

KCWSC

Annual Membership Meeting

May 3, 2025

Agenda

- Call to Order
- Reading of the Minutes
- Proclamation of Unopposed Board Seats (no election)
- Financial Review
- Water Rate Adjustment
- Water System Update
- Vote on Authorizing the Board to Pursue Selling KCWSC to CSWR
- Open Q&A
- Adjourn

2024 Minutes

- Minutes located here:
https://www.kcwsc.com/documents/1303/2024-05_Minutes-Annual_Membership_Mtg.pdf
- Motion required at the meeting to accept minutes.

Contact KCWSC if you wish to have a printed copy of the Minutes.

Proclamation of Unopposed Candidates

RESOLUTION DECLARING UNOPPOSED CANDIDATES OF KING CREEK WATER SUPPLY CORPORATION ELECTED

WHEREAS, King Creek Water Supply Corporation posted notice of the opportunity for candidates to submit applications to run for TWO (2) positions on its Board of Directors pursuant to Texas Water Code Section 67.0052(b); and

WHEREAS, only two (2) people submitted applications for these open positions, thus creating an unopposed election for each position pursuant to Texas Water Code Section 67.0055;

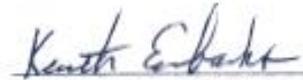
NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF KING CREEK WATER SUPPLY CORPORATION DECLARES ELECTED TO THESE POSITIONS:

Bruce Roebuck

Peter Kientzle

The Board of Directors so orders that this resolution be posted at the Corporation's website and read into the record at the Corporation's annual meeting, pursuant to Texas Water Code Section 67.0055.

PASSED AND APPROVED this 18 day of March, 2025.



President, Board of Directors
King Creek Water Supply Corporation

ATTEST:



Secretary, Board of Directors
King Creek Water Supply Corporation

FINANCIAL BALANCE SHEET - 2024

3:03 PM

01/21/25

Accrual Basis

KCWSC
Balance Sheet
As of December 31, 2024

	Dec 31, 24
ASSETS	
Current Assets	
Checking/Savings	
110.1 · FNB Checking 8848	23,777.41
110.2 · FNB Money Market 0984	79,658.89
110.3 · FNB Membership Reserve 8556	32,989.31
Total Checking/Savings	136,425.61
Accounts Receivable	
100 · Accounts Receivable	567.00
Total Accounts Receivable	567.00
Total Current Assets	136,992.61
Fixed Assets	
120 · Furniture and Equipment	8,525.00
Total Fixed Assets	8,525.00
TOTAL ASSETS	145,517.61
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
250 · Other Liabilities	
250.1 · Security Deposits Held	9,015.00
Total 250 · Other Liabilities	9,015.00
Total Long Term Liabilities	9,015.00
Total Liabilities	9,015.00
Equity	
160 · Opening Bal Equity	160,465.27
190 · Unrestricted Net Assets	21,649.81
Net Income	-45,612.47
Total Equity	136,502.61
TOTAL LIABILITIES & EQUITY	145,517.61

Notes:

