

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

September 21, 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 except Vice-President Nebgen. Also in attendance, Dirk Jordan ("General Counsel") and Timothy Young 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 9:12 A.M.
2. Receive Comments from the Public.
No public comment was offered.
3. Discuss and Adopt the 2023/2024 Tax Rate.
The Board reviewed and discussed the impact of differing tax rates on the community, taking into account an average increase of 15% to 20% increases to property valuations. Treasurer Rohlfs moved to approve a rate of \$0.3113 per \$100.00 dollars of valuation. Secretary Hoekstra seconded the motion and after all voting in favor, the motion carried.
4. Approve Minutes to Previous Regular Meeting Held on July 13, 2023.
Copies of the draft minutes to this meeting were presented and reviewed. Treasurer Rohlfs moved to approve the Minutes as presented. Secretary Hoekstra seconded the motion. After full discussion and all voting in favor, the motion carried.
5. Approve Minutes to Previous Regular Meeting Held on August 17, 2023.
Copies of the draft minutes to this meeting were presented and reviewed. Director Welch moved to approve the Minutes as presented. Treasurer Rohlfs seconded the motion. After full discussion and all voting in favor, the motion carried.

6. Approve Minutes to Previous Special Meeting Held on September 4, 2023.
Copies of the draft minutes to this meeting were presented and reviewed. Treasurer Rohlfs moved to approve the Minutes as presented. Secretary Hoekstra seconded the motion. After full discussion and all voting in favor, the motion carried.

7. Payment of Current Bills and Invoices.
Treasurer Rohlfs presented a report of invoices and bills to be approved for this period. There were no unexpected or extraordinary bills or invoices presented and all bills pertained to the normal operation and management of the District. A request for a more informative invoice description will be made to Burgess-Niple. One additional invoice is expected from Atchley and Associates as they finish the current audit. A payment of up to \$500.00 was approved to pay a forthcoming Fredericksburg Standard Invoice for a required tax rate informational posting. Secretary Hoekstra 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.

8. Financial Statements for the Period Ending August 31, 2023.
Treasurer Rohlfs presented to the Board a financial report for the period ending August 2023. Preliminary discussions took place about the possible options the District has to take advantage of current interest rates on certain savings/Investment accounts. With no corrections needed, Secretary Hoekstra moved to approve the financial report as presented. Director Welch seconded the motion and after full discussion and all voting in favor, the motion carried.

9. 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.

It was reported to the District that no additional water leaks have been reported. The District and PGMS will continue to work towards amending the approved Drought Contingency Plan as needed moving forward.

Water use by the Arrowhead Creek Vineyards has spiked due to a well failure. The District and PGMS have reached out to Mr. Isbell about excessive use, though the usage remains high. They have claimed that everything was connected together when the property was purchased and that they are unsure of how to separate the tasting room from the irrigation. PGMS will continue contact these customers and require a reduction in use in accordance with drought policy and use restrictions. Additionally, with the addition of irrigation use to the winery, a backflow preventer will be required along with the required annual testing of the device.

PGMS customer service staff continues to contact all other customers with monthly usage of 15,000 gallons or more in an effort to reduce overall system pumpage.

PGMS was also tasked with expediting the replacement of the 2" galvanized pump piping. All parts have arrived except the needed 2" butterfly valves. Once they arrive, the project will be scheduled.

PGMS was tasked with drafting a conservation memo to be direct mailed to all bill paying customers.

A pending work list was also provided. Treasurer Rohlfs moved to approve the management report. Secretary Hoekstra seconded the motion. After full discussion and all voting in favor, the motion carried.

10. New Business

- Review of Bylaws / Capital Recovery
The Board will review current By-Laws and discuss any needed changes or additions.
- Review of Budget
The draft budget, prepared by Treasurer Rohlfs, was discussed in detail. It is to be reviewed prior to the Budget Workshop scheduled for October 5th.
- Bulk Water for Highway Expansion
Considering the current drought and pumping limitations, the District is unable to provide the amount of water requested.

11. Old Business – Operations update. take action as needed.

- Update on Drought Plan and High-Water Users.
The drought plan continues to be a work in progress. The plan shall now include restrictions put forth by the Hill Country Underground Water Conservation District (HCUGCD). Additionally, SWCID imposed triggers will be changed to include aquifer levels along with the current runtime measures.
- Update on Meter Located at 1623 Strip Center.
PGMS recently sent a new letter to Mr. Jake Scott to inform him of known issues at the 1623 strip center. The letter included an updated cost to replace the current meter with an appropriately sized meter for the property as a whole and for individual meters for each building. Also added were the LUE based capital recovery fees for the properties, both individually and as a single unit. To date no response has been made.
- Update on the VFD Emergency Fill Hydrant.
The layout of this new line shall be determined during the GST pre-construction meeting, scheduled for October 5th, with Burgess-Niple and TTE, LLC. so as not interfere with their construction. Most necessary parts are already on site with only 6" PVC needing to be purchased.

- Update on GST Progress
A pre-construction meeting is scheduled for October 5th when the scheduling will be discussed along with any possible change orders. Construction should begin shortly after.
- Update on Highway 290 Expansion
SAM and Hously Communication have continued to locate lines and gather data points. An update from these parties is due soon.
- Update to TCEQ Water Capacity
PGMS has received confirmation that the District is no longer in violation of system capacity requirements. However, the evidence of purchase for the new well #1 meter was rejected. Fluid Meter Service shall be asked to test and calibrate the District's well meters and those reports will be forwarded to the TCEQ San Antonio office.
- Update on Grant Progress and SP2125 Application.
Vice-President Nebgen reported that the application is substantially completed and ready for review. Once reviewed, the application shall be submitted on time and in compliance with applicable rules.

12. Secretary's Report.
None

13. Treasurer's Report.
None

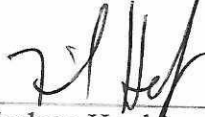
14. President's Report.
None

15. Other matters as may come before the Board and take action necessary thereon.
- The date for next month's regular meeting was set for September 21, 2023, at 9:00 AM.
 - The date for the Budget Workshop was set for October 5, 2023, at 9:00 AM.
 - No other items were discussed.

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 11:03 A. M.

PASSED AND APPROVED this 19th Day of October 2023.



Nikolaus Hopkins, President
Stonewall Water Control and Improvement District



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