

## MINUTES

Spartanburg Sanitary Sewer District Commission, Regular Meeting, held at 200 Commerce Street, Spartanburg, SC, December 3, 2019, at 2:15 p.m.

Copies of the agenda were forwarded to the following news media: Spartanburg Herald-Journal, The Spartan Weekly, Greenville News, The Greer Citizen, Hometown News, WSPA-TV 7, WYFF-TV 4, WLOS-TV 13, WHNS Fox Carolina, WORD News Radio, WOLT-FM Radio, Tribune Times, and the Times Examiner.

Commissioners present were Mses. Barnes and Viney and Messrs. Blanton, Horton, Littlejohn, Montgomery, and White. No one was absent.

The meeting was opened with the following statement:

This is a regular meeting of the Spartanburg Sanitary Sewer District Commission. Written notice of the date, time, and place for this meeting, along with the agenda, has been posted in the lobby and on the Spartanburg Water website, and copies mailed to local and nearby news media, at least 24 hours prior to this meeting.

### 1. PRAYER

Mr. Blanton called the meeting to order and Gene Jackson opened with a prayer.

### 2. APPROVAL OF MINUTES OF REGULAR MEETING OF OCTOBER 30, 2019

Mr. Horton moved and Ms. Barnes seconded the motion to approve the minutes as written. The motion passed unanimously.

Mr. Montgomery asked if he could take a moment of personal privilege to make a small commentary at this time. Mr. Blanton said yes.

Mr. Montgomery stated that he would like to honor Commissioner Blanton and Commissioner Barnes for their 25-years of service as a Spartanburg Sanitary Sewer District Commissioner.

Mr. Montgomery stated that Commissioner Blanton and Commissioner Barnes joined SSSD as a Commissioner in 1994. Today, we recognize their 25-year milestone. During this time, the District and this county have undergone transformational changes. Mr. Montgomery said he would like to mention a few of the accomplishments that have taken place over the past 25 years:

- Promoting economic development in Spartanburg County by consolidating and expanding the sewer district facilities. The area spans from Landrum to Pacolet.
- As an economic engine for Spartanburg County Economic Development, SSSD has provided a Return on Investment of Capital Dollars of \$28 for every \$1 invested. Spartanburg County has experienced tremendous growth in jobs and investment from companies that can rely on wastewater facilities.
- Expanding the sewer district service area by 110 square miles;
- Installing and acquiring over 693 miles of sewer line promoting and contributing to residential, commercial and industrial growth in Spartanburg County.
- Ensuring proper stewardship of public funds and resources through strategic financial guidance and oversight; and

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- Achieving continued financial viability and fiscal accountability through long-term financial planning and prudent budgetary management.

The Commission thanked Commissioner Barnes and Commissioner Blanton for their years of service to SSSD and the community.

The above was provided as information to the Commission.

### **3. MONTHLY FINANCIAL REPORT**

Newt Pressley presented a financial summary of SSSD expenditures and revenues for the four-month period ending October 31, 2019. An explanation was provided for the favorable and unfavorable budget variances.

The above was provided as information to the Commission.

### **4. 2019 REVENUE AND GENERAL OBLIGATION BOND REFUNDINGS**

Mr. Pressley introduced David Cheatwood, Managing Director with First Tryon Advisors. Mr. Cheatwood presented the results of the 2019 bond refundings to the Commission.

On November 7, 2019, the District sold \$7,635,000 of Sewer System Refunding Revenue Bonds, Series 2019 to refund the District's Sewer System Refunding Convertible Bonds, Series 2009B. The Series 2019 Revenue Bonds were sold on a competitive basis and the District received three bids from underwriters with INTL FCStone Financial Inc., providing the lowest true interest cost (TIC) of 1.587200%.

As a part of the financing process, the District's Revenue Bond rating was upgraded by both Moody's and S&P to Aa3 and AA, respectively with each rating agency noting the following strengths: strong liquidity bolstered by healthy financial operations, unlimited rate setting authority, sizable tax base growing steadily, and very strong operational and financial management policies and practices.

With the refunding of the Series 2009B Bonds, the District achieved net present value savings of \$1,571,740 or 13.92% of the par amount refunded. In addition, the District was able to sell the Series 2019 Revenue Bonds without a debt service reserve fund due to its strong liquidity position which allowed it to release the existing debt service reserve fund on the Series 2009B Bonds and apply those proceeds to the refunding of the Series 2009B Bonds. The District will realize annual cash flow savings of approximately \$150,000 in FY2020, \$900,000 in FY2021, \$330,000 in FY2022, \$50,000 in FY2023-2025 and \$900,000 in FY2026-2028.

