

GREENVILLE UTILITIES COMMISSION
GREENVILLE, NORTH CAROLINA

Thursday, July 18, 2024

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 Geiger presiding.

Commission Board Members Present:

Peter Geiger	Mark Garner
Ferrell L. Blount III	Dr. Wanda D. Carr
Justin Fuller	Michael Cowin
Lindsey Griffin	Dillon Godley

Commission Staff Present:

Tony Cannon, General Manager/CEO	Kevin Keyzer
Chris Padgett	Jonathan Britt
Jeff McCauley	Tony Godwin
Phil Dixon	Kathy Howard
Anthony Miller	Amanda Wall
John Worrell	Paige Wallace
David Springer	Juanita Sims
Richie Shreves	Jacob Barnes
Andy Anderson	Dillon Wade
Amy Wade	Freddie Martin
Ken Wade	Robby Bright
Colleen Sicley	Lena Preville
Durk Tyson	Scott Farmer
Scott Mullis	Bridget Harmon
Steve Hawley	Lou Norris
Scott Farmer	

Chair Geiger called the meeting to order. Chair-Elect Griffin ascertained that a quorum was present.

ACCEPTANCE OF THE AGENDA

A motion was made by Mr. Cowin, seconded by Dr. Carr, to accept the agenda as presented. The motion carried unanimously.

SAFETY BRIEF

Mr. Kevin Keyzer, Operations Support Manager, provided a safety brief and explained the plan of action should there be an emergency at today's meeting. He provided summer safety tips on being outdoors in higher temperatures.

INTRODUCTION OF NEW COMMISSIONER – JUSTIN FULLER

Chair Geiger introduced Justin Fuller as a new GUC Board of Commissioner. Mr. Fuller works in the pharmaceutical industry at Thermo Fisher Scientific, served in the US Air Force and has lived in Greenville, NC for the past 12 years with his wife and three children.

RECOGNITION OF 2024 CHAMBER LEADERSHIP INSTITUTE GRADUATES

Ms. Juanita Sims, HR Business Partner, and Mr. Jacob Barnes, Electric Engineer I, were recognized for graduating from the Greenville-Pitt County Chamber of Commerce Leadership Institute program and for representing Greenville Utilities Commission in 2024.

CONSENT AGENDA

Mr. Tony Cannon presented the following item for approval on the consent agenda:

(Agenda Item 1) Approval of Minutes – Regular Meeting: June 13, 2024

A motion was made by Mr. Garner, seconded by Dr. Carr to approve the consent agenda as presented. The motion carried unanimously.

ELECTION OF OFFICERS (Agenda Item 2)

Mr. Cannon announced that GUC’s Bylaws indicate that the election of officers is to be conducted on the first regular meeting after July 1 of each year. The officers of the Commission shall be the Chair, Chair-Elect and Secretary for a term of one year. Mr. Cannon presided and opened the floor for nominations.

Mr. Cowin nominated a slate of officers to include Lindsey Griffin as Chair, Mark Garner as Chair-Elect, and Ferrell L. Blount III as Secretary. Mr. Cannon asked if there were any other nominations from the floor and there were none. A motion was made by Mr. Cowin, seconded by Dr. Carr, to close the nominations and to elect by acclamation Lindsey Griffin as Chair, Mark Garner as Chair-Elect, and Ferrell L. Blount III as Secretary.

The meeting was turned over to Chair Griffin.

Mr. Cannon stated it is also appropriate at this time to reappoint the Executive Secretary and the Assistant Executive Secretary. A motion was made by Dr. Carr, seconded by Mr. Cowin to reappoint Amy Wade as Executive Secretary and Lou Norris as Assistant Executive Secretary. The motion carried unanimously.

