

## **MINUTES OF THE MEMBERS OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY MEETING HELD ON THURSDAY 11/19/2015**

Be it remembered that the Members of the Beaufort-Jasper Water and Sewer Authority held its regular meeting Thursday, 11/19/2015, 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: David Lott, Chair; Donna Altman, Vice-Chair; James N. Scott, Secretary/Treasurer; Jimmy Baker; Michael Bell; Lorraine Bond; Jack Burke; Brandy Gray; Donald Manson; Dr. Bill Singleton and Skeet Von Harten.

Members of the Authority not in attendance: All were in attendance.

Staff in attendance: Ed Saxon, General Manager; Dottie Hofmann, DGM F&A; Frank Eskridge, DGM O&TS; Allena Lee-Brown, HR Manager; Joe DeVito, Director Field Operations; Pamela Flasch, Communications Manager; Sarah Linkimer, Controller; Will Bettis, Purchasing & Risk Manager; Libby Breland, Executive Assistant/Clerk to the Board; Justin Thomas, NOB Field Operations Supervisor and Debbie Hodge, Engineering Administrative Coordinator.

Legal Counsel in attendance: Erin Dean, Esq., Tupper, Grimsley and Dean, P.A.; Margaret C. Pope, Esq., and Joe Lucas, Esq., Pope Flynn, LLC.

Auditors in attendance: Bonnie L. Cox, CPA and Jennifer C. Heath, CPA, Partners, Cherry Bekaert LLP.

Financial Advisors in attendance: Walter Goldsmith and Amy Vitner, Managing Directors, First Tryon Advisors.

### **CALL TO ORDER**

The meeting convened at 8:02 a.m., Vice-Chair Altman announced that Chairman Lott would be delayed and that she would preside until he arrived.

### **INVOCATION AND PLEDGE OF ALLEGIANCE**

Michael Bell gave the invocation and all joined in the Pledge of Allegiance to the flag of the United States.

### **AMEND AGENDA**

Vice-Chair Altman stated that there was no new information on pending litigation; therefore Executive Session was not necessary. Vice-Chair Altman called for motion:

**Motion:** Moved by Skeet Von Harten, seconded by Lorraine Bond, to amend today's agenda to waive Executive Session due to no new information on pending litigation,

*All voted in favor, none opposed,*  
**Motion passed unanimously.**

### **APPROVAL OF MINUTES**

**Motion:** Moved by Dr. Singleton, seconded by Michael Bell, to approve the minutes of the 10/22/2015 regular board meeting as written and distributed in advance to the Members of the Authority. No corrections were noted,  
*All voted in favor, none opposed,*  
**Motion passed unanimously.**

### **PUBLIC COMMENT**

There was no public in attendance.

### **PRESENTATION OF THE FY 2015 COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR).**

*2015 Audit Highlights by Bonnie L. Cox, CPA, Partner and Jennifer C. Heath, CPA, Partner of Cherry Bekaert, L.L.P., Certified Public Accountants.* Bonnie Cox and Jennifer Heath gave a PowerPoint presentation to the Board. Jennifer led the presentation by stating that the audit results for the year ended June 30, 2015, resulted in a clean “unmodified” audit opinion, we encountered *no significant difficulties* in dealing with management in performing and completing our audit and there were *no disagreements with management* during our audit procedures. The audit procedures also did not uncover any material weaknesses in internal control. There were two new accounting pronouncements; GASB Statements No. 68 and No. 71 that applied to this fiscal year. No. 68 relates to *Accounting and Financial Reporting for Pensions* and No. 71 is an amendment to No. 68 relating to *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Next, Bonnie talked about the implementation of GASB No. 68 and 71 and its impact to the Authority’s net position. She stated that BJWSA was the first of their clients who calculated the entries and drafted their own net pension liability disclosure. Vice-Chair Altman also commended the financial staff on their leadership of being the first who drafted their own disclosure reporting for the new accounting pronouncements and that this further shows why the finance staff was so deserving of the Board Leadership Award.  
*A copy of their PowerPoint presentation dated November 19, 2015 is attached to these minutes and is made a part hereof.*

*Chairman David Lott arrived and thanked Vice-Chair Donna Altman for chairing the meeting until his arrival. He continued the meeting.*

### **2016 BOND REFUNDING DISCUSSION**

*Refunding Financial Analysis - Walter Goldsmith and Amy Vitner, Managing Directors, First Tryon Advisors.*

Walter Goldsmith and Amy Vitner gave a PowerPoint presentation to the Board. The first topic of discussion was explaining their role as the Authority’s financial advisors. First Tryon Advisors provides financial advisory services and does not serve as the Authority’s underwriter; Wells Fargo is the Authority’s underwriter. They reviewed the debt profile of the Authority (as of 6/30/15) and the 2016 refunding opportunity. The Authority’s Series 2006 Revenue Bonds are currently outstanding in the amount of \$53,140,000 (\$48,705,000 callable on March 1, 2017)

at the average interest rate of 4.7%. Based on the current market trends, they estimate that the interest cost could be lowered to as low as 3.17%, which could result in an approximate net present value savings of \$2,245,122 or 4.61% of the refunded bonds. This would lower the Authority's annual debt service payments by roughly \$176,000 annually through the final maturity of 2031. They went through the steps in the bond issuance process and the financing calendar timeline.

