

**Resolution to authorize City Manager or designee to execute a Temporary Untreated Raw Water Sales Contract with Formosa Plastics Corporation, for City to purchase up to 10,000 acre feet of untreated raw water from Lake Texana through December 31, 2025 at price of \$900 per acre-foot of water with take-or-pay quantity of 2500 acre feet; and authorizing execution of one-year mutual extension for City to purchase additional 10,000 acre feet of Lake Texana water in calendar year 2026, at \$900 per acre-foot rate and 2500 acre feet take-or pay quantity.**

**Be it resolved by the City Council of the City of Corpus Christi, Texas:**

**SECTION 1.** That the City Manager or designee is authorized to execute a Temporary Untreated Raw Water Sales Contract, in substantially the form attached, ending December 31, 2025 with Formosa Plastics Corporation, Texas for City to purchase up to 10,000 acre feet of untreated raw water from Lake Texana through December 31, 2025 at price of \$900 per acre-foot with take-or-pay quantity of 2500 acre feet; and authorizing the City Manager or designee to execute a one-year mutual extension for City to purchase additional 10,000 acre feet of Lake Texana water in calendar year 2026, at \$900 per acre-foot rate and 2500 acre feet take or pay quantity.

PASSED and APPROVED on the \_\_\_\_\_ day of \_\_\_\_\_, 2025.

ATTEST:

\_\_\_\_\_  
Paulette Guajardo, Mayor

\_\_\_\_\_  
Rebecca Huerta, City Secretary

## **TEMPORARY UNTREATED RAW WATER SALES CONTRACT**

This **Temporary Untreated Raw Water Sales Contract** (“Contract”) is made and entered into on \_\_\_\_\_, 2025 (date of last signature, the “Effective Date”), by and between Formosa Plastics Corporation, Texas (“Seller”), a Delaware corporation, and the City of Corpus Christi, a home-rule municipal corporation (“Buyer” or “City”), which is principally situated and has its City Hall in Nueces County, Texas. Buyer and Seller may be individually referred to as a “Party” or collectively as the “Parties.”

### **RECITALS**

Seller owns and operates a petrochemical manufacturing facility in Point Comfort, Texas, and requires the use of untreated raw water for the operations of its facility. Buyer, a city with main offices located in Nueces County, Texas, requires untreated raw water for industrial and municipal purposes for various uses both inside and outside its city limits.

Seller and Lavaca-Navidad River Authority (“LNRA”) entered into a Water Delivery and Conveyance Contract dated May 1, 1980, as amended (“LNRA/Formosa Contract”), under which LNRA agreed to convey up to 41,200 acre-feet of firm, untreated raw water from Lake Texana to Seller, on an annual basis, from an intake structure, pipeline, and pumping system, commonly referred to as the East Delivery System.

Buyer and LNRA entered into a Water Delivery and Conveyance Contract (“LNRA/City Contract”), whereby LNRA agreed to convey up to 31,440 acre-feet of firm, untreated raw water from Lake Texana to Buyer, on an annual basis, from an intake structure, pipeline, and pumping system, which is commonly referred to as the West Delivery System.

Buyer seeks to divert, through the West Delivery System, a portion of the unused volume of firm, untreated raw water made available to Seller by LNRA as agreed in the LNRA/Formosa Contract.

Seller, on a temporary basis, agrees to make available for the diversion, sale, and legal use, a portion of the unused, untreated raw water made available to Seller by LNRA as agreed in the LNRA/Formosa Contract.

In consideration of the above and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties agree as follows:

### **AGREEMENT**

1. **Term.** This Contract shall begin on the Effective Date and end on December 31, 2025 (“Termination Date”) unless otherwise provided in this Contract. The Parties, upon written approval from LNRA, may extend the Contract for a period of one (1) year from the Termination Date.

