

GREENVILLE UTILITIES COMMISSION

GREENVILLE, NORTH CAROLINA

Thursday, May 16, 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	Tony Godwin
Chris Padgett	Jonathan Britt
Phil Dixon	Kevin Keyzer
Jeff McCauley	Lou Norris
Keith Jones	Kristen Jarman
Randy Emory	Brandie Whitehurst
George Reel	Erin Walton
Roger Jones	Emily Garner
Anthony Miller	Karin Fullington
Richie Shreves	
Steve Hawley	
Sandy Barnes	
David Springer	
John Worrell	
Amy Wade	

Others Present:

Roy Jones, ElectriCities; Marshall Cherry, Winterville Resident; Ashley Gaskins, Chris Kelly, Dennis Nwandu and Je'Mirr Douglas, City Manager's Office Interns.

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

Chair Blount welcomed the four interns from the City Manager's Office.

ACCEPTANCE OF THE AGENDA

Chair Blount asked to amend the agenda to remove the Closed Sessions. A motion was made by Mr. Butler, seconded by Mr. Mills, to accept the agenda as amended. 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.

Recognition of Recent Awards Presented to GUC by ElectriCities

Mr. Tony Cannon announced that ElectriCities recently awarded GUC with 5 awards of excellence. Mr. Roy Jones, CEO of ElectriCities, congratulated and recognized GUC for these awards. Mr. Jones thanked Greenville Utilities for all the hard work and service that is provided and presented the following awards to GUC:

- Value of Public Power
- Grid Modernization
- Continuous Improvement
- Workforce Development
- Wholesale Power Cost

Recognition of NC Department of Labor Safety Awards

Mr. Tony Cannon introduced Mr. Kevin Keyzer, Risk and Facilities Manager. Mr. Keyzer provided an overview of the recent safety awards that GUC received during the Greenville-Pitt County Chamber of Commerce and the North Carolina Department of Labor Safety Awards Banquet that was held on April 16, 2019. Greenville Utilities was recognized with seventeen different awards including (12) Gold, four (4) Silver and one (1) for reaching 2 Million Hours without a loss workday. Mr. Keyzer thanked the Board of Commissioners for their leadership and commitment to keeping GUC employees safe.

Recognition of 2019 Communicator of the Year by North Carolina City & County Communicators (NC3C) – Steve Hawley

Mr. Cannon announced that Steve Hawley, Public Information Officer/Communications Manager, was named 2019 Communicator of the Year by the North Carolina City and County Communicators (NC3C). This award was presented as part of the NC3C’s annual Excellence in Communications Awards at NC3C’s Annual Spring Conference in Durham. Mr. Hawley is a founding member of NC3C and has served in a variety of roles, including two terms as President, from 2009-2011.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Mr. Overton, seconded by Ms. Anderson, to approve the April 18, 2019 Regular Meeting minutes as presented. The motion carried unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENT – April 30, 2019 (Agenda Item 2)

April 30, 2019 Financial Statement:

Key financial metrics for the combined funds for the period ending April 30, 2019:

Operating Cash:	\$81,707,879	Days of Cash on Hand:	142
Less Current Liabilities	<u>(\$17,902,499)</u>		
Fund Balance:	\$63,805,380		

Fund Balance Available for Appropriation: 25.2% Days of Cash on Hand After Liabilities: 111

Average Investment Yield: 2.24%

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	\$190,871	(\$582,427)	\$602,762	\$6,200,441	\$704,667	\$8,874,324
Water	\$98,487	\$292,131	\$218,423	\$2,067,137	\$2,490,548	\$2,232,810
Sewer	\$151,289	\$194,777	\$462,866	\$3,723,395	\$1,541,396	\$2,689,998
Gas	(\$34,263)	\$162,688	\$224,689	\$3,718,378	\$1,085,104	\$420,661
Combined	\$406,384	\$67,169	\$1,508,740	\$15,709,351	\$5,821,715	\$14,217,793

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Revised Budget	Last Year
Electric	(\$309,129)	(\$499,927)	\$252,762	\$3,150,441	\$787,167	\$5,374,324
Water	(\$51,513)	\$46,298	\$85,090	\$46,306	\$32,218	\$899,480
Sewer	(\$98,711)	\$61,444	\$379,533	\$990,063	\$208,066	\$2,027,583
Gas	(\$284,263)	\$162,688	\$224,689	\$1,228,378	\$1,085,104	\$420,661
Combined	(\$743,616)	(\$229,497)	\$942,074	\$5,415,188	\$2,112,555	\$8,722,048

Jeff McCauley, Chief Financial Officer, provided a presentation on the Financial Statement for April 30, 2019.

The weather impact for the month of April indicated that the heating degree days were less than April 2018 and the cooling degree days were higher than last year. The April rainfall was 4.32 inches which was less than last year. The portfolio earned 2.24 % for the month of April.

