



## REGIONAL SEWER FEASIBILITY STUDY

### **OJRSA Ad Hoc Regional Feasibility Study Implementation Committee OJRSA Reorganization Recommendations**

**June 16, 2025**

The OJRSA Regional Feasibility Planning Study (“Planning Study”), completed in August 2024 and adopted in September 2024, recommended establishing the Ad Hoc Regional Feasibility Study Implementation Committee (“Ad Hoc Committee”). The purpose of this committee was to review, discuss and evaluate the Planning Study’s primary recommendations for a new governance structure for Oconee Joint Regional Sewer Authority (“Authority”) and to provide independent recommendations for implementing this restructuring.

The Ad Hoc Committee was established by the Board of Commissioners, as the governing body of OJRSA (“Board”), in November 2024. The initial Ad Hoc Committee was staffed with 10 members, and one *ex officio* member as follows:

- Chip Bentley, *Ex Officio* Member
- Amanda Brock, Oconee County
- Chris Eleazer, OJRSA
- Joel Jones, Utility Expert (Environmental/Utility Compliance)
- Scott McLane, Seneca
- Celia Myers, Walhalla
- Scott Parris, Westminster
- Graham Rich, Utility Expert (Economic Development), *resigned*
- Sue Schneider, Utility Expert (Management)
- River Stillwell, Utility Legal Expert
- Scott Willett, Utility Expert (Finance)

The Planning Study suggested a six month timeline for the Ad Hoc Committee to review prior work and complete initial evaluations for recommendations that would be presented to the Board and Oconee County, as an entity recommended for addition to the Authority under the Planning Study.

During the initial meeting, Graham Rich was elected Chair of the Ad Hoc Committee. Thereafter, Mr. Rich resigned due to personal reasons. The Ad Hoc Committee determined that they had an adequate number of utility experts with experience across all relevant areas, making a replacement unnecessary. Mr. Joel Jones, former CEO of Renewable Water Resources, was subsequently elected to serve as Chair moving forward, while the rest of the committee membership remained unchanged. Since December 2024, the Ad Hoc Committee has been convened monthly to advance this important process. All Ad Hoc Committee meetings were properly advertised and open to the public in accordance with the South Carolina Freedom of Information Act. The meetings of the Ad Hoc Committee were held on the dates noted below, and minutes from each such meeting are attached hereto for reference:

- December 2, 2024
- January 9, 2025
- February 13, 2025
- March 13, 2025
- April 10, 2025
- May 8, 2025
- June 16, 2025

**The following information outlines the Ad Hoc Committee's five major recommendations to reorganize/reconstitute the Authority under the Joint Authority Water and Sewer Systems Act.**

**1. The collection systems of current Authority members and Oconee County should be consolidated into one combined system – owned, operated, and maintained by the reconstituted Authority.**

- Timely evaluations (technical) and valuations (financial) of the collection systems, including debt, asset viability, and immediate capital, are essential to finalize the terms of the system transfers to the Authority. This step is crucial in the process and should be completed as soon as possible. *(NOTE: For the consolidation of the current collection systems into the reconstituted Authority, the Town of West Union should be included in this effort.)*
- It is recommended that all affected entities, to include the Board, the governing bodies of each member of the Authority (Walhalla, Westminster and Seneca), Oconee County Council, and the West Union Town Council, adopt a

resolution expressing initial support for this consolidation effort. The resolutions can be non-binding and contingent upon the final terms and conditions of the transfers. However, it would demonstrate a unified approach and support for the overall process, potentially aiding in the acquisition of any future grant funding or other forms of financial support.

- A unified and equitable rate structure will be developed and deployed as a part of the governance documents of the reconstituted Authority. A timeline for developing and implementing this rate structure will be completed as soon as possible.
- If the consolidation of any or all collection systems does not progress in a timely manner, or at all, the Authority, in its current form, must issue individual permits to each entity that retains ownership of those systems. These permits will necessitate ongoing compliance with the Authority’s Sewer Use Regulation (“SUR”), which is further mandated by the Authority’s National Pollutant Discharge Elimination System (“NPDES”) permit issued by the South Carolina Department of Environmental Services (“SCDES”). This action will empower the Authority to enforce the conditions of these permits as outlined in the SUR. Further, SCDES recently confirmed that the agency’s expectation is that the Authority enforce its SUR for all upstream users as necessary to comply with the Authority’s own NPDES permit. Any permits issued to the current member entities, Oconee County, and/or Town of West Union<sup>1</sup> would reflect this regulatory expectation, though the precise terms would be left to the Authority’s discretion.

## **2. The Authority should be reconstituted with a five-member Board of Commissioners (the “New Board”).**

Based on the Joint Authority Water and Sewer Systems Act (SC Code Ann §§6-25-5, et. seq.) (“Act”), a “member of a joint system” is defined as “an authority that has

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<sup>1</sup> Anecdotally, SCDES shared that it is presently dealing with a situation elsewhere in the state involving a wastewater utility with compliance difficulties linked to a single large upstream user. In that situation, EPA has recommended that SCDES make the utility and each satellite user a co-permittees on the upcoming renewal of the utilities’ NPDES permit. Such action creates jointly and severally responsibility to the state and federal government for all noncompliance going forward. In the absence of the recommended consolidation or issuance of individual permits, it is possible regulators could impose such a co-permittee scenario on the Authority and all member entities in the future.

taken the actions necessary to form or join the joint system.” Based on this definition, the members with representative interests on the New Board will be the City of Seneca, the City of Walhalla, the City of Westminster and Oconee County. Draft legislation has been proposed to amend the Act to permit new methods for appointing commissioners to a joint authority. Conversations with legislative leadership have been ongoing, and proposed changes to the Act are expected to be considered during the 2026 legislative session at the earliest.<sup>2</sup> A copy of the proposed legislative changes to the Act are attached to this recommendation report.

Assuming these changes are approved, the full appointment of the commissioners to the New Board will be made by the Governor of South Carolina, based upon the recommendations of the Oconee County Legislative Delegation (the “Delegation”).

**The following bullets provide the basic guidelines for commissioner recommendations. These will be outlined in the governance documents for the reconstituted Authority:**

- All commissioners must reside within the service territory of the member to whom they are appointed to represent and have a service contract for public sewer at the time of appointment and for the duration of their term. At least one commissioner of the New Board shall be appointed from the service area of each member of the joint authority (i.e. one from Westminster, Walhalla, Seneca, and Oconee County, respectively).
- Gubernatorial appointed commissioners cannot be current elected officials or current staff of any Authority member.
- Clarifying language will be included in the governance documents for the reconstituted Authority to address changes to the Authority’s service territory and the potential impact on the appointment of future Commissioners. In general, if areas outside Oconee County are served, such customers would be

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<sup>2</sup> If the legislative changes fail or take longer to be approved, the current Authority governance documents could be dissolved by the current Board and member entities and new governance documents drafted. In such event, it is recommended that the reconstituted Authority be served by a five-member New Board and subject to the parameters outlined in the Committee’s Recommendation 2. This act is further predicated on unequivocal endorsement that all of the existing collection systems be consolidated into a single system.

by contract and the New Board would not be expanded (*i.e.*, *Anderson County*).

- Terms of commissioners will be dictated by the revised Act and will generally be for 4 years.
- Under this New Board structure and with collection system consolidation, all votes will be based on one vote per commissioner. All other voting protocols will be defined in the new governance documents.

**If the proposed legislative amendments to the Act are not enacted, the New Board will not be recommended by the Delegation and appointed by the Governor but rather will continue under the current method of appointment whereby the members of the Authority appoint their respective representatives to the New Board. The following bullets provide the basic guidelines for Commissioner recommendations in the event the proposed legislative amendments are not adopted:**

- For the New Board representation should be as follows:
  - City of Seneca – Recommendation for 1 commissioner;
  - City of Walhalla – Recommendation for 1 commissioner;
  - City of Westminster – Recommendation for 1 commissioner;
  - Oconee County – Recommendation for 1 commissioner; and
  - Recommendation for 1 at-Large commissioner to be agreed upon by Seneca, Walhalla, Westminster and Oconee County
- Best efforts should be undertaken to avoid the appointment of any commissioner that involves current staff of any member or any elected official. It is strongly encouraged that the bylaws of the New Board expressly prohibit any such *ex officio* or principal/agent service on the New Board.
- Clarifying language will be included in the governance documents for the reconstituted Authority to address changes to the Authority's service area and the potential impact on the appointment of future Commissioners. In general, if areas outside Oconee County are served, these would be by contract and the Board would not be expanded.

- Consistent with the Act, commissioner to serve at discretion of the members.
  - Under this New Board structure and with collection system consolidation, all votes will be based on one vote per Commissioner. All other voting protocols will be defined in the new governance documents.
- 3. The governance documents of the reconstituted Authority will be drafted and supersede all existing Authority governance documents and contracts, which must be dissolved as a part of this process. These documents will also provide that the reconstituted Authority will have the power to provide retail sewer services within its service area as necessary to support the operation of the consolidated collection systems. This should be finalized upon completion of the consolidation but can be drafted during the consolidation process.**
- 4. The current Board will dissolve the current Ad Hoc Committee and then establish a working group or smaller ad hoc committee to oversee and guide the initial implementation steps outlined above (the “Implementation Committee”). The Implementation Committee is recommended to include:**
- No more than 2 representatives of the current Board. Suggestion that these committee seats be held by the Board Chair and Vice Chair, since these positions are voted on by the current Board.
  - 1 representative of OJRSA staff.
  - 1 representative of Oconee County.
  - 1 representative of the Appalachian Council of Governments (ACOG).
  - No more than 2 additional facilitators (non-voting) may also be recommended.
  - Independent legal counsel should also remain actively involved in all consolidation efforts to ensure compliance with all legal requirements.
- 5. It is recommended that a Communications Plan for the reorganization be developed, which should be used by all entities involved. This plan will ensure clear and consistent messaging while also allowing for input from residents and customers of the Authority. Maintaining an open process is crucial to maximize**

**the chances of success in consolidating the collection systems and establishing the reconstituted Authority with the New Board.**

**Summary Statement:**

**The Ad Hoc Committee believes the foregoing recommendations to be vital to the long-term success of the Authority. In the absence of the implementation of these recommendations, the Authority runs the risk of significant regulatory compliance matters, lack of funding, and restrictions on growth and development of the County as a whole. As a plan to implement these recommendations, an implementation timeline is attached hereto as Exhibit A and incorporated herein by reference.**

## **EXHIBIT A**

### **IMPLEMENTATION TIMELINE**

**The following bullets provide a target schedule associated with completion of these initial recommendations. The schedule begins when the current Board approves these Reorganization Recommendations:**

- **Within 45 days**, the current Board will dissolve the current Ad Hoc Committee and establish the Implementation Committee for further implementation oversight.
- **On a quarterly basis**, the Implementation Committee will provide an update to the SC Rural Infrastructure Authority, the current Board and Oconee County on the progress of the implementation of these initial recommendations.
- **Within 45 days**, the legislative revisions to the Act will be finalized and provided to the Delegation. Consultation shall be made with the Delegation on whether lobbyist support will be needed.
- **Within 90 days**, resolutions of support for system consolidation/Authority reorganization will be provided to and adopted by each governing body affected by the recommendations, including the Board, Seneca City Council, Walhalla City Council, Westminster City Council, West Union Town Council, Oconee County Council).
- **Within 120 days**, consultants shall be engaged, and the process of collection system evaluation (technical) and valuation (financial) will be initiated, including identification of potential funding for this effort and immediate rehabilitation projects that may be identified or on current Capital Improvement Plans. Additionally, a rate consultant will be engaged.
- **Within 120 days**, a Communications Plan will be developed under the guidance of the Implementation Committee and provided to all entities involved.
- **Within 60 days of the approved changes to Act being approved (likely July/August 2026)**, the list of recommendations for the initial commissioners for the New Commission will be provided to the Delegation.
- **Within 15 months**, after consultant engagement the evaluation and valuation of collection systems will be completed.
- **Within 18 months**, after consultant engagement the determination of a timeline for developing a unified, equitable rate structure will be provided as a part of the initial terms for collection system consolidation.
- **Within 24 months**, legal documents to transfer collection system assets to the Authority will be executed, as well as all necessary reconstitution documents.

- **Within 25 months**, if the legislative amendments have not be approved, plans for consolidation under the amended Act will be abandoned. Thereupon, the Authority will proceed to consolidate the member system and implement the reconstitution under the existing Act, with such process to be finalized by no later than **36 months**. Additionally, all members shall be issued permits in compliance with the SUR and added as co-permittees under the NPDES permit, if consolidation for any member does not occur.

## **ATTACHMENTS**

- **Copies of Minutes of Ad Hoc Committee Meetings**
- **Draft of Proposed Amendments to the Act**

TO AMEND CERTAIN PROVISIONS OF TITLE 6, CHAPTER 25 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, TO AUTHORIZE CERTAIN CLARYIFYING AMENDMENTS REGARDING COMMISSIONERS, RECONSTITUTION, BOND APPROVAL AND DURATION.

Be it enacted by the General Assembly of the State of South Carolina:

**SECTION 1. Section 6-25-20 shall be amended to add the following defined terms:**

**§ 6-25-20. Definitions.**

(14) "Legislative Delegation" means all members of the South Carolina Senate and South Carolina House representing any county where a joint system is located.

(15) "Governor" means the Governor of the State of South Carolina.

**SECTION 2. Section 6-25-50 shall be amended and restated as follows:**

**§ 6-25-50.** ~~Agreement as to number of commissioners each member may appoint;~~ Application filed with Secretary of State; corporate certificate.

(A) The governing bodies of the members of a joint system shall form an agreement specifying the number of commissioners ~~each member may appoint to a commission created to govern the joint system pursuant to Section 6-25-60.~~

(B) ~~Two or more commissioners~~ The proposed members of a joint system shall jointly file an application with the Secretary of State ~~an application signed by the commissioner or each proposed member setting forth:~~

(1) ~~the names of~~ number of proposed members of the joint system, the number of proposed commissioners, and their respective appointed commissioners the method of appointment pursuant to Section 6-25-60(B);

(2) ~~(a) the a~~ certified copy of a resolution of each member determining it is in its best interest to participate in the proposed joint system; and

~~(b) the resolution appointing the member's commissioner;~~

(3) the desire that the joint system be organized as a public body corporate and politic under this chapter;

(4) the name which is proposed for the joint system; and

(5) the purpose for creation of the joint system.

The Secretary of State shall file the application if after examining it and determining that it complies with the requirements in this section and that the proposed name of the joint system is not identical with that of any other corporation of the State or any agency or instrumentality or so nearly similar as to lead to confusion and uncertainty.

After the application has been filed, the Secretary of State shall issue a corporate certificate that must be filed with the application, and the joint system then must be constituted a public body corporate and politic under the name proposed in the application. The corporate certificate shall set forth ~~the names of all voting member and~~ the name of the joint system. There also must be stated upon the corporate certificate the purpose for which it has been created, as set forth in the application. Notice of the issuance of such corporate certificate must be given to all members of the joint system by the Secretary of State.

In any suit, action, or proceeding involving the validity or enforcement of, or relating to, contract of a joint system, the joint system in the absence of establishing fraud shall be conclusively

considered to have been established in accordance with the provisions of this chapter upon proof of the issuance of the certificate by the Secretary of State. A copy of the certificate, duly certified by the Secretary of State, is admissible in evidence in any suit, action, or proceeding and is conclusive proof of the filing and contents.

**SECTION 3. Section 6-25-60 shall be amended and restated as follows:**

**§ 6-25-60.** Joint system to be managed and controlled by commission; appointment of commissioners; oath; records; seal; quorum; vacancies; expenses.

(A) The management and control of a joint system is vested in a commission that may consist of no fewer than five members and no more than eleven members. A commissioner has one vote and may have additional votes as a majority of the members of the joint system determines. Notwithstanding the provisions of this subsection requiring the commission managing a joint system to have no fewer than five members and no more than eleven members, a joint system in existence on this section's effective date and having fewer than five members or more than eleven members on this section's effective date may continue to maintain the number of members serving on the section's effective date and may add additional members as its commissioners determine.

(B) As contemplated by the initial application to the Secretary of State, commissioners serving on the commission may be appointed under one of the following procedures:

(1) Appointment by member. The governing body of each voting member of a joint system shall appoint one or more a commissioner, ~~pursuant to Section 6-25-50(A),~~ to serve as a commissioner of the joint system. ~~A commissioner has one vote and may have additional votes as a majority of the members of the joint system determines.~~ A commissioner serves at the pleasure of the governing body by which he was appointed. A commissioner, before entering upon his duties, shall take and subscribe to an oath before a person authorized by law to administer oaths to execute the duties of his office faithfully and impartially, and a record of each oath must be filed with the governing body of the appointing authority.

~~Notwithstanding the provisions of this subsection requiring the commission managing a joint system to have no fewer than five members and no more than eleven members, a joint system in existence on this section's effective date and having fewer than five members or more than eleven members on this section's effective date may continue to maintain the number of members serving on the section's effective date and may add additional members as its commissioners determine.~~ Further, and notwithstanding the appointment requirements above, in the event there are an even number of members of a joint system (i.e. 4, 6, 8, 10), the project contract, bylaws or other similar agreement for the joint system may authorize one additional member of the commission; such additional commissioner shall be recommended by the legislative delegation from each county where the joint system is located, and upon receipt of such recommendation, such additional commissioner shall appointed by the Governor. Any gubernatorial appointment shall be for a term of four years and shall serve until a duly appointed successor is appointed and qualified. Any commissioner appointed by the Governor hereunder must reside within a household receiving utility services from the joint system or a member of the joint system. Any vacancy of such member must be filled for the remainder of the unexpired term in the same manner as the original appointment. If a new member of a joint system is added under the provisions hereof such that there becomes an odd number of members of a joint system, any gubernatorial appointed commissioner shall be deemed to automatically vacate his position as a commissioner as of the date of the admission of such new member of a joint system and their respective appointment of a new commissioner.

(2) Appointment by Governor. The commissioners may be appointed by the Governor in accordance with the following procedures:

(a) The Governor, based upon the recommendation of the legislative delegation from each county that the joint system operates, shall appoint each commissioner. Each appointed commissioner must reside within a household receiving utility services from the joint system or a member of the joint system. In making such appointments, there shall be at least one commissioner appointed by the Governor from the service area of each member of the joint system.

(b) Excepting the initial appointments as necessary to create a staggered commission which may be two or four years, respectively, each commissioner must be appointed and serve for a term of four years and until his successor is appointed and qualified, provided that the terms of the commissioners must be staggered such that approximately one-half of the total members appointed by the Governor must be appointed or reappointed every two years. A vacancy must be filled for the remainder of the unexpired term in the manner of the original appointment. Respecting the initial commission appointed herein, the minority portion of the staggered membership, representing those authorities with the lowest number of customers of the joint system, shall serve for an initial two-year term.

~~(B)~~ (C) The commissioners of the joint system shall annually, or biennially, if provided in the bylaws of the joint system, elect, with each commissioner having one vote, one of the commissioners as chairman, another as vice chairman, and other persons who may, but need not be commissioners, as treasurer, secretary and, if desired, assistant secretary. The office of treasurer may be held by the secretary or assistant secretary. The commission may also appoint such additional officers as it deems necessary. The secretary or assistant secretary of the joint system shall keep a record of the proceedings of the joint system, and the secretary must be the custodian of all books, records, documents, and papers filed with the joint system, the minute book or journal of the joint system, and its official seal.

~~(C)~~ (D) A majority of the commissioners of the joint system shall constitute a quorum. A vacancy on the commission of the joint system shall not impair the right of a quorum to exercise all rights and perform all the duties of a joint system. Any action taken by the joint system under the provisions of this chapter may be authorized by resolution at any regular or special meeting held pursuant to notice in accordance with bylaws of the joint system, and each resolution shall take effect immediately and need not be published or posted. Except as is otherwise provided in this chapter or in the bylaws of the joint system, a majority of the votes which the commissioners present are entitled to cast, with a quorum present, shall be necessary and sufficient to take any action or to pass any resolution. No commissioner of a joint system shall receive any compensation solely for the performance of duties as a commissioner, but each commissioner may be paid per diem, mileage, and subsistence expenses, as provided by law for state boards, committees, and commissions, incurred while engaged in the performance of such duties.

(E) All commissioners shall hold the qualifications of an elector.

(F) Commissioners appointed under subsection (B)(2) above may not be an officer or employee of a member of a joint system, and no commissioner shall be permitted to serve on an ex officio basis. Separately, for commissioners appointed under subsection (B)(1) above, the members of the joint system may include a restriction in the project contract, bylaws or other agreement for the joint system that no commissioner may be an officer or employee of a member of a joint system, and no commissioner shall be permitted to serve on an ex officio basis.

(G) Any commissioner appointed hereunder shall be deemed to forfeit his respective position if such person (1) lacks, at any time during his term of office, any qualifications for the office prescribed by general law and the Constitution, or (2) is convicted of any crime, other than civil infractions or misdemeanors for which no imprisonment is imposed.

**SECTION 4. Section 6-25-70 shall be amended and restated as follows:**

**SECTION 6-25-70.** Change in membership of joint system.

(A) After the creation of a joint system, any other authority may become a member of the joint system upon:

(1) adoption of a resolution or ordinance by the governing body complying with the requirements of Section 6-25-40 including publication of notice;

(2) submission of an application to the joint system; and

(3) approval of the application by resolution of the governing body of each member of the joint system except in the case of a joint system organized for the purpose of creating a financing pool, in which case the application must be approved by resolution of the commission.

(B) A member may withdraw from a joint system by resolution or ordinance of its governing body. A contractual right acquired or contractual obligation incurred by a member while it was a member remains in full force and effect after the member's withdrawal.

(C) Notice of a change in membership must be filed in the Office of the Secretary of State. No change is final until this filing occurs. The filing is not required if a joint system is organized only for the purpose of creating a financing pool.

(D) If a new member of the joint system is added hereunder, the approval documentation required under subsection (A)(3) above shall determine whether any new commissioners shall be added to the commission as necessary to support such new member of the joint system. If a new commissioner is added, either by the member of the joint system or the Governor, as applicable, each such commissioner shall be appointed immediately.

**SECTION 5. Section 6-25-80 shall be amended and restated as follows:**

**§ 6-25-80.** Dissolution of system.

Whenever the commission of a joint system and the governing body of each of its members shall by resolution or ordinance determine that the purposes for which the joint system was formed have been substantially fulfilled and that all bonds issued and all other obligations incurred by the joint system have been fully paid or satisfied, the commission and members may declare the joint system to be dissolved. On the effective date of the resolution or ordinance, the title to all funds and other income and property owned by the joint system at the time of dissolution must be disbursed to the voting members of the joint system according to its bylaws.

In the discretion of the members of a joint system for the proper and efficient operation of any joint system, an existing joint system may be reconstituted by following the procedures for the creation of a new joint system, mutatis mutandis.

**SECTION 6. Section 6-25-110 shall be amended and restated as follows:**

**§ 6-25-110.** Authorization to incur debt and issue bonds.

A joint system may incur debt for any of its purposes and may issue bonds pledging to the payment as to both principal and interest the revenues, or any portion, derived or to be derived from all or any of its projects and any additions and betterments or extensions or contributions or advances from its members or other sources of funds available to it. A joint system may not undertake a project required to be financed, in whole or in part, with the proceeds of bonds without the approval of the governing bodies of each member which is obligated or to be obligated under any contract for the payment of amounts to be pledged as security therefore and a favorable vote of two-thirds of all commissioners. Notwithstanding the foregoing, when a commission is

appointed under Section 6-25-60(B)(2), no separate approval of the governing bodies of each member shall be required for the issuance of any bonds, and such bonds shall be authorized and approved by a simple majority of the commissioners. Any project may be preauthorized, preapproved or otherwise permitted under the terms of the project contract for the joint system, and such authority, approval or permission shall constitute all necessary approval of the respective governing bodies of each member herein. A joint system formed only for the purpose of creating a financing pool may issue notes in anticipation of the issuance of bonds by its members to the government.

**SECTION 7. Section 6-25-128 shall be amended and restated as follows:**

**§ 6-25-128.** Contracts between authority and joint system; duration.

An authority may contract to buy from the joint system water required for its present or future requirements, including the capacity and output, or a portion or share of one or more specified projects. An authority also may contract for the collection or treatment of wastewater, including present or future capacity, or a portion or share of another project. The creation of a joint system is an alternative method whereby an authority may obtain the benefits and assume the responsibilities of ownership in a project, so a contract may provide that the authority forming the contract is obligated to make a payment required by the contract whether or not a project is completed, operable, or operating notwithstanding the suspension, interruption, interference, reduction, or curtailment of the output of a project or the water contracted for, and that the payments under the contract are not subject to reduction, whether by offset or otherwise, and are not conditioned upon the performance or nonperformance of the joint system or any other member of the joint system under the contract or any other instrument. A contract with respect to the sale or purchase of capacity or output, or a portion or share of them, of a project entered into between a joint system and its member authorities also may provide that if an authority or authorities default in the payment of its or their obligations with respect to the purchase of the capacity or output, or a portion or share of them, in that event the remaining member authorities which are purchasing capacity and output under the contract are required to accept and pay for and are entitled proportionately to and may use or otherwise dispose of the capacity or output which was to be purchased by the defaulting authority.

A contract concerning the sale or purchase of capacity and output from a project may extend for a period not exceeding fifty years from the date of the contract and may be renewable and extended upon terms as the parties may agree for not exceeding an additional fifty years; and the execution and effectiveness is not subject to any authorizations or approvals by the State or any agency, commission, or instrumentality or political subdivision of them. Additionally, the contract may further provide that bonds or other indebtedness of the joint system may exceed the term of an initial or existing contract between or among the joint system and the respective members of the joint system, and in such event the contract, or at least the payment obligations of each member, shall be automatically extended to a period commensurate with the term of the bonds or other indebtedness.

Payments by an authority under a contract for the purchase of capacity and output from a joint system may be made from the revenues derived from the ownership and operation of the water system of the authority or from such other sources of funds as may be available, including any amounts received as payments in lieu of taxes. An authority may not pledge its full faith, credit, and taxing power to secure its obligations to the joint system or the bonds of the joint system. An authority is obligated to fix, charge, and collect rents, rates, fees, and charges for water or sewer services, facilities, and commodities sold, furnished, or supplied through its water or sewer system sufficient to provide revenues adequate to meet its obligations under any contract and to pay any

and all other amounts payable from or constituting a charge and lien upon the revenues, including amounts sufficient to pay the principal of and interest on general obligation bonds, if any, heretofore or hereafter issued by the authority for purposes related to its water or sewer system.

An authority that is a member of a joint system may furnish the joint system with money derived from the ownership and operation of its water or sewer system or facilities and provide the joint system with personnel, equipment, and property, both real and personal, and from any other sources legally available to it for such purposes. An authority also may provide services to a joint system.

A member of a joint system may contract for, advance, or contribute funds derived from the ownership and operation of its water or sewer system or facilities or from another legal source to a joint system as agreed upon by the joint system and the member, and the joint system shall repay the advances or contributions from the proceeds of bonds, operating revenue, or other funds of the joint system, together with interest as agreed upon by the member and the joint system.

**SECTION 8. This act takes effect upon approval by the Governor.**

TO AMEND CERTAIN PROVISIONS OF TITLE 6, CHAPTER 25 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, TO AUTHORIZE CERTAIN CLARYIFYING AMENDMENTS REGARDING COMMISSIONERS, RECONSTITUTION, BOND APPROVAL AND DURATION.

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(B) ~~Two or more commissioners~~ The proposed members of a joint system shall jointly file an application with the Secretary of State ~~an application signed by the commissioner or each proposed member setting forth:~~

(1) ~~the names of~~ number of proposed members of the joint system, the number of proposed commissioners, and ~~their respective appointed commissioners~~ the method of appointment pursuant to Section 6-25-60(B);

(2) ~~(a) the a~~ certified copy of a resolution of each member determining it is in its best interest to participate in the proposed joint system; ~~and~~

~~(b) the resolution appointing the member's commissioner;~~

(3) the desire that the joint system be organized as a public body corporate and politic under this chapter;

(4) the name which is proposed for the joint system; and

(5) the purpose for creation of the joint system.

The Secretary of State shall file the application if after examining it and determining that it complies with the requirements in this section and that the proposed name of the joint system is not identical with that of any other corporation of the State or any agency or instrumentality or so nearly similar as to lead to confusion and uncertainty.

After the application has been filed, the Secretary of State shall issue a corporate certificate that must be filed with the application, and the joint system then must be constituted a public body corporate and politic under the name proposed in the application. The corporate certificate shall set forth ~~the names of all voting member and~~ the name of the joint system. There also must be stated upon the corporate certificate the purpose for which it has been created, as set forth in the application. Notice of the issuance of such corporate certificate must be given to all members of the joint system by the Secretary of State.

In any suit, action, or proceeding involving the validity or enforcement of, or relating to, contract of a joint system, the joint system in the absence of establishing fraud shall be

conclusively considered to have been established in accordance with the provisions of this chapter upon proof of the issuance of the certificate by the Secretary of State. A copy of the certificate, duly certified by the Secretary of State, is admissible in evidence in any suit, action, or proceeding and is conclusive proof of the filing and contents.

**SECTION 3. Section 6-25-60 shall be amended and restated as follows:**

**§ 6-25-60.** Joint system to be managed and controlled by commission; appointment of commissioners; oath; records; seal; quorum; vacancies; expenses.

(A) The management and control of a joint system is vested in a commission that may consist of no fewer than five members and no more than eleven members. A commissioner has one vote and may have additional votes as a majority of the members of the joint system determines. Notwithstanding the provisions of this subsection requiring the commission managing a joint system to have no fewer than five members and no more than eleven members, a joint system in existence on this section's effective date and having fewer than five members or more than eleven members on this section's effective date may continue to maintain the number of members serving on the section's effective date and may add additional members as its commissioners determine.

(B) As contemplated by the initial application to the Secretary of State, commissioners serving on the commission may be appointed under one of the following procedures:

(1) Appointment by member. The governing body of each voting member of a joint system shall appoint one or more a commissioners, ~~pursuant to Section 6-25-50(A),~~ to serve as a commissioner of the joint system. ~~A commissioner has one vote and may have additional votes as a majority of the members of the joint system determines.~~ A commissioner serves at the pleasure of the governing body by which he was appointed. A commissioner, before entering upon his duties, shall take and subscribe to an oath before a person authorized by law to administer oaths to execute the duties of his office faithfully and impartially, and a record of each oath must be filed with the governing body of the appointing authority.

~~Notwithstanding the provisions of this subsection requiring the commission managing a joint system to have no fewer than five members and no more than eleven members, a joint system in existence on this section's effective date and having fewer than five members or more than eleven members on this section's effective date may continue to maintain the number of members serving on the section's effective date and may add additional members as its commissioners determine.~~ Further, and notwithstanding the appointment requirements above, in the event there are an even number of members of a joint system (i.e. 4, 6, 8, 10), the project contract, bylaws or other similar agreement for the joint system may authorize one additional member of the commission; such additional ~~member of the commission~~ commissioner shall be recommended by the legislative delegation from each county where the joint system is located, and upon receipt of such recommendation, such additional ~~member~~ commissioner shall appointed by the Governor. Any gubernatorial appointment shall be for a term of four years and shall serve until a duly appointed successor is appointed and qualified. Any ~~commissioner appointed by the Governor hereunder must reside within a household receiving utility services from the joint system or a member of the joint system.~~ Any vacancy of such member must be filled for the remainder of the unexpired term in the same manner as the original appointment. If a new member of a joint system is added under the provisions hereof such that there becomes an odd number of members of a joint system, any gubernatorial appointed commissioner shall be deemed to automatically vacate his position as a commissioner as of the date of the admission of such new member of a joint system and their respective appointment of a new commissioner.

(2) Appointment by Governor. The commissioners may be appointed by the Governor in accordance with the following procedures:

~~(a) The total number of customers served by the joint system (including customers served by members of the joint system) must be divided by the total number of commission seats, the result being an apportionate average.~~

~~(b) The respective number of customers of each member of the joint system must be divided by the apportionate average to determine an appointive index.~~

(ea) The Governor, based upon the recommendation of the legislative delegation from each county that the joint system operates, shall appoint ~~a number of commissioners to the commission from each~~each commissioner. Each appointed commissioner must reside within a household receiving utility services from the joint system or a member of the joint system ~~equal to the whole number indicated by its appointive index. If by this method there are insufficient members appointed to complete the commission, an appointive index closest to the next highest whole number shall be authorized to have an additional commissioner. Further, and notwithstanding the appointive index.~~ In making such appointments, there shall be at least one commissioner appointed by the Governor from the service area of each member of the joint system.

(eb) Excepting the initial appointments as necessary to create a staggered commission which may be two or four years, respectively, each commissioner must be appointed and serve for a term of four years and until his successor is appointed and qualified, provided that the terms of the commissioners must be staggered such that approximately one-half of the total members appointed by the Governor must be appointed or reappointed every two years. A vacancy must be filled for the remainder of the unexpired term in the manner of the original appointment. Respecting the initial commission appointed herein, the minority portion of the staggered membership, representing those ~~members~~authorities with the lowest ~~appointive index~~number of customers of the joint system, shall serve for an initial two-year term.

~~(B)~~ (C) The commissioners of the joint system shall annually, or biennially, if provided in the bylaws of the joint system, elect, with each commissioner having one vote, one of the commissioners as chairman, another as vice chairman, and other persons who may, but need not be commissioners, as treasurer, secretary and, if desired, assistant secretary. The office of treasurer may be held by the secretary or assistant secretary. The commission may also appoint such additional officers as it deems necessary. The secretary or assistant secretary of the joint system shall keep a record of the proceedings of the joint system, and the secretary must be the custodian of all books, records, documents, and papers filed with the joint system, the minute book or journal of the joint system, and its official seal.

~~(C)~~ (D) A majority of the commissioners of the joint system shall constitute a quorum. A vacancy on the commission of the joint system shall not impair the right of a quorum to exercise all rights and perform all the duties of a joint system. Any action taken by the joint system under the provisions of this chapter may be authorized by resolution at any regular or special meeting held pursuant to notice in accordance with bylaws of the joint system, and each resolution shall take effect immediately and need not be published or posted. Except as is otherwise provided in this chapter or in the bylaws of the joint system, a majority of the votes which the commissioners present are entitled to cast, with a quorum present, shall be necessary and sufficient to take any action or to pass any resolution. No commissioner of a joint system shall receive any compensation solely for the performance of duties as a commissioner, but each commissioner may be paid per diem, mileage, and subsistence expenses, as provided by law for state boards, committees, and commissions, incurred while engaged in the performance of such duties.

~~(E) All commissioners shall hold the qualifications of an elector. In the case of a gubernatorial appointment, such appointee must be a qualified elector residing within the area served by the joint system.~~

~~(F) Commissioners appointed under subsection (B)(2) above may not be an officer or employee of a member of a joint system, and no commissioner shall be permitted to serve on an ex officio basis. Separately, for commissioners appointed under subsection (B)(1) above, the members of the joint system may include a restriction in the project contract, bylaws or other agreement for the joint system that no commissioner may be an officer or employee of a member of a joint system, and no commissioner shall be permitted to serve on an ex officio basis.~~

~~(G) Any commissioner appointed hereunder shall be deemed to forfeit his respective position if such person (1) lacks, at any time during his term of office, any qualifications for the office prescribed by general law and the Constitution, or (2) is convicted of any crime, other than civil infractions or misdemeanors for which no imprisonment is imposed.~~

**SECTION 4. Section 6-25-70 shall be amended and restated as follows:**

**SECTION 6-25-70.** Change in membership of joint system.

(A) After the creation of a joint system, any other authority may become a member of the joint system upon:

(1) adoption of a resolution or ordinance by the governing body complying with the requirements of Section 6-25-40 including publication of notice;

(2) submission of an application to the joint system; and

(3) approval of the application by resolution of the governing body of each member of the joint system except in the case of a joint system organized for the purpose of creating a financing pool, in which case the application must be approved by resolution of the commission.

(B) A member may withdraw from a joint system by resolution or ordinance of its governing body. A contractual right acquired or contractual obligation incurred by a member while it was a member remains in full force and effect after the member's withdrawal.

(C) Notice of a change in membership must be filed in the Office of the Secretary of State. No change is final until this filing occurs. The filing is not required if a joint system is organized only for the purpose of creating a financing pool.

(D) If a new member of the joint system is added hereunder, the approval documentation required under subsection (A)(3) above shall determine whether any new commissioners shall be added to the commission as necessary to support such new member of the joint system. If a new commissioner is added, ~~;~~ either by the member of the joint system or the Governor, as applicable, each such commissioner shall be appointed immediately.

**SECTION 5. Section 6-25-80 shall be amended and restated as follows:**

**§ 6-25-80.** Dissolution of system.

Whenever the commission of a joint system and the governing body of each of its members shall by resolution or ordinance determine that the purposes for which the joint system was formed have been substantially fulfilled and that all bonds issued and all other obligations incurred by the joint system have been fully paid or satisfied, the commission and members may declare the joint system to be dissolved. On the effective date of the resolution or ordinance, the title to all funds and other income and property owned by the joint system at the time of dissolution must be disbursed to the voting members of the joint system according to its bylaws.

In the discretion of the members of a joint system for the proper and efficient operation of any joint system, an existing joint system may be reconstituted by following the procedures for the creation of a new joint system, mutatis mutandis.

