**Legacy Water Supply Corporation**
**Special Meeting**
**MINUTES**
**January 22, 2026 at**
**11:00 a.m. CST**
**1089 Webb Road**
**Laredo, TX 78045**

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1. **Call to Order and Roll Call:**

    a. David Earl called the meeting to order at 11:12 a.m. CST.

    b. Directors Present: Kathleen "Kandy" Walker, Melissa Johnson; Chris Arthur; and Raul Leal.

    c. Others Present: David L. Earl & Megan Earl with Earl & Associates, P.C., General Counsel for the Corporation; Tom Sage with Hunton Andrews Kurth LLP, Bond Counsel for the Corporation; Jordan Wise with Project Control; Kyle Koonce; James P. Walker Jr.; and Gene Lindgren.

2. **Determine Quorum**: A quorum was present.

3. **Public Comments**: There were no public comments.

4. **Public Hearing(s)**: None.

5. **Consent:** The following item(s) may be acted upon in a single motion. No separate discussion or action on any of these item(s) will be held unless pulled at the request of a member of the Board:

    a. Consider approval of the Minutes of the following Legacy Water Supply Corporation Meeting(s):

        *i.* January 13, 2026.

            1. *Kathleen "Kandy" Walker made a motion to approve the January 13, 2026, Legacy Water Supply Corporation Meeting Minutes. Melissa Johnson seconded the motion. The motion was unanimously approved and carried.*

6. **Action/Discussion Items:**

    a. Receive status updates on construction and permitting activities related to the Corporation's Interim and Permanent Water Supply Project from Project Control;

i. *Jordan Wise with Project Control provided background on Agenda Item 5(a) and stated that conditional permit approval for wastewater treatment plant has been acquired from TCEQ; TCEQ has approved the permit for the Pilas-Carrizo Well #1; DN Tanks has broken ground for underground storage tanks; and TSG has delivered RO Units, Calcite Tanks, Offices, and other Miscellaneous Equipment. No further action was required by the Board.*

b. Receive status updates on pursuit of state and federal grants and other funding for Regional Wholesale Water Project from General Counsel, Gene Lindgren, and Bond Counsel;

i. *Gene Lindgren and General Counsel provided detailed background on Agenda Item 5(c) and discussed the Corporation's Texas Water Development Board 'D-Fund' Application. Other funding sources such as the North American Development Bank, US Army Corps or Engineers, and other funding sources were also discussed. No further action was required by the Board.*

c. Receive briefing on and act considering approving and ratifying a Preliminary Engineering Report for the Webb County Regional Water Project prepared by Colliers Engineering & Design;

i. *General Counsel provided background on Agenda Item 5(c) and discussed the feasibility of the Engineering Report. Melissa Johnson made a motion to approve the Preliminary Engineering Report. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

d. Consider and take possible action adopting and approving "A RESOLUTION by the Board of Directors of the Legacy Water Supply Corporation requesting financial participation from the Texas Water Development Board ("TWDB"); authorizing the filing of an application for financial participation; and making certain findings in connection therewith" (TWDB-0201A Resolution);

i. *General Counsel provided background on Agenda Item 5(d).*

*At 11:22 a.m. CST, the Board held a two (2) minute recess from the Meeting due to connectivity issues. No Corporation business was discussed during the recess. The Meeting re-convened at 11:24 a.m. CST, with those same Board Members and Others Present as referenced in Agenda Items 1(b) and 1(c).*

ii. *Kathleen "Kandy" Walker made a motion to approve "A RESOLUTION by the Board of Directors of the Legacy Water Supply Corporation requesting financial participation from the Texas Water Development Board ("TWDB"); authorizing the filing of an application for financial participation; and making certain findings in connection therewith."*

*Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

e. Consider and take possible action on approval of and authorization of the Corporation's Secretary, Melissa Johnson, to execute and submit a Certificate of Secretary (Form TWDB-0201B) regarding the adoption of "A RESOLUTION by the Board of Directors of the Legacy Water Supply Corporation requesting financial participation from the Texas Water Development Board; authorizing the filing of an application for financial participation; and making certain findings in connection therewith" which was duly adopted by the Board in connection with the Corporation's D-Fund Application pending with the TWDB.

   i. *General Counsel provided background on Agenda Item 5(d). Chris Arthur made a motion to approve and authorize the Corporation's Secretary, Melissa Johnson, to execute and submit a Certificate of Secretary (Form TWDB-0201B) regarding the adoption of "A RESOLUTION by the Board of Directors of the Legacy Water Supply Corporation requesting financial participation from the Texas Water Development Board; authorizing the filing of an application for financial participation; and making certain findings in connection therewith." Raul Leal seconded the motion. The motion was unanimously approved and carried.*

f. Consider and take possible action on approval of and authorization of the Corporation's General Counsel, David L. Earl, to execute and submit an Application Affidavit (Form TWDB-0201) to the TWDB in connection with the Corporation's D-Fund Application pending with the TWDB.

   i. *General Counsel for the Corporation provided background on Agenda Item 5(f). Melissa Johnson made a motion to approve and authorize the Corporation's General Counsel, David L. Earl, to execute and submit an Application Affidavit (Form TWDB-0201) to the TWDB in connection with the Corporation's D-Fund Application pending with he TWDB. Kathleen "Kandy" Walker seconded the motion. The motion was unanimously approved and carried.*

g. Consider and take possible action on Resolution Accepting, Adopting, and Approving the Legacy Water Supply Corporation's Annual Financial Audit for the preceding fiscal year conducted by Haynie & Company,

   i. *General Counsel for the Corporation provided background on Agenda Item 5(g). Chris Arthur then made a motion to approve the Resolution Accepting, Adopting, and Approving the Corporation's Annual Financial Audit for the 2025 fiscal year conducted by Haynie & Company. Kathleen "Kandy" Walker seconded the motion. The motion was unanimously approved and carried.*

h. Receive status update on NewGen rate study and analysis from Project Control and/or presentation of formal rate study report from NewGen Strategies & Solutions;

   i. *General Counsel for the Corporation provided background on Agenda Item 5(h); due to the report's recent completion and lack of time for the Board to review, General Counsel suggested the Board table Agenda Item 5(h) until the Board has opportunity to review the same. Chris Arthur made a motion to table Agenda Items 5(h) until a future meeting date. Melissa Johnson seconded the motion. The motion was unanimously approved and carried.*

i. Consider and take possible action on Resolution Adopting Formal Rate Study Report conducted by NewGen Strategies & Solutions and Adopting Wholesale Rates as provided therein; and such other related actions incidental thereto;

   i. *Melissa Johnson made a motion to table Agenda Item 5(i) until a future meeting date. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

j. Consider and take possible action on establishing terms for draft standard groundwater lease agreements between Corporation and third-party owners of groundwater rights;

   i. *General Counsel for the Corporation provided background on Agenda Item 5(j). Melissa Johnson made a motion to approve establishing terms for a standard groundwater lease form between the Corporation and third-party owners of groundwater rights. Kathleen "Kandy" Walker seconded the motion. The motion was unanimously approved and carried.*

k. Consider and take possible action on establishing terms for draft standard wholesale raw water supply agreements between Corporation and raw water customers;

   i. *General Counsel for the Corporation provided background on Agenda Item 5(k); General Counsel recommended the Board table Agenda Item 5(k) until a future meeting date. Melissa Johnson made a motion to table Agenda Item 5(k) until a future meeting date. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

l. Consider and take possible action on establishing terms for a draft standard wholesale treated water supply agreements between Corporation and wholesale treated water customers;

   i. *General Counsel and Bond Counsel for the Corporation provided background on Agenda Item 5(l). Chris Arthur made a motion to* *authorize the draft wholesale treated water supply agreement to be submitted by the TWDB in relation to the D-Fund application as a preliminary draft agreement; and authorize Bond Counsel and General Counsel to distribute the same to prospective customers and parties to begin the negotiation process and to bring the results of such negotiations back to the Board at a future date for final action. Kathleen "Kandy" Walker seconded the motion. The motion was unanimously approved and carried.*

m. Consider and take possible action on Resolution Approving Execution of Ground Lease for Regional Water Treatment Plant Site with SE Legacy Development, LLC, and the Corporation;