Overall year-to-date results through the end of April remain stable. The Electric Rate Stabilization Reserves are approximately \$23.8 million, and the Gas Rate Stabilization Reserves are \$0.88 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 \$24.7 million.

A motion was made by Mr. Overton, seconded by Mr. Darden, to accept the Financial Statement for April 30, 2019. The motion carried unanimously.

CONSIDERATION OF ADOPTION OF FY 2018-19 BUDGET AMENDMENT FOR OPERATIONS AND CAPITAL PROJECTS (Agenda Item 3)

Mr. Cannon stated that actual operating results for ten months of the fiscal year have been evaluated to derive year end projections. It is normal to have this annual budget amendment in May. Staff is proposing the fiscal year 2018-19 budget be amended to reflect year end projections and to amend certain capital projects budgets.

Mr. McCauley gave a brief presentation on the budget amendments.

Major budgetary adjustments to the operating funds are listed below.

Operations:

Revenues

Rates and Charges	\$4,008,638
Fees and Charges	811,095
Miscellaneous	608,255
Interest on Investments	1,212,723
Bond Proceeds	689,638
Transfer from Capital Projects	500,000
Transfer from Rate Stabilization	(250,000)
Appropriated Fund Balance	1,750,000
Total	\$9,330,349

Expenditures

Operations	(\$219,454)
Purchased Power	4,183,722
Purchased Gas	(1,544,200)
Capital Outlay	(1,014,716)
Debt Service	2,651,589
Street Light Reimbursement	38,352
Transfer to Rate Stabilization	700,000
Transfer to Capital Projects	3,800,000
Operating Contingencies	735,056
Total	\$9,330,349

Major changes to capital projects are listed below:

Capital Projects:

	<u>Budget</u>	<u>Change</u>	<u>Revised</u>
Proceeds from long-term debt	\$12,605,000	(\$3,903,482)	\$8,701,518
Capital projects fund balance	1,726,340	5,863,006	7,589,346
Acreage Fees Revenues	0	1,055,136	1,055,136
	<u>\$14,331,340</u>	<u>\$3,014,660</u>	<u>\$17,346,000</u>
FCP-100 Downtown Office Efficiency and Enhancement	\$3,675,000	\$400,000	\$4,075,000
ECP10171Greenville 115 kV Transmission Circuit #18 Flood Mitigation	600,340	899,660	1,500,000
WCP-123City of Greenville Town Creek Culvert Improvements Project	1,100,000	160,000	1,260,000
SCP-123City of Greenville Town Creek Culvert Improvements Project	1,900,000	1,050,000	2,950,000
SCP10221	2,500,000	500,000	3,000,000
SCP10229Greene Street Pump Station and Force Main	1,100,000	0	1,100,000
SCP1021710th St. Connector Project	306,000	0	306,000
GCP-88GUC-PNG Multiple Gas Facilities Upgrade Project	2,650,000	0	2,650,000
GCP-93Southwestern Loop Phase 1	500,000	5,000	505,000
	<u>\$14,331,340</u>	<u>\$3,014,660</u>	<u>\$17,346,000</u>

**GREENVILLE UTILITIES COMMISSION
REVENUE AND EXPENDITURES
ALL FUNDS**

	<u>2018-2019 Budget</u>	<u>2018-2019 Change</u>	<u>2018-2019 Revised</u>
REVENUE:			
Rates & Charges	\$ 247,711,476	\$ 4,008,638	\$ 251,720,114
Fees & Charges	2,762,497	664,246	3,426,743
U. G. & Temporary Service Charges	237,251	146,849	384,100
Miscellaneous	1,874,434	608,255	2,482,689
Interest on Investments	475,000	1,212,723	1,687,723
Bond Proceeds	-	689,638	689,638
Transfer from Capital Projects	-	500,000	500,000
Transfer from Rate Stabilization	250,000	(250,000)	-
Appropriated Fund Balance	-	1,750,000	1,750,000
	<u>\$ 253,310,658</u>	<u>\$ 9,330,349</u>	<u>\$ 262,641,007</u>
EXPENDITURES:			
Operations	\$ 67,870,789	\$ (219,454)	\$ 67,651,335
Purchased Power	126,008,698	4,183,722	130,192,420
Purchased Gas	21,753,700	(1,544,200)	20,209,500
Capital Outlay	10,785,611	(1,014,716)	9,770,895
Debt Service	14,025,045	2,651,589	16,676,634
City Turnover – General	5,908,642	-	5,908,642
Street Light Reimbursement	822,654	38,352	861,006
Transfer to OPEB Trust	500,000	-	500,000
Transfer to Rate Stabilization	-	700,000	700,000
Transfer to Capital Projects	4,550,000	3,800,000	8,350,000
Operating Contingencies	1,085,519	735,056	1,820,575
	<u>\$ 253,310,658</u>	<u>\$ 9,330,349</u>	<u>\$ 262,641,007</u>