**SECTION 6. Section 6-25-110 shall be amended and restated as follows:**

**§ 6-25-110.** Authorization to incur debt and issue bonds.

A joint system may incur debt for any of its purposes and may issue bonds pledging to the payment as to both principal and interest the revenues, or any portion, derived or to be derived from all or any of its projects and any additions and betterments or extensions or contributions or advances from its members or other sources of funds available to it. A joint system may not undertake a project required to be financed, in whole or in part, with the proceeds of bonds without the approval of the governing bodies of each member which is obligated or to be obligated under any contract for the payment of amounts to be pledged as security therefore and a favorable vote of two-thirds of all commissioners. Notwithstanding the foregoing, when a commission is appointed under Section 6-25-60(B)(2), no separate approval of the governing bodies of each member shall be required for the issuance of any bonds, and such bonds shall be authorized and approved by a simple majority of the commissioners. Any project may be preauthorized, preapproved or otherwise permitted under the terms of the project contract for the joint system, and such authority, approval or permission shall constitute all necessary approval of the respective governing bodies of each member herein. A joint system formed only for the purpose of creating a financing pool may issue notes in anticipation of the issuance of bonds by its members to the government.

**SECTION 7. Section 6-25-128 shall be amended and restated as follows:**

**§ 6-25-128.** Contracts between authority and joint system; duration.

An authority may contract to buy from the joint system water required for its present or future requirements, including the capacity and output, or a portion or share of one or more specified projects. An authority also may contract for the collection or treatment of wastewater, including present or future capacity, or a portion or share of another project. The creation of a joint system is an alternative method whereby an authority may obtain the benefits and assume the responsibilities of ownership in a project, so a contract may provide that the authority forming the contract is obligated to make a payment required by the contract whether or not a project is completed, operable, or operating notwithstanding the suspension, interruption, interference, reduction, or curtailment of the output of a project or the water contracted for, and that the payments under the contract are not subject to reduction, whether by offset or otherwise, and are not conditioned upon the performance or nonperformance of the joint system or any other member of the joint system under the contract or any other instrument. A contract with respect to the sale or purchase of capacity or output, or a portion or share of them, of a project entered into between a joint system and its member authorities also may provide that if an authority or authorities default in the payment of its or their obligations with respect to the purchase of the capacity or output, or a portion or share of them, in that event the remaining member authorities which are purchasing capacity and output under the contract are required to accept and pay for and are entitled proportionately to and may use or otherwise dispose of the capacity or output which was to be purchased by the defaulting authority.

A contract concerning the sale or purchase of capacity and output from a project may extend for a period not exceeding fifty years from the date of the contract and may be renewable and extended upon terms as the parties may agree for not exceeding an additional fifty years; and the

execution and effectiveness is not subject to any authorizations or approvals by the State or any agency, commission, or instrumentality or political subdivision of them. Additionally, the contract may further provide that bonds or other indebtedness of the joint system may exceed the term of an initial or existing contract between or among the joint system and the respective members of the joint system, and in such event the contract, or at least the payment obligations of each member, shall be automatically extended to a period commensurate with the term of the bonds or other indebtedness.

Payments by an authority under a contract for the purchase of capacity and output from a joint system may be made from the revenues derived from the ownership and operation of the water system of the authority or from such other sources of funds as may be available, including any amounts received as payments in lieu of taxes. An authority may not pledge its full faith, credit, and taxing power to secure its obligations to the joint system or the bonds of the joint system. An authority is obligated to fix, charge, and collect rents, rates, fees, and charges for water or sewer services, facilities, and commodities sold, furnished, or supplied through its water or sewer system sufficient to provide revenues adequate to meet its obligations under any contract and to pay any and all other amounts payable from or constituting a charge and lien upon the revenues, including amounts sufficient to pay the principal of and interest on general obligation bonds, if any, heretofore or hereafter issued by the authority for purposes related to its water or sewer system.

An authority that is a member of a joint system may furnish the joint system with money derived from the ownership and operation of its water or sewer system or facilities and provide the joint system with personnel, equipment, and property, both real and personal, and from any other sources legally available to it for such purposes. An authority also may provide services to a joint system.

A member of a joint system may contract for, advance, or contribute funds derived from the ownership and operation of its water or sewer system or facilities or from another legal source to a joint system as agreed upon by the joint system and the member, and the joint system shall repay the advances or contributions from the proceeds of bonds, operating revenue, or other funds of the joint system, together with interest as agreed upon by the member and the joint system.

**SECTION 8. This act takes effect upon approval by the Governor.**

<b>Summary report:</b> <b>Litera Compare for Word 11.10.0.38 Document comparison done on</b> <b>6/11/2025 6:45:02 AM</b>	
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Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	24



## Oconee Joint Regional Sewer Authority

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### OCONEE JOINT REGIONAL SEWER AUTHORITY Ad-Hoc Sewer Feasibility Implementation Committee December 2, 2024

The Ad-Hoc Feasibility Implementation Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Graham Rich, Committee Chair (Citizen - formerly worked for ReWa)
- Amanda Brock (Oconee County)
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Joel Jones (ReWa)
- Scott McLane (City of Seneca)
- Celia Myers (City of Walhalla)
- Scott Parris (City of Westminster)
- Sue Schneider (Citizen - formerly worked for Spartanburg Water)
- Rivers Stilwell (Attorney, Maynard Nexsen)
- Scott Willett (Anderson Regional Joint Water System)

Committee Members that were not present:

- None.

OJRSA appointments and staff present were:

- Lynn Stephens, Secretary/Treasurer to the Board and Office Manager

Others present were:

- Chip Bentley (Appalachian Council of Governments (ACOG))
- Angie Mettlen (Vice President, WK Dickson)
- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Dick Mangrum (Reporter, WGOG Radio)

**A. Call to Order** – Mr. Bentley apologized for being a few minutes late, thanked everyone for being here, and stated he was asked to be the facilitator for this meeting. He called the meeting to order at 11:03 a.m.

Mr. Bentley stated today is a “kickoff meeting.” This committee is being tasked with helping the OJRSA evaluate any alternatives it has, providing guidance on how to move forward, and determining ways the OJRSA can change its governance structure to reorganize and get past the current hurdles.

**B. Introductions** – Mr. Bentley asked everyone to introduce themselves and speak a little about their background and expertise:

- Mr. Bentley has been with ACOG for twenty-eight (28) years working in the 208 Water Quality planning committee and has worked with sewer authorities and SC Department of Environmental Services (SCDES, formerly the South Carolina Department of Health and Environmental Control, or SCDHEC) throughout the state as a facilitator for these types of discussions.

- Mr. Parris is the Utilities Director for the City of Westminster, was previously the Utilities Director for the City of Walhalla for twenty-two (22) years and has been on the OJRSA board for twenty-two (22) years (including being chairman of the board).
- Mr. Willett has been the Executive Director for Anderson Regional Joint Water System (ARJWS) for approximately twenty (20) years, had been with other organizations previously, and has experience with regional governments and utilities.
- Mr. Jones is the CEO of ReWa, has been in the business for approximately thirty (30) years, and has operational and regulatory experience.
- Mr. Eleazer has been the Executive Director of the OJRSA for the past seven (7) years, previously worked at ReWa for approximately five (5) years as the collection system department manager and in asset management, and was the water distribution department manager for the City of Anderson. He started his career at SCDHEC.
- Mr. McLane has been at Seneca Light & Water for thirty-nine (39) years and is currently their Engineering Supervisor and has been on the OJRSA board for approximately five (5) years.
- Mr. Rich was with ReWa for approximately seven years until he retired two (2) years ago, worked for six (6) other utilities (managing four of them) previously, and has worked on many forms of governance models.
- Mr. Stilwell said he is a lawyer for Maynard Nexsen and has also been working with ReWa for approximately twenty (20) years.
- Ms. Schneider said she was the CEO at Spartanburg Water until she retired two (2) years ago.
- Ms. Brock has been working for Oconee County for the last twenty-four (24) years (with the last sixteen (16) years in administration) and has been the County Administrator since 2019. She stated Oconee County will represent the economic development and planning components for sewer infrastructure expansion in the county and added that Oconee County does not currently have a seat on the OJRSA board but has a decent partnership with the OJRSA and would like to strengthen those bonds moving forward.
- Ms. Myers has been City Administrator for the City of Walhalla for just over a year and on the OJRSA board for a year, and her background has been in planning and finance and economic development (primarily for Anderson County).
- Ms. Amidon is a Senior Environmental Planner for Bolton & Menk and has spent most of her career working on large land use planning around utilities. She is attending today to answer any questions the committee may have about the master plan that she assisted Weston & Sampson with.
- Ms. Mettlen is the Vice President & Director of Strategic Funding and Regulatory Affairs at Ardurra (previously WK Dickson), has been in the field for approximately thirty-two (32) years since starting her career at SCDHEC, and has been in the consulting field for the last twenty (20) years.

Ms. Mettlen stated this has been an interesting study and stated she is grateful for all attendees for their time, effort, and expertise on this committee. She added the idea was to bring people in from outside Oconee County to help make the OJRSA better, and there is no other group of professionals that she admires more than those in the room now.

**C. Establishment of Committee Rules** – Mr. Bentley stated that the purpose of this committee is to determine if the OJRSA's governmental structure needs to be revised to make it more efficient and remove hurdles and to look at options there or to recommend another agency to acquire the OJRSA and take it over. In addition, the committee will be looking at sewer collection governance (currently the three cities own and operate their own sewer collection facilities).

Ms. Mettlen stated that the two (2) governance structures of the authority are what this committee is charged with evaluating. Part of that may be how the new governance structure will be set up to

enable an authority-type situation to more effectively and efficiently get into the retail business. Each city in the authority, as well as West Union, has their own sewer collection system. West Union's system is very small, and they currently don't have a seat at the OJRSA table; the study does not recommend that they have a seat. Oconee County now has sewer assets, and they also don't have a seat the OJRSA table; however, it is being recommended that they have a seat. There must be consolidation of the collection systems, and if at some point the entities want to consolidate, the OJRSA should have a mechanism to do that.

Mr. Rich said the big issue is consolidation. He stated that ReWa consolidated sixteen (16) collection systems, and when it rained, ReWa's manholes would overflow. ReWa was close to a SCDHEC Consent Order on the collection system. It was a challenge to make sixteen (16) different entities follow the plan.

Mr. Eleazer gave Mr. Bentley the official agenda for the meeting and explained how he spoke with Mr. Lawrence Flynn of Pope Flynn (attorney for the OJRSA) who informed him this meeting qualifies as a public meeting, because the Ad Hoc Committee was created by the OJRSA board and is a function of the board; however, the matters to be addressed qualify for the privilege of discussion in Executive Session. In addition, this is just an advisory committee which does not have any authority to make policy.

Mr. Bentley said he was designated as facilitator of the meeting, but that does not necessarily mean he is chairman of the committee. He asked if anyone wanted to nominate a chair and stated he was open to being chair if the committee wanted him to be. Ms. Mettlen added that Mr. Bentley is an *ex-officio* member and has no vote.

Mr. Stilwell suggested that the committee follow Robert's Rules to proceed. Ms. Mettlen said it will be a simple majority for all the votes. All agreed.

***Mr. Willett motioned, seconded by Ms. Schneider, to nominate Mr. Graham Rich as the chairman of this committee. The motion carried.***

*Mr. Rich presided over the meeting from this point onward.*

**D. Executive Session - *NOTE: Committee May Act on Matters Discussed in Executive Session Upon Returning to Open Session.***

- Discussion of Contractual Matters Regarding Regional Sewer Feasibility Implementation *[Executive Session Permissible Under SC Law 30-4-70(a)(2), Which States: Discussion of Negotiations Incident to Proposed Contractual Arrangements and Proposed Sale or Purchase of Property, the Receipt of Legal Advice Where the Legal Advice Relates to a Pending, Threatened, or Potential Claim or Other Matters Covered By the Attorney-Client Privilege, Settlement of Legal Claims, or the Position of the Public Agency in Other Adversary Situations Involving the Assertion Against the Agency of a Claim.]*

Mr. Stilwell agrees with Mr. Flynn that this discussion would qualify for an Executive Session but said he questions if some should be done in open session. Some discussions could be politically sensitive but others not. Mr. Rich replied that considering what has happened in the City of Clemson recently, the more being done in open session, the better. Mr. Eleazer added that the Clemson matter was why he spoke to Mr. Flynn about this. He added that he was informed of an Attorney General's opinion in case law that advisory committees are not subject to the Freedom of Information Act (FOIA). Mr. Stilwell said that if anyone feels they have a question or topic that is sensitive (like contractual matters), the committee can entertain a motion to enter Executive Session at that time. Mr. Jones stated he liked the thought of keeping the discussion public as much as possible.

Ms. Mettlen asked Mr. Eleazer if Mr. Flynn was going to participate in any of the discussions. Mr. Eleazer replied that he didn't know. He stated Mr. Flynn provided a document for the committee to read and will be at the next meeting to discuss it.

Mr. Rich asked if this committee has Director's and Administrator's insurance and is it needed. Mr. Eleazer and Ms. Stephens didn't know. Mr. Stilwell and Ms. Mettlen didn't think it was needed for an advisory committee. Ms. Mettlen added that the whole intent of this committee is to come up with a set of recommendations for the OJRSA, or advise on a path forward, and will not take any actions that change the current OJRSA protocols and procedures. Then the current OJRSA board will make the decisions based on the recommendations. Mr. Eleazer added that, based on what happened in Clemson, anything that is discussed in Executive Session is not to be discussed with anyone outside the committee.

Mr. Bentley asked if it was agreed that the discussion will not go into Executive Session today. Mr. Rich answered unless Mr. Stilwell recommended it. Mr. Stilwell said anyone can make a motion if they want to.

Mr. Bentley said the general purpose of the committee is to help the OJRSA evaluate alternatives and see what the path forward is, and there will be more information supplied as this goes along to help reach this goal. The process in how this is achieved is the question. Monthly meetings were discussed, with the possibility of more, through June 2025. He turned it over to Ms. Mettlen to discuss the homework.

Ms. Mettlen said she wants the committee to get in and review what has been done to date (with the homework being to read over the study and document drafted by Mr. Lawrence Flynn), make recommendations based on what was outlined in the study, and then a recommendation made by June 2025 without dragging the committee on. She stated reorganization would be the first option, but if not feasible, there must be another option.

Ms. Mettlen highlighted some areas of interest regarding the study's findings:

- All the agreements [between the cities, county, and other parties] that have been stacked through the years (including when it was still the Oconee County Sewer Commission, or "OCSC") are very complicated, convoluted, and contradictory.
- Oconee County not having a seat on the board has been complicated. Although there have been improvements in the relationship between the County and the OJRSA as Ms. Brock stated, the County needs a seat at the table with all the economic development and areas of the county that are not sewered yet that require decisions made.
- The master plan has a 20-year CIP in it which is daunting with the amount of money that will need to be spent even if there is not another stick of pipe put in the ground or if only placed in areas that need to be sewered.
- The board structure is complicated with the number of members and how it's based; it is more political than it would have otherwise been. There are three (3) main entities (Seneca, Walhalla, and Westminster), plus West Union, and under the current agreements, the OJRSA is not allowed to be in the retail business and cannot take on debt without full 100% agreement by all the entities.
  - Mr. Willett asked if that was all debt; Ms. Mettlen replied yes.
- In the report, the primary sewer treatment/trunkline conveyance recommendations, some items are outlined about modifying the current board composition and establishing a voting allocation (such as done at ARJWS) that need to be reviewed.
  - Mr. Willett explained how Anderson has two (2) types of debt: 1) Repair and Replacement (maintaining) of Current Assets: Every agency gets one (1) vote and majority carries; debt is pro-rated. 2) Expanding Capacity: This changes the debt

flow structure; the agencies electing to participate in the expansion must vote unanimously (their councils must write an approval), and then the debt is recalculated going forward.

- The committee will be provided with a link to the 20-year Sewer Master Plan, which is also on the OJRSA website.

Ms. Mettlen highlighted some areas this committee should consider:

- Determining triggering actions for new members.
- Entertaining the possibility of an entity outside Oconee County to be a part of the OJRSA board.
- Processes and procedures for retail sewer collection.
- A new rate structure modification. Ms. Mettlen stated that in the last year-and-a-half, the OJRSA has transitioned from a metered flow [*pro rata* based] rate to metering water usage from each entity which seems to be working well and has not impacted revenue coming in, and if the OJRSA goes into the retail business, the OJRSA customers may be based on water usage as well.
  - Mr. Willett asked if this absolved folks from working about inflow & infiltration (I&I) if it's only on the metered side. Mr. Rich said, "If only on the metered side, yes, absolutely."
  - Ms. Mettlen said the OJRSA is working on that but are still using the flow meters. She added the OJRSA is under a Consent Order right now and had to do a full CMOM (capacity, management, operation, and maintenance audit), and the requirements from the CMOM must be implemented (per the Consent Order).
  - Mr. Eleazer stated when the SCDES got involved in the OJRSA's enforcement process, they required the OJRSA to address and enforce its Sewer Use Regulation on the upstream users (satellite sewer systems) and are holding the OJRSA accountable.
  - Ms. Mettlen added that Mr. Daryll Parker of Willdan Financial is working on a Rate and Cost of Service Study (or financial analysis) for the OJRSA and is nearing completion. Once the analysis is complete, the committee will be provided with it for review. In addition, each entity will also be doing their own Rate and Cost of Service Study (or financial analysis). What the rate looks like in the future will have an impact on each entity, because they will have to own, operate, and maintain their own collection systems on top of what services they receive from the OJRSA.
- Modifying or eliminating the current agreements. Ms. Mettlen said part of the committee's homework is to review Mr. Flynn's document. She said she asked Mr. Flynn to provide the committee with the process, from a legal standpoint, of what it will take to reorganize under the same statute as ARJWS. In addition, if this doesn't happen, what would it look like to consolidate with, or enter into a cooperative agreement (operation and maintenance, or "O&M," relationship with consolidation down the road), to get out of being a joint water and sewer authority in South Carolina.
  - She added that if the OJRSA reorganizes, each entity must agree to get rid of the current agreements and draw up a new set of agreements and allow Oconee County a seat at the table. The current set of agreements has 17-1/2 years left on the current agreements, so if the OJRSA applies for an SRF (State Revolving Fund) loan, the longest they will finance is 17-1/2 years.
  - Mr. Willett asked who drafted the original agreement. Mr. Parris and Ms. Mettlen replied Mr. Lowell Ross [OJRSA attorney at the time]. Mr. Willett explained that

the agreement is very different from Anderson Regional Water's where each time they obtain debt, the life of the agreement, and therefore the life of the organization, is extended to the end of the debt period.

- Mr. Willett asked, being all three (3) entities must agree to modify or cancel an agreement, should one (1) of them want to exit the agreement, do all three (3) entities have to agree to that. Ms. Mettlen said yes. Ms. Brock said they have.

Mr. Rich asked if the OCSC still exists and, if so, is it a Special Purpose District (SPD). Ms. Mettlen and Mr. Eleazer replied there was a feasibility study done for the Commission to study if they could provide sewer and become an authority many years ago. Mr. Rich asked what statute the original OCSC was created under. Ms. Mettlen replied it was a department of Oconee County. Mr. Eleazer said the memo discusses the history [Mr. Flynn's memo provided to the committee]; however, the OCSC was started as an SPD prior to home rule, then became part of Oconee County in 1977 or 1978, and became the OJRSA in 2007. Mr. Rich asked what guidelines the OJRSA is under now. Ms. Mettlen answered the Joint Water and Sewer Authority Act of SC. Mr. Eleazer added that he believed this act was originally for drinking water but was amended for wastewater to be part of it.

Ms. Mettlen went on to state how convoluted and contradictory the agreements are and how it is hard to determine how the organization evolved and when Oconee County was part of it and when they weren't. She stated there really needs to be a new agreement.

Mr. Stilwell asked if it was typical for a county to be in the sewer business in South Carolina. Mr. Graham replied it was atypical, but there are a few (including Aiken and Pickens Counties). Mr. Stilwell discussed how having the county involved in sewer could exacerbate the problem. The governance follows the ability to finance. Mr. Willett replied he cannot see how wastewater growth in Oconee County can be planned without some entity willing to take up the non-municipal areas, because there will be areas outside the cities that aren't economically advantageous to add sewer, unless another district was created.

Mr. Rich added he worked for county government and understands how the counties feel about giving up control of that, and it adds another layer of bureaucracy where conflict happens between different departments about revenues. He believes there should be some other entity with fair representation that should represent those parts of the county.

Mr. Willett said the Oconee County study was for Fair Play and some unincorporated areas. In South Carolina, you can form a town, but you cannot raise any taxes or have any revenue (such is the case with Powdersville and Pelzer), and he doesn't know how you would grow wastewater in those areas.

Mr. Jones stated before figuring out who the governance is, you must figure out who you are going to serve. He asked who the OJRSA will be serving—the wastewater rate payers spread out through geographic region or the municipalities plus Oconee County? Ms. Mettlen replied the Master Plan sets up where sewer is more likely than not to go in the future (either infill within municipalities or where economically advantageous) and added that is why Ms. Amidon was part of both teams on both studies. Mr. Jones said it should be known if the OJRSA is serving Oconee County or the rate payers and added he feels it's better to serve the rate payers and put the governance in to serve them and take the middle out of it.

Mr. Rich asked if Oconee County is in the sewer business. Ms. Brock said yes, since 2015. Mr. Rich asked if the county owns any assets. Ms. Brock said 13 miles. The Sewer Authority owns Exits 1 and 2, but Oconee County owns down to the Golden Corner Commerce Park [from the OJRSA treatment plant].

There was some further discussion about the OCSC being an SPD and how Pioneer Rural Water operates around the Fair Play area but it is not an SPD (falls under a rural community water systems act); they can provide sewer collection but not treatment.

Mr. Eleazer spoke about the OJRSA revising its Sewer Use Regulation to define and come up with an acceptable level of I&I, and now all the cities are being held to the limit of I&I to some extent either by mandate or Consent Order, and now they must investigate it.

Mr. Stilwell asked what kind of condition the collection system is in; Mr. Eleazer replied the OJRSA is still trying to determine that as reports came in from the municipalities back in October, but there were gaps in the data that required feedback that the OJRSA is still waiting on. Mr. Stilwell asked who is under a Consent Order. Mr. Stilwell asked who is under the Consent Order; Mr. Eleazer replied Walhalla and Westminster also has active Orders [as issued by the State of South Carolina, not OJRSA].

Mr. Stilwell said that the questions he asked were meant to clarify whether this committee is being asked to make recommendations for keeping the systems operating and not for expanding the capacity. Ms. Mettlen replied that the committee is being asked to look at both: How do you keep the system operating? Do you expand capacity for economic development? If so, how do you do that? Ms. Mettlen asked Mr. Eleazer to provide the committee with the current rate structure and how impact fees are currently calculated. Ms. Mettlen said *status quo* is one part of it, but Oconee County and some of the municipalities are projecting economic development in areas, and the OJRSA needs to figure out how to fund that as well.

Mr. Stilwell said in his experience “economic development” is a bad word; the counties always want it, but if you say you are providing for future growth, the constituents say they don’t want growth. Mr. Rich replied that is happening everywhere. Mr. Eleazer stated that wastewater services are for community development and not economic development.

Mr. Eleazer told the committee that the OJRSA had a consultant investigate, a year-and-a-half ago, what the impact fees should be to expand the treatment plant with 25% added for the additional flow through the collection system. They came back with \$24.50 per gallon. Mr. Jones replied that this is not even halfway there with today’s costs. ReWa’s most recent study had \$50 per gallon for treatment capacity and did not include collection.

Mr. Bentley stated that he feels the committee needs to determine how to maintain what the OJRSA has but also provide a mechanism for growth which is currently hard for the OJRSA to get around.

Mr. Stilwell said the development needs to be determined and then the cost of it needs to be determined and how it will affect rate payers. Ms. Brock remarked that the taxpayers voted overwhelmingly to support sewer with taxpayer money and not just the rate increases with the referendum for sewer when the County gave away their sewer division [the OCSC]. Mr. Stilwell asked if the County had any retail users. Ms. Brock replied no; a 48-acre pad was just graded at Golden Corner [Commerce Park] and the 13 miles is a force main that cannot be accessed in order to maintain the integrity of the agricultural and farming communities in that area.

Mr. Willett understands the goal of wanting to control growth and current desires, but he believes it’s best to make regulations and organizational and governance structures that have the ability to last a lot longer. It is not known what will be wanted in 50 years (and there will be new people on the OJRSA board and in Oconee County at that time), but it is known what will be needed in five (5) years.

Mr. Willett asked how many members are on the board now; Ms. Mettlen answered nine (9). Then he asked how many members would make a perfect quorum. Mr. Graham replied 5-7, and Mr. Jones and Ms. Schneider agreed. Ms. Mettlen said five (5) is what was recommended in the

study. Mr. Willett asked how many users are on the system; Mr. Eleazer replied around 10,000 [connections, not population served]. There was some discussion about how many people should be on the board and where they would come from. Mr. Eleazer asked for the committee to hold off on this discussion until everyone reads Mr. Flynn's memorandum, as it addresses a lot of what is being spoken about today.

Mr. Stilwell stated he was approaching this backwards where he was starting over and then asking Mr. Flynn how do we get where we need to from here. Mr. Eleazer said the OJRSA has two paths: starting over or someone taking the organization over. Mr. Jones said *status quo* is not working but asked what the mechanism is from the organization staying there. Ms. Mettlen replied there really isn't one; Mr. Eleazer replied that the South Carolina Rural Infrastructure Authority (RIA), which is essentially the State of South Carolina, is expecting the OJRSA to do something. Ms. Mettlen stated that the OJRSA cannot get anything other than grant dollars; it cannot get an SRF loan and could only get bond issuance if all three (3) entities agreed.

Mr. Jones said that is all negative and asked if the entities are being offered a "carrot"; Mr. Eleazer replied that the financial help is the "carrot". Ms. Mettlen said there is no guaranteed financial help at this time. Mr. Jones stated that the state has a lot of money right now, but that is not guaranteed for the future. Ms. Mettlen said the willingness of the OJRSA to "move the needle" on this is a serious consideration, and there may be money set aside to pay for the actions resulting from future recommendations. Mr. Eleazer read two (2) sentences from an RIA document. As stated in the Program Accomplishments section:

- "The participating sewer systems include Oconee County, City of Seneca, City of Walhalla, City of Westminster, and Town of West Union."
- "The efforts to act on recommendations and reorganizational efforts outlined in this plan may be a consideration in evaluations of future funding requests for Oconee Joint Regional Sewer Authority and the participating systems."

Ms. Mettlen stated that some of the challenges in the study have been elevated to Ms. Bonnie Ammons of the RIA and others in Columbia. Ms. Mettlen said the concern is the long-term sustainability, as there is not enough grant money to sustain this organization.

Mr. Rich asked how the relationship is between Oconee County and the OJRSA currently. Mr. Parris and Ms. Brock both said the relationship has gotten better over time. Then it was asked how the relationship between the municipalities and the OJRSA is currently. Mr. Parris replied that there is a good working relationship.

Mr. Eleazer spoke about the municipalities being tasked to come up with a capital plan by January for maintaining their systems and providing for growth and will have to identify the funding for this. This is the report mentioned earlier in the meeting that was submitted in October, and the OJRSA gave the cities feedback on missing data. The OJRSA must do some operations and maintenance to get out from under the Consent Order, but under the 20-year Master Plan, just for the OJRSA (not including the municipalities) is \$300,000,000 with the bulk of this happening in the first ten (10) years. Ms. Amidon added that this Master Plan was created after a public survey and sitting down with the planning entities for each individual municipality and Oconee County.

*The committee paused the meeting for a lunch break at 12:29 p.m.*

*The meeting resumed at 12:51 p.m.*

#### E. Committee Action Items

- **Actions on Items Discussed in Executive Session, If Any – None (no executive session).**

- **Determine Date or Schedule for Upcoming Committee Meetings** – After some discussion, the committee decided to schedule all meetings for the 2<sup>nd</sup> Thursday of each month at 9:00 a.m. through June 2025. The next scheduled meeting will be January 9, 2025 at 9:00 a.m.

Ms. Brock stated she had a couple conflicts with the upcoming meetings and asked if the committee would allow someone from Oconee County to attend the meetings in her place or could she get a copy of the recording. Mr. Jones asked if the committee just wants to make a rule to allow a non-voting proxy to attend the meetings in place of members who may not be able to attend. All members agreed on this.

***Ms. Brock made a motion, seconded by Ms. Myers, to schedule the Ad Hoc Committee meetings for the second Thursday of each month at 9:00 a.m. through June 2025 with the next meeting being held on January 9, 2025. The motion carried.***

**F. Upcoming OJRSA Meetings**

- **Finance & Administration Committee** – Tuesday, December 17, 2024 at 9:00 a.m.
- **Operations & Planning Committee** – Wednesday, December 18, 2024 at 8:30 a.m.
- **Board of Commissioners** – Monday, January 6, 2025 at 4:00 p.m. *Location to be determined.*
- **Annual Members' Meeting** – Monday, January 6, 2025 at 5:00 p.m. *To be held at same location as Board of Commissioners Meeting.*
- **Sewer Feasibility Implementation Ad Hoc Committee** – *To be determined during today's Ad Hoc Committee meeting.* (Scheduled for Thursday, January 9, 2025 at 9:00 a.m.)
- **Ad Hoc Committee Presentation to OJRSA Board of Commissioners and Oconee County** – *Likely in May 2025*

**G. Adjourn** - The meeting adjourned at 1:11 p.m.

***Ms. Brock made a motion, seconded by Mr. Parris, to adjourn the meeting. The motion carried.***

Approved By:

  
Joel Jones  
Committee Chair

Date Approved:

1/13/25

Approved By:

  
Lynn M. Stephens  
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on November 26, 2024 to *Upstate Today*, *Anderson Independent-Mail*, *Westminster News*, *Keowee Courier*, WGOG Radio, WSNW Radio, City of Seneca Council, City of Walhalla Council, City of Westminster Council, Oconee County Council, SC DHEC, [www.ojrsa.org](http://www.ojrsa.org), and posted at the OJRSA Administration Building.



## Ad Hoc Sewer Feasibility Implementation Committee

OJRSA Operations & Administration Building

Lamar Bailes Board Room

December 2, 2024 at 11:00 a.m.

*This Committee was established by the OJRSA Board of Commissioners at its November 4, 2024 meeting to consider recommendations and report to the OJRSA Board and Oconee County as identified in the [Regional Feasibility Planning Study](#) as adopted by the OJRSA on September 9, 2024. The Committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area.*

*See the study at [www.ojrsa.org/info](http://www.ojrsa.org/info) for more information.*

### Agenda

- A. **Call to Order** – Chip Bentley, Facilitator
- B. **Introductions** – Led by Chip Bentley, Facilitator
- C. **Establishment of Committee Rules** – Chip Bentley, Facilitator
- D. **Executive Session** *NOTE: Committee may act on matters discussed in executive session upon returning to open session*
  - Discussion of contractual matters regarding regional sewer feasibility implementation [Executive Session permissible under SC Law 30-4-70(a)(2), which states: Discussion of negotiations incident to proposed contractual arrangements and proposed sale or purchase of property, the receipt of legal advice where the legal advice relates to a pending, threatened, or potential claim or other matters covered by the attorney-client privilege, settlement of legal claims, or the position of the public agency in other adversary situations involving the assertion against the agency of a claim.]
- E. **Committee Action Items**
  - Actions on items discussed in executive session, if any – Chip Bentley, Facilitator
  - Determine date or schedule for upcoming committee meetings – Chip Bentley, Facilitator
- F. **Upcoming OJRSA Meetings** *All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.*
  - Finance & Administration Committee – December 17, 2024 at 9:00 a.m.
  - Operations & Planning Committee – December 18, 2024 at 8:30 a.m.
  - Board of Commissioners – January 6, 2025 at 4:00 p.m. *Location to be determined*
  - Annual Members' Meeting – January 6, 2025 at 5:00 p.m. *To be held at same location as Board of Commissioners Meeting*
  - Sewer Feasibility Implementation Ad Hoc Committee – *To be determined during today's Ad Hoc Committee meeting*
  - Ad Hoc Committee Presentation to OJRSA Board of Commissioners and Oconee County – *Likely in May 2025*
- G. **Adjourn**





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ATTORNEY-CLIENT COMMUNICATION

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MEMORANDUM

To: Oconee Joint Regional Sewer Authority, South Carolina

From: Pope Flynn, LLC

Re: Options for Future Reorganization; Next Steps

Date: November 26, 2024

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I. Background

Based on funding from the South Carolina Rural Infrastructure Authority, Oconee Joint Regional Sewer Authority, South Carolina (the “**Authority**” or “**Joint Authority**”) engaged a team comprised of W.K. Dickson & Co., Inc., Willdan Financial Services, and Bolton & Menk, Inc. (the “**Consultant Team**”) to prepare a regional feasibility planning study, which was formally adopted by the Commission (as defined below) on September 9, 2024 (the “**Study**”). The purpose of the Study was to determine long-term sewer service options within Oconee County, South Carolina (the “**County**”). Contemporaneously with the Study, the Joint Authority also undertook its “Oconee County and Western Anderson County Sewer Master Plan” (the “**Master Plan**”). Major infrastructure recommendations in the Master Plan include: developing plans to expand the Coneross Creek Wastewater Reclamation Facility (the “**Coneross WRF**”); updating the regulatory checkbook to gain permitted capacity at Coneross WRF; reducing pump station infrastructure and wastewater travel time; and working with Members (as defined below) to improve collection infrastructure.

The Joint Authority is a body politic and corporate, and a joint authority sewer system organized under Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the “**Joint Authority Act**”). The Authority was created in 2007 under the provisions of the Joint Authority Act by its three member-municipalities (collectively, the “**Members**”)<sup>1</sup>: the City of Seneca, South Carolina (“**Seneca**”), the City of Walhalla, South Carolina (“**Walhalla**”), and the City of Westminster, South Carolina (“**Westminster**”). The Authority, by application to the South Carolina Secretary of State dated December 14, 2007, submitted the required information necessary to obtain the corporate certificate and incorporate. The Secretary of State issued a certificate of incorporation on December 19, 2007, which has not been amended.

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<sup>1</sup> For purposes of the reconstituted Joint Authority, such term would also include the County once or if it is added as Member.

The relationship between the Joint Authority and the Members is governed by the provisions of an agreement entitled “Inter-Municipal Agreement and Joint Resolution Creating a Joint Authority Water and Sewer System . . . Pursuant to Chapter 25, Title 6, South Carolina Code of Laws as Amended by Act No. 59, South Carolina Acts and Joint Resolutions, Effective June 6, 2007, and Assignment of Rights, Privileges, Duties and Obligations Previously Agreed to by the Parties, and Agreement of the Authority to Provide Sewer Services,” by and among the Members, and filed in the offices of the Clerk of Court of Oconee County as of October 31, 2007 (the “**Authority Agreement**”). The Authority is governed by a commission consisting of nine commissioners (the “**Authority Commission**” or “**Commission**”).

The Authority is, in effect, a successor to the Oconee County Sewer Commission (the “**Sewer Commission**”). The Sewer Commission was established by the County through Ordinance No. 78-2, enacted on February 28, 1978 (the “**Sewer Commission Ordinance**”). The Sewer Commission Ordinance established the composition of the nine-member Sewer Commission and allowed Seneca to designate three members, Walhalla to designate two members, Westminster to designate two members, and the County to designate the remaining two members.

There are numerous agreements and memoranda of understanding among the Sewer Commission, the County, and the Members of the Joint Authority (including the Town of West Union, South Carolina). Several of these agreements are incorporated by reference into the Authority Agreement in numerous provisions, both in general terms and with respect to specific matters<sup>2</sup> (collectively, the “**Incorporated Agreements**”): namely, an Intergovernmental Agreement dated April 18, 2006; an Intergovernmental Agreement (SWAG) dated February 28, 2005; a Memorandum of Understanding dated March 10, 2004; a Memorandum of Understanding dated February 24, 2005; and an Intergovernmental Agreement dated April 18, 2006. In addition to various obligations and commitments concerning the use of the Sewer Commission’s facilities and services, the Incorporated Agreements contain some provisions concerning the composition of the Sewer Commission and circumstances under which its composition may change over time.

## II. Summary of Findings and Recommendations from Study

The Study identified three options for the future: (1) do nothing and maintain the *status quo*; (2) complete revision of Authority governance documents, requiring a reconstitution of the Joint Authority; and (3) consolidation with a regional provider. The Study strongly suggests that option (1) is not viable. Accordingly, this memorandum will focus on options (2) and (3).

## III. Option 2 – Complete Revision of Authority Governance Documents

### 1. Recommendations

To implement Option 2, the Study recommends the following changes related to governance:

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<sup>2</sup> See Authority Agreement, Preamble at 15; *Id.*, Article 11, §(e); *Id.*, Article 13, §(a); *Id.*, Article 15, §§(a) and (b).

- (1) Adding the County as a Member;
- (2) A five-member Commission, including at least one representative from: the County, Seneca, Walhalla, and Westminster. The method of appointment of fifth member is to be determined;
- (3) Per capita voting as a rule, with weighted voting for debt matters only;
- (4) Establish parameters for debt, including preapproval for financing of certain scopes of work, and clear mechanisms for member approval of other debt;
- (5) Establish clear parameters and mechanisms for the addition of new members;
- (6) Establish power for the Authority to provide retail sewer service;
- (7) Establish an equitable rate structure;
- (8) Establish how growth will be funded; and
- (9) Establish a new operating agreement (with a minimum term of 40 years).

