

**MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF
LAKE LIVINGSTON WATER SUPPLY CORPORATION**

February 26, 2026

A regular meeting of the Board of Directors of Lake Livingston Water Supply Corporation (hereinafter called "LLWSC") was called to order at 10:00 a.m. on February 26, 2026, at the office of LLWSC located at 1930 North Washington, Livingston, Texas. Board Members in attendance were as follows: John Sexton, Carolyn Ordner, George Harris, Christi Allen, Phillip Waller, Michael McDuffie and John Long.

Other people attending the meeting were: Kim Click, Zuni David, Phillip Everett, Adrena Gilbert, Rebecca McMahon and Scott Paske (LPD).

The items of business to be considered and transacted during the meeting are as follows:

Agenda Item No. 1: Call to Order

Mr. Sexton asked if a quorum from the Board of Directors was present. Christi Allen, Secretary, confirmed that a quorum was present.

Agenda Item No. 2: Pledge of Allegiance and Prayer

Pledge of Allegiance led by Carolyn Ordner and prayer by John Sexton.

Agenda Item No. 3: Public Comment

Public Comments were made by Darryl Russell from Paradise Acres.

Agenda Item No. 4: Reading and action on Past Meeting Minutes

Reading was waived of January 22, 2026; Regular meeting minutes; they were reviewed and approved. A **motion** to approve the minutes was made by Christi Allen and seconded by Carolyn Ordner. Motion passed by the voting of all directors.

Agenda Item No. 5: Consideration and action, if necessary, on the following:

No items for consideration and/or action.

Agenda Item 6: Report to the board by the following:

- Kim Click, General Manager – reported on the following:
 - SPI Updates
 - Approval has been received to relocate the pressure tank from Indian Springs, Baker Plant to the Old Don plant site.
 - Received approval for the new 63,200-gallon ground storage tank at Wiggins Village #1. This one tank will replace the two existing tanks.
 - Approval for the standpipe mixer at Lake Livingston Estates 4 & 5 has been received. This will cut down on the flushing.
 - The 356-transmission line project is 55 % complete.

- A quote to relocate the 4" main at Paradise Acres section 1 is estimated at \$70,000. This line runs across the corner of the lake and under boat storage building. In a few weeks Kim will have a meeting with SPI and if necessary, we can go out for additional bids.
- Tanks/Wells
 - The well at Sandy Ridge has been pulled and the pump and motor have been replaced.
 - The electrical control panel, new wiring and installation of a new site glass has been upgraded to complete the tie in for the new pressure tank installed at Wiggins Village #1.
- Plant inspections
 - Inspections were conducted at Lake Livingston Estates 1 & 2 with no violations. A noted concern at LLE1 was the interior inspection of the pressure tank that needs to be done. Currently the tank sits up against the fence restricting access to the manway. The tank will be turned around to allow access for inspection and refurbishing. The other concern was that the top row of barbed wire was loose and had been repaired. LLE 2 only issue was the ortho phosphate label was faded and has been replaced with a new label.
 - Inspections at Indian Springs and Wild Country were conducted with no violations or concerns noted.
- Surface Plants
 - Both the East and North Surface Treatment Plants are operating with no issues.
- General
 - A quote to remove the ground storage tank, aerator and tower, pressure tank, propane tank, and old chlorine building from Paradise Acres Old Plant site was received. The cost will be \$12,000.00. The concrete pump room will remain on site. The propane tank and possibly other equipment removed will be refurbished or hauled off.
 - The refurbishing of pressure tanks and ground storage tanks will continue.
- Zuni David, Chief Financial Officer – reported on the following:
 - Net cash for January 2026, \$ 1,882,387.00
 - See attached Financials.
- Phillip Everett, Field Superintendent – reported on the following:
 - Line loss has improved some with the discovery of several major leaks throughout the system. They were reported by customers and have been repaired. Installing valves will continue and will help in finding leaks.
 - Work Order and Line Loss reports attached.
- Rebecca McMahon, Attorney-at-Law, new legislative updates.
 - She reintroduced herself to the Board and advised she would be taking over as legal counsel since the passing of Mr. John Stover.
 - 2025 Legislative Session
 - There were over 9,000 bills total.

- 1,300 were sent to the Governor's desk
- Water bills given priority during Special Session
- Bills passed/approved by voters which affect Water Supply Corporations.
 - SB7-joint state planning, increased public grants, updates regulations for Texas Water Fund and governs Prop 4 revenue.
 - Prop 4 a constitutional amendment approved by Texas voters on November 4, 2025. It dedicates up to \$1 billion per year from existing state sales tax revenue to the Texas Water Fund for 20 years (FY 2028-2047).
 - An explanation of how the funding will work and financial assistance programs that will be available.
 - See attached 2025 Legislative Update.

