

MINUTES OF THE MEMBERS OF THE BEAUFORT-JASPER WATER AND SEWER AUTHORITY MEETING HELD ON THURSDAY 3/26/2015.

Be it remembered that the Members of the Beaufort-Jasper Water and Sewer Authority held its regular meeting Thursday, 3/26/2015, at the Beaufort-Jasper Water & Sewer Authority Administration Building. This meeting met the notice requirements of, and was properly constituted pursuant to, Chapter 4, Title 30 of the Code of Laws for South Carolina, 1976, as amended, commonly known as the "Freedom of Information Act".

ATTENDANCE

Members of the Authority in attendance: David Lott, Chair; Donna Altman, Vice-Chair; James N. Scott, Secretary/Treasurer; Jimmy Baker; Michael Bell; Lorraine Bond; Jack Burke; Brandy Gray; Donald Manson; Dr. Bill Singleton and Skeet Von Harten.

Members of the Authority not in attendance: All members were present.

Staff in attendance: Ed Saxon, General Manager; Chris Petry, Chief Operating Officer; Dottie Hofmann, Chief Financial Officer; Frank Eskridge, Chief Technical Service Officer; Ken Jordan, Chief Administrative Officer; Allena Lee-Brown, HR Manager; Brian Chemsak, Capital Projects Manager; Joe DeVito, Director Field Operations; Joshua Terry, Director of Information Technology; Pamela Flasch, Communications Manager; Sarah Linkimer, Controller; Will Bettis, Purchasing & Risk Manager and Libby Breland, Executive Assistant/Clerk to the Board.

Legal Counsel in attendance: Erin Dean, Esq., Tupper, Grimsley and Dean, P.A.

Public in attendance: Frank Turano, Regional Manager, Alliance Consulting Engineers;

CALL TO ORDER

The meeting convened at 8:00 a.m., Chair David Lott presiding.

INVOCATION AND PLEDGE OF ALLEGIANCE

Michael Bell gave the invocation and all joined in the Pledge of Allegiance to the flag of the United States.

APPROVAL OF MINUTES

Motion: Moved by Lorraine Bond, seconded by Vice-Chair Donna Altman, to approve the minutes of the 2/26/2015 regular board meeting as written and distributed in advance to the Members of the Authority. No corrections were noted,

Vote was held; Skeet Von Harten abstained, due to his absence,

Motion carried.

PUBLIC COMMENT

The public was introduced and welcomed. There was no public comment.

GENERAL MANAGERS REPORT

Ed Saxon submitted the following report:

1. Safety Report – We had two minor incidents in February, both were vehicle accidents where the other driver was at fault. The recordable injury shown is due to one vehicle accident; the employee involved experienced some pain and saw their doctor the next day. Our employees have surpassed the 800,000 safe hours worked mark. Our bi-annual Safety Survey will be conducted with all employees on 4/21. Results of the survey will be compared to the survey results from 2013 to measure the performance of our safety program. Estimated \$33K in savings for Worker’s Compensation premiums for calendar year 2015.
2. Wellness – Our Safety Survey will include two wellness questions. A Trike (3 wheel bike) pilot at Cherry Point has been well received. We also brought in a Physical Therapist for the Administrative staff monthly meeting whom provided stretching tips for sedentary employees.
3. Thad Coleman – Mr. Coleman passed away on March 15. Skeet, Mike & I attended his funeral. Thad was on the Board from 1981 until 2000. Because of Thad’s efforts while working with Beaufort Jasper Comprehensive Health as the Director of Community Services to provide residents of rural areas water and sewer services, BJWSA established the Thad Coleman Fund that provides financial assistance to connect to BJWSA’s water/sewer system for families facing hardships.
4. Savannah River Basin – The COE has declared that the lakes have fully recovered from the drought and have returned to normal operations. The basin is in good shape as we approach Spring and the associated increases in water demand.
5. Levy-Limehouse Connection to Main System – The connection was completed on March 24th with no complications.
6. Filing of Statement of Economic Interest – Thanks to Libby for getting these statements filed for the Board.
7. SCEC Awards – Congratulations to the Wastewater group for receiving DHEC’s Facility Excellence Awards for all our 8 Plants. Also, Joe Moran received the SC Maintenance Person of the Year Award and Kevin Sexton gave a well-received presentation on our Taste & Odor program. *An ovation was received.*
8. Spanish Moss Trail – BJWSA was recognized as a significant contributor to the success of the Spanish Moss Trail at the 3/19 ceremony to dedicate the bronze plaques installed to permanently recognize supporters of the Spanish Moss Trail. Joe DeVito was the Master of Ceremonies and David spoke a few moments about BJWSA’s involvement.
9. Hardeeville City Council Presentation - I am on the agenda for the Thursday 4/2 Hardeeville Council meeting starting at 6:00 PM. I plan to discuss BJWSA activities in Hardeeville over the past two years and our future plans.
10. Board Retreat – Our annual Board retreat will be held on Thursday May 21 from 10-2 at a location to be determined. I’ve distributed a draft agenda for the retreat and would like for you to review it and provide comments to me by April 17th.
11. IT Update – Joshua Terry, Director of IT, will provide a summary of current IT activities and future plans.

