

**COMMISSIONERS OF PUBLIC WORKS**  
**Minutes of October 27, 2011**

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, October 27, 2011 at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

**In attendance:**

Gene P. Hancock	Steve Reeves	Vickie Gorham	Bill Patrick
Michael G. Monaghan	Ken Barnett	Jeff Auman	Michael Nix
Henry O. Watts	Richard Gentry	Vicki Knott	Rebecca Steifle
	George Petersen	Jeff Meredith	Stacia May
	Jerry Smith	Jeff Chapman	Chris Lindley
	Denise Giannetti	Carlos Cometto	Chris Trainor
		Eduardo Noriega	

I. Chairman Watts called the meeting to order. The invocation was given by Ken Barnett.

II. Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.

III. Approval of Minutes:

A motion was made by Commissioner Monaghan to approve the minutes as received for the regular meetings of September 8, 2011, and September 22, 2011; the motion was seconded by Commissioner Hancock, and unanimously approved.

IV. Financial Statement:

With no questions, the financial statement was accepted as information.

V. Business:

A. Mr. Michael Nix with Greenwood Capital provided a quarterly update through September 30, 2011 on five investment accounts that included: Investment Account 1802; 2007 Revenue Bond Fund 1975; Debt Service Reserve Fund 2047; Revenue Bond Proceeds 2097; Gas Rate Stabilization Fund 2129; and Electric Rate Stabilization Fund 2172. He noted realized gains and losses of bonds called or matured with the net gain or loss reconciled for each; unrealized gains and losses, that are current assets in the accounts that are all statute approved investments; and performance reports with beginning values, contributions, withdrawals, realized gains and losses,

unrealized gains, interest and value of accrued interest for each of the five accounts. Mr. Nix stated that the 2007 Revenue Bond Fund was set up to meet specific payment needs with a quarterly drawdown, and that appropriate maturities are matched to that drawdown schedule. He noted an expectation that this account would likely go away within the coming year. Mr. Nix then referred to the Debt Service Reserve Fund which is in the custody of the Bank of New York where it will be managed internally by Bank of New York for a number of years. He pointed out that this is the statutory reserve fund for outstanding bonds. Mr. Nix noted that with the 2010 Revenue Bonds Proceeds Account, a lot of bonds on the agency side are "cushioned callables" that are expected to get called; they would be able to pick up additional yield in that type of environment. Commissioner Monaghan asked about arbitrage; Mr. Patrick responded that applies when you make more than you are paying in interest, which there is no real risk of in today's environment. He further explained that they do not want you borrowing money at 5% and investing that money at 6% to make a profit; this is a way to keep you in line with borrowing money for legitimate uses and not for investment purposes. Mr. Nix concluded with two newer accounts, the Gas Rate Stabilization Fund that was opened in the first quarter of 2011, and the Electric Rate Stabilization Fund opened in August. He pointed out that the initial contribution made showed negative interest, and explained that a bond was bought and had to be paid out of accrued interest, but would come back with the next quarter payment on the issue. He commented on the rate environment where rates had stayed lower for longer and had actually gone lower than anticipated, having to do with what is going on in Europe. He pointed out that they seem to be closer to a resolution, which had rates moving up rather aggressively. Rates are anticipated to continue moving up, so they are positioning by maintaining a relatively short duration and not taking interest rate risks so there is an opportunity to invest at higher rates. They could step out to longer maturities and pick up more yield, but in doing that would risk getting caught by the tidal wave. Mr. Nix stated that the hope is that the move in rates will be steady and not a whiplash reaction, but that risk does exist with inflation. The underlying economic fundamentals of the US are still favorable; we are so low from an economic perspective, that the feeling is that there would not be another recession, but we will lull along until some accelerated growth is seen. Mr. Nix concluded that they will continue to manage the portfolio appropriately to meet cash needs and statute requirements.

