

GREENVILLE UTILITIES COMMISSION

GREENVILLE, NORTH CAROLINA

Thursday, February 21, 2019

The Board of Commissioners of the Greenville Utilities Commission met in the Greenville Utilities Board Room in regular session at 12:00 noon with the following members, and others present, and Chair Blount presiding.

Commission Board Members Present:

Rebecca Blount, Chair	Minnie J. Anderson
Joel Butler	Ann E. Wall
Parker Overton	Tommy Stoughton
Don Mills	Kelly L. Darden, Jr.

Commission Staff Present:

Tony Cannon, General Manager/CEO	Jonathan Britt
Chris Padgett	Kevin Keyzer
Phil Dixon	Tony Godwin
Jeff McCauley	Lou Norris
Keith Jones	Kristen Jarman
Randy Emory	Amanda Wall
George Reel	Ken Wade
Anthony Miller	Durk Tyson
Richie Shreves	
Scott Mullis	
John Worrell	
Amy Wade	
Steve Hawley	

Others Present:

Rick Smiley, City Council; Ginger Livingston, The Daily Reflector; Brad Hufford, Pitt County Development Commission; Tim Miller, Dave Dugas, and Arthur VanderAa, Barnhill Contracting Company; Chad Cowan, Hilltop Securities, Inc.; Alan Cummings, Annette Springle, Lisa Belue, and Louis Kornegay, Chamber Leadership Institute participants.

Chair Blount called the meeting to order and Mr. Overton ascertained that a quorum was present.

Chair Blount welcomed participants from the Chamber Leadership Institute and Barnhill Contracting Company to the meeting.

ACCEPTANCE OF THE AGENDA

A motion was made by Mr. Mills, seconded by Ms. Wall, to accept the agenda as presented. The motion carried unanimously.

SAFETY BRIEF

Tony Cannon, General Manager/CEO, called on Kevin Keyzer, Risk and Facilities Manager, to provide the safety brief. Mr. Keyzer explained the plan of action should there be an emergency at today's meeting.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Ms. Wall, seconded by Mr. Overton, to approve the January 17, 2019 Regular Meeting minutes as presented. The motion carried unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENT – January 31, 2019 (Agenda Item 2)

January 31, 2019 Financial Statement:

Key financial metrics for the combined funds for the period ending January 31, 2019:

Operating Cash:	\$82,982,968	Days of Cash on Hand:	142
Less Current Liabilities	(\$21,707,878)		
Fund Balance:	\$61,275,090		

Fund Balance Available for Appropriation: 24.2% Days of Cash on Hand After Liabilities: 105

Average Investment Yield: 2.25%

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	\$783,166	\$219,131	\$1,646,004	\$6,315,524	\$38,458	\$8,175,191
Water	\$187,945	\$148,001	\$59,781	\$1,865,779	\$1,940,849	\$1,953,371
Sewer	\$437,422	\$35,743	\$212,340	\$3,219,339	\$1,296,280	\$2,027,844
Gas	\$1,866,854	\$1,016,556	(\$1,859,106)	\$2,771,758	(\$1,580,026)	(\$1,870,927)
Combined	\$3,275,387	\$1,419,431	\$59,019	\$14,172,400	\$1,695,561	\$10,285,479

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Revised Budget	Last Year
Electric	\$283,166	\$219,131	\$1,296,004	\$4,765,524	\$38,458	\$5,725,191
Water	\$37,945	(\$97,832)	(\$73,552)	\$240,781	\$220,018	\$1,020,040
Sewer	\$87,422	(\$97,590)	\$129,007	\$1,636,007	\$362,949	\$1,615,428
Gas	\$866,854	\$1,016,556	(\$1,942,439)	\$1,271,758	(\$1,580,026)	(\$2,454,258)
Combined	\$1,275,387	\$1,040,265	(\$590,980)	\$7,914,070	(\$958,601)	\$5,906,401

Mr. McCauley, Chief Financial Officer, provided a presentation on the Financial Statement for January 31, 2019.

