

Durham Park Water Supply Corp

Monthly Board Meeting - Minutes

Tuesday October 14th, 2025 @ 6:30 pm Location: DPWSC Building

Attendance Required:

DPWSC Board Members (Garner, Kadey, Jeff, Farhad)

DPWSC Operators - Cliff

Agenda:

- Public Forum (3min per speaker) – **Jim present but no comment**
- Review/Approve Minutes from September 9th – **Farhad/Kadey Motion as delivered**
- Water Operators System Status Report
 - Water & Repair Report (5min) – **Cliff – All Good, Slight issues in getting Chlorine but worked out in the end, researching different/alternative supplier, one disgruntled customer, no date yet on big repair, did small repair on Greys Circle and San Gabriel (30' of line replaced) There have been reports of pressure issues with Well #1, 12 psi, replace regulator, ordered a new back-up \$30, Need to winterize equip via heat Tape, ~\$50, Need new solenoid switch @ Well 3, ~ \$300, need fuel for generator (BTW an inquiry about selling the generator at well #3, declined). Down to two dewalt type batteries (Amazon brand doesn't last), Cleaned and power washed truck, ordered new magnets for side**
 - Water Restriction Status (5min) - **Same**
- Pohl Partners update water test results for Ryan Brooke if available(15 Min) - **Gross Alpha tested at 7.07 on new well and Non Detected on "Cattle Well", No new 36 hr pumping test (requested by Board), Smaller arterial lines will be buried at 3', larger lines 4', and bedded correctly. C900 "blue pipe" used, each lot (73) will have a box, just no meter, 80,000 gal storage tank. Pros/Cons sheet delivered to board. Discussion from board on needs: Updated pumping amounts, updated plans for booster pumps and tank, Info on as-built testing requirements from TCEQ, Board would like to have some input with HOA regarding landscaping and water use, irrigation, need proforma (Budget)**
- Subeca Automated Read Meter Trial Quote (5 Min) – **Durham Park Pilot Program through SUBECA looked at, 12 meters scattered throughout service area to analyze consistency at cost of \$190 per meter (free use of software for trial). Cliff indicated that we need to ensure there is a manual backup (ability to read meter manually if there was a lapse in wifi connectivity or for any other reason). Mayes/Cochran – motion to approve purchase of meters for pilot test, if manual backup is available**
- Hiring policy/probationary periods/trainee hiring timeline/PRN helpers.(15 Min) – **No probation period, free will employment, update PRN Policy and call in policy**

- Financial Review (30 min)
 - Billing/Delinquent Account Status – *Usual suspects*
 - P&L current month vs same month last year - *Good*
 - Bank Account and Asset Review –

Policy - Operating Account & Reserve Bank Accounts

PURPOSE

This policy outlines the purpose, use, replenishment and monitoring of the Durham Park Water Supply Corporation (DPWSC) Operating Account and Reserve Accounts consistent with the financial controls established as part of its annual budget process. Additionally, this policy establishes the target reserve balances necessary providing for:

- *Coverage of normal monthly operating expenses and cash flow requirements*
- *Meeting long term debt liabilities*
- *Funding deductibles required in the event of an unplanned insurance claim*
- *Membership Fee activity*
- *Capital Improvement Plan to address significant investments as needed to ensure successful long term operations*

I. GENERAL POLICY

A. OPERATING ACCOUNT

1. *Purpose - DPWSC shall maintain a general Operating Account to assure sufficient monthly liquidity for funding the day-to-day operating expenses and supporting DPWSC's normal monthly cash flow. DPWSC Admin shall use the Operating Account to cover expenses budgeted for each year including: operations, payroll, taxes, administrative costs, monthly maintenance and repair, vehicle and equipment repair, etc.*
2. *Use, Replenishment, Monitoring - DPWSC personnel shall use the Operating Account at any time to meet cash flow requirements for monthly operations. Authority and use of the funds will be consistent with DPWSC's Purchasing Policy. This account is replenished through monthly revenue generated through water sales. DPWSC Admin and Board Treasurer shall monitor account balance monthly and report shortfalls as required to the Board. Semiannually, any excess funds shall be reallocated to other reserves or investment accounts.*
3. *Required Account Balance - Minimum balance of 60 months average monthly budgeted expenses. Maximum balance of 90 months average monthly budgeted expenses. Excess revenues shall be swept into the Unrestricted Reserve.*

Updated reserve policy approval

B. UNRESTRICTED RESERVES

1. *Purpose - DPWSC shall maintain an Unrestricted Reserve to assure sufficient monthly liquidity for funding unplanned operating expenses in the Operating Account. It also serves as a primary backup to other Reserve Accounts to eliminate the risk of monthly negative cash positions representing prudent financial planning. This may occur with emergencies, unplanned /repairs, delay between the receipt of revenues and/or payment of expenses beyond normal budgeted amounts.*
2. *Use, Replenishment, Monitoring - DPWSC Admin shall notify and request use of the Unrestricted Reserve to DPWSC Board Treasurer or President. Transfer of funds to the operating account shall be limited to meet the specific negative cash flow requirement. DPWSC Admin and Board Treasurer shall monitor account balance and report shortfalls to the DPWSC Board as required.*
3. *Required Account Balance - The target balance of the Unrestricted Reserve will equal to 120 days of operating expenses consistent with best practices in the industry for corporations with monthly rate revenue. Sufficiency of funding level for the Unrestricted Reserve shall be identified at the beginning of each fiscal year and maintained.*

