

PUBLIC WORKS COMMISSION
MEETING OF WEDNESDAY AUGUST 11, 2021
8:30 AM

Present: Wade R. Fowler, Jr., Chairman
Evelyn O. Shaw, Vice Chairwoman
Darsweil L. Rogers, Secretary
Ronna Rowe Garrett, Treasurer

Others Present: Elaina L. Ball, CEO/General Manager
Telly Whitfield, Assistant City Manager
Chris Davis, City Council Liaison
Michael Boose, Cumberland County Commissioner, Liaison

Absent: Scott Meszaros, Hope Mills Town Manager
Media

REGULAR BUSINESS

Chairman Wade Fowler called the meeting of Wednesday, August 11, 2021, to order

APPROVAL OF AGENDA

Upon motion by Commissioner Shaw, seconded by Commissioner Garrett, the agenda was unanimously approved.

CONSENT ITEMS

Upon motion by Commissioner Rogers, seconded by Commissioner Shaw, Consent Items were unanimously approved.

- A. Approve Minutes of meeting of July 28, 2021
- B. Approve bid recommendation to award bid for purchase of One (1) 19,000 GVW Cab & Chassis with Flatbed & Valve Unit to Cooper Ford, Carthage, NC, the lowest responsive, responsible bidder in the total amount of \$135,416.00 and forward to City Council for approval.

The (1) One 19,000 GVW Cab & Chassis with Flatbed & Valve Unit is budgeted in FY2022 Operating Capital for \$140,000. (Budget Code 002.0620.802.392000.2206203137).

Bids were received July 28, 2021, as follows:

<u>Bidders</u>	<u>Total Cost</u>
Cooper Ford, Carthage, NC	\$135,416.00
Piedmont Truck Center, Inc., Greensboro NC	\$137,317.00

COMMENTS: Bids were solicited from eight (8) vendors with two (2) vendors responding. Since this is the purchase of equipment, award can be made from the two bids received. SDBE/Local Participation: Cooper Ford, Carthage, NC, is not a local business and is not classified as a SDBE, Minority or Woman Owned business.

- C. Approve bid recommendation to award bid for purchase of Cable 1/0 AL & 750 MCM AL to WESCO Distribution Inc., Clayton, NC, the lowest responsive, responsible bidder in the total amount of \$994,544.00 and forward to City Council for approval.

The Cable 1/0 AL & 750 MCM AL is budgeted in Warehouse Inventory.

Bids were received July 28, 2021, as follows:

BIDDERS	Cable 1/0	MCM AL	Manufacturer	Total Cost
WESCO Distribution Inc, Clayton, NC	\$507,200.00	\$487,344.00	Okonite	\$ 994,544.00
Border States Electric, Greenville, SC	\$564,000.00	\$510,840.00	Prysmian	\$1,074,840.00
NEXGEN Power Inc, Gardena, CA	\$600,000.00	\$489,720.00	Daewon	\$1,089,720.00
Border States Electric, Greenville, SC	\$914,000.00	\$920,700.00	Kerite	\$1,834,700.00

COMMENTS: Notice of bids were advertised on July 16, 2021, with a bid opening of July 28, 2021. Bids were solicited from four (4) vendors with (3) vendors responding. WESCO Distribution Inc., Clayton, NC, is not a local business and is not classified as a SDBE, Minority or Woman Owned business.

END OF CONSENT

PWC SERIES 2021 REVENUE BONDS DISCUSSION

Presented by: Rhonda Haskins, Chief Financial Officer

Ms. Ball stated we have planned in our long term financial forecast to have a bond issuance this fall. David Cheatwood, our Bond Counsel, Jonathon Charleston, and Keshia Harris, his assistant is here (virtually).

Ms. Haskins stated PWC has a total of \$286M of debt outstanding, consisting of three series of Revenue Bonds and multiple SRF loans. PWC also has several SRF loans that have been approved.

This debt portfolio has an average life of 10.720 years, an average coupon of 3.664%, a 10-year payout ratio of 48% with a final maturity in FY2044.

Ms. Haskins stated PWC is proposing to issue a series of new money Revenue Bonds (the “Series 2021 Bonds”) to fund various improvements to its combined utility system, including annexation projects, rehab/replacement of water and sewer lines, lift station upgrades and treatment plant improvements, as well as several electric projects.

Based on bids in hand, unit price contracts and current estimates, the total cost of these projects is approximately \$98.2 million. Of this amount, approximately 77% has been bid or is subject to a unit price contract. Approximately \$24 million will be reimbursement at closing. Ms. Haskins stated the LGC looks for a 70% bid that you have assurance in pricing and assurance the project will go forward, as well as other things that could complicate if bonds are issued and then the projects are delayed. Ms. Ball and Ms. Haskins responded to questions from Commissioners.

