



KAREGNONDI WATER AUTHORITY
Meeting of Authority Board
December 13, 2021 at 10 a.m.

Genesee County Water Treatment Plant
4414 Stanley Road
Columbiaville, Michigan 48421
(810) 732-7870

A G E N D A

Pledge of Allegiance
Prayer
Roll Call

1. Minutes:
 - * August 16, 2021
2. Reports:
 - * Treasurer's Report
 - * Corporation Counsel Report
3. Communication:
4. Public Comment
(Maximum of 3 minute commentary)
5. Old Business:
6. New Business:
 - * Budget Adjustment – On Site Generator – Resolution 2022-001
7. Board Comment
8. Adjournment



KAREGNONDI WATER AUTHORITY
Authority Board Meeting
Genesee County Water Treatment Plant
4144 Stanley Road
Columbiaville, MI 48421
(810) 732-7870

MINUTES OF MEETING
August 16, 2021

Approved: _____

Meeting Convened: 10:15 a.m.
The Pledge of Allegiance was recited.
Invocation given by Dennis Liiimatta.

Roll Call:

Board Members Present: Monica Galloway; Larry Green; Tim Sneller; Kevin Sylvester (proxy); Lisa Anderson; Douglas Sweet; Dennis Liiimatta (proxy); Paula Zelenko; Joseph Suma; Kate Fields; Adam Zettel; David Jansen (proxy); Dale Kerbyson

Board Members Absent: Allen Griggs; Sheldon Neeley

Also Present:

Jeff Wright, CEO
Trudy Bowers, Treasurer
John O'Brien, Deputy CEO
Kevin Kilby, Corporation Counsel (zoom)
Nicole Wright, KWA Insurance Counsel

Agenda:

- ❖ Motion to Approve the Agenda with the addition of 1(A) to add recognition and acceptance of last year's audit by *Paula Zelenko*; Supported by *Larry Green*; Voice Vote – Motion Passed Unanimously

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Swearing in:

Adam Zettel; Douglas Sweet; Dennis Liiimatta; and Dale Kerbyson were sworn in as new members.

2020 Audit:

A copy of the audit was previously provided to each Board member. Karl Kramer indicated that once again the audit was clean. He reminded all Board members that they are always welcome to call with any questions.

- ❖ Motion to Accept Audit from 2020 by *Larry Green*; Supported by *Paula Zelenko*; Voice Vote – Motion Passed Unanimously.

Public Hearing on Proposed 2022 Budget:

- ❖ Motion to Open Public Hearing by *Joseph Suma*; Supported by *Douglas Sweet*: Voice Vote – Motion Passed Unanimously.

No Public Comment.

- ❖ Motion to Close Public Hearing by *Larry Green*; Supported by *Lisa Anderson*; Voice Vote – Motion Passed Unanimously.

Minutes:

- ❖ Motion to Accept the December 14, 2020 Minutes by *Lisa Anderson*; Supported by *Tim Sneller*; Voice Vote – Motion Passed Unanimously

Reports:

Deputy Treasurer Karl Kramer handed out the July 2021 Financial Report, and provided a brief overview.

New Business:

Resolution 2021-01 Resolution to Establish a General Appropriations Act

Resolution 2021-02 Resolution Establishing the Water Transmission Fee

Resolution 2021-03 Resolution Establishing Regular Meeting Dates

Resolution 2021-04 Resolution Adjusting the 2020-2021 Budget for Construction Activity

- ❖ Motion to Approve Resolutions 2021-01; 2021-02; 2021-03; and 2021-04 as presented by *Paula Zelenko*; Supported by *Adam Zettel*; Discussion-ensued; Voice Vote – Motion Passed Unanimously.

Closed Session:

- ❖ Motion to go into Closed Session pursuant to MCL 15.268(6) to discuss settlement or trial strategy of the following cases: LCRC v KWA, LDS, and LCD, Case NO. 15-049218-CK; KWA v LCRC v Zito, Case No. 19-052947-CZ; and GCDC v LCRC v LDS, Case No. 20-054112-CZ(H) by *Lisa Anderson*; Supported by *Monica Galloway*; Roll Call Vote – Motion Passed Unanimously

Roll Call Vote:

Larry Green – Yes

Tim Sneller – Yes

Kevin Sylvester – Yes

Lisa Anderson – Yes

Douglas Sweet – Yes

Dennis Liimatta – Yes

Paula Zelenko – Yes

Joseph Suma - Yes

Kate Fields – Yes

Adam Zettel – Yes

David Jansen - Yes

Monica Galloway – Yes

Dale Kerbyson – Yes

(Whereby the Authority Board entered closed session at 10:34 a.m. Joseph Suma excused himself.)

