

Rural Water District No. 1
Ellsworth County, Kansas a/k/a Post Rock Rural Water District
Regular Board Meeting Minutes
December 21, 2021

At 6:30 pm, Chairman Errebo noting a quorum called the regular board meeting to order.

Directors present were Howard Wehrman, Ralph Larson, Butch Teppe, Kayla Errebo, John Dolezal.

Directors not Present: Martin Bland, Jon Wright, Brad Miller, and Joel Christy

Others Present: Louis Funk, Leslee Rivarola, Doug Janssen, and Sharon Condit

Guests: Mike Groszek, Auditor, Troutt Beeman, Brad Kelley, CEO, Purefield Ingredients and Brad Vincent, Groundwater Associates

At 6:31 pm, Secretary/Treasurer Larson made a request to revise the agenda. Chairman Errebo called for a motion to add Item #7 to the agenda. Secretary/Treasurer Larson made a motion to add Item # 7 as a discussion to purchase water from Mitchell County Rural Water District #2. Seconded by Director Dolezal. Motion carried.

At 6:32 pm, Chairman Errebo called for a clarification on the motion made by Director Miller at the November 16, 2021, meeting relating to authorization of the General Manager to conduct evaluations and approve salary increases within the 3% that was approved in the 2022 budget. After a brief discussion, and in the absence of Director Miller, it was determined to table Item B until later in the meeting. Director Dolezal made a motion to approve the consent agenda item numbers A, C & D. Seconded by Director Teppe. Motion carried.

At 6:36 pm, Chairman Errebo called for Item #2 on the agenda. Ms. Condit presented the financial report and explained the amount of bills to be paid. Ms. Condit asked if there were any questions. With no questions, Ms. Condit recommended the bills be approved and be paid totaling the amount of \$216,334.71. Chairman Errebo called for a motion to approve the bills. Secretary Treasurer Larson made a motion to pay the bills, not to exceed the amount of \$216,334.71. Seconded by Director Dolezal. Motion carried.

At 6:40 pm, Vice Chairman Bland joined the meeting.

At 7:40 pm, Chairman Errebo called for Item #3 on the agenda. Mr. Groszek introduced himself to the board of directors and thanked the board for allowing Troutt Beeman to conduct the annual audit for the district. Mr. Groszek presented the 2020 audit and assured the board of directors that the district is in good standing and there are no issues with the accounting process.

Regular Board Meeting

December 21, 2021

Page 2

Mr. Groszek reminded the board of directors that they have not raised the water rate since 2015, and the board of directors may want to consider rate increases in insignificant amounts over five years, which would be easily accepted by the district's members. After several questions from the board of directors, Mr. Groszek again thanked the board of directors for allowing Troutt Beeman to conduct the annual audit.

Mr. Groszek departed the meeting at 8:00 pm.

At 8:01 pm, Chairman Errebo called for Item #4 on the agenda. Mr. Brad Kelley, CEO of Purefield Ingredients introduced himself and explained that Purefield Ingredients would like to construct a \$125,000,000 expansion to their gluten plant at Russell, Kansas. However, before entering into an agreement to expand the gluten plant, Mr. Kelley would like to know if three hundred gallons per minute of water would be available for purchase from Post Rock Rural Water District. Mr. Kelley indicated the timeline for the expansion is two years. Ms. Rivarola, the district consultant asked Mr. Kelley if he or anyone from Purefield has worked with the Kansas Department of Commerce on the expansion project. Mr. Kelley indicated that he or no one with Purefield had contacted the Kansas Department of Commerce. After a brief discussion, the board of directors asked if Purefield Ingredients is open to investing funds toward the research project the district would need to conduct to legally find out if Post Rock RWD could even provide water to Purefield Ingredients. Mr. Kelley offered \$10,000 toward the research project. Ms. Rivarola offered to work with Mr. Kelley, Kansas Department of Commerce, and a legal team to find if it is feasible that Post Rock RWD has the right to sell water to Purefield Ingredients with the City of Russell having the first right of refusal. Chairman Errebo asked the board of directors if they were interested in moving forward with this project and requesting Ms. Rivarola to reach out to Mr. Kelley to collaborate with him on this project. Chairman Errebo called for a motion to continue with the project. Vice Chairman Bland made a motion to accept the \$10,000 offered by Mr. Kelley, CEO of Purefield Ingredients to pay for legal expenses. Seconded by Director Teppe. Motion carried.

The district's engineer Mr. Louis Funk and Mr. Brad Vincent took the floor and updated the board of the directors on areas as to where a secondary water source could be secured. Mr. Funk pointed out the risk of investing in a water treatment plant to provide water to Purefield Ingredients. After a brief discussion by Mr. Funk and Mr. Vincent in areas to peruse a secondary water source, no action was taken by the board of directors.

Mr. Louis Funk, Mr. Brad Kelley, and Mr. Brad Vincent departed the meeting at 8:35 pm.

At 8:35 pm, Chairman Errebo called for a ten (10) minute break.

At 8:45 pm, the board of directors reconvened, and Chairman Errebo called for a motion to recess into Executive Session. Vice Chairman Bland made a motion to recess into Executive Session for twenty (20) minutes to discuss non-elected personnel pursuant to K.S.A. 75-4319(b) (1); further that all board members and Ms. Rivarola were included in the Executive Session. Seconded by Director Dolezal. Motion carried.

