

FRIPP ISLAND PUBLIC SERVICE DISTRICT

MEMORANDUM

TO: Edward D. Wetzel, Chairman  
Mike M. Murphy  
Rick E. Keup  
Michael J. Wilt  
Dennis Perrone  
John F. King

(39)

FROM: Jeremy Sponseller

SUBJECT: Commission Meeting September 12, 2023

DATE: September 8, 2023

The **September** Commission meeting is scheduled for **Tuesday, September 12, 2023 at 9:30 a.m. The meeting will be held in the training room at the Fripp Island Fire Department and electronically via Zoom. All attendees may elect to attend in person or via Zoom. Login/call-in information appears on the agenda. The agenda and handouts are provided for your review.**

Please let me know if you will be unable to attend the meeting.

Enclosures

C: Joshua Horton, Fire Chief  
Gary Pope, Jr., Esq.  
Yvonne Fireall, Office Manager

FRIPP ISLAND PUBLIC SERVICE DISTRICT

Tuesday September 12, 2023  
Fripp Island Fire Station  
and  
Electronic Meeting Via Zoom  
9:30 a.m.

Zoom Info:

Join from PC, Mac, Linux, iOS or Android:

<https://us02web.zoom.us/j/86565978745>

Or iPhone one-tap (US Toll): +19292056099,,86565978745#  
+13017158592,,86565978745#

Or Telephone:

Dial: +1 301 715 8592 (US Toll) or +1 312 626 6799 (US Toll)

Meeting ID: 865 6597 8745

AGENDA

1. Call to Order
  - Confirmation of the presence of a quorum
  - Confirmation of public meeting notice, as required by the SC Code of Laws *30-4-80(A)*.
2. Pledge of Allegiance
3. Approval of July 2023 Commission Meeting Minutes  
Approval of August 2023 Special Commission Meeting Minutes
4. Reports
  - Manager Report August 2023
  - Fire Department Report August 2023
  - POA shoreline Committee
5. Old Business
  - Bond Referendum Update - Amy Vitner-First Tryon
  - Capital Projects Update
6. New Business
  - Assessment from URCS for accounting services
  - Emergency Equipment Purchase/Replacement
7. Questions and Comments from Visitors
8. Executive Session
  - Discussion of confidential personnel and/or contractual matters
9. Adjourn

## FRIPP ISLAND PUBLIC SERVICE DISTRICT

**Minutes:** Commission Meeting on July 11, 2023

**Present:** Edward D. Wetzel, Rick E. Keup, Michael J. Wilt, John F. King, Dennis Perrone

**Absent:** Mike Murphy

**Staff:** Joshua Horton, Fire Chief; Yvonne Fireall, Office Manager, Rob Singletary, Field Operations Superintendent

**Guests:** Jimmy Myers, John Derrick, Ashley Tingom

---

1. Chairman Wetzel called the meeting to order at 9:30 a.m., confirmed the presence of a quorum and confirmed that all requirements of the SC Code of Laws, Section 30-4-80, pertaining to the notice of meetings of public bodies, have been met for this meeting.
2. Chairman Wetzel led the Commission in the Pledge of Allegiance.
3. The Commission approved the minutes for the June regular Commission Meeting upon a motion by, Mr. Wilt (Vote: unanimous).
4. Reports
  - a) The Commission reviewed the Manager's Report for June 2023. *(Att A)*
  - b) The Commission reviewed the Fire Department Report for June 2023. *(Att B)*
  - c) The Commission received a report on POA Shoreline Committee activities from Commissioner King.
5. Old Business
  - a) The Commission discussed an update on the Blue Heron Lake Spillway
  - b) The Commission discussed an update on the Bond Referendum
  - c) The Commission received a report on the status of projects from Mr. King. *(Att C)*
6. New Business
  - a) The Commission discussed and approved the appointment of Edward Wetzel as Interim District Manager upon a motion by, Mr. King (Vote: unanimous)
  - b) The Commission discussed and approved the appointment of Yvonne Fireall as Commission Secretary upon a motion, by Mr. Keup (Vote: unanimous).
  - c) The Commission discussed and authorized Rob Singletary, Field Operations Superintendent to submit reports to State of SC on behalf of Fripp Island Public Service District upon a motion by, Mr. Perrone (Vote: unanimous).
7. The Commission entertained questions and comments from visitors.

8. The Commission entered executive session to discuss Personnel Matters at 10:39 a.m. upon a motion by, Mr. King (Vote: unanimous). The Commission resumed open session at 11:14 a.m. upon a motion by, Mr. King (Vote: unanimous).


9. The Commission discussed and approved Dave Manning to provide Accounting assistance and help the District through its upcoming audit with Webster Rogers upon a motion by, Mr. Keup (Vote: unanimous).

10. There being no further business, the meeting adjourned at 11:15 a.m., upon a motion by Mr. King (Vote: unanimous).



---

Edward D. Wetzel  
Chairman



---

Yvonne M. Fireall  
Secretary

## FRIPP ISLAND PUBLIC SERVICE DISTRICT

**Minutes:** Special Commission Meeting on August 15, 2023

**Present:** Edward D. Wetzel, Rick E. Keup, Mike Murphy, Michael J. Wilt, John F. King, Dennis Perrone

**Absent:**

**Staff:** Joshua Horton, Fire Chief; Yvonne Fireall, Office Manager, Rob Singletary, Field Operations Superintendent

**Guests:** Lynne & Frank Davis, Stewart Dewitt

---

1. Chairman Wetzel called the meeting to order at 9:30 a.m., confirmed the presence of a quorum and confirmed that all requirements of the SC Code of Laws, Section 30-4-80, pertaining to the notice of meetings of public bodies, have been met for this meeting.
2. Chairman Wetzel led the Commission in the Pledge of Allegiance.
3. Reports
  - a) The Commission reviewed and discussed the status of the Blue Heron Spillway repair
  - b) The Commission reviewed and discussed the status of the November 1, 2023 Bond Referendum
4. New Business
  - a) The Commission discussed and approved the appointment of Jeremy Sponseller as Fripp Island Public Service District's, District Manager, upon a motion by Mr. Keup (Vote:5:1)
  - b) The Commission reviewed and authorized an amendment to the 2024 Water and Wastewater Operations Budget, Capital Expenditures, line item "Fleet Vehicles for Field Staff" from \$35,000 to \$42,000, upon a motion by Mr. Perrone (Vote: unanimous). (*Att A*)
  - c) The Commission discussed and authorized emergency construction contract to repair/replace the Blue Heron Lake Spillway bid with Malphrus Utilities, LLC, upon a motion by Mr. Murphy (*Att B*)
5. The Commission entertained questions and comments from visitors.
6. The Commission entered executive session to discuss confidential personnel and/ or contractual matters at 1:56 a.m. upon a motion by Mr. Wilt (Vote: unanimous). The Commission resumed open session at 2:41 p.m., upon a motion by Mr. Murphy (Vote: unanimous).
7. There being no further business, the meeting adjourned at 2:41 p.m., upon a motion by Mr. Wilt (Vote: unanimous).



---

Edward D. Wetzel

Chairman

*Yvonne Fireall*

Yvonne M. Fireall  
Secretary

## FRIPP ISLAND PUBLIC SERVICE DISTRICT MANAGER'S REPORT FOR August 2023

I. Tap-Ins

Category	FY 2024		FY 2023		FY 2022	
	J/A	YTD	J/A	YTD	J/A	YTD
Water customers	3/2	5	5/4	9	2/1	3
Res Irrig. customers	0/1	1	-	-	-	-
Sewer customers						
a. Gravity	4/0	0	2/4	6	1/1	2
b. Vacuum	1/0	1	3/0	3	1/0	1

Total vacuum sewer customers: 595 of 726

II. Routine Operations

1. Butcher's Island and Hunting Island Booster Pumps Average Daily Run Time for August

	<u>2023</u>	<u>Diff</u>	<u>2022</u>	<u>Diff</u>	<u>2021</u>	<u>Diff</u>	<u>2020</u>
Butcher's Isl Pumps Hrs/Day	5.9	(2.0)	7.9	0.4	7.5	(2.2)	9.7
Hunting Isl Pumps Hrs/Day	<u>11.9</u>	<u>(4.0)</u>	<u>15.9</u>	<u>0.9</u>	<u>15.0</u>	<u>(4.0)</u>	<u>19.0</u>
Total Hrs/Day	17.8	(6.0)	23.8	1.3	22.5	(6.2)	28.7

2. Fripp Island Master Metered Water Use for August, Average Gallons per Day

	<u>2023</u>	<u>% Change</u>	<u>2022</u>	<u>% Change</u>	<u>2021</u>	<u>% Change</u>	<u>2020</u>
BJW&SA	724,031	1.5	713,531	(9.4)	787,500	14.5	687,677
Harbor Island	104,381	1.1	103,291	(2.4)	105,796	15.9	91,277
Hunt Island	10,641	(35.6)	16,516	49.4	11,054	(73.2)	41,184
Fripp Island	608,938	3.8	586,438	(10.0)	651,571	20.3	541,645
Accountability,%	100.0	N/A	99.0	N/A	97.6	N/A	98.0
Rainfall, Inches	10.4		8.7		5.4		2.1

3. Fripp Island Water Consumption – Recorded vs. Billed (in 1,000 gals.)

	Annual	Qtr4	Qtr 3	Qtr2	Qtr 1
	<u>Total</u>	<u>2023</u>	<u>2023</u>	<u>2022</u>	<u>2022</u>
Fripp Master Meter	117,175	48,488	26,235	34,233	56,707
Billed Water	108.405	<u>44.705</u>	<u>23.520</u>	<u>32.145</u>	<u>52.740</u>
Total Unbilled Water	8,770	3,783	2,715	2,088	3,967
Unbilled Water Percent	7%	8%	10%	6%	7%
Flushing/Unbilled Accts	<u>459</u>	0	.51.	<u>170</u>	<u>239</u>
Unaccounted for Water	8,311	3,783	2,664	1,919	3,728
Unaccounted for Percent	7%	8%	10%	6%	7%

