

HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT
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MINUTES
COMMISSION MEETING
DECEMBER 15, 2015

I. Meeting called to order by the Commission Chairman, Mr. Bob Manne, at 9:00 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. Herbert Ford	Commissioner
Mr. David McCoy	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Larry Sapp	Finance Manager
Mr. Bill Davis	Operations Manager
Mr. Arnold Ellison	Special Projects Manager
Ms. Connie Whitehead	Commission Recording Secretary

III. Pledge of Allegiance

The Pledge of Allegiance was led by Ms. Connie Whitehead

IV. Adoption of the Draft Minutes of the November 17, 2015 Regular Meeting

Key Discussion Points

- The minutes were revised to reflect that Bob Gentzler called the meeting to order.

Action

- Mr. Gentzler moved to adopt the minutes as revised. Mr. McCoy seconded. The motion passed unanimously.

V. Adoption of the Draft Minutes of the November 17, 2015 Strategic Planning Workshop

Key Discussion Points

- The minutes were revised to reflect that Bob Gentzler called the meeting to order.
- The second bullet of Section III was revised to read, “The revised documents will be presented at the December board meeting for a vote.”

Action

- Mr. Gentzler moved to adopt the minutes as revised. Mr. McCoy seconded. The motion passed unanimously.

VI. Public Comment on Non-Agenda Items

None

VII. CAFR

Key Discussion Points

- PSD financial auditor Ms. Amy Graybill presented the draft FY’15 Audited Financial Statements.
- The Management Discussion and Analysis was prepared by PSD staff and reviewed by Robinson Grant to ensure no misstatement.
- The auditor considers the PSD’s internal controls to determine its auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal controls.
- The PSD has implemented the GASB 68 Statement that requires the recording of beginning net pension liability and the effects on unrestricted net position of contributions made by the PSD during the measurement period. As a result, the unrestricted net position for the year decreased by \$4,063,319.
- Operating Revenues are down due to lower demand as a result of high rainfall.
- Operating Expenses are down due to lower customer consumption and associated fuel and power costs.
- Non-Operating Revenues are over budget due to higher GO Debt Levy collections.
- Non-Operating Expenses are over budget due to bond issuance costs.

Action

- Mr. Geisler moved to adopt the 2015 CAFR as presented. Mr. McCoy seconded. The motion passed unanimously.

VIII. Strategic Plan Adoption

Key Discussion Points

- The board held its annual strategic planning session in November.
- At the session, the board reviewed the Vision and Mission Statements, the Strategic Goals, and the Strategic Goals and Directives. The revised documents were presented at the December meeting for a vote.

- In the Strategic Goals and Directives, Section 5.5 was revised to read, “Review internal controls and policies regularly...”

Action

- The Planning and Operations Committee will review the Strategic Goals and Directives for possible policy gaps that should be addressed and form recommendations as needed.
- Mr. Gentzler moved to adopt the revised documents. Mr. Drehwing seconded the motion. The motion passed unanimously.

IX. Reimbursement Resolution Approval

Key Discussion Points

- The PSD is preparing to fund its portion of the Master Sewer Plan projects now that the town has affirmed its support for the 5-Year Sewer Plan. The PSD’s costs are primarily related to the installation of new pump stations in two MSP project areas.
- The PSD will also be funding the relocation of water and sewer lines for the Jarvis Creek Bridge Project as mandated by the SCDOT.
- The total combined cost of the projects is \$1.1 million.
- The proposed reimbursement resolution allows for up to \$2 million in construction costs to be reimbursed through debt issuance. All debt issued for these projects will be accompanied by separate bond resolutions
- Staff recommends approval of the resolution.

Action

- Mr. Drehwing moved to adopt the resolution as presented. Mr. Gentzler seconded. The motion passed unanimously.

X. Financial Advisor Selection

Key Discussion Points

- Mr. Sapp presented a Financial Advisor Agreement prepared by Lyman Wray of Stephens, Inc. for consideration by the board.
- New laws require that anyone providing financial advice to issuers of bonds be regulated.
- Stephens Inc. has acted as financial advisor to the PSD for many years in regards to bond issuance, bank placement and other financial matters. This agreement would allow the PSD and Stephens Inc. to continue those same interactions for a term of 5 years.
- Staff recommends adoption of the agreement.

Action

- Mr. Geisler moved to adopt the Financial Advisor Agreement. Mr. McCoy seconded. The motion passed unanimously.

XI. Katie Miller Road Sewer Project Approval

Key Discussion Points

- The recent Gumtree Road sewer project has created an opportunity to extend sewer down several side streets off of Gumtree, including Katie Miller Road and Caesar Place, neither of which will be funded by the Town.
- Staff proposes that the PSD pay to install sewer down Katie Miller Road to its intersection with Caesar Place. The remainder of the Katie Miller line would be funded by assessment of the lower two parcels on the road.
- The total cost of the project would be approximately \$100,000 and would be paid from cash reserves. Public right-of-way already is in place on Katie Miller to receive the sewer line. The project has been designed and a majority of it is permitted already.

Action

- Mr. Gentzler moved to approve the Katie Miller Sewer Project. Mr. Kratz seconded. The motion passed 6-0. Mr. McCoy was not present for the vote.

