Representative Policy Board
Finance Committee
South Central Connecticut Regional Water District
Via Remote Access

January 11, 2021 at 5:00 p.m.
Meeting Transcription

ATTENDEES: **Finance Committee Members:** Tom Clifford, Charles Havrda, Jay Jaser, Tim Slocum and Michelle Verderame

RPB Members: Mario Ricozzi

FMA Member: David Borowy

Management: Larry Bingaman, Rochelle Kowalski, Ted Norris

OCA: Atty. Jeffrey Donofrio

Staff: Jennifer Slubowski

Tim:

We've got a full compliment. No more staff, is that correct? This is it for staff? Well, then I'll call the representative policy board finance committee meeting to order. It's the regular meeting of January 11th, 2021, commencing at 5:00 o'clock. And just as a reminder to all, were via remote access and everything is being recorded. So with that, welcome all. This being our first meeting of the new year, it should be raucous and exciting, and especially if you have to read a motion. With that, I will commence with a safety moment. We've all received it, it's be prepared for winter driving. We're going to Telegraph it down to Tennessee, so they'll be ready for their driving issues there. And I think everyone will take note. So with that, we'll move on to the approval of the minutes of our December 14, 2020 special meeting.

Tom:

I'll move.

Tim:

Thank you, that was Tom. The second came from?

Charles:

Charles.

Tim:

Charles, thank you. Discussion anyone? Okay. Hearing none, I'll call for a vote. All those in favor, I?

Participants:

I.

Tim:

The I's have it, and that would be a unanimous have it. Okay. With that, we're going to move to consider an act on recommendation to the representative policy board regarding completeness mode and date of public hearing for the authority's application for approval of a project to construct improvements at the West River water treatment plant located in Woodbridge, Connecticut, and associated financing. I know typically motions are read into the record, then there's discussion. I know we also received stuff so we can read these big, big documents that are the back drop to all of this. I didn't know if staff wanted to have some kind of preliminary discussion on any of this. If you choose to, that's fine by me, before a motion is read.

Ted:

Tim, this is Ted. I don't think we should probably have a discussion since this is an application and anything that we say might be ex parte communication.

Tim:

Okay. So in other words, that would be done in the executive session public hearing.

Ted:

Right, thank you.

Tim:

Okay. Thank you. So with that, I'll read the motion in, I think that makes the most sense. Just bear with me if you will. This again is a proposed resolution approving the issuance of bonds, whereas the South Central Connecticut Regional Water Authority proposes to issue its bonds, which may be issued as a project loan obligation delivered to the State of Connecticut. The bonds in accordance with special act 77-98 is amended of the general assembly of the State of Connecticut. The act and the water system revenue bond resolution, general bond resolution adopted by the authority and approved by the representative policy board of the South Central regional water district on July 31, 1980 as amended and supplemented, the general bond resolution. And whereas the act authorizes the authority to issue its bonds from time to time, but subject to approval of the RPB.

Tim:

Now, therefore be it resolved that number one, the RPB hereby approves the issuance of the authority's bonds in an aggregate principle amount, not to exceed $17,500,000. The bonds may be issued as obligations in one or more series pursuant to the general bond resolution and a supplemental resolution be adopted by the authority for each series of bonds, each of which shall specify the amount of the bonds. The purposes for those bonds are going to be issued, the date or dates of maturity sinking fund installments in any interest rates series, denominations, form, redemption prices, security provisions, and other such details of the bonds as the authority shall be determined in accordance with the limits established by the general bond resolution.

Tim:

Number three, the purposes of the bond shall be to finance or refinance the cost of certain capital improvements to the water system or the authority, including improvements to the West River water treatment plant consisting of A, construction of three new dissolved air flotation basins within a new DAF building to the South of the existing filter building, the replacement of the hyper chloride system and an-onsite hydro chloride generation system with brine or salt, silo day tank, metering pumps, and two onsite sodium hypochlorite generators and the electrical service upgrades, including new utility service, new transformer furnished by UI, new exterior switch gear and automatic transfer switch with walk-in enclosure and new emergency standby generator to provide funds for deposit to the capital contingency fund and the debt reserve fund as necessary pursuant to the general bond resolution and as permitted by the internal revenue code of 1986, as amended, and three to pay cost of issuance of the project.

