



ADMINISTRATOR'S REPORT
Kevin Bronson
Office of the City Administrator
Westminster, South Carolina

February 20, 2026

GENERAL INFORMATION

Fundraising for WP Anderson Park Playground Equipment and the William Bartram Statue

Charitable donation accounts are set up with the Community Foundation of Greater Clemson for both projects. Donations made through these accounts are fully tax deductible. The Foundation will provide letters of acknowledgement directly to those making contributions.

The QR code to the donation page for the William Bartram Statue Project is below:



The QR code to the donation page for the playground project at WP Anderson Park is below.



Downtown Streetscape Update

The first portion of the construction will be on Grey Street and will then progress up to Main Street (in three separate portions) and then Retreat Street. Signs are now posted alerting travelers of the closing of Grey Street. Attached is a design rendering of the project area.

This Week in Rec: An Update from Recreation Director Herb Poole

- The 1st ever 6u Oconee County Basketball will be held this weekend. Games start tonight in Salem & Fair-Oak. Tomorrow the tournament will be played at Walhalla in the morning and will transition to Westminster for the semifinals and the finals tomorrow afternoon.
- Basketball Western District All Star Tournaments will be held February 27-28. We will be hosting the 12u boys' division.
- The Batter's Box Indoor batting facility will open to local teams this weekend.
- Spring sports teams will begin to get organized in a week or so. We need several sponsors.
- Yousefs Kitchen recently donated their ice machine to us. We thank Yousef Kitchen for their generosity.
- We recently picked up some mini splits from Yousefs Kitchen. We are purchasing them at a great price thanks to the owners. We appreciate all that this family has done for our community. They will be installed at the Batter's Box soon by students at Tri-County Technical College along with their instructor.

Horton Outdoor Recreational Area

Mammoth Construction workers continued their work on punch list items, nearing completion.

AMW Construction (the contractor for the concession stand/bathroom) began framing the concession stand this week, as scheduled. The siding, electrical, plumbing, and mechanical rough-ins are scheduled for the first week of March.

SCIIP Sewer Improvements Phase I

Tugaloo/McClam have completed SCIIP Phase 1. Final walk through with approval of work was performed on Tuesday Feb. 17th

SCIIP Sewer Improvements Phase II

LW has completed the install of the Upper section Line "C". Final cleanup of the Upper section online "C" and preparation to begin for Lower section of Line "C" next week. Demolition of old manholes on the Line "A" still pending.

Lucky Street, James Street, and Highland Avenue Water Improvements

The project is advertised for bid on the City website, bids are due February 24, 2026:

https://westminstersc.org/wp-content/uploads/2026/01/ADVERTISEMENT-FOR-BIDS_Lucky-St-James-ST_W-25-77.pdf

Electric Undergrounding Project

The contract has been awarded to UPA. Construction has not started, waiting on final construction contract.

SCADA Upgrade Project

Several vendors attended the Pre-Bid meeting. Bids are due at 2:00 pm February 27, 2026:

<https://westminstersc.org/wp-content/uploads/2026/02/SCADA-RFP-v1.0.pdf>

Oconee Economic Alliance (OEA)

The Oconee Economic Alliance is the economic development organization for Oconee County. It works to promote business growth, attract new investment, and support job creation in the county by marketing the area to site selectors and companies, highlighting local advantages such as infrastructure, workforce resources, and available industrial sites. The OEA also provides information on community assets and quality-of-life factors that make Oconee County attractive for business and residents.

Westminster Planning Commission

Nothing to report.

OJRSA

The Operations & Planning Committee scheduled for February 19, 2026, was cancelled for lack of meeting items. The Ad Hoc Reconstitution Committee Meeting Minutes for February 12, 2026 are attached.

Past and future meetings are available on OJRSA's YouTube channel:

<https://www.youtube.com/@OconeeJRSA>

PMPA

The PMPA Board met February 19, 2026; the agenda is attached. Next week, PMPA will send a delegation to the American Public Power Association Legislative Rally in Washington, DC. During the visit, the delegation is scheduled to meet with members of the South Carolina congressional delegation to discuss key federal legislation currently under consideration.

PLEASE MARK YOUR CALENDARS

February 24, 2026 at 9:00 am OJRSA Finance & Administration Committee at OJRSA

March 2, 2026 at 4:00 pm OJRSA Board Meeting at OJRSA

March 10, 2026 at 4:00 pm City Council Budget Workshop #1 of 4

March 10, 2026 at 6:00 pm City Council Meeting at the Westminster Fire Department

March 12, 2026 at 9:00 am OJRSA Ad Hoc Reconstitution Committee at OJRSA

March 19, 2026 at 8:30 am OJRSA Operations & Planning Committee at OJRSA

March 19, 2026 at 10:00 am PMPA Board Meeting at PMPA

Special Events Calendar

Oconee Chamber of Commerce – March 4, 2026 8:00 am – 9:00 pm, Westminster Depot

Morning Networking – Topic: Practical AI for Small Business

2026 State of Oconee presented by Oconee Chamber of Commerce and the Oconee Economic Alliance

Location: West Oak Middle School

Time: TBD (lunch)

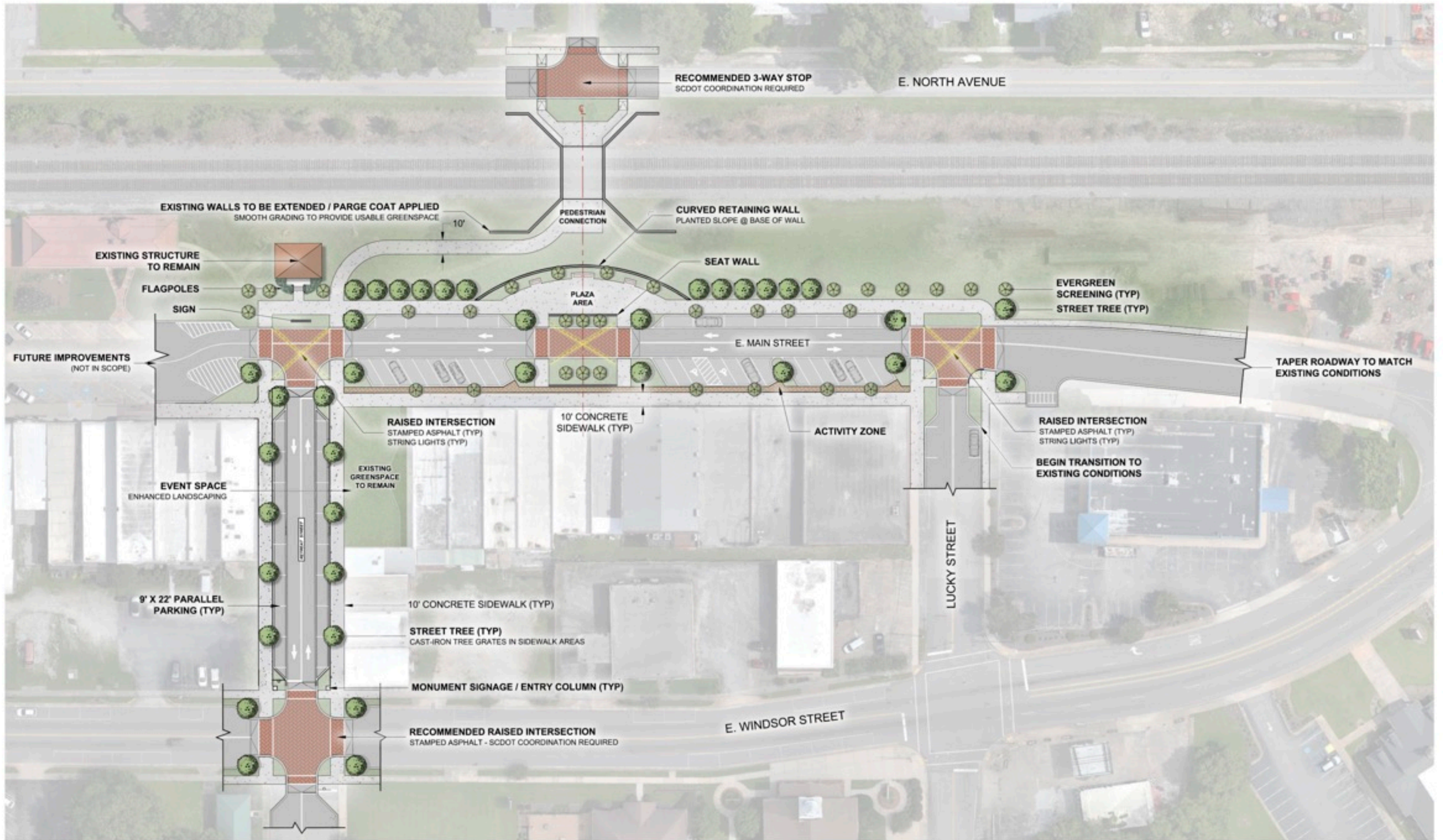
Tickets go on sale March 24, 2026 and may be purchased through the Oconee Chamber of Commerce

