

BOARD RESOLUTION
TEMPORARY MORATORIUM
NEW OR AMENDED WATER SERVICE
AGREEMENTS AND DEVELOPMENTS

WHEREAS, Salado Water Supply ("Salado WSC") is a member-owned, nonprofit corporation incorporated pursuant to the Texas Water Code Chapter 67, and the provisions of the Texas Business Organizations Code applicable to member owned nonprofit corporations for the purpose of furnishing potable water. Salado WSC serves its members in Bell County, Texas within its Certificate of Convenience and Necessity ("CCN") service area.

WHEREAS, Salado WSC owns 1.5 million gallons per day ("MGD") of production capacity in the Kempner Water Supply Corporation ("KWSC") water treatment plant on Stillhouse Hollow Reservoir, representing approximately one-third (33%) of the total available water supply for Salado WSC;

WHEREAS, KWSC has notified Salado WSC of an impending loss of production due to low water levels in Stillhouse Hollow Reservoir;

WHEREAS, Salado WSC has implemented its Drought Contingency Plan in an effort to manage its demand for water;

WHEREAS, Salado WSC is authorized under Section 65.205 of the Texas Water Code to adopt rules, including rules to "provide and regulate a safe and adequate freshwater distribution system";

WHEREAS, Salado WSC holds a water CCN which requires it to provide continuous and adequate service to customers within its service territory:

WHEREAS, to protect the ability of Salado WSC to provide and regulate a safe and adequate freshwater distribution system and to provide continuous and adequate service to its existing customers in times of emergency or loss of production capacity affecting the addition of new customers to the District's water system, the Board of Directors ("Board") now finds that it is in the best interests of Salado WSC to implement a Temporary Moratorium on the execution of new water service agreements with proposed subdivisions or other non-standard service, as further described herein;

NOW, THEREFORE, BE IT ORDERED by the Board of Directors of Salado WSC, acting in a duly noticed public meeting, that:

Section 1. Salado WSC finds that the recitals contained in this Resolution are true and correct and are fully incorporated herein.

Section 2. Salado WSC implements an immediate Temporary Moratorium on adding any new developments to the water system within its CCN service area.

Section 3. During the Temporary Moratorium Salado WSC shall not enter into any new or amended water service agreements with the developer or owner of a subdivision of land or any other non-standard service, which commits Salado WSC to provide retail water service to any lots, land, or other developments, either of a residential or a commercial nature, therein ("Subdivision Moratorium").

Section 4. The General Manager shall further take the following actions to implement the Subdivision Moratorium:

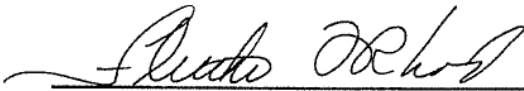
- i) Place a copy of this Order prominently on the Salado WSC website and provide such other notice that is required or appropriate;
- ii) Notify each applicant who requests or submits a non-standard service application of this Order; and
- iii) Create a list of applicants and relevant details of non-standard service requests, and provide the Board an update on such requests at each monthly Board meeting during the term of this moratorium.

Section 5. Nothing herein shall prevent the General Manager from either

- i) connecting new customers in existing subdivisions for which an executed non-standard service agreement is in effect as of this date, or
- ii) connecting individual lot owners who request standard service outside of a subdivision or development.

Section 6. The Board reserves the right to revise, amend, or revoke this Order at any time based upon new information on actual or projected water demand, new or restoration of supply of potable water from KWSC or other water sources, or any change in conditions which would justify such an update to the Order.

PASSED AND APPROVED on this 27th day of July,
2023.



President, Board of Directors