Tim:

Finally, number four, the bonds may be sold by negotiation as serial or term bonds, with stated maturities and be sold in a private or direct placement to a bank or the State of Connecticut. And that is more or less the resolution that we are proposing to advance to the RPB.

Jay:

Mr. Chairman, I would make a motion to second to your resolution.

Tim:

Okay. So we have the motion on the floor. We have a second, any discussion within the confines of basically what this says? I guess not. Right?

Rochelle:

Tim, I just want to add, so this is for the financing. This would be still in addition to the conclusion regarding the completeness that would have to be recommended to the RPB.

Tim:

Right. So, should the motion to have been, I realize I read this, but we're actually recommending this, that's why it's presented as proposed, correct?

Rochelle:

Correct.

Tim:

Okay. So in effect, by seconding this, that's not necessarily correct. We need to just make a motion to refer it? Is that correct, Rochelle?

Jay:

To recommend.

Jeff:

I didn't find it complete.

Jay:

That's correct.

Tim:

Right. Okay.

Jay:

To recommend it.

Rochelle:

Yeah. There'd be two. There's the project itself and then there's the financing.

Tim:

Okay. Fine. Well, this is one I had, so there I go. So given that, I guess that motion's been put out there, correct? Everyone understood it? Do you want to second that one, Jay?

Jay:

Yes. My second goes to that motion, yes.

Tim:

Great. Okay. All those in favor?

Participants:

I.

Tim:

Motion carries unanimously of those present, which is the finance committee. Terrific. Okay. Now we are going to move on to the finance committee members attendance at Regional Water Authority meetings on Thursday, February 18th, Thursday, March 18th, Thursday, April 15th and Thursday, May 20th. Anybody going to stand up and shout and say they're going to go?

Charles:

I'm looking at my calendar, but I'll do February, I think. Let me just make sure. Yeah, I can do February, 18th.

Tim:

Okay. I'll do April, 15th.

Charles:

Are they at 12:00 o'clock now?

Jennifer:

They're at 12:30.

Charles:

12:30, okay.

Jennifer:

Yeah.

Tim:

And they may or may not... Well, the next one likely will be soon, but maybe by April they won't be, but we'll know that as we go along.

Charles:

I love your optimism.

Tim:

Yeah. I'm hanging in there, Charles.

Charles:

Hey, you know.

Tim:

So we've got Charles doing-

Charles:

Only one way to go at this point.

Tim:

We've got Charles doing the February 18th. So we need someone to come up with March 18th and May 20th.

Michelle:

I can tentatively do May 20th.

Tim:

Okay. Michelle is there from May 20th. That leaves Tom with not much of a choice.

Tom:

All right.

Tim:

Jay, did you sign up or no?

Jay:

Who, me?

Tim:

Jay, are you able to commit to one of those dates?

Jay:

Which is still open now?

Tim:

You have Thursday, March 18th and Thursday... Actually, Michelle took that one. So, I guess we're down to Thursday, March 18th.

Jay:

You'll put me down for that. I'll be a year older by that time.

Tim:

Okay.

Jay:

I hope I do, God willing.

Tim:

Yes. Okay. So we've wrapped that up. That's pretty good. Yeah. I don't think I missed anybody. Okay. So now we're going to go to number five, review the quarterly financial report. Rochelle, that puts you in the hot seat, I believe.