4. The water tank levels and water line pressures were normal for July/August.

5. Wastewater Treatment Plant Flow for May, Gallons per Day

	<u>2023</u>	<u>% Change</u>	<u>2022</u>	<u>% Change</u>	<u>2021</u>	<u>% Change</u>	<u>2020</u>
Average Daily Flow	247,649	(4.3)	258,784	(23.5)	338,102	14.6	295,031
Weekly Max Flow	306,000	(1.9)	312,000	(30.0)	446,000	25.3	356,000
Peak Daily Flow	354,925	(6.2)	378,202	(22.5)	488,220	18.3	412,713

6. The water system and wastewater treatment plant samples were satisfactory for July and August..

### III. Emergencies, Special Field Work and Activities

#### 1. Water System Activities & Projects

- a) Beaufort County remained at "Normal" drought status throughout July/August.
- b) Field operators performed miscellaneous water system maintenance consisting of meter installations and replacements and repairing water lines and services.
- c) Development of a lead service line inventory, as required by the EPA's lead and copper rule revision, is underway. The deadline for completion of the inventory is October 16, 2024.
- d) I will be looking into automated water meter systems in the coming months. I plan to include Rob and Yvonne on the investigation as both will have different thoughts on what they would like to see implemented.

#### 2. Water and Wastewater System Activity Highlights

- a) Various utility locates performed
- b) Cleaned the backpulse tank at the WWTP
- c) Repaired clogged force main at Marsh Dunes
- d) Cleaned membrane train 1 at the WWTP
- e) Tapped water system for new service at 720 Marlin Dr.
- f) Located existing service and changed meter at 240 Tarpon Blvd.
- g) Installed irrigation meter at 431 Ocean Pt. Ln.

#### 3. Administrative & Personnel Activities

- a) Working with accounting consultant to assist with year end closeout and 2023 audit
- b) Met with SCRWA to discuss the Energy audit they performed for the PSD. I received the report on 9-7023. I will be reviewing the entire report and providing the commissioners with a copy for your review, before the October meeting.

#### 4. Fripp Inlet Bridge

- a) JMT had to reschedule the first quarter bridge inspection due to a complication with their boat. Do not have a new date set, yet.

#### 5. Erosion

- a) The Porpoise Drive revetment improvements approved in October 2022 were completed in May, however, the total approved amount was only sufficient to place armor stone in one of the areas where slumping of the revetment crest is occurring.
- b) The annual revetment survey was performed on May 30<sup>th</sup>. I, personally, have not seen the report yet but will be locating it or getting with the engineer to discuss.

#### 6. Miscellaneous Activities

- a) 2023 General Obligation Bond – Public Information meeting to be held October 10, 2023.



***Fripp Island Fire Department  
Monthly Report Summary  
July 2023***

**Response Activities:**

Total emergency responses for July, 32

	July 2023	July 2022	YTD CY23	YTD CY22
• Structure Fires	00	00	00	01
• Vehicle Fire	00	00	01	00
• Medical Emergencies	17	16	95	93
• Brush Fires	02	00	04	00
• Misc. Fire	02	06	11	22
• Service Calls	03	00	30	12
• Mutual Aid	01	01	06	05
• Auto Accident	01	02	07	07
• Water Emergencies	06	03	10	10
	32	28	164	150

**Average emergency response time:**

4 minutes 47 seconds.

**Roster:**

Total personnel active for July, 21

**Activities of Note:**

Nothing of significance to report.

# *Fripp Island Fire Department*

## *Monthly Report Summary*

### *August 2023*

**Response Activities:**

Total emergency responses for August, 21

	Aug 2023	Aug 2022	YTD CY23	YTD CY22
• Structure Fires	00	01	00	02
• Vehicle Fire	00	00	01	00
• Medical Emergencies	13	14	108	107
• Brush Fires	00	00	04	00
• Misc. Fire	03	00	14	22
• Service Calls	04	00	34	12
• Mutual Aid	00	00	06	05
• Auto Accident	00	00	07	07
• Water Emergencies	01	01	11	11
	-----	-----	-----	-----
	21	16	185	166

**Average emergency response time:**

3 minutes 54 seconds.

**Roster:**

Total personnel active for August, 21

**Activities of Note:**

Following a water training, the jet ski was inadvertently flushed with the motor not running at some point. These watercraft use water to cool both the engine and the exhaust. By not having the ski running, water was forced into the cylinders and it became hydro locked. The next time the ski was cranked I noticed it was running rough as throttle was applied a noticeable “clunk” was heard and the engine shut down.

After further inspection, the bilge was full of “chocolate milk” (water and oil mixture). Ultimately the rod in cylinder #4 bent and pushed out of the motor block. We found a chunk of the block in the bilge after the oil and water was soaked up.



**First Tryon Advisors**  
SIMPLIFYING PUBLIC FINANCE

**AMY VITNER**  
**MANAGING DIRECTOR**  
Office: 704.926.2457  
Email: [avitner@firsttryon.com](mailto:avitner@firsttryon.com)  
6101 Carnegie Blvd Suite 210  
Charlotte NC 28209

**Fripp Island Public Service District**  
Discussion Materials

September 12, 2023

C

## Topics for Discussion

- **Existing Debt and Millage Overview**
- **Bond Referendum and Financing Scenarios**
- **Market Update**



# Summary of Debt Outstanding (as of December 31, 2022)

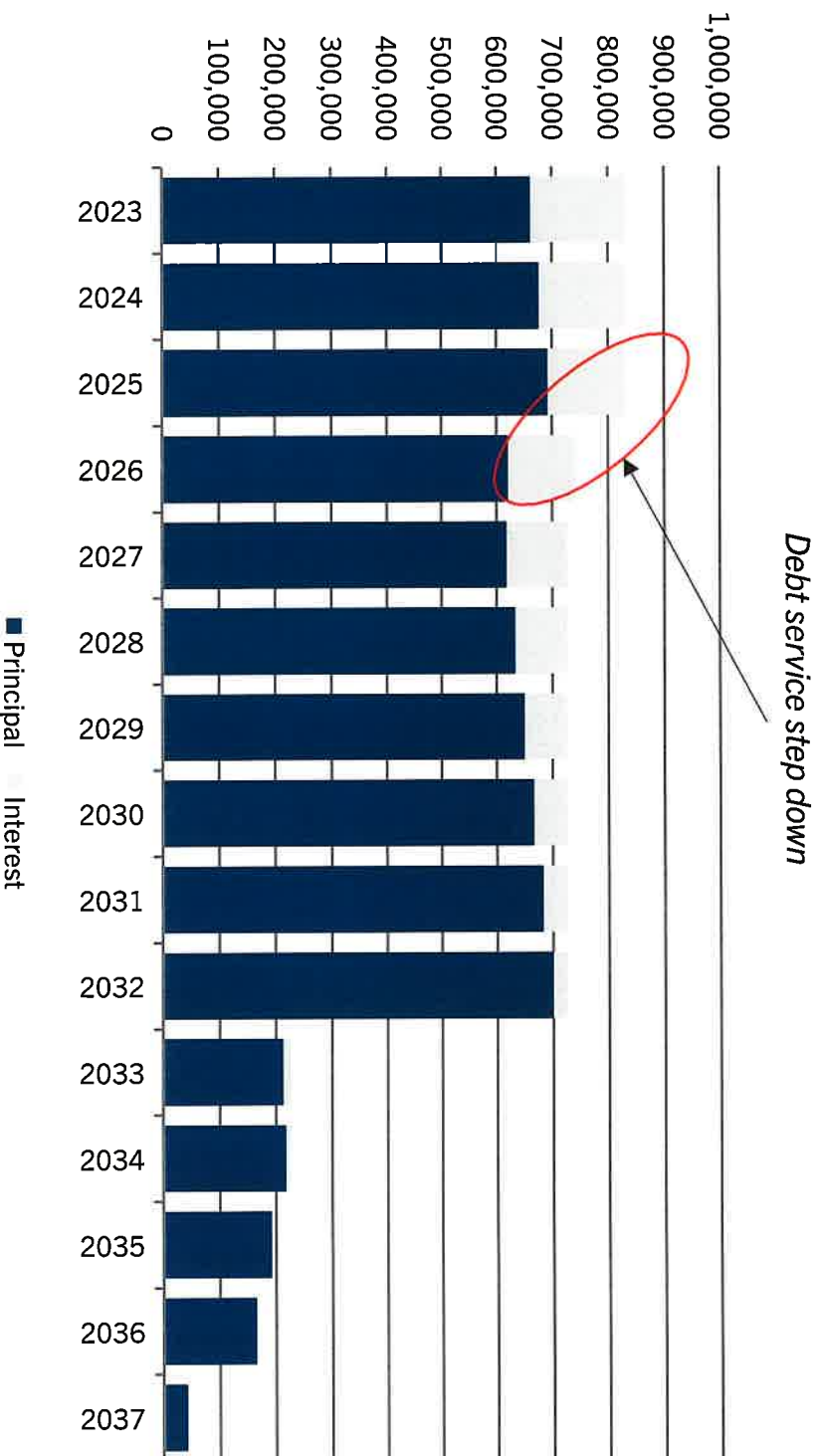
- As of December 31, 2022, the District had approximately \$12.5 million of long-term debt outstanding, consisting of General Obligation Bonds, SRF Loans, and Revenue Bonds.
- The debt portfolio has an average life of 5.87 years, an average coupon of 2.29%, a 10-year payout ratio of 90%, and a final maturity in FY 2037.

