

MINUTES

Spartanburg Sanitary Sewer District Commission, Regular Meeting, held at 200 Commerce Street, Spartanburg, SC, October 30, 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. Horton, Littlejohn, Montgomery, and White. Mr. Blanton 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

Ms. Barnes called the meeting to order and Mr. Pressley opened with a prayer.

2. APPROVAL OF MINUTES OF REGULAR MEETING OF SEPTEMBER 24, 2019

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

3. MONTHLY FINANCIAL REPORT

Newt Pressley presented a financial summary of SSSD expenditures and revenues for the three-month period ending September 30, 2019. An explanation was provided for the favorable and unfavorable budget variances.

Mr. Pressley provided an update to the Commission on the acquisition of Moore Sewer. The Public Service Commission meets today, October 30, and the purchase of Moore Sewer by SSSD is on their agenda. Presuming the acquisition is approved the Public Service Commission will issue an order and it will take about two weeks for the transfer to take place, probably around November 25.

The above was provided as information to the Commission.

4. APPROVAL OF GENERAL OBLIGATION AND REVENUE BOND REFUNDINGS

Brad Love of Haynsworth Sinkler Boyd, SSSD bond counsel, presented resolutions authorizing the Series 2019 bond refundings.

- A. PROVIDING FOR THE ISSUANCE AND SALE OF NOT EXCEEDING TEN MILLION DOLLARS (\$10,000,000) SPARTANBURG SANITARY SEWER DISTRICT, SOUTH CAROLINA SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2019; AND OTHER MATTERS RELATING THERETO.

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Management requested Commission approval of this resolution.

Mr. Love stated that this resolution will allow SSSD to issue a new revenue bond to refund the 2009 Series B bonds, saving approximately 1.3 Million dollars over the life of the bond. It will also free up the reserve fund that is in place for the Series 2009 and Series 2011 bonds to completely pay off the Series 2011 bonds, Series 2009 A bonds, and a portion of the Series 2009 B bonds. There is approximately \$50,000 left on an SRF loan that was assumed when SSSD took over the City system; this will allow SSSD to pay off this loan as well. The refunding is contingent upon expected savings; if there is no savings, the bonds will not be issued.

Mr. Horton moved and Mr. Littlejohn seconded the motion to approve the resolution authorizing the Series 2019 bond refunding providing for the issuance and sale of not exceeding ten million dollars (\$10,000,000) Spartanburg Sanitary Sewer District, South Carolina sewer system refunding revenue bonds, Series 2019; and other matters relating thereto. The motion passed unanimously.

- B. TO PROVIDE FOR THE ISSUANCE AND SALE OF NOT EXCEEDING TWELVE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$12,500,000) GENERAL OBLIGATION REFUNDING BONDS, SERIES 2019, OF THE SPARTANBURG SANITARY SEWER DISTRICT, SOUTH CAROLINA, TO PRESCRIBE THE PURPOSES FOR WHICH THE PROCEEDS SHALL BE EXPENDED, TO PROVIDE FOR THE PAYMENT THEREOF, AND OTHER MATTERS RELATING THERETO.

Management requested Commission approval of this resolution.

Mr. Love stated that this resolution is for General Obligation Bonds; these are the bonds that are being paid from your taxes. This resolution allows SSSD to refund the 2010 General Obligation Bonds with 2019 General Obligation Bonds with a savings of \$800,000 over the life of the loan. The refunding is contingent upon expected savings; if there is no savings, the bonds will not be issued.

Mr. Horton moved and Mr. Littlejohn seconded the motion to approve the resolution to provide for the issuance and sale of not exceeding twelve million five hundred thousand dollars (\$12,500,000) general obligation refunding bonds, Series 2019, of the Spartanburg Sanitary Sewer District, South Carolina, to prescribe the purposes for which the proceeds shall be expended, to provide for the payment thereof, and other matters relating thereto. The motion passed unanimously.

- C. Financial Advisory Services –

In connection with these refunding transactions, management recommends that the District utilize the financial advisory services of First Tryon Advisors. The scope of services will include the following:

- Prepare and maintain a detailed financing calendar for the financing, incorporating any required notices, board actions, public hearings and other financing milestones identified by the Client or its counsel.
- Produce quantitative schedules outlining sources and uses of funds,

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debt service requirements, escrow requirements and other data required by the Client or its bond counsel in connection with the financing.