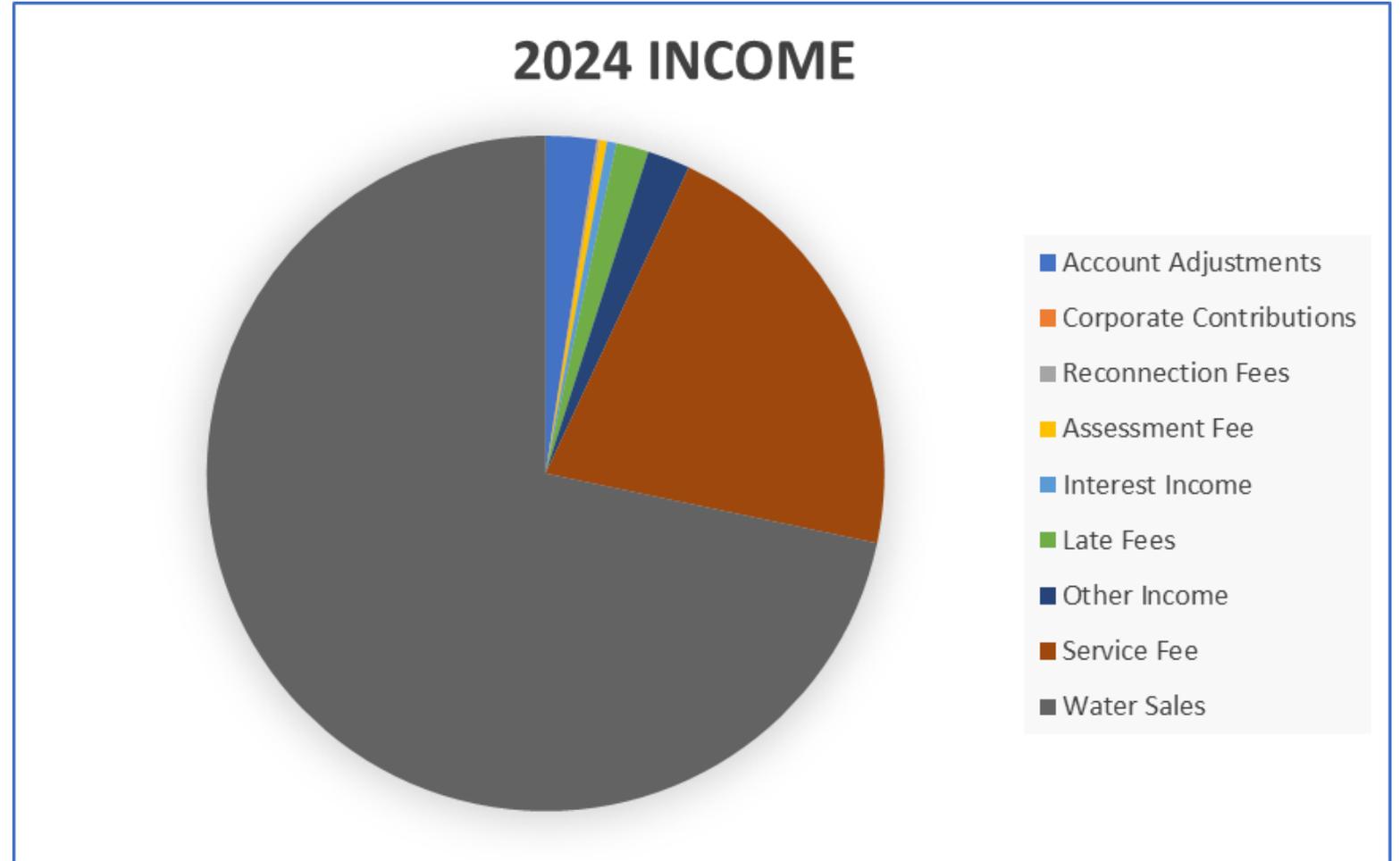
- 110.1 Checking account is used for all daily expenses such as printing, postage, utilities, contract services, etc.
- 110.2 Money Market account is the capital reserve funds used replacement of equipment and funded by the monthly service fee.
- 110.3 Membership Reserve account are the funds directly collected as security deposits and membership fees. These funds are not to be used for any business activities and must be maintained as “refundable”.

2024 INCOME: \$52,607.78

Description	Amount
Account Adjustments	\$ (1,340.16)
Corporate Contributions	\$ 22.23
Reconnection Fees	\$ 50.00
Assessment Fee	\$ 199.94
Interest Income	\$ 249.23
Late Fees	\$ 855.00
Other Income	\$ 1,127.35
Service Fee	\$ 11,808.00
Water Sales	\$ 39,636.19

