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AGENDA ITEM MEMO

BOARD MEETING DATE: April 16, 2026

TO: Board Members

THROUGH: Bryan McMath, Executive Administrator
Ashley Harden, General Counsel
Michael Perez, Assistant General Counsel
Jessica Peña, Deputy Executive Administrator, Water Supply & Infrastructure

FROM: T. Clay Schultz, PhD, Director, Regional Water Project Development
Kevin Smith, Manager, Regional Water Project Development

SUBJECT: Nueces County Drainage District No. 2 General Revenue Grant – Various Projects – TWDB Project No. 21926

ACTION REQUESTED

Consider authorizing the Executive Administrator to execute an agreement with the Nueces County Drainage District No. 2 for a \$4,000,000 grant pursuant to SB 1, 89th Leg., R.S., Article IX, Section 17.18 (6).

BACKGROUND

The Nueces County Drainage District No. 2's (District) service area is subject to frequent flooding primarily due to inadequate drainage canal capacities, flat topography, and water flow constrictions caused by barriers such as roads and railways. Recurring drainage issues require pumping to alleviate flooding. The District needs to address critical flood control improvements impacting the Casa Blanca and Bluebonnet subdivisions, areas in the vicinity of Bosquez Road and Avenue J, and Robstown High School. Proposed improvements include widening of drainage ditches, installation of underground and surface storm drains, upgrades to culverts and detention facilities, and land acquisition to establish drainage easements.

General revenue grant would supplement the District's three existing Flood Infrastructure Fund projects all currently in design phase.

KEY ISSUES

The Legislature specifically directed the Texas Water Development Board (TWDB) to provide funds for the above stated purpose. Consequently, the TWDB may provide funds from the general revenue account without reference to the requirements of other TWDB programs. The conditions necessary to affect the financing are only those necessary

Our Mission

Leading the state's efforts
in ensuring a secure
water future for Texas

Board Members

L'Oreal Stepney, P.E., Chairwoman | W. Brady Franks, Board Member | Ashley Morgan, Board Member
Bryan McMath, Executive Administrator

Board Members

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to protect the interests of the TWDB and document the transaction to the satisfaction of the Executive Administrator.

RECOMMENDATION

The Executive Administrator recommends authorizing the execution of an agreement with the Nueces County Drainage District No. 2 for a \$4,000,000 grant pursuant to SB 1, 89th Leg., R.S., Article IX, Section 17.18.

Attachment:

1. Proposed Resolution (26-)

A RESOLUTION OF THE TEXAS WATER DEVELOPMENT BOARD
APPROVING AN APPLICATION FOR FINANCIAL ASSISTANCE
TO NUECES COUNTY DRAINAGE DISTRICT NO. 2
FROM THE GENERAL REVENUE FUND
THROUGH A GRANT IN THE AMOUNT OF \$4,000,000

(26-)

Recitals:

The 89th Texas Legislature, through House Bill 500, 89th Leg. R.S., Article VI and Senate Bill 1, 89th Leg. R.S., Article IX, appropriated to the Texas Water Development Board (TWDB) an amount not to exceed \$4,000,000 out of the General Revenue Fund for the purpose of constructing flood projects for Nueces County Drainage District No. 2 (District), Texas.

The District seeks financial assistance in the amount of \$4,000,000 in grant funds to finance flood improvements identified as Project No. 21926.

In accordance with its duties and responsibilities under Texas Water Code § 6.012, the TWDB has considered all matters required by law and in particular the instructions of the 89th Legislature.

The TWDB hereby finds that the project is eligible to receive funds in accordance with House Bill 500 and Senate Bill 1.

NOW, THEREFORE, based on these findings, the TWDB resolves as follows:

A commitment is made by the TWDB to Nueces County Drainage District No. 2, Texas for a grant in the amount of \$4,000,000 from the General Revenue Fund. This commitment will expire on June 21, 2027.

Such commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on the District executing a Grant Agreement in a form and substance acceptable to the Executive Administrator.
2. The Grant Agreement must contain a provision that the District agrees to comply with all of the conditions set forth in the TWDB Resolution.
3. The Grant Agreement must contain a provision that the TWDB may exercise all remedies available to it in law or equity, and any provision of the Grant Agreement that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.
4. Financial assistance funds are public funds and, as such, the Grant Agreement must include a provision requiring that these proceeds shall be held at a designated state

depository institution or other properly chartered and authorized institution in accordance with the Public Funds Investment Act, Government Code, Chapter 2256, and the Public Funds Collateral Act, Government Code, Chapter 2257

5. Financial assistance funds shall not be used by the District when sampling, testing, removing, or disposing of contaminated soils and/or media at the project site. The Grant Agreement shall include an environmental indemnification provision wherein the District agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the District, its contractors, consultants, agents, officials and employees as a result of activities relating to the project to the extent permitted by law.
6. Prior to closing, when any portion of the financial assistance is to be held in escrow or in trust, the District shall execute an escrow or trust agreement, approved as to form and substance by the Executive Administrator, and shall submit that executed agreement to the TWDB.
7. Before closing, the District shall submit to the escrow agent a closing memo signed by the Executive Administrator.
8. The District shall submit progress reports with sufficient documentation on costs on a quarterly or monthly basis to allow for the timely distribution of the grant funds.

APPROVED and ordered of record this 16th day of April 2026.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator