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CASSATT WATER

Members Present:	Mr. Roosevelt Halley	President
	Mr. Julius Gause	Vice President
	Rev. Kenneth Carter	Chaplain
	Mrs. Johnette Caughman	
	Mr. Mike Davis	
	Mr. Furman Fountain	
	Mrs. Ollie Thompson	
	Mrs. Bettie Toney	
Associates Present:	Mrs. Angela McCaskill	Secretary/Treasurer
	Mr. Charles Litchfield	Chief Executive Officer
	Ms. Donna Tuttle	Chief Financial Officer
	Mr. Steve Hunter	Chief Operations Officer
	Mr. John Watkins	Project & Tech Manager
	Mr. William Cox	Company Attorney
	Mr. Walter Goldsmith	Financial Advisor

The meeting was called to order by Mr. Halley.

The invocation was given by Rev. Carter.

Mr. Halley recognized Mr. Walter Goldsmith to present the Bond Sales Report. Mr. Goldsmith stated that we received a high credit rating from Moody's and S&P. He stated that we received an A3 rating from Moody's and a A plus from S&P, which is outstanding. The primary reason we received the high ratings was because of the Commission's numerous decisions to raise the rates in order to allow us to afford the debt service payments for the bond issue.

Mr. Goldsmith informed the Commission that there are some issues that will be addressed routinely over the next thirty years. The first thing to expect is that the rating agencies will contact us once a year to see how things are progressing. They will be checking to be sure that we are complying with the financial covenant, that we spent the money on the projects as we promised, reviewing our budget and making sure that the projects are coming in under budget.

Mr. Goldsmith stated that we have agreed to disclose various information to the rating agencies, such as our audit and certain financial information including the number of customers, water usage, and etc. This is for the investors to review for their information.

Mr. Goldsmith informed the Commission that we will be investing the \$22 million that we borrowed while it is not being used. He stated that we will have to file each year showing our earnings and expenditures and if we earn more than 4.6%, we will be required to pay the excess to the IRS.

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Mr. Davis asked if the cost of the insurance is a one- time only payment. Mr. Goldsmith stated that it is a one- time only payment for this bond and explained that the policies are purchased as needed per bond.

Mr. Litchfield commended Mr. Goldsmith and the Bond Team for their dedication, hard work and accomplishments with the bond issue. Mr. Halley thanked Mr. Goldsmith and the team as well.

Mr. Halley recognized Mrs. McCaskill to present the Secretary's Report.

Mr. Davis made a motion to approve the Secretary's Report. Mrs. Thompson seconded the motion. All voted in favor.

Mr. Halley recognized Ms. Tuttle to present the Financial Report. Ms. Tuttle explained how she merged the two companies to form the March Report. She stated that from this point forward, the Commission will receive a Balance Sheet with a Board Statement.

Mr. Litchfield explained the Budget Amendments. He stated that water sales have dropped slightly. He informed the Commission that we are still generating more than enough income to cover the expenses.

Mr. Litchfield pointed out that Mr. Rocca recommended that we combine our Operations and Maintenance Expense with our Administrative Expense. He stated that those items will fall under one category, known as Expenses. Mr. Litchfield noted that the Operating Capital column includes items that will depreciate over time, such as well repair, vehicle purchases, and well site painting. He also commented that the Capital Improvements Bond Issue column will no longer appear on the budget due to the fact that all of these expenses have been reimbursed to the company with the bond proceeds.

Mr. Litchfield directed the Commission's attention to the Budget Summary column and the Transfer to Reserves. The amount of \$618,355 is surplus money that our rates have generated that we do not need for operations. This will contribute to our coverage ratio.

Mr. Litchfield informed the Commission that the Budget Amendment includes some capital items, such as tapping tools and boring equipment, a backhoe and several smaller items that we needed. Mr. Litchfield stated that we need to purchase a dump truck for the purpose of towing our backhoe because the GBW rating on the truck that we are using is not sufficient by law. He stated that the cost of the dump truck is \$77,535.

Mr. Litchfield stated that we installed grounding systems in several of our well sites to protect our equipment from lightning damage. However, there are six well sites that need the grounding systems. These improvements are listed in the budget.

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Mr. Litchfield noted that we also need to do meter installations at four booster pump stations. He stated that in the last twelve months we have installed metering on all of our wellsites, which has been an expensive but necessary process.

Mr. Litchfield stated that we need to install more telemetry systems.

Mrs. Toney asked if we have paid the Farmer's Home note in full. Mr. Litchfield stated that we have paid them as well as TD Bank in full.

Mrs. Toney made a motion to approve the Budget Report with amendments. Mr. Davis seconded the motion. All voted in favor.

Mr. Halley recognized Ms. Tuttle to present the Bond Management Proceeds Report.

Ms. Tuttle informed the Commission that we invested the bond proceeds with the S.C. State Treasurer's office. This will allow us to earn higher interest rates and have lower administrative costs than if we had used a bank.

Ms. Tuttle stated that beginning next month she will provide the Commission with a percent complete for each job. This will allow the Board members to see how much money is spent, where it is spent and when it is spent.

Ms. Tuttle stated that we are looking into new accounting software because the current software is standard corporate software that we have used for at least fifteen years. However, now that we have bond money, there are more funds to track and we need to generate reports on a regular basis.

Mr. Davis asked if we will be able to move our CD's into one location. Ms. Tuttle stated that we have already done that with some of them and she has been cashing them out as they mature. For now those funds are sitting in our Replacement Reserves Account. Mrs. Toney asked if that was the right thing to do, since the FDIC only insures up to \$250,000. Ms. Tuttle explained that the FDIC only insures up to \$250,000 if you a non-profit organization. However, now that we are a governmental agency, the banks are required by law to secure with a letter of credit. Mr. Davis asked if we will be able to shop around for better rates at other banks. Ms. Tuttle stated that is an option.

Mr. Gause made a motion to go into Executive Session to discuss two contractual matters. Mr. Davis seconded the motion. All voted in favor. The Board entered Executive Session.

The Commission exited Executive Session.

Mr. Halley stated that the Commission needed to consider approval of the legal contract.

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Mr. Gause made a motion to approve the legal contract. Mr. Davis seconded the motion. All voted in favor.

Mr. Halley recognized Mr. Litchfield to present the C.E.O.'s Report.

Mr. Litchfield thanked the bond team members, the staff and the Commission for all of their hard work during the transition.

Item 1: Taps

Mr. Litchfield stated that there were 11 taps made in the month of March.

Item 2: Commission to Consider Budget Amendments

Mr. Litchfield noted that this issue was addressed earlier in the meeting.

Item 3: Commission to Consider Signature Requirements For Banking and Investment Transactions

Mr. Litchfield stated that it is sometimes inconvenient and difficult to obtain Commission members signatures on financial documents. Mr. Litchfield stated that because of the level of control and checks and balances in place, he does not believe there is a need for Commission member signatures for routine business.

Mrs. Toney commented that it was her understanding that most of those transactions would not need to be completed within a twenty four hour period, and she believed that we should be able to find those members within that time period.

Mr. Halley recommended that we do not make any changes to the policy yet.

Item 4: Commission to Consider Procurement Policy

Mr. Litchfield stated that as a special purpose district, we are required by law to adopt a procurement policy. He noted that Mr. Flynn, our bond attorney, provided us with a model procurement policy for review. Mr. Cox recommended that we adopt this procurement policy.

Mr. Davis asked if we are obligated to take the lowest bid. Mr. Cox explained that we are not required to take the lowest bid. Mr. Litchfield discussed the importance of using good, reputable contractors who do quality work.

Mrs. Toney made a motion to accept the Procurement Policy. Mr. Davis seconded the motion. All voted in favor.

Item 5: Commission to Consider Purchase of Contiguous Property

Mr. Litchfield explained to the Commission that we have an opportunity to purchase some property contiguous to our existing property. He showed everyone pictures of the property and discussed the work that would need to be done.

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Mr. Litchfield explained that the property is 7.04 acres and includes a mobile home. The property is owned by Mr. Outlaw, who acquired the property for \$13,000 at a foreclosure sale and has offered to sell it to us for \$21,000. Mr. Litchfield stated that the property includes a house and a lot of debris and trash. Mr. Litchfield stated that he believes we should purchase the property. He suggested that we investigate the cost of demolition of the home, which is of very little value, and removal.