Tax Supported Debt									
Series	Description	Outstanding	Final Maturity	Call Provision	Avg. Coupon	Use of Proceeds			
Series 2006	General Obligation Note Payable	1,282,770	1/1/2026	Unavailable	2.750%	New Money			
Series 2014	W&S General Obligation Bonds (SRF Loan)	670,705	4/1/2035	Currently Callable @ 100%	2.000%	New Money			
Series 2018	SRF Loan (Water Line Replacement)	2,057,777	1/1/2039	Currently Callable @ 100%	2.100%	New Money			
Series 2019	General Obligation Bond	2,809,000	4/1/2032	Currently Callable @ 101%	2.730%	New Money			
Series 2019	Restructuring / Partial Defeasance of S-2017	602,960	3/1/2032	Unavailable	2.580%	Restructuring			
<b>Total</b>		<b>7,423,212</b>			<b>2.481%</b>				
Revenue Supported Debt									
Series	Description	Outstanding	Final Maturity	Call Provision	Avg. Coupon	Use of Proceeds			
Series 2013	W&S Refunding Revenue Bonds	4,158,959	10/1/2028	Currently Callable @ 100%	2.030%	Advance Refunding			
Series 2014	W&S General Obligation Bonds (SRF Loan)	948,313	4/1/2035	Currently Callable @ 100%	2.000%	New Money			
<b>Total</b>		<b>5,107,272</b>			<b>2.024%</b>				
<b>Grand Total</b>		<b>12,530,484</b>			<b>2.295%</b>				



# Existing Tax-Supported Debt Service Structure

- After 2025, the District's existing tax-supported debt service payments will step down by approximately \$100,000 annually, creating some capacity to layer in additional debt service without a significant budgetary impact.



# Existing Tax-Supported Debt Service Millage

- Per the District's FY 2024 budget, 13.9 mills will be levied to support tax-supported debt service.
- The millage calculation assumes the value of one mill is equal to \$59,884, as highlighted below.
- As debt service steps down after time, capacity is created to layer in additional debt service within the current millage level.

Calendar Year	Existing Debt Service	Value of a Mill	Current Millage Levied	Cost of Existing Debt	Additional Capacity
2024	832,191	59,884	13.90	13.90	-
2025	832,451	59,884	13.90	13.90	-
2026	743,118	59,884	13.90	12.41	1.49
2027	726,390	59,884	13.90	12.13	1.77
2028	726,142	59,884	13.90	12.13	1.77
2029	726,454	59,884	13.90	12.13	1.77
2030	726,313	59,884	13.90	12.13	1.77
2031	726,706	59,884	13.90	12.14	1.76
2032	726,618	59,884	13.90	12.13	1.76
2033	228,240	59,884	13.90	3.81	10.09
2034	228,240	59,884	13.90	3.81	10.09
2035	197,852	59,884	13.90	3.30	10.59
2036	167,464	59,884	13.90	2.80	11.10
<b>Total</b>	<b>7,630,044</b>				

Assumes 0.00% growth in the Value of a Mill



# Topics for Discussion

- Existing Debt and Millage Overview
- **Bond Referendum and Financing Scenarios**
- Market Update





## Bond Referendum Overview

- On November 7, 2023, the District will hold a bond referendum in connection with proposed General Obligation Bonds to fund the following items:
  - \$1,320,000 to defray the costs of acquiring, designing, constructing, renovating, and equipping fire service facilities, apparatus, equipment, and vehicles (the “Fire Service Project”).
  - \$870,000 to defray the costs of repairing, reconstructing, and mitigating certain District revetments and related infrastructure (the “Revetment Project”).
  - \$3,060,000 to defray the costs of repairing, reconstructing, and improving the Fripp Inlet Bridge and related infrastructure (the “Bridge Project”).
- Assuming voter approval of the referendum, the District can issue the full \$5,250,000 at one time or can issue in multiple tranches as the need for funds arises.
  - Our analysis assumes total debt is issued at one time.



# Overview of Potential Financing Scenarios

- On the following pages, the following borrowing scenarios have been assumed for a \$5,250,000 issuance:
  - Scenario 1: 15-Year Term (Bank Loan or Public Sale)
  - Scenario 2: 20-Year Term (Bank Loan or Public Sale)
  - Scenario 3: 30-Year Term (Public Sale Only)
- In these scenarios, the proposed General Obligation Bonds are wrapped around existing debt service in order to minimize the budgetary impact to the District.
- The key data points in the results are the millage impact and overall debt service cost.



# Projected Debt Service and Millage Impact

## Scenario 1: 15-Year Term; Bank Loan Approach

- Maximum Annual Debt Service: \$505,000
- Total Debt Service: \$7,440,300
- Additional Millage Impact: 6.95 mills
- Total Millage: 20.84 mills

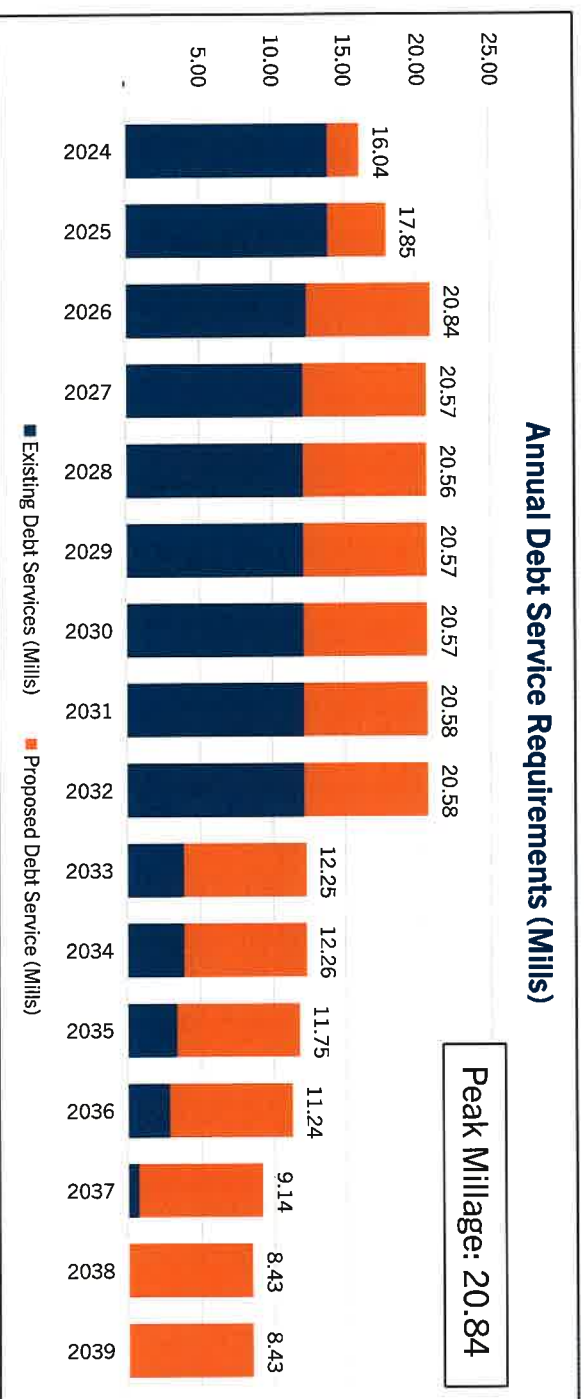
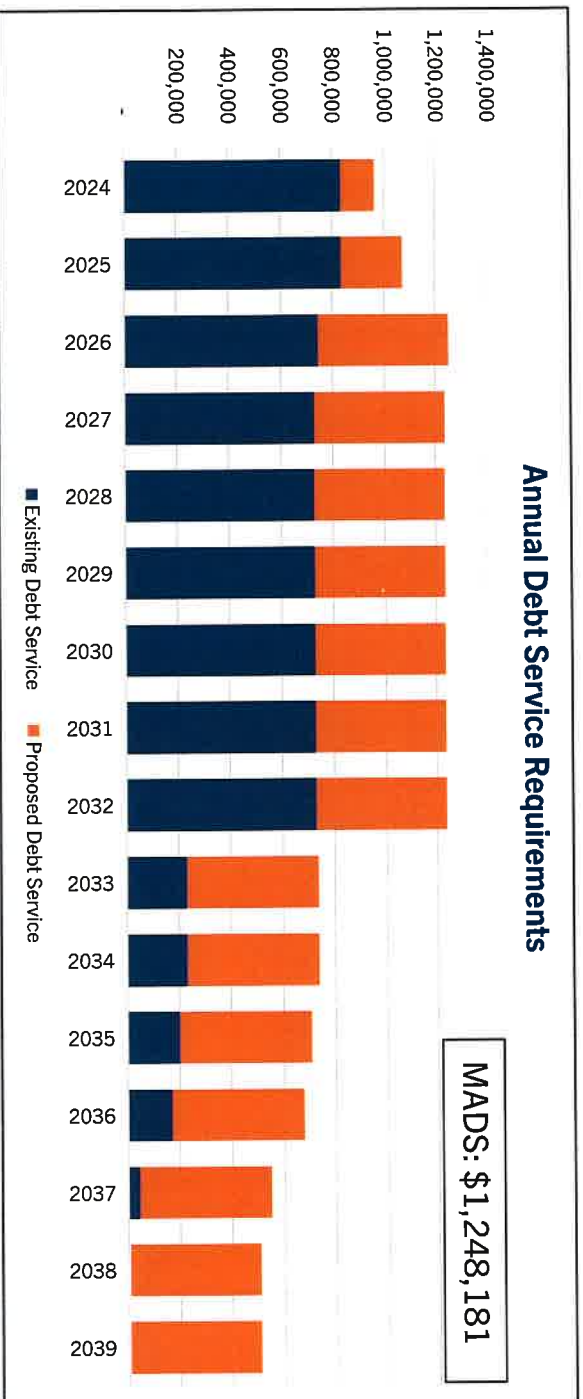
Calendar Year	Existing Debt Service	Proposed General Obligation Bonds			Total	Total Debt Service	Value of a Mill	Current Millage Levied	Additional Mills Required
		Principal	Interest	Total					
2024	832,191	-	128,625	128,625	960,816	59,884	13.90	2.15	
2025	832,451	-	236,250	236,250	1,068,701	59,884	13.90	3.95	
2026	743,118	275,000	230,063	505,063	1,248,181	59,884	13.90	6.95	
2027	726,390	288,000	217,395	505,395	1,231,785	59,884	13.90	6.67	
2028	726,142	301,000	204,143	505,143	1,231,284	59,884	13.90	6.66	
2029	726,454	315,000	190,283	505,283	1,231,736	59,884	13.90	6.67	
2030	726,313	330,000	175,770	505,770	1,232,083	59,884	13.90	6.68	
2031	726,706	345,000	160,583	505,583	1,232,288	59,884	13.90	6.68	
2032	726,618	361,000	144,698	505,698	1,232,316	59,884	13.90	6.68	
2033	228,240	377,000	128,093	505,093	733,333	59,884	13.90	-	
2034	228,240	395,000	110,723	505,723	733,963	59,884	13.90	-	
2035	197,852	413,000	92,543	505,543	703,394	59,884	13.90	-	
2036	167,464	432,000	73,530	505,530	672,994	59,884	13.90	-	
2037	41,866	452,000	53,640	505,640	547,506	59,884	13.90	-	
2038	-	472,000	32,850	504,850	504,850	59,884	13.90	-	
2039	-	494,000	11,115	505,115	505,115	59,884	13.90	-	
<b>Total</b>	<b>7,630,044</b>	<b>5,250,000</b>	<b>2,190,300</b>	<b>7,440,300</b>	<b>15,070,344</b>				

