

Board of Directors Meeting
April 25, 2023

Present: Randy Reznicek, Janet Frazier, Harold Ross, Earl Martin, Kathy Dodd, Nanci Essary and Sue Robertson.

Guests: Jay and Lesa Schenkel, Jeff and Janet Hamilton, Judy Easthom and Margaret Essary.

Call to Order: Open Meeting convened at 7:01 pm. Mr. Reznicek presiding.

Public Comments: Lesa Schenkel addressed the board regarding a display of anger or frustration by Mr. Martin when he slammed his hands on the table at the March meeting. Lesa stated it was rude and disrespectful and made her very uncomfortable. She also stated she was concerned that Mr. Reznicek did not respond in any way to Mr. Martin's outburst. Lesa continued her comments stating she thought the third pump which was on the evening's agenda had already been approved at a previous meeting. Mr. Reznicek stated the third pump was approved to be purchased and stored at the office only and not for installation and that it stated so in the minutes. Nanci spoke up and stated Mr. Reznicek was incorrect. Mr. Reznicek asked Nanci to read out loud the minutes of the February meeting where it was stated the purchase of the pump/motor was a suggestion by MVA to be stored on-site as a temporary solution while the district worked towards a permanent one. Mr. Martin stated it was his understanding the new pump/motor was being purchased as a spare to be put in if one of the other pumps went out. Nanci reiterated purchasing a new pump/motor to sit in storage was never meant to be a permanent solution. Mr. Reznicek then asked for clarification on the purpose of the VFDs at the pump station which Nanci addressed. Lesa reiterated that she understood from a previous meeting that the new pump/motor that was approved for purchase was to be installed at some point. Lesa moved on to item no. 4, cost of fire hydrants and installation, stating she did not realize the board had approved any installation of fire hydrants. Mr. Martin and Mr. Reznicek stated they did not either. Lesa went on to address item no. 6 stating she did not understand why the district would entertain stopping spending on all projects until the City of Terrell negotiations were complete. Mr. Reznicek stated the City of Terrell has already taken some of the district's CCN. Mr. Martin stated that the City of Terrell was proposing to take an additional 40-45% of Rose Hill's CCN through the latest annexation procedures. Both Mr. Reznicek and Mr. Martin stated they were concerned about spending money or going into debt without knowing what the City of Terrell was going to do. Lesa wanted to know why the board was concerned now about spending money and the city's encroachment when the district already spent money on a tank twelve years ago that was never finished, and they allowed the city to encroach in the Buc-ee's area without doing anything. Lesa moved on to item no. 7 wanting to know what the daily spending limit was. Nanci stated she was not aware of a daily spending limit. Mr. Reznicek asked Nanci what her spending limit for projects was before coming to the board. Nanci stated \$5000.00 which had been in place before she was hired.

Judy Easthom addressed the board regarding item no. 4, fire hydrants. She stated she was looking for clarification on when the fire hydrants were approved and for what areas. Mr. Reznicek and Mr. Martin asked Nanci how many fire hydrants were purchased and how many were left to be installed. Nanci stated that the installation of fire hydrants throughout the system had not been approved yet by the board. She went on to state that the hydrants that were installed at the pump station and the tower were done as repair items because each of those facilities could not be flushed if necessary. The cost of those was in the 2023 budget. Mr. Martin and Mr. Reznicek stated they were unaware of the purchase and installation of those fire hydrants. Nanci stated she made them aware of both several months back

when they were being installed and why they were installed. Nanci reiterated that without the hydrants there was no way to flush the tower or the pump station when repairs were made or if there was a problem with the water, at either facility, before bad water got into the distribution system and to the district's customers. Nanci held up a bottle of water with lime slurry in it as an example of water that needed to be flushed from the pump station, from a prior event, that led to the decision to put in the fire hydrants at both the tower and pump station. Judy reiterated that she would like to see a fire hydrant closer to Brooks Ln where she lives and hydrants throughout the system. She recognizes that several areas of the district are vulnerable to fires due to the number of trees in those areas.

Review and Approve Minutes from the previous meeting: Ms. Dodd made a motion to accept the minutes of the meeting held on March 28, 2023. Mr. Ross seconded. All approved. Motion passed.

Ms. Dodd announced she had several comments for the board and passed out a detailed letter for everyone to read. Ms. Dodd stated, "This is a synopsis of the letter I handed everyone". "I am appalled that two members of our board made demeaning and unprofessional comments to Steve about concrete driveways. The hostility displayed by Earl slamming his fists on the table will not be tolerated. I will call 911 if it occurs again. It is the responsibility of each director to keep up with what is presented at the meetings and not to ask Nanci to do more work because you cannot remember from one meeting to the next what was discussed. Board members have their binders in front of them with the prior board packets for the previous twelve months. It appears we have board members who are more worried about the shingles on the office roof than ensuring customers have water."

Engineer Cost for Driveway Project: Nanci presented Steve's cost for engineering concrete driveways at the tower, pump station and office. Mr. Martin and Mr. Reznicek both stated that concrete was unnecessary and overkill. Mr. Reznicek stated that the picture of the crane truck pulling out a pump that Nanci had up on the screen was not a 30 ton truck and figured it was more likely a 1 ton. Mr. Martin commented that a 30 ton truck was not necessary for a 1,000 pound pump. Nanci explained that Cheston made the comment it was 1,000 pounds without knowing the facts. Nanci stated that MVA Services, the vendor who pulls and works on the pumps and motors gave her a weight of between 3500-4,000 pounds. Nanci also stated that Steve, the engineer, received his information from MVA Services before determining the type of material he felt would be the best application for the use of the driveways. Nanci commented that Steve offered to review other materials for the driveways. Mr. Reznicek asked if an engineer was even needed. Nanci stated she was more comfortable with an engineer overseeing the project to ensure it is done properly. Mr. Reznicek made a motion to engineer a driveway for the pump station wanting cost projections for three different materials, crushed concrete/rock, asphalt, and concrete. Ms. Frazier seconded. All approved. Motion carried.

