

MINUTES OF THE MEMBERS OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY MEETING HELD ON THURSDAY 12/17/2015

Be it remembered that the Members of the Beaufort-Jasper Water and Sewer Authority held its regular meeting Thursday, 12/17/2015, 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 members were in attendance.

Staff in attendance: Frank Eskridge, DGM O&TS; Dottie Hofmann, DGM F&A; Brian Chemsak, Director of Engineering; Allena Lee-Brown, HR Manager; Joe DeVito, Director Field Operations; Pamela Flasch, Communications Manager; Sarah Linkimer, Controller; Will Bettis, Purchasing & Risk Manager; Lou Brown, Communications Specialist; Libby Breland, Executive Assistant/Clerk to the Board; and the Finance staff; Angie Murdaugh, Leslie Bright, Jeanie Phillips and Patrice Whitmore.

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

Public in attendance: Frank Turano, Regional Manager, Alliance Consulting Engineers.

CALL TO ORDER

The meeting convened at 8:00 a.m., Chair David Lott presiding.

INVOCATION AND PLEDGE OF ALLEGIANCE

Dr. Bill Singleton gave the invocation and all joined in the Pledge of Allegiance to the flag of the United States.

APPROVAL OF MINUTES

Motion: Moved by Brandy Gray, seconded by Skeet Von Harten, to approve the minutes of the 11/19/2015 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

The public was introduced and welcomed. There was no public comment.

APPROVING SERIES RESOLUTION FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REFUNDING REVENUE BOND, SERIES 2016.

Joe Lucas discussed the option of using the forward delivery process, also referred to as a delayed delivery on the portion of the 2006 bonds that have already been advance refunded. The forward delivery option allows you to price the bonds as normal but deliver the bonds at a later date closer to their call date and inside the window to issue the bonds as a “current refunding” and therefore as tax exempt bonds. The pricing date for all of the bonds is January 12th and the closings will occur in February 2016 for the Tax-Exempt portion and December 2016 for the Forward delivery portion. The underwriter and bond holder harbor the risk for the period between pricing and closing. The forward delivery option increases the overall savings by about 30% over numbers originally reported. The decision to use the forward delivery option will not be made until we get closer to the pricing date. Joe also discussed the changes in the market due to the federal interest rate increase. The Board gave Dottie Hofmann and staff the authorization to choose the best option based on the recommendation of the financial advisors. The Board highly recognized the staff and the consultants for their professional performance and it was reassuring that not only do we have great outside advisors, but also great financial professionals within the organization.

Motion: Finance Committee Chair Donna Altman, moved, seconded by Skeet Von Harten, to approve the Series Resolution for the Issuance and Sale of Waterworks and Sewer System Refunding Revenue Bond, Series 2016,

All voted in favor, none opposed.

Motion passed unanimously.

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

Dottie Hofmann reported that this is the first year in a very long time that the CAFR was produced completely in-house, with the exception of using an outside printing company to print the document. All of the content, layout, edits and design were done by Pam Flasch and Sarah Linkimer and the photos were taken by Lou Brown. She recognized their collaborative effort in producing a professional yet eye pleasing document.

Sarah Linkimer recognized her entire finance department and their efforts during this audit process. (*Tammy Isham, Buyer and Don Johnson, Warehouse Coordinator were not present, but were recognized for their efforts as well*). She distributed copies of the 2015 CAFR. She then gave a power point presentation highlighting the year’s achievements and challenges. The achievements were strong ratios, increasing capital contributions and improvement in our operating position. The challenges were declining usage, expense variances and GASB 68 and 71. A copy of the CAFR will also be made available on BJWSA’s website at www.bjwsa.org and available upon request.

GENERAL MANAGERS REPORT

Frank Eskridge submitted the following report on behalf of Ed Saxon who was on vacation:

1. Safety Report – We experienced 1 minor incident in November, another vehicle backing accident, and we had no recordable injuries. We have reminded everyone about the importance of taking the proper precautions prior to backing to ensure they have a safe, clear area behind them. We have worked ~200,000 hours without a lost workday case. A reminder the safety & wellness festival is scheduled for March 11, 2016.
2. Savannah River Basin – Releases have returned the lakes to below flood stage levels. November was another above average rainfall month for the basin and the lakes are in good shape as we approach spring.
3. Jasper Ocean Terminal (JOT) – The port authorities of Georgia and South Carolina entered into a formal agreement to work together on developing the JOT and the permitting process which is expected to take 10 years has begun. The 1st phase of the project is expected to cost \$3.5 billion and to be on-line in 2030.
4. Holiday Sharing – Frank Eskridge expressed thanks to David Lott, Donna Altman and Lorraine Bond for attending the annual holiday sharing of the Authority and for judging the costume contest.
5. Promise Zone Update – We continue to monitor the Promise Zone activity, and recently received an indication that there is an educational effort that we might be able to participate in; Pam and her staff are looking into that effort. Frank plans to contact the local USDA staff for a possibility of funding a water main project in Jasper County.

➤ **Public Affairs Report.** Pamela Flasch submitted the following report:

- Comprehensive Annual Financial Report (CAFR). The CAFR is here, and the winter/spring edition of *NewsSplash* is bound for mailboxes the last week of December.
- 2016 Events Calendar. The Communications Department is developing a 360-degree view of 2016. We plan to have all events, deadlines and projects on the calendar by the January board meeting, after confirming them with senior leadership.
- Annual Safety & Wellness Festival. The festival is re-scheduled for Friday, March 11, 2016.
- Employee Fun Day. The fun day is scheduled for Saturday, April 23 at the Chelsea Plant.
- Promise Zone. She is researching information on supporting an educational effort.

