

TREATED WATER SUPPLY CONTRACT BETWEEN
THE CITY OF CORPUS CHRISTI
AND
NUECES COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 3
THE STATE OF TEXAS §
§
COUNTY OF NUECES §

This Contract for the supply of treated water, made as of this _____ day of November, 2025, by and between the City of Corpus Christi ("City"), a Texas home-rule municipal corporation, whose address is P.O. Box 9277, Corpus Christi, Texas 78469-9277, and acting through its duly authorized City Manager, or the City Manager's designee ("City Manager"), which owns a regional water supply system that provides untreated raw water and treated water to municipal and industrial customers, and Nueces County Water Control and Improvement District No. 3 ("District"), a water control and improvement district and political subdivision of the State of Texas, whose address is 501 East Main Avenue, Robstown, Texas 78380, which owns a water supply distribution system serving water users within the area described in its Certificate of Convenience and Necessity, acting by and through its duly authorized Representative ("District Representative").

This Contract is the only agreement of the parties relating to the sale, delivery, and use of treated water. Any prior understandings or written or oral agreements between the parties relating to the sale and use of treated water are superseded by this contract.

Whereas, the District wants to construct or have constructed an interconnection between the water delivery system of the City and the water supply delivery system of the District for the purpose of the District receiving treated water for resale from the City in the event the District determines that it can no longer provide treated water to its residential, commercial and industrial customers because of draught conditions that affect the District's source of water used to supply treated water to its customers;

Whereas, the City's source of raw water is the Nueces River Basin and water from Lake Texana carried through the Mary Rhodes pipeline to the treatment facilities of the City;

Whereas, the District's source of raw water is the Nueces River Basin;

Whereas, the City is supplementing its Nueces River Basin with water from wells along the Nueces River pursuant to a three-year Temporary Water Use Permit No. 14124 which was granted on August 7, 2025 by the Texas Commission on Environmental Quality ("TCEQ");

Now, therefore, in consideration of the above recitals and the mutual promises, covenants, and agreements in the Contract, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree as follows:

1. Term. The term of this Contract shall be 3 years from the Effective Date. The parties may mutually agree by written agreement to extend this Contract for additional 3 year terms. During any extension period, the terms and conditions of this Contract shall remain in force and effect.

2. Construction of Interconnect.

a. The District will construct or have constructed with materials provided by the District, an interconnection between the water delivery systems of the City and the water supply delivery system of the District for the purpose of the District receiving treated water for resale from the City (the “interconnection”). The interconnection will include a connection to the City’s existing 16-inch water line and the District’s existing 12-inch water transmission line at the Delivery Point and include the piping and a ground storage tank capable of holding up to 300,000 gallons of water. The design of the project as well as the supervision of the construction will be conducted by the District. The City will have an opportunity to review plans and also to participate in the District’s RFP/bid process to select a contractor.

b. The District will be responsible for the permitting as well as the cost of the labor and materials to complete the project. The project will be constructed in a manner such that the City can take treated water from the District should the City deem it necessary.

c. Attached as Exhibit A is the District’s Preliminary Estimate of Probable Construction Costs for the interconnection.

3. Use and Quantity of Water.

a. Subject to availability, the City agrees to sell potable treated water, meeting applicable Federal and State standards, to the District and allow the District to resell treated water for residential, municipal and industrial purposes in such quantity as may be required by District, but not exceeding a total of 3,000,000 gallons per day at such time as the District Representative, the District Manager or designee, notifies City Representative, the City Director of Water Utilities or designee, in writing 10 days in advance that it can no longer provide treated water to its residential, commercial and industrial customers because of drought conditions that affect the District’s source of water used to supply treated water to its customers. The District will discontinue receiving water under this Contract at such time as the District’s Representative determines that there is an adequate source of water available to the District to meet the treated water needs of the District’s residential, commercial and industrial customers.

b. City will continue to provide treated water pursuant to the terms of this Contract until such time as the District Representative notifies the City Representative in writing 10 days in advance that the District has determined that there is an adequate source of water available to the District to meet the treated water demands of the District’s residential and commercial customers.

c. Notwithstanding anything to the contrary contained herein, the City will consider the City’s planned needs, the needs of its other water customers, and the needs of other communities in the region before committing to the delivery of any treated water to the District.

4. Delivery Point.

a. Title to and possession of the treated water passes to the District at Delivery Point. The City will deliver the treated water to a delivery point located at 14353 Cooperation Avenue in the City of Robstown, Nueces County, Texas (the "Delivery Point").

b. The treated water will be delivered at the minimum operating pressure required by the Texas Commission on Environmental Quality ("TCEQ").

5. Measurement of Treated Water.

a. The treated water delivered under this Contract must be measured in U.S. standard gallons by a suitable water meter or meters to be installed and maintained by the City at the Delivery Point, which shall be accurate within 2%, either plus or minus. The City's Director of Water Operations may specify the type of meter or meters to be used and the installation design of the meter or meters. Checks as to the accuracy of the meter or meters will be conducted annually by the Director of Water Operations, at the District's sole expense. The City's Director of Water Operations will notify District's Representative in writing 10 days in advance of all annual checks and tests in order that District may have a representative present as a witness. If District's Representative fails for any reason to be present for a check, the City may nevertheless proceed with the test and the City's findings shall be conclusive. The City shall notify District of the results if the District Representative is not present.

