

Ordinance authorizing execution of a Groundwater Rights Purchase and Sale Agreement with Nancy Fleming Shelton, Trustee of the Nancy Fleming Shelton Trust u/w/o Roger Fleming, Zorilla-Malone Properties, Ltd, Lynn O'Connor Carter, Nancy O'Connor and T. Michael, each Individually and as Co-Trustees of the Mary Madeline O'Connor Family Exempt Trust and the Mary Madeline O'Connor Family Non-Exempt Trust for purchase of Li Ranch as part of the Evangeline Groundwater Project in an amount up to \$38,000,000.00; and amending the FY 2026 Capital Budget, with FY 2026 funding available from Water Capital Fund.

WHEREAS, there is a statutory exception for this procurement in Local Government Code, Section 252.022(a)(2), as this purchase is necessary to preserve or protect the public health or safety of the City's residents;

WHEREAS, City Council is concurrently authorizing a Reimbursement Resolution and will authorize the sell of bonds to finance the purchase of the groundwater rights from Nancy Fleming Shelton, Trustee of the Nancy Fleming Shelton Trust u/w/o Roger Fleming, Zorilla-Malone Properties, Ltd, Lynn O'Connor Carter, Nancy O'Connor and T. Michael, each Individually and as Co-Trustees of the Mary Madeline O'Connor Family Exempt Trust and the Mary Madeline O'Connor Family Non-Exempt Trust ("Li Ranch") for the Evangeline Groundwater Project;

WHEREAS, on January 27, 2026, City Council authorized execution of an Option Agreement with Li Ranch under Motion M2026-009 in the amount of \$315,400 per year;

WHEREAS, City Council finds that this contract is reasonable and necessary to furnish the ratepayers with water service; and

WHEREAS, City Council finds that recovery of the cost of this contract through the utility rates is reasonable and necessary to preserve the utility's financial integrity.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CORPUS CHRISTI, TEXAS:

Section 1. The City Council specifically finds that the foregoing statements included in the preamble of this resolution are true and correct and adopts such findings for all intents and purposes related to the authorization of this procurement.

SECTION 2. Funding in the amount of \$38,000,000.00 is appropriated into the Water Capital Fund.

SECTION 3. The Corpus Christi FY2025-2026 Capital Budget adopted by Ordinance No. 033731 is amended to increase revenues and expenditures by \$38,000,000.00

SECTION 4. The City Manager or designee is authorized to execute a Groundwater Rights Purchase and Sale Agreement for the purchase of approximately 6,308 acres of groundwater rights located in San Patricio County from Li Ranch in an amount up to \$38,000,000.00.

SECTION 5. Closing of the transaction is authorized when Li Ranch receives final, non-appealable permits required under the San Patricio County Groundwater Conservation

District's ("District") rules for (1) a Production/Operating Permit, (2) drilling a total of 6 new groundwater wells on the Real Property (the "Drilling Permits") of sufficient design to produce water for municipal use, and (3) a transportation permit authorizing the transport of the permitted acre per feet of Groundwater authorized under the Production Permit outside the boundaries of the District for use within the City of Corpus Christi's service area (the "Transport Permit"). (These permits are required by the City of Corpus Christi.)

INTRODUCED and APPROVED on the _____ day of _____, 2026.

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

ATTEST:

Paulette Guajardo, Mayor

Rebecca Huerta, City Secretary