Inaugural Westminster Police Foundation 5K Fun Run - May 16, 2026

More information to come.

Veterans Day Parade – November 11, 2026

Time TBD. Main Street, Westminster.



NOTE: THIS PLAN IS CONCEPTUAL IN NATURE AND SUBJECT TO CHANGE.



DOWNTOWN IMPROVEMENTS
 CITY OF WESTMINSTER CONCEPTUAL PLAN
 WESTMINSTER, SOUTH CAROLINA
 PROJECT #: 10624 | 07-23-2024



Oconee Joint Regional Sewer Authority

623 Return Church Road
Seneca, South Carolina 29678
Phone (864) 972-3900
www.ojrja.org

OCONEE JOINT REGIONAL SEWER AUTHORITY Ad-Hoc Reconstitution Committee and Executive Committee February 12, 2026

The Ad-Hoc Reconstitution Committee and Executive Committee meeting was held at the Coneross Creek Wastewater Treatment Plant.

Commissioners/Committee Members that were present:

- Katherine Amidon (Environmental Planner, Bolton & Menk)
- Chip Bentley (Appalachian Council of Gov'ts.)
- Kevin Bronson (City of Westminster) – Committee Chair *(arrived 9:13 a.m.)*
- Chris Eleazer (Oconee Joint Regional Sewer Authority)
- Lawrence Flynn (Pope Flynn - OJRSA Attorney) – *via Microsoft Teams (arrived at 9:07 a.m.)*
- Glenn Hart, Oconee County Councilman
- Joel Jones (Consultant, JonesWater)
- Angie Mettlen, (Vice President, Ardurra)
- Scott Moulder (City of Seneca)
- Celia Myers (City of Walhalla)

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:

- Mayor Linda Oliver, Town of West Union – *via Microsoft Teams*
- Mr. Caleb Gilbert, The Journal
- Tony Adams, Oconee Co. Citizen

A. Call to Order – Mr. Moulder called the meeting to order at 9:06 a.m. in Mr. Bronson's absence.

B. Approval of Minutes

- **Ad Hoc Reconstitution Committee and Executive Committee Meeting of December 11, 2025**
Mr. Bentley made a motion, seconded by Mr. Hart, to approve the December 11, 2025 meeting minutes as presented. The motion carried.
- **Ad Hoc Reconstitution Committee and Executive Committee Meeting of January 8, 2026 -**
Cancelled for lack of agenda items).

C. Committee Discussion and Action Items

- 1. Receive Quarterly Progress Report No. 2 as Submitted to South Carolina Rural Infrastructure Authority, OJRSA Board, and Oconee County (Exhibit A)** – Mr. Eleazer stated that this report was sent to Ms. Bonnie Ammons of the Rural Infrastructure Authority (RIA) in Columbia and a copy provided to Oconee County and the OJRSA board. This is for informational purposes only.

2. Update on Legislative Amendment (Exhibit B) – Mr. Flynn said the legislation has been introduced and is currently sitting in committee. It is behind some major legislative discussions (such as the DUI bill) that is going on. Mr. Flynn stated legislative affairs (the liaison for Senator Alexander) contacted him, and they are going to have a subcommittee hearing next Wednesday. Mr. Flynn said he was asked to testify, and he has it on his calendar to do so. They don't have any major concerns over the draft legislation, and Senator Alexander is aware of the need to get it done in this legislative cycle, and it looks like it is gearing up for momentum to get the process started. Assuming there are no major issues coming out of the subcommittee, it will pass out of committee and likely fall to the Senate floor sometime in the next week or two. Mr. Flynn said he would keep everyone in the loop after he testifies.

3. Review and Discuss Financial Study Proposals from Raftelis and First Tryon (Exhibits C and D) – Ms. Mettlen stated these are the two (2) proposals from two (2) financial consultants that the committee authorized Ardurra to proceed into negotiations with to get scopes and proposals from. The studies will be sequential with Raftelis taking place first and the First Tryon afterwards. The Raftelis fee is not to exceed \$99,605. The First Tryon fee is \$25,000 initially (and they will come back if there is a need to increase). The cost is well below the cap of what was originally estimated to cost.

If the committee wants either of the consultants to come in and give a presentation, that can be arranged. The proposals are very similar to the examples that were given to the committee, but they are tailored to the OJRSA's specific situation. All the background information and data were provided to them, so they could understand where some of the gaps are.

Mr. Moulder said he assumed it was \$400 per hour if they have to come back with any additional time necessary. Ms. Mettlen said that was correct.

Mr. Hart asked, assuming the consolidation occurs, what kind of liabilities would be put upon the Sewer Authority. He stated there is a pending approximately \$33,000 sewer backup lawsuit out there and asked if this liability would pass on to the Sewer Authority and onto the taxpayers of Oconee County. Mr. Moulder replied if the Sewer Authority owns and operates the assets and this occurred, the Sewer Authority would be the responsible party and would be sued and would be on the hook for what the courts determined. He added, from a taxpayer standpoint, with the Sewer Authority having an independent board and corporation status, it would not impact the taxpayers (unless the party tried to sue Oconee County, which they could, but it would be dismissed for lack of involvement).

Mr. Flynn concurred and added that the Sewer Authority does not tax, so it would not have an effect on taxpayers; however, it would be a burden on rate payers. Any costs from litigation would be paid for out of rate base, and if it is substantial, it could have a material effect on rate payers. The bigger question is what consolidation looks like and how assets are acquired. There will need to be more conversation about what liabilities are at the time of consolidation (or acquiring the asset) to determine if the actions that occurred prior to the conveyance of the system stay with the entity that created the liability or if it's assigned to the new entity. It is part and parcel that there is risk with any utility that provides service to being sued at any time.

Ms. Mettlen explained the reason the two studies are sequential: The major question posed by everyone from the beginning was what it was going to look like to their citizens regarding rates. The first study will provide the answers to this by looking at everyone individually and collectively. Then the First Tryon proposal is for the consolidation piece of it, and they will require more information to proceed.

Ms. Mettlen added that there is no assumption that the entire county will be sewerred; there are places where it doesn't make sense. It will only be rate payers that may be affected.

Mr. Flynn said the status of the system needs to be identified to determine what necessary capital the system has. He stated that everyone needs to know what is being acquired as part of this process. If there are depreciated lines that are more subject to breakage and create more liability,

if the OJRSA takes over as the collection agency in addition to treatment authorization, it is taking over the liabilities of everyone as a consolidated entity, and the cost will get distributed among the newer consolidated agency.

