

MINUTES

The Commissioners of Public Works of the City of Spartanburg, SC, Regular Meeting, held at 200 Commerce Street, Spartanburg, SC, October 25, 2016, 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 on the bulletin board, and copies forwarded to local and nearby news media, at least 24 hours prior to this meeting.

1. **APPROVAL OF MINUTES OF REGULAR MEETING OF SEPTEMBER 27, 2016**

Mr. Littlejohn moved and Ms. Viney 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 three-month period ending September 30, 2016. An explanation was provided for the favorable and unfavorable budget variances.

Mr. Pressley presented and explained the Capital Project Funds Report. This new financial report will be provided to the Commission on a quarterly basis.

Mr. Pressley reviewed the project plan for monthly billing starting June/July 2017. Ms. Schneider recommended to change the implementation schedule because approximately 12,000 (20%) of the SWS customers receive a late bill notice during our bi-monthly billing process; approximately 2,000 (3%) of the customers are disconnected for nonpayment. The new implementation schedule for monthly billing will be the first quarter of 2018.

Ms. Viney suggested implementing an equal payment plan starting with the monthly billing to assist customers in managing and paying their bill on time. Staff will research the equal payment plan and update the Commission.

The above was provided as information to the Commission.

3. **CAPITAL FINANCING PLAN**

A. Update on bond ordinance presented to the City of Spartanburg

Brad Love of Haynsworth Sinkler Boyd, SWS Bond Counsel, presented the 2017 Series Ordinance to the City for the issuance of one or more series of bonds to provide for the following potential transactions:

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- Refunding of 2007A Bonds
- Refunding of 2007B Bonds
- Refunding of 2009 Bonds
- New Money Bonds for System Improvements

Mr. Love advised the Commission that the First and Second readings with the City were held on October 10 and 24, 2016, and the Refunding of 2007A, 2007B, 2009 Bonds and New Money Bonds for Systems Improvements were approved. The refunding can be done in more than one series and is authorized until the end of 2017.

B. Refunding of 2007A Bonds

David Cheatwood and Walter Goldsmith with First Tryon Financial Advisors reviewed the refunding options for the 2007A Bonds.

Mr. Cheatwood stated that the interest rates on these bonds are under 4.6%. The current interest rate is very low and refunding will provide an opportunity for savings. SWS will want to lock in rates at the earliest opportunity. There is a tax law of a 90-day window where the bonds can be refunded. This window opens in March and goes through June 1, 2017.

One refunding option is using the public market. SWS will need to provide offering documents, credit ratings and there will be a 60-85 day timeframe before rates can be locked in, and that will be late January. If rates are locked in mid to late January, and closed in March, there would be an estimated net present value savings of \$8,729,721 at 14.19% with an average annual savings of \$1,151,146.

Two additional options are to use bank placed forward refunding with either a March 7 or June 1, 2017 closing. First Tryon Financial Advisors received eight bid proposals from various banks. The bids were provided based on these options.

Mr. Cheatwood provided the Commission with a summary of bids. Of the proposals, TD Bank submitted the lowest rate of 1.75%. This rate would be firm until the closing date of June 1, 2017. Based on TD Bank's proposal, the average net present value savings would be \$9,755,514 at 15.86% with an average annual savings of \$1,248,458. Mr. Cheatwood noted that given the credit quality of SWS, the Debt Service Reserve Fund will not have to be funded. This will result in an additional cash flow savings of \$1.2 Million annually over the next 11 years, for a total of \$13.7 Million. This option does not extend the term of the current bond, and final maturity will still be in 2028.

If the Commission approves this option, the rate will be locked in today and good until the June 1, 2017 closing.

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C. Resolution authorizing forward refunding of Series 2007A Bonds

Brad Love of Haynsworth Sinkler Boyd, SWS Bond Counsel, presented the resolution authorizing the Water System Refunding Revenue Bonds, Series 2017A, for refunding of the 2007A Bonds. Management requested Commission approval.

Mr. Littejohn moved and Ms. Viney seconded the motion to adopt the Resolution authorizing the refunding of Spartanburg Water System's 2007A Bonds with TD Bank using the June 1, 2017 closing date. The motion passed unanimously.

4. HENSON STREET/BYARS COURT WATERLINE REHABILITATION

Spartanburg Water staff recently replaced approximately 1200 feet of existing galvanized water lines located on Henson Street and Byars Court due to water quality related issues and the risk of pipe failure associated with small galvanized lines. High-Density Polyethylene (HDPE) Pipe was selected for this replacement project. Funding for material cost was provided through the distribution system rehab fund. Total estimated cost, including labor, is \$19,600.

Ms. Schneider explained some of the challenges customers have when galvanized pipe is beyond its useful life. This is a project staff completed under the rehabilitation budget.

The above was provided as information to the Commission.

5. CHOOSE TAP PROGRAM

Chad Lawson, Communications Manager, advised the Commission the Choose Tap Program was launched six months ago. Way to Wellville began and management realized the opportunity to reach the public with water fountains inside and outside, water bottles, and presentations within the community.

