

FRIPP ISLAND PUBLIC SERVICE DISTRICT

Saturday, July 29, 2017
Fripp Island Community Centre
9:00 a.m.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Presentation – General Obligation Bond Issue
4. Questions and Comments from Visitors
5. Adjourn

FRIPP ISLAND PUBLIC SERVICE DISTRICT

Minutes: Commission Meeting on July 29, 2017

Present: Danny H. McCormick, Richard S. Combes, Warren S. McKay, and James L. Parks

Absent: Rick E. Keup and John Derrick

Staff: Angie Hughes, District Manager; Kim Hinchey, Office Manager

Guests: Jim Crysel, Jeannine Taylor, Rich George, Kathy & Ross Agee, Ruth Rogers, Don & Hildy Aldrich, Ivan & Sue Welch, Bob Freeman, Dick Work, Carl Koellman, David Manning, Ivan Welch, Alice Parks, Ralph Burchfield, Margaret Pope, Michael Ashby, Tom & Carolyn Hunter, Mike Wilt, Robert Freeman, George Sellers, and Stuart Mitchell

1. Vice-Chairman McCormick called the meeting to order at 9:00 a.m.
2. A presentation on the General Obligation Bond Issue was given by Angie Hughes and Tyler Traudt (*Att A*).
3. Questions and Comments from Visitors
 - (a) Will Harbor Island have to pay a part of the waterline replacement since they are benefiting from the new line as well?
Answer- We do not have taxing authority outside of Fripp Island.
 - (b) As new houses are built on the island, will the millage value change and cause millage for this bond issue to decrease?
Answer- Yes.
 - (c) What is the life expectancy of the new waterline?
Answer- At least 50 years
 - (d) What will happen if FEMA money and/or money from the state comes in after the fact? Will it lower the millage rate or number of years?
Answer- We would reduce millage. Even with FEMA or the State we will be paying for it before we get money from the state.
 - (e) Will the money that has been spent for the Emergency repairs to the revetment be given back to the district?
Answer- Roger did an Emergency repair after the Hurricane and we did receive FEMA funds for that. It is not 100% reimbursement however.
 - (f) Is there an absentee ballot?
Answer- Yes, it will be necessary to contact the Beaufort County Board of Elections to receive an absentee ballot. Information will be sent out by Eblast.
 - (g) What are we responsible for versus private owners? What if they fail to fix their private sections of the revetment?
Answer- We are responsible for protecting the FIPSD portion of the revetment only. The FIPSD has been in contact with those responsible for individual lots. Public money cannot be spent on private property and private property owners are responsible for their lots and seawalls/revetments.
 - (h) If the Bond issue passes what is the expectation for who will do the work on the revetment and how fast will the rest of the revetment be repaired?

Answer- The first step is a bid process, and we have to follow state procurement procedures. It will depend on when the funds are made available.

(i) How likely is it the Bond will NOT pass?

Answer- Only full time residents will be allowed to vote. We have around 700 registered voters. Some households have multiple voters. The Commission feels that this resolution is in the best interest of the island. If it fails, the PSD will have to examine other options.

(j) On the day of the vote, does majority win?

Answer: Yes the majority will win. A tie will result in it failing.

(k) Do you have the specific wording of the resolution?

Answer- Shall the Fripp Island Public Service District, located in Beaufort County, South Carolina, be authorized to issue and sell, either as a single issue or as several separate issues, general obligation bonds of the District in an aggregate principal amount of not exceeding \$5,500,000, the proceeds of which shall be applied to defray the costs (including architectural, engineering, legal and related expenses) of the following: (A)(i) the costs of repairing, reconstructing and mitigating certain District revetments and related infrastructure, and (ii) the costs of relocating and replacing certain water transmission and related infrastructure in connection with the replacement of the Harbor River Bridge; and (B) the costs of issuance of such bonds? Yes, in favor of the question. No, opposed to the question.

(l) Can only residents can vote?

Answer- That is correct. You must be registered to vote on Fripp Island. That is constitutional law and not a decision of the district.

(m) Will we end up with a better revetment than we had prior to Hurricane Matthew?

Answer- Yes, there will be more armor stone and a more gradual slope from the sea floor to help against wave action. It will not be taller than previous. Also, important to note is the revetment DID NOT fail in Hurricane Matthew. It did its job in protecting the road and water lines but did suffer significant damage and breaches that need to be repaired.

(n) Does the work that Roger Wilson has already done have to be re-done?

Answer- Maybe some, but the Engineering firm who is working on the design build came out to look and was satisfied with the work Roger has done.

