ARMSTRONG BOARD OF DIRECTORS' MEETING
AUGUST 11, 2026
BOARD OF DIRECTORS

Jerry Hawthorne-President
CELL: 254-947-5140

Bill Wheeler-V. President
HM: 254- 493-8637

Tom Vitek – Sec'y-Treas.
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Jimmy Callahan
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Doug Severson
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EMPLOYEES

Billy J. Smith – Manager
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Paula Weir – Office Secretary
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Glenda Liles – Office Clerk
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Board Attendance

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Jerry Hawthorne	+	+	+	+	+	+	+	+				
Bill Wheeler	+	+	+	+	+	+	+	+				
Tom Vitek	+	+	+	+	+	+	+	+				
Jimmy Callahan	x	+	+	+	+	+	+	+				
Doug Severson							+	+				
Robert Gaines - CPA	+	x	x	+	+	+	x	+				

(+) present (x) absent (-) excused

1. Open Discussion with Members and Guests: James Smith with TRWA

Jimmy Callahan asked James as a Board, how or what are we allowed to do as far as setting rates? What are our guidelines? James stated that your guidelines would be your tariff. The tariff is your basically your Bible that you run this water supply by day in and day out, the board can change the rates every month. If you want to do it every month, you can do it every month. There's no limit all year long around. So first thing I would say is you know I can help Paula with a rate study. We have a spreadsheet that we put together me and a couple other guys. What it amounts to is your audit in your audit you have that one page that says your expenses for the year of 2025. Were all these prices the next thing on our spreadsheet would be how many meters do you have and what sizes they all are. The next one would be the water part. How much did you sell through all those meters in gallons? We don't care about money. We care about the gallons. So, once you input all that stuff, it'll come over here and say you should have a base rate of X per thousand, will be Y, and you'll sit there and figure it for you.

So if y'all have a project coming up like another, well, another tank or something like that, and you're looking at funding it, you can also tie that to that spreadsheet. There are several other options, you know, long term debt or if you want, I'd tell a lot of people that a lot of times where

I see a lot of disconnect would be is when a operator goes out and helps meter. So, I say how do you figure that? Well, we go to the supply house, get all the supplies and we set them here in front of us. For that one tap you're going to look at all your pipe sizes from 2 inches up to 8 So I would probably say around the six-inch tapping side would be my average. So, you have all that sitting there, then my next deal always asks one of the managers or operators how many people go out now. There's always two of us. And I said, do you pay those two guys for that 2 1/2 hours that are out there, putting that on the tap. You have wear and tear on the truck, the mini excavator, backhoe and trailer and stuff. So, you need to take a portion and put it to that. A lot of people just do what the tap cost. Whatever the membership is and whatever equity buy in, if y'all have that and stuff, they always forget the equipment and the manpower. Some boards tell me, well, the guys are already working anyway. Well, they could be doing something else. When you're doing a tap, you need to, you need to put some funding in there for that. That stuff wearing out and you need to put something in your cap. CIP Capital improvement funding. You know, funding that you can replace that stuff. So, with that being said, you know there's your tap part there. Like I said, the rates pretty easy. So, if you want me to come back at a later date, I can put that spreadsheet together for y'all for another meeting for y'all can look at it. Jimmy Callahan asked if there is a max. Jerry Hawthorne stated we are seeing we are fluctuation in what a lot of different water companies are charging for meters and we think we're on the low end compared to all the other areas. So, we feel like we need to adjust upward. But we want to be sure that we're in a guideline to make an adjustment that we could. James Smth - there's an equity buying fee in the tariff, there is a formula haven't figured that and stuff a lot of them look at it and then sometimes they kind of miss the mark. I said well, did you put this in there, did you? Add this did you take into consideration? There are some water supplies, probably 3 or 4 years ago. I'm not in called names, but some of them are up in Hill County in areas like that. They popped up one day and said it's $18,000 equity buying fee. And I said there's no way you can justify that with everything that's going on. But then Lake Aquilla is saying we're not going to sell water to you anymore, so you need to find alternate water. So, they went and drilled a 6 inch well and stuff. They're still having problems with it because of electrical components in the pump house. It's been one year and it has not had a drop of water through it yet?
So they're still, they're still working on that. So, they started doing that to fund this. They also did it to discourage the developer, which didn't discourage him at all because they said for you to do this and go forward, here's what it's going to cost, and he showed up two days later and wrote a check for $1,000,000 because he was doing his Subdivision. And he did do it and they did have to put water to it and stuff so there's a lot of those options. I'd say be careful with that because if you get audited, they're going to ask you, how did you arrive at these numbers and stuff? So, if you're looking and you can justify some kind of capital improvement that's coming down the road or you're going to have to go forward with this. Up, yes, absolutely. You can put those in there and say we have this coming here in five years or you say you can also do a five-year, a 10 year and a 15-year projection. And say this is where we're going to be at the rate we're growing right now. Now if TCEQ or somebody says we want a 20, I always turned them down and said I'm not doing a 20 year.