Rochelle:

Yes. Thank you. Jennifer's going to show us on the screen, and I'm just going to highlight certain items as I go through. But if there are any additional questions, definitely let me know. So, first we're going to start with the balance sheet and just to our refresh everyone, we're comparing here November of fiscal '20, to November of fiscal '21. So year-over-year net utility plan, it's actually down by about $1.1 million, but I do believe that's timing and we do still anticipate that before we close the fiscal year, that net utility is definitely going to be up year-over-year. I do want to mention the Rehmann road, as the more rental house on disposition that was not yet reflected as of the end of November and we'll record that in the third quarter.

Rochelle:

No change as you would expect in good will. As far as current assets, current assets are up year-over-year in total by about $14.3 million. Our primary driver there is in cash and cash equivalents. That's actually up $12.7 million. And the key drivers again from November of last year to November this year is the year-end disposition that we did. You might recall we put $5.5 million into the general fund. We put a little less than a million dollars into the growth fund. And then we have been able throughout the first half of the year to put money into the revenue fund investment account as part of the primary drivers that are increasing that year-over-year, and there were some small offsetting net changes. On the restricted assets, that's actually down $10.7 million year-over-year. The key driver there is actually the construction fund. The construction fund is down year-over-year by about $11.1 million. And that's really due to the capital expenditures offset by the year-end disposition that we put into the construction fund that was about $8.6 Million.

Rochelle:

Again, some other net changes. I won't get into all the details within the restricted asset category. The deferred charges there, again, I won't get into the details, but the first one has to do with the refunding. So we had the refunding of the 35th series after November of fiscal '20. The pension plan and the OPEB plan, those balances are based on the 5-31-20 actuarial reports and then our monthly amortizations. Moving on to the liability side, total liabilities are down year-over-year by about $22.5 million. Some of the key drivers there, first regarding total non-current liabilities, that's down by about $24.8 million. You can see that our revenue bonds are down by about $14 million. That's primarily due to our E1 principal payments, partially offset by the change in the par value when we refinanced the 35th series. Net premiums and discounts are down by about $10 million, and that's primarily due to amortizations and the refinancing impact in the 35th series.

Rochelle:

DWSRF loan is also down year-over-year by a million. Just to mention there, as of now we have nine DWSRF loans, and we do pay both interest and principal amounts on a monthly basis. The net pension liability, and the net OPEB liability on that is based on the actuarial report as the 5-31-20, and that's updated on an annual basis. Regarding the current liabilities, those are up about $2.9 million. Key drivers there are, we do have a upcoming August 1, 21 principal payment of $20.6 million. Key driver there are some smaller changes in accounts payable. The no-payable amount, that's for our interim financing that we've done for the fourth tranche of AMI. So, that is up just a little bit year-over-year and some other accrued liabilities, that basically has to do with some by year-end accrual reserves. On the total liabilities from restricted assets, that's just down about 300,000, primarily relative to the interest payable. The deferred pension and OPEB items, that again are based on the 5-31-20 actuarial reports and monthly amortizations that we do. So, total overall, total liabilities and assets are up about $2.9 million.

Rochelle:

Again, if you have any other questions, I was just trying cover what the key categories are. Okay. If there's no questions, probably Jennifer, go to it's page A1.

Jennifer:

Is that it there?

Rochelle:

One more page. Again, here, I'm just going to highlight some of the key drivers. But again, if there's other questions, just let me know. So you can see on the revenue side, revenues are up just under $5 million, and that is primarily due to meter water revenues that are up over $4 million. So, we have seen an increase versus budget and even year-over-year, you can see that our metered water primarily due to the consumption that we've seen is up year-over-year. Operating expenses are actually down versus our budget by about $1.8 million. I'm going to get into that in a little bit more detail shortly. So you can see that the key driver of the income is primarily relative to the higher revenue, and currently the lower expenses. If you go down to the maintenance test, there's definitely some key items here that I do want to highlight.