## 2. *Recommended Actions*

In order to implement the recommendations in the Study, we recommend amending and reconstituting the Joint Authority, and starting over with entirely new documents from beginning to end.<sup>3</sup> This additionally includes rescission all of the Incorporated Agreements. To the extent there are additional counterparties to the Incorporated Agreements, other than the Members (such as the City of West Union), termination of, or substantial amendments to, such agreements will also be necessary.<sup>4</sup>

Reconstitution may be accomplished through a single ordinance of each Member (including the County, who is recommended for addition in the Study) and should be done only after all parties have come to a mutual understanding of the desired scope of the Joint Authority's capital improvement plan and its cost.<sup>5</sup> Once those matters are known with a high-level of certainty, we would recommend each of the Members enact an ordinance that:

- authorizes imposition of new incorporation documents;
- authorizes a governance agreement among the Members as to how many commissioners (referred to herein as a "**Commissioner**" or "**commissioner**") each Member shall be entitled to appoint, and includes proposed bylaws (the "**Governance Agreement**"); and
- authorizes a new agreement regarding capacity, operations, and financial matters between the Joint Authority and its Members (the "**Operating Agreement**").

<sup>3</sup> In lieu of amendment and reconstitution, the Joint Authority could be administratively dissolved and created from scratch under the Joint Authority Act. While the practical effect of this approach is the same, the amendment and reconstitution process likely avoids the onerous task of transferring or conveying the various sewer system assets to the newly created entity.

<sup>4</sup> Dissolution would also necessitate the rescission of the Incorporated Agreements, and the consent or approval of counterparties other than the Members.

<sup>5</sup> This should correspond to the various Capital Improvement Plans prepared by each Member, and the follow-on financial model and cost of service study contemplated under and recommended under the "Next Steps" provisions of the Study.

i. Amended Incorporation Documents

Amended incorporation documents should be drafted (i) to provide for any changes in membership, and (ii) to remove any incorporation restrictions. Restrictions, if any, should be addressed in the Governance Agreement or in the Operating Agreement. Including restrictions in the incorporation documents when the same subject matter is addressed by either the Governance Agreement or the Operating Agreement may recreate the inconsistencies and circuitous references prevalent in the current documents.

To amend and replace the current incorporation documents, all commissioners should execute and file an amendment to the incorporation documents with the South Carolina Secretary of State that specifies or includes: (1) the names of all proposed members of the reconstituted Commission; (2) a certified copy of each proposed Member's ordinance determining it is in the entity's best interest to participate in or join, as applicable, the reconstituted Joint Authority; (3) a certified copy of the ordinance or resolution of each entity appointing that Member's commissioners; (4) a statement that the proposed Members desire that the Joint Authority continue to be organized as a public body corporate and politic under the Joint Authority Act; (5) confirmation of the name of the Joint Authority; and (6) revision to the purpose for the creation of the Joint Authority that conform to the scope of the Joint Authority Act. The Secretary of State will then review the proposed amendment and issue an amended corporate certificate with the names of all voting members, the name of the Joint Authority, and the purpose of the Joint Authority.

ii. Reconstitute Commission Composition

The Study found that the membership and voting process for the Commission should be revised to achieve its mission. New participants could provide financial resources and insight into future sewer demand, and revisions to the voting procedure and membership qualifications could better align the Commissioners with the purpose of the Joint Authority and improve governance.

The Study found that the County should join the Joint Authority because "they are the one . . . stakeholder with the most ability from a financial perspective to generate significant revenues from multiple sources that could be used for sewer . . .", and it has control over land use planning and economic development in the unincorporated areas of the County, which are "two . . . of the primary drivers of the need for expanding sewer."<sup>6</sup>

The Study also cited feedback from stakeholders indicating that "having multiple representatives and the majority of those being either elected officials or employees of the municipality was recognized to present challenges for the good of the whole"<sup>7</sup> due to conflicting

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<sup>6</sup> Study, p. 60.

<sup>7</sup> Study, p. 60.

duties of officials or employees as between the Member they represent and the Joint Authority they are charged with governing as a Commissioner.<sup>8</sup>

The Study proposes a new five-member Commission with designated representatives from each of the Members:<sup>9</sup> the County, Seneca, Walhalla and Westminster. The Study does not identify the fifth Commissioner, but contemplates appointment by the County or the Oconee County legislative delegation. A delegation appointment is not practicable because the Joint Authority Act specifically contemplates that only the Members, acting through their respective governing bodies, can appoint Commissioners. As a result, thoughtful consideration should be given to the fifth Commissioner and their method of appointment. If the City of West Union were added as a Member, then they could be given a Commission appointment. However, the Study also notes that they are small, financially disadvantaged and generally not recommended for inclusion. As a result, the best option is likely granting the appointment authority for the fifth Commissioner to the County, with particular requirements or conditions in the Governance Agreement as to qualifications for such Commissioner.

In addition to the structure and composition of the Commission, there are a number of considerations around the qualifications, and certain restrictions South Carolina law imposes on Commissioners, as follows:

- The office of a Commissioner is created under Section 6-25-60 of the Joint Authority Act.<sup>10</sup> Under Article XVII, Section 1 of the Constitution of the State of South Carolina, 1985, as amended, “[n]o person shall be elected or appointed to any office in this State unless he possess the qualifications of an elector.”<sup>11</sup> An elector must be resident within the jurisdiction from which he is appointed and registered to vote therein.<sup>12</sup> Accordingly, it is clear that a Commissioner must be resident of and registered to vote within the boundaries of the Member appointing him.<sup>13</sup>
- The South Carolina Attorney General has similarly opined that because the office of a Commissioner is a public office for constitutional purposes, the prohibition on dual office-holding applies.<sup>14</sup> There is some thought that an elected or appointed official

<sup>8</sup> An analysis or determination of whether the Commissioners are fiduciaries to the Commission is beyond the scope of this memorandum. However, the Joint Authority Act does contemplate that each Commissioner shall undertake an oath to “execute the duties of his office faithfully and impartially....”

<sup>9</sup> The Joint Authority Act requires a minimum of five members.

<sup>10</sup> S.C. Code Ann. § 6-25-60.

<sup>11</sup> S.C. Const. art. XVII, § 1.

<sup>12</sup> 2022 WL 3279345, at \*4 (S.C.A.G. Aug. 2, 2022) (“our Supreme Court interpreted article XVII, section 1 to imply a residency requirement even when one is not specified by the Legislature”).

<sup>13</sup> § 6-25-60(A) also states that “[a] commissioner serves at the pleasure of the governing body by which he was appointed.” While we are unaware of any challenge to this provision, the discretionary nature of such provision is troubling in light of Article VI, Section 1 of the South Carolina Constitution 1895, as amended. Article VI, Section of the Constitution provides that “the terms of all officers must be for some specified period . . .” As a result, there may be a constitutionality question as to the discretionary terms of Commissioners under § 6-25-60(A).

<sup>14</sup> 2002 WL 31341804, at \*2 (S.C.A.G. Aug. 19, 2002) (“Unquestionably, a member of the Commission [under the Joint Authority Act] holds an office for dual office holding purpose.” “In this instance, presuming the person is elected to county council, he would vacate the office of member of the Joint Water and Sewer Commission upon assuming

from a Member may serve *ex officio* based on the elected office held at the Member.<sup>15</sup> However, in a 2002 opinion, the South Carolina Attorney General opined that this was improper because “[t]here is no *ex officio* correlation between those two positions.”<sup>16</sup> The law recognizes an “*ex officio*” or “incidental duties” exception where “there is a constitutional nexus in terms of power and responsibilities between the first office and the ‘*ex officio*’ office.”<sup>17</sup> Said another way, a Commissioner can serve if the office from which the appointment springs if the underlying office is properly characterized as incidental to service on the Commission.

- We note that the Supreme Court has found that the provision of water and sewer service is a key “governmental function.”<sup>18</sup> And the legislative findings in the Joint Authority Act explicitly provide that “the creation of a joint system is an alternative method whereby a [Member] may obtain the benefits and assume the responsibilities of ownership in a project.”<sup>19</sup> We think it is arguable that service on the Commission is incidental to the duties of a Mayor (if under the strong-mayor form of government) or City Manager.<sup>20</sup>

- Additionally, the Joint Authority Act previously provided that the Commission representative “may be an officer or employee of the member and may also serve *ex officio* as a member of the Commission.” However, the Joint Authority Act was amended in 2007 (Act No. 59 of 2007), and this provision was deleted. Such amendment creates further questions regarding the legality or propriety officers or employees of any Member serving as a Commissioner.

In light of foregoing, and the conflicting roles/duties of the existing Commissioners noted in the Study, we strongly recommend that any new Commissioners be a resident of the appointing Member and not be officers (Mayor or council members) or employees of the Member. Each Member should select a Commissioner meeting the qualifications of an elector for that Member that does not already hold a public office or serve as an employee of the Member. Instead, Members should look to appoint unaffiliated electors that will serve faithfully and impartially, acting in the best interest of the Commission.

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the office of Council member”). But see, 2022 WL 17541133, at \*4 (S.C.A.G. Nov. 22, 2022)(Based on an analysis of the factors delineated in *State v. Crenshaw*, 274 S.C 475, 266 S.E.2d 61 (1980) to determine whether a position constitutes an office, the Attorney General overruled a prior opinion (see 1985 WL 165972 Jan. 4, 1985) and determined that “the Darlington City Manager does not hold an office for purposes of dual office holding”).

<sup>15</sup> It is noted that the current Commission includes a number of members who also serve as elected representatives of their cities.

<sup>16</sup> *Id.*

<sup>17</sup> *S.C. Pub. Int. Found. v. S.C. Transp. Infrastructure Bank*, 403 S.C. 640, 646, 744 S.E.2d 521, 524 (2013).

<sup>18</sup> *City of Beaufort v. Beaufort-Jasper Cnty. Water & Sewer Auth.*, 325 S.C. 174, 180, 480 S.E.2d 728, 731 (1997)

<sup>19</sup> S.C. Code Ann. § 6-25-128.

<sup>20</sup> 2022 WL 17541133, at \*4 (Utilization of *Crenshaw* factors to determine whether an official is exercising sovereign powers of the State).

### iii. Voting Procedure

The Study recommends “that for matters not related to debt, each [Commissioner] would receive one vote, with all votes being equal.”<sup>21</sup> The Study further recommends that for matters related to debt, the new [Governance Agreement] must determine the most equitable manner in which to apportion votes. It is recommended that this be based on something such as the proportionate flow of each stakeholder to the Coneross WRF, a fixed capacity allocation, or an annual process of determining an equitable allocation for specific votes.”<sup>22</sup>

The Joint Authority Act provides that “[a] commissioner has one vote and may have additional votes as a majority of the members of the joint system determines,”<sup>23</sup> except that with regard to the election of chairman, vice-chairman, secretary, and treasurer of the Commission, each Commissioner shall have one vote.<sup>24</sup> The Joint Authority Act also provides that the Joint Authority cannot undertake a project for which bonds will be issued without the approval of a favorable vote of two-thirds of all Commissioners following unanimous approval of the governing bodies of all Members. Practically speaking, this means the Operating Agreement, which should include preauthorization of borrowing for the near-term capital plan and the maintenance of the system, must be approved by two-thirds of all Commissioners. The approval of the bond resolution, the provisions of which actually implement the borrowing plans, may be subject to a different threshold (including weighted voting as discussed below) at or in excess of a majority of a quorum.

The Joint Authority Act provides that each Commissioner may receive “additional votes as a majority of the members of the joint system determines.” While the Study contemplates weighted voting for debt issuances, additional consideration should also be given to weighted voting for other financial matters (rates and charges), amendments to the Bylaws or other governing matters. Options can be drawn from other joint authorities, which include weighted voting options based on capacity,<sup>25</sup> flow,<sup>26</sup> or customer count,<sup>27</sup> or the Joint Authority can determine its own weighting metrics. The decision whether to utilize weighted voting, how/when to utilize weighted voting and the methodology for weighted voting should be discussed by the ad hoc committee (as contemplated in the study), and if determined for use, should be memorialized in the Governance Agreement and bylaws.

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<sup>21</sup> Study at 78.

<sup>22</sup> Study at 79.

<sup>23</sup> S.C. Code Ann. § 6-25-60(A).

<sup>24</sup> S.C. Code Ann § 6-25-60(B).

<sup>25</sup> Anderson Regional Joint Water System.

<sup>26</sup> Pickens Regional Joint Water System; Piedmont Municipal Power Agency (using a hybrid option with a fixed amount of voting shares, plus additional shares based upon a proportionate share of base billing demand).

<sup>27</sup> Lowcountry Regional Water System.

iv. Rescind and Replace All Prior Agreements

The Study noted that the Authority Agreement and the Incorporated Agreements impede action and that “inaction is not an option.”<sup>28</sup> This is because sewer service in the County is at a point where inaction “will ultimately result in negative impacts to the things that all county citizens prioritize – quality of life and protection of abundant and natural resources.”<sup>29</sup>

A new Operating Agreement that says the same thing as the existing Authority Agreement and the Incorporated Agreements will not serve the Joint Authority well in the future. Our firm regularly works with several other joint authorities created under the Joint Authority Act and there are key provisions in each of their respective operating agreements that allow for their operational success and ability to access the bond market. As mentioned above, we think the best way to do this is through an omnibus ordinance by each Member that approves a new Operating Agreement and rescinds all prior agreements. The new Operating Agreement should provide for the following:

- a defined “Project,” which may be expansive or limited in scope, for which the Members can preauthorize the issuance of debt to construct and to provide for capital maintenance and regulatory compliance, and to extend the useful life of the Project
- the method or methodology for determining the apportionment of operating costs (usually on the basis of relative flows) and capital costs (usually on the basis of capacity)<sup>30</sup>
- define the components of each Member’s monthly payment, which should include (at minimum) the following components of Member charges along with clear methodologies for calculating and apportioning them:
  - capital charge
  - operation and maintenance charge
  - depreciation charge
  - debt service charge
- define the payment obligation of the Members as “absolute and unconditional” and provide for a “step-up” provision providing for Members to jointly and severally stand-behind any debt obligation
- provide for capacity allocation, including adjustments and transfers

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<sup>28</sup> Study at 77. Additionally, in its most recent monitoring report dated October 1, 2024, RIA informed OJRSA that “[t]he efforts to act on the recommendations and reorganization efforts outlined in th[e] [P]lan may be a consideration in evaluation for future funding requests for Oconee Joint Regional Sewer Authority and the participating systems” (Emphasis added).

<sup>29</sup> *Id.*

<sup>30</sup> This is something that should be reviewed and considered in the “Financial/Rate Cost of Service Study” as recommended in the “Next Steps” section of the Study at 84.

- provide a defined mechanism for all or a portion of the Members to finance additional capacity and expansion apart from the initial pre-authorized “Project”
- provide that each Member include sewer charges on water bills
- ensure that Members’ individual revenue bond obligations are structured on a net revenue (as opposed to a gross revenue) basis, whereupon payment obligations to the Joint Authority are prioritized
- determine whether collection infrastructure will be owned, operated or maintained by the Joint Authority
- mandated compliance and associated penalties for failure to comply with Joint Authority’s sewer use policy

#### IV. Option 3 – Consolidation with an Existing Entity

Consolidation with an existing entity trades self-determination for financial relief. This trade-off may be worth it in the short to medium term, but aside from an initial agreement specifying certain near-term activities, the Members would have no say in policy matters regarding who is served in the future.<sup>31</sup> This option abdicates responsibility for sewer in the County. Given the condition of the various systems this may appear attractive, but rehabilitation and expansion costs will be paid by the ratepayers at the end of the day.

Further, a review of consolidation options requires a fact-specific analysis. The process for consolidation of the Joint Authority into a municipality versus a special purpose district is very different. The practical considerations of any consolidation option should be analyzed once and if a consolidation candidate is identified.<sup>32</sup>

#### V. Conclusion

While the above covers a great deal of ground, the pieces will fall into place if the Members can determine:

- the composition of the Commission
- weighted voting
- the scope and cost of the pre-authorized capital plan
- an acceptable rate structure and methodology

If these matters can be determined with adequate definition, we would then propose that the Joint Authority and each Member adopt a resolution and ordinances, respectively, reincorporating the Joint Authority, reconstituting the Commission, and rescinding and replacing all existing

<sup>31</sup> This is according to State law.

<sup>32</sup> Such arrangement would require a separate memorandum to identify and describe the consolidation process.

Agreements. From our perspective those actions are straightforward once the Members determine the matters set forth above.

In the absence of such determinations, or a failure by some or all of the Members to act, options for the potential consolidation of the Joint System should be considered and candidates for such consolidation should be reviewed, vetted and stress-tested.



# Oconee Joint Regional Sewer Authority

623 Return Church Road  
Seneca, South Carolina 29678  
Phone (864) 972-3900  
[www.ojrsa.org](http://www.ojrsa.org)

## OCONEE JOINT REGIONAL SEWER AUTHORITY

### Ad-Hoc Sewer Feasibility Implementation Committee

January 9, 2025

The Ad-Hoc Feasibility Implementation Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Amanda Brock (Oconee County)
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Joel Jones (ReWa)
- Scott McLane (City of Seneca)
- Celia Myers (City of Walhalla)
- Scott Parris (City of Westminster)
- Sue Schneider (Citizen - formerly worked for Spartanburg Water)
- Rivers Stilwell (Attorney, Maynard Nexsen) – *via phone call*
- Scott Willett (Anderson Regional Joint Water System)

Committee Members that were not present:

- Graham Rich, Committee Chair (Citizen - formerly worked for ReWa) – *Resigned from committee prior to meeting.*

OJRSA appointments and staff present were:

- Lynn Stephens, Secretary/Treasurer to the Board and Office Manager

Others present were:

- Chip Bentley (Appalachian Council of Governments (ACOG))
- Lawrence Flynn, (Pope Flynn - OJRSA Attorney)
- Angie Mettlen (Vice President, WK Dickson)
- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Andrea Kelley (Reporter, The Journal)
- David Root, Oconee County Attorney

**A. Call to Order** – Mr. Bentley called the meeting to order at 9:03 a.m.

### B. Presentation and Discussion Items

- 1. Consideration for Proceeding Without Committee Member/Chair Graham Rich, Who Resigned from the Committee Due to Health Reasons** – Mr. Bentley stated that Mr. Rich resigned from the committee and the committee will need to decide whether to replace his seat or not. Mr. Bentley said he discussed this with Mr. Eleazer and Ms. Mettlen, and it is felt that there are enough members remaining on the committee that have the expertise to continue without the seat being filled.

Mr. Bentley asked if the committee was good with that, and they were. He asked Mr. Eleazer if the board was okay with that, and Mr. Eleazer replied there were no negative comments when he brought it up at the board meeting this week.

- 2. Clarify Ex Officio Member and Committee Chair Roles and Responsibilities** – Mr. Bentley clarified that the Ex Officio Member will provide information to the committee; however, the committee chair will run the meeting.

**3. Elect a New Chairperson for the Committee**

***Ms. Brock nominated, seconded by Mr. Jones, Ms. Schneider for committee chair.***

Ms. Schneider explained that she has some frequent trips coming up as well as a scheduled surgical procedure in April and doesn't believe she is the person to hold this position at this time.

***Ms. Brock rescinded the nomination.***

***Ms. Schneider nominated, seconded by Mr. Willett, Mr. Jones for committee chair. The nomination carried with a vote of: Yea: 8; Nay: 1 (Joel Jones).***

**4. Review Roles and Process for Executive Session Procedures; Agenda Development, Email Communications, and Meeting Minutes** – Mr. Bentley stated this and all future meetings for this Committee will be held in open session; however, items may come up that can be discussed in Executive Session. He added that he and Mr. Jones will work on all the agendas. He asked that any questions or comments be emailed to Mr. Eleazer or Ms. Stephens, and they will be forwarded to the committee members via blind copy.

Mr. Eleazer added that he will not take the minutes to the OJRSA board as final until this committee has approved them.

**5. Review and Discussion of Background Information (Exhibit A; Also Included in Regional Feasibility Planning Study 2024 Appendix B)** – Mr. Bentley asked if everyone got a chance to review the information, and everyone on the committee had reviewed it. Mr. Jones asked if anything seemed inaccurate, and all committee members did not see any inaccuracies. Ms. Mettlen stated there were some demographic questions and added that the information she provided in the study came directly from each entity.

**C. Public Comments – None.**

**D. Approval of Ad Hoc Committee Minutes**

- December 2, 2024

***Mr. Eleazer motioned, seconded by Ms. Schneider, to approve the December 2, 2024 Ad Hoc Committee minutes as presented. The motion carried.***

**E. Executive Session - *NOTE: Committee May Act on Matters Discussed in Executive Session Upon Returning to Open Session***

- Receive Legal Advice and Information Regarding Future Reorganization or Consolidation with Another Multi-County Utility Organization. *[Executive Session Permissible Under SC Law 30-4-70(a)(2), Which States: Discussion of Negotiations Incident to Proposed Contractual Arrangements and Proposed Sale or Purchase of Property, the Receipt of Legal Advice Where the Legal Advice Relates to a Pending, Threatened, or Potential Claim or Other Matters Covered by the Attorney-Client Privilege, Settlement of Legal Claims, or the Position of the Public Agency in Other Adversary Situations Involving the Assertion Against the Agency of a Claim.]*

***At 9:15 a.m., Ms. Schneider motioned, seconded by Mr. Eleazer, to enter Executive Session to receive legal advice and information regarding future reorganization or consolidation. The motion carried.***

***At 11:01 a.m., Ms. Schneider motioned, seconded by Mr. Parris, to return to Regular Session. The motion carried.***

Mr. Jones stated that the committee discussed the items on the agenda in Executive Session and took no action.

**F. Discussion Items**

- 1. General Discussion Among Committee Members Regarding Reorganization or Consolidation with Another Multi-County Utility Organization** – Mr. Jones stated that the committee recommends OJRSA's legal representation move forward with Option #2 (reconstitution of the current agency), with possible statutory changes as needed for a hybrid reconstitution of the board and asked for this to be brought before the OJRSA board.
- 2. Public Comments Following Discussion About Reorganization or Consolidation Options** – Ms. Kelley asked what was meant by "hybrid." Mr. Jones replied that there were three (3) options in the memo that was discussed, and two (2) of the options were eliminated. One of the options was to reconstitute the organization (structure and representation); however, that may not work, and the statutory changes may provide other options. Mr. Bentley said the statutory changes may facilitate the reconstitution, as there are currently some hurdles to get over. Mr. Eleazer added that he will ask the board at their February meeting to release the memorandum to the public.

**G. Committee Action Items**

- 1. Action on Items Discussed in Executive Session, If Any** – None.
- 2. Agenda Items for Next Meeting** – Will be drafted by Mr. Jones and Mr. Bentley.
- 3. Confirm Date for Next Meeting, Which Is Scheduled for Thursday, February 13, 2025 at 9:00 a.m.**  
– The meeting was confirmed by committee members.

**H. Upcoming OJRSA Meetings**

- **Operations & Planning Committee** – Wednesday, January 15, 2025 at 8:30 a.m.
- **Finance & Administration Committee** – Tuesday, January 28, 2025 at 9:00 a.m.
- **Board of Commissioners** – Monday, February 3, 2025 at 4:00 p.m.
- **Sewer Feasibility Implementation Ad Hoc Committee** – Thursday, February 13, 2025 at 9:00 a.m.

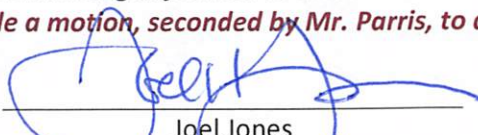
Ms. Schneider asked if there was anything additional to read. Ms. Mettlen said she will provide information to the committee if it is determined by Mr. Jones and Mr. Bentley to be on the next agenda.

Mr. Flynn asked if he should begin to investigate the statutory changes. Mr. Eleazer replied that the board would have to discuss and approve that before he can begin.

**I. Adjourn** - The meeting adjourned at 11:06 a.m.

***Ms. Brock made a motion, seconded by Mr. Parris, to adjourn the meeting. The motion carried.***

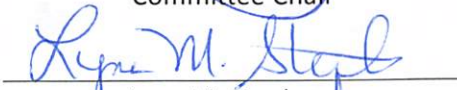
Approved By:

  
Joel Jones  
Committee Chair

Date Approved:

2/13/25

Approved By:

  
Lynn M. Stephens  
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on December 6, 2024 to *Upstate Today*, *Anderson Independent-Mail*, *Westminster News*, *Keowee Courier*, WGOG Radio, WSNW Radio, City of Seneca Council, City of Walhalla Council, City of Westminster Council, Oconee County Council, SC DHEC, [www.ojrsa.org](http://www.ojrsa.org), and posted at the OJRSA Administration Building.



## Ad Hoc Sewer Feasibility Implementation Committee

OJRSA Operations & Administration Building

Lamar Bailes Board Room

January 9, 2025 at 9:00 a.m.

*This advisory committee was established by the OJRSA Board of Commissioners at its November 4, 2024 meeting to consider recommendations and report to the OJRSA Board and Oconee County as identified in the [Regional Feasibility Planning Study](#) as adopted by the OJRSA on September 9, 2024. The committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area. See the study at [www.ojrsa.org/info](http://www.ojrsa.org/info) for more information.*

*OJRSA commission and committee meetings may be attended in person at the address listed above. The OJRSA will also broadcast meetings live on its YouTube channel at [www.youtube.com/@OconeeJRSA](http://www.youtube.com/@OconeeJRSA) (if there is a technical issue preventing the livestreaming of the meeting, then a recording will be published on the channel as soon as possible). For those not able to attend in person, then the OJRSA Board or Committee Chair will accept public comments by mail (623 Return Church Rd, Seneca, SC 29678) or at [info@ojrsa.org](mailto:info@ojrsa.org). Comments must comply with the public session instructions as stated on the meeting agenda and will be received up until one hour prior to the scheduled meeting. If there is not a public session scheduled for a meeting, then comments shall not be accepted.*

### Agenda

- A. Call to Order** – Chip Bentley, Facilitator
- B. Presentation and Discussion Items** *[May include vote and/or action on matters brought up for discussion]*
  - 1. Consideration for proceeding without Committee Member/Chair Graham Rich, who resigned from the committee due to health reasons – Chip Bentley, Facilitator
  - 2. Clarify Ex Officio member and Committee Chair roles and responsibilities – Chip Bentley, Facilitator
  - 3. Elect a new Chairperson for the committee – Chip Bentley, Facilitator
  - NEWLY ELECTED CHAIR WILL PRESIDE OVER REMAINDER OF MEETING**
  - 4. Review Roles and process for Executive Session procedures; agenda development, email communications, and meeting minutes – Committee Chair
  - 5. Review and discussion of background information (Exhibit A; also included in Regional Feasibility Planning Study 2024 Appendix B) – Committee Chair
- C. Public Comment** – Receive comments relating to topics that may or may not be on this agenda. Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- D. Approval of Ad Hoc Committee Minutes**
  - December 2, 2024 – Committee Chair
- E. Executive Session** NOTE: *Committee may act on matters discussed in executive session upon returning to open session*
  - Receive legal advice and information regarding future reorganization or consolidation with another multi-county utility organization. *[Executive Session permissible under SC Law 30-4-70(a)(2), which states: Discussion of negotiations incident to proposed contractual arrangements and proposed sale or purchase of property, the receipt of legal advice where the legal advice relates to a pending, threatened, or potential claim or other matters covered by the attorney-client privilege, settlement of legal claims, or the position of the public agency in other adversary situations involving the assertion against the agency of a claim.]*
- F. Discussion Items** – Led by Committee Chair
  - 1. General discussion among committee members regarding reorganization or consolidation with another multi-county utility organization.
  - 2. Public comments following discussion about reorganization or consolidation options.
- G. Committee Action Items** – Led by Committee Chair

1. Action on items discussed in Executive Session, if any.
2. Agenda items for next meeting.
3. Confirm date for next meeting, which is scheduled for Thursday, February 13, 2025 at 9:00 a.m.

**H. Upcoming Meetings** *All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.*

- Operations & Planning Committee – January 15, 2025 at 8:30 a.m.
- Finance & Administration Committee – January 28, 2025 at 9:00 a.m.
- Board of Commissioners – February 3, 2025 at 4:00 p.m.
- Sewer Feasibility Implementation Ad Hoc Committee – February 13, 2025 at 9:00 a.m.

**I. Adjourn**



Ad-hoc Sewer FIC Meeting Sign-in Sheet

Date: 1/9/25 Time: 9am Location: WWTP Board Room

[illegible]



## REGIONAL SEWER FEASIBILITY STUDY

### Initial Stakeholder Meetings:

Oconee County/City of Seneca/Town of Westminster/Town of Walhalla/Oconee Joint Regional Sewer Authority

### Main Discussion Notes

November 8, 2023

**1. How is the current organizational model working? What are strengths/challenges?**

- The County is now more involved in the “conversation” than in the past.
- There is more communication and a better relationship between the County and the Authority than in previous years.
- Board members work well together. Most feel that they can express opinions and be heard, even if not everyone agrees.
- Board conversation are now more about capital investments and organizational improvements rather than rates/allocations
- OJRSA consent order is a positive. It forced a reset to begin strategic planning. There is a common goal now.
- Tough decisions were made to increase rates but now are seeing a strengthening in financial strength of the Authority.
- Change in the way the Authority bills the municipalities has been very beneficial for all. Reduced burden on staff. It is now based on customer water usage as opposed to fluctuating flow contributions. Although it stemmed from the lawsuit, there has been a positive outcome.
- Although board members have agreement on many issues, it may be a ‘fragile peace.’ Still issues around control based on where growth is occurring.
- There are inconsistencies/misalignment with Authority organizational documents/agreements.



## REGIONAL SEWER FEASIBILITY STUDY

- Current organizational model makes county involvement more difficult.
- The sewer is the growth and power. The member cities have benefited from this, but not the County.
- Authority Board members are being asked to do county-wide planning through where sewer is being installed. That is not their job.
- Because Authority Board members are either elected officials or employees of the member municipalities, it is like they serve two masters and that is difficult.
- Authority Board members from the smaller member municipalities feel pressure from their residents/customers.

### **2. What are some of the real and/ or perceived issues with the current organizational model or any modifications to it?**

- The current structure of the Board was very intentional. It was all to control growth.
- The other municipalities feel that Oconee County and Seneca will always vote together and would dominate if they have a seat on the Board.
- It would be better accepted if each of the municipalities had an equal vote.
- The County's view is that the Authority Board does not want their opinion, but they want their money.
- The Board understands that the County needs to help them decide where sewer will be extended into the unincorporated areas. The current structure "doesn't work."
- County is making decision on sewer without involving the Authority (e.g., \$25MM GO Bond for sewer). This also gives the perception that the County is pushing for Greenville-like growth and not considering the agriculture industry (top industry in county).
- The Authority cannot issue debt for capital projects without unanimous approval from the elected officials of all member cities.
- The member municipalities do not want the Authority to spend money that does not directly benefit their residents.



## REGIONAL SEWER FEASIBILITY STUDY

- Enforcement of sewer regulations is not consistent. All municipalities adopt the Authority's sewer use regulations but the way it is enforced is different.
  - The level of investment in individual collection systems is different but reduction of I/I is an issue for the Authority.
  - Rates (affordability) is always a concern, especially for smaller member municipalities.
3. **What are some of changes that could be made to the current organizational model that may be an improvement?**
- The County needs a seat on the Board. This would improve communication around sewer and growth because much of the growth is occurring outside the incorporated municipalities.
  - Either reduce the number of Board members, change the weighting of them (not based on size/flow contribution) or start over. Suggested composition:
    - 1 from each member municipality
    - 1 from Oconee County
    - 1 appointed by state legislative delegation
    - 2 at large members
  - Only 1 seat for the County would be a challenge for the County commissioners. They may want at least 2 seats.
  - It would be better if elected officials were not Board members. But if that were the case, it might be difficult to find the right person to represent if not an elected official or staff of a member municipality. Council wants either a staff member or an elected official.
  - Some member municipalities may not want to get out of the "sewer business" and there should be a consideration for how the Authority may deal with that.
  - There can be operating agreements rather than a system consolidation. This could still provide operating efficiencies.



## REGIONAL SEWER FEASIBILITY STUDY

4. **What things should NOT be considered with regard to any changes to the current organizational model?**
  - There is no need to include Anderson County. They have no interest in the Oconee community. They can be a wholesale customer.
  - This should remain sewer only. Do not need a combined water & sewer authority.
  - A true system consolidation of all entities would require a combined water and sewer authority. It would be almost impossible for all entities to agree to this, but it may have to be vetted.
  - Feel like anything that involved water would derail any movement toward making needed organizational modifications.
  
5. **How much cooperation between the entities is currently happening? Including coordination/ assistance not necessarily memorialized in legal agreements.**
  - Outside of the Authority Board Room, all of the entities work well together (e.g., solid waste collection, fire protection, etc.).
  - They help each other out in other areas, but not on the sewer side.
  - The member municipalities help out the Authority with things like sewer taps.



## Oconee Joint Regional Sewer Authority

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Phone (864) 972-3900  
[www.ojrja.org](http://www.ojrja.org)

### OCONEE JOINT REGIONAL SEWER AUTHORITY Ad-Hoc Sewer Feasibility Implementation Committee February 13, 2025

The Ad-Hoc Feasibility Implementation Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Joel Jones (ReWa) – Committee Chair
- Amanda Brock (Oconee County) – *via phone call*
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Scott McLane (City of Seneca)
- Celia Myers (City of Walhalla)
- Scott Parris (City of Westminster)
- Sue Schneider (Citizen - formerly worked for Spartanburg Water)
- Rivers Stilwell (Attorney, Maynard Nexsen) – *via phone call*
- Scott Willett (Anderson Regional Joint Water System)

Committee Members that were not present:

- None.

OJRSA appointments and staff present were:

- Lynn Stephens, Secretary/Treasurer to the Board and Office Manager

Others present were:

- Chip Bentley (Appalachian Council of Governments (ACOG))
- Michael Traynham (Maynard Nexsen – OJRSA Environmental Attorney)
- Lawrence Flynn (Pope Flynn - OJRSA Attorney) – *via phone call*
- Angie Mettlen (Vice President, WK Dickson)
- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Tony Adams, Oconee Co. Citizen

**A. Call to Order** – Mr. Jones called the meeting to order at 9:03 a.m.

**B. Public Comment** – Mr. Adams stated he is an Oconee County native and wanted to voice his concerns about sewer service. He began with a history of sewer service in Oconee County. He stated he was twenty-six (26) years old when the original sewer referendum passed in 1976. He stated he worked in one factory which was one of the first that tied onto the sewer system when the sewer plant opened, and he worked for another factory later that was a big discharger into the system.

Mr. Adams stated that the OJRSA board has been very transparent, and the OJRSA personnel are good people; however, he stated that he has had some serious concerns through the years which has led him to attend many sewer board and committee meetings.

Mr. Adams stated that sewer service has been at the Golden Corner Commerce Park (GCCP) since 2016, and although millions in taxpayer money was spent on this project, there hadn't been much progress until recently.

Mr. Adams said that in 1976, the original sewer referendum passed despite opposition from the three (3) Member Cities and the agricultural community. He stated that the documents that formed the Oconee County Sewer Commission at that time prohibited tax dollars for expanding sewer service. He had been told by OJRSA personnel that this was unique to Oconee County, and it essentially prevented Oconee County from being proactive.

Mr. Adams stated that the 1990s were a booming time for the county and the heyday of the sewer system. Oconee County decided at that time to spend ten million dollars (\$10 million) to expand the sewer plant to 7.8 million gallons per day (GPD) capacity for industrial growth. It was a good decision but turned out to be bad timing. The county lost several textile mills and then other industries followed suit. This was a wasted taxpayer expense, as the plant has only flowed approximately 3.5 million GPD since.

Mr. Adams continued by saying that Oconee County purchased the property for the GCCP in 2005. Then in 2012, there was a new vote on the sewer referendum that removed the property tax restriction. In 2016, Oconee County spent another ten million dollars (\$10 million) on Sewer South Phase I which has not been utilized.

In 2018, Oconee County started Sewer South Phase II. It is forty-eight (48) years after the initial referendum, and sewer in the southern part of the county is finally coming online. He stated he doesn't understand the delay, and he also doesn't understand all the expenses with no return on it.

Mr. Adams stated how the OJRSA had been operating in the red for two (2) years but the board members voted a few years ago to return \$4.6 million back to the Member Cities from the capital reserves that the OJRSA was holding. He also explained how the OJRSA has a projects list of ten (10) projects that total around fifty million dollars (\$50 million). He added that bond consultants suggested the OJRSA increase their revenue by 20% over the next five (5) years, because it would not get any bonds in its current financial state.

Mr. Adams ended by stating that this committee has a huge task in front of them, but he asked that while they reconfigure the structure of the OJRSA, that it doesn't end up being just the same thing with "lipstick on." He thanked the committee for their time.

Mr. Jones stated that a resident, who could not attend today's meeting, sent in a letter and requested it be read at this meeting. Mr. Jones read the letter (*made a part of these minutes*).

