

GREENVILLE UTILITIES COMMISSION

GREENVILLE, NORTH CAROLINA

Thursday, November 17, 2016

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 Mills presiding.

Commission Board Members Present:

Don Mills, Chair	Tommy Stoughton
Joel Butler	Parker Overton
Rebecca Blount	Minnie J. Anderson
Toya Jacobs	Barbara Lipscomb

Commission Staff Present:

Tony Cannon, General Manager/CEO	Amy Quinn
Jeff McCauley	Steve Hawley
Phil Dixon	Lou Norris
George Reel	Freddie Martin
Keith Jones	Robby Manning
Anthony Miller	Scott Farmer
Roger Jones	Tony Godwin
Randy Emory	Steve Porter
Richie Shreves	

Others Present:

Ginger Livingston, The Daily Reflector; April Adams and Ellen Duncan, Cherry Bekaert LLP; and Rick Smiley, City Council Member.

Chair Mills called the meeting to order and Mr. Butler ascertained that a quorum was present.

APPROVAL OF MINUTES (Agenda Item 1)

A motion was made by Ms. Blount, seconded by Mr. Butler, to approve the October 20, 2016 Regular Meeting minutes as presented. The motion carried unanimously.

ACCEPTANCE OF THE AGENDA

Mr. Phil Dixon, General Counsel, requested to add a closed session to the end of the agenda related to N.C.G.S. 143-318.11(a)(3).

A motion was made by Mr. Butler, seconded by Mr. Stoughton, to accept the agenda as amended. The motion carried unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENT – OCTOBER 31, 2016 (Agenda Item 2)

**October 31, 2016 Financial Statement:**

Key financial metrics for the combined funds for the period ending October 31:

Operating Cash:	\$72,546,106	Days of Cash on Hand:	125
Less Current Liabilities:	(\$18,821,944)		
Fund Balance:	\$53,724,162		
Fund Balance Available for Appropriation:	20.9%	Days of Cash on Hand After Liabilities:	92
Average Investment Yield:	0.41%		

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
<b>Electric</b>	(\$1,141,544)	\$124,401	\$658,066	\$2,462,016	\$4,971,781	\$7,413,894
<b>Water</b>	(\$91,388)	\$98,379	\$203,705	\$1,488,147	\$924,800	\$1,250,111
<b>Sewer</b>	\$17,632	\$102,169	\$308,276	\$1,906,496	\$640,527	\$1,088,943
<b>Gas</b>	(\$647,464)	(\$827,996)	(\$184,510)	(\$2,016,016)	(\$3,127,225)	(\$1,496,870)
<b>Combined</b>	<b>(\$1,862,764)</b>	<b>(\$503,047)</b>	<b>\$985,537</b>	<b>\$3,840,643</b>	<b>\$3,409,883</b>	<b>\$8,256,078</b>

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
<b>Electric</b>	(\$1,674,309)	(\$408,364)	(\$463,798)	\$50,309	\$2,560,074	\$2,009,588
<b>Water</b>	(\$208,055)	(\$18,288)	\$66,205	\$1,021,483	\$458,136	\$700,111
<b>Sewer</b>	(\$124,035)	(\$39,498)	(\$22,974)	\$1,339,833	\$73,864	(\$236,057)
<b>Gas</b>	(\$655,797)	(\$836,329)	(\$622,010)	(\$2,049,348)	(\$3,160,557)	(\$3,246,870)
<b>Combined</b>	<b>(\$2,662,196)</b>	<b>(\$1,302,479)</b>	<b>(\$1,042,577)</b>	<b>\$362,277</b>	<b>(\$68,483)</b>	<b>(\$773,228)</b>

Mr. Jeff McCauley, Chief Financial Officer, provided a presentation on the Financial Statement for October 2016.

The month of October is a shoulder month where the weather is not too hot and not too cold. As a reminder, the higher the cooling degree days are, the warmer it is outside and the higher the heating degree days are, the cooler it is outside. The month of October reported that the cooling degree days were two times greater than last October and the heating degree days for October were 39% more than last year. The October rainfall was approximately 9 inches which is 35% more than last year. The portfolio earned 0.41% for the month of October. The October financial statement includes \$1.5 million in expenditures related to Hurricane Matthew.