**GREENVILLE UTILITIES COMMISSION
REVENUE AND EXPENDITURES
ELECTRIC FUND**

	<u>2018-2019 Budget</u>	<u>2018-2019 Change</u>	<u>2018-2019 Revised</u>
REVENUE:			
Rates & Charges	\$ 168,192,401	\$ 3,605,472	\$ 171,797,873
Fees & Charges	1,858,468	435,147	2,293,615
U. G. & Temporary Service Charges	222,751	146,849	369,600
Miscellaneous	1,292,496	376,779	1,669,275
Interest on Investments	325,000	755,835	1,080,835
Bond Proceeds	-	384,172	384,172
Transfer from Capital Projects	-	500,000	500,000
Transfer from Rate Stabilization	250,000	(250,000)	-
	<u>\$ 172,141,116</u>	<u>\$ 5,954,254</u>	<u>\$ 178,095,370</u>

EXPENDITURES:

Operations	\$ 29,133,393	\$ (139,145)	\$ 28,994,248
Purchased Power	126,008,698	4,183,722	130,192,420
Capital Outlay	7,932,467	(1,411,595)	6,520,872
Debt Service	3,382,942	489,221	3,872,163
City Turnover - General	4,184,591	-	4,184,591
Street Light Reimbursement	822,654	38,352	861,006
Transfer to OPEB Trust	300,000	-	300,000
Transfer to Capital Projects	-	2,500,000	2,500,000
Operating Contingencies	376,371	293,699	670,070
	<u>\$ 172,141,116</u>	<u>\$ 5,954,254</u>	<u>\$ 178,095,370</u>

**GREENVILLE UTILITIES COMMISSION
REVENUE AND EXPENDITURES
WATER FUND**

	<u>2018-2019 Budget</u>	<u>2018-2019 Change</u>	<u>2018-2019 Revised</u>
REVENUE:			
Rates & Charges	\$ 20,504,829	\$ 242,067	\$ 20,746,896
Fees & Charges	387,500	65,525	453,025
U. G. & Temp. Ser. Chgs.	14,500	-	14,500
Miscellaneous	262,555	51,148	313,703
Interest on Investments	55,000	82,695	137,695
Bond Proceeds	-	116,372	116,372
Appropriated Fund Balance	-	1,750,000	1,750,000
	<u>\$ 21,224,384</u>	<u>\$ 2,307,807</u>	<u>\$ 23,532,191</u>

EXPENDITURES:

Operations	\$ 14,181,011	\$ 133,388	\$ 14,314,399
Capital Outlay	566,231	206,998	773,229
Debt Service	3,225,573	1,934,266	5,159,839
Transfer to OPEB Trust	100,000	-	100,000
Transfer to Capital Projects	2,950,000	(100,000)	2,850,000
Operating Contingencies	201,569	133,155	334,724
	<u>\$ 21,224,384</u>	<u>\$ 2,307,807</u>	<u>\$ 23,532,191</u>

**GREENVILLE UTILITIES COMMISSION
REVENUE AND EXPENDITURES
SEWER FUND**

	<u>2018-2019 Budget</u>	<u>2018-2019 Change</u>	<u>2018-2019 Revised</u>
REVENUE:			
Rates & Charges	\$ 23,006,546	\$ 282,241	\$ 23,288,787
Fees & Charges	363,604	148,023	511,627
Miscellaneous	168,411	169,545	337,956
Interest on Investments	35,000	148,013	183,013
Bond Proceeds	-	96,422	96,422
	<u>\$ 23,573,561</u>	<u>\$ 844,244</u>	<u>\$ 24,417,805</u>

EXPENDITURES:

Operations	\$ 14,283,007	\$ (255,037)	\$ 14,027,970
Capital Outlay	1,115,631	(88,106)	1,027,525
Debt Service	6,095,606	132,243	6,227,849
Transfer to OPEB Trust	100,000	-	100,000
Transfer to Capital Projects	1,600,000	900,000	2,500,000
Operating Contingencies	379,317	155,144	534,461
	<u>\$ 23,573,561</u>	<u>\$ 844,244</u>	<u>\$ 24,417,805</u>

**GREENVILLE UTILITIES COMMISSION
REVENUE AND EXPENDITURES
GAS FUND**

	<u>2018-2019 Budget</u>	<u>2018-2019 Change</u>	<u>2018-2019 Revised</u>
REVENUE:			
Rates & Charges	\$ 36,007,700	\$ (121,142)	\$ 35,886,558
Fees & Charges	152,925	15,551	168,476
Miscellaneous	150,972	10,783	161,755
Interest on Investments	60,000	226,180	286,180
Bond Proceeds	-	92,672	92,672
	<u>\$ 36,371,597</u>	<u>\$ 224,044</u>	<u>\$ 36,595,641</u>