(o) Are you going to publish or show the revetment design? There is concern due to maintenance and drainage of Porpoise Road.

Answer- The bid documents will be public knowledge.

(p) Is there an issue with scouring under the revetment?

Answer- No, the scouring issue we currently have is with the Bridge and not the revetment.

(q) Will you have money in hand to start relocation of water line?

Answer- Yes, that will be ready before the bridge is to be built.

(r) Where is the new bridge being placed? Will it have the same footprint?

Answer- No, it will not be the same footprint. They will leave the old bridge in place while building the new one.

(s) Is it one question on the referendum? Is August to soon to vote?

Answer- It is one question. No, because of the time it will take to actually begin construction.

(t) Exactly what is the referendum funding?

Answer- The replacement of the water line is for the Harbor River Bridge project, and to make the necessary repairs to the revetment as per the engineers.

(u) Where does the resort stand regarding funding of the revetment?

Answer- All taxpayers on Fripp Island will pay a portion of the cost of repairs.

9. There being no further business, the meeting adjourned at 10:30 a.m., upon a motion by Mr. Combes.



Angel L. Hughes
Secretary

Table of Contents

I. Overview of the Fripp Island Public Service District

II. Overview of the Revetment and Damage Caused by Hurricane Matthew

III. How Does the District Plan to Repair Damage & What Does it Cost

IV. How will the District pay for the Projects?

Overview of the Fripp Island Public Service District

Overview of the Fripp Island Public Service District

- The District is a Special Purpose District created by the South Carolina legislature in 1962, when development of the island was just beginning.
 - A Special Purpose District is a district created by an Act of the South Carolina General Assembly, which provides limited and specific governmental services within a specific area. Typical functions granted to SPDs include, fire protection, sewage treatment, water or natural gas distribution, and recreation.
 - Special Purpose Districts do not include any state agency, department, commission or school district.
- Services provided originally included water supply, fire protection and erosion control.
- In 1993, with the acquisition of the island's sewer system from the Fripp Company, the District's services expanded to include wastewater collection and treatment.
- In 2003, operation and maintenance of the Fripp Inlet Bridge also became a District responsibility when ownership of the bridge was transferred from the Fripp Island Property Owners Association to the District.
- The District is governed by the Fripp Island Public Service District Commission, originally composed of three members appointed by the Beaufort County legislative delegation
 - Legislation was amended in 1974 to increase the number of commissioners to six
 - With the successful passage of a voter referendum in November 2000, the Commission became an elected body and the first election of Commissioners took place in November 2001.
 - Commissioners are elected to 4-year terms, and elections are held in even-numbered years

Table of Contents

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History of the Revetment

Overview

- In 1974, developers completed a 2,000-foot concrete seawall and rock groin along Fripp Inlet to protect the Ocean Point golf course and the area where New Haven Villas were built.
- Shortly thereafter, the Fripp community decided that a rock revetment along the beachfront was the best means for checking erosion.
- The district adopted a policy that it would design the revetment and individual property owners would be responsible for the cost of installation and maintenance.

Damage Caused in 1983 Storm

- On the weekend of October 8, 1983, very high tides driven by strong northeasterly winds caused extensive damage along the Fripp Inlet shoreline in the vicinity of Porpoise Drive and Remora Drive.
 - This damage destroyed the road and a water main.
 - During the next 15 months, the District built the revetment along the Fripp Inlet to protect the road and water and sewer lines during future storm events.
 - The following two slides show the damage caused by the storm in 1983.

Shoreline Damage 1983



Shoreline Damage 1983



Hurricane Matthew Revetment Damage

Overview

- Hurricane Matthew hit the barrier islands of South Carolina and the Lowcountry on October 8th.
- The Fripp Island Public Service District's Fripp Inlet revetment along Porpoise Drive was heavily damaged and sustained several major breaches.
- Notwithstanding the damage to the revetment itself, the revetment accomplished its intended purpose, with no loss of water or sewer lines and minimal damage to the road.

Response of the District

- Upon gaining access to Fripp Island after evacuation orders were lifted, PSD Commissioners and staff began working immediately to repair the areas of the revetment that incurred the worst damage.
- An existing approved proposal for revetment repairs was converted to an emergency repair to combat the effect of erosive wave action along the roadway, which could directly endanger the District's water and sewer lines beneath the road.
- The District submitted a Request for Public Assistance to FEMA for federal funds to assist in covering costs of hurricane-related damages to the revetment and a permit was obtained from the SC Department of Health and Environmental Control's Office of Ocean and Coastal Resource Management (OCRM).
- A survey of elevations at cross-sections along the revetment was done for comparison with a survey done in 2012, in order to determine the average loss of elevation along the revetment.
 - It was determined that the loss of elevation from the top of the revetment ranges from 1 to 4 feet.