Mr. Halley agreed that it would be beneficial for the company to acquire the property, but recommended making a lower offer.

Mr. Cox suggested we offer a lower price if we complete demolition and removal of the house or pay him the full price if the owner will complete the demolition and removal.

The Commission agreed to give Mr. Cox authorization to proceed with negotiations of the property.

Item 6: Façade Appearance of Business Offices

Mr. Litchfield stated that there has been much discussion regarding the new office structure and the need for a more commercial appearance. Mr. Munnerlyn, our architect, has designed a draft for the Commission to consider and will present it in the near future.

Mr. Litchfield stated that a building committee needs to be formed to decide upon the facade options. One option is a split faced block with a blue roof, which will coordinate with our well stations.

Mr. Halley asked for volunteers to serve on the building committee. Mr. Davis, Mr. Fountain and Mr. Carter all volunteered to serve. Mr. Fountain was elected to serve as the chairman of the building committee.

Item 7: Commission to Consider Contribution to the Association of Special Purpose Districts Policy Fund

Mr. Litchfield discussed the importance of contributing to the Association of Special Purpose Districts Policy Fund. He explained that Cassatt Water has contributed in the past and asked the Commission to consider donating again.

Mrs. Toney made a motion to contribute to the fund. Mr. Fountain seconded the motion. All voted in favor.

Item 8: Draft FY 2014-2015 Budget

Mr. Litchfield stated that he will submit a draft budget at the May meeting. The final draft of the budget will need to be approved at the June meeting and be made effective July 1, 2014.

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Mr. Gause made a motion to approve the C.E.O.'s Report. Mr. Carter seconded the motion. All voted in favor.

Mr. Halley recognized Mr. Hunter to present the Operation's Report.

Mr. Hunter stated that upon investigating low pressure calls in the Hwy 97 and City Booster Pump areas, we discovered that one of our pump controls was not functioning properly and was only pumping half of its capacity. Mr. Hunter informed the Commission that they decided to rebuild the control valve on both of the pumps at that station, saving the company approximately \$3000 by completing the work themselves.

Mr. Hunter informed the Commission that Kershaw County is paving Waterfront Road and Little Creek Road in the Liberty Hill area. He stated that we need to relocate approximately 500 feet of six inch main over the newly constructed shoulder before the contractor paves the road. That material was purchased out of last year's budget.

Mr. Hunter stated that we are encasing all services to avoid future damages in the road. This makes it easier to replace the service line when a leak occurs. We are working hard to finish this project as soon as possible.

Mr. Hunter noted that we had several main line breaks in Kershaw County on Etters Lane, Hwy 97, Lakeshore Road and Seegar's Circle. He stated that we also had breaks in Lee County at the Stokes Bridge Road and Newsome Road intersection, Springhill Road and Lake Ashwood Road.

Mrs. Thompson made a motion to approve the Operation's Report. Mr. Carter seconded the motion. All voted in favor.

Mr. Halley recognized Mr. Watkins to present the Capital Improvements Report.

Mr. Watkins stated that our Shephard tank has been painted and is back online.

Mr. Watkins stated that we have had a preliminary start up for the B Projects and we are waiting for the power transitions. He stated that DHEC is pleased with everything and has given us permission to put it online. Mr. Watkins stated that we hope to start up this Thursday.

Mr. Watkins stated that we have ordered eight generators and they are scheduled for delivery in June. The bid opening for that project is April 30, 2014.

Mr. Watkins informed the Commission that bid openings for our booster pump stations on our lake connector, as well as our mains, will be May 1, 2014. He stated that we hope to accept bids for Phase II of the Lake Connector.

Mr. Watkins commented that we are working on obtaining temporary easements for the bore pits.

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Mr. Watkins stated that we are accepting bids for painting two pneumatic tanks at Threatt Tank and Charlotte Thompson Tank.

Mr. Fountain made a motion to approve the Capital Improvements Report. Mr. Davis seconded the motion. All voted in favor.

Mr. Halley discussed Robert's Rules of Order. He stated since we have become a special purpose district, the meetings are now open to the public and it is necessary to be as professional as possible. Mr. Halley urged the Commission to read the book that was given to them on Robert's Rules of Order.

