

Board of Directors Meeting
January 25, 2022

Present: Randy Reznicek, Janet Frazier, Harold Ross, Earl Martin, Kathy Dodd, Nanci Essary and Kyle Caperton.
Guests: Lesa Schenkel, Rick Burginger and Ginny Rivers-King

Call to Order: Open Meeting convened at 6:57 pm. Mr. Reznicek presiding.

Public Comments: None

Review and Approve Minutes from previous meeting: Ms. Dodd made a motion to accept the minutes of the December 28, 2021, meeting. Mr. Martin seconded. All approved. Motion carried.

Approve and Execute Purchase Agreement: Mr. Burginger addressed the board regarding a typo he had found in the agreement. Nanci fixed the typo as indicated by Mr. Burginger. Mr. Burginger also wanted to negotiate the purchase amount stating he was concerned about the price increase to each of his customers. Nanci stated that, in her opinion, it was a little too late to be negotiating the price but would leave the decision to the board. Mr. Martin stated he could appreciate Mr. Burginger position, however, he needed to consider that Gastonia-Scurry was not only getting water in the deal but also infrastructure. Mr. Martin made a motion to approve, accept payment as originally agreed upon and execute Purchase Agreement between Rose Hill SUD and Gastonia-Scurry SUD for the sale of one-half of Rose Hill's 16.665% (or 8.3325%) ownership interest in the 4-1JV. Ms. Dodd seconded. All approved. Motion carried.

Approve and Execute Purchase Agreement: Ms. Dodd made a motion to approve, accept payment and execute Purchase Agreement between Rose Hill SUD and the City of Crandall for the sale of one-half of Rose Hill's 16.665% (or 8.3325%) ownership interest in the 4-1JV. Mr. Ross seconded. All approved. Motion carried.

2021 Financial Audit: Mr. Kyle Caperton presented the 2021 financial audit. Mr. Caperton commented that Rose Hill had more operating expenses in the way of attorney and engineering fees as well as maintenance costs this year than in previous. Operating revenues still exceeded expenses which is a good position for the district. Ms. Dodd made the motion to accept the 2021 Audit as presented. Mr. Ross seconded. All approved. Motion carried.

Order of Election: Ms. Dodd made the motion to Order the Director Election to be held on May 7, 2022, for the purpose of electing one director. Mr. Ross seconded. All approved. Motion carried.

Appoint Election Agent: Ms. Dodd made the motion to appoint Nanci Essary to serve as Election agent for the May 7, 2022, Director Election. Mr. Martin seconded. All approved. Motion carried.

Approve and Sign Resolution 2022-01: Nanci explained to the board that CoBank had rejected giving Rose Hill SUD a USDA Guaranteed loan due to the small amount being requested. CoBank felt they could offer Rose Hill a direct loan without the need of a USDA Guarantee. Nanci stated she had a meeting with Eddy Daniel and his group who were willing to help facilitate a direct USDA loan and that she was already in the process of requesting required access to various governmental programs and filling out the necessary paperwork. Nanci also explained that by seeking federal money it would open the door for Rose Hill to possibly receive some grant money if approved. The resolution is the board's way of expressing their desire and agreement for Nanci to continue in procuring a USDA loan. Mr. Martin made a motion to approve and sign Resolution 2022-01 for the procurement of financing. Ms. Dodd seconded. All approved. Motion carried.

New Floor in Office Building: Nanci presented four bids for a new floor in the office building. The two higher proposals were rejected. The two lower proposal needed clarification on each. Nanci stated she would contact the

companies for the needed clarification and put the two revised proposals back on the February agenda to be voted on. Item Table until February.

Discussion of water line maintenance and improvements: Nanci explained that water lines in several places in the system were an issue and costing quite a bit of money to repair and/or be dealt with depending on the situation. In some cases, lines that should have been abandoned had not been completely and the line was no longer on current maps therefore no one knew of their existence. Approximately fifteen valves and four fire hydrants in the system need to be replaced, the cross-country line from FM 2578 and CR 301 is leaking and not holding pressure, the water could not be stopped between the office and CR 276 due to lack of valves and possibly a line tied in that is not shown on the current maps, to name a few of the issue. Nanci stated these are all problems that the hydraulic modeling would not cover when it was completed and therefore wanted to board aware that these issues existed and would need to be dealt with in addition to whatever the hydraulic modeling would suggest.


Executive Session: Ms. Dodd made the motion to adjourn to closed session at 9:44pm to discuss real property. Mr. Ross seconded. All approved. Motion carried.

Open Meeting: Ms. Dodd made the motion to reconvene the open meeting at 9:59pm. Mr. Ross seconded. All approved. Motion carried.

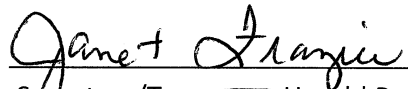
Executive Session Motion: No Action.

Manager's Reports: Mr. Martin made a motion to accept the manager's reports. Mr. Ross seconded. All approved. Motion carried.

Mr. Ross made a motion to adjourn the meeting at 10:14pm. Ms. Dodd seconded. All approved. Motion carried.



President, Randy Reznicek



~~Secretary/Treasurer, Harold Ross~~
Vice President, JANET FRAZIER