   *i. General Counsel for the Corporation provided background on Agenda Item 5(m); General Counsel recommended the Board table Agenda Item 5(m) until a future meeting date. Melissa Johnson made a motion to table Agenda Item 5(m) until a future meeting date. Kathleen "Kandy" Walker seconded the motion. The motion was unanimously approved and carried.*

n. Consider and take possible action on approval of and authorization to execute four (4) proposed Groundwater Lease Agreements between the Corporation and Walker Water, LLC ("Walker Water") for the Pilas Pasture, the Mary Kay Pasture, the Colorados Pasture, and the Webb Pasture in Webb County, Texas, and approval of Walker Water's Application for Supplier Class Membership in the Corporation as further ratification of Walker Water's existing Supplier Membership which predated the revision of the Corporation's Bylaws;

   *i. General Counsel for the Corporation provided background on Agenda Item 5(n).*
   *ii. Kathleen "Kandy" Walker recused herself from Agenda Item 5(n).*
   *iii. Melissa Johnson made a motion to approve Agenda Item 5(n) authorizing the Corporation to execute the four (4) proposed Groundwater Lease Agreements. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

o. Consider and take possible action on approval of and authorization to execute a proposed Groundwater Lease Agreement between the Corporation and Kyley Water, LLC ("Kyley Water") for the Catalinas Pasture in Webb County, Texas, and approval of Kyley Water's Application for Supplier Class Membership in the Corporation;

   *i. General Counsel for the Corporation provided background on Agenda Item 5(o).*
   *ii. Kathleen "Kandy" Walker recused herself from Agenda Item 5(n).*
   *iii. Chris Arthur made a motion to approve and authorize execution of a Groundwater Lease Agreement between the Corporation and Kyley Water,*

*LLC, and to approve Kyley Water's Application for Supplier Class Membership in the Corporation. Raul Leal seconded the motion. The motion was unanimously approved and carried.*

p. Consider and take possible action on membership applications received by the Corporation from the following applicants, subject to the provisions of the Bylaws of the Corporation and execution by such parties contracting with Corporation for the purchase of wholesale water:

1. Webb County, Texas (Customer Class);
2. City of Laredo, Texas (Customer Class);

*i. General Counsel for the Corporation provided background on Agenda Item 5(p). Kathleen "Kandy" Walker made a motion to table Agenda Item 5(p) until a later Board meeting. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

q. Consider and take possible action on filling one or more of the currently vacant Board positions in compliance with the requirements and procedures set forth in the bylaws of the Corporation, including receiving and considering nominations and acting to appoint Members to the Board of Directors to fill the following Vacancies in compliance with the Corporations By-Laws, as amended:

1. Director representing the Supplier Class Members Position #2; and
2. Director representing the Supplier Class Members Position #3

*i. General Counsel for the Corporation provided background on Agenda Item 5(q).*
*ii. Kathleen "Kandy" Walker recused herself from Agenda Item 5(q).*
*iii. Melissa Johnson made a motion to nominate Kyle Koonce for the Supplier Class Member Position #2 representing Kyley Water, LLC. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

r. Consider and take possible action on proposed Water Facilities and Easement Purchase Agreement between the Corporation and SE Legacy Development, LLC, for the Corporation to potentially purchase four (4) currently existing public water supply wells, pipelines, and related engineering, hydrology, permitting, entitlements, and associated improvements for the Corporation's Webb County Regional Wholesale Water Project;