#### C. Approval of Ad Hoc Committee Minutes:

- January 9, 2025

*Mr. Willett made a motion, seconded by Ms. Schneider, to approve the January 9, 2025 Ad Hoc Feasibility Implementation Committee Meeting minutes as presented. The motion carried.*

#### D. Committee Discussion and Action Items –

1. **Update on OJRSA Board Actions and Feedback on Ad Hoc Committee Progress** – Mr. Eleazer reported that the OJRSA Executive Committee authorized Mr. Lawrence Flynn of Pope Flynn to investigate the statutory options. He has had a couple weeks to work on this, but he caught the flu and hasn't completed it yet. Mr. Eleazer added that the OJRSA Board unanimously approved Mr. Flynn to continue this work but to hold off and pursue other avenues before locating lobbyists to help.
2. **Discuss SC RIA Timeline and Process Schedule** – Mr. Bentley stated that the OJRSA is moving towards its arbitrary deadline. He stated that he doesn't want this committee to get to the end and have to rush on decisions, so he asked if it would be okay to speak with Ms. Bonnie Ammons at the Rural Infrastructure Authority about extending the deadline a little. The committee was amicable to this.

Ms. Mettlen added that the deadline is from the report, and she doesn't want to drag this committee out, but she also doesn't want to cut the discussions short. She would like to have a little more time to flush out the next steps.

Mr. Willett asked if Ms. Ammons wants a definitive path forward. Ms. Mettlen replied that Ms. Ammons wants a consensus about the path forward and a schedule for that path. Ms. Ammons would like to see some work on new governing documents. Ms. Mettlen added that Ms. Ammons understands that this cannot be done overnight.

There was some discussion about the timeline for the state legislature, and Mr. Eleazer stated that Mr. Hunter (a lobbyist he spoke with) said the timeline will not work out for this legislative session.

Mr. Jones asked about the word "consensus" and who had to be in consensus. Is it the current board or the councils? Ms. Mettlen replied that this committee is only to give recommendations. All involved in the reconstitution would have to have consensus and approval.

Mr. Eleazer asked if this committee needed to look at two (2) parallel options. Ms. Mettlen replied that Mr. Flynn would have to help and determine what can be done within the framework of the law and that there has to be a Plan B in reconstitution if the statute cannot be changed.

Mr. Jones said there should be more discussion about this with Mr. Flynn outside this meeting. He said an acceptable schedule should be determined and then brought back to this committee to determine what they can do to abide by the schedule.

Mr. Eleazer said Ms. Mettlen will speak to Ms. Ammons.

- 3. Updates from Partner Communities on Status of Rate and Cost of Service Studies** – Ms. Mettlen stated that a recommendation from the report was that OJRSA, the Member Cities, and Oconee County do a rate study. The OJRSA completed their study. She asked what the status was for everyone else.

Mr. Parris stated that Westminster's council approved of a consultant on Tuesday evening, so they are moving ahead with the study.

Ms. Myers stated that Walhalla is working on a joint water and sewer rate study; however, the consultant has not been selected yet.

Mr. McLane stated that Seneca did a rate study in 2022 or 2023 and is currently reviewing it. Ms. Mettlen asked Mr. McLane to make sure that the information from OJRSA's study is built into that.

Ms. Brock stated Oconee County doesn't have a mechanism for billing sewer at this time. She thought this would be done after the OJRSA reorganized. Ms. Mettlen stated this was the rate for the assets that Oconee County is going to continue to own. Mr. Bentley stated this is a full operational cost analysis. Ms. Mettlen added this would be what Oconee County will bill their customers. Ms. Brock replied that they would be OJRSA's customers and thought rates would come from the OJRSA. Mr. Jones said it sounds like there is some confusion here and a conversation should be continued outside this meeting. Mr. Eleazer stated he will arrange a meeting later with Ms. Brock and Ms. Mettlen to discuss this more.

**E. Executive Session - NOTE: Committee May Act on Matters Discussed in Executive Session Upon Returning to Open Session.**

- 1. Receive Legal Counsel on OJRSA Environmental Compliance, Enforcement Authority, and Related Matters.** *[Executive Session Permissible Under SC Law 30-4-70(a)(2), Which States: Discussion of Negotiations Incident to Proposed Contractual Arrangements and Proposed Sale or Purchase of Property, the Receipt of Legal Advice Where the Legal Advice Relates to a Pending, Threatened, or Potential Claim or Other Matters Covered by the Attorney-Client Privilege, Settlement of Legal Claims, or the Position of the Public Agency in Other Adversary Situations Involving the Assertion Against the Agency of a Claim.]*

2. Receive Legal Advice and Information Regarding Future Reorganization or Consolidation with Another Multi-County Utility Organization. *[Executive Session Permissible under SC Law 30-4-70(a)(2), Which States: Discussion of Negotiations Incident to Proposed Contractual Arrangements and Proposed Sale or Purchase of Property, the Receipt of Legal Advice Where the Legal Advice Relates to a Pending, Threatened, or Potential Claim or Other Matters Covered by the Attorney-Client Privilege, Settlement of Legal Claims, or the Position of the Public Agency in Other Adversary Situations Involving the Assertion Against the Agency of a Claim.]*

*At 9:48 a.m., Ms. Schneider made a motion, seconded by Mr. Willett, to enter an Executive Session to receive legal counsel and receive legal advice. The motion carried.*

*At 11:03 a.m., Ms. Schneider made a motion, seconded by Ms. Myers, to return to the Regular Session. The motion carried.*

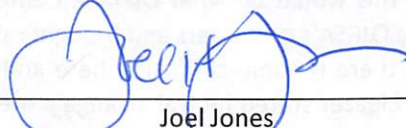
**F. Discussion and Action Items Following Executive Session**

1. General Discussion Among Committee Members Regarding Reorganization, Consolidation with Another Multi-County Utility Organization, or Other Matters Relevant to This Committee – Mr. Jones stated that the OJRSA received legal counsel and legal advice in Executive Session, as described on agenda.
2. Public Comments Following Discussion About Reorganization, Consolidation Options, or Other Matters – None.
3. Action on Items Discussed in Executive Session, If Any – No action was taken.
4. Consider Agenda Items for Next Meeting – Mr. Jones said he and Mr. Eleazer will get together to draft the agenda for the next meeting.
5. Confirm Date for Next Meeting, which is Scheduled for Thursday, March 13, 2025 at 9:00 a.m. – Mr. Willett stated he may not be able to attend the March 13, 2025 meeting due to a scheduling conflict.

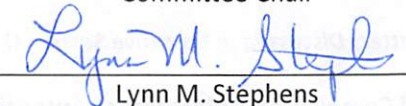
**G. Upcoming OJRSA Meetings**

1. Operations & Planning Committee – Wednesday, February 19, 2025 at 8:30 a.m.
2. Finance & Administration Committee – Tuesday, February 25, 2025 at 9:00 a.m.
3. Board of Commissioners – Thursday, March 6, 2025 at 4:00 p.m. *Please note special meeting date.*
4. Sewer Feasibility Implementation Ad Hoc Committee – Thursday, March 13, 2025 at 9:00 a.m.

**H. Adjourn - The meeting adjourned at 11:07 a.m.**

Approved By:   
Joel Jones  
Committee Chair

Date Approved: 3/13/25

Approved By:   
Lynn M. Stephens  
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on January 10, 2025 to *Upstate Today*, *Anderson Independent-Mail*, *Westminster News*, *Keowee Courier*, WGOG Radio, WSNW Radio, City of Seneca Council, City of Walhalla Council, City of Westminster Council, Oconee County Council, SC DHEC, [www.ojrsa.org](http://www.ojrsa.org), and posted at the OJRSA Administration Building.



## Ad Hoc Sewer Feasibility Implementation Committee

OJRSA Operations & Administration Building

Lamar Bailes Board Room

February 13, 2025 at 9:00 AM

*This advisory committee was established by the OJRSA Board of Commissioners at its November 4, 2024 meeting to consider recommendations and report to the OJRSA Board and Oconee County as identified in the [Regional Feasibility Planning Study](#) as adopted by the OJRSA on September 9, 2024. The committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area. See the study at [www.ojrsa.org/info](http://www.ojrsa.org/info) for more information.*

*OJRSA commission and committee meetings may be attended in person at the address listed above. The OJRSA will also broadcast meetings live on its YouTube channel at [www.youtube.com/@OconeeJRSA](http://www.youtube.com/@OconeeJRSA) (if there is a technical issue preventing the livestreaming of the meeting, then a recording will be published on the channel as soon as possible). For those not able to attend in person, then the OJRSA Board or Committee Chair will accept public comments by mail (623 Return Church Rd, Seneca, SC 29678) or at [info@ojrsa.org](mailto:info@ojrsa.org). Comments must comply with the public session instructions as stated on the meeting agenda and will be received up until one hour prior to the scheduled meeting. If there is not a public session scheduled for a meeting, then comments shall not be accepted.*

### Agenda

- A. Call to Order** – Joel Jones, Committee Chair
- B. Public Comment** – Receive comments relating to topics that may or may not be on this agenda. Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- C. Approval of Ad Hoc Committee Minutes**
  - January 9, 2025 – Joel Jones, Committee Chair
- D. Committee Discussion and Action Items**
  - 1. Update on OJRSA Board actions and feedback on ad hoc committee progress – Chris Eleazer, Committee Member Representing OJRSA
  - 2. Discuss SC RIA timeline and process schedule – Chip Bentley, Facilitator
  - 3. Updates from partner communities on status of rate and cost of service studies – Led by Joel Jones, Committee Chair
- E. Executive Session** *NOTE: Committee may act on matters discussed in executive session upon returning to open session*
  - 1. Receive legal counsel on OJRSA environmental compliance, enforcement authority, and related matters. *[Executive Session permissible under SC Law 30-4-70(a)(2), which states: Discussion of negotiations incident to proposed contractual arrangements and proposed sale or purchase of property, the receipt of legal advice where the legal advice relates to a pending, threatened, or potential claim or other matters covered by the attorney-client privilege, settlement of legal claims, or the position of the public agency in other adversary situations involving the assertion against the agency of a claim.]*
  - 2. Receive legal advice and information regarding future reorganization or consolidation with another multi-county utility organization. *[Executive Session permissible under SC Law 30-4-70(a)(2), which states: Discussion of negotiations incident to proposed contractual arrangements and proposed sale or purchase of property, the receipt of legal advice where the legal advice relates to a pending, threatened, or potential claim or other matters covered by the attorney-client privilege, settlement of legal claims, or the position of the public agency in other adversary situations involving the assertion against the agency of a claim.]*
- F. Discussion and Action Items Following Executive Session** – Led by Joel Jones, Committee Chair, unless otherwise noted
  - 1. General discussion among committee members regarding reorganization, consolidation with another multi-county utility organization, or other matters relevant to this committee.

2. Public comments following discussion about reorganization, consolidation options, or other matters.
3. Action on items discussed in executive session, if any.
4. Consider agenda items for next meeting.
5. Confirm date for next meeting, which is scheduled for Thursday, March 13, 2025 at 9:00 a.m.

**G. Upcoming Meetings** *All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.*

1. Operations & Planning Committee – February 19, 2025 at 8:30 AM
2. Finance & Administration Committee – February 25, 2025 at 9:00 AM
3. Board of Commissioners – March 6, 2025 at 4:00 PM *Please note special meeting date*
4. Sewer Feasibility Implementation Ad Hoc Committee – March 13, 2025 at 9:00 AM

**H. Adjourn**



## Chris Eleazer

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**From:** Mike Huskey <Mike.Huskey@ufpi.com>  
**Sent:** Wednesday, February 12, 2025 10:46  
**To:** Chris Eleazer  
**Subject:** FW: Sewer Expansion  
**Attachments:** OJRSA.docx

Hi Chris

Please find attached the promised letter for reading at tomorrow's meeting. It takes 2.5 minutes to read. If you have any questions please let me know.

Thanks for your consideration

Mike Huskey  
864-915-7402  
303 Greentree Ct  
Seneca SC 29672

Ad Hoc Committee Chair

February 12, 2025

Oconee Joint Regional Sewer Authority

623 Return Church Road

Seneca, SC 29678

Michael Huskey

303 Greentree CT.

Seneca SC 29672

Dear Committee Members,

I have been following the discussions from your committee and the actions of the County Council regarding sewer expansions. If you would allow me to insert my opinion via this letter it would be appreciated. I come from 40 years of Operations and Supply Chain Management and at the end of my career I was responsible for selecting and building Greenfield sites. In my opinion, Oconee County is primed for Industrial growth that will augment the growing retirement and tourism populations.

My Last assignment for Fortune Brands was the site selection and construction of a mega facility for their Composite Decking Business. (VP of Strategic Projects Development). This facility is a major investment and vitally important to the future growth of the business. The facility is 750,000 sq. ft. and will employ 400 people. The manufacturing site is in Columbia, TN on 135 acres outside of Nashville.

The team spent 2 years on the site location process. We were focused on 2 primary drivers of cost benefit. Labor availability and Freight lanes. If you analyze most preferred sites, these 2 areas will be in the top 5 items to consider. Rail and access to major interstates are primary factors related to freight. Having to navigate 2 lane roads and municipal traffic is costly and time consuming. This is why you see most industrial property next to major highways.

### **Freight**

The GCCP satisfies the Freight and Logistics needs with its proximity to Interstate 85. This North/South corridor connects to all other lanes going to the Northeast, Southeast, Midwest, and West.

## **Labor**

When analyzing labor and skill levels for a particular location, we look at many factors. High School graduation rates, population growth (young people moving out or staying), proximity to technical schools and universities, union activity, training subsidies, state and local incentives.

## **The Site**

We look for electrical power availability. The Columbia site requirements were 39 megawatts. The TVA and local power company (CPWS) worked very hard to accommodate this because the Economic Impact Study revealed the growth in tax revenue from the corporate taxes and Labor generated taxes were of great benefit to the city and county.

Natural Gas supply was also important to this facility. It was made available within 800 ft of the building.

CPWS (local utility) supplied water and sewer service to the operation as well. There were some negotiations on water usage and sewer discharge but the upside to the community for providing these services were readily obvious.

**If any of these utilities were unavailable to the site or were cost prohibitive (surcharges or impact fees) the plant would have been built in Springfield, MO. This was our back up location if our priority items could not be met.**

If Oconee County wishes to balance its future between industrial and recreational industries, Sewer South is imperative. No industry will build on the GCCP without it. The folks in Columbia, TN (hourly) will make between \$25 and \$35 per hour. The fact that Georgia Tech, University of Georgia, Clemson University, and Tri-County Tech, are within a couple hours make the location very attractive.

There has to be a balanced approach to future of Oconee County



# Oconee Joint Regional Sewer Authority

623 Return Church Road  
Seneca, South Carolina 29678  
Phone (864) 972-3900  
[www.ojrta.org](http://www.ojrta.org)

## OCONEE JOINT REGIONAL SEWER AUTHORITY Ad-Hoc Sewer Feasibility Implementation Committee March 13, 2025

The Ad-Hoc Feasibility Implementation Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Joel Jones (ReWa) – Committee Chair
- Amanda Brock (Oconee County)
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Scott McLane (City of Seneca)
- Celia Myers (City of Walhalla)
- Scott Parris (City of Westminster)
- Sue Schneider (Citizen - formerly worked for Spartanburg Water) – *via webcam*
- Scott Willett (Anderson Regional Joint Water System)

Committee Members that were not present:

- Rivers Stilwell (Attorney, Maynard Nexsen)
- Chip Bentley, ACOG

OJRSA appointments and staff present were:

- Lynn Stephens, Secretary/Treasurer to the Board and Office Manager
- Allison McCullough, Regulatory Services Coordinator

Others present were:

- Lawrence Flynn (Pope Flynn - OJRSA Attorney) – *via webcam*
- Kevin Bronson, City of Westminster Administrator (also serves as OJRSA Board Chairman)
- Angie Mettlen (Vice President, WK Dickson)
- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Tony Adams, Oconee Co. Citizen

**A. Call to Order** – Mr. Jones called the meeting to order at 9:03 a.m. He stated that he is going to ask the committee to consider amending the agenda after the public comments, as the approval of last month's minutes was left off the agenda in error.

**B. Public Comment** – Mr. Bronson thanked everyone for what they are doing on the committee, and then he apologized to the committee for having received a memorandum last month from Mr. Michael Traynham (and given to them by Mr. Chris Eleazer) that was full of what he felt were misstatements, conjecture, and inflammatory statements. Mr. Bronson said the board was asked at this month's meeting to release it to the public, and the board chose not to.

Mr. Bronson said some of the items in this memo were "flat out wrong." The document did not have specific names or places mentioned which condemned everyone on the board as if they were guilty of that act. The memo also states that the Cities did not take some of the things that the OJRSA requires to do seriously, and on behalf of the City of Westminster, the city took it very seriously and

has done its best to provide all the information that was requested and on time in the manner it was requested. Mr. Bronson said he will be working with Mr. Traynham and Mr. Eleazer to ensure the document is corrected and then given back to this committee. Mr. Bronson stated that he wanted this committee to know his opinion on the memo and that he feels the board chose not to release the memo to the public for the same reasons.

Ms. Schneider asked Mr. Bronson if he wanted this memo to be recalled from the committee. Mr. Bronson replied that the accusations are out there, and he prefers to have the Member Cities and people called out by name in a revised version of the memo. Mr. Jones stated he read the memo, and it did not sway his vote in any way, so this didn't matter to him either way; however, it is a board-level decision on what to do with it.

**C. Approval of Ad Hoc Committee Minutes** – As discussed at the beginning of the meeting, Mr. Jones asked the committee to amend this agenda for minutes approval for last month's meeting on February 13, 2025.

***Ms. Brock made a motion, seconded by Mr. Willett, to amend the agenda to approve last month's Ad Hoc Feasibility Implementation Committee Meeting minutes. The motion carried.***

- **February 13, 2025** – Mr. Willett asked Mr. Adams if his public comments were accurate in the minutes; Mr. Adams was good with them.

***Mr. Willett made a motion, seconded by Ms. Myers, to approve the February 13, 2025 Ad Hoc Feasibility Implementation Committee Meeting minutes as presented. The motion carried.***

#### **D. Presentation and Discussion Items**

**1. Update on SC RIA Timeline and Process Schedule** – Mr. Jones asked Ms. Mettlen to update the committee on the timeline and schedule. Ms. Mettlen said she spoke with Ms. Bonnie Ammons of the Rural Infrastructure Authority (RIA) several times since last month's meeting. Ms. Ammons is amenable and is fine if a couple more months are needed to get to the end of the Ad Hoc Committee. Ms. Ammons said her approval is not needed for a time extension, because the timeline came out of the study and is not mandated by the RIA.

Ms. Mettlen added that the reason for the tight timeline was to keep things from dragging on and to keep making progress on a path forward. Ms. Mettlen suggested getting some of the items, that could cause a stumbling block later, flushed out early in the process.

Mr. Jones said he would like to leave today with the understanding that the next step is for this committee to draft a recommendation, but first there must be consensus within the group to move it forward.

**2. Review Summary of Reconstitution Memo and Discuss Next Steps** – Mr. Eleazer stated that the OJRSA board released Attorney Lawrence Flynn's memo, *included as Exhibit A*, to the public in their March board meeting. Mr. Jones feels the different portions of this memo need to be discussed and stated that the last item was to consider consolidation. Mr. Jones stated that he feels that the top priority is how the organization will be set up.

Ms. Mettlen said that Mr. Chip Bentley apologized for not being here today, as he got sick while attending a conference. Mr. Bentley told her and Mr. Jones that there was a discussion about the reconstitution of the board and the number of people on the board, and it seemed to be okay with everyone. It also sounded like everyone agreed that a consolidation of the collection systems would be on the table.

Ms. Mettlen said there was also some discussion with Ms. Myers and the Walhalla City Council about some questions about the valuation of the system. This will need to be worked out.

As long as the committee follows Mr. Flynn's path forward (what is detailed in his memo), things that need to be worked on and discussed first can be called out. If there are things needing to be done that require money, Ms. Ammons is open to discussions about funding them as long as progress is continuing to be made.

Mr. Jones said he feels that consolidation must be done for the success of this organization. He asked for a discussion to be opened up to see if the committee has a consensus on this.

Mr. McLane stated that the City of Seneca is willing to consider consolidation but there would have to be meetings set up to have questions answered. Mr. Jones asked what the reasons would be that they would not want to consolidate. Mr. McLane said he couldn't answer that; meetings need to be set up with Mr. Scott Moulder (City Administrator) and Mr. Bob Faires (Utilities Director) to further discuss this and the costs associated with it. Ms. Mettlen said that there are several models (such as a franchise agreement) that can be looked at.

Mr. Willett said he has no stake in a wastewater system (his experience has been with a drinking water utility only), and from the outside looking in, he does not know how you can run a wastewater treatment facility without having control over the collection system, so he feels it is essential to consolidate. Mr. Willett added that how that consolidation takes place is a different question. Mr. Willett says he answers to a board but he serves 200,000 people, and he tries to convince the 14-member board to do the right thing for those 200,000 people. He said he is asking this committee and the city councils to focus on the needs of the citizens of Oconee County.

Ms. Myers said the City of Walhalla is not opposed to consolidation, but the sewer system is considered an asset which is part of a bond. Unless there is going to be a \$20,000,000 buyout to pay the bond, there must be some legal work to disassociate that from the bond before the city can hand over control. The city is already talking to legal representatives on how that could look, but it would be up to the bond investors.

Mr. Willett asked Mr. Flynn if this would be a refinance or is there a way to assume responsibility for the outstanding bonds. Mr. Flynn started by saying he does not represent any of the Member Cities as their bond counsel, and he recommended each city speak to their bond counsels about the process. He stated that Westminster and Seneca have a combined water/sewer/electric system, and Walhalla has a combined water/sewer system. Generally, most of the master bond resolutions pledge the revenues on a combined basis for those combined systems. The revenue of each component of the combined system is pledged exclusively as the security for those bonds that are then issued, meaning that the bond holders stand shoulder to shoulder.

From review of the cities' financial audits, each municipality has debt, but it is unknown how the improvements were originally funded. Generally, the way public utilities work is that the water and electric systems largely subsidize the sewer system. Rate consultants say to make sure that each component of the combined system operates on a stand-alone basis, and then the sewer system is being subsidized by another component of the system. Even though it's permitted by state law and generally appreciated by the rating agencies and the bond holders, they need to get an even footing through rate adjustments or expense reductions.

The typical language in the master bond resolutions is in order to stealth portions of the system (assets in the ground, service area, etc.) or an entire component (water, sewer, or electric system proper) of the system, there is a procedure built out that would dictate the terms by which you could decouple that component of the system from the pledged assets and can, in some circumstances, be done without redeeming all the debt. Typically, you can make a finding that the reduction or removal of the assets from the system does not affect the interest of the bond holders. It's easier done on the sewer system since it is being subsidized by another component, but it does take a detailed dive by a third-party consultant (like Willdan, Raftelis, or some other feasibility or

rate consultant) to make a financial justification for each of the municipalities to decouple the system without hurting the bond holders.

Mr. Flynn added that if consolidation is part of the discussion, identifying the amount of debt and where the value is, and whether OJRSA acquires the systems and redeems or pays off certain portions of the debt as compensation, this is going to be a high-level math problem needing a third-party consultant to figure out how that debt gets paid.

Ms. Schneider said in her experience running a sewer utility is hard. Compliance is hard, the cost to expand systems is more expensive, and making customers happy is hard. She said she hopes Oconee County considers consolidation of collection lines into preferably one (1) system that can assume or pay off debt, take on assets, make sure the lines are maintained, and deal with customer and regulatory issues. Consolidation just makes more sense for long-term success than multiple systems. Mr. Jones said there is no value to sewer except the ability to provide service.

Mr. Parris stated the City of Westminster is open and willing to go down the road to consolidation and has been looking at this for quite some time.

Mr. Flynn added there is a recent example of a broad-scale consolidation in Greenville County, which is Metropolitan Sewer. There were engaged professionals (including Willdan) who did a deep dive analysis to identify how to resolve the debt math problems. Ms. Mettlen said the OJRSA is working with the Member Cities on the Capital Improvement (CIP) and Corrective Action Plans for rehab, but there should be some additional information coming forward. This is for compliance issues, but it could help inform for some of this discussion as well.

Mr. Willett said he hopes people realize that all pipe isn't the same foot by foot. The condition of the pipe matters. The information from the CIP would be critical in determining the true value.

Mr. Eleazer said Mr. Dyke Spencer was involved in the development of the 20-year Master Plan and spoke about Beaufort/Jasper going through consolidation, and they feared the loss of using sewer for annexation purposes. Mr. Eleazer thinks there is a method for that to stay in place. Mr. Flynn replied that is correct and suggested Ms. Schneider, who has some experience with that, speak a little about it.

Ms. Schneider stated that when doing a consolidation or annexation, depending on the relationship between the parties, you want both parties to win. That is a successful thing. Often with small communities, there is concern about how much they are spending (some going into debt), loss of potential revenue, and/or determining their future (decisions about annexation and how they wanted to grow). Each community has its own identity and ideas. A contract can be designed to address these issues.

Ms. Schneider added there are franchise models to review. You can address how you do annexation and inputs with communities. You can also address the county. There is a way to address everyone.

Mr. Jones said it sounds like the entire community would support consolidation as a recommendation from this group.

Mr. Jones said he was going to go through Mr. Flynn's memo now, and the first item is the governance structure and including Oconee County as a member. Mr. Jones asked if anyone was opposed to having the County as a member. No one objected.

Mr. Jones said the best thing this committee can do is to set up a board that will serve the rate payers, not necessarily the communities, the county, nor the municipalities. He said he thinks this provides a greater level of service when the allegiance is to the rate payers; however, the committee may be under some legal restraints to appoint members beyond what is laid out here. He said the goal should be to have a board that is as unified and serving the people at the end of the pipes. Ms. Brock added "and who are going to be at the end." Mr. Jones agreed.

Mr. Jones said the structure was laid out with five (5) members, including one (1) from Oconee County. He asked if there were any comments on this. Ms. Schneider said she wants Oconee County engaged in some way; and if consolidating for the good of the rate payer, you want the three-to-five (3-5) members being from that district of the rate payers and not necessarily representative of the Member Cities if they divested of their assets and debt. You can create a sewer district based on who has sewer. Who do you think would be represented? The cities, but you're calling it out as a whole.

Mr. Willett asked if the assets are ceded or if the liabilities are assumed to reside with the consolidation (whatever form that may be), what would be the rationale for providing weighted voting as the memo states? Several members said there shouldn't be. Mr. Willett continued by saying if the OJRSA owns the debt, each member of the board would be equal, because they won't have any greater stake than the other folks.

Mr. Jones asked Mr. Flynn what would representation look like in a consolidated authority. Mr. Flynn said when this memo was drafted, it was before the discussion about consolidation of the collection systems. If consolidation is recommended, this will change several of the items in the memo, and the OJRSA would operate more in the construct of the traditional special purpose district (SPD) like Spartanburg Sanitary Sewer where there is a collection network and treatment assets, so you control everything for the entire system and not the constituent membership. The weighted voting would happen if you don't take over the collection system (and continue to have independently owned satellite sewer systems).

Ms. Schneider hopes for the consolidation for Oconee County and that the board looks at the big picture of addressing public health, regulatory issues, and what is the future of Oconee County.

Mr. Jones said it looks like consolidation is the first priority, and the second priority should be the representation of this consolidated utility. He added that he didn't think the discussion should get into an appointed versus elected members yet until the recommended governance structure is determined. Everyone agreed.

Mr. Jones asked if there were any comments about the operating agreement. Ms. Schneider asked if there would be an operating agreement. Mr. Flynn replied that is a requirement of the statute to have an operating agreement or governance agreement that lays out the procedures for adopting bylaws and implementing powers, so that would be the vehicle by which restricting who the members can appoint as members.

Mr. Willett asked if that would also cover how the municipalities want to handle growth. Mr. Flynn replied that would be a separate agreement between the Cities and OJRSA, and you may want to have something that is subject to change as there is turnover on the councils. You don't want to bind the future councils to a memorialized governance. Mr. Willett said the operating agreement has a minimum term of forty (40) years, and he likes that Anderson Regional's operating agreement is evergreen (meaning it automatically renews). As long as Anderson Regional is issuing debt and performing the service it was constructed for, everyone is in.

Ms. Mettlen asked if Mr. Flynn could revise the memo to line out the steps of what would be needed if this committee is going to recommend consolidation moving forward, as a lot of what is in there would be non-issues at that point. This would further clarify what needs to be addressed to avoid future roadblocks. Mr. Flynn replied that he has some of this in electronic form, and it won't be hard to change the terms; it's just a matter of prioritizing the items to be addressed and restructuring according to the Ad Hoc committee's recommendations.

Mr. Jones said the committee doesn't need to spend much more time on this memo at this point and asked if there were any other comments or questions.

Ms. Brock said her only concern is the words “shall be” in regard to members of the board not being an officer or employee of an appointing member. Oconee County would be limited for representation.

Ms. Myers said the City of Walhalla has some concerns with not having someone with knowledge of wastewater or financials be their representation. Other committees (such construction board of appeals, planning commission, architectural review) have requirements that members have some sort of knowledge.

Mr. Jones said he was going to push back on that a little. The board does not need to know how to operate wastewater utilities; that is for staff to do. The board is meant to set policy. He said he understands Walhalla’s view, but if this is consolidated for the community, you need a board to operate that way.

Ms. Brock replied that the Cities have funding decisions that would be required. Mr. Jones replied that the utility would fund the decisions. Mr. Willett said the role of the board is to ask good questions and make sure staff is being held accountable.

Ms. Brock said part of the purpose of coming here is for Oconee County to have representation, and Oconee County Council is pushing the County as an entity and not as its citizens. Mr. Jones said he hears that and will see how Mr. Flynn lays that out, but in his opinion, that does not provide the best long-term value for a wastewater utility.

Ms. Schneider acknowledged that Oconee County has an enormous role in this process, but she added that all the entities and Oconee County have councils that do not have a minimum requirement to be a councilmember except age. If you have a board that’s goal is to move the sewer district, it’s not the board doing it. Boards that you see throughout various states just oversee: They make sure audits are done and that the bigger picture is done.

Ms. Schneider added that the county has a huge role as it approves certain types of annexation. Ms. Brock said the county doesn’t have to approve annexations. Ms. Schneider said you may not have to, but the County can choose to. If the sewer district wanted to annex an area that was not contiguous, the County could require its approval. Ms. Brock said that is why she feels the County Council would find it important for the board member to be an inside person at county government. If there are economic development pushes in one direction or another, the County Council is not going to want to pick a person to provide that possibly confidential information to. Ms. Schneider replied that she didn’t think it was going to get to a consolidated board then if an entity must be identified like that. Ms. Brock said she didn’t know if it was a must, but she wasn’t sure about the “shall not.”

Ms. Schneider asked if the path was to have an elected board from within the area. Mr. Flynn replied that they cannot currently be elected according to the proposed legislation. They can only be appointed by members who are constituent members of the body. There is no authorization for a separate election unless we amend or add that the authorization to the statutory act. Ms. Schneider asked for the county and cities not to look at the OJRSA as a separate entity, but rather as a partner in economic development. Having an entity on the board negates the advantage of moving the sewer district as a whole.

Mr. Flynn said in his experience there has been a strong board overreach in many of the places he’s counseled, but most boards do not end up with people who have specific knowledge. If you are concerned with having someone who is in tune with the business community, you appoint the president of the Chamber of Commerce, and he does your bidding accordingly, but you remove the immediate problem of having someone who “wears two (2) hats” (an individual who represents two (2) separate entities simultaneously) and doesn’t know which hat to wear when setting policy.

Ms. Myers suggested the “shall not” be taken out of the text and let the councils decide on their own and then advocate for why you don’t want an employee to be on the board. Mr. Flynn replied this creates a “tragedy of the commons” where why would one (1) city appoint someone truly independent when another city (or the county) appoints someone who is only acting on their municipality’s behalf. Each municipality will subsequently go back to their own corners and appoint people that are acting in the best interest of their municipality (similar to how it is now).

Ms. Mettlen said the OJRSA is still operating under the Joint Agency Act; however, there are some amendments going on there; however, that is still in effect regardless of whether there is a consolidation of collection systems or not. Mr. Flynn said that is correct. Ms. Mettlen told Ms. Myers that the cities are still member entities.

Mr. Eleazer asked how the other utilities represented on this committee address economic development. Ms. Schneider said Spartanburg County liked economic development, because it gave them new customers. It’s all about “housetops” when it comes to revenue (like what Mr. Jones mentioned in an earlier meeting). It’s important and provides jobs, but it does not exist without sewer. Spartanburg County would provide information to Spartanburg Water such as location of the facility and how much water they would use per day. Once it was determined that the plant had the capacity and ability to treat the waste, Spartanburg County would make the deal. If it’s not currently in the sewer district, you work with the county to get it annexed. Mr. Jones said it’s similar for Greenville County; however, the county will secure funding, but ReWa will participate in it and may contribute to it.

Mr. Jones is looking for the committee to come up with a recommendation. It is not for the committee to determine what people are going to do with it. It seems like people are divided on this today. Ms. Brock said she could take the comments today back to her council. Mr. Jones said the committee needs a workable solution, but it may not be ideal for everybody.

- 3. Update on Potential Legislative Amendment to the South Carolina Joint Authority Water and Sewer Systems Act** – Mr. Jones said the legislation was touched on a little already but asked Mr. Eleazer if he had anything to add. Mr. Eleazer replied that Mr. Bronson (OJRSA Board Chairman) and he met with Senator Alexander last Friday afternoon and presented him with the proposed changes to the legislation. It was a good meeting and well received. Senator Alexander may be reaching out to the Member Cities to discuss it and see what their thoughts are. There may be more information to share at next month’s meeting.

Mr. Jones asked if the committee should consider an alternative to the election process. Mr. Flynn said it could be added, but it would require further edits to the legislation. Mr. Jones said he is concerned that as the system grows, is the member appointee from their district, their customer, or are they people within the service area – and how is it determined? Mr. Parris replied the memo says “customer,” and then asked is it a customer of the member or a customer of the whole system? Mr. Willett said if the Joint Water System Act is not modified, it would have to be a customer of the entity doing the appointment.

Mr. Jones said if the board consolidates, members are no longer customers of the municipalities, but rather the new entity. He asked if there is another alternative process that needs to be considered, because this committee doesn’t want to create a new entity that members cannot be appointed to.

Mr. Eleazer asked if it was in the current statute, or the proposed statute, that it must be a customer. Mr. Flynn replied that it was in the language regarding the fifth member that is appointed by the legislative delegation, and in his prior memo, it reads that the person needs to be an “elector” to be qualified to serve. However, there is nothing in there about who the members are and nothing that requires them to be a sewer customer. Mr. Jones said an “elector” would imply someone who

lives within the voting district. He added that the entities are serving outside the voting district and therefore would have a growing population of people who wouldn't have representation. He said he doesn't think the committee is going to get to this today, but it needs to be given serious thought.

Mr. Willett suggested gerrymandering the districts where the municipalities are at the center, so that people can be added and pulled according to electoral requirements rather than dividing the county where one city can get to appoint more due to population. Ms. Brock replied that Oconee County just redistricted, and it could be done by council district.

Ms. Schneider asked if it was consolidated into one entity where you could see all the assets, can this entity raise funds through an ad valorem tax like an SPD can do? Mr. Flynn said the joint agencies under the statute are expressly prohibited from levying taxes, so it will not be a taxing entity like the original SPDs. Mr. Flynn cautioned that if this committee tried to attempt to add taxing authority to the joint agency act, it probably would kill any amendments this committee is contemplating. Ms. Schneider said the success for anything long term is how you are going to pay for anything, and that should be considered in a reconstitution. Once you take on all the assets and all the problems and want to build a capital plan outward, that will continue to be a challenge. Ms. Schneider apologized to the committee saying she had to leave the meeting now due to other scheduling conflicts.

*Ms. Schneider left the meeting at 10:20 a.m.*

Mr. Jones asked Mr. Flynn to try to revise this memo for a consolidated entity and the representation on it. Mr. Flynn asked if the committee wants to layer in elected authorization into the proposed legislative amendments as well and throw that in as an additional route for governance.

Mr. Willett asked what Mr. Flynn's opinion is on the level of effort to do that. Mr. Flynn said the drafting side is not difficult; Mr. Willett said he meant getting it approved. Mr. Flynn said it was not discussed with Senator Alexander, and he said if you go to an elected board, you are wholly removing any appointment authority from those members who have now given over their collection system and would have zero say in the member that would otherwise be serving for that area. It's probably a question more for the board. Anything that is added that would make flexibility to a statute is a net positive, but whether the membership would be happy with that remains to be seen.

Mr. Jones asked everyone on the committee to put some thought into this and determine what is your preferred method and what is best served by that today and in the future.

- 4. Rate and Cost of Service Study** – The Director reported that Mr. Daryll Parker of Willdan Financial made a presentation to the board last Thursday night. The focus on what he presented had to do with the existing structure. Currently it requires all three (3) Member City councils to approve the OJRSA to borrow funds, which has been tried a couple times in the past without success. Mr. Parker showed what the rates need to be to raise the revenues to bite off the largest chunk (if not all) of the projects on the spreadsheet. Mr. Parker's focus was on the next ten (10) years, and what he came up with was a 74% rate increase in back-to-back years to fund pay-as-you-go for O&M and capital expenses. Mr. Eleazer added that was not the way to go. Mr. Jones asked if that was just for the OJRSA's system and not the Member Cities; Mr. Eleazer replied that was correct.

Ms. Mettlen said it has been tried, but there was never unanimous approval for the OJRSA to take on debt, so Willdan had to assume something and created a model for pay-as-you-go. The model can have other data put into it.