(1) If either the City's Director of Water Operations or District's Representative, at any time, notifies the other that it desires a special test of any meter, the parties will cooperate in arranging for a special test to be made by the City.

(2) The expense of the special test of the meter or meters will be paid by the party requesting the test.

(3) If, on any test, the meter tested is found to be inaccurate by an amount exceeding 2%, either plus or minus, then any previous readings of the meter will be credited for any period of inaccurate measurement, but no credit will extend back over a period beginning more than 30 days prior to the time when the inaccuracy was first made known by either party to the other.

(4) If, for any reason, the meter or meters are out of service so that the volume of treated water delivered cannot be ascertained or computed, the treated water delivered during the period the meter or meters are out of service will be estimated by the City's Director of Water Operations, in consultation, with District's Representative, upon the basis of the best data available.

b. The City will read the meter or meters on or about the last day of each month and will determine from these readings the amount of treated water delivered to the District. All meter readings will be made available to District's Representative during the City's reasonable office hours.

6. Price of Treated Water.

a. The price to be charged for treated water sold by the City to the District is the

published Resale for Treated Water Rates established by City ordinance, including the monthly minimum charge for a treated water customer, plus the raw water cost adjustment ("RWCA") which are in effect at the time of delivery. A copy of the most recent water rate and raw water cost adjustment ordinance has been provided to the District.. The ordinance is subject to change at the sole discretion of the Corpus Christi City Council. City's Director of Water Operations will provide District's Representative with a copy of any modifications to the ordinance.

b. In no event may any provision in this Contract be interpreted to exempt the District from any ordinance passed by the City Council. The District shall not take any action to dispute or protest the City's water rates.

c. In consideration for the lease of the water rights of the District as provided herein, the cost for water shall be net zero for water provided by the City to the District when both of the following conditions are in effect: (1) Action Level 3 is in effect and (2) District's total dissolved solids (TDS) reading at the District's Water Treatment Plant is greater than 1,000/mg/l. Action Level 3 is described in the attached Exhibit C and further described in the Temporary Water Use Permit No. 14124.

7. Billing.

a. All treated water taken in any one calendar month will be billed between the first and tenth of the next succeeding calendar month, and District will pay the bill within 10 days of receipt of the bill. Any clerical error in the bill or question regarding the bill is not sufficient grounds to delay payment by District to the City. Any adjustments in the amount paid as a result of the agreement will be added to or deducted from the following month's bill.

Any failure by the District to pay the monthly billing within 30 days after the billing date is a "default" under this Contract. In the event it becomes necessary to collect the charges, through any Court procedure, the City is entitled to also recover reasonable attorney's fees. If the District fails to pay its water bills, the City, at its discretion, may terminate this Contract in its entirety, require the payment in advance of each monthly water bill based on District's previous bill plus a deposit, as a condition to furnishing treated water to District, or avail itself of any other legal remedy.

8. Restrictions on Resale.

Other than to existing wholesale water suppliers, District is strictly prohibited from selling the treated water obtained under this Contract to any customer for resale of the water to others.

9. Alternative Supplies.

- a. Nothing in this Contract prohibits the District from obtaining treated water from sources other than the City.
- b. Before District commingles waters from different sources within its distribution system, District shall notify City's Director of Water Operations. The City's Director of Water Operations may require District to install an appropriate backflow prevention device at all

points where District's water distribution system connects with the City's water distribution system. Failure to install the backflow prevention device is a "default" under this Contract.

10. Water Rights.

a. It is mutually agreed and understood that Lake Corpus Christi and Choke Canyon Reservoir waters, any currently developed ground water, water acquired by the City from the Lavaca-Navidad River Authority, and other future waters, whether surface waters or ground waters, obtained by the City, which are not under Contract to others, and which are owned by the City, may be used to supply water during the time this Contract remains in force.

b. This Contract is subject to the City's responsibility and obligation to provide water to municipal and industrial consumers within the Corpus Christi city limits and other municipal and industrial consumers outside its city limits.

c. Subject to Section 13, Water Conservation and Drought Contingency Measures, and subject to the City's obligations under any Agreed Orders, or any Environmental Protection Agency ("EPA") or Texas Commission on Environmental Quality ("TCEQ") requirements or standards, to be interpreted and determined solely by the City, the City binds and obligates itself, however, to take the necessary actions within its power and to make the necessary applications to obtain whatever additional water rights as may be necessary to adequately meet the needs of its existing contracts, this Contract, and any future contractual obligations of the City, and, if requested by the City, District shall support the City's action, in the manner requested by the City.

d. It is also mutually agreed and understood that this Contract is subject to the jurisdiction of the Texas Commission on Environmental Quality ("TCEQ"), any successor agency, or any other regulatory authority that may have jurisdiction over the matters.

e. District agrees to support any future City requests to the TCEQ or other regulatory authorities for permission to acquire or amend its water rights or provide water to the District and other customers, unless such action would adversely affect the District.

f. City agrees to support any District requests to TCEQ or other regulatory authorities for permission to distribute treated water purchased by District from the City under this Contract.

g. Notwithstanding the foregoing subsections, District agrees to support and not oppose City's applications to TCEQ for Perpetual and/or additional Temporary Water Use Permits to convey groundwater to the Nueces River.

