

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

Sheryl Prime – Town North Village

Peggy Jones - Town North Village:

- I. Call to Order-** Stanley Brewer, President
- II. Invocation** – Camila Bonfield
- III. Pledge of Allegiance** - Stanley Brewer, President
- IV. Public Comments-** John

PH 1 Public Hearing for the 2025 Operating Budget – Presentation

Presented by: Lanita Bates, Anser Advisory:

- The 2025 budget starts with the projected ending balance for December 2024.
- The Operating Expenses had a few fluctuations, but notable progress has been made in reducing debt service by combining two loans into one.
- Loan restructuring reduced monthly payments from \$7,242 to \$2,793 by extending the repayment term to seven years with a 3% interest rate.
- The Water revenue projections for 2025 are expected to improve, benefiting from a full year of rate increases.
- No rate changes are proposed yet; however, the potential to lower rates will be revisited in Q1 2025 after analyzing actual consumption data.
- Current estimates indicate average monthly usage might be closer to 7,000 gallons per connection, as opposed to the previous baseline of 5,000 gallons.
- There was an additional increase to \$2,000 per month due to their increased work for the water corporation for what we paid them at \$3,000. Due to ongoing work, legal expenses increased from \$2,000 to \$5,000 per month.
- The budget includes a required \$15,000 annual audit.
- The detailed capital improvement plan will be presented in Q1 2025 to address significant infrastructure issues across all areas.
- Alan will provide further insights into the capital planning process.
- The proposed 2025 operating budget is available for review on the South Plains Water Supply Corporation website: southplainswater.com.
- Public comments are invited before the board votes on the draft budget.
- The Anticipated Average Bill is \$152 per month, based on an estimated usage of 7,000 gallons per connection.
- The projected average bill of \$152 was clarified, highlighting that it reflects the anticipated consumption of 7,000 gallons.

- Robert Sheets, Anser Advisory: The fiscal year aligns with the calendar year: January 1st to December 31st. No expenditures can be made starting January 1st without an approved budget.
- The final opportunity to approve the 2025 budget is at the December 12th meeting. If not approved, operations could halt due to a lack of authorized funding. Most expenses are non-discretionary, emphasizing the importance of securing sufficient revenue. Revenue requirements must balance against costs, even as rates may influence consumption. A rise in rates tends to reduce consumption, a principle referred to as rate elasticity.
- The proposed rates aim to strike a careful balance, ensuring revenue covers fixed costs despite potential usage reductions. Grant responsibilities and associated costs will be covered by grant funds, adding no additional burden to the budget. This marks the first comprehensive and formal budget review, unlike previous years when finances were less structured.
- All financial documents, including the 2024 actual, 2024 projected, and proposed 2025 budget, will be published on the [South Plains Water Supply Corporation website](#).
- A motion was made to approve the draft budget 2025, seconded by Peggy Jones. All were in favor - **Motion Carried**

V. Minutes

M 1 Approval of November 21, 2024, Board of Directors Meeting Minutes

- A motion was proposed; All were in favor of approving the minutes. – **Motion Carried**

VI. Finance and Administration

FA 1 Review and Approval of Invoices to be Paid

- **Matt McPhail, Winstead** gave a Legal Expenses Overview:
- The itemized report from Winstead outlines all legal activities over the past year and a half, starting from June 2023.
- These charges cover work associated with acquiring the Smith family asset, including negotiations, STM (Sale, Transfer, or Merger) Application Process with the PUC, a prerequisite for transferring privately owned assets to the water supply corporation.
- STM Application Specifics: The STM process is a complex, detailed requirement by the PUC and a necessary step for acquiring the assets.
- On legal costs being funded, WFX is funding those costs
- Future Legal Budget Considerations: While the 2024 budget included higher legal fees, those costs primarily reflect future day-to-day compliance needs.
- STM-related expenses are not anticipated for the 2025 budget as the process will be concluded.
- The ongoing responsibilities of the corporation are expected to become less burdensome, focusing more on standard compliance rather than extensive acquisition-related legal efforts.
- Efforts to Reduce Ratepayer Burden: Staff has actively ensured that grant funds cover any grant-related expenses, including grant procurement and contracts, rather than passing them onto ratepayers.
- All were in favor of paying this month's invoices, including Winstead - **Motion Carried**