Mr. Willett asked if some of the municipalities' debt is not to do with the collection system. He wanted to know what percentage was for wastewater improvements. Mr. Flynn replied that the debt for wastewater is relatively minute. Walhalla's current debt is only for the water system (Ms. Myers said it was for the new water plant). Seneca obtained financing in 2007 for sewer through

the water pollution fund at the SRF, and the rest is for the water system. Westminster has no sewer debt at all. Mr. Willett said you can run a sewer system with revenue bonds. Ms. Mettlen said the major hurdle is that the OJRSA cannot finance without unanimous approval.

Mr. Flynn said there needs to be a definitive position, or a two-part term sheet, where the collection system acquisition becomes the pivot point on which direction this takes. Consolidation makes this a completely different organization rather than the status quo of being a wastewater treatment operator. He said he needs direction on whether the acquisition is the test case here or should the analysis be segregated for a consolidated approach and a status quo approach. Mr. Jones said that everyone agreed that consolidation is a priority, if not a key, to success. Even if there is not a consolidation, there needs to be an independent treatment agency with regulatory oversight. Ms. Brock replied this committee needs to explore alternatives, because if consolidation is the only thing put in the basket, and the entities responsible for funding it aren't capable of funding it, there needs to be a Plan B. Mr. Jones replied that no one is capable of funding it now. Ms. Brock said there should be an alternative in case the plan on the table isn't feasible financially. Mr. Willett said that financially it's not a question of if but a question of when. Ms. Brock said maybe she worded that wrong and she meant steps. Mr. Willett agreed with this and what you have to do is what you have to do.

Mr. Willett said that running a wastewater system has regulatory responsibilities and, in his opinion, if you run the plant, you've got to run the collection system. Ultimately the costs don't change, it's just a question of who is paying the costs. In his opinion, the Joint Water System Act was meant to be a financing authority. The utility takes the debt so the members don't. You will never be paid off.

- 5. Update of Discussion with Partner Communities About Conveyance of Systems to New Joint Authority** – Ms. Mettlen said Mr. Flynn has one alternative laid out: Reconstitution under the current Joint Water System Authorities Act with the status quo that everybody operates their own collection systems and this being a trunk sewer and treatment entity. Option 2 is consolidating all the sewer systems under one (1) agency and reconstitute under the Joint Water System Authorities Act. The pivot point is the consolidation.

Mr. Jones asked what the committee should do in preparation for the next meeting. Ms. Mettlen replied is to decide if more is to be added to potentially change the act itself or to leave it as is. Mr. Willett agreed and added if he were a member right now, he thinks some effort needs to be made on how assets will be valued. Each entity should be made whole and equal to the other members.

Ms. Mettlen said she doesn't think everyone fully understands what a franchise agreement looks like, what it can do, and how it's beneficial. She thinks there needs some context around the different options regarding valuation and asset versus a franchise agreement. Ms. Brock said she is not familiar with that at all and asked if Mr. Flynn could have this prepared by the next meeting. Mr. Willett said the biggest difference is if someone is due \$10 million to be made whole, does OJRSA borrow the \$10 million and pay it, or do they enter an agreement to repay that debt over 20 years. Who is doing the funding? Do you go to a financial institution or do you let the entity pay them back.

Mr. Flynn added that the sale of sewer systems can be done by ordinance and not referendum. There are a couple ways to do this: 1) A snapshot can be taken on the book value of the system on paper or 2) They can hire a third-party consultant to do a system appraisal. The valuation can be subjective, but the greater good here is that the systems need to be operated on a consolidated basis to best serve Oconee County and receive sewer service in the highest quality at the best value and cost. Some entities have decided to turn their systems over for one (1) dollar and were granted a franchise fee back against the system to recover some portion of the value over time. Some

entities who have a lot of customers requested the value to be based on the cash flow of the system. The memo will identify the valuation (or the appraisal piece) of those systems on the acquisition as being a prerequisite that needs to happen before any consolidation efforts can occur, because that will be a fundamental question if that pivot is practical.

6. **Public Comments Following Discussion Items** – Mr. Adams stated this was a good discussion. He said it looks like we must pay for our sins of the past and thanked the committee for their help with it. Ms. Mettlen said this is not a unique problem to just Oconee County.
7. **Consider Agenda Items for Next Meeting** – Mr. Jones said that the role of the committee is to come up with a recommendation; not for figuring out the details. He would like to wrap up this committee's work in the next couple of meetings. It was decided, and all members agreed, that a recommendation will be drafted at the next meeting with a logical list of the next steps. If the board wants to create another small committee to work out the details, that is fine, but this committee's job will be done.

Ms. Mettlen asked if Mr. Flynn should massage the act or leave it alone. Mr. Jones never fully understood what the limitations are. If the appointees must be elected, and the system grows much faster than the municipalities provide services outside their areas, how do those people get represented over time. Mr. Flynn replied that they would be represented by the county representative and potentially the gubernatorial appointment. Do we need to do anything to allow that representation? Mr. Willett said nothing must be done now, because the current proposal has the three (3) municipalities and the County having representatives and the legislative delegation appoints a fifth member. The proposal gives the ability to elect the members using the County Council voting districts.

Mr. Willett added that this committee's goal was to listen to what was out here, and based on the committee's combined experience, make a reasonable recommendation for the desired outcomes. This was not to negotiate among the members and determine what is possible. We're close to the recommendation, but the system cannot run long-term without consolidation.

Mr. Eleazer asked if the recommendation is going to have parallel paths where if the entity consolidates, there is recommendation for how that goes forward and another if consolidation is not implemented. Mr. Jones said he struggled with this, but he feels that this committee is to make their preferred recommendation. If the board decides to do something different, then they can look at the alternatives. Ms. Mettlen said that alternative is already out there. Mr. Willett said this committee needs to identify what the preferred alternative is and recommend it. There are other alternatives out there, but this committee is recommending one of them – the preferred one.

Mr. Eleazer said his concern is if the consolidation does not happen, the underlying problems that the OJRSA faces currently will continue. What is the recommendation to address those? Mr. Willett says it's okay to list a non-preferred alternative; Ms. Mettlen said that is already laid out. Mr. Jones said the presentation of the recommendation should be formulated in such a way that the committee believes success is solely dependent upon this recommendation and why.

Mr. Eleazer asked Mr. Flynn what he feels about going back to Senator Alexander with another recommended change. Mr. Flynn said he couldn't speak to the Senator's mindset on it, but he believes he would understand that the OJRSA is taking directions from the Ad Hoc Committee. Mr. Willett added that the Senator would understand pivoting.

8. **Confirm Date for Next Meeting, which is Scheduled for Thursday, April 10, 2025 at 9:00 a.m.** – The meeting date and time were noted.

Mr. Jones asked what resources will be available to the Ad Hoc committee to articulate the recommendation. Ms. Mettlen said, with Mr. Flynn's help, she can draft something for the

committee. Maybe the committee can focus on making a skeleton of the recommendation at the next meeting.

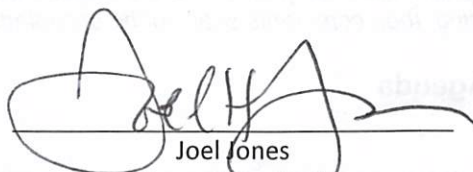
Mr. Flynn asked if he needed to wait to work on his revised term sheet. Mr. Jones and Ms. Mettlen said no. Mr. Flynn asked if some language should be drafted around the election statute. Mr. Jones said yes.

**E. Upcoming Meetings**

1. **Operations & Planning Committee** – Tuesday, March 25, 2025 at 8:15 a.m. *Special meeting date.*
2. **Finance & Administration Committee** – Tuesday, March 25, 2025 at 9:00 a.m.
3. **Board of Commissioners** – Monday, April 7, 2025 at 4:00 p.m.
4. **Sewer Feasibility Implementation Ad Hoc Committee** – Thursday, April 10, 2025 at 9:00 a.m.

**F. Adjourn** - The meeting adjourned at 11:04 a.m.

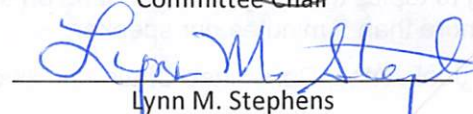
Approved By:

  
Joel Jones  
Committee Chair

Date Approved:

4/10/25

Approved By:

  
Lynn M. Stephens  
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on February 7, 2025 to *Upstate Today*, *Anderson Independent-Mail*, *Westminster News*, *Keowee Courier*, WGOG Radio, WSNW Radio, City of Seneca Council, City of Walhalla Council, City of Westminster Council, Oconee County Council, SC DHEC, [www.ojrsa.org](http://www.ojrsa.org), and posted at the OJRSA Administration Building.



## **Ad Hoc Sewer Feasibility Implementation Committee**

OJRSA Operations & Administration Building

Lamar Bailes Board Room

March 13, 2025 at 9:00 AM

*This advisory committee was established by the OJRSA Board of Commissioners at its November 4, 2024 meeting to consider recommendations and report to the OJRSA Board and Oconee County as identified in the [Regional Feasibility Planning Study](#) as adopted by the OJRSA on September 9, 2024. The committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area. See the study at [www.ojrsa.org/info](http://www.ojrsa.org/info) for more information.*

*OJRSA commission and committee meetings may be attended in person at the address listed above. The OJRSA will also broadcast meetings live on its YouTube channel at [www.youtube.com/@OconeeJRSA](http://www.youtube.com/@OconeeJRSA) (if there is a technical issue preventing the livestreaming of the meeting, then a recording will be published on the channel as soon as possible). For those not able to attend in person, then the OJRSA Board or Committee Chair will accept public comments by mail (623 Return Church Rd, Seneca, SC 29678) or at [info@ojrsa.org](mailto:info@ojrsa.org). Comments must comply with the public session instructions as stated on the meeting agenda and will be received up until one hour prior to the scheduled meeting. If there is not a public session scheduled for a meeting, then comments shall not be accepted.*

### **Agenda**

- A. Call to Order** – Joel Jones, Committee Chair
- B. Public Comment** – Receive comments relating to topics that may or may not be on this agenda. Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- C. Presentation and Discussion Items** – Led by Joel Jones, Committee Chair, unless otherwise noted [*May include vote and/or action on matters discussed*]
  - 1. Update on SC RIA timeline and process schedule
  - 2. Review summary of reconstitution memo and discuss next steps (Exhibit A)
  - 3. Update on potential legislative amendment to the South Carolina Joint Authority Water and Sewer Systems Act – Chris Eleazer, OJRSA
  - 4. Rate and cost of service study – Chris Eleazer, OJRSA
  - 5. Update of discussion with partner communities about conveyance of systems to new joint authority – Chip Bentley, ACOG
  - 6. Public comments following discussion items
  - 7. Consider agenda items for next meeting
  - 8. Confirm date for next meeting, which is scheduled for Thursday, April 10, 2025 at 9:00 a.m.
- D. Upcoming Meetings** *All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.*
  - 1. Operations & Planning Committee – March 25, 2025 at 8:15 AM
  - 2. Finance & Administration Committee – March 25, 2025 at 9:00 AM
  - 3. Board of Commissioners – April 7, 2025 at 4:00 PM
  - 4. Sewer Feasibility Implementation Ad Hoc Committee – April 10, 2025 at 9:00 AM
- E. Adjourn**





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PRIVILEGED AND CONFIDENTIAL  
ATTORNEY-CLIENT COMMUNICATION

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MEMORANDUM

To: Oconee Joint Regional Sewer Authority, South Carolina

From: Pope Flynn, LLC

Re: Summary of Reconstitution, including Acquisition of Sewer Collection Infrastructure

Date: February 25, 2025

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Oconee Joint Regional Sewer Authority, South Carolina (the “**Authority**” or “**Joint Authority**”) is a body politic and corporate, and a joint authority sewer system organized under Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the “**Joint Authority Act**”). The Authority was created in 2007 under the provisions of the Joint Authority Act by its three member-municipalities (collectively, the “**Members**”)<sup>1</sup>: the City of Seneca, South Carolina (“**Seneca**”), the City of Walhalla, South Carolina (“**Walhalla**”), and the City of Westminster, South Carolina (“**Westminster**”).

Based on funding from the South Carolina Rural Infrastructure Authority, the Joint Authority engaged a team comprised of W.K. Dickson & Co., Inc., Willdan Financial Services, and Bolton & Menk, Inc. to prepare a regional feasibility planning study, which was formally adopted by the Oconee Joint Regional Sewer Authority Commission, as the governing body of the Authority, on September 9, 2024 (the “**Study**”). The purpose of the Study was to determine long-term sewer service options within Oconee County, South Carolina (the “**County**”). Contemporaneously with the Study, the Joint Authority also undertook its “Oconee County and Western Anderson County Sewer Master Plan” (the “**Master Plan**”). Major infrastructure recommendations in the Master Plan include: developing plans to expand the Coneross Creek Wastewater Reclamation Facility (the “**Coneross WRF**”); updating the regulatory checkbook to gain permitted capacity at Coneross WRF; reducing pump station infrastructure and wastewater travel time; and working with Members to improve collection infrastructure.

Based on the terms of the Study and the Master Plan, Pope Flynn, LLC, prepared a memorandum dated November 26, 2024 to describe options for the reorganization of the Joint Authority. The material determination of such memo was that the Joint Authority be reconstituted with a complete revision of its governance documents. Additionally, and subsequent to the release

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<sup>1</sup> For purposes of the reconstituted Joint Authority, such term would also include the County (as defined herein) once or if it is added as a Member.

of the memo, the ad hoc committee studying the Joint Authority recommended that the sewer collection systems owned and maintained by Seneca, Walhalla, Westminster, and any other contributing public satellite sewer system be conveyed to the Authority such that all sewer treatment and collection services in the County would be performed exclusively by the Joint Authority. This memorandum attempts to outline (at a high level) the steps for reconstitution of the Joint System, and conveyance of the Members' collection systems to the Joint Authority.

**1. Governance Structure**

- The Authority shall be reconstituted to include the County as a Member.
- The governing body of the Authority shall be a five-member commission (the "New Commission"), with representatives as follows:
  - One representative from the County;
  - One representative from Seneca;
  - One representative from Walhalla;
  - One representative from Westminster; and
  - One additional member, with the method of appointment to be determined.
- Draft legislation has been proposed to amend the Joint Authority Act to permit the fifth member to be appointed by the Governor upon the recommendation of the legislative delegation from Oconee County.

**2. Operating Agreement**

- A new operating agreement shall be executed with a minimum term of 40 years.
- The agreement shall define governance, financial obligations, operational responsibilities, and dispute resolution mechanisms.
- Operating agreement shall require the board member to be a customer, and shall include a restriction that no representative of a Member serving on the New Commission may be an officer or employee of the appointing member. Further, no ex officio appointments shall be permitted.

**3. Voting Mechanism**

- General matters shall be determined by per capita voting.
- Debt-related matters shall be subject to weighted voting based on an agreed-upon formula.

**4. Expansion & Debt Parameters**

- A framework shall be established for funding system growth, including capital improvements and infrastructure expansions.
- Preapproval mechanisms shall be established for financing certain projects.
- Member approval requirements shall be clearly defined for all other debt issuances.

**5. Addition of New Members**

- The Authority shall establish clear parameters and a defined mechanism for admitting new members.

**6. Rate Structure**

- An equitable rate structure shall be developed, ensuring fairness across all Members and customers.

## 7. **Regulatory**

- Joint Authority to develop stringent sanitary sewer permit requirements that clearly define system requirements for all Members (and any other dischargers).
- Authority to conduct regular inspections of sewer collection network (based on Department of Environmental Services standards) and establish clear rules and enforcement requirements.

## 8. **Acquisition of Municipal Collection Systems**

- Reconstitution shall provide that the Authority shall have the power to provide retail sewer services within its service area.
- The Authority shall acquire the respective sewer collection systems currently owned and operated by Seneca, Walhalla, Westminster and any other contributing public satellite sewer system.
  - Phased implementation may be considered if immediate acquisition is not practicable.
- Conveyance of systems to be conducted by ordinance of each respective Member. No referendum is required as a result of the Supreme Court's determination in *Sojourner v. St. George*, 383 S.C. 679 S.E.2d 182 (2009).
- Review of outstanding utility debt obligations of each Member is required, and consideration must be made as to limitations for sale of system components secured by revenues of sewer systems, respectively:
  - Walhalla (combined water and sewer)<sup>2</sup>
    - \$17,945,000 principal amount still outstanding on originally issued \$20,620,000 Water and Sewer System Revenue Bonds, Series 2018.
    - Various capital leases secured by utility system assets.
  - Seneca (combined water, sewer and electric)<sup>3</sup>
    - \$890,000 principal amount still outstanding on originally issued \$8,350,000 Combined Utility System Refunding Revenue Bonds, Series 2012.
    - \$460,015 principal amount still outstanding on originally issued \$3,762,930 Combined Utility System Refunding Revenue Bonds, Series 2020.
    - \$537,729 principal amount still outstanding on originally issued \$1,993,633 Combined Utility System Revenue Bond, Series 2007 (South Carolina Drinking Water Revolving Loan Fund).
    - \$6,943,035 principal amount still outstanding on originally issued \$11,528,750 Combined Utility System Revenue Bond, Series 2014 (South Carolina Drinking Water Revolving Loan Fund).
    - \$4,791,937 principal amount still outstanding on originally issued \$6,031,455 Combined Utility System Revenue Bond, Series 2007 (South Carolina Drinking Water Pollution Control Revolving Fund).
    - Potential capital leases secured by combined utility system assets.

<sup>2</sup> Source: 2023 Audited Financial Statements

<sup>3</sup> Source: 2024 Annual Comprehensive Financial Report

- Westminster (combined water, sewer and electric)<sup>4</sup>
  - \$8,260,000 principal amount still outstanding on originally issued \$8,260,000 Combined Utility System Revenue Bond Anticipation Note, Series 2023<sup>5</sup>.
  - Originally issued \$369,947 Combined Utility System Revenue Bond, Series 2022 (ConserFund Loan).
  - Various capital leases secured by combined utility system assets.
- The terms and conditions of acquisition, including valuation, financial considerations, and transfer processes shall be reviewed and considered.

**Next Steps:**

- Finalization of governance details and appointment process for the fifth New Commission member.
- Make arrangements to file proposed amendments to the Joint Authority Act.
- Confirm approval/consent of Members for conveyance of sewer collection system.
- Development of financial models and legal framework for asset transfers and debt structuring.
- Create timeline for implementation of reconstitution.

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<sup>4</sup> Source: 2024 Audited Financial Statements

<sup>5</sup> To be taken out by long-term financing with United States Department of Agriculture, Rural Development.



# Oconee Joint Regional Sewer Authority

623 Return Church Road  
Seneca, South Carolina 29678  
Phone (864) 972-3900  
[www.ojrta.org](http://www.ojrta.org)

## OCONEE JOINT REGIONAL SEWER AUTHORITY Ad-Hoc Sewer Feasibility Implementation Committee April 10, 2025

The Ad-Hoc Feasibility Implementation Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Joel Jones (ReWa) – Committee Chair
- Chip Bentley (Appalachian Council of Gov'ts.)
- Amanda Brock (Oconee County)
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Scott McLane (City of Seneca)
- Celia Myers (City of Walhalla)
- Scott Parris (City of Westminster)
- Rivers Stilwell (Attorney, Maynard Nexsen) - *via Microsoft Teams*
- Scott Willett (Anderson Regional Joint Water System)

Committee Members that were not present:

- Sue Schneider (Citizen - formerly worked for Spartanburg Water)

OJRSA appointments and staff present were:

- Lynn Stephens, Secretary/Treasurer to the Board and Office Manager

Others present were:

- Lawrence Flynn (Pope Flynn - OJRSA Attorney) – *via Microsoft Teams*
- Norm Cannada, The Journal
- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Tony Adams, Oconee Co. Citizen

**A. Call to Order** – Mr. Jones called the meeting to order at 9:06 a.m. He stated that Ms. Schneider is absent from the meeting today. He also said he hopes the Ad Hoc Committee will complete its work of developing a recommendation for the board by the June meeting. He stated today the committee will discuss Mr. Flynn's memo and add some more content at the next committee meeting and have a draft recommendation in June.

**B. Public Comment** – Mr. Adams stated there was a discussion at the last meeting about how sewer is allocated in Oconee County. Mr. Adams stated that, in his opinion, sewer service in Oconee County has been used in the past as a political tool for control, which has been prevalent in the last seven-to-eight (7-8) years. He mentioned the lawsuit against the county bond (an attempt to deny infrastructure in parts of the county that had been identified for potential) and the 5-year delay in the Sewer South Phase 2 Project (which resulted in a \$7 million increase in cost and the Rural Infrastructure Authority's grant being renewed twice). He stated this political factor needs to be addressed.

**C. Approval of Minutes:**

- **Ad Hoc Sewer Feasibility Implementation Committee Meeting of March 13, 2025** – Mr. Willett stated the word “seated” in his statement on page 5 needed to be changed to “ceded.” Mr. Eleazer stated that Mr. Bentley is part of the committee and needs to have his name added to the committee members’ list; however, he was not present at the March meeting. Ms. Myers said her statement on page 6 needed to be corrected to state she was concerned about “not” having someone with knowledge.

***Ms. Brock made a motion, seconded by Mr. Willett, to approve the March 13, 2025 Ad Hoc Feasibility Implementation Committee Meeting minutes as presented but with the noted corrections. The motion carried.***

**D. Committee Discussion and Action Items:**

1. **Review Summary of Reconstitution Memo and Discuss Next Steps** – Mr. Jones said Mr. Flynn was asked at the last meeting to revise his memo to include consolidation of all the sewer systems for the OJRSA and Member Cities. Mr. Eleazer handed out this revised memo, as well as the recommended changes to the statute, to the committee (*made a part of these minutes*).

Mr. Jones said, in reviewing this memo, major obstacles need to be identified and captured. He said he doesn’t know if this committee will address all of them, but at least it will acknowledge them as challenges that may lie ahead in the committee’s recommendation to the board. Mr. Jones added that if a committee member didn’t think their entity would approve of something, let it be known so everyone knows what the challenges are.

Mr. Jones asked Mr. Flynn to summarize the changes that have been made and any obstacles that he can see moving forward. Mr. Flynn said this memo also aligns with the draft language for the revised legislation as well. Although the memo looks similar to the previous one, various changes that came into effect because the recommendations largely around the constitution of the governing board from the last meeting were incorporated into the language around the consolidation options.

There were two (2) major changes:

- 1) To pivot towards the recommendation of getting out of the treatment-only business and taking over the collection systems of the various satellite sewer agencies that are currently members, with the idea of negotiating for the acquisition of the collection network by Seneca, Walhalla, and Westminster, and potentially the Town of West Union. The memo also includes the Member Cities’ outstanding debt, and the recommendations should be reviewed by the Member Cities’ bond counsels and financial advisors to determine how to decouple the assets without affecting bonds. The debt is secured by pledge of the combined utility systems (Seneca and Westminster have combined water, sewer, and electric systems; Walhalla has combined water and sewer systems), and that may require the redemption of certain debt (or payment of funds necessary to redeem debt) associated with the sewer systems as part of the acquisition. This is a moving target that is only addressed at a very high level in the memo recognizing the process will need to happen. It also lays the foundation that acquisition of the sewer systems can be sold, and acquired, under the terms of an ordinance of the respective Member City, because the referendum requirement that formerly existed with the state law had been repealed.
- 2) Then after deciding how the consolidation process will work, issues regarding recomposition of the existing Oconee Joint Regional Sewer Authority, which is the direction that has already been discussed, need to be figured out. The idea is to create new governance documents, new implementation documents, new debt proposals, and entire parameters around how

members are appointed. The committee will need to talk about governance and an operating agreement. The main structure of the governance will largely focus on the success of the newly proposed legislation.

Mr. Flynn said the direction he received from the last meeting was to keep the proposed five (5)-member board; however, with the three (3) Member Cities and adding Oconee County, that only brings it to four (4) members. The question is how do you get the fifth (5<sup>th</sup>) member? The original proposal was to amend the legislation to allow for a joint agency with an even number of members and have the fifth (5<sup>th</sup>) member recommended by the legislative delegation and appointed by the state governor.

Mr. Flynn added the open item still needing addressing is whether the members should be agents or employees of the entity, and he believes it is in the best interest of the OJRSA to have representation by members who are unaffiliated with the appointed bodies because of fiduciary considerations. He gave the following example: If mayor of a city is also on the OJRSA board, do you have capability to think in a fiduciary capacity acting in the best interest of the OJRSA?

Mr. Flynn said there were two (2) additional authorizations added into the statute:

- 1) Getting rid of the member-appointment methodology in its entirety (not allowing members to appoint members but having entire board appointed by the governor upon recommendation by the legislative delegation) to move towards how most Special Purpose Districts are appointed. This would be an election the members make at the outset and would default their decision-making authority on board membership to the delegation and governor; and
- 2) As recommended by Ms. Sue Schneider, having some experience with Ad Hoc members, ex-officio members, and some elected members: To have a full-blown elected commission, elected from the boundaries of the OJRSA service area, which would require the recommendation as an elector.

Mr. Flynn stated these two (2) new methods for appointing membership are to try and avoid the current situation with the fiduciary limitations and the potential for how additional members get appointed. This is in addition to acquiring the collection systems. Mr. Flynn also recommended that the number of board members should not go over seven (7), as it becomes more difficult to functionally operate a board with more than that amount.

Mr. Flynn added that all these options are explicitly conditional on the legislation being introduced and considered. This memo pre-supposes several things being introduced through legislative amendments based on every one of the governance structures that are being proposed.

Mr. Flynn said there were some general items in the legislation that were discussed in previous meetings, such as:

- 1) The voting mechanism (1 man/1 vote for certain matters and weighted voting for financial functions). He said the idea of having weighted voting becomes less important if you have membership elected from the service area at large or if you have appointed membership by the governor where there are no constituent duties or the potential conflicts if an appointed member by the respective governing body. Therefore, the voting mechanism may change depending on the governance structure that is put in place.
- 2) The expansion of debt parameters is the same thing as seen before to potentially expand, but also what it looks like to pre-approve debt (which was previously recommended knowing the capital budget is significant to the organization) by making some authorizations and approvals to do treatment plant expansions and collection system improvements as part of the reconstitution.

3) Discussion what the process is for a new rate structure that will come from the Willdan Financial reports.

Mr. Flynn stated that this is what the memo proposes at a high level to help identify the next steps to be taken forward: make appropriate arrangements for the proposed legislative amendments to be filed; engage all necessary professionals to start moving forward on the recommendation (including engineers, rate consultants, lawyers, and financial advisors) to determine how to redeem the outstanding debt of the current members as necessary for the transition and convey those various collection systems; obtain commitments from each of the Member Cities to consolidate the collection systems; and put deadlines in place to get all of this established. Then to ensure this is successful, the draft legislation needs to be approved, everyone needs to agree to the authorization, and a schedule for implementation needs to be set forth.

Ms. Amidon stated, regarding the third (3<sup>rd</sup>) option recommended by Ms. Schneider for the duly called election of the board, that it looks like it only applies for those in the current service area. She asked for clarity if it is actually the boundary by which the OJRSA can serve (the whole county as a whole). Mr. Flynn replied that this is a question to be run through legislative drafting. The constitution requires the person to be a qualified elector in order to serve, so the question is who becomes a qualified elector. OJRSA does not tax, so the argument would largely be that you only have the authority to serve in the areas in which OJRSA is currently serving, because those are the people ultimately affected by the business decisions being made. If OJRSA was a taxing agency and people were paying property taxes on debt or operations and not actually receiving service, there could be an argument that they were an elector, but this is not the case. The current legislation requires an elector to be a member or a service recipient from the OJRSA.

Ms. Amidon asked how that limits the OJRSA, because that would be a very tight area within Fair Play. Ms. Brock said Oconee County had funding for eighteen (18) years at \$613,000 per year to the entire system. That would not just be for Fair Play but would also include all the upgrades to Martin Creek and Seneca Creek, because they were high-dollar investments in the system. Ms. Amidon replied she's just trying to figure out where the service area is.

Mr. Jones said this was discussed in the last meeting and asked if this was a limitation in the current municipal joint legislation or outside of that. Mr. Flynn said it is a limitation of the constitution that says you can only be elected to a position in which you serve as a qualified elector, and the problem is how you identify who an elector is. Mr. Jones stated that this Authority will impact people outside the current customer base in the future and asked if there was a way to designate service territory (and not necessarily countywide). Mr. Flynn said he thinks it could, but it must be designated. Mr. Flynn added that the current definition of an elector is someone who is residing within the service area of the joint system, and this must be addressed with legislative drafting.

Mr. Stilwell said this will go to the legislative delegation in their next session, and he asked if the delegation was going to be asked to approve all three (3) options or is the committee going to ask the delegation to approve the one that is recommended. Mr. Flynn replied that all of these are options that will be put into the statute and then the members would get to choose which option to pursue.

Mr. Stilwell asked if Senator Alexander already has a draft of it. Mr. Flynn replied that he, Mr. Kevin Bronson (OJRSA Board Chair), and Mr. Eleazer had a conversation with Senator Alexander and his drafting attorney prior to this most recent draft. Due to timing and trying to get in at the end of the current session or at least beginning of the next session, it was decided to provide Senator Alexander with the draft that he could introduce but was conditioned that it was not reviewed or considered formally by the Ad Hoc Committee or the full OJRSA board.

Mr. Stilwell asked if the committee is going to recommend going with the legislation and a specific option or is the committee just going to say which legislation works. Mr. Jones said the committee must work out the consolidation and debt issue to find out if it's viable to decide which path to go with governance modeling. Mr. Stilwell agreed, saying if the money doesn't work then none of the legislative solutions will work. The critical path is determining what the systems are worth.

Mr. Stilwell said the county has a good amount of debt with essentially no customer base. Mr. Flynn replied the County is supported by taxes, but this is a revenue-only system, so the OJRSA must be able to support that debt, so that's why this is difficult. Each layer that is explored opens another set of issues to resolve.

Mr. Flynn added that the main thought was how to decide on the fiduciary questions. If you deal with the fiduciary issue, the finances can largely follow it because you won't have people making decisions based on other constituencies that are unrelated to the sewer service.

Mr. Flynn stated that it's been said you don't make money making sewer, but you can make money in sewer by setting rates and charges at a level sufficient to be able to recover those costs, and right now it is not happening. Mr. Stilwell said you can change the people in the chairs, but the money problem is still there. There is substantial debt with the members, the rates aren't sufficient, and the elephant in the room is deferred maintenance to the systems. Mr. Flynn said the new people could increase the rates to the level those repairs require, and you can afford anything if you create the rate base to support what you are trying to finance.

Mr. Willett asked how Oconee County is paying back its debt when it has no customer base. Ms. Brock replied with interest. Mr. Flynn said with property taxes. Ms. Brock said the interest that the County is earning on the bond itself is paying the debt as well as increased property taxes by new users. Mr. Willett said that if the debt is being paid by property taxes countywide, the service area shouldn't be limited. The County is a new member of the board, and everyone in Oconee County could be an elector and eligible to be on the board. Mr. Flynn replied that taxes could be levied based on a general benefit (such as non-parents paying school taxes as a general benefit). Mr. Flynn stated a definition of who is identified as an elector added to the statute might be the solution to this issue, but he added that it is difficult to identify what the electoral map looks like.

Mr. Jones asked if these items are something to be worked out by this implementation committee. He also asked if any of the three (3) items within the legislation that is before this committee is unworkable. Ms. Brock stated she didn't think the Oconee County Council would approve the board being fully elected. Mr. Jones asked if the committee was all for these three (3) opportunities for governance and representation. He said the committee can recommend what is most preferred under certain scenarios.

Ms. Brock said she was talking to committee members in the parking lot after the last Ad Hoc meeting about a possible compromise. She thinks there could be a formation of a transitional committee. Each member currently has the opportunity to appoint a person to serve as a transition person, because going from what it is now to a whole new system is not palatable to a lot of people holding the purse strings. The purse strings are the most difficult part of this organization. Although there would still be two bosses, there would be a five (5) member board, and they would have staggered terms. The County seat would be three (3) years, and each of the Member Cities could have two (2) years with two (2) consecutive terms. This would give an opportunity for a transition to occur, and when the seats run out, then you move on to the next step.

Ms. Brock added that the County Council is going to want someone from Oconee County sitting in the seat to go from start to finish. If that person knows someone else will be appointed in three (3) years that can learn the County structure of funding and the County's position without being an

employee or having strings tied to the purse, they could help find that person, and that would make a smoother transition. Less progress will be made with a flip of the coin. Mr. Flynn replied that this would require further manipulation of the statute, because that's not currently contemplated as the statute is currently drafted. Mr. Flynn said he's not saying it can't be done, but the statute was amended to authorize the governor to appoint to the board, and he doesn't know the practical benefit of adding this separate transitional authorization that doesn't solve any underlying issues that were the reason for going through this process to make recommendations on how to proceed. Ms. Brock said the benefit of doing it this way is to allow for the transition. She asked if the Member Cities were ready to flip a coin. Ms. Myers said no; Mr. Parris replied that some details needed to be worked out on handing everything over; it is going to take time.

Mr. Willett asked what the difficulties would be in using the existing entity and existing governance to bring on someone else and make that the transitional team, making it the last act of the existing and current joint water system; then on a certain date, the certification with the state is filed. Mr. Flynn replied to Mr. Willett that you cannot go through the reconstitution until you address the outside issues; you must transition and convey the entire system to the organization. In addition, a new system is not being created, but rather the existing system is being reconstituted to bypass all the real estate work of transferring the assets to a new organization. Everyone needs to agree upon the transfer of the assets, but then all of this can be subject to a certain date and tie that to the recomposition of the organization at large. This is not something that will happen in the next six (6) months. Mr. Willett said it doesn't look like changes to the Act will happen until next year, and it will probably stretch a year from that before you have a transition date. Mr. Flynn said it will be a couple of years at a minimum.

Mr. Jones said his biggest concern is who is going to hold the board accountable to get to that point; who is the authority that will enforce this? Mr. Jones asked where the fine line was. Mr. Flynn replied that the committee will make its recommendation, and then once the recommendation is made, the impetus to take some action falls back to the OJRSA Board of Commissioners.

Mr. Flynn said the state regulators, including the Rural Infrastructure Authority (RIA), warned if OJRSA does not move forward on this, they will not receive any additional state funding. The pressure is coming from the state regulatory side and not the local government side. He added that Ms. Mettlen and her team were tasked with moving this forward, and he admitted he is concerned if the OJRSA loses that leadership. He said someone should stay in charge and on top of it.

Mr. Jones thinks that, along with the recommendation, the committee should suggest ways to ensure that implementation is successful. Ms. Brock suggested looking to Ms. Mettlen to continue to be the leadership.

Mr. Stilwell said of the three (3) choices in the memo, the second (2<sup>nd</sup>) choice seems to be the most attractive to him. He didn't think anyone on the committee would prefer to see elected commissioners. Ms. Brock agreed. Mr. Bentley asked if the committee would recommend the second (2<sup>nd</sup>) choice to the board, or would it give the board all three (3) options and have the board to decide. Mr. Jones said when it is drafted up, the committee will decide how to do it (that will be the committee's recommended option). Mr. Willett said having some weighting based on the members makes sense, and breaking the ties of answerability is important; the second (2<sup>nd</sup>) choice is the one that comes closest to doing that.

Mr. Flynn stated that no matter what option the committee determines is most preferred, the members who are reconstituting the organization have the flexibility to choose which option within the legislation that suits them. Mr. Willett replied that this committee has the task of making a recommendation, and he has no problem stating what is the preferred route to take.

There was some additional talk about debt and the rates needed to pay for it. Mr. Flynn felt the committee members were mixing concepts and took the time to explain that Oconee County had already issued the "GO bond" (general obligation bond) to run sewer improvements along the I-85 corridor of the county; this will continue unabated and should not be affected in any way by the consolidation that is being proposed, because it is untethered to the asset. The receipt of sewer service to a customer in the southern part of the county has nothing to do with rates. He added he understands the OJRSA will own that asset and will charge accordingly for it to be part of its regular rate base. Oconee County, regardless of what option is taken, will continue to have that GO bond outstanding and payable from the full faith and power of the County to pay off the debt.

Mr. Stilwell asked if someone could do the financial case and explain what the rates would have to be, because that is ultimately what the power of the purse will run back to. Mr. Flynn said this is where all the Member Cities need to agree to consolidation. He spoke about Walhalla having a \$21 million revenue bond from a couple of years ago exclusively done for expanding their water treatment plant. This is completely untethered from the sewer system; however, from a debt standpoint, the security for this obligation is the combined revenues of the water and sewer system together. The water system should be paying for all the debt on that bond without reliance on the sewer system, but that may not be the way it's working; therefore, there should be analysis with Walhalla's bond counsel and financial advisor to see if Walhalla can decouple and sell off the sewer system without having to touch the outstanding revenue bond, because the OJRSA is diminishing the security that the bond holders are receiving. Mr. Flynn added Seneca and Westminster have combined water, sewer, and electricity.

Mr. Stilwell asked if the Member Cities think the OJRSA is going to write them a check, or that they are going to unload \$10 million in debt on the OJRSA and say, "Take it"? Mr. Flynn replied that is a question of how the OJRSA obtains the systems. Mr. Stilwell said he feels this is the critical part. Mr. Flynn spoke more about the value of the conveyance systems, and Mr. Stilwell added that the deferred maintenance cost needs to be factored in as well. Mr. Flynn said he feels the only way this is going to work is if the systems are granted over to the OJRSA at no cost with a determination of what improvements need to be made for all those systems. This is way beyond the scope of this committee's work.

