

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

**I. Call to Order** - Stanley Brewer, President

**II. Invocation** - Camila Bonfield

**III. Pledge of Allegiance** - Stanley Brewer, President

**IV. Public Comments** - none

**V. Minutes**

**M 1** Approval of July 25, 2024, Board of Directors Meeting Minutes

- The minutes from the last meeting are reviewed and approved. Seconded by James Truelock, all were in favor - **Motion Carried**

**VI. Finance and Administration**

**FA 1** List of Invoices to be Paid

- Attached is a list of invoices, including payments for Anser Advisory, Ken Rainwater, and SP Electric utility bills. The reason one included a late fee is discussed.
- There will be an improvement process to avoid future late payments.
- Several board members had some concerns about the electric bill and asked once the new Well houses and filtration systems are installed, they will save electricity and money
- Robert Sheets stated that wiring and equipment need to be updated. All those things combined will lower our consumption.
- The Board voted to pay all invoices (\$13,411.84) and was seconded by Randy Pebsworth, Vice President- all were in favor - **Motion Carried**

**FA 2** Other Items

**VII. General Counsel**

**GC 1** Status Update Regarding Acquisition and Other Matters

- Matt McPhail, Winstead; gave some key updates
- Acknowledgment and Thanks: Special thanks to Stan for his help with paperwork delivery and coordination with the Smith family's attorney. His assistance was crucial in getting all documents signed and delivered.
- The Progress on Transfer and Merger Application: All paperwork for the Sale, Transfer, and Merger (STM) has been signed and submitted to the Public Utility Commission (PUC). The PUC staff has approved the application and is now awaiting review by the administrative law judge. Finalization is expected around mid-September, after which the SPWSC will officially own the system and transition from temporary managers to full owners.

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- **Current Status:** For now, SPWSC remains the temporary manager, acting on behalf of the Smith family. However, there are some limitations on what can be charged to customers until the ownership is finalized. The board is working to keep rates consistent during this transition, and temporary rates will be addressed at the next meeting.
- **Dockets and Filings:** Multiple dockets are currently open with the PUC, including one for the temporary system and another for the full-time rates. Additional filings will be submitted soon to secure approval for full-time rates before ownership is finalized.
- **Next Steps:** With all necessary work on the SPWSC side completed, the process now depends on the PUC's administrative tasks. If all goes as planned, the final transfer of ownership should be completed by mid-September, and SPWSC will fully transition to operating as the system's water supply corporation.

#### **GC 2 Board Approval of the Membership Subscription**

- **Robert Sheets:** the WSC is a non-profit water supply corporation managed by the members who are the system's customers. It is the board's discretion if and what the fees would be for the membership
- Matt discussed with the board that you can decide the membership fee as the water supply corporation board.
- This will be an action item next month and probably something you want to consider. I don't have an opinion except that you can't go too high on it.

#### **GC 3 Other Items**

### **VIII. Operations**

#### **OP 1 Status Update Regarding Plott Acres**

- Well No. 1 cannot be used until it gets reactivated by the Texas Commission on Environmental Quality (TCEQ).
- Allen has collected samples from the well and is waiting for TCEQ approval.
- Once approved, coordination with Mark's team will be done to start pumping.
- The current well at Flood Acres is nearing the end of its life.
- Plans are in place to construct a new well on Mr. Villanueva's property using grant funds.
- The design work has been completed and submitted to the CEP for review.
- Eventually, a pipeline will connect Well No. 1 to Well No. 2 for treatment.
- The Air Force has shown interest in possibly helping with the pipeline cost, as it would reduce their treatment expenses.
- The Air Force is focused primarily on the filtration part of the water treatment.
- They may help cover pipeline costs if it helps them save money on water treatment.
- Mark's team installed a new pump, significantly improving water pressure, especially at Town North Village.
- Residents noticed a substantial difference after the pump was activated.
- The focus remains on reactivating Well No. 1 and securing the necessary approvals for the new well at Flood Acres while keeping operations efficient and cost-effective for all stakeholders.

