

**COMMISSIONERS OF PUBLIC WORKS**  
**Minutes of August 9, 2007**

A regular meeting of the Board of Commissioners of Public Works was held on Thursday, August 9, 2007 at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

**In attendance:**

Gene P. Hancock	Steve D. Reeves, Jr.	Carlos Commetto	Chris Trainor
Michael G. Monaghan	Kenneth Barnett	Vicki Knott	Michael Nix
Henry O. Watts	Denise Ogletree	Ken Whittle	Jean Martin
	Jeff Meredith	Chris Lindley	
	Richard Gentry	Jeff Chapman	
	Stacia May	Jay West	
	Vickie Gorham	Bill Patrick	

- I. Chairman Watts called the meeting to order and gave the invocation.
- II. Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. New Business:
  - A. Mr. Michael Nix with Greenwood Capital Associates presented the investment account report for fiscal year June 30, 2006 through June 30, 2007. He referred to pages 1 and 2 showing bonds in the account that were matured, called, or sold during the period. He provided a breakdown of realized gains and losses, and income and net or loss shown on each issue. Commissioner Monaghan pointed out that there was some confusion caused by Metro's fiscal year running June 30 to June 30 and the CPW's fiscal year starting in January. Mr. Nix apologized noting that they had been that way since the start of the account back in 2005. He stated that they would make that change to the reports to reflect the true fiscal year going forward. He then referred to page 3 showing an appraisal or statement of what is currently in the account with cash and equivalents of roughly \$250,000. He stated that the only thing of note there with government bonds, U. S. Treasury bonds and U. S. Agency bonds, as they continue to make sure there are issues coming due the first part of the year in January and February in preparation for a possible escalation in natural gas prices. Mr. Nix referred to page 5 and a performance report showing the change in the value for the period of time from June 30, 2006 to June 30, 2007. He noted that the report would be changed to pick up on January 1 through current date for the next meeting. He continued that generally

speaking, the account is up 2.07% for calendar year-to-date performance from January 1 to June 30. He stated that cash flow year-to-date was on track. Mr. Nix reported on a tremendous amount of activity of late in the credit markets that was primarily around the sub-prime business, sub-prime loans, and mortgage loans. He added that it all tends to trickle down in one way or another. From the standpoint of government bonds, there had been a flight to quality and a lot of people, both equity investors and fixed income investors, who say that the market is getting a little frothy and feel there is increased risk in the marketplace. He stated that in those situations, they tend to run primarily to U. S. Treasury bonds. He added that the only area that had not moved very much was short rates like three-month and six-month. He stated that there was no indication that the Federal Reserve would lower the benchmark fed funds rate at a meeting that had just been held that week. He pointed out that their primary target is to control inflation. He explained that in this type of market place where there are sub-prime types of loans out there and as more and more people talk about the risk of default, the more people don't want to buy those bonds and when the demand part is cut off, those people are sitting there holding these bonds and don't have anything to do with them and have to write down the value. Mr. Nix continued that this is not a new phenomenon, noting that it had happened before in different ways with the most recent occurrence from a credit standpoint back in the early 90's when it touched more commercial-based lending where now it is more residential-based lending. He stated that they would continue to keep an eye on it and noted that there was no exposure to that sub-prime marketplace by design. He pointed out how this is a little different than with other municipalities in the 90's where they ended up getting caught in that crunch. Mr. Nix continued that they are comfortable with where we are to date. Commissioner Monaghan inquired about a strategy to limit exposure to long-term bonds and if they are still in that mode. Mr. Nix responded that taking a small step back to twelve or eighteen months ago when they wanted to be a little shorter, about six months ago they started extending out a little because they thought rates would peak out and that the fed would be forced to lower rates at some time. He continued that rates had come down a lot faster than they thought. That was not due to our economic cycle but to a flight of quality because of other conditions in the marketplace. He noted that right now, we are probably in an intermediate mode and do not really want to go out long where ten-year bond yields are at 4.79%; they felt more comfortable when they were at about 5.25% and locking in those rates. He stated that with monies coming due right at three years, they are almost right in the middle of a one to five-year manager with these assets. He concluded that

that they would not go out over ten years at any period of time in this account.

