

MINUTES

August 18, 2014

CASSATT WATER

Kershaw County and Lee County Regional Water Authority

AGENDA

Commission Meeting

2:00 PM

AUGUST 18, 2014

- | | |
|--|----------------------------------|
| 1. Call to Order | Mr. Roosevelt Halley, Chairman |
| 2. Invocation | Rev. Kenneth Carter, Chaplain |
| 3. Statement of Public Notice Compliance with The Freedom of Information Act and S. C. Law | Mr. Roosevelt Halley, Chairman |
| 4. Public Comment on Non-Agenda Items | Mr. Roosevelt Halley, Chairman |
| 5. Amendments to Agenda | Mr. Roosevelt Halley, Chairman |
| 6. Approval of Agenda | Mr. Roosevelt Halley, Chairman |
| 7. Presentation of Bylaws for the Kershaw County and Lee County Regional Water Authority | Mr. William Cox, Attorney |
| 8. Commission to Consider a Resolution to Adopt Bylaws of Kershaw County and Lee County Regional Water Authority | Mr. Roosevelt Halley, Chairman |
| 9. Secretary's Report | Mrs. Angela McCaskill, Secretary |
| 10. Approval of July 21, 2014 Minutes | Mr. Roosevelt Halley, Chairman |
| 11. Old Business | Mr. Roosevelt Halley, Chairman |
| 12. Financial Report | Ms. Donna Tuttle, C.F.O. |
| 13. Management Report | Mr. Charles Litchfield, C.E.O. |

MINUTES

August 18, 2014

- | | |
|--|--------------------------------|
| 14. Operations Report | Mr. Steve Hunter, C.O.O. |
| 15. Capital Improvements Report | Mr. John Watkins, PM&T Manager |
| 16. Vacant Board Seat | Mr. Roosevelt Halley, Chairman |
| 17. New Business | Mr. Roosevelt Halley, Chairman |
| 18. Next Meeting September 15, 2014 | Mr. Roosevelt Halley, Chairman |
| 19. Field Trip to the Jamestown Rd. Facility | Mr. Roosevelt Halley, Chairman |
| 20. Adjourn | Mr. Roosevelt Halley, Chairman |

MINUTES
August 18, 2014
CASSATT WATER

Kershaw County and Lee County Regional Water Authority

| | | |
|------------------|------------------------|---------------|
| Members Present: | Mr. Roosevelt Halley | Chairman |
| | Mr. Julius Gause | Vice Chairman |
| | Rev. Kenneth Carter | Chaplain |
| | Mrs. Johnette Caughman | Commissioner |
| | Mr. Mike Davis | Commissioner |
| | Mr. Furman Fountain | Commissioner |
| | Mrs. Ollie Thompson | Commissioner |
| | Mrs. Bettie Toney | Commissioner |

| | | |
|---------------------|------------------------|--------------------------|
| 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 | PM&T Manager |
| | Mr. William Cox | Company Attorney |

1. Call to Order

Action

- Meeting called to order by Mr. Halley.

2. The Invocation

Action

- Rev. Carter delivered the invocation.

3. Statement of Public Notice Compliance With the Freedom of Information Act and S.C. Law

Action

- Mr. Halley stated that the public has been notified of the meeting.

4. Public Comment on Non-Agenda Items

Action

- There was no public in attendance, therefore, no public comment.

5. Amendments to Agenda

Action

- There were no amendments to the Agenda.

MINUTES

August 18, 2014

6. Approval of Agenda

Action

- Mr. Gause made a motion to approve the Agenda as printed. Mr. Fountain seconded the motion. All voted in favor.

7. Presentation of the Bylaws for the Kershaw County and Lee County Regional Water Authority

Key Discussion Points

- Mr. Cox stated that he and Mr. Litchfield have been working diligently to compose a document that will give the Commission some ability to rely on how the meetings will run, as well as who may apply for a Commissioner's seat. The proposed Bylaws are compiled from old Cassatt Water bylaws, some other SPD bylaws and some individual additions that were constructed specifically for Cassatt Water.
- Mr. Halley stated that the proposed bylaws state that a Commissioner must be a customer of Cassatt Water. Mr. Cox stated that the delegation prefers that the Board of Commissioners recommend the candidates to them, rather than having to choose the candidate for us. It is a time consuming task on the delegations part and they generally feel that the Commission is best suited at selecting a candidate.
- Mr. Gause asked Mr. Cox to check to see if a proxy vote is permissible.
- Mr. Litchfield commented that the Chairperson's compensation is \$50 more than the Commissioner's.