Hurricane Matthew Revetment Damage



Hurricane Matthew Revetment Damage



Hurricane Matthew Revetment Damage



Table of Contents

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II. Overview of the Revetment and Damage Caused by Hurricane Matthew

III. How Does the District Plan to Repair Damage & What Does it Cost

IV. How will the District pay for the Projects?

Project Description

Revetment Repair

- Complete repair of the Revetment will include:
 - Rework revetment base, adding fill as necessary
 - Replacement of damaged filter cloth
 - Build-up of the revetment crest to the approximate pre-storm elevation of 8' NAVD 88 (approximately 3-4' above existing road surface), using armor stone for protection against erosive wave action
 - Add an armor stone “blanket” to the toe and slope of revetment to further protect against erosive wave action
- Repair of the Revetment is projected to cost up to \$2.3 million.

Harbor River Waterline Replacement

- The South Carolina DOT intends to replace the swing bridge spanning the Harbor River along U.S. Highway 21 in Beaufort County.
- The District's 10" water main, which provides potable water service to Harbor, Hunting and Fripp Islands is located within SC DOT's right-of-way and buried in the causeway approaches on both sides of the bridge.
- SC DOT policy requires utilities whose lines are located within DOT rights-of-way to relocate their lines at the utility's expense.
- Replacement of the Harbor River Waterline is projected to cost up to \$3.2 million

Table of Contents

I. Overview of the Fripp Island Public Service District

II. Overview of the Revetment and Damage Caused by Hurricane Matthew

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How will the District pay for the Project?

Voter Approved G.O. Bonds

- Voter approved General Obligation Bonds allow the District to:
 1. Fund the full project cost of both projects
 2. Pay the least amount of interest
 3. Maintain cash reserves (primary source of budgetary flexibility)
 4. Maintain 8% debt capacity (primary source of budgetary flexibility)

Tax Impact of General Obligation Bonds

- The following page provides an overview of the projected tax impact of the proposed General Obligation Bonds, detailed below:
 1. Level Debt Service
 - The first page shows the impact of both 15 and 20 year amortizations for the revetment project using a level debt service structure.
 - The water line replacement project will be amortized over 20 years with a level debt service structure.
 2. Wrapped Debt Service
 - The second page shows the impact of both 15 and 20 year amortizations for the revetment project using a wrapped debt service structure.
 - The water line replacement project will be amortized over 20 years with a level debt service structure.

General Obligation Bond Tax Impact – Level Debt Service

Observations

- The two scenarios shown below fund both projects while using a 15 year and 20 year maturity.
- A level debt service structure is used.

			A				B		
1	2	3	4	5	6	7	8	9	10
			Waterline Replacement	Revetment Repairs Scenarios					
			SRF G.O. Loan	General Obligation Bond			General Obligation Bond		
			3,200,000	\$2,300,000			\$2,300,000		
			Level Debt Service	Level Debt Service			Level Debt Service		
			1.90%	2.85%			3.35%		
Fiscal Year	Value of a Mill	Existing Debt Service	Debt Service	Debt Service	Total Debt Service	Mills Required	Debt Service	Total Debt Service	Mills Required
2017	46,573	442,944	-	-	442,944	9.51	-	442,944	9.51
2018	46,573	442,944	-	28,535	471,479	10.12	33,541	476,485	10.23
2019	46,573	442,944	76,040	209,030	728,014	15.63	171,965	690,949	14.84
2020	46,573	442,944	199,152	209,011	851,107	18.27	171,883	813,978	17.48
2021	46,573	442,943	198,478	208,879	850,299	18.26	171,700	813,121	17.46
2022	46,573	442,944	198,751	209,632	851,327	18.28	171,417	813,112	17.46
2023	46,573	442,943	198,991	209,243	851,177	18.28	172,034	813,968	17.48
2024	46,573	442,944	199,141	208,740	850,825	18.27	171,516	813,601	17.47
2025	46,573	442,944	199,244	209,123	851,311	18.28	171,898	814,086	17.48
2026	46,573	347,405	198,304	209,364	755,072	16.21	172,146	717,855	15.41
2027	46,573	60,789	198,340	209,462	468,590	10.06	172,260	431,388	9.26
2028	46,573	60,788	199,276	209,417	469,481	10.08	171,240	431,304	9.26
2029	46,573	60,788	199,150	209,230	469,168	10.07	172,120	432,058	9.28
2030	46,573	60,788	198,968	208,901	468,656	10.06	171,832	431,587	9.27
2031	46,573	60,788	198,743	209,429	468,959	10.07	171,410	430,940	9.25
2032	46,573	60,788	198,475	208,786	468,048	10.05	171,854	431,116	9.26
2033	46,573	60,789	199,107	-	259,895	5.58	172,130	432,025	9.28
2034	46,573	60,788	198,692	-	259,480	5.57	172,239	431,719	9.27
2035	46,573	60,806	199,191	-	259,997	5.58	172,181	432,178	9.28
2036	46,573	-	198,643	-	198,643	4.27	171,955	370,597	7.96
2037	46,573	-	199,009	-	199,009	4.27	171,561	370,570	7.96
2038	46,573	-	198,328	-	198,328	4.26	-	198,328	4.26
Total		4,881,013	3,854,018	2,956,778	11,691,809		3,298,877	12,033,908	
						Millage Increase	8.77	Millage Increase	7.97