*A copy of their PowerPoint presentation dated November 19, 2015 is attached to these minutes and is made a part hereof.*

*General Counsel Erin Dean left the meeting.*

*Series Resolution for the Issuance and Sale of Waterworks and Sewer System Refunding Revenue Bond, Series 2016 - Joe Lucas, Member, Pope Flynn, LLC.*

Joe Lucas discussed the draft Series Resolution in detail for adoption at the December 17<sup>th</sup> Board meeting. He also provided the Board copies of the "Draft Preliminary Official Statement, (POS)". He went through the document by sections and advised the members to focus on pages 16-52, and the appendices, which tell the story and history of the "Authority" and the "System". He then explained the Board's role in the Bond Refunding process and discussed critical upcoming dates. Chair David Lott encouraged each member of the Board to read the document, particularly the portions outlined, and provide comments by December 1<sup>st</sup>. Edits and questions should be given to Sarah. He expressed that the POS is a well written document, and very educational. For the Authority to be able to do this refunding, he attributed to the overall organization and how well it's been managed and specifically to Dottie Hofmann, Sarah Linkimer and their group and also to the Board Members. Chairman Lott expressed that this is a serious undertaking and just wanted to make sure that we have the maximum possible indemnification.

## **GENERAL MANAGERS REPORT**

*Ed Saxon submitted the following report:*

1. Safety Report – We experienced 4 minor incidents in October, all involving vehicles (2 backing, 1 blown tire with damage & 1 minor fender bender) and we had no recordable injuries. Due to construction activity at the Chelsea WTP site, the Safety & Wellness Festival originally set for Friday November 20<sup>th</sup> has been rescheduled to March 11, 2016. The festivities will begin at 11:30 and all Board members are welcome.
2. Savannah River Basin – The basin experienced record rainfall in October and all lakes are above flood stage. Early November rains have already exceeded the basin monthly average.
3. December Board Meetings – Just a reminder, the December Board meeting will be a week earlier (12/17) than normal due to the holidays and committees will meet the week of 12/7. I will be off the last two weeks of the year & Frank will handle the December Board meeting in my absence. Our annual Holiday sharing will occur on Friday 12/11 from noonish to 3PM at our Admin office. Potluck food will be provided and we'd love to have the Board attend.
4. Savannah River Site Tour – Thanks to all the Board members who attended the 11/9 SRS tour. Earl & Pam did a great job coordinating the day. We all now have a much better perspective of SRS operations.

5. BJWSA United Way Campaign – The final tally for BJWSA’s campaign was \$15,400 (goal was \$14,500). Thanks to the Board members who contributed on our behalf and to Pam and the HR Department for leading this great effort.
  6. Employee of the Quarter – I am pleased to announce that Debbie Hodge, our Engineering Admin. Coordinator was named Employee of the 3<sup>rd</sup> Quarter CY2015. Debbie is here with us today.
  7. LLBH Advisory Committee – The semiannual meeting of the LLBH Advisory Board was held on November 11. Joe briefed the Board on the LLBH conversion to surface water and the Board was tasked to nominate someone for the vacant Board position. We will bring that nomination to the BJWSA Board in December for approval.
  8. Battery Creek Sewer Spill – I sent the Board the press release associate with the 11/6 sewer spill in Battery Creek. I want to thank Joe DeVito and Justin Thomas along with the NOB Field Operations group for their quick response and replacement of the damaged line. This was a truly remarkable feat.
- **Public Affairs Report.** Pamela Flasch highlighted community events and identified several projects taking place throughout the service area:
- Imagine a Day Without Water Poster Contest. Ed and Pam held a pizza party at Hardeeville-Ridgeland Middle School for the winner’s class in our Image a Day Without Water poster contest.
  - Tour of the Savannah River Site. November 9 was very informative. Earl and I followed up with our thanks to Elizabeth Harm and her supervisor.
  - Annual Safety & Wellness Festival. Is re-scheduled for **Friday, March 11, 2016.**
  - Comprehensive Annual Financial Report. The **CAFR** is currently undergoing final edits for print unveiling at the December Board meeting. We upload it to the printer tomorrow.
  - NewsSplash. The winter/spring edition of the **NewsSplash** is currently in development.
  - Tours. The communications staff, along with help from Patrick Lai-Fang and Keith Schubert, took a local master naturalist group on a tour of the Great Swamp and the Chelsea Plant. *Kate Schaefer* with *Coastal Conservation League* toured the Chelsea Plant.
  - Holiday Sharing. The annual Holiday Sharing event is **Friday, December 11 at 12:00 am at Chelsea Administration Building.** Be the most ‘outrageous elf’ in our costume contest and win!

*A summary memo dated 11/5/2015, was included in the Board packet and is attached to these minutes and is made a part hereof.*

## COMMITTEE REPORTS

**Report of the Executive Committee.** Committee Chair David Lott stated that the Executive Committee did not meet therefore had no report. He did ask Dottie Hofmann to update the Board Compensation comparisons to other regional areas and bring it through the personnel committee and to the Board in December.