In addition to the refunding of the Series 2009B Bonds, the District will also be able to use the remaining funds in its debt service and debt service reserve funds to pay off in full the remaining amounts on its Revenue Bonds, Series 2009A and Taxable Revenue Bonds, Series 2011 in advance of their maturity which will, in turn, generate additional savings.

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On November 12, 2019, the District sold \$10,795,000 of General Obligation Refunding Bonds, Series 2019 to refund the District's General Obligation Refunding Bonds, Series 2010. The Bonds were sold on a competitive basis and the District received 11 bids from underwriters with Jefferies LLC providing the lowest true interest cost (TIC) of 1.371193%.

As a part of the financing process, Moody's and S&P affirmed the District's rating on its General Obligation Bonds of Aa3 and AA, respectively, noting the same strengths as the Revenue Bond rating.

With the refunding of the Series 2010 GO Bonds, the District achieved net present value savings of \$958,128 or 7.97% of the par amount refunded which equates to total cash flow savings of \$1,005,961. The District will realize annual cash flow savings of approximately \$265,000 for FY2022-2025.

The above was provided as information to the Commission.

**5. COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDING JUNE 30, 2019**

Karyn Lemon of McAbee, Schwartz, Halliday & Company reviewed the Comprehensive Annual Financial Report and communication letter for SSSD with the Commission and offered an unmodified audit opinion for fiscal year ending June 30, 2019, in accordance with generally accepted accounting principles.

Mr. Montgomery noted that the Audit Committee recently met with the auditors. The meeting went well and it was a good report.

The above was provided as information to the Commission.

**6. MOORE SEWER SYSTEM ACQUISITION**

Mr. Pressley provided an update on the status of the previously approved transfer of Moore Sewer System to SSSD. This acquisition was approved at the Public Service Commission meeting on October 30, 2019, and the closing for the system purchase was held on November 25, 2019. In advance of the acquisition process, SSSD sent out letters to the Moore Sewer customers to explain the transition. This process has gone well with only a few customer calls, and they were appreciative of the change. Moore Sewer customers will notice various benefits from the transfer to the District. Linville Hills will be billed based on their water meter rather than the sewer flow meter, which gives them immediate relief from the excessive I&I cost from that system. Linville Hills and Madera customers will both see a reduction in their monthly fixed charge. It was \$27.93 with Moore Sewer but will be \$24 with the District. This system improvement fee of \$24 is not permanent, and will end after SSSD recovery of costs to acquire the Moore Sewer System and to make necessary system repairs. SSSD already has crews onsite performing assessments. This acquisition will add approximately 500 customers, with about 300 in Linville Hills and 200 in Madera. They previously have been treatment customers, but now the District will maintain the collection lines.

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The above was provided as information to the Commission.

**7. MWBE REPORT**

Remsen Parrish, Purchasing Manager, provided a 2019 report on the MWBE Program. Spartanburg Water spent \$1,028,585 with certified MWBE suppliers in 2019. In 2019, there was a 47% increase in solicitations and a 42% increase in purchasing transactions with MWBE vendors compared to 2018.

Spartanburg Water continues to increase the number of MWBE vendors to the approved vendor list. Another seven vendors were added to the list this year. The vendors added in 2019 provide a wide variety of goods and services including traffic control sign rentals, valve box sales, and general construction. An MWBE approved vendor list is updated and distributed to the Budget Managers on a monthly basis.

The above was provided as information to the Commission.

**8. COMMUNITY BENEFIT PROGRAM REPORT**

Remsen Parrish, Purchasing Manager, provided a 2019 report on the Community Benefit Program to the Commission. In April 2015, the Spartanburg Sanitary Sewer District Commission and The Commissioners of Public Works of the City of Spartanburg, SC approved a revision to the procurement policy to incorporate the Community Benefit Program. The Community Benefit Program provides vendors the opportunity through contracts, agreements, and requests for sealed bids or proposal to propose a program that will benefit the local community. Programs can include monetary donations, in-kind contributions, volunteering, etc. The programs are centered on five areas: Workforce Development, Economic Development, Environmental Programs, Education, and Community Pride.

