

REPORT OF FINANCE & ADMINISTRATION COMMITTEE MEETING

February 20, 2018

A meeting of the Finance & Administration Committee was held on Tuesday, February 20, 2018 at 10:00 A.M. at the Authority's Administrative Office in Conway, South Carolina. In accordance with the Freedom of Information Act, notices setting forth the date, time, and place of the meeting were mailed to the news media.

Present were Committee Chairman Lance Thompson and Committee Member Bo Ives. Committee Member Dan Gray was absent due to sickness. Also in attendance were Executive Director Danny Knight, and Directors Jan Bitting, Esther Murphy, Mike Bessant and Bill Hilling and staff members Nannette Powell and Susie Wofford. Board Chairman Pam Creech, Horry County Treasurer Angie Jones and Deputy Treasurer RA Johnson also attended the meeting. There were no members of the media in attendance.

Mr. Thompson called the meeting to order and Mr. Ives rendered the invocation and Mr. Thompson led the group in the Pledge of Allegiance.

Investment Update

Mr. Thompson introduced Ms. Angie Jones, Horry County Treasurer. Ms. Jones began her presentation by advising the group that interest rates are on the rise. She also commented that the state investment pool was at 1.36%. Ms. Jones informed the Committee Members the SWA had \$10.2 Million Dollars in the South Carolina Local Government Fund and she suggested if the SWA did not have any major projects coming up she would like to pull \$5 million out of the local government account and purchase 90 day T-bills at a rate of 1.5%. Mrs. Bitting advised that the SWA did not have anything major coming up besides the landfill gas expansion that is in progress.

Ms. Jones discussed the financial institutions the SWA has money invested along with the timeframe when interest rates were expected to increase. She stated she was excited about Synovus (NBSC) and their interest rates. Ms. Jones stated with public funds all funds have to be collateralized, therefore the funds are safe. Mr. Ives thanked Ms. Jones for shopping for the best rates.

Mr. Thompson requested a projection on interest income with these higher rates. Mrs. Bitting informed him that she would have that information at the budget workshop.

MRF Update

Mrs. Bitting began the Charleston update by reviewing the MRF analysis sheet. She indicated the average price for commodities had increased some in the month of January, with the average price in January being \$182.98 compared to December's average price of \$170.72

Mrs. Bitting advised the group that the total tonnage sold was down approximately 100 tons from the previous month's tonnage. She stated that in December the MRF sold 2340.63 tons and in January the total tons sold were 2243.4. Ms. Bitting informed the Committee that the revenue generated from material that was sold was \$410,499.49.

Mrs. Bitting commented the total incoming tonnage was almost exactly the same as the previous month, with a difference of only one ton.

Mrs. Bitting stated because of the commodity prices being above the base market value price of \$165/ton the cost share to Charleston was \$9,883.66. Therefore, Mrs. Bitting informed the Committee Members that the amount due to Charleston for the month of January was \$9,883.66

Mrs. Bitting advised the total MRF revenue for January was \$400,615.83 and total MRF expenses were \$392,905.45. Therefore, revenue over expenses was \$7,710.38 for January. She informed the Committee Members that total year-to-date revenue for the MRF was \$3,023,200.99 and year-to-date expenses were \$2,497,245.80, which is a year-to-date profit of \$525,955.19.

Mrs. Bitting compared MRF Summary sheets from now and the same time period from last year. She commented that revenue and expenses were extremely close in comparison.

Mr. Bessant advised the group that fiber prices are down \$40 per ton this month. He indicated he is expecting a larger decrease in March. Mr. Bessant also commented that the Chinese New Year is over and the markets opened back up today. However, he informed the Committee Members that it would take approximately one month to get fully operational.

Mr. Thompson inquired if there are updates on Charleston's MRF facility. Mr. Knight advised that April 2019 was the expected date for it to be up and running.

Mr. Thompson stated the Charleston contract was a win/win situation in his mind. But, he wanted to make sure staff was making plans to adjust to the loss in tonnage when the contract ends. Mr. Bessant confirmed that labor costs would be reduced even less than before the contract due to the knowledge that has been learned on efficiency in the process of the last few years.

MSW Incentive

Mrs. Bitting advised the group that the MSW Recycling Incentive has not shown a significant increase in the amount of recyclables that are brought to the MRF. She referenced the MSW Incentive worksheet in the Committee Packet showing an actual decrease in the total recyclables collected.

Mrs. Bitting informed the group it is staff's recommendation to discontinue this program and revamp the program utilizing the some of the funds in the FY18 Budget of \$260,000

for a new program. Mrs. Bitting stated the new program, staff is recommending will utilize some of the funds to increase the C&D Recycling Incentive and establish a recycling grant program. She indicated applicants (waste haulers, municipalities, etc.) would present grant request to the SWA for consideration in hope to increase recycling in Horry County.

Mr. Ives moved to recommend to the full Board approval of staff's recommendation to discontinue the Recycling Incentive Program and increase the C&D Recycling Incentive by \$5.00 per ton for an estimated cost of \$47,500 and use an additional \$152,500 to set up a recycling grant program that waste haulers and municipalities may utilize, total cost not to exceed \$200,000. There was a second by Mr. Thompson and the Motion was carried.

Capital Budget Update

Mrs. Bitting reviewed the FY18 Capital Budget sheet showing the monies that had been spent compared to what was budgeted. She reminded Committee Members that staff could not purchase any item that was over the budgeted amount without the Board's approval.

Mr. Ives thanked the Mrs. Bitting for the information and requested it be added to the Board Reports on a quarterly basis.

There being no further business to come before the Committee, the meeting was adjourned at 10:40 A.M.