11. District's Storage and pumping Requirements.

a. Any storage facilities must be built and maintained to standards adopted by the TCEQ, or any other regulatory authority.

b. Pump intakes connected directly to the District's water lines or Corpus Christi's supply main are prohibited.

c. The transmission and distribution piping construction and operation downstream

from the City's meters serving District shall meet the requirements of the TCEQ; Rural Development, United States Department of Agriculture; and any other governmental agency having jurisdiction. If there is a conflict between standards, the most stringent standards shall apply.

d. District shall institute a program to control unaccounted for water losses consistent with the requirements of the City, as directed by the Director of Water Operations. The Director of Water Operations may request, at any time, that District submit its Water Loss Control Program for approval. Within 30-days of such request, District shall submit to the Director of Water Operations a plan of action for instituting a Control Program, approval of which the City shall not unreasonably withhold. The failure of District to comply with this section of the Contract is a "default" under section 16 of this Contract. The parties agree to confer and coordinate to assist District, in District's efforts to ensure that its Water Loss Program is consistent with the City's requirements.

District agrees that Corpus Christi has the right to inspect its system at any and all times during normal business hours. If District's system or any portion thereof does not meet TCEQ's standards for an interim rural water supply, District shall bring its system, or any portion of its system, up to TCEQ's standards.

12. Corpus Christi's Right to Sell Treated Water. The City, with the express written consent of the Board of Directors of the District, retains the right to sell treated water at points and to customers located within and outside District's service area in District's Certificate of Convenience and Necessity, consistent with applicable law. The City shall not execute any plans for new service extensions within District's service area unless and until it obtains the Board of Directors of the District's consent to provide said service.

13. Water Conservation and Drought Contingency Measures.

a. District acknowledges the terms of the Agreed Order of April 5, 2001, which amended the operational procedures relating to Special Condition 5.B, Certificate of Adjudication No. 21-3214, and the City's responsibilities under both the Agreed Order and the Certificate of Adjudication. District recognizes that the Agreed Order and Certificate of Adjudication may be amended in the future. The agreed order requires the City to provide in any future contracts or any amendments, modifications, or changes to existing contracts the condition that all wholesale customers and any subsequent wholesale customers must develop and have in effect a water conservation and drought management plan consistent with the City plan as required by the TCEQ rule. Therefore, District agrees that during the term of this contract, it shall have in effect a water conservation and drought management plan consistent with the City's plan, including any changes adopted by the City. District also agrees to bind future customers and its existing customers upon contract renewals to develop and have in effect a water conservation and drought management plan consistent with the City plan.

b. If the City implements any measures under its Water Conservation and Drought Contingency Plans, adopted under Chapter 55 Article XII of the Code of Ordinances for the City of Corpus Christi, District shall within 30 days of notice of any changes to the plan or the implementation of any restrictions, surcharges, or rationing by the City, impose similar

restrictions, surcharges, or rationing measures on its customers. Any contract for the resale of water furnished by District shall contain a similar condition. If for whatever reason District, or its customer, is unable or unwilling to impose the required restrictions, surcharges, or rationing measures within the required time period, District, or its customer, shall reduce its consumption of water from the system by the amounts set forth in the Corpus Christi Drought Contingency Plan adopted by the City Council on the 18th day of March, 2025.

c. If for whatever reason the District, or its customer, is unable or unwilling to impose the required restrictions, surcharges, or rationing measures within the required time period, but relies upon other sources of water for all or a portion of its water requirements, District, or its customer, agrees not to request an increase in the amount of water being diverted from the City system should District's, or its customer's, other source(s) of water fail to continue to yield the amounts of water anticipated.

d. To the extent that the TCEQ or other regulatory agency requires rationing of water in a manner stricter than that imposed by the City, District will comply with the stricter method of rationing water.

e. District shall furnish a copy of any ordinances, orders, or rules adopted by it or its customers that is adopted to implement the required restrictions, surcharges, or rationing measures within the applicable jurisdiction. If for whatever reason District, or its customer, is unable or unwilling to impose the required restrictions, surcharges, or rationing measures, the City may audit the records of District to ensure that District or its customer has reduced its deliveries by the amount required by this section.

f. The failure of District to comply with this section of the Contract is a "default" under this Contract and grounds for termination by the City.

g. Upon District's failure to cure a default of this section, the City has provided District with written notice of the default and an opportunity to cure within a period of not less 30 days, the City is authorized to reduce its deliveries of water to District if District or its customer has not, in the sole opinion of the City, adequately imposed restrictions under this section of the Contract.

14. Force Majeure. If the City or District is prevented, wholly or in part, from fulfilling its obligations under this Contract by reason of circumstances both beyond its reasonable control and unforeseeable, including any act of God, unavoidable accident, acts of enemies, fires, floods, rationing, governmental restraint or regulation, other causes of force majeure, then the obligations of City or District, as provided in this Contract, are temporarily suspended during continuation of the force majeure. This section does not extend to any default or failure to perform due to labor shortages or strikes or economic hardship. If a party's delay in performance is excused under this section, the delay will only be for the period the party was actually delayed in performance by the event outside of its reasonable control. No damage is recoverable by District from City by reason of the temporary suspension of delivery of water due to any of the causes above mentioned. If the City's obligation is affected by any of the causes, the City will promptly notify District's Representative in writing, giving full particulars of the force majeure as soon as possible after the occurrence of the cause or causes relied upon.