In addition, Mr. Cannon expressed that he currently serves as Commissioner for the North Carolina Eastern Municipal Power Agency (NCEMPA) Board of Commissioners, and GUC needs to appoint First Alternate and Second Alternate Commissioners. Mr. Cannon stated that the staff’s recommendation would be to appoint Mr. John Worrell, Director of Electric Systems, as First Alternate, and Mr. Chris Padgett, Assistant General Manager/Chief Administrative Officer, as Second Alternate. A motion was made by Mr. Garner, seconded by Mr. Cowin, to elect Mr. John Worrell as First Alternate, and Mr. Chris Padgett as Second Alternate. The motion passed unanimously.

REVIEW OF MONTHLY FINANCIAL STATEMENTS – JUNE 30, 2024 (PRELIMINARY) and MAY 31, 2024 (Agenda Item 3)

Key financial metrics for the combined funds for the period ending June 30, 2024.

Operating Cash	\$78,116,393	Days of Cash on Hand	122
Less Current Liabilities	<u>(\$27,473,232)</u>		
Fund Balance	\$50,643,161	Days of Cash on Hand After Liabilities	79

Fund Balance Available for Appropriation: 17.8%

Average Investment Yield: 3.63

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Amended Budget	Last Year
Electric	(\$732,017)	(\$569,255)	(\$1,093,530)	(\$3,869,516)	(\$5,779,119)	(\$5,784,421)
Water	\$113,709	\$137,475	\$134,356	\$2,473,190	\$1,902,377	\$3,805,400
Sewer	(\$371,967)	\$193,155	(\$766,053)	\$1,923,622	\$787,831	\$746,784
Gas	(\$613,444)	(\$783,792)	(\$245,264)	\$4,252,372	\$3,510,911	\$2,309,182
Combined	(\$1,603,719)	(\$1,022,417)	(\$1,970,491)	\$4,779,668	\$422,000	\$1,076,945

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Amended Budget	Last Year
Electric	(\$737,047)	\$80,745	\$726,470	\$430,484	\$120,881	\$38,902
Water	(\$351,301)	\$4,138	\$199,356	\$473,190	\$52,377	\$1,058,864
Sewer	(\$686,977)	\$143,155	\$73,947	\$723,622	\$87,831	\$153,791
Gas	(\$2,478,454)	(\$583,792)	(\$2,245,264)	\$952,372	\$210,911	\$416,779
Combined	(\$4,253,779)	(\$355,754)	(\$1,245,491)	\$2,579,668	\$472,000	\$1,668,336

Key financial metrics for the combined funds for the period ending May 2024:

Operating Cash	\$80,442,901	Days of Cash on Hand	127
Less Current Liabilities	<u>(\$23,747,381)</u>		
Fund Balance	\$56,695,520	Days of Cash on Hand After Liabilities	90

Fund Balance Available for Appropriation: 19.9%

Average Investment Yield: 3.50%

Fund Equity/Deficit Before Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	\$99,687	(\$2,637,684)	(\$1,357,324)	(\$3,137,499)	(\$6,971,185)	(\$4,690,891)
Water	\$429,515	\$100,445	(\$149,656)	\$2,359,481	\$1,596,988	\$3,897,972
Sewer	\$267,273	\$108,838	\$44,964	\$2,295,589	\$486,230	\$1,512,837
Gas	(\$47,981)	(\$195,251)	\$83,414	\$4,865,816	(\$1,531,097)	\$2,554,446
Combined	\$748,494	(\$2,623,652)	(\$1,378,602)	\$6,383,387	(\$6,419,064)	\$3,274,364

Fund Equity/Deficit After Transfers

	Current Month			Year to Date		
	Actual	Budget	Last Year	Actual	Budget	Last Year
Electric	\$99,687	(\$1,987,684)	(\$807,324)	\$1,167,531	\$178,815	(\$687,568)
Water	\$229,515	(\$32,888)	(\$149,656)	\$824,491	\$130,325	\$1,086,436
Sewer	\$217,273	\$58,838	\$44,964	\$1,410,599	(\$63,770)	\$79,844
Gas	(\$47,981)	\$4,749	\$83,414	\$3,430,826	\$668,903	\$2,662,043
Combined	\$498,494	(\$1,956,985)	(\$828,602)	\$6,833,447	\$914,273	\$3,140,755

Mr. Jeff McCauley, Chief Financial Officer, provided a presentation on the Preliminary Financial Statement for June 30, 2024.