Mr. Jones added that if anyone does not want to consolidate and chooses to be a wholesale customer, they would retain control, but they also would retain the liability and pay the fair share of the treatment in the system. Mr. Flynn agreed and said that it's better to have a bigger organization that can distribute the costs than handling the liability by themselves.

Mr. Moulder asked if Ms. Mettlen was looking for an approval of these proposals to move forward. Ms. Mettlen replied that it was up to this committee; it was just put on this agenda for discussion. She added that the consultants are willing to come and answer any questions the committee has, and there is still some discussion needed on how to pay for this. Ms. Amidon stated she has a spreadsheet ready if the committee wants to talk through it today.

Mr. Moulder stated that no matter if the Member Cities want to participate or not, someone is going to pay for it either way (the OJRSA or the Member Cities), and if the OJRSA initially pays, it will still get charged back to the cities. Mr. Flynn agreed that there would need to be a proportionate payment agreed upon with each Member City, or it will be absorbed by the OJRSA and passed on to the rate payers (and Oconee County would not be participating). Mr. Eleazer stated that if it was decided to let the OJRSA fund the whole thing and spread it out amongst the users, there would still be the customers on the interstate, so Oconee County would be essentially contributing something. Mr. Flynn replied that it would be very minimal.

Mr. Bronson asked if there was going to be contractual agreements for each Member City to agree to pay their portion of the cost. Ms. Mettlen said that was a question for Mr. Eleazer and Mr. Flynn but that she thought there should be. Mr. Bentley agreed there should be a commitment letter at least.

Mr. Eleazer asked Mr. Flynn if this needed to be brought to the OJRSA board for approval. Mr. Flynn said yes. Mr. Flynn also added (*jumping ahead to item #C3 on the agenda*) that there is still no written resolution from Oconee County that they want to participate and have a seat on the new board; he told Mr. Hart that this needs to be prioritized in order to move forward. Mr. Hart replied that this will have to be brought to County Council. Mr. Eleazer said that Senator Alexander asked about the status of the resolutions when they met. Mr. Jones asked Mr. Hart if he knew when County Council could discuss this; he spoke about the timeline and said if this isn't determined soon, the committee will need to figure out a different direction quickly. Mr. Moulder stated it will be another three (3) weeks before the board can approve this. Mr. Bronson said maybe Mr. Hart can have the resolution done by then.

Mr. Moulder made a motion, seconded by Ms. Myers, to forward the two (2) proposals to the OJRSA board for consideration. The motion carried.

Ms. Mettlen told Mr. Hart that she knows he's new to this process but that Oconee County's involvement was fundamental in this process, because they wanted to be involved and wanted a seat on the board. This was an integral part of the original study and the original Ad-Hoc Committee. If Oconee County no longer wants to be a part, this committee needs to know as soon as possible.

Mr. Hart replied there is a council meeting Tuesday night, and he will have it discussed during an Executive Session and will bring it back to this committee at its next meeting. Mr. Eleazer asked Mr. Flynn to forward the most recent version of the resolution to the county's attorney, Mr. David Root. Mr. Flynn replied that he has sent the resolution to Mr. Root several times and has been emailing him back and forth recently. He will follow up with Mr. Root and tell him it will be on the agenda for Tuesday's meeting. Mr. Hart said the council's secretary is preparing to send out the agenda for the meeting today, so he will call her right now to ask for this to be put on it. (*Mr. Hart left the meeting at this time to make the phone call.*)

There was some discussion about the spreadsheet Ms. Amidon created for the percentage each entity would pay. Mr. Bronson instructed Mr. Eleazer to put this on the next OJRSA board meeting agenda to include the approval to proceed with the scope of work with these two (2) consultants and how that payment will be distributed amongst the members. Mr. Bronson also asked, if Oconee County and/or the Town of West Union do not want to participate, will their portion(s) be paid by the OJRSA. Mr. Moulder said that this should be a discussion the board has. Mr. Bronson said he sympathized with West Union's position.

- 4. Establish Dates for Facilitators to Meet Individually with Municipal and County Administration –** *This item was moved up during the meeting before item #C4 to accommodate Mr. Hart's absence making his phone call.* Ms. Amidon said everyone received email reminders about giving her some dates and times for the meetings. She stated she received some from Westminster but still needed them from everyone else. Ms. Amidon received dates from each municipality and county member.

Mr. Bronson stated he wants to include his council members and stated that this may create a quorum; he asked if it was okay to have a public meeting if there was a quorum. Mr. Jones replied that he prefers to meet in a group but could break it up if needed. Ms. Oliver stated she wants her whole council involved and asked that the facilitators come to their council meeting on March 10, 2026 at 5:30 p.m. (which could be pushed ahead to 5:00 p.m. if needed).

(Mr. Hart returned to the meeting.) Mr. Hart stated that the resolution is on the agenda for Tuesday night, so he will have the answer for the next meeting.

- 5. Consider Long-Term Commitment from Oconee County as to Areas to Concentrate on Growth and How It Relates to the Consolidation as Mentioned During the December Committee Meeting –** Mr. Eleazer stated Mr. Bronson asked at the last meeting to have items #C3, C4, and C5 on the agenda for this meeting. Ms. Mettlen said that this item had already been discussed, but she asked if there was any other discussion about it.

Mr. Jones stated that Oconee County needs to discuss if there are areas they want to fully commit for sewer projects, areas that have a partial commitment, and areas that they want to leave out. He said this information will help this committee move forward. There was some discussion about the areas that Mr. Eleazer had received inquiries about in the past year.

- 6. Discuss Wholesale Agreement Options as Mentioned During the December Committee Meeting –** Mr. Bronson said his reason for having this on the agenda was to determine what it means if one of the Member Cities doesn't want to consolidate. He said there should be an agreement, at least in bullet form for now, with the terms of what that means. That would help inform everyone about what to base their decisions on. He added that some folks in Westminster want to keep things as they are, and they should know what the ramifications of that are.

Mr. Jones said the committee had agreed the path forward is consolidation and asked if this committee was willing to decouple that and allow an entity to be a member but not consolidate their system. He said that could be a fundamental problem. Mr. Moulder replied that this committee cannot force a Member City to consolidate.

Mr. Jones said with a true wholesale agreement, there is a disconnect. There are rates and fees set aside for wholesale. He asked if it was a viable option to not consolidate. Mr. Moulder said that is what this committee needs to know. Mr. Bronson said this committee cannot force the entities to consolidate and asked what that means for them. Mr. Jones replied that Raftelis will have to inform this committee about the cost. Mr. Moulder said the consolidation didn't come up until the study was complete; therefore, there wasn't a full reconstitution study. He added that there was some change in the process from what was originally thought.

Mr. Flynn said it doesn't make sense for OJRSA to do a partial collection and all treatment, because it doesn't have the staff and resources to do so. He said he feels it is an all or nothing proposition, because it is expensive to do wastewater collection. Ms. Mettlen added that if

everything were to stay as it is right now, the organizational documents need to be looked at in the very least. Mr. Moulder stated he didn't think it was all or nothing.

Mr. Eleazer asked Mr. Flynn, with the commissioners having to be a customer in the documents, if the wholesale customers are eligible; Mr. Flynn replied they are not eligible.

Mr. Bronson said, although this committee is moving in a positive direction, there should be something in writing that explains everything and added that he felt there would be resistance if the entities don't see any options.

Mr. Flynn said this is a cost problem, and the rate study needs to be seen first. He spoke about collection costs versus treatment costs. He gave an example:

- If an entity has inflow and infiltration (I&I) issues, they maintain their collection system, and they decide to make improvements (or not), this I&I would have to be added to the capacity on the treatment facility with the cost shared amongst everyone as a treatment-only customer.
- If the OJRSA owns the collection system, a decision can be made to improve it on the collection system side without offsetting the cost to the treatment plant.

