

SOUTH ISLAND PUBLIC SERVICE DISTRICT

Proposed Minutes: South Island PSD Commission Meeting October 22, 2024, at the South Island Public Service District's Conference Room at 2 Genesta St. at 8:03 a.m.

Board Present:	Alan Jackson, Chairman James Vaughn Pamela Owens Tom DeMint John Phalen JR Richardson Gary Gaynor David Martin	Staff: Papu Tafao, District Manager Tamara Munson, Finance Director Eddie Nettles, Operations Manager Heather Boggess, Recording Secretary
Legal:	Jon Eggert, Burr Forman	Guests: Joe Lucas, Pope Flynn Tony Hairston, Raftelis Lyman Wray, Stephens Adam Ward, Stephens Greg Chapman, Nichols, Cauley Amy Vitner, First Tryon Darrin Shoemaker, Customer

1. **Review Minutes of September 24, 2024-** The minutes for the September 24, 2024, meeting were reviewed and upon motion made by Mr. Gaynor, and seconded, the minutes were approved unanimously.

2. **Finance & Rates-**

Audit- Ms. Munson introduced Mr. Chapman of Nichols, Cauley & Associates, the District's external financial statement auditor, to present the Fiscal Year 2024 audit (See Attachment A) to the board. Mr. Chapman reviewed the audit results, reporting that the District received an unmodified or "clean" opinion. Mr. Chapman commented that the District added approximately \$2.6M in net position.

Public Hearing & Approval of Water & Sewer Rates for Fiscal Year 2026 & Fiscal Year 2027- Mrs. Munson opened the public hearing for comment from any rate payers in attendance. Mr. Darrin Shoemaker, a customer of South Island PSD, was in attendance and spoke in opposition to the ongoing rate increases. He also commented on a negative customer service experience and expressed appreciation for the exceptional water quality the District provides. Mrs. Munson closed the public hearing as no other rate payers were in attendance.

Mr. Hairston from Raftelis reviewed the Series 2024 Revenue Bonds-Utility Revenue Sufficiency Update (See Attachment B). After some discussion, Mr. Vaughn commented on the saltwater intrusion into some of the District's Floridian Aquifer wells, which forced the District to find alternate water sources for the future. Rather than utilizing surface water, the District decided to use cretaceous well water which requires a significant infrastructure investment. Prior to beginning the Future Water Supply Projects, the District's capitalization was approximately \$74 million and after completion, it will be approximately \$194 million. He also noted the District continues to keep our water and sewer rates below the other water providers on the Island and in the county, even after the two proposed rate increases.

Resolution Approving Amendment and Restatement of Fiscal Management Policy I-Cash Reserves of the District- Mrs. Munson stated several years ago the District developed fiscal management policies and an amendment was needed to the Cash Reserves Policy to comply with the District's bond resolution and future cash reserve needs. The District's Bond Attorney, Joe

Lucas of Pope Flynn, discussed the amendment and also reviewed the Underground Pipe Assets Risk Management Analysis from Gallagher dated October 18, 2024 (See Attachment C). Mrs. Munson stated the District received a reconfirmed S&P bond rating of AA+ (See Attachment D). A motion was made by Mr. Gaynor to adopt the Resolution to Amend and Restate the District's Fiscal Management Policy as related to cash reserves. The motion was seconded and approved unanimously.

Series Resolution Providing for the Issuance and Sale of the District's Series 2024 Revenue Bonds in a principal amount not to exceed \$45 million- Mr. Lucas reviewed the Series Resolution (See Attachment E) and stated the offering document would be posted for investors on October 24th, 2024. He noted the pricing of the bonds will take place October 31, 2024, with the bond closing planned for mid-November. Mr. Wray & Mr. Ward of Stephens & Amy Vitner of First Tryon discussed the pricing of the bonds and the market conditions. There were some questions offered and answered concerning the adoption of bond documents with amounts left blank and that the document was not being signed today. Mrs. Munson stated the document will be completed and signed once the bonds are priced and the adoption today allowed the bond closing to proceed. Ms. Munson also noted a compilation of the documents provided in today's meeting would be forthcoming for the board's future reference as requested. A motion was made by Mr. Richardson to adopt the Series Resolution Providing for the Issuance and Sale of the District's Series 2024 Revenue Bonds in a principal amount not to exceed \$45 million. The motion was seconded and approved unanimously.

3. **General Manager Update-** Mr. Tafao provided updates on the capital projects.

CIP 57 Greenwood Piping- Mr. Tafao stated the contractors are still working outside of the Sea Pines Gate. He noted this week the heavy equipment will be set up to complete the directional drill beneath the Sea Pines Circle.

CIP 73 Cordillo Pipeline- Mr. Tafao stated we will not be crossing Pope Avenue as originally planned with the 16" pipe, but instead tying in on the Cordillo side.

CIP 86 New RO Plant & Cretaceous Well- Mr. Tafao stated the well is still in the developmental stage and the RO design is at approximately 99 percent. The design cannot be completed until the well development is finished to set the specs on the pump that will be needed for the RO Plant.

4. **Executive Session-** A motion to enter executive session was made by Mr. Phalen at 9:20 a.m. to discuss legal and personnel matters. A motion was made by Mr. Vaughn to end the executive session at 9:45 a.m. A motion was made by Mr. Vaughn and seconded to extend a bonus to Mr. Tafao, General Manager of South Island PSD, in the amount of \$45,000. The motion was approved unanimously.

5. **Other Business-** No other business.

6. There being no further business, Mr. Phalen made a motion that was seconded, to adjourn the meeting at 9:48 a.m. The motion was approved unanimously.

Heather Boggess, Recording Secretary