Mr. Halley discussed the vacant Commission seat. He stated that it is not the Commission's responsibility to appoint someone for the vacant seat. However, it is the Commission's responsibility to refer who we consider to be eligible candidates to the delegation for their review. Mr. Cox stated that although the candidates are not required to be a customer of Cassatt Water, he would not refer a candidate unless they were a member. Mr. Halley asked the nominating committee to give the resumes of the eligible candidates to Ms. Tuttle.

Mr. Halley asked the Commission to review the draft mission statement.

Mr. Davis made a motion to approve the mission statement. Mrs. Thompson seconded the motion. All voted in favor.

Mr. Gause made a motion to adjourn. Mr. Fountain seconded the motion. All voted in favor.

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Cassatt Water

Kershaw County and Lee County Regional Water Authority

C.E.O.'s Monthly Report

April 21, 2014

1. TAPS

There were 11 taps made in the month of March.

2. COMMISSION TO CONSIDER BUDGET AMENDMENTS

The FY 2013-2014 budget includes CIP projects that would not normally be included in the budget but were added because the need to begin work on these projects was quite urgent. Now that we have acquired bond proceeds the expended funds for the CIP projects are reimbursed and any additional expenditures will be drawn from the bond proceeds. As a result, all columns of the CIP segment of the budget will become zero and will reflect a significant surplus in the budget summary.

Some pending non-CIP operating and capital needs were placed on hold in order to address the most urgent CIP projects. With the CIP projects at zero in the budget a surplus results and I will submit an amended budget to include those pending items. I will address the amendments in detail at the meeting.

3. COMMISSION TO CONSIDER SIGNATURE REQUIREMENTS FOR BANKING & INVESTMENT TRANSACTIONS

As a matter of routine business it is necessary to purchase, roll over, close CDs or other investments, now that we are a SPD. In recent years it has been CW's policy to require signatures of at least two Board Members when transactions are necessary but it has been very inconvenient for both staff and Board Members.

In considering that our organizational structure now includes a Chief Executive Officer, Chief Finance Officer, Bookkeeper & Secretary to the Board, Chief Operations Officer, and Project and Tech Manager, I feel that we have an adequate chain of checks & security to no longer require Commissioners signatures for routine business.

4. COMMISSION TO CONSIDER PROCUREMENT POLICY

As a SPD we are required to adopt a document of procurement policy. Our bond attorney, Mr. Flynn, supplied a copy of the Startex-Jackson-Wellford-Duncan SPDs policy as a model and that policy has been used as a basis for the draft CW policy. We have amended the policy to better fit our needs and, with Mr. Cox's review, submit the final draft of the procurement policy for the Commissioners' consideration.

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5. **COMMISSION TO CONSIDER PURCHASE OF CONTIGUOUS PROPERTY**

The available property totals 7.04 acres and includes a residential structure that is of no value. The property was in foreclosure and purchased by Mr. Outlaw for \$13,000.00.

Mr. Outlaw is asking \$21,000.00 or \$2,983.00 per acre, for the property and is willing to divide at \$4,000.00 per acre.

The property includes a house that is of no value and will require some removal of debris. If the Commissioners wish to initiate negotiation or make an offer of a purchase it would be my recommendation that CW purchase the total 7.04 acres.

6. **FACADE APPEARANCE OF BUSINESS OFFICES**

Our Architect, Mr. Jody Munnerlyn has been authorized to proceed with work on the office building improvements. There has been much discussion regarding a more commercial look than the current structure.

We have discussed use of split-faced concrete block and a blue metal standing seam roof which would be similar to the recent well house construction. I will discuss further in the meeting and would like to have some input from the Commissioners regarding this matter.

7. **COMMISSION TO CONSIDER CONTRIBUTION TO THE ASSOCIATION OF SPECIAL PURPOSE DISTRICTS POLICY FUND**

Funding of lobbying efforts on behalf of the S.C. special purpose districts is a very important activity, a good example of which was the support of legislation to allow CW to convert to a SPD.

Cassatt Water has contributed to the fund in the past and I would recommend that we continue to do so in the amount of \$825.00 per their invoice.

8. **DRAFT FY 2014-2015 BUDGET**

The first draft of the budget will be submitted to the Commission at the May meeting. The final draft of the budget will be submitted for a vote of approval at the June meeting and the new budget will be made effective July 1, 2014.