Jimmy Callahan - I'm sitting here looking at our financial statement and what I'm trying to figure out is a way we can get our rate up enough to at least get some of that loss back out of there. and operate efficiently, but we're in a poor area, and there's no question about that. But we still have to have enough money coming in to operate this company whether they like it or not, and if they want, what are they going to have to help? James Smith asked what our membership fee is and Paula said $500.00. James said the meter cost is $4,300 and that includes the membership

fee, meter tap, equity buy in and plumbing. Paula said yes. Jerry Hawthorne stated he thinks that's low. Jimmy Callahan said that Jarrell Schwetner charges $10,000.00. James Smith - Well, you know, they're taking water from here there and under. And they've got a lot of issues and stuff. So, they might could justify that I'm not sure. Tom Vitek - Who would you have to justify that to? James Smith - more than likely it would be the PUC Public Utility Commission. In the past, you know, back in before 2011, it would have been only TCEQ.
Jerry Hawthorne - our engineer is the KPA who already knew they're working on two of our areas right now and that we're almost at that 85% capacity, right. So, we know we're going to have to do some upgrades. So, we could use that as part of the justification to adjust some rates upward. James Smith asked if we gave 1000 or 2000 gallons with the monthly minimum and Paula said no we do not. So for the new board members the first thing we need you to do is to watch the open meetings act records. Paula stated they have done this. Then my next deal that I would talk to the board members about is the tariff, I would say like I always say, it's the Bible for the water system. It's what you run this system with day in and day out. And I have so many people call me and can I do this? And I said, well, what's your tariff say? Well, it doesn't say anything about it and you can't do it if you want to do it, implement it. It's as easy as passing it. You could have something on the agenda tonight saying you want to raise the rates, so if y'all do get to that one day one day and then say we're going to implement this and raise the rates to XYZ. So, you can say we're going to do it in October and it's going to be on the day of the, you know, when the meters are read and the bills are sent out. That was one of the deals that the PUC really hammered a lot of water systems with because they would say on October X, whatever day it was, we're going to start, you know, doing it, you know, raise the raise to this. Well, they look at what? When do you read the meters? So you read the meters here and there's a lag of about a week or 7 or 8 days. So, PUC would warn that water system, hey, you're going to have to prorate those bills for those eight days until you get to this. So, I always say don't put a number on there. Just say the date of when the Bills go out in October 2026, this increase in the rates will be reflected on the bill at that time. So, if it's a day or two late it's that day, it's that billing. Tom Vitek - So to modify the tariff, it's not a matter of going to Austin and getting the approval, we modify it here. James Smih - Right. You have agenda item on there, it's on. It's presented tonight, it gets voted on everybody, however it votes it passes or doesn't you can write down everybody or who disallowed it or not. It passes then y'all tell Paula when you want it to go into effect or however you want to do it? That page hopefully will be the only part of it. Then you'll sign that you revised it on this date at this board meeting. So, then you're going to take the letterhead of this water supply, put on a piece of paper, then you're going to put the Minutes to this meeting, where it passed, and then you're going to do the one page or so many pages. Then you're electronically send it to the PUC in Austin. Paula stated she never sent the minutes. James said he always did and we always were told to just do that so then they can physically see what the board passed. You know, it's not like y'all would just change the stuff, you know. Paula asked if she had to send the whole tariff and James no, just the changes, whatever you revised. Jimmy Callahn asked is the copy I have, is this Armstrong WSC Tarriff and James said yes, it is. James continues So, TRWA, we work hand in hand, we don't really mess with the PUC anymore because they said we don't, we work more with TCEQ over the year.
So, I run into things, I send it to my supervisor, it goes into the office. They go over it and then we have several workshops. We usually have about 3 workshops with TCEQ in Austin and we will have a zoom meeting now since we all have zoom and we do things like that. So, they will say yeah, we can swing that or no or modify that a little more. And then I get into the questions