Mr. Jones said this committee needs to wrap up its work, and the recommendation should include a determination of who will continue the work of this recommendation. The easy stuff is about to be completed, but the hard work to come is the implementation. Someone must take the lead to make it happen, and there must be a reason to make it happen. Mr. Bentley agreed that the committee is about at a point of recommending the path forward and making sure the playing field is set for that with legislation, but some of these issues are beyond this committee's scope. The sooner this gets started, the quicker it goes. Mr. Jones thinks determining the value of the systems should be one of the starting points. Ms. Brock said it is also about figuring out if it's financially feasible for the Member Cities to make the move.

Mr. Eleazer summarized what he understood the discussion to be by saying they were taking the value of the conveyance and adding in the deferred maintenance costs, which sounds like the Member Cities could have to pay someone else to take their systems. During some laughter, Mr. Jones said that it is not viable, Ms. Brock replied that was not happening, and Ms. Myers joked that Mr. Eleazer might have just killed this plan. Mr. Eleazer said it sounded like there was no value to the system or even a negative value due to the deferred maintenance, and he said he wanted to understand if he was getting this correct. Mr. Bentley said in theory yes, but no one is going to see it like that. Mr. Jones said from the start you plan on what you must spend to create and maintain

a sewer system. He added that everyone must come forward in good faith to come up with the best solution, and if it all comes down to economics, you won't get anywhere.

Mr. Parris said that, in most circumstances, sewer is subsidized by water and electric revenue. He asked if taking the sewer off the books actually improve the comfort of the bondholders as that liability is gone. Mr. Flynn said that would be the case, but that is why someone has to do the analysis. Ms. Myers said that Walhalla spoke to the bond counsel already, and it would have to be voted on by the bondholders, and it would be up to them to decide whether they want to do it or not. It may not be left up to the Member City.

- 2. Discuss Final Recommendations for Steps Forward Towards Reorganization, Consolidation, and Other Matters Relevant to This Committee** – Mr. Jones asked if everyone agreed that consolidation will be part of the recommendation; everyone agreed. Mr. Jones added any major hurdles or obstacles that can be seen should also be included in the recommendation.

Mr. Bentley said next month it can be looked into: who moves this forward, who is responsible, and what the timeline is. Mr. Jones suggested that the committee recommend some type of transitional process that would help ensure this moves forward and is completed; everyone agreed with this.

Mr. Willett said looking over Mr. Flynn's recommendations, it spoke about pre-authorized/pre-approved projects. He said his personal experience with pre-approved projects that are written into a contract and turned over to the new organization can be a "death sentence." He said the cleaner the handoff to a future board to allow them to make fiduciary decisions that are best for the system at that time, the better it is.

Mr. Jones asked the committee to think on recommendations, how to pursue implementation, discuss a change in governance, and discuss the transitional process (framework). He said the committee should come back with a draft form of the recommendation at the May meeting.

Mr. Jones also asked what the OJRSA board expected from this (a written recommendation or a presentation). Ms. Brock suggested a joint meeting. Ms. Myers said it probably wasn't a bad idea to have a joint meeting. Mr. Jones replied they should give an option for a joint meeting. Mr. Bentley suggested doing a presentation at a minimum. Mr. Eleazer said the guidance for this committee as stated in the Feasibility Study Report was just to report back to the OJRSA and Oconee County, and there wasn't anything more requested.

Mr. Flynn spoke about defining an elector for clarification. Ms. Myers suggested that each committee member individually note what they would support out of the six (6) choices in the memo. Mr. Jones and Ms. Amidon suggested an electronic document be shared where everyone could put their ideas in notes that could be viewed by everyone on the committee.

- E. Public Comment Following Committee Discussion and Action Items** – Mr. Adams stated there was a comment made in the meeting that really shocked him about making money on sewer by jacking up the rates. Mr. Adams stated that this was not customer-friendly and added that the OJRSA could make money on sewer by adding customers, especially industrial customers.

**F. Upcoming Meetings**

- 1. Executive Committee** – Thursday, April 10, 2025 at 11:15 a.m. *(called meeting)*
- 2. Operations & Planning Committee** – Wednesday, April 16, 2025 at 8:30 a.m.
- 3. Finance & Administration Committee** – Tuesday, April 22, 2025 at 9:00 a.m.
- 4. Board of Commissioners** – Monday, May 5, 2025 at 4:00 p.m.
- 5. Sewer Feasibility Implementation Ad Hoc Committee** – Thursday, May 8, 2025 at 9:00 a.m.

- G. Adjourn** - The meeting adjourned at 10:34 a.m.

Approved By: \_\_\_\_\_

Joel Jones  
Committee Chair

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

5/8/25

Approved By: \_\_\_\_\_

Lynn M. Stephens  
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on March 7, 2025 to *Upstate Today*, *Anderson Independent-Mail*, *Westminster News*, *Keowee Courier*, WGOG Radio, WSNW Radio, City of Seneca Council, City of Walhalla Council, City of Westminster Council, Oconee County Council, SC DHEC, [www.ojrsa.org](http://www.ojrsa.org), and posted at the OJRSA Administration Building.



## **Ad Hoc Sewer Feasibility Implementation Committee**

OJRSA Operations & Administration Building

Lamar Bailes Board Room

April 10, 2025 at 9:00 AM

*This advisory committee was established by the OJRSA Board of Commissioners at its November 4, 2024 meeting to consider recommendations and report to the OJRSA Board and Oconee County as identified in the [Regional Feasibility Planning Study](#) as adopted by the OJRSA on September 9, 2024. The committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area. See the study at [www.ojrsa.org/info](http://www.ojrsa.org/info) for more information.*

*OJRSA commission and committee meetings may be attended in person at the address listed above. The OJRSA will also broadcast meetings live on its YouTube channel at [www.youtube.com/@OconeeJRSA](http://www.youtube.com/@OconeeJRSA) (if there is a technical issue preventing the livestreaming of the meeting, then a recording will be published on the channel as soon as possible). For those not able to attend in person, then the OJRSA Board or Committee Chair will accept public comments by mail (623 Return Church Rd, Seneca, SC 29678) or at [info@ojrsa.org](mailto:info@ojrsa.org). Comments must comply with the public session instructions as stated on the meeting agenda and will be received up until one hour prior to the scheduled meeting. If there is not a public session scheduled for a meeting, then comments shall not be accepted.*

### **Agenda**

- A. Call to Order** – Joel Jones, Committee Chair
- B. Public Comment** – Receive comments relating to topics that may or may not be on this agenda. Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- C. Approval of Minutes**
  - Ad Hoc Sewer Feasibility Implementation Committee Meeting of March 13, 2025
- D. Committee Discussion and Action Items**
  - 1. Review summary of reconstitution memo and discuss next steps – Joel Jones, Committee Chair
  - 2. Discuss final recommendations for steps forward towards reorganization, consolidation, and other matters relevant to this committee – Joel Jones, Committee Chair
- E. Public Comment Following Committee Discussion and Action Items** – Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- F. Upcoming Meetings** *All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.*
  - 1. Executive Committee – April 10, 2025 at 11:15 AM **Called Meeting**
  - 2. Operations & Planning Committee – April 16, 2025 at 8:30 AM
  - 3. Finance & Administration Committee – April 22, 2025 at 9:00 AM
  - 4. Board of Commissioners – May 5, 2025 at 4:00 PM
  - 5. Ad Hoc Sewer Feasibility Implementation Committee – May 8, 2025 at 9:00 AM
- G. Adjourn**



## Meeting Sign-in Sheet

Date: 4/10/25 Time: 9am Location: WWTP Board Room

POSITION/TITLE

## ORGANIZATION

Reporter

Chris

members.

member

Rewa

member

5656

Members

Westminster

CITIZEN

Ocean

Deane

ACOG

# Water Resources Planner

Bulhan & Mark



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ATTORNEY-CLIENT COMMUNICATION

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MEMORANDUM

To: Oconee Joint Regional Sewer Authority, South Carolina

From: Pope Flynn, LLC

Re: Consolidated Reconstitution

Date: March 31, 2025

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Oconee Joint Regional Sewer Authority, South Carolina (the “**Authority**” or “**Joint Authority**”) is a body politic and corporate, and a joint authority sewer system organized under Title 6, Chapter 25 of the Code of Laws of South Carolina 1976, as amended (the “**Joint Authority Act**”). The Authority was created in 2007 under the provisions of the Joint Authority Act by its three-member municipalities (collectively, the “**Members**”)<sup>1</sup>: the City of Seneca, South Carolina (“**Seneca**”), the City of Walhalla, South Carolina (“**Walhalla**”), and the City of Westminster, South Carolina (“**Westminster**”).

Based on funding from the South Carolina Rural Infrastructure Authority, the Joint Authority engaged a team comprised of W.K. Dickson & Co., Inc., Willdan Financial Services, and Bolton & Menk, Inc. to prepare a regional feasibility planning study, which was formally adopted by the Oconee Joint Regional Sewer Authority Commission, as the governing body of the Authority, on September 9, 2024 (the “**Study**”). The purpose of the Study was to determine long-term sewer service options within Oconee County, South Carolina (the “**County**”). Contemporaneously with the Study, the Joint Authority also undertook its “Oconee County and Western Anderson County Sewer Master Plan” (the “**Master Plan**”). Major infrastructure recommendations in the Master Plan include: developing plans to expand the Coneross Creek Wastewater Reclamation Facility (the “**Coneross WRF**”); updating the regulatory checkbook to gain permitted capacity at Coneross WRF; reducing pump station infrastructure and wastewater travel time; and working with Members to improve collection infrastructure.

Based on the terms of the Study and the Master Plan, Pope Flynn, LLC previously prepared and presented two memoranda, one dated November 26, 2024, which described options for the reorganization of the Joint Authority, and another dated February 25, 2025, which summarized the steps for reconstitution of the Joint Authority.

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<sup>1</sup> For purposes of the reconstituted Joint Authority, such term would also include the County (as defined herein) once or if it is added as a Member.

Subsequent to the release of the memos, the *ad hoc* committee studying the Joint Authority recommended that the satellite sewer systems owned and maintained by Seneca, Walhalla, Westminster, and any other contributing public satellite sewer system (collectively, the “*Existing Systems*”) be conveyed to the Authority such that all sewer treatment and collection services in the County would be performed exclusively by the Joint Authority. As a result, a summary of procedures to acquire the Existing Systems and reconstitute the Joint Authority are separately described below.

### Acquisition of Existing Systems

The acquisition of the Existing Systems by the Joint Authority has a number of legal, practical and logical obstacles that must be considered and addressed prior to the reconstitution of the Authority. While the conveyance procedure for the Existing Systems could be done simultaneously with the reconstitution, it is advisable that such conveyance be implemented and finalized before the reconstitution occurs. By implementing such a procedure in advance of reconstitution, any attendant delays, failures to act, disagreements on value and other matters associated with the planned conveyance can be addressed and finalized prior to reconstitution such that any of the foregoing matters will not be an impairment to the reconstitution process. A summary of the matters necessary to implement the acquisition of the Existing Systems by the Joint Authority is provided below:

- Conveyance of Existing Systems to be conducted by ordinance of each respective Member. No referendum is required as a result of the Supreme Court’s determination in *Sojourner v. St. George*, 383 S.C. 679 S.E.2d 182 (2009).
- Review of outstanding utility debt obligations of each Member is required, and consideration must be made as to limitations for sale of system components secured by revenues of sewer systems, respectively:
  - Walhalla (combined water and sewer)<sup>2</sup>
    - \$17,945,000 principal amount still outstanding on originally issued \$20,620,000 Water and Sewer System Revenue Bonds, Series 2018.
    - Various capital leases secured by utility system assets.
  - Seneca (combined water, sewer and electric)<sup>3</sup>
    - \$890,000 principal amount still outstanding on originally issued \$8,350,000 Combined Utility System Refunding Revenue Bonds, Series 2012.
    - \$460,015 principal amount still outstanding on originally issued \$3,762,930 Combined Utility System Refunding Revenue Bonds, Series 2020.
    - \$537,729 principal amount still outstanding on originally issued \$1,993,633 Combined Utility System Revenue Bond, Series 2007 (South Carolina Drinking Water Revolving Loan Fund).
    - \$6,943,035 principal amount still outstanding on originally issued \$11,528,750 Combined Utility System Revenue Bond, Series 2014 (South Carolina Drinking Water Revolving Loan Fund).

<sup>2</sup> Source: 2023 Audited Financial Statements

<sup>3</sup> Source: 2024 Annual Comprehensive Financial Report

- \$4,791,937 principal amount still outstanding on originally issued \$6,031,455 Combined Utility System Revenue Bond, Series 2007 (South Carolina Water Pollution Control Revolving Fund).
- Potential capital leases secured by combined utility system assets.
- Westminster (combined water, sewer and electric)<sup>4</sup>
  - \$8,260,000 principal amount still outstanding on originally issued \$8,260,000 Combined Utility System Revenue Bond Anticipation Note, Series 2023<sup>5</sup>.
  - Originally issued \$369,947 Combined Utility System Revenue Bond, Series 2022 (ConserFund Loan).
  - Various capital leases secured by combined utility system assets.
- The terms and conditions of acquisition, including valuation, financial considerations, and transfer processes shall be reviewed and considered.

### Reconstitution of the Joint Authority

Once the Joint Authority acquires the Existing Systems, it is recommended that the Joint Authority be reconstituted to address governance, operations, voting, debt and regulatory matters that currently plague the Joint Authority as currently constituted. A summary of items to be addressed and considered during the reconstitution process are described in summary fashion below.

#### **1. Governance Structure**

- The Authority shall be reconstituted to include the County as a Member.
- Reconstitution shall provide that the Authority shall have the power to provide retail sewer services within its service area.
- The governing body of the Authority shall be a five-member commission (the “*New Commission*”). Draft legislation has been proposed to amend the Joint Authority Act to permit new methods for appointing or electing commissions. The draft legislation permits a variety of options, including:
  - *Status quo* appointment of commissioners by Members, with authorization to add a fifth, seventh, ninth or eleventh member appointed by the Governor upon the recommendation of the legislative delegation from Oconee County;
  - Full appointment of the New Commission by the Governor, upon the recommendation of the legislative delegation from Oconee County based upon an appointive index of total customers; or
  - Election of the New Commission in a duly called election to be held within the service boundaries of the Authority.

#### **2. Operating Agreement**

- A new operating agreement shall be executed with a minimum term of 40 years.
- The agreement shall define governance, financial obligations, operational responsibilities, and dispute resolution mechanisms.

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<sup>4</sup> Source: 2024 Audited Financial Statements

<sup>5</sup> To be taken out by long-term financing with United States Department of Agriculture, Rural Development.

- This expressly includes the authorization to provide retail sewer services within its service area.
- 3. **Voting Mechanism**
  - General matters shall be determined by per capita voting.
  - Option for weighted voting for finance-related matters shall be subject to a voting mechanism that assigns voting rights based on an agreed-upon formula. Note, this may not be necessary if the Members are not appointing the Commissioners.
- 4. **Expansion & Debt Parameters**
  - A framework shall be established for funding system growth, including capital improvements and infrastructure expansions.
  - Preapproval mechanisms shall be established for financing certain projects.
  - Member approval requirements shall be clearly defined for all other debt issuances, or alternatively, if the New Commission is elected, the draft legislation contemplates that separate approval of the Members will not be required.
- 5. **Addition of New Members**
  - The Authority shall establish clear parameters and a defined mechanism for admitting new members.
- 6. **Rate Structure**
  - An equitable rate structure shall be developed, ensuring fairness among all Members and customers.

#### Next Steps

As the *ad hoc* committee works to complete its mission of reviewing the Joint Authority and considering the entity's future options, it has definitively determined that acquisition of the Existing Systems by the Joint Authority and reconstitution of the organization are required. Next steps to ensure that such recommendations are timely fulfilled, include the following:

- Make arrangements to file proposed amendments to the Joint Authority Act.
- Engage necessary professionals (engineers, rate consultants, lawyers, and financial advisors) to develop engineering models, financial models and legal framework for completing the asset transfers and redeeming or restructuring the debt associated with the Existing Systems.
  - Commitments must be secured by each Member as to its willingness and agreement to conveyance of their respective sewer systems to the Joint Agency, eschewing continued operations of the same.
  - Deadlines shall be imposed for deliverables from professional consultants, and the necessary commitments from the Members.
- Contingent on successful enactment of draft legislation, (i) finalize governance details and plans for New Commission; and (ii) create a timeline for implementation of the reconstitution.

TO AMEND CERTAIN PROVISIONS OF TITLE 6, CHAPTER 25 OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, TO AUTHORIZE CERTAIN CLARYIFYING AMENDMENTS REGARDING COMMISSIONERS, RECONSTITUTION, BOND APPROVAL AND DURATION.

Be it enacted by the General Assembly of the State of South Carolina:

**SECTION 1. Section 6-25-20 shall be amended to add the following defined terms:**

**§ 6-25-20. Definitions.**

*(14) "Legislative Delegation" means all members of the South Carolina Senate and South Carolina House representing any county where a joint system is located.*

*(15) "Governor" means the Governor of the State of South Carolina.*

**SECTION 2. 6-25-50 shall be amended and restated as follows:**

**SECTION 6-25-50.** ~~Agreement as to number of commissioners each member may appoint;~~  
Application filed with Secretary of State; corporate certificate.

(A) The governing bodies of the members of a joint system shall form an agreement specifying the number of commissioners ~~each member may appoint to a commission created to govern the joint system pursuant to Section 6-25-60.~~

(B) ~~Two or more commissioners~~ The proposed members of a joint system shall jointly file an application with the Secretary of State ~~an application signed by the commissioner or each proposed member setting forth:~~

(1) ~~the names of~~ number of proposed members of the joint system, the number of proposed commissioners, and ~~their respective appointed commissioners~~ the method of appointment or election of commissioners pursuant to Section 6-25-60(B);

(2) ~~(a) the a~~ a certified copy of a resolution of each member determining it is in its best interest to participate in the proposed joint system; and

~~(b) the resolution appointing the member's commissioner;~~

(3) the desire that the joint system be organized as a public body corporate and politic under this chapter;

(4) the name which is proposed for the joint system; and

(5) the purpose for creation of the joint system.

The Secretary of State shall file the application if after examining it and determining that it complies with the requirements in this section and that the proposed name of the joint system is not identical with that of any other corporation of the State or any agency or instrumentality or so nearly similar as to lead to confusion and uncertainty.

After the application has been filed, the Secretary of State shall issue a corporate certificate that must be filed with the application, and the joint system then must be constituted a public body corporate and politic under the name proposed in the application. The corporate certificate shall set forth ~~the names of all voting member and~~ the name of the joint system. There also must be stated upon the corporate certificate the purpose for which it has been created, as set forth in the application. Notice of the issuance of such corporate certificate must be given to all members of the joint system by the Secretary of State.

In any suit, action, or proceeding involving the validity or enforcement of, or relating to, contract of a joint system, the joint system in the absence of establishing fraud shall be conclusively considered to have been established in accordance with the provisions of this chapter upon proof

of the issuance of the certificate by the Secretary of State. A copy of the certificate, duly certified by the Secretary of State, is admissible in evidence in any suit, action, or proceeding and is conclusive proof of the filing and contents.

**SECTION 3. 6-25-60 shall be amended and restated as follows:**

**§ 6-25-60.** Joint system to be managed and controlled by commission; ~~appointment of commissioners; oath; records; seal; quorum; vacancies; expenses.~~

(A) The management and control of a joint system is vested in a commission that may consist of no fewer than five members and no more than eleven members. A commissioner has one vote and may have additional votes as a majority of the members of the joint system determines.

(B) As contemplated by the initial application to the Secretary of State, commissioners serving on the commission may be appointed or elected under one of the following procedures:

(1) Appointment by member. The governing body of each voting member of a joint system shall appoint a commissioner, pursuant to Section 6-25-50(A), to serve as a commissioner of the joint system. ~~A commissioner has one vote and may have additional votes as a majority of the members of the joint system determines.~~ A commissioner serves at the pleasure of the governing body by which he was appointed. A commissioner, before entering upon his duties, shall take and subscribe to an oath before a person authorized by law to administer oaths to execute the duties of his office faithfully and impartially, and a record of each oath must be filed with the governing body of the appointing authority.

Notwithstanding the provisions of this subsection requiring the commission managing a joint system to have no fewer than five members and no more than eleven members, a joint system in existence on this section's effective date and having fewer than five members or more than eleven members on this section's effective date may continue to maintain the number of members serving on the section's effective date and may add additional members as its commissioners determine. Further, and notwithstanding the appointment requirements above, in the event there are an even number of members of a joint system (i.e. 4, 6, 8, 10), the project contract, bylaws or other similar agreement for the joint system may authorize one additional member of the commission; such additional member of the commission shall be recommended by the legislative delegation from each county where the joint system is located, and upon receipt of such recommendation, appointed by the governor. Any gubernatorial appointment shall be for a term of four years and shall serve until a duly appointed successor is appointed and qualified. Any vacancy of such member must be filled for the remainder of the unexpired term in the same manner as the original appointment. If a new member of a joint system is added under the provisions hereof such that there becomes an odd number of members of a joint system, any gubernatorial appointed commissioner shall be deemed to automatically vacate his position as a commissioner as of the date of the admission of such new member of a joint system and their respective appointment of a new commissioner.

(2) Appointment by Governor. The commissioners may be appointed by the Governor in accordance with the following procedures:

(a) The total number of customers served by the joint system (including customers served by members of the joint system) must be divided by the total number of commission seats, the result being an apportionate average;

(b) The respective number of customers of each member of the joint system must be divided by the apportionate average to determine an appointive index.

(c) The Governor, based upon the recommendation of the legislative delegation from each county that the joint system operates, shall appoint a number of commissioners to the commission from each member of the joint system equal to the whole number

indicated by its appointive index. If by this method there are insufficient members appointed to complete the commission, an appointive index closest to the next highest whole number shall be authorized to have an additional commissioner. Further, and notwithstanding the appointive index, there shall be at least one commissioner appointed for the service area of each member of the joint system.

(d) Excepting the initial appointments as necessary to create a staggered commission which may be two or four years, respectively, each commissioner must be appointed and serve for a term of four years and until his successor is appointed and qualifies, provided that the terms of the commissioners must be staggered such that approximately one-half of the total members appointed by the Governor must be appointed or reappointed every two years. A vacancy must be filled for the remainder of the unexpired term in the manner of the original appointment.

(3) Election. The commissioners may be elected on an at-large basis in accordance with the following procedures:

(a) After the application is filed with the Secretary of State, at the next general election or on the date of a special election as requested by the members of the joint system upon request to the applicable county election agency, an election shall be held for commissioners to serve on the commission.

(b) At the initial election to establish the commission, the electors shall vote for commissioners to serve on the commission. The persons necessary to create a quorum of the commission (if fully convened as contemplated by subsection (D) hereinbelow) and receiving the highest number of votes in the initial election shall serve for a term of four years. After the persons sufficient to create a quorum of the commission have been determined, the remaining persons receiving the next highest number of votes in the initial election shall serve for a term of two years. Notwithstanding the foregoing, if the initial election is held on a special election date that is not a general election date within the county or counties of the joint system, the term of all initial commissioners may be reduced as necessary to ensure subsequent elections are held on a general election date.

(c) All successor commissioners must be elected in the regular election for commission members for terms of office of four years. All commissioners shall serve until their successors are elected and qualify. Vacancies in any new positions must be filled in the same manner as other vacancies on the board of commissioners of public works are filled.

~~(B)~~ (C) The commissioners of the joint system shall annually, or biennially, if provided in the bylaws of the joint system, elect, with each commissioner having one vote, one of the commissioners as chairman, another as vice chairman, and other persons who may, but need not be commissioners, as treasurer, secretary and, if desired, assistant secretary. The office of treasurer may be held by the secretary or assistant secretary. The commission may also appoint such additional officers as it deems necessary. The secretary or assistant secretary of the joint system shall keep a record of the proceedings of the joint system, and the secretary must be the custodian of all books, records, documents, and papers filed with the joint system, the minute book or journal of the joint system, and its official seal.

~~(G)~~ (D) A majority of the commissioners of the joint system shall constitute a quorum. A vacancy on the commission of the joint system shall not impair the right of a quorum to exercise all rights and perform all the duties of a joint system. Any action taken by the joint system under the provisions of this chapter may be authorized by resolution at any regular or special meeting held pursuant to notice in accordance with bylaws of the joint system, and each resolution shall take effect immediately and need not be published or posted. Except as is otherwise provided in this chapter or in the bylaws of the joint system, a majority of the votes which the commissioners present are entitled to cast, with a quorum present, shall be necessary and sufficient to take any

action or to pass any resolution. No commissioner of a joint system shall receive any compensation solely for the performance of duties as a commissioner, but each commissioner may be paid per diem, mileage, and subsistence expenses, as provided by law for state boards, committees, and commissions, incurred while engaged in the performance of such duties.

(E) All commissioners shall hold the qualifications of an elector. In the case of a gubernatorial appointment, such appointee must be a qualified elector residing within the area served by the joint system.

(F) Commissioners appointed under subsection (B)(2) or elected under subsection (B)(3) above may not be an officer or employee of a member of a joint system, and no commissioner shall be permitted to service on an ex officio basis. Separately, for commissioners appointed under subsection (B)(1) above, the members of the joint system may include a restriction in the project contract, bylaws or other agreement for the joint system that no commissioner may be an officer or employee of a member of a joint system, and no commissioner shall be permitted to service on an ex officio basis.

(G) Any commissioner appointed hereunder shall be deemed to forfeit his respective position if he (1) lacks at any time during his term of office any qualifications for the office prescribed by general law and the Constitution, or (2) is convicted of any crime, other than civil infractions or misdemeanors for which no imprisonment is imposed.

#### **SECTION 4. 6-25-70 shall be amended and restated as follows:**

##### **SECTION 6-25-70. Change in membership of joint system.**

(A) After the creation of a joint system, any other authority may become a member of the joint system upon:

(1) adoption of a resolution or ordinance by the governing body complying with the requirements of Section 6-25-40 including publication of notice;

(2) submission of an application to the joint system; and

(3) approval of the application by resolution of the governing body of each member of the joint system except in the case of a joint system organized for the purpose of creating a financing pool, in which case the application must be approved by resolution of the commission.

(B) A member may withdraw from a joint system by resolution or ordinance of its governing body. A contractual right acquired or contractual obligation incurred by a member while it was a member remains in full force and effect after the member's withdrawal.

(C) Notice of a change in membership must be filed in the Office of the Secretary of State. No change is final until this filing occurs. The filing is not required if a joint system is organized only for the purpose of creating a financing pool.

(D) If a new member of the joint system is added hereunder, the approval documentation required under subsection (A)(3) above shall determine whether any new commissioners shall be added to the commission as necessary to support such new member of the joint system. If a new commissioner is added, appointed commissioners, either by the member of the joint system or the Governor, as applicable, shall be appointed immediately. If the commission is elected, the new commissioner shall not be added until the next occurring general election.

#### **SECTION 5. 6-25-80 shall be amended and restated as follows:**

##### **§ 6-25-80. Dissolution of system.**

Whenever the commission of a joint system and the governing body of each of its members shall by resolution or ordinance determine that the purposes for which the joint system was formed have been substantially fulfilled and that all bonds issued and all other obligations incurred by the joint system have been fully paid or satisfied, the commission and members may declare the joint system

to be dissolved. On the effective date of the resolution or ordinance, the title to all funds and other income and property owned by the joint system at the time of dissolution must be disbursed to the voting members of the joint system according to its bylaws.

*In the discretion of the members of a joint system for the proper and efficient operation of any joint system, an existing joint system may be reconstituted by following the procedures for the creation of a new joint system, mutatis mutandis.*

**SECTION 6. 6-25-110 shall be amended and restated as follows:**

**§ 6-25-110.** Authorization to incur debt and issue bonds.

A joint system may incur debt for any of its purposes and may issue bonds pledging to the payment as to both principal and interest the revenues, or any portion, derived or to be derived from all or any of its projects and any additions and betterments or extensions or contributions or advances from its members or other sources of funds available to it. A joint system may not undertake a project required to be financed, in whole or in part, with the proceeds of bonds without the approval of the governing bodies of each member which is obligated or to be obligated under any contract for the payment of amounts to be pledged as security therefore and a favorable vote of two-thirds of all commissioners. *Notwithstanding the foregoing, when commission is elected under Section 6-25-60(B)(3), no separate approval of the governing bodies of each member shall be required for the issuance of any bonds, and such bonds shall be authorized and approved by a simple majority of the commissioners. Any project may be preauthorized, preapproved or otherwise permitted under the terms of the project contract for the joint system, and such authority, approval or permission shall constitute all necessary approval of the respective governing bodies of each member herein.* A joint system formed only for the purpose of creating a financing pool may issue notes in anticipation of the issuance of bonds by its members to the government.

**SECTION 7. Section 6-25-128 shall be amended and restated as follows:**

**§6-25-128.** Contracts between authority and joint system; duration.

An authority may contract to buy from the joint system water required for its present or future requirements, including the capacity and output, or a portion or share of one or more specified projects. An authority also may contract for the collection or treatment of wastewater, including present or future capacity, or a portion or share of another project. The creation of a joint system is an alternative method whereby an authority may obtain the benefits and assume the responsibilities of ownership in a project, so a contract may provide that the authority forming the contract is obligated to make a payment required by the contract whether or not a project is completed, operable, or operating notwithstanding the suspension, interruption, interference, reduction, or curtailment of the output of a project or the water contracted for, and that the payments under the contract are not subject to reduction, whether by offset or otherwise, and are not conditioned upon the performance or nonperformance of the joint system or any other member of the joint system under the contract or any other instrument. A contract with respect to the sale or purchase of capacity or output, or a portion or share of them, of a project entered into between a joint system and its member authorities also may provide that if an authority or authorities default in the payment of its or their obligations with respect to the purchase of the capacity or output, or a portion or share of them, in that event the remaining member authorities which are purchasing capacity and output under the contract are required to accept and pay for and are entitled proportionately to and may use or otherwise dispose of the capacity or output which was to be purchased by the defaulting authority.

A contract concerning the sale or purchase of capacity and output from a project may extend for a period not exceeding fifty years from the date of the contract and may be renewable and extended upon terms as the parties may agree for not exceeding an additional fifty years; and the execution and effectiveness is not subject to any authorizations or approvals by the State or any agency, commission, or instrumentality or political subdivision of them. To the extent any bonds or other indebtedness of the joint system exceeds the term of an initial or existing contract between or among the joint system and the respective members of the joint system, the duration of the joint system and the obligations of the members of the joint system shall automatically extend and continue unabated for so long as any bonds or other indebtedness are outstanding.

Payments by an authority under a contract for the purchase of capacity and output from a joint system may be made from the revenues derived from the ownership and operation of the water system of the authority or from such other sources of funds as may be available, including any amounts received as payments in lieu of taxes. An authority may not pledge its full faith, credit, and taxing power to secure its obligations to the joint system or the bonds of the joint system. An authority is obligated to fix, charge, and collect rents, rates, fees, and charges for water or sewer services, facilities, and commodities sold, furnished, or supplied through its water or sewer system sufficient to provide revenues adequate to meet its obligations under any contract and to pay any and all other amounts payable from or constituting a charge and lien upon the revenues, including amounts sufficient to pay the principal of and interest on general obligation bonds, if any, heretofore or hereafter issued by the authority for purposes related to its water or sewer system.

An authority that is a member of a joint system may furnish the joint system with money derived from the ownership and operation of its water or sewer system or facilities and provide the joint system with personnel, equipment, and property, both real and personal, and from any other sources legally available to it for such purposes. An authority also may provide services to a joint system.

A member of a joint system may contract for, advance, or contribute funds derived from the ownership and operation of its water or sewer system or facilities or from another legal source to a joint system as agreed upon by the joint system and the member, and the joint system shall repay the advances or contributions from the proceeds of bonds, operating revenue, or other funds of the joint system, together with interest as agreed upon by the member and the joint system.

**SECTION 8. This act takes effect upon approval by the Governor.**

**CHAPTER 25**  
**Joint Authority Water and Sewer Systems Act**

**Editor's Note**

2007 Act No. 59, Section 1, changed the title of this chapter which was formerly "Joint Municipal Water Systems".

**SECTION 6-25-5. Legislative findings.**

The General Assembly finds that:

(1) The availability of water and sewer services to assist economic development and to provide for the health, safety, and welfare of its people is a very critical matter for this State.

(2) It is appropriate to make it possible for a member of a joint authority water system to utilize certain sources of revenues available to them, including payments in lieu of taxes, to assist in the development of additional water and sewer treatment capacity and the provision of collection and distribution lines.

(3) It is desirable to facilitate a joint authority water and sewer system in accommodating the desires of its members in projects and financings that affect only those members.

**HISTORY:** 1997 Act No. 74, Section 1; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Code Commissioner's Note**

This section was classified at the direction of the Code Commissioner.

**Effect of Amendment**

The 2007 amendment, in item (2), substituted "authority" for "municipal"; and, in item (3), substituted "joint authority water and sewer system" for "joint water system".

**SECTION 6-25-10. Short title.**

This chapter may be cited as the "Joint Authority Water and Sewer Systems Act".

**HISTORY:** 1983 Act No. 82, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment substituted "Joint Authority Water and Sewer" for "Joint Municipal Water".

**SECTION 6-25-20. Definitions.**

For purposes of this chapter:

(1) "Joint Authority Water and Sewer System" or "joint system" means a government entity organized under this chapter to undertake or acquire a water or sewer project.

(2) "State" means the State of South Carolina.

(3) "Project" means a project undertaken by a joint authority water and sewer system to:

(a) impound, produce, treat, transmit, distribute, sell, and service water to a member, or to an authority that is not a member but who is engaged in providing water or sewer service, or to any other person or entity if water service is not otherwise available from any other source when approved by the governing body of each member; and

(b) collect, transport, process, treat, dispose, and control municipal, domestic, industrial, or communal waste, flood water, or storm water, whether in fluid, solid, or composite state, including specifically the control, abatement, or reduction of pollution for a member, or for an authority that is not a member and is engaged in waste and wastewater collection, treatment, and disposal, or to any other person or entity if sewer service is not otherwise available from any other source when approved by the governing body of each member.

(4) "Cost" or "cost of a project" means, but is not limited to, the cost of acquisition, construction, reconstruction, improvement, enlargement, or extension of any project, including the cost of studies, plans, specifications, surveys, and estimates of costs and revenues relating to the project; the cost of land, land rights, rights-of-way and easements, water rights, fees, permits, approvals, licenses, certificates, franchises, and the preparation of applications for and security for them; administrative, legal, professional,

engineering, and inspection expenses; financing fees, expenses, and costs; working capital; insurance; interest on the bonds during the period of construction and for a reasonable period after construction as may be determined by the commission of the joint system; establishment of reserves; and all other expenditures of the joint system incidental, necessary, or convenient to the acquisition, construction, reconstruction, improvement, enlargement, or extension of any project and the placing of the project in operation.

(5) "Governing body" means with respect to an authority; the board, commission, council, or other entity charged by law with governing the authority.

(6) "Authority" includes:

- (a) a county or municipality incorporated under the laws of this State;
- (b) a consolidated political subdivision of this State;
- (c) a commission of public works; and
- (d) an agency or public body created under the laws of this State and authorized by legislation to be engaged in the sale and service of water for industrial and domestic purposes, or the collection for treatment of wastewater.

(7) "Revenue bonds" and "bonds" mean bonds, notes, certificates, or other obligations of a joint system issued pursuant to the provisions of this chapter and include a refinancing or refunding of bonds, notes, certificates, or other obligations, but which must be paid solely from the revenue or another source of funds available to a joint system.

(8) "Member of a joint system" means an authority that has taken the actions necessary to form or join the joint system.

(9) "Construction note" or "note" means a note of a joint system issued to provide funding for the creation of a financing pool and the costs associated with it.

(10) "Financing agreement" means an agreement entered into by a joint system organized to create a financing pool and a member of it in connection with the lending of the proceeds of construction notes or portion thereof by the joint system to the member so as to provide for the repayment of amounts loaned and interest on it by the member to the joint system.

(11) "Financing pool" means a fund of money, obtained through the issuance of a construction note of a joint authority water and sewer system, which may be loaned to the members of it by way of interim financing. A joint system may not lend more than five percent of the principal amount of a financing pool to a not-for-profit corporation established pursuant to Chapter 35 of Title 33.

(12) "Government" means the United States of America, acting through the United States Department of Agriculture, or its successor, and the agencies and divisions of it.

(13) "Interim financing" means bond anticipation notes issued pursuant to the provisions of Sections 11-17-10 to 11-17-120 in anticipation of the issuance of bonds of an authority to be sold to the government.

(14) "Legislative Delegation" means all members of the South Carolina Senate and South Carolina House representing any county where a joint system is located.

(15) "Governor" means the Governor of the State of South Carolina.

HISTORY: 1983 Act No. 82, Section 2; 1986 Act No. 312, Section 1; 1986 Act No. 456, Sections 1-4; 1997 Act No. 74, Section 2; 1999 Act No. 113, Sections 4, 5; 2001 Act No. 78, Section 3; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment redesignated items (a) to (m) as items (1) to (13); and rewrote items (1), (3), (5), (6), (7), (8), (11) and (13).