➤ ***Staff Presentation-Joshua Terry, Director of IT.*** Joshua provided a summary of current and future plans of IT initiatives, including detection and recovery.

➤ **Public Affairs Report.** Pamela Flasch gave an update on the following project:

- Hwy 21/Shanklin Rd Intersection Water Line Improvement. Pamela received a report from Thomas Mike, Engineering Inspector, that the replacement of several large valves along with a meter pit demolition was a success. The work with the contractors was done between the hours of 8:00 p.m. – 4:00 a.m. to cause minimal disruption in service.

A summary memo dated 3/16/2015, was included in the Board packet and is attached to these minutes and is made a part hereof.

COMMITTEE REPORTS

Report of the Executive Committee. Committee Chair David Lott stated that the Executive Committee did not meet although plans to meet on the 9th.

Report of the Capital Projects Committee. Committee Chair Dr. Bill Singleton reported that the Capital Projects Committee met on 3/18/2015 and reviewed the status of the Capital Program and Development Activity. A summary of noteworthy projects was included in the Board Packet. Some projects of note:

- Hardeeville Wastewater Treatment Plant Expansion. Kickoff off meeting is scheduled for 3/25/15.
- Admin Building AC Replacement. The units are in various stages of completion, with punch list items remaining. We received grant money and are already seeing a reduction in usage by two-thirds to one-half in heating and air energy costs.
- CIP Projects for Approval. Several will be presented under new business for approval.

Report of the Finance Committee. Committee Chair Donna Altman reported that the Finance Committee met on 3/19/2015 and submitted the following report:

- 2/28/2015 Interims. Total operating revenues were \$404 thousand over budget year-to-date. Expenses were under budget year-to-date, \$520 thousand without depreciation and \$307 thousand with depreciation. Capacity fee revenues for 2/28/2015 were \$38 thousand, \$699 thousand over budget year-to-date. Cash is healthy, ratios are within our limits and policies; liquidity has increased from 1.98 to 2.37 for this fiscal year-to-date. The Authority's target liquidity is 2.2 and higher. Operating Cash totals \$14.5 million, and the Authority's cash designated for R&R and capital projects totals \$12.8 million year-to-date. Days Cash on Hand is 398 days, the rating agencies recommend 150-250 days.
- The Cash and Investment Management Policy Revision. Will be presented under new business for approval. One minor change was, increasing the operating cash minimum balance from 90 days to 120 days.

- Finance Committee Charter. Minor changes were approved and will be brought before the Board next month.
- Financial Advisor RFQ. Four proposals were received and after evaluation, the staff chose First Tryon Advisors.
- Rate Model. The update on the proposed rate model will take a couple of hours to report. It was discussed, rather to hold a separate workshop or bring it through committees. It was suggested to review the new rate model immediately after the April 23rd Board meeting or before the Board Retreat. Dottie will take a poll.

A copy of the financial report dated 2/28/2015, was included in the Board packet and is attached to these minutes and is made a part hereof.

Report of the Personnel Committee. Committee Lorraine Bond reported that the Personnel Committee met on 3/17/2015 and submitted the following report:

- Safety and Wellness Update. A trike (3-wheel bike) was purchased and is being piloted at Cherry Point WWTP. Dr. Johnathan Cole, Physical Therapist, presented at the Finance & Administration monthly meeting tips for sedentary employees; for example stretching every 20 minutes.
- Annual Review of Committee Charter and Bylaws. Finance Committee will be submitting changes next month.
- BJWSA University. Training & Development Specialist search continues; more promising results after second advertisement. Skills Gap Analysis is now being focused on Field Operations. Ethics training was conducted on 2/19 by Georgia Southern professor, Luther “Trey” Denton. Staff shared some of supervisors more creative recognition ideas for personnel. Revisions to the Performance Management form are complete. The process begins April 2.

Chair David Lott expressed how pleased and impressed he was with the staff and committees participation. An ovation was received.

OLD BUSINESS

There was no old business.

NEW BUSINESS

A. BWSA Cash and Investment Management Policy Revision - Approval. As reported in the Finance Committee one minor change was proposed to change minimum operating cash balance from 90 days to 120 days.