At 9:05 pm, Chairman Errebo called for a motion to extend the Executive Session. Vice Chairman Bland made a motion to extend the Executive Session for twenty (20) minutes to discuss non-elected personnel pursuant to K.S.A. 75-4319(b) (1); further that all board members and Ms. Rivarola were included in the Executive Session. Seconded by Director Dolezal. Motion carried.

At 9:25 pm, the meeting reconvened in open session.

At 9:30 pm, Chairman Errebo called for a motion to address the issues that were discussed in Executive Session. Vice Chairman Bland made a motion to increase the general managers salary by 3.5% effective on the first pay period of January 2022, and to authorize the general manager to hire, promote, and provide compensation adjustments to employees as authorized within the approved budget for the district; and to authorize the general manager to discipline, up to and including suspension or administrative leave pending termination. Seconded by Director Wehrman. Motion carried.

At 9:27 pm, Chairman Errebo called for a motion to approve the minutes from the November 16, 2021, meeting. Director Teppe made a motion to approve Item B of the consent agenda items. Seconded by Director Wehrman. Motion carried.

At 9:30 pm, Chairman Errebo called for Item # 5 on the agenda. Mr. Janssen briefed the board of directors on the funds received from Ellsworth County regarding the American Rescue Plan (ARPA) funds and the attached bids that he received from three companies for the purchase of meters. Mr. Janssen recommended continuing with the Badger AMR system and to order the software, large meters, and other pieces to convert the maximum number of meters in Ellsworth County to the AMR system not to exceed the \$117,350 grant dollars. Chairman Errebo called for a motion. Director Wehrman made a motion to purchase the Badger AMR system including software, large meters, and the other parts to convert the maximum number of meters in Ellsworth County not to exceed the \$117, 350 grant dollars. Seconded by Director Teppe. Motion carried.

At 9:40 pm, Chairman Errebo called for Item #6 on the agenda. Mr. Janssen briefed the board of directors on the extremely busy 2021 year and how incredibly pleased he is with the work

Regular Board Meeting

December 21, 2021

Page 4

that has been performed by the staff despite the difficulties and challenges the district faced with getting materials and supplies. As a team, the staff completed the J-Six Project, increased the contractual water sales to the district by a significant amount, is nearing the completion of the 281 Project, replaced one mile of four inch water line north of Waldo, read all of the district meters, serviced all of the PRV's, applied for and received several grants bringing in over \$140,000 dollars of external funds to the district and managed to keep salaries cost under budget for the year of 2021. Mr. Janssen recommend providing a one-time bonus for the 2021 year in after tax amounts of \$500 for full-time employees and \$200 for the part-time employee to be distributed before Christmas. Chairman Errebo called for a motion. Vice Chairman Bland made a motion to grant a one-time bonus for \$500 per full time employee and \$200 per part time employee after tax to be paid before Christmas. Seconded by Director Dolezal. Motion carried.

At 9:50 pm, Chairman Errebo called for Item #7 on the agenda. Secretary/Treasurer Larson took the floor and briefed the board of directors on his discussion with the representatives of Mitchell County Rural Water District #2. Mitchell County RWD #2 has excess capacity of water they would like to sell at the rate of \$5.00 to \$5.25 per one thousand gallons. After a brief discussion, of the interconnect location and if the current infrastructure would sustain the purchase of water, it was determined that Mr. Janssen would visit with the representatives of Mitchell County RWD #2 and present the findings at the January 2022, board meeting.

At 10:00 pm, Chairman Errebo called for the reports. Mr. Janssen presented the manager report and briefed the board of directors on the Consent Agreement and Final Order from the Kansas Department of Health and Environment regarding the TTHM's issues. Mr. Janssen then gave the Distribution and Plant Reports.

At 10:15 pm, Mr. Janssen briefed the board of directors on the request from a couple of customers concerning fire damage and the loss of homes from the windstorm on Wednesday, December 15, 2021. After a brief discussion, and a couple of suggestions, no action was taken.

At 10:20 pm, Mr. Janssen briefed the board of directors on a request from a customer regarding community donations. After a brief discussion, no action was taken.

At 10:25 pm, Chairman Errebo called for the Office Managers report. Ms. Condit brought to the board of directors' attention the Victim Impact Statement written by the district's attorney and explained this letter would be read in open court by the district's attorney at the sentencing hearing. She asked if anyone had any questions or concerns. The next item Ms. Condit presented to the board of directors was the Public Notice regarding the TTHM issue and that the letter is scheduled to be mailed to the customers on December 22, 2021. She asked if there were any questions or concerns about the letter.

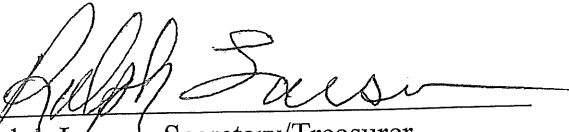
At 10:30 pm, Chairman Errebo called for any other business to be brought before the board of directors. With no other new or old business to be brought before the board of directors,

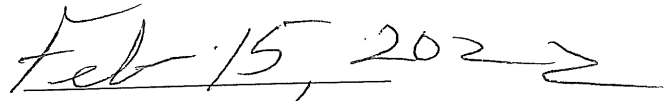
Regular Board Meeting
December 21, 2021
Page 5

Chairman Errebo called for a motion to adjourn the meeting. Vice Chairman Bland made a motion to adjourn the meeting. Seconded by Director Dolezal. Motion carried.

Meeting adjourned at 10:30 pm.

Respectively Submitted:


Ralph Larson, Secretary/Treasurer


Date