The weather impact for the month of January indicated that the heating degree days were less than January 2018. The January rainfall was 3.46 inches which was less than last year. The portfolio earned 2.25% for the month of January.

Overall year-to-date results through the end of January remain stable. The Electric Rate Stabilization Reserves are approximately \$23.7 million, and the Gas Rate Stabilization Reserves are \$0.87 million. The Operating Reserves are 142 Days Cash on Hand, and Renewals and Replacements Reserves are approximately \$2.6 million. The Capital Project Funds Reserved for Existing and Future Capital Projects are approximately \$22.7 million.

A motion was made by Mr. Overton, seconded by Mr. Darden, to accept the Financial Statement for January 31, 2019. The motion carried unanimously.

RECOMMENDED APPROVAL OF ADOPTION OF A RESOLUTION RELATING TO THE ISSUANCE OF UP TO \$90,000,000 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE BONDS, SERIES 2019 (Agenda Item 3)

Mr. Tony Cannon, General Manager/CEO, stated that in order to provide funding for projects associated with GUC’s capital improvement plan, the Commission needs to move forward with the issuance of up to \$90,000,000 in revenue bonds. The Board needs to approve a resolution that authorizes and directs the officers, agents and employees of the Commission to do all acts and things required of them by the provisions of this resolution and advises the City Council to take action:

- (i) Making the findings and determinations required by the Local Government Commission (“LGC”) in connection with the authorization and issuance of the Series 2019 Bonds, (ii) recommending the professionals to work with the City and the Commission in connection with the issuance and sale of the Series 2019 Bonds - Hilltop Securities Inc., as Financial Advisor, Womble Bond Dickinson (US) LLP, as Bond Counsel, McGuireWoods LLP, as underwriters’ counsel, The Bank of New York Mellon Trust Company, N.A, as Trustee and Bond Registrar, and Black and Veatch International Company and Raftelis Financial Consultants, Inc., as Consulting Utility Advisors.
- Approving the Commission’s selection and recommendation to the City of J.P. Morgan Securities LLC and FTN Financial Capital Markets, a division of First Tennessee Bank National Association, as underwriters of the Series 2019 Bonds.

Mr. Jeff McCauley provided a presentation and stated the issuance of up to \$90,000,000 in revenue bonds includes projects that are currently underway and future projects that are included in the Commission’s Capital Improvement Plan. Ratings Agencies have reviewed and confirmed these numbers and will allow GUC to maintain AA bond rating. It is recommended that the City Council adopt this resolution in March.

After brief discussion, a motion was made by Mr. Mills, seconded by Mr. Stoughton, to adopt the resolution and recommend similar action by the City Council. The motion carried unanimously.

The Board of Commissioners for the Greenville Utilities Commission met in a regular meeting in the Greenville Utilities Board Room located at 401 South Greene Street in Greenville, North Carolina, the regular place of meeting, at 12:00 p.m. on February 21, 2019.

Present: Chair Rebecca Blount, presiding, and Commissioners

Absent: Commissioners

Also Present: _____

* * * * *

_____ introduced the following resolution the title of which was read and a copy of which had been previously distributed to each Commissioner:

RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS, AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION, REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT A PRIVATE SALE AND RECOMMENDING TO THE CITY COUNCIL OF THE CITY OF GREENVILLE, NORTH CAROLINA THE ADOPTION OF A RESOLUTION ALL IN CONNECTION WITH THE ISSUANCE OF NOT TO EXCEED \$90,000,000 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE BONDS, SERIES 2019 BY SAID CITY

WHEREAS, in accordance with Chapter 861 of the 1992 Session Laws of North Carolina, the Greenville Utilities Commission, of the City of Greenville, North Carolina, a body politic duly chartered by the State of North Carolina, in Pitt County, North Carolina, (the “Commission”) has been created for the proper management of the public utilities of the City of Greenville, North Carolina (the “City”), which shall include an electric system, a natural gas system, a sanitary sewer system and a water system (collectively, the “Combined Enterprise System”) within and without

the corporate limits of the City, with responsibility for the entire supervision and control of the management, operation, maintenance, improvement and extension of the public utilities; and

