

COMMISSIONERS OF PUBLIC WORKS
Minutes of January 22, 2015

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, January 22, 2015 at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

In attendance:

Arthur C. Bush	Steve Reeves	Wayne Bartley	Bill Patrick
Michael G. Monaghan	Teresa Lake	Jeff Auman	John Wiseman
Henry O. Watts	Russell Holley	Jeff Chapman	Lynn Turner
	Chris Lindley	Stacia May	Colin Riddle
	Jerry Smith	Jeff Meredith	James Bateman
	Vicki Knott		

- I. Chairman Monaghan called the meeting to order. The invocation was given by Commissioner Bush.
- II. Chairman Monaghan gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. Approval of Minutes:

Chairman Monaghan noted a correction to the minutes of December 5, 2014 that should include "a budget work session" in the beginning section.

A motion was made by Commissioner Watts and seconded by Commissioner Bush to approve the minutes of the special called meeting on November 25, 2014 as received; the budget work session on December 5, 2014 with the correction as noted; and the regular meeting on December 11, 2014 as received; the motion was unanimously approved.

IV. Financial Review:

- A. Mr. John Wiseman, with Greenwood Capital, provided a fourth quarter review of investments for 2014, beginning with Treasury bond yields for the past year. He noted that ten-year Treasury yield starting last year at about 3% had now moved down dramatically to 1.8%. The five year that was about 1.75% last year had moved down to 1.3%. Mr. Wiseman pointed out higher yields on two-year yields than one year earlier. He showed a chart with yields up to thirty years, noting higher yield out to about five years than a year ago; the longer end of the yield curve had actually moved lower in maturity. He commented on lower yield translating into higher price. Mr. Wiseman provided other reasons for lower long-term yields, including global

bond yields being very low; yields will be kept relatively low because of attractiveness to bond yields around the globe. He explained the negative effects of lower gas prices at the pump. He stated that lower price of oil tends to lessen or lower inflation expectations, translating into lower bond yields; also, concerns for big oil export countries. Mr. Wiseman stated that during times of crisis, bonds become a safety net and people gravitate toward the U. S. He continued that economic data in the U. S. has been good relative to the world. The Federal Reserve is expected to begin raising short-term interest rates toward the middle part of the year; the market does not expect the Federal Reserve to be able to move as much as they anticipate. The market is not there; the global economic data shows that the Fed cannot get there quickly. Mr. Wiseman reported on specific accounts, beginning with the Main Investment Account, with characteristics that included an average current yield of 1.6%; average maturity of 3.8 years; coupon at 1.6%; average duration of 3.7; and average rating for Moody of Aaa and S& P of AA+. He referred to account value changes, noting a beginning account value of \$6,567,897 as of 12/31/13; deposits and withdrawals; and a current value on 12/31/14 of \$9,245,752. He stated that the difference comes from income actually received or realized, and changes in market value or unrealized. If interest rates move lower, the value of bonds increase; if interest rates move higher, the value of bonds may decrease, but not realized until the bonds are sold. He referred to asset allocation, noting this account holding a large component of Federal Agency Bonds, Treasury Bonds, and Federal Mortgage Backed Securities, and S. C. Municipal Bonds. Mr. Wiseman noted a money market fund in the account. He referred to the 2010 Bond Proceeds Account showing a negative unrealized amount due to only a few number of the bonds in the account. He further explained that accrued interest is paid to the previous owner when a bond is purchased, when they pay interest to us, we get the full coupon correction and that negative number has not been realized. Mr. Wiseman mentioned that the next report would include a Bond Proceeds Account from the most recent bond issue in 2014. Chairman Monaghan asked about \$2.5 in net additions shown in the Main Investment Account. Ms. Lake responded that this is the Investment Account that works along with the Operating Account at Countybank, and along with the sweep account. As money comes in, the excess of \$5 million kept in the Operating sweep account is automatically moved over into the Investment Account. There will be constant back and forth, depending on the cash flows.

- B. Chairman Monaghan commented on a net gain of almost \$1.3 million in net income after \$5 million of depreciation expense. He commended staff for a job well done, without rate increases, and for looking at ways to save.

V. Business:

- A. Manager Reeves recommended the low bid from Ferguson Waterworks, in the amount of \$6.19 per foot. He noted a change from the original bid because less footage is needed. The request is now for 11,500 feet, for a total purchase order amount of \$75,456.10.

A motion to award the bid to Ferguson Waterworks was made by Commissioner Watts, seconded by Commissioner Bush, and unanimously approved.