15. District's Right to Terminate. If District's need for water from the City should cease for a period of at least 30 days, District may, by giving 30 days written notice to City, by certified mail, terminate this Contract in its entirety. If District actually gives the City written notice, then, in that event this Contract expires 30 days from the date the notice is mailed to City and this Contract and all of its provisions shall become null and void except that District will continue to support the City's applications described in Section 10.g.

16. Remedies Upon Default.

a. If either party determines that the other party is in default under this Contract, the party claiming default by the other party shall give written notice to the other party, which states specifically the nature of the default and the remedy for the default that the party intends to seek. The notice must be mailed to the defaulting party at the address provided in Section 20 of this Contract. The defaulting party has or will have thirty (30) days in which to cure the default, or if the default cannot be reasonably cured within the thirty (30) day period, the defaulting party shall use reasonable efforts to undertake to cure the default within the thirty (30) day period. If the defaulting party does not cure the default and reimburse the party not in default for any and all costs incurred as a result of the breach within thirty (30) days, or if the default cannot be reasonably cured within the thirty(30) day period, or if the defaulting party does not use reasonable efforts to undertake to cure the default and reimburse the party not in default for any and all costs incurred as a result of the breach within the thirty (30) day period, the party claiming default may seek any remedy available at law or equity, including an action in mandamus or for specific performance. In addition, in the event of District's noncompliance with 6.b. regarding water rates or Section 10.g. regarding District's support for City's applications, the City reserves the right to issue an invoice to District for reimbursement of the amounts paid by the City for the interconnection, and District agrees to pay such invoice within 30 days of City's written demand.

b. No waiver of any breach or default by any party or of performance may be deemed a waiver in the future, nor may any waiver be deemed or construed to be waiver of subsequent breach or default of any kind, character, or description, under any circumstances.

c. However, the right to cure a default may not prevent the City from enforcing Section 13 of this Contract if the City has imposed water conservation measures upon its residents.

17. Assignment. This Contract may not be assigned by District without the prior written consent of the governing body of the City, which consent will not be unreasonably withheld, unless the assignment would alter or restrict the City's rights under this Contract. Notwithstanding the above and forgoing, the City agrees that District may pledge this Contract as security for a loan with the United States Department of Agriculture, Rural Development Division, to be used for the installation of water lines within the certificated area of District as set forth in its Certificate of Convenience and Necessity issued by the Public Utility Commission of Texas.

18. Lease of Priority Rights to the water in the Nueces River Basin. The District has priority rights to water in the Nueces River Basin. As consideration for this contract, including but not limited to, the permitting and construction of the infrastructure necessary for the City to provide a supply of treated water, the District has executed the Water Rights Lease Agreement (attached as Exhibit C) in which District agrees to lease 5 million gallons per day of its water rights in the

Nueces River Basin to the City. As consideration for the leasing of the District's water rights the City agree to reimburse the District for all costs for the interconnection, not to exceed \$1,736,000.00 incurred by the District in permitting, designing, bidding and constructing the infrastructure necessary to complete the interconnect. The District will bill the City on a monthly basis as the cost are incurred and City will reimburse the District within 60 days of receipt of the billing.

19. Authority to Execute. Both parties represent that the individual signing this Contract on behalf of each of the parties has been duly authorized to execute this Contract by proper ordinance or resolution of its governing body (e.g., the City's City Council and District's Board of Directors), and certified copies of the authorizations have been provided to the other party for attachment to this Contract. The City's authorization shall be Exhibit D, and District's authorization shall be Exhibit EF.

20. Notices and Addresses. Any notice, communication, or statement required to be given pursuant to this Contract will be in writing and deemed to have been received when delivered in person or three (3) days after mailing if sent by certified mail, postage prepaid, return receipt requested, to the address of the respective party indicated below:

City of Corpus Christi Water Department
Attn.: Director of Water Systems
2426 Holly Road
Corpus Christi, Texas 78415
Phone: (361) 826-1689
Fax: (361) 826-4326

Nueces County Water Control and Improvement District No. 3
Attn.: District Manager
501 East Main Avenue
Robstown, Texas 78380
Phone: (361) 387-4549

21. Regulatory Agencies. District and City agree that the effectiveness of this Contract is subject to the jurisdiction of the TCEQ and is dependent upon compliance with the regulations in Title 31, Texas Administrative Code, Chapter 295 and 297, Subchapter J., and any amendments thereto.

22. Periodic Review of Contract Provisions. District and the City agree to review the terms and conditions set forth herein every three (3) years to determine whether or not a change in circumstances may require an amendment to this agreement. If a party determines that a change in circumstances requires an amendment then, in that event, the party recommending the amendment shall notify the other party in writing of the proposed amendment. The receiving party shall then have a period of thirty (30) days to review the proposed amendment and to advise, in writing either its acceptance of the proposed amendment, its objections to the proposed amendment or an offer of a counterproposal.

23. Severability. In case any one or more provisions contained in this Contract is for any reason held to be invalid, Illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability does not affect any other provision of this Contract, and this Contract will be construed as if the invalid, illegal, or unenforceable provision had never been contained in this Contract.

24. Captions. All titles of the sections of this Contract have been inserted for convenience of reference only and are not considered a part of this Contract and in no way will they affect the interpretation of any provisions of this Contract.

25. Modifications. Any amendments, or alternative or supplementary agreements, to this Contract must be made in writing and duly executed by an authorized Representative or agent of each of the parties to this Contract.

26. Parties at Interest. This Contract is for the sole and exclusive benefit of the parties and shall never be construed to confer any benefit on any third party. This Contract will be binding upon and inure to the benefit of the parties and their respective successors and assigns where permitted by this Contract.

