Peggy Jones– Town North Village – President
Randy Pebsworth – Town North Village – Vice President - absent
Sheryl Prime – Town North Village - Secretary/Treasurer
Stephen Wiggins – Town North Estate – Asst Secretary/Treasurer
CJ Leonard - Town North Estate

Call to Order: Peggy Jones, President

Invocation: Sheryl Prime

Pledge of Allegiance: by all

Public Comments: n/a

Minutes

M 1 Approval of the July 16, 2026, Board Meeting Minutes

- A motion was made to approve the minutes from the previous meeting by Peggy Jones and seconded by Sheryl Prime. All were in favor. **– Motion Carried**

Finance and Administration

FA 1 Review and Approval of Invoices to be Paid

- Lanita McCauley Bates, Accenture: Operating invoices totaling $38,980.92 including Answer Advisory ($13,567.86), US Water Utility Group ($16,969.45), Winstead ($3,843), Ken Rainwater ($500), WFX consolidated repayment ($2,792.61), and South Plains Electric ($1,300.08). The WFX (Water Finance Exchange) consolidated repayment was discussed — it runs through November 1, 2031(approximately 4 more years), with a very low interest rate. A motion was made to approve the invoices by Sheryl Prime and seconded by Stephen Wiggins. All were in favor. **- Motion Carried**

FA 2 Grant Funds Payments Accounting

- Christine Conley, Accenture: A reimbursement was received this week from TCEQ. We submitted outlay 2 for $24,485, this was for a portion of the Accenture bill that could be covered by the grants. Outlay 3 for an additional $6,000 was just signed. Reimbursements seem to be taking about a month to process.

FA 3 Approve and Sign 2026 Audit Agreement

- Christine Conley, Accenture: Audit engagement discussion with a quote of $10-$15k. The quote is around the same price as last year, at approximately $10,000. The amount may fluctuate depending on some additional accounting requirements to make sure we have all the grant accounting correct. There is also another $3,500 for the tax filing. A motion was made to approve the MWH Group Audit Agreement by Peggy Jones and seconded by Stephen Wiggins. All were in favor. **- Motion Carried. Peggy Jones signed the MWH agreement.**

FA 4 Collection Process

- Lanita McCauley, Accenture: Collections referrals are on hold because many accounts showed months of no usage but were still being charged base fees. A 90-day policy (from no service date) to stop charging is now in effect. $47,000 in bad debt was written off (plus another $20,000 two months prior). Accounts are being reviewed individually; the board will see names before any go to collections or bad debt write-off.

- **FA 5 Other Items**

General Counsel

GC 1 Status of Easements and Potential Real Estate Acquisition

- Matt McPhail, Winstead: Currently no action needed. We will do everything we can to make sure that any eligible projects are in the grand fund category.
- Ken Rainwater, The Air Force is moving forward with work near well #2 and the treatment system at PLOT, coordinating with Jacob & Martin on property boundaries. Activity is expected to ramp up before year-end

GC 2 Potential Appointment of Board Members

- Matt McPhail, Winstead: We will leave this as a standing item on the agenda. The process is simple once a willing person shows up, applications can be filled in at a meeting and a motion to add them to an open. board position.

GC 3 Bylaws and Tariff Updates

- Matt McPhail, Winstead: Minor changes to bylaws were completed. The bylaws need to be posted on the new website.
- Discussion about annual meeting timing, the statutory window is January 1 – May 1, but recent meetings have been scheduled near the deadline. The board agreed to put the annual meeting date on next month's agenda for a vote.

GC 4 Other Items

- Matt McPhail, Winstead: There was also discussion about board term structure and the possibility of reducing from 7 to 5 board seats. There are three members who will be up for election at the next annual meeting. (Randy, Cheryl, and Stephen were discussed, with some uncertainty about Stephen's status as an appointed vs. elected member). Stephen was appointed as he replaced Camila.

Operations

OP 1 Engineer Status Update

- Josh Baker - Jacob Martin Representative: Outlay 3 is reallocating funding from a rate study to reimbursables. It is similar to Outlay 2 as it covers Accenture and costs and newspaper advertisements for the solicitations.
- RWAF funding project covers meters, water line replacements, electrical upgrades, generator hookups across all 4 systems. Our first environmental submittal to TWDB is planned for next week. We are not sure how long it will take for them to review. One of the first things that we need to start with the plans and specifications is to get the survey crew out to start getting line locations and boundary data that we need before design work begins.
- The future funding grants; one PIF we turned into the water board was for $11 million, but we did not rank favorably. This was highly competitive with 413 applicants. We will resubmit it in March.
- We are at the 30% minimum threshold met for the surveys. SPAG finished door-to-door today; data processing deadline September 27th. Census data shows the area is not currently classified as disadvantaged. SPAG survey results may change this, giving bonus points and potential grant funding (percentage of total project cost) for future applications.
- Regionalization Project ranked number 1 out of the 413, this is an extremely remarkable ranking. The regionalization project was a $1.8 million project. Since the surveys are still being gathered, no disadvantaged funding has been attached yet (pending survey results). Based on what we are seeing right now, which is a draft, it is ranked number one so we would be first in line to receive that. The draft IPU came out on Tuesday, after the comment period the water board will approve the IUP. Then everyone ranked favorably will get an invitation to submit a full financial application.
- Next month there will be a presentation regarding the 3.3 million and where we are going with future funding and things of that nature.