Rochelle:

So as you've heard in previous updates, so far to date, the impacts of COVID-19 on cash receipts have not been as severe as we had forecasted, and we've seen billings increase by a considerable amount. And so, that is definitely helping to drive the water revenues under the maintenance test. Our other revenue is also higher than we anticipated. I do want to mention for the BAB subsidy, we get that subsidy actually through the IRS from the federal government. We did see a delay in the processing of our first subsidy. Actually, we get the subsidy twice a year. I just want to highlight this because we are definitely hoping to get the second BAB subsidy before the end of the year. Just to give you some order of magnitude, we usually get the first subsidy in the late July, early August timeframe, and we actually didn't get it until December. Although we did get a small amount of interest due to the lateness of the payment, but we'll watch that carefully. So that is actually a little bit of risk as far as the timing, if the situation with COVID-19 continues.

Rochelle:

You can see, as I mentioned, other net revenues are actually up a little bit over the revised budget. For the operating and maintenance expenses, we are still forecasting that we'll meet the revised budget amount. A couple more things though, I do want to mention relative to the revised budget, especially from the water revenue sales, you might recall that we assumed a full back to normal in January, and I do think that is definitely not likely. So, I think we are going to start to see some erosion in our forecast in the latter part of the year. We have made an estimate of what we believe that will be, but we will be watching that closely. We are still monitoring cash on a frequent basis to make sure that there's no changes in where we would need to take corrective action. So, I just want to mention, although the shortfall is now significantly lower than what we had previously forecasted, there is still a considerable uncertainty, and that shortfall is based on the lower revised O&M expenses.

Rochelle:

So, we'll have still more to come, and again, just watching that very carefully. If there's no other questions, I'll go the next schedule. Okay. I just want to highlight what we're doing here. This is actually where we're just showing sensitivities as to what would happen if we actually continue to see a reducing of 4% increase in consumption for the remainder of the year, as well as what we would see if we actually had 2% reduction. So you could actually see, I don't know if you can make this a little bit bigger, but down below from a maintenance test perspective, you could see that if we continue to have higher consumption at a 4% level, we would actually mitigate the draw, keeping expenses almost the same, except for chemicals and pump power, which are the key variable costs. But if we saw a reduction, even for the latter six months at a 2% reduction, the draw would actually go up to a million.

Rochelle:

So it really shows the sensitivity that we have based on what the consumption is. And then at the upper part of this sheet, the numbers are different but changes in consumption would definitely show an impact in our earned revenue. You can see that up above as far as how the meter water revenue changes based on consumption differences. So, I just wanted to highlight that on that page. If you go to the next page on schedule B. So, schedule B is actually where we're showing at a little bit more detailed level the variances in O&M, and again, at this point for the base case, we are projecting that we will be on the revised budget. Some of the key variances here are from a payroll perspective. We are currently running under budget, and that's primarily due to headcount under runs. Employee benefits, that is primarily being driven by lower medical and dental, especially earlier in the year with COVID. We actually have seen an impact on our medical expenses. However, we need to keep in mind that we are self-insured, and so that can flip the other way in the latter part of the year. So, that's another key area we'll be watching closely.

Rochelle:

Also, the lower head count is also from a financial perspective, having a favorable impact on items like payroll taxes, which are part of the employee benefit number. Right now, outside services, which is one of the larger expense items is currently under running. At this point, we believe that's primarily timing-related. Unless there's any other questions, I won't go into the details. Again, at this point we are forecasting that we would come in on budget. This is our revised budget. I do expect as we go through our bottoms up budget process, there will be some variances at the line item level. Any questions on this?

Charles:

Rochelle, can you just refresh me. Are we eligible for any of the COVID related packages or?

Rochelle:

No. Unfortunately after thorough investigation, we're not eligible for PPP. And unfortunately, even though we actually filed to get reimbursement from FEMA, and they did acknowledge that we had additional expenses, our application was denied because they did not believe, and we went back and forth a little bit on that, they didn't believe that we would qualify. Because it was really limited as far as who would actually qualify for the FEMA reimbursements. So, [inaudible 00:27:04].

