

MINUTES

The Commissioners of Public Works of the City of Spartanburg, SC, Regular Meeting, held at 200 Commerce Street, Spartanburg, SC, May 23, 2017, at 3:00 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 Ms. Viney, Mr. Littlejohn, and Mr. Montgomery. No one was absent.

The meeting was opened with the following statement:

This is a regular meeting of The Commissioners of Public Works of the City of Spartanburg, SC. 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 forwarded to local and nearby news media, at least 24 hours prior to this meeting.

1. APPROVAL OF MINUTES OF WORK SESSION MEETING OF APRIL 18, 2017, AND REGULAR MEETING OF APRIL 18, 2017

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

2. MONTHLY FINANCIAL REPORT

Newt Pressley presented a financial summary of SWS expenditures and revenues for the nine-month period ending March 31, 2017, and ten-month period ending April 30, 2017. An explanation was provided for the favorable and unfavorable budget variances.

Mr. Pressley presented and explained the quarterly Capital Project Funds Report.

The above was provided as information.

3. PUBLIC HEARING FOR PROPOSED FY 2017-2018 OPERATING BUDGET

A public hearing was held by the Commission to allow input regarding the proposed FY 2017-2018 operating budget.

Mr. Littlejohn moved and Ms. Viney seconded the motion to open the public hearing regarding the proposed FY 2017-2018 operating budget. The motion passed unanimously.

There were no comments from the public.

Mr. Littlejohn moved and Ms. Viney seconded the motion to close the public hearing. The motion passed unanimously.

4. DISCUSSION/APPROVAL OF PROPOSED FY 2017-2018 OPERATING BUDGET

Management requested approval of the proposed FY 2017-2018 operating budget.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, May 23, 2017

Mr. Littlejohn moved and Ms. Viney seconded the motion to approve the proposed FY 2017-2018 operating budget. The motion passed unanimously.

5. PROPOSAL FOR BOND UNDERWRITER SERVICES

Management is planning the 2017B Revenue Bond refunding and new money transaction. In connection with this bond issue, the Series 2007B and Series 2009 bonds will be refunded, and new money bonds will fund various improvements for Spartanburg Water System facilities and infrastructure. The Commission previously approved First Tryon Advisors to serve as the financial advisor for this transaction.

Management requested a proposal from Stephens Inc., (Stephens) to provide underwriter services for this bond issue. Stephens was selected based on the firm's South Carolina experience with utility revenue bonds, knowledge of the water system's finances and debt structure, and experience with prior Spartanburg Water System bond issues. Stephens submitted a proposal to provide the following services:

Transaction Analysis

- Review overall economic conditions in the context of refunding results
- Determine gross and present value savings
- Develop System aggregate debt service spreadsheet model

Transaction Structuring

- Size and structure bond issue(s) accordingly
- Provide alternative savings analyses as necessary
- Provide preliminary and final debt service numbers
- Review and provide comment to debt service coverage forecast

Transaction Documentation

- Review and provide comment to all bond documents as needed
- Advise on compliance with continuing disclosure requirements
- Review and provide comment to Continuing Disclosure Agreement

Credit Ratings Process

- Assist the System and First Tryon Advisors ("FTA") with the development, preparation and distribution of credit packages to rating agencies as necessary
- Assist the System and FTA with the organization and participation of presentations as necessary
- Assist the System and FTA with the development and implementation of a rating strategy as necessary

Pre-Sale and Marketing Services

- Conduct investor presentations
- Work with the System and FTA on timing of sale
- Pre-sale bonds and build a book of orders prior to the offering period

Pricing and Underwriting

- Provide retail and institutional pricing advice
- Provide pricing comparables of similar regional and national transactions

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, May 23, 2017

- Provide an offering period to sell bonds to investors
- Provide net equity capital as necessary to underwrite unsold balances

Post-Sale Services

- Coordinate closing with the System and FTA
- Prepare the closing memo
- Debrief System staff and elected officials as necessary
- Provide a final pricing book with transaction details
- Monitor outstanding System debt

The Stephens proposed underwriting fee is \$4.25 per \$1,000 par amount of bonds issued, plus underwriting expenses. Management recommended approval of Stephens to serve as underwriter for this transaction.

Newt Pressley reviewed the proposal from Stephens Inc., to provide underwriter services for this bond issue.

Mr. Montgomery asked if SWS is paying Stephens, Inc., in a support role for First Tryon Advisors. Mr. Pressley noted that the Stephens, Inc., role will primarily be for the Pre-Sale and Marketing Services, Pricing and Underwriting, and Post-Sale Services. Stephens, Inc., has provided services for both the water system and the sewer district in the past and is familiar with the finances of each. Mr. Montgomery asked if SWS has had other relationships with investment bankers. Mr. Pressley noted that SWS has utilized other investment bankers in the past, but not in recent years.

