

PROCEEDINGS OF THE CENTRAL BROWN COUNTY WATER AUTHORITY

Pursuant to Section 19.84 Wis. Stats, a regular meeting of the **Central Brown County Water Authority** was held on Wednesday, March 23, 2016 at the DePere City Hall, 2nd Floor, 335 South Broadway, DePere, WI

Present: Allouez-Dennis, Bellevue-Gorall, De Pere-Delo, Lawrence-Trembl, Ledgeview-Burdette
Excused: Howard
Also Present: Dave Vaclavik-Manager
Melissa Kempen – Baker Tilly Virchow Krause

The meeting was called to order by President Sarah Burdette at 3:00 p.m.

Roll Call:

Call the Roll for Attendance. Roll Call was taken as recorded above.

Approval of the Agenda:

Approve Agenda

Motion made by DePere, seconded by Bellevue to approve the agenda as presented. MOTION UNANIMOUSLY APPROVED

Approval of Minutes:

Approve Minutes: February 23, 2016

Motion made by DePere, seconded by Lawrence to approve the minutes as presented.

Ayes: Allouez, Bellevue, DePere, Lawrence

Abstain: Ledgeview

Howard: Excused

MOTION APPROVED

Public Comment: None

Appearances:

Melissa Kempen, CPA – Baker Tilly Virchow Krause

Mr. Kempen reported that documents which have been provided related to the 2015 audit show no significant changes. She highlighted certain financial opinions, however, reported that the CBCWA was given a clean audit opinion. Those highlights include an explanation of the following:

- **Balance Sheet** - This document shows compliance with requirements which are healthy at year-end.
- **Capital Assets** – The ongoing storage project will be completed in 2016.
- **Liabilities** – At year end the accounts payable accounts show the largest liability due to long term debt, one being the Clean Water Fund Loan, however, Ms. Kempen pointed out that coverage requirements have been met. She also pointed out an increase of 24% from the prior year due to increased operating

revenues related to the transfer of assets to members for connection stations and the fiber optic system.

Board Member Gorall questioned the financial documents (page 21) related to an amount which was neither insured, registered, or held by a counter party, asking if this could be exposure to credit risk. The Manager replied that this amount is related to the transition between banks and investments which were not fully invested but held in brokerage. Ms. Kempen added that due to the failure of some banks in which clients have lost funds, it is recommended the Authority be fully collateralized above FIDC limits (which they are).

When asked by Board Member Delo if the auditor was comfortable with internal controls, she reported that although it is difficult to maintain maximum control with a small office staff, the Authority has added good controls. She noted that 90% of small businesses will have this finding.

Ms. Kempen summarized, stressing the importance of two-way communication. She indicated that IT recommendations have been implemented and overall accounting standards are good.

(See documents provided for details)

Administrative Actions and Reports:

1. **2015 Financial Statements and Audit Report:**
Action will be taken after receipt of the final report.

2. **Strategic Plan Discussion:**
The Manager reported that the following items are currently in some stage of development related to the Strategic Plan (two of which will be covered in the Closed Session to follow):
 - a. To develop criteria and create a process to evaluate and handle new community requests while respecting rural sprawl concerns.

 - b. To create a set of “non-negotiables” (operating principles) for Board and Technical Committee by 9-30-2016, explaining how to act and collaborate. May also consider creation of mission and operating principles. (A draft of the proposed Mission Statement” was included in the written Manager’s Report.

 - c. To create orientation and onboarding processes and material relative to the MPU Agreement. The Manager referred to a reference binder he provided to Board and Technical Committee members containing relevant agreements, policies, and legal opinions. He has requested they provide any orientation/onboarding documents they may have, in addition to other documents they deem valuable, i.e. budget, history, contact information, system mapping, etc.

 - d. MPU Agreement – A meeting has been scheduled with MPU on April 15 to discuss alternative concepts that might make the agreement and annual rate process simpler. (Will be covered in Closed Session). Vaclavik indicated

that he also will be scheduling a meeting with Vicki Hellenbrand and Lawrie Kobza to review progress on a rate model and to discuss other options.

- e. Operations Plan – McMahon has been interviewing members and collecting operating information.
- f. Master Plan – A follow-up meeting has been scheduled (3-24-26) to work out integration of the master planning process. A draft work scope has been provided by McMahon that will be finalized as soon as responsibilities and expectations are clarified with Green Bay Water.

**Homework - The Manager requested that if member communities have Board or Committee orientation/onboarding documents that they forward to him. If not, please advise accordingly. In addition, he asked for other documents related to budget, history of the Authority, contact information, system mapping, non-negotiable issues, or any comments that may be useful. The Manager pointed out there is information available from other water utilities throughout the country related to performance measures that could be reviewed.