of OK, I'll modify it, but I need to pick your brain. What modifications are you looking at? And sometimes they will send it back and have things highlighted add, delete this add or another. Jimmy Callahan - We got some situations here where we have meters paid for where we have not set the meters. They have not come back yet and asked for a refund. But there has been some talk about that, and we do not have a policy. James Smith - the policy that I would have is in my tariff that somebody comes in and they make application and application is good, and they come in and write a check for one or 100 meters. However it goes, the clock starts ticking so you got usually I would only give them 14 days and I'm going to set that meter. You tell me where you want it or not. Then we kind of revised that to about 30 days to give them a little more time. After 30 days, we are done and don't deposit the check or anything. You are still holding it, but you're hopefully it's still good. And then go forward from there. Then, because your water system is ever evolving, and if they you do not get them in right, somebody downstream or upstream is tapping meters and get those put in. If you do a, we always call that hydraulic study. I don't know what the KPA calls it and stuff, but you know they do a study and they have y'all's water system on the model. Tony Beach used to be the engineer I used so he had a model and he showed me, he said where did you want that meter and I said put one right there and he drop it. Well, if you dropped enough of them all suddenly start kind of getting red or orange, you know, so you know, you were getting to capacity or past capacity and stuff. So, they had those models that will tell them what and whatnot. So, you know, if you're tapping other stuff and this person's 30 days, 60 days, yeah, 90 days, you're way out of whack there and they either need to make a move or back off or comes back at a later date. Jerry Hawthorne - A situation like this one, it's like 25 meters, In good faith, gave the approval, he paid for them and now he's having an issue with the county to get approval to do what he wants to do. So that kind of puts that developer in a hell of a position doesn't it. James Smith - I understand what you're saying, but you kind of have to look at it with the water system and I have to look out for this. And maybe that's something y'all learned that he learned that the next time somebody comes in with this, I don't know what his deal is. I can just almost think of what it is. It's probably on the road with a lot of bad. You can't see, so they are sitting there saying you're going to have to put one drive in here, another one in here and do a sub drive going down to go to all the homes. Jimmy Callahan – This one is on the smaller group. I do not know about the 25 meters, but that is, all the little road, now the county is telling him No, you are not putting in five driveways. He's going to have to come in and build Rd. inside. James Smith - that happened over in Pendleton. They had a lot of trouble with that, and the guy finally did it because he had all the meters set and he was ready to go. So yeah, they did one down here one1 back up here and then there is an inner gravel drive that goes down and then you turn into the other drive. Jerry Hawthorne - So we should have something in our tariff, then somebody comes in and buys 50 meters and gets application proves they pay for them. So we should have something that says you have 30 days to set these meters. Then after that there's no refund. Billy – we have in our Tariff, once the application is approved by the board, they have 30 to come in and pay for the meter before we set it. Tom Vitek - Well, everybody needs to read the tariffs because What we have is a clear policy for a 1 meter application, but anything over 2 meters talks about is developers and then you go through the whole developer process, which is not clear in our tariffs, especially when you see what we're doing with all these different people. We need a modified version of all of that. James Smith - and the one most important thing is when they come in to make application, if it's a one home 1 owner, one deal, it's a standard application.