Mr. Littlejohn moved and Ms. Viney seconded the motion to approve management’s recommendation to approve Stephens, Inc., to provide underwriter services for this bond issue. The motion passed unanimously.

6. BID FOR METER BOXES

Responses from an invitation for sealed bid for 5/8"x3/4" meter boxes (Yoke Boxes) were received on May 5, 2017. The purpose of the solicitation is to secure firm unit pricing and inventory for standard meter boxes for a 12-month period with options to renew. These meter boxes are used for new service installs, as well as the repair of installed meter boxes and replacement of concrete meter boxes. The invitation to bid provided product specifications and requires the awarded vendor to keep an agreed upon dedicated inventory of product on hand at all times for SWS during the term of the contract and have product delivered within 48 hours of receipt of the purchase order. This will allow SWS to keep a small quantity in inventory for this product thereby keeping inventory costs low.

Invitations were sent to potential suppliers with four responding and submitting bids. A tabulation of the responses is listed below. The total is based on the annual usage of 800 units.

<u>BIDDER</u>	<u>AMOUNT OF BID</u>
Gibson Supply, Inc. Simpsonville, SC	\$105,920

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, May 23, 2017

TEC Utility Supply Greenville, SC	\$111,672
Miller Supply Company Laurinburg, NC	\$125,600
Fortiline Waterworks Simpsonville, SC	\$158,400

Based on the results of the sealed bid, management recommended approval of an award to the low bidder, Gibson Supply, Inc., at a total price of \$105,920. Funding is provided through the operating budget.

Mr. Littlejohn moved and Ms. Viney seconded the motion to approve management’s recommendation and award the bid to the lowest responsive bidder, Gibson Supply, Inc. The motion passed unanimously.

7. BID FOR LARGE METER TESTING AND REPAIR

Bids were received on May 5, 2017, for the contract to furnish labor, equipment, and parts to test and repair large water meters for the SWS at sites located throughout Spartanburg County. The contract is scheduled to start July 1, 2017, and will be for twelve months with options for renewal for two additional 12-month terms.

The large meters consist of approximately 140 meters ranging in size from 3" to 10". The meters are tested every twelve months per AWWA guidelines. Invitations to bid were forwarded to prospective bidders. A tabulation of bids is below.

<u>BIDDER</u>	<u>AMOUNT OF BID</u>
RWRS, LLC Summerville, GA	\$19,895 No mark-up on parts
Vanguard Utility Service, Inc. Owensboro, KY	\$41,070 15% mark-up on parts

Based on the results of the bid evaluation, management recommended approval of an award to RWRS, LLC for test and repair of large water meters based on their lowest responsive bid, in the amount of \$19,895 and no mark-up on parts. Funding is provided through the SWS operating budget.

Ms. Viney moved and Mr. Littlejohn seconded the motion to approve management’s recommendation and award the bid to the lowest responsive bidder, RWRS, LLC. The motion passed unanimously.

8. STEEL WATER TANK MAINTENANCE PROGRAM

For the past nine years, Utility Service Company, Incorporated, has been under contract to provide inspection, maintenance, repair, and the interior and exterior renovations of the steel water tanks throughout the distribution system and at the water treatment facilities. Utility Service’s contract was

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, May 23, 2017

allowed to expire in December 2016, after unsuccessful negotiations to restructure the contract to allow for an alternate payment plan.

Since this time, staff has worked with Purchasing to receive proposals from qualified consultants to provide inspection services and development of a maintenance schedule. After review of the proposals, staff has selected Wiedeman and Singleton, Incorporated to perform inspection services on 15 steel tanks and to develop a maintenance schedule for these tanks based on the condition assessed during the field inspections. Each water tank will be visually inspected on the exterior and interior while the tank is in service. The inspections will be performed by a National Association of Corrosion Engineers Certified Coatings Inspector (NACE) in accordance with AWWA standards and DHEC requirements. The inspections will include the following items:

- Check for security (locked gate, locked hatches and any ladder gates)
- Check the tank for visible leaks and sanitary conditions
- Inspect the condition of miscellaneous exterior appurtenances including:
 1. Exterior ladders and safety devices
 2. Manways and hatches
 3. Vent/finial/screens
 4. Overflow and screens
 5. Electrical Conduit and Equipment
- Complete a visual inspection of the interior and exterior coatings for signs of system failure (above and beyond normal aging).
 1. Spot thickness readings will be taken of the exterior coatings using an ultrasonic thickness gauge.
 2. Samples of the interior/exterior coatings will be collected and sent for laboratory analysis for heavy metals.
- Inspect the tank foundation for signs of settling and condition of anchor bolts and nuts.