- B. Chairman Watts presented a recommendation to approve the low bid from Line Equipment Sales in the amount of \$17,120 for ten (10) 50-KVA transformers.

A motion was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.

VI. Other Business:

1. Manager Reeves presented a request to continue with the current vendor, Republic Services, for waste removal at the Water Treatment Plant. He noted that the vendor had agreed to hold the same annual price of approximately \$28,000 for another year.

A motion was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.

2. Manager Reeves noted a request received by Commissioner Monaghan from a local vendor asking CPW to allow ads on billing inserts with information pertaining to gas appliances, and a listing of vendors who have those appliances available. The Commissioners discussed potential revenue and Commissioner Monaghan commented that would depend on whether they sell any gas appliances. Commissioner Monaghan recalled that brochures were put in stores some time ago advertising the rebate; this would be along that same line. Mr. Gentry stated that the design would not be a problem, but for billing purposes, something special would need to be printed. Manager Reeves commented that they are talking about two things; one being potential ads, which may not be the direction they want to go. The other is to take the rebate information and put that in stores with gas appliances. Commissioner Monaghan suggested something with information on gas heat or gas appliances that would include a list of local vendors carrying those appliances, not an ad for the store itself. Mr. Patrick suggested a one-time or once per year insert that would tout gas and where to purchase appliances, stated in a manner so that you are covered if someone is left out. Mr. Gentry noted that it might not work with something going in a store because a particular store might not want there to be a reference to another store or vendor. Mr. Patrick clarified that it would be a one-time general insert to go in a bill and not be used in stores. Mr. Auman suggested adding information to the gas page on the website. Manager Reeves stressed checking with enough vendors to make sure we don't leave anyone out; Mr. Patrick suggested adding a statement that these are vendors that we are aware of that sell these appliances. Chairman

Watts asked about cost; Ms. Gorham responded that it costs around \$525 to print and send out inserts in approximately 25,000 bills.

3. Mr. Noriega reported on near completion of gas lines at Keowee Road near Honea Path, and a good amount of interest in that area. Commissioner Hancock noted building permits near Harbor Heights and two on East Cambridge Extension that should be explored.
4. Mr. Gentry reported on advance application for funding of the tag grant amounting to a little over \$28,000 to promote 811.
5. Mr. Smith reported on continued lower gas prices, adding that they may do some winter buying within the next couple of days.
6. Mr. Meredith noted that work continues at Lander on some changes.
7. Manager Reeves reported on attending meetings for Edgefield Street. Right now the boundary is shifting; after there is a firm handle on that, they would get everyone involved to see if there are any improvements to water, gas, or electrical lines in the area.

VII. Executive Session:

A motion was made by Commissioner Hancock and seconded by Commissioner Monaghan to go into *Executive Session* for a contractual matter; the motion was unanimously approved.

The meeting returned to open session. Mr. Patrick stated that during *Executive Session* the Manager had advised the Commissioners of a request from Mr. Clyde Harmon of Lakewood Heights Subdivision concerning a water line that was installed by the CPW in 1978. Mr. Harmon had a paid receipt showing he had paid \$10,000 for an 860-foot line of 6-inch pipe to serve his property, with the agreement with Mr. Grubbs, the Manager of CPW at that time, that as customers were added to the line, he would be reimbursed on a per customer basis. His records and the CPW's records show that seven customers have been added to that line and the apparent reimbursement rate at that point in time was \$600 per customer. Therefore, the Commissioners agreed to a motion authorizing the Manager to reimburse Mr. Harmon \$4,200 based on the seven customers at the rate of \$600 per customer.

A motion was made by Commissioner Hancock, seconded by Commissioner Monaghan, and unanimously approved.

Mr. Patrick added that Mr. Harmon should understand that since it has been this long, should somebody else come after this point, there would be no future payments.

VIII. With no further business, the meeting was adjourned.

Approved: \_\_\_\_\_, 2011

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Secretary