**Report of the Capital Projects Committee.** Committee Chair Donald Manson reported that the Capital Projects Committee met on 11/11/2015 and reviewed the status of the Capital Program and Development Activity. A summary of noteworthy projects was included in the Board Packet. Some projects of note:

- Military Projects. There were a total of 12 military projects for the month of October.
- Capacity Fees. Capacity Fees were up. \$1.2M for the year.
- Hardeeville Wastewater Treatment Plant. Is at 60% design.
- Contract Award. One contract award for the Boundary St. Asset Relocation project will be under new business.

*A copy of the CIP Update memorandum from Brian Chemsak dated 11/5/2015 was included in the Board Packet and is attached to these minutes and is made a part hereof.*

**Report of the Finance Committee.** Committee Chair Donna Altman reported that the Finance Committee met on 11/12/2015 and submitted the following report:

- 10/31/2015 Interims. Total operating revenues were \$422 thousand under budget year-to-date. Expenses were under budget year-to-date, \$531 thousand without depreciation and \$500 thousand with depreciation.
- Rate Model Update. Behind schedule on the rate model, but have received the military tables and scenario models and hopefully be able to get back on track by this summer.
- External Audit Services Request for Proposal. The RFP draft document for external audit services will be going out in a couple of months and staff asks to get comments back to Will Bettis by December 10<sup>th</sup>.
- 2016 Bond Refunding. Spent a lot of time reviewing Bonds.

*A copy of the financial report dated 10/31/2015, was included in the Board packet and is attached to these minutes and is made a part hereof.*

**Report of the Personnel Committee.** Committee Chair Lorraine Bond reported that the Personnel Committee met briefly this morning prior to the Board meeting and submitted the following report:

- Safety and Wellness. The *Safety and Wellness Festival* has been postponed to March 11, 2016 due to construction underway at Chelsea. Human Resources attended the *SC Working Well Fall Meeting* on October 28<sup>th</sup> in Columbia. This is a forum that provides for the exchange of ideas and information regarding wellness initiatives. Key presenters focused on mental, emotional, and financial wellbeing. The 2015 PEBA State Health Insurance Incentives include free health screening valued at \$350, no-pay copays for 12 months for members with high blood pressure, high cholesterol, congestive heart failure or diabetes and a free flu vaccine. The shingles vaccine is free to members aged 60 and older.
- HR Information System Update. Setback occurred with the loss of the Director of IT. HR and IT are now regaining momentum with implementing the Core or main part of this

system. The Core part includes employee demographics, pay and job history, personnel files, workers compensation and certification details.

- BJWSA University Update. Skills Survey is now 89% complete for all employees. Aiming for December completion. Major accomplishment is completing the Leadership Skills Survey. Next steps will be developing or sourcing the priority training required.

## **OLD BUSINESS**

There was no old business.

## **NEW BUSINESS**

### Capital Improvement Program

#### *Contract Award*

1. CIP-21565 Boundary St. Asset Relocation to Potter Construction for \$917,300. This project will relocate the assets located with the Boundary St. Widening Project. The budget for this project is \$1,000,000. Staff has certified the bids and we recommend an award to Potter Construction for \$917,300. This project is funded from C&D and Water Capital.

*Discussion was held, and several Board members had concerns that other utilities impacted by the road project were being partially funded for their relocation efforts through sources such as the TIGER Grant, TIF, and Impact Fees and that the Authority was not included. Ed Saxon said that our lines are in the SCDOT right of way via an encroachment permit and the permit requires BJWSA to totally fund the costs to relocate BJWSA utilities to accommodate the road widening project. Ed informed the Board that BJWSA is working with other utilities in the state to amend the road funding bill being discussed for next year's legislative session to include funding for the utility relocation cost associated with road projects. Ed plans to meet with the appropriate City of Beaufort and Beaufort County officials to request they reconsider and assist in the funding of the BJWSA relocation effort. In addition to relocating utilities, the project includes the addition of several valves on the 16" water transmission line that will allow us to better serve the area. Staff recommends moving forward with this project and awarding the contract.*

**Motion:** Recommendation for approval of CIP 21565 Boundary St. Asset Relocation to Potter Construction for \$917,300 as presented and referenced in the memorandum from Brian Chemsak, dated 11/2/2015, came from the Capital Projects Committee, *requiring no second, A vote was held, the vote was 9 in favor, 2 opposed. (Chair David Lott, and James Scott, Secretary/Treasurer opposed)*

**Motion carried.**

## **PUBLIC COMMENT**

There was no public in attendance.

Vice-Chair Donna Altman reminded the Board that the General Manager's Goals and Objectives needed to be finalized. This will be placed on the December Agenda for approval.

**ADJOURNMENT**

With no further business to come before the Board, the meeting adjourned at 10:06 am.

APPROVED: 12/17/2015

*Respectfully submitted,*

*Libby Breland, Clerk to Board*

Signatures and Attachments on file.