The development of a maintenance schedule will assist in future capital planning and funding needed for the next 15 years. The schedule will address the rehabilitative options for each tank and the estimated costs for extending the useful life of each tank.

Management recommended awarding a one year professional services contract to Wiedeman and Singleton, Incorporated for an estimated cost of \$21,750. Funding for this project is from the depreciation fund.

Gene Jackson reviewed the process that SWS has had for the past nine years with Utility Service Company, Incorporated. SWS had great service and a great relationship with Utility Service Incorporated. Management determined that developing a maintenance schedule will assist in future capital planning and funding for the next 15 years. This will allow SWS to develop more of a pay as you go funding option.

Mr. Littlejohn moved and Ms. Viney seconded the motion to approve management's recommendation to award a one year professional services contract to Wiedeman and Singleton, Incorporated. The motion passed unanimously.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, May 23, 2017

9. CONSTRUCTION SERVICES FOR HYPOLIMNETIC OXYGENATION SYSTEMS PROJECT IN LAKE BOWEN AND RESERVOIR #1 – SUMMARY CHANGE ORDER

The Hypolimnetic Oxygenation Systems Project in Lake Bowen and Municipal Reservoir #1 is complete. Throughout the year water quality varies within these water bodies. The hypolimnetic oxygenation system delivers a constant feed of liquid oxygen through a strategically placed piping system along the bottom of Lake Bowen and Reservoir #1 to provide enhanced water quality.

During the May 2016 meeting, Commission awarded the Hypolimnetic Oxygenation Systems Project to Wharton-Smith, Inc., in the amount of \$3,090,000. The September 2016 Commission meeting approved an amendment (Amendment #1) to the contract in the amount of \$240,023.93 due to unforeseen site conditions such as additional rock, concrete additives and unit quantities, as well as design changes to optimize site layouts and accommodate SCDOT ingress/egress requirements.

Staff was able to work closely with all parties to close out the project with Wharton-Smith, Inc., under the anticipated cost, decreasing the amended contract amount by \$42,847.78. This cost savings was realized by the release of contingency funds, return of unused testing allowances, and by minimizing the impact of the changes required to accommodate SCDOT ingress/egress requirements added to the project in Amendment #1. The Summary Change Order to the contract with Wharton Smith, Inc., reflects adjustments to the Guaranteed Maximum Price (GMP).

A financial summary is listed below:

Original GMP	\$3,090,000.00
Amendment #1	240,023.93
Amendment #2 (Summary)	<u>(42,847.78)</u>
Final Contract Amount	\$3,287,176.15

The above was provided as information to the Commission.

10. REVISION OF SPARTANBURG WATER SYSTEM POLICIES AND PROCEDURES FOR USE OF WATER SUPPLY RESERVOIRS

Spartanburg Water System Policies and Procedures for Use of Water Supply Reservoirs were last revised in May 2014. Over the last several months, staff has been researching construction standards for docks taking into account safety, constructability, overall footprint and stakeholder feedback. Staff will brief the Commission on proposed changes.

Management recommended that that the Commission approve the edits to the Spartanburg Water System Policies and Procedures for Use of Water Supply Reservoirs presented by staff to include the section entitled "Structures for Lake Bowen and Lake Blalock" (pages 8-9) and "Appendix B" with an effective date of May 24, 2017.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, May 23, 2017

Ms. Schneider stated that management would like to clarify and include the three different size docks permitted on Lake Bowen. Ms. Schneider noted that there are different requirements due to safety and location as well.

Mr. Littlejohn asked if these changes would impact docks already in place or would they be grandfathered in. Ken Tuck stated that there is a clause for the grandfather status. If the dock is in good condition and structurally safe; it will be included in the grandfather status. If it needs to be replaced or a new dock is requested then the new requirements will need to be met.

Ms. Schneider stated that management wants to be clear and transparent in the regulations with what is allowed for a dock.

Mr. Montgomery stated this will give management flexibility to approve the design based on configuration and location of the lots. Ms. Schneider stated that is correct.

Mr. Littlejohn asked if you own property and you want to build a dock do the Lake Wardens assist you. Ms. Schneider stated a permit would need to be obtained before doing anything.

Mr. Littlejohn moved and Ms. Viney seconded the motion to approve the edits to the Spartanburg Water System Policies and Procedures for Use of Water Supply Reservoirs presented by staff to include the section entitled "Structures for Lake Bowen and Lake Blalock" (pages 8-9) and "Appendix B" with an effective date of May 24, 2017. The motion passed unanimously.

11. WEST MAIN STREET AND DANIEL MORGAN AVENUE

Ronnie Champion provided an update on the West Main Street and Daniel Morgan Avenue Project.