Agenda Item No. 7: Board Policy Discussion – revision/addition new LLWSC policies.

Nothing to report.

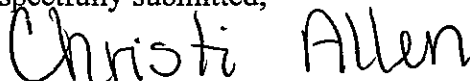
Agenda Item No. 8: Executive Session, if necessary, to consult with Attorney regarding pending or contemplated litigation, settlement offers, or any matter in which the Board may seek the advice of its attorney under Government Code §551.071; and to discuss personnel matters, pursuant to Government Code §551.074; and will reconvene in open session for any necessary action on any matter considered in Closed Session.

No closed session was held.

Agenda Item No. 8: Adjournment.

A **Motion** to adjourn was made by George Harris and the motion was seconded by Michael McDuffie. The motion passed by the voting of all Directors. Meeting concluded at approximately 10:30 a.m.

Respectfully submitted,



CHRISTI ALLEN, Secretary, Board of Directors
Lake Livingston Water Supply Corporation

Lake Livingston Water Supply Corp.
Cash Flow Statement
January 2025 - 2026 Comparison

<u>Inflows from Operations</u>	<u>2025</u>	<u>2026</u>	<u>Available Funds</u>	<u>2025</u>	<u>2026</u>
Cash Received from Customers	551,001	591,405	O & M Ending Balance	579,956	919,859
Tap Fees	14,500	12,100	Electronic Funds	14,081	6,523
Sale of Surplus Equipment/Vehicles	-	-	Construction	373,156	880,503
Sale of Real Estate	-	-	Total Cash Avail.	967,193	1,806,885
Interest, Refunds/ Rebates	1,238	1,729			
Miscellaneous Cash Received	14,003	17,056	Other Outflows	Current Month	Total Year to Date
Total Cash Received	580,742	622,290	Co Bank Loan	12,552	12,552
			T W D B Reserves	4,740	671,633
Outflows	2025	2026	Spent Funds Total	17,292	684,185
Payroll	195,554	179,154			36,427
Electrical	18,223	18,981	Expected Funds Acct.	10,000	23,757
Chemical	17,426	16,886	Sinking Fund	92,100	212,215
Maintenance of existing facilities	54,305	56,125	Holding Comm. Total	102,100	235,972
Maintenance of vehicles/equipment	6,032	5,942			102,000
Insurance - Medical	49,851	37,405			233,748
Insurance- Vehicles & Property	9,000	9,000			
Fuel	7,232	6,958			
Operators tools & supplies	9,442	1,450			
Water & Raw Water	7,343	7,343			
Office supplies	846	-			
Comp./Equip. O&M including software	5,863	5,484			
Postage	54	1,500			
Interest	14,575	16,174			
Director fees	2,649	3,359			
Engineering fees	8,210	-			
Legal fees	600	703			
Utilities	4,721	4,186			
Miscellaneous expenditures	39,584	32,999			
Lab Fees	3,899	4,712			
Total Cash Outflow from Operations	455,409	408,361			
Total Cash Surplus from Operations	5,941	75,502			
Net Cash Surplus or (Deficit)	973,134	1,882,387			

2026	
TOTAL CASH RECEIVED:	622,290
TOTAL CASH AVAILABLE:	1,806,885
SPENT FUNDS TOTAL:	(36,427)
HOLDING COMM. TOTAL:	(102,000)
TOTAL CASH OUTFLOW	(408,361)
NET CASH TOTAL	1,882,387

2025	
TOTAL CASH RECEIVED:	580,742
TOTAL CASH AVAILABLE:	967,193
SPENT FUNDS TOTAL:	(17,292)
HOLDING COMM. TOTAL:	(102,100)
TOTAL CASH OUTFLOW	(455,409)
NET CASH TOTAL	973,134

January 2025-2026
MISC DETAIL SHEET

MISC REVENUE	2025	2026	DIFF
40050 WATER REV OTHER	1,031	1,835	(804)
40100 EQUITY BUY IN FEE	8,400	4,200	4,200
40205 LATE FEES	-	8,247	(8,247)
40210 METER RELOCATION FEE	-	-	-
40250 NON-PAY DISCONNECT FEE	3,400	3,600	(200)
40295 RETRUN CHECK FEES	1,095	1,015	80
45000 OVRAGE & SHORTAGE	(6)	90	(96)
48000 MISCELLANEOUS INCOME	-	-	-
48500 VENDING MACHINE SALES	83	69	14
TOTAL	14,003	17,058	(3,053)

