



GreenvilleWater

**MINUTES OF REGULAR MEETING
COMMISSIONERS OF PUBLIC WORKS
407 West Broad Street
Commission Room, Level Two
Greenville, South Carolina
January 6, 2015
8:15 a.m.**

Commissioners of Public Works in attendance:

Chairman Phillip A. Kilgore, Vice-Chairman James W. Bannister, Debra M. Sofield, J. David Sudduth and Mayor Knox H. White. A quorum was present.

Greenville Water Staff in attendance:

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

The Regular Meeting of the Commissioners of Public Works was called to order at 8:15 a.m. by the Chairman, Commissioner Kilgore.

1. WELCOME

2. PUBLIC COMMENT

No comments were presented.

3. CONSENT AGENDA

Chairman Kilgore listed the items of the Consent Agenda which were the budget workshop meeting minutes of November 19, 2014, the regular meeting minutes of December 2, 2014, the Water Resources Report and the Financial Report. There being no questions or comments, the items were approved.

4. ACTUARIAL PRESENTATION ON OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Chief Financial Officer Phil Robey introduced Mr. Paul Burdulis from Stanley, Hunt, DuPree & Rhine. Mr. Burdulis is Greenville Water's Actuary and performs Governmental Accounting Standards Board (GASB) 45 valuations, which is associated with the Accounting Pension Standard for Other Post-Employment Benefits (OPEB) which requires companies to calculate the amount of the OPEB liability and include it on our balance sheet. There has been a change in the assumptions regarding that study that will impact the liability significantly. Mr. Burdulis was invited to the Commission Meeting to talk about the changes and also to talk about the impact of making some changes to the plan design that could also have a very positive effect on the amount of the liability.

Mr. Burdulis reviewed the GASB 45 basics, the valuation results, cost management approaches and the effect of change in future retirees' assumed participation rate as provided in the Commissioners Agenda package. Valuation assumptions currently assume 100% of all future retirees will elect postretirement benefit coverage. Recent experience indicates a much lower "pick-up" rate can be anticipated in the future. Twenty-five percent of all future retirees are assumed to elect postretirement benefit coverage which will lower the liability. Options assessed to reduce the liability further involved either freezing the benefit at its current level or tie future increases to the Consumer Price Index (CPI). Either of these alternatives would reduce liability by approximately half of its current amount. The benefit options were shared with the

Commission with a recommendation to keep the current benefit as is, thereby resulting in no reduction to retiree health insurance benefits.

5. DISCUSSION OF WATER RESOURCES MASTER PLAN AGREEMENT

Chief Administrative Officer Dennis Porter reviewed the process of obtaining Requests for Qualifications (RFQs) for a Water Resources Master Plan. Eight RFQs were received which were narrowed down to three firms that were interviewed. Of the three firms interviewed, Goodwyn Mills Cawood partnered with Greeley and Hansen were selected. The proposed cost of the desired plan was considerably more than the budgeted amount; therefore staff reviewed the plan and divided into three phases.

Mr. Porter introduced Kevin Laird, Regional Vice-President of Goodwyn, Mills and Cawood to present the proposed Water Resources Master Plan, as provided in the Commissioners Agenda package. Mr. Laird explained the Project Vision is to ensure a sustainable, resilient and reliable water supply for Greater Greenville into the next century using a detailed, adaptive, environmentally, socially and financially viable Water Resources Master Plan. Clemson University will also be a partner in this process aiding in population projections and modeling. Mr. Laird pointed out that Clemson is an institution that will be around for a long time. An entity Greenville Water could reconnect with, even years later, for assistance with future modeling.

Mr. Laird introduced Dimitri Katehis, Director of Process Engineering for Greeley and Hansen, to review the Water Resources Master Plan Road Map. Dr. Katehis presented the phases of the proposed multi-year program, detailing the tasks to be accomplished in each. Year One will involve data collection, existing asset benchmarking, initial operational optimization and strategic decision-making for the Upper Saluda and Broad River Basins. Year Two would involve determining water resource potential with comprehensive modeling and conducting initial stakeholder outreach. Year Three would involve refining and evaluating alternatives and developing Greenville Water capabilities. Phases Two and Three would be optional based upon the results of Phase One and recommendations from Greenville Water Staff.

