

**COMMISSIONERS OF PUBLIC WORKS**  
**Minutes of April 24, 2008**

The regular meeting of the Board of Commissioners of Public Works was held on Thursday, April 24, 2008 at 10:00 a.m., in the Boardroom at 121 West Court Avenue.

**In attendance:**

Gene P. Hancock	Steve D. Reeves, Jr.	Vicki Knott	Bill Patrick
Michael G. Monaghan	Ken Barnett	Richard Gentry	Chris Trainor
Henry O. Watts	Jeff Auman	Jeff Chapman	Michael Nix
	Jeff Meredith	Carlos Cometto	Rebecca Steifle
	Denise Ogletree	Curtis Burnett	Jean Martin
		Stacia May	

- I. Chairman Watts called the meeting to order and Ken Barnett gave the invocation.
- II. Chairman Watts gave the statement of compliance with the notification provision of the Freedom of Information Act.
- III. A motion was made by Commissioner Hancock and seconded by Commissioner Monaghan to approve the minutes of the March 13, 2008 regular meeting, and the March 27, 2008 regular meeting as submitted; the motion was unanimously approved.
- IV. Financial Statement:

Commissioner Monaghan requested a full financial statement be made available by the next regularly scheduled meeting which is the work session meeting. He inquired as to whether anyone had looked at the accuracy of gas commodity cost as previously requested. Manager Reeves noted that it was pretty close now; last month \$400,000 under-collected was reported because of an attempt to give back the over-collection from last year as directed by the Board; \$200,000 to \$250,000 to be given back was included in the \$400,000. He continued that an accurate report would require looking at two years combined since we were making an effort to give back the over-collection; the current position is actually pretty close if you combine two years. Commissioner Monaghan noted \$257,000 shown. Ms. Ogletree responded that was only for this true-up year. She referred to the summary page showing both years combined. She stated that with the true-up year from the actual over-recovery of \$570,361 less what has happened this true-up year, there is a \$312,898 balance now. Manager Reeves added that we are at a positive position of \$300,000 even after giving back some of the over-collection.

He concluded that we are in pretty good shape if you look at the two-year period and would continue to work that back in as well.

V. Old Business:

A. Mr. Auman explained a request to change from an existing information back-up system, and noted that those bids were opened earlier. He referred to a letter in the board package for a disc back-up system explaining how in the past, a tape back-up system was used; however, most companies are now moving to a disc-type back-up system because of cost differences, newer technology, and speed. He explained the costs of a disc system versus a tape system with buying and replacing tapes every year while only some of the discs would have to be changed out about every three to five years making the overall cost of ownership less over the long term. He explained how a disc system works better because the software is more intelligent and makes a full live back-up for much better recovery. He reminded the Commissioners that network filers were purchased to move data storage out to these devices that sit on the network rather than having pieces that were part of each server. Mr. Auman explained how it would add to the system at the water treatment plant so that the main office and COC servers would backup to the disc system there; the water plant would backup to the main office. There would still be tapes to back up those systems off site so that there is another set completely off the premises. Chairman Watts asked if this was a budgeted item. Mr. Auman responded that there was money in the budget for a backup/file system that was not intended for this particular item that could be used. Mr. Auman noted that he would return with a recommendation later in the meeting.

VI. New Business:

A. Ms. Steifle thanked the Board for the opportunity to attend the annual awards banquet in January and for their continued support. She noted a discussion prior to the meeting with Ms. Ogletree. Mr. Nix provided a quarterly investment report on the Greenwood Capital account. He referred to page one showing realized gains and losses for the period that are issues that have come due, or were sold or called during the period. He stated that there was nothing of interest found to report after reviewing them. Mr. Nix referred to pages two and three showing a current account appraisal between cash, government bonds, and agency bonds that are all approved securities by state statute. He stated that the portfolio is more of an intermediate-term portfolio and there are not a lot of short maturities. Mr. Nix stated that they try to have maturities coming due near the first of each year in case there are funding

