

HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT
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HILTON HEAD ISLAND, SOUTH CAROLINA 29925
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MINUTES
COMMISSION MEETING
DECEMBER 13, 2016

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. Frank Drehwing	Commissioner
Mr. David McCoy	Commissioner
Mrs. Patti Soltys	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Larry Sapp	Finance Manager
Mr. Arnold Ellison	Special Projects Manager
Mrs. Connie Whitehead	Commission Recording Secretary
Ms. Amy Graybill	Robinson Grant financial auditors
Mr. Tom DeWitt	Robinson Grant financial auditors

Absent:

Mr. Herbert Ford	Commissioner
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III. Pledge of Allegiance

The Pledge of Allegiance was led by Mr. Dave McCoy

IV. Adoption of the Draft Minutes of the November 15, 2016, Regular Meeting

Action

- Mr. Drehwing moved to adopt the minutes as presented. Mr. McCoy seconded. The motion passed unanimously.

V. Public Comment on Non-Agenda Items

None

VI. Nomination of Commission Officers

Key Discussion Points

- At the November meeting, Mr. Drehwing nominated:
 - Mr. Manne as Chair
 - Mr. Gentzler as Vice-Chair
 - Mr. McCoy as Secretary
 - Mr. Kratz as Treasurer
- There were no other nominations.

Action

- Mr. Drehwing moved to adopt the nominations. Mr. McCoy seconded. The motion passed unanimously.

VII. 2017 Commission Meeting Calendar

Key Discussion Points

- At the November meeting, staff presented the proposed 2017 Commission meeting/PSD holidays calendar.
- The proposed calendar maintains the fourth-Tuesday-of-the-month schedule, with the exception of the November and December meetings which are moved up to accommodate holidays.

Action

- Mr. Drehwing moved to adopt the proposed calendar. Mrs. Soltys seconded. The motion passed unanimously.

VIII. Commissioner Committee Assignments

Key Discussion Points

- The Commission reviewed committee assignments. The previous committee assignments were:

Community & Personnel Relations Committee

Bob Manne, Chair
Frank Drehwing
Dave McCoy

Finance Committee

Dave McCoy, Chair
Gary Kratz

Long Range Water Planning Committee

Frank Drehwing, Chair

Bob Manne
Gary Kratz

Planning & Operations Committee

Bob Gentzler, Chair
Gary Kratz
Herbert Ford

- The newly drafted committee assignments are:

Community & Personnel Relations Committee

Bob Manne, Chair
Frank Drehwing
Dave McCoy
Patti Soltys

Finance Committee

Dave McCoy, Chair
Gary Kratz
Herbert Ford

Long Range Water Planning Committee

Frank Drehwing, Chair
Bob Manne
Gary Kratz

Planning & Operations Committee

Bob Gentzler, Chair
Herbert Ford
Patti Soltys

- Mr. Ford was not present for the meeting, but Mr. Manne will consult with him on whether he is interested in serving on the Finance Committee.

IX. CAFR

Key Discussion Points

- PSD financial auditor Ms. Amy Graybill presented the draft FY'16 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 auditor reviewed the financial analysis of the District, audited financial statements, notes to financial statements, supplemental financial information and statistical information.
- There were no new GASB changes this year.
- Operating Revenues are up due to a rate increase and the one-time sales tax reimbursement from Palmetto Electric.
- Purchased Water is down since the PSD's fourth RO skid was operational for the entire fiscal year.
- Capital Contributions are up 144% due to reimbursements received from the Town for the Gumtree Sewer Project.
- Payroll and related expenses is down due to the reduction of full-time employees.
- Fiscal Year 2016's change in net position was an increase of \$1,630,773 vs. FY'16 budgeted increase of \$221,336, which represents a of \$1,409,437 above budget which is mainly related to collection of capacity fees and developer contributions of systems in the amount of \$1,404,843.
- The auditor's clean opinion is that the financial statements present fairly, in all material respects, the financial position of Hilton Head No. 1 Public Service District as of June 30, 2016, and the changes in its financial position and its cash flows for the year then ended in conformity with principles generally accepted in the United States of America.
- The Finance Committee reviewed the FY '16 Comprehensive Annual Financial Report (CAFR), which includes the FY'16 Audited Financial Statements, and recommends approval of the CAFR by the board.

Action

- Mr. McCoy moved to adopt the 2016 CAFR as presented. Mr. Kratz seconded. The motion passed unanimously.

X. Commissioner and Committee Reports

A. Long Range Water Planning Committee

Key Discussion Points

- A PowerPoint to be presented during the strategic planning session will adequately cover the Committee's most recent discussions.

B. Finance Committee

Key Discussion Points

- The auditor's presentation adequately covers the Committee's most recent discussions.

XI. General Manager's Report

Key Discussion Points

- The PSD's out-of-pocket Hurricane Matthew expenses to date are \$565,000; primarily man hours and repairs. The FEMA claim for reimbursement is pending.

- The PSD this month received a refund in the amount of \$48,000 from the S.C. Dept. of Revenue due to our new sales tax-exempt status.
- A group of more than 25 fourth and fifth graders and their teachers from May River Montessori School toured the Recycled Water Plant with Water Quality Technician Scott Moffatt and Connie Whitehead on Dec. 2.
- The annual PSD Holiday Luncheon will take place at noon on Dec. 22. Attendees are asked to bring a toy for the annual Deep Well Toy Drive. Tim Singleton of Ruby Lee's restaurant will cater.
- Pete Nardi and Mike Allen of BCPSD attended the S.C. Water Quality Association meeting Dec. 1 in Mt. Pleasant.
- The PSD provided a written update and schedule on the Master Sewer Plan for Town Council's annual planning workshop this week. Sanitary sewer was a topic under the Town's "Existing Projects and Priorities" agenda item. The Town currently owes the PSD \$544,000 for incurred MSP engineering and construction. The invoice was sent Dec. 2.
- The highest plant flow for the month was 2.66 mg
- The PSD has placed Yrs. 1 and 2 sewer line installs, as well as construction of the two new sewer pump stations, out to bid. Bids are due back Jan. 12 and will hold for 90 days. A repayment agreement between Town and PSD will be prepared.

XII. New Business

Key Discussion Points

- Mr. Manne drew attention to an article in Municipal Water Treatment magazine which highlights some programs by Spartanburg Water Systems to educate residents on water treatment and encourage them to drink tap water versus bottled water. He suggested the board read the article, as it may be a beneficial idea for the PSD.

XIII. Adjournment

Action

- The meeting adjourned at 10:30 a.m.