

HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT
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**MINUTES
COMMISSION MEETING
AUGUST 26, 2014**

I. Meeting called to order by the Chairperson, Mr. Bob Manne, at 9:00 a.m.

Mr. Manne stated that notice of the meeting has been given in accordance with the Freedom of Information Act.

II. Those in attendance were:

Mr. Bob Manne	Chairperson
Mr. Bob Gentzler	Vice Chairperson
Mr. Gary Kratz	Treasurer
Mr. John Geisler	Secretary (Speakerphone for ES only)
Mr. Frank Drehwing	Commissioner (Via Skype)
Mr. Herbert Ford	Commissioner
Mr. David McCoy	Commissioner

Present by request:

Mr. Richard Cyr	General Manager
Mr. Pete Nardi	Assistant General Manager
Mr. Larry Sapp	Finance Manager
Mr. Arnold Ellison	Special Projects Manager
Ms. Connie Whitehead	Commission Recording Secretary

III. Pledge of Allegiance

Mr. Dave McCoy led the Pledge of Allegiance.

IV. Adoption of the Draft Minutes of the July 22, 2014 Regular Board Meeting

Action

- Mr. Kratz moved to adopt the minutes as presented. Mr. Gentzler seconded. The motion passed unanimously.

V. Public Comment on Non-Agenda Items

None

VI. SRF Go Bond Supplemental Resolution

Key Discussion Points

- During the September 2013 Board meeting, the Commission approved the SRF GO Bond resolution authorizing the District to apply to the Drinking Water State Revolving Fund for a loan to defray the cost of (1) Expanding the Reverse Osmosis Plant; (2) Upgrading Existing Middle Floridan Aquifer Wells; (3) Constructing a New Water Booster Station; (4) Relocating a Water Transmission Main; and (5) Other Improvements Associated Therewith.
- Staff has completed all of the application processes and is currently working with the project engineers to complete the loan approval process.
- Following the final checklist review, SC DHEC approached staff requesting a supplemental resolution to a resolution the Commission adopted related to the contract award and loan amount. To meet the request, staff worked with bond counsel to complete a supplemental resolution: (1) authorizing the loan amount not to exceed \$3,750,000; (2) naming Rowe Drilling to be the contractor to complete the well upgrade; and (3) naming JS Construction to be the contractor to construct the booster station.
- Staff recommends adoption of the supplemental resolution.

Action

- Mr. McCoy moved to adopt the resolution as presented. Mr. Ford seconded. The motion passed unanimously.
- Mr. Manne moved to deputize Mr. Kratz to sign the resolution in Mr. Geisler's absence. Mr. McCoy seconded. The motion passed unanimously.

VII. FY'14 Year-to-Date Financial Report

Key Discussion Points

- Operating Revenues: Actual of \$11,729,888 vs. FY'14 Budget of \$12,061,000 represents a variance of \$331,212 or 2.7% less than budget.
- Total Departmental Expenses (excludes depreciation): Total departmental expenses are \$630,146 or 6.5% under budget.
- Total Non-Operating Revenues: Actual of \$2,775,736 vs. FY'14 Budget of \$2,931,900 represents a variance of \$156,164 or 5.3% below budget.
- Total Non-Operating Expenses: Actual of \$1,923,808 vs. FY'14 Budget of \$2,072,270 represents a variance of \$148,462 or 7.2% below budget. This variance is mainly due to lower than budgeted bond issuance costs. Bond issuance costs that were being amortized over the life of the bonds were written off with the implementation of GASB 65 which required bond issuance costs to be expensed.

- Capital Contributions: Actual Capacity Fees of \$477,178 vs. FY'14 Budget of \$310,000 represents a variance of \$167,178 above budget. Developer contributions of systems total \$1,184,597 and are a non-budgeted item. Assessments total \$243,609 and are also a non-budgeted item.
- Bond Disclosure: The debt service calculation is in compliance with necessary requirements and is equal to 145% as of June 30, 2014.
- Unrestricted cash available for operations decreased from \$2,164,116 as of June 30, 2013 to \$2,112,446 as of June 30, 2014, a decrease of \$51,967.
- Restricted cash in banks has increased from \$2,248,262 in June 2013 to \$2,779,248, an increase of \$530,986. This change relates to increased revenue debt service associated the Series 2012A revenue bonds.
- Restricted cash held by Beaufort County has decreased from \$636,757 in June 2013 to \$598,012, a decrease of \$38,745.
- As of June 30, 2014, the District's financial condition is stable.