Developers are nonstandard. And not just developers or nonstandard. Let's say I came over here and the water line was already there. Everything was on my property coming across here. Billy said it. You can have a meter, and I say that you know what I want to go up to a 1-inch meter

from a 5/8 by three quarters, I'm going to you better put a nonstandard in front of me. Here we go again. The attorney general never has happened, but if they come in audit you and they're looking at all those applications and all of a sudden one of them is it's a how much $4,300.00 hundred, 4,300.00 hundred and it's all on standard applications and all sudden, here's another standard application for 10,000. And $6000 difference, you're going to say standard 6000, all these other standards of 4300 would have here. Oh, we had to extend the water line, or we had to board the road or he wanted a bigger meter, nonstandard. Because the price tag is greater than the 4300, that's where the break makes it a nonstandard meter. Jimmy Callahan - Do we have anything about nonstandard meters? Tom Vitek - We've got a whole deal to do a nonstandard. agreement you also like for a developer that developer has to bring in, a final plate approved, by the county, which would solve the 25 meters. But there's a situation where Oliver's looking at 40 plus meters. He's not decided whether he's going to go forward with her yet, so he is trying to figure out what all his costs are going to be well. If he comes in and fills out an application, he's got a bring to because it's going to be more than 1 meter. He is going to have to bring a final plat down the road. He doesn't even know whether or not he can afford to put the subdivision in yet, so we need a secondary step in all of this of what happens in those cases. Somebody is paying for an engineering study. Are we reserving? At what point do we reserve capacity in our system for the 43 meters that Oliver wants. Because then we're over the 85% and now we're going to spend a half million dollars on doing something else. I mean, there's a whole bunch of different things missing in our tariff to apply to what is actually happening today. Doug Severson - How long ago did the people were talking about paid for the 25 meters. Billy – it's been about 2 years ago. Doug Severson - And it's my understanding the check was deposited. So, it's in our bank account and now if the cost tripled, we don't have any recourse. Billy Smith - yes, we do. If he was to put a subdivision in there, and he wants a line put down in there he's going to another engineering study. Doug Severson - Did he have to get one when he paid for the 1st 25 meters? Jerry Hawthorne - the engineering studies have a deadline of 60 days. Tom Vitek - That's where we're in this catch 22, because we could get caught. He's got 25 meters; he's going to put them in and so we have a spot somewhere and we put them in somewhere. OK, so that 25 is going against our capacity. Period the end. But if the county comes back and says, you know, OK, you can take these 25 meters, you're going to put them up here, with a line extension. He's going to say, OK, Armstrong, I want my 25 meters come put him in and put that line in with it. Billy Smith – He will have to pay for a line extension. Tom Vitek – Do he or doesn't he, that is the whole point of this deal. Jimmy Callahan – here is where I see that being the problem is. He could come back and say I paid for my meters, you took my money, I shouldn't have to pay for any line extension. There's nothing written down that says these 25 meters are available. When he paid for the 25 meters, he had an engineer study, I presume he did an engineer study. Billy Smith – a 4-inch line was installed Jerry Hawthorne - That was part of the engineering study that the upgrade had to be done, Jimmy on that one. Billy Smtih - that was 1, he wanted all the set on the road, he was going to put driveways in, but the county wouldn't let him do that. Tom Vitek – line has already be upgraded on this one. Billy Smith – yes, it has. Tom Vitek - Future, there's all these what ifs and I think we could take from these various examples and formula the right policies for the caricature. Billy Smith - he gave us the plat on the driveways, everything. Then the county came, and now you're going to come back and do like a subdivision with the road down there running your line. Tom Vitek - In the application then, if he gave us a plat, we took a plat that was not approved by the county. It's all these little things that we need to make sure it gets done. Jimmy Callahan - The county approved Platt is very important.
Jerry Hawthorne - That verbiage needs to be in there for any developers before we can get any approval, we've got to have a county approved plot. One of the questions we started out with

