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AGENDA ITEM MEMO

BOARD MEETING DATE: January 22, 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
William Alfaro, Manager, Regional Water Project Development

SUBJECT: City of Corpus Christi General Revenue Grant – Nueces River Groundwater Wells Project – Project No. 21912

ACTION REQUESTED

Consider authorizing the Executive Administrator to execute an agreement with the City of Corpus Christi for a \$30,000,000 grant pursuant to Senate Bill No. 1, 89th Legislative Regular Session, Article IX, Section 17.18 (4).

BACKGROUND

The City of Corpus Christi (City) and surrounding communities face increasing water supply challenges due to population growth, industrial demand, and persistent drought conditions. The region relies heavily on surface water from the Nueces River, which is vulnerable to reduced inflows during extended dry periods. A diversified water supply strategy is essential to ensure long-term reliability and resilience for municipal, industrial, and wholesale customers.

The City proposes the Nueces River Groundwater Wells Project, a two-phase initiative to supplement existing surface water supplies with groundwater production and improve drought resilience. Phase One will develop eight groundwater wells near the Nueces River to enable the existing Nueces River Pumping Station to deliver an additional 10 million gallons per day (MGD) of raw water using existing infrastructure to accelerate implementation and reduce capital costs. Phase Two will expand capacity by acquiring property for a second well field, drilling additional wells, and constructing conveyance infrastructure to integrate groundwater into the raw water network, adding 24 MGD for a total project yield of 34 MGD. The project supports the City’s long-term strategy to reduce reliance on surface water during drought and enhance system redundancy across the region.

[Our Mission](#) : [Board Members](#)

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

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

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 the 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 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 City of Corpus Christi for a \$30,000,000 grant pursuant to Senate Bill No. 1, 89th Legislative Regular Session, 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 THE CITY OF CORPUS CHRISTI
FROM THE GENERAL REVENUE FUND
THROUGH A GRANT IN THE AMOUNT OF \$30,000,000

(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 \$30,000,000 out of the General Revenue Fund for the purpose of constructing a water supply project for the City of Corpus Christi (City), Texas.

The City seeks financial assistance in the amount of \$30,000,000 in grant funds to finance water supply improvements identified as Project No. 21912.

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 City of Corpus Christi, Texas for a grant in the amount of \$30,000,000 from the General Revenue Fund. This commitment will expire on August 31, 2027.

Such commitment is conditioned as follows:

Standard Conditions:

1. This commitment is contingent on the City executing a Grant Agreement in a form and substance acceptable to the Executive Administrator.
2. The Grant Agreement must contain a provision that the City 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 City 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 City 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 City, 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 City 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 City shall submit to the escrow agent a closing memo signed by the Executive Administrator.
8. The City must immediately notify TWDB, in writing, of any suit against it by the Attorney General of Texas under Texas Penal Code § 1.10(f) (related to federal laws regulating firearms, firearm accessories, and firearm ammunition).
9. The City 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 22nd day of January 2026.

TEXAS WATER DEVELOPMENT BOARD

L'Oreal Stepney, P.E., Chairwoman

DATE SIGNED: _____

ATTEST:

Bryan McMath, Executive Administrator