

PROCEEDINGS OF THE CENTRAL BROWN COUNTY WATER AUTHORITY

Pursuant to §19.84 Wis. Stats, a regular meeting of the Central Brown County Water Authority **Board of Directors** was held on Wednesday, October 28, 2020 at the Town of Ledgeview Community Center, 3700 Dickenson Road, De Pere, WI, and via video conference. Note that in light of ongoing public health concerns regarding COVID-19, Board members had the option of joining the meeting via telephone/video conference. Members of the public were offered the opportunity to either hear the meeting broadcast live at the location noted above or to contact the Water Authority to obtain telephone access to the meeting.

Present: Allouez – Chris Sampson
Bellevue – Diane Wessel
De Pere – Larry Delo
Howard – Geoff Farr
Ledgeview – Sarah Burdette (in person)

Excused: Lawrence

Also Present: Gary Rosenbeck, McMahon Assoc.
Brad Elmer, Baker Tilly Municipal Advisors
Nic Sparacio, General Manager

The meeting was called to order at 3:05 p.m. by President Sarah Burdette of Ledgeview.

Roll Call:

Roll Call was taken as recorded above. (Note that all attendees listed were present via video conference or teleconference unless otherwise noted as “in person.”)

Approval of the Agenda:

1. Approve agenda

Motion made by De Pere, seconded by Ledgeview to approve the agenda.

MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

2. September 23, 2020 member meeting
3. September 23, 2020 regular meeting
4. October 5, 2020 strategic planning meeting
5. October 9, 2020 strategic planning meeting

Upon discussion, there were no revisions to the draft minutes, so items 2 through 5 were taken up for action together.

Motion made by De Pere, seconded by Bellevue to approve the minutes of the member meeting of September 23, the regular meeting of September 23, and the strategic planning meetings of October 5 and 9, 2020.

MOTION UNANIMOUSLY APPROVED

Public Comment:

6. None

Appearances:

7. None

Administrative Actions & Reports:

8. Service and fee agreements related to refunding of bonds
Burdette noted that Brad Elmer of Baker Tilly is present for any Board questions. Nic Sparacio reported on the anticipated service and fee agreements necessary for the refunding process to proceed. These represent preliminary steps to the bond issuance process but are not the equivalent to bond issuance itself. (The Board cannot delegate authority for actual bond issuance, so those actions will come back as future agenda items.) The meeting materials also include some of the key data for the estimated refunding transaction.

Geoff Farr asked what the expected interest rate will be on the refunded bonds. Brad Elmer responded that the refunded bonds will be around 2%, as compared to 5% on the existing bonds. This is where the savings are generated. This transaction will be set up to be flexible as to the actual sale date. We can enter the market when the conditions are most advantageous to the Water Authority.

Burdette asked for clarification on the need for two ratings agencies and on the timing for the next steps. Elmer responded that multiple rating reviews are typical for a refunding of this size, and the two ratings will help with obtaining the surety and with the marketing process. Discussion continued on the interest rates and timing of the transaction.

Motion made by Bellevue, seconded by Howard to authorize the Authority President to execute the customary service and fee agreements necessary for the bond refunding process to proceed, but not for the issuance of bonds.

MOTION UNANIMOUSLY APPROVED

Elmer left the meeting at this time.

9. Quote for property insurance renewal
Sparacio stated that the Water Authority has about \$19 million of insured property value, and the policy is up for renewal as of November 1st. He had raised a concern with Gallagher, our insurance broker, over the increase in premiums. Gallagher will remarket all of our policies before next year's renewals. Sparacio is recommending approval of the renewals and requesting authorization to bind the related policies. Diane Wessel responded that the Village of Bellevue is seeing similar increases in insurance premiums, and this seems to be standard in the industry.

Motion made by Allouez, seconded by Bellevue to approve the property insurance quote from Gallagher and EMC and to authorize the General Manager to bind the related policies.

MOTION UNANIMOUSLY APPROVED

10. Joint letter to KS Energy Services

Burdette explained that this item is related to the leak repair that was completed in the fall of 2019 in the Howard area. Sparacio then reported that Attorney Kobza had reviewed this letter and had no concerns with the Water Authority signing on. The Water Authority is not among the responsible parties for this incident, but we do not think that the decision by the contractor to claim zero responsibility is reasonable. Not action is needed from the Board at this time.

Farr provided some additional background on the conversations between the contractor and Village of Howard staff. The Village also does not think that the decision by the contractor to claim zero responsibility is reasonable. He further reported that the Village is in the process of modifying its agreement with Manitowoc Public Utilities (MPU) for locating and first responder services. Locating responsibilities have been transferred to Excel Underground via the MPU contract for operation and maintenance services.

11. Financial report

Sparacio presented the September financial statements. He noted some corrections with the Contract O&M budget line. There were two transactions that needed to be reclassified, so these expenses are now back within the budgeted amount. With these corrections, budget and financials are tracking as expected.