MISC EXPENSES	2025	2026	DIFF
53000 GENERATOR FUEL	5,672	5,814	(242)
53010 GENERATOR MAINTENACE	8,082	6,300	1,782
54000 CUSTOMER RELATIONS	-	-	-
54500 WATER PRODUCTION FEES	46	40	8
55000 OTHER DIRECT COSTS	-	-	-
58010 BANK FEES	120	106	14
58015 ELECTRONIC PAYMENTS	2,413	2,418	(5)
58035 CONTINUOUS EDUCATION	518	2,080	(1,562)
58040 DUES & SUBSCRIPTIONS	8,278	450	5,828
58097 COMMITMENT FEES (COBANK)	86	194	(108)
58110 ADMINISTRATIVE SERVICES	5,341	5,540	(199)
58113 CONSULTANT SERVICES	-	-	-
58118 FINANCIAL & AUDIT SERVICES	-	-	-
58125 OPERATIONAL FEES	2,732	1,560	1,172
58130 MEALS	-	-	-
58134 PAPER	546	360	186
58140 PENALTIES & FINES	-	-	-
58150 PROPERTY FEES - POA	1,021	991	30
58165 RENT - EQUIPMENT	2,843	3,800	(1,057)
58170 REPAIRS & MAINTENANCE	-	-	-
58195 FLOWER FUND	111	-	111
58220 TRAVEL	-	-	-
58225 UNIFORM SERVICES	3,858	2,938	720
58250 OTHER EMPLOYEE BENEFITS	119	133	(14)
58251 EMPLOYEE RECOGNITION	-	75	(75)
TOTAL	39,584	32,999	6,585

CoBank Loans Payment Tracking

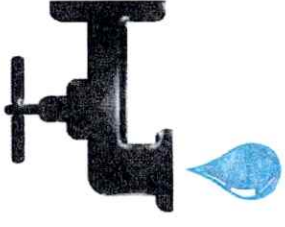


January 2026

PRINCIPAL PAID		PRINCIPAL BALANCE		
				T03
1/30/2026	12,835		38,306	
<u>T03 Loan</u>				
Effective date: 04/30/2014				
Maturity date: 04/20/2026				
Principal Paid: 12,835				
Principal Balance: 38,306				

PRINCIPAL PAID		PRINCIPAL BALANCE		
				T04
1/30/2026	18,852		1,046,491	
<u>T04 Loan</u>				
Effective date: 02/26/2025				
Maturity date: 02/20/2030				
Principal Paid: 18,852				
Principal Balance: 1,046,491				

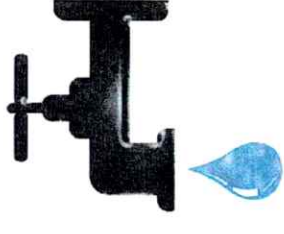
TWDB Bonds Tracking – January 2026



DUE DATE	AMOUNT	DETAIL
6/1/2026	41,427	2013 SEMI ANNUAL
12/1/2026	211,427	2013 ANNUAL
12/1/2026	855,000	2007 ANNUAL
<hr/>		
	<u>1,107,854</u>	REMAINING BALANCE AS OF 01/31/2026
		11,649,163

**CoBank + TWDB bonds = 12,733,960 as of 01/31/2026.





Budget/Actual Comparison January 2026

ACCOUNT DESCRIPTION	MONTHLY		MONTHLY		YEARLY	
	DIFFERENCE	PERCENT	DIFFERENCE	PERCENT	DIFFERENCE	PERCENT
WATER REVENUE	31,405	6%	31,405	6%	31,405	6%
OTHER REVENUES	(5,622)	-15%	(5,622)	-15%	(5,622)	-15%
<u>TOTAL REVENUES</u>	25,783	4%	25,783	4%	25,783	4%
TOTAL EXPENSE	(62,238)	-11%	(62,238)	-11%	(62,238)	-11%
<u>NET INCOME</u>	88,021	390%	88,021	390%	88,021	390%



