

September 23, 2025



Bruce Hill  
Evangeline/Laguna LP (“**Evangeline**”)  
511 Broadway St  
San Antonio, Texas 78209  
[bruce@hillassoc.net](mailto:bruce@hillassoc.net)

RE: Term Sheet for the Purchase of Fee Simple Ownership of Certain Groundwater Rights – Subject to City Council Approval

PO Box 9277  
Corpus Christi  
Texas 78469-9277  
[www.corpuschristitx.gov](http://www.corpuschristitx.gov)

Dear Mr. Hill:

The City of Corpus Christi (the “**City**”) submits this non-binding proposal to purchase fee simple ownership of the groundwater rights (the “**Groundwater Rights**”) on, in, and under the 22,789 acres, more or less, in San Patricio County, more generally illustrated in the attached **Exhibit A** (the “**Property**”).

3. Purchase Price The purchase price to be paid by the City for the Groundwater Rights is **\$7,437 per acre** for a total purchase price not to exceed \$169,491,700.00 (equivalent to \$5,950 for 28,486-acre foot of permitted groundwater production). The Purchase Price will be subject to reduction based on the final amount of permitted groundwater to be obtained in the Permits (defined below) obtained as provided below.
4. Earnest Money. Upon the parties’ execution of the contract, the City will deposit **\$500,000.00** as initial earnest money within three business days with Mission Title (the “**Title Company**”) as escrow agent. Upon expiration of the Inspection Period (defined below) and provided the City has not terminated the contract during the Inspection Period, the City will deposit into escrow **\$3,250,000.00** additional earnest money within three business days after the end of the Inspection Period. Unless the contract is terminated by the City prior to expiration of the Inspection Period, the earnest money will be non-refundable to the City, except in the event of termination of the contract as a result of either a default by Evangeline, or Evangeline’s inability to satisfy the conditions to closing described herein. The earnest money will be applied as a credit toward the purchase price at closing, or it will be refunded to the City if the City terminates the contract before the end of the Inspection Period or if the transaction does not close because Evangeline fails to satisfy the Closing Conditions (defined below) during the Permit Period (defined below).

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1 “Groundwater Rights” means “The Groundwater, together with all associated rights related to the Groundwater including but not limited to the right to capture, explore for, drill for, develop, withdraw, produce, store, treat, transport and/or otherwise beneficially use such Groundwater. The term “Groundwater” means “All of the underground water, percolating water, artesian water, and any other water from any and all depths and reservoirs, formations, depths and horizons beneath the surface of the Real Property, excluding underflow or flow in a defined subterranean channel, and as defined by Section 36.001 (5) of the Texas Water Code.”

3. Inspection Period. Evangeline will grant the City the right to conduct its surveys and investigations as provided below and an option to terminate the purchase agreement within 60 days of the parties' execution of the contract ("**Inspection Period**"). In addition to the \$500,000.00 of initial earnest money deposited with the Title Company as set forth in Section 4 above, the City will pay Evangeline **\$500,000.00** for an option fee, payable within five days of the effective date of the contract. The option fee is consideration for the City's unrestricted right to terminate the contract during the Inspection Period, is non-refundable to the City, but will be applied to the purchase price if and when the City closes on the acquisition of the Groundwater Rights.
  - (a) During the Inspection Period, the City will conduct such physical inspections and title review of the Property and the Groundwater Rights (including review of the Surface Use Agreements) as the City deems necessary in order to satisfy itself that there are no encumbrances to surface use that unreasonably impair the City from efficiently developing the wellfield. Unreasonable impairments include, but are not limited to, encumbrances that prevent the City from exploring and testing for groundwater, drilling at least 22 new groundwater wells on the Property, at locations chosen by the City's hydrogeologist, installing efficient and effective collection and conveyance pipelines, installing electricity and accessing City facilities for installation and maintenance at locations that can efficiently and effectively service the wellfield. The Inspection Period, and the City's unrestricted right to terminate the contract, may be extended by the City, in the City's sole discretion, for up to an additional 60 days by delivering written notice to Evangeline prior to expiration of the then-current Inspection Period. In such event, the initial earnest money deposit of \$500,000 will immediately become an additional non-refundable option fee, except in the event of termination of the contract as a result of a default by Evangeline but will remain applicable to the purchase price at closing.
  - (b) During the Inspection Period, the City will satisfy itself that it will have all necessary easements and rights-of-way over, on, and in the Property, including all necessary sanitary control easements, sufficient to allow reasonable and necessary access for the City to test, explore for, drill for, develop, withdraw, capture, treat, transport groundwater, and to drill, complete, operate, repair, maintain, and replace groundwater wells, and to construct and maintain all collection lines, transmission lines, pump stations, utility lines, and other facilities necessary for the City to have unimpaired use, and quiet enjoyment of, the Groundwater Rights.
  - (c) The quality and quantity of groundwater confirmed by the City's hydrogeologist during the Inspection Period.
  - (d) Evangeline will provide to the City materials and work product prepared by Evangeline's hydrogeologist, Steve Young, in connection with the Groundwater Rights, and Steve Young can be made available on a non-exclusive basis to answer questions and provide supporting materials concerning such work product.