Motion made by De Pere, seconded by Allouez to approve the financial report.

MOTION UNANIMOUSLY APPROVED

12. Bill payment list

Sparacio reported that there were some changes with the check numbering due to a printing issue. All payments remain the same as shown in the agenda materials with those changes to the check numbering. He has provided the details to the Board Treasurer.

Motion made by Ledgeview, seconded by Howard to approve the bill payment list.

MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

13. Amendment #2 to McMahan Task Order 6 for Shoreline Stabilization Project

Sparacio stated that this task order amends the contract for the engineering and design of the shoreline stabilization contract. The additional efforts to modify the design and rebid the project are reflected here. He stated that this item has not been on a Technical Committee agenda, but he did provide the information to the Committee via email. There were no comments or concerns. The redesign and rebidding saved the Water Authority nearly \$300,000. Rosenbeck provided some additional explanation for these charges.

Motion made by Howard, seconded by Bellevue to approve Amendment #2 to McMahan Task Order 6 for Shoreline Stabilization Project.

MOTION UNANIMOUSLY APPROVED

14. Draft proposals to the Village of Denmark for emergency and long-term water service

Sparacio provided an overview of the two water service proposals for the Village of Denmark. The Village's primary need is for an emergency back-up supply, but it made sense in this conversation to also look at full water service for exploratory purposes. Attorney

Kobza and Gary Rosenbeck have reviewed and provided input into both proposals. The full-service proposal is being provided more as an informational piece as the Water Authority continues to work on amending the Member Water Purchase Agreement.

Farr asked for clarification on how the long-term financial benefits are calculated in the full-service proposal. Sparacio responded that the volume-based member shares of the full cost (total principal and interest) of the 2014 refunded debt is used for benchmarking. A new customer is added to those shares based on their estimated water use, and their capital recovery contribution over the life of a contract is calculated.

Motion made by De Pere, seconded by Ledgerview to accept the emergency water service proposal to be offered to the Village of Denmark and to also forward the full water service proposal to the Village of Denmark as a discussion draft only.

Burdette called for any further discussion on the motion. Chris Sampson then asked for clarification on how this fits in with the work of the Growth Management Task Force. Sparacio responded that we did not discuss this proposal in a Task Force meeting, because we had an opportunity to bring it before the Board before releasing it. However, it does follow very closely with all the parameters set up by the Task Force. He added that the Authority has the ability under the existing agreements to offer an emergency service contract. There being no further discussion, Burdette called for a vote on the motion.

MOTION UNANIMOUSLY APPROVED

Project Update and Status Reports:

15. Engineer's Report

Rosenbeck provided updates on current projects. He reported that the installation of the new chlorine analyzers is proceeding with local utility staff coordinating the plumbing modifications to the connection stations. Regarding the shoreline emergency repair project from June, he finally received the additional information he requested from the contractor. A change order will be on the next Technical Committee agenda.

Rosenbeck reported on progress with the permanent shoreline stabilization project. The contractors are 60% complete at this time and project costs are tracking well within budget. In particular, it looks like we will not have to repave the entire trail. Little to no damage has been done to the asphalt surface. Additionally, some of the existing stone on the shoreline has been utilized in the reconstructed profile. He expects the contractors to be done by the end of next week. Sparacio displayed photos of the project progress. The Board discussed the potential need to repave the trail surface. Rosenbeck will be having a conversation with the City of Manitowoc on this topic.

16. Manager's Report

Sparacio provided a summary of items he worked on for the past month and his plans for the month ahead. Related to funding toward the shoreline stabilization project, he had been encouraged to submit an Intent to Apply for Wisconsin Department of Natural Resources (DNR) loan funds. However, with the project costs now known, it does not make sense to incur new debt for this expense. We also know that the project is not eligible for funding under these loan programs, so DNR would have to provide some special

approval. There was a consensus that the Water Authority should not pursue loan funds for this project. We should continue to pursue grant funds only.

Sparacio also reported on progress with adoption of the 8th Amendment to the Member Water Purchase Agreement. He believes that it took effect on October 20th based on actions by the governing bodies, but he awaits certified copies of the adopted resolutions from the members before he can confirm that.

17. Report on capital project budgets

Sparacio presented the financial summaries of 2019 and 2020 capital projects. 2019 projects are just about wrapped up as we await final delivery under the 48-inch Pipeline Repair Materials project. There are seven projects in the works for the 2020 and 2021 capital programs. Some of the project budgets will be further revised as contractor costs are finalized for the Chlorine Modifications project. He will continue to keep the Board updated with any changes.

Old Business

18. None

New Business:

19. None

Next Meeting:

The next meeting is scheduled for November 18, 2020.

Adjourn:

Motion made and seconded to adjourn at 4:00 p.m.

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,
Nicolas Sparacio