Fayetteville PWC would propose to fund the projects on a 25-year period with interest only payments through FY2023 (of which one year would be capitalized), a year of structured principal in 2024, and principal repayment on a level annual debt service basis beginning in FY2025.

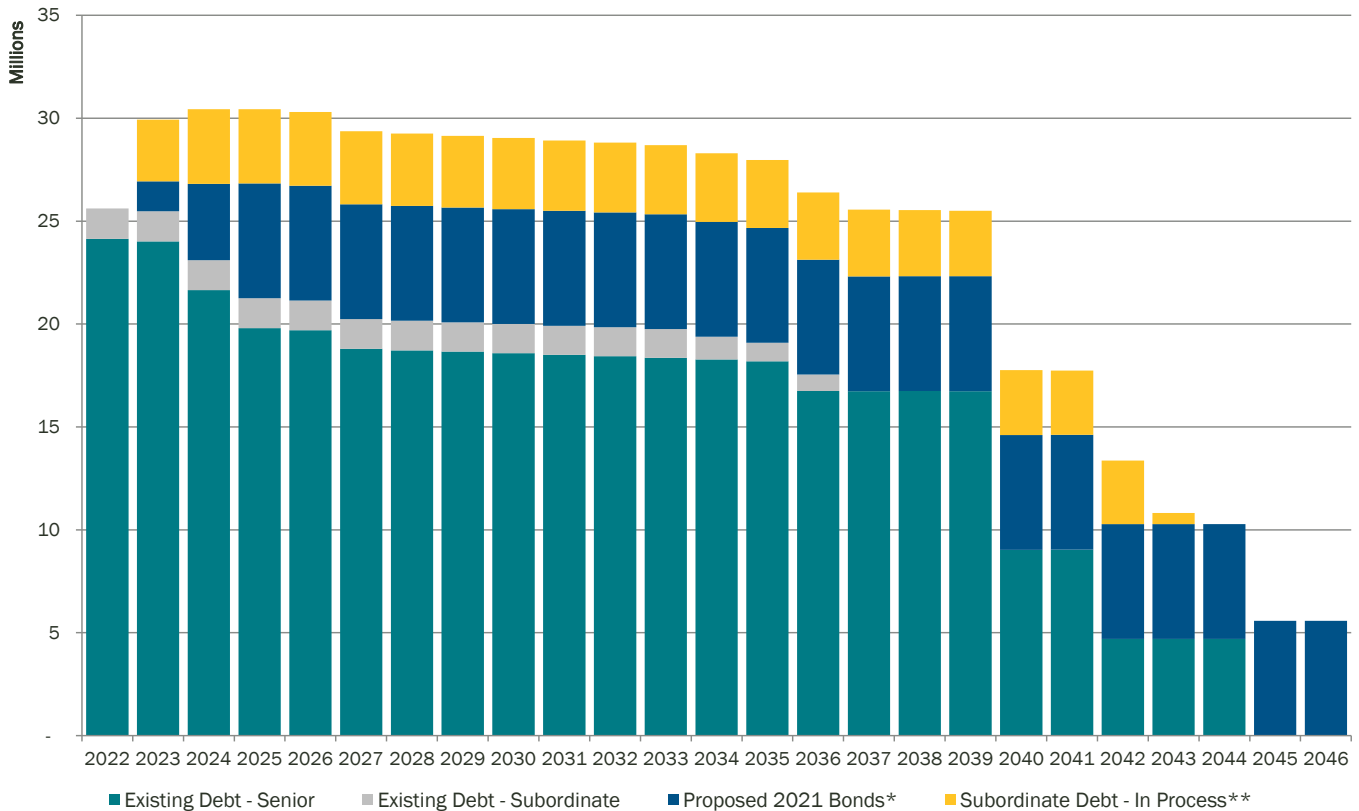
Fayetteville PWC would like to sell the Series 2021 Bonds in the public market on a competitive basis like we have done on its last three revenue bond issues.

New Money Assumptions:

- Closing Date: November 4, 2021
- First Interest: March 1, 2022
- Capitalized Interest: Through September 1, 2022
- First Principal: March 1, 2024
- Final Principal: March 1, 2046
- Amortization: Level Annual Debt Service
- Interest Rates: Estimated Market Rates – currently estimated just over 2%.

Commissioner Rogers asked for clarification on the purpose of the resolution. Ms. Haskins explained the resolution, its purpose, and the not-to-exceed amount in the resolution.