Mr. Bronson said, that although he didn't disagree with Mr. Flynn, the alternates need to be considered. It needs to be included in the discussion items for the entities to vet. Ms. Amidon said the committee will be in a better place when the studies are approved. She stated that giving information about the wholesale agreements won't be complete until the Raftelis information is finished.

Mr. Moulder said he has been asked a bunch of "what if" questions such as, "What if we decide not to turn the assets over?" This committee needs to be able to answer these questions with answers such as 1) "You don't get a position on the board," 2) "You don't get to have a say in capital improvements," 3) "You'll see your rates triple," etc. He said he doesn't know the answers to these questions and has told those who have asked that this committee is trying to figure this out. He said he will need to answer these questions in the future with logic and reason.

Mr. Jones said this committee can articulate, with Mr. Flynn's guidance, what the elements of a wholesale agreement are in a simple form with a couple scenarios and no costs. Mr. Flynn said the problem is that there will not be an option to pick that will be the cheapest; every single solution will result in more costs, because there is so much necessary capital improvement that needs to happen throughout the system. Mr. Jones stated the facilitators will meet with everyone and then get a framework put together with Mr. Flynn's assistance and get it back to this committee in a few weeks.

7. Communications with Elected Officials and Leadership: Feedback and Future Memo Requests –

Ms. Amidon said everyone agreed in December to get everyone on the same page, including council members. Memos are now being prepared and emailed to this committee, council members, and some of the Member Cities' staff. A list was sent out for who is getting these memos, and any changes or additions to this list are welcomed.

Ms. Amidon stated that two (2) memos have already been sent out in January. The first was a historical recap of where the OJRSA is now, the governing documents, and where to find them. The second memo was a summary of the questions and answers from the entities showing what this process looks like; they were consolidated and organized to put them in categories.

The goal moving forward is gaining feedback if everyone still agrees that these memos will go out five (5) business days before they go out to everyone and for future memo requests. There was already a request to articulate what the elements are for each option without costs.

Mr. Moulder stated he has not received any feedback from his council and is assuming everyone likes it. Ms. Myers said her feedback was about asking questions and seemed positive. Mr. Hart asked if his council members and the new county administrator were getting these memos; Ms. Amidon said yes. Ms. Amidon said she had not received any email returns or feedback from county council. Mayor Oliver said she hasn't received any feedback and hopes her council are opening

these emails and reading them. Mr. Eleazer didn't have any feedback. Mr. Bronson said his council members said they are receiving the memos. Ms. Mettlen said these memos are supposed to be useful and informative, so any feedback is appreciated.

D. Committee Member Discussion – None.

Ms. Amidon discussed Mr. Hart's availability for meeting with the facilitators.

E. Adjourn – The meeting was adjourned at 10:19 a.m.

Upcoming Meetings

1. **Operations & Planning Committee** – Thursday, February 19, 2026 at 8:30 a.m.
2. **Finance & Administration Committee** – Tuesday, February 24, 2026 at 9:00 a.m.
3. **Board of Commissioners** – Monday, March 2, 2026 at 4:00 p.m.
4. **Reconstitution Committee & Executive Committee** – Thursday, March 12, 2026 at 9:00 a.m.

Approved By: _____

Kevin Bronson
Committee Chair

Date Approved: _____

Approved By: _____

Lynn M. Stephens
OJRSA Secretary/Treasurer

Notification of the meeting was distributed on February 6, 2026 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, and posted at the OJRSA Administration Building.



Ad Hoc Reconstitution Committee and Executive Committee

OJRSA Operations & Administration Building

Lamar Bailes Board Room

February 12, 2026 at 9:00 AM

This advisory committee was established by the OJRSA Board of Commissioners at its August 4, 2025 meeting to consider the reorganization recommendations as identified in the [Ad Hoc Sewer Feasibility Implementation Committee Final Recommendations](#) report. This committee can neither create policy nor make decisions on behalf of the OJRSA or other wastewater service providers within the area. The recommendations are available at www.ojrsa.org/info.

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 (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. 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** – Kevin Bronson, Committee Chair
- B. Approval of Minutes**
 - Ad Hoc Reconstitution Committee and Executive Committee Meeting of December 11, 2025
 - Ad Hoc Reconstitution Committee and Executive Committee Meeting of January 8, 2026 **Canceled due to lack of agenda items**
- C. Committee Discussion and Action Items**
 1. Receive Quarterly Progress Report No. 2 as submitted to South Carolina Rural Infrastructure Authority, OJRSA Board, and Oconee County (Exhibit A) – Chris Eleazer, Committee Member
 2. Update on legislative amendment (Exhibit B) – Lawrence Flynn, OJRSA Counsel
 3. Review and discuss financial study proposals from Raftelis and First Tryon (Exhibits C and D) – Angie Mettlen, Facilitator
 4. Consider long-term commitment from Oconee County as to areas to concentrate on growth and how it relates to the consolidation as mentioned during the December committee meeting – Kevin Bronson, Committee Chair
 5. Discuss wholesale agreement options as mentioned during the December committee meeting – Kevin Bronson, Committee Chair
 6. Communications with elected officials and leadership: feedback and future memo requests – Katherine Amidon, Facilitator
 7. Establish dates for facilitators to meet individually with municipal and county administration – Katherine Amidon, Facilitator
- D. Committee Member Discussion** – Led by Kevin Bronson, Committee Chair
Discussion can be related to matters addressed in this meeting or for future consideration by the Board or Committee. Voting is not permitted during this session.

E. Adjourn

Upcoming Meetings

All meetings to be held in the Lamar Bailes Board Room unless noted otherwise.

- Operations & Planning Committee – February 19, 2026 at 8:30 AM
- Finance & Administration Committee – February 24, 2026 at 9:00 AM
- Board of Commissioners – March 2, 2026 at 4:00 PM
- Reconstitution Committee and Executive Committee – March 12, 2026 at 9:00 AM

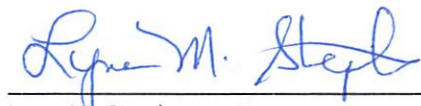
Quarterly Progress Report: OJRSA Regional Feasibility and Reconstitution
Report No. 2
January 20, 2026

Submittal Statement

This report is provided to the South Carolina Rural Infrastructure Authority, Oconee Joint Regional Sewer Authority ("OJRSA") Board of Commissioners, and Oconee County Council in accordance with the recommendations provided by the Ad Hoc Regional Feasibility Study Implementation Committee and as accepted by the OJRSA Board of Commissioners on July 15, 2025.



Christopher R. Eleazer
OJRSA Executive Director, and
OJRSA Ad Hoc Reconstitution Committee Member



Lynn M. Stephens
OJRSA Secretary/Treasurer

Quarterly Progress Report: OJRSA Regional Feasibility and Reconstitution**Report No. 2**

January 20, 2026

Background

In 2022, the Oconee Joint Regional Sewer Authority (“OJRSA” or “Authority”) was awarded a Regional Feasibility Planning Grant¹ by the South Carolina Rural Infrastructure Authority (“RIA”). OJRSA subsequently procured the services of W.K. Dickson (now, Ardurra) to develop a comprehensive Regional Feasibility Planning Study (“Planning Study”) to determine if regionalizing sewer collection, conveyance, and treatment in Oconee County, South Carolina (“County”) will streamline service delivery and enhance the success of the community and its quality of life. The Planning Study² included the analysis and recommendations in the following core areas: (1) governance structure; (2) revenues and finance; (3) environmental compliance, (4) utility resources, and (5) efficiency in operations and service.