- Coordinate activities, meetings and conference calls among the members of the working group.
- Assist the Client, as requested, in procuring any additional professionals or working group participants necessary to complete the financing (e.g., underwriter, trustee, printer, verification agent, etc.).
- Review and provide comments, as appropriate on all bond and underwriting documentation.
- Advise the Client regarding current bond market conditions and other developments that would normally be expected to influence interest rates for the financing.
- Provide recommendations for the Bonds to achieve terms that are favorable to, and appropriate for, the Client, including date of sale, interest payment dates, amortization, security provisions, credit ratings, credit enhancement and other provisions that may be helpful in meeting the Client's stated objectives.
- Assist the Client with any rating agency interaction, if necessary, including (1) preparing comprehensive rating presentation materials, (2) coordinating all logistics for any meetings, visits or other interactions with any rating agency analysts, and (3) preparing the Client thoroughly for the rating agency presentation.
- Assist in determining the appropriate bid specifications, verify underwriter bids on the date of sale and make an underwriter recommendation.
- Prepare and present information regarding the financing process to the Client's governing board, staff or other stakeholders, as requested.
- Coordinate all closing logistics to help ensure a smooth closing and to reduce demands on the Client's staff.
- Provide ongoing responses to any related questions and perform other customary tasks that might arise during the course of the financing.

First Tryon will provide these outlined services for each refunding transaction. The proposed financial advisory fees are as follows:

- not-to-exceed amount of \$50,000 for the revenue bond transaction
- not-to-exceed amount of \$45,000 for general obligation bond transaction

Management requested Commission approval of the First Tryon services.

Newt Pressley noted that recent presentations to rating agencies resulted in upgraded ratings for the District on revenue bonds. S&P upgraded the District revenue bond ratings from AA- to AA and have affirmed the GO ratings at AA. Moody's upgraded the District revenue bond ratings from A1 to Aa3 and affirmed the GO ratings at Aa3.

Mayor White moved and Mr. Montgomery seconded the motion for the District to utilize the financial advisory services of First Tryon Advisors in connection with these refunding transactions and the scope of services aforementioned. The motion passed unanimously.

5. 2020 HEALTH INSURANCE CONSULTANT/BROKER RENEWAL

Since October 2009, Steinberg and Associates has been acting as Spartanburg Water's consultant/broker of record for health, dental, disability, and voluntary life plans. (This includes vision, prescription drug cards and reinsurance as applicable).

During these past several years, the value of having Steinberg & Associates as our agent demonstrated by their attention to details that resulted in savings and significant reimbursement to the company from our re-insurer. Their knowledge and oversight provides the expertise needed in the complicated medical insurance industry.

Steinberg and Associates submitted a renewal proposal for their professional services of \$30,000 for the 2020 calendar year. This represents no increase in cost from the previous year. Additional information was requested at the September meeting; staff will provide an update at the October Commission meeting.

Management recommended renewing the agent/broker agreement with Steinberg and Associates. The allocation between companies is \$22,500 for SWS and \$7,500 for SSSD.

Hariette Stinson, Human Resources Manager, provided the Commission with additional information regarding consultant/broker fees that were requested at the September meeting. The consultant/broker does not collect a commission in addition to their professional services fee.

Mr. Montgomery moved and Mr. Littlejohn seconded the motion to renew the agent/broker agreement with Steinberg and Associates. The motion passed unanimously.

6. REPLACEMENT OF VEHICLES AND EQUIPMENT FOR FY 2020

Staff has evaluated the SSSD vehicle and equipment fleet for replacement needs for FY 2020. Of the items considered, eight items have been selected for replacement. All vehicles and equipment selected meet the established depreciation replacement criteria, having in excess of 125,000 miles, being in service for 10 years, or are experiencing excessive repair needs and down time. Performance history is also factored into the recommendation.

Management proposed the following replacements for FY 2020:

- #RLM17 – 2015 Exmark 60" Lawn Mower
- #709 – 2009 Ford F150 Extended Cab 4WD
- #732 – 2011 Ford F350 Open Service Body 4WD
- #BHL32 – 2009 JCB Backhoe 4WD, Extend a Hoe
- #773 – 2012 International Combination Pump/Vacuum Truck
- #GP3 – 1998 Guzzler Pump 6"
- #PGD06 – 1996 Generac Portable Generator
- #PGD01 – 1989 Onan Portable Generator

Total Budget: \$814,000.00

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Where possible, vehicle and equipment replacement purchases will be completed through the South Carolina Materials Management Office Contracts. Applicable local dealers will be given an opportunity to meet the State Contract pricing.