- B. Manager Reeves recommended the low bid submitted by H D supply, in the amount of \$1,380 each, for twenty-one (21) fire hydrants, at an extended cost of \$30,718.80.

A motion to accept the bid from H D Supply was made by Commissioner Bush, seconded by Commissioner Watts, and unanimously approved.

- C. Manager Reeves recommended the low bid from Chris George Sales, in the amount of \$2.59 per foot, for 24,000 feet of 4-in. gas pipe, at an extended cost of \$65,889.60.

A motion to accept the bid from Chris George Sales was made by Commissioner Watts, seconded by Commissioner Bush, and unanimously approved.

- D. Manager Reeves recommended the low bid for an SUV from Cooper Motor Company, in the amount of \$28,171.

A motion to accept the bid from Cooper Motor Company was made by Commissioner Bush, and seconded by Commissioner Watts. Chairman Monaghan asked about the two bids that did not meet specifications. Mr. Meredith responded that those bids did not meet engine size, and also did not meet some of the safety features. It was discussed in detail, they came back and gave pricing for those features which put them over Cooper's bid. With no further discussion, the motion was unanimously approved.

- E. Manager Reeves recommended the low bid from Love Chevrolet, in the amount of \$33,635 each, for an extended cost of \$67,270, for two ¾-ton extra cab trucks with service bodies.

A motion to accept the bid from Love Chevrolet for two ¾-ton extra cab trucks with service bodies was made by Commissioner Watts, seconded by Commissioner Bush, and unanimously approved.

- F. Manager Reeves recommended the low bid submitted by Love Chevrolet, in the amount of \$32,260, for a ¾-ton service truck. He noted options deleted that amounted to \$1,535, for a total purchase amount of \$30,725.

A motion to approve the bid from Love Chevrolet for a ¾ ton service truck was made by Commissioner Bush, seconded by Commissioner Watts, and unanimously approved.

- G. Manager Reeves recommended the low bid from Cooper Motor Company, in the amount of \$22,080, for a 1500 Series pick-up truck.

A motion was made by Commissioner Watts, seconded by Commissioner Bush, and unanimously approved.

- H. Manager Reeves reported that an invoice was received from the Chamber of Commerce for a 2015 membership, in the amount of \$1,256.60, plus a voluntary contribution of \$125.66 that is 10% above.

A motion was made by Commissioner Bush, seconded by Commissioner Watts, and unanimously approved.

- I. Manager Reeves recommended a requisition to CG Automation, in the amount of \$13,202.08, for SCADA support in the electric department to cover licenses, hardware and technical support. He noted this as a budgeted item that comes up for annual approval.

A motion was made by Commissioner Watts to approve a requisition for SCADA support for the electric department; the motion was seconded by Commissioner Bush, and unanimously approved.

- J. Manager Reeves presented a revised Power Purchase Agreement between Duke Energy Carolinas and CPW for consideration. He noted that it is not the same Purchased Power Agreement that was recently approved with NTE. He further explained that it is an amended contract with Duke Energy Carolinas, with the purpose of meeting Federal Energy Regulatory Commission (FERC) requirements that all generating utilities with nuclear generation maintain a decommissioning fund. Manager Reeves stated that the formula was recently

changed that dictated the amount to be maintained; Duke has now lowered the amount because of having sufficient funds in the decommissioning fund. Since there is no longer a need to collect, \$48 million is being removed from the formula rate used for billing. Manager Reeves recommended the amended Agreement removing the \$48 million, noting a savings of about \$100,000 annually for CPW. Chairman Monaghan commented on an automatic extension clause in the Agreement; Manager Reeves responded that it does not extend past the current deadline or any contracted time of December 31, 2019. He noted the wording about giving notice is the same as in the previous Agreement; notice will be provided on December 31, 2016. Mr. Patrick stated that if some of the contingencies, conditions, and precedents in the contract were not achieved and CPW wanted to terminate the Agreement with NTE, there is the right to extend the contract.

A motion authorizing the General Manager to sign the revised Power Purchase Agreement with Duke Energy was made by Commissioner Watts, seconded by Commissioner Bush, and unanimously approved.

