

June 4, 2018

A Public Hearing of Town Council was held on the above date at 6:00 p.m., all requirements of the Freedom of Information Act having been satisfied.

Present were: Patrick M. O'Neil, Mayor  
Chauncey Clark, Mayor Pro-Tem  
Sarah Church, Councilmember  
Mark Howard, Councilmember  
Rita Langley, Councilmember  
Tim Reese, Councilmember  
Bachman Smith, IV, Councilmember

Mayor O'Neil called the Public Hearing to order at 6:00 p.m. and stated the press and public had been notified in accordance with State Law. There was three members in the audience present, with no members of the media. The purpose of the Public Hearing was to discuss the Water and Sewer Utility Budget for FY19, the General Fund Budget for FY19 and an Ordinance Authorizing the Issuance of Town of Sullivan's Island Public Facilities Corporation Installment Purchase Revenue Bonds. All three (3) of these items have been discussed at length during a number of meetings.

Councilmember Smith spoke regarding the Water and Sewer Budget for FY19. As stated in the annual rate letter, the total increase in water and sewer rates for an average user (6,000 gallons/month) is 3.1%, which is less of an increase than last fiscal year. This is right in line with the cost of living increase.

Mayor O'Neil spoke regarding the General Fund Budget for FY19. Currently, the total budget is shown at \$5,778,350, which is \$82K more than the current year budget (about a 1.4% increase). The Town anticipates that it is needed to collect roughly \$70K (3.2%) more in property taxes for this budget.

Mayor O'Neil presented the history of the plant. Construction of the Waste Water Treatment Plant (WWTP) and Collection System began circa 1968 and was activated in 1969. The initial cost for the WWTP and Collection System was approximately \$934,727 in July 1968. The sewer system is composed of: 80,000 linear feet of mains, an additional 26,000 linear feet of service laterals, 7,400 linear feet of force mains, 327-man holes and 5 lift (pump) stations across the island to help move wastewater to the plant.

In 2014, due to a bad ice storm on the East Coast, the President made a Declaration for disaster and FEMA was able to accept applications under the Hazard Mitigation Grant Program.

At that time, the Town was able to identify three solutions for the plant. The first option was to do nothing. The second option was to design a plant at the 100-year flood event. The third option was to decommission the plant and establish a line to take the waste water to Mt. Pleasant for treatment. The Town then engaged with HDR Engineering to begin work on the plan to design the 100-year flood event. In 2016, FEMA first reviewed the application. In June, 2016, the Town was then made aware by FEMA that there was a 500-year flood event requirement. HDR Engineering then re-designed the plan to fit the new 500-year requirements. As a result, a phased application where the conceptual design for the 500-year flood event was submitted. In August 2017, FEMA 500-year flood plan was completed and presented to the Water and Sewer Committee and the Phase I deliverables were submitted to FEMA. In 2017, the Town added a fourth option for solution. The fourth being, upgrade the plant for the 500-year flood event as required by FEMA. With this option, FEMA would pay for a portion of the initial grant application. The Town would be obligated to pay for 100% of the 100-year flood event option.

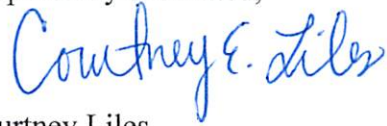
In October, 2017, Council voted to develop engineering and draft plans to upgrade the WWTP to the 100-year flood event. In early 2018, an Installment Purchase Revenue Bond was approved as the finance option for the plant upgrades.

Edward Boyles, Wells Fargo, presented financing scenarios. Page 8 (Attachment 1) summarizes a range of \$18-20 million dollars in hard costs that is projected along with financing costs it would take to get the borrowed money procured. The Town has looked at a payback period of 20, 25 and 30 years. The assets the Town is financing are long-lived assets and will out-live any of the debt amortization. The interest rate for an Installment Purchase Revenue Bond would not vary due to the total amount of borrowed money; in comparison to the interest rate of a General Obligation (G.O.) bond, it is within a quarter of a percent. Mr. Boyles then discussed the differences in prices along with interest rates with the different payback periods.

Paul Trouche, Esq., Haynsworth Sinkler Boyd, spoke regarding the Installment Purchase Revenue Bond (IPR). This revenue bond does not count against any G.O. bond debt limit. An IPR bond will allow the Town to access a national market, which requires a minimum size amount of approximately ten (10) million dollars. The Town is in the process of starting a non-profit Public Facilities Corporation which will be controlled by Town Council, with directors Andy Benke, Jason Blanton and Greg Gress. The Public Facilities Corporation's role will be to accept a base lease to Town Hall and the Fire Station from the Town for \$1/year. In return, that Corporation will agree to finance the needed Water and Sewer System improvements.

**Motion was made by Councilmember Smith, seconded by Councilmember Langley, to adjourn at 6:23 p.m., carried unanimously.**

Respectfully submitted,



Courtney Liles