



GreenvilleWater

**MINUTES OF THE REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS**

**407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina**

**April 2, 2013
8:30 a.m.**

Commissioners of Public Works:

Chairman Debra M. Sofield, James W. Bannister, Phillip A. Kilgore, J. David Sudduth, and Knox H. White

Greenville Water Staff:

Chief Executive Officer David H. Bereskin, Chief Operations Officer Murray Dodd, Chief Financial Officer Phil Robey, Director of Business Services David Hughey, Director of Engineering Mike Sharpless, Director of Water Resources K.C. Price, Director of Human Resources Susan Rector, Controller Jondia Berry, Information Technology Manager Joe Beineke and Commission Attorney David Ward.

The Regular Meeting of the Commissioners of Public Works was called to order at 8:30 a.m. by the Chairman, Commissioner Sofield.

1. APPROVAL OF MINUTES

Commissioner Kilgore moved, seconded by Commissioner Sudduth, to approve the regular meeting minutes of March 5, 2013. The motion carried unanimously.

2. PUBLIC COMMENT

No comments were presented.

3. WATER RESOURCES UPDATE

Director of Water Resources K.C. Price presented highlights from the Water Resources Report through March 2013 as provided in the Commissioners' Agenda packet. Mr. Price advised both of the reservoirs are full and water production is at approximately 46 mgd. Mr. Price referred to an increase in rainfall for March 2013 compared to March 2012 and provided an update regarding drought Level 2 in the Army Corps storage.

4. FINANCIAL UPDATE

Chief Financial Officer Phil Robey presented highlights from the Financial Statement through February 2013 as provided in the Commissioners' Agenda packet. Mr. Robey stated the total revenue is at 55 percent and total expenditure is at 63 percent. Director of Human Resources Susan Rector advised there are 246 positions budgeted with 228 actual employees and six active vacancies being recruited. Commissioner Kilgore referred to monthly variance information previously provided in the report and requested the information be included in future reports.

Mr. Robey presented the proposed meeting calendar for Budget and Capital Improvement Projects (CIP) discussions. Mr. Robey requested feedback from the Commissioners regarding whether to conduct a financial overview at the next regular meeting or to schedule a separate workshop meeting. The Commissioners agreed to schedule a separate workshop meeting for those discussions. Mr. Bereskin asked if the Commissioners would like to conduct separate

Minutes – Commissioners of Public Works
April 2, 2013
Page 2

meetings for the Budget and CIP or conduct a joint meeting. Commissioner Sofield recommended discussing the matter further later in the meeting.

Mr. Robey introduced Walter Goldsmith of Davenport and Company as the financial advisor. Mr. Goldsmith shared information regarding the firm's background and presented the process and schedule the firm will take in accomplishing its obligations with Greenville Water. Mr. Goldsmith stated the firm's primary focus will be to provide assistance with developing proposed financial policies, to introduce Greenville Water to and meet with rating credit agencies, and to position Greenville Water to take advantage of refunding transactions related to the Series 2005 Bonds.

Mr. Goldsmith explained the firm's process in reviewing financial policies and providing recommendations including comparison analysis. Mr. Goldsmith reviewed Greenville Water's debt profile and the current interest rate environment and recommended refunding the bonds now to capture savings. Mr. Goldsmith suggested considering another refunding in 2015 if the rates are still low. Mr. Goldsmith advised the firm will review the reserve fund on the 2005 bonds to determine better use of the fund.

Mr. Goldsmith discussed the advantages of a bank placed transfer versus a public sale and advised there is potentially better savings through selling to the banks. Mr. Goldsmith described the process in pursuing a bank placed transfer and stated Greenville Water could reject the bank bids and sell bonds through the public sale if the Commissioners do not like the bids received.

Mr. Robey recommended the Commissioners adopt a proposed Resolution authorizing Mr. Bereskin to begin the process of refunding the bonds subject to certain terms and conditions. Mr. Robey recommended developing a financial policy followed by visiting the rating agencies and reviewing the bank bids. Mr. Robey provided a possible closing date of early June.

After discussion, Commissioner Kilgore moved, seconded by Commissioner Sudduth, to approve a Resolution making provisions for the terms and conditions of an issue of Waterworks System Refunding Revenue Bonds, Series 2013. The motion carried unanimously.

Commissioner Sofield requested a short break prior to beginning the next item.

5. IRRIGATION METER POLICY UPDATE

Chief Operations Officer Murray Dodd presented an update on the irrigation meter policy as provided in the Commissioners' Agenda packet. Mr. Dodd reviewed proposals previously presented to the Commissioners and recommended an alternative proposal to eliminate capacity fees on any new irrigation meter installation for a period of two years and after the two year period charge \$525 for capacity fees for new irrigation meters.

