

**MINUTES OF THE MEMBERS OF THE AUTHORITY REGULAR MEETING
OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY HELD ON
JANUARY 24, 2013.**

Be it remembered that the Members of the Authority of the Beaufort-Jasper Water and Sewer Authority held its Regular Meeting Thursday, January 24, 2013 at the Beaufort-Jasper Water & Sewer Authority Administration Building. This meeting met the notice requirements of, and was properly constituted pursuant to, Chapter 4, Title 30 of the Code of Laws for South Carolina, 1976, as amended, commonly known as the "Freedom of Information Act".

ATTENDANCE

Members of the Authority in attendance: Brandy Gray, Chair; Michael Bell, Vice-Chair; Lorraine Bond, Secretary/Treasurer; Donna Altman; David Lott; Gen. Pat O'Neal; John Rogers; James Scott; Dr. William Singleton and Skeet Von Harten.

Members of the Authority absent:

Staff in attendance: Ken Griffin, General Manager; Ed Saxon, Deputy General Manager, Engineering/Operations; Chris Petry, Chief Administrative Officer; Dottie Hofmann, Chief Financial Officer; Charles Sexton, Director of Engineering; Julie Voges, Human Resources Manager; Ken Jordan, Safety & Risk Manager; Sarah Linkimer, Controller; Will Bettis, Purchasing Manager and Libby Breland, Executive Assistant/Clerk to Board.

Legal Counsel in attendance: Erin Dean, Esq., Tupper, Grimsley and Dean, P.A.

Guest in attendance. Brian Flewelling, Councilman of Beaufort County (District 5); Jack E. Burke, resident of the Town of Hilton Head (Prospective Member of the Authority) and Frank Turano, Regional Manager, Alliance Consulting Engineers, Inc., Bluffton.

CALL TO ORDER

Chair Brandy Gray, called the meeting to order at 8:00 a.m. and announced that a quorum was present. Skeet Von Harten gave the invocation and the Pledge of Allegiance followed.

APPROVAL OF MINUTES

Motion: Vice-Chair Michael Bell moved, seconded by John Rogers, to approve the October 25, 2012 Board Minutes. *All voted in favor of approval, none opposed.*

Motion passed unanimously.

Motion: Secretary/Treasurer Lorraine Bond moved, seconded by Dr. Bill Singleton, to approve the December 20, 2012 Minutes. *All voted, one abstention by Skeet Von Harten, who was not present for the December meeting.*

Motion carried.

PUBLIC COMMENT

Chair, Brandy Gray welcomed and recognized the attending guests. Councilman Flewelling gave a brief report on the recent County Council elections and committee assignments. D. Paul Sommerville was elected Chairman and Stu Rodman was elected Vice-Chairman. Both send their greetings to the Authority.

GENERAL MANAGERS REPORT

Ken Griffin, General Manager, submitted the following as his report:

- Safety Report. As of January 23, we have gone 207 days without an OSHA Lost Work Day, more than 6 consecutive months. As a result, our OSHA Lost Work Day Rate is 0.00, well below the Industry Average of 1.7. Our Recordable Injury Rate of 2.56 is also well below the Industry Average of 5.35.
- Comprehensive Strategic Planning. Last Thursday, we kicked off our Comprehensive Strategic Planning process with our Strategic Planning Team, led by Ken Jordan, our Safety & Risk Manager. As you may know, we recently sent Ken to the University of North Carolina Utility Water Management Leadership Program as part of plan to grow his leadership potential. So Ken is well trained to lead us in this very important effort. I am each of the Senior Staff will be very involved with this effort. We will be asking all of you to help us develop this Comprehensive Strategic Plan at a couple of key points in the process, including scheduling an important session as part of your upcoming Board Retreat.
- Management Dashboard. In your next meeting in February Ken will present completion of another key initiative - our first Quarterly Management Dashboard.
- Fuel Efficiency. Through education, conservation and more fuel efficient vehicles, we have successfully improved our average fuel economy of our fleet in 2012 from 12 MPG to 13 MPG, and increase of approx. 8%.
- Employee Overtime. Our December 2012 overtime hours were 300 hours below our December total for 2011. This very helpful in meeting our targets that are part of our budget reductions for this FY.
- Employee of the Year. I am very pleased to announce that Brian Deuel, Technical Maintenance II, was selected and honored as our BJWSA Employee for 2012.
- New Professional Engineer License. I am also very pleased to announce that Brian Chemsak, CIP/Military Project Engineer, has successfully passed the South Carolina Professional Engineer's Exam and is now a registered Professional Engineer in our state. If you have taken this exam you know that Brian deserves all the credit. We did send Brian to a very good exam preparation course that provided him with access to study materials. I mention this because this is part of our ongoing efforts to grow our *bench strength*, as Gen. O'Neal refers to it.
- Employee Handbook. Staff is near completion of a completely update Employee Handbook. Special thanks go to Julie Voges for her leadership and hard work on this effort. As you know, both she and your Personnel Committee are working with you to develop a BJWSA Board Member Handbook.
- NACWA Award. For the first time ever, we won a National Association of Clean Water Agencies *National Environmental Achievement Award* for our three videos that explain complex treatment issues to our customers and other interested individuals

and groups. As you know we use these videos in our public information and outreach efforts such as when we bring groups of students to our HQ and Chelsea facilities.