Completed Work Orders

January 2026
Totals Line Loss

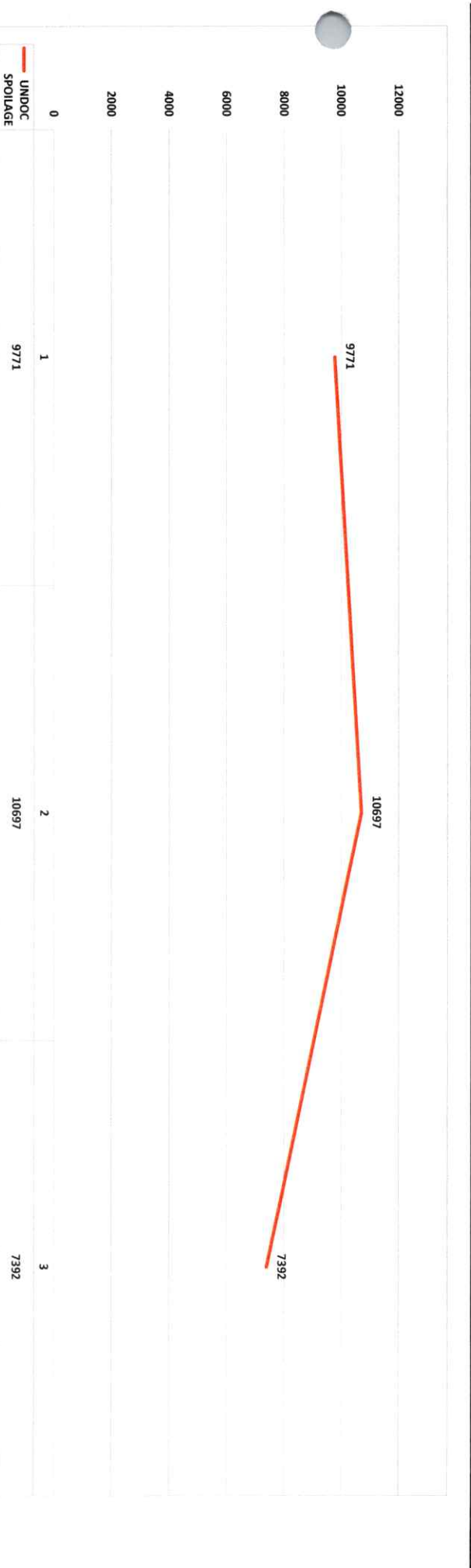
Description

Short\Long Tap	16	
Meter Leak	10	10
Misc. Repair	26	
Test Meter	0	
Change Meter	63	
Flush Valve Repair	28	0
Flush Valve Install	1	0
1\2" Leak	0	0
3\4" leak	22	22
1" Leak	11	11
1\1\4" Leak	2	2
1\1\2" Leak	10	10
2" Leak	90	90
2\1\2" Leak	1	1
3" Leak	4	4
4" Leak	13	13
6" Leak	3	3
8" Leak	0	0
Clean Up	0	
Lower Lines	0	
Line Locates	147	
Look For Leaks	0	
Water Line Install	0	
Flush Code (A,B,C)	11	
Retap	33	
Occupant Change	0	
Reconnect Nonpay	0	
Disconnect Nonpay	50	
Disconnect Per Customer	17	
Disconnect NSF	1	
Possible Illegal	6	
Pull Idle	0	
ReRead Per Meter Sheet	289	
ReRead Per Customer	2	
Building Repair	0	
Pull & Plug Well	0	
Pressure Tank Repair \Install	3	
GST Repair	0	
A\C Repair \Install	0	
Cl2 Gas Repair	2	
Chemical Pump Repair	0	
Well Repair	0	
Booster Pump Repair\Install	1	
Control Repair	0	
Electrical Repair	1	
Site Glass Repair	3	
Master Meter Replacement	0	
total	866	166

LAKE LIVINGSTON WATER SUPPLY CONSUMPTION / LOSS TREND

2025

	October - 2025	November - 2025	December - 2025	PERCENTAGE
CONSUMPTION	43875	39292	20819	OCT - 50% - 22% - 8% -20% - 00%
UNDOC SPOILAGE	9771	10697	7392	NOV - 47% - 27% - 10% -16% - 00%
DOC SPOILAGE	8786	6313	10518	DEC - 49% - 17% - 9% -25% - 00%
FLUSHING	3515	3763	4058	Undocumented Average = 22.00 %
BACKWASH	0	0	0	
CONSUMPTION	UNDOC SPOILAGE	DOC SPOILAGE	FLUSHING	BACKWASH





2025 Legislative Update

Lake Livingston Water Supply Corporation



2025 Legislative Session

- Over 9,000 total bills
- 1,300 were sent to the Governor's Desk
- Water bills given priority during Special Session
 - 2027 session – promises of big statutory changes
- Most Significant Bills Passed/Approved by Voters:
 - SB7 – joint state planning, increased public grants, updates regulations for Texas Water Fund and governs Prop 4 revenue
 - Prop 4

Texas Water Challenges

31M → 50M

Texas population growth by 2070

\$154B

Needed over 50 years to upgrade aging water systems

~3,000

Boil water notices per year across Texas

\$165B

Annual GDP at risk by 2050 without action on drought

What is Proposition 4?