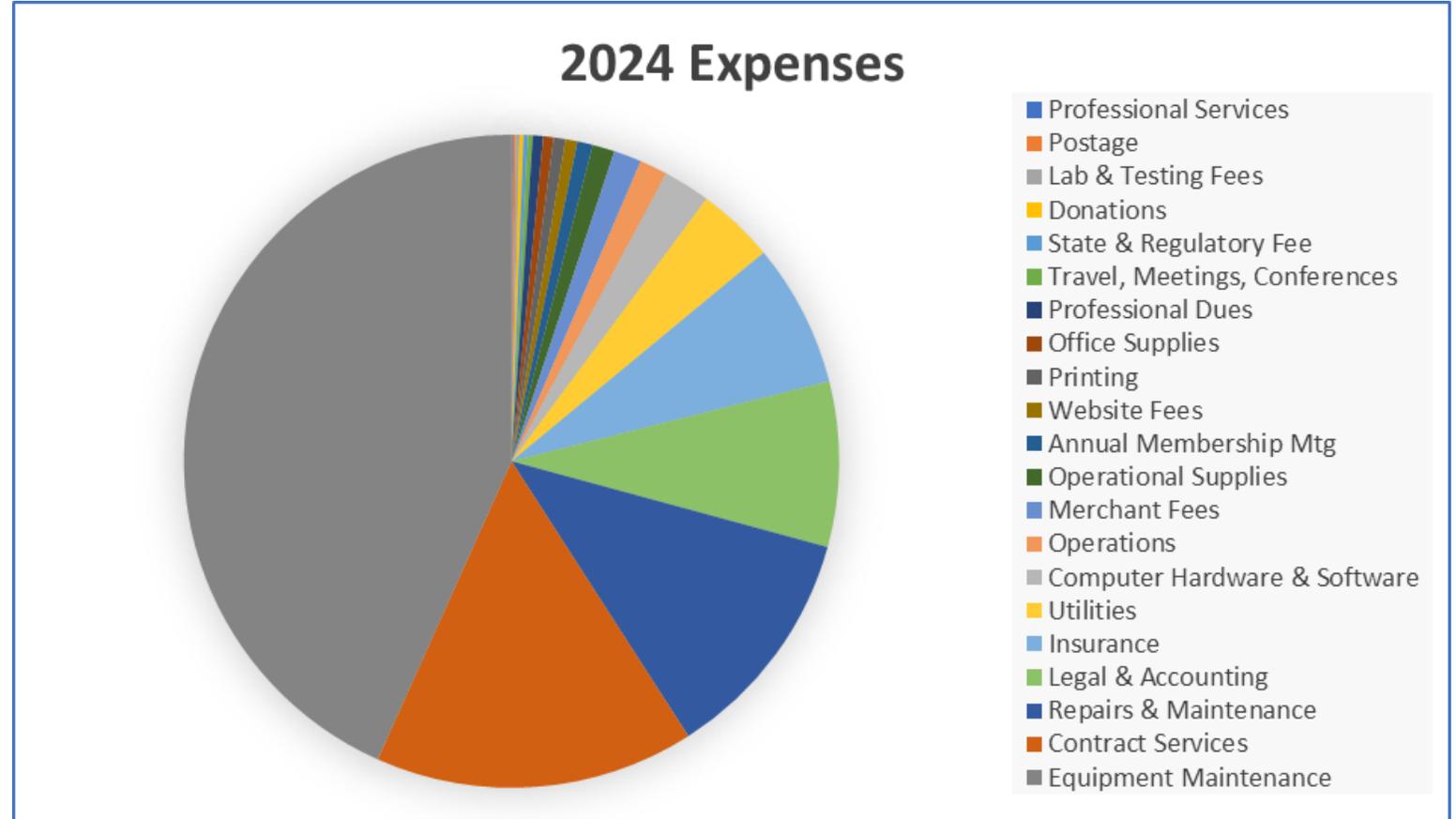
NOTES:

- The Regulatory Assessment Fee is collected by KCWSC for the TCEQ and not available for use.
- Account Service Fee is the \$12/month fee collected that is directly allocated to the replacement of equipment.



