

HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT
21 OAK PARK DRIVE – POST OFFICE BOX 21264
HILTON HEAD ISLAND, SOUTH CAROLINA 29925
TELEPHONE 843-681-5525 – FAX 843-681-5052

MINUTES
COMMISSION MEETING
JULY 28, 2015

I. Meeting called to order by the Committee Chairperson, Mr. Bob Manne, at 9:03 a.m.

II. Those in attendance were:

Mr. Bob Manne	Chairperson
Mr. Bob Gentzler	Vice-Chairperson
Mr. Gary Kratz	Treasurer
Mr. John Geisler	Secretary
Mr. Frank Drehwing	Commissioner
Mr. David McCoy	Commissioner
Mr. Herbert Ford	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Larry Sapp	Chief Financial Officer
Mr. Arnold Ellison	Special Projects Manager
Ms. Connie Whitehead	Commission Recording Secretary

Visitors:

Ms. Patricia Soltys

III. Pledge of Allegiance

The Pledge of Allegiance was led by Frank Drehwing.

IV. Draft Minutes of the June 23, 2015

Action

- Mr. Gentzler moved to adopt the minutes of the June 23, 2015, minutes as presented. Mr. Geisler seconded. The motion passed unanimously.

V. Public Comment on Non-Agenda Items

None

VI. Series 2015 Bond Resolution

Key Discussion Points

- Mr. Sapp presented a resolution for the refunding of the Series 2006 Revenue Bonds.
- The refunding would bring a net present value savings of \$1.69 million dollars and reduce the PSD's Maximum Annual Debt Service by \$289,000 per year.
- The estimated gross savings from the refunding is projected at \$2.4 million.
- The refunding is issued as a bank placement issue.
- Five bids were submitted by the following banks, TD Banks, Bank of America, SunTrust, Capital One, and First Tennessee Bank. The bids ranged from 1.93% to 2.68%.
- The low bid was received from TD Bank. Staff recommended the bid to be awarded to TD Bank.
- Mr. Ford suggested the board find a way to use the savings toward sewer connections for low-income residents.
- The board commended Mr. Sapp on his high quality of work in completing this refunding.

Action

- Mr. Geisler moved to adopt the Resolution Providing for the Issuance and Sale of Waterworks and Sewer System Refunding Revenue Bonds of Hilton Head No. 1 Public Service District, South Carolina, To be Designated Series 2015 A & B, in the Principal Amount of Not Exceeding \$25,000,000, and to authorize staff to use TD Banks as the lender. Mr. Kratz seconded. The motion passed unanimously.

VII. FY'15 Fourth Quarter Management Report

Key Discussion Points

- Mr. Nardi presented the FY'15 Fourth Quarter Management Report.
- Among the most significant accomplishments are:
 - RO Skid brought into full production
 - Master Sewer Plan revised
 - AMI installed
 - Sewer Summit IV held with Town Council
 - Purchased water contract renegotiated
 - Sodium hypochlorite generator installed at Fire Station Well
 - Water Efficiency Report completed
 - RO Plant NPDES Permit revised and received
 - Series 2004B Front Foot Assessment Loan pay-off
 - General Manager Succession and Transition completed
- Mr. Manne instructed commissioners to keep this report as a tool to be used in Mr. Nardi's evaluation.

VIII. Commissioner and Committee Reports

A. Finance Committee

Key Discussion Points

- The Committee met on July 16 to discuss refunding of bonds and Sewer Master Plan policies.
- The bond refunding was adequately discussed earlier in the meeting.
- Mr. Nardi included a draft policy for reducing Sewer Capacity Fees for commission review. The policy looks at reducing capacity fees for Project SAFE-approved customers.

B. Planning and Operations Committee

Key Discussion Points

- The Committee met this on July 20.
- Mr. Gentzler and Mr. Nardi met with Steve Riley regarding sewer implementation. While the Town Council has not given Mr. Riley policy direction on the matter, Mr. Riley does not get the impression that the Council is in favor of eliminating septic tanks. Right now, Mr. Riley is working toward the stated goal of access.
- Mrs. Patricia Soltys thinks it would be beneficial to have a neutral party guide the Town to an understanding of what their role is in regards to sewer extension. Mr. Nardi thinks the Town's hesitance to commit lies less in not understanding their role and more in not knowing what their commitment should be. While the PSD is focused solely on sewer, the Town has issues such as paving and power lines to take into consideration.
- Mr. Nardi suggested the PSD focus on Year 1 of the 5-year plan and seek funding from the Town annually.

C. Long Range Water Supply Planning Committee

Key Discussion Points

- The Committee has not met this month, but Mr. Drehwing, Mr. Nardi and Mr. Ellison met for an update on water supply issues.
- The Committee provided handouts on the PSD's water capacity and demands.
- Based on conversations with Town staff, Mr. Nardi mentioned that the Town's potential provision of land for ASR II may come with a stipulation that the PSD must allocate any easement costs to Project SAFE.

D. Community and Personnel Relations Committee

Key Discussion Points

- The Committee will meet soon to discuss the General Manager Performance Evaluation.

- The current General Manager Employment Contract calls for the appraisal in August and a salary review in January. The Committee recommended that both occur in August. The board agreed.

IX. General Manager's Report

Key Discussion Points

- Mr. Nardi and Mr. Gentzler met with Town Manager Steve Riley and his staff to work an implementation plan for the remaining sewer project areas.
- PSD staff met with Fire Chief Brad Tadlock and Community Development Director Charles Cousins to discuss use of Town property off Dillon Road for the ASR II site.
- Associated Press reporter John Seewer is working on a national project about tap water and interviewed Mr. Nardi on the PSD's work to replace supply due to saltwater intrusion.
- Staff met with representatives from HomeServe and American Water to discuss their service line protection. Another vendor, ServLine will meet with staff in early August.
- Mr. Nardi met with Native Island POA presidents, Dot Law, Veronica Miller, and Nell Hay to discuss the Master Sewer Plan implementation. These leaders expressed their commitment to assist with obtaining easements for projects.
- Beaufort County Councilman Stu Rodman informs the PSD that he believes that \$3-4 million for PSD sewer projects could be placed on a Capital Projects Sales Tax Referendum in November 2016. The Town is not confident this will happen, but if it does, the projects are fully funded immediately by Beaufort County.
- An SCDOT project on the Jarvis Creek bridge on Spanish Wells Road will necessitate the relocation of a 12-inch PSD water main. Design work is underway. PSD and DOT are discussing financial responsibility for the work.

X. New Business

Key Discussion Points

- The Commissioners were assigned components of the General Manager's evaluation.
- The evaluation and compensation review will be discussed in August and reviewed with Mr. Nardi in September.
- Mr. Geisler, Mr. Drehwing and Mr. Gentzler will all be out of town during the Aug. board meeting, but plan to attend the meeting by Skype or conference call.

XI. Adjournment

Action

- Mr. Geisler moved to adjourn the meeting. Mr. Gentzler seconded. The motion passed unanimously. The meeting adjourned at 10:50 a.m.