OP 2 U.S. Water Status Updates

- David Salinas. U.S. Water representative: Mr. Ortega (110 County Road 5850) requested a bill reduction due to multiple water leaks (under driveway and concrete pad). He fixed all leaks. U.S. Water could not determine the bill amount (couldn't download it). Decision: offer a 6-month payment plan with no late fees, extendable if he stays current on payments. No bill reduction was approved to avoid setting a precedent of favoritism.
- Matt McPhail, Winstead: It is important the board maintain a consistent policy for all.
- Brian U.S. Water representative: Plaid Acres — High Consumption: Consumption at Plaid Acres is extremely high, some customers using 40,000 gallons/month (state average 10,000). The emergency well is being run 2–3 days every week. This is the only system that has high consumption, the other three systems are not a problem. May need to put out some type of restrictions. A drought contingency plan is needed to legally restrict consumption, and it must be adopted by the board. The drought contingency plan would set a certain gallon's consumption for all consumers, and if you use more than the set number you would be penalized. We would base this on the average consumption for all sites. We need to start thinking about drought contingency plan as it is also required by the TCEQ
- David Salinas. U.S. Water representative: Going to do an evaluation on the hydrostatic tank/pressure tank at the emergency well for Plott. It has not been operational; this will help by not having to keep making sure the tank is staying pressurized. We are going to test the tanks and hopefully one will pass all the requirements for TCEQ and we are able to pressurize the system using that pressure tank, so we don't have to have the well running all the time.
- Brian U.S. Water representative: Water Theft at 8102 County Road 5850: A serial water theft case at 8102 CR 5850, the resident has repeatedly bypassed meters, dug up main lines, set up trail cameras to monitor staff rounds, and connected hoses directly to the system. Thousands of dollars spent on repairs (Lubbock Leak Detection, staff time). Lubbock County Sheriff has been called 5 times but needs a formal victim and dollar amount to proceed. The case is in felony territory based on dollar amounts. A motion was made authorizing Sheryl Prime to go to the Lubbock County Sherriff's office as the victim representing SPWSC by Peggy Jones and seconded by Stephen Wiggins. All were in favor. **- Motion Carried.**
- Leak at Town River Estates: A new leak was found near CJ's house, potentially on the well line going into the tank. A leak detector is scheduled for tomorrow. We believe it is the well that goes into the tank and we would not have to shut down the entire system. If it's upstream of new infrastructure, the system may need to be shut down. The ground storage tank at the same location has a substantial leak at the base. A third-party company (e.g., Ron Perrin) may be hired for an interior dive inspection, which would also satisfy the 3-year interior tank inspection requirement due by 2027.
- Compliance Issues:
  - Customer service agreement — needs to be combined with membership application (bylaw/term amendment discussed)
  - Pressure tank capacity — currently in violation; existing tanks need testing and may be brought online
  - Sanitary control agreements — Alan working on variances
  - Emergency preparedness plan — needed for Cox and Town Estates (certified letters received); backup generators needed.

- Winter Preparation: Regarding the well house that collapsed/failed as it froze last winter. A metal building on-site could be moved over the well section as a temporary measure (with space heater and heat trace). A tree needs to be cut down, and a crane hired to move the building. CJ's wife needs to be consulted as the well is on their property. Quotes to be obtained.
- Senior Lady's Bill Dispute from back in April: An elderly resident had a high bill (around $600) she believed it was leaks but we believe it was caused by leaving faucets running during the freeze (consumption normalized the following month, not a leak). She believes the board approved an adjustment. Investigation needed: the board asked Ruth to check minutes/tape from March or April to confirm what was agreed (believed to be: investigate, no disconnect, no late fees, pay normal bill in the meantime). Currently: no disconnect, no late fees, payment plan offered ($25/month possible).

- During the U.S. Water update, Ken Rainwater revealed that a drought contingency plan already exists. Alan and Sarah prepared it in 2025 based on a TCEQ template. It was submitted as part of the PUC approval process but may not have been formally adopted by the board. It will be reviewed and brought to the board next month for adoption. The plan includes trigger stages and is a living document that can be updated.

OP 3 Customer Services Update

- Covered in OP 2

OP 4 Summary of Laboratory Results

- No current Laboratory updates. We need to set up an account to pull the reports.

OP 5 Ratify Amendment to SPAG Income Summary Contract

- Lanita McCauley Bates, Accenture: SPAG went door to door to get surveys, they are charging us an additional $1500. A motion was made to ratify an additional $1,500 amendment and to be signed by Peggy Jones to SPAG for their door-to-door survey work by Sheryl Prime and seconded by Peggy Jones. All in favor- **- Motion Carried.**

OP 6 Other Items

- Sheryl Prime: The September meeting will be moved to the Baptist Church at 1003 6th St., and they will reserve the space for us every 3rd Thursday of the month. We will continue to give an offering to the Baptist Church. Love offering of $100 will continue with the Baptist Church.

System Manager

SM 1 Communities Unlimited News Article

- Lanita McCauley Bates, Accenture: An article was published by Communities Unlimited about the community receiving $3.3 million in funding. Copies will be distributed electronically and in print; it will also be posted on the SPWSC website.
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SM 2 Set Date for the Next Board Meeting

- The next board meeting was scheduled for Thursday, September 17, 2026. At a new location:
  Shallowater First Baptist Church
  1003 6th Street
  Shallowater, TX 79363

SM 3 Other Items

- Next month will feature a presentation from Alan and team on the $3.3M project status and future funding.

Board Items

BD 1 Other Items

Adjourn

September 17, 2026

Date Meeting Minutes Approved