

Stanley Brewer – Cox Subdivision – **President**

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

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

Adolfo Pompa – Plott Acres

Sheryl Prime – Town North Village

Peggy Jones - Town North Village:

- I. Call to Order-** Stanley Brewer, President
- II. Invocation** - Randy Pebsworth, Vice President –
- III. Pledge of Allegiance** - - Stanley Brewer, President
- IV. Public Comments**
- V. Minutes**

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

- A motion was made, Seconded by Randy Pebsworth- All were in favor. – **Motion Carried**

VI. Finance and Administration

FA 1 Approval of The 2025 Operating Budget

- Lanita Bates, Anser Advisory: presented the proposed 2025 operating budget to the board. She stated that the budget remains unchanged from the November presentation, with no rate adjustments. Key updates include:
 - Legal Expenses have increased by \$2,000 per month.
 - We have added the Annual Audit to the budget.
 - Debt Services: Reduced from \$7,200 to \$2,700 per month.
 - This budget focuses on operations and maintenance, with the capital budget to be revisited in the first quarter of 2025. The budget may be adjusted next year as more data becomes available.
 - Randy Pebsworth made a Motion to Approve the 2025 operating budget. All were in favor. – **Motion Carried**
 - Lanita, ask the board for signatory authority for the bank accounts and other board documents

FA 2 Review and Approval of Invoices to be Paid

- The Board voted and approved to pay all invoices. Seconded by: Adolfo Pompa – **Motion Carried**

FA 3 Other Items

- Robert Sheets asked the Board to approve carrying forward any unspent dollars (2024) from this year. This would allow us to charge any late invoices this year against this year’s budget, ensuring they do not impact next year’s budget.
- With the board's approval, I’ll proceed to carry forward any unspent funds to cover these invoices between now and the end of the year.
- A motion was made, Seconded by Randy Pebsworth - All were in favor. – **Motion Carried**
- **Randy Pebsworth:** Inquired whether an accountant should be hired to manage finances and whether taxes are required.

- **Robert Sheets, Anser Advisory:** As a water supply corporation, certain thresholds necessitate an external audit. Spending a specific amount of federal funds requires a "single audit," estimated to cost \$15,000.
- The audit conducted in 2025 will cover the 2024 fiscal year (calendar year ending December 31, 2024). Per the corporation bylaws, this audit must be performed by an independent CPA firm.
- An RFP process will be initiated to solicit proposals from qualified local CPA firms with audit experience. The board will review and select the firm, ensuring compliance with all requirements, codes, and standards.
- **Matt McPhail, Winstead:** Explained that first-year audits can be challenging due to catching up on prior information. While \$15,000 is a reasonable upper estimate, costs may decrease in subsequent years.
- The audit effectively fulfills the role of an independent accountant, providing checks and balances and delivering a full report of findings.
- Recommended selecting the most experienced CPA firm through the bid process to ensure a thorough and efficient audit. **Randy:** Asked about tax liability despite the corporation being non-profit.
- **Christy Conley, Anser Advisory,** will help file the corporate tax return. As the board's accountant, she ensures compliance with federal and state tax requirements.

VII. General Counsel

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

- **Matt McPhail, Winstead:** gave a status update on the efforts to get on the PUC agenda. We missed the December 19 meeting agenda but hope to be included in January.
- The temporary rate docket remains the key issue. Once resolved, it will be sent back to the administrative law judge for a ruling. This decision will allow us to reopen the STM docket, for which he has prepared a drafted final order but is awaiting PUC action. Matt will file a new request in January and work with PUC staff to move things forward.
- Matt will update the board with a timeline at the January board meeting.

GC 2 Board Discussion on Vacant Board Position and, If Timely, The Appointment of A Board Member To Fill The Remainder of The Vacant Term

- Matt McPhail, Update on the process to fill the vacancy on the board: Lanita Bates stated that Camilla Bonfield resigned from her position on the board and turned in a resignation letter in December 2024
- The board is not required to conduct a formal investigation or vetting process but agreed on the importance of informally reaching out to potential candidates, ideally from the community or the area Camilla Bonfield represented.
- The selected candidate will serve the remainder of Camilla's three-year term.
- It is recommended that interested candidates be identified by the end of the year and have them attend the next board meeting, aiming for a decision by February at the latest.
- Candidates should submit a resume or letter of interest explaining their qualifications and reasons for wanting to join the board.
- The board may appoint a small committee to review applications and make recommendations.
- Board members will individually reach out to potential candidates and encourage them to apply by contacting Stan, Lenita, or Robert.

- The board discussed feedback from the previous month on open meetings training. Members confirmed with Sheryl Prime and Adolfo Pompa the training went smoothly overall.
- Matt's reminder to the board to complete the training if it hasn't already been done and to contact the appropriate party for the link if needed. Members noted that the training is straightforward, can be done in sections, and provides helpful information.