EXPENDITURES:

Operations	\$ 10,273,378	\$ 41,340	\$ 10,314,718
Purchased Gas	21,753,700	(1,544,200)	20,209,500
Capital Outlay	1,171,282	277,987	1,449,269
Debt Service	1,320,924	95,859	1,416,783
City Turnover	1,724,051	-	1,724,051
Transfer to Rate Stabilization	-	700,000	700,000
Transfer to Capital Projects	-	500,000	500,000
Operating Contingencies	128,262	153,058	281,320
	<u>\$ 36,371,597</u>	<u>\$ 224,044</u>	<u>\$ 36,595,641</u>

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

<u>Project Name</u>	<u>Current Budget</u>	<u>Change</u>	<u>Revised Budget</u>
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FCP-100 Downtown Office Efficiency and Enhancement

Revenues:

Long-Term Debt	\$3,675,000	\$ -	\$ 3,675,000
Capital Projects Fund Balance	\$ -	\$ 400,000	\$ 400,000
Total Revenue	<u>\$3,675,000</u>	<u>\$ 400,000</u>	<u>\$ 4,075,000</u>

Expenditures:

Project Costs	\$3,675,000	\$ 400,000	\$ 4,075,000
Total Expenditures	<u>\$3,675,000</u>	<u>\$ 400,000</u>	<u>\$ 4,075,000</u>

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

<u>Project Name</u>	<u>Current Budget</u>	<u>Change</u>	<u>Revised Budget</u>
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ECP10171 Greenville 115 kV Transmission Circuit #18 Flood Mitigation

Revenues:

Capital Project Fund Balance	\$ 600,340	\$ 899,660	\$ 1,500,000
Total Revenue	<u>\$ 600,340</u>	<u>\$ 899,660</u>	<u>\$ 1,500,000</u>

Expenditures:

Project Costs	\$ 600,340	\$ 899,660	\$ 1,500,000
Total Expenditures	<u>\$ 600,340</u>	<u>\$ 899,660</u>	<u>\$ 1,500,000</u>

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

Project Name	Current Budget	Change	Revised Budget
WCP-123 City of Greenville Town Creek Culvert Improvements Project			
Revenues:			
Long-Term Debt	\$ 1,100,000	\$ -	\$ 1,100,000
Capital Projects Fund Balance	\$ -	\$ 160,000	\$ 160,000
Total Revenue	\$ 1,100,000	\$ 160,000	\$ 1,260,000
Expenditures:			
Project Costs	\$ 1,100,000	\$ 160,000	\$ 1,260,000
Total Expenditures	\$ 1,100,000	\$ 160,000	\$ 1,260,000

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

Project Name	Current Budget	Change	Revised Budget
SCP-123 City of Greenville Town Creek Culvert Improvements Project			
Revenues:			
Long-Term Debt	\$ 1,580,000	\$ -	\$ 1,580,000
Capital Projects Fund Balance	\$ 320,000	\$ 1,050,000	\$ 1,370,000
Total Revenue	\$ 1,900,000	\$ 1,050,000	\$ 2,950,000
Expenditures:			
Project Costs	\$ 1,900,000	\$ 1,050,000	\$ 2,950,000
Total Expenditures	\$ 1,900,000	\$ 1,050,000	\$ 2,950,000

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

Project Name	Current Budget	Change	Revised Budget
SCP10221 Southeast Sewer Service Area Project			
Revenues:			
Long-Term Debt	\$2,500,000.00	(\$2,500,000.00)	\$ -
Capital Projects Fund Balance	\$ -	\$1,944,864.15	\$1,944,864.15
Acreage Fees Revenues	\$ -	\$1,055,135.85	\$1,055,135.85
Total Revenue	<u>\$2,500,000.00</u>	<u>\$500,000.00</u>	<u>\$3,000,000.00</u>
Expenditures:			
Project Costs	<u>\$2,500,000.00</u>	<u>\$500,000.00</u>	<u>\$3,000,000.00</u>
Total Expenditures	<u>\$2,500,000.00</u>	<u>\$500,000.00</u>	<u>\$3,000,000.00</u>

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

Project Name	Current Budget	Change	Revised Budget
SCP10229 Greene Street Pump Station and Force Main			
Revenues:			
Long-Term Debt	\$1,100,000	\$(1,100,000)	\$ -
Capital Projects Fund Balance	\$ -	\$ 1,100,000	\$1,100,000
Total Revenue	<u>\$1,100,000</u>	<u>\$ -</u>	<u>\$1,100,000</u>
Expenditures:			
Project Costs	<u>\$1,100,000</u>	<u>\$ -</u>	<u>\$1,100,000</u>
Total Expenditures	<u>\$1,100,000</u>	<u>\$ -</u>	<u>\$1,100,000</u>