**OP 2** Discussion of Water Pressure Issues in the Town of North Village

- Ken Rainwater stated that You probably have 25 gallons of him out of that well in its current condition. The sink is double-saturated and thickened with a new well filled with nitrogen. We might have the chance to increase the flow rate, increasing our capacity.
- Based on pole records, we can construct the new PC to do more in that way than our purported capacity, and we will do so as we proceed. We don't know how long the 25 gallons last in that condition.
- Ken Rainwater: We thought it was just the volume of water going down. The water going out accommodated it. We have water in all the pumps.
- Mark Patterson: The pump-counting labors run a \$10,000 investment.

**OP 3** Other Items

**IX. System Manager**

**SM 1** Board Approval of Professional Services Contract for Engineer Services between Jacob Martin and South Plains Water Supply Corporation

**SM 2** Board Approval of Propose New Tariff

- The PUC has been supportive, but the timeline for finalizing ownership is out of their hands once it reaches the administrative law judge. This introduces some uncertainty around when the final ownership transfer will occur.
- Financial Challenges and Rate Implementation: The pro forma initially accounted for revenues generated over three months, but SPWSC is now running into a cash flow deficit with delays. While SPWSC still operates as the temporary manager, the new rates will be imposed starting with the September billing cycle. A letter (SM 2) will be sent to all customers explaining the rate adjustments, which will take effect based on readings taken on August 26th.
- The rate changes reflect what was always planned, even though SPWSC is still technically the temporary manager.
- The organization cannot afford to continue losing \$20,000 monthly, delaying the rate increase.
- SPWSC cannot access state funds until ownership is officially transferred. Meetings are planned with the TCEQ and Water Development Board to prepare everything necessary for when ownership is confirmed.
- Allen Phillips (Jacobs Martin) and the team are ready to push forward with the grant agreements as soon as ownership is finalized.
- Additional funds will be sought to address the system's broader needs beyond the initial \$3 million fix.
- The September bills will reflect the new, higher rates and ownership transfer is expected to be completed soon after.
- Preparations are underway to ensure that SPWSC can start the necessary upgrades as soon as ownership is official.
- Matt McPhail, Winstead gave some additional input; Robert, those rates we're charging will match what was discussed at the meeting two months ago
- The way the process works is we're allowed to charge those rates immediately, but then we have to justify the increase to the PUC essentially, and that's what that new docket filing
- Just after we assume the temporary manager role, Matt will file a new docket with only the backup documents to justify the rate change.

- The PUC will then confirm the rate change. Once we're out of that role as temporary managers in PUC's jurisdiction, you can charge the rates you want.
- As a board, you can change those rates when you want to; Matt thinks the intent has always been to change that rate so that the customers have a predictable idea of what they'll be paying, at least in the short term. You know, we can budget based on that.
- You, as a board, are the decision-makers. You are not only on the board but also the customers, so the decision ultimately will lie with you.
- James Truelock wanted more details about the \$98,00 and whether it was used to close the Smith Family system, which was around \$35,000 to pay an owner. The remaining funds will cover the closing costs, legal fees, filing expenses, legal documents, and due diligence. Rest assured, we do not anticipate requiring additional funds.
- Robert Sheets, System Manager, presented the rate schedule outlined in the Water Utility Tariff Table to the board.
- A copy of the temporary utility rate increase effective August 26, 2024, and a letter announcing the new rate increase will be mailed to all customers.
- This will be the third notice the customers have had, not counting the public hearings and the workshops.
- He emphasized that water corporations must comply with central state rates until the SPWSC owns the assets. The board voted to Approval the proposed new Tariff, Seconded by Sheryl Prime; all were in favor - **Motion Carried**

**SM 3** Set Date for the Next Board Meeting

- The next board meeting will be held on September 19, 2024- all were in favor - **Motion Carried**

**SM 4** Other Items

**X. Board Items**

**BD 1** Other Items

**Adjourn**

September 19, 2024  
**Date Minutes Approved**