

**MINUTES TO A
REGULAR MEETING OF THE
BOARD OF DIRECTORS
STONEWALL WATER CONTROL AND IMPROVEMENT DISTRICT**

January 19, 2023

The Board of Directors of the Stonewall Water Control and Improvement District (the “District”) held its regular meeting at 9:00 a.m. at the Oro Bianco Italian Creamery located at 48 Ranch Road 1623, Stonewall, Texas 78671, pursuant to notice of said meeting posted in accordance with Chapter 551 of the Texas Government Code, whereupon the roll was called of the members of the Board, to-wit:

Nikolaus Hopkins	President
Mark Nebgen	Vice-President
Laurel Hoekstra	Secretary
Henry Rohlfs	Treasurer
Robert Welch	Director

All Board members were present. Also in attendance, Dirk Jordan (“General Counsel”) and Patrick C. King with Professional General Management Services, Inc. (“General Management”).

1. Call to Order and Establish a Quorum.

President Hopkins, after finding the notice of the meeting was posted as required and that a quorum of the Board of Directors was present, called the meeting to order and declared it open for such business as may come before it at approximately 9:15 A.M.

2. Receive Comments from the Public.

Treasurer Rohlfs provided a thank you to the Stonewall Chamber of Commerce for providing a meeting facility for the District’s previous meetings. No additional public comment was offered.

3. Preliminary audit report by Atchley and Associates.

The District Auditor, Atchley and Associates, was unable to make the regular meeting. Treasurer Rohlfs reported he has been in close contact with the auditors and provided a handout of the current status of the audit. Treasurer Rohlfs indicated there are 16 identified general journal entries to be made with no notes or appreciable changes expected. It was noted that the audit will be in full compliance with GASB – 87. Through conversations with Jeremy with Atchley and Associates, it was noted there were delays with providing the auditor’s annual report due to the lack of information that was needed to complete its work. However, once the audit is completed there will be a discussion with management on how to smooth out the process so that future audits will be provided in a timely manner. It was noted that auditing cost have increased, but there is decrease with bookkeeping costs. It was also noted that the new budget will have fewer categories and will easier to understand.

4. Approve Minutes to Previous Meeting Held on December 15, 2022.

A copy of the draft minutes to this meeting were presented and reviewed. Treasurer Rohlfs moved to approve the minutes as presented. Vice-President Nebgen seconded the motion. After full discussion and all voting in favor, the motion carried.

5. Payment of Current Bills and Invoices.

Treasurer Rohlfs presented a report of invoices and bills to be approved. The annual membership fees with Texas Rural Water Association was discussed relating to voluntary contribution. After discussion about voluntary contributions, there was a consensus to forgo those contributions in favor of local organizations that may benefit local concerns. Secretary Hoekstra moved to approve the payment of bills and invoices as presented with the annual membership fee to TRWA of \$400.00. Vice President Nebgen seconded the motion. After full discussion and all voting in favor, the motion carried.

6. Financial Statements for the Period Ending December 31, 2022.

Treasurer Rohlfs presented the financial reports for this period and discussed those reports in some detail. Secretary Hoekstra moved to approve the financial reports as presented. Vice President Nebgen seconded the motion. After full discussion and all voting in favor, the motion carried.

7. Receive operations report relating to current system operational issues and take action deemed necessary thereon. (Presented by Professional General Management Services, Inc.)

Management presented the System Operations and Management Report to include (a) water accountability, (b) status of system accounts and (c) significant events. A copy of the Systems Total Report, Allocation of Receipts, Exceptional Usage Report and Adjustments Report were also presented and discussed.

Management reported there were no leaks reported or repaired this period and to date there are no known leaks. There were about 9 active meters that need to be replaced. There have been delays with the availability of new meters, but they are slowly becoming available at this time. Meter replacement will be replaced as soon as possible.

Management reported it had met with the District's engineers Burgess and Niple at the plant on January 12, 2023, to discuss a location for the new ground storage tank and take field measurements of the proposed area. With this information the engineers may proceed with plans and specification. A list of pending work items was also presented.

Management was asked to place new signage of the current drought conditions at locations along FM 1623. There was discussion about changing the level of drought to a higher stage. Management recommended the current drought contingency plan ("DCP") undergo a formal review to see if the trigger conditions to declare and lift a drought condition listed in that plan are still valid. It was noted the DCP needs to be reviewed every three years as a matter of course and indicated a copy of the current DCP will be forwarded to everyone for review. Management recommended this be placed on the agenda for further discussion and action for the District's next regular meeting.

Secretary Hoekstra moved to approve the management report as presented. Director Welch seconded the motion. After full discussion and all voting in favor, the motion carried.

8. New Business:

- No new business was discussed.

9. Old Business:

- Update on /District Funds.
Treasurer Rohlfis reported that TexPool is now paying 4.18% as the interest rates continue to increase. The paperwork for all of the District's depositories needs to be completed with the current signatories to move the District's funds to an investment account.
- Update on Drought Stage.
President Hopkins noted that the groundwater District has moved to the next level of drought and asked if the District should follow that lead. Management suggested the District review its drought plan to see if the trigger conditions listed there would warrant moving the drought stage. This is planned to be taken up at the next regular meeting.
- Update on Ground Storage Tank.
Management reported it continues to work with the District Engineers to keep this initiative moving forward.
- Update on Real Estate for new well.
President Hopkins asked management to provide the rates of similar sized water systems for review and asked what other water lease agreements look like for comparison. This item was hen tabled to be taken up in executive session.
- Update on Parts inventory in storage.
It was reported that his continues to be a work in process.

10. Secretary's Report.
Secretary Hoekstra had nothing further to report.

11. Treasurer's Report.
Treasurer Rohlfis reported that a draft budget will be presented no later than June 30, 2023.

12. President's Report.
It was noted that the Arrowhead Winery has now changed ownership and is requesting water service. Thanks were provided to Mr. Timothy Young for his assistance with the new owners to provide water service to that dormant tap.

12. Other matters as may come before the Board and take action necessary thereon.
Management requested that an agenda item be provided to discuss the current compensation in light of current economic conditions and indicated that a memo would be provided prior to the next meeting for discussion.
No other matters were brought forward.

Executive Session.

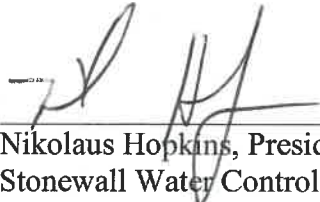
The governing Board met in closed session at approximately 10:03.

The Board reconvened into regular session at approximately 10:45 A.M.. No action, decision or vote with regard to any matters discussed was taken while in closed session.


President Hopkins asked if any further business needs to be brought forward. No additional matters were brought forward.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE BOARD, the meeting was adjourned at approximately XX:XX A.M. 10:46 AM

PASSED AND APPROVED this 16th Day of February 2023.



Nikolaus Hopkins, President
Stonewall Water Control and Improvement District



Attest, Laurel Hoekstra, Secretary
Stonewall Water Control and Improvement District