Overall year-to-date results through the end of October remain stable. The Electric Rate Stabilization Reserves are approximately \$16.2 million and the Gas Rate Stabilization Reserves are \$1.0 million. The Operating Reserves are 125 Days Cash on Hand, and Renewals and Replacements Reserves are approximately \$2.0 million.

A motion was made by Mr. Overton, seconded by Mr. Butler, to accept the Financial Statement for October 31, 2016. The motion carried unanimously.

PRESENTATION OF ANNUAL AUDIT (Agenda Item 3)

Mr. McCauley stated that Cherry Bekaert LLP has been engaged by GUC to perform auditing services. He introduced Audit Engagement Partner April Adams.

Ms. Adams presented the annual Audit Report for FY 2015-16 ending June 30, 2016. She indicated that GUC received an unmodified "clean" opinion, which is the highest of four (4) possible opinions. This unmodified opinion means that the statements, as presented, are materially not misstated. There were no journal entries, good internal controls, no significant deficiencies identified and they had full cooperation with management.

A motion was made by Mr. Overton, seconded by Ms. Anderson, to accept the Annual Audit Report for FY 2015-16. The motion carried unanimously.

RESOLUTION FOR DESIGNATING AUTHORIZED REPRESENTATIVES FOR FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) REPORTING (Agenda Item 4)

Mr. McCauley stated that FEMA requires the Board to designate authorized representatives to serve as agents for the Commission in all matters relating to disaster relief and emergency assistance.

A motion was made by Mr. Stoughton, seconded by Ms. Lipscomb, to approve the resolution designating the Cost Analyst as the Primary Agent and the Director of Financial Services and Accounting as the Secondary Agent. The motion carried unanimously.

RESOLUTION DESIGNATING AGENTS TO SERVE  
ON BEHALF OF GREENVILLE UTILITIES COMMISSION  
OF THE CITY OF GREENVILLE, NORTH CAROLINA,  
IN ALL MATTERS RELATING TO REIMBURSEMENT FOR  
DISASTER RELIEF & EMERGENCY ASSISTANCE

BE IT RESOLVED by the Greenville Utilities Commission of the City of Greenville, North Carolina, that the Cost Analyst as the Primary Agent and the Director of Financial Services and Accounting be designated as the Secondary Agent; and

BE IT FURTHER RESOLVED that the above-named agents are authorized to execute and file applications for federal and/or state assistance on behalf of Greenville Utilities Commission for the purpose of obtaining certain state and federal financial assistance; and

BE IT FURTHER RESOLVED that the above-named agents are authorized to represent and act for Greenville Utilities Commission in all dealings with State of North Carolina and the Federal Emergency Management Agency for all matters pertaining to such disaster assistance required; and

BE IT FINALLY RESOLVED that the above-named agents are authorized to act severally.

RESOLVED this the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
/s/ Don Mills, Board Chair

ATTEST:

\_\_\_\_\_  
/s/ Joel Butler, Secretary

RECOMMENDED REJECTION OF CONSTRUCTION BIDS FOR THE HARRIS MILL RUN INTERCEPTOR REPLACEMENT PROJECT (Agenda Item 5)

Mr. Randy Emory, Director of Water Resources, introduced Water Resources Systems Engineer Mr. Steve Porter to update the Commissioners on this project. Mr. Porter stated that the Harris Mill Run Interceptor is a section of 15-inch gravity sewer main constructed in the mid-1970s located on the north side of West 5th Street between Treybrooke Apartments and The Heritage Apartments. This sewer main provides service to Greenville's Medical District Area including ECU's West Campus and Vidant Medical Center. The existing 15-inch pipe is near capacity and will be replaced with a 21-inch diameter pipe in accordance with GUC's Wastewater System Master Plan completed by Black & Veatch in 2009. The larger pipe should ensure adequate capacity is available to provide service for the anticipated future build-out population expected within the service area.