27. Texas Law to Apply. This Contract will be construed under and in accordance with the laws of the State of Texas.

28. Venue. Any action or proceedings relating to this Contract must be taken in Nueces County, Texas. The parties agree that the courts in Nueces County, Texas, shall have exclusive jurisdiction over this agreement.

29. Exhibits. The following documents are attached and incorporated into this Contract:

Exhibit A – District’s Preliminary Estimate of Probable Construction Cost

Exhibit B – Action Level 3 criteria from TCEQ Temporary Water Use Permit No. 14124

Exhibit C – Water Rights Lease Agreement

Exhibit D - City Authorization to Execute this Agreement

Exhibit E – District Authorization to Execute this Agreement

30. Prior Agreements Superseded. This Contract constitutes the sole and only agreement of the parties and supersedes any prior understandings or written or oral agreements between the parties respecting the within subject matter. This Contract takes effect on date of last signature (“Effective Date”).

31. All Agreements Contained in this Written Instrument. This Contract represents the entire agreement between the District and City and supersedes all prior negotiations, representations, or agreements either oral or written.

The parties have executed this Contract in multiple counterparts; each executed copy shall be considered as an original, by their respective duly authorized Representatives, to be effective on the Effective Date, the date of last signature.

**NUECES COUNTY WATER CONTROL
AND IMPROVEMENT DISTRICT NO. 3**

Ram Alejandro
President

ATTEST:

Joey Rodriguez
Secretary

Approved as to legal form this _____ day of _____.

Charles W. Zahn, Jr.
District's Attorney

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF NUECES §

This instrument was acknowledged before me on the _____ day of _____, by Ram Alejandro, President, Nueces County Water Control and Improvement District No. 3, a water control and improvement district, on behalf of said district.

NOTARY PUBLIC – STATE OF TEXAS

THE CITY OF CORPUS CHRISTI, TEXAS

Name:

Title:

ATTEST:

Rebecca Huerta
City Secretary

Approved as to legal form this _____ day of _____.

Lisa Aguilar
Assistant City Attorney**ACKNOWLEDGMENT****THE STATE OF TEXAS** §
§
COUNTY OF NUECES §

This instrument was acknowledged before me on the _____ day of _____, by _____ for Corpus Christi Water for the City of Corpus Christi, a Texas home rule municipal corporation, on behalf of said corporation.

NOTARY PUBLIC – STATE OF TEXAS

EXHIBIT A



Date: August 29, 2025

TBPE Firm No. F-10053
 Project: NCWCID#3 - Task Order #8 - Emergency Water System Interconnect Improvements
 Project No: 2025-0964-00

Estimate By: VN and GA

PRELIMINARY ESTIMATE OF PROBABLE CONSTRUCTION COST FOR NCWCID#3 - TO#8 - EMERGENCY WATER SYSTEM INTERCONNECT IMPROVEMENTS

ITEM	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE
1	SITE GRADING	1	LS	\$ 25,000.00	\$ 25,000.00
2	300,000 GALLON GROUND STORAGE TANK, FOUNDATION, & EARTHWORK	1	LS	\$ 720,000.00	\$ 720,000.00
3	12" WATERLINE C900 PVC	55	LF	\$ 150.00	\$ 8,250.00
4	12" - 90° BEND	1	EA	\$ 2,000.00	\$ 2,000.00
5	16" WATERLINE C900 PVC	1554	LF	\$ 185.00	\$ 287,490.00
6	16" - 90° BEND	1	EA	\$ 2,500.00	\$ 2,500.00
7	16" - 45° BEND	4	EA	\$ 2,500.00	\$ 10,000.00
8	16" - 11.25° BEND	1	EA	\$ 2,500.00	\$ 2,500.00
9	16" X 12" REDUCER	1	EA	\$ 2,500.00	\$ 2,500.00
10	16" X 16" X 16" TEE	1	EA	\$ 5,000.00	\$ 5,000.00
11	16" TAPPING SLEEVE AND VALVE	1	EA	\$ 35,000.00	\$ 35,000.00
12	16" BORE	55	LF	\$ 675.00	\$ 37,125.00
13	LEVEL CONTROL AND PRESSURE SUSTAINING VALVE/ PIPING CONFIGURATION	1	LS	\$ 180,000.00	\$ 180,000.00
14	BACKFLOW AND FLOW METER VALVE / PIPING CONFIGURATION	1	LS	\$ 210,000.00	\$ 210,000.00
15	SCADA SYSTEM & POST INJECTION IMPROVEMENTS	1	AL	\$ 50,000.00	\$ 50,000.00
10% CONTINGENCY (ROUNDED TO NEAREST THOUSAND)					\$ 158,000.00
CONSTRUCTION SUB TOTAL (ROUNDED TO NEAREST THOUSAND)					\$ 1,736,000.00

Notes:

- Estimated construction prices are based on recent and historical data on local projects in the area and costs are in 2025 dollars. Costs should be escalated 5% per year to midpoint of construction if delayed.

THIS DOCUMENT IS RELEASED FOR INFORMATIONAL PURPOSES UNDER THE
 AUTHORITY OF GRADY S. ATKINSON, P.E. #115461, ARDURRA GROUP, INC., TBPE FIRM
 NO. F-10053 ON 8/29/2025. THIS DOCUMENT IS NOT INTENDED TO BE USED FOR
 CONSTRUCTION, BIDDING, PERMIT OR OTHER UNAUTHORIZED PURPOSES.