Commissioner Kilgore asked if there is a mechanism in place to turn off water if a customer does not comply with implementation and installation of an irrigation meter or weather based sensor. Mr. Dodd advised the irrigation meter can be turned off. Commissioner Sudduth asked if the weather sensor prevents customers from watering when it is raining, and Mr. Dodd responded it does.

Mr. Bereskin discussed marketing of the proposed policy including encouraging costs savings for wastewater treatment on irrigation water and encouraging customers to become better stewards of resources especially during drought times.

Minutes – Commissioners of Public Works
April 2, 2013
Page 3

Mr. Dodd reviewed the costs and types of weather sensors on the market as well as requirements for installing weather based programmable controllers. Mr. Bereskin advised the proposed policy will allow Greenville Water to implement an incentive program in the future to change out sensors and subsidize the process. Commissioner Kilgore commented on the importance of marketing the policy and sharing the benefits and cost savings with customers. Mr. Bereskin advised marketing will be handled externally by a marketing firm.

Regarding financial impact, Mr. Dodd stated since June 2012, 17 irrigation meters have been paid for out of 1,525 new accounts in the system at approximately \$22,000 in capacity fees. Mr. Dodd advised he expects the number of irrigation meters in the system to increase with the proposed policy. Mr. Dodd also advised he anticipates working with plumbers to develop a RFP to lower installation costs for irrigation meters. Mr. Dodd presented the drought response tier migration providing an example of the rate structure for different stages during a drought.

Commissioner Sudduth asked how the amount of \$525 for irrigation meters was determined. Mr. Dodd referred to discussions during the last Commission meeting and advised it is based on the flows and hydraulics of the service lines. Mr. Dodd stated the current rate is based on an average customer's usage of 400 gallons per day residential equivalent unit. Commissioner Sudduth questioned whether there is a need to implement a capacity fee after the two year period. Mr. Bereskin responded staff is fine with eliminating the capacity fee after the two year period.

Commissioner Kilgore reminded everyone that the capacity fee was implemented because the Commission was informed by consultants that water utilities were going to capacity fees. Commissioner Kilgore recommended determining the new way of thinking before eliminating it altogether. Commissioner Bannister asked if the policy would assist with the relicensing process, and Mr. Bereskin responded it would. Mr. Bereskin reminded Commissioners that capacity fees can only be spent on certain projects such as plant improvements, tanks, and major transmission lines. Mr. Bereskin also reminded Commissioners while the fee is being waived for the irrigation meter, new customers will continue to pay \$1,320 for their house meter.

Commissioner White commented on the surprise from customers in paying an initial capacity or impact fee and paying a second fee to install an irrigation system. Commissioner Kilgore stated while he is comfortable moving forward with the proposal, he is mindful of Commissioner Sudduth's concerns. Commissioner Sudduth stated much of the detail is with the community's understanding of the policy and how it will impact them. Commissioner Sudduth recommended eliminating the capacity fees for two years as presented and reviewing the matter further for future consideration. Mr. Bereskin discussed Greenville Water's plans over the next two years to complete a study and engage the rate consultant to make sure the capacity fees are in line.

After discussions, Commissioner Kilgore moved, seconded by Commissioner Bannister, to prepare a policy to include the following: (1) require all new irrigation systems be metered; (2) eliminate the capacity fee on any new irrigation meter installation for a period of two years and to return the matter to the Commissioners for discussion on whether to charge a capacity fee after the two year period and to determine a fee amount if charged; (3) require all new irrigation systems to be equipped with weather-based sensors and/or controllers; and (4) revise the Contract for Water Service to give Greenville Water authority to turn off all residential irrigation meters in designated times of severe drought (tied to drought stages as outlined in the ILIP agreement). Commissioner Kilgore stated the motion will require the policy and contract to come

Minutes – Commissioners of Public Works
April 2, 2013
Page 4

back to the Commission for review and approval. Commissioner Kilgore recommended staff have the marketing firm prepare a Request For Qualification and provide it to the Commission for review. The motion carried unanimously.

6. MONTHLY BILLING / DELINQUENT FEES UPDATE

Director of Business Services David Hughey presented information regarding the process of pursuing delinquent customers and applying delinquent fees. Commissioner Sofield asked if information regarding delinquent fee policies from other utilities is included in the presentation, and Mr. Hughey responded it is not.

Mr. Hughey reviewed the number of delinquencies over the past three years and advised during 2012, the first full year of monthly billing, 43 out of 83,031 customers were delinquent all 12 months and 27,695 customers were charged a delinquent fee at least one time during the year. Mr. Bereskin stated approximately 600 residential customers were delinquent 10, 11 or 12 months during the year. Mr. Bereskin also stated Greenville Water would be contacting the 600 customers to receive feedback regarding delinquent payments.