Charles:

And then I assume you're still investigating the new stimulus package, but it's interesting when you say we weren't eligible for PPP and PP2, I guess it's called that or whatever. Because we do have COVID related payroll expenses. You even mentioned it with the benefits and that type of thing, but it's just we're not eligible?

Rochelle:

Well, yeah. We did a really thorough investigation. In political subdivisions we're not eligible. I did see hospitals got into it and I guess in this recent one, even public universities got included but political subdivisions did. Okay. Moving on to schedule C. So here, first from an overall perspective we are forecasting that we will come in at the 96% of the budgeted amount for the end of the fiscal year. And here again, I'm just going to highlight what some of the key variances are, but if you have any other questions, let me know. I don't know if Jennifer can make it any bigger, but one of the first larger variances here today was in the Burwell Hill pump station equipment replacement. There has been an admin process, so that project is expected to come in basically at it's reduced budget by the end of the fiscal year.

Rochelle:

For the Lake Gaillard pump station improvement project, that has the $141,000 under run. There was a manufacturing delay in the shipment of one of the components in that project, though it is expected to complete budget at the end of the fiscal year. Going down to the treatment area, there's actually a number of projects in the water treatment plant that have been suspended due to this situation with COVID, that includes just as examples, the backwash polymer system project, the West River fluent plate injection project, also the West River chemical system improvement project, they have been suspended. The backwash in surface wash pump replacement project, that was suspended. However, work has resumed on that. My understanding, that's not actually in the treatment plan itself, so that project is going forward. So, that's expected to come in on a budget for the end of the fiscal year. And we're watching the water treatment plant projects closely, including any impacts on how they're going to end fiscal '21 and our fiscal '22 budgeting.

Rochelle:

Regarding a pipe, if you scroll down a bit, Jennifer, that's currently under budget. The primary project that is causing that is the Thimble Island project, and that is scheduled to basically resume in the March timeframe. The AMI meters project is being impacted by COVID, and the ability to get into the homes to finish up all those installations. See the West Avenue tank painting, that's actually under budget for fiscal '21. We did do more work in fiscal '20, and there have been amendments, and there will be additional amendments relative to that project as well. I think for the most part, those are the major projects that have the larger variances. And again, we're watching this closely. There's a lot of moving parts this year, but at this point we are projecting that we'll meet the 96% target.

Rochelle:

I should add that we did take a little different approach. We did put in some anticipated amendments that will need to go through the whole approval process into our projections. If there's no other questions, I'll now move to the last schedule, which is our interest income. This is one of the areas that is definitely being impacted by the lower interest rate environment. We are trying to do what we can relative to investing money, even at the lower stiff rates. I'm seeing if there's any opportunities to improve what their returns are. We are working with Citizens Bank to take advantage of a different suite project that they have. We're in final discussions with bond counsel regarding that. So, that is an opportunity actually to earn a few basis points on the suite that we do. But again, we are doing what we can to monitor this.

Rochelle:

I guess the good news is at the time that we did the document, back now almost a month ago, the stiff at the end of September was at seven basis points. As of today, it's actually up to 16. So, that will be an improvement. On the final page, we can actually see this is one of the areas that is being adversely impacted as far as variance from our budget. And again, we're doing what we can to minimize the impact. There are any questions? If there's no other questions, I think the next item is the dashboard.

Tim:

Yeah. That would bring us to that. You're right.

Rochelle:

Okay. The top few items on the dashboard. There is no update as of November. As far as the ratings and the credit ratings from the rating agencies and our water rates, they would get updated when we do our next financing, and the water rates would be updated in our upcoming official statement. Our crude water, you really saw on the financial reports, but again, you can see that we are over on our metered water revenues. Other net revenues are also over, and we have projected that coming in over for the end of the fiscal year. The O&M budget right now is actually running under by about the $1.8 million. Capital expenditures year-to-date are under, but as I just went through, we are projecting that we'll meet the 96% target. Tax collections is coming in over, but again we are projecting that we will come in now better than the revised budget. But we are anticipating to start to see some erosion in the year-to-date overage amount based on the assumption that went into our revised budget, that January would be back to normal and all the remaining months of the fiscal year.