needs for gas purchases. Mr. Nix referred to page 4 showing a performance report and portfolio values as of 12/31/07 including accrued interest and withdrawals, and noted a withdrawal of \$1 million in February. He explained that there are unrealized gains in the portfolio because of being in a period as yields have come down and prices have gone up. He expressed a need to be aware of that when going through the audit because that would be recognized then, particularly if unrealized gains start to reverse when it starts to move back up. Mr. Nix stated that from a percentage performance standpoint for the first quarter, the account was up 2.09% with a good portion due to yields coming down and prices going up. From a cash flow perspective, the yield on the account is currently at around 4.1%. He stated that he had apprised Ms. Ogletree that from a cash flow standpoint they should budget according to the estimated cash flow for the next fiscal year. With the withdrawal in February, an adjustment was made to that estimated cash flow for the year. Commissioner Monaghan asked if there would be any movement to get out of some of the home loan investments. Mr. Nix responded that there is not at this time, but from a strategic standpoint they are actually seeing better yield opportunities in agency bonds than in treasuries. People have moved into treasuries to the point that they became overvalued. They took the opportunity to sell some of the treasuries and realize that value. For instance, they could take a treasury that was maturing in twelve months and sell it, turn around and buy an agency bond at the same maturity and pick up twenty-five basis points in yield. He explained that from an active management standpoint, they try to take advantage of opportunistic type of trade versus just waiting for bonds to come due and then looking for opportunities to reinvest. Mr. Nix reiterated that there has been no cause for concern with the agency bonds at this standpoint, adding that they stay in touch with the state to be sure they understand what the state is doing there as well.

- B. Chairman Watts presented a recommendation from staff to accept the low bid from Powers solutions for an 18-month supply of bill forms and envelopes.

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

- C. Chairman Watts noted that discussion of the flocculator project would continue during *Executive Session* as a contractual mater.
- D. A motion to elect Commissioner Monaghan as Chairman was made by Commissioner Hancock, and seconded by Chairman Watts; the motion was unanimously approved.

A motion to elect Commissioner Hancock as Vice Chairman was made by Commissioner Monaghan, and seconded by Chairman Watts; the motion was unanimously approved.

A motion to elect Chairman Watts as Secretary was made by Commissioner Monaghan, and seconded by Commissioner Hancock; the motion was unanimously approved.

VII. Other Business:

1. Manager Reeves reported no new information with annexation other than continued discussions with a local developer and working in conjunction with the city to reach another annexation agreement.
2. Chairman Watts inquired about the status of propane tanks. Manager Reeves responded that all of the gas is gone now. Pictures of all facilities were taken for a bid proposal sheet to go out to interested parties. Mr. Barnett added that it should be ready for the June bid opening. Commissioner Hancock stated that propane trade magazines would be a good place to find out who might be looking for a propane air plant, etc. Chairman Watts inquired as to the amount of property the tanks are on and if that property would still be needed. Manager Reeves responded that it is around twelve acres, adding that there would not be an immediate need for CPW. He noted an adjoining property owner who is a developer who may have an interest since the property was purchased with the intent of putting in a subdivision.
3. Mr. Auman returned with a recommendation to accept the low bid for an information back-up system from Internetwork Engineering at a cost of \$38,718. He noted that they were checked out thoroughly to be sure they are reputable and familiar with this type of device. He added that training would be done separately by a company who is familiar with our setup and existing system. Manager Reeves noted that this would be at an additional estimated cost of \$4,500.

A motion was made to approve the low bid from Internetwork Engineering by Commissioner Hancock; the motion was seconded by Commissioner Monaghan, and unanimously approved.