FA 2 Finance Report: YTD Budget vs. Actuals through 10/31/2024

- **Lanita Bates, Anser Advisory:** presented the 2024 Financial review to the board. Water revenue was projected at \$43,125 but was impacted by a delay in implementing rate increases (moved from July to August)
- The actual expenses were reviewed through October 2024, with operating data available through November. The Revenue and Billing Issues: August rate revisions led to billing errors.
- Errors were audited, bills adjusted, and terminations forgiven temporarily.
- A recommendation was made to reinstate terminations now that corrections have been implemented.
- Expense and Loan Highlights: Operating expenses were lower than projected.
- A second loan, not anticipated in the original budget, provided additional financial flexibility.

FA 3 Other Items

VII. General Counsel

GC 1 Status Update Regarding the Sale, Transfer, and Merger of The Smith Family System

- **Matt McPhail, Winstead:** I gave an update. The STM process has not progressed due to delays caused by issues with the existing rates document, which currently has temporary approval and must go through the PUC. These delays have prevented the commission from considering the STM.
- **Stanley Brewer, President,** initiates a motion to go into an Executive Session. Peggy Jones seconds the motion. All were in favor – the Motion Carried, and the meeting moved into a closed session
- The Executive session ends at 8:23 p.m. CST, and the meeting returns to an open session, where the board will resume public discussions.
- A motion was made to authorize legal counsel to proceed with briefing the commission and allow legal counsel for the South Plains Water Supply Corporation, working through the Board President, to handle decisions related to the temporary rate docket and the STM docket. **All were in favor - Motion Carried**

GC 2 Discuss Required Government Training Details for Directors and On-Line Training Courses

- **Matt McPhail, Winstead:** Board members of Texas water supply corporations fall into a middle ground regarding government agency regulations. While not strictly public officials, they are subject to the Open Records Act (Chapter 551). To ensure compliance, it is recommended—and possibly required—that they complete Open Meetings Act and Public Information Act training.
- An email summarizing this will be sent out, requesting to complete the training within the next two to three months. Certificates of completion should be maintained as part of district records.
- Additionally, with the annual meeting, we review bylaws and articles of incorporation planned for the new year; this training ensures readiness and proper record-keeping for the district moving forward.

GC 3 Other Items

VIII. Operations

OP 1 Status Update: Allen Phillips on Capital Projects

- Allen Phillips Jacob Martin gave an overview of the current capital projects for each system
- A copy of the presentation can be found on the South Plains Water Supply Website

OP 2 Status Update Regarding the Transition Plan with US Water

- David Salinas, U.S. Water: U.S. Water verifies addresses by checking houses and meters against data from Patterson. To date, 314 meters have been verified for addresses, fluid services, and meter numbers. We will confirm an additional 30 next week. However, some meters remain unaccounted for, particularly in Town North Village. In Plot Acres, most were identified with assistance.
- Some meters still under warranty have defects, such as blank screens, making them unreadable. We are working with the vendor to address these issues. Replacement signs have been ordered and will be installed soon. While we aimed to finish this process by Friday, it has been extended to the 28th to allow time for late payment notices and to ensure all data is ready for billing. The next set of meter readings will be used for accurate billing, and consumption data has been consistent.
- Lanita Bates: Transition letters will be sent to customers next week. U.S. Water provided the template, which is being finalized.
- Have you found operational meters where residents claim they're not using water?
- Response: One case involved a fenced property where water was running, despite claims otherwise. Another case had a bypass installed where a meter was removed. Both were reported to Patterson.
- Leaks were also reported, and some have been resolved. We are confident in the verified 314 meters and will address the remaining cases once U.S. Water takes over operations on Sunday.

OP 3 Other Items

IX. System Manager

SM 1 Board Approval of the Restructuring of the WFX Loan

- Lanita Bates: board approval and review of restructuring and merging two loans into one, extending the term from three to seven years while maintaining a 3% interest rate. This consolidation will reduce monthly payments to \$2,700.
- Randy Pebsworth made a motion to approve the restructuring of the WFX Loan, seconded by All were in favor - **Motion Carried**

SM 2 Date Set for December 12, 2024, Board Meetings

- This item was approved at the November board meeting

SM 3 Other Items

X. Board Items

BD 1 Other Items

Adjourn

December 12, 2024
Date Minutes Approved