Rochelle:

The coverage we are now projecting to have us [inaudible 00:35:59] a small shortfall. If you go to the next page, here from the average daily production, you can see that our production is up versus the prior year. So, for this fiscal year, we're really watching closely not so much versus budget, but really versus the prior year, primarily to monitor how we're being impacted by COVID as well as weather, but in particular by COVID. So you could see at the end of November, we were still running, production was over. We are starting to see year-over-year in the month of December in year-to-date. So month-to-date so far for January, we're seeing that dropping off. So again, we're monitoring closely. For the disinfection byproducts, as of September 30th, we're at 100%, so we're doing well there. Then unaccounted for water, this is a 12-month rolling. The last period that was available was for the period ending in August, so we'll be updating on that again. You can see we're running a little bit over the target of 10%, but that will be getting updated.

Rochelle:

And you've already heard, and now it's probably old information about the reservoir levels since we're now on a monthly basis. Any questions?

Jay:

Rochelle, it's Jay. Just out of curiosity, on the dashboard report and since we've discussed it at length in the past, are you keeping track of the time it takes management to continue to present the report, put it together and present it on a quarterly basis?

Rochelle:

Not at a detailed level, but I will say doing a quarterly from my perspective is less time consuming than all the work that goes into doing the larger update, especially when we were doing it every two years, because we had to go back, and that was very time consuming. So, hopefully this will remain the same need from the RPB perspective.

Jay:

Yes. That's the direction I was going in, that the reduction in time to generate the same information from the past on a quarterly basis, if not maybe semi-annual or annually. But thank you for that.

Tim:

Okay. Anything else? Okay. That brings us to item seven, which is a discussion and possible recommendation to the RPB regarding the freeze of RPB member compensation increase. And earlier today, and Jennifer's put it up in case you didn't get to see your email, Larry passed along his note that went to staff and management, and with a recommendation to sort of unfreeze, that's how I interpret it. You want to speak to that, Larry?

Larry:

Well, yes. We have sent, as Rochelle reported, we are projecting a significantly improved year in fiscal year, from having a draw of $12 million to $600,000. So based on that improvement, we announced that we would implement on a prospective basis, the fiscal 2021 merit increases effective January 1st of this year, and we made that announcement on December 18. So we're going through the process now of looking at, based on performance, who would get a merit increase going forward. And anybody that received a promotion during the last year that did not get an increase because of the COVID belt-tightening, we're also looking at implementing promotional increases as well. When it comes to year end, we'll determine how we are doing at that time and perhaps might be in a position to implement a lump sum payment to cover the first half of the fiscal year merit increase. But right now it's just on a prospective basis.

Tim:

What's the financial impact, roughly on that so far?

Larry:

Yeah. It's in round numbers, about $250,000 that we would have to come up with to fund this particular merit increase, and we have reserved that aside that can certainly cover that and more.

Tim:

Okay.

Charles:

Are merit increases or are those permanent changes in salaries?

Larry:

No. They're a permanent change in salary, Charlie. So, they're generally around 3% unless somebody needs a larger increase based on market data that they are behind where they should be based on competency in the position, and where they are in the range. It might be a little bit larger.

Jay:

Say, Jay, Larry. I'd like to see if you have an approximate figure for the retroactive implementation, if that were to happen.

Larry:

Yeah. I'll have Rochelle double checking here, but as I recall, the retroactive payment would be, again, about $250,000.

Jay:

Okay. No, that's fine. Because I think they're entitled to that money, if we can make it happen to.

Larry:

But that was always our intention is as soon as we can see our way clear and we were out of the woods in terms of the severe fiscal impact, despite there being considerable uncertainty in the outlook for the year and as Rochelle mentioned, we were assuming a back to the normal in January, and of course we'll have to ride that through, but given the improvement, we thought it was prudent to give the non-union employees a merit increase based on performance.