Alternative fuel vehicle replacements will be evaluated based on application and the availability of electric/gasoline hybrids.

Management recommended approval of the vehicle and equipment replacement schedule to be funded from the depreciation fund.

Ms. Viney moved and Mr. Littlejohn seconded the motion to approve the vehicle and equipment replacement schedule. The motion passed unanimously.

7. MASTER SERVICES AGREEMENT FOR PROFESSIONAL CIVIL ENGINEERING, ENVIRONMENTAL AND REGULATORY CONSULTING SERVICES

Spartanburg Sanitary Sewer District (SSSD) recently requested a proposal from AECOM to revise and renew a Master Services Agreement for professional services on an as needed basis. AECOM is a firm which specializes in a wide variety of disciplines related to the water and wastewater industries.

Due to their qualifications, experience and familiarity with regulations applicable to SSSD's facilities and systems, SSSD desires to utilize AECOM for engineering, environmental, and regulatory consulting services. The proposed Master Services Agreement for professional services is based on a time and expense basis in accordance with an established schedule of fees.

Management recommended the Commission authorize the Chief Executive Officer to enter into a revised and renewed agreement with AECOM for professional civil engineering, environmental and regulatory consulting services.

Mayor White moved and Mr. Littlejohn seconded the motion to authorize the Chief Executive Officer to enter into a revised and renewed agreement with AECOM for professional civil engineering, environmental and regulatory consulting services. The motion passed unanimously.

8. ADJUDICATORY HEARING REQUEST

Advanced Environmental Options, Inc., (AEO) is currently under enforcement by SSSD Industrial Pretreatment. In accordance with SSSD Sewer Use Rules and Regulations, Section 12 – Penalties and Enforcement, AEO has requested an Adjudicatory Hearing on the matter of an Administrative Order issued by the District for Significant Non-Compliance (SNC) with its permit limit for Biological Oxygen Demand (BOD) in the first quarter of 2019.

With the assistance of Counsel, staff identified Josh Eagle, Solomon Blatt Professor of Law at the University of South Carolina School of Law, as the Hearing Officer. Professor Eagle is affiliated both with USC's Marine Sciences Program and its School of Earth, Ocean and Environment.

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A tentative date for the hearing has been scheduled for November 20 or 22, 2019, at a location to-be-determined.

Ms. Schneider briefed the Commission on the adjudicatory hearing request by AEO and noted that this is a standard option for a permittee that does not agree with the administrative order issued by the District. Staff with the assistance of counsel, have identified Josh Eagle, as the Hearing Officer. The Hearing Officer must be knowledgeable of the technical aspect of the process.

The permittee is facing a \$1,500 fine and the publication in a local newspaper of being in Significant Non-Compliance (SNC) with its permit limit for Biological Oxygen Demand (BOD) in the first quarter of 2019.

The hearing will include the permittee with counsel, the SSSD Regulatory Compliance Manager with at least one Industrial Pretreatment personnel, SSSD legal counsel, and several witnesses for SSSD from DHEC. The SSSD Sewer Use Rules and Regulations states that the District will bill the permittee for reasonable costs of pursuing enforcement action.

The above was provided as information to the Commission.

9. SUMMARY CHANGE ORDER – FAIRFOREST BASIN LARGE LINE CLEANING AND CCTV PHASE 2

The Fairforest Basin large Line Cleaning and CCTV Phase 2 Project is complete. Hydrostructures cleaned and inspected approximately 7,800 LF of large diameter pipeline of varying sizes along a tributary to Fairforest Creek from W. Blackstock Road near Westgate mall to Powell Mill Road.

The District included a clause in the contract that allowed an increase in the scope of work up to 25% at the same unit price as the original bid without negotiation. The contractor, Hydrostructures, was receptive to increasing the contract scope honoring the original unit price.

Based on the contract clause, the District increased the scope of the project. Staff prepared a change order in the amount of \$22,540 for the cleaning and inspection of an additional 1,960 LF of 21-inch diameter pipeline. The decision to execute the Change Order while the contractor was on-site avoided an \$8,000 mobilization fee.

This change order was executed as per current District policy.

