

**MEANSVILLE RILEY ROAD WATER COMPANY, INC.  
REGULAR BOARD MEETING MINUTES FOR JUNE 23, 2024  
HELD IN CONFERENCE ROOM AT MRWC 7:00 P.M.**

**PRESENT**

Paula Brewster  
Cindy Burnett  
John Burnett  
Robynne Burress  
Mark Carroll  
Otis Hembree  
Hermine Keith  
Don Tucker

**TELECONFERENCE**

Angie Hauser

**ALSO PRESENT**

Lawrence Flynn  
Paul Klein  
John Kingsmore  
Paula Wright

**Meeting Called to Order:** Otis called the meeting to order and opened with prayer.

**Lawrence Flynn:** The company attorney, Lawrence Flynn, addressed capital credits and why they are necessary. MRWC was created as a non-profit rural water company and in the 50's, 60's and 70's the Federal Government had a whole bunch of money, and the goal was to get water infrastructure into rural areas into the country. The Federal government held off and put grant money and loan money to able to run water lines in rural communities all over the country. They created a separate subset of the Federal government tax exempt regulations called 501(c)(12) which is a cooperative organization for tax purposes. MRWC does not have to pay property taxes or provide a financial statement to the State but must provide a 990 which is tax exempt income tax return that goes to the IRS to let them know that the company is complying with all things necessary to be a good corporate non-profit citizen. MRWC is a water cooperative form of organization which recognizes that customers that pay a membership fee are members but from a legal aspect are owners. The IRS states that as a co-op organization and the fact that the members own the organization every time someone buys into the system we must establish from that time to the time of the audit and allocate each year the new assets, new improvements and from the capital credits and assigned individual. While that number is assigned to them the value is in the ground, however there is some residuals cash value that is in the reserve. They do not have a share in that because MRWC has a lot of capital means to use in the same system. If someone sells their house members do not receive that money. If the company would sell the company only then would the members receive their credits. MRWC must do an annual audit, annual budget, is subject to a freedom of information act, and publish public meetings.

Surplus equipment should be published in newspapers, put on bills, and allow people to bid then record in a capital account to use to fund new capital in the future. Dispose of goods and services through a proper bid procure policy based on the standard procedures. MRWC needs a policy to dispose of surplus equipment.

If MRWC holds electronic meetings it needs to be done properly over Zoom, Teams, or other electronic means. The public does not need to be able to speak but should be able to listen. The Board will need to put on the agenda and website a telephone number to dial in to be able to listen to the Board Meeting and policy needs to be in place.

The Board needs to set standards for CDL or any training to be added to the Employee Handbook.

Lawrence suggested not requiring social security numbers due to many people not having a social security number and he has had fifteen clients that were sued due to them requiring social security numbers.

Reconnections need to be updated on the website.

The project list should be on the agenda. The agenda should be posted twenty-four hours before the meeting and nothing added after the twenty-four hours and cannot mention anything that is not on the agenda.

Any projects over \$100,000.00 should have three sealed bids.

In case of irate customers and there is concern call the police. Establish and maintain good relations with Union and Spartanburg sheriff.

A rate comparison to other water companies is not a justification to increase water rates. Water rates should only be established by the cost of services. Most companies use third party companies to do a rate study. If the company has not increased rates by 25% over the last five years, the company will be losing money due to inflation.

**Paul Klein:** The company CPA with Love Baily gave financial handouts from January 1<sup>st</sup> through May 31<sup>st</sup> to the Board. Paul has done some QuickBooks Online training for the office staff, and they have done payroll for the last two weeks and have plans to do more training. He has been working with David McAllister the auditor with Manley Garvin. David will visit the office tomorrow.

**Approve Minutes:** Cindy made a motion to accept the minutes as written, Paula Brewster seconded, and the motion passed.

**Correspondence:** Paula Wright mentioned that postal stamps are going up five cents beginning the first of July. The (SCRWA) South Carolina Rural Water Association is hosting OfficePro September 19<sup>th</sup> through 20<sup>th</sup> at the Hilton in Columbia and Paula would like Laurin to attend. It is an overnight stay and the cost for the conference and hotel will be around \$450.00. Don made a motion for Laurin to attend, Mark seconded, and the motion carried.

**Rates:** Mark made a motion to seek a minimum of three firms, if possible, to do a rate study of quotes and bring them to the next Board meeting. John Burnett seconded the motion and the motion passed.

**Arrowood Acres:** John Kingsmore stated he, Otis, Ted Harrison, and Ben Saragusa met this past week about the project. We are waiting for the permits and Ben to bring the company a check in

the amount of \$753,000.00 for the investment he is going to make in our water company. Ted Harrison, the developer received the bid on the project.

**SCIIP Grant:** The awarded four sections of the Highway 49 project, from Highway 49 to Old Buncombe Road came in around \$8,200,000.00 including the alternate Meadow Woods project. The company is left with \$1,400,000.00 to spend of the grant. John Kingsmore received an email today about the Highway 49, Tyger River and Fairforest Bridges replacement and the State may compensate the company for taking the water line off the bridges. MRWC will have to pay for the upgrade of an eight-inch to twelve-inch water line. The money must be spent in Union County.

**STATE REOLVING FUND (SRF):** John Kingsmore applied for SRF in March for 100% loan forgiveness with South Carolina DEHC for the Meadow Woods Project. He will email tomorrow to see if projects can be switched to another project or upsize from a three-inch to a six-inch water line.

**Highway 92 Leak:** MRWC repaired the leak at Highway 92 and the State had installed the guardrail on top of our water line and there is now a small leak that MRWC maintenance will have to repair again.

**E Certification:** Lee Shropshire, Mitch Heatherly, and John Kingsmore received their Water Treatment Certification.

**Upcoming Events:** The next Board Meeting will be July 23<sup>rd</sup>.

**Prayer:** John Kingsmore closed the meeting with prayer.

**Adjourned:** The meeting adjourned at 9:16 p.m.

Paula C. Wright