

NORTH SAGAMORE WATER DISTRICT
MEETING MINUTES APRIL 26, 2023

The North Sagamore Water District Board of Water Commissioners held their monthly meeting on Wednesday, April 26, 2023 at 4:15 pm at the North Sagamore Water District office, 14 Squanto Road, Sagamore Beach, MA.

Those in attendance at the start of the meeting were Commissioner Mark Melchionda, Commissioner Mark Bergeron, Moderator Stephen Mealy, Superintendent Matt Sawicki and Treasurer Maureen Fruci. Commissioner George Sala was unable to attend.

Chairperson Mark Melchionda called the meeting to order at 4:15 pm with a roll call attendance: Commissioner Bergeron – yes, Commissioner Melchionda - yes.

Unibank Financial Advisor, Lynne Welsh called to say she was delayed in traffic. Commissioner Bergeron made a motion to move to agenda item #5 MassWorks Grant Expenditures.

APPOINTMENT WITH UNIBANK FINANCIAL ADVISOR LYNNE WELSH

The Board thanked Ms. Welsh for coming to the meeting. Ms. Welsh provided a 15-year and a 20-year debt service schedule and a finance schedule for the Board for their review. Superintendent Sawicki said he is projecting a 15-year term in the FY24 budget. Ms. Welsh said the 15-year term interest rate is trending a bit lower now and 1-year bond yields are trending upward. However, she said everything is still very fluid. If the District decides to go out to bond in September, the first payment in FY24 would be for interest only. The Superintendent asked about the cost of issuance. Ms. Welsh said the District does not have to budget extra money for the issuance as it is already built into the cost. The minimum bid has to cover the cost of issuance.

Ms. Welsh discussed the financing schedule, providing several target dates for the Board such as 9/6/23 as the date of sale and a meeting with the Board during the week of 9/11/23 to approve the sale and execution of documents. She said the money would be in the bank by 9/20/23. However, these dates can change if the date needs to be moved up or the bids come in lower etc. The Superintendent said the bids will go out in July. Ms. Welsh said if the District decides to go out to bond in September then the numbers would have to be finalized by 8/30/23 at the latest.

If the bids come in significantly lower the District can change the amount to borrow. Ms. Welsh explained the statute allows you to take unexpended bond proceeds and use it for another project that is water related. The District would have to go back to District meeting for a vote to do this. Commissioner Melchionda asked what the option would be if the bids come in significantly higher than anticipated. Ms. Welsh said when the bids come in she can advise the District the best way to proceed.

There was a discussion regarding the audits and how that will affect the rating for the District. Ms. Welsh said Standard & Poor's will not expect an FY23 audit to be completed at that point. She said the District doesn't have to report to the market on an annual basis currently. Standard & Poors will consider the District new credit. They will look at the last five years of audited financial statements. Commissioner Melchionda told Ms. Welsh the District recently received a \$1.3 million grant from the state for another project. Ms. Welsh said that is fine and will be considered a credit positive. Ms. Welsh reiterated the situation is fluid and in the mean time she and the Treasurer will work on putting the disclosure together. This will need to be finalized by 8/1/23. Superintendent Sawicki asked if there are things the District should be concerned about during this process. Ms. Welsh said the District has a good track record. Information for the town of Bourne will be given to the rating agency as well because of the tax rate and the town has strong credit. She said the District has annual audits and no large debt obligations. The agency will look at pension obligations and unfunded

liabilities. In addition, they will look at the fact the District has a steady team in place with not a lot of turnover. Ms. Welsh suggested the District set up a cyber security policy if there is not one in place already. The Superintendent said the District just upgraded the cyber security insurance. Climate resiliency is another area the agency may look at. Superintendent Sawicki said the District has solar panels at the treatment plant.

A conference call will be scheduled with Standard & Poors. They will send a list of questions which Ms. Welsh will go over before the call. She will make sure the District is well prepared and she will be present as well.

Ms. Welsh said the District will need to get a legal opinion before it can issue debt. She said the process is pretty straightforward and is fairly easy to get through.

DISCUSSION & POSSIBLE VOTE ON FY24 DISTRICT BONDING

The Superintendent said the first year interest only payment will be due in FY24. The District has budgeted \$60,000 for this payment. Looking at the 15-year debt service schedule that amount would be approximately \$58,000 so the budget number won't have to be changed. For FY24 he explained the District can expect to see an increase of approximately \$181,173.39 or \$95.76 per account. Looking ahead to FY29 there will be increases every year but this will be the highest year. He said if the District stays with the capital plan there should not be a need to take money out of stabilization until FY28. However, there will always be things that are going to pop up unexpectedly. He said eventually mandatory water restrictions could be an issue but taxes will offset that. The Superintendent said he is continuing to work with Kristen Berger on the rate study.

DISCUSSION & POSSIBLE VOTE ON FY24 PROPOSED BUDGET

Superintendent Sawicki said there are not many changes to the proposed FY24 budget since the last meeting. The adjustment to the Assistant Treasurer salary was made. The electricity line item was reduced a bit due to the solar panels. The Superintendent said the District has saved 52% on its electricity bills due to the solar panels. Mr. Mealy suggested it might be a good idea to mention that to the District residents at the Annual District Meeting. Commissioner Melchionda also suggested the MassWorks grant should be mentioned at the ADM. The Superintendent said the first year interest payment that will be due in FY24 was budgeted at \$60,000. He said looking at the debt service schedule if the District decides to go with a 15-year loan the first year interest payment will be \$58,000 so that budget number won't have to change. He said if the proposed budget is approved there will be an increase of \$103,000 (10.5%) to the budget overall. Commissioner Bergeron made a motion to approve the FY24 budget as written (draft dated 4/26/23). Commissioner Melchionda seconded the motion. Roll call vote: Commissioner Bergeron – yes, Commissioner Melchionda – yes.