C. MEMBERSHIP LIABILITY RESERVES

1. *Purpose - DPWSC will maintain a Membership Liability Reserve in order to maintain balance that represents the annual level of turnover of Membership Deposit activity. The Membership Deposit (currently \$200) as described by the DPWSC bylaws is refunded at the closing of an account and collected at the opening of a new account. This reserve account will be adjusted as membership levels change or membership fees change.*
2. *Use, Replenishment, Monitoring - DPWSC Admin use is restricted to resolution of membership deposit transactions only. DPWSC Admin and/or Board Treasurer shall periodically monitor membership liability reserve balance to ensure consistency with the number and type of transactions, bringing any deviations to the attention of the Board.*
3. *Required Account Balance - The required balance of the Membership Deposit Liability Reserve will equal to annual amount of account turnover of DPWSC Customers times required membership fee. The current turnover rate is 10%. Adjustments made for changing membership fees over the years.*

D. IMPACT RESERVES

1. *Purpose - DPWSC will maintain a Impact Reserve in order to fund property and liability insurance deductibles, losses exceeding insurance limits, and unemployment benefit payments in the event that a claim is made.*
2. *Use, Replenishment, Monitoring - With board of directors approval Impact. Reserves can be used at any time to meet cash flow requirements of DPWSC operations.*

3. *Required Account Balance - The target amount of the Impact Reserve will equal five times the current property insurance deductible (current deductible is \$3,000).*

E. CAPITAL IMPROVEMENT RESERVES

1. *Purpose - The Capital Improvement Reserve is to fund projects identified in the Long Range Capital Improvement Plan and to quickly repair short term critical assets in the event of a natural disaster or facility failure.*
2. *Use, Replenishment, Monitoring - With Board of Directors approval Capital Improvement Reserves can be used at any time to meet cash flow requirements of DPWSC. Authority to use the funds will be consistent with DPWSC's Purchasing Policy or contract requirements.*
3. *Required Account Balance - The target balance of the Capital Improvement will be determined by the Capital Improvement Plan. The minimum required balance will be \$10,000 as per institutions account requirements.*

F. DEBT SERVICE RESERVE

1. *Purpose - The Debt Service Reserve is intended to assure monthly payments, loan collateral requirements or covenants of third-party creditors. This includes the Texas Water Development Board, USDA or other similar entities providing financial support to DPWSC. Increases and decreases to these reserves will be consistent with specific loan requirements.*
2. *Use, Replenishment, Monitoring - Debt Service Reserves are protected assets for the life of the loan. DPWSC must have prior approval of USDA or TWDB before withdrawing and using reserve funds for such things as meeting loan installment payments, replacing equipment, or meeting emergency and other needs.*
3. *Required Account Balance - In general the existing debt service reserve requirements are:*
 - a.) *USDA Loan - Establish a "Debt-service reserve: Necessary to assure that all loan installment payments will be paid on time. Debt-service reserves will accrue at the rate of one-tenth of the annual average loan installment with a balance equal to 12 times monthly loan payment.*
 - b.) *TWDB Loan - Establish a "Debt-service reserve: Necessary to assure that all loan installment payments will be paid on time. Debt-service reserves will accrue at the rate of one-tenth of the annual average loan installment with a balance equal to 12 times monthly loan payment.*

II. GENERAL OVERSIGHT & REVIEW

DPWSC Board of Directors shall provide oversight to Reserve levels during the fiscal year and reported in the monthly and quarterly financial reports. Reserve target (minimum) and maximum levels will be analyzed annually and an over/under reserve determination shall be made in conjunction with year-end financial results. These results will be presented to the Board as part of the year-end financial report presentation. Should undesignated DPWSC reserve levels need adjustment due to new risk factors due to changes in the utility; these will be brought to the Board. The Policy will be reviewed annually, and updated (at a minimum once every three years) if there are material changes in the risk exposures or new conditions that require changes in reserve levels.

Open Capital Improvement Account. – **Kadey will open a new CIP account as discussed above**

Rebalance other reserve accounts – **Accounts with adjustments needed below**

Type	Maturity Date	% Rate	Account	Current Balance	Adjustment Needed	Resrve Needed	Reserve Calculation
Checking			VeraBank Operating (4415)	\$ 48,222.43	\$ (16,000.00)	\$ 30,000.00	Maximum 90 mos Avg expense
MMA			VeraBank MMA Unrestricted Reserve (5994)	\$ 104,214.67	\$ 16,000.00	\$ 120,000.00	Maximum 120 days average operating expenses
CD	3/29/2026	1.73%	Classic Bank Membership Liability CD (0169)	\$ 6,003.70	\$ -	\$ -	
MMA		1.5%	Classic Bank Impact (8387)	\$ 26,761.38	\$ (11,761.00)	\$ 15,000.00	5 x Property Ins Deductible \$3K per event
MMA		1.5%	Classic Bank CIP (3691)	\$ 37,863.78	\$ 59,609.00	\$ 25,000.00	Based on CIP Plan
Checking			Classic Bank Membership Liability (0243)	\$ 64,268.33	\$ (57,848.00)	\$ 6,420.00	10% Reserve
			NEW Account	\$ -	\$ 10,000.00	\$ 14,280.00	1190*12 - USDA (1992 - Well development) Matures 2032
CD	6/21/2026	3.54%	TWDB Reserve Classic Bank CD (4955)	\$ 30,005.36	\$ -	\$ 25,176.00	2098*12 - TWDB (2011 Well #4) Matures 2051
			SubTotal Reserve	\$ 30,005.36		\$ 39,456.00	12 mos Payments - Outstanding Loans
			Totals	\$ 317,339.65	\$ -	\$ 235,876.00	

"Mayes/Farhad – motion to approve the updated reserve policy as presented and discussed"

- Board application received(5 Min). – ***None received, Mayes will contact Randy Hodges about his wife possibly serving in that capacity***
- Adjournment Regular Meeting (2min) ***Mayes/Farhad – Adjourn, By Edwards at 8:07***

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