

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

February 16, 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 Rohlf	Treasurer
Robert Welch	Director

All Board members were present, except Secretary Hoekstra. 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 9:05 A.M.
2. Receive Comments from the Public.
No public comment was offered.
3. Final audit report by Atchley and Associates.
A copy of the DRAFT Annual Audit report as prepared by the District Auditor, Atchley and Associates, was provided to the governing Board of Directors. The following items were discussed. There were material weakness reported due to changes to bank accounts and changes with bookkeeping. Policies need to be created to properly classify accounts. Management's response to address policy issues is included with the audit. The District is in a great financial position. There were 17 general journal entries needed to clear mistakes with the previous bookkeeping. Reconciliations are now being performed monthly. Vice-President Nebgen moved to approve the minutes as presented. Director Welch seconded the motion. After full discussion and all voting in favor, the motion carried.
4. Approve Minutes to Previous Meeting Held on January 19, 2023.
A copy of the draft minutes to this meeting were presented and reviewed. Director Welch indicated the minutes help with keeping up with current events. President Hopkins noted that the easement with the VFD had been completed and filed with Gillespie County. Treasurer Rohlf reported that the District received a thank you card from Happy State Bank. Treasurer Rohlf 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. Vice President Nebgen moved to approve the payment of bills and invoices as presented. Director Welch seconded the motion. After full discussion and all voting in favor, the motion carried.
6. Financial Statements for the Period Ending January 31, 2023.
Treasurer Rohlfs presented the financial reports for this period and discussed those reports in some detail. Treasurer Rohlfs indicated that a Profit & Loss Report for January 2023 only would be forwarded to the Directors. Vice President Nebgen moved to approve the payment of bills and invoices as presented. Director Welch 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 as a matter of routine.

Management presented a copy of the District's current Drought Contingency Plan ("DCP") for review and discussed the plan in some detail. A copy of the DCP for the Hill Country Underground Water Conservation District was also provided for discussion. It was explained that based on the trigger conditions in the District's plan that no drought stage currently exists. However, as owner of a regulated well, the District is required to adhere to the Groundwater District's DCP. The Groundwater District is currently in a severe drought status which encourages a 15% reduction in water use and a 25% of the maximum daily demand. Management was asked to include a conservation letter to each water customer with the next water bills.

Management reported the new ground storage tank is nearing completion with the engineers and will be submitted to TCEQ no later than the end of February 2023. A pending work list was also provided. Treasurer Rohlfs moved to approve the management report. Director Welch seconded the motion. After full discussion and all voting in favor, the motion carried.

8. New Business:

- Consider new rate for PGMS, Inc.
PGMS, Inc. presented a memo to outline a request for a rate changes citing current economic conditions, the need to respond to increases in costs of with gas, health insurance and wages. It was proposed to change the base monthly fee to \$3,981.74, beginning March 1, 2023. Director Welch moved to approve the PGMS rate change as presented. Treasurer Rohlfs seconded the motion. After full discussion and all voting in favor, the motion carried.
- Consider Trigger Plan for Drought Stages.
From previous discussions, Treasurer Rohlfs moved to approve and reaffirm the District's current DCP without amendment. Vice President Nebgen seconded the motion. After full discussion and all voting in favor, the motion carried.

9. Old Business – Operations update, take action as needed.
 - Update on District Funds.
Treasurer Rohlfs provided a resolution for new signatories for the previously approved TexPool account and circulated that document for signatures.
 - Update on Ground Storage Tank.
As previously discussed, the new ground storage tank is nearing completion with the engineers and will be submitted to TCEQ no later than the end of February 2023.
10. Secretary’s Report.
The Secretary report was not provided.
11. Treasurer’s Report.
Treasurer Rohlfs indicated he had nothing further to report.
12. President’s Report.
President Hopkins indicated he had received and reviewed water rate charged by other water systems of a similar size and continues to evaluate that information.
13. Other matters as may come before the Board and take action necessary thereon.
 - It was noted that there is a TxDOT video conference scheduled for February 21, 2023.
 - No other matters were brought forward.

Executive Session.

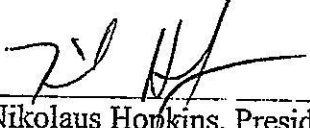
The governing Board met in closed session at approximately 10:46.

The Board reconvened into regular session at approximately 11:07 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 March 11:48 A. M.

PASSED AND APPROVED this 16th Day of March 2023.



 Nikolaus Hopkins, President
 Stonewall Water Control and Improvement District


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