WHEREAS, the City Council of the City (the "City Council") adopted, on August 11, 1994, amended and restated as of April 13, 2000, a bond order authorizing and securing Greenville Utilities Commission Combined Enterprise System Revenue Bonds of the City (the "Order"); and

WHEREAS, Section 210 of the Order authorizes the issuance of additional revenue bonds of the City in one or more series from time to time for the purposes, among other authorized purposes, of providing funds to (a) pay all or any part of the cost of any Additional Improvements (as defined in the Order) and pay any remaining part of the cost of completing any Additional Improvements and (b) pay expenses incidental and necessary or convenient thereto; and

WHEREAS, the Commission has determined that it is necessary to acquire, construct and equip certain additional improvements to the Combined Enterprise System, which improvements are described in Appendix A to this resolution and constitute Additional Improvements pursuant to the Order (collectively, the "Series 2019 Project"), and to pay the cost of the Series 2019 Project by issuing an additional series of revenue bonds (the "Series 2019 Bonds") and using any other available funds as authorized by Section 210 of the Order; and

WHEREAS, the Commission desires for the City to file an application with the Local Government Commission for approval of the issuance of the Series 2019 Bonds and to authorize certain actions in connection therewith; and

WHEREAS, the issuance of the Series 2019 Bonds and the Series 2019 Project are necessary to secure adequate and reliable electric, natural gas, water and sanitary sewer service;

WHEREAS, the amount of the Series 2019 Bonds will be sufficient, but not excessive, for the purpose of paying the costs described in this resolution; and

WHEREAS, the proposed Series 2019 Project is feasible; and

WHEREAS, the annual audits of the Commission show the Commission to be in strict compliance with debt management policies, and the budgetary and fiscal management policies of the Commission are in compliance with law; and

WHEREAS, the Series 2019 Bonds can be marketed at a reasonable interest cost to the Commission and the City; and

WHEREAS, any projected rate increases for electric, natural gas, water and sanitary sewer service in connection with the issuance of the Series 2019 Bonds will be reasonable; and

WHEREAS, the Commission wishes to advise the City Council of the City of the Commission's recommendations of the financing team for the authorization and issuance of the Series 2019 Bonds and recommends to the City Council that the City Council adopt a resolution approving such financing team and making application to the Local Government Commission for approval of the Series 2019 Bonds.

NOW, THEREFORE, THE GREENVILLE UTILITIES COMMISSION DOES HEREBY DETERMINE AND RESOLVE, as follows:

Section 1. The officers and employees of the Commission are hereby authorized and directed to assist the City in filing an application with the Local Government Commission for approval of the issuance of the Series 2019 Bonds in an aggregate principal amount not to exceed \$90,000,000 for the purpose of providing funds, together with any other available funds, for the purposes described in this resolution. Any such action heretofore taken by the officers and employees of the Commission in connection with the filing of such application is hereby ratified and approved.

Section 2. The Local Government Commission is requested to sell the proposed Series 2019 Bonds at a private sale without advertisement.

Section 3. The Commission hereby recommends to the City Council that the City Council adopt a resolution (a) appointing the professionals to work with the City and the Commission in connection with the issuance and sale of the Series 2019 Bonds, Hilltop Securities

Inc., as Financial Advisor, Womble Bond Dickinson (US) LLP, as Bond Counsel, McGuireWoods LLP, as underwriters' counsel, The Bank of New York Mellon Trust Company, N.A., as Trustee, Bond Registrar, and Black and Veatch International Company and Raftelis Financial Consultants, Inc., as Consulting Utility Advisors and (b) making the findings and determinations required by the Local Government Commission in connection with the authorization and issuance of the Series 2019 Bonds.