- Lowcountry Economic Alliance (LEA). Chris Petry and I met with Dwight M. Hora, MSGT USMN Ret. He's been hired by the LEA and the City of Beaufort, to improve the employment opportunities for retiring Marines in the area and to assist in their transition. We are already were one of the benefactors as we hired, Victor Gaucin, as our new Senior Meter Reader last year. He was well trained locally at the USMC Air Station in water and wastewater utility matters and was a good catch for us. I also had a special Board Meeting with the LEA regarding a likely significant business recruitment to our service area. I hope to be able to tell you more in the near future.
- South Carolina Rural Infrastructure Grant. Ed Saxon and I met with Bob Nanni, Hardeeville Town Manager and Phil Richardson, of the Southern Carolina Regional Development Alliance (SCRDA), regarding three potential South Carolina Rural Infrastructure Grant applications. We are coordinating closely with the Town and SCRDA. BJWSA is planning on making a grant application to improve water service for commercial parcels along State Route 17 and to the Hardeeville Commerce Park (HCP) and the Town is planning on making a second application to improve water and sewer service to the HCP from the west. I will keep you posted on our progress.
- South Island PSD. I met with Jim Vaughn, President of the South Island PSD to discuss their future water supply needs. They have constructed three Aquifer Storage & Recovery that they are planning to use to store their off-peak reserves osmosis treated water from the Lower Cretaceous Aquifer.
- Internal Communications Plan. In addition to my regular Senior Staff meetings and our regular full staff meetings, I met with our SOB crews and will be meeting again with our Technical Maintenance crews next week and the NOB crews the following week.

A copy of the General Managers report, dated January 2013 is attached to these minutes and is made a part hereof.

Public Affairs Report. In the absence of Matthew Brady who was attending a conference, Ken Griffin provided an update on the following projects:

- Burton Waterline Extension – CDBG Project. One easement is pending before this project can move forward with construction. The Lowcountry Council of Governments (LCOG) is responsible for obtaining this easement.
- Stuart Point Road Waterline Extension-CDBG Project. Councilman Dawson is still very interested in pursuing this project. The County would need to reapply for a Community Development Block Grant (CDBG), which BJWSA would potentially become a sub-recipient of the grant.
- Southeast Regional Technology Transfer Conference (TTC). Matthew Brady is attending the Technology Transfer Conference in Greenville. While there he will also be meeting with the planning committee for the 2013 Confluence Conference. Chris Petry served as president of the Confluence Conference last year and Matthew Brady made a presentation on Social Media. Chris Petry will leave after this Board meeting to join Matthew in Greenville. Topics of the Technology Transfer conference include: *Being "Prepared for the Storm" and*

“Suffering Hurricane Katrina Instead & Incorporation of Disaster Response Planning in the Design”.

Action: David Lott inquired about the status of BJWSA’s emergency preparedness plan and requested the staff to do a thorough update of the plan. Staff will update the plan and present a brief overview to the Board prior to hurricane season.

- *“NewsSplash”, Customer Newsletter.* The winter edition will be printed this week. The newsletter has been reconfigured to save on printing costs.

A copy of the memo to Ken Griffin, from Matthew Brady, dated January 16, 2013 is attached to these minutes and is made a part hereof.

COMMITTEE REPORTS

Executive Committee

Chair, Brandy Gray reported that the Executive Committee did not meet, therefore had no report at this time.

Capital Projects

Committee Chair, Bell reported that the Capital Projects did meet and received an update on CIP and developer project activity. One contract award and the FY13-15 CIP Update will be presented under New Business for approval. *A copy of the CIP Update dated January 11, 2013 is attached to these minutes and is made a part hereof.*

Finance

Committee Chair, Von Harten reported that the Finance committee met on January 17, 2013. The following report was given:

- Interim Financial Statements. Cash position is good; total revenues are \$1.2M under budget, while total operating expenses (including depreciation) are \$715 thousand under budget through December. Operating cash is \$17.5M, which is well above the authority’s policy minimum of \$9.8M.
- FY13 Budget. Committee Chair, Von Harten thanked Ken Griffin, and the staff, for the great work making up the budget shortfall including the miscalculation made by a previous actuary firm for the Other Post-Employment Benefit (OPEB).
- FY14 Budget. FY14 Budget shows a projected \$6M shortfall out of a \$22M budget. The Finance Committee recommends that this deficit be made up over a two-year period. The Auditors agree and approve this approach since the Authority is in a strong financial position. The staff is working on a rate increase *scenario* which will be shared with the Board.
- BJWSA Cash and Investment Management Policy Changes. The proposed changes by staff will be presented under New Business for approval.
- Call Center Metrics. Staff will begin reviewing the call center metrics quarterly.