The Planning Study was completed in August 2024 and adopted by the OJRSA Board of Commissioners (“Board”) in September 2024. A special Ad Hoc Regional Feasibility Study Implementation Committee (“Feasibility Committee”) was established by the Board in November 2024 to review, discuss, and evaluate the Planning Study’s primary recommendations and to provide independent recommendations for implementing this restructuring.

The Feasibility Committee established five major recommendations to reorganize/reconstitute the OJRSA under the South Carolina Joint Authority Water and Sewer Systems Act (the “Act”), as follows:

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.
2. The Authority should be reconstituted with a new five-member Board of Commissioners (the “New Board”).
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 Feasibility Committee and then establish a working group or smaller ad hoc committee to oversee and guide the initial implementation steps outlined above (the “Reconstitution Committee”³).
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.

The Feasibility Committee noted the recommendations were vital to the long-term success of the Authority, and in the absence of the implementation of these recommendations, the OJRSA runs the risk of significant regulatory compliance matters, lack of funding, and restrictions on growth and development of the County as a whole.

The final Feasibility Committee recommendations, which were presented to and accepted by the Board at a joint meeting with Oconee County Council in July 2025, included a list of specific tasks which were established by the Feasibility Committee with timelines associated with each function. These included:

1. Within 45 days (August 29, 2025)⁴, the current Board will dissolve the Feasibility Committee and

¹ RIA Grant Number RGRG-23-5006

² *Regional Feasibility Planning Study 2024* by W.K. Dickson, Bolton & Menk, and Willdan Financial Services. (www.ojrsa.org/info)

³ This committee was identified in the recommendations as the “Implementation Committee”

⁴ Target dates are included for each based on date the recommendations were accepted by the Board

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establish the Reconstitution Committee for further implementation oversight.

2. On a quarterly basis, the Reconstitution Committee will provide an update to RIA, the current Board, and Oconee County on the progress of the implementation of these initial recommendations.
3. Within 45 days (August 29, 2025), the legislative revisions to the Act will be finalized and provided to the Oconee County Delegation (“Delegation”). Consultation shall be made with the Delegation on whether lobbyist support will be needed.
4. Within 90 days (October 13, 2025), 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, and Oconee County Council.
5. Within 120 days (November 12, 2025), 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 (“CIP”). Additionally, a rate consultant will be engaged.
6. Within 120 days (November 12, 2025), a Communications Plan will be developed under the guidance of the Implementation Committee and provided to all entities involved.
7. 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 reconstituted Authority (“New Commission”) will be provided to the Delegation.
8. Within 15 months (February 27, 2027), the evaluation and valuation of collection systems will be completed.
9. Within 18 months (May 12, 2027), 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.
10. Within 24 months (July 15, 2027), legal documents to transfer collection system assets to the Authority will be executed, as well as all necessary reconstitution documents.
11. Within 25 months (August 16, 2027), if the legislative amendments have not been 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 (July 17, 2028). Additionally, all members shall be issued permits in compliance with the OJRSA Sewer Use Regulation (“SUR”) and added as co-permittees under the National Pollutant Discharge Elimination System (“NPDES”) permit.

Summary of Current Actions

This section separately addresses each of the specific tasks identified in the Background section above.

Committee Members

The following are members of the Ad Hoc Reconstitution Committee (also referred to herein as the “Committee”):

- Appalachian Council of Governments – Chip Bentley
- Oconee County – Glenn Hart⁵
- OJRSA – Chris Eleazer
- OJRSA Legal Counsel – Lawrence Flynn
- Seneca – Scott Moulder⁶

⁵ Glenn Hart replaced former Oconee County Amanda Brock on the Reconstitution Committee in December 2025. Mr. Hart is a member of Oconee County Council who represents County District 5.

⁶ Also a member of OJRSA Executive Committee

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- Walhalla – Celia Myers **Error! Bookmark not defined.**
- Westminster – Kevin Bronson **Error! Bookmark not defined.**
- Facilitator⁷ – Katherine Amidon
- Facilitator⁷ – Joel Jones
- Facilitator⁷ – Angie Mettlen

Town of West Union Mayor Linda Oliver has also participated in the meetings as a nonvoting member.

Committee Meetings

The following events and meetings occurred during the reporting period:

- October 9, 2025 – Ad Hoc Reconstitution Committee and OJRSA Executive Committee meeting
- November 13, 2025 – Ad Hoc Reconstitution Committee and OJRSA Executive Committee meeting
- December 11, 2025 – Ad Hoc Reconstitution Committee and OJRSA Executive Committee meeting

Recommendation Item 1: Dissolve Feasibility Committee and Create New Committee

Target Date: August 29, 2025

Status: Complete

See Report No. 1 for information.

Recommendation Item 2: Submit Quarterly Report

Target Date: Within 14 days after completion of each calendar quarter

Status: Report #2 complete

This quarterly report has been prepared and submitted in accordance with Recommendation Item 2. Best efforts will be made to submit quarterly reports to RIA within two (2) weeks of the conclusion of each calendar quarter⁸ until the conclusion of this program.

Recommendation Item 3: Submit Joint Authority Water and Sewer System Act Draft to Oconee County Delegation

Target Date: August 29, 2025

Status: In Progress

A draft version of the legislation was submitted to Senator Thomas Alexander (S.C. Senate District 1) on November 3, 2025. It is understood that the version was provided by the senator to the senate's legal counsel as there has been communication between him and OJRSA counsel during November and December.

Legal counsel has been working with the legislative draftsmen in the General Assembly, and anticipated the amended version of the Act to be introduced in the very near future.

Recommendation Item 4: Adoption of Resolutions of Support

Target Date: October 13, 2025

Status: Partially Complete

The following resolutions of support for wastewater system consolidation/Authority reorganization have been adopted by the following as of December 31, 2025:

- Seneca – August 26, 2025
- OJRSA – September 8, 2025
- Westminster – September 9, 2025
- Walhalla – September 16, 2025

⁷ Facilitators are nonvoting members

⁸ The end of March, June, September, and December of each year

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- West Union – December 9, 2025

Those remaining to approve the matter include:

- Oconee County – It is unknown if and when the County will consider the resolution. Copies have been submitted to the County during Quarter 3 and Quarter 4 of 2025, but no action has been taken as of this report.

Recommendation Item 5: Initiate Collection System Technical Evaluation and Financial Valuation

Target Date: November 12, 2025

Status: To begin next quarter

This task is anticipated to begin during the first quarter of 2026.

Recommendation Item 6: Develop Communications Plan

Target Date: November 12, 2025

Status: Began in December 2025

The first draft version of communications was presented during the December meeting. It was decided to wait until after new city and town councilmembers took their oath of office in early January before disseminating the memo.

Recommendation Item 7: Consider Initial Commissioners for New Authority

Target Date: Within 60 days of approved changes to Act (likely July/August 2026)

Status: Contingent on legislative approval

If the recommended amendments to the Act are approved by the South Carolina Legislature and signed into law by the Governor, then the list of possible candidates for the New Commission will be provided to the Delegation soon thereafter (assuming the proper filing and reconstitution of the Authority).

Recommendation Item 8: Complete Technical Evaluation and Valuation of Collection Systems

Target Date: February 27, 2027

Status: Not started

Recommendation Item 5 must occur before project can be completed.

Recommendation Item 9: Develop Unified, Equitable Rate Structure

Target Date: May 12, 2027

Status: Not started

Recommendation Item 8 must be completed prior to beginning this task.

Recommendation Item 10: Execute Transfer of Wastewater Collection System Assets and Reconstitution Documents

Target Date: July 15, 2027

Status: Not started

This task will begin much later in the process.