Section 4. The Commission recommends to the City Council that the City Council approve the Commission's selection of J.P. Morgan Securities LLC and FTN Financial Capital Markets, a division of First Tennessee Bank National Association, as underwriters of the Series 2019 Bonds.

Section 5. The officers, agents and employees of the Commission are hereby authorized and directed to do all acts and things required of them by the provisions of this resolution for the full, punctual and complete performance of the terms and provisions hereof.

Section 6. This resolution shall take effect immediately upon its adoption.

Upon motion of Commissioner _____, seconded by Commissioner _____, the foregoing resolution entitled "RESOLUTION MAKING CERTAIN FINDINGS AND DETERMINATIONS, AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION, REQUESTING THE LOCAL GOVERNMENT COMMISSION TO SELL BONDS AT A PRIVATE SALE AND RECOMMENDING TO THE CITY COUNCIL OF THE CITY OF GREENVILLE, NORTH CAROLINA THE ADOPTION OF A RESOLUTION ALL IN CONNECTION WITH THE ISSUANCE OF NOT TO EXCEED \$90,000,000 GREENVILLE UTILITIES COMMISSION COMBINED ENTERPRISE SYSTEM REVENUE BONDS, SERIES 2019 BY SAID CITY" was adopted by the following vote:

Ayes: _____

Noes: _____

* * * * *

I, Parker Overton, Secretary of the Greenville Utilities Commission, DO HEREBY CERTIFY that the foregoing is a true and accurate copy of so much of the proceedings of said Commission at a regular meeting held on February 21, 2019, as it relates in any way to the adoption of the foregoing resolution and that said proceedings are to be recorded in the minute books of said Commission.

I DO HEREBY FURTHER CERTIFY that proper notice of such regular meeting was given as required by North Carolina law.

WITNESS my hand and the official seal of said Commission this 21st day of February 2019.

/s/ Secretary

[SEAL]

APPROVED AS TO FORM:

/s/ Phillip R. Dixon
General Counsel

The Series 2019 Project

The Additional Improvements constituting the Series 2019 Project consist of the acquisition, construction and equipping of various improvements to the Combined Enterprise System including, without limitation, the following projects:

Project Description

Downtown Office Efficiency and Enhancement
 New Operations Center Phase 2
 Greenville 230 Substation Flood Mitigation
 Vidant Peaking Generators (6 MW)
 Sugg Parkway Transmission Line
 Sugg Parkway Substation
 Elevated Tanks Inlet – Outlet Improvements
 Water Main Rehabilitation Program Phase 2
 Water Treatment Plant Upgrade Phase 1
 Residual Lagoon Improvements
 Green Mill-Run Tributary – 18-21 Inch Section
 Sewer Outfall Rehabilitation Phase 4
 Regional Pump Station Upgrades
 WWTP Headworks Improvements
 Duplex Pump Station Improvements

RECOMMENDED APPROVAL OF BARNHILL CONTRACTING COMPANY'S GUARANTEED MAXIMUM PRICE FOR THE NEW OPERATIONS CENTER PROJECT AND ASSOCIATED CONTRACT AMENDMENT (Agenda Item 4)

Mr. Cannon recognized the team that has worked on this project: Chris Padgett, Chief Administrative Officer; Kevin Keyzer, Risk and Facilities Manager; John Worrell, Assistant Director of Electric; Roger Jones, Director of Electric; Tony Godwin, IT Infrastructure Manager; David Springer, Assistant Director of Water Resources; Durk Tyson, Gas Systems Engineer; and Vincent Malvarosa, Facilities Engineer I; along with the Barnhill Contracting Company team including Tim Miller, Dave Dugas, and Arthur VanderAa.

Mr. Chris Padgett, Chief Administrative Officer, stated that GUC's Construction Manager at Risk (CMAR) for the new Operations Center Project, Barnhill Contracting Company, opened bid packages associated with the project on June 14, 2018, January 31, 2019, and most recently, on February 11, 2019. Based on the results of the bids received and additional value management, the CMAR has provided GUC with a Guaranteed Maximum Price (GMP) of \$42,577,638 for the defined scope of work.