The weather impact for the month of June 2024 indicated that the June Cooling Degree Days were higher than last year. The June rainfall was approximately 0.45 inches which was less than last year. The portfolio earned 3.63% for the month of June.

Overall year-to-date results through the end of June remain stable. The Electric Rate Stabilization Reserves are approximately \$14.1 million, and the Gas Rate Stabilization Reserves are \$6.6 million. The Operating Reserves are 122 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 \$18.3 million.

After discussion, a motion was made by Mr. Blount, seconded by Mr. Geiger, to accept the June 30, 2024, Preliminary and May 31, 2024 Financial Statements. The motion carried unanimously.

ANNUAL REVIEW OF THE COMBINED ENTERPRISE SYSTEM AS REQUIRED BY SECTION 504 OF THE REVENUE BOND ORDER (Agenda Item 4)

Mr. McCauley disclosed that Section 504 of the Revenue Bond Order, titled “Annual Review of Combined Enterprise System” requires that every 5 years a professional engineer, who is registered with the State (can be an employee) make a review of the Combined Enterprise System and submit to the Commission a report setting forth his or her findings as to whether the Combined Enterprise System has been maintained in good repair, working order, and condition. Such report must also contain the recommendations of such professional engineer as to the following:

1. The proper maintenance, repair and operation of the Combined Enterprise System during the ensuing five Fiscal Years and an estimate of the amount of money necessary for such purposes,
2. The additions, improvements, renewals, and replacements which should be made during the ensuing five Fiscal Years and an estimate of the number of moneys necessary for such purposes, and
3. Any necessary or advisable revisions of the rates, fees and charges referred to in Section 501 of this Article or as the same may have been previously revised.

Section 501 requires us to send this report to the Trustee (Bank of New York) and any bondholder who has indicated that they want such report (none at this time). If the report of the engineer reports that the Commission has not maintained the Combined Enterprise System, it will be required of the Commission to promptly cause needed repairs with all expedition practicable.

The Systems Review was performed by the following professional engineers: Electric Department, Kyle Brown, Water Resources Department, David Springer, and Gas Department, Durk Tyson. All Systems were found to be in good shape for ongoing projects.

After discussion, a motion was made by Mr. Cowin, seconded by Dr. Carr, to accept the Annual Review of the Combined Enterprise System as Required by Section 504 of the Revenue Bond Order. The motion carried unanimously.

RECOMMENDATION OF THE FINANCE/AUDIT COMMITTEE TO ADOPT A RESOLUTION REAUTHORIZING NEGOTIATION AND EXECUTION OF NATURAL GAS SUPPLY AGREEMENT WITH GULF STATES GAS DISTRICT (Agenda Item 5)

Chair Griffin, Finance/Audit Committee Chair, provided an update from the Finance/Audit Committee. Mr. Griffin stated that the Committee met on July 8, 2024 to consider a proposed agreement with Gulf States Gas District (GSGD). By participating in this new 30-year natural gas prepayment deal with Gulf States Gas District, GUC would purchase gas at a discount, achieving an estimated annual savings of \$200,400 per year for a total of \$6,012,000 over the 30 years. GUC would issue tax exempt bonds to prepay for delivery of gas on a long-term basis to achieve on going discounts to the prevailing market prices. The Finance/Audit Committee reviewed the details of the agreement and recommends the full Board adopt a resolution and reauthorize the General Manager/CEO to negotiate and execute the Natural Gas Supply Agreement with Gulf States Gas District. Chair Griffin asked Mr. Cannon to provide more information on the Agreement.