On September 29, 2016, only two formal bids were received for the Harris Mill Run Interceptor Replacement Project. Since three bids are required for an initial formal bid opening, the bids were not opened.

The project was rebid on October 25, 2016. Two bids were received, one from T. A. Loving Company in the amount of \$915,061.50 and the other from Keen Plumbing Company in the amount of \$853,169.00. Both bids are over the budget established at \$454,300.00.

Staff plans to work with the engineer in an effort to identify any modifications in project scope that might result in a project cost savings and re-bid the project at a later date.

A motion was made by Mr. Butler, seconded by Ms. Anderson, to reject all bids received on October 25, 2016 for the Harris Mill Run Interceptor Replacement project. The motion carried unanimously.

CONSIDERATION OF RESOLUTION FOR ACCEPTANCE OF NORTH CAROLINA DRINKING WATER STATE REVOLVING FUND (SRF) LOAN – WATER DISTRIBUTION SYSTEM REHABILITATION PROJECT (WCP-122) (Agenda Item 6)

Mr. Porter stated that the Board previously authorized the General Manager/CEO to submit an application for a State Revolving Fund (SRF) loan for the Water Distribution System Rehabilitation Project. The application for a loan under the North Carolina Drinking Water SRF program was subsequently approved by the State's Infrastructure Finance Section of the North Carolina Department of Environmental Quality (NCDEQ) and a formal loan offer from the Infrastructure Finance Section was received by GUC on October 11, 2016.

A motion was made by Mr. Overton, seconded by Ms. Jacobs, to adopt a resolution authorizing acceptance of the SRF loan offer in the amount of \$1,500,000 at 1.53%, and authorizing the General Manager/CEO to act as the agent for Greenville Utilities in connection with acceptance of the SRF funding. The motion carried unanimously.

**RESOLUTION BY GOVERNING BODY OF APPLICANT**

**WHEREAS,** the Safe Drinking Water Act Amendments of 1996 and the North Carolina Water Infrastructure Fund have authorized the making of loans and/or grants, as applicable, to aid eligible, drinking water system owners in financing the cost of construction for eligible, drinking-water infrastructure; and

**WHEREAS,** the North Carolina Department of Environmental Quality (NCDEQ) has offered a Drinking Water State Revolving Fund Loan in the amount of \$1,500,000 for the rehabilitation of cast iron water mains in connection with Phase I of the Greenville Utilities Commission Water Distribution System Rehabilitation Program; and

**WHEREAS,** the Greenville Utilities Commission of the City of Greenville, North Carolina intends to construct said Project in accordance with engineering plans and specifications that have been or will have been approved by the North Carolina Public Water Supply Section.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE GREENVILLE UTILITIES COMMISSION OF THE CITY OF GREENVILLE, NORTH CAROLINA:**

That the Greenville Utilities Commission of the City of Greenville does hereby accept the State Revolving Fund Loan offer of \$1,500,000; and

That the Greenville Utilities Commission of the City of Greenville, North Carolina does hereby give assurance to the North Carolina Department of Environmental Quality that they will adhere to all applicable items specified in the standard "Conditions" and "Assurances" of the Department's funding offer, awarded in the form of a Drinking Water State Revolving Fund Loan; and

That Anthony C. Cannon, General Manager/CEO and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project; to make the assurances as contained above; and to execute such other documents as may be required in connection with the application; and

That the Greenville Utilities Commission of the City of Greenville, North Carolina has substantially complied or will substantially comply with all Federal, State and local laws, rules, regulations, and ordinances applicable to the project and to Federal and state grants and loans pertaining thereto.

Adopted this the 17<sup>th</sup> day of November, 2016.

