

**MINUTES OF MEETING OF FINANCE AND AUDIT COMMITTEE
OF THE BOARD OF WATER WORKS TRUSTEES
PURSUANT TO NOTICE**

August 10, 2021

3:30 p.m.

Present (or Participating by Video or Audio Conference Link):

Board Members: Mr. Joel Aschbrenner, Ms. Andrea Boulton, and Ms. Susan Huppert
Staff Members: Nathan Casey, Ted Corrigan, Kyle Danley, Donna Heckman, Michelle Holland, Amy Kahler, Mike McCurnin, Laura Sarcone, Jennifer Terry, and Michelle Watson

Also in attendance:

Meeting called to order at 3:30 p.m.

1. Financial System Software

Ms. Holland provided a history of DMWWs financial management system (PeopleSoft Financials) and shared that while the system continues to meet our needs, the sheer volume of data that it has accumulated over this time has caused the system to slow and reach potential breaking points. In May 2021, staff drafted a Request for Information (RFI) for a new financial management system and invited 10 financial management software vendors to respond to our RFI. Staff received information from three vendors in response to the RFI, which we believe provides an adequate representation of the estimated cost. From these responses, we have estimated approximately \$1.8 million of non-labor expenses for the 2022 budget, including licensing fees, implementation costs, consulting, and training. This is the cost for the full implementation. The project will be included as part of the 2022 budget process, and if approved, the next steps would be to draft a more formal Request for Proposal.

2. Refunding 2012B Water Revenue Bonds

Ms. Kahler gave background information on DMWWs outstanding Series 2012B bonds, and presented an analysis from Speer Financial, Inc., DMWW's bond advisor. DMWW issued \$39.4 million in water revenue bonds in 2012, known as Series 2012B. This bond issuance was actually a refunding of a 2006 bond issuance, which were issued by DMWW to construct Saylorville Water Treatment Plant and the Joint Eastside Tank. Several wholesale customers purchased capacity in DMWW's Core Network when Saylorville was constructed and, in lieu of paying cash or issuing bonds on their own, these wholesale customers chose to participate in DMWW's bond issuance. Approximately 70% of the bond amount is the responsibility of these wholesale participants. The remaining 30% is the obligation of two of our Total Service areas, Pleasant Hill and Polk County. The Series 2012B bonds mature on December 1, 2025 and are callable later this year on December 1, 2021. This means they can be paid off or refinanced at that time. The remaining principal after our December 1, 2021 scheduled payment will be \$12.35 million. Speer's analysis of our Series 2012B bonds indicates that refinancing later this year could result in a net present value savings to our customers of approximately \$330k due to lower interest rates.

If a refunding is pursued, the maturity date of the new bonds would remain the same as the refunded bonds, which is December 1, 2025. Regionalization discussions related to the timing of asset transfer have considered the 2025 maturity date and have suggested that water production assets should transfer about five years after the creation of the regional board.

Therefore, even under the most optimistic commencement date for asset transfer to a regional utility (say, January 1, 2022), the 2025 maturity of the new bonds would not interfere with regional asset transfer considerations under this timeline.

3. CEO and General Manager's Comments

Mr. Corrigan reported that he and other staff had the opportunity to be interviewed and participate in the filming of a CBS Originals story on the impacts of agricultural production on various aspects of life. The documentary will air online near the end of the year.

4. Public Comments – There were no comments from the public.

Meeting adjourned at 4:17 p.m.