

Peachtree City Water and Sewerage Authority

April 20, 2021

The Peachtree City Water and Sewerage Authority held its monthly meeting on Tuesday, April 20, 2021, in the break room and conference room of the John W. Gronner Administrative Center. The following individuals were present: Chairman Vanessa Fleisch, Vice-Chairman Mike King, Treasurer/Secretary Terry Ernst, Board Member Phil Prebor, Ms. Melissa Griffis (attorney with Horne & Griffis), Mr. Dan Davis (ISE), Ms. Leslie Baer (ISE), Ms. Millie Shah (WASA), Mr. Larry McNeil (WASA), Mr. Chris Miller (Cpak Technology Solutions), Mr. Todd Baugh (Cpak Technology Solutions), Ms. Hope Larisey (ISE), Mr. Clay McEntire (J. Smith Lanier), Mr. David Irwin (Mauldin & Jenkins), and Mr. John Dufresne. Board Member Kevin Madden was absent. Due to the COVID-19 pandemic and Governor Brian Kemp's Executive Order the Board members were located in the break room and the public was in the Board room for proper social distancing with live video and audio being fed into each room.

Ms. Fleisch called the meeting to order at 8:35 am. The meeting began with the Pledge of Allegiance.

Ms. Fleisch opened the meeting up for public comment. There were no public comments.

Ms. Fleisch asked for a motion to approve the March 16, 2021 regular meeting minutes and the March 29, 2021 special called meeting minutes. Mr. Ernst made the motion, seconded by Mr. King. Motion carried (4/0). Ms. Griffis stated Mr. King has reviewed the meeting minutes for March 16, 2021 and associated documents even though he was not present, allowing him to vote to approve the minutes.

There were no reports from the Authority members. Mr. Prebor stated he would like the Authority to consider publishing a brochure with an update on the Authority's progress to be distributed via the utility bills. Mr. Dan Davis stated that is possible, and could be disseminated via the website, a direct mailer, and posted in the front office. Mr. Dan Davis provided a General Manager update, stating landscaping improvements, tree removal, and irrigation system repairs were completed, in addition to facility maintenance/improvements at the plants and shop. Mr. Larry McNeil stated staff member Mr. Jonathan King has coordinated the facility/maintenance improvements. Mr. Ernst requested that a thank you letter be drafted to the employees from the Board for their hard work and in recognition of the noticeable facility/site improvements. Mr. Dan Davis stated updates to pump stations and associated fencing has also been completed. Mr. Dan Davis stated he would provide a PowerPoint on the SCADA update next month. Mr. Dan Davis added that the audio/visual equipment was updated in the conference room and break room, to improve reliability and better accommodate meeting needs. Ms. Fleisch asked about the work at the pump station across from City Hall. Mr. McNeil stated the pump station had a faulty moisture sensor replaced.

Mr. Irwin discussed the annual audit, stating they issued a clean/unmodified opinion of the report with no audit findings; the financial statements as prepared by management are fairly stated in all material respects in accordance with generally accepted accounting principles. Mr. Irwin stated Ms. Shah did a really good job coordinating and providing information for the audit. Mr. Irwin encouraged the Board to read the Management's Discussion and Analysis (MD&A) within the report which provides a summary of the basic financial statements and an analytical overview of financial activity. Mr. Irwin discussed the statement of net position, stating total assets were \$41.4 million which was in line with last year with a \$171,000 decrease compared to 2019, which is considered minimal. The Authority has a good liquid position. Mr. Irwin stated net position increased by \$2.2 million from prior year, with \$16.1 million

investment in capital assets. Mr. Irwin stated revenue was just over \$10 million which was in line with last year, and there is a positive operating cash flow. Mr. Irwin stated there were no significant changes from last year with regard to the footnotes. Mr. King made a motion to accept the audit, seconded by Mr. Ernst. Motion carried (4/0).

Mr. McEntire discussed the property and casualty insurance renewal proposals from Travelers and Cincinnati (item VI). Mr. McEntire stated they went out to the marketplace because insurance rates are increasing across the industry; Travelers and Cincinnati were the most competitive to respond. Mr. McEntire discussed the Travelers quote, stating the property value was increased to \$15 million due to a reevaluation of the pump stations. Mr. Prebor asked regarding the decrease in premium cost. Mr. McEntire confirmed that there was an increase in values and a decrease in premium for Travelers due to competition. Most lines of coverage remained unchanged; however, Cincinnati did provide some pricing for higher umbrella limits; this is an area the Authority could increase coverage. Mr. Prebor and Mr. Ernst asked if the umbrella limit could be increased for the Travelers quote. Mr. McEntire responded that he can get a quote from Travelers to increase the umbrella limit. The Cyber coverage was changed to increase limits. Ms. Fleisch asked if based on recent tornado activity, is the Authority covered enough. Mr. McEntire stated that Ms. Shah and Mr. McNeil did a good job working to ensure the value of property estimates were accurate. Ms. Fleisch asked about the average value of each pump station. Ms. Shah stated they reviewed each station and decided not to insure smaller pump stations with a value less than \$10,000, the value estimate focuses on the larger pump stations. Mr. Ernst asked to confirm the difference with the Travelers quote. Mr. McEntire stated the cyber coverage carrier changed to BCS, and overall provided a \$2,200 decrease in cost from last year with broader coverage. Mr. McEntire stated the Cincinnati quote offered a 3-year policy with locked rates (except for umbrella and vehicle coverage), as well as a slight increase in a few coverage limits. Mr. McEntire received quotes from Cincinnati for increasing the umbrella coverage yesterday: \$12,841 for \$3 million and \$16,648 for \$5 million. Cincinnati is quoting a substantial increase in EPL and Public Entity and enhanced Cyber liability as compared to Travelers. Mr. McEntire stated the premium on both quotes was within a few hundred dollars. Mr. McEntire stated Travelers will not do a 3-year lock, and the Authority has been with Travelers for several years with minimal increases each year. Ms. Fleisch asked if the Authority should be evaluating any other coverages because of the sewer backups. Mr. McEntire responded no and referenced the immunity clause in the State of Georgia, stating insurance carriers will not accept liability if not responsible. Ms. Fleisch asked if the Authority is fully covered. Mr. McEntire responded yes, but there is an option to increase limits. Ms. Griffis asked regarding the difference in AM Best Ratings for each carrier. Mr. McEntire stated Travelers is A++ and Cincinnati is A+, stating an A rating is very sound. Mr. Prebor stated B+ and above are acceptable. Ms. Griffis stated that no one offers coverage for sovereign immunity claims, similar to those earlier in the year. Mr. King asked for Mr. McEntire's recommendation. Mr. McEntire stated the increase in EPL and Public Entity coverage from Cincinnati is good, but both companies are good. Mr. McEntire stated he would immediately contact Travelers to get a revised quote with an increased umbrella limit. Mr. Prebor made a motion to table the vote/decision on item VI (Property, Crime, General Liability, Boiler & Machinery, Umbrella, Auto, Inland Marine, Employment Practices Liability, Public Entity Liability, Flood & Earthquake and CyberFirst Liability Insurance Coverage – renewal May 1, 2021) until after Executive Session, seconded by Mr. Ernst. Motion carried (4/0).