Mr. Hughey provided statistical information regarding delinquent customers and advised that approximately 14 percent of the 1.8 million bills sent out were delinquent. Mr. Hughey also advised the largest percentage of delinquent customers based on 22,714 late payers have incomes of \$75,000 to \$150,000. Commissioner Kilgore asked how the data compares to other types of utility accounts. Mr. Bereskin stated comparisons have not been conducted; however, staff will review the matter.

Mr. Hughey recommended maintaining the delinquent fee of \$7.50 and working with customers on an individual basis to educate them on the matter. Commissioner White asked if this information has been provided to ReWa since their charges are billed through Greenville Water. Mr. Bereskin responded ReWa is aware of the matter and is attempting to collect a portion of Greenville Water's delinquent fees which they are not entitled to. Mr. Bereskin commented Greenville Water will entertain a delinquent fee for ReWa if they choose to implement one.

Commissioner Sofield shared her interest in receiving customer responses and stated she would still like to see a reduction in the delinquent fee. Commissioner Kilgore advised he is fine with the fee as it currently is. Commissioner Sudduth shared his concern with costs associated with contacting customers regarding delinquent payments. Commissioner Kilgore asked if the goal is to contact a sample of the 600 delinquent customers, and Mr. Bereskin responded affirmatively. Commissioner White stated the main issue is in determining those individuals who have genuine hardship. Mr. Bereskin commented if the customers contacted are in the \$20,000 and below income, staff will determine if special accommodations are needed. Commissioner Sudduth stated he would like to receive customer feedback before considering any changes in the fee and advised the matter is a policy decision.

After discussion, no action was taken.

7. CHIEF EXECUTIVE REPORT

Mr. Bereskin presented a status update regarding the hand washing stations and water buffalo. Mr. Bereskin commented on staff's efforts in working and training with the 8-1-1 agency to implement the new mandated law beginning June 7. Mr. Bereskin shared information regarding the car wrap that will be added to Greenville Water vehicles as part of the implementation.

Minutes – Commissioners of Public Works
April 2, 2013
Page 5

Mr. Bereskin presented a list of upcoming Commission meetings and scheduled community events Greenville Water will participate in during April and May. Mr. Bereskin stated a new Intrusion Prevention System on the computer system has been implemented to assist with securing personal information. Mr. Bereskin advised The Nature Conservancy Board will be at Table Rock on May 23. Mr. Bereskin also advised Mr. Dodd is working with Belton-Honea Path on a water emergency agreement and with Trollingwood Subdivision on a wholesale agreement.


8. COMMISSION COMMENTS

No comments were presented.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:22 a.m.



Debra M. Sofield, Chairman

Camilla G. Pitman, CMC, Certified PLS
City Clerk

A SERIES RESOLUTION MAKING PROVISION FOR THE TERMS AND CONDITIONS OF AN ISSUE OF WATERWORKS SYSTEM REFUNDING REVENUE BONDS, SERIES 2013, OF THE CITY OF GREENVILLE, SOUTH CAROLINA.

WHEREAS, by Ordinance titled "An Ordinance Providing For The Issuance And Sale Of Waterworks System Revenue Bonds Of The City Of Greenville, South Carolina, And Other Matters Relating Thereto" (the "Bond Ordinance"), adopted on February 10, 1997, the City Council of the City of Greenville, South Carolina ("City Council"), made provision for the issuance from time to time of Waterworks System Revenue Bonds of the City of Greenville, South Carolina (the "City"), payable from revenues derived from the operation of the Waterworks System of the City (the "System"); and

WHEREAS, by resolution adopted October 24, 2011, the Commissioners of Public Works (the "Commissioners") requested City Council approve the issuance of such Waterworks System Refunding and Capital Improvement Revenue Bonds; and

WHEREAS, as so requested and pursuant to the Bond Ordinance, City Council adopted on November 28, 2011, an Ordinance entitled "An Ordinance Providing for the Issuance and Sale of Waterworks System Refunding and Capital Improvement Revenue Bonds of the City of Greenville, in One or More Series, in the Aggregate Principal Amount of Not Exceeding \$95,000,000 and Other Matters Relating Thereto" (the "Series Ordinance"); and

WHEREAS, the Series Ordinance recites the determination of the Commissioners that "a savings may be achieved through the refunding of certain debt of the System and have advised City Council that refunding bonds should be issued to provide the funds necessary to effect the payment of principal and interest on certain of the maturities of the outstanding, as of February 1, 2012, \$64,985,000 of an original issue of \$85,790,000 Waterworks System Refunding and Capital Improvement Revenue Bonds, Series 2005, dated February 8, 2005, as determined by the Commissioners (the "Refunded Bonds")"; and