*i. General Counsel for the Corporation provided background on Agenda Item 5(r); General Counsel recommended the Board table Agenda Item 5(r) until a future meeting date. Melissa Johnson made a motion to table Agenda Item 5(r) until a future meeting date. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

s. Consider and take possible action adopting and approving "A RESOLUTION by the Board of Directors of the Legacy Water Supply Corporation requesting financial assistance from the Texas Water Development Board; authorizing the filing of an application for assistance; and making certain findings in connection therewith;"

   i. *Agenda Item 5(s) was included as a duplicate agenda item due to a scrivener's error. No further action was required by the Board.*

t. Consider and take possible action on approving Task Order No. 2 under the Master Services Agreement between the Corporation and Colliers Engineering & Design, LLC, for provision of professional engineering and grant support services;

   i. *General Counsel for the Corporation provided background on Agenda Item 5(t). Melissa Johnson made a motion to approve Task Order No. 2 under the MSA between the Corporation and Colliers Engineering & Design, LLC subject to an adjustment of the signature block. Chris Arthur seconded the motion. The motion was unanimously approved and carried.*

u. Consider and take possible action on a Master Services Agreement between the Corporation and Water Finance Exchange for the provision of consulting services for the Client's funding portfolio and funding strategy based on available Federal, State, and private funding programs related to the development and construction of the Corporation's Webb County Regional Wholesale Water Project.

   i. *General Counsel for the Corporation provided background on Agenda Item 5(u). Melissa Johnson made a motion to approve the Corporation's execution of a Master Services Agreement with Water Finance Exchange, subject to an initial cap of $50,000.00 and a budget/work to be performed to be presented at a future Board Meeting. Kathleen "Kandy" Walker seconded the motion. The motion was unanimously approved and carried.*

v. Discussion and consideration of any new business required to be brought before the Board in the immediate future and possible action directing placement of same on agenda of future meeting;

   i. *The Board requested that candidates for Bookkeeping Services be discussed at a future Board meeting. No further action was required by the Board.*

w. Consider and take possible action in consideration of next meeting date.

   i. *Melissa Johnson proposed a future Special Board meeting on February 4, 2026, at 1:00 p.m. CST, at 401 East Sonterra Blvd., Suite 375, San Antonio, Texas 78258. Kathleen "Kandy" Walker seconded the motion. The motion was unanimously approved and carried.*

7. **Executive Session:** No action shall be taken in Executive Session. A closed Executive Session may be held if the discussion of any of the above agenda items concerns any one of the following:

   a. Seeking the advice of General Counsel concerning pending or contemplated litigation, settlement offers, or any matter in which the duty of General Counsel to the Board of Directors of the Corporation under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act (TEX. GOV'T CODE § 551.071);
   b. Deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the Corporation in negotiations with a third person (TEX. GOV'T CODE § 551.072);
   c. Deliberating a negotiated contract for a prospective gift or donation to the Corporation if the deliberation in an open meeting would have a detrimental effect on the position of the Corporation in negotiations with a third person (TEX. GOV'T CODE § 551.073);
   d. Deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an employee or officer unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing (TEX. GOV'T CODE § 551.074); or
   e. Deliberating economic development negotiations or the offer of a financial or other incentive to a business prospect (TEX. GOV'T CODE § 551.087);
   f. Reconvene in Open Session to consider and take possible action on any item discussed in Executive Session.

      i. *The Board did not convene into Executive Session.*

8. **Reconvene in Open Session**

      i. *The Board did not convene into Executive Session.*

9. **Adjourn.**

      i. *Kathleen "Kandy" Walker made a motion to adjourn the meeting. Chris Arthur seconded the motion. The motion was unanimously approved and carried, and the meeting was adjourned at 12:06 p.m. CST.*

(SEAL)

Secretary, Board of Directors