- (e) City will have access to the Property at reasonable times, subject to applicable access restrictions in the Surface Use Agreements, to perform studies and to assess conditions, resources, and City's future production, transport, and use of the Groundwater and any other exercise of the Groundwater Rights. Such access will be done with prior notice to Evangeline and the surface owners as required by applicable access restrictions and performed in a manner to minimize interruptions of existing activities on the Property.
- (f) ALTA Survey of the Property may be obtained (at City's expense) showing Property boundaries, existing pipeline easements, electric easements, land use restrictions and other encumbrances.
  - Evangeline will provide to the City at no expense to the City a complete copy of all survey related materials produced for Evangeline by Pape Dawson in connection with the Groundwater Rights.
- (g) Evangeline will use best efforts to provide a copy of all hunting, agricultural, or other leases or agreements authorizing the use of the surface of the Property that are not identified in the title commitment for the Groundwater Rights, as well as an affidavit by the owners of the surface estate of no oral leases or agreements of the surface or subsurface of the Property.
- (h) The City will be authorized to conduct a Phase 1 (and possible Phase 2) environmental site assessment (at City's expense) to be completed during the Inspection Period and will give all further assurances to the City for reasonable access to the Property to conduct such work in a timely manner.
  - Right to enter property and conduct boring and sampling of the soil and water.
- (i) Evangeline must provide:
  - Any notices actually received by Evangeline from any regulatory agency with jurisdiction regarding environmental contamination or the presence of hazardous or toxic materials on the Property.
  - The reports of any Phase I or Phase II Environmental Assessments conducted by Evangeline on the Property, if any.
- (j) The City will satisfy itself during the Inspection Period that there is no material interference from oil and gas or other mineral leases on the Property. Evangeline will provide to the City a map previously prepared for Evangeline of all known oil and gas wells on the Property. Evangeline further agrees to use best efforts to provide to the Title Company any required affidavits concerning production or non-production in connection with oil & gas leases affecting the Property in order to determine which such leases remain in effect.

4. Permit Period. Within 60 days from the execution of the contract, Evangeline will apply for and, within the later to occur of: (a) 180 days after the effective date, or (b) 60 days after the end of the Inspection Period (the “**Permit Period**”), Evangeline will exercise its best efforts to secure, from the San Patricio County Groundwater Conservation District (the “**District**”) (1) all permits required under the District’s rules for drilling a total of 22 new groundwater wells on the Property of sufficient design to produce water for municipal use, (2) approval for the assignment to the City of that certain Water Well Production Permit issued in the name of Evangeline dated May 16, 2019, and renewed on January 21, 2025, and (3) to the extent it is required by the City, a transportation permit authorizing the transport of 28,486 acre feet per year of Groundwater outside the boundaries of the District for use within the City’s service area (collectively, the “**Permits**”). The Permits shall be final and non-appealable and allow sufficient time of not less than three (3) years for the City to develop and drill the wellfield.
  - Evangeline will be responsible for procuring the Permits and the City agrees to assist as needed to obtain the Permits but will not participate in costs to obtain the Permits.
  - To the extent that the number of acre feet per year of Groundwater in such Permits is reduced from 28,486 acre-feet as stated in Section 1 above, the Purchase Price shall be reduced proportionately based on \$5,950 per acre foot.
5. Closing Conditions. Evangeline agrees to deliver, at closing the following items (collectively, the “**Closing Conditions**”):
  - (a) Evangeline delivering to the City at closing good and indefeasible fee simple title to all Groundwater Rights on, in, and under the Property, with no right of reversion.
  - (b) Evangeline delivering to the City at closing a Special Warranty Groundwater Deed conveying fee simple interest in the Groundwater Rights subject only to customary permitted exceptions and matters of record to be determined as part of the City’s title review contingency under the contract.
  - (c) Evangeline delivering to the City at closing a bill of sale conveying all rights in and to all groundwater wells, pumps, motors, well casing, and related equipment drilled, completed, constructed, and installed on the Property and owned by Evangeline in connection with the Groundwater Rights.
  - (d) Evangeline assigning to the City all rights to the Surface Use Agreements held by Evangeline providing for use of the surface of the Property for development of the Groundwater Rights.
  - (e) Evangeline buying and paying the base premium for an Owner’s Title Insurance policy for the Groundwater Rights based on the amount of the purchase price for the Groundwater Rights.

- Evangeline must deliver the Title Commitment to the City within 10 days of the effective date of the contract. The Title Commitment shall show all matters of record in San Patricio County that affect the Groundwater Rights.
6. Closing. The closing shall occur 60 days after Evangeline obtains the required Permits. Evangeline additionally shall satisfy all of the required Closing Conditions provided above at the closing. In the event that the parties fail to close due to a failure by Evangeline to obtain the Permits required above by the expiration of the Permit Period, the Earnest Money (less the \$500,000 non-refundable option fee to be released to Evangeline if the City elects to extend the Inspection Period as provided in Section 3(a) above; which amount, together with the initial \$500,000.00 option fee paid to Evangeline pursuant to Section 3, constitutes a total of \$1,000,000.00 of option fees to be retained by Evangeline) will be released to the City. If the contract is terminated as a result of Evangeline's default, the Earnest Money will be released to the City, and Evangeline shall reimburse the City all of the non-refundable option fees provided above, less the sum of \$10,000.00, which shall be deemed the non-refundable consideration for the purposes of the contract.

These terms, among others, will be reflected in a contract to be drawn up if the parties are in agreement as to these basic terms. The City will present the contract to City Council for appropriation after receipt of a property appraisal for the surface of, and all rights appurtenant to, the Property, including the Groundwater Rights. **This offer is not binding on the City until it has been approved and accepted by the City of Corpus Christi City Council.**

**THE CITY AND EVANGELINE ARE NOT LEGALLY BOUND TO ENTER INTO THE TRANSACTION DESCRIBED HEREIN UNLESS AND UNTIL A CONTRACT IS EXECUTED BY BOTH PARTIES.**

Agreed:

**Evangeline/Laguna LP,**  
a Texas limited partnership

By: Evangeline/Laguna GP, LLC



Peter Zaroni, City Manager  
City of Corpus Christi



[Bruce Hill \(Sep 24, 2025 16:20:04 CDT\)](#)

Bruce H.C. Hill, Manager

### Exhibit A – Map of Property