WHEREAS, the Series Ordinance provides that "the aggregate principal amount of not exceeding \$95,000,000...may be issued in one or several Series of Bonds as determined by the Commissioners...no later than December 31, 2016" for the purposes set forth at Section 2.03 therein; and

WHEREAS, pursuant to the Series Ordinance, the Commissioners issued \$15,500,000 Waterworks System Refunding Revenue Bonds, Series 2012, of the City of Greenville, South Carolina, dated April 17, 2012 to refund \$15,275,000 of the \$51,525,000 outstanding principal amount maturing in the years 2016 to 2025 of the Refunded Bonds; and

WHEREAS, following such refunding, the principal amount of \$45,435,000 of the Refunded Bonds remains outstanding, of which \$36,250,000 is subject to redemption prior to maturity; and

WHEREAS, the Commissioners are now minded to cause to be refunded additional maturities of the Refunded Bonds in order to achieve further savings; and

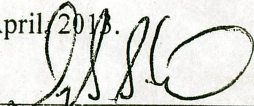
WHEREAS, pursuant to the Series Ordinance, the Commissioners are authorized to cause to be issued City of Greenville, South Carolina, Waterworks System Refunding Revenue Bonds, Series 2013 (the "Series 2013 Bonds"), the proceeds of which will provide a portion of the funds necessary to (i) effect the payment of principal of and interest on certain of the outstanding principal amounts which remain outstanding of the Refunded Bonds; (ii) satisfy the Series Reserve Requirement, if any (as defined in the Series Ordinance); and (iii) pay certain costs and expenses relating to the issuance of the Series 2013 Bonds; and

WHEREAS, the Series Ordinance provides that the Commissioners are authorized to adopt a Series Resolution relating to the Series 2013 Bonds (the "Series Resolution") which Series Resolution shall express the approval of the Commissioners to the issuance of the Series 2013 Bonds and the Commissioners' agreement to abide by the terms, provisions and agreements set forth in the Bond Ordinance and the Series Ordinance and which shall specify and determine those items specifically set forth at Section 4.01(B) of the Series Ordinance including but not limited to the principal amount of the Series of Bonds, the purpose for which the proceeds of such Series will be used, the interest rate or rates, or the manner of determining such rate or rates, of the Bonds of such Series, and any other provisions deemed advisable by the Commissioners not in conflict with the Bond Ordinance and the Series Ordinance.

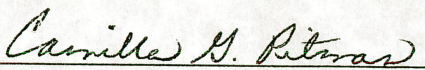
NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS IN MEETING DULY ASSEMBLED:

1. Provided that the total principal amount of the borrowing does not exceed \$52,000,000 and provided further that the true interest cost for the borrowing does not exceed 2.75%, the Chief Executive Officer is authorized to specify and determine the information required by Section 4.01(B) of the Series Ordinance.
2. Such information shall be set forth in a certificate to be executed by the Chief Executive Officer ("Certificate of the Chief Executive Officer"), a copy of which will be attached as Exhibit A to this Resolution, which will be approved by the Chair of the Commissioners as well as the Mayor.
3. The Chair, the Vice Chair, Secretary or the Acting Secretary, the Chief Executive Officer, the Chief Financial Officer and such additional authorized officers as set forth in the Certificate of the Chief Executive Officer are authorized to execute such documents as are required to effect the issuance and delivery of the Series 2013 Bonds and to give full effect to the intent and meaning of this Series Resolution, the Bond Ordinance and the Series Ordinance. Such execution shall be conclusive evidence of approval of such documents.

DONE IN MEETING ASSEMBLED this 2nd day of April, 2013.


 Chair, Commissioners of Public Works of the City of
 Greenville, South Carolina

Attest:


 Secretary, Commissioners of Public Works
 of the City of Greenville, South Carolina



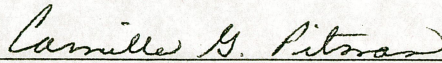
STATE OF SOUTH CAROLINA**COUNTY OF GREENVILLE**

I, the undersigned, Secretary of the Commissioners of Public Works of the City of Greenville, South Carolina ("the Commissioners"), **DO HEREBY CERTIFY:**

That the foregoing constitutes a true, correct and verbatim copy of a Resolution adopted by said Commissioners on April 2, 2013. A quorum of the Commissioners was present and remained present throughout the meeting.

The Resolution is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my Hand this 2 day of April, 2013.



Secretary, Commissioners of Public Works of the
City of Greenville, South Carolina