

DIAMOND HEAD WATER SUPPLY CORPORATION
28717 Waikiki Lane, Montgomery, TX 77356
<https://diamondheadwatersupplycorporation.com>
Water Board Monthly Meeting Minutes:
Monday, August 11th, 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
- Eddie Hudson, Director: Resigned August 2, 2026
- Jerry Yanello, Director: Absent
- Cami McSween, Secretary: Present

Guests: Becky Radcliff and Randy Locke. Sign-in sheet available.

This monthly regular Meeting commenced at 7:00 pm in the clubhouse. The previous monthly meeting was held on July 14th, 2025.

1. Welcome and Call to Order

The meeting was called to order by President Ray Leon.

2. Quorum established

3. Review of July 2025 Meeting Minutes

The monthly minutes were motioned for acceptance by Charlie Michalak and seconded by Dean Kisseberth with correction on Quest Engineering services not to exceed \$3,600.00.

4. Financial Reports:

4.1. July Financials Review. Treasurer Report motioned for acceptance by Dean Kisseberth, seconded by Cami McSween.

4.2. 2024 Federal Return Review. Discussion: CPA meeting with Ray and Carol to correct and update accountant for future submissions on assets requiring depreciation. Diamond Head WSC's non-profit status has shielded us from the yearly expense of a professional audit. **Action: Verify with TCEQ for 2025 audit compliance requirements. If not, what will it take to acquire non-profit status in future years?**

4.3 IRS 85% Ruling on Corporate Tax-Exempt Status. Board reviewed complied data on Diamond Head WSC **Non-Members** collected revenue as a percentage of total company revenue. FY 2022 @ 86.83%, 2023 @ 85.24% and 2024 @ 86.02%. Board members agreed to contact CPA for assistance on determining financial impact on loss of IRS Tax-Exempt status.

Action: Verify with CPA for 2025 financial impact on loss of tax-exempt status.

4.4 Financial Approvals Submissions. Ray submitted request for payment of approximately \$30.00 for copies/ materials handed over Sanitary Control Easement documents to Quest Engineering.

4.5 Financial audits requirements for Tax-Exempt Texas Water Supply Corporation. Board members reviewed complied data for IRS 501(c)(12) & TCEQ audit requirements based on financial threshold of 250K of revenue and or assets.

Action: Verify with TCEQ & CPA for 2025 audit compliance requirements.

5. President Comments and Updates.

5.1 Engineering & Legal Services

5.1.1 Water Plant Sanitary Control Easement Exception – pending with Quest.

5.1.2 Water Plant Well #3 TCEQ Registration- As-Built – pending with Quest. Additional information required for annual hydropneumatics readings. Hays notified that this is required and they are not doing. Dean to place on Diamond Head WSC Calendar. An additional charge is required by Quest to include Reimbursable Fees, i.e., water sample testing fees, documents reproduction & permit.

Motion: Approve \$500.00 fee for Reimbursable Fee.

Vote: All board members in attendance voted in agreement.

5.1.3 Water Plant Well # 1 TCEQ Decommissioning Registration update – pending with Quest

5.2 Diamond Head Cloud and Record Storage: Drop Box is cost prohibitive for multiple users. We are continuing to explore a more affordable option.

5.3 Billed vs pumped update. Ray complied YTD chart on Billed vs Pumped and recorded normal parameters. YTD averaging 94.24%.

5.4 TCEQ Water Plant Property Perimeter Fencing Compliance update. All tree brush cut-down – completed. To be inspected **annually**.

5.5 Federal and TCEQ document retention policy update.

5.6 Business travel reimbursement policy. Obtain requirements for reimbursement for Water Board members travel from IRS and TCEQ.

6. Administrative Work

6.1 Diamond Head WSC By-Law revision- pending attorney review then for resident vote.

6.2 Review and Update of Diamond Head WSC Articles of Incorporation. Original Articles of Incorporation reviewed with amended changes by board.

Motion: Approve amended Articles of Incorporation.

Vote: All board members in attendance voted in approval of amended Articles of Incorporation.

7. Operational

7.1 Hays Utility North

7.1.1 TCEQ New Public Water System Supervision Program Water Sample Compliance Effective November 2025 – Notification given to Hays.

8. New Business: Calendar: Hydro-pneumatic tank annually inspection in August.

9. Open to Public Comments. Randy Locke appreciated the Water Board regarding how hard they work and what they accomplish each week.

10. Adjourn at 8:21pm. No executive session.

Next meeting September 8th, 2025 at 7pm in clubhouse.

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.