Resulting Debt Service Structure



Series 2014 Bonds – Refunding Opportunity

- First Tryon and Fayetteville PWC have been monitoring a potential taxable advance refunding of all or a portion of the callable maturities of Fayetteville PWC’s Series 2014 Bonds.
- A refunding of all callable maturities (2025-2039) is currently estimated to yield net present value savings of approximately \$4.535 million or 5.22%.
 - Fayetteville PWC has the opportunity to analyze the savings generated by each maturity and only refund the most optimal subset of maturities, if desired.
- The Local Government Commission’s minimum required net present savings threshold for an advanced refunding is 3%.
 - However, for a taxable advanced refunding, issuers typically set a higher minimum percentage threshold (i.e., 5%) although a recommended minimum threshold for this refunding is 8%.
- In addition to % savings, given that this is an advance refunding, negative arbitrage in the escrow and the ratio of net present value savings to negative arbitrage are important factors.
 - A recommended minimum net present value savings to negative arbitrage ratio is 2:1.
- If Fayetteville PWC waited until December 2023 when it is eligible to refund the Series 2014 Bonds on a tax-exempt basis and rates held steady, it would realize net present value savings of \$16.2 million or 18.7%.
 - It is estimated that tax-exempt rates could rise approximately 1.50% over current rates and Fayetteville PWC would be able to realize the same level of savings as a taxable advanced refunding today.

As the bonds will not be sold until late October and given ever-changing market conditions, Fayetteville PWC would still like to have the flexibility to continue evaluating this refunding opportunity by having the City include it in its approvals. Discussion ensued.

Financing Schedule

Date	Task
August 11	Fayetteville PWC Meeting – Request City Adopt Findings Resolution and Approve Submission of LGC Application
By August 12	Distribute 1 st Draft of Bond Documents / POS
By August 12	Distribute 1 st Draft of Agreed Upon Procedures (“AUP”) Letter
By August 20	Submit Joint Legislative Committee Letter
August 23	City Council Meeting – Adopt Findings Resolution and Approve Submission of LGC Application
By September 7	Submit LGC Application
September 9	Distribute 2 nd Draft of Documents / AUP Letter
Week of September 20	Rating Calls
September 22	Fayetteville PWC Meeting – Request City Adopt Bond Order

September 27	City Council Meeting – Adopt Bond Order
By October 1	Distribute Revised Draft of POS
October 5	LGC Approval
By October 6	Receive Ratings
October 8	Post Preliminary Official Statement / Notice of Sale
October 19	Pricing
November 3	Pre-Closing
November 4	Closing

Ms. Haskins read the following:

PWC Resolution – PWC2021.27 - Resolution Making Certain Findings and Determinations, Authorizing the Filing of an Application with the Local Government Commission, Requesting the Local Government Commission to Sell Bonds at a Competitive Sale and Approving the Financing Team All in Connection with the Issuance of Revenue Bonds by the City Of Fayetteville, North Carolina

Commissioner Rogers motioned to approve the resolution as read. Motion was seconded by Commissioner Shaw and unanimously approved.

GENERAL MANAGER REPORT

Oracle C2M

Ms. Ball stated we recently upgraded our customer financial system to the Oracle C2M Solution. This is the upgraded version of our previous Customer Care & Billing system, which also integrates the Meter Data Management (MDM) system. Overall, the project went really well. She thanked all the teams who participated in the project. We have been live for more than a week, and we are working through some bugs which is normal in such an upgrade. Ms. Ball stated we are eager to deploy new functionality now that we have the latest version of Oracle’s Customer Care Solution.

NC City & County Communicators in Excellence

PWC received the following awards from the NC City and County Communicators in Excellence. We received first place in Employee and External Newsletters and Silver Circle Materials. We also received second place in Citizen Participation in the Recent PWC Day

COVID

Ms. Ball stated we have reset our COVID protocols we had relaxed per CDC guidelines. We recently reinstated full masking in our workplace and vehicles. This is in response to a recent surge in cases in the county and in the state. The Delta variant is highly transmissible. We have had an uptick in cases as well as quarantine activities. We are an essential workplace, and we must keep the power and water flowing. We must keep our workforce healthy so we can perform these essential services for our community. We have also been working to encourage our employees to get vaccinated. We have approximately 650 employees, and in our most recent count we had 215 employees who have been vaccinated and shared their vaccination status with our medical personnel. This is akin to what is going in our community.