Ms. Larisey presented the Work Authorization for the 2021 Long-Term Monitoring program. Ms. Larisey stated the work is part of the Watershed Protection Plan required by the permit with the State of Georgia for the treatment plants and includes quarterly sampling at five stations. Ms. Larisey stated this year additional biological monitoring is required, which was last performed in 2017. Ms. Larisey stated the associated Annual Report is due to the Georgia EPD by June 30 each year, and no comments were received

on the report submitted last year. Ms. Larisey stated the trend they are seeing is better numbers on the southside/downstream end of the City, after the water has gone through the water systems within the City. Mr. Ernst made a motion to approve the 2021 Long-Term Monitoring Work Authorization, seconded by Mr. King. Motion carried (4/0).

Mr. Prebor stated he would need to abstain from the Sewer Extension Evaluation Work Authorization agenda item because he owns property on Huddleston Road. Mr. Ernst made a motion to move item VIII (Sewer Extension Evaluation Work Authorization) to next month's meeting, seconded by Mr. King. Motion carried (4/0).

Ms. Shah discussed the Quarterly Financial Update dated March 31, 2021, ending the second quarter. Ms. Shah stated the budget year is at the 50% mark, with rate revenue at 48% (down by \$126,000 in residential and \$69,000 in commercial), but recent revenue appears to be returning to normal. Expenses are at 44%, and capital projects are moving along. Ms. Shah stated the bond payment was made, leaving \$10 million in outstanding debt.

Ms. Fleisch asked for a motion to adjourn into Executive Session for the purpose of Real Estate, Personnel and Potential Litigation. The motion was made by Mr. King and seconded by Mr. Ernst. Motion carried (4/0). The meeting was adjourned into Executive Session at 9:31 am.

Prior to calling Executive Session to order, Mr. McEntire notified the Board that he received the revised quote from Travelers. Ms. Griffis stated for the benefit of the public, the regular meeting could be reopened, and the item moved to discuss prior to Executive Session. Mr. Prebor made a motion to reenter the regular meeting, seconded by Mr. King. Motion carried (4/0). The regular meeting was reconvened at 9:41 am.

Mr. King made a motion to amend the previous motion and move item VI (Property, Crime, General Liability, Boiler & Machinery, Umbrella, Auto, Inland Marine, Employment Practices Liability, Public Entity Liability, Flood & Earthquake and CyberFirst Liability Insurance Coverage – renewal May 1, 2021) from Executive Session to the regular meeting, seconded by Mr. Prebor. Motion carried (4/0).

Mr. McEntire discussed the revised quote received from Travelers reflecting an increase in umbrella coverage which sits over public officials (making it comparable to Cincinnati). Travelers quoted a \$3 million umbrella at a premium of \$9,494, as compared to Cincinnati with a \$3 million umbrella at a premium of \$12,841. Mr. Prebor made a motion to approve Travelers for item VI (Property, Crime, General Liability, Boiler & Machinery, Umbrella, Auto, Inland Marine, Employment Practices Liability, Public Entity Liability, Flood & Earthquake and CyberFirst Liability Insurance Coverage – renewal May 1, 2021) with a \$3 million umbrella, seconded by Mr. Ernst. Motion carried (4/0).

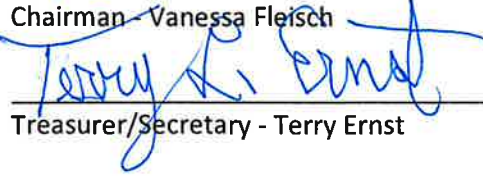
Ms. Fleisch asked for a motion to adjourn into Executive Session for the purpose of Real Estate, Personnel and Potential Litigation. The motion was made by Mr. King and seconded by Mr. Prebor. Motion carried (4/0). The meeting was adjourned into Executive Session at 9:46 am.

The meeting was reconvened at 10:24 am.

Ms. Fleisch asked for a motion to adjourn. The motion was made by Mr. King and seconded by Mr. Ernst. Motion carried. The meeting was adjourned at 10:24 am.



Chairman - Vanessa Fleisch



Treasurer/Secretary - Terry Ernst