A summary memo dated 12/3/2015, was included in the Board packet and is attached to these minutes and is made a part hereof.

Note: Brandy Gray left the meeting.

COMMITTEE REPORTS

Report of the Executive Committee. Committee Chair David Lott stated that the Executive Committee did not meet therefore had no report.

Report of the Capital Projects Committee. Committee Chair Donald Manson reported that the Capital Projects Committee met on 12/9/2015 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:

- Toy Fields Sewer System. The gravity system has been installed and the contractor is working on the pump station site.
- Hardeeville Water Line Replacement. Potter construction has completed the waterline along Stiney Road along with a bore under Church Road. The waterline from the tank has been installed and the boring contractor is going to finish up the bores and start the CSX bore after the holidays.
- Hardeeville Water Reclamation Facility Expansion. It has been decided by our Management and Engineering staff that the Preconstruction Services Contract with The Haskell Company will be terminated as described in a letter from the General Manager dated December 10, 2015. In order to proceed with the HWRF project in a traditional “design-bid-build” process, there will be additional design, larger clarifying tanks, and oxidation ditches will be added back into the project. This change in project approach is expected to produce the best combination of quality and cost, and hopefully result in an overall project cost savings. Frank Eskridge also added information on how the staff made their decision and developed the plan to move forward.

A copy of the CIP Update memorandum from Brian Chemsak dated 12/5/2015 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 12/10/2015 and submitted the following report:

- 11/30/2015 Interims. Total operating revenues were \$666 thousand under budget year-to-date. Expenses were under budget year-to-date, \$512 thousand without depreciation and \$480 thousand with depreciation. Capacity fee revenues for 11/30/2015 were \$850 thousand, \$665 thousand over budget year-to-date. Cash is healthy, ratios are within our limits and policies; liquidity has increased from 2.69 to 4.56 for this fiscal year-to-date. The Authority’s target liquidity is 2.2.
- 2016 Bond Refunding. The financial advisors were on telephonically and provided a presentation on the forward delivery refunding method. We were given opportunity for any remaining changes on the Series resolution that will go to the Board next Thursday.
- Audit Services RFP. We received a final copy of the audit services RFP which will be posted on December 11th. Finance committee members will be participating in the RFP process.
- Board Member Compensation. The committee received the Board member compensation policy and updated comparison information to review in advance of a discussion at the Board meeting.

A copy of the financial report dated 11/30/2015, 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 on 12/8/2015 and submitted the following report:

- Safety Report. The committee also received the monthly safety report.
- Employee Actions Report. Reviewed were fiscal year-to-date statistics for new hires, promotions, reclassifications, transfers, demotions, terminations, retirements, vacancies, and turnover.
- Board Compensation. The November 2014 Board Compensation policy and updated board compensation information were reviewed.
- Benefits Update. HR continues to explore benefit options that add value. At the City of Beaufort's invitation, HR attended a webinar about a product called Healthiest You. It is an 800 line that connects to you a doctor 24/7. The doctor can assist with the most common conditions that take you to the ER at much less cost. The doctor can even call in prescriptions to your pharmacy, often at less cost than through our health insurance.
- CPM Credit Union. 96 of our 160 employees are members of the CPM credit Union. Given its popularity, Credit Union representatives recently held a reception to address employee questions.

Chairman Lott noted that he would schedule an Executive Committee meeting in January and will notify the members.

OLD BUSINESS

Approval of the FY 16 GM Goals.

As reported at the November Board meeting, the FY 16 General Manager Goals and Objectives need to be finalized. The document has been reviewed by all members.

Motion: Vice-Chair Donna Altman, moved, seconded by Jimmy Baker, to approve the FY 16 General Manager Goals, document dated August 27, 2015,

All voted in favor, none opposed.

Motion passed unanimously.

A copy of the document; FY16 General Manager Goals – Final August 27, 2015, is attached to these minutes and is made a part hereof.

NEW BUSINESS

There was no new business to discuss.

PUBLIC COMMENT

There was no public comment.

(9:10 a.m.)

EXECUTIVE SESSION

Motion: Vice-Chair Donna Altman moved, seconded by Lorraine Bond, to go into executive session for the purpose of discussing litigation matters regarding: Jarman, 10 Frontage Road, Smith/Van Zyle, Sadowsky, Adkins, and Sauls Funeral Home.

All voted in favor, none opposed.

Motion passed unanimously.

Chair David Lott, excused all persons from the meeting. Legal counsel, DGM O&TS; and DGM F&A remained for the executive session for the legal briefing.

(9:15 a.m.)

RECONVENE

Motion: Jimmy Baker moved, seconded by Lorraine Bond, to reconvene regular session,
All voted in favor, none opposed.

Motion passed unanimously.

ACTION

No action was taken.

ADJOURNMENT

With no further business to come before the Board, Vice-Chair Donna Altman moved, seconded by Lorraine Bond, to adjourn the meeting at 9:15am,

All voted in favor, none opposed.

Motion passed unanimously.

APPROVED: 1/28/2016

Respectfully submitted,

Libby Breland, Clerk to Board

Signatures and Attachments on file.