

DIAMOND HEAD WATER SUPPLY CORPORATION
28717 Waikiki Lane, Montgomery, TX 77356
<https://diamondheadwatersupplycorporation.com>
Water Board Monthly Meeting Minutes:
Monday, November 10th, 2025 @ 7:00 P.M.
Diamondhead Clubhouse

Board Members:

- Ray Leon, President: Present
- Charlie Michalak, VP: Present
- Carol Fine, Treasurer: Present
- Dean Kisseberth, Director: Present
- Jerry Yanello, Director: Absent
- Cami McSween, Secretary: Present via phone until 8:30PM

Guest: None. Sign-in sheet available.

This monthly regular Meeting commenced at 7:00 pm in the clubhouse. The previous monthly meeting was held on October 13th, 2025.

1. Welcome and Call to Order

The meeting was called to order by President Ray Leon.

2. Quorum established

3. Review of October Meeting Minutes

The monthly minutes were motioned for acceptance by Charlie Michalak and seconded by Dean Kisseberth.

4. Financial Reports

4.1. October Financials Review. Treasurer Report motioned for acceptance by Ray Leon and seconded by Dean Kisseberth. Hays monthly billing reviewed.

4.2. Ray reported receipts for the purchase of printer paper, folders and old record shredding expenses at Office Depot for \$41.95

5. Administrative Work & Updates

5.1 Ron from Quest engineering turned in our Sanitary Control Easement and documentation for Well #3 registration to TCEQ. TCEQ has accepted Lot 13 and 14 exemptions. We received new requests from TCEQ to:

1) Clarify our well coordinates. 2) Obtain an exemption for our Water Plant storm ditch at Waikiki. We will need to re-survey from Well #2 and Well #3 at both a 50 and a 150-foot radius. This survey is to include 12 surrounding properties that we will be required to request a sanitary easement from. Upon receiving the survey, we will send a copy to each of the 12 property owners with request to approve or deny via certified mail. All documentation will be sent in to TCEQ upon reply or 30 days after property owner receives certified letter as a refusal to sign. **Vote to continue with survey for timely return with TCEQ. All board members accept Jerry Yarnell, who is absent voted yes, in agreement with survey.**

5.2 DHWSC Article of Incorporation, By-Laws, and Tariff Attorney Update. Documents sent to attorney Jayne Stark, next phone call is scheduled for November 17th at 9AM via Zoom. Cami obtained documents listed with the Texas Secretary of State. We will begin with updating the Diamond Head WSC Articles of Incorporation, then proceed with By-laws and Tariff. Articles of incorporation to include update to RP allowing 1 vote per property owner.

5.3 Tariff discussion: Renters to Owners ratio is are nearing the 15 percent on the 85% IRS rule that would remove our non-profit status. Diamondhead property owners are DHWSC members, Regency Point property owners became DHWSC members in 1996.

Diamondhead Meadows and the rest of the properties in the compound are not a member of our Property Owners Association but Dimond head WSC has a Certificate of Convenience and Necessity (CCN) that includes this area. An argument for fairness that the properties located within the compound area who receive water and sewer service to be allow a voice. This will benefit Diamond Head WSC in that it furthers our non-profit status. We will discuss this with attorney on our next phone visit to determine our follow-up.

5.4 Bleyl Engineering Update: Our hydrostatic tank test in pending. If tank passes external inspection, then we will schedule internal inspection. This will determine if blasting and re-coating are required or further repairs/ replacement.

5.5 Federal Tax- Discussion: The board agrees to maintain our non-profit status. This is imperative to maintain our current water rates. We will discuss it with our attorney.

5.6 TCEQ Notice: TCEQ correspondence reported that we have exceeded allowable 85% capacity of our 42,000 gallons groundwater storage tank (GST) with 169 service connections. TCEQ does not have a record of our 64,000-gallon tank. We will request Ron from Quest Engineering to submit required documentation to TCEQ, estimated work will take 3 hours. Carol Fine and Dean Kisseberth motioned to approve this work. There are several meters noted that are not in use. We can consider price of capping.

5.7 Dean Kisseberth presented ongoing calendar for 2026. Reviewed with Board. Charlie requested to add two additional line items, 1) November – Capital Budget Prep, 2) January

2026 Operating Budget on the calendar. Ray asked to have an additional column added for comments and notes to track completed activities.

5.8 IR Thermograph Scanning Capital Budget: Ray created detail Statement of Work (STO) for the IR Thermograph project. Ray and Ron, Quest Engineering schedule to review South Lift Station, and has reach out to two local electrical companies. To date, no replies from these companies. Will continue to research firms that would perform these services.

9 South Lift Station Feasibility Study Capital Budget Project: Ray is schedule to meet with Ron, Quest Engineering to discuss SOW before proceeding with this project.

5.10 Business Records Retention – Scanning Equipment: Ray discussed with board members quest received to scan boxes of documents, \$275.00 per box. Ray recommended we purchase documents scanner ourselves. Vote requested, motion to purchase scanner up to \$500.00. **Board motion Approved by all members.** Board also brought up the idea of hiring someone to perform scanner for us, around \$ \$10.00 to \$12.00 per hour. **Board motion approved to hiring a person to scan.**

5.11 Cloud Based Account System. Ray presented intuit QuickBooks application to the team and explained the how the system generates reports, micro details report by vendors, P&L, etc. Ray presented to the team October QuickBooks statement created and matched against Carol monthly financial statement. Team agreed to running manual accounting system that Carol creates and QuickBooks side by side for the next three months. At the end of three months, the members will then decide if we want to move forward with QuickBooks for the business. Currently utilizing QuickBooks 30 days trail at a cost of \$38.00 per months. **Board motion Approved by all members present** to continue with QuickBooks for the next three months. Current pricing per year for one User is \$456.00 annual. Three (3) User license cost \$900.00 annual cost. Board members approved to continue testing side-by-side financial systems. If we decide to continue utilizing QuickBooks, most likely we would utilize three (3) licenses, Essential Version.

6. Operational: G-M Services tested our two water wells on November 6th and we will have their report to present at next board meeting.

7. New Business: None

8. Open to Public Comments: None

9. Adjourn

10.0 Regular Meeting Adjourned at 9:10 PM.

Next regular meeting is scheduled for December 8th, 2025.

EXECUTIVE SESSION

To consider legal action on delinquent accounts, non-compliance issues, shareowner's hearings or meetings with the Board, if scheduled, and any matters involving invasion of owner's privacy or matters involving parties who have requested confidentiality, to which the Board has agreed to honor this request. Review any pending legal action and confidential attorney communications, personnel matters, or contract negotiations.