DISCUSSION & POSSIBLE VOTE ON FY24 PROPOSED CAPITAL ARTICLES

Superintendent Sawicki said there have been no changes to the following proposed FY24 capital articles: District property maintenance \$100,000 from free cash; \$50,000 transfer from free cash into Stabilization; water main replacement and upgrades - \$3.25 million - raise and appropriate \$150,000, transfer \$125,000 from free cash, and borrow up to \$2.75 million. Commissioner Bergeron made a motion to accept the proposed FY24 capital articles as written. Commissioner Melchionda seconded the motion. Roll call vote: Commissioner Bergeron – yes, Commissioner Melchionda – yes.

The Superintendent told the Board he will prepare the motions. Commissioner Melchionda asked if Commissioner Sala had to be present at the meeting for the election. Superintendent Sawicki said he will check with Attorney Troy.

DISCUSSION & POSSIBLE VOTE ON APPROVAL OF FY23 MASSWORKS GRANT EXPENDITURES

The Superintendent explained that Koppelman & Page recommended the Board vote to approve all of the invoices related to the MassWorks grant. The first invoices are from Horsley Witten for the survey and ResilientCE for the beginning of the design process. Commissioner Bergeron made a motion to approve and accept the expenditures to date from Horsley Witten in the amount of \$5,460.50 and ResilientCE in the amount of \$7,200.00. Commissioner Melchionda seconded the motion. Roll call vote: Commissioner Bergeron – yes, Commissioner Melchionda – yes.

Commissioner Bergeron made a motion to move to Agenda item #3. Commissioner Melchionda seconded the motion.

SUPERINTENDENT'S REPORT

Superintendent Sawicki told the Board he received the specs from GHD for the Phillips Road water main project. He said he would like to have District counsel look them over. However, he received an email from Steve Souza who informed him that Attorney Bob Troy is retiring this year. The Superintendent asked the Board if he should reach out to Koppelman & Page instead. After a brief discussion the Superintendent said he will reach out to Attorney Troy first. But he thinks it is important for the same attorney to follow the project through.

The Superintendent said he finished the review of the Hebb Builders plans/changes and provided copies for the Board to review. There was a change in the bedroom count and septic. Superintendent Sawicki said he reviewed the 2nd plan that he received on 4/18/23. He said Mr. Hebb sent a letter stating there would be 87 bedrooms however he said that number was incorrect. Superintendent Sawicki spoke to the town of Bourne Planner, the Board of Health and Building Inspector and nobody really knows what he is doing. Each department thought different things and approved different things. He said they will begin to figure out what is going on with this review. The Town Planner wants a brand new plan.

Superintendent Sawicki said it is not the number of units the District is concerned with it is the water usage. They are over the 10,000 gallon per day threshold, which is over DEP guidelines. He said Mr. Hebb keeps referring back to the special permit. Commissioner Melchionda said it is the 6th time he's changed the plan. Commissioner Melchionda said things have changed. There are restrictions now. Commissioner Bergeron asked if there is some documentation that says 90 beds. The Superintendent said the Board of Health said he can't go over 90 beds. The Superintendent said he has the plan from 2015 that says 87 beds. Commissioner Melchionda referred to a letter from Bridgeway Realtors that mentioned the number of beds was being reduced to 90.

Mr. Mealy said he had to leave the meeting.

Commissioner Melchionda said Hebb Builders moved the septic for building 18 and put notations for a sleeve on the plan. He said Hebb Builders has updated the water plan, but has not updated the plans he's showing everybody else. That's what's been happening.

Commissioner Melchionda said he wants a complete review of the plans and wants everything marked on the plans as well. Superintendent Sawicki said the District could require architectural drawings. He said the District never received the 2nd utility plan that was given to the town. He explained the District needs all of the other plans that have been given to each department. Commissioner Bergeron asked if Hebb Builders has to go through the town for changes. The Superintendent said yes they do. He said the 3rd plan is the one the Board approved in 2021. Commissioner Melchionda asked the Superintendent to find out if the town has the 90 bed plan. The Superintendent asked the Board for their comments and he will send a letter to the town of

Bourne and Hebb Builders. Commissioner Melchionda asked if Mr. Hebb has ownership of the lots. The Superintendent said the District can request that from him.

The Superintendent informed the Board assistant fire chief Dave Pelonzi asked what is the best way to do high flow flushing required by the fire department for new fire sprinkler lines. Superintendent Sawicki said he feels it is best if it is under the watch of the District. The District regulations may need to be tweaked a bit but he said it will be in the best interest of the District to be in charge of that.

Commissioner Melchionda said he wasn't aware the District allowed meter rentals. The Superintendent said the District does allow meter rentals for construction.

COMMISSIONERS COMMENTS

None

ADJOURN

Commissioner Bergeron made a motion to adjourn the meeting 6:21 pm. Commissioner Melchionda seconded the motion. Roll call vote: Commissioner Bergeron – yes, Commissioner Melchionda - yes.

Respectfully submitted,

Maureen Fruci
District Clerk