Commissioner Sudduth asked how much impact or coordination is required with Greenville Water's Capital Improvement Plan (CIP). Would this have more of an impact on operations, CIP or all of the above? Chief Executive Officer, David Bereskin answered all of the above. Operations will be impacted to begin with and as tasks are identified, such as future resources, the CIP will be impacted.

Commissioner Bannister moved, seconded by Commissioner Sudduth, to go into Executive Session for the purpose of discussing contractual and legal matters. The motion carried unanimously.

(Executive Session)

Upon coming out of Executive Session, the Chairman announced no action had been taken.

Commissioner Sofield moved, seconded by Commissioner Sudduth, to provide authorization for the Chief Executive Officer to enter into and execute a consulting services agreement with Goodwyn, Mills and Cawood for an amount not to exceed \$567,900.00 with respect to Phase One of a Water Resources Master Plan. The motion carried unanimously.

Mr. Porter assured Commissioners an update and Executive Briefing will take place in October 2015.

Mayor White left the meeting.

6. CEO AUTHORIZED TO EXECUTE WHOLESALE WATER “BUY-IN” AGREEMENTS

Mr. Porter outlined Greenville Water's proposed new contractual agreement with the Towns of Pelzer and West Pelzer stating a long-term contractual arrangement with Greenville Water for water supply will give Pelzer and West Pelzer a greater assurance with respect to the availability of potable water supply for current and future needs by way of an investment to acquire available water capacity and a simplified rate structure for the monthly rates and charges associated with Greenville Water providing water supply.

Chairman Kilgore said that he understood the agreements are essentially the same as the Laurens County Water and Sewer Commission's agreement with minor modifications, but no substantive changes. Mr. Porter confirmed this to be the case, adding there was one section in Article III – Section 3.01(A), regarding language for financing that the Attorney for West Pelzer had questions on. Mr. Porter referred West Pelzer's Attorney to Greenville Water's Attorney, who worked together to resolve the issue.

Commissioner Sofield moved, seconded by Commissioner Bannister, to authorize the Chief Executive Officer to execute the Wholesale Water agreements with the Towns of Pelzer and West Pelzer. The motion carried unanimously.

7. CHIEF EXECUTIVE REPORT

Mr. Bereskin reminded Commissioners of the January 13, 2015 Service Awards Banquet for staff and Commissioners and reviewed other upcoming events in the next month. Mr. Bereskin made special mention of the Southeastern Regional Technology Transfer Conference where Dr. Jennifer Clancy, a technical expert on premise plumbing issues, will be speaking on Pathogens in the Distribution System.

Mr. Bereskin asked Chief Operations Officer Murray Dodd to give an update on the Greenville Water Campus Project. Mr. Dodd shared a revised set of plans are to be delivered showing alterations made to the Field Operations building. A bay was eliminated, reducing the square footage of the building. Triangle Construction Company will be issued a Notice to Proceed on February 20, 2015. Shortly thereafter demolition of the parking deck will occur. Delivery of the new parking deck will occur on April 20, 2015. Commissioner Sofield asked about employee parking. Mr. Dodd answered the corner property at West Washington Street and West Broad Street will be set up for temporary parking.

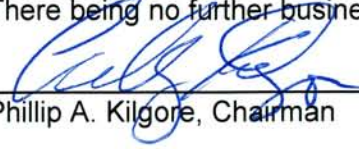
Government Liaison Bob Knight provided an update on the Legislative front, Mr. Knight shared there are three bills of interest that have already been pre-filed. Two of the bills concerned water rates outside of Cities. The other bill pertains to the Surface Water Withdrawal Act.

8. COMMISSION COMMENTS

No comments were presented.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 9:55 a.m.



Phillip A. Kilgore, Chairman



Kimberly J. Haulter, Executive Assistant