GC 3 Other Items

VIII. Operations

OP 1 Engineer Status Update

- Allen Phillips (US Water) provided an update on recent developments and priorities for addressing water supply and quality issues.
- The initial grant application requested \$3.3M, but the amount has now risen to \$11M due to additional challenges discovered. Addressing water quality concerns: arsenic, chloride, gas, and uranium contamination. Ensuring reliable water supply with backup systems, replacing outdated infrastructure (e.g., water meters, pumps, pressure tanks), and adding auxiliary power. Repairing distribution systems and rehabilitating well enclosures.
- The December 5th meeting with the Water Development Board highlighted the need for a detailed explanation of the increased funding request.
- A preliminary engineering feasibility report is being prepared to outline system deficiencies and proposed solutions, segmented into four phases: treatment, waste disposal, electrical improvements, and backup power and well supply.
- The goal is to obtain maximum grant funding to avoid future capital projects and minimize the financial burden on ratepayers. Some options, such as temporary filtration systems, may not meet regulatory standards (e.g., removing all contaminants).
- Rising costs of materials and labor emphasize the need for immediate action.
- Collaboration with local stakeholders (e.g., Prairie College, Senator Perry) is essential to secure support. Legislative sessions starting in mid-January may offer additional funding opportunities. Backup wells and connections are critical to avoid service disruptions. The long-term solutions must address all identified contaminants to comply with regulations.
- **The financial Impact:** Maximizing grant coverage to prevent increased customer costs.f
- **Community Concerns:** Ensuring consistent water availability remains a top priority.
- Finalize and submit the updated grant application with detailed engineering plans.
- Engage with legislative and local stakeholders to advocate for the project.
- Address Water Development Board feedback and determine phasing priorities.
- A preliminary estimate for connecting to Lubbock's water supply is \$8.6 million, which is still under review.
- Partnering with the city involves contracts and control (e.g., two-year or five-year terms), but they can set the terms and renegotiate when needed. This would result in less control over decisions and costs for your group. The costs of the dollar amount for water services are expected to increase.
- Ken Rainwater: the current city rates are set for larger entities like Shadowwater or Ransom Canyon, making them unaffordable for smaller customers unless the rate structure changes.

- The City of Lubbock is considering becoming a provider for smaller entities but might need to restructure their rates to accommodate them. This change, however, would take time and is not guaranteed.
- The overall outlook is positive about the potential partnership. However, it comes with challenges like less control, higher costs, and the need to wait for city structure changes. There is optimism, but the specifics will be crucial.

OP 2 Status Update on U.S. Water Transition

- David Salinas introduced himself and began by apologizing for delays in billing and correspondence.
- US Water has Identified Issues: Bills have not been sent out yet, and customers are unclear about whom to contact for inquiries.
- **Customer Service Contact:** A customer service number has been provided but may not have reached all residents. An emergency call number is in place and consistent across communications.
- A letter providing updates was approved on November 27th but appears not to have been sent.
- David Salinas is investigating the delay and promised to email the letter by the following morning.
- David stated that bills would be sent out this week. The data from Patterson's readings required adjustments due to discrepancies in meter setups. Efforts are being made to homogenize six months of data to provide accurate billing.
- Meter Reading Challenges occur because Meters are configured in two systems: T-dial meters Require dropping the last digit and adding a zero. In contrast, straight-gallon meters Do not require adjustment.
- Discrepancies have led to inaccuracies in reported water consumption.
- David gave an Example of a customer's average consumption that was reported as 200 gallons but corrected to 2,000–3,000 gallons after adjustments. **Resolution:** Field corrections to meters are ongoing to standardize readings.
- Bills are scheduled to cover a 28- to 30-day period to avoid disproportionate charges. The decision was made to delay billing slightly to prevent an uneven distribution of charges between January and February. Residents across four systems have expressed frustration about unclear communication and unexpected changes.
- Sheryl Prime states that the Social media platforms (e.g., the Shallow Water page) reflect widespread dissatisfaction.
- David Salinas apologized for the ongoing issues and assured attendees that resolutions are actively being implemented. Further updates will follow post-Christmas.

OP 3 Other Items

IX. Capital

C 1 Board Update on TWDB Discussion

- **Lanita Bates, Anser:** We met with the Texas Water Development Board (TWDB) to discuss increasing the grant from \$3 million to approximately \$11 million. The meeting was productive, and TWDB expressed optimism about moving the process forward.
- Full funding in a single year is unlikely and unnecessary; the improvements will be phased over time.

- **Carlos Rubinstein:** TWDB is supportive and understands the system's needs. However, phased funding is not guaranteed, and each phase will require a separate application.
- The first funding phase is the most challenging to secure. Once funding is received and used appropriately, subsequent phases become more predictable and manageable.
- Applicants are not required to complete one phase before applying for the next.
- Proper use of funds and demonstrating compliance with program requirements will enhance the likelihood of securing future funding.
- No guarantees exist, but responsible use of initial funds will build trust with TWDB.
- The combined application is weeks from submission, and a pre-meeting with the board will occur beforehand.
- Alen will cover other options, such as purchasing water from the City of Lubbock, during his presentation.
- Final grant actions are on hold until the judge signs the necessary documents, expected in January.

C 2 Other Items

X. System Manager

SM 1 Set Date for the Next Board Meeting

- The next board meeting will be held on Thursday, January 23, 2025, at 6:30 p.m. CST

SM 2 Other Items

XI. Board Items

BD 1 Other Items

Adjourn:

January 23, 2025
Date Minutes Approved