

MINUTES OF THE MEMBERS OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY MEETING HELD ON THURSDAY 10/24/2019

Be it remembered that the Members of the Beaufort-Jasper Water and Sewer Authority held its regular meeting Thursday, 10/24/2019 at the Beaufort-Jasper Water & Sewer Authority Administration Building. This meeting met the notice requirements of, and was properly constituted pursuant to, Chapter 4, Section 30-4-80(A) 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: Chair Michael Bell; Vice-Chair Jimmy Baker; Secretary/Treasurer Greg Padgett; Donna Altman; Lorraine Bond; Brandy Gray; Andy Kinghorn; Don Manson; Jerry Schulze; Dr. Bill Singleton.

Members of the Authority not in attendance: Thayer Rivers.

Staff in attendance: Joe Mantua, General Manager; Sarah Linkimer, DGM, F&A; Kenneth Frazier, Director of Information Technology; Allena Lee-Brown, Director of Human Resources; Al Legare, Director of Tech Maintenance & SCADA; Beth Lowther, Director of Finance and Support Services; Justin Thomas, Director of Field Operations; Linda Tillery, Director, Customer Care; Pamela Flasch, Public Affairs Manager; Shawn Flood, Capital Projects Manager; Tammy Holman, Procurement and Risk Manager; IT Support, Vince Guess and Phillip McCright; Libby Breland, Executive Assistant/Clerk to the Board.

Legal Counsel in attendance: Erin Dean, Esq., Tupper, Grimsley, Dean & Canaday, PA.

Auditors: Keith Hundley, CPA, Partner of Carr, Riggs & Ingram, LLC.

Beaufort County Liaison to BJWSA: York Glover Sr., District 3 (Beaufort/Lady's Island/St. Helena Island/Parris Island), was not in attendance.

Public in attendance: There was no public in attendance.

CALL TO ORDER

The meeting convened at 8:00 a.m., Chair Michael Bell presiding.

INVOCATION AND PLEDGE OF ALLEGIANCE

Vice-Chair Jimmy Baker gave the invocation and all joined in the Pledge of Allegiance to the flag of the United States.

PUBLIC COMMENT

At this time, Keith Hundley, and the staff was recognized. There were no public comments at this time.

APPROVAL OF MINUTES

Motion: Moved by, Donna Altman, seconded by Don Manson, to approve the minutes of the 9/26/2019 regular board meeting as written and distributed in advance to the Members of the Authority. Jerry Schulze asked for clarification in the Personnel Committee report on the FY20 YTD Overall Turnover Rate of .56%. The clerk will provide follow-up.

All voted in favor, none opposed,

Motion carried.

At this point, the Chair discussed having the newly issued iPads only accessible during the meetings and the lack of efficiency this creates for each member. Sarah reported IT is implementing procedures that will allow the members to take home their assigned iPad. The goal is to roll this out during committee weeks.

PRESENTATION OF AUDIT RESULTS FOR THE FY 2019.

Audit Highlights by Keith Hundley, CPA, Partner of Carr, Riggs & Ingram, LLC.

Mr. Hundley gave an overview of the 2019 Audit Report. The audit was performed in accordance with *Government Auditing Standards* issuing an **unmodified opinion** on the financial statements also known as a “clean opinion”. A strong financial position continues with total net position increasing by \$7.5 million over 2018. Debt service coverage (including capacity fees) increased from 269% in 2018 to 295% in 2019. Good liquidity, current ratio for 2019 of 3.51 compared to 2.59 in 2018. In all, the Authority generated \$28.9 million from operations to support capital and financing activities, an increase of \$1.3 million or 5% over prior year.

A copy of the presentation entitled... “*BJWSA 2019 Audit Presentation*” by *CRI CARR RIGGS & INGRAM CPAs and Advisors*, is attached to these minutes and is made a part hereof.

Chair Michael Bell stated that the FY 2019 Audit does not require formal action, but properly received.

GENERAL MANAGERS REPORT

Joe Mantua submitted the following report:

Recognizing of Staff

It has been a rather hectic and busy year for staff, particularly in the recent months so I wanted to take a minute to recognize our entire team. We are working hard to implement the various elements of our strategic focus, we've been faced with short staffing in some areas, just gone through the bond review and issuance process, board retreat, Hurricane Dorian, continued rapid growth, and all of this while getting used to a new GM and DGM so want you all to know that our staff are really going through a lot and are continuing to produce fantastic results. Can't forget how difficult change can be and I think overall our staff are doing great.