EXHIBIT B

ACTION LEVEL 3 UNDER TCEQ TEMPORARY WATER USE PERMIT NO. 14124

Instruments B, C, and/or D 8-hour average TDS or increased 4-hour TDS averages $> 1,000 \text{ mg/L}$ AND 40%+ greater than A.

As seen in Figure below, instrument "A" will be deployed approximately 100' upstream of the first discharge to monitor current river conditions while instrument "B" will be positioned 50' downstream of CCW – Well 1 discharge, Instrument "C" will be placed 50' downstream of CCW- Well 5 discharge, and Instrument "D" will be located approximately 300' downstream of the discharge location of CCW – Well 2, CCW – Well 3, CCW – Well 6, and CCW – Well 7.

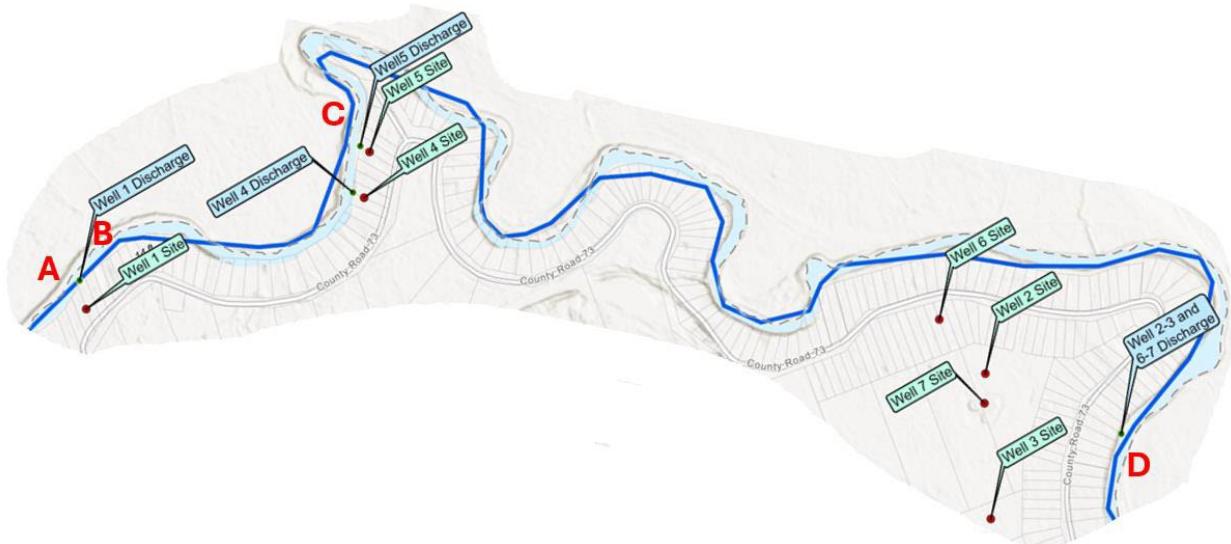


EXHIBIT C

STATE OF TEXAS §
§
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COUNTY OF NUECES §

Water Rights Lease Agreement

This Water Rights Lease Agreement (“Lease”) is made and entered into this _____ day of _____, 2025 (the “**Commencement Date**”), by and between Nueces County Water Control and Improvement District No. 3, a conservation and reclamation district created and existing under Article XVI, Section 59 of the Texas Constitution and the laws of the State of Texas (“**Lessor**”), and the City of Corpus Christi, a home-rule municipal corporation organized, existing, and operating under the laws of the State of Texas and its City Charter (“**Lessee**”) (Lessor and Lessee are each a “**Party**”, and collectively are “**Parties**”).

RECITALS

WHEREAS, Lessor is the exclusive owner of Certificate of Adjudication No. 21-2466, as amended, which is a run-of-river right to divert and use not to exceed 11,546 acre feet of water per year from the perimeter of Calallen Reservoir on the Nueces River, Nueces River Basin, at a maximum diversion rate of 60.4 cubic feet per second (“**cfs**”) (27,109 gallons per minute), for agricultural, municipal, and industrial uses within Lessor’s service area in Nueces County (“**COA 2466**”); and

WHEREAS, of the total diversion volume and diversion rate authorized by COA 2466, a maximum volume of 8,606 acre feet per year, and a diversion rate of 45.4 cfs, are subject to a February 7, 1909 priority date (the “**Senior Authorization**”), with the remaining 2,940 acre feet, and 15 cfs, subject to a January 28, 1921 priority date (the “**Junior Authorization**”) (together, the “**Diversion Authorization**”); and

WHEREAS, Lessee and Lessor have agreed to enter into the [WATER SUPPLY AGREEMENT] dated _____, 2025, that includes certain commitments of each Party regarding, among other things, the provision of water under specified conditions ("WSA"); and

WHEREAS, Lessee desires to lease from Lessor a certain portion of the Senior Authorization and ancillary rights. In exchange for the obligations in the WSA, Lessor desires to lease to Lessee that certain portion of the Senior Authorization and ancillary rights in COA 2466 described more particularly in the terms and conditions described below.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained in this Lease, the execution of the WSA, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Article I. LEASE OF WATER RIGHTS

1.1 Lessee's Leased Rights. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the exclusive right to divert and use a total annual volume not to exceed 3,006 acre feet per year out of the Senior Authorization, and 2,594 acre feet per year out of the Junior Authorization (the combination being the approximate equivalent to five million gallons per day), subject to the terms and conditions set forth in this Lease (the "**Leased Water Right**").

