

**HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT**  
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**MINUTES**  
**COMMISSION MEETING**  
**JUNE 26, 2018**

**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. David McCoy	Secretary
Mr. Gary Kratz	Treasurer
Mr. Frank Drehwing	Commissioner
Mr. Herbert Ford	Commissioner
Mrs. Patti Soltys	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Mr. Larry Sapp	Finance Manager
Ms. Amy Graybill	Finance Manager
Mr. Brian Cronin	Senior Accountant
Mr. Arnold Ellison	Special Projects Manager
Mrs. Connie Whitehead	Commission Recording Secretary

Visitors:

Mr. Christopher Cliffe

**III. Pledge of Allegiance**

The Pledge of Allegiance was led by Dave McCoy.

**IV. Public Hearing on FY'19 Water and Sewer Rates & Availability Fee Adjustment**

Key Discussion Points

- Background documents on the FY'19 Water and Sewer Rates and Availability Fee adjustment are included in the agenda packet.
- The public hearing opened at 9:00 a.m.
- There was no public comment.
- The public hearing closed at 9:00 a.m.

**V. Public Hearing on Sewer Use Regulations Amendment**

Key Discussion Points

- Background documents on the Sewer Use Regulations amendment are included in the agenda packet.
- The public hearing opened at 9:01.
- There was no public comment.
- The public hearing closed at 9:01.

**VI. Public Hearing on FY’19 O&M & CIP Budgets & Millage Rates**

Key Discussion Points

- Background documents on the FY’19 O&M & CIP & Millage Rates are included in the agenda packet.
- The public hearing opened at 9:01.
- There was no public comment.
- The public hearing closed at 9:01.

**VII. Public Comment on Non-Agenda Items**

Key Discussion Points

- Mr. Christopher Cliffe attended the June 19 Town Council meeting and was present for Mr. Nardi’s Master Sewer Plan update.
- At that time, Mr. Nardi updated the Council that 20% of the newly served properties have connected. Mr. Cliffe asked Mr. Nardi for clarification on why a seemingly low 20% is a positive result.
- Mr. Nardi stated that 20% is a good number at this point for several reasons: the service is still very new; and owners who are not experiencing any septic problems at this time will have no option but to connect to the sewer when they experience septic system failure necessitating any repair, per state law. Additionally, the new sewer lines are preventative of any future septic ever being installed, per state law.

**VIII. Adoption of Draft Minutes of the May 22, 2018, Regular Meeting**

Action

- Mr. Gentzler moved to adopt the minutes of the May 22, 2018, regular meeting.

**IX. Commissioner & Committee Reports**

**A. Planning & Operations Committee**

Key Discussion Points

- The Committee met on June 8, 2018, to form a recommendation on the Sewer Availability Fee waiver for unimproved properties that have donated an easement as part of the recent Master Sewer Plan effort. The Committee reviewed two options: a 20-year cap and a waiver until the property is improved.

- Mrs. Soltys would prefer a 20-year cap to establish a value. Mr. Manne agreed.
- Mr. Ford stated that he prefers the fee be waived until the property is improved, since the property cannot use the service in its current state, and it eliminates a burden to the property owners who chose to assist the PSD by donating the easement at no cost.
- Mr. Gentzler reminded the board that legal counsel recommends adopting a timeframe to establish a value and help avoid a legal challenge in the future.
- A vote will be taken later in the meeting.

**B. Community and Personnel Relations Committee**

Key Discussion Points

- The Committee met on June 18 to discuss the Commission Code of Conduct.
- A vote will be taken later in the meeting.

**X. FY’19 Water & Sewer Rate Adjustment**

Action

- Mr. Drehwing moved to adopt the FY’19 water and sewer rate adjustment resolution as presented. Mr. Kratz seconded. The motion passed unanimously.

**XI. Availability Fee Adjustment**

Action

- Mrs. Soltys moved to adopt the Availability Fee resolution to remove the 2-acre-plus multiplier as presented. Mr. Gentzler seconded. The motion passed unanimously.

**XII. Sewer Use Regulations**

Key Discussion Points

- In the fifth “Whereas” clause, Mr. Drehwing requested the word “also” be added to the second sentence so that it reads, “The Commission also recognizes certain situations...”

Action

- Mr. Ford moved to adopt the changes to the Sewer Use Regulations as amended. Mr. McCoy seconded. The motion passed unanimously.

**XIII. FY’19 O&M & CIP & Millage Rate Adoption**

Key Discussion Points

- The Finance Committee and staff recommend adoption of the FY’19 O&M & CIP Budgets and Millage Rate.

Action

- Mr. Ford moved to adopt the FY’19 O&M & CIP Budgets & Millage Rate resolution. Mr. Drehwing seconded. The motion passed unanimously.

#### **XIV. Availability Fee Waiver**

##### Key Discussion Points

- Mr. McCoy suggested the Availability Fee Waiver include a stipulation that the waiver is void upon the transfer of the property to a new owner. He would also prefer the waiver have a defined timeframe.
- After further discussion, the board reached a consensus to add the transfer of property stipulation and to make the waiver effective until the property is improved.

##### Action

- Mr. Gentzler moved to adopt the Availability Fee waiver for easements donated for the Master Sewer Plan efforts, and that the waiver be effective until the earlier of the sale of the property or until the property is improved. Mr. McCoy seconded. The motion passed unanimously.

#### **XV. FY'18 Financial Audit Engagement Letter**

##### Key Discussion Points

- Mr. Sapp presented the proposed audit engagement letter. The terms and fees of the proposal are the same as last year.
- Tom DeWitt will be the audit manager. The lead auditor is still to be determined.
- The board discussed whether it would be a good idea to send out a request for proposals to other local firms. Mr. Nardi stated that it is a good practice to send out an RFP at least every several years to gauge the market; however, the FY'18 audit process is due to begin and sending an RFP this year is not feasible due to time constraints. He said that would be a task for the Finance Committee to review for the new fiscal year.

##### Action

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

#### **XVI. Commission Code of Conduct Workshop**

##### Key Discussion Points

- The Community & Personnel Relations Committee met recently to discuss the draft Commission Code of Conduct.
- Mr. Manne presented the most recent version to the board for a final review.
- The board drafted several more edits. Mr. Manne will incorporate those edits into the final draft.

##### Action

- Mr. Ford moved to adopt the Commission Code of Conduct as revised. Mr. Kratz seconded. The motion passed unanimously.

## **XVII. Fourth Quarter Management Report**

### Key Discussion Points

- Mr. Nardi presented the Fourth Quarter Management Report. A copy of the report is included in the agenda packet.

## **XVIII. General Manager's Report**

### Key Discussion Points

- Mr. Nardi presented the General Manager's Report. A copy is included in the agenda packet.

## **XIX. New Business**

### **A. GM Evaluation Packet**

#### Key Discussion Points

- Mr. Manne presented the GM Evaluation Packet.
- He asked that each board member complete the survey and leave it in the designated envelope on Mrs. Whitehead's desk by Friday, July 13.
- The full board will hold an executive session to discuss the GM evaluation at the July board meeting.

## **XX. Adjournment**

### Action

- The meeting adjourned at 10:45 a.m.