***Action:** Vice-Chair Michael Bell requested to be informed on a monthly basis if there are significant deviations from the normal metrics to allow for timelier discussion if needed.*

- FY13-15 Capital Improvement Plan Update. The committee reviewed and approved the Cash Flow Plan in relation to the CIP Update for FY13-15, which will be presented under New Business for approval.
- Finance Committee Charter. The committee also reviewed their draft charter to be included as part of the Board Handbook and will provide comments to Dottie Hofmann before next month's meeting.

A copy of the Financial Report dated December 31, 2012 is attached to these minutes and is made a part hereof.

Personnel

Committee Chair, Gen. O'Neal reported that the Personnel Committee met on January 18. He highlighted the following topics listed on the Personnel Committee Agenda and Minutes dated January 18, 2013. *A copy of the Personnel Committee Agenda and Minutes dated January 18, 2013 is attached to these minutes and is made a part hereof.*

- Compensation Study. Request for Proposals (RFP) for consulting services will be issued February 1, 2013. Pre-qualified consultants will be invited to submit a proposal for consulting services to conduct a company-wide Classification & Compensation Study. The deadline for proposals is Tuesday, March 13th 2013 at 4pm. The evaluation committee (CFO/HR Manager/Purchasing Manager) will review the respondents and present their decision to the Board in April.
- BJWSA Board of Directors Handbook. A Statement of Purpose of Board Manual, first draft dated January 20, 2013, was discussed. Some of the material in the board manual will include each Member of the Authority's legal and ethical obligations; formal policies adopted by the board; explanation of board structure and governance and fiduciary duty.

Erin Dean explained the Members responsibility serving on the board, understanding of the Authority's charter, bylaws, mission and vision statements, and being actively engaged and the 10 rules of board operation of a non-profit organization.

- Board Travel Reimbursement Policy – Approval.

Motion: Gen. O'Neal moved to approve the Board Travel Reimbursement Policy.

Vice-Chair Michael Bell was concerned giving sole discretion to the Board Chair of determining personal attendance and approval of expenses and recommended that it be a group, specifically the Executive Committee's decision.

Erin Dean advised the Members that having one person making the decision could lend itself to improper approval of expenses and furthermore, by having a committee of more than one person, making the approval, it protects the Chairperson.

Chair Brandy Gray called for a second, there was no second.

The motion failed.

Motion: Vice-Chair Michael Bell moved, seconded by Dr. Singleton, to approve the Board Travel Reimbursement Policy amending language to replace **Board Chair** with **Executive Committee**. All voted, Gen. O'Neal opposed, David Lott abstained.

Motion carried.

Gen. O'Neal requested the Executive Committee convene after this meeting.

- Succession Planning. Renaming to "Building the Bench". The focus will be encouraging the professional development of not only management, but all employees, in a broader spectrum, to become future leaders in the water and sewer industry and in the community.
- Railroad Purchase Analysis. Dottie Hofmann provided a copy of an analysis of the railroad proceeds and costs with a revenue list by easements. Also, the Authority entered an agreement of memorandum of understanding with Beaufort County committing to their use and responsibilities. This background information will be helpful as discussions continue regarding this matter.
- Wellness Program Update. Julie Voges gave an overview of the program and what the committee will be working on. The committee consists of approximately 16 employees, Ed Saxon providing leadership and HR providing resources. The program will have different work groups; Culture of Wellness, Tobacco Cessation/Weight Loss, Physical Activity, and Nutrition.

Vice-Chair Michael Bell was glad to see nutrition as a component giving the diversity of ethnicities.

A copy of the Personnel Committee Agenda and Minutes dated January 18, 2013 is attached to these minutes and is made a part hereof.

OLD BUSINESS

There was no old business to discuss.

NEW BUSINESS

BJWSA Cash and Investment Management Policy Revisions - Approval.

Dottie Hofmann reported on the proposed changes primarily administrative in nature with the exception of the minimum balance criteria. Due to the economy, these changes more realistically reflect the current cash flow environment. The contingency & depreciation minimum balance changes from \$3.275M to \$2.5M and the water capital account, from \$1.5M to \$500,000. This will be adjusted annually as capacity fee forecasts change. Also, proposals from financial institutions will be requested at least every five (5) years versus three (3) years.