8. Commission to Consider a Resolution to Adopt Bylaws of Kershaw County and Lee County Regional Water Authority

Action

- The Commission agreed to allow Mr. Cox to research the legalities of the proxy vote before voting to adopt the bylaws.

9. Secretary's Report

Action

- Mrs. McCaskill presented the minutes.

10. Approval of Minutes

Action

- Mrs. Toney made a motion to approve the minutes for the regular Commission meeting, dated July 21, 2014. Mrs. Thompson seconded the motion. All voted in favor.
- Rev. Carter made a motion to approve the minutes for the Building Committee meeting, dated July 21, 2014. Mr. Fountain seconded the motion. All voted in favor.

MINUTES

August 18, 2014

- Mr. Fountain made a motion to approve the minutes for the Candidate Selection meeting, dated August 1, 2014. Rev. Carter seconded the motion. All voted in favor.
- Mr. Gause made a motion to approve the minutes for the Executive Committee meeting, dated August 6, 2014. Rev. Carter seconded the motion. All voted in favor.

11. Old Business

Action

- There was no old business to discuss.

12. Financial Report

Key Discussion Points

- Ms. Tuttle directed everyone's attention to the fiscal year end June 2014 budget. She noted the Encumbered Funds column, which are items that have been ordered, but not yet paid for. They will be paid for in the next fiscal year.
- Ms. Tuttle announced that we now refer to our excess Surplus cash as Available Capital Projects. We came out better on that item than we originally budgeted for.
- Mrs. McCaskill noted that we will now be donating funds to Lee County Council on Aging for the assistance of Cassatt Water customers.
- Ms. Tuttle directed everyone's attention to the July 2014 budget report and noted that we are now showing the coverage ratio monthly rather than annually.
- Ms. Tuttle stated that we are showing the 120 day cash on hand, as required for the bond proceeds.

13. Manager's Report

Key Items of Discussion

- Mr. Litchfield stated that he felt there was a level of discomfort with the cost of the building. He stated that the estimate is around \$1.3 million and we need to find funding for approximately \$713,500.
- Mr. Litchfield stated that there are a number of options to finance the \$713,500. The first option is to exceed the project budget. The second option is to draw from the cash on hand. The third option is to seek financing from the State Revolving Loan Fund. The fourth option is to seek financing from utilities oriented lending institution. The fifth option is to seek financing from a local lending institution.
- Mr. Litchfield discussed the need to establish our own construction crew to cut cost and provide our own quality control. To do this, we will need to hire eight entry level personnel and purchase equipment such as trucks, a trencher and a backhoe. He estimates the cost to be approximately \$325,000 per year to add the crew.
- Mr. Litchfield stated that there is a possibility that Lee County may construct a bypass between Hwy 15 and Hwy 341. This will likely become a commercial area and could be beneficial to Cassatt Water if we acquired that service area. Mr. Litchfield urged everyone to consider the commitment of that service area.

MINUTES

August 18, 2014

Action

- Mr. Gause made a motion to proceed with construction of the Administrative Building as presented. Mrs. Thompson seconded the motion. All voted in favor.

14. Operations Report

Key Items of Discussion

- Mr. Hunter stated that we made 8 taps in July.
- Mr. Hunter stated that we had 7 water main breaks and 8 service leaks in Kershaw County. We also had 3 water main breaks and 5 service leaks in Lee County.
- Mr. Hunter commented that we have constructed one of our catwalks at Elliott Lot and have started another catwalk at Clearwater Lake.
- Mr. Hunter noted that we picked up our dump truck last Thursday.
- Mr. Hunter commented that our second round of DHEC samples were taken August 5th. The third round will be in November and the fourth round will be in February.
- Mr. Hunter informed the Commission that our underground storage tank inspection went well.

15. Capital Improvements Report

Key Items of Discussions

- Mr. Watkins stated that we have three contractors working and a fourth one is about to begin.
- Mr. Watkins noted that we have laid approximately seven miles of water lines at Porter Rd and Providence Rd. He stated that we are working on Georgetown Rd now.
- Mr. Watkins commented that the site has been cleared for the Providence Booster Pump Station. The tank has been built, the generator pad has been poured and the fence is being constructed now.
- Mr. Watkins stated that the generators are ready for the Baron Dekalb site and the pad has been poured there as well.
- Mr. Watkins informed the Commission that the tank at Baron Dekalb should be complete by the end of this week.
- Mr. Watkins stated that the area for Hwy 97 will be the next project.
- Mr. Watkins noted that the pipe for Clearwater Lake and Running Fox has been delivered and the contractor will be on site next week.
- Mr. Watkins commented that we are approximately 80% complete with our generator installations.
- Mr. Watkins stated that the preliminary work for Valley Park is complete.