Participating vendors contributed or plan to contribute over \$11,000 to the local community in 2019 through eleven different Community Benefit Programs. Since April of 2015, vendors have contributed over \$83,000 in either monetary donation, volunteer hours, or in-kind contribution as a part of the Community Benefit Program.

The above was provided as information to the Commission.

**9. PROPOSED 2020 COMMISSION MEETING SCHEDULE**

January 28	February 25 *UMC Feb 25-28
March 24	April 28
May 26	June 23
July – No Meeting	August 25
September 22	October 27
November – No Meeting	December 1

The Commission agreed to meet on January 28, 2020, and to vote on the remaining monthly meetings at that time.

## 10. WATERSHED ECOLOGY CENTER GRANT PROPOSAL

The Watershed Ecology Center's mission is to collect, analyze, and disseminate sound scientific information on the ecology of the region. Special emphasis is placed on water conservation, watershed education, water quality, and the study of organisms living in the area encompassed by a watershed. All of the Watershed Ecology Center's educational programming meets state standards and incorporates hands-on learning activities. Last year, programs that focus on water served over 26,000 students with presentations throughout Spartanburg County. The success of last year represents an increase of 2,000 additional students from the previous year.

The Watershed Ecology Center's annual goal for 2020 is to reach 28,000 K-8 students through watershed based educational programming and they are planning to expand their impact to students and educators with additional resources. In addition to the many classroom programs, the Watershed Ecology Center offers other programs to promote watershed awareness by offering certification in Adopt-A-Stream program basics as well as a program aimed to develop certified trainers. During 2020, the Adopt-A-Stream program will have additional focus for its certified participants, including increased monitoring in the upper regions of the Pacolet River Watershed.

Building on the success of their program to promote watershed learning for educators, they will facilitate teacher success in the classroom by providing tools to incorporate more hands-on education of science and math. This will compliment their teacher certification program in elementary schools and will provide teachers an in-depth understanding of the natural world and provide them guidance on the use of STEM tools to support their curriculum for students. The continuation of this watershed focused certification initiative will expand teacher knowledge of the aquatic world and equip them to explain it to their students.

In an effort to engage students in an impactful and innovative way, the Watershed Ecology Center plans to develop a virtual reality curriculum that supplements student's learning and understanding of the natural world. With this new technology, the Watershed Ecology Center intends to bring interactive programs and concepts into the classroom such as virtual water and wastewater treatment plant tours, tropical rainforest demonstrations, etc. During 2020, the Watershed Ecology Center plans to launch this virtual reality program on a small, pilot scale level with the hope to expand its reach in subsequent years.

Management recommended the approval of targeted funding for the aforementioned K-8 educational programs and watershed based program initiatives offered by the Watershed Ecology Center in the amount of \$22,000, with an equal allocation of \$11,000 of the funding from SSSD and \$11,000 of the funding from SWS. Funding will be allocated from SSSD and SWS operating funds.

Ken Tuck, Drinking Water Treatment Manager, reviewed the Watershed Ecology Center's Grant Proposal and stated special emphasis will be placed

on water conservation, watershed education, water quality, and the study of organisms living in the area encompassed by a watershed. All of the Watershed Ecology Center's educational programming meet state standards and incorporates hands-on learning activities. Last year, programs that focused on water served over 26,000 students with presentations throughout Spartanburg County. The Watershed Ecology Center's annual goal for 2020 is to reach 28,000 K-8 students through watershed based educational programming. During 2020, the Adopt-A-Stream program will have additional focus for its certified participants, including increased monitoring in the upper regions of the Pacolet River Watershed. The Watershed Ecology Center plans to develop a virtual reality curriculum that supplements students learning and understanding of the natural world by bringing interactive programs and concepts into the classroom such as virtual water and wastewater treatment plant tours and tropical rainforest demonstrations.

Ms. Viney stated that first, there is not another organization in this community that could fill this void if the Watershed Ecology Center went away and they are doing a great service with little staff; but she is very disappointed that they did not come to the aid of SWS while SWS was going through recent watershed issues. Ms. Viney said she felt there should have been a letter to the editor or something that could have educated people on buffer management and they didn't submit one, even though she asked them to. She said she understands there are some particular situations with where people live, but she just needed to say this. Ms. Viney said the program is needed and she didn't know where else teachers would go for this with all of the students they reach and nobody else can do that and this program is a big help.