2024 EXPENSES: \$98,220.25

Description	Amount
Professional Services	\$ 75.00
Postage	\$ 126.34
Lab & Testing Fees	\$ 175.00
Donations	\$ 200.00
State & Regulatory Fee	\$ 205.00
Travel, Meetings, Conferences	\$ 237.16
Professional Dues	\$ 500.00
Office Supplies	\$ 500.15
Printing	\$ 576.64
Website Fees	\$ 577.02
Annual Membership Mtg	\$ 750.00
Operational Supplies	\$ 1,075.69
Merchant Fees	\$ 1,343.99
Operations	\$ 1,356.05
Computer Hardware & Software	\$ 2,267.84
Utilities	\$ 3,763.36
Insurance	\$ 6,955.23
Legal & Accounting	\$ 8,032.50
Repairs & Maintenance	\$ 11,481.66
Contract Services	\$ 15,494.09
Equipment Maintenance	\$ 42,527.53



2025 BUDGET

2025 KCWSC Budget New Rate Schedule				
		Annual	Monthly	Total
Income				\$ 66,752.10
300.2	Water Sales	\$ 66,752.10	\$ 5,562.68	
340.0	Misc	\$ -	\$ -	
Expenses				\$ 51,875.00
410.7	State & Regulatory Fees	\$ 250.00	\$ 20.83	
430.6	Insurance	\$ 7,000.00	\$ 583.33	
440.0	Operations	\$ 1,400.00	\$ 116.67	
440.2	computer Hardware & Software	\$ 2,100.00	\$ 175.00	
440.3	Lab & Testing Fees	\$ 200.00	\$ 16.67	
440.4	Office Supplies	\$ 500.00	\$ 41.67	
440.5	Operational Supplies	\$ 1,100.00	\$ 91.67	
440.6	Postage, Mailing Services	\$ 150.00	\$ 12.50	
440.7	Printing & Copying	\$ 600.00	\$ 50.00	
440.8	Repairs & Maintenance	\$ 5,000.00	\$ 416.67	
440.9	Utilities	\$ 4,000.00	\$ 333.33	
450.1	Bank Fees	\$ 50.00	\$ 4.17	
450.2	Merchant Fees	\$ 1,400.00	\$ 116.67	
450.4	Donations	\$ 200.00	\$ 16.67	
450.5	Professional Dues	\$ 750.00	\$ 62.50	
450.6	Website Fees	\$ 600.00	\$ 50.00	
460.0	Travel, Meetings, Conferences	\$ 250.00	\$ 20.83	
460.1	Annual Membership Meeting	\$ 750.00	\$ 62.50	
470.0	Contract Services	\$ 15,500.00	\$ 1,291.67	
470.1	Professional Services	\$ 75.00	\$ 6.25	
470.2	Legal & Accounting	\$ 10,000.00	\$ 833.33	
			\$ -	
Capital Savings				\$ 14,752.80
		All \$ 14,752.80	\$ 1,229.40	
Grand Total				\$ 124.30

KCWSC operates as a non-profit corporation. As such a budget is a guide that can help KCWSC plan for the future as well as assess its current financial health.

A budget is important because:

- Provides a pivotable plan
- It ensures resource availability
- It sets boundaries
- Helps prioritize expenditures
- Shows financial responsibility and accountability to membership and potential buyers