Additional outreach opportunities to the public are:

- Educate the community of the quality of tap water;
- Data – Choose Tap Pledges provide contact information for follow up;
- Water Oasis was designed and constructed by Jimmy Poteat and Jimmy Gibson who work with Bobby Walden. The Water Oasis is used for large community events. It takes about an hour to assemble and break down;
- SWS has 10 coolers that are used for smaller events;
- Installation of outside water fountains; and
- Indoor water fountains - Two have been installed at Spartanburg High School and management is in agreement to place some water fountains at the CC Woodson Recreation Center.

SWS Water Oasis has been used at 7-8 large community events. Staff handed out water bottles to the public for completing a Choose Tap Pledge.

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SWS has corporate partners where the CEO or executive signs a pledge on behalf of their organization. Management works with them based on their requests. Some prefer the interior water fountains and others may request the Water Oasis at their events.

The Mary Black Foundation will announce a Grant to the Choose Tap Program, which will allow SWS to install two more outside fountains in the City of Spartanburg. The locations will be on the Northside of Spartanburg, which is an area that is part of the Way to Wellville program.

Approximately 3,000 Choose Tap Pledges have been signed. Staff has handed out between 2,500-3,000 water bottles and reached out to approximately 10,000 people.

The Commission thanked Mr. Lawson for the update.

Ms. Viney stated the Water Oasis was used at a City of Spartanburg Event, Seeing Spartanburg in a New Light and it went very well.

Ms. Schneider added Ms. Barnes will be using water coolers for the Auction for a Cause event. This is a well attended event in the community.

The above was provided as information to the Commission.

6. DROUGHT MONITORING, LAKE LEVELS, AND STREAM FLOWS

Spartanburg Water staff continues to monitor persistent dry conditions in the Upstate. Greenville Water and Henderson County have announced voluntary water restrictions. For Spartanburg Water, the supply is somewhat steady - (Blalock 709.57', Bowen 814.06', Reservoir #1 775.16') – with Landrum stream flows tailing off slightly of late, but still maintaining sufficient flow over the weir with raw water pumps on. Distribution flows to Landrum service area are averaging around 0.415 MGD (a little higher than immediately after the remnants of Hurricane Matthew). Water supply is adequate at Landrum, but some rain is desirable. Greenville County and Spartanburg County remain in incipient drought, while Pickens and Anderson Counties are in the drier state of moderate drought.

Ms. Schneider informed the Commission that the drought information is based on three primary factors – agriculture, forestry, and water supply.

SWS has a water supply drought plan that is filed and updated based on stream flows as well as lake levels. SWS gets information on stream levels daily.

Most of the lakes that have a low water supply are creating energy and releasing water and water suppliers also pull from those lakes. They sign a Low Flow Protocol meaning when water gets down to certain levels, they will agree to call for restrictions or voluntary restrictions.

Spartanburg Water has a sufficient supply of water in Lake Bowen and Lake Blalock. There is no need to ask for voluntary or mandatory water

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restrictions at this time. Ms. Schneider stated staff will continue to monitor lake levels.

The above was provided as information to the Commission.

7. OUTSIDE CITY WATER MAIN EXTENSION – CONWAY BLACK ROAD

The water main extension, which consists of approximately 560 LF of 8-inch water main and one hydrant, is consistent with the SWS Participation Policy. It will be billed at the outside city rate plus surcharge until such time as the full share is recovered. The water line design has been upsized to an 8-inch line for future growth; therefore, the project estimate is \$25,800. The property owners' participation cost is still based on the original estimate and not the future growth estimated cost.

Mr. Jackson explained to the Commission that this is a standard SWS Participation Agreement for residents along this route.

Management recommended Commission approve the above.

Mr. Littlejohn moved and Ms. Viney seconded the motion to approve management's recommendation. The motion passed unanimously.

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

The following agreement has 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 Private Fire Service Agreements – 151 Corporate Drive

151 Corporate Drive, Spartanburg, SC wishes to connect an 8-inch water line to the Commission's 12-inch water line along Corporate Drive to serve a private fire protection system, including 2 private hydrants, for a commercial venture. Kinney Hill Associates, LLC wishes to enter into an agreement for this service.

Annual Stand-by Revenue - \$853.56

The above was provided as information to the Commission.

9. NEGOTIATIONS AND MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Ms. Schneider informed the Commission that Mr. Littlejohn is the Audit Reviewer for water and management will coordinate the opportunity for him to meet with the Auditor during the week of November 14.

B. Ms. Cousar reminded the Commission that there has been a water ski course at Lake Bowen since 1960. SWS is in agreement that they are allowed to have the course, but it will need to be moved out of the oxygenation project area. David Rankin, Project Manager, provided alternate locations, and made them aware that if there are any

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additional changes in the project layout, it may need to be moved again. Ms. Cousar advised the Agreement did not change, just the location of the ski course.

Meeting adjourned at 4:09 p.m.

G. Newton Pressley
Secretary-Treasurer

tbh