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

Project Name	Current Budget	Change	Revised Budget
SCP10217 10th St. Connector Project			
Revenues:			
Long-Term Debt	\$ -	\$ 300,000	\$ 300,000
Capital Projects Fund Balance	\$ 306,000	\$ (300,000)	\$ 6,000
Total Revenue	<u>\$ 306,000</u>	<u>\$ -</u>	<u>\$ 306,000</u>
Expenditures:			
Project Costs	<u>\$ 306,000</u>	<u>\$ -</u>	<u>\$ 306,000</u>
Total Expenditures	<u>\$ 306,000</u>	<u>\$ -</u>	<u>\$ 306,000</u>

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

Project Name	Current Budget	Change	Revised Budget
GCP-88 GUC-PNG Multiple Gas Facilities Upgrade Project			
Revenues:			
Long-Term Debt	\$2,650,000	\$ (603,482)	\$2,046,518
Capital Projects Fund Balance	\$ -	\$ 603,482	\$ 603,482
Total Revenue	\$2,650,000	\$ -	\$2,650,000
Expenditures:			
Project Costs	\$2,650,000	\$ -	\$2,650,000
Total Expenditures	\$2,650,000	\$ -	\$2,650,000

**Greenville Utilities Commission
Capital Project Budget
As of May 16, 2019**

Project Name	Current Budget	Change	Revised Budget
GCP-93 Southwestern Loop Phase 1			
Revenues:			
Capital Projects Fund Balance	\$ 500,000	\$ 5,000	\$ 505,000
Total Revenue	\$ 500,000	\$ 5,000	\$ 505,000
Expenditures:			
Project Costs	\$ 500,000	\$ 5,000	\$ 505,000
Total Expenditures	\$ 500,000	\$ 5,000	\$ 505,000

**RESOLUTION RECOMMENDING TO THE CITY COUNCIL
ADOPTION OF A RESOLUTION PROVIDING FOR THE
REIMBURSEMENT TO THE GREENVILLE UTILITIES COMMISSION,
OF THE CITY OF GREENVILLE, NORTH CAROLINA, A BODY POLITIC
DULY CHARTERED BY THE STATE OF NORTH CAROLINA FROM THE
PROCEEDS OF ONE OR MORE TAX EXEMPT FINANCING FOR THE
EXPENDITURE OF FUNDS FOR CERTAIN CAPITAL IMPROVEMENTS TO THE
GREENVILLE UTILITIES SYSTEM**

WHEREAS, the Greenville Utilities Commission, of the City of Greenville, North Carolina, a body politic duly chartered by the State of North Carolina, (the "Commission") has identified certain capital improvements to its electric, gas, sanitary sewer and water systems (collectively, the "System", all as more fully described in Exhibit A attached to the form of the resolution to be presented to the City Council of the City of Greenville, North Carolina) that have been and must be funded from available funds pending reimbursement from the proceeds of debt to be issued for such purposes (the "Debt"); now, therefore,

BE IT RESOLVED BY THE GREENVILLE UTILITIES COMMISSION as follows;

1. The City Council is hereby requested to give favorable consideration to and pass the proposed resolution, which resolution (the "Reimbursement Resolution") effectively would provide for the reimbursement to the Commission from the proceeds of Tax Exempt Financing (estimated to be \$70,646,000) for certain expenditures made not more than 60 days prior to the adoption of the Reimbursement Resolution, the Commission having determined that such adoption will be in the best interests of the System.

2. This resolution shall take effect immediately upon its passage, and a certified copy thereof shall be provided to the City Clerk for presentation to the City Council at its next regularly scheduled meeting.

Adopted this the 16th day of May, 2019.

/s/ Rebecca Blount, Chair

ATTEST:

/s/ Parker Overton
Secretary

APPROVED AS TO FORM:

/s/ Phillip R. Dixon
General Counsel

RESOLUTION NO. 19-__
RESOLUTION DECLARING THE INTENTION OF THE
CITY COUNCIL OF THE CITY OF GREENVILLE TO REIMBURSE THE
GREENVILLE UTILITIES COMMISSION, OF THE CITY OF GREENVILLE, NORTH
CAROLINA, A BODY POLITIC DULY CHARTERED BY THE STATE OF NORTH
CAROLINA, FROM THE PROCEEDS OF ONE OR MORE TAX EXEMPT
FINANCING FOR CERTAIN EXPENDITURES MADE AND TO BE MADE IN
CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF CERTAIN
CAPITAL IMPROVEMENTS