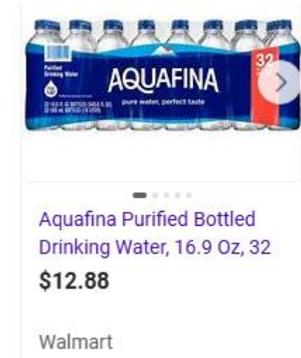
2025 RATE ADJUSTMENT

Effective on April 20, 2025

Filed with the
Public Utility
Commission of
Texas on
2/28/2025

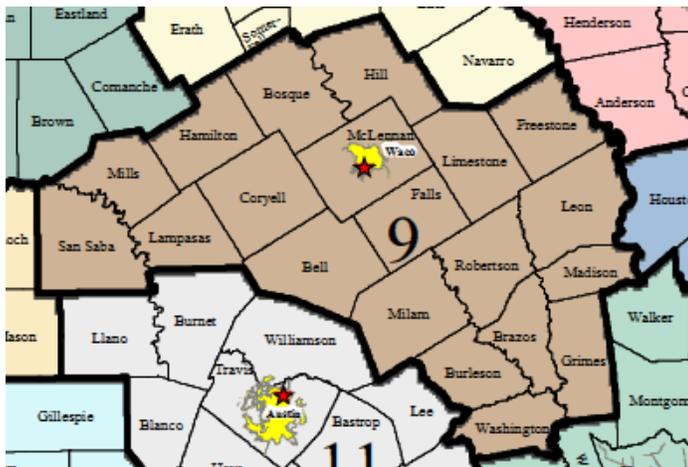
	Old Rate	New Rate
Base Rate	\$31.00	\$40.00
Service Fee	\$12.00	\$15.00
0 – 1000 gallons	\$0.00	\$0.00
1,001 – 3,000	\$3.00	\$3.50
3,001 – 5,000	\$3.50	\$4.00
5,001 – 7,000	\$4.00	\$4.50
7,001 – 9,000	\$4.50	\$5.00
9,001 and over	\$5.00	\$5.50

Per 1,000 Gallons

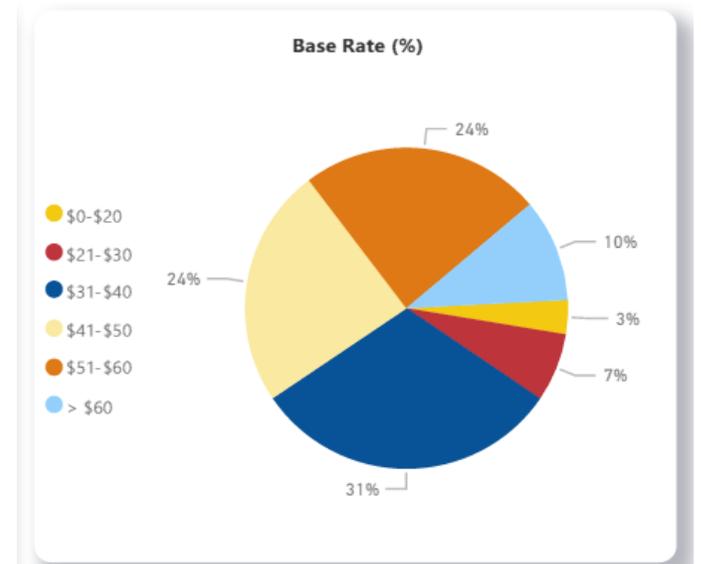


32 x 16.9 = 540.8 oz (4.225 gallons)
 $\$12.88 / 4.225 = \mathbf{\$3.05 \text{ per gallon}}$
Or \$3,050 per 1000 gallons

2024 TRWA Water Rate Survey and Analysis (Region 9) for Comparison



Gallonage Range and Rate Detail			
Gallonage Range	Average	10th Percentile	90th Percentile
0-1,000	\$6.95	\$0.00	\$10.80
1,001-2,000	\$7.80	\$3.00	\$10.90
2,001-3,000	\$5.63	\$3.00	\$10.00
3,001-4,000	\$5.20	\$3.00	\$9.80
4,001-5,000	\$5.55	\$3.00	\$9.80
5,001-6,000	\$5.74	\$3.00	\$10.00
6,001-7,000	\$5.83	\$3.00	\$10.10
7,001-8,000	\$6.00	\$3.00	\$10.00
8,001-9,000	\$6.16	\$3.00	\$11.00
9,001-10,000	\$5.65	\$3.00	\$9.90