VIII. Customer Survey Results

Key Discussion Points

- Mr. Nardi presented the results of the 2014 Customer Satisfaction Survey.
- Of the approximately 200 customers who responded, 98% rate the PSD as good or excellent. 87% rate the quality of the PSD's tap water as good or excellent. 89% feel the rates are reasonable.

IX. Commissioner & Committee Reports

A. Finance Committee

Key Discussion Points

- The Committee met on August 7 to discuss the Municipal Advisor (MA) Rule, the potential refunding of the Series 2014 Bonds, the millage rate, the pay-off of the front-foot assessment revenue bond, year-to-date financial report, and other financial matters.
- Previously, Lyman Wray of Stephens, Inc. was able to act as the District's financial advisor and underwriter. The MA Rule limits the ability of underwriters to provide advice to issuers. The board can choose to adopt an underwriter's exemption clause which would allow the PSD to continue to receive advice from Stephen's Inc.
- The Committee authorized staff to move forward with the refinancing of the Series 2006 Bond.
- The potential refunding of the Series 2014 Bonds would lower debt service by \$1.2 million and yield \$134,198 annually.
- Staff anticipates a millage rate hearing to be scheduled during the September board meeting
- The pay-off of the Front Foot Assessment Revenue Bond reduced the PSD's long-term debt by \$200,157.

- The auditors of Robinson Grant will begin the internal controls audit on Monday, Aug. 11.
- Mr. Geisler will not be present for the Aug. board meeting.

B. Planning and Operations Committee

Key Discussion Points

- The Committee met on Aug. 25 to discuss the Annual Strategic Planning Session November, RO Expansion & Windmill Harbour Booster Station, and Town Projects, Bluffton Fly-over, AMI Project, Remote Commissioner Participation and Voting.
- The strategic planning session will be held as a November workshop. Review of the Effective Utility Management Program is proposed as a new agenda item.
- Town staff and representatives from other PSDs will be invited. Mr. Nardi will facilitate the session.
- The RO plant expansion and well upgrades are anticipated to be complete by the end of December 2014.
- The Sewer Master Plan is anticipated to be complete by the end of 2014. The PSD will then identify sewer projects for Town CIP funding in FY'16.
- The Bluffton Fly-over water main relocation is complete and the new line is in operation.
- The AMI project is on track for completion within the next 12 months.
- The Committee asked staff in July to research the ability of staff to vote by electronic means. State law permits the achievement of a quorum by electronic means, and thereby allows voting by electronic means. The current By-laws are silent on the issue of electronic voting. The Committee plans to review the subject with the full Commission at the August meeting and consider a By-law amendment to allow voting by electronic means. Staff recommends maintaining the requirement to have four physically present for a quorum.

C. Long Range Water Supply Planning Committee

Key Discussion Points

- The Committee has not met since the last meeting and has no formal report at this time.

D. Community Relations and Personnel Committee

Key Discussion Points

- The Committee met recently to finalize the General Manager contract.
- The Committee anticipates a vote on the Personnel Policy Manual to take place in September.

X. Staff Reports

A. Community Involvement Report

Key Discussion Points

- There are two candidates in each category for the upcoming Commission election. Mr. Nardi stated that the PSD needs to decide its role in announcing the candidates.
- The Campaign Disclosure Filing period is in October. If elected, challengers must file Statement of Economic Interest Forms prior to taking office.
- Mr. Nardi suggested candidates visit www.scvotes.org for rules regarding non-partisan elections.

XI. General Manager's Report

Key Discussion Points

- The General Manager has no formal report at this time.

XII. New Business

None

XIII. Executive Session

Action

- Mr. Manne moved to enter executive session to discuss personnel matters. Mr. Gentzler seconded. The motion passed unanimously. Executive Session began at 9:50 a.m.

XIV. Reconvene Regular Session

Action

- Regular Session reconvened at 11:00 a.m.

XV. Adjournment

Action

- The meeting adjourned at 11:00 a.m.