Mr. Cannon stated that GUC is currently in year 6 of a 30-year prepay with Black Belt Energy (BBE) and year 5 of a 30-year prepay with Public Energy Authority of Kentucky (PEAK). Delivery under the BBE prepay began on November 1, 2018 with projected savings of \$8,071,106 over the term of the agreement. Delivery under the PEAK prepay began on July 1, 2019 with projected savings of \$4,634,449 over the term of the agreement.

GUC has an opportunity to participate in a new 30-year natural gas pre-payment deal with GSGD. Closing of this agreement is targeted for July 31, 2024. To participate in the prepay, GUC will need approval to execute a gas supply contract with Gulf States Gas District prior to July 31, 2024.

The key provisions of the proposed agreement are listed below:

- GUC enters the agreement to purchase volume up to, but not to exceed, 3,000 dekatherms per day for a term of 30 years.
- GUC receives a discount of \$0.30 or more per dekatherm from the applicable first-of-the-month gas index price.
- Remarketing provision - If demand drops GSGA will use commercially reasonable efforts to remarket the gas for an administrative charge of \$0.05 per dekatherm.
- Limited Liability Clause that keeps GUC from being obligated financially except as expressly described in contract.
- Compensation for failure to perform.
- Termination rights (bankruptcy, failure to issue bonds, etc.)

After discussion, a motion was made by Mr. Godley, seconded by Mr. Garner, to adopt a Resolution reauthorizing negotiation and execution of Natural Gas Supply Agreement with Gulf States Gas District. The motion carried unanimously.

BUYER'S AUTHORIZING RESOLUTION # _____

A RESOLUTION OF GREENVILLE UTILITIES COMMISSION ("GUC") (i) AUTHORIZING THE EXECUTION OF A GAS SUPPLY CONTRACT ("CONTRACT") WITH THE GULF STATES GAS DISTRICT ("GSGD") FOR THE PURCHASE OF NATURAL GAS FROM GSGD; (ii) ACKNOWLEDGING THAT GSGD WILL ISSUE ITS GAS SUPPLY REVENUE BONDS TO FUND THE PURCHASE OF A SUPPLY OF NATURAL GAS FROM BP ENERGY COMPANY ("BPEC"), WHICH GAS WILL BE USED TO MAKE DELIVERIES UNDER THE CONTRACT; AND (iii) FOR OTHER PURPOSES

WHEREAS, the GUC is a body politic organized and existing under the laws of the State of North Carolina; and

WHEREAS, the acquisition of secure, reliable and economic supplies of natural gas is necessary for the prudent and businesslike operation of GUC, the continued economic development of its community and the promotion of the public health, safety and welfare; and

WHEREAS, The Gulf States Gas District, which was organized and established pursuant to the provisions of the Alabama Gas Districts Act, Sec. 11-50-390 *et seq.* of the Alabama Code (1975), as amended, has offered to sell to the District, pursuant to the Contract, a supply of natural gas in the

quantities on the dates set forth in the Contract, on the condition that GSGD issues its Gas Supply Revenue Bonds, 2021 Series A (the "Bonds"), the proceeds of which will be used to acquire a supply of natural gas (the "Gas Supply") pursuant to a Prepaid Agreement with BPEC (the "Prepaid Agreement"); and

WHEREAS, GUC is a Municipal Utility, as such term is defined in the Gas Supply Contract, and desires to enter into the Contract with GSGD.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of GUC as follows:

1. The Board of Commissioners of GUC hereby approves the execution and delivery of the Gas Supply Contract, in substantially the form previously submitted to GUC, pursuant to which GUC will agree to purchase specified quantities of natural gas from GSGD, such deliveries to be made on the dates, at the volumes and for the prices set forth in such Gas Supply Contract.

2. The General Manager/Chief Executive Officer of GUC, or his designee, is hereby authorized to execute any such other closing documents or certificates which may be required or contemplated in connection with the execution and delivery of the Contract or carrying out the intent and purpose of this resolution.