Analysis is preliminary and subject to change

General Obligation Bond Tax Impact - Wrapped Debt Service

Observations

- The two scenarios shown below fund both projects while using a 15 year and 20 year maturity.
- A wrapped debt service structure is used.

			A							B	
1	2	3	4	5	6	7	8	9	10		
			Waterline Replacement	Revetment Repairs Scenarios							
			SRF G.O. Loan	General Obligation Bond			General Obligation Bond				
			3,200,000	\$2,300,000			\$2,300,000				
			Level Debt Service	Wrapped Debt Service			Wrapped Debt Service				
			1.90%	3.00%			3.50%				
Fiscal Year	Value of a Mill	Existing Debt Service	Debt Service	Debt Service	Total Debt Service	Mills Required	Debt Service	Total Debt Service	Mills Required		
2017	46,573	442,944	-	-	442,944	9.51	-	442,944	9.51		
2018	46,573	442,944	-	48,075	491,019	10.54	54,338	497,282	10.68		
2019	46,573	442,944	76,040	118,610	637,594	13.69	90,500	609,484	13.09		
2020	46,573	442,944	199,152	119,110	761,206	16.34	90,150	732,246	15.72		
2021	46,573	442,943	198,478	118,550	759,971	16.32	90,800	732,221	15.72		
2022	46,573	442,944	198,751	117,960	759,655	16.31	90,415	732,110	15.72		
2023	46,573	442,943	198,991	118,340	760,274	16.32	91,030	732,964	15.74		
2024	46,573	442,944	199,141	118,660	760,745	16.33	90,610	732,695	15.73		
2025	46,573	442,944	199,244	117,920	760,108	16.32	91,190	733,378	15.75		
2026	46,573	347,405	198,304	157,150	702,859	15.09	147,735	693,444	14.89		
2027	46,573	60,789	198,340	332,150	591,278	12.70	229,285	488,413	10.49		
2028	46,573	60,788	199,276	333,810	593,874	12.75	229,895	489,959	10.52		
2029	46,573	60,788	199,150	333,170	593,108	12.74	229,295	489,233	10.50		
2030	46,573	60,788	198,968	333,290	593,046	12.73	229,520	489,276	10.51		
2031	46,573	60,788	198,743	333,140	592,671	12.73	229,535	489,066	10.50		
2032	46,573	60,788	198,475	333,720	592,983	12.73	229,340	488,603	10.49		
2033	46,573	60,789	199,107	-	259,895	5.58	229,935	489,830	10.52		
2034	46,573	60,788	198,692	-	259,480	5.57	229,285	488,765	10.49		
2035	46,573	60,806	199,191	-	259,997	5.58	229,425	489,422	10.51		
2036	46,573	-	198,643	-	198,643	4.27	290,320	488,963	10.50		
2037	46,573	-	199,009	-	199,009	4.27	290,835	489,844	10.52		
2038	46,573	-	198,328	-	198,328	4.26	-	198,328	4.26		
Total		4,881,013	3,854,018	3,033,655	11,768,686		3,483,438	12,218,468			
						Millage Increase	6.83	Millage Increase	6.24		

Analysis is preliminary and subject to change

Timeline of the District

DATE	TASK
July 29 @ 9:00AM	▪ Town Hall Meeting
August 5 @ 9:00AM	▪ Town Hall Meeting
August 15	▪ Hold Special Election in District
August 28	▪ County Council Adopts Resolution Declaring Result of Election
August 29	▪ File Resolution with Clerk of Court
September 28	▪ Closing of Series 2017 (Funds Revetment Project)
FY 2019	▪ Closing of Series 2019 (Funds Waterline Replacement)

Questions and Answers

Questions and Answers

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