The CMAR's scope of work for this project includes most, but not all, project components. Specific components addressed outside of the CMAR's purview include all design costs, commissioning, furniture, fixtures and equipment (FF&E), site generator, limited utility improvements, information technology/audio visual equipment, and owner's contingency.

After brief discussion, a motion was made by Mr. Overton, seconded by Ms. Anderson, to authorize the General Manager/CEO to negotiate and execute a contract amendment with Barnhill Contracting Company (the Construction Manager at Risk) for the construction of the new Operations Center not to exceed \$42,577,638. The motion carried unanimously.

RECOMMENDED AWARD OF BID FOR TUBULAR STEEL STRUCTURES FOR GREENVILLE 115KV TRANSMISSION CIRCUIT 18 FLOOD MITIGATION (ECP-10171) (Agenda Item 5)

Mr. John Worrell, Assistant Director of Electric, provided an overview of a flood mitigation project for Greenville 115kV transmission Circuit 18 and then introduced Ken Wade, Substation

Control Engineer and Interim Electric Distribution Engineer. Mr. Wade stated that Capital Project ECP-10171's budget is \$600,430.00 and is designated for the replacement of the Circuit 18 115 kV transmission line structures from the G230 Substation on Mumford Road to US 264 Eastern Bypass. Circuit 18 is the only remaining circuit that has not been hardened since Hurricane Floyd in 1999. The wooden pole line will be replaced with tubular steel structures. The taller tubular steel structures will provide 8 to 10 feet of clearance improving redundancy and reliability for GUC's customers.

GUC solicited bids for the steel transmission pole structures. The six bids listed below were received.

Vendors	Delivery (weeks)	Price
Rohn Products	14 - 16	\$562,180.00
Meyer Utility	18 - 19	\$617,250.00
Valmont Utility	22 - 24	\$627,182.00
MD Henry Co.	24 - 26	\$677,754.00
Sabre Industries	18 - 20	\$741,366.00
Summit Utility Structures	18 - 20	\$786,578.00

Rohn Products was the lowest responsible bidder. It is recommended that the Board award the bid for the tubular steel structures to Rohn Products and authorize the General Manager/CEO to take appropriate action to execute the contract(s) with Rohn Products.

Mr. Wade explained that this capital project was originally established to capture the structure's material cost and the budget will need to be amended in May to reflect the installation of the structures. This will require similar action by City Council.

After brief discussion, a motion was made by Mr. Overton, seconded by Mr. Butler, to award the bid for the tubular steel structures to Rohn Products and authorize the General Manager/CEO to take appropriate action to execute the contract(s) with Rohn Product. The motion was unanimously approved.

GENERAL MANAGER'S REPORT (Agenda Item 6)

1. Informational Reading

Bids, Statistical Data Report, Sewer Spill Tracking Report, and Load Management Report were provided.

The following Bids awarded by the General Manager/CEO during the past month were reported for information:

GREENVILLE UTILITIES COMMISSION
TABULATION OF BIDS RECEIVED

TWO (2) 4 WHEEL DRIVE LOADER BACKHOES
NOVEMBER 20, 2018 @ 2:00 PM (EDST)

Vendors	Delivery	Brand	Price Each	Total \$
Hills Machinery Co., LLC	90 -120 Days	Case, 590 SN T4 Final	\$110,554.00	\$221,108.00*
Hines Equipment Co.	210 Days	New Holland, B110 C	108,651.00	217,302.00(1)

*Indicates recommended award based on the lowest responsible, responsive bid.

(1) Indicates that the vendor did not meet minimum specifications.

INSTALLATION OF GREENVILLE 230 KV WEST POD NO. 2
FOUNDATIONS AND OIL CONTAINMENT
JANUARY 3, 2019 @ 2:00 PM

VENDORS	TOTAL
Stocks & Taylor Construction, Inc.	\$217,200.00*
Carolina Power & Signalization	279,758.00
Hudson Brothers Construction Co.	355,500.00
Aubrey Silvey Enterprises, Inc.	380,000.00
Pike Electric, LLC	456,091.55
C.W. Wright Construction Company, LLC	827,196.83

* Indicates recommended award based on the lowest responsible, responsive bid.

