

COMMISSIONERS OF PUBLIC WORKS
Minutes of May 10, 2007

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

In attendance:

Gene P. Hancock	Steve D. Reeves, Jr.	Wayne Bartley	Stacia May
Michael G. Monaghan	Kenneth Barnett	Vicki Knott	Melinda Bishop
Henry O. Watts	Denise Ogletree	Carlos Cometto	Ron Lemon
	Jeff Meredith	Curtis Burnett	Michael Nix
	Jeff Chapman	Richard Gentry	Rebecca Steifle
	Jeff Auman	Ken Whittle	Jean Martin

- 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.

The order of the agenda was changed to allow the Countybank and Greenwood Capital Associates to provide quarterly reports. Ms. Jean Martin reported a yield of 1.19% through March 31, 2007 in the sweep account at Countybank. Ms. Martin noted an annualized projection for the year going forward of 4.8% based on the quarterly yield of 1.19%. Mr. Michael Nix then referred to realized gains and losses on page 1 of the investment account report showing bonds that had either matured, were called, or sold during the period for fiscal year of June 30, 2006 through March 31, 2007. He noted that where a loss was shown, it was through the amortization of premiums, the income of the bond, and the net gain or loss on those positions. He referred to pages 2 and 3 of the current statement of positions through March 31, 2007, and noted that the treasury obligation is cash with approved securities where Treasury Bonds and Agency Bonds are seen in the portfolio. He referred to page 4 of the performance report for fiscal year-to-date and the beginning portfolio value with accrued interest, interest that was earned and not paid, realized and unrealized gains interest, changes in accrued interest, and ending portfolio value during the period. He stated that we are ahead of target with cash flow for fiscal year 2007 from what was originally set when the budget was done. He stated that fiscal year-to-date performance was up on a performance basis 4.52% for the nine months ended March 31, 2007; calendar year-to-date performance was up 1.45%. He stated that fiscal year cash flow was running right at \$353,000 with another \$110,000 expected to come in between March 31, 2007 and the end of the fiscal year, for about \$462,000 collectively. Mr. Nix noted between \$430,000 to \$440,000 budgeted

for cash flow, with a little over \$145,000 booked through the first quarter of the calendar year. He stated that they would continue to look at positioning on the yield curve. Mr. Nix reported that fed funds rates are still anticipated to be lowered, adding that if that happens, the shorter money market rates would start to come down. He explained that in the environment when the account was first started, they wanted to be sure to anticipate as much as possible in the shorter rates. Now, they are actually starting to step out a little bit to protect yield when rates start to come back down while still staying within parameters. He stated that they feel comfortable with the position right now but in looking out over the next six months would probably not want to have a lot of money in very short maturities because they would be reinvesting at lower rates when they do mature. Mr. Nix stated that there is somewhat of an anomaly with yields right now causing an inverted yield curve that you would not normally have. He noted that this tends to be a recessionary indicator. Normally shorter rates are lower than longer rates, but that is not currently the case, and they had to manage through that process over the last two and a half years. Commissioner Monaghan inquired as to how the funds would be handled with a new bond issue. Manager Reeves responded that they would be invested, and Ms. Ogletree added that they would be in a separate account. Commissioner Monaghan asked about the time period to spend the funds. Manager Reeves responded that it was within three years. Mr. Nix noted an expected rate of 4.08% on the municipal bond issuance for a twenty-year issue. If you look at the account today with current issues that are seasoned in the account, the yield is running about 4.65%, noting a spread there and that is good. He commented on the possibility of setting up a bond proceeds account to manage projects and match draw-down schedules as needed. Commissioner Monaghan inquired as to when problems with arbitrage occur. Ms. Ogletree responded that it was when the money is not spent within the three-year timeframe and more interest is earned on those funds than allowed. She added that we are allowed to earn interest, but would have to use both the proceeds and the interest within the given timeframe. With no further questions, the Commissioners thanked Mr. Nix for the report.

III. New Business:

- A. Chairman Watts presented a recommendation from staff to approve the Employee Assistance Program Contract with Cornerstone in the amount of \$4,100 for a one-year period. A motion was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.