The Manager noted that David Yeghiain will be meeting with the Board from 1:30 p.m. to approximately 3:00 p.m. to review strategic planning progress before the next Board meeting on April 27th.

No Action

3. **Financial Reports:**

Financial reports for the month of February were provided, along with an explanation of discrepancies and changes. The Manager indicated there have been some significant issues working with QuickBooks, particularly as relate to the budget vs. actual reporting. He stated that more accurate reporting will be available after the final audit report is received. He also noted that bond payments will be made on May 1st, along with interest on a financing loan and on the Safe Drinking Water Loan. After those payments are made, liabilities and assets will be in balance.

Profit & Loss statements were addressed with the Manager explaining that there have also been complications with Quick Books in this area. A worksheet was provided showing payroll expenses and payments through March 18th (even though it is actually a report through the end of February). The Manger will continue to highlight issues until the QuickBooks matter is resolved.

Motion made by DePere, seconded by Allouez to approve Financial Reports as presented. MOTION UNANIMOUSLY APPROVED

4. **Pay Authorizations: Vouchers:**

A final voucher list was distributed. Mr. Delo questioned the invoice to CDM Smith and the Manager explained this is for the valve replacement project. He indicated that a bid will go out in April to line up qualified contractors who will be able to provide spare parts so that they are on hand in the event of an emergency.

Motion made by Ledgerview, seconded by DePere to approve payment of Pay Authorizations/Vouchers. MOTION UNANIMOUSLY APPROVED

Technical Committee Recommendations:

No meeting of the Technical Committee was held in March

Project Update and Status Reports:

1. Engineer's Report

The Manager reported for the Engineer stating that plan specifications for repairs at connection stations involving repainting, etc. will be scheduled in the fall of this year. In addition, McMahon is presently interviewing members regarding operational practices and management flow.

The Manager reported that McMahon has prepared a draft scope of work related to the Master Planning process that has been discussed by the Technical Committee. Revisions will be made based on comments and a final proposal will be presented after further discussion with Green Bay Water and their consultant.

In regard to the agreement with NSight, the Manager reported there are two easements left to complete and turn over to NSight for filing, one involves the Best Western Hotel on property owned by the City of Manitowoc and the other is the Sobush easement. McMahon has been working on plans for correcting the site problems and an agreement with Sobush is planned for consideration on the April agenda.

2. Manager's Report:

Manager Vaclavik highlighted the following activities during the last reporting period:

- **Proposal from MPU** – A proposal has been received to change to the MPU accounting system, which is different than QuickBooks. As the proposal appears costly, the Manager will be meeting with the MPU accountant to discuss just what the Authority feels they need and what MPU would be able to provide. If satisfactory, the Manager will return with a recommendation to the Board. Other options are also being reviewed.
- **Strategic Plan** – The Manger indicated that the Closed Session to follow is related to the Village of Suamico and their investigation of available sources of water supply.
- **Water Consumption** – Consumption is still running behind which is impacting the take or pay agreement. Unless there is a dry summer, this pattern is expected to continue. When asked by Mr. Delo, the Manager confirmed that the take or pay is a confirmed number with MPU, however, charges to members may be modified.
- **Valve Replacement Project** – soon to be wrapping up.
- **Legal Opinion** - Is waiting for opinion from Attorney Kobza relative to questions regarding future member legislation.

Old Business: None

New Business: None

CLOSED SESSION

The Board may go into closed session pursuant to Wisconsin State Statute 19.85 (!)(e); Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session. The Board will then reconvene back into open session.

Motion made by Ledgeview, seconded by Allouez to enter into closed session.

Roll Call: Present: Allouez, Bellevue, DePere, Lawrence, Ledgeview

Excused: Howard

MOTION APPROVED

Motion made by Lawrence, seconded by Bellevue to return to regular order of business. Roll Call: Present: Allouez, Bellevue, DePere, Lawrence, Ledgeview

Excused: Howard

MOTION APPROVED

Next Meeting:

Suggested Agenda Items for next regular meeting: April 27, 2016

- **As noted above (#2), David Yeghiain will meet with the Board from approximately 1:30 to 3:00 p.m. to review strategic planning progress. The Board meeting will commence immediately thereafter.**

Adjourn:

Motion made by DePere, seconded by Allouez to adjourn at 4:15 p.m.

MOTION UNANIMOUSLY APPROVED

Respectfully submitted,

Rae G. Knippel
Transcription