*Skeet Von Harten asked for clarification regarding the **Interest Earnings** and who determines the allocation of such interest received on the investment bond proceeds.*

Followed by a brief discussion, *Skeet Von Harten made the following motion:*

Motion: Skeet Von Harten moved, seconded by John Rogers, to approve the BJWSA Cash and Investment Management Policy revisions with an amendment to page 4, at the

end of the sentence of **Interest Earnings** to read: "as determined by the language of the bond". *All voted in favor of the amended policy, none opposed.*

Motion passed unanimously.

Capital Improvement Program.

1. *FY 2013-2015 CIP Update – Approval.* Charles Sexton presented the FY 13-15 CIP Update and noted that the Plan has been updated to include new projects and to reflect the continued decline in capacity fee collections. The comprehensive update of the 10-year CIP will be completed in FY14.

Motion: Committee Chair Michael Bell moved (no second required), to approve the FY 13-15 CIP Update as presented. *All voted in favor of, none opposed.*

Motion passed unanimously.

2. *Contract Award - CIP #21655 Hwy. 170 Roadway Expansion W/S Relocations.* This project involves relocation of water and sewer pipelines and appurtenances affected by the design relocations required by the expansion of the six mile section of Hwy. 170, from Hwy. 46 (May River Road) to Hwy. 278 (Fording Island Road). Beaufort County is paying for the majority of the costs of this project. Staff recommends award of this project to **Cleland Site Prep, Bluffton SC**, in the amount of **\$647,690.46**.

Motion: Committee Chair Michael Bell moved (no second required), to approve the CIP #21655, as presented and referenced in the Memorandum to Ed Saxon, Charles Sexton, from Dick Deuel dated January 14, 2013. *All voted in favor of, none opposed.*

Motion passed unanimously.

PUBLIC COMMENT

There were no public comments.

EXECUTIVE SESSION

1. *Discussion of Personnel Matters.*

Motion: Donna Altman moved, seconded by Vice-Chair Michael Bell, to move into executive session to discuss personnel and legal matters. *All voted in favor of, none opposed.*

Motion passed unanimously.

All persons excused except Members of the Authority, legal Counsel and HR Manager.

RECONVENE

Motion: Donna Altman moved, seconded by David Lott, to reconvene regular session. *All voted in favor of, none opposed.*

Motion passed unanimously.

(12:55pm)

Motion: Vice-Chair Michael Bell moved, seconded by John Rogers, to adjourn to a specific time being 8:00 am on January 25, 2013. *All voted in favor of, none opposed.*

Motion passed unanimously.

Friday, January 25, 2013 8:00am.

ATTENDANCE

Members of the Authority in attendance: Brandy Gray, Chair; Michael Bell, Vice-Chair; Lorraine Bond, Secretary/Treasurer; Donna Altman; David Lott; Gen. Pat O'Neal; John Rogers; James Scott; Dr. William Singleton and Skeet Von Harten.

Staff in attendance: Ken Griffin, General Manager and Julie Voges, HR Manager.

Legal Counsel in attendance: Erin Dean, Esq., Tupper, Grimsley and Dean, P.A.

CALL TO ORDER

Chair Brandy Gray, called the meeting to order on January 25, 2013, at 8:00 a.m. and announced that a quorum was present.

EXECUTIVE SESSION

Motion: Donna Altman moved, seconded by Vice-Chair Michael Bell, to move into executive session to discuss personnel issues. *All voted in favor of, none opposed.*

Motion passed unanimously.

All persons excused except Members of the Authority, legal Counsel and HR Manager.

After an initial discussion in executive session, Ken Griffin was invited to participate and joined executive session.

RECONVENE

Motion: Donna Altman moved, seconded by Vice-Chair Michael Bell, to reconvene regular session. *All voted in favor of, none opposed.*

Motion passed unanimously.

Motion: Vice-Chair Michael Bell moved, seconded by Secretary/Treasurer Lorraine Bond, to terminate General Manager, Ken Griffin. *All voted in favor of, none opposed.*

Motion passed unanimously.

Mr. Griffin addressed the Board and was excused.

Motion: Donna Altman moved, seconded by David Lott, to appoint Ed Saxon as acting General Manager. *All voted in favor of, none opposed.*

Motion passed unanimously.

Motion: Dr. Singleton moved, seconded by John Rogers, to amend the Board Agenda to add legal discussion to the topics raised in executive session. *All voted in favor of, none opposed.*

Motion passed unanimously.

Motion: Donna Altman moved, seconded by Secretary/Treasurer Lorraine Bond, to authorize legal counsel to take action on legal matters. *All voted in favor of, none opposed.*

Motion passed unanimously.