- B. Chairman Watts presented a recommendation from staff to approve a purchase order in the amount of \$24,829.20 for a three-year agreement with McNaughton McKay Electric for Rockwell software support. He noted a savings of \$4,000 by going with a three-year contract as opposed to one-year. A motion was made by Commissioner Hancock, seconded by Commissioner Monaghan, and unanimously approved.
- C. Manager Reeves reported on preparation of legal documents for the Corley and Advance Auto property joint annexation. He noted a report from Steve Brown that the City is waiting for the petition of annexation from the Genetic Center. Mr. Reeves reported that Jim Timms had chosen not to annex the property currently under construction but had indicated an interest in possible annexation of the remaining sites to be developed. Mr. Reeves noted that the bidding process for sewer construction was ready to proceed, and asked for guidance with whether to wait or to go ahead. Mr. Reeves recommended waiting until a facility was going up, or Mr. Timms indicated a desire for annexation. He added that Mr. Timms could not annex at any time without building. The Commissioners were in agreement with waiting. Commissioner Monaghan asked about development of the area near the Piggly Wiggly near Highway 246. Mr. Meredith pointed out that it was not on the agenda at the Utility Coordination meeting that morning. He offered to look up the contact from New Jersey from a couple of years ago. Mr. Gentry distributed copies of an ad. He provided an update on the Matthews Mill appropriation that had been submitted, noting that it made it into the Senate bill but was cut from the last reading. He added that he would continue to work on the reapplication process with Charlie Barrineau. Manager Reeves referred to a statewide water survey from June of 2006 noting that out of 242 water systems, CPW's charges ranked in the bottom 15%. Commissioner Monaghan requested a copy. Manager Reeves added that Metro was in the bottom 42% out of approximately 190 sewer systems. Commissioner Monaghan commented on grants for Metro to put in collection lines for low to medium income around the lake, and suggested the possibility of doing the same with water. Mr. Bartley stated that water is already on both sides out to Lakeshore Drive. He added that there was not water on the Greenwood side out the Old Laurens Road near Harris Landing, adding that there could be some low income houses near there. Mr. Gentry stated that they would look at the map and ride out to check out the areas not served. Discussion took place on the cost to run water to Eagles' Harbor after Commissioner Monaghan commented on hearing from Metro that it was imminent that DHEC would be building a sewer line. Commissioner Hancock added that only fifty or so

of the 180 lots would perk, but the lots were all sold as if they would perk. Chairman Watts inquired about the East Cambridge water project. Mr. Commetto responded that active work began about a week ago with approximately 700 to 800 feet of pipe installed thus far. Commissioner Monaghan inquired as to whether there was a full-time City inspector on the job, and Mr. Commetto responded that there was not. Mr. Chapman added that the contractor recommended a full-time inspector because of the nature of the work, and that it was left up to the County and City. It was noted that the same person does inspections for both. Mr. Cometto noted that the response from the inspector so far had been very good.

IV. Other Business:

1. Manager Reeves presented a contract for renewal with Green Thumb Landscaping for lawn maintenance. He noted that the current contract expired at the end of June and they had agreed to maintain the same pricing as for the past couple of years. He recommended acceptance of a two-year contract extension since there is no increase in cost. Mr. Reeves noted that the contract amount as it stands now is \$68,850 annually; however, there was a reduction in total cost because the main office facility was taken off, as well as part of the property at the old electric operating center was sold. He added that depending on what happened with the Grace Street property, that alone is about \$4,800 per year and could potentially come off. A motion to extend the contract with Green Thumb Landscaping for two years was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved.
2. Manager Reeves informed the Commissioners of the receipt of an encroachment agreement from Embarq, and asked for authorization to sign the agreement. He further explained that Embarq is asking for permission to install a telephone line along property on Emerald Road where CPW owns the right-of-way. He reported that staff had worked with Lee Roper and Bill Patrick to draft a legal document to protect the rights and privileges in the right-of-way. Commissioner Monaghan inquired about the status of the Pole Attachment Agreement with Embarq. Mr. Meredith responded that it had not been finalized but should be completed soon. He added that Embarq had been working in good faith and a fairly substantial increase would be realized as a result of the new agreement. Mr. Barnett added that they had been very particular with determining how to let them do this, and also to protect the 24-in. line so that no matter what happens, they would have a liability there because

they actually go under us in two places and run along beside our line for a short distance. Commissioner Hancock noted a federal grant some time ago because fibers were coming through the line. He stated concern with doing work alongside this line and potentially breaking down the walls of the pipe. Commissioner Monaghan made a motion authorizing the Manager to sign the Consent to Encroachment on the CPW right-of-way by Embarq; the motion was seconded by Commissioner Hancock, and unanimously approved.

3. Manager Reeves informed the Commissioners that CPW was owed a substantial amount of money by Winn Dixie when they closed. He informed the Commissioners that CPW had stock as a protection to any debt owed, and that those 1,120 shares of stock now needed to be sold. He stated that the Countybank had prepared a Resolution for adoption. Manager Reeves read the Resolution whereby stating that Chairman Henry Watts, Vice Chairman Mike Monaghan, Secretary Gene Hancock, and General Manager Steve D. Reeves, Jr., any two of them acting jointly, are authorized to sell, assign, and transfer and or deliver any and all stocks, bonds, or other securities now or hereafter registered in the name of this municipal government agency. Chairman Watts asked if this would cover everything owed to CPW. Ms. Ogletree responded that it would for Winn Dixie. She noted a small one from Kaiser Aluminum, adding that because CPW cannot hold securities, we have to either write them off like a bad investment or sell them. She noted that Kaiser went through bankruptcy and the bankruptcy court issued stock as a result. Right now, we are going to sell Winn Dixie. Manager Reeves added that the Resolution would cover both. A motion was made by Commissioner Hancock authorizing the Manager to sign the Resolution; the motion was seconded by Commissioner Monaghan, and unanimously approved.

V. Executive Session

A motion was made by Commissioner Monaghan, seconded by Commissioner Hancock, and unanimously approved to go into *Executive Session* to discuss contractual matters.

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

Approved: _____, 2007

Secretary