was justification of you know, how do we justify going forward for rate increases for both meters and for water. I know that you (Robert Gaines) have worked on that with the formula and everything, but James Smith has indicated that they've got a deal that they can put all these numbers in what they get and they can assist us in coming up with a justifiable number if we want to increase the cost of meters and that may be the fact that we've got these two upgrades, we've got to do and all that stuff can be included. And so may be it may be something you need to work with him with if we go forward on trying to do some increases here.
Jimmy Callahan - We got to go forward. We know we have to increase meter and water cost and we're not making it as it is. So, we've got to get better. Jerry Hawthorne - That's an area of the tariff right there that we need to modify. There's no question about it. Then we need to know to say, what do we want in there as far as a person comes in and says I want 5 meters. We've got to have a subdivision plat and a non-standard application. James Smith - And when it comes to your developers, you should have a schematic sitting there saying Engineering study good for X amount. This and that and must be approved before you take their money. All those things in there. Another thing, that's a big deal that a lot of people don't think of is easements. So every time y'all obtain an easement, the customer needs to pay or the developer needs to pay or whatever. So when you go to the courthouse to file it, they're paying not this water system. Because the best way to look at it is there's money here like you're talking about or not. But y'all are the governing body of this water supply, and y'all are stewards, and you're supposed to look out for the funds. That's all the members' money that's sitting here and you don't spend it on doing things for anybody else. Everybody else pays their way. Being, you know, filing the easements and doing everything else. And when you do get a development or you do a long extension like the four inch Billy was talking about or something, and you're going down through there and stuff. You might hit several different properties. Don't wait till that water lines in. Once you get that easement, go get it filed because I've seen one up by between Greenville and Paris. They were doing about 6 miles of 6 inch and the lady just thought, well, I'll wait till the whole the contractor gets the whole line in and everything's flushed and back to you and we accept it. And then I'll go file it. People all of a sudden started finding out they were putting this new line out through there. They went out and started talking to people and buying acre here, 2 acres there and everything. You never filed, so when they were coming through, there was people said, well, no, we want you to move over here. And they said no, all the stakes go up there. They said, well, I bought this, you know, a month ago or a little less. It's in my name now. Well, you had it under Mr. Smith now, Mr. Jones. So that easement wasn't, it wasn't filed, so they had no right to stay on course. They had to do a bunch of variations. So please go file those as fast as you get them. Don't let the ink dry. Paula Weir – before I can file I have to have the Document ID # and sometimes it take Bell County forever to get it changed over. I go out and check once a month to see if they have updated the records and if so I will send the easements to the County to file. Tom Vitek - How would you handle like a scenario where a developer comes in and wants to put in say 50 meters and that 50 meters is going to top us out and we're going to have to upgrade the system either by additional storage stains, additional pressure tanks, pumps, whatever. James Smith - all goes to the developer and if Central Texas has another acre foot or so out there, and you'll need to, you know, pull that into y'all's bucket to have stuff that developer, if he's taking that much of your capacity and you need that, you know, you want to keep a cushion of X amount of capacity and with their 50 or 100 or whatever is going to eat into that, you can ask them to up your contract and you pay for your capacity to keep and pass that increase to the developer. You can't do it to individuals, but you can do it to developments and developers. Tom Votel - What if you have 25 people lined up and they want 25 meters each one individual meters? James Smih - You're working individually. Tom Vitek – yes Individually, and