WHEREAS, the Greenville Utilities Commission of the City of Greenville, North Carolina, a body politic duly chartered by the State of North Carolina, (the Commission) has determined to pay certain expenditures (the "Expenditures") incurred no more than 60 days prior to the date hereof and thereafter relating to the acquisition and construction of certain improvements (collectively, the "Project") more fully described in Exhibit A attached hereto, consisting of improvements to its electric, gas, sanitary sewer and water systems (collectively, the "System"); and

WHEREAS, the City Council of the City of Greenville, North Carolina (the "City Council") has determined that those moneys previously advanced by the Commission no more than 60 days prior to the date hereof to pay such Expenditures are available only on a temporary period and that it is necessary to reimburse the Commission for the Expenditures from the proceeds of one or more issues of tax-exempt obligations (the "Debt");

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL as follows:

Section 1. The City Council hereby declares concurrence with the Commission's intent to reimburse the Commission from the proceeds of the Debt for the Expenditures made with respect to the Project no more than 60 days prior to the date hereof and thereafter. The City Council reasonably expects on the date hereof that it will reimburse the Commission for the Expenditures from the proceeds of a like amount of the Debt.

Section 2. Each Expenditure was or will be either (a) of a type chargeable to capital account under general federal income tax principles (determined as of the date of the Expenditures), (b) the cost of issuance with respect to the Debt, (c) a non-recurring item that is not customarily payable from current revenues of the System, or (d) a grant to a party that is not related to or an agent of the Commission or City of Greenville, North Carolina (the "City") so long as such grant does not impose any obligation or condition (directly or indirectly) to repay any amount to or for the benefit of the Commission or City.

Section 3. The principal amount of the Tax Exempt Financing estimated to be issued to reimburse the Commission for Expenditures for the Improvements is estimated to be not more than \$70,646,000.

Section 4. The Commission and the City will make a reimbursement allocation, which is a written allocation by the Commission and the City that evidences the Commission's use of proceeds of the Debt to reimburse an Expenditure no later than 18 months after the later of the date on which such Expenditure is paid or the Project is placed in service or abandoned, but in no event more than three years after the date on which the Expenditure is paid. The City Council recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, certain de minimis amounts, (expenditures by "small issuers" based on the year of issuance and not the year of expenditure), and expenditures for construction projects of at least 5 years.

Section 5. The resolution shall take effect immediately upon its passage.

Adopted this the ____ day of _____, 2019.

/s/ P. J. Connelly, Mayor

ATTEST:

/s/ Carol L. Barwick, City Clerk

EXHIBIT A

THE IMPROVEMENTS

The Improvements referenced in the resolution include, but are not limited to, all operating and capital expenditures associated with the purchase, design and construction of:

New Operations Center Phase 2	\$53,300,000
Downtown Office Efficiency and Enhancement	4,075,000
Greenville 115 kV Transmission Circuit #18 Flood Mitigation	1,500,000
City of Greenville Town Creek Culvert Improvements Project - Water	1,260,000
City of Greenville Town Creek Culvert Improvements Project – Sewer	2,950,000
Southeast Sewer Service Area Project	3,000,000
Greene Street Pump Station and Force Main	1,100,000
10 th Street Connector Project – Sewer	306,000
GUC-PNG Multiple Gas Facilities Upgrade Project	2,650,000
Southwestern Loop Phase 1	505,000
	\$70,646,000

A motion was made by Mr. Mills, seconded by Mr. Butler, to adopt the fiscal year 2018-19 budget amendment and reimbursement resolution which includes certain capital projects budget amendments as shown and recommend similar action by City Council. The motion carried unanimously.

UPDATE ON FY 2019-20 BUDGET FOR OPERATIONS AND CAPITAL PROJECTS
(Agenda Item 4)

Mr. Cannon stated that at the April 18, 2019 Board meeting, a presentation was provided to the Board that focused on the end-of-year performance for FY 2018-19 and the principal elements of the preliminary FY 2019-20 budget, GUC's five-year capital improvement plan, and long-term financial forecast. After careful consideration of the information that was presented during the meeting, the Board adopted the preliminary FY 2019-20.

Since the Board's last meeting, adjustments to the preliminary budget have been made to reflect the 2.7% market/merit increase approved in April at the Joint City Council / Board of Commissioners meeting. The debt service has also been adjusted due to the 2019 Revenue Bond Issue being reduced from up to \$90 million to up to \$58 million. The amount of the reduction of the initial revenue bond has been allocated to subsequent projected debt issues in the Commission's five-year capital improvement plan.