2. **Early Termination.** Either Party, upon forty-five (45) days written notice to the other Party, may terminate this Contract (“Early Termination”) without penalty.
3. **Use and Quantity of Water; Title.**
  - a. Seller agrees that, during the Term of the Contract, Buyer may divert and use up to 10,000 acre-feet of untreated raw water from Lake Texana made available to Seller from LNRA under the LNRA/Formosa Contract. Buyer shall provide Seller with Buyer’s next three-month planned diversion schedule no later than the third business day of each month. Buyer shall notify Seller and LNRA as soon as reasonably practicable prior to diverting untreated raw water in accordance with this Contract.
  - b. Diversion shall occur at Buyer’s existing point-of-diversion as identified in the LNRA City Contract. Seller agrees that Buyer may use the untreated raw water for all lawful municipal and industrial purposes, both inside and outside Buyer’s city limits. Buyer may divert the water at the rate of diversion authorized by LNRA.
  - c. The Parties understand and agree that LNRA’s Drought Contingency Plan (“DCP”) provides for a pro-rata reduction of water delivery for its water customers, including Seller and Buyer, and is dependent upon the condition of Lake Texana. Buyer understands that LNRA may limit the diversion and transfer of untreated raw water in accordance with the DCP. Seller agrees to apply for variance to request exemption from pro-rata reduction in accordance with LNRA’s DCP. Seller assumes no liability to Buyer as a result of a reduction of water by LNRA in accordance with the DCP. Buyer agrees that Seller is not responsible for any damages resulting from the reduction of water by LNRA in accordance with the DCP.
  - d. The Parties understand and agree that title to and possession of untreated raw water stored in Lake Texana is reserved by and remains with LNRA at all times until the untreated raw water passes through the customer’s flow meter.
4. **Point of Diversion.** Buyer shall divert the untreated raw water transferred under this Contract in accordance with the diversion terms in the LNRA/City Contract.
5. **Measurement of Raw Water.** Measurement of untreated raw water actually diverted, transferred to, and received by Buyer under this Contract, including meter accuracy, testing, and reporting, shall be conducted in accordance with both the LNRA/Formosa Contract and the LNRA/City Contract.
6. **Price of Raw Water; Billing; Minimum Payment.**
  - a. Buyer agrees to pay Seller **\$ 900.00 per acre-foot** for untreated raw water actually diverted, transferred to, and received by Buyer in accordance with this Contract.

- b. Seller shall provide an invoice to Buyer detailing the number of acre-feet of water actually diverted, transferred to, and received by Buyer during the preceding calendar month, along with the amount payable to Seller, on or before the tenth (10) days of the succeeding calendar month. The invoice shall be paid within thirty (30) days of receipt by check made payable to Seller and delivered to the following address:

Formosa Plastics Corporation, Texas  
ATTN: Accounting Department  
101 Formosa Drive  
Post Office Box 700  
Point Comfort, Texas 77978

- c. In the event that Buyer's usage does not exceed 2,500-acre feet during the Term, Buyer shall pay to Seller the difference between 2,500-acre feet and the amount actually diverted, transferred to, and received by Buyer during the Term. Payment shall be made to Seller within thirty (30) days of the Termination Date.

7. **Water Rights; Notification to LNRA.**

- a. The Parties agree that Seller has acquired untreated raw water from LNRA in accordance with the LNRA/Formosa Contract, and that the untreated raw water contemplated under the LNRA/Formosa Contract is not obligated to any other person or party except for Seller. Seller agrees and authorizes LNRA to utilize the untreated raw water to supply Buyer up to 10,000 acre-feet of untreated raw water per calendar year during the Term.
- b. The Parties agree and understand that this Contract is subject to the jurisdiction of the Texas Commission on Environmental Quality ("TCEQ") and its successors, or any other regulatory agency, state or federal, that may have jurisdiction over the Parties. The Parties further agree that either Buyer or Seller may notify TCEQ of this Contract if required by law.
- c. Upon the execution of this Contract, Seller shall provide a fully executed copy to LNRA by certified mail, return receipt requested to the following address:

Lavaca-Navidad River Authority  
ATTN: General Manager  
4631 FM 3131  
Edna, Texas 77957

and by electronic mail to

Patrick Brzozowski, P.E., General Manager  
[pbrzozowski@lnra.org](mailto:pbrzozowski@lnra.org)