TWO (2) NEW TRAILERS
JANUARY 17, 2019 @ 10:00 AM

VENDORS	DELIVERY TIME	PRICE EACH	TOTAL PRICE
Hills Machinery Company, LLC	5 Weeks	\$9,138.00	\$18,276.00*
True North Logistics, LLC	9 Weeks	9,365.44	18,730.88

*Indicates recommended award based on the lowest responsible, responsive bid.

Load Management Report

The Duke Energy Progress (DEP) monthly peak occurred on January 22, 2019 for the hour ending at 8:00 a.m. GUC's load management system was in full operation during this period. As a result, the estimated avoided demand costs amount to \$1,327,216.

2. Key Performance Indicators (KPIs)

The following KPIs highlighted for this month were provided in the dashboard format along with the corresponding scorecard:

- Installation of New Services – Electric
- Customer Satisfaction
- Typical Bill Comparison – Sewer
- Response Time to Cut Gas Lines/Leaks

3. Commendations

The following are compliment records:

George Reel, Director of Customer Relations, received a call from customer Burk Barbee. Mr. Barbee called to thank him for his help with his water and thanked Tonya Roebuck, Customer Contact Representative II, for calling and following up with him. He appreciated the great service.

Emily Cruse, Customer Contact Representative, and Station 1 received a call from Emma Taft. Ms. Taft called to thank the guys that came to her house at night and reconnected her services after a limb knocked her line off her house. She was appreciative of how quickly they came out and restored the power. The crew included Jason Gaskins, Electric Troubleshooter Crew Leader and Timmy Pollard, Electric Troubleshooter Crew Leader.

Customer Clyde Brooks sent an email message to the GUC webmaster to compliment John Sheppard, Gas Service Worker Senior, for providing excellent customer service. He described John as a great example of outstanding performance.

Shirley Peel, Gas Staff Support Specialist, received a call from Rich Hutson with the State Employees' Credit Union. Mr. Hutson called to compliment Justin Oakes, Gas Service Worker, and Tony Richards, Gas Systems Technician IV, for providing prompt and excellent customer service. He was impressed with how quickly they assisted him.

Anthony Miller, Director of Gas Systems, received a letter from customer Betsy Bunting. Ms. Bunting wrote that she called GUC to report the smell of gas and she was so pleased with how great the service was from the time she called until the service call was completed. The crew included Paul Bunch, Gas Systems Crew Leader I; Chris Wallace, Gas Systems Technician II; Ron Davenport, Gas System Technician I; and Curtis Dixon, Gas Systems Technician II.

Jolene Donaldson, Collections Supervisor, received a Thank You card from The Westbrooks. They thanked her for the customer service that she provides to them.

4. Other

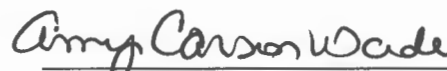
- Mr. Cannon stated that the call center is doing an outstanding job, and this is the fifth time that the call center has had zero abandoned calls.
- Scott Mullis provided information about the Customer Satisfaction Survey which will begin April 22, 2019.

BOARD CHAIR'S REMARKS/REPORT (Agenda Item 7)

Chair Blount reminded the Commissioners of the Finance/Audit Committee meeting on Monday, March 11, 2019, at 12:00 p.m. in the GUC Board Room and the next regular meeting on Thursday, March 21, 2019, at 12:00 p.m., in the GUC Board Room.


There being no further business to come before the Board of Commissioners, upon motion by Mr. Butler, seconded by Mr. Mills, the Board unanimously agreed to adjourn the meeting at 12:57 p.m.

Respectfully submitted,



Amy Carson Wade, Executive Secretary

APPROVED:



Parker Overton, Secretary

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