

DIAMOND HEAD WATER SUPPLY CORPORATION
28717 Waikiki Lane, Montgomery, TX 77356
<https://diamondheadwatersupplycorporation.com>
Water Board Monthly Meeting Minutes:
Monday, September 8th, 2025 @ 7:00 P.M.
Diamondhead Clubhouse

Board Members:

- Ray Leon, President: Present
- Charlie Michalak, VP: Absent
- Carol Fine, Treasurer: Present
- Dean Kisseberth, Director: Present
- Eddie Hudson, Director: Resigned August 2, 2026
- Jerry Yanello, Director: Present
- Cami McSween, Secretary: Present via phone

Guest: Becky Radcliff. Sign-in sheet available.

This monthly regular Meeting commenced at 7:00 pm in the clubhouse. The previous monthly meeting was held on August 11th, 2025.

1. Welcome and Call to Order

The meeting was called to order by President Ray Leon.

2. Quorum established

3. Review of August 2025 Meeting Minutes

The monthly minutes were motioned for acceptance by Dean Kisseberth and seconded by Ray Leon.

4. Financial Reports:

4.1. August Financials Review. Treasurer Report motioned for acceptance by Dean Kisseberth, seconded by Ray Leon. Hays monthly billing reviewed. Carol to call accounting to correct Current Billings: SJRA & Capital Assessment Income lines reversed. AIA Insurance payment submitted – will review with other agencies prior to next year for competitiveness. Lonestar Groundwater Conservation District did not receive payments for the first two quarters of 2025. Lonestar changed billing to emails distributions that Carol's email was not listed. SJRA: Received notices to incorrect contact. Cami will follow up to

ensure contact information updated (Jeffrey received). There is a 5-cent reduction in groundwater pricing to begin September 1st, 2025. We will need to update our Tariff to reflect the decrease in billing. 2025 budget: Current \$156,481.00, Projected \$249,000.00, priorities placed on permitting but will start projects as soon as possible for upkeep and maintenance.

4.2. 2024 Federal Return Review. Accountant submitted IRS information request for 2022, 2023 and 2024. Federal requirement: 85% of income must be generated from owners to maintain our tax-exempt status. If this tax-exempt status is lost for only 1 year, then the IRS can decide, on a case-to-case basis, as to whether we can maintain the tax-exempt status.

4.3 Our CPA reported that financial audits are required for non-tax-exempt status. TCEQ / PUC does not require a professional audit from a Water Supply Corporation, only from Water Districts.

4.4 Financial Approvals Submissions: Bylaws, Tariffs and Articles of Incorporation are all required to be in alignment with TX Business Code. **MOTION:** Retain services of our attorney to ensure these 3 documents are congruent with TX Business Code and up to date. All present Board Members **VOTED** in agreement to proceed.

4.5 Financial Requests: No financial requests made.

5. President Notes/ Updates

5.1 The Board respectfully accepted Eddie Hudson's resignation, tendered August 2nd, 2025 and express their sincere thanks for his service to our community.

5.2. San Jacinto River Authority charges decrease by 5-cents per 1000 gallons that will be a pass-through charge. Lone Star has continued their allotment for our yearly consumption of 22 million gallons.

5.3 Ron, engineer from Quest Engineering is on track with scheduled work on Well registration and Sanitary Control Easements. One potential problem is that Hays last hydro-pneumatic inspection was conducted in 2014. (Internal=yearly, External=every 5 years). Ron will try and push through well permitting. Ray has discussed with Hays to perform maintenance as required and educated Philip on TCEQ's schedule. Quote on work is pending. This requires draining tank, sandblasting and multiple coats and will take approximately 1 week to perform.

5.4 Document retention: Data reviewed: 2 best options are Google workspace and Dropbox. Google workspace is \$360.00 per year. **Dropbox** is \$540.00 per year with a 30% discount for non-profit that would place it at \$378.00. The board has experience with Dropbox. Decision pending.

5.5 Ray completed a document to summarize document retention.

6.0 Administrative Work

6.1 TCEQ/IRS Travel policy review conducted by Dean Kisseberth. Diamond Head WSC Travel Policy aligned with IRS and TCEQ requirements. 1. Travel to be pre-approved by the

Water Board. 2. Receipt is required for any spending. 3. Milage/lodging/meals per IRS. This is currently 70 cents per mile via most direct route. **MOTION** made to accept this travel policy. **VOTE** taken: all board members present voted in agreement with this travel policy.

6.2 Diamond Head WSC By-Laws – to review with attorney for compliance.

6.3 Diamond Head WSC Articles of Incorporation – to review with attorney for compliance with Texas Business Organization Code. 1 time exception to change date of annual meeting to allow for an increase in membership presence. Clarification quorum, voting majority.

6.4 Calendar Updates: Rate order updates to PUC- Lisa Fuentes September, if needed.

Dean to add last week of November for Hydro-pneumatic test while water usage is low to take well offline.

6.5 Capital Budget Project Review: 2025: \$123,000 allocated, thus far \$47,000 spent.

Pending approximately \$16,000 for hydro-pneumatic test on tank.

7.0 Operational

7.1 Hays - pending hydro-pneumatic tank inspection/ rehab.

7.2 TCEQ New Public Water System Supervision Program Sample Compliance effective November 2025. Requires 3rd party water sampling for 35 different compounds monthly by state with results placed on our website. Monitoring to ensure Hays compliance.

8.0 New Business

Ray reports that it has been 1 year since he became acting President. Requests from Board if there is anything that we can do better or changes that could be made? The Board responded that all is being done and no further suggestions at this time.

9.0 Open to Public Comments

No comments

10.0 Next regular meeting is scheduled for October 13th, 2025. Meeting adjourned at 9:36PM.

No Executive Session was held.

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.