8. **Force Majeure.** If either Party is prevented, in whole or in-party, from fulfilling its obligations under this Contract due to any act of God, unavoidable accident, acts of enemies, strikes, fires, floods, conservation of water for those with superior and legal rights to such water, governmental restraint or regulation, other causes of force majeure, or by reason of circumstances reasonably beyond its control, then the obligations of either Party, as provided in this Contract, shall be temporarily suspended during the period of force majeure. Neither Party shall be liable to the other Party by reason of the temporary suspension of delivery of water during a period of force majeure. If a Party's obligation is affected by any of such force majeure, then the affected Party shall notify the other Party in writing, as soon as practicable, indicating the reason for the declaration of the force majeure and the expected duration of the temporary suspension.
9. **Assignment.** Buyer may not assign any portion of this Contract.
10. **Authority to Enter into Binding Agreement.** The Parties represent that they have authority to execute this Contract. The individual signing the Contract has been fully authorized, by ordinance, resolution, or otherwise, to execute this Contract and bind the Party under which it is authorized.
11. **Notices.** Any notice or communication required by the Contract shall be made in writing to the following via overnight delivery or hand delivery:

**To Seller:**

Formosa Plastics Corporation, Texas  
ATTN: General Manager's Office  
201 Formosa Drive  
Point Comfort, Texas 77978

**With copy to:**

Formosa Plastics Corporation, Texas  
ATTN: Legal Services Department  
201 Formosa Drive  
Point Comfort, Texas 77978  
[FTPClegal@ftpc.fpcusa.com](mailto:FTPClegal@ftpc.fpcusa.com)

**To Buyer:**

City of Corpus Christi  
Attn: Director of Water Systems and Support Services  
2726 Holly Road  
Corpus Christi, TX 78415

**With copy to:**

City of Corpus Christi  
Attn: City Attorney  
1201 Leopard Street Corpus Christi, TX 78401  
P. O. Box 9277 Corpus Christi, TX 78469-9277

12. **Regulatory Agencies.** Seller and Buyer agree that this Contract is subject to the jurisdiction of the TCEQ and is dependent upon compliance with the regulations in Title 3, Texas Administrative Code, Chapter 295 and 297, Subchapter J, and its amendments.
13. **Severability.** Should any provision of this Contract be deemed illegal or unenforceable, such unenforceability shall not affect any other provision within the Contract, and this Contract shall be construed as if such illegal or unenforceable provision is not included within the Contract.
14. **Modifications.** Any amendment or modification of this Contract shall be in writing and signed by the Parties.
15. **Venue; Applicable Law.** Venue for any dispute arising under this Contract shall be in the District Courts of Calhoun County, Texas, in accordance with Texas Law.
16. **Budgetary Non-Appropriation.** The continuation of this Contract after the close of any fiscal year of the City, which fiscal year ends on September 30<sup>th</sup> annually, is subject to budget approval and appropriations covering this Contract as an expenditure in said budget, and it is within the sole discretion of the City's City Council to determine whether or not to fund this Contract. The City does not represent that a budget item providing for this Contract will be adopted, as that determination is within the City Council's sole discretion when adopting the budget.
17. **Prior Agreements Superseded; Entire Agreement.** This Contract represents the entire agreement between the Parties and supersedes all prior negotiations, representations, or agreements between the Parties. Any prior agreements between the Parties, oral or written, are superseded with respect to the subject matter of this Contract.

**AGREED AND ACCEPTED:**

**Formosa Plastics Corporation, Texas  
(Seller)**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGMENT**

**STATE OF TEXAS**

**COUNTY OF \_\_\_\_\_**

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, as the \_\_\_\_\_ of Formosa Plastics Corporation, Texas on behalf of the corporation

\_\_\_\_\_  
Notary Public, State of Texas

**City of Corpus Christi  
(Buyer)**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGMENT**

**STATE OF TEXAS**

**COUNTY OF NUECES**

This instrument was acknowledged before me on the \_\_\_\_ day of \_\_\_\_\_, 2025, by \_\_\_\_\_, as the \_\_\_\_\_ of City of Corpus Christi, Texas, a Texas home-rule municipality, on behalf of the City of Corpus Christi.

\_\_\_\_\_  
Notary Public, State of Texas

Attest:

\_\_\_\_\_  
Rebecca Huerta, City Secretary

Approved as to legal form:

By: \_\_\_\_\_  
Assistant City Attorney