

Evangeline/Laguna, LP Groundwater Rights Purchase and Sale Agreement

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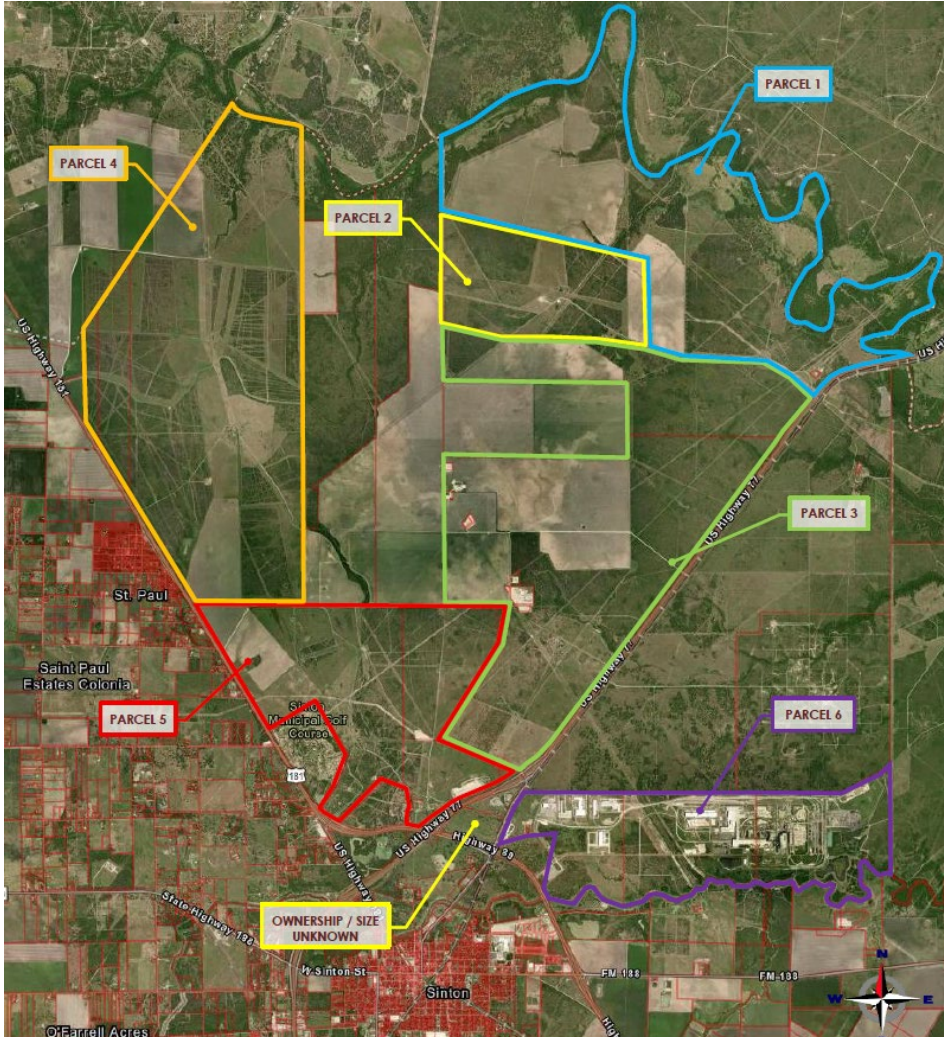


Evangeline Agreement Background



- Located north of Sinton, Texas, in San Patricio County
- Located within the San Patricio Groundwater Conservation District (SPGCD)
- Evangeline/Laguna LP (Evangeline) has groundwater rights for 22,789 acres of land, owned by different entities
- Evangeline groundwater rights equate to approximately 28,486 acre-feet annually, or 24 million gallons a day (MGD)
- Cost for the City to purchase all water rights **\$169,491,700**

Evangeline Agreement Deal Points



- On September 23, 2025, the City and Evangeline/Laguna, LP agreed to enter into a agreement for the fee simple purchase of the groundwater rights, with the following terms:
 - **City will:**
 - Pay a non-refundable \$1,000,000 earnest and option payment paid by the City for a 120-day inspection period
 - Pay an additional \$3,250,000 to be escrowed at the end of the inspection period and applied to the purchase price at closing
 - **Evangeline will:**
 - Within 180 days provide:
 - Clear and indefeasible title to groundwater rights
 - Surface use agreements and surface accommodation agreements
 - Non-appealable drilling, production, and transport permits for all wells

Council Approvals

- On September 23, 2025, City Council authorized agreements and amendments with for the following services to assist in the acquisition of fully permitted fee simple groundwater rights, and the development of the wellfield and conveyance system.

Inspection Phase Services	Amount
Attorney Fees Allensworth & Porter, LLP	\$300,000
Property Surveys T. Baker Smith, LLC	\$228,000
Inspection Phase Master Services Agreement Prime: Pape-Dawson Consulting Engineers, LLC Subcontractors: Hanson Professional Services, Inc. Interra Hydro, Inc.	\$400,000
Total	\$928,000



Next Steps

- Ordinance authorizing execution of a Groundwater Rights Purchase and Sale Agreement with Evangeline/Laguna, LP in the amount of \$169,491,700.00
- Execution of an Interlocal Cooperation Agreement with the City of Sinton and an Agreement with St. Paul Water Supply Corporation for possible remediation activities due to the Evangeline Groundwater Project
- Amending the FY 2026 Capital Budget, with FY 2026 funding available from Water Capital Fund

Timeline