\_\_\_\_\_  
/s/ Don Mills  
Chair

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
/s/ Joel Butler  
Secretary

\_\_\_\_\_  
/s/ Phillip R. Dixon  
General Counsel

CONSIDERATION OF 2017 GUC MEETING SCHEDULE (Agenda Item 7)

Mr. Cannon stated that the proposed GUC meeting schedule for 2017 was provided for consideration by the Board and includes GUC regular meetings (3rd Thursday of the month at 12:00 p.m., except in June as noted), and other known meetings.

GUC operates on a two-year budget cycle. The first cycle includes the preparation of a first year budget and second year plan. The second cycle is condensed and consists of making appropriate adjustments to convert the second year plan to a budget. Preparations for the second cycle of the two-year budgeting process will begin during the 2017 calendar year.

In the past, the Board has opted to use the regularly scheduled meetings to discuss budget issues in lieu of having all day or half day workshops. In addition, the Board Finance /Audit Committee typically meets with staff to review the preliminary budget prior to the initial discussion with the entire Board. The proposed meeting dates for budget preparation, joint meetings with City Council and regular meetings were provided on the list. Additional time for budget discussions can be added as the Board desires.

Mr. Cannon added that it was requested to move the January 2017 Board Meeting to Wednesday January 18, 2017 instead of January 19, 2017.

A motion was made by Ms. Blount, seconded by Ms. Anderson, to adopt the Meeting Schedule for 2017 as amended. The motion carried unanimously.

NOTIFICATION OF NATURAL GAS RATE ADJUSTMENT (Agenda Item 8)

Mr. Anthony Miller, Director of Gas Systems, stated that this is the first time since March 2014 to have a Natural Gas rate adjustment. Freddie Martin, Natural Gas Officer, provided a brief that natural gas futures for November 2016 closed at \$2.764 per dekatherm (\$2.930/MCF), up 36% from the closing price of \$2.033 per dekatherm a year ago. Historic heat this summer caused record demand for natural gas-fired power from utilities to meet cooling needs for customers. This demand occurred at a time of declining supply growth due to reduced drilling activity in response to low oil and natural gas prices. Expected seasonal demand for the upcoming winter provided a boost for the market. In addition, transportation costs (basis) and projected spot prices remain elevated for January and February.

As a result, the market price of natural gas has risen, and Greenville Utilities (GUC) is passing the purchased gas costs on to our customers. GUC adjusted natural gas rates for its customers, effective November 1. Depending upon the amount of gas used, residential customers will see an increase of approximately 6.3%. A typical residential natural gas customer using 50 ccf would see an increase of approximately \$3.17 per month.

Since April 2015, GUC implemented purchase gas adjustments to decrease customers' gas rates three (3) times and this is the first increase since March 2014. The net effect of the four adjustments is an overall 11% decrease (\$10.35/month) based on average residential usage.

- Natural gas futures market is up 36% from a year ago, while the weighted average cost of gas is only up 5.4% since last year
- Transportation costs (basis) remain above the commodity cost for January and February
- GUC purchases at least 25% of volumes on the spot market. Projected spot prices for the winter are about \$0.40 per dekatherm higher than the price of hedged volumes

- GUC's residential rates remain below all NC natural gas suppliers east of Raleigh and below Piedmont Natural Gas.

In addition, Mr. Martin introduced Ms. Robby Manning. She has been recently hired as the new Natural Gas Supply Analyst I.

UPDATE FROM ECONOMIC DEVELOPMENT, MARKETING AND PUBLIC RELATIONS COMMITTEE (Agenda Item 9)

The Economic Development, Marketing and Public Relations Committee met on Thursday, October 27, 2016. Chair-Elect Blount stated that two of GUC's large customers and key accounts presented partnership opportunities to the Committee. First, Pitt Community College (PCC) presented an opportunity to partner with them on the construction of the auditorium in the new science building. The science building will be the largest building on campus and was funded by the 2013 bond referendum. PCC asked GUC to consider a sponsorship to assist with this project.

The Committee also heard from the Vidant Foundation. Vidant's Cancer Center Project will advance comprehensive cancer treatment in Greenville and the center will service as the hub for regional cancer care. Vidant asked GUC to consider a sponsorship to help with this project.

