

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 January 18, 2024, Board Meeting Minutes

- Seconded by: Randy Pebsworth **Motion Carried**

VI. General Counsel

GC 1 Board Approval of Work Authorization for Acquisition Team

- Robert Sheets, System Manager: The board authorized the team (Ken Rainwater, Matt McPhail) to acquire the Smith family asset.
- Transition the assets from Central State Utilities
- Acquire the assets and the real estate from the Smith family.
- I met with Blaze, the Smith family attorney; we have set a closing date of 30 to 45 days for this real estate transaction involving the Smith Family asset.
- Gave notice to the PUC and the Water Development Board
- Blaze gave us a preliminary initial list of potential liens, and the Smith family understands that this asset has no tangible value.
- Costs will be incurred for the Smith family's legal expenses, which are our expenses.
- Patterson's Customer Services and Building System will mail April bills. The mailer will be sent by the end of March.

Matt McPhail; Winstead: We must provide the board and the customers as much information as possible.

- This information is helpful because we are building this new corporation. This will be public information; we will have this stated in the minutes. Seconded by: Sheryl Prime all in favor **Motion Carried**

GC 2 Update the South Plains Water Supply Corporations Bylaws

- Matt McPhail; Winstead: there was an error listed in the Articles of Incorporation and the bylaws stating that there were five (5) board members; the board decided to change it to have seven (7) board members. The bylaws should reflect that the board comprises seven (7) members. This motion states that the board consists of seven (7) board members. Debra Hunt made a motion, seconded by: Stan Brewer; all were in favor-**Motion Carried**

GC 3 Approval of Addendum to WFX Pre-Development Loan

- When we entered into the pre-development loan with WFX, releasing the funds was the formal approval of the agreed grant, which may not be approved for 30 or 60 days.
- Met with WXF, and they agreed that since the securitization of the loan wasn't the grant. The revenues of the system acquisition were collateral, not the grant.
- WXF agreed to amend the document to give us the first round of the loan in March \$140 000
- The remaining amount of the second loan is in May or June. The loan in March will pay the 2023 invoices, and the rest will be our operating capital.
- The remaining loan amount will be given after we take possession of the assets. There is a difference in interest rates, terms, and payback periods. Again, those dollars are also factored into the 24-25 budget for maintaining the debt service on that loan, and none of those have changed.
- This addendum is the revision in the pre-development loan agreement. Seconded by: Randy Pebsworth all were in favor-**Motion Carried**

GC 4 Status Update Regarding Insurance for the Corporation

- We will bring a quote for the insurance company to the board at the March Meeting.
- When we take over as the Temporary Manager on March 29th, we will have coverage to protect the board. However, as the Temporary Manager, you have the same liabilities as the permanent manager.
- Stan Brewer, President: ask will the insurance know the closing value of assets and the revenues. The insurance company specializes in special districts. The team will bring back a quote from the insurance.

GC 5 Status Update Regarding STM Application

- **Matt McPhail:** the application is still pending. We will receive comments on March 7th.
- The PUC staff reached out and introduced themselves. An attorney also asked about mapping and who would oversee processing it.
- They are processing and asking questions. We're on schedule with everything, but we'll have nothing to evaluate until their 30 days.
- Once we get those comments back, the hard work will begin, but we can handle it. Being the temporary manager and getting information from the Central States should also help with that process.
- Robert Sheets: The Central States will turn over the systems to the board on March 29th. We anticipate finishing the real estate transactions before the STM process has run its course.
- Close on the real estate asset; we will be its provisional, conditional owner. We must then put our rates in place to support that system.
- The PUC will make some provisional agreements pending their final process. Once we own the assets, we believe that'll trigger the Water Development Board to release the grant to the board.
- File a rate tariff with the PUC. It's more of an informational fund because the PUC does not have rate oversight of the Water Supply Corporation.
- Have a community announce and advertise those rates. Hold a community meeting sometime in April or May to approve those rates to function as a permanent system owner.
- Robert and Carlos look forward to meeting with the PUC team and the Water Development Board next week.

GC 6 Other Items**VII. System Manager****SM 1** Board Consideration and Approval of a Contract Between the SPWSC and Patterson Water Services for Professional Services for Operation Maintenance, Customer Services, and Billing

- We received two responses: a response from Patterson Water Services and Minnow USA
- The board scored the proposal, and Patterson was awarded a contract.
- Patterson has been performing the O&M work under Central States since the Central States took over at a level that minimized repairs and investments. Mr. Patterson and Bryan Smith
- Mr. Paterson discusses his history and his work with Central States. He is looking forward to working with the South Plains Water Supply Corporation
- Mr. Mark Patterson, Patterson Water Supply: passed out an introduction letter to the board (see attached); a copy of the Patterson letter will be attached to the minutes.

SM 2 Board Approval to Authorize the System Manager to Pursue Loans for Acquisition and Transition Costs

- Robert and Randy met with City Bank and Peoples Bank to discuss a loan for \$250,000.
- To secure a pre-development loan for \$250,00
- This amount can not go up without the board's approval.
- The banks could make community loans.
- This amount is in our budget. We are looking at other opportunities to secure a loan or grant.
- Randy suggests that the board should consider a loan from either bank.
- The board voted to authorize the System Manager to pursue loans and other opportunities to secure loans and/or grants for acquisition and transition costs. All were in favor **Motion Carried**

SM 3 Status Update on Grant Application

- Robert and Carlos will meet with the PUC next week.
- A status update and further discussion will be provided during the next Board Meeting on March 21st.

SM 4 Set Date for March Board Meeting

- The Board set the next Board Meeting for March 21st.

SM 5 Other Items**VIII. Board Items****BD 1** Other Items**Adjourn**

March 21, 2024
Date Minutes Approved