Mr. Montgomery moved and Ms. Barnes seconded the motion to approve management's recommendation for the approval of targeted funding for the aforementioned K-8 educational programs and watershed based program initiatives offered by the Watershed Ecology Center in the amount of \$22,000, with an equal allocation of \$11,000 of the funding from SSSD and \$11,000 of the funding from SWS. The motion passed unanimously.

#### **11. OWNERSHIP AGREEMENT – ELMWOOD COTTAGES**

Mark III Properties, LLC proposes to construct approximately 6,865 linear feet of 8-inch gravity sewer line to provide service to 165 lots in Elmwood Cottages Subdivision located on Old Furnace Road in Boiling Springs. The sewer line will connect to the existing SSSD infrastructure. The domestic waste will be treated at the A. Manning Lynch Wastewater Treatment Facility. The developer will bear all costs.

The line will be constructed according to District-approved plans and specifications, with District inspection provided. The owner will provide all necessary right-of-way and easement agreements for this project.

The form of the agreement transferring ownership of the gravity sewer to the District has been reviewed by the District's attorney and executed by Mark III Properties, LLC. Under the terms of the resolution adopted by the

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Commission on May 29, 1990, this agreement has been executed on behalf of the Commission by the Chief Executive Officer.

The above was provided as information to the Commission.

**12. OWNERSHIP AGREEMENT – MORGAN SILVER**

Terranova Group proposes to construct approximately 770 linear feet of 8-inch gravity sewer line to provide service to 29 lots in the Morgan Silver Subdivision located off Silver Hill Street. The sewer line will connect to the existing SSSD infrastructure. The domestic waste will be treated at the A. Manning Lynch Wastewater Treatment Facility. The developer will bear all costs.

The line will be constructed according to District-approved plans and specifications, with District inspection provided. The owner will provide all necessary right-of-way and easement agreements for this project.

The form of the agreement transferring ownership of the gravity sewer to the District has been reviewed by the District's attorney and executed by Terranova Group. Under the terms of the resolution adopted by the Commission on May 29, 1990, this agreement has been executed on behalf of the Commission by the Chief Executive Officer.

The above was provided as information to the Commission.

**13. EXECUTIVE SESSION**

Mr. Montgomery moved and Mr. Horton seconded the motion to enter into executive session at 3:07 p.m. The motion passed unanimously.

Ms. Barnes moved and Mr. Montgomery seconded the motion to come out of executive session at 3:31 p.m. The motion passed unanimously.

Mr. Littlejohn moved and Mayor White seconded the motion to award the Chief Executive Officer a one-time bonus of \$5,000, effective immediately. Ms. Viney was opposed. The motion passed.

**14. NEGOTIATIONS AND MISCELLANEOUS ADMINISTRATIVE MATTERS**

- A.** Ms. Schneider stated that the employee Veterans Day breakfast was held on November 11 at Select restaurant and a donation was made in their honor to Upstate Warriors Solution.
- B.** Ms. Schneider noted that the each Commissioner received a total benefit compensation package in their mail distribution. Employees received their package a few weeks ago.
- C.** Ms. Schneider reminded the Commission that the Outlook Spartanburg Event will be held on December 6 at the Marriott from 8:00 a.m. until 1:30 p.m. This event combines the Economic Forecast Breakfast and the Legislative Breakfast and created a half-day conference with break-out sessions.

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- D.** Ms. Schneider stated that the Economic Futures Group Fall Investor Luncheon is scheduled for December 10 from noon-1:30 p.m. at the Marriott.
- E.** Ms. Schneider informed the Commission that the annual Christmas luncheon will be held on December 11 from 11:30 a.m. until 2:30 p.m. here in the training room.
- F.** Ms. Schneider noted that the Choose Tap team will partner with the Children’s museum for Santa Story time from 8:00-10:00 a.m. on December 14 and December 21. Families are invited to celebrate the holidays with photos with Santa, a singalong and storytelling, crafts, and sensory play. Coffee and hot chocolate will be served. The Choose Tap team will provide giveaway items to promote the Great Water Great Coffee and Great Water Great Cocoa campaigns, as well as coolers of ice water.
- G.** Ms. Schneider provided dates of holiday closings for the office.
- H.** Ms. Schneider noted that more information will be provided regarding MLK events. Spartanburg Water is a Justice for All sponsor.
- I.** Ms. Schneider stated that the Utility Management Conference will be held February 25-25, 2020, in Anaheim, CA. Please let Trish know by the end of December if you plan to attend.

Meeting adjourned at 3:37 p.m.

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G. Newton Pressley  
Secretary-Treasurer

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