4. Commissioner Monaghan referred to a discussion that took place at the joint meeting between the CPW and the City of Greenwood on April 17 regarding the Federal Building. He explained that he had since been provided a copy of an agreement made between the City and the County that was signed by both managers. He stated that CPW did not take part in and was not a party to

that agreement. Commissioner Monaghan then read from that agreement as follows: "the City and the County of Greenwood shall pay all utilities for the five-year period beginning April 1, 2003. Beginning April 1, 2008 the Arts Council of Greenwood County shall maintain all utility accounts in its own name and shall pay and hold the City and County of Greenwood harmless against all utility expenses." Commissioner Monaghan stated that this agreement to which the CPW was no part had been made between the City, the County, and the Arts Council. The Mayor approached CPW after that time stating that they had made this agreement and asked if CPW would furnish the utilities free for that period, which CPW did. Commissioner Monaghan noted that on April 1, 2008, in an effort to be good stewards the CPW's financial department then sent a bill, apparently much to the surprise of the City Manager. He pointed out that was what the agreement was for and that was what the financial department had done. Commissioner Monaghan continued that after they talked with the Arts Council about their current financial position, CPW was prepared to then give the matter additional consideration. He noted that he had personally reviewed the financial statement provided, and the Commissioners would discuss that further during Executive Session. Should they come to an agreement, they would consult with their legal counsel as to whether it can be done between the CPW and the Arts Council. Mr. Patrick then advised the Commissioners that the bond issue specifically provides that CPW cannot provide free service to anybody; contributions can be made to the City as long as there is surplus revenue. Commissioner Hancock noted that this had turned out not to be a contribution; contributions are included in the annual exchange of checks but this was done as a gift. Commissioner Monaghan stated that they would consider it further after talking with the Arts Council people about their situation. He noted a lack of understanding as to why everyone became upset when they got a bill given that it was a five-year agreement that very specifically stated that that Arts Council would start paying on April 1, 2008. Manager Reeves pointed out that we started billing in February because we did not know about the April 1 date. When we started the process, we started in February of 2003 and stopped in February of 2008, and then started billing in February of 2008. He commented that if the agreement states April 1 then we could certainly waive two bills through March 2008; the Commissioners were in agreement. Commissioner Monaghan continued that they would still look at a possible extension of the agreement. He expressed the need to put things into the context within which we are operating. He continued that CPW had recently transferred \$20,000 to United Ministries to help ratepayers who are having a terrible time paying bills; gas prices are really high for this time of year when we usually try to buy gas in the summer for winter months. He noted that he had never seen natural gas prices this high at this

time of the year. We are operating in the context of having to look at what is the best use of our money. He rhetorically asked if CPW should give more to the poor, or what should be done with the money. He noted that eventually the ratepayers will absorb the cost of whatever is paid to anyone. Commissioner Hancock noted that part of the United Ministries monies comes from matching funds given by customers. Commissioner Monaghan continued that the costs for the Arts Council bill over the last two years had been \$25,000 per year. He stated that they understood that the County pays \$2,000 for insurance per year; the City pays \$5,000 for yard maintenance; put in \$10,000 for storm drains; \$10,000 to \$15,000 to rework utilities; and would be paying \$50,000 to rework the courtyard. He noted that the City is also making a hefty contribution to the Arts Council. Commissioner Hancock pointed out that he had read in the newspaper that someone had volunteered to fund the courtyard area between the Theatre and Arts Center. Commissioner Monaghan asked if anyone had determined the amount of contribution made by CPW for Oregon Avenue. Mr. Chapman responded that he found out through Ms. Ogletree that we were reimbursed \$80,300 out of \$86,000 leaving around \$5,500 to \$6,000 spent for the water. Mr. Meredith noted about \$200,000 to \$225,000 out-of-pocket expenses on the electrical side. Commissioner Monaghan commented that besides the \$25,000 for utilities, CPW had put in \$225,000 on the electrical side and around \$6,000 for water at Oregon Avenue. He pointed out that CPW has done a good job of supporting the Arts Center at this point with Oregon Avenue, the Federal Center, and Arts Center. He concluded that he would first like to speak to the governing board of the Arts Council about their specific needs. At this point, the Commissioners are not ready to make a decision, but were agreeable to further discussion in *Executive Session*. He stated that the Mayor's request was not for any specific amount of time extension. Manager Reeves noted that the Mayor's request was for whatever length of time CPW would be willing.

VIII. Executive Session:

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

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

Approved: \_\_\_\_\_, 2008

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Secretary