Highlights of the FY 2019-20 operating budget are listed below:

- Expenditures budgeted for FY 2019-20 have increased by 2%, or \$5.5M, when compared to the FY 2018-19 budget. Key points are:
 - \$3.4M increase in purchased power
 - \$2.7M decrease in purchased gas
 - \$1.7M decrease in debt service
 - \$250K increase in transfers to rate stabilization
 - \$3.7M increase in transfers to capital projects
 - \$2.0M increase in operations
- No rate adjustment for the Electric Fund
- A 7.0% rate increase for the Water Fund, 0.6% less than projected last year
- No rate adjustment for the Sewer Fund, 3% less than projected last year
- No rate adjustment for the Gas Fund
- Funding for salary market/merit adjustments at 2.7%
- Continuation of a self-insured health insurance plan which includes a high-deductible Health Savings Account option
- Continuation of self-insured dental insurance plan
- Funding to hire replacements prior to the retirement of key personnel to facilitate succession planning, leverage the knowledge and experience of long-term employees for training on critical issues, and ensure smooth transitions
- Existing positions have been reallocated and six permanent positions have been added to appropriately respond to needs within the combined enterprise operation
- Transfer of \$500K to Other Post-Employment Benefits (OPEB) Trust
- Funding for increase in LGERS employer contribution from 7.75% to 8.95% - \$350K
- Transfer of \$150K to City's housing energy conservation program
- Commitment of \$500,000 to participate as a sustaining member in the public-private economic development partnership
- Investment of \$11.4M for capital outlay to maintain system reliability and comply with regulatory requirements
- Annual turnover or transfer of \$6.6M to the City of Greenville, in accordance with the Charter issued by the North Carolina General Assembly

Highlights of the FY 2019-20 capital budget are listed below:

- GUC continues to make investments in capital projects to maintain reliability, meet ongoing regulatory requirements, and remain strategically positioned to facilitate growth. To that end, GUC will be establishing capital projects totaling \$10.65M.

Project Type	Project Description	Project Amount
Electric	Battery Storage Pilot Project 1MW	\$1,600,000
Water	Water Main Rehabilitation Program Phase 2	\$1,000,000
Sewer	Green Mill Run Tributary – 18-21 inch section	\$1,800,000
Sewer	WWTP Headworks Improvements	\$2,500,000
Sewer	Duplex Pump Station Improvements	\$500,000
Sewer	Harris Mill Run Outfall	\$500,000
Gas	Integrity Management Replacement Project	\$1,750,000
Gas	Allen Rd Widening (NCDOT U-5875)	\$1,000,000
	Total	\$10,650,000

The updated balanced budget will be presented to the City Council on May 20, followed by a public hearing scheduled for June 10. Final adoption of the FY 2019-20 budget will be considered at the Board’s June 13 meeting, with final consideration by the City Council scheduled for June 13.

UPDATE ON EFFORTS TO DIVERSIFY APPLICANT POOLS (Agenda Item 5)

Mr. Chris Padgett, Chief Administrative Officer, stated that Ms. LaKesha Alston Forbes, Associate Provost for Equity and Diversity at East Carolina University, presented to the Board in 2016 a report outlining recommended strategies and programs designed to further diversify the pool of prospective candidates for future GUC career opportunities.

Ms. Richie Shreves, Director of Human Resources, updated the Board on the efforts that have been made over the past year and outlined future activities. For 2018-19, the focus was continuing from previous year building diverse pipelines to attract under-represented talent, enhancing diversity awareness and assessing diversity recruitment efforts. Mrs. Shreves shared that this year all employees will be required to participate in “Appreciating Workplace Differences” training and the program will be continued as part of new employee orientation. Additional efforts this year included partnering with middle schools to host student tours, partnering with Pitt County’s Teacher Executive Institute, partnering with the Chamber of Commerce’s Grow Local program, partnering with Pitt County Schools on their Business Advisory Council, and adding diversity and inclusion questions to our interview question bank. The focus will continue in 2019-20 with these current efforts.

CAPITAL PROJECT UPDATES (Agenda Item 6)

Mr. Padgett provided an update on the new Operations Center. Mr. Padgett showed pictures of the property which illustrated tree and stump removal are complete. The project is moving along and will continue through the summer.

GENERAL MANAGER’S REPORT (Agenda Item 7)

1. Informational Reading

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

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

TABULATION OF RE-BIDS RECEIVED

ONE (1) FUSION MACHINE MODEL A860805 WITH 6" INSERTS
MARCH 20, 2019 @ 4:00 PM

VENDORS	MFG.	DELIVERY TIME (WEEKS)	UNIT PRICE
Consolidated Pipe & Supply	McElroy	1-2	\$18,549.96*
Core & Main.	McElroy	4	18,549.96 ⁽¹⁾
Wolseley	McElroy	6-7	18,705.00
Ferguson Enterprises	McElroy	7-8	18,939.90
ISCO Industries	McElroy	Stock	19,848.46
Technology International	McElroy	9	21,040.50
Technology International (Alt. Bid)	Ritmo	9	18,393.70 ⁽²⁾

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

(1) Indicates that the delivery was not most responsive.

