



**Brunswick-Glynn County Joint Water & Sewer Commission**  
**1703 Gloucester Street, Brunswick, GA 31520**  
**Commission Meeting Room**  
**Thursday, October 20, 2016 at 10:00 AM**

**FINANCE COMMITTEE MINUTES**

**PRESENT:** Donald M. Elliott, Chairman  
Ronald Perry, Commissioner  
John A. Cason, III, City Commissioner  
Jimmy Junkin, Executive Director  
John Donaghy, Chief Financial Officer

**ALSO PRESENT:** Frances Wilson, Senior Accountant  
Todd Kline, Senior Engineer

Chairman Elliott called the meeting to order at 10:00 AM.

**PUBLIC COMMENT PERIOD**

There being no citizens that wished to address the Committee, Chairman Elliott closed the Public Comment Period.

**ADOPT:**

**1. Minutes from September 20, 2016 Finance Committee Meeting**  
Commissioner Cason made a motion seconded by Commissioner Perry to adopt the minutes of the September 20, 2016 Finance Committee Meeting. Motion approved 3-0-0.

**DISCUSSION:**

**1. September End of Month Financial Comparative – J. Donaghy**  
Balance Sheet  
Income Statement  
Project Funding Report

John Donaghy discussed the Balance Sheet. The Committee reviewed the Current Assets and Current Liabilities. The Schedule of Cash Balances as of 9/30/16 were reviewed. A detail of operating cash Bond Funds, Reserves, and Capital Improvement fees was provided. The current checking accounts and cash accounts are about 1.4M in total. The Accounts Payable show a total of 383k and it was noted that outstanding purchase orders will be coming in over the next month or so at 1.3M making it approx. 1.7M of pending expenditures. At the bottom of this report it lists Repair and Replacement Reserve, Expansion Reserve, Capital Improvement Reserve, and Bond Fund showing approx. 9.6M available for projects. The Unencumbered Funds are approx. 4.7M which includes contracts on construction projects. The estimated amount to complete projects still pending is 4.8M. It was stated that there are funds to go into contract for

2032 leaving about 36K available for other projects. The Commission Report was discussed. The YTD actual revenues over expenditures were stated to be 2.12M less the outstanding encumbrances' which leaves 786K. So far this year JWSC is running ahead of revenues over expenditures. October will take a large chunk due to Hurricane Matthew and we anticipate Insurance and FEMA reimbursement. Commissioner Elliott requested the costs directly related to hurricane be segregated out and available for the next Finance meeting. JWSC has monies in the operating reserve for this type of incident. The debris removal and pick up with the county was discussed. Various damages occurred at our facilities during the storm and are being calculated. It was noted that there are a number of customers who reported broken lines. There was additional discussion on the last 5 years and reviewing the large customers and review JWSC revenues. Conservation has increased with water restricted flow and people are conscious of water usage. Commissioner Elliott discussed the business model. On the front end JWSC collects expansion money in tap fees for a one-time fee and how it is used is very important. The other revenue is the rate payers to keep the system operating and current. There is very little flexibility. Additional projects discussed were Rose Drive and Epworth. The Project Cost Report was discussed and listed all of the projects listed on the books. It was noted that 2030 is still on due to final payment is still pending. Some of the other projects are still pending and on hold. The budget for these projects are 20.8M. Total to date completed are 16M and will require 4.8M is what will be required out of JWSC reserve to complete the work in the report.

**2. Innoprise Capital Project Planning & Contract Management – J. Donaghy**

John Donaghy discussed the proposal from Harris Computer regarding software modules. The two additional modules will enhance the capital reporting, tracking and budgeting for construction projects. This is phase one and to be completed in March 2017. This proposal is for JWSC to become a development partner in these modules. We would utilize the program, suggest changes and how they should be built. There is no cost until the program goes live next spring. The advantage is that JWSC could have these modules designed to meet our needs. If the modules are not utilized there will be no cost to them. Frances and Shanessa will be going to a GEMS conference in November. There have been a number of enhancements and will be learning how to use them. JWSC is working in the test phase and projects can be used as a test and see how the program will work. This phase provides various pieces like start dates, purchase orders, and mirror contracts and payments. The licensing fee is a yearly price. All Committee members agreed to forward to the full Commission for approval. Motion approved 3-0-0.

**3. Line of Credit – J. Donaghy AND**

**4. Van-Con Financing – J. Donaghy**

John Donaghy presented the Debt Acquisition Compliance with Policy Line of Credit with BB&T. He stated items #3 and #4 are together in one memorandum. JWSC has 2 proposal for the incurring debt. The first proposal is for Capital Lease for the 4 Vac-Con purchase. The Vac-Con Lease Previously approved by the Commission that authorized the Exec. Director to get quotes on the Capital Lease agreements. BB&T proposed a four year Capital Lease term at 1.49% interest. The BB&T Capital Lease is in conjunction with GMA and they partner together for leases. The second proposal is for the line-of credit with BB&T for 1.5M. The interest rate would be the one month LIBER plus 1.95% with repayment terms of 24 months. This would allow access funds to pay for construction projects. The JWSC Financial Policy does have provisions where the Commission determines that the incurrence of debt is in the best interest of the JWSC and that it is reasonable and prudent and will not have unreasonable burden to the rate payers. The staff is requesting the commission affirmatively determine that these two borrowings would meet the criteria for incurring debt and that the Exec. Director and the Chairman be authorized to sign the documents necessary after review by legal counsel. All Committee members agreed to forward to the full Commission for approval. Motion approved 3-0-0.

John also stated that the Commission requested staff put together conditions for determining when Capital Leasing would be a preferable option to purchasing equipment and staff is in the *midst of completing* it.

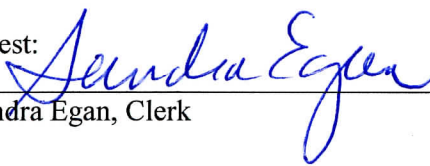
**DIRECTOR'S UPDATE**

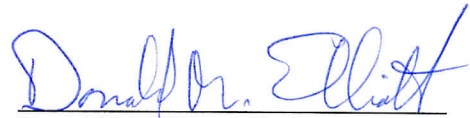
John discussed the Draft of the Audit Report for 6/30/2016. Currently the Management's Discussion and Analysis is being worked on. John stated that this is the opportunity to explain why there are variances in numbers. The discussion on what amount of information should be placed in the audit report concerning the Master Plan and Capacity. Commissioner Elliott suggested being fully transparent and others agreed. There was further discussion of the loss for the year and debt coverage ratio.

Additional discussion was surplus properties.

Meeting was adjourned at 11:12 a.m.

Attest:

  
Sandra Egan, Clerk

  
Donald M. Elliott, Chairman