Recommendation Item 11 (contingency): Abandon Consolidation and Reconstitution Plan

Target Date: August 16, 2027

Status: Not applicable at this time

This contingency item will only apply if legislative amendments are not approved or if the Reconstitution Committee cannot reach consensus. That said, there are some questions from some of the entities regarding the proposed Board appointment process and voting allocations with the reduced number of

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members. The facilitators recognize that these issues are ones that could derail the process. As such, they are working to clarify the process/voting allocations and address other concerns from the entities as they arise to keep this effort moving forward. The importance of transparent and open communication has been conveyed to the committee as the facilitators feel this to be a key factor in successfully completing the reconstitution of the authority.

Past Actions

See previous submittals for previous actions performed by the Reconstitution Committee.

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A BILL

<<TITLE>>

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

SECTION 1. Section 6-25-20 of the S.C. Code is amended to read:

Section 6-25-20. 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

1 reserves; and all other expenditures of the joint system incidental, necessary, or convenient to the
2 acquisition, construction, reconstruction, improvement, enlargement, or extension of any project and
3 the placing of the project in operation.

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

6 (6) “Authority” includes:

7 (a) a county or municipality incorporated under the laws of this State;

8 (b) a consolidated political subdivision of this State;

9 (c) a commission of public works; and

10 (d) an agency or public body created under the laws of this State and authorized by legislation to
11 be engaged in the sale and service of water for industrial and domestic purposes, or the collection for
12 treatment of wastewater.

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

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

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

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

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

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

31 (13) “Interim financing” means bond anticipation notes issued pursuant to the provisions of Sections
32 11-17-10 to 11-17-120 in anticipation of the issuance of bonds of an authority to be sold to the
33 government.

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

36 (15) “Governor” means the Governor of the State of South Carolina.

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2 SECTION 2. Section 6-25-50 of the S.C. Code is amended to read:

3

4 Section 6-25-50. (A) The governing bodies of the members of a joint system shall form an agreement
5 specifying the number of commissioners ~~each member may appoint to a commission created~~ to govern
6 the joint system pursuant to Section 6-25-60.

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

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

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

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

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

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

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

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

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

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

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

1 State, is admissible in evidence in any suit, action, or proceeding and is conclusive proof of the filing
2 and contents.

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4 SECTION 3. Section 6-25-60 of the S.C. Code is amended to read:

5
6 Section 6-25-60. (A) The management and control of a joint system is vested in a commission that
7 may consist of no fewer than five members and no more than eleven members. A commissioner has
8 one vote and may have additional votes as a majority of the members of the joint system determines.
9 Notwithstanding the provisions of this subsection requiring the commission managing a joint system
10 to have no fewer than five members and no more than eleven members, a joint system in existence on
11 this section's effective date and having fewer than five members or more than eleven members on this
12 section's effective date may continue to maintain the number of members serving on the section's
13 effective date and may add additional members as its commissioners determine.

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

16 (1) The governing body of each voting member of a joint system shall appoint ~~a commissioner~~
17 ~~one or more commissioners, pursuant to Section 6-25-50(A), to serve as a commissioner of the joint~~
18 ~~system. A commissioner has one vote and may have additional votes as a majority of the members of~~
19 ~~the joint system determines.~~ A commissioner serves at the pleasure of the governing body by which he
20 was appointed. A commissioner, before entering upon his duties, shall take and subscribe to an oath
21 before a person authorized by law to administer oaths to execute the duties of his office faithfully and
22 impartially, and a record of each oath must be filed with the governing body of the appointing authority.
23 ~~—Notwithstanding the provisions of this subsection requiring the commission managing a joint system~~
24 ~~to have no fewer than five members and no more than eleven members, a joint system in existence on~~
25 ~~this section's effective date and having fewer than five members or more than eleven members on this~~
26 ~~section's effective date may continue to maintain the number of members serving on the section's~~
27 ~~effective date and may add additional members as its commissioners determine.~~

28 In the event there are an even number of members of a joint system, the project contract, bylaws or
29 other similar agreement for the joint system may authorize one additional member of the commission;
30 such additional commissioner shall be recommended by the legislative delegation from each county
31 where the joint system is located, and upon receipt of such recommendation, such additional
32 commissioner shall be appointed by the Governor. Any gubernatorial appointment shall be for a term
33 of four years and shall serve until a duly appointed successor is appointed and qualified. Any
34 commissioner appointed by the Governor hereunder must reside within a household receiving utility
35 services from the joint system or a member of the joint system. Any vacancy of such member must be

1 filled for the remainder of the unexpired term in the same manner as the original appointment. If a new
2 member of a joint system is added under the provisions hereof such that there becomes an odd number
3 of members of a joint system, any gubernatorial appointed commissioner shall be deemed to
4 automatically vacate his position as a commissioner as of the date of the admission of such new member
5 of a joint system and their respective appointment of a new commissioner.

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

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

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

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

29 ~~(C)~~(D) A majority of the commissioners of the joint system shall constitute a quorum. A vacancy on
30 the commission of the joint system shall not impair the right of a quorum to exercise all rights and
31 perform all the duties of a joint system. Any action taken by the joint system under the provisions of
32 this chapter may be authorized by resolution at any regular or special meeting held pursuant to notice
33 in accordance with bylaws of the joint system, and each resolution shall take effect immediately and
34 need not be published or posted. Except as is otherwise provided in this chapter or in the bylaws of the
35 joint system, a majority of the votes which the commissioners present are entitled to cast, with a quorum
36 present, shall be necessary and sufficient to take any action or to pass any resolution. No commissioner

1 of a joint system shall receive any compensation solely for the performance of duties as a
2 commissioner, but each commissioner may be paid per diem, mileage, and subsistence expenses, as
3 provided by law for state boards, committees, and commissions, incurred while engaged in the
4 performance of such duties.

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

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

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

16
17 SECTION 4. Section 6-25-70 of the S.C. Code is amended to read:

18
19 Section 6-25-70. (A) After the creation of a joint system, any other authority may become a member
20 of the joint system upon:

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

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

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

27 (B) A member may withdraw from a joint system by resolution or ordinance of its governing body.
28 However, Aa contractual right acquired or contractual obligation incurred by a member while it was a
29 member, expressly including any indebtedness or any obligation to make payments thereon, remains
30 in full force and effect after the member's withdrawal.

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

34 (D) If a new member of the joint system is added hereunder, the approval documentation required
35 under subsection (A)(3) shall determine whether any new commissioners shall be added to the
36 commission as necessary to support such new member of the joint system. If a new commissioner is

1 added, either by the members of the joint system or the Governor, as applicable, each such
2 commissioner shall be appointed immediately.

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4 SECTION 5. Section 6-25-80 of the S.C. Code is amended to read:

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6 Section 6-25-80. Whenever the commission of a joint system and the governing body of each of its
7 members shall by resolution or ordinance determine that the purposes for which the joint system was
8 formed have been substantially fulfilled and that all bonds issued and all other obligations incurred by
9 the joint system have been fully paid or satisfied, the commission and members may declare the joint
10 system to be dissolved. On the effective date of the resolution or ordinance, the title to all funds and
11 other income and property owned by the joint system at the time of dissolution must be disbursed to
12 the voting members of the joint system according to its bylaws.

13 In the discretion of the members of a joint system for the proper and efficient operation of any joint
14 system, an existing joint system may be reconstituted by following the procedures for the creation of a
15 new joint system, mutatis mutandis. In the event of a reconstitution, any former member may elect to
16 withdrawal from the joint system prior to the effective date of the reconstitution by submitting a petition
17 to the joint system, which shall be filed with the new application under Section 6-25-50 above. No
18 withdrawal shall be permitted unless and until all contractual rights and obligations, including debt
19 obligations, of the withdrawing member have been fulfilled to the satisfaction of the remaining
20 members, as certified in a resolution or ordinance of the remaining members filed with the application.
21 Upon withdrawal, the withdrawing member's capacity rights in the project shall immediately terminate.