Asset Management

1. Expansion of Great Swamp Effluent Disposal — This month we began effluent disposal at the Great Swamp expansion area. Treated effluent from Cherry Point is now being discharged to an additional 500 acres of restored wetlands (1000 acres total) in the Great Swamp. This project has been in the works for over a decade and is a joint effort between Treatment Operations and Engineering, congratulations to the team!
2. Chelsea WTP Sanitary Survey — Treatment Operations and Field Operations staff worked with DHEC this week as they conducted their annual sanitary survey of our water treatment and distribution systems.

Workforce Investment

3. Safety Report — Another strong month for Safety in September with no incidents as we have now passed 1651 days without a lost work day case. Our annual safety celebration has been set for November 15.
4. New Employees and Promotions— I am pleased to announce the promotion of Nick Nicotri to Wastewater Operator Trainee for North of Broad and Tammy Holman to Procurement and Risk Manager. Also, congratulations to Taylor Daley who was selected as the Employee of the Quarter. Taylor is the Administrative Coordinator for Treatment Operations.
5. High School Internship Kick-off — We had a successful kick-off meeting with representatives from Jasper and Beaufort County School Districts, Hilton Head PSD and South Island PSD. We identified some general guidelines for the program which we plan to kick off with the fall 2020 school term and established an action plan. We will meet again in December.

Preparation for Change

6. Board Retreat — Thanks to all the Board members for your attendance and great input at the October 4 retreat and to all of the staff that had a hand in planning and presenting.
7. Focus on Improvements Teams — We have about 20 employee volunteers who will make up three teams with the goal of developing recommendations for improvements. The three focus areas are Leadership and Planning, Corporate Culture and Communications, and Training Resources and Development.

Organizational Excellence

8. AMWA 2019 Fall Conference — BJWSA was one of 15 utilities across the nation to receive the 2019 Sustainable Water Utility Management Award at AMWA's Executive Management Conference. In addition to being present to receive this award I had opportunity to attend a number of excellent sessions on organizational change, succession planning, asset and risk management and public communication.

9. Revenue Bond Rating Upgrade — Congrats to the BJWSA Team for achieving a bond rating of AA+ from Standard and Poor's. This is an upgrade from our previous AA rating and is for our existing bonds as well as the 2019 Series.
10. BJWSA Winter Gala — We are planning to celebrate our accomplishments for 2019 and usher in 2020 with a gathering on February 15 at Callawassie. This event replaces the Holiday party which has been held in early December the past couple of years.
11. Cellular Phone Standardization — Our Verizon phone bill will be standardized for all phones, tablets and other devices and all phones issued moving forward will be smart phones. This standardization will increase efficiencies and move us towards a more mobile workforce. It also results in overall cost savings of roughly \$6,000 annually.

Customer Satisfaction and Engagement

12. NewsSplash Fall Edition — Great job by our Public Affairs Team in getting out our customer newsletter that included results from our customer survey, a very informational breakdown of how each dollar gets spent and some helpful hints on hurricane season planning. We were also able to distribute roughly half of the newsletters electronically which resulted in \$6,500 of savings for this issue alone.

Public Affairs Report.

- Succession Planning: Morgan will attend the first session of *SC AWWA/WEASC's Leadership Academy*, Friday, December 6 in Columbia.
- Providing Clear Organizational Communication: I attended the *Public Relations Society of America's International Conference* in San Diego last weekend, as a voting delegate for the South Carolina Chapter, and for leadership training. I am currently running (unopposed) for President-Elect for the SC chapter for 2020.
- Public Education & Engagement: Please join us for *Trick or Treatment* next Wednesday at PRIWRF or Thursday at HWRF (or at both.) We have nearly 500 fifth and sixth graders ready to learn about Wastewater Treatment (and much more) from BJWSA's Superhero staff! If you'd like to volunteer, please contact Lou.
 - So far in FY20, Public Affairs has engaged with or planned *19 tours*, made *three visits to school events* and participated in or planned to participate in *15 community events*. Total engagement headcount for *tours is 574*.

COMMITTEE REPORTS

Report of the Executive Committee. Committee Chair Michael Bell stated that the Executive Committee did not meet.

Report of the Capital Projects Committee. Committee Chair Don Manson reported that the Capital Projects Committee met on 10/16/2019 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:

1. Project Activity Sheet Review & Discussion: Purrysburg WTP Expansion to 30mgd continues with 60% design documents expected in December. Cherry Point EQ Tank wall construction is ongoing with completion expected this month followed by interior coatings and equipment installation. Bonaire Estates Sewer Extension pump station foundation was completed and prefabricated station building has been set. Galvanized Waterline Projects: DIV I – Construction Complete; DIV II – Work is around 90% complete; DIV III – Work is around 50% complete; DIV IV – construction is 30% complete. The sink hole has been repaired and the parking lot is ready for repaving while further repairs to the gravity lines are ongoing.
2. Developer Report: The year-end total for capacity fee revenue is \$1,563,287.00. 9 pre-cons were held and 8 Service Authorizations were issued; new water taps totaled 111 and sewer taps totaled 132.
3. CIP Activity for Board Approval: a change order for CIP 2185 Galvanized Water Line Replacement Program will be brought under new business.
4. The FY19 Financial Audit: Was also discussed in committee.

