



Laurens County Water and Sewer Commission

Board of Commissioners Meeting

August 27, 2019

8:15am

Minutes

COMMISSIONERS PRESENT: Doug Hendrick (Municipal) Philip O'Dell (II), Jurell Byrd, Secretary (III), Bill Teague, Vice Chairman (IV), Susan Curry, Treasurer (V), John McMurray, (VI) and Ted Davenport, Chairman (VII)

COMMISSIONERS ABSENT: Sam Peden (I)

STAFF: Jeff Field, Executive Director
Damas Mattison, Regulatory Compliance and Operations Manager
Angie Nelson, Director of Administration and Customer Service
Wendy Medlock, Director of Finance
Debbie Price, Executive Assistant
KC Price, Engineering Manager

ATTORNEY: Allen M. Wham

PRESS: None

GUESTS: Theo Dubose, Attorney, Haynsworth Sinkler Boyd, P.A.
David Cheatwood, Managing Director, First Tryon Securities.

Call to Order

Invocation

Approval of July 23, 2019 Minutes and August 6, 2019 Called Meeting Minutes

Chairman Remarks

Executive Director Remarks

LCWSC Monthly Financial Summary

LCWSC Monthly Operations Summary

New Business

1. A Resolution Authorizing the Issuance Of Waterworks Distribution System Revenue Bond Anticipation Notes By The Laurens County Water And Sewer Commission, South Carolina In Anticipation Of The Receipt Of The Proceeds Of The Sale Of A Waterworks System Revenue Bond Of The Laurens County Water And Sewer Commission, South Carolina; And Other Matters Related Thereto.

Old Business

1. Lake Greenwood Water Treatment Plant Update

Executive Session

Upon returning to open session, the Commission may take whatever action deemed appropriate on matters discussed in executive session.

Other Business

Adjourn

CALL TO ORDER

Chairman Davenport called the meeting to order at 8:23am in the Board Room of the Laurens County Water and Sewer Commission.

Invocation was given by Commissioner Hendrick.

APPROVAL OF MINUTES

Chairman Davenport asked if there were any additions or corrections to the July 23, 2019 minutes, as submitted to the Commissioners.

Commissioner Hendrick MOVED *that the minutes be accepted as submitted.*

MOTION SECONDED by Commissioner Byrd. MOTION CARRIED. AYES, 6; NAYS, 0

Chairman Davenport asked if there were any additions or corrections to the August 6, 2019 called meeting minutes. These minutes include, as a matter of record, a more detailed description of the letter of conditions for approval.

Commissioner Byrd MOVED *that the minutes be accepted as submitted.*

MOTION SECONDED by Commissioner Hendrick. MOTION CARRIED. AYES, 6; NAYS, 0

CHAIRMAN REMARKS

Chairman Davenport welcomed Theo Debose, Attorney, Haynsworth Sinkler Boyd, P.A. and David Cheatwood, Managing Director, First Tryon Securities.

LCWSC MONTHLY FINANCIAL SUMMARY

The monthly financial summary was presented to the Commissioners. A copy of the summary can be found in the Commissioner Board Packet.

As of July 31, 2019, LCWSC had a total of \$5,715,617 in cash for operating and reserve funds as compared to \$4,701,306 this time in FY19.

Mr. Field reported a slight decrease in Lake Rabon revenue due to shifting some customers over to Greenville Water to minimize taste and odor complaints. This shifting results in a spike in Greenville Water Purchase and a decline in Commission of Public Works (CPW) purchase.

LCWSC MONTHLY OPERATIONS SUMMARY

The monthly operations summary was presented to the Commissioners. A copy of this summary can be found in the Commissioner Board packet.

Mr. Field reported 23 new services installed as of July 31, 2019.

Mr. Mattison reported there were 5 active service line leaks and 2 active main line leaks.

Water loss for the month of July was 13.9% of which 9.6% was unaccounted for through background leaks in the system. The rolling 12-month average for unaccounted water loss is 15.1%. The target is 18.00%.

Mr. Field stated that Trimble, our geolocating device supplier, has a unit that uses sound waves to trace leaks and pinpoint their location. LCWSC would need to purchase up to 10 units; these units would need to be installed on the water line every 900 to 1200 feet. Trimble will do a pilot test for \$12,000. If we purchase the system, \$9000 of the pilot test cost will be applied to the total purchase price of \$30,000. This system is relatively new, and we are still evaluating to see if this is something we would like to utilize.

NEW BUSINESS

- 1. A Resolution Authorizing the Issuance Of Waterworks Distribution System Revenue Bond Anticipation Notes By The Laurens County Water And Sewer Commission, South Carolina In Anticipation Of The Receipt Of The Proceeds Of The Sale Of A Waterworks System Revenue Bond Of The Laurens County Water And Sewer Commission, South Carolina; And Other Matters Related Thereto.**

Mr. Field opened discussion on a resolution for interim financing. He stated that we cannot define the exact number of what is needed until we receive all the bids on the distribution lines and the final guaranteed maximum price (GMP) for the WTP and intake structure. We will hopefully have all the figures by the end of September to be able to price bonds in October.