Water System Update

- KCWSC at maximum number of meters - 82
 - Operating under a TCEQ Exception
 - TCEQ sets the allowed number of meters based on the Gallons-per-Minute-per-Connection
 - If a meter is removed from service there is no guarantee that it can be put back.
- Monitoring of Well Significantly Reduced
 - Pump output remains consistent but below rated capacity
- Meters replaced
 - New meters are digital (no moving parts)
 - Ability to review up to 96 days of use history at each meter
 - Water Loss is now down to just 4.38% (very low loss!)
- Storage Tank paint has been touched up
- Well House is in need of repair or replacement
- Electrical Power System will need to be reconfigured along with any well house work

Selling King Creek WSC

- Current Status
 - KCWSC separated relationship with KempSmith Law
 - Originally hired to help with contract negotiations and find prospective buyers
 - Performance was not productive and increasing charges and fees
 - KCWSC was refunded a portion of the retainer
 - KCWSC has contracted with WaterLogic Advisors, LLC
 - Consulting firm specializing in Water System sales
 - They are the direct interface with potential buyers interested in KCWSC
- Board Recommendation - Sell KCWSC to Central States Water Resources (CSWR)
 - CSWR has submitted a non-binding Letter of Interest (LOI) to KCWSC
 - \$25,000 Cash payment
 - \$150,000 to be invested into the KCWSC system within the first 48 months of ownership
 - Proceeds from the sale will be divided among the current members of KCWSC
 - Divided in accordance with the By-Laws
 - Cash payment from sale, plus all bank accounts
 - Returns the neighborhood to being a neighborhood
 - Restores personal lives without burden of the water system
 - Removes liability from those serving on the Board of Directors
 - Eliminates the need for hours of work to learn the laws and regulations, maintain finances and compliances, deal with disgruntled customers
 - CSWR offers customer service than KCWSC
 - More payment options
 - More comprehensive website

Rate Comparison

TARIFF ITEM	KCWSC	CSWR
Base Rate (5/8" or 3/4")	\$40.00	\$49.89
Service Fee	\$15.00	\$1.60
0-1000 gallons	\$0.00	\$5.20
1001-3000 gallons	\$3.50 per 1000	\$5.20 per 1000
3001-5000 gallons	\$4.00 per 1000	\$5.20 per 1000
5001-7000 gallons	\$4.50 per 1000	\$5.20 per 1000
7001 – 9000 gallons	\$5.00 per 1000	\$5.20 per 1000
9001 plus	\$5.50 per 1000	\$5.20 per 1000
Regulatory Assessment Fee (set by TCEQ)	0.5%	1.0%

Using the latest 13-month average customer usage of 3,131 gallons; KCWSC's bill would be approximately \$66.33 where as CSWR's bill would be approximately \$72.95. CSWR historically adjusts their rates on a 3-year cycle. CSWR rates are "consolidated" being that each system pays the same rates. This consolidation prevents the cost of one major issue in a small system from having to be exclusively carried by that small group of customers.

More Info About CSWR

Founded in 2014, Central States Water Resources (CSWR) is the 10th largest investor-owned water utility in the United States. CSWR utilizes private investment to acquire and revitalize water and wastewater utilities that have reinvestment needs and long-term investment requirements. CSWR does this by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal standards for providing service to our customers.

CSWR has invested more than \$500 million to acquire and transform critical water and wastewater systems, often in areas where community value has diminished due to limited existing infrastructure. Our investments elevate communities, ultimately enhancing value and helping to drive outside investment and growth. At the end of 2024, we served nearly 500,000 people across eleven states – Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. CSWR-Texas Utility Operating Company owns and operates more than 165 water and wastewater systems throughout the state of Texas.

Because we operate in 11 states as one of the largest water and sewer utilities in the U.S. our pool of resources is almost unmatched. Our licensed operational expertise collectively spans across our footprint and through reciprocity we are able to offer support across the state, often providing immediate assistance for our newly acquired systems. Our national footprint also allows us to capitalize on engineering collaboration, giving us out of the box ideas to troubleshoot issues which often arise in our industry. In addition, we have established relationships with multiple vendors and suppliers that guarantee us the best pricing, which in turn we will pass these savings on to our customers.

Visit their website: <https://centralstateswaterresources.com/cswr-texas/>