22
23 SECTION 6. Section 6-25-110 of the S.C. Code is amended to read:

24
25 Section 6-25-110. A joint system may incur debt for any of its purposes and may issue bonds
26 pledging to the payment as to both principal and interest the revenues, or any portion, derived or to be
27 derived from all or any of its projects and any additions and betterments or extensions or contributions
28 or advances from its members or other sources of funds available to it. A joint system may not undertake
29 a project required to be financed, in whole or in part, with the proceeds of bonds without the approval
30 of the governing bodies of each member which is obligated or to be obligated under any contract for
31 the payment of amounts to be pledged as security therefore and a favorable vote of two-thirds of all
32 commissioners. Notwithstanding the foregoing, when a commission is appointed under Section 6-25-
33 60(B)(2), no separate approval of the governing bodies of each member shall be required for the
34 issuance of any bonds, and such bonds shall be authorized and approved by a simple majority of the
35 commissioners. Any project may be preauthorized, preapproved or otherwise permitted under the terms
36 of the project contract for the joint system, and such authority, approval or permission shall constitute

1 all necessary approval of the respective governing bodies of each member herein. A joint system
2 formed only for the purpose of creating a financing pool may issue notes in anticipation of the issuance
3 of bonds by its members to the government.
4

5 SECTION 7. Section 6-25-128 of the S.C. Code is amended to read:
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7 Section 6-25-128. An authority may contract to buy from the joint system water required for its
8 present or future requirements, including the capacity and output, or a portion or share of one or more
9 specified projects. An authority also may contract for the collection or treatment of wastewater,
10 including present or future capacity, or a portion or share of another project. The creation of a joint
11 system is an alternative method whereby an authority may obtain the benefits and assume the
12 responsibilities of ownership in a project, so a contract may provide that the authority forming the
13 contract is obligated to make a payment required by the contract whether or not a project is completed,
14 operable, or operating notwithstanding the suspension, interruption, interference, reduction, or
15 curtailment of the output of a project or the water contracted for, and that the payments under the
16 contract are not subject to reduction, whether by offset or otherwise, and are not conditioned upon the
17 performance or nonperformance of the joint system or any other member of the joint system under the
18 contract or any other instrument. A contract with respect to the sale or purchase of capacity or output,
19 or a portion or share of them, of a project entered into between a joint system and its member authorities
20 also may provide that if an authority or authorities default in the payment of its or their obligations with
21 respect to the purchase of the capacity or output, or a portion or share of them, in that event the
22 remaining member authorities which are purchasing capacity and output under the contract are required
23 to accept and pay for and are entitled proportionately to and may use or otherwise dispose of the
24 capacity or output which was to be purchased by the defaulting authority.

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

34 Payments by an authority under a contract for the purchase of capacity and output from a joint system
35 may be made from the revenues derived from the ownership and operation of the water system of the
36 authority or from such other sources of funds as may be available, including any amounts received as

1 payments in lieu of taxes. An authority may not pledge its full faith, credit, and taxing power to secure
2 its obligations to the joint system or the bonds of the joint system. An authority is obligated to fix,
3 charge, and collect rents, rates, fees, and charges for water or sewer services, facilities, and
4 commodities sold, furnished, or supplied through its water or sewer system sufficient to provide
5 revenues adequate to meet its obligations under any contract and to pay any and all other amounts
6 payable from or constituting a charge and lien upon the revenues, including amounts sufficient to pay
7 the principal of and interest on general obligation bonds, if any, heretofore or hereafter issued by the
8 authority for purposes related to its water or sewer system.

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

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

18
19 SECTION 8. This act takes effect upon approval by the Governor.

20 ----XX----



February 2, 2026

Mr. Chris Eleazar
Executive Director
Oconee Joint Regional Sewer Authority
623 Return Church Road
Seneca, SC 29678

Subject: Proposal for Oconee Joint Regional Sewer Authority Rate Study

Dear Mr. Eleazar:

Raftelis Financial Consultants, Inc. (Raftelis) is pleased to submit this proposal to provide financial consulting services to the Oconee Joint Regional Sewer Authority (OJRSA). We appreciate the opportunity to submit this proposal, which details our understanding and approach to meeting OJRSA's objectives.

Project Understanding

OJRSA was established through a series of legal acts, resolutions and agreements that began with the creation of the Oconee County Sewer Commission in 1971. Since that time, several agreements have been made to clarify roles and responsibilities with regard to the provisions of sewer in Oconee County, ultimately ending with the creation of OJRSA in 2007. Entities involved in OJRSA include Oconee County, OJRSA, the City of Seneca, the City of Walhalla, the City of Westminster, and the Town of West Union.

In 2024, OJRSA secured funding from the South Carolina Rural Infrastructure Authority to fund a regional sewer feasibility study for Oconee County, SC. The goal of the study was to provide insight into key issues facing sewer service in the County and to outline recommendations to ensure that sewer operations in Oconee County remain viable for the future. The Study, which was performed by Ardurra (formerly W.K. Dickson & Co, Inc), Bolton & Menk, Inc. and Willdan Financial Services, was completed in August 2024 (2024 Regional Feasibility Planning Study) and provided several recommendations and next steps, which include the completion of a detailed financial and cost-of-service study that considers the 20-year capital improvement needs .

OJRSA has requested that Raftelis, in collaboration with Ardurra, Bolton & Menk, Pope Flynn, LLC (legal counsel), and First Tryon Advisors (financial advisor), together the "Project Team", prepare a scope of services to perform the detailed financial and cost-of-service analysis as identified in the 2024 Regional Feasibility Planning Study. The following project approach details the tasks that we believe are necessary to complete the study for OJRSA.

Scope of Services

We have developed the following Scope of Services based on our understanding of OJRSA's needs. The scope of services can be adjusted, as needed, to better suit the needs of OJRSA or address other rate and finance-related issues if they arise. Our proposed scope of services includes the items listed below.

Task 1: Project Initiation, Management, and Data Collection

The project management task begins with the submittal of this engagement letter and continues throughout the duration of the Study. It is designed to ensure the Study progresses in an efficient and deliberate manner. This task will include administrative components related to project management and quality assurance and control processes.

As part of this task and since Raftelis will be a new addition to the team that performed the 2024 Regional Feasibility Planning Study, a kick-off meeting will be held to ensure we have a thorough understanding of all available information for this study and the relationships among stakeholders.

Raftelis will prepare and submit to OJRSA and member entities a detailed data request list so readily available data can be forwarded to Raftelis. The data required will include, but not be limited to, operating and capital budgets, customer billing information, financial reports, population or growth forecasts, ordinances, and contractual agreements. Note that this information will be needed from each entity (Oconee County, OJRSA, the City of Seneca, the City of Walhalla, the City of Westminster, and the Town of West Union).

Task 2: Project Revenue Requirements

The first step in the study process will be developing forecasts of revenue requirements. The revenue requirements will include all operating and maintenance (O&M) costs, capital costs (including annual debt service payments and cash-financed capital), and reserve requirements.

Using information and documents provided as part of the 2024 Regional Feasibility Planning Study and information provided in response to the data request, Raftelis will prepare a revenue requirement forecast for OJRSA. The revenue requirements will consider costs for a consolidated system to include OJRSA, Oconee County, City of Seneca, City of Walhalla, City of Westminster, and the Town of West Union.

