

Water and Sewer Committee Meeting
March 28, 2013
1:00 p.m.

The following were in attendance:

Ray Johnson, David Lybrand, Charles Kerekes and Bill Houston, Committee Members; Bob Doub and Iris Hill, ex-officio members. Ray Archibald was excused.

Ray Johnson called the meeting to order and agendas were distributed.

Charles Kerekes made a motion to approve the minutes of March 12, 2013. David Lybrand seconded the motion, which was approved unanimously.

David Lybrand moved to approve the minutes of March 18, 2013. Charles Kerekes seconded the motion, which was approved unanimously.

Rate Sheet Presentation:

Mr. Bill Bingham from American Engineering, presented a Rate Evaluation for the Town of Edisto Beach. After his presentation, Mr. Bingham took questions from the Committee and members of the audience. Mr. Johnson asked when the cash reserves had to be in place for the bond issuance. Mr. Bingham said those funds would be placed with a trustee at the time of the bond closing. Mr. Kerekes asked for clarification as to where the cash reserve funds would come from. Mr. Bingham explained the Town had most of the money on hand in the Water fund. Mr. Bingham further explained that the Town would get the money back after the bond was paid, it would just be held in trust just in case of non-payment on the part of the Town. Councilman Tommy Mann asked Mr. Bingham to address the possible addition of ATAX funds. If the Town uses \$150,000 per year of ATAX funds starting in 2015, instead of having increases of 40% in 2015 and 2016, it would be 35% each year. Mr. Mann brought up the point that if we are successful in getting a design/build process to lower the expected \$8.46 million in costs, the percentages would be reduced. For example, if the total cost of the project was reduced to \$7 million, with \$150,000 of ATAX funds used, rate increases would be 30% over two years. If the Town delayed the debt service payment over three years, the increase would be 20%. Mr. Bingham then explained that if the Town secures a bond, the term is longer but the rate is higher, and there is a little more flexibility as far as to how we break down the total percentage increase. However, with the State Revolving Fund, the interest charged is less, but the Town would have a shorter time to pay back the funds and there are certain restrictions to which the Town would have to adhere, including design/build issues. Mr. Bingham stated that using the State Revolving Fund for design/build would be "breaking new ground". Before SRF will give the Town a loan commitment letter, a "hard bid" from a contractor on what the cost will be. Councilman Mann pointed out that this is possible in the design/build process. Mr. Bingham explained that because SRF is federally funded, federal requirements, for example, the prior approval of subcontractors, the following of the Davis-Bacon Act, etc., have to be met. Mr. Bingham pointed out that most revenue bonds do not go to a referendum and are not a ballot question. Municipalities like Edisto Beach have the authority to issue revenue bonds without a

vote by the residents. General obligation bonds are required to have a referendum, but not revenue bonds. Revenue bonds are secured by the revenue generated from the operations and management funds. A general obligation bond is secured by the good faith and credit of the taxpayers of the Town. Mr. David Cannon asked what the 2% increase yearly was for, and Mr. Bingham explained it was to keep up with inflation. Mr. Bob Sandifer asked what the ATAX annual distribution to Edisto Beach was a year. Administrator Hill stated it was around \$350,000. Mr. Bingham brought up the point that Edisto Beach has water quality standard requirements from DHEC and currently, the Town is not meeting those requirements. Administrator Hill pointed out that there is a misconception that if the town is placed under a consent order, that federal or state funds would be available in the form of a grant. This is not the case. Mr. Sandifer asked why the Town's water system had not already been shut down for non-compliance. Administrator Hill said that the Town had been getting Notices of Violation since 2009. Mr. Bingham said that if nothing is done to rectify the noncompliance, DHEC will serve the Town with a Consent Order, which requires a court appearance to explain why nothing was being done. DHEC would then order the Town to improve water quality and pay a fine. Mr. Tom Tindall wondered why the Town of Edisto Beach was having a referendum. Mr. Mann said that Town Council felt there should be voter input. Mr. Tindall asked what the fall-back position would be if the referendum failed. Mr. Mann said that the water quality issue would be addressed, either by the referendum being passed and a whole-town reverse osmosis plant being built or by DHEC ordering the Town to address the water quality issue. Mr. Bill Andrews stated he was of the opinion that that issue should be part of the public information sessions. Administrator Hill reiterated that the Town had been getting Letters of Violation for four years and had yet to do anything about water quality. Mr. Mann stated, "The freight train is on the tracks."

David Lybrand made the motion to adjourn the meeting. Charles Kerekes seconded the motion, which carried unanimously.

The public was duly notified of the time and place of this meeting on Friday, March 22, 2013.

APPROVED BY THE WATER AND SEWER COMMITTEE

Deborah Hargis, Municipal Clerk, Town of Edisto Beach