**Assumptions**  
 Assumes interest rate of 4.50%  
 Assumes 0.00% growth in the Value of a Mill  
 Preliminary; Subject to Change



# Projected Debt Service and Millage Impact

## Scenario 1: 15-Year Term; Bank Loan Approach



# Projected Debt Service and Millage Impact

## Scenario 2: 20-Year Term; Bank Loan Approach

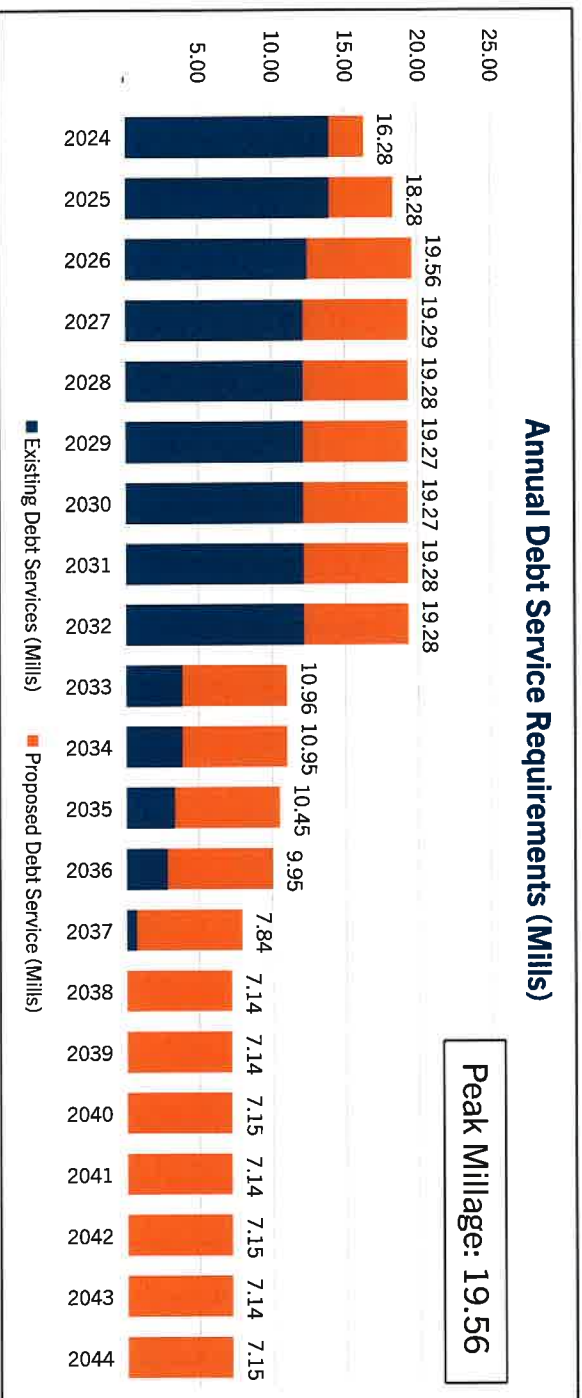
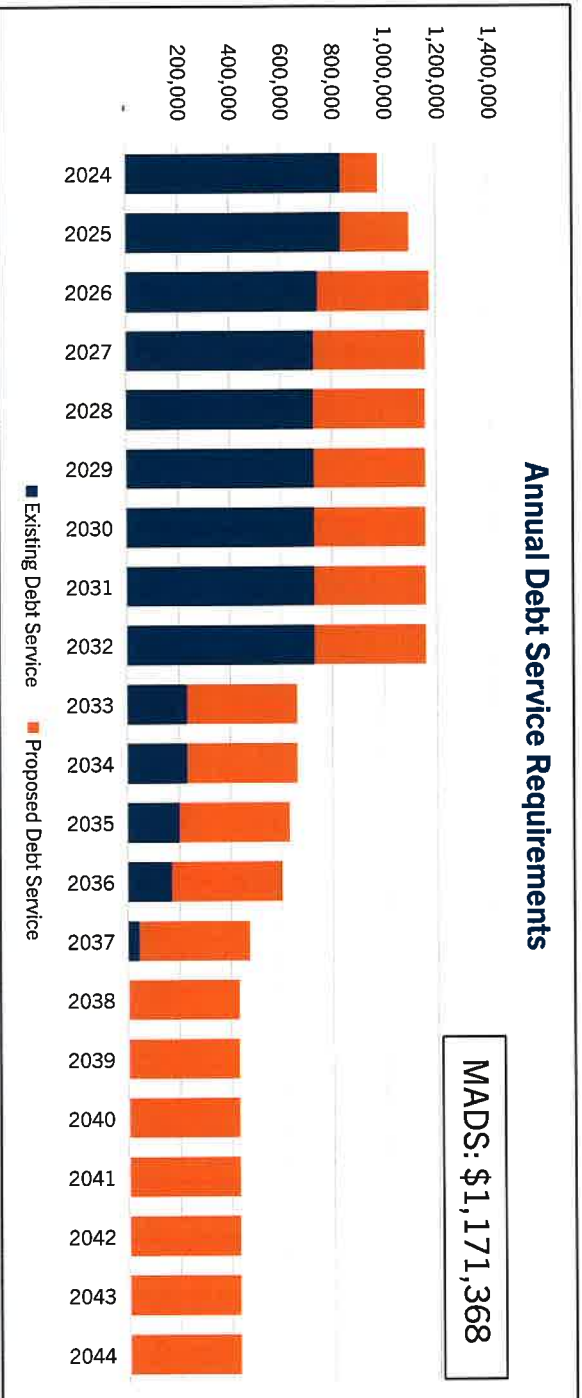
- > Maximum Annual Debt Service: \$428,000
- > Total Debt Service: \$8,536,867
- > Additional Millage Impact: 5.66 mills
- > Total Millage: 19.56 mills

Calendar Year	Existing Debt Service	Proposed General Obligation Bonds			Total	Total Debt Service	Value of a Mill	Current Millage Levied	Additional Mills Required
		Principal	Interest	Total					
2024	832,191	-	142,917	142,917	975,108	59,884	13.90	2.39	
2025	832,451	-	262,500	262,500	1,094,951	59,884	13.90	4.39	
2026	743,118	170,000	258,250	428,250	1,171,368	59,884	13.90	5.66	
2027	726,390	179,000	249,525	428,525	1,154,915	59,884	13.90	5.39	
2028	726,142	188,000	240,350	428,350	1,154,492	59,884	13.90	5.38	
2029	726,454	197,000	230,725	427,725	1,154,179	59,884	13.90	5.38	
2030	726,313	207,000	220,625	427,625	1,153,938	59,884	13.90	5.37	
2031	726,706	218,000	210,000	428,000	1,154,706	59,884	13.90	5.39	
2032	726,618	229,000	198,825	427,825	1,154,443	59,884	13.90	5.38	
2033	228,240	241,000	187,075	427,725	656,315	59,884	13.90	-	
2034	228,240	253,000	174,725	427,750	655,965	59,884	13.90	-	
2035	197,852	266,000	161,750	427,750	625,602	59,884	13.90	-	
2036	167,464	280,000	148,100	428,100	595,564	59,884	13.90	-	
2037	41,866	294,000	133,750	427,750	469,616	59,884	13.90	-	
2038	-	309,000	118,675	427,675	427,675	59,884	13.90	-	
2039	-	325,000	102,825	427,825	427,825	59,884	13.90	-	
2040	-	342,000	86,150	428,150	428,150	59,884	13.90	-	
2041	-	359,000	68,625	427,625	427,625	59,884	13.90	-	
2042	-	378,000	50,200	428,200	428,200	59,884	13.90	-	
2043	-	397,000	30,825	427,825	427,825	59,884	13.90	-	
2044	-	418,000	10,450	428,450	428,450	59,884	13.90	-	
<b>Total</b>	<b>7,630,044</b>	<b>5,250,000</b>	<b>3,286,867</b>	<b>8,536,867</b>	<b>16,166,911</b>				