A copy of the CIP Update Memorandum from Shawn Flood dated 10/14/2019 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 Greg Padgett reported that the Finance Committee met on 10/17/2019 and submitted the following report:

1. FY2019 Audit Results: The Committee received the FY19 Audit results from our auditors Carr, Riggs & Ingram. The auditors presented the results earlier at this Board meeting.
2. FY2020 YTD Financial Statements and Investments: Total operating revenues are \$109 thousand over budget, while total operating expenses (including depreciation) are \$1 million under budget. Operating cash and ratios are healthy and within our limits and policies. The committee reviewed the investment report.
3. September Call Center Metrics: The committee reviewed the call center metrics. The average call wait time was 2 minutes 42 seconds and the abandonment rate was 7% in September.
4. Series 2019 Revenue Bonds: The committee discussed the final Moody's and S&P rating reports, which are included in the Board packet. Moody's affirmed the Authority's current rating of 'Aa1'. S&P raised the bond rating to 'AA+' from 'AA' for existing bonds and the Series 2019 Bonds. The committee also reviewed the final pricing numbers for the 2019 Revenue Bonds. It was a successful sale. Additional details surrounding the pricing and rates can be found in the Board packets. Finance and all have done a great job.

5. Capital Improvements: The committee discussed and approved a \$55,130.00 change order for CIP-2185 that will be presented in New Business today.
6. IT Update: Kenneth provided the IT FY20 Areas of Focus that included four significant project updates.

Report of the Personnel Committee. Committee Chair Jimmy Baker reported that the Personnel Committee met on 10/15/2019 and submitted the following report:

1. Safety: July and August Safety Reports, 1.4 million hours without lost work day; 0 incidents in September; Safety Talks and Take Twos are down given the week lost due to Hurricane Dorian.
2. Personnel Actions Report: The overall turnover rate is 1.12% Y-T-D FY20; 1 retirement in September; 0 terminations in September.
3. GM Performance Review Form: GM presented a modified Performance Review form (Pontifex draft revised) to make it shorter and more user-friendly; Will add it to the November Personnel Committee agenda for review since a quorum was not present for October meeting; the draft form has been shared with the full Board; Personnel Committee welcomes comments.
4. Board Retreat: working on many issues that were discussed at the Retreat including issues related to fiscal viability; future workshops will be scheduled for continued review.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Capital Improvement Program

CIP Change Order

CIP-2185 Galvanized Water Line Replacement Program for \$55,130.00 as presented and referenced in the memorandum from Shawn Flood dated 9/10/2019 and is attached to these minutes and is made a part hereof:

Motion: Recommendation of approval for change order CIP 2185 Galvanized Water Line Replacement Program for design services to Lowcountry Engineering for \$55,130.00 came from the Capital Projects Committee, *requiring no second,*

All voted in favor, none opposed,

Motion passed unanimously.

PUBLIC COMMENT

There was no public comment.

(8:58 a.m.)

EXECUTIVE SESSION

Motion: Vice-Chair Jimmy Baker moved, seconded by Dr. Bill Singleton, to go into executive session for the purpose of discussing litigation matters regarding: Kinard v. BJWSA; McCracken v. BJWSA; Hornbeak v. BJWSA, pursuant to SC Code Ann. Section 30-4-40(a)(7) and Personnel Matters, pursuant to SC Code Ann. Section 30-4-40(a)(2) regarding personnel issues related to the FY19 Audit Findings,

All voted in favor, none opposed,

Motion passed unanimously.

Chair Michael Bell, excused all persons from the meeting. Legal counsel, GM; DGM F&A; remained for executive session for the legal briefing.

(9:35 a.m.)

RECONVENE

Motion: Jerry Schulze moved, seconded by Brandy Gray, to reconvene regular session,

All voted in favor, none opposed,

Motion passed unanimously.

ADJOURNMENT

With no further business to come before the Board, and without objection, a motion was made by Brandy Gray, seconded by, Lorraine Bond, to adjourn at 9:36 a.m.

APPROVED: 11/21/2019

Respectfully submitted,

Libby Breland, Clerk to the Board

Signatures and Attachments on file.