- B. Chairman Watts presented a recommendation for CPW to share in the cost along with the County, City and Metro to update aerial photography on the GIS system. He noted that CPW's portion would be \$16,666.67. Manager Reeves added that the total cost for the project would be \$150,000 and the County had secured a grant for one third of that amount. They agreed to pay a third and are asking CPW, the City, and Metro to split the remaining third. Commissioner Hancock asked if this was in line with the original terms agreed upon and Manager Reeves responded that it was.

Commissioner Monaghan made a motion to approve the expenditure of \$16,666.67 for the GIS system as recommended; Commissioner Hancock seconded, and the motion was unanimously approved. Chairman Watts noted that this did not come up at the Metro meeting held the previous day.

- C. Manager Reeves reported on a petition for annexation of the 186 acres at the Genetic Center and that it had received first reading. He added that water, sewer, gas, and electrical services would be provided, and CPW was asked to make some provision for fiber optic. He continued that Herbert Anderson had contacted us that week expressing interest in annexation. A meeting took place where they were provided information to review. An additional property with about 80 units on Millford Springs Road was noted and Mr. Meredith offered to make contact. Chairman Watts inquired about Northside, and Mr. Meredith responded that they are ready to go. Mr. Gentry reported on an upcoming meeting with Charlie Barrineau where they would discuss putting together a luncheon for legislative representatives. He reported on obtaining some valuable information at a funding seminar in Columbia put on by Lindsey Graham's office, and a meeting set up by Jeff Chapman with Mike Gullledge at the Office of Local Government. Commissioner Hancock commented on a picture in an ad that ran in the previous Sunday's paper that could not be made out. Mr. Gentry noted that having worked in the newspaper business, sometimes this happened with certain editions and press runs. For the benefit of attendees, Commissioner Monaghan explained that the first meeting of the month is more of a work session and the second meeting more intense, with all of the financial reports done at that time.

V. Other Business:

1. Manager Reeves congratulated the gas department on receiving a safety award for 2006 from the American Public Gas Association.
2. Manager Reeves referred to a recent quarterly rate survey provided by the S. C. Municipal Association showing Greenwood CPW as having the lowest electrical rates of the municipal systems in South Carolina. Commissioner Monaghan added that not only are we the lowest, but we are significantly lower. Chairman Watts asked Manager Reeves to address the bond rating. Manager Reeves noted very favorable bond ratings received from both Standard and Poor's and Moody's. He added that Standard and Poor's maintained an A+ rating putting CPW in a good position to save the ratepayers money with a lower interest rate. He pointed out that is not common across the country. There are only a handful that are rated better including Los Angeles, Gainesville, Florida, Orlando, Florida, Memphis, Tennessee, San Antonio, Texas, Springfield, Missouri, and others of that caliber. Commissioner Monaghan added that insurance was also purchased to get a AAA rating. The Commissioners commended Ms. Ogletree and staff and for their efforts. Manager Reeves added that for her first time, she had stepped up to the plate and done a fine job.
3. Mr. Jay West with the Economic Alliance gave a brief report. He pointed out that although this was only his third day, there had already been meetings with prospective businesses and companies looking at this area. He commented that for the next one hundred days, they would be listening to investors and people in the community to get a finger on the pulse of what is going on. He stated appreciation for CPW's support and assured the Commissioners that they would be good stewards of what is given and use it wisely. He stated that they would analyze everything that they are doing and look at how to do it in a better, more cost effective way. Manager Reeves noted that Jay would be on the agenda to provide an update at the August 23 meeting.

VI. Executive Session

A motion was made by Commissioner Hancock, seconded by Commissioner Monaghan, and unanimously approved to go into *Executive Session* to discuss a personnel matter, and a legal matter pertaining to a contractual issue with McCormick County.

The meeting returned to open session. Mr. Patrick stated that during *Executive Session* one of the issues discussed was a grievance hearing from an employee

asking the Commission to consider reversing a disciplinary action taken by the Manager. Mr. Patrick stated that the sense of the Commissioners as they discussed what to do was to have a motion to uphold the action of the Manager. He added that the Manager was also asked to be sure employees are well briefed on ethics responsibilities.

A motion was made by Commissioner Monaghan to uphold the action of the Manager; the motion was seconded by Commissioner Hancock, and unanimously approved.

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

Approved: \_\_\_\_\_, 2007

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Secretary