Jay:

Yes. That would be very positive on our part. Thank you.

Tim:

Now in connection with that, I suppose as a tie in with what's been going on in the freeze in RPB member compensation increase. So, should there be a recommendation from this committee to do said same? What would the financial impact of that be?

Rochelle:

I actually have that. So, it depends how many members actually participate, but over the last three quarters, the increases, if they were made range from just under $1900 a quarter, to a little under $1800. So, now we're approximately $1,800 a quarter.

Tim:

Any thoughts from the group?

Mario:

Tim, if I may, this is Mario.

Tim:

Yes, Mario. Welcome.

Mario:

Thank you. Sorry, I was late. When I originally proposed it, it was for a couple of reasons. One, was to establish that we were working with management and we were working with the employees and there was a sacrifice for everyone going all around and that's why it was really just limited to any increase. Based upon the finance report that you just received and Larry's email, I think we've gotten past that. So obviously, it's up to the group, but if you wanted to recommend that back, that we'd be going forward and also the back RPB compensation that was withheld be released and that would be appropriate, I believe.

Tim:

Yeah. I think I would agree with you. So, if the group is in agreement, we need a motion to make that recommendation. Is there a motion that can crystallize that?

Charles:

The only way I'd make the motion, the only qualifier I would put on it is if management does decide to do the merit increases retro. I mean, if they decide not to, then I don't know if I'd want to. Am I making any sense?

Rochelle:

I would maybe say that or try to clarify. If you wanted to follow management, going forward with a prospective, but not yet releasing the retro.

Tim:

[crosstalk 00:46:42] I think that's very reasonable.

Jay:

Jay again. I was just going to say to support Charles' position that if we did that, I think we should look to make it at the time the retroactive amount is going to be approved. But if that's what your thought was, as I interpreted it Charles.

Tim:

Basically following management's recommendation-

Charles:

Yeah. Follow what management just... The mechanics of it, I'll let Rochelle sort out. But basically, I generally wanted to follow management's process.

Tim:

Right. So, I guess we've got that motion, and Jay, if you're on board with that, I'll accept a second.

Jay:

From me, yes.

Tim:

Yeah. Okay. Because I think that's essentially what was taking place here. Okay.

Mario:

Tim, this is Mario.

Tim:

Yes, Mario.

Mario:

Just to be clear because in a week we'll be voting on this as a whole.

Tim:

Exactly.

Mario:

So you're looking at the compensation that we would be looking at on the 21st, which would be the quarter we just ended, would include the increase.

Tim:

Got you. So that was-

Mario:

I believe that's what everyone's saying.

Tim:

Yeah. In other words, what is this? The second quarter?

Charles:

[inaudible 00:48:31] doing, yes.

Tim:

Right.

Rochelle:

You could do that or you could do it starting January 1, 2021, which would be the first quarter.

Charles:

When is the employees?

Larry:

January 1.

Rochelle:

January 1.

Tim:

Oh, okay.

Charles:

Yeah. Well that's what I'm thinking then.

Jay:

And that's what we're saying, we're following what management is doing with the employees.

Charles:

I know. But to Mario's point, the compensation that we're going to talk about next week is actually the fourth quarter of 2020.

Tim:

Right. And that's going to be as is, essentially.

Charles:

Exactly.

Tim:

Right. But we would be making a recommendation that following the quarter that's beginning, essentially we'll be going forward with the increase.

Charles:

We're over complicating this.

Tim:

Exactly. So, I guess then I'll call for a vote on that, on the recommendation we're making to the RPB. All those in favor?

Participants:

I.

Tim:

Opposed? Motion carries unanimously then. Okay. Is there anything under new business? Hearing no new business, I'll accept a motion to adjourn.

Charles:

I move, Charles.

Tim:

Second?

Jay:

Second.

Tim:

Okay. All in favor?

Participants:

Aye.