- ❖ Motion to go back into Open Session by *Larry Green*; Supported by *Lisa Anderson*; Discussed Ensued; Roll Call Vote – Motion Passed Unanimously

Roll Call Vote:

Douglas Sweet – Yes
Dennis Liimatta – Yes
Paula Zelenko – Yes
Kate Fields – Yes
Adam Zettel – Yes
David Jansen - Yes
Monica Galloway – Yes
Larry Green – Yes
Tim Sneller – Yes
Kevin Sylvester – Yes
Lisa Anderson – Yes
Dale Kerbyson – Yes

(Whereby the Authority Board came out of Closed Session at 11:04 a.m.)

- ❖ Motion to Accept a Settlement in Case No. 15-049218-CK, with KWA paying \$187,500, and allowing Legal Counsel and the CEO to make any minor changes necessary to effectuate the settlement, and authorizing the CEO to sign documents by *Adam Zettel*; Supported by *Douglas Sweet*; Roll Call Vote – Motion Passed Unanimously

Roll Call Vote:

Lisa Anderson – Yes
Douglas Sweet – Yes
Dennis Liimatta – Yes
Paula Zelenko – Yes
Kate Fields – Yes
Adam Zettel – Yes
Joseph Suma - Abstain
David Jansen - Yes
Monica Galloway – Yes
Larry Green – Yes
Tim Sneller – Yes
Kevin Sylvester – Yes
Dale Kerbyson – Yes

- ❖ Motion to Accept a Resolution Authorizing the Transfer of \$187,500 to the construction fund as directed by the KWA Deputy Treasurer by *Adam Zettel*; Supported by *Douglas Sweet*; Voice Vote – Motion Passed (Joseph Suma Abstained)
- ❖ Motion to Accept a Settlement in Case No. 20-054112-CZ(H); allow Legal Counsel and the CEO to make any minor changes necessary to effectuate the settlement, and authorizing the CEO to sign documents by *Monica Galloway*; Supported by *Kate Fields*; Voice Vote – Motion Passed (Joseph Suma Abstained)

Board Comment:

Each Board member was invited to give comment. Monica Galloway inquired as to testing of the KWA water as a backup source so she would be able to report back to City of Flint residents, and if possible, receive a diagram or statement about a time line. CEO Wright indicated that that has already been done by the City of Flint. He also indicated that the EPA, City of Flint, and EGLE are setting dates and conducting any testing, emphasizing that

Genesee County and KWA are not part of that process. Dale Kerbyson acknowledged and offered appreciation for the years that Greg Alexander served as Chairman. CEO Wright expressed concern about DTE and Consumers Power not concentrating enough on making sure there is a reliable energy source for our facilities across the state. He is also concerned about two entities raising rates for commercial and residential customers. Tim Sneller indicated that he would be happy to bring it up with DTE and Consumers when it comes up before the House Energy Committee, which he is a part of.

Adjournment:

❖ Motion to Adjourn by *Monica Galloway*; Supported by *Lisa Anderson*.

Meeting Adjourned 11:20 a.m.

STATE OF MICHIGAN)
) ss:
COUNTY OF GENESEE)

I, Janis M. Wells, Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of the Minutes of the Meeting of August 16, 2021, adopted by the Karegnondi Water Authority Board at a meeting held on the _____ day of _____, 2021, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on this ____ day of _____, 2021.

JANIS M. WELLS, Secretary

MEMORANDUM

TO: KAREGNONDI WATER AUTHORITY BOARD
JEFF WRIGHT, CHIEF EXECUTIVE OFFICER
JOHN F. O'BRIEN, DEPUTY CHIEF EXECUTIVE OFFICER
FROM: KEVIN KILBY, ESQ.
SUBJECT: KWA LITIGATION
DATE: NOVEMBER 10, 2021

This memorandum is intended to inform you as to the status of the various KWA litigation matters. The KWA is involved in litigation that relates to KWA projects S4005, S4006, and S4007. Additionally, KWA is also involved in the Genesee County Project S5004, where Genesee County performed some pipe installation on behalf of KWA.

S4005 – LCRC v KWA & LDS:

On August 16, 2021, the KWA Board met in closed session to discuss the above-referenced litigation. After the closed session, the KWA Board authorized McGraw Morris to settle the litigation matter, which was done within the budget limitations set by the KWA Board on August 16, 2021. On October 27, 2021, the final Order dismissing the case was signed by Judge Holowka. This matter is now concluded and McGraw Morris has closed its file.

S4006/S4007 – KWA v LCRC v Zito Construction

To date, the parties have participated in facilitation in this case. LCRC has identified a few issue that are non-compensatory in nature. KWA and Zito have responded with proposed solutions to these issues. Once the parties resolve the non-compensatory issues, the goal is to return to facilitation and discuss the remaining issues.