1.2 Lessor's Retained Rights. Lessor reserves and retains for itself all rights not expressly granted to Lessee in the Leased Water Rights, including without limitation the exclusive right to divert and use 5,600 acre feet per year out of the Senior Authorization, and 346 acre feet per year out of the Junior Authorization (the "**Retained Water Right**").

1.3 Exclusions from Leased Water Right. This Lease is made save and except all easements, restrictive covenants, and other matters of record affecting the Leased Water Right as of the Commencement Date. Lessee accepts the Leased Water Right subject to such recorded matters, provided they do not materially interfere with Lessee's permitted use. Additionally, Lessee acknowledges that the Leased Water Right does not include the right to divert at any of Lessor's diversion locations expressly authorized in COA 2466. Lessee acknowledges that none of Lessor's diversion facilities, including mechanical pumps, electrical rooms, pipes, storage tanks, and any other facility used to divert pursuant to COA 2466 are part of the Leased Water Right and that Lessor may access and use any such facility at any time without notice.

1.4 Reserved Diversion Rate. Lessee may divert any of the volume in the Leased Water Right at a diversion rate that does not interfere with Lessor's authorized diversions under COA 2466.

1.5 Permitted Use and Compliance. Lessee shall exercise the Leased Water Right only in accordance with the terms and conditions of COA 2466 and applicable law. Lessee shall otherwise comply with all applicable federal, state, and local laws, rules, regulations, and orders, including but not limited to those promulgated by the Texas Commission on Environmental Quality, relating to the diversion, use, and conservation of water under COA 2466.

1.6 Leased Water Right Diversions. Lessee may divert the authorized volumes of the Leased Water Right at one or more authorized points along the perimeter of the Calallen Reservoir, as authorized by Certificate of Adjudication No. 21-2464, as amended. Lessee is solely responsible, at its own cost and expense, for the construction, installation,

operation, maintenance, repair, and removal of any facilities necessary for the diversion and use of water under the Leased Water Rights. All such facilities shall comply with applicable laws, rules, and regulations.

1.7 Recordkeeping and Reporting. Lessee shall install and maintain, at its own cost and expense, accurate metering devices to measure the amount of water diverted under the Leased Water Rights. Lessee shall maintain accurate records of its diversion and use of water under the Leased Water Rights. It is Lessee's responsibility to coordinate diversions and management of the Leased Water Rights with the South Texas Watermaster.

1.8 Appointment of Agent. Coterminous with the execution of this Lease, Lessor will finalize and file with the South Texas Watermaster, with a courtesy copy to Lessee, the Appointment of Agent form.

Article II. TERM AND RENEWAL

2.1 Initial Term. The initial term of this Lease is three (3) years, beginning on the Commencement Date and ending on the third anniversary of the Commencement Date (the "**Initial Term**"), unless renewed or earlier terminated as provided below.

2.2 Renewal Term. This Lease automatically renews for successive three (3) year terms (each a "**Renewal Term**") unless, at least one hundred eighty (180) days before to the expiration of the then-current term, the City provides written notice to the other Party of its intent to discontinue the Lease (the Initial Term and any Renewal Term each constitute the "**Lease Term**").

Article III. CONSIDERATION

3.1 Lease Payment. On or before the first day of January in each year of the Lease Term, Lessee will pay Lessor an annual rental payment in an amount equal to the South Texas Watermaster's assessment of costs attributable to the diversion volume of the Leased Water Right ("**Lease Payment**").

3.2 Additional Consideration. In addition to the Lease Payment, the Parties will maintain the WSA during the Lease Term as consideration for this Lease. In the event of termination of the WSA, either Party may terminate this Lease early as otherwise provided for below.

Article IV. REPRESENTATIONS AND WARRANTIES

4.1 Lessor Representations and Warranties. Lessor represents and warrants to Lessee that Lessor is the lawful owner of COA 2466 and has the right and authority to lease the Leased Water Rights to Lessee. Lessor further represents and warrants to Lessee that:

a. COA 2466 is in full force and effect, and Lessor has not received any notice of any proceeding to cancel, modify, or restrict COA 2466;

b. COA 2466 is free and clear of all liens, encumbrances, contractual obligations, and other matters affecting title;

c. the execution, delivery, and performance of this Lease by Lessor does not violate any agreement, instrument, judgment, order, or decree to which Lessor is a party or by which Lessor or COA 2466 are bound; and

d. there are no pending or, to Lessor's knowledge, threatened notices of violation, actions, suits, or proceedings affecting COA 2466 or Lessor's ability to perform its obligations under this Lease

4.2 Lessee Representations and Warranties. Lessee represents and warrants that Lessee has full right, power, and authority to enter into and perform this Lease with Lessor. Lessee further warrants that:

a. the execution, delivery, and performance of this Lease by Lessee does not violate any agreement, instrument, judgment, order, or decree to which Lessee is a party or by which Lessee is bound;

b. Lessee's use of COA 2466 will comply with all applicable laws, rules, and regulations; and

c. there are no pending or, to Lessee's knowledge, threatened actions, suits, or proceedings affecting Lessee's ability to perform its obligations under this Lease.