Motion: Recommendation for approval of revision to the BJWSA Cash and Investment Management Policy as presented and referenced in the draft Policy dated March 26, 2015 came from the Finance Committee, *requiring no second,*

All voted in favor, none opposed,

Motion passed unanimously.

B. Capital Improvement Program

CIP Additions

1. CIP 1735 - Core Switching Replacements - \$110,000. This project addresses the replacement of our switching infrastructure to better prepare us for growth in the future. The replacement switches will contain zero day attack technology which can contain threats at the switch level. This project will be funded from C&D.

Motion: Recommendation for approval of adding CIP Project 1735, Core Switching Replacements to the FY2015-2017 CIP as presented and referenced in the memorandum from Joshua Terry, dated 3/16/2015 came from the Capital Projects Committee, *requiring no second, All voted in favor, none opposed,*

Motion passed unanimously.

2. CIP 1736 - Server Redundancy and Disaster Recovery - \$290,000. This project upgrades our current Disaster Recovery solution. After this project is complete, we will have the ability to switch to our servers in the data center automatically which will ensure continuity of IT server operation during and after a disaster. This project will be funded by Water/Sewer Capital.

Motion: Recommendation for approval of adding CIP Project 1736 Server Redundancy and Disaster Recovery, to the FY2015-2017 CIP as presented and referenced in the memorandum from Joshua Terry, dated 3/16/2015 came from the Capital Projects Committee, *requiring no second,*

All voted in favor, none opposed,

Motion passed unanimously.

Budget Adjustments

1. CIP 1763 – Hardeeville WL Replacement - \$139,000 Increase. This project will improve the water quality for the customers who are currently connected to the galvanized waterlines as well as improving the entire Hardeeville water system by creating a better hydraulic profile between the two tanks in the system. This project was submitted to the South Carolina Rural Infrastructure Authority (SCRIA) for a grant under the Basic Infrastructure Grant Program.

Motion: Recommendation for approval of CIP 1763 Hardeeville WL Replacement budget adjustment for \$139,000 increase as presented and referenced in the memorandum from Brian Chemsak, dated 3/12/2015 came from the Capital Projects Committee, *requiring no second,*

All voted in favor, none opposed,

Motion passed unanimously.

Contract Awards

1. CIP-1820 Misc. WW Pump Station Replacements to BRW in the amount of \$489,535 and CIP 1693 – CPWRF Septage Receiving Station Improvements to BRW in the amount of \$229,535. Both of these CIP projects involve rehabbing existing pump stations that are located in the BJWSA sewer system. BRW is a local contractor and has been the low bidder

for the past several pump station rehab projects jobs that were completed within budget without any problems. The proposed contract amount is in line with their previously bid projects. Staff has recommended that we award the sole source contract to BRW based upon their past performance and the lack of interest from other local contractors. Purchasing has reviewed the request and approved the sole source contract award. Discussion was held regarding sole sourcing. Michael Bell asked that the staff include a written denial of bid participation from competitive firms and for all future sole sourcing bid awards.

Motion: Recommendation for approval of CIP 1693 CPWRF Septage Receiving Station Improvements to BRW in the amount of \$229,535 Contract Award as presented and referenced in the memorandum from Brian Chemsak, dated 3/13/2015, came from the Capital Projects Committee, *requiring no second, All voted in favor, none opposed,*
Motion passed unanimously.

PUBLIC COMMENT

There was no public comment.

(9:10 a.m.)

EXECUTIVE SESSION

Motion: Lorraine Bond moved, seconded by Jimmy Baker , to go into executive session for the purpose of discussing legal matters regarding: 1. Jarman litigation, 2. 10 Frontage Road litigation, 3. Hoogenboom/Smith/Van Zyle litigation, 4. Jones litigation, and 5. Patel litigation appeal.

All voted in favor, none opposed.

Motion passed unanimously.

Chair David Lott, excused all persons from the meeting. Legal counsel, the general manager, CFO, CAO, CTSO, and COO, remained for the executive session for the legal briefing.

(9:20 a.m.)

RECONVENE

Motion: Dr. Bill Singleton moved, seconded by Jack Burke, to reconvene regular session,

All voted in favor, none opposed.

Motion passed unanimously.

ACTION

No action was taken.

ADJOURNMENT

With no further business to come before the Board, Michael Bell moved, seconded by Vice-Chair Donna Altman, to adjourn the meeting at, 9:20 a.m.

All voted in favor, none opposed.

Motion passed unanimously.

APPROVED: 4/23/2015

Respectfully submitted,

Libby Breland, Clerk to Board

Signatures and Attachments on file.