Proposition 4 is a constitutional amendment approved by Texas voters on November 4, 2025. It dedicates up to \$1 billion per year from existing state sales tax revenue to the Texas Water Fund for 20 years (FY 2028–2047).

\$1B
Per Year
for 20 Years if Threshold Met

0
New Taxes
Created

\$46.5B
Sales Tax
Threshold

10
TWDB Programs
Funded

Enabling Legislation: House Joint Resolution 7 (HJR 7) + Senate Bill 7 (SB 7), 89th Texas Legislature

How the Funding Works

1

Sales Tax Collected

Texas collects 6.25% state sales tax on goods and services

2

Threshold Met

Once annual collections exceed \$46.5B, excess is eligible

3

Up to \$1B Directed

First \$1B above threshold goes to Texas Water Fund

4

TWDB Distributes

Funds allocated to 10 programs via grants and loans

Key Conditions: Funding must be appropriated by the Texas Legislature each session. Allocation may be suspended during a declared state of disaster. The Legislature cannot change the allocation law for the first 10 years.

10 TWDB Financial Assistance Programs

- 1 New Water Supply Fund**
Desalination, reuse, reservoirs, aquifer storage
- 2 SWIFT**
State Water Implementation Fund for Texas
- 3 Flood Infrastructure Fund**
Stormwater, drainage, flood warning systems
- 4 Ag Water Conservation**
Irrigation efficiency, agricultural resilience
- 5 EDAP**
Economically Distressed Areas Program
- 6 Rural Water Assistance**
Low-cost financing for rural utilities
- 7 State Participation**
TWDB co-ownership in regional projects
- 8 Water Loan Assistance**
Grants & loans for water loss reduction
- 9 TX Water Dev. Fund**
Loans for supply, flood, wastewater
- 10 SRF (Clean/Drinking)**
State Revolving Fund programs

Water Supply Programs (#1 and #2) must receive a minimum of 50% of all funds.

Water Supply Programs (Minimum 50% of Funds)

New Water Supply Fund (WSC not eligible)

Goal: 7 million acre-feet of new supply by 2033

- Marine and brackish desalination
- Water reuse and recycling
- Produced water treatment (oil & gas)
- Aquifer storage and recovery
- Permitted reservoir development
- Out-of-state water acquisition
- Water conservation & loss mitigation

Eligible: Political subdivisions only

SWIFT (WSC eligible)

State Water Implementation Fund for Texas

- Funds projects producing additional water supply during drought conditions
- Links long-term water planning with incentivized financing mechanisms
- Projects must be in the State Water Plan
- Existed before Prop 4 — now receives dedicated annual funding from the Water Fund

Eligible: Political subdivisions & nonprofit WSCs

Other TWDB Funds

Remaining funds support rural communities, flood protection, and aging infrastructure

Flood Infrastructure Fund (not WSC eligible)

Stormwater systems, nature-based flood solutions, early warning systems, drainage, property acquisition in flood-prone areas

EDAP (Economically Distressed Areas)

Grants and loans for first-time water/wastewater services, upgrades to supply and treatment in underserved communities

Water Loan Assistance Fund

Grants and low-interest loans for water conservation and water loss reduction; communities under 150,000 population

Agricultural Water Conservation

Irrigation efficiency, agricultural resilience to extreme weather, innovation in agricultural water use

Rural Water Assistance Fund

Low-cost financing for rural water and wastewater construction; serves rural political subdivisions and nonprofit WSCs

TX Water Dev. Fund / SRF Programs

Loans for regional wastewater, flood mitigation, water quality; Clean Water and Drinking Water State Revolving Funds

Water Supply Corporations

ELIGIBLE

- SWIFT** — WSCs with bond-issuing ability
- EDAP** — Grants and loans for distressed areas
- Rural Water Assistance** — Low-cost financing
- TX Water Development Fund** — At taxable rates
- Drinking Water SRF** — Public & private systems
- Water Loan Assistance** — Conservation & water loss

NOT ELIGIBLE

- New Water Supply Fund** — Political subdivisions only
- State Participation** — Political subdivisions only
- Flood Infrastructure Fund** — Political subdivisions only

Implementation Timeline



Current TWDB programs (DFund, SWIFT, SRF) are accepting applications now for existing funding. The initial \$1B (2023) and additional \$2.5B (2025 session via HB 500) are already being distributed.