**SECTION 6-25-25.** Authority to purchase, construct, etc., facilities.

In addition to all other project purposes, the joint system formed under the Joint Authority Water and Sewer Systems Act is authorized to purchase, construct, acquire, own, operate, maintain, repair, and improve any and all works, improvements, facilities, plants, equipment, transportation lines, pump stations, sewage treatment plants, apparatus, and appliances incidental, helpful, or necessary to its members upon request and approval of its members in accordance with the bylaws of the joint system.

HISTORY: 1986 Act No. 312, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment substituted "Joint Authority Water and Sewer" for "Joint Municipal Water", and added "transportation lines, pump stations, sewage treatment plants, apparatus,".

**SECTION 6-25-30.** Creation of joint systems.

(A) The governing body of an authority may join another authority to form a joint system after ascertaining by resolution that a joint system best serves the interests of the authority, its citizens, and its customers.

(B) A joint system may be formed:

(1) to plan, finance, develop, construct, acquire, improve, enlarge, sell, lease, maintain, and operate a project to service the needs of its service area;

(2) to create a finance pool; or

(3) both.

(C) A governing body of a member of a joint system may plan and enter a contract in connection with a project of the joint system consistent with the terms of this chapter.

(D) An authority may conduct a study to assess the necessity and feasibility of a project.

HISTORY: 1983 Act No. 82, Section 2; 1999 Act No. 113, Section 6; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment rewrote this section.

**SECTION 6-25-35.** Extension of provisions applicable to water.

A reference to the purpose of a project in this chapter pertaining specifically to water includes all the purposes as provided in Sections 6-25-20(3) and 6-25-25 and a power or authority provided for in this chapter to a joint system or a member of a joint system may be exercised with respect to any project or purpose of the joint system.

HISTORY: 1986 Act No. 312, Section 3; 1995 Act No. 145, Part II, Section 91A; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment made nonsubstantive and conforming changes.

**SECTION 6-25-40.** Notice of ordinance or resolution creating system; objections; exception.

An authority adopting a resolution to create a joint system shall publish notice of the adoption of the resolution in a newspaper of general circulation within the county in which the governing body is located. The publication must be made once a week for two consecutive weeks following the adoption of the resolution. A person affected by the adoption of the resolution may institute an action in the circuit court for the county in which the governing body is located within twenty days following the last publication of the notice prescribed challenging the action of the governing body and not thereafter.

HISTORY: 1983 Act No. 82, Section 2; 1999 Act No. 113, Section 7; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment rewrote this section.

**SECTION 6-25-50.** ~~Agreement as to number of commissioners each member may appoint; a~~ Application filed with Secretary of State; corporate certificate.

(A) The governing bodies of the members of a joint system shall form an agreement specifying the number of commissioners ~~each member may appoint to a commission created~~ to govern the joint system pursuant to Section 6-25-60.

(B) ~~Two or more commissioners~~ The proposed members of a joint system shall jointly file an application with the Secretary of State ~~an application signed by the commissioner of each proposed member~~ setting forth:

(1) ~~the names of all~~ number of proposed members of the joint system, the number of proposed commissioners, and their respective appointed commissioner the method of appointment or election of commissioners pursuant to Section 6-25-60(B);

(2) a certified copy of:

~~(a) the a~~ resolution of each member determining it is in its best interest to participate in the proposed joint system; ~~and~~

~~(b) the resolution appointing the member's commissioner;~~

(3) the desire that the joint system be organized as a public body corporate and politic under this chapter;

(4) the name which is proposed for the joint system; and

(5) the purpose for creation of the joint system.

The Secretary of State shall file the application if after examining it and determining that it complies with the requirements in this section and that the proposed name of the joint system is not identical with that of any other corporation of the State or any agency or instrumentality or so nearly similar as to lead to confusion and uncertainty.

After the application has been filed, the Secretary of State shall issue a corporate certificate that must be filed with the application, and the joint system then must be constituted a public body corporate and politic under the name proposed in the application. The corporate certificate shall set forth ~~the names of all voting members and of~~ the name of the joint system. There also must be stated upon the corporate certificate the purpose for which it has been created, as set forth in the application. Notice of the issuance of such corporate certificate must be given to all members of the joint system by the Secretary of State.

In any suit, action, or proceeding involving the validity or enforcement of, or relating to, contract of a joint system, the joint system in the absence of establishing fraud shall be conclusively considered to have been established in accordance with the provisions of this chapter upon proof of the issuance of the certificate by the Secretary of State. A copy of the certificate, duly certified by the Secretary of State, is admissible in evidence in any suit, action, or proceeding and is conclusive proof of the filing and contents.

HISTORY: 1983 Act No. 82 Section 2; 1999 Act No. 113, Section 8; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment designated the first sentence as subsection (A) and rewrote it; designated the second sentence and items (a) to (e) as subsection (B), redesignated items (a) to (e) as paragraphs (1) to (5) and substituted "commissioner" for "representative" throughout; and made nonsubstantive changes in the second and third undesignated paragraphs.

**SECTION 6-25-60.** Joint system to be managed and controlled by commission; ~~appointment of commissioners; oath;~~ records; seal; quorum; vacancies; expenses.

(A) The management and control of a joint system is vested in a commission that may consist of no fewer than five members and no more than eleven members. A commissioner has one vote and may have additional votes as a majority of the members of the joint system determines.

(B) As contemplated by the initial application to the Secretary of State, commissioners serving on the commission may be appointed or elected under one of the following procedures:

(1) Appointment by member. The governing body of each voting member of a joint system shall appoint a commissioner, pursuant to Section 6-25-50(A), to serve as a commissioner of the joint system. ~~A~~

~~commissioner has one vote and may have additional votes as a majority of the members of the joint system determines.~~ A commissioner serves at the pleasure of the governing body by which he was appointed. A commissioner, before entering upon his duties, shall take and subscribe to an oath before a person authorized by law to administer oaths to execute the duties of his office faithfully and impartially, and a record of each oath must be filed with the governing body of the appointing authority.

Notwithstanding the provisions of this subsection requiring the commission managing a joint system to have no fewer than five members and no more than eleven members, a joint system in existence on this section's effective date and having fewer than five members or more than eleven members on this section's effective date may continue to maintain the number of members serving on the section's effective date and may add additional members as its commissioners determine. Further, and notwithstanding the appointment requirements above, in the event there are an even number of members of a joint system (i.e. 4, 6, 8, 10), the project contract, bylaws or other similar agreement for the joint system may authorize one additional member of the commission; such additional member of the commission shall be recommended by the legislative delegation from each county where the joint system is located, and upon receipt of such recommendation, appointed by the governor. Any gubernatorial appointment shall be for a term of four years and shall serve until a duly appointed successor is appointed and qualified. Any vacancy of such member must be filled for the remainder of the unexpired term in the same manner as the original appointment. If a new member of a joint system is added under the provisions hereof such that there becomes an odd number of members of a joint system, any gubernatorial appointed commissioner shall be deemed to automatically vacate his position as a commissioner as of the date of the admission of such new member of a joint system and their respective appointment of a new commissioner.

(2) Appointment by Governor. The commissioners may be appointed by the Governor in accordance with the following procedures:

(a) The total number of customers served by the joint system (including customers served by members of the joint system) must be divided by the total number of commission seats, the result being an apportionate average;

(b) The respective number of customers of each member of the joint system must be divided by the apportionate average to determine an appointive index.

(c) The Governor, based upon the recommendation of the legislative delegation from each county that the joint system operates, shall appoint a number of commissioners to the commission from each member of the joint system equal to the whole number indicated by its appointive index. If by this method there are insufficient members appointed to complete the commission, an appointive index closest to the next highest whole number shall be authorized to have an additional commissioner. Further, and notwithstanding the appointive index, there shall be at least one commissioner appointed for the service area of each member of the joint system.

(d) Excepting the initial appointments as necessary to create a staggered commission which may be two or four years, respectively, each commissioner must be appointed for a term of four years and serve until his successor is appointed and qualifies, provided that the terms of the commissioners must be staggered such that approximately one-half of the total members appointed by the Governor must be appointed or reappointed every two years. A vacancy must be filled for the remainder of the unexpired term in the manner of the original appointment.

(3) Election. The commissioners may be elected on an at-large basis in accordance with the following procedures:

(a) After the application is filed with the Secretary of State, at the next general election or on the date of a special election as requested by the members of the joint system upon request to the applicable county election agency, an election shall be held for commissioners to serve on the commission.

(b) At the initial election to establish the commission, the electors shall vote for commissioners to serve on the commission. The persons necessary to create a quorum of the commission (if fully convened as contemplated by subsection (D) hereinbelow) and receiving the highest number of votes in the initial election shall serve for a term of four years. After the persons

sufficient to create a quorum of the commission have been determined, the remaining persons receiving the next highest number of votes in the initial election shall serve for a term of two years. Notwithstanding the foregoing, if the initial election is held on a special election date that is not a general election date within the county or counties of the joint system, the term of all initial commissioners may be reduced as necessary to ensure subsequent elections are held on a general election date.

(c) All successor commissioners must be elected in the regular election for commission members for terms of office of four years. All commissioners shall serve until their successors are elected and qualify. Vacancies in any new positions must be filled in the same manner as other vacancies on the board of commissioners of public works are filled.

(CB) The commissioners of the joint system shall annually, or biennially, if provided in the bylaws of the joint system, elect, with each commissioner having one vote, one of the commissioners as chairman, another as vice chairman, and other persons who may, but need not be commissioners, as treasurer, secretary and, if desired, assistant secretary. The office of treasurer may be held by the secretary or assistant secretary. The commission may also appoint such additional officers as it deems necessary. The secretary or assistant secretary of the joint system shall keep a record of the proceedings of the joint system, and the secretary must be the custodian of all books, records, documents, and papers filed with the joint system, the minute book or journal of the joint system, and its official seal.

(DE) A majority of the commissioners of the joint system shall constitute a quorum. A vacancy on the commission of the joint system shall not impair the right of a quorum to exercise all rights and perform all the duties of a joint system. Any action taken by the joint system under the provisions of this chapter may be authorized by resolution at any regular or special meeting held pursuant to notice in accordance with bylaws of the joint system, and each resolution shall take effect immediately and need not be published or posted. Except as is otherwise provided in this chapter or in the bylaws of the joint system, a majority of the votes which the commissioners present are entitled to cast, with a quorum present, shall be necessary and sufficient to take any action or to pass any resolution. No commissioner of a joint system shall receive any compensation solely for the performance of duties as a commissioner, but each commissioner may be paid per diem, mileage, and subsistence expenses, as provided by law for state boards, committees, and commissions, incurred while engaged in the performance of such duties.

(E) All commissioners shall hold the qualifications of an elector. In the case of a gubernatorial appointment, such appointee must be a qualified elector residing within the area served by the joint system.

(F) Commissioners appointed under subsection (B)(2) or elected under subsection (B)(3) above may not be an officer or employee of a member of a joint system, and no commissioner shall be permitted to service on an ex officio basis. Separately, for commissioners appointed under subsection (B)(1) above, the members of the joint system may include a restriction in the project contract, bylaws or other agreement for the joint system that no commissioner may be an officer or employee of a member of a joint system, and no commissioner shall be permitted to service on an ex officio basis.

(G) Any commissioner appointed hereunder shall be deemed to forfeit his respective position if he (1) lacks at any time during his term of office any qualifications for the office prescribed by general law and the Constitution, or (2) is convicted of any crime, other than civil infractions or misdemeanors for which no imprisonment is imposed.

HISTORY: 1983 Act No. 82, Section 2; 1988 Act No. 569; 1999 Act No. 113, Section 9; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment redesignated subsections (a) to (c) as subsections (A) to (C); in subsection (A), in the first paragraph in the first sentence added "that may consist of no fewer than five members and no more than eleven members", in the second sentence substituted "commissioner, pursuant to Section 6-25-50(A), to serve as" for "representative who must be", deleted the third sentence which provided "The representative may be an officer or employee of the member and may also serve ex officio as a member of the

commission", and made nonsubstantive changes in the remaining sentences; and rewrote the second undesignated paragraph which related to appointment of additional representatives.

**SECTION 6-25-70.** Change in membership of joint system.

(A) After the creation of a joint system, any other authority may become a member of the joint system upon:

(1) adoption of a resolution or ordinance by the governing body complying with the requirements of Section 6-25-40 including publication of notice;

(2) submission of an application to the joint system; and

(3) approval of the application by resolution of the governing body of each member of the joint system except in the case of a joint system organized for the purpose of creating a financing pool, in which case the application must be approved by resolution of the commission.

(B) A member may withdraw from a joint system by resolution or ordinance of its governing body. A contractual right acquired or contractual obligation incurred by a member while it was a member remains in full force and effect after the member's withdrawal.

(C) Notice of a change in membership must be filed in the Office of the Secretary of State. No change is final until this filing occurs. The filing is not required if a joint system is organized only for the purpose of creating a financing pool.

(D) If a new member of the joint system is added hereunder, the approval documentation required under subsection (A)(3) above shall determine whether any new commissioners shall be added to the commission as necessary to support such new member of the joint system. If a new commissioner is added, appointed commissioners, either by the member of the joint system or the Governor, as applicable, shall be appointed immediately. If the commission is elected, the new commissioner shall not be added until the next occurring general election.

HISTORY: 1983 Act No. 82, Section 2; 1999 Act No. 113, Section 10; 2000 Act No. 404, Section 10; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment designated subsections (A) to (C) and redesignated items (a) to (c) as paragraphs (A)(1) to (A)(3); in subsection (A), substituted "authority" for "municipality"; in subsection (B), made nonsubstantive changes and added "after the member's withdrawal"; and, in subsection (C), made nonsubstantive changes.

**SECTION 6-25-80.** Dissolution of system.

Whenever the commission of a joint system and the governing body of each of its members shall by resolution or ordinance determine that the purposes for which the joint system was formed have been substantially fulfilled and that all bonds issued and all other obligations incurred by the joint system have been fully paid or satisfied, the commission and members may declare the joint system to be dissolved. On the effective date of the resolution or ordinance, the title to all funds and other income and property owned by the joint system at the time of dissolution must be disbursed to the voting members of the joint system according to its bylaws.

In the discretion of the members of a joint system for the proper and efficient operation of any joint system, an existing joint system may be reconstituted by following the procedures for the creation of a new joint system, *mutatis mutandis*.

HISTORY: 1983 Act No. 82, Section 2; 1999 Act No. 113, Section 11; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment reprinted this section with no apparent change.

**SECTION 6-25-90.** Executive committee; composition; powers; terms of office; vacancies; filing notice of change with Secretary of State.

The commission of a joint system may create an executive committee, the composition of which must be set forth in the bylaws of the joint system. The composition of the executive committee shall afford a fair representation of the members. The executive committee may exercise such powers during intervals between the commission's meetings as provided by the commission. The terms of office of the members of the executive committee and the method of filling vacancies must be fixed by the bylaws of the joint system. A change in membership of a joint system is not final until notice of the change is filed with the Secretary of State, except where a joint system is organized to create a financing pool.

**HISTORY:** 1983 Act No. 82, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment added the fifth sentence relating to filing membership changes with the Secretary of State.

**SECTION 6-25-100.** Powers of joint system.

A joint system shall have all the rights and powers of a public body politic and corporate of this State, necessary or convenient to carry out the provisions of this chapter, including, without limitation, the power or right to:

- (1) have perpetual succession;
- (2) sue and be sued;
- (3) adopt, use, and alter a corporate seal;
- (4) maintain a principal office;
- (5) make bylaws for the management and regulation of its affairs;
- (6) receive, administer, and comply with the conditions and requirements respecting any gift, grant, or donation of any property or money;
- (7) purchase, build, construct, maintain, rent, lease, and operate ditches, tunnels, culverts, equipment, flumes, conduits, mains, pipes, dykes, dams, reservoirs, water treatment facilities, and any facilities to impound, treat, produce, transmit, distribute, operate, service, or sell water or to collect and treat wastewater in connection with the project;
- (8) acquire and operate machines, appliances, or appurtenances necessary or useful to construct, operate, or maintain the system;
- (9) enter contracts to purchase or sell water or provide sewer service;
- (10) prescribe rates or regulations under which water is sold;
- (11) make contracts and execute instruments or documents necessary or convenient to carry on the business of the joint system;
- (12) sell, lease, exchange, transfer, or otherwise dispose of or to grant an option concerning an interest in property in conformity with state law;
- (13) acquire by purchase, lease, gift, or otherwise, or to obtain an option for the acquisition of property, real or personal, improved or unimproved, including an interest in land less than the fee in conformity with state law;
- (14) borrow money and issue revenue bonds or notes of the joint system, to loan the proceeds of any borrowing to any member of the joint system to be paid solely from revenues of the system, the loan repayments of members, and such other funds as may be available therefor with a favorable vote of two-thirds of the commissioners. A bond or note may not be issued, the payment for which depends upon a contract or agreement with a member except with the approval of the governing body of such member, by resolution of the governing body of the member. The requirements of this item are satisfied and no further action is required with respect to a bond or note issued to finance a project that has been approved by the governing body of the member as provided in Section 6-25-110. The approval of a note or bond under this chapter shall include an issuance in one or more series and any refunding or refinancing of them so that only the original issuance of the debt must be approved. The members of a joint system may

prescribe additional procedures and requirements as they determine appropriate to issue a note or bond in the bylaws of a joint system;

(15) pledge or assign money, rents, charges, or other revenue and proceeds derived by the joint system from the sale of property, insurance, or a condemnation award;

(16) authorize the construction, operation, or maintenance of a project by a person, firm, or corporation, including a political subdivision and agency of a state of the United States;

(17) apply to the appropriate agencies of the State, the United States or another state, and to another proper agency to obtain a permit, license, certificate, or approval as necessary; and to construct, maintain, and operate the project in accordance with such a license, permit, certificate, or approval;

(18) appoint officers, agents, employees, and servants to prescribe the duties of such, to fix their compensation, and to determine if and to what extent they shall be bonded for the faithful performance of their duties;

(19) employ engineers, architects, attorneys, appraisers, financial advisors, or other consultants or employees required, and to fix and pay their compensation from funds available to the joint system;

(20) make use of county and state highway rights-of-way in which to lay pipes and lines, in such manner and under such conditions as the appropriate officials in charge of such rights-of-way shall approve;

(21) exercise the power of eminent domain as provided by the laws of this State;

(22) before, and in connection with the acquisition of a project, study, plan, finance, own, operate, and maintain the project, and after the acquisition, to study, plan, finance, acquire, construct, reconstruct, improve, enlarge, extend, own, operate, and maintain an additional project;

(23) acquire by negotiated purchase or lease an existing project, a project under construction, or other property, either individually or jointly, with another authority in this State or another state owning a water or sewer facility or with a political division or agency of another state, or another joint system created pursuant to this chapter;

(24) dispose of by negotiated sale or lease, an existing project, a project under construction, or other property, either individually or jointly, with one or more authority in this State or another state owning a water or sewer facility or with a political subdivision or agency of another state or with another joint system created pursuant to this chapter;

(25) fix, charge, and collect rents, rates, fees, and charges for water or sewage services, and commodities sold, furnished, or supplied through a project; and

(26) acquire and operate a water treatment system, water distribution system, or sewer system, including the system of a member if its consent is first obtained and referendum approval is obtained in those instances where required by law.

Provided, that the provisions of (7), (8), (9), (11), (17), (18), (21), (22), (23), (24), (25), and (26) do not apply to a joint system organized solely for the purpose of creating a financing pool.

**HISTORY:** 1983 Act No. 82, Section 2; 1986 Act No. 456, Section 5; 1995 Act No. 145, Part II, Section 91B; 1997 Act No. 74, Section 3; 1999 Act No. 113, Sections 12, 13; 2007 Act No. 59, Section 1, eff June 6, 2007.

#### **Effect of Amendment**

The 2007 amendment redesignated items (a) et seq. as items (1) et seq.; deleted items (i) relating to contracts to sell water to member and nonmember municipalities, (z) relating to contracts with joint systems and municipalities, and (bb) relating to sale of water at retail and wholesale; and made conforming amendments throughout.

### **SECTION 6-25-110. Authorization to incur debt and issue bonds.**

A joint system may incur debt for any of its purposes and may issue bonds pledging to the payment as to both principal and interest the revenues, or any portion, derived or to be derived from all or any of its projects and any additions and betterments or extensions or contributions or advances from its members or other sources of funds available to it. A joint system may not undertake a project required to be financed, in whole or in part, with the proceeds of bonds without the approval of the governing bodies of each member

which is obligated or to be obligated under any contract for the payment of amounts to be pledged as security therefore and a favorable vote of two-thirds of all commissioners. Notwithstanding the foregoing, when commission is elected under Section 6-25-60(B)(3), no separate approval of the governing bodies of each member shall be required for the issuance of any bonds, and such bonds shall be authorized and approved by a simple majority of the commissioners. Further, any project may be preauthorized, preapproved or otherwise permitted under the terms of the project contract for the joint system, and such authority, approval or permission shall constitute all necessary approval of the respective governing bodies of each member herein. A joint system formed only for the purpose of creating a financing pool may issue notes in anticipation of the issuance of bonds by its members to the government.

HISTORY: 1983 Act No. 82, Section 2; 1997 Act No. 74, Section 4; 1999 Act No. 113, Section 14; 2007 Act No. 59, Section 1, eff June 6, 2007.

Effect of Amendment

The 2007 amendment made nonsubstantive changes.

**SECTION 6-25-111.** Issuance, sale, and execution of bonds; use of proceeds; issuance of temporary bonds; replacement of bonds.

(A) A joint system may issue bonds for the purpose of paying all or any part of the cost of any of the purposes authorized in this chapter. The principal of, premium, if any, and the interest on the bonds are payable solely from the respective funds provided for such payment by this chapter. The bonds of each issue may be sold at public or private sale. The bonds may be sold at a price, and must bear interest at a rate, as may be determined by the commission of the joint system. The bonds of each issue must be dated and must mature in amounts and at times not exceeding fifty years from their respective dates, as may be determined by the commission of the joint system, and may be made redeemable before maturity at a price and under terms and conditions as may be fixed by the commission of the joint system before the issuance of the bonds. The commission of the joint system shall determine the form and the manner of execution of the bonds, including any interest coupons to be attached to them, and shall fix the denomination of the bonds and the place of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature appears on any bonds or coupons ceases to be an officer before the delivery of the bonds, the signature of the facsimile is nevertheless valid and sufficient for all purposes the same as if he had remained in office until the delivery. The commission of the joint system also may provide for the authentication of the bonds by a trustee or fiscal agent. The bonds may be issued in coupon or in fully registered form, or both, as the commission of the joint system may determine, and provisions may be made for the registration of any coupon bonds as to the principal alone and also as to both principal and interest; and for the reconversion into coupon bonds of any bonds registered as to both principal and interest, and for the interchange of registered and coupon bonds.

(B) The proceeds of the bonds of each issue may be used solely for the purposes for which the bonds are issued, and must be disbursed in a manner and under restrictions, if any, as the commission of the joint system may provide in the resolution authorizing the issuance of the bonds or in any trust agreement securing them. The joint system may issue interim receipts or temporary bonds, with or without coupons, exchangeable for definitive bonds when the bonds have been executed and are available for delivery. The joint system also may provide for the replacement of any bonds which have become mutilated or have been destroyed or lost.

(C) Bonds may be issued under provisions of this chapter without obtaining the consent or approval of the State or any political subdivision or any agency, commission, or instrumentality of them, but no joint system shall undertake any project required to be financed, in whole or in part, with the proceeds of bonds without the approval of the governing bodies of members as prescribed in Section 6-25-110.

HISTORY: 1986 Act No. 456, Section 6; 1997 Act No. 74, Section 5; 2007 Act No. 59, Section 1, eff June 6, 2007.

#### Effect of Amendment

The 2007 amendment, in subsection (A), in the first sentence deleted "at one time or from time to time its" preceding "bonds".

#### **SECTION 6-25-112.** Trust agreements or resolutions providing for issuance of bonds.

In the discretion of the commission of the joint system, any bonds issued under the provisions of this chapter may be secured by a trust agreement by and between the joint system and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State. The trust agreement or the resolution providing for the issuance of the bonds may contain provisions for protecting and enforcing the rights and remedies of the bondholders and of the trustees as may be reasonable and proper and not in violation of law, and may restrict the individual right of action by bondholders. The trust agreement or the resolution providing for the issuance of the bonds may contain covenants including, but not limited to, the following:

- (1) the pledge of the revenue derived from the project to be financed by the bonds or from the water system or facilities of a joint system;
- (2) the rents, rates, fees, and charges to be established, maintained, and collected, and the use and disposal of revenues, gifts, grants, and funds received or to be received by the joint system;
- (3) the setting aside of reserves and the investment, regulation, and disposition of the reserves;
- (4) the custody, collection, securing, investment, and payment of any monies held for the payment of bonds;
- (5) limitations or restrictions on the purposes to which the proceeds of sale of bonds then or thereafter issued may be applied;
- (6) limitations or restrictions on the issuance of additional bonds; the terms upon which additional bonds may be issued and secured; or the refunding of outstanding or other bonds;
- (7) the procedure to amend the terms of a contract with bondholders, the percentage of bonds the bondholders of which must consent thereto, and the manner in which the consent may be given;
- (8) events of default and the rights and liabilities arising on default, the terms and conditions upon which a bond issued under this chapter becomes or may be declared due before maturity, and the terms and conditions upon which the declaration and its consequences may be waived;
- (9) the preparation and maintenance of a budget;
- (10) the retention or employment of engineers, independent auditors, and other technical consultants;
- (11) limitations on or the prohibition of free service to any public or private person;
- (12) the acquisition and disposal of property, but no project or part of a project may be mortgaged by the trust agreement or resolution;
- (13) provisions for insurance and for accounting reports and the inspection and audit of them;
- (14) the continuing operation and maintenance of the project; or
- (15) conditions under which the bonds may be defeased.

**HISTORY:** 1986 Act No. 456, Section 6; 2007 Act No. 59, Section 1, eff June 6, 2007.

#### Effect of Amendment

The 2007 amendment redesignated items (a) to (o) as items (1) to (15) and made nonsubstantive changes.

#### **SECTION 6-25-113.** Revenues from which bonds payable; statement of restriction.

The bonds are special obligations of the joint system issuing them. The principal of, premium, if any, and interest on the bonds are not payable from the general funds of the joint system, nor do they constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of its property or upon any of its income, receipts, or revenues, except the funds which are pledged under the resolution authorizing the bonds or the trust agreement securing the bonds. Neither the faith and credit nor the taxing power of the State or an authority is, or may be, pledged for the payment of the principal of or interest on the bonds, and no holder of the bonds has the right to compel the exercise of the taxing power by the State or an authority or the forfeiture of any of its property in connection with any default. However, the provisions of this section do

not affect the ability of any member county or authority from providing a pledge of all or part of any revenues derived as payments in lieu of taxes with respect to a project. Every bond must recite in substance that the principal of and interest on the bond is payable solely from the revenues and other funds pledged to its payment and that the joint system is not obligated to pay the principal or interest except from such revenues and funds so pledged.

**HISTORY:** 1986 Act No. 456, Section 6; 1997 Act No. 74, Section 6; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment substituted "authority" for "municipality" throughout.

**SECTION 6-25-114. Issuance of refunding bonds.**

A joint system may provide by resolution for the issuance of refunding bonds of the joint system for the purpose of refunding outstanding bonds that have been issued under the provisions of this chapter, including the payment of any redemption premium and interest accrued or to accrue to the date of redemption of the bond. The issuance of the bonds, their maturities, and other details, the rights of their holders, and the rights, duties, and obligations of the joint system in respect to the bonds are governed by the provisions of this chapter that relate to the issuance of bonds.

**HISTORY:** 1986 Act No. 456, Section 6; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment made nonsubstantive changes.

**SECTION 6-25-115. Financing pools and construction notes.**

(A) A joint system organized only for the purpose of creating a financing pool may issue from time to time its construction notes for the purpose of creating a financing pool and providing funds to defray the cost of administration of the financing pool and the costs of issuance of the construction notes. The principal, applicable premium, and interest on an issue of construction notes must be payable solely from the proceeds of the construction notes, earnings on the proceeds, the proceeds of bonds issued to the government by members of the joint system, financing agreements between the joint system and its members, and such funds and accounts of the joint system as provided by the resolution of the commission authorizing the issuance of such issue of construction notes or a trust agreement securing the issue of construction notes. Each issue of construction notes may be sold at public or private sale. The construction notes may be sold at a price, and must bear interest at a rate, as may be determined by the commission of the joint system. The construction notes of each issue must be dated and must mature in amounts and at times not exceeding two years from their respective dates, as may be determined by the commission of the joint system, and may be made redeemable before maturity at a price and under terms and conditions as may be fixed by the commission of the joint system before the issuance of the construction notes. The commission of the joint system shall determine the form and the manner of execution of the construction notes, including any interest coupons to be attached to them, and shall fix the denomination of the construction notes and the place of payment of principal and interest, which may be at any bank or trust company within or without the State. In case any officer whose signature or a facsimile of whose signature appears on any construction note or coupons ceases to be an officer before the delivery of the construction notes, the signature of the facsimile is nevertheless valid and sufficient for all purposes the same as if he had remained in office until the delivery. The commission of the joint system also may provide for the authentication of the construction notes by a trustee or fiscal agent. The construction notes may be issued in bearer or in fully registered form, or both, as the commission of the joint system may determine.

(B) The proceeds of the construction notes of each issue may be used solely for the purposes for which the construction notes are issued, and must be disbursed in a manner and under restrictions, if any, as the commission of the joint system may provide in the resolution authorizing the issuance of the construction

notes or in any trust agreement securing them. The joint system also may provide for the replacement of any construction notes which have become mutilated or have been destroyed or lost.

(C) The proceeds of the construction notes must be applied solely to the costs of issuance thereof, the cost of administration of the joint system, to capitalized interest on the notes, and to create a financing pool.

(D) Money in a financing pool may be loaned to members of the joint system upon such terms and conditions as are set forth by the resolution of the commission authorizing construction notes issued to provide funds for the financing pool or a trust agreement securing the issue of construction notes, provided, however, that the loan made from the financing pool may be only made upon the delivery by the borrower of such funds of a letter of commitment from the government to provide permanent financing for the capital project to be initially financed by the loan.

(E) A construction note must be a special obligation of the joint system that issued the note, and the full faith, credit, and the taxing power of this State and its political subdivisions may not be pledged for these notes. All construction notes shall include a legend substantially similar to the following:

THIS NOTE IS A SPECIAL AND LIMITED OBLIGATION OF (NAME OF JOINT SYSTEM), A BODY CORPORATE AND POLITIC OF THE STATE OF SOUTH CAROLINA. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS NOTE IS NOT PAYABLE FROM THE GENERAL FUNDS OF THE (NAME OF JOINT SYSTEM), NOR DOES IT CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE UPON ANY OF ITS PROPERTY OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES, EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE RESOLUTION AUTHORIZING THE ISSUANCE OF THIS NOTE OR THE TRUST AGREEMENT SECURING THIS NOTE. THIS NOTE DOES NOT CONSTITUTE A DEBT, LIABILITY, OR OTHER OBLIGATION OF THE STATE OF SOUTH CAROLINA, OR ANY POLITICAL SUBDIVISION OF IT. THE (NAME OF JOINT SYSTEM) IS NOT OBLIGATED TO PAY THIS NOTE OR THE INTEREST HEREON EXCEPT FROM THE REVENUES, FUNDS, AND ASSETS PLEDGED THEREFORE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF SOUTH CAROLINA. THE (NAME OF JOINT SYSTEM) OR ITS MEMBER ENTITIES IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE. NO HOLDER OF THIS NOTE HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR ANY POLITICAL SUBDIVISION OF IT OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

(F) A construction note may be issued pursuant to this chapter without obtaining the consent or approval of this State or its political subdivision, or an agency, commission, or instrumentality of this State, but such a construction note may not be issued without the prior approval of a majority of the commissioners of the joint system present and voting at a duly called meeting of it. A member is not liable for a payment in respect of a construction note issued by a joint system except with the approval of the governing body of the member, by resolution or ordinance of the governing body of the member.

(G) In the discretion of the commission of the joint system, any construction notes issued under the provisions of this chapter may be secured by a trust agreement by and between the joint system and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the State. The trust agreement or the resolution providing for the issuance of the construction notes may contain provisions for protecting and enforcing the rights and remedies of the holders of the construction notes and of the trustees as may be reasonable and proper and not in violation of law, and may restrict the individual right of action by holders of construction notes. The trust agreement or the resolution providing for the issuance of the construction notes may contain covenants including, but not limited to, the following:

- (1) the pledge of the proceeds of the construction notes, earnings on the proceeds, the proceeds of bonds issued to the government by members of the joint system, agreements between the joint system and its members, and the funds and accounts of the joint system;

- (2) the terms and conditions of loans to be made from the financing pool;

- (3) the setting aside of reserves and the investment, regulation, and disposition of the reserves;

(4) the custody, collection, securing, investment, and payment of any monies held for the payment of construction notes;

(5) limitations or restrictions on the purposes to which the proceeds of sale of construction notes then or thereafter issued may be applied;

(6) limitations or restrictions on the issuance of additional construction notes, the terms upon which additional construction notes may be issued and secured, or the refunding of outstanding or other construction notes;

(7) the procedure by which the terms of any contract with holders of construction notes may be amended, the percentage of construction notes the holders of which must consent to, and the manner in which the consent may be given;

(8) events of default and the rights and liabilities arising on default, the terms and conditions upon which construction notes issued under this chapter become or may be declared due before maturity, and the terms and conditions upon which the declaration and its consequences may be waived;

(9) the retention or employment of financial advisors, attorneys, independent auditors, and other technical consultants;

(10) provisions for insurance and for accounting reports and the inspection and audit of them; or

(11) conditions under which the construction notes may be defeased or redeemed.

**HISTORY:** 1999 Act No. 113, Section 1; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment made nonsubstantive changes.

**SECTION 6-25-120. Repayment of notes, obligations, or bonds.**

A joint system may not pledge the full faith, credit, or taxing power of its members when borrowing money or issuing a bond, note, or other obligation. Only revenues and other funds available to the joint system may be used to pay or pledged to the repayment of any notes, obligations, or bonds.

**HISTORY:** 1983 Act No. 82, Section 2; 1997 Act No. 74, Section 7; 1999 Act No. 113, Section 15; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment rewrote this section.

**SECTION 6-25-125. Charges for services; pledges.**

A joint system may fix, charge, and collect rents, rates, fees, and charges for its services. For so long as any bonds of a joint system are outstanding and unpaid, the rents, rates, fees, and charges must be fixed to provide revenues at least sufficient, together with other available funds, to pay all costs of and charges and expenses in connection with the proper operation and maintenance of its projects, and all necessary repairs, replacements, or renewals; to pay when due the principal of, premium, if any, and interest on all bonds payable from the revenues; to create and maintain reserves and comply with covenants as may be required by any resolution or trust agreement authorizing and securing bonds; and to pay any and all amounts which the joint system may be obligated to pay from the revenues by law or contract.

A pledge made by a joint system pursuant to this chapter is valid and binding from the date the pledge is made. The revenues, securities, and other monies so pledged and then held or thereafter received by the joint system or any fiduciary is immediately subject to the lien of the pledge without any physical delivery or further act, and the lien of the pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority or joint system without regard to whether the parties have notice.

**HISTORY:** 1986 Act No. 456, Section 7; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment, in the first undesignated paragraph, in the first sentence substituted "its services" for "water and other services, related to the impounding, production, treatment, transmission, distribution, sale, and service of water"; and, in the second undesignated paragraph, in the second sentence substituted "authority" for "municipality".

**SECTION 6-25-126.** Temporary investment of funds pending disbursements.

The resolution authorizing the bonds or construction notes of any issue or the trust agreement securing the bonds or construction notes may provide that any of the monies may be temporarily invested and reinvested pending disbursements and the securities and other investments provided in the resolution or trust agreement, and must provide that any bank or trust company with which the monies are deposited shall act as trustee of the monies and shall hold and apply them for the purposes of this chapter, subject to regulation as this chapter and the resolution or trust agreement may provide.

**HISTORY:** 1986 Act No. 456, Section 7; 1999 Act No. 113, Section 16; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment reprinted this section with no apparent change.

**SECTION 6-25-127.** Enforcement of bondholder and construction note holder rights.

Any holder of bond or construction notes issued under the provisions of this chapter or any of the coupons appertaining to them, and the trustee under any trust agreement, except to the extent the rights given by this chapter may be restricted by the trust agreement or the resolution authorizing the issuance of the bonds or construction notes, may, either at law or in equity, by suit, action, mandamus, or other proceeding, protect and enforce any and all rights under the laws of the State or granted under this chapter, or, to the extent permitted by law, under the trust agreement or resolution authorizing the issuance of the bonds or under any agreement or other contract executed by the joint system pursuant to this chapter, and may enforce and compel the performance of all duties required by this chapter or by the trust agreement or resolution to be performed by any joint system or authority or by their officers, including the fixing, charging, and collecting of rents, fees, and charges.

**HISTORY:** 1986 Act No. 456, Section 7; 1999 Act No. 113, Section 17; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment substituted "authority" for "municipality".

