

CYPRESS SPRINGS SPECIAL UTILITY DISTRICT

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MINUTES FROM THE BOARD MEETING July 8, 2025

The Cypress Springs Special Utility District Board of Directors met on Tuesday, July 8, 2025, in the Board Room of the Cypress Springs Special Utility District Office located at 114 FM 115 for their monthly meeting.

Directors Present: President Larry Daniel, Vice President Richard Starek, Secretary-Treasurer Lloyd Parker, Director Jerry Hammond, Director Brad Sears, Director Chad Neal, Director Richard Hughes, Director Todd Jagers, Director Jeff Cohen, and Director Neuman Browning.

Directors Absent: Director Rex Tillery

Also Present: Kevin Spence, Jean Sparks, Raegan Swann, and Tessa Fowler

Public Attendance Consisted of: N/A

Public Comment: N/A

President Larry Daniel requested a motion and a second to approve the consent items. Director Jerry Hammond made a motion, seconded by Director Chad Neal, to accept the Minutes from June 10, 2025, as written, the Treasurer's Report, and Aged Payables/Replenish Petty Cash Checking to \$20,000.00. The motions carried with no dissent.

Manager's Reports / Unfinished Business:

Manager Kevin Spence reported that the new equipment purchased since December 2024 has significantly enhanced our capability for emergency mobilization and routine maintenance. We acquired a 2025 Chevrolet one-ton dually to tow the mid-size KX057 track hoe. This vehicle performs exceptionally well, providing improved towing and stopping capabilities, serving a dual purpose that allows us to pull nearly any piece of equipment we currently have. Additionally, the Vermeer Vactron has become an essential tool for multiple tasks and is in regular use, almost every day. The 2025 GMC single-wheel one-ton vehicle effectively tows the Vactron, even when fully loaded with water and spoil.

Manager Kevin Spence reported that the completed TCEQ inspection letter had been received, stating that all four treatment plants have water that is slightly corrosive, making another chemical treatment necessary to lower the levels to meet the new guidelines. This will also require adding a small tank and an LMI pump to treat.

Manager Kevin Spence reported that Cornersville WSC well 3 is still experiencing problems. A1 Well Service out of Winnsboro suspects the electrical problems are due to the generator trying to kick on when the power flickers off and then back on. The Electrician had to redo a lot of the wiring before installing the new VFD for the new well and pump. Otherwise, it was a routine month.

Manager Kevin Spence reported that the interest rate for TexSTAR is at 4.28%.

Manager Kevin Spence reported there were no updates on the Grant Loan this month.

Manager Kevin Spence reported that the installation crew has completed their contracted services. However, they caused several customer issues, mainly by failing to replace washers and not tightening the meters properly. Documentation has been prepared for all incidents related to the installation crew to address these issues during the final negotiations.

Manager Kevin Spence reported that after the contractors finished replacing the remaining meters with Kamstrup meters, we had exceeded a total of 5,000 meters. Unfortunately, we were unaware that Ferguson Enterprises LLC (Ferguson) has tier levels, each associated with different pricing. As a result of surpassing the 5,000-meter threshold, our yearly costs increased significantly, from \$9,775.64 to \$24,585.96. Due to the current situation, once we exceeded 5,000 meters, we were locked out of the system. This restriction prevented us from accessing any of our meters, including those below the 5,000-meter limit, which hindered our ability to manage billing and other functions. To regain access to the system for the meters under the 5,000 threshold, we had to delete 355 accounts/meters from Ready Manager. As a result, we had to estimate the usage for these 355 accounts when preparing the June billing. We are currently negotiating to reduce the prorated amount to below \$6,000.00 due to several factors. If we are successful in lowering the prorated rate, the board is willing to approve the prorated amount until our annual renewal. At that time, we will attempt to negotiate the renewal amount. Ferguson is currently offering a prorated amount of \$9,400 until our yearly renewal on November 29, 2025. After that date, the renewal rate will increase to \$24,585.96.

Manager Kevin Spence reported that employees enjoyed the appreciation lunch, but the field crew had leaks to repair and were unable to attend. Vernon Allen delivered their food to the field barn for when they were done.

Manager Kevin Spence reported that Field Supervisor Vernon Allen is planning to retire at the end of this year after 27 years with the company. There is concern about losing Dakota Shelby, who was slated to take Vernon's place, as he has left for other opportunities. This departure has left existing employees with less experience and knowledge of supervisory duties. One potential solution to consider is offering Vernon the opportunity to stay on for one or two more years, working reduced hours while maintaining his current salary, truck, and insurance. This arrangement could serve as an incentive for him to train the less experienced employees in essential aspects, such as the location of the valves and the direction of water flow to each plant.

Manager's Reports / New Business:

Tessa Fowler, an auditor at Heard, McElroy & Vestal, LLC, reported a clean audit to the board. After going over specific items in the audit, President Larry Daniel asked if any board members had any questions. Director Brad Sears made a motion, seconded by Director Chad Neal, to approve the audit report presented. The motion carried with no dissent.

Other Business That May Arise:

There being no further business, Director Neuman Browning made a motion, seconded by Director Richard Hughes, to adjourn the meeting at 7:15 PM. The motion carried with no dissent.

Approved