General Counsel Dixon advised the Committee that from a legal standpoint, the Charter does not expressly give GUC the authority to make monetary donations for capital projects. After considerable discussion, the Committee asked staff to develop a policy to address similar requests in the future and look for creative and acceptable ways to partner with our key accounts to help further the cause of community and economic development in accordance with GUC's mission.

GENERAL MANAGER'S REPORT (Agenda Item 10)

1. Informational Reading

Bid, 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 FOR  
MATERIALS FOR OLD CREEK ROAD NATURAL GAS MAIN REPLACEMENT  
OCTOBER 19, 2016**

<b>Vendors</b>	<b>Delivery</b>	<b>Total \$</b>
Consolidated Pipe & Supply	Stock - 3 Weeks	\$32,387.45*
Arapaho Pipe & Supply, LP	-	36,905.70
HD Supply Waterworks	-	37,419.98

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

Load Management Report

The Duke Energy Progress (DEP) monthly peak occurred on October 19, 2016 for the hour ending at 5:00 p.m. GUC's load management system was in full operation during this period. As a result, the estimated avoided demand costs amount to \$1,009,765.00.

## 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 - Gas
- Customer Satisfaction
- Response Time to Unplanned Electric Outages
- Typical Monthly Bill Comparisons – Water

## 3. Commendations

The following are compliment records from customers:

The Daily Reflector, Bless Your Heart: Tuesday, November 17  
*Bless their hearts and thank you, thank you to all the employees of Greenville Utilities Commission.*

Customer Bonnie Anderson called Shirley Peel, Gas Staff Support Specialist II, to compliment the gas crew for the role they played in getting her service installed. She stated that she really appreciated the hard work and dedication to getting her service installed considering the challenges that resulted from Hurricane Matthew. She stated that she was very pleased with the excellent customer service that this group of men displayed. The crew included: Ralph Langley, Gas Systems Crew Leader II; Tony Richards, Gas Technician IV; Mickey Dawson, Gas Systems Technician II; David Telfair, Gas Systems Crew Leader I; Justin Oakes, Gas Systems Technician I; Paul Bunch, Gas Systems Technician II; Jason Haddock, Gas Systems Technician IV; Bobby Green, Gas Systems Crew Leader I; Curtis Dixon, Gas Systems Technician III; and William Morning, Gas Systems Crew Leader I.

Customer Gary Dansey called Colleen Sicley, Customer Service Supervisor, to compliment Customer Contact Representative I Tyler Paul. Mr. Dansey stated that Tyler was helpful to him. He was patient and explained GUC's services and policies well.

Customer Gary Sherman called Collen Sicley, Customer Service Supervisor, to compliment Customer Contact Representative II Tonya Roebuck. Mr. Sherman said that Tonya provided exceptional customer service to him. He said she was a blessing and he was very thankful for her assistance to him.

GUC's Chief Administrative Officer, Chris Padgett, received an email on October 16 after Hurricane Matthew's visit to Greenville from Diane Kulik, President of the Lynndale Neighborhood Association. She wrote to compliment several GUC employees. First, Chris Candler, Electric Systems Dispatcher II. She had called Station 1 once she heard that Greenville may potentially lose power during Hurricane Matthew. And, second, the team that went out to repair an old light pole concern that she had mentioned during her conversation with Chris. The crew that assisted with the pole included Ervin Hardee, Underground Maintenance Crew Leader and Bobby Adams, Underground Electric Crew Leader. She was impressed with GUC's excellent employees.

Energy Services Officer Jonathan Sergeant received a compliment when customer Larry Jenkins completed a Customer Service Card. Mr. Jenkins wrote "Jonathan came to my house and gave me some awesome ideas to save on my bill. I was very pleased with him."

Several GUC employees each received a personal letter from Belvoir Elementary School Counselor Susan Powell. She thanked them for volunteering their time and expertise to the students at their Career Fair in October. She said the staff and students are still commenting on how educational the presentations were. The employees are: Mike Dunn, Electric Engineer Assistant I; Jeff Oakley, Electric Engineer Assistant II; Walt Gaskins, Electric Engineer Assistant I; Ryan Van Scoy, Electric Engineer Assistant I; Wendy Rogers, Electric Engineer Assistant II; and J.C. Haddock, Electric Engineer Assistant II.

