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

June 18, 2026

The Board of Directors of the Stonewall Water Control and Improvement District (the "District") held a regular meeting at 9:00 a.m. at the Stonewall Volunteer Fire Department located at 14854 US Highway 290, 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
Henry Rohlfs	Treasurer
Louis Eckert	Secretary
William Mooney	Director

All members of the Board were present, except Director Mooney. President Hopkins attended by way of phone conference and then attended the later part of the meeting. Also in attendance was Dirk Jordan ("General Counsel"), Chief Appraiser Mr. Scott Fair, RPA, RTA, CCA, with Gillespie County Central Appraisal District and Patrick C. King with Professional General Management Services, Inc. ("General Management"). Also attending, Mr. John Joehnk, customer of Account No. 337.

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 9:06 A.M.

2. Receive Comments from the Public

- Mr. John Joehnk (Acct. No. 337) was in attendance to discuss the calculations used to provide a credit to his water bill. He provided a document to show the correct amount that was to be applied to the Leak Adjustment Policy. Management indicated the calculations that were used would be reviewed and someone would be back in touch as soon as possible.

- No additional public comments were offered.

3. Minutes to meeting held on May 21, 2026.
Draft minutes to this regular meeting were presented and discussed. Treasurer Rohlfs moved to approve the minutes as presented. Secretary Eckert seconded the motion. After full discussion and all voting in favor, the motion carried.

4. Payment of Current Bills and Invoices.
Treasurer Rohlfs presented the invoices to be approved for this period and discussed those invoices in some detail. Vice President Nebgen moved to approve the invoices as presented. Secretary Eckert seconded the motion. After full discussion and all voting in favor, the motion carried.

5. Financial Statements for the period ending May 31, 2026.
Treasurer Rohlfs presented the financial report, to include the Balance Sheet and a Profit and Loss Statement for the period ending May 31, 2026, and discussed those reports in some detail. Secretary Eckert moved to approve the financial report as presented. Vice-President Nebgen seconded the motion. After full discussion and all voting in favor, the motion carried.

6. Receive Operations Report relating to current system operational issues and take action deemed necessary thereon. (Presented by PGMS, Inc.)
Management presented the System Operations and Management Report to include (a) water accountability, (b) status of system accounts and (c) significant events.

a. Management presented a proposal from Samco Capital along with a draft contract for Financial Advisory Services. Management explained the scope of services that are provided by the financial advisor by processing loan applications to the Texas Water Development Board and others. It was suggested that other proposals be solicited to ensure costs are competitive for financial advisory services.

b. An email dated June 16, 2026, to memorialize previous discussions with the engineers to delineate those items recommended to be included with a potential grant application. One item that was not previously considered includes new automatic or AMI read meters. It was noted that about 30% of the total water meters are planned to replaced this budget year and this would be a good time to consider upgrading to new AMI meters. It was also noted that manual read meters are being phased out and will no longer be available in the future. It was noted that it is not practical to pursue the TWDB grant program at this time.

c. Management indicated we are waiting on a letter from TCEQ to memorialize the inspection conducted on April 29, 2026. Treasurer Rohlfs indicate he received the TCEQ letter dated June 5, 2026, and would forward that to management for a comprehensive response.

d. Management reported that a large leak occurred to Account No. 91, resulting in 471,270 gallons being lost and resulting in a bill of $19,807.65. The property owner has been informed and was also provided information relating to a leak adjustment policy and procedures.

e. Management reported that a credit adjustment had been provided to account No. 337 and added that, based on previous discussions during this meeting, a review will be conducted to ensure the calculations are accurate.

f. A final draft of the Cross Connection Control letter was presented for a final review prior to it being sent to everyone with the next billing that is issued.

g. Management provided an update to the drought and indicated the groundwater district has not changed its Critical Stage 4 drought condition.

h. Management indicated that President Hopkins located additional information about voluntary lead testing at schools and childcare facilities. A PGMS staff member has scheduled a required training session on July 8, 2026, and this initiative will proceed once the training has been received.

i. a copy of work performed this period was provided along with work that is pending.

Treasurer Rohlfs moved to approve the management report as presented. Vice President Nebgen seconded to motion. After full discussion and all voting in favor, the motion carried.

7. New Business.

- Approve budget for fiscal year 2026-2027 – Treasurer Rohlfs presented the draft budget for fiscal year ending 2027 and went over that document in some detail. Treasurer Rohlfs noted that management provided cost projections relating to filed operations work and noted at a 20% increase was project over the coming year. Management noted that the increase requested is prominently due to increases in the cost of living and huge increases to payroll costs necessary to retain qualified personnel. Treasurer Rohlfs also indicated that in the future the budget data will be imputed into the QuickBooks program so that monthly budget comparisons reports can be available. Vice President Nebgen moved to approve the budget as presented. Secretary Eckert seconded the motion. After full discussion and all voting in favor the motion carried.

- Cast the Districts vote for a new law firm for delinquent taxes – Chief Appraiser Mr. Scott Fair was introduced and discussed the need to replace the current tax attorney. Two firms responded with proposals and were considered, (1) Linebarger and (2) Perdue Brandon Fielder Collins and Mott. LLP. Mr. Fair indicated that both firms were equally qualified, but that Linebarger will assist the CAD with legal expenses in the event of litigation, which saves the CAD legal fees. Mr. Fair recommended that Linebarger be favorably considered. President Hopkins called the question to approve Linebarger. A show of hands indicated all were in favor. A Resolution will be prepared by General Counsel Jordan and forwarded to the Central Appraisal District's office.

- Stonewall Elementary School Sponsorship. President Hopkins indicated this initiative involves funding education materials to the Stonewall Elementary School's Parent Teachers Organization, a 501C3 organization, to be spent on training materials for the students. Treasurer Rohlfs moved to approve sponsorship in the amount of $1,000.00. Secretary Eckert seconded the motion. After full discussion and all voting in favor, the motion carried.

- Re-evaluate account for John Kim – This issue was previously discussed and will be resolved by management.

- TCEQ Violation – The vegetation on the fence has been exterminated and the fence has been repaired. Management will respond to the TCEQ letter to address all issues that were raised.

8. Old Business.

- Operations update, take action as needed. No additional information was discussed.
- Update on well development / engineering estimate. No update was provided.
- Update on commercial development properties. Several area growth opportunities were discussed. It was noted that one neighboring development has obtained a pumping permit and has constructed two wells that are producing 720 GMS's and 480 GPM's respectively.
- Security. This item was tabled with little discussion. No. action was taken.
- Update on drought status. – This issue was previously discussed.

9. Secretary's Report. No additional items were reported.

10. Treasurer's Report. No additional items were reported.

11. President's Report. President Hopkins reported that he visited with Happy Bank and presented an agreement to continue to work with that bank, with the District's choice of duration of 1, 2 or 3 years. Treasurer Rohlfs moved to approve the agreement for 3 years. Secretary Eckert seconded the motion. After full discussion and all voting in favor, the motion carried.

12. Other matters that may come before the Board and take action necessary thereon.
- Address the financial advisory services.
- No additional matters were brought forward.

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

PASSED AND APPROVED on this 9th day of July 2026.

Nikolaus Hopkins, President
Stonewall Water Control and Improvement District

Attest, Louis Eckert, Secretary
Stonewall Water Control and Improvement District