we must upgrade our system because of that. James Smith – yes. Tom Vitek - OK, so we've got a lot of old lines in the system that are failing or leaking. Is that cost that can be passed on, or are there any type of programs to get help with stuff like?
James Smith - That the only thing right now out there was that big push last year that Abbott did for water Development Board and all that big money that they got and everything. Legislation last year wrote it and by the time we realized how they wrote it, they left water supply corporations out. It was only for districts. But they're looking at it trying to rewrite everything.
Jerry Hawthorne - So right now as a water corporation, there's no grants or anything we can apply for under that. James Smith - No, not from that part. You can get some other stuff, you know, but they're getting, you know, slimmer and slimmer. That's one of the deals I always tell everybody, get your binder, put everything in there that y'all want. You know, kind of like a wish list or Christmas deal, or we need this, this and this. Build it all, put your pump stations in there and everything and have it ready and then start looking for a grant writer and try to get them involved. And you know, looking for stuff and maybe doing some grant writing for y'all. And that way if something does come through, you have that binder and you say here's what we want and have it in categories of we want a first and B second. and they go through there and then they'll go present it and put the deal together and go stand before whoever which probably the water development board and present it and stuff they don't cost you anything until you're awarded. And then they get their money off the back end. Jerry Hawthorne -
I didn't know that. James Smith - People don't, and then several water systems are very good at it. One lady actually did do that. She's it's over in which there's not anything in that county, but a town in a water supply. It's Coke County. It's Robert Fleet and Coke County water supply she used to write, so she's done quite a few, and that was always her deal, she said. There's where a lot of people, they get one, they say, yeah, hey, and she's already working on another before that one comes in. It's a constant, you just keep it flowing and you know it's 30,000 here or 40,000. I think one of them was 68,000, so they're slowly, you know, doing certain areas in certain parts.
Jimmy Callahan - Government grants are basically free money, right? No, no repay. James Smith – Right, it's a grant. No, it's a grant. And then the USDA there for a while, I thought they were going to get back on board, but they kind of fell off, you know, they were doing some of the you get a loan and there was a grant tied to it and
then, if you were really distressed and you know, there were certain bills, the loan, you know, they just say, well, no interest rate on that loan. Just pay back the loan part, no interest tax to it. And then you had all this crap.
And that was really, I guess it was during the Obama years. It was pretty good, but back then things kind of got real slow and everything. Well, I went to one bid opening up by Sulphur Springs and I walked in there and there were 35 contractors there trying to get that job and they were building it so cheap that it kind of stung that little community and that water supply because they still had $80,000 on the loan left after the job was finished. Jimmy Callahan – That's a good thing right. James Smith - no, because they had all this grant. They were trying to get but until you get loan finished and we rode around and I said y'all got all these old fire hydrants. Well, they said we USDA says we don't recognize fire hydrants. For a 30-year, 40-year deal, I'm like I'm looking at some 1957 model fire hydrants here. I looked And y'all aren't saying they you say they don't last that long, but finally they released some of those and they were able to wipe that money out and then they got to the good, you know, the grant money after that. So then they were getting the radio read water meters, you know, drive by us and all that stuff that, you know, those are only 10 years, you know. So yeah, they were able to use their grant money on all that. But yeah, we were riding. There was tons of them out there in the State office and Temple was calling us saying can y'all go and see if y'all