Assumptions:  
 Assumes interest rate of 5.00%  
 Assumes 0.00% growth in the Value of a Mill  
 Preliminary; Subject to Change



# Projected Debt Service and Millage Impact Scenario 2: 20-Year Term; Bank Loan Approach



# Projected Debt Service and Millage Impact

## Scenario 3: 30-Year Term; Public Sale Approach

- Maximum Annual Debt Service: \$325,000
- Additional Millage Impact: 4.27 mills
- Total Debt Service: \$9,783,408
- Total Millage: 18.17 mills

Calendar Year	Existing Debt Service	Principal	Interest	Proposed General Obligation Bonds		Total Debt Service	Value of a Mill	Current Millage Levied	Additional Mills Required
				Debt Service Fund	Net Debt Service				
2024	832,191	-	142,917	-	142,917	975,108	59,884	13.90	2.39
2025	832,451	295,000	255,125	(294,508)	255,617	1,088,068	59,884	13.90	4.27
2026	743,118	80,000	245,750	-	325,750	1,068,868	59,884	13.90	3.95
2027	726,390	80,000	241,750	-	321,750	1,048,140	59,884	13.90	3.61
2028	726,142	85,000	237,625	-	322,625	1,048,767	59,884	13.90	3.62
2029	726,454	90,000	233,250	-	323,250	1,049,704	59,884	13.90	3.63
2030	726,313	95,000	228,625	-	323,625	1,049,938	59,884	13.90	3.64
2031	726,706	100,000	223,750	-	323,750	1,050,456	59,884	13.90	3.64
2032	726,618	105,000	218,625	-	323,625	1,050,243	59,884	13.90	3.64
2033	228,240	110,000	213,250	-	323,250	551,490	59,884	13.90	-
2034	228,240	115,000	207,625	-	322,625	550,865	59,884	13.90	-
2035	197,852	125,000	201,625	-	326,625	524,477	59,884	13.90	-
2036	167,464	130,000	195,250	-	325,250	492,714	59,884	13.90	-
2037	41,866	135,000	188,625	-	323,625	365,491	59,884	13.90	-
2038	-	140,000	181,750	-	321,750	321,750	59,884	13.90	-
2039	-	150,000	174,500	-	324,500	324,500	59,884	13.90	-
2040	-	155,000	166,875	-	321,875	321,875	59,884	13.90	-
2041	-	165,000	158,875	-	323,875	323,875	59,884	13.90	-
2042	-	175,000	150,375	-	325,375	325,375	59,884	13.90	-
2043	-	185,000	141,375	-	326,375	326,375	59,884	13.90	-
2044	-	190,000	132,000	-	322,000	322,000	59,884	13.90	-
2045	-	200,000	122,250	-	322,250	322,250	59,884	13.90	-
2046	-	210,000	112,000	-	322,000	322,000	59,884	13.90	-
2047	-	225,000	101,125	-	326,125	326,125	59,884	13.90	-
2048	-	235,000	89,625	-	324,625	324,625	59,884	13.90	-
2049	-	245,000	77,625	-	322,625	322,625	59,884	13.90	-
2050	-	260,000	65,000	-	325,000	325,000	59,884	13.90	-
2051	-	270,000	51,750	-	321,750	321,750	59,884	13.90	-
2052	-	285,000	37,875	-	322,875	322,875	59,884	13.90	-
2053	-	300,000	23,250	-	323,250	323,250	59,884	13.90	-
2054	-	315,000	7,875	-	322,875	322,875	59,884	13.90	-
<b>Total</b>	<b>7,630,044</b>	<b>5,250,000</b>	<b>4,827,917</b>	<b>(294,508)</b>	<b>9,783,408</b>	<b>17,413,453</b>			

**Assumptions**

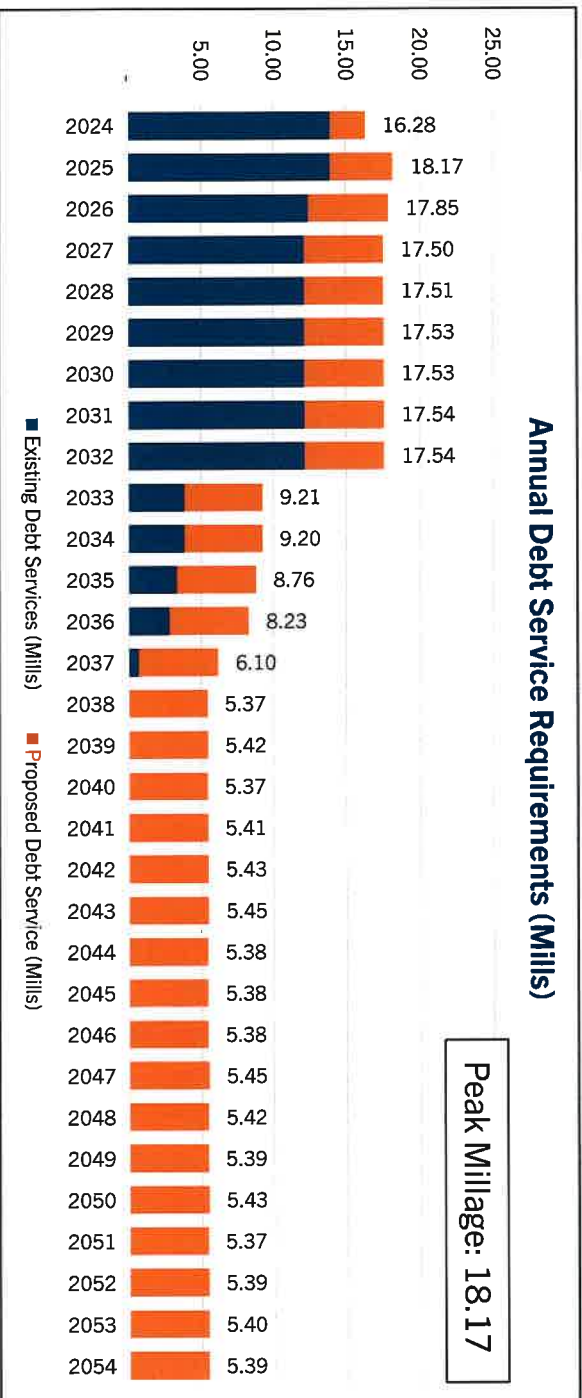
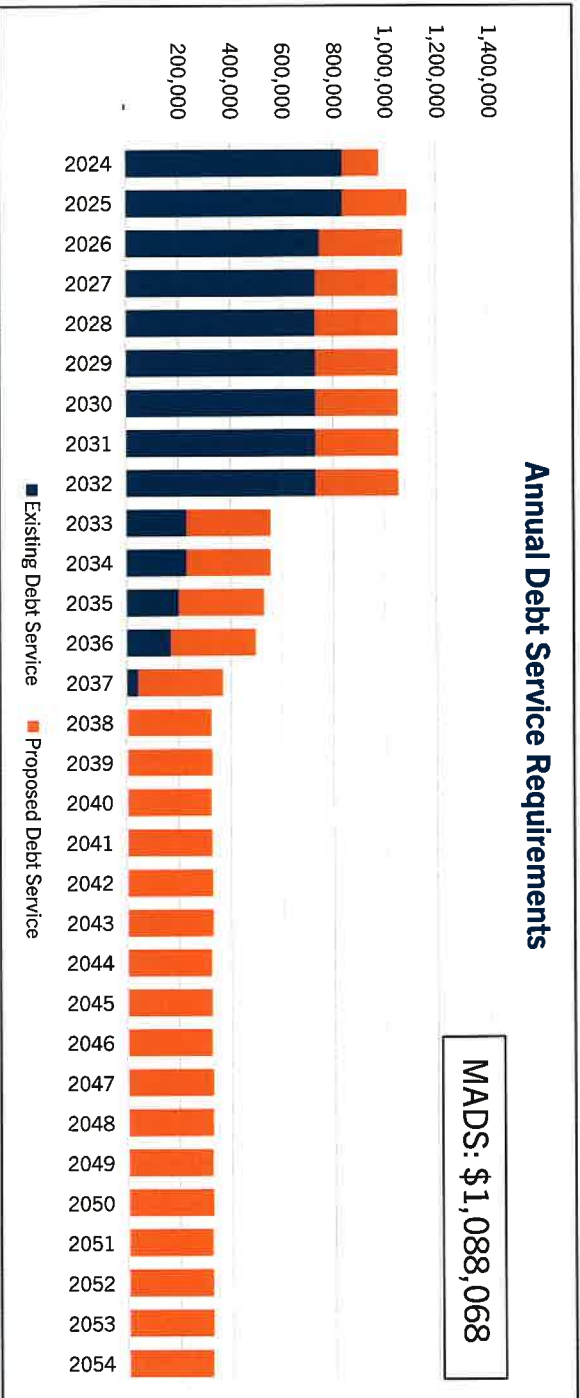
Assumes interest rate of 4.52%

Assumes 0.00% growth in the Value of a Mill

Preliminary; Subject to Change



# Projected Debt Service and Millage Impact Scenario 3: 30-Year Term; Public Sale Approach





# Summary and Conclusions

- The District's first decision will be the desired term for the financing – 15, 20, or 30 years.
  - Longer-term financings minimize the annual millage impact but will result in more debt service paid in total.
  - 15-year or 20-year financings allow for flexibility for either a bank loan or public sale approach.