Detail Cost of Third Pump: Nanci stated that the VFDs listed in the detailed cost list were not dependent upon whether or not the district installed the third pump. They are an item of their own but could be considered part of the pump station expansion, which is why they were included. Of the two, installing the third pump or VFDs, the VFDs were the most important because of the benefits to the system. Without them, the district is solely reliant on the tower for system pressure. Ms. Dodd made a motion to purchase the VFDs. Ms. Frazier seconded. Nanci pointed out that the specific purchase of the VFDs was not on the agenda and needed to be tabled until next month. Ms. Dodd rescinded her motion. The third pump is tabled until the pump/motor arrives.

List of Projects under engineering: Nanci pointed out she did not have a specific list created because it is part of the agenda every month under Old Business or New Business.

Cost of Fire Hydrants: Mr. Reznicek acknowledged that the cost of the fire hydrants was discussed at the beginning of the meeting. He requested a list and count of hydrants needed at the major intersections and roads.

Cost of work and status of new chemical injection system: Nanci updated the board on the status of the new chemical system and the cost already spent and what costs were remaining.

Stop all spending until the City of Terrell negotiations are final: Nanci asked which project was causing the concern. Mr. Reznicek stated it was the tank at CR 305. Nanci explained that the district's share of the 4-1JV, the second source of water, had been sold with the idea of putting the CR 305 tank online. Mr. Reznicek asked if we had an emergency connection. Nanci stated that the district could use the 4-1JV in an emergency while we worked to get the CR 305 tank online, however, the agreement with the City of Crandall and Gastonia-Scurry was not for a permanent emergency connection. Lesa asked to speak, she wanted clarification on the USDA loan and whether or not it could be impacted by stopping or delaying the project. Nanci stated that the USDA has obligated 1.3 million to the project, but the district has not received funds yet. Nanci went on to explain that without the 4-1JV share the district is over the 85% production capacity rule by TCEQ, and even with the 4-1 the district was at 78%. At 85% TCEQ states a plan must be in place to provide/store more water. The district's plan is to put the tank at CR 305 online.

Spending limited to \$1500 daily: Mr. Reznicek asked how much was spent daily. Nanci asked for clarification on what type of spending. Mr. Reznicek offered he wanted to know about payroll, benefits, and anything else. Nanci stated if it was parts, chemicals, or office products the amounts vary. Some days she spends nothing and other days such as recently she spent \$2300 on chemkeys for the water quality device that is used daily and weekly by the operators. As for payroll, benefits, insurance and the like, Nanci was unable to provide the daily amount at that moment and stated the board packets include the monthly operating expenses. Mr. Reznicek asked if there was any more discussion. Nanci stated she needed to know if the board wanted to table items 6 and 7 or show them as no action. Mr. Reznicek stated items 6 and 7 should be shown as no action.

Ms. Dodd asked Mr. Reznicek if he spoke to another director regarding the items he requested be placed on the agenda, items 1-7. Mr. Reznicek responded "sure". Ms. Dodd asked which directors he spoke to. Mr. Reznicek responded that he spoke to Mr. Martin and Ms. Frazier. Ms. Dodd stated the three engaged in a walking quorum and that it was illegal. Ms. Dodd asked Nanci if she was correct or not in her assessment. Nanci confirmed what Ms. Dodd was saying to be correct. Mr. Reznicek stated he requested a workshop and was told he could not have one. Nanci stated she did not tell Mr. Reznicek he could not have a workshop, only that he needed to get dates and times for a workshop from all of the directors and not just two of them, and Nanci needed to know the information so the agenda for the workshop could be posted 72 hours in advance for public notice. Ms. Dodd stated she planned to file a grievance with the State of Texas.

Nanci went over the revised capital improvement list that was presented to the board. Mr. Reznicek stated the board should consider putting up a building or covered area for the trucks due to the recent hailstorm. Nanci stated she had asked for the very same thing several years ago and that none of the trucks and equipment should be out in the weather aging prematurely but nothing came of it. However, now it was a question of whether a covered area for the equipment and trucks was more important than other projects that would ensure customers continue to have water delivered to them.

NTMWD Evaluation Study: Nanci went over the NTMWD presentation regarding the evaluation to get additional water to the southeast side of their district. According to NTMWD engineers the most favorable, if not the only option, is to loop the 30" Forney-Terrell line to the 20" Kaufman line through Rose Hill's area. Currently, five entities are involved in the study because each has expressed their desire or need for more water due to the high growth rate. The presentation showed a probable cost of \$35 million and if divided 5 ways evenly each entity would be responsible for \$7 million. NTMWD stated they would sell bonds on our behalf to finance the amount through a separate contract with them. No action.

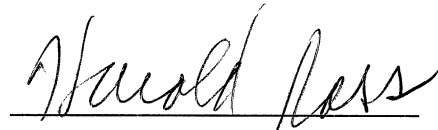
Nanci informed the board that the meter replacement project at the time of billing was three-quarters of the way complete. Water usage was up from the previous billing cycle and from a year ago, which was a positive sign that the new meters are doing their job.

Nanci also informed the board that Gastonia-Scurry SUD was expected to approve the evaluation study proposed by Atkins Engineering for the wholesale water connection.

Ms. Dodd made a motion to accept the manager's reports. Mr. Ross seconded. All approved. Motion passed.

Mr. Martin made a motion to adjourn the meeting at 10:07 pm. Mr. Ross seconded. All approved. Motion passed.


President, Kathy Dodd


Secretary/Treasurer, Harold Ross