Ms. Schneider asked Chad Lawson to provide an update on the Downtown Underground Project. Mr. Lawson said the business owners have been contacted weekly to ensure everything is going well. Last week was National Infrastructure Week and SWS received recognition from WORD Radio station with an interview that was aired.

The above was provided as information to the Commission.

12. SPARTANBURG COMMUNITY COLLEGE GRANT FOR TRAINING

Ken Tuck provided an update to the Commission regarding the Workforce Scholarship Grant that SWS received in August 2016 from Spartanburg Community College in the amount \$12,620. Seven Above Ground Maintenance Technicians from the Drinking Water Treatment Department enrolled in and completed the 26 week course that included online classes and two in house review training classes that were actually held at the R.B. Simms Facility. Management continues to explore opportunities for employees to receive continuous improvement in their chosen field. The above was provided as information to the Commission.

13. AGREEMENTS EXECUTED BY THE CHIEF EXECUTIVE OFFICER ON BEHALF OF THE COMMISSION

The following agreements have been executed on behalf of the Commission by the Chief Executive Officer in accordance with the resolution adopted by the Commission on July 11, 1989.

A. Outside City Water Main Extension Agreements

(1) Boiling Springs RealOps Shops

ROIF Highway 9, LLC is developing Boiling Springs RealOps Shops off of Boiling Springs Road. The development will consist of three (3) retail shops. The developer will bear all costs.

B. Lake Agreements

All fees have been paid on the following lake agreements, and there are no encroachments to sign.

- (1) Brian K. Easler and Rachel T. Easler** desire to replace a dock on Lake Bowen.
- (2) Edward H. Yarborough, III** desires to replace a dock on Lake Bowen.
- (3) Monty Joe Bogan, Sr.** desires to replace a dock on Lake Bowen.
- (4) Candace W. Garner** desires to replace a dock on Lake Bowen.
- (5) Robert R. Marshall and Brenda J. Marshall** desire to construct a boat lift on Lake Bowen.
- (6) William Jefferey Crim and Kelly A. Crim** desire to construct a personal watercraft lift on Lake Bowen.
- (7) Kimberly Melick** desires to construct a dock and boat ramp on Lake Bowen.
- (8) Eric Kyle McEntire** desires to construct a dock on Lake Bowen.
- (9) Theodore E. Turner and Elizabeth M. Turner** desire to replace a dock on Lake Bowen.
- (10) David M. Glenn** desires to replace a dock and construct a boat lift on Lake Bowen.
- (11) John R. Pauwels** desires to replace a dock on Lake Bowen.
- (12) Jason H. Hardin** desires to replace a dock on Lake Bowen.
- (13) Jeffery D. Beheler** desires to replace a dock, boat lift and personal watercraft lift on Lake Bowen.

The Commissioners of Public Works of the City of Spartanburg, SC – Regular Meeting, May 23, 2017

- (14) **Timothy Eugene Bailey and Peggy B. Bailey** desire to construct a dock and boat lift on Lake Bowen.
- (15) **Deborah Ann Keegan and Keven Michael Keegan** desire to construct a hard pathway and dock on Lake Blalock.
- (16) **Terrill E. Hooks and Dyan M. Rhea** desire to replace a dock on Lake Bowen.
- (17) **Robert C. Speiss and Julie Speiss** desire to construct a boat lift on Lake Bowen.

14. NEGOTIATIONS AND MISCELLANEOUS ADMINISTRATIVE MATTERS

- A.** Ms. Schneider noted that the first Paddle Fest Class was held on Saturday, May 20. There was a good turn out and there are three more scheduled for June 24, July 22, and August 1. All events will be held at Lake Blalock beginning at 9:00 a.m.
- B.** Ms. Schneider stated that the first Boater Education Class was held on May 20 and the next class will be held on June 17.
- C.** Ms. Schneider provided the Commission with a copy of the Water Quality Report for Spartanburg and Landrum. The reports will be posted on the website too.
- D.** Ms. Schneider informed the Commission that there will be two fountain dedications in the near future. These fountains are being installed through the Mary Black Foundation Grant that SWS received.
- E.** Ms. Schneider stated that the Choose Tap Oasis will be at the Community Health Awareness Day at Mt. Moriah Baptist Church on June 3. There will be a Celebrity Walk and the Commission is invited to attend as a Celebrity Walker.

Mr. Montgomery asked Mr. Lawson if there is any update on the Way to Wellville Campaign. Mr. Lawson stated that there is a Communication Core Team meeting scheduled in the near future. This campaign has been extended from a 5 year Campaign to a 10 year Campaign. Choose Tap is the only spin off that is officially connected with the Way to Wellville Campaign.

Meeting adjourned at 3:41 p.m.

G. Newton Pressley
Secretary-Treasurer