Mr. Field turned the meeting over to David Cheatwood, First Tryon Securities. Mr. Cheatwood provided an overview of the market and expected interest rate on interim financing. The Bond Anticipation Note (BAN) is sold on a tax-exempt basis; therefore, we are looking at tax exempt rates.

First Tryon Securities tracks an underlying tax-exempt benchmark yield curve called municipal market data (MMD). Rates have been on a steady decline over the last year. After reaching a 5-year high of 2.50% in December 2018, the Federal Open Market Committee (FOMC) decreased its short-term rate by 0.25% in August 2019 to 2.25%. In conjunction, the 2-year MMD has decreased, falling by 1.13% from its high of 2.11% in November 2018 to its current rate of 09.98%.

LCWSC has received \$47,621,000 in commitments from the United States Department of Agriculture (USDA), for the construction of the Lake Greenwood Water Treatment Facility (WTP), via a combination of loans and grants. The BAN will be issued in the amount of the loans and used to fund a portion of the construction of the project, as well as pay capitalized interest and cost of issuance. The BAN will have an estimated maturity date of October 1, 2021 with an optional redemption date of June 1, 2021. Semi-annual interest payments on the BAN will be capitalized and LCWSC will not be required to make any out of pocket debt service payments. Principal on the BAN is due at maturity or early redemption. Based on the estimated construction schedule, it is anticipated that the BAN will be taken out via the issuance of long-term Waterworks and Distribution System Revenue Refunding Bonds that will be purchased by the USDA in or around June 2021.

Mr. Cheatwood stated that once the construction bids for distribution lines are received, we will look at closing within a month. Mr. Field stated that we are in the process of composing a letter to the USDA asking permission to advertise the lines at our own risk. The distribution plans have been approved by the Department of Health and Environmental Control (DHEC), but we do not have concurrence with the USDA of approval at this time.

Mr. Dubose presented a resolution authorizing the issuance of waterworks distribution system revenue bond anticipation notes by LCWSC in anticipation of the receipt of the proceeds of the sale of a waterworks system revenue bond. This resolution will grant the Executive Director and the Chairman of the Board of Commissioners the authority to move forward and to also set the final term of the bond.

The resolution also approves an Official Statement and Note Purchase Agreement.

Commissioner O'Dell MOVED that the *Board of Commissioners Approve A Resolution Authorizing the Issuance Of Waterworks Distribution System Revenue Bond Anticipation Notes By The Laurens County Water And Sewer Commission In Anticipation Of The Receipt Of The Proceeds Of The Sale Of A Waterworks System Revenue Bond Of The Laurens County Water And Sewer Commission; And Other Matters Related Thereto.*

MOTION SECONDED by Commissioner Hendrick. MOTION CARRIED. AYES, 6; NAYS, 0

OLD BUSINESS

1. Lake Greenwood Water Treatment Plant (WTP) Update

Mr. Price provided an update for the Lake Greenwood WTP. He discussed project milestones and stated that not a lot has changed since the last meeting. He noted that advertisement for bid dates and construction dates have been delayed due to USDA staffing challenges.

There has been discussion with Harper and GMC regarding the packages that Harper has received from various sub-contractors and plans and specs. We want to make sure there is fair and open competition.

He stated that there was a lot of discussion on the green leaf filters and whether we backwash the traditional green leaf filter way or have a dedicated pump. We will be able to clean our filters better and the filters will be the final barrier for any pathogen to our customers. GMC is working on this aspect.

We anticipate the USDA construction plan review will be completed in 2 weeks; with advertising on September 5th (possibly as late as September 14th).

EXECUTIVE SESSION

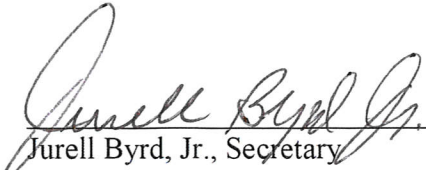
Upon returning to open session, the Commission may take whatever action deemed appropriate on matters discussed in executive session.

ADJOURN

Commissioner Hendrick MOVED that the *Board of Commissioners meeting be adjourned.* MOTION SECONDED by Commissioner Curry. MOTION CARRIED. AYES, 6; NAYS, 0

There being no further business the Commission adjourned at 9:50am.

I certify that the above Minutes accurately reflect the business conducted at the Commission meeting on August 27, 2019 and that the minutes were approved at the meeting held September 24, 2019.


Jurell Byrd, Jr., Secretary