Can help them spend that money, they need to get it off the books, you know then they got maybe 50 or 60 or $70,000 in grants sitting there. One of them had $100,000 worth of grants and couldn't get to because they had this much loan still left on the books that they couldn't clear. And I guess the part we left out was, you know, the tariff is all y'all can revise it 100 times a day or every day of the week or whatever the rates are the same way the bylaws the OR the other part that the board needs to know about. So the bylaws are written by the USDA. You can revise them however you want to. I recommend not to. Because if you ever go to the USDA and want to get a loan or anything, they're going to ask you for a copy of your bylaws. If you have altered those in any way shape or form, they might make you revise, put it back to where it was. So there are a few in there that you can do, not a big deal. One of them that I'm working with, one water system be there Thursday We'll be kind of going over it with the board because they're at 9 board members are going to try to look at going to seven or five and those are the three magic numbers. They have 5 board members, 7 or 9, so they're having trouble keeping the 9. So we're going to look at revising it. So the board has every opportunity to change the bylaws y'all can vote. So they're going to do all that, put it in there and everything, then they're going to just let it sit there and simmer because they're going to have an annual meeting in the first of 27 and at their members meeting, annual meeting and stuff, they're going to see if they have board members running. If they do or whatever, they'll go ahead and do the ballot with the board members. They're still going to do a ballot because on the ballot the sample ballot it has by law revisions. And it says for or against and you can either put something in there or you can say if you know when you send the ballot out for the annual meeting and get it all done because you're already mailing out trying to save money and everything, you're going to do it at that time. You can do it anytime of the year. You won't, but you're going to do a mail out. You're going to have a meeting; you're going to have a ballot out there. Just do it all at the one time at the annual meeting and knock it out. So, then you know there's one of the revisions that a lot of them have done trying, you know, because I didn't realize there was so many water systems back when they started, they had not, you know, they had that many people that were wanting to be involved. And that's kind of falling to the wayside now. So, the bylaws y'all can say how you want them to be in this that another, but it takes the membership vote to change it to whatever it needs to be. Jerry Hawthorne -. One of our items on the agenda is discussion and make possible action on water increase and meter increase cost. I really feel like before we get to that, that's something we probably need to we need to let this formula come and let you and whoever work on this. But we need to get Gingers report back on what the cost is going to be. For those two areas where at 85% capacity know what we're looking at then I think we can come up with a formula and incorporate all of that in there to try to justify new meter cost at that time. Do you think I am looking at this right or wrong? I mean, right now we don't have enough information to really justify what we're wanting we are wanting to do. James Smith - To do right and with the spreadsheet and everything with those types of deals, I can show her or I can come back and have y'all can have the spreadsheet in front of you and I can point out how it works, how it calculates and everything like that. So, you'll have a better understanding instead of just looking at page after page. Jerry Hawthorne - we have to get Ginger's report back before we can do anything. Is there any other questions on maybe any aspects of our tariff that anybody wants to bring up a question or anything right now. James Smith - We put a tariff out just about every year. There are changes in there and stuff. So you know, I'm not telling you every year you need to look at a new one or something. But when I first came here, I started about the end of 2007 start of 2008 and we redid the tariff in 2009. Started in 2009 a bunch of us pulled it apart and did certain sections and redid it and I started telling everybody, you need to get our tariff now because we really it went from, you know about **** **** to what you see now. Tom Vitek

asked if the most current tariff is on their website and James Smith said we do not have it on the website but you can call the office and request a copy. Paula can request a copy. Paula stated that she used the Tariff that Glenda had and just changed some information. James Smith - Right, you can [ull your old and plug it into your new one, and that's what I usually tell everybody this. Well, what I do is I take your old one, bring everything over to the new one, and then give a rough draft to the board and let them go over it and see if they want to leave it that way or change anything? But if at any time the board wants to change anything that's what it's for. Jerry Hawthorne - James, I think you know what we'll probably be getting back with you. Somebody will help us with the spreadsheet and ae will acquire some more information internally that we need to know. And then we'll be getting with you to get you. Give us some guidelines on the spreadsheet there. James Smith - And on that one spreadsheet for the rates and stuff, there's just three big components. The audit, the last audit you had and in that audit you'll flip through there and you'll see that one page that says expenses and starts off with salaries, contract, labor, utilities, chemicals, and so on and then the next one will be meters. How many meters are out there and then the breakdown on meter sizes and once that is plugged in you will have your information. Jerry Hawthorne - Any more questions from Mr. Smith? James Smith – you have my card, don't hesitate to give me a call or leave me a message and I will call you back. I will get with Paula and we will work on the spreadsheet and we will have ready for the September meeting. And like Billy just said, you know, he said we're changing out meters and we're doing this. So you know you could put something in the capital improvement, make a line item down there and say, you know this, that or another and put X in there.