(2) Indicates that the alternate brand/model/delivery was not responsive/acceptable.

TABULATION OF BIDS RECEIVED

ONE (1) TANDEM AXLE DIESEL DUMP TRUCK
APRIL 3, 2019 @ 2:00 PM

VENDORS	MANUFACTURER	DELIVERY TIME (DAYS)	UNIT PRICE
White's International Trucks	International HV607	420 Days	\$112,000.00*
Carolina Freightliner of Raleigh, LLC	Freightliner	370 Days	115,942.00

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

GATORADE, COOLERS & CUPS
APRIL 10, 2019 @ 3:00 pm

VENDORS	DELIVERY TIME	EXTENSION
Industrial & Construction Enterprise	5-7 days	\$12,753.76*
Fastenal Company	5-15 days	14,144.42

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

BALL VALVES & STRAINERS
APRIL 10, 2019 @ 4:00 PM

VENDORS	DELIVERY TIME	EXTENSION
Kerotest Mfg. Corp	2-4 weeks	31,015.00*
Consolidated Pipe & Supply	Stock - 4 weeks	33,715.00
Wolsely	3-5 weeks	38,477.40
Arapaho Pipe & Supply, LP	1-12 weeks	39,137.25

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

**COUPLINGS, VALVES, STOPS, REPAIR CLAMPS & TAPPINGS SADDLES
APRIL 17, 2019 @ 2:00 PM**

VENDORS	DELIVERY	TOTAL
Fortiline Waterworks, Inc.	7-21 Days	\$79,447.27*
Core & Main	3-5 Days	85,562.99
Consolidated Pipe & Supply	Stock – 7 Days	76,877.92 ⁽¹⁾
Waterworks, Inc.	14-21 Days	85,886.71 ⁽¹⁾
Ferguson Waterworks, Inc.	3-5 Days	94,683.69 ⁽¹⁾

*Indicates recommended award based on the lowest responsible, responsive bid.
⁽¹⁾ Indicates that the vendor did not meet minimum specifications concerning brands.

RANKING OF PROPOSALS RECEIVED

**DRIVE THROUGH EQUIPMENT
APRIL 4, 2019 @ 4:00 PM**

VENDOR RANKING
Ken Smith, Inc.*
Wittenbach Business Systems

*Indicates recommended negotiations based on the vendor's submitted proposal.

Load Management Report

The Duke Energy Progress (DEP) monthly peak occurred on April 3, 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 \$1,343,593.

2. Key Performance Indicators (KPIs)

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

- Duration of Electric Interruptions (SAIDI)
- Typical Monthly Bill Comparisons - Gas
- Debt Service Coverage
- Net Margin

3. Commendations

The following are compliment records:

Sandy Woolard, Customer Contact Representative II, received an email message from customer Murrell McLeod. Mr. McLeod wrote to compliment Allen Lyles, Meter Crew Leader, for assisting him with a low water pressure concern at his home. He was positively impressed by Mr. Lyles.

Shirley Peele, Staff Support Specialist III, received a call from customer Lossie Smith. Ms. Smith called to compliment Curtis Dixon, Gas Systems Technician II; Alton Hardee, Gas Systems Crew Leader I; Timothy Beddard, Gas Systems Technician I; and Paul Bunch, Gas Systems Crew Leader I. She thanked them for providing excellent customer service by installing new sod and restoring her mother's yard. She was very pleased with their work.

Karyn Wilson, Customer Records Clerk, received a call from customer Frances Swanson. Mrs. Swanson called to compliment Justin Oakes, Gas Serviceworker, and Stephen Roebuck, Gas Systems Technician II. She thanked them for responding to a gas leak at her home. She

said that they went above and beyond the call of duty in speaking to her contractor and following up the next day.

4. Other

- Mr. Cannon announced that he, along with Jeff McCauley, Keith Jones, and Chris Padgett visited with the rating agencies regarding the bond issue last week. Fitch affirmed an AA- rating and we are awaiting Moody's response.
- Mr. Cannon announced that GUC has received a request from an adjoining property owner of the Wastewater Treatment Plant to purchase a strip of property along the river. Staff met to review this request. An appraisal will be performed before moving forward.

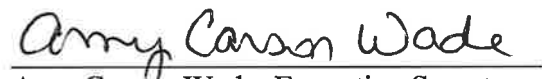
BOARD CHAIR'S REMARKS/REPORT (Agenda Item 8)

Chair Blount reminded the Commissioners of the following meetings:

- GUC Regular Meeting, Thursday, June 13, 2019, 12:00 p.m., 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 1:08 p.m.

Respectfully submitted,



Amy Carson Wade, Executive Secretary

APPROVED:



Parker Overton, Secretary

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