Attest: _____
/s/ Ferrell L. Blount III
Secretary

Adopted: _____
/s/ Lindsey Griffin
Chair

RECOMMENDED AWARD OF CONTRACT FOR CONSTRUCTION SERVICES FOR GCP10124 GAS SYSTEM IMPROVEMENTS FOR INDUSTRY AND COMMERCIAL (Agenda Item 6)

Mr. Anthony Miller, Director of Gas Systems, introduced Gas Systems Engineer Dillon Wade to share background information on the project.

Mr. Wade stated that the NC-11 North Natural Gas Main Extension involves the installation of approximately 2.8 miles of eight-inch PE pipe along NC-11 North from US 264 (Martin Luther King Jr. Hwy) on-ramp to Staton Mill Road (SR-1514) and then along Staton Mill Road (SR 1514) to approximately 650' northeast of Futrell-Robson Road (SR 1522).

The project was publicly advertised in accordance with NC General Statutes and 20 potential bidders were provided copies of the notice. An insufficient number of bids were received to open, and the project was re-advertised. One bid was received in response to the re-advertisement.

Mears Group, Inc. provided the lowest responsive and responsible bid. Staff recommends that the construction services contract be awarded to Mears Group, Inc. in the amount of \$791,916.55. The total project cost is within the approved budget for this project.

After discussion, a motion was made by Dr. Carr, seconded by Mr. Godley, to award the contract for construction services for GCP10124 Gas System Improvements for Industry and Commercial to Mears Group, Inc in the amount of \$791,916.55. The motion carried unanimously.

ANNUAL STATEMENT OF COMPLIANCE WITH INVESTMENT POLICY (Agenda Item 7)

Mr. McCauley expressed that in accordance with Section XIII Reporting Requirements of Greenville Utilities' Investment Policy, an annual written statement is submitted to the Board noting compliance.

A signed statement was provided in the agenda materials stating that the Commission was in full compliance with all provisions during fiscal year beginning July 1, 2023, and ending June 30, 2024, with the exception of the item listed below.

Due to the rise in interest rates, the Commission is not meeting the benchmark yield of the 90-Day T-Bill. The Commission will be able to correct this item as funds that are invested reach maturity and are re-invested.

UPDATE OF ANNUAL STATEMENT OF CONFLICT-OF-INTEREST POLICY,
DISCLOSURE & ETHICS BRIEFING (Agenda Item 8)

Mr. Phil Dixon, General Counsel, informed the Board that in 2009 the N.C. General Assembly passed legislation requiring various local governing bodies to adopt a resolution or policy containing a Code of Ethics to guide board members in the performance of their duties as members of the governing board. While GUC is not covered by the State Ethics Act, Mr. Dixon previously recommended that the GUC Board consider the adoption of an ethics policy.

In this regard, the League of Municipalities had developed a model code that Boards could use in developing their own Code of Ethics. Mr. Dixon, in collaboration with the City Attorney, developed a Code of Ethics that was adopted by the Commission and by the City Council of the City of Greenville.

Mr. Dixon recommends that the Board members consider executing the “Conflict of Interest Policy and Disclosure Form” annually to ensure that any conflict-of-interest issues are avoided. The form outlines what to do if a commissioner thinks he or she has a potential conflict of interest over a matter coming before the Board.

UPDATE ON ACTIVITIES BY GENERAL COUNSEL (Agenda Item 9)

Mr. Dixon provided an update on legal activities performed in the Legal Office. The Legal Office has worked this past year on many easements, encroachments, claims, contracts, leases, real estate matters, bankruptcies, personnel matters, lawsuits, and special use permits.

GENERAL MANAGER’S REPORT (Agenda Item 10)

1. Informational Reading

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

The Bids and Ranking of Qualifications awarded by the General Manager/CEO during the past month was reported for information:

GREENVILLE UTILITIES COMMISSION

TABULATION OF BIDS RECEIVED

METER BASES & C.T. CABINETS
MAY 28, 2024 @ 2:00 PM

VENDORS	DELIVERY (WEEKS)	TOTAL
Wesco Distribution, Inc.	Stock-39	\$59,914.85*

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

ARMOR RODS, DIST TIES, SPOOL TIES, GUY GRIPS, SLACK SPAN
DEAD-ENDS, ETC.

