

Stanley Brewer – Cox Subdivision – **President**

Randy Pebsworth – Town North Village – **Vice President**

Deborah Hunt – Town North Estates - **Secretary/Treasurer**

Adolfo Pompa – Plott Acres

Camila Bonfield – Town North Village

James Truelock – Town North Village:

Sheryl Prime – Town North Village

All Members were present.

I. Call to Order - President Brewer

II. Invocation - Camila Bonfield

III. Pledge of Allegiance

IV. Public Comments

V. Minutes

M 1 Approval of the February 22, 2024, Board Meeting Minutes: All were in favor - **Motion Carried**

VI. Finance and Administration

FA 1 Board Approval of the List of Invoices to be Paid

- Winstead's 2023 invoice was not included in the month's invoices.
- The Board voted and approved to pay all invoices. All were in favor: - **Motion Carried**

FA 2 Board Approval of the 2024 Amendment Budget

- Robert Sheets: Temporary System Manager discussed the budget; this will become the 2024 budget with the board's approval.
- Stanley Brewer, Board President, asked about the \$150,000 loan from WFX.'
- The money has been deposited in the bank. With board approval, we will use around \$80,000. For this month's invoices.
- The subsequent allocation of the WXF loan will be made in June. This loan is referred to as a redevelopment loan. It was to give the board money to operate until they had revenues.
- The board approved the amended budget. – Seconded by Camilla Bonfield, all were in favor - **Motion Carried**

FA 3 Other Items

- Robert Sheets: with the consent of the Board, Anser Advisory will pay the insurance invoice and the deposit to transfer the utility, and the board will reimburse Anser Advisory
- Tammy, the Board Clerk, has been discussing transferring the accounts to the SPWSC with the power company
- On March 29, 2024, all the power to these pump stations is now our responsibility of the corporation. The account is in the Central States name and will be transferred to the SPWSC next week.

VII General Counsel

GC 1 Board Approval of CSWR Tariff for South Plains Water Supply Corporation (SPWSC)

- Tariffs filed by Central States and all the miscellaneous fees that the PUC has approved. As the Temporary Manager, we are using Central States Tariffs. The PUC has approved the Central States' tariffs; the SPWSC must approve the filing and all rates and adopt them now as the SPWSC rates. There is no increase as of now, and we can't charge those rates until the board approves the Tariffs.
- Matt McPhail: present a Resolution adopting the current Tariff to the Board. Your board agenda packet has a breakdown of the rates and a copy of the tariffs. We can revisit the rates as the system owner and long-term manager. As of now, our option is to approve the current Central States' Tariffs
- The board voted to approve and adopt the CSWR Tariff, seconded by James Truelock. All were in favor – **Motion Carried**

GC 2 Status Update Regarding Insurance for the Corporation

- The binding of the insurance agent wants information on the value of the assets (Non-existent currently)
- The board authorizes the Temporary Manager to issue a check when the insurance company issues an invoice. **Motion Carried**

GC 3 Status Update Regarding STM Application

- Matt McPhail, Winstead: Today, I received a memo from the PUC stating that the STM application is administratively complete. The process of working with the Water Development Board and the PUC to make this happen is usually long. This is the stage of preparing to post a notice to neighboring systems.
- Matt described the procedural schedule and said that the PUC is good with the application; we are now at the next steps of acquiring the system. We have a deadline to file the notice sent with the commission affidavits.
- Robert and Matt will send these notices to these neighboring cities, districts, and public utilities as soon as possible. Landowners on less than 25 acres do not have to be notified.
- The PUC is pleased with the mapping information we provided about the SPWSC.
- Provide additional information to the managerial council to proceed and clarify any notification requirements in the PUC document.
- The board motion is to approve Robert Sheets, Matt McPhail, and Ken Rainwater to continue interacting with the PUC. -Seconded by Shery Prime, all were in favor - **Motion Carried**

GC 4 Action Items Related to the upcoming Annual Meeting of Members and Election of the Board