S5004 – GCDC v LCRC

Even though KWA was not a named party in this case, GCDC provided some work on the KWA pipeline and LCRC requested KWA to sign off on the settlement agreement (no cost to KWA). On August 16, 2021, the KWA Board authorized the signing of the settlement agreement in this case. The settlement agreement has been executed and I have closed my file in this matter.

Please let CEO Jeff Wright know if you have any questions or concerns regarding this memorandum or the settlement.

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Karegnondi Water Authority®

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Phone: 810.732.7870 • Fax: 810.732.9773

MEMORANDUM

To: Jeff Wright
Chief Executive Officer

From: John F. O'Brien, PE, BCEE
Deputy Chief Executive Officer

Re: Lake Huron Pumping Station

Date: November 30, 2021

We have performed a critical infrastructure analysis of the KWA raw water supply system. That analysis identified the Lake Huron Pump Station as the critical element in the system. The Station has two intakes one mile apart, four main pumps, a small pump, and two power sources. In addition, we have a generator that can supply the building and a small pump with power.

The small pump can supply one million gallons per day -- 10% of the winter requirements and only 5% of our summer demand. Our customer, Genesee County, has a 100 million gallon storage reservoir providing 5 to 10 days of emergency storage. Genesee County also has an Emergency Supply Contract with GLWA, which could add 12 mgd to their demand, reducing storage to 3 to 5 days, pending on the time of year.

Genesee County has requested the addition of generation at the Lake Station in case of power failure at the National Grid level similar to what happened in 2003. Plans and specifications were procured in the FY 2020-2021 Budget. This current cost opinion is \$2.2 million for a full-size generator to produce 25 million gallons a day. Due to current price increases, supply chain constraints, and lead time, we are requesting a not-to-exceed amount of \$3.0 million to be transferred into the 2021-2022 Annual Budget.

Currently, the KWA annual budget is \$1.9 million. We currently have \$10.1 million in reserves.

We are recommending that we move forward with the addition of a full-size generator for the Lake Station. We advertise and bid the project for a 2022 construction season. This will require action by the Authority Board. I have prepared a proposed resolution for your consideration.

JFO/JMW
Enclosure
cc: Dale Kerbyson

**KAREGNONDI WATER AUTHORITY
ACTING IN LAPEER COUNTY, MICHIGAN**

RESOLUTION NO. 2022-01

**A RESOLUTION ADJUSTING THE 2021-2022 BUDGET
FOR CONSTRUCTION ACTIVITY**

At a meeting of the Karegnondi Water Authority Board, acting in Lapeer County, Michigan, held on November 22, 2021, at 10:00 a.m., local time.

PRESENT:

ABSENT:

The following preamble and resolution were offered by _____
and seconded by _____.

PREAMBLE

WHEREAS, the Karegnondi Water Authority ("KWA") adopted a 2021-2022 Operations Fund budget; and

WHEREAS, the Authority would like to construct a generator at the Lake Station;
and

WHEREAS, the estimated cost is \$2,200,000; and

WHEREAS, the Operation Budget has a budgeted surplus of only \$10,000 for Fiscal Year 2022 and does not have sufficient budgeted funds to cover the cost; and,

WHEREAS, the KWA staff is recommending that the KWA Board approve a transfer from the Operations Fund Reserves (currently with a balance of \$10.1 million) to the Operations Fund Budget for 2021-2022, in the amount up to \$3 million to balance the Operations Budget and allow KWA to construct a generator out at the Lake Station; and,

NOW, THEREFORE, BE IT RESOLVED THAT:

The KWA Board hereby authorizes the following Operations Fund budget adjustment to the 2020-2021 fiscal year budget:

The transfer of up to \$3,000,000.00 from the Operations Fund Reserves (Unrestricted Net Position) to Account 1000-30-976.05, i.e., Operations – Lake Huron Pump Station – Capital Outlay Utilities.

VOICE VOTE: Motion carried on unanimous voice vote.

RESOLUTION 2022-01 DECLARED ADOPTED

Printed Name: Dale Kerbyson
Its: Chairperson

Printed Name: Janis M. Wells
Its: Secretary

STATE OF MICHIGAN }
 } ss
COUNTY OF GENESEE }

I, Janis M. Wells, Secretary of the Karegnondi Water Authority Board, do hereby certify the foregoing is a true and complete copy of a resolution adopted by the Karegnondi Water Authority Board, acting in Lapeer County, at a meeting held on November 22, 2021, and that public notice of said meeting was given pursuant to Act 267 of the Michigan Public Acts of 1976, as amended, including in the case of a special or rescheduled meeting, notice by publication or posting at least eighteen (18) hours prior to the time set for the meeting.

IN WITNESS WHEREOF, I have affixed my official signature on _____.

Printed Name: Janis M. Wells
Its: Secretary