The financial summary of the project construction is as follows:

Original Contract Price -	\$99,700
Change Order No.1 (Summary) - Additional 1,960 LF Line Cleaning & CCTV Inspection	<u>\$22,540</u>
Revised Contract Price (final)	\$122,240

Approximately 4.73 tons of debris was removed from the Fairforest Interceptor and hauled to the landfill for disposal.

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Janet Cann provided an overview of the summary change order for the Fairforest Basin Large Line Cleaning and CCTV Phase 2.

The above was provided as information to the Commission.

10. SUMMARY CHANGE ORDER – EVANS MOBILE HOME PARK PUMP STATION ELIMINATION SEWER PROJECT PHASE 2

The Evans Mobile Home Park Pump Station Elimination Project is complete. This pump station was initially placed in service in 2001 and was acquired by the Sewer District in 2008 as part of the Spartanburg City Sewer System. The first phase of this project was previously constructed as a public-private partnership with the developer of the Weststone Townhomes. The developer’s contractor installed the initial ± 350 linear feet of gravity sewer in an easement that was obtained from the developer at no cost to the District.

The current phase of this project included the completion of an additional 1,250 linear feet of 8" gravity sewer line from an existing manhole on Wadsworth Drive, proceeding along Lundquist Drive and continuing through easements to the pump station site. The pump station wetwell was converted into a manhole, and the pump station eliminated.

Change Order No. 1 (Summary) was a net decrease of \$34,373.50 in the contract price based on adjustments to unit quantities and additional work related to the pump station elimination completed by C.J. Compton Plumbing and Heating.

This change order was executed as per current District policy.

The financial summary of the project construction is as follows:

Original Contract Price -	\$270,721.00
Change Order No.1 (Summary) - additions and deductions to unit quantities based on actual construction and additional work related to the elimination of the pump station not included in original cost proposal but that were required by changing site conditions.	<u>\$(34,373.50)</u>
Revised Contract Price	\$236,347.50

Gene Jackson provided an overview of the Summary Change Order for Evans Mobile Home Park Pump Station Elimination Sewer Project Phase 2.

The above was provided as information to the Commission.

11. EXECUTIVE SESSION

Mr. Montgomery moved and Mr. Horton seconded the motion to enter into executive session at 2:51 p.m. The motion passed unanimously.

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Mr. Montgomery moved and Mr. Littlejohn seconded the motion to come out of executive session at 3:37 p.m. The motion passed unanimously.

Ms. Barnes stated the Commission received legal counsel and no action was taken.

12. NEGOTIATIONS AND MISCELLANEOUS ADMINISTRATIVE MATTERS

- A.** Bobby Walden provided an overview of the employee work days held on October 16 and 17. There were 96 employees that participated and over 14,000 pounds of various types of trash around the watershed and reservoirs.
- B.** Newt Pressley provided an overview of the United Way Campaign and noted that \$59,287 was raised through employee contributions.
- C.** Ms. Schneider noted that the election will be held on Tuesday, November 5.
- D.** Ms. Schneider invited the Commissioners to attend the Veteran's Day breakfast scheduled for Monday, November 11 from 8:00-9:00 a.m. at the Select restaurant located at 880 S. Pine Street.
- E.** Ms. Schneider reminded the Commission that the Hub City Brewfest was rescheduled to November 16, and will take place from 1:00-5:00 p.m. in downtown Spartanburg. The SWS team will have the Oasis as the exclusive water provider for the event.
- F.** Ms. Schneider stated that the Ten at the Top 10th Anniversary Celebrating Successes luncheon will be held at the Greenville Convention Center on November 20. Commissioners were invited to attend.
- G.** Ms. Schneider noted that there will be a Voice of Business Brunch with Congressman William Timmons on November 25 at the Marriott from 11:30-1:00 p.m.
- H.** Ms. Schneider reminded the Commission that the office will be closed for Thanksgiving holidays on November 28-29.
- I.** Ms. Schneider stated that there will be no Commission meetings in November and the December Commission meetings will be held on December 3.
- J.** Ms. Schneider informed the Commission that the Chamber of Commerce will hold the Outlook Spartanburg Event 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. More information will be provided.
- K.** Ms. Schneider noted that the office will be closed for Christmas holidays on December 24-25.

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Meeting adjourned at 3:42 p.m.

G. Newton Pressley
Secretary-Treasurer

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