- Matt McPhail, Winstead: when we set the meeting schedule. I think we comply with the business organizations and water codes. Next year, we'll have to be a little earlier on the calendar because once you are that permanent retail provider, the statute says you must have your annual meeting by the end of May.
- The first elected group was chosen almost a year ago. Although we are on a natural schedule, starting next year, we must move up the timeline based on your bylaws. This year, we are aiming for the member meeting in early June. We will need to pass a motion to form a credentials committee and authorize Robert to work with the committee to finalize the application form for serving on the board. Additionally, we must take other necessary actions for mailings related to the annual member meeting and post the information on the website. Next week, we will mail out the application form. Three of you must volunteer to be on the credentials committee; it can be anyone from the board.
- Camilla Bonfield seconded the motion to establish a three-member committee, and all were in favor. - **Motion Carried**

GC 5 Other Items

VIII. Operations

OP 1 Status Update Regarding Plott Acres

- Ken Rainwater, System Engineer: We are facing issues related to the treatment systems at Plott Acres. We need to hire an engineer to assess our options and determine the associated costs to address these concerns. The situation at Plott Acres has become more severe, and we are actively exploring ways to address the problem. While one well is operational, it has limited capacity, and we believe that Well Number One can be brought back online. We seek advice from experts like Mark, who has experience with similar systems.
- I met with Paul Carroll of the Air Force, who manages the cleanup for the Reese PFAS plume. They are excited to have somebody to talk to now because they are pushed to handle their jobs. Right now, I believe people at Plott Acres are getting bottled water. They don't want to do that forever. They want to be able to do something better.
- We will work with them to determine the best way to handle this. Would it be possible to repair a well so it can be back in service and pipe that water over to the treatment system we already have on the north side of Plott Acres, where we and the Air Force can treat it? That's one way to do it. But it's a pipeline that's more than half a mile long.
- There is a specific cost associated with that. We may need to update Well One to move the water. Additionally, we will consider whether it would be more advantageous for the Air Force to treat the water directly from the well and then deliver it to us. All of these options will be considered based on their cost.
- Mark is already exploring different alternatives based on his observations. All those things will be based on their cost.
- We understand that you urgently need more water in Plott Acres, and we prioritize addressing this issue. Carlos's expertise in navigating different agencies has allowed us to potentially qualify for emergency funds that can be used to quickly repair and restore the capacity of the water treatment system. This funding is separate from the other treatment funds we have been discussing. We will keep you updated on our progress.

- It is unclear if emergency funds would be in the form of grants or loans, but we will do everything possible to pursue them and ensure they are grants. These programs aim to focus more on rural communities, which aligns with our current initiatives.
- Mark Patterson: I visited Plot Acres today and looked at the offsite. It's the central well that's been abandoned. When the pump is started, the motor runs, but no water comes out. This could indicate a problem with the pump. I noticed that the water line might be damaged due to a hole in the line or insufficient water depth. Additionally, I saw a sticker indicating that we work with Townsend Well, a pool company known for its expertise in pumps, motors, and related equipment.
- We have collaborated with Townsend Well on dozens of projects in the past, and they have always provided excellent service. I hope that they will be able to help us address this issue."
- There are pressure tanks there. They appear to be in decent condition and could be usable. I didn't notice anything discouraging about the entire deal.
- It's just figuring out which traps to run first and working through them. Thanks. It's a potentially helpful hole, and I guess the last thing I would say is that Alan Wallace was with me when I met with the Air Force to talk about historical knowledge of what's out there.
- Before the mechanical failures, the well was dependable at producing 42 gallons of water per minute, as it was used to supply oil and gas exploration teams. Previously, it had produced a barrel of water per minute. We are optimistic that we can repair the well and restore it to its previous capacity of 42 gallons per minute, which would significantly improve the amount of water we can provide.
- The board will be updated if anything changes before next spring,

OP 2 Other Items

IX. System Manager

SM 1 Status Update Regarding Acquisition

- Robert Sheets, the temporary manager, has informed us that we have reached a point with the Smith family and their attorneys where we should start drafting an offer letter. The letter should outline the terms and conditions under which we will acquire the system.
- On March 29th, the system was renamed South Plains Water Supply Corporation. We all desire better maintenance and a more responsive system.