**SECTION 6-25-128.** Contracts between authority and joint system; duration.

An authority may contract to buy from the joint system water required for its present or future requirements, including the capacity and output, or a portion or share of one or more specified projects. An authority also may contract for the collection or treatment of wastewater, including present or future capacity, or a portion or share of another project. The creation of a joint system is an alternative method whereby an authority may obtain the benefits and assume the responsibilities of ownership in a project, so a contract may provide that the authority forming the contract is obligated to make a payment required by the contract whether or not a project is completed, operable, or operating notwithstanding the suspension, interruption, interference, reduction, or curtailment of the output of a project or the water contracted for, and that the payments under the contract are not subject to reduction, whether by offset or otherwise, and are not conditioned upon the performance or nonperformance of the joint system or any other member of the joint system under the contract or any other instrument. A contract with respect to the sale or purchase of capacity or output, or a portion or share of them, of a project entered into between a joint system and its member authorities also may provide that if an authority or authorities default in the payment of its or their obligations with respect to the purchase of the capacity or output, or a portion or share of them, in that event the remaining member authorities which are purchasing capacity and output under the contract are required

to accept and pay for and are entitled proportionately to and may use or otherwise dispose of the capacity or output which was to be purchased by the defaulting authority.

A contract concerning the sale or purchase of capacity and output from a project may extend for a period not exceeding fifty years from the date of the contract and may be renewable and extended upon terms as the parties may agree for not exceeding an additional fifty years; and the execution and effectiveness is not subject to any authorizations or approvals by the State or any agency, commission, or instrumentality or political subdivision of them. To the extent any bonds or other indebtedness of the joint system exceeds the term of an initial or existing contract between or among the joint system and the respective members of the joint system, the duration of the joint system and the obligations of the members of the joint system shall automatically extend and continue unabated for so long as any bonds or other indebtedness are outstanding.

Payments by an authority under a contract for the purchase of capacity and output from a joint system may be made from the revenues derived from the ownership and operation of the water system of the authority or from such other sources of funds as may be available, including any amounts received as payments in lieu of taxes. An authority may not pledge its full faith, credit, and taxing power to secure its obligations to the joint system or the bonds of the joint system. An authority is obligated to fix, charge, and collect rents, rates, fees, and charges for water or sewer services, facilities, and commodities sold, furnished, or supplied through its water or sewer system sufficient to provide revenues adequate to meet its obligations under any contract and to pay any and all other amounts payable from or constituting a charge and lien upon the revenues, including amounts sufficient to pay the principal of and interest on general obligation bonds, if any, heretofore or hereafter issued by the authority for purposes related to its water or sewer system.

An authority that is a member of a joint system may furnish the joint system with money derived from the ownership and operation of its water or sewer system or facilities and provide the joint system with personnel, equipment, and property, both real and personal, and from any other sources legally available to it for such purposes. An authority also may provide services to a joint system.

A member of a joint system may contract for, advance, or contribute funds derived from the ownership and operation of its water or sewer system or facilities or from another legal source to a joint system as agreed upon by the joint system and the member, and the joint system shall repay the advances or contributions from the proceeds of bonds, operating revenue, or other funds of the joint system, together with interest as agreed upon by the member and the joint system.

HISTORY: 1986 Act No. 456, Section 7; 1997 Act No. 74, Section 8; 2007 Act No. 59, Section 1, eff June 6, 2007.

#### Effect of Amendment

The 2007 amendment, in the first undesignated paragraph, added the second sentence relating to wastewater; in the third undesignated paragraph, in the third sentence added "or sewer" in two places; and substituted "authority" for "municipality" and made nonsubstantive changes throughout.

#### **SECTION 6-25-129.** Governmental functions; state tax exemption.

A joint system is an instrumentality of local government, and is authorized by this chapter exclusively for the performance of governmental functions, and the income of a joint system is exempt from state taxes.

HISTORY: 1999 Act No. 113, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

#### Effect of Amendment

The 2007 amendment reprinted this section with no apparent change.

#### **SECTION 6-25-130.** Employment or appointment of personnel; rights, privileges, and benefits.

Personnel employed or appointed by a member to work for a joint system shall have the same authority, rights, privileges, and immunities including coverage under the Workers' Compensation laws which the officers, agents, and employees of the appointing member enjoy within the territory of that member whether

within or without the territory of the appointing member when they are acting within the scope of their authority or in the course of their employment.

Personnel employed or appointed directly by a joint system shall be qualified for participation in the South Carolina Retirement System with the same rights, privileges, obligations, and responsibilities as they would have if they were employees of an authority, if they are residents of this State.

**HISTORY:** 1983 Act No. 82, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment, in the second undesignated paragraph, substituted "an authority" for "a municipality".

**SECTION 6-25-131.** Restriction as to who may benefit from joint system income, profit or assets; exception.

The income, profit, or assets of a joint system may not inure to the benefit of an individual or private entity, except for a joint authority water and sewer system created under this chapter.

**HISTORY:** 1999 Act No. 113, Section 3; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment added ", except for a joint authority water and sewer system created under this chapter", and made nonsubstantive changes.

**SECTION 6-25-140.** Annual system audit; reports.

There shall be an annual audit of each joint system and reports given to the governing body of each of the members. The costs shall be considered as part of the construction costs or part of expenses of administration.

**HISTORY:** 1983 Act No. 82, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment reprinted this section with no apparent change.

**SECTION 6-25-145.** Investment by fiduciaries in bonds and construction notes.

It is lawful for any executor, administrator, guardian, committee, or other fiduciary to invest any monies in his hand in bonds and construction notes issued under the provisions of this chapter.

**HISTORY:** 1986 Act No. 456, Section 8; 1999 Act No. 113, Section 18; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment reprinted this section with no apparent change.

**SECTION 6-25-150.** Contracts with federal and state government and agencies.

The commission of any joint system may make application for grants and enter into contracts for and accept grants in aid and loans from the federal and state governments and their agencies in connection with the planning, acquiring, constructing, expanding, maintaining, and operating any project, or participating in any research or development program in connection therewith. The commission may agree to comply with any reasonable conditions which are imposed upon such grants, loans, or aids, and may accept such without a contract.

**HISTORY:** 1983 Act No. 82, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment reprinted this section with no apparent change.

**SECTION 6-25-155.** Bonds, interest coupons and construction notes as investment securities.

Whether or not the bonds and interest coupons appertaining to them and construction notes are of a form and character as to be investment securities under Chapter 8 of Title 36, all bonds and interest coupons appertaining to them and construction notes issued under this chapter are hereby made investment securities within the meaning of and for all the purposes of Chapter 8 of Title 36, subject only to the provisions of the bonds and construction notes pertaining to registration.

**HISTORY:** 1986 Act No. 456, Section 9; 1999 Act No. 113, Section 19; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment reprinted this section with no apparent change.

**SECTION 6-25-160.** Tax status of evidences of indebtedness issued by joint system.

The principal and interest on the bonds, notes, construction notes, or other evidences of indebtedness issued pursuant to this chapter have the tax-exempt status prescribed by Section 12-2-50.

**HISTORY:** 1983 Act No. 82, Section 2; 1999 Act No. 113, Section 20; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment reprinted this section with no apparent change.

**SECTION 6-25-170.** Construction of chapter.

The provisions of this chapter must be liberally construed.

**HISTORY:** 1983 Act No. 82, Section 2; 2007 Act No. 59, Section 1, eff June 6, 2007.

**Effect of Amendment**

The 2007 amendment reprinted this section with no apparent change.



# Oconee Joint Regional Sewer Authority

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## OCONEE JOINT REGIONAL SEWER AUTHORITY Ad-Hoc Sewer Feasibility Implementation Committee May 8, 2025

The Ad-Hoc Feasibility Implementation Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Joel Jones (Citizen - formerly worked for ReWa) – Committee Chair
- Chip Bentley (Appalachian Council of Gov'ts.)
- Amanda Brock (Oconee County)
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Scott McLane (City of Seneca)
- Celia Myers (City of Walhalla)
- Scott Parris (City of Westminster)
- Sue Schneider (Citizen - formerly worked for Spartanburg Water)
- Rivers Stilwell (Attorney, Maynard Nexsen) - *via Microsoft Teams*
- Scott Willett (Anderson Regional Joint Water System)

Committee Members that were not present:

- None (all were in attendance)

OJRSA appointments and staff present were:

- Lynn Stephens, Secretary/Treasurer to the Board and Office Manager

Others present were:

- Lawrence Flynn (Pope Flynn - OJRSA Attorney) – *via Microsoft Teams*
- Angie Mettlen, (Vice President, W.K. Dickson/Ardurra)
- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Tony Adams, Oconee Co. Citizen

**A. Call to Order** – Mr. Jones called the meeting to order at 9:07 a.m. He stated there is a draft recommendation to discuss, and the committee will determine who is in support of this recommendation today.

**B. Public Comment** – None.

**C. Approval of Minutes:**

- **Ad Hoc Sewer Feasibility Implementation Committee Meeting of April 10, 2025**  
*Ms. Brock made a motion, seconded by Mr. Willett, to approve the April 10, 2025 Ad Hoc Feasibility Implementation Committee Meeting minutes as presented. The motion carried.*

**D. Committee Discussion and Action Items:**

1. **Review Draft Recommendations for Reconstitution and Discuss Next Steps** – Mr. Jones asked for any comments and thoughts.

Mr. Stilwell said when this first came out, he thought it sounded like another member was being added to the board and some of the other ideas from the committee were just buried in there. He also said the third bullet point *[when discussing a draft document]* about the collection systems being consolidated into one system seems to be inconsistent with the system having members; it's a radical unification proposal. He is worried that there will be the same issues with the interim step of adding Oconee County as a member. Ms. Amidon said the bullets are not sequential; all the bullet points must happen. Ms. Mettlen agreed with Ms. Amidon. Mr. Stilwell said that if some of the things discussed are done, there is no such thing as members; Ms. Mettlen replied that if everyone consolidates, it becomes a governing body of the Authority and how those members are appointed/elected. Mr. Jones suggested that there be a clarification of what a "member" is.

Mr. Flynn stated that under the statute, they are still members and are the only members that can reconstitute the system. He said there is an open question of how board members are appointed and who they have to be. He added that the Joint Authority Act will still be used, and in order to get to a joint authority, the board has to be made up of the cooperative members of the local government. Therefore, the members are still the constituency of the county, and the board of directors is whoever is appointed to govern that body. Ms. Mettlen stated that if the committee determines this is the way to go, there will be clarification in the language on this based on the statute.

Ms. Brock suggested striking out the word "member" on the third bullet item completely, because there are no other collection systems. Ms. Schneider and Mr. Bentley agreed with that.

Mr. Stilwell asked about the "equitable rate structure" in that same third bullet item. He said he thought it was going to be a single rate structure and asked if other rate structures are being anticipated. Ms. Mettlen replied it is only one rate structure. Mr. Jones suggested changing that to a "unified equitable rate structure."

Mr. Willett asked about the rate structures, and there was some discussion about the current rates in the Member Cities. Ms. Mettlen said the Authority has done a rate study, and if the consolidation happens, there will be several steps that will go into valuation of collection system assets and a condition assessment of the assets to determine the value in the future. This information may update that rate study to determine the rate as a consolidated entity. Ms. Mettlen said there may need some consideration (at least initially) in regard to the valuation piece and the asset piece for investment in the different systems. Mr. Jones said the rates are what they are, but you can adjust the value of the system when you talk about consolidation. Mr. Willett asked if the OJRSA's rates are different for the Member Cities' rates; Mr. Eleazer replied no, the OJRSA charges the same for all users.

Mr. Jones stated that this committee should just recommend a "unified equitable rate structure" and how it plays out is beyond the work of this committee. Ms. Mettlen agreed that this would be in the next steps. Mr. Flynn also agreed.

Mr. Stilwell asked if Oconee County joining is part of the financial part of the consolidation: are they putting their assets in or selling them? Ms. Mettlen replied that this is to be determined. Mr. Stilwell stated the new organization would need to buy the county's and the Member Cities' systems. Mr. Willett said the better word is "acquire," and several committee members agreed with that. Mr. Bentley said it will depend on the members and their position, and this is not the role the committee gets to play; Ms. Mettlen replied that we are gaining ground in some areas, but there will be hard work to come in other areas.

As there may be some surcharges to get all the members to the same level, Mr. Willett suggested there be a timeline in the recommendation to allow for equalization. He said a standard rate couldn't be developed if there is no timeline for everyone to become equal. Ms. Mettlen replied there isn't enough information currently for this committee to set a timeline, but that could be part of the recommendation that this is part of the valuation of assets. Ms. Brock suggested

recommending six (6) months to establish a timeline, as it could take that long to figure out the financial components. Mr. Willett added things that are left unsaid generally don't get done.

Mr. Jones agreed that this could be part of the recommendation to state that this should be fully implemented by a certain date. Mr. Flynn said that there should be a hard deadline of no later than a year to determine how to do the valuation and asset review; this process will take a long time, but without the deadline, it could potentially drag on forever. Ms. Mettlen agreed and said the longer it goes on, the more debt could be added to the various systems. She said there already are some debt entanglements to deal with and don't need to add any more.

Mr. Willett said he suggested giving some guidance (rather than a hard number) that equalization payments should not extend beyond the life of the notes that are already out there. Ms. Mettlen agreed. Mr. Jones said there may be other ways to do this rather than equalization payments. There may be a way to just value everything and make them whole. There is a difference between water and sewer: There are no assets in wastewater; it's just who has the least liabilities.

Mr. Stilwell asked if this could be done by the next legislative session, or do we need two (2) years? Ms. Mettlen replied that if everyone agrees that consolidation is the way to go, the valuation process can be started while waiting for the legislative changes. There is no need to do that sequentially. That valuation process will take some time, and it can happen before the statute is modified.

Mr. Stilwell asked who is going to pay for the valuation; Ms. Mettlen replied she couldn't commit on a funding agency, but if meaningful steps are taken to make changes for the better, there will be support. One of the criteria for principal forgiveness under the SRF (State Revolving Fund loan) is consolidation, and SCDES does engineering-only principal forgiveness, so this can be done stepwise.

Mr. Stilwell said that the systems in Greenville were thought to be fine for twenty (20) years, but when they were being looked at by another entity, it was determined they weren't. He asked how the valuation process would be objective. Mr. Jones replied it isn't; Ms. Schneider said you take what they say and move forward.

Mr. Jones said as things move forward, you must be careful with what you commit to and what you promise, and don't overstate or understate things. He added that is why he doesn't want this committee to get too far into the details on this, because this will become a sticking point and will prevent this committee from moving forward. These items will need to be figured out, but not right now.

Mr. Jones asked if everyone was good with:

- Bullet #1: Reconstituting the Authority to include Oconee County as a member. Everyone was good with that.
- Bullet #2: Reconstituting the Authority to allow to provide retail sewer services within the service area. Everyone was good with that.
- Bullet #3: Consolidation of the collection systems. Mr. Jones asked if everyone agreed this is necessary. Everyone agreed with that. Mr. Stilwell said this should be the first bullet. Ms. Mettlen said the bullets can be reordered.
- Bullet #4: Mr. Jones asked if the five (5)-member board was good with everyone, and it was good for all.

**2. Discuss District Boundary Options** – Mr. Jones then asked if the other part of bullet item #4 (full appointment of commission by the Governor upon recommendation of Oconee County legislative delegation based upon an appointive index of customers) was good with everyone, and if everyone thinks it's the best path forward.

Mr. Willett asked how an appointive index was going to work. Mr. Jones said Ms. Amidon was going to help with this. Ms. Amidon said she was going to hand out maps but asked Mr. Flynn to first state the importance of defining a service boundary with the legislative change. Ms. Mettlen

added that the maps are for “reference only”, and they will be returned to Ms. Amidon at the end of the meeting (*not included in these minutes*).

Mr. Flynn said full county boundaries would normally be assigned if an entity has the taxing authority, and people are being burdened with the taxes to support the system but not receiving those services; however, this does not apply here, because the Sewer Authority does not have the taxing authority. Therefore, the service area needs to be limited to those areas where service is provided, which would include the current Member Cities’ service areas.

Mr. Flynn added that the introduction of Oconee County adds a unique element, as there are people in the county not receiving service. Identifying what this looks like, and getting someone the opportunity to serve on the board without having the opportunity to be a sewer customer is a unique situation to work through. He said the best approach is to limit the service area to those people who receive retail services from the organization.

Mr. Flynn stated that the appointive index will identify the various service constituencies based on how many members are within a particular area; the determination would be based on relative percentages rounded up to the nearest whole number.

Ms. Schneider asked by identifying a service area of the areas receiving retail service, if a new industry or subdivision wants to come online outside that area, would it be annexed in based on approval of the county, or how would the service area be enlarged? Mr. Flynn said it would have to be hardwired to a permit served or run through the Oconee County; there is not real clear designated Authority. The Joint Agency Act contemplates that it is just the systems that are otherwise controlled. It’s not an issue now under the Act, because the territorial area doesn’t matter as members appoint the members they want to appoint. With what is being proposed, it changes the way things currently work. Mr. Eleazer asked if the service area could be defined as where they are receiving service or within a certain radius of existing infrastructure; Mr. Flynn replied that this would probably be the best result as it avoids someone having to make an independent discretion.

Ms. Amidon explained what the 4 pages of maps represent based on the 20-Year Master Plan that was done (including projected growth areas, proximity to corridors, where the public wanted to see growth, the areas for prioritization on commercial and industrial facilities, and proximity to existing sewer infrastructure), the natural drainage basins within the county, and the five (5) council districts. Mr. Stilwell asked if there were five (5) districts for the five (5) commissioners; Ms. Amidon said yes for those five (5) to be chosen by the Governor. Mr. Stilwell suggested no subdistricts like Greenwood County is.

Ms. Schneider apologized for missing the last meeting but asked if electing members at large off the table. Mr. Jones said, although he couldn’t remember what the issues were, after determining who was eligible to be elected, it was the consensus that it would be challenging to elect at large; however, it will still be written into the legislation as an option, but it is not a preferred recommendation. Mr. Flynn added that you must comply with the constitutional provisions and have equal voting (one man, one vote). He was not saying this can’t happen, but it adds a layer of complexity that will have to be resolved legislatively. Ms. Mettlen asked if you change the word “elected” to “appointed” at large, would that get us further? Mr. Flynn replied yes, because then you don’t have a “one man, one vote” issue and just have an equitable distribution issue (providing there is an applicable appointment mechanism).

Ms. Amidon asked how you avoid all five (5) members being from the same area if you don’t have districts. Mr. Stilwell said the delegation must do that. Mr. Jones asked if there could be something hardwired into this process for the delegation to follow, or a recommended process to follow. Ms. Schneider thinks it would be hard for legislation to be passed if the delegates were provided with even more guidance. She added that the delegates do not want to be bound. Mr. Jones said the board could always build this into their own policy; Ms. Schneider added that they could determine what makes a viable candidate to submit for consideration.

Mr. Eleazer asked Mr. Flynn if there were some guidelines in another policy that defined what the qualifications are for the candidates to be eligible. Mr. Flynn said it states commissioners must hold the qualifications of an elector (meaning they are a resident of Oconee County in the area served by the Authority). Ms. Amidon asked if the Authority could define how far away from the service line (a block or a mile) an elector may be; Mr. Flynn said yes, the language is broad right now, so it is flexible.

Ms. Schneider said she hopes that the recommendation is not just to solve the legislation problem but also builds the opportunity for the next question: when the next customer wants to come online that is outside of the service area, what is the mechanism that allows for that adjustment? Mr. Jones said it should be up to the entity to make these decisions. There was some additional discussion about how Anderson County would factor into this.

Mr. Eleazer said he hadn't thought much about this but asked if it was decided the service area was 1 mile from the sewer line, and a customer wants to come online 2 miles away but is willing to build their own treatment system, do they become a provider? Mr. Jones said it makes the most sense not to draw a radius but figure out the watershed boundaries. Ms. Mettlen said there already is a board adopted Master Plan where the service area is. Mr. Eleazer asked if the watershed boundaries could be set up as the service area. Mr. Jones recommends that is what the Authority should do, as well as hardwiring in some road corridors.

Mr. Jones asked if everyone feels it is a good idea to designate the service boundaries (not countywide). Mr. Flynn reminded everyone that this committee doesn't get to design it; it must be designed in the general statute that gives the Authority the opportunity for the map to be permissible. The committee needs to think of ways to provide general legislative language into the statute that identifies the watershed boundaries as the justifiable area for service. This will be complicated with the appointment methodology if you deviate solely from the folks who are receiving service from the system.

Ms. Schneider and Ms. Amidon stated it could be for those in the service area rather than those receiving service. Mr. Flynn asked who defines the service area? He added that this must be generally applicable because it comes through the Joint Agency Act. Someone must define the service area when it goes from a membership methodology to gubernatorial methodology.

Mr. Jones said he was still a little confused as to whether this was going to be appointed by the Governor based on a determined service boundary, and if so, what the boundary is going to be. Mr. Flynn replied that the cleanest and easiest is that only those receiving service from the Joint Agency can be members of the Joint Agency. Ms. Brock said that is too limiting. Mr. Flynn added that as new service is received, they can become members, because they are now in the service area.

Mr. Jones asked how do you determine who the five (5) board members are, and whether they could be from the same municipal area. Mr. Flynn stated that currently it is based on an appointive index based on the number of people on the system; however, this is subject to change.

Ms. Myers said she thought it was previously discussed that the Member Cities still wanted to have a say in the transition of appointing someone – or recommending someone to the delegation. She said if this is taken out, she is not sure the Walhalla City Council will be in support of moving forward. Mr. Willett said you cannot stop the Member Cities from recommending someone to the delegation, but the delegation doesn't necessarily have to pick that choice. Mr. Bentley said you cannot pin the delegation down on a candidate. Ms. Myers said she understood that, but if everything is taken away from the City, there may be a problem. Ms. Schneider stated that the City wouldn't own the system anymore. Ms. Myers said she didn't know, but if the City Council sees everything taken away, they may not even be open to consolidation as the two are tied together. She said she is trying to anticipate a problem before it starts.

Mr. Jones said if there is no support to do this, this all falls apart. He said he would challenge the Member Cities to ask why they feel like they need direct influence over the agency. Mr. Bentley asked what impact it would have. Mr. Jones said what risk would they have? Ms. Schneider added

they wouldn't own or operate the system. Ms. Myers replied the customers would be the Cities' constituents, and everything is political.

Ms. Schneider asked what goes into Anderson County right now. Ms. Brock stated that the person from Anderson County who was discussing this is no longer there, and she hadn't heard from them since. Mr. Eleazer replied there is nothing in Anderson County right now, but the OJRSA has been approached by developers about it. The developers have been told to contact Anderson County directly to see if they will help get sewer to them.

Ms. Schneider added that when you get the multiple delegations, it adds a bit more complexity. Mr. Jones said if the reconstitution cannot be figured out, it could be a step where delegation makes the new entity a multi-county entity which would overcome a lot of hurdles. Mr. Eleazer said the Anderson part could be figured out later whether they want to come in or be served by contract. Mr. Willett said if Anderson were to become a contractor, there would be the same problem with them as there is now with the Member Cities. Mr. Eleazer said they would not have representation on the board. Mr. Willett said he understood that, but when it comes to controlling the flow and that collection systems are not equitable right now. Mr. Eleazer spoke about how ReWa mandates that other sewer providers served by ReWa meet their requirements and added there are mechanisms in place right now that would allow the OJRSA to address that.

Ms. Brock said there was discussion in the minutes about a transitional committee, and she said it seems to be skipped over now. She said this would appease some of the Member Cities to hand their assets over now or at least release control, as there are elections at city and county levels that could offer a diluted process rather than it all at once. Ms. Myers said it is a big jump going from having one (1) representative from each city to nothing. Mr. Jones said the purpose is not to say how to get there but rather where the Authority needs to be; once the recommendation is made, the current board can figure out how to get there.

Ms. Mettlen asked what Ms. Brock envisions the transitional committee to be and whether it was to replace the current board. Ms. Brock answered yes, and said it would take things out of the hands they are currently in. She said that although she doesn't have a hand in it right now, she wouldn't be on the transitional committee. Ms. Brock added this is new, so parameters can be added as it goes along. It would give each Member City a comfort level knowing someone is on the board to stop the process as it is right now and move them forward to the next process rather than elect a man off the street to flip the coin completely over.

Mr. Bentley said there was also discussion about having someone "shepherd" the process, and he asked if this transitional committee would do that; Ms. Brock answered yes. Mr. Bentley asked how the transitional group would let go any different than the current group; Ms. Brock replied they would have a defined term. Mr. Bentley said he meant as in giving up the assets and control; Ms. Brock replied its purpose would be transition where right now there is no purpose to transition.

Mr. Jones asked Mr. Flynn if there is a legal way to do this, or would it take a legislative change to do it. Mr. Flynn said this adds an extra level of complexity into the general legislation that does not currently exist. The statute does not contemplate a reconstitution of an existing entity, and the idea of a temporary Ad Hoc or transitional committee would have to be layered in as an additional authorization in the statute.

Mr. Bentley asked if the committee could just be a part of the existing Authority that is done internally. Ms. Amidon stated the SWAG agreement would need to be redone. Mr. Flynn replied that it could be an Ad Hoc Committee similar to this one where it is a transitional committee that makes recommendations and could be set up where it can potentially qualify under whatever methodology the governor is going to appoint, and then can get "a wink-and-a-nod" from the senator that says the transitional members are also going to be the first members of the organization (theoretically killing two birds with one stone). Otherwise, there would need robust language to add this transitional committee that does not exist in the statute.

Mr. Stilwell asked if the existing members could add the County right now. Mr. Flynn replied yes. Mr. Stilwell said if they added the County this summer, there would be a two (2)-year transition de facto.

Ms. Schneider said until the entities are willing to give up their assets, the things that need to be fixed will never get fixed. There will be failing systems and challenges. Ms. Schneider stated, "If the idea is to hold control, and I understand why politicians do that; believe me, I get it. I'm going to tell you then they are voting for a path to continue not having an effective sewer system in Oconee County." She added, "Tomorrow will be as effective as yesterday," if the collection systems continued to be owned by the different partners operating independently under a board of its own members.

Mr. Bentley said the committee's job is to figure out what the best system is long-term and what the structure should be in the next twenty (20) years, but what is being argued now is how involved this committee should be and what the interim steps are to get there. Ms. Brock said the committee should start a dilution process with the board change. She said that she believes everyone wants the long-term benefits. Mr. Parris said he didn't feel like everyone understands what the benefits are, as they are looking at giving up the system and losing control over the rates even though they don't really have control over the rates now. They will be better off in the long run with spreading it out over the whole system, which will lower the costs, but they don't understand that. He suggested that this somehow be relayed to each Member City. Mr. Jones said there has been a study on the table for a long time now and asked if no one explained it to them. Mr. Jones said it makes no sense for them to keep a system they don't want to own in the first place; if you own the system, you must own the responsibility that goes along with it.

Mr. Eleazer spoke about the OJRSA's enforcement on the sewer systems. He stated that the OJRSA encourages them to budget and rehabilitate their systems, but it isn't clear how hard the OJRSA can push those upstream systems to correct the issues. Mr. Parris said it isn't an option not to push. Mr. Eleazer said the state expects the OJRSA to step in on their behalf and enforce this.

Mr. Willett asked what the problem would be with going back to gubernatorial appointments, using the appointed index, and allowing Walhalla and Westminster to appoint a single member and Seneca two members with the recommendations from those entities right now for a transition committee? Then trust the delegation to do what they need to do in the future with the guidance of the appointed index as it provides a tighter alignment with the Joint System Act. Mr. Jones said he didn't think this committee needed to spell all of this out.

After a bit more discussion, Ms. Mettlen said there would be no appointive index and it will be called an "initial" board instead of a "transitional" board; Ms. Brock agreed. Ms. Mettlen said there was discussion about the board adding a member from Oconee County now. Mr. Eleazer asked if that would make a ten (10)-person board. Mr. Parris asked if the requirements set aside for an elector would apply to the transition committee, because if it does, it would wipe out most of the current board members.

Mr. Jones added he is going to poll for support in a few minutes. Mr. Jones said regarding the recommendation, there will be some language added to allow for interim leadership to get to the final leadership. Mr. Eleazer suggested that there be a compromise to avoid losing votes. Mr. Jones said the recommendation will be that there will be an interim solution that ensures representation from the current members based on the appointive index. Mr. Willett said moving to the appointive index could disqualify most of the existing board members. Ms. Mettlen asked if the appointive index should be removed and it just say appointed. Mr. Parris said yes. Ms. Brock withdrew her word "transition" and asked to make it "initial" instead. Ms. Mettlen added Oconee County has to be added before the reconstitution to get the initial board.

- 3. Review Committee Member Support for Proposed Recommendation** – Mr. Jones read over the bullets again and summed up the discussion about the initial board with the County seat added.

Mr. Jones asked, in response to a previous discussion, if there should be a timeline. Mr. Eleazer said that Mr. Bronson, OJRSA board chairman, mentioned this and asked if Mr. Flynn, Mr. Jones, and Ms. Mettlen could discuss this collectively and develop an idea of what the timeline could be at the next meeting. Mr. Eleazer asked Mr. Flynn to send out some information as to what would need to go into the timeline. *Although Mr. Flynn was still on the Teams meeting, he did not respond.* Ms. Mettlen said she would reach out to him.

Mr. Jones polled committee members on what they supported based on a list of five (5) levels of support that Ms. Amidon displayed on the monitor. The list was as follows:

- 1) Full Endorsement;
- 2) Endorsement - with minor points of contention;
- 3) Endorsement – with major points of contention;
- 4) Stand Aside – with major reservations (requires changes); and
- 5) Withdrawal (complete disagreement).

Ms. Amidon said each vote means the member supports it at such a level where they will educate those who must vote on it; this is super critical. Mr. Jones asked each committee member individually where they were in their support of the recommendation. The answer was: Mr. Willett selected item #1; Mr. McLane #1 (after stating that his council and mayor would want some input); Ms. Brock #1 (providing the language suits the needs and concerns); Mr. Parris #1; Ms. Schneider #1; Mr. Eleazer #1; Ms. Myers #1; Mr. Stilwell 0.5 (essentially #1); and Mr. Jones #1.

Ms. Mettlen said she will meet with Mr. Flynn next week to work on the draft recommendation further.

**4. Committee Action Items – None.**

**5. Consider Posting Meeting Minutes to the OJRSA Website Upon Approval by the Ad Hoc Committee** – Mr. Eleazer stated that it takes almost two (2) months to post the minutes from the Ad Hoc Committee meetings to the OJRSA website for the public to view, because the Committee approves them the following month, and then it is an additional month before the OJRSA Board accepts them. It was requested to post them prior to the OJRSA Board approval. The F&A Committee was okay with this as long as the Ad Hoc Committee permitted it.

*Ms. Brock made a motion, seconded by Ms. Myers, to permit the Ad Hoc Committee Meeting minutes to be posted on the OJRSA website after committee approval but prior to acceptance of the OJRSA Board. The motion carried.*

**E. Public Comment Following Committee Discussion and Action Items** – Mr. Adams stated that he remembered in the fall when Ms. Mettlen presented the Regional Feasibility Study recommendations. He said there were other recommendations made, including if this doesn't work out, it could be turned over to another entity. He doesn't know how this will work out, but he prays for everyone.

**F. Upcoming Meetings**

- 1. Operations & Planning Committee** – Wednesday, May 21, 2025 at 8:30 a.m.
- 2. Finance & Administration Committee** – Tuesday, May 27, 2025 at 9:00 a.m.
- 3. Board of Commissioners** – Monday, June 2, 2025 at 4:00 p.m.
- 4. Sewer Feasibility Implementation Ad Hoc Committee** – Thursday, June 12, 2025 at 9:00 a.m.

Ms. Brock requested the date be changed as she has a conflict. It was agreed to move the meeting to Monday, June 19, 2025 at 9:00 a.m.

**G. Adjourn** - The meeting adjourned at 10:58 a.m.

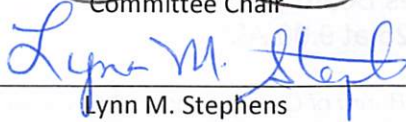
Approved By:

  
Joel Jones  
Committee Chair

Date Approved:

6/16/25

Approved By:

  
Lynn M. Stephens  
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on April 11, 2025 to *Upstate Today*, *Anderson Independent-Mail*, *Westminster News*, *Keowee Courier*, WGOG Radio, WSNW Radio, City of Seneca Council, City of Walhalla Council, City of Westminster Council, Oconee County Council, SC DHEC, [www.ojrsa.org](http://www.ojrsa.org), and posted at the OJRSA Administration Building.



## Ad Hoc Sewer Feasibility Implementation Committee

OJRSA Operations & Administration Building

Lamar Bailes Board Room

May 8, 2025 at 9:00 AM

*This advisory committee was established by the OJRSA Board of Commissioners at its November 4, 2024 meeting to consider recommendations and report to the OJRSA Board and Oconee County as identified in the [Regional Feasibility Planning Study](#) as adopted by the OJRSA on September 9, 2024. The committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area. See the study at [www.ojrsa.org/info](http://www.ojrsa.org/info) for more information.*

*OJRSA commission and committee meetings may be attended in person at the address listed above. The OJRSA will also broadcast meetings live on its YouTube channel at [www.youtube.com/@OconeeJRSA](http://www.youtube.com/@OconeeJRSA) (if there is a technical issue preventing the livestreaming of the meeting, then a recording will be published on the channel as soon as possible). For those not able to attend in person, then the OJRSA Board or Committee Chair will accept public comments by mail (623 Return Church Rd, Seneca, SC 29678) or at [info@ojrsa.org](mailto:info@ojrsa.org). Comments must comply with the public session instructions as stated on the meeting agenda and will be received up until one hour prior to the scheduled meeting. If there is not a public session scheduled for a meeting, then comments shall not be accepted.*

### Agenda

- A. Call to Order** – Joel Jones, Committee Chair
- B. Public Comment** – Receive comments relating to topics that may or may not be on this agenda. Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- C. Approval of Minutes**
  - Ad Hoc Sewer Feasibility Implementation Committee Meeting of April 10, 2025
- D. Committee Discussion and Action Items** – Joel Jones, Committee Chair, unless otherwise noted
  1. **Review Draft Recommendations for Reconstitution and Discuss Next Steps** – Review the revised draft reconstitution memo with the next steps outlined for reconstitution of the Joint System and conveyance of the Members' collection systems to the Joint Authority and discuss next steps
  2. **Discuss District Boundary Options** – Reconstitution of a new sewer authority will require defining a service area for proposed management purposes and appointing board members. Options for this will be presented and discussed.
  3. **Review Committee Member Support for Proposed Recommendation** – A successful recommendation will need the support of all stakeholders party to this process. Discussing their willingness to endorse the recommendation is an important step in finalizing the recommendation.
  4. **Committee Action Items** – Discussion among committee members regarding making final recommendations for steps forward towards reorganization, consolidation, and other matters relevant to this committee.
  5. **Consider posting meeting minutes to the OJRSA website upon approval by the ad hoc committee** – Chris Eleazer, Committee Member
- E. Public Comment Following Committee Discussion and Action Items** – Session is limited to a maximum of 30 minutes with no more than 5 minutes per speaker.
- F. Upcoming Meetings** *All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.*
  1. Operations & Planning Committee – May 21, 2025 at 8:30 AM
  2. Finance & Administration Committee – May 27, 2025 at 9:00 AM
  3. Board of Commissioners – June 2, 2025 at 4:00 PM
  4. Ad Hoc Sewer Feasibility Implementation Committee – June 12, 2025 at 9:00 AM
- G. Adjourn**



NAME (Print)

## ORGANIZATION

Oconee County

\_\_\_\_\_

Arduvra

City of Surrey

Boltan & Mark

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ACOG

City of Westminster

*[Signature]*

City of Walhalla



## REGIONAL SEWER FEASIBILITY STUDY

### Draft Reconstitution Recommendations for Discussion May 8, 2025

*Items in italics to be further discussed at the May 8<sup>th</sup> Meeting*

#### Governance Structure

- The Authority shall be reconstituted to include the County as a Member.
- Reconstitution shall provide that the Authority shall have the power to provide retail sewer services within its service area.
- Current member collection systems shall be consolidated into one system to be owned and operated by the Authority.\*
  - Equitable rate structure to be developed and deployed
- The governing body of the Authority shall be a five-member board of commissioners (the “**New Commission**”). Draft legislation has been proposed to amend the Joint Authority Act to permit new methods for appointing or electing commissions. The recommended path forward is as follows:
  - Full appointment of the New Commission by the Governor, upon the recommendation of the legislative delegation from Oconee County based upon an appointive index of total customers
    - *Service Area and district boundaries TBD (for discussion May 8<sup>th</sup>)*
    - *Language that clarifies changes to the service area and district boundaries should be clearly defined*

#### Voting Mechanism

- General matters shall be determined as one vote per commissioner
- *Weighted voting as an option for finance-related matters TBD pending district boundaries. Note, this may not be necessary if the Members are not appointing the Commissioners.*

\*Note, with consolidation the following items are resolved or no longer needed:

- Operating Agreement
- Expansion & debt parameters
- Addition of New Members

**Next steps:**

- State legislation changes to permit the governor appointed board of commissioners
- Evaluation and valuation of the collection systems (including debt), terms finalized, transfer of collection system to the Authority
  - o Opportunity for funding assistance
- Rate restructuring with added collection systems
  - o Opportunity for funding assistance

June 16, 2025 ad hoc committee meeting minutes will be added upon approval by the committee.