- K. Manager Reeves recalled having contacted the Commissioners earlier to get approval in order to meet an emergency need at the water treatment plant to purchase a cell casing replacement, in the amount of \$18,934.05. He then requested that action be ratified. Commissioner Watts asked for an explanation; Mr. Chapman responded that there was a cracked hypo-cell for clearing generators that was not covered under warranty. Had they not replaced it as quickly as possible, and if the other cell had gone down, chlorine would have to be ordered, at a cost of \$3,000 per delivery. Manager Reeves added that rather than chlorine generation, they would have actually had to purchase chlorine.

A motion was made by Commissioner Watts to ratify the action taken earlier to purchase a cell casing replacement; Commissioner Bush seconded, and the motion was unanimously approved.

- L. Manager Reeves noted that following the most recent bond issue process, Mr. Robert Galloway, the bond counsel, recommended that the Board adopt a Bond Compliance Policy and Procedure Statement. He noted that everything was already being done in the past, other than fund transfers being done on a semi-annual basis. Manager Reeves stated that the Policy calls for transfers to be done on a quarterly basis, and recommended approval.

A motion to approve the Bond Compliance Policy and Procedure Statement was made by Commissioner Bush, seconded by Commissioner Watts, and unanimously approved.

- M. Manager Reeves recommended a transfer, in the amount of \$1,828,203.12, from the 2010 Bond Construction Fund into the General Operating Account to reimburse for bond expenditures from July 1, 2014 through December 31, 2014.

A motion to transfer the funds was made by Commissioner Watts, seconded by Commissioner Bush, and unanimously approved.

VI. Other Business:

1. Manager Reeves reminded the Commissioners of a pre-bid meeting at the water treatment plant, at 1:30 p.m., for the HVAC project. He noted another pre-bid meeting at the COC, at 3:30 p.m., for the Grace Street waterline replacement project.
2. Mr. Jason Bateman, with the Greenwood Partnership Alliance, provided a project update, beginning with an announcement on Project Pine. He reported on a successful third reading with County Council on the previous Tuesday for Portucel, to be called Colombo Energy. He noted that their contact who worked during the site location process would be establishing a temporary office for a few months in uptown Greenwood. Mr. Bateman stated that they would continue to work with them to assist with connecting to subcontractors, suppliers, and vendors. He noted that their global CEO was with the Governor on the previous night at the State of the State address where they were recognized for a \$110 million investment and seventy new jobs in Greenwood. Mr. Bateman continued by noting the Certified Connected Community Celebration on the previous Thursday, with Chairman Monaghan and Manager Reeves attending. Greenwood County received an award as a Certified Connected Community, a program of Connected Nation, a nationwide broadband access use and adoption initiative. He noted another certification received by Greenwood County, a Work-Ready Community Certification, part of Nationwide ACT Work Readiness Certification Testing. He stated that it is another tool in the economic development toolbox to prove to companies that there is a qualified workforce in Greenwood County. These two certifications say that Greenwood is technologically advanced, with infrastructure to support them with broadband and telecommunications needs, and qualified workforce. Mr. Bateman noted that they are working with a couple of housing developers with regard to city pond property, as it relates

to the Greenwood Research Park, and how housing of multi-use aspect will be worked into the master plan. Through that discussion with developers, it appears that city pond could be a fit for what some developers are looking for, so that is being kept in mind as a possibility. He reported that the engineering firm of Davis & Floyd has been selected for step three of the South Carolina Department of Commerce site certification requirements, and are on schedule to finish step three in February. At that time, they will submit to the South Carolina Department of Commerce to be officially named a certified industrial site at the Greenwood County North Industrial Park on U. S. Highway 25 north. Mr. Bateman noted a 500-acre rail site being developed; they attended a presentation from consultants who assessed that site through the Duke Site Readiness Assessment Program. Those findings were presented at the first of December; they have created an action plan based on the areas that were not "green lighted". As those items are moved forward, the Partnership will possibly submit that rail site to South Carolina Department of Commerce for industrial site certification program in their summer/fall cycle. He noted twenty-eight active projects. He noted an Investor Lunch and Learn that day at the Greenwood Building that with the Upstate South Carolina Alliance presenting on their regional export plan, as would the International Trade Director from the South Carolina Department of Commerce about program at the federal and state levels to assist companies new to exporting or increasing exports. Mr. Bateman concluded with a reminder of the next Partnership Board meeting on Thursday, January 29, at 12:00 noon.

VII. Executive Session:

A motion was made by Commissioner Watts and seconded by Commissioner Bush to go into *Executive Session* for a personnel matter; the motion was unanimously approved.

VIII. With no further business, the meeting was adjourned.

Approved: _____, 2015

Secretary