16. Vacant Board Seat

Key Items of Discussion

- Mr. Halley stated that the Candidate Selection Committee has reviewed the applicants and have decided to interview the six candidates this Wednesday from 2-4 PM.

MINUTES

August 18, 2014

17. New Business

Key Items of Discussion

- There was no new business to discuss.

18. Next Meeting

Key Items of Discussion

- The next Commission meeting is scheduled for September 15, 2014.

19. Field Trip to Jamestown Rd. Facility

Key Items of Discussion

- Mr. Halley stated that the meeting will adjourn after the field trip to the Jamestown Well facility.
- Mr. Litchfield encouraged the Commissioners to turn in their mileage for reimbursement if they chose to drive themselves. He stated that there is transportation provided if the Commissioners desired to take advantage of that.

20. Adjourn

MINUTES

August 18, 2014

Cassatt Water

Kershaw County and Lee County Regional Water Authority

Chief Executive Officer's Monthly Report

August, 2014

1. DRAFT BYLAWS

Enclosed you will find for your review a copy of draft bylaws to govern our operation as a Special Purpose District. These bylaws have been drafted by combining William's initial draft, sections from our old bylaws, and sections of bylaws from another SPD.

Cassatt Water's old bylaws included a number of sections that were specific to daily operation and business matters which should not be in the bylaws, but in a separate document consisting of a compilation of policies and procedures. I will be working on that document.

2. OFFICE BUILDING CONSTRUCTION

The projected budget for construction of the office addition totals \$1,313,500.00. The bond proceeds will provide \$600,000 and an additional \$713,500.00 will be required to complete the project.

We have several options for funding the additional funding requirement:

- Exceed the project budget and pay from bond funds. Some CIP projects may be under budget and some may be over budget. As we near the end of the CIP construction phase, if we are running over budget we may have to drop a project or pay the additional from cash on hand. If we are running under budget the amount of surplus will cover some of the building budget overrun but we will not know until late in the construction phase.
- Draw from cash on hand. This is not the best option but we do have adequate cash on hand

MINUTES

August 18, 2014

- Seek a financing from the State Revolving Loan Fund -
- Seek a financing from a utilities oriented lending institution
- Seek financing from a local lending institution.

Some significant issues to consider:

- We now have four employees that cannot be accommodated in the existing building. Two of them are in a rented modular office unit. This is a great inconvenience and at some point in the future there will be additional staff office space requirements. The cost will be greater if not addressed in this project. Doing an addition on the building at a later date would not be a good option.
- Daily interaction & communication between staff of all departments dictates that *all* employees need to be in one building.
- The current site is near the geographical center of our service area and the building will probably be in service for at least 50 years.
- The cost of financing the additional \$713,500.00 will be \$24,757 per year based on a 50 year life of the building.
- If revenues and expenses fall within projected values our year end budget totals should show a surplus of \$460,533.
- If we acquire the maximum Rural Infrastructure Authority grant funding in the amount of \$350,000 for the Hwy 97 tank project the budget will show a surplus of \$810,533 at year end.
- If we acquire a state revolving loan for full amount of the projected HWY 97 project cost of \$910,000 the budget should show a surplus in excess of \$1,370,533 at year end.

I would recommend that Commission approve construction of the office expansion plan as presented by the architect and that we seeking financing right away.

MINUTES

August 18, 2014

3. COMMISSION TO CONSIDER ESTABLISHMENT OF A CONSTRUCTION CREW

The Phase One CIP includes major infrastructure renewal, replacement, operations, water production & storage capacity, and system reliability needs that should have been addressed many years ago. In other words, Phase One consists of “catch up work” and we should presently be well into implementing the Phase 2 Plan. As in Phase I, Phase II of the CIP will consist of a group of larger projects to replace or upgrade significant segments of aging infrastructure and/or accommodate growth.

Both phases of the CIP leave much work to be done, such as replacing prematurely deteriorating service line pipe and numerous other shorter sections of water main that experience ongoing problems. We would not normally seek bond financing for such projects.

The Authority does not presently have adequate staff to get ahead of the work and consequently, still address failing infrastructure on an “as it happens” basis. Operating in a mode of daily response to unpredictable events precludes ability to focus on the smaller renewal & replacement construction projects and follow through to completion without interruption.

The cost of construction with in-house labor & equipment will be significantly less than contract work. The anticipated annual cost of the construction crew and equipment is estimated at \$325,000. Most, if not all, of the construction crew cost will be capitalized and will not affect the debt service coverage requirements. See attached budget projection.