Article V. TERMINATION

5.1 Early Termination. Either Party may terminate this Lease before the Lease Term expires if any of the following events occurs:

a. material breach of this Lease by the other Party that remains uncured for thirty (30) days after receipt of written notice from the non-breaching Party specifying the breach in reasonable detail;

b. any governmental authority, including but not limited to the Texas Commission on Environmental Quality, issues an order or takes other action that materially impairs or prohibits either Party from diverting or using water under COA 2466 for a period exceeding ninety (90) consecutive days; or

c. on mutual written agreement of the Parties.

5.2 Termination for Convenience due to termination of the WSA. In addition to the termination rights set forth above, either Party may terminate this Lease for convenience due to termination of the WSA upon one hundred eighty (180) days' prior written notice to the other Party; *provided, however,* that such termination will not be effective until the

end of the then-current calendar year to minimize disruption to water planning and usage.

5.3 Effect of Early Termination. If the Lease terminates early:

a. Lessee must immediately cease diversion and use of water under the Leased Water Rights; and

b. Lessee remains liable for all payments due and owing to Lessor, if any, for periods before the date of termination.

5.4 Refund of Lease Payments. If early termination occurs during a period for which Lessee has paid the Lease Payment, Lessor shall refund to Lessee the prorated portion of such payment for the period after the effective date of termination, unless termination is due to Lessee's material breach.

5.5 Notice of Termination. Any notice of termination given pursuant to this section must be in writing and delivered in accordance with the notice requirements below. Such notice shall specify the provision of this Lease pursuant to which termination is being effected and the date of termination.

5.6 No Waiver. Termination of this Lease will not waive any rights or remedies that a Party may have under this Lease or applicable law with respect to any breach or default occurring prior to the date of termination.

5.7 Surrender of Water Rights. Upon the expiration or earlier termination of this Lease, Lessee automatically surrenders the Leased Water Rights to Lessor without demand. Lessee shall execute and deliver to Lessor any documents reasonably requested by Lessor to evidence the termination of this Lease and Lessee's surrender the Leased Water Rights. This provision survives the expiration or early termination of this Lease.

5.8 Force Majeure. Neither Party shall be liable for any failure or delay in performing its obligations under this Lease if a failure or delay is due to causes beyond the reasonable control of such Party, including but not limited to acts of God, natural disasters, fire, flood, epidemic, war, terrorism, riot, civil commotion, governmental actions or restrictions, or labor disputes; provided, however, that the affected Party shall use reasonable efforts to mitigate the effects of such force majeure event and shall promptly notify the other Party of the occurrence and termination of such event.

Article VI. NOTICE

6.1 Methods of Notice. All notices, requests, demands, and other communications required or permitted under this Lease must be in writing and will be deemed to have been duly given if (a) delivered personally, (b) sent by overnight courier with tracking capability, or (d) sent by email.

6.2 Addresses for Notice.

If to Lessor:

Nueces County WCID No. 3
[ADDRESS]
Attention: [NAME/TITLE]
Telephone: [NUMBER]
Email: [EMAIL]

If to Lessee:

City of Corpus Christi
[ADDRESS]
Attention: [NAME/TITLE]
Telephone: [NUMBER]
Email: [EMAIL]

6.3 Change of Address. Either Party may change its address for notices by giving written notice of such change to the other Party in the manner provided in this section.

Article VII. MISCELLANEOUS

7.1 Recitals Incorporated. The recitals set forth above, and the attached exhibits, are true and correct. They are incorporated into this Lease by this reference as if they each had been set forth in the body of this instrument in their entirety.

7.2 Amendments. This Lease may be amended only by a written modification of terms of the Lease, duly executed by each Party.

7.3 Governing Law. This Lease shall be governed by and construed in accordance with the laws of the State of Texas, without giving effect to any choice of law or conflict of law provisions.

7.4 Place of Performance. This Lease is executed and fully performable in Nueces County, Texas.

7.5 Entire Agreement. This Lease constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations, representations, or agreements, either written or oral.

7.6 Waiver. No waiver of any provision of this Lease shall be effective unless in writing and signed by the Party against whom such waiver is sought to be enforced. No waiver of any breach of this Lease shall be construed as a waiver of any subsequent breach.

7.7 Severability. If any provision of this Lease is held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7.8 Counterparts. This Lease may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Digital signatures will be considered original signatures for all purposes.

7.9 No Third-Party Beneficiaries. This Lease is for the sole benefit of the Parties and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or does confer on any other person or entity any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Lease.

7.10 Relationship of the Parties. Nothing in this Lease shall be construed as creating a partnership, joint venture, employment relationship, or agency relationship between the Parties, or as authorizing either Party to act as agent for the other.

7.11 Further Assurances. Each party shall execute and deliver such additional documents and instruments and take such further actions as may be reasonably necessary or appropriate to effectuate the provisions and purposes of this Lease.

7.12 Headings. The headings in this Lease are for reference only and shall not affect the interpretation of this Lease.

IN WITNESS WHEREOF, the parties have executed this Water Rights Lease Agreement as indicated by the signatures on the following page.

LESSOR:

NUECES COUNTY WCID NO. 3,
a water control and improvement district

By: _____
NAME
TITLE

Date: _____

Attest: _____

LESSEE:

CITY OF CORPUS CHRISTI,
a home-rule municipal corporation

By: _____
NAME
TITLE

Date: _____

Attest: _____