Scenario	15 Years	20 Years	30 Years
Maximum Annual Debt Service	\$505,000	\$428,000	\$325,000
Total Debt Service	\$7,440,300	\$8,536,867	\$9,783,408
Additional Millage Impact	6.95 mills	5.66 mills	4.27 mills
Total Millage	20.84 mills	19.56 mills	18.17 mills

- Public sale also has higher issuance costs associated with it (estimated around \$200,000 higher) which would reduce the amount available for projects.
- Ultimately, the decision will be based upon the District's appetite for millage increases, anticipated project costs, and any additional anticipated near-term projects that might require additional borrowings.



# Bank Placement vs. Public Sale

## Bank Placement

- |      |  |
|------|--|
| Pros | <ol style="list-style-type: none"><li>1) More streamlined issuance process with lower staff time commitment and the ability to lock in interest rates sooner</li><li>2) Lower upfront costs of issuance</li><li>3) Greater prepayment flexibility</li><li>4) No credit rating requirements</li><li>5) No (or limited) ongoing reporting requirements</li></ol> |
| Cons | <ol style="list-style-type: none"><li>1) Higher interest rate in the current market environment</li><li>2) Limited universe of banks willing to provide 20-year fixed rate term</li><li>3) No banks willing to provide 30-year fixed rate term</li></ol>   |

## Public Sale

- |      |   |
|------|---|
| Pros | <ol style="list-style-type: none"><li>1) Lower interest rate in the current market environment</li><li>2) No issue securing a 20-year or 30-year fixed rate term</li></ol>  |
| Cons | <ol style="list-style-type: none"><li>1) Not able to lock in interest rate until closer to closing</li><li>2) More in-depth issuance process with greater staff time commitment</li><li>3) Higher upfront costs of issuance</li><li>4) More restrictive prepayment provisions (typically 10-year no prepayment option)</li><li>5) Ongoing reporting / continuing disclosure requirements</li><li>6) Initial and periodic rating agency interactions</li></ol> |



# Capital Markets Update

## MARKET COMMENTARY

- New data showed signs of a cooling economy in August, as 187,000 jobs were gained and unemployment moved slightly higher to 3.8 percent. The number of job openings has now declined 26% since peaking in March 2022, with 84% of the labor force aged 15-64 now actively seeking work or currently employed. As a result of these and other indicators, stock markets rose and bond yields decreased, including a 15-basis point decrease in the 5-Year Treasury yield.

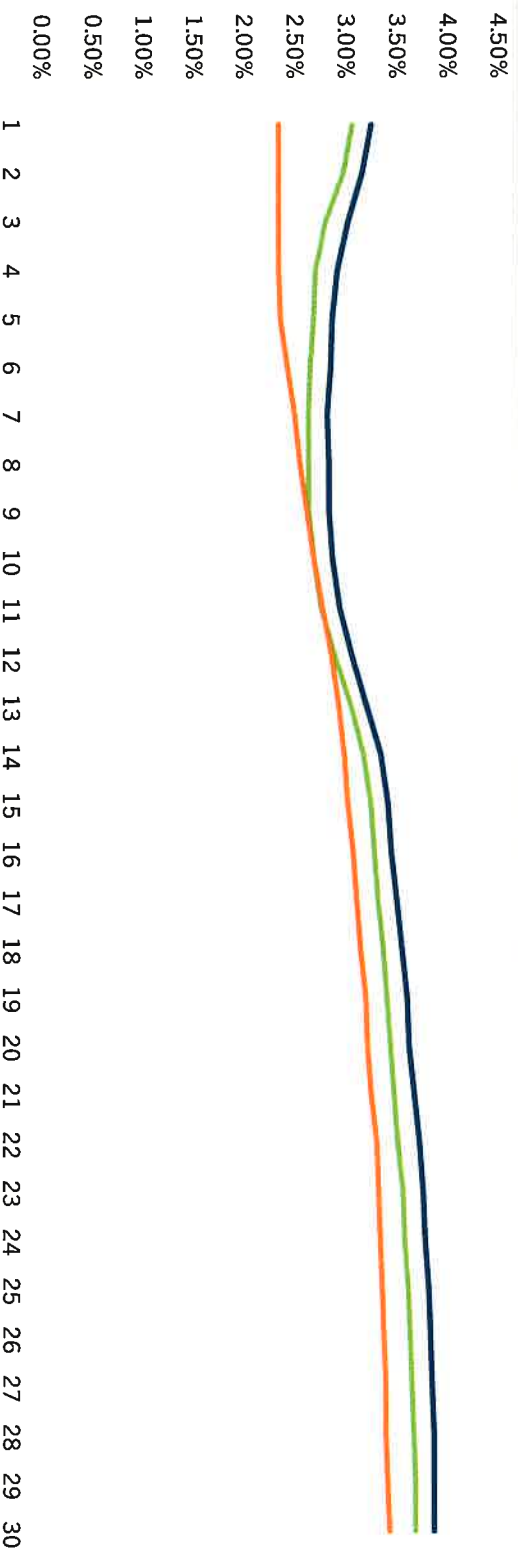
### Tax-Exempt Market

	Tax-Exempt Yields		
	Current Yield	Yield Last Week	Weekly Change
	9/1/2023	8/25/2023	
1 Year	3.23%	3.27%	-0.04%
5 Year	2.85%	2.90%	-0.05%
10 Year	2.85%	2.89%	-0.04%
20 Year	3.60%	3.64%	-0.04%
30 Year	3.84%	3.87%	-0.03%

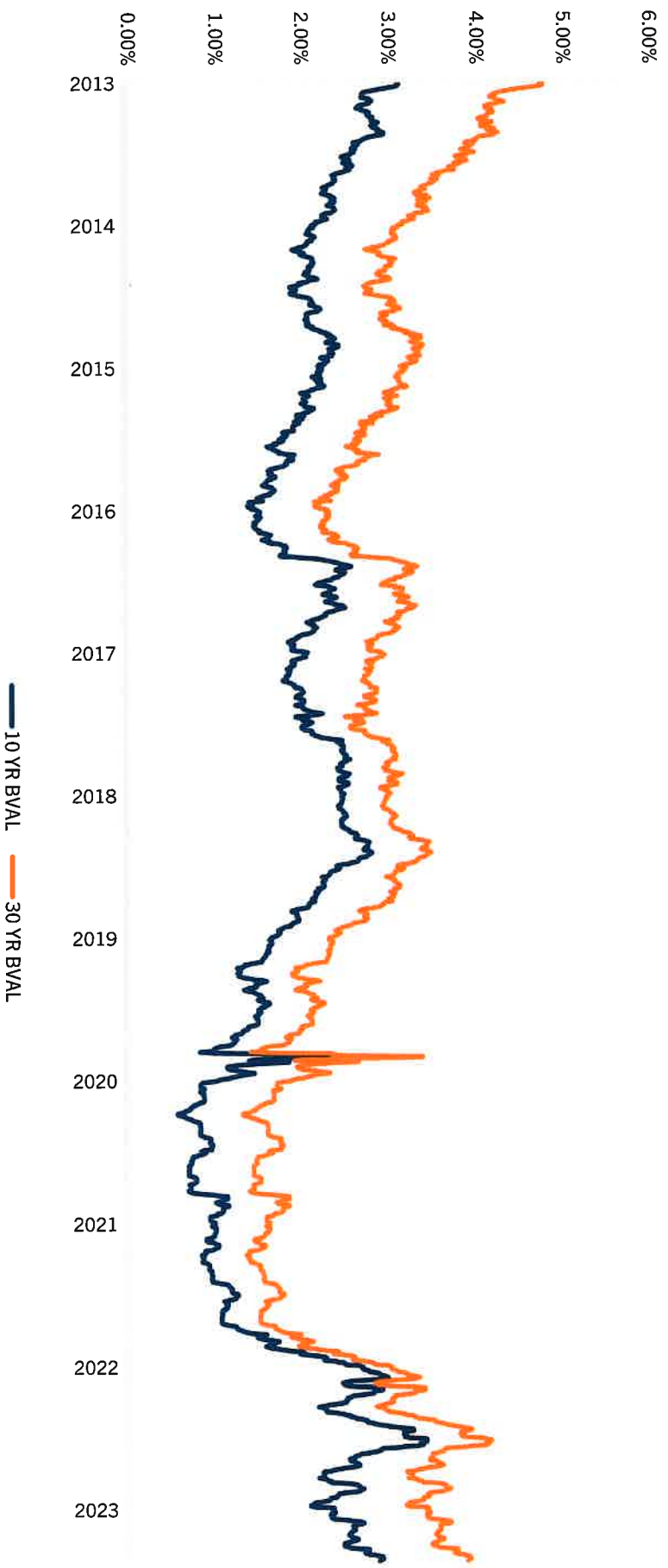
### Taxable Market

	US Treasury Yields		
	Current Yield	Yield Last Week	Weekly Change
	9/1/2023	8/25/2023	
1 Year	5.36%	5.44%	-0.08%
5 Year	4.29%	4.44%	-0.15%
10 Year	4.18%	4.25%	-0.07%
20 Year	4.48%	4.50%	-0.02%
30 Year	4.29%	4.30%	-0.01%