JUNE 18, 2024 @ 2:00 PM

VENDORS	DELIVERY (WEEKS)	TOTAL
Wesco Distribution, Inc.	4-6	\$22,864.20*

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

ONE (1) FORD F-550 XL CREW CAB 4WD DRW
 JUNE 18, 2024 @ 12:00 PM

VENDORS	DELIVERY TIME (WEEKS)	TOTAL
Capital Ford of Charlotte, Inc.	1	\$76,564.00*

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

FOR BUSS KITS, SPLICE KITS, CONNECTORS, CUT-OUT SWITCHES
 JUNE 25, 2024 @ 2:00 PM

VENDORS	DELIVERY (WEEKS)	TOTAL
Wesco Distribution, Inc. (Bid #1)	1-37	\$176,245.53*
Wesco Distribution, Inc. (Alt. Bid #2)	1-37	\$204,576.53
Border States Electric	16-37	\$157,699.60(1)

* Indicates recommended award based on the lowest responsible, responsive bid.
 (1) Indicates all items were not quoted.

TABULATION OF QUALIFICATIONS RECEIVED

FOR ENGINEERING SERVICES FOR HVAC SYSTEM
 MAY 30, 2024 @ 2:00 PM

VENDOR QUALIFICATION RANKING
The East Group, P.A.*
NV5 Engineering and Consultants, Inc.

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

2. Key Performance Indicators (KPIs)

The Corporate KPI report was provided.

3. Commendations

Debbie Rollins called to compliment Adam Wilson for providing excellent customer service while reconnecting her gas service. She stated that Adam was very polite, prompt, professional, and personable. In turn, she was very pleased with his professionalism and courtesy.

4. Other

- A Semi-Annual Report on Disposal of Surplus Property from 1/1/2024-6/30/24 was provided.
- A Report of Employee Computer Purchase Program Participants was provided.
- Mr. Scott Mullis, Director of Customer Relations, announced that GUC continues tradition of donating fans and on June 27th GUC donated 100 fans that are distributed to the elderly, handicapped, and qualifying families with small children.
- Mr. Cannon announced that a celebration lunch for employees would take place later this month for reaching one million hours worked without a lost workday injury.
- Mr. Cannon reminded the Board of Commissioners that the August Regular Board Meeting will be held on August 22, 2024.

BOARD CHAIR'S REMARKS/REPORT (Agenda Item 11)

Chair Griffin thanked the Commission for the opportunity to serve as Chair for the next year. He also thanked Mr. Geiger for his leadership and time served as Chair.

BOARD MEMBER REMARKS

Several Commissioners thanked Mr. Geiger for representing the Board as Chair and welcomed Commissioner Fuller.

Closed Sessions:

Mr. Phillip Dixon, General Counsel, stated that the Board of Commissioners should consider entering Closed Session pursuant to the following statutes.

N.C.G.S. 143-318.11(a)(1) To prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes.

N.C.G.S. 143-318.11(a)(5) To establish or instruct the staff or agent concerning the negotiation of the price and terms of a contract for the acquisition of real property.

Upon motion by Mr. Godley, seconded by Mr. Geiger, the Greenville Utilities Board of Commissioners unanimously agreed to enter Closed Session at 12:41 p.m. for such purposes.

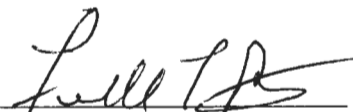
There being no further business to come before the Board of Commissioners in Closed Session, upon motion by Mr. Blount, seconded by Dr. Carr, the Board of Commissioners unanimously agreed to return to Open Session at 1:01 p.m. Without objection, and no further business to conduct Chair Griffin adjourned the GUC Board of Commissioner meeting at 1:01 p.m.

Respectfully submitted,



Amy Wade, Executive Secretary

APPROVED:



Ferrell L. Blount III, Secretary

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