Ms. Ball went on to state as a next step we have announced an additional incentive. If employees are willing to get a full series of the vaccine, we will allow eight additional hours floating holiday that will expire on June 30, 2022. The intent is to give employees an additional incentive to get vaccinated. We are working with the health department to schedule additional onsite clinics. We have had two so far, and we will schedule more in August/September. The spirit is to limit or minimize the spread amongst our workforce, and should we have a hurricane or major event that requires all hands on deck to respond to the event and minimize the spread of the virus.

Commissioner Shaw asked Ms. Ball given the fact that our organization is essential and critical, and since other organizations have moved to mandatory vaccinations, what is your thinking of the need for PWC to move to mandatory vaccinations, and what are the legal ramifications.

Ms. Ball responded that she has visited multiple times with our outside legal counsel, and she has conveyed to us that the Dept. of Justice and the EEOC have both issued updated guidance that the emergency use authorization does not present a legal barrier to mandating the vaccine. So, having that guidance mitigates some of the risks, if we want to take that step and mandate the vaccine. That is the latest legal guidance, however, we have had discussions as the Senior Leadership Team and decided the incentives are the best next step. Independent of a mandate or not, we will ensure as an organization if an employee has a health or religious objection or need, we will have a process to evaluate that and provide an exception process. The key message today is to wear a mask and if you are able, to get a vaccine. Ms. Ball went on to state that mandates are still on the table. Additional discussion ensued.

Commissioner Garrett stated she believes it is unfortunate you have to incentivize employees to become vaccinated. It is very generous to give eight hours of time. She asked if staff has quantified how much that will cost. Additional discussion ensued.

Commissioner Rogers asked what we will do if we lose employees if we mandate the vaccine. Ms. Ball discussed some conversations she has had, and additional discussion ensued.

CFRT

Ms. Ball stated we will bring back the Cape Fear Regional Theatre matter. Staff has had internal discussions around our legal review of contributions. We will likely bring back a recommendation a sponsorship policy, which will give the Commission more clarity concerning sponsorships. We will also bring back a resolution as requested by the Commission.

Mr. Noland thanked the Water Resources Engineering, the Finance Department and Ms. Ball for their work relative through the 2021 Bond issuance.

COMMISSIONER/LIAISON COMMENTS

Commissioner Boose

Commissioner Boose stated the County has ARPA (American Recovery Plan Act) funds.

City Council Member Davis

Council Member Davis stated this is an opportunity for the City, County, PWC and the School System to utilize funds that do not come out of our coffers to impact this part of our community. Commissioner Fowler

stated they have had a preliminary discussion with the City, County, and School System to discuss ARPA funds. There was nothing established in the meeting however it was an opening salvo. Additional discussion ensued.

Commissioner Garrett requested a discussion to determine the monies that are available to the entities. Ms. Ball stated about \$265M has come to the region, and the school system is receiving ½ of it. The County is receiving \$65M, and the City is receiving \$40M. PWC is not eligible for the funds.

REPORTS AND INFORMATION

- A. Personnel Report – July 2021
- B. Position Vacancies
- C. Approved N.C. Department of Transportation Encroachment Agreement(s):
 - Encr. 19172 – install SDR-21 water service & DI sewer service @ US401 (Ramsey St.) and US401 bypass (Country Club Dr.)
 - Encr. 19187 – install 1” P.E. water line @ US401 (Ramsey St.) and SR1600 (McArthur Rd.)

CLOSED SESSION PURSUANT TO NORTH CAROLINA GENERAL STATUTES 143.318(A)(1) TO DISCUSS CONFIDENTIAL INFORMATION IN ACCORDANCE WITH N.C.G.S. §132-1.2(1)

Commissioner Shaw motioned to go into Closed Session Pursuant To North Carolina General Statutes 143.318(A)(1) To Discuss Confidential Information In Accordance With N.C.G.S. §132-1.2(1). Motion was seconded by Commissioner Garrett, and unanimously approved at 9:18 am.

There being no further discussion, upon motion by Commissioner Rogers, seconded by Commissioner Shaw, the meeting returned to open session at 11:03 am.

Commissioner Rogers motioned to amend the agenda by adding a closed session for personnel matters, in accordance with NCGS 143-318.11(A)(6). Motion seconded by Commissioner Garrett, and unanimously approved at 11:03 am.

CLOSED SESSION PURSUANT TO N.C. GENERAL STATUTES 143-318.11(A)(6) FOR PERSONNEL MATTERS

Commissioner Rogers motioned to go into Closed Session In Accordance with NCGS 143-318.11(a)(6) for Personnel Matters. Motion was seconded by Commissioner Garrett and unanimously approved at 11:04 am.

There being no further business, the Commission returned to open session at 11:40 am (approximately).

ADJOURNMENT

There being no further business, the Commission adjourned at 11:41 am (approximately).