costs incurred using bond proceeds.

FISCAL IMPACT:

Approval of this item will allow City staff to use current funds, once appropriated, to support the Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP. Once the debt is issued, these funds will be replenished with bond proceeds.

RECOMMENDATION:

Staff recommends approval of the resolution as presented.

LIST OF SUPPORTING DOCUMENTS:

Resolution