SM 2 Status Update on Second Loan

- During the budget meeting in December, Robert Sheets discussed the need for pre-development funds. An additional \$250,000 was borrowed for acquisitions and transition costs. The costs include our legal fees, due diligence, financial and transition of all accounts and information, and fees for pending liens that may be filed against the Smith family. All closing documents, title, lien, deed issues, and real estate transactions.
- We plan to use a portion of the \$250,000 loan to provide us with the necessary working capital during the first 30-45 days. Once we receive the bills on March 29, we will use some money to provide working capital for SPWSC. We attempted to apply for loans through the City and Peoples Bank, but unfortunately, they rejected our applications.

- Michael Rivera, Director of Lending with Communities Unlimited: Communities Unlimited is a nonprofit organization that operates in seven states, including Texas. We provide technical assistance, and Kurt Grant is one of the coordinators for the state of Texas. We also provide funding for small water and wastewater systems. We have assisted water systems for nearly 50 years with up to \$750,000 in loans, offering various lending products. We're here specifically for two reasons. Robert graciously invited us, which you know. It's already in the budget.
- That was pending with the Smith family system. And because there's an interest to acquire or to obtain additional funding. And we're looking at how we can be part of that solution for you guys and help this acquisition merger happen. We still have a previous loan pending. We're looking to see how we can resolve that to move this process along. One of the things is the lean factor that is placed on that other system. We're willing to play more in this situation to help the community, help you guys achieve the goals you're trying to do here and try not to delay any of the processes for you guys. I've been conversing with Robert for a couple of months. One of the things that for me, for CU, representing CU, I will be interested in having in writing that this CWD be grant. I understand it's in the budget, but I would also like to see it, maybe in the minutes of this board meeting. Is the funding intended, or is there an intention to use it to pay off that original loan? That way, we can continue that relationship and extend additional financing. Mike, let me jump in here. Michael asks that you authorize us to show that in minute one.
- The other ask is to ensure we show within the minutes that it's our intent. If you look at the plot acres budget, there is an item in there for that investment made by the community to the Smith family four or five years ago. So, that grant fund should be used to pay off the Smith community living loan to the Smith family. It won't come out and won't be on the rate payers' back to do that.
- They'll come out of it looking for insurance. This is an affirmative statement that we will use those funds to pay the community under the original loan to the Smith family.
- He's also talking about being able to close on this loan with the board in a very, very quick fashion and with a far more reasonable amortization schedule than we may have in the budget. We had a seven-year amortization, but they may be coming back to a 10- or 15-year amortization, which can do as well and puts less pressure on the rates. Are we borrowing money from communities to pay the community? No, no, we're not. The grant is going to pay communities. We are borrowing money from the banks with cash coming to us.
- We need those funds to complete the deal, so we need to take over the Smith family assets and systems. The water development board won't release the funds until we do that. The only condition is that we own the assets before the funds are released. We sent the PUC an affirmative letter from the Water Development Board about those funds. This is a relationship of mutual interest. First, their mission is to help communities like ours.
- As we move forward, we need to come up and operate. They will be one of the first resources we turn to for help. First, Kurt was one of the significant authors of the original grant.
- Kurt was very involved in the Texas chapter of AWWA, which is currently very involved with preparing the original grant. As we move forward, we want to do a complete meter exchange program with new AMI meters.
- During the meeting, the board unanimously voted to authorize Robert Sheets to apply for a loan with Communities Unlimited. It granted him the power to execute any relevant documents on behalf of the board. Stan Brewer, the President, proposed a motion, which James Truelock seconded. – **Motion Carried**

- The board has scheduled its next meeting for May 2, 2024.

SM 4 Other Items

X. **Board Items**

BD 1 Other Items

Adjourn.

May 2, 2024
Date Minutes Approved