GUC's Executive Assistant to the General Manager/CEO, Amy Quinn, received an email from customer Elizabeth Marie. Ms. Marie wrote that her family returned home to discover that a

pipe in their front yard had burst causing sewage to rise up into the bathroom sinks and bathtubs. Their rental office had sent a maintenance crew to assess the situation and had done as much as they could and indicated the remainder was up to GUC. Once the call was placed, a crew arrived within the hour and Ms. Marie wrote they were outstanding. They were professional, kind and considerate and kept her informed throughout the process. Ms. Marie wanted to make sure the crew received recognition. The crew included: Tyrone Moore, Pipe Crew Leader I; Tony Haywood, Pipe Layer III and Marcus Pippins, Pipe Layer II.

Ron Rogers, Director of Facilities for Mayne Pharma, sent an email to John Worrell, Assistant Director of Electric System, and Brian Murphy, Electric Engineering Coordinator, to thank them both for all they do to keep them up and running. He wrote "during this massive growth we are undertaking, I personally appreciate the fact that you and the GUC family are bending over backwards to help us out with all of our gas/power/water needs."

A list was provided with all of the Thank You messages from customers on GUC's Facebook page following Hurricane Matthew.

#### 4. Other

Hurricane Matthew update: Mr. Cannon announced that GUC has met with Pitt County and Federal Emergency Management Agency (FEMA). To date, there has been approximately \$1.9 million in damage. FEMA representatives are touring GUC facilities today.

As requested, each Commissioner has been issued a GUC identification badge with key access to the second floor.

Cigna health insurance forms are due to Human Resources.

The new parking lot on 5<sup>th</sup> and Pitt Streets has opened for employees. The parking spaces that GUC was renting from Trillium in the old Bank of American location have been released. GUC appreciates the partnership with Taff on the temporary parking.

#### BOARD CHAIR'S REPORT (Agenda Item 11)

Chair Mills shared the approved minutes dated September 25, 2014 from the recent Economic Development, Marketing and Public Relations Committee meeting

Chair Mills reminded the group of the following upcoming meetings and conferences:

- Appreciation Luncheon, Tuesday, November 22, 2016, 11:15 a.m. and 12:45 p.m., Operations Center
- Operation Santa Claus Toy Drive, Sunday, December 4, 2016, 3:00 p.m.-5:00 p.m., GUC Operations Center
- GUC Holiday Celebration, Friday, December 9, 2016, 6:30 p.m.-10:30 p.m., Rock Springs Center
- GUC Regular Meeting, Thursday, December 15, 2016, 12:00 noon, Board Room

#### BOARD MEMBERS' REMARKS

There were several remarks congratulating all of GUC staff for their efforts during Hurricane Matthew.

#### CLOSED SESSION:

Upon motion by Ms. Blount, seconded by Mr. Stoughton, the Greenville Utilities Board of Commissioners unanimously agreed to enter Closed Session at 12:50 p.m. pursuant to:

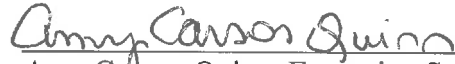
N.C.G.S. Section 143-318.11(a)(3) To consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged and to consider and give instructions concerning a potential or actual claim, administrative procedure, or judicial action.




There being no further business to come before the Board of Commissioners in Closed Session, upon motion by Ms. Lipscomb, seconded by Mr. Stoughton, the Board of Commissioners unanimously agreed to return to Open Session.

Upon motion by Ms. Anderson, seconded by Ms. Jacobs, the Board unanimously agreed to adjourn at 1:03 p.m.

Respectfully submitted,

  
\_\_\_\_\_  
Amy Carson Quinn, Executive Secretary

APPROVED:

  
\_\_\_\_\_  
Joel Butler, Secretary

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