### Tax-Exempt AAA Municipal Curve

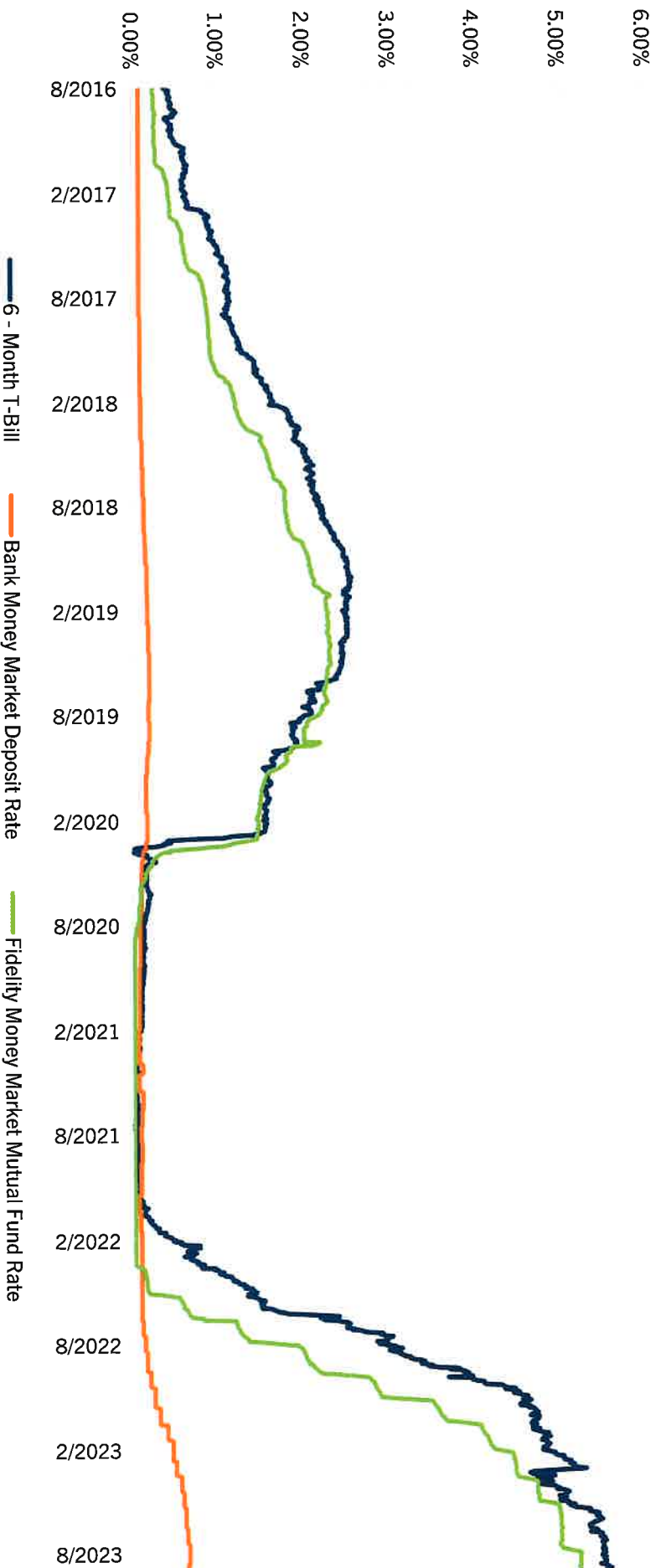


# 10 Year & 30 Year Tax-Exempt Rates: Ten Year History



# Comparison of Deposit Yields

➤ LGIP currently yields 5.59%.



# First Tryon Advisors

SIMPLIFYING PUBLIC FINANCE

FIRSTTRYON.COM

MSRB Registrant

**DISCLAIMER:** This communication was prepared by First Tryon Advisors, LLC ("First Tryon Advisors") and is for informational purposes only and should not be construed as an offer or solicitation to sell or buy any securities. This material does not provide tax, regulatory, accounting, or legal advice. Prior to entering into any proposed transaction, recipients should determine, in consultation with their own investment, legal, tax, regulatory and accounting advisors, the economic risks and merits, as well as the legal, tax, regulatory, and accounting characteristics and consequences, of the proposed transaction.

Any proposal included in this communication is confidential information of First Tryon Advisors and is solely for the benefit of the recipient(s), and the recipient(s) is (are) not authorized to sell, redistribute, forward or deliver this communication to any other person without the prior written consent of First Tryon Advisors.

The statements within this material constitute the views, perspective and judgment of First Tryon Advisors at the time of distribution and are subject to change without notice. First Tryon Advisors gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this communication. The material presented reflects information known to First Tryon Advisors at the time this communication was prepared, and this information is subject to change without notice. First Tryon Advisors makes no warranties regarding the accuracy of this material.

Any forecasts, projections, or predictions of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue, and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Actual events may differ from those assumed and changes to any assumptions may have a material impact on any projections or performance. Other events not taken into account may occur and may significantly affect the projections or estimates. Certain assumptions may have been made for modeling purposes only to simplify the presentation and/or calculation of any projections or estimates, and First Tryon Advisors does not represent that any such assumptions will reflect actual future events. Accordingly, there can be no assurance that estimated projections will be realized or that actual performance results will not materially differ from those estimated herein.

First Tryon Advisors is registered as a municipal advisor with the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). Neither the SEC, MSRB, nor any other regulatory organization endorses, indemnifies, or guarantees First Tryon Advisors' business practices or selling methods.

Status of PSD Projects as of 9/8/23

**1. Captain John Fripp Villas Sewer System**

Low Country Engineering (LCE) completing a Feasibility Study and will submit it when cost estimate is completed. CCTV info has been received.

**2. Deer Lake Sewer Force Main Relocation**

Survey Complete and wetland areas noted. Low Country Engineers (LCE) to begin layout and design. Jeremy will contact affected homeowners. Since the new line will be below the lake, Jeremy and Russell will determine if any loss of suction could occur at the pump station. This concern should also be raised with LCE. Jeremy now has the plats, drawings and the contact information of the Property owners.

**3. Blue Heron Lake Dam and Spillway**

The directional boring of the new Harbor Island effluent line was completed by Carroll (SWWC Contractor) Construction. Malphrus (Subcontractor to Carroll) to now coordinate with SWWC on tie-ins to existing line.

Update on progress of the (SwWC) Gray force Main thru the Referenced Lake Dam: Carroll Construction has completed the installation of the new piping by Directional Boring week of 9/2/23.

Malphrus Utilities is planning to Test the Piping the week of 9/11 and make the Tie-ins of the new piping to the Existing piping outside of the Blue Herron Lake Dam within the weeks of 9/18 and 9/25 at the latest. When this is complete the danger of the Gray Force Main Piping Failure and/or Leaking will be removed.

**Spillway Construction Schedule-Malphrus Utilities:**

Contract Executed with Malphrus Utilities completed week of August 21.

Sheet Piling (Composite Material) Submitted August 24 and Approved and released to Malphrus Construction August 25.

Malphrus ordered the Sheeting week of August 28.

Expected Delivery time was 10-12 weeks .

If this Expectation continues we should anticipate a delivery (Sheeting) the week of October 30 to November 13.

Construction should start after delivery is made. Sheeting installation is the first work that has to be done before the Spillway can be completed.

The Manufacturer indicated that Delivery would not take quite that long.

We will keep you advised to any changes.

This Emailed to Deer Lake President Darryl Zoekler and Jonathan Carter of POA afternoon 9/11/23.

#### **PSD Portion of Project Construction.**

Awaiting final signed paperwork from Malphrus. Sheet pile submittal has been approved, and product is on order. Expected delivery is 10-12 weeks from date of order. Dewatering and demolition work can proceed once the sheeting is installed. We will have a pre-construction conference prior to starting the work. Phil from LCE will attend and do periodic inspections. LCE has already provided design drawing for the reconstructed spillway.

#### **4. 200K Gallon Tank Recoating**

Jeremy was given the contact information for USG Water so he can schedule the work.

#### **5. GIS Mapping of Water/Wastewater Systems**

Jeremy, Russell and Rob will handle this project going forward.

#### **6. Bridge Bent Retrofits**

Thai Trinh of JMT is proceeding on the design. Bent 25 and 26 bent collar repairs will be added to the scope of work. Construction funding is dependent on the outcome of the Bond Referendum.

#### **7. Water Piping Inspection on both the Johnson Creek Bridge and the Fripp Bridge.**

It was determined that no external agency requires this inspection; however, given that the water line hangers and expansion joints are vulnerable to corrosion, it is felt that periodic inspection should be done. The last one was in 2020, so it is recommended that another inspection be budgeted for FY25. Mike will send Jeremy the quote he received from JMT to do this work.

#### **8. Bridge Abutment Protection**

McSweeney Engineering has been contracted to do the design, and this is underway. Survey is complete. Construction funding is dependent on outcome of Bond Referendum.

On September 6, 2023 Bill Barna (McSweeney) sent an email to let us know that the area around the Bridge Abutment is different from the original survey performed before the recent storm, so we will most likely need an updated survey of the area. Survey control points have already been established, so the update should not take as much time as the initial survey.

#### **9. Sea Glass**

Hanna Engineering was on-site August 10<sup>th</sup> to obtain information on wet well, manholes and pumps. They recently sent pump cut sheets for review by PSD staff.





INITIAL ASSESSMENT  
OF



**Fripp Island Public Service District**

*Committed to Providing Clean, Safe Water for All Our Residents*

September 4, 2023



## **Fripp Island Public Service District**

*Committed to Providing Clean, Safe Water for All Our Residents*

### **Introduction**

This assessment report provides an analysis of the financial management and internal control practices of The Fripp Island Public Service District (FIPSD). FIPSD a special purpose district and political subdivision of the state of SC was formed to provide and maintain waterworks, fire protection, and erosion control facilities as in the opinion of the Commissioners shall be necessary for development of the District, the District's enabling legislation was expanded to include the authority to build, acquire, construct, operate, and maintain sewage collection and disposal facilities.