XII. Easement Agreement for Mid-Marshland Sewer Pump Station

Key Discussion Points

- The Master Sewer Plan initially called for two sewer pump stations to serve the Marshland Road area.
- Working with the PSD's design engineer, Phil Waters, staff was able to identify a central location for a pump station on Marshland Road that would eliminate the need for one pump station and save the PSD approximately \$400,000.
- The proposed location is owned by Club Corp, which has agreed to grant the PSD a perpetual easement. The agreement has been reviewed by legal counsel for both parties. Staff recommends adoption.

Action

- Mr. Manne moved to approve the agreement with Club Corp as presented. Mr. Gentzler seconded. The motion passed 6-0. Mr. McCoy was not present for the vote.

XIII. Drainage Easement for Town of Hilton Head Island

Key Discussion Points

- The Town is acquiring easements for Folly Field Road drainage improvements and has requested an easement over PSD property.
- A copy of the proposed easement has been reviewed by legal counsel and was presented to the board for a vote.
- Staff recommends approval.

Action

- Mr. Drehwing moved to adopt the easement agreement as presented. Mr. Kratz seconded. The motion passed unanimously.

XIV. Disaster Recovery Services Contract

Key Discussion Points

- As an addendum to the Islandwide PSDs' Business Continuity Plan, CH2M Hill presented a Draft Disaster Recovery Services Contract.
- The contract would commit CH2M Hill to serve the PSD on an hourly rate basis for to assist the utility in completing FEMA reimbursement documentation and for other professional services related to disaster recovery.
- The other Island PSDs have already signed the contract.
- Staff recommends adoption of the contract.

Action

- Mr. Gentzler moved to adopt the Disaster Recovery Services contract as presented. Mr. Ford seconded. The motion passed 6-0. Mr. Kratz was not present for the vote.

XV. Adoption of 2016 Commission/PSD Calendar

Key Discussion Points

- Staff presented the proposed 2016 Commission meeting calendar for review by the board at the November meeting.
- The proposed calendar maintains the fourth-Tuesday-of-the-month meeting schedule, with three exceptions: the September meeting would be held on the third Tuesday due to the WEFTEC conference dates, and the November and December meetings would be held on the third Tuesdays due to the holidays.

Action

- Mr. Gentzler moved to adopt the calendar as presented. Mr. Geisler seconded. The motion passed 6-0. Mr. Kratz was not present for the vote.

XVI. Election of 2016 Commission Officers

Key Discussion Points

- At the November meeting, Mr. Drehwing nominated the current slate of officers to continue in their current seats. There were no other nominations.

Action

- Mr. Drehwing moved to elect the current slate of officers to continue in their current seats for 2016. Mr. Geisler seconded. The motion passed 6-0. Mr. Kratz was not present for the vote.

XVII. Commissioner and Committee Reports

A. Finance Committee

Key Discussion Points

- The CAFR and Financial Advisor Agreement discussions adequately covered the topics discussed at the most recent Finance Committee meeting.

B. Planning and Operations Committee

Key Discussion Points

- The Committee met on Dec. 8.
- The Strategic Planning Session action is the product of the Committee's most recent work.
- The DOT Quitclaim Deed for the Oakview sewer pump station site was presented to the Committee and to the full board as an informational item. The Master Sewer Plan calls for a sewer pump station in the vicinity of Oakview Drive near the intersection of Marshland and Spanish Wells roads. The PSD approached the DOT regarding use of a parcel of land held by the DOT as leftover from the Cross Island Parkway construction. The DOT Commission approved a gratis conveyance of the parcel, saving the PSD approximately \$250,000 in land acquisition costs.

C. Long Range Water Supply Planning Committee

Key Discussion Points

- The Committee has not met since the board meeting but will meet in January to review Draft 2015 Master Water Plan Update.

D. Community and Personnel Relations Committee

Key Discussion Points

- The Committee has not met this month, but will meet in January.

XVIII. General Manager's Report

Key Discussion Points

- PSD employees raised more than \$500 for the United Way of the Lowcountry during the annual campaign.
- The PSD Employee Recognition Holiday Luncheon will be held Dec. 18.
- The site conveyances for the Oakview and Marshland Road pump station sites are finalized.
- To date, the Customer Survey results have yielded a 93% approval rating.
- Mr. Nardi attended the SCWQA quarterly meeting on Dec. 3. The State Revolving Fund informed the group that current requests for water project funding will most likely outstrip available funding.

- PSD financial auditor Amy Graybill of Robinson Grant toured the RO plant, ASR facility, and Recycled Water Plant with Mr. Nardi this month.
- Annual distribution system leak detection is underway.
- To date, ASR recharge is 92.3 million gallons.
- Design, permitting and easement identification have been initiated. Areas are being surveyed for easement identification have been initiated. Areas are being surveyed for easement identification.
- Gumtree customer sewer connections are in progress.
- Design and permitting of the Jarvis Creek Bridge is complete.

XIX. New Business

None

XX. Adjournment

Action

- Mr. Drehwing moved to adjourn the meeting. Mr. Gentzler seconded. The meeting adjourned at 11:30 a.m.