2. Discussion and approval of minutes of last meeting: Motion was made by Bill Wheeler and seconded by Tom Vitek to approve the minutes of the July 7, 2026, meeting.
All in favor - Yes

3. New Customers & Transfers:

New Customers: None

Transfers: Allison Bragg to Dwayne Warren
Dwayne Warren to Kelly Baugh

4. Billy – we saved 100,000 gallons at Barton, this last go around. The new meters dropped the percentage down to 10%. I think we need to go to Armstrong School next. There's 164 meters there. I got a bid to hire someone to come in and change out the remaining meters in the system it would cost $323,845 just that meters and changeout and $291,000 for the remaining meters, that's 870 meters. It would be cheaper to hire another person. For Neptune meters it's going to cost around $32,352.00 in labor for 412 meters. I have some new numbers on rates for out take or pay for when we get the new pump station and we need water for the meters. Our agreement with CTWSC If we used all of raw water, which we're not going to but I ask them to figure out if we were to up our take or pay 2,000,000 gallons. And it would be $34,760 a month for water for water. Jerry Hawthorn asked what are we paying now? Billy Smith – Just on our take or pay $26,844. Jerry Hawthorne – Why do we want to up it. Billy Smith - Well, you're going to have to with that new subdivision. Can't just sell them Run off of that raw water all the time. Robert Gaines – What he's saying is, as your water consumption goes up, then you have to take more treated water from Central TX. And you've got a finite amount of treated water that has available for you and once you hit a certain amount. I'm not sure what it is, so that minimum take or pay

keeps kicking in and driving your minimum cost up. Billy Smith – the take or pay stays same, they don't go up. Robert Gaines - at some point they change the water delivery and that will change your take your pay dollars. In the past, what we've done was fight that by using our well water to meet that increased water demand instead of having to go to an increased take or pay. But at some point, the well water and our take or pay is not going to be enough to meet Armstrongs demand. Jimmy Callahan - We don't know what at some point it's going to be because we don't have that much growth right now, right. Billy Smith - Now we're OK right now. I just got it because Central TX OK'd, some water through other water companies they let them raise their take or pay. So, they gave me some figures on that. Tom Vitek – can we have a copy of that. Billy Smith - The first page y'all looked at this one is not colored. That's what we look at for the take or pay. Tom Vitek - So we're currently at $16,990,000. Billy Smith – yes, now go to the one that's colored over is what our take or pay is 6,797,880 and would take it up to 8,800.000 per month. 22 million is what they go by if you go over. If you go over 2-3 months and you go over 22 million or 16,000,000 on a present contract, they can come in and won't you to raise your take or pay. This is just some information in case we need to get some water for the new subdivision on Royal St. But this is just some information I wanted y'all to have and to give y'all and idea on what it would look like.

5. Office Manager's Report – We have one (1) meter request – Teresa Anderson 11002 Roberts Rd. Motion was made by Jimmy Callahan and seconded by Bill Wheeler. All in favor - yes

6. Cen-Tex Report – Report was included in Managers Report. Motion was made by Tom Vitek and seconded by Doug Severson to elect Billy Smith to the CTWSC Board as the Representative for Amstrong WSC and to pay Billy overtime to go to the CTWSC Board meetings and not to exceed 3 hours. All in favor - yes

7. Secretary-Treasurer's Report – Motion was made by Jimmy Callahan and seconded by Bill Wheeler to approve Secretary-Treasurer's report. All in favor - yes

8. Approval of Bills: Motion was made by Doug Severson and seconded by Bill Wheeler to approve bills. All in favor - yes

9. OLD BUSINESS:

A. Discussion and possible action – Meter cost increase - Tabled till September meeting.

B. Discussion and possible action – Water rate increase - Tabled till September meeting and have James Smith work on the spreadsheet for the September meeting.

10: NEW BUSINESS –

A. Discussion and possible action – BRA Rate Increase – No action taken

Adjourn 8:30 pm

Respectfully submitted,

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Tom Vitek, Sec'y/Treasurer