The FIPSD, located in Beaufort County is a legally separate and fiscally independent entity whose governing body is a Commission of six members whose members are elected in a general election and should therefore be considered a primary government. There are no entities which meet the criteria detailed above for inclusion with the FIPSD's financial statements as component units.

URCPA (the firm) was referred to FIPSD by its independent auditors and was initially contacted by the Commission Chair on August 10, 2023, to discuss services offered by the firm. Subsequently, the commission chair requested URCPA perform an assessment of FIPSD operations to determine financial management and support needed for continued operations following the change in District Managers. The initial assessment was completed on August 23, 2023 with a written assessment to follow within 10 business days.

The assessment included here is a review of all financial operations, to include a review of internal controls, accounts payable, accounts receivable, reconciliations, software, budgeting, and financial reporting. This assessment is an outline of current business practices and includes some suggested recommendations that management must consider on how best to proceed for the benefit of the organization.

This report is for internal uses only and is not for distribution outside of management and commissioners. The analysis performed is not an audit and was not intended to detect fraud or malfeasance. This assessment is not intended for use in any financial relationships, internal or external. Any decisions that management makes from this assessment are management decisions alone and not a decision that URCPA is making on behalf of management.

Recent challenges including staff turnover have led to delays in the month-end closing process and generating monthly financial reports. This report evaluates the organization's current state, identifies areas of concern, highlights strengths, and proposes a plan to address the issues and ensure efficient financial management going forward. Due to the change in the district manager

this assessment is missing some key components due to the lack of knowledge of some operations by staff.

### **Assessment Process**

URCPA conducted a review of the general financial activities, cash management activities, accounts payable activities, accounts receivable activities, general ledger activities, and purchase order activities. The assessment of the financial management practices included a review of internal control procedures in place at FIPSD. The assessment included the following steps:

#### **1. Document Review:**

Examined financial statements, budget reports, and audit findings from previous years.

Reviewed internal control policies and procedures, including those related to expenditure approval, revenue recording, and data integrity.

Analyzed documentation related to staff turnover and its impact on financial operations.

#### **2. Interviews and Discussions:**

Conducted interviews with key staff members responsible for financial management, including those affected by staff turnover.

Discussed challenges, concerns, and potential improvements with relevant personnel.

#### **3. Process Observation:**

Observed the workflow of financial transactions from initiation to recording.

Assessed the effectiveness of communication channels between departments.

### **Assessment of General Activities:**

- 10 employees - seven employees in the water/sewer department, three in public safety to include one full-time firefighter, two part-time firefighters.
- New district manager with less than one month with FIPSD.
- Office manager with more than 5 years with FIPSD.
- Administrative support with less than six months with FIPSD.
- 4 volunteer firefighters.
- The financial management software is MGovPower, which is an Access program that is being used for financial activities, except for payroll which is processed through a regional payroll company.
- Financial activity is managed by staff, with an external payroll company processing payroll and payroll taxes.
- 50 – 100 checks processed per month.
- Quarterly water/sewer billing to FIPSD 1700 customers.
- The financial policies and procedures documented are incomplete and outdated.
- The chart of accounts received appears in good order.

#### **Assessment of Cash Management Activities:**

- There are seven bank accounts, all with Wells Fargo.
- Bank reconciliations are completed by the office manager.
- There are up to six credit cards in use by staff at any point in time.
- Credit cards are reconciled by the office manager.
- Checks are printed by the office manager and signed by the district manager or commission chair.
- The transfer of funds was initiated and approved by the previous district manager; the office manager was unable to provide supporting documentation for transfers.
- Utility payments are sent to a lock box or customers may drop checks in box outside of office or bring checks or cash inside for payment of utility bill.
- Funds are received for leased property.
- Funds are received from the County for property taxes. The office manager is not certain if these funds are mailed/direct deposit.

#### **Assessment of Accounts Payable Activities:**

- Most invoices are for field operations and the invoices are approved by the department manager.
- There are 50 – 100 accounts payable checks processed per month.
- The office manager enters and prints checks to match the supporting documentation received from department managers.
- The district manager or commission chair signs off on checks.
- An external IT company manages data security to ensure all transactions are secure.

#### **Assessment of Accounts Receivable Activities:**

- Billing of utilities includes preparing the billing file by the office manager, then sending the billing file to a local printer to print and mail the utilities bills.
- Invoices are sent out for leases receivable by the office manager.
- Except for opening the mail, all steps for processing payments received are completed by the office manager.

#### **Assessment of General Ledger Activities:**

- The district manager prepared the FIPSD budget on a yearly basis that was approved by the commission.
- Any millage requests for FIPSD are given to Beaufort County by the commission chair.
- The asset listing is maintained in excel. Staff are uncertain of capitalization limits, and it was not included in any documentation received.
- The office manager adds daily journal entries to the ledger, the previous district manager entered all other journal entries. No approvals of journal entries noted.
- A control log is maintained for journal entries prepared.

- The chart of accounts is arranged by department that will allow for department level reporting if necessary.
- The prior periods are closed.
- The financial statements prepared by the previous district manager appear to be accurate and complete.

**Assessment of Purchasing Activities:**

- Purchase order requests are received from the department managers and entered in Access.
- Inventory tracking is performed monthly and is maintained in Access.

Findings:

**Strengths:**

FIPSD has historically prepared detailed and timely financial reports as evidenced by the reports provided. The organization's commitment to transparency and accountability is reflected in its timely filing of required financial reports and audits.

There is low turnover of staff, and two new staff were recently hired to manage the business operations. The office manager has been able to continue with most of the financial processes with the changeover of staff.

Bank reconciliations are performed monthly, financial statements are prepared monthly, quarterly billing and collections occurred timely.

There is sufficient cash on hand to cover operating expenses.

**Challenges:**

Recent staff turnover has disrupted the continuity of financial operations, leading to delays in the month-end closing process and generating monthly financial reports.

The absence of clear contingency plans to address staffing gaps has exacerbated the situation. The lack of well-documented policies and procedures as well as insufficient internal controls are not sound financial practices.

The billings and receipts are managed by one person, the office manager.

The administrative clerk opens mail and gives all mail to the office manager who then processes mail received.

The office manager processes all payments received, either from Lock box, payment box or in person cash and check payments.

Processes are manual entry, which are easily manipulated and prone to errors.

The current financial management software, MGovPower/Access is outdated, no longer serviced by Microsoft and is not reliable.

Plan to Move Forward:

1. Short-Term Solutions:

Immediate Staffing Plan: Prioritize training of personnel to ensure that there are proper internal controls for all financial activities. Ensure cross-training to minimize future disruptions caused by turnover.

Temporary Assistance: Consider contracting interim financial professionals to assist with catching up on delayed tasks and generating essential financial reports.

2. Process Improvement:

Policies and Procedures: Develop written policies and procedures for all financial processes that are communicated with staff to ensure accurate and timely exchange of financial information.

Regular Review: Review policies and procedures annually to update as needed.

Streamlined Procedures: Evaluate and revise internal control procedures to simplify workflows while maintaining accountability and accuracy.

Automated Solutions: Implement accounting software and reporting tools to facilitate data entry, processing, and reporting. This will reduce manual errors and expedite financial reporting.

3. Contingency Planning:

Succession Planning: Develop a comprehensive succession plan that outlines the responsibilities, processes, and individuals involved in key financial roles. This plan should include provisions for unexpected staff changes.

4. Financial Management System:

Immediate: Contact other public service districts to get feedback on the financial management systems being used and issue a request for proposal to the various vendors. Select a vendor and proceed with implementing a financial management system that will enable efficient and effective management and reporting.

Conclusion:

While FIPSD is strong financially, the management practices, internal controls, and recent challenges, including staff turnover, have led to delays in the month-end closing process and generating monthly financial reports. The proposed plan outlines short-term solutions, process improvements, contingency planning, and financial systems to address these challenges and ensure efficient financial management moving forward. By implementing these strategies, FIPSD can overcome its current obstacles and continue its mission with a strong foundation of financial management.

Prepared by: UR Consulting Services, LLC

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

Jeremy Sponseller, District Manager



September 5, 2023

Jeremy Sponseller, District Manager  
Fripp Island Public Service District  
291 Tarpon Boulevard  
Fripp Island, South Carolina 29920

Re: Accounting Services

This letter confirms the Accounting Services that Fripp Island Public Service District (FIPSD or the Client) has asked UR Consulting Services, LLC (URCPA) to perform, and under the terms which we have agreed to do that work. Please read this letter carefully because it outlines expectations for both URCPA and FIPSD. The intention of this letter is to confirm your understanding of, and agreement with, both what is included in our services, as well as the limitations of the Accounting Services you have asked us to perform. If you have any questions regarding this letter, or believe we have missed or misstated your understanding, please call Uvette Pope-Rogers at (803) 361-3843 to discuss this letter prior to signing it.

***Services To Be Provided***

**Engagement to provide accounting and advisory services**

Circumstances include the following:

- Complete June 2023 month end close processing.
- Prepare June 2023 monthly financial statements.
- Prepare fiscal year 2023 preliminary trial balance.
- Assist and review reconciliations for all accounts for fiscal year 2023.
- Prepare adjusting entries for fiscal year 2023.
- Prepare schedules as necessary for fiscal year 2023 audit.
- Prepare fiscal year 2023 financial statements for submission to auditors.
- Prepare adjusted fiscal year 2023 trial balance for submission to auditors.
- Assist with management in the preparation of the management discussion and analysis for the fiscal year 2023.