Raftelis understands that the data provided as part of the 2024 Regional Feasibility Planning Study will be used to determine a projection of operating expenses for a consolidated system and entity. Raftelis will rely on these estimates, as well as those from Ardurra and Bolton & Menk, to establish the combined system operating costs. To the extent necessary, Raftelis will collaborate with the Project Team to ensure that reasonable estimates for additional operating costs and/or cost efficiencies from economies of scale are considered. A forecast of system operating expenses will be prepared that accounts for cost increases driven by system growth and general inflation.

The projection of revenue requirements will reflect the individual system's current and future capital needs, as established in the previous studies. Additionally, it is our understanding that each individual entity/utility has been asked to provide capital plans as a directive of the results of the 2024 Regional Feasibility Planning Study. Capital project costs will be compiled and, with assistance from Ardurra and Bolton & Menk, a five-to-ten-year capital project list will be established. Funding sources for future capital projects will include a combination of rates/cash, grants, and future debt (as discussed further in the following paragraph).

Revenue requirements must consider current and future debt service costs. Payment schedules for existing OJRSA debt will be paired with future debt service cost related to: 1) planned debt-funded capital projects for the combined system and 2) if applicable, the retirement of debt associated with the assets for the local collection systems (Oconee County, the City of Seneca, the City of Walhalla, the City of Westminster, and/or the Town of West Union). Raftelis will rely on First Tryon Advisors to advise on the size, timing, terms, and structure of all future debt issuances.

The forecast of revenue requirements will consider certain financial and debt policies, including debt service coverage and days cash on hand. Policies and metrics will be identified, tracked, and incorporated into the forecast of revenue requirements. Raftelis will meet with OJRSA staff to review all components of the forecast of revenue requirements. We will solicit staff input to ensure the forecast is consistent with the expressed financial objectives.

Task 3: Establish and Forecast Billable Units of Service

Raftelis will examine each entity's billing records to determine customer demand for wastewater service. To do so, Raftelis will use detailed water/sewer usage information from each of the sewer entities. Based on the information obtained, Raftelis will develop a forecast of billable units of service over a five-to-ten-year forecast period using growth assumptions for each entity or utility's service area. We will discuss key assumptions with OJRSA staff and the Project Team to ensure consistency with previous studies and local knowledge.

Task 4: Calculate Rates

The next step in the study process is to calculate retail rates for a combined system using the analyses from Tasks 2 and 3. Rates will be calculated using wastewater cost-of-service concepts for each year in the forecast period and adjusted, where possible, to provide for a smooth forecast of rates. Customer impact analyses will be performed to understand the impact of proposed rate changes to different types of customers from each entity. This will help OJRSA assess the full impacts on customers under individual and consolidated systems.

A combined/consolidated entity will also need to consider other rate/cost mechanisms to reflect the new structure of local sewer service. For example, it may be appropriate to consider a billing charge (cost per-bill charge) that OJRSA is responsible for paying to local water providers for billing on OJRSA's behalf. We will discuss these items with OJRSA and the Project Team at the kickoff meeting to ensure a comprehensive list of rates/charges for evaluation is established. Fee methodologies will be established that are straightforward and consistent with industry standards.

Task 5: Model Development

At the heart of any successful rate study is the model used to develop revenue requirements and perform operational and capital financial planning, review customer information, and calculate rates and revenues. The model incorporates the results of each of the other tasks in the engagement, and is sophisticated enough to perform the complex calculations involved in a comprehensive rate analysis with the ability to analyze various rate scenarios.

The model created for this engagement will be developed using Microsoft Excel and will be based on a model framework that incorporates industry-standard rate-setting methodologies in a user-

MR. CHRIS ELEAZAR
OCONEE JOINT REGIONAL SEWER AUTHORITY

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friendly manner. The rate model will be built using our innovative modeling approach and will include a customized and interactive dashboard.

Task 6: Recommendations & Presentation

Raftelis will be able to assist OJRSA as necessary in presenting the results of the study and supporting study recommendations. We will work with OJRSA to determine the most appropriate level of stakeholder interaction. For the purpose of this scope of services, we have included three in-person presentations.

Project Fees

We propose to complete the scope of work detailed in this engagement letter for fees and expenses not-to-exceed \$99,605. Estimated fees assume approximately 323 professional hours. Attachment A provides a work plan, detailing our anticipated level of effort. The project fees are based on our standard hourly billing rates for professional and administrative personnel assigned to the project, plus direct expenses. Expenses would relate to travel costs, computers, postage, supplies, etc.

It is our practice to bill monthly for fees and expenses as they are incurred during a project. The attached work plan provides an estimate of the time required to complete each task, and we reserve the right to shift hours among tasks and personnel as circumstances may change during the project. Total fees and expenses will be limited to the not-to-exceed amount unless specific approval for an adjustment in scope is approved by OJRSA. If actual fees incurred are less than the estimated fees in the work plan, then these savings will be retained by OJRSA.

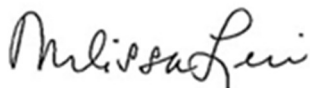
Project Schedule

It is Raftelis' understanding that OJRSA would like to have the combined system rate study completed as soon as possible. Raftelis anticipates that the study can be completed by the end of September 2026, however, much of the analysis is dependent on information to be provided by outside parties. Raftelis will work with OJRSA to try and meet desired timeframe recognizing that there may be issues that arise.

We look forward to working with you and your team at OJRSA. Should you have any questions, please do not hesitate to contact me at (704)373-1199. If the provisions of this engagement letter are acceptable, please sign and return one copy of the letter for our files. We are delighted to have this opportunity to be of continued assistance to OJRSA.

Very truly yours,

RAFTELIS FINANCIAL CONSULTANTS, INC.



Melissa Levin
Executive Vice President

MR. CHRIS ELEAZAR
OCONEE JOINT REGIONAL SEWER AUTHORITY

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We accept the terms of this engagement letter:

_____	_____
Signature	Name of authorized agent
_____	_____
Date	Title

MR. CHRIS ELEAZAR
OCONEE JOINT REGIONAL SEWER AUTHORITY

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Attachment – Proposed Workplan

Tasks	Meetings		Hours				Total Fees & Expenses
	Virtual	In Person	Melissa Levin	Will Kerr	Barrett Funderburk	Total Hours	
1. Project Initiation, Management, and Data Collection	0	1	8	12	12	32	\$10,650
2. Project Revenue Requirements	2	0	8	16	40	64	\$18,680
3. Establish and Forecast Billable Units of Service	1	0	4	12	32	48	\$13,620
4. Calculate Rates	1	0	10	20	24	54	\$17,110
5. Model Development	0	0	1	8	24	33	\$8,995
6. Recommendations and Presentations	2	3	24	32	36	92	\$30,550
Total Meetings / Hours	6	4	55	100	168	323	–
Hourly Billing Rates	–	–	\$425	\$340	\$230	–	–
Total Professional Fees	–	–	\$23,375	\$34,000	\$38,640	–	\$96,015
						Total Expenses	\$3,590
						Total Fees & Expenses	\$99,605



6101 Carnegie Boulevard, Suite 210
Charlotte, NC 28209

WORK ORDER NUMBER 2

WORK ORDER to the Agreement dated December 7, 2021, by and between the Oconee Joint Regional Sewer Authority (the “**Client**”) and First Tryon Advisors, LLC (the “**Advisor**”).

SERVICES

The Advisor will provide the following Services under this Work Order:

- Evaluate and provide a detailed analysis of the Client's existing financial condition, credit profile and debt portfolio.
- Build a comprehensive financial planning model (the “Model”) to assist in evaluating and establishing the Client’s debt capacity for various projects, as well as evaluating the potential reconstitution of the Client and consolidation / merger of existing entities under the Client’s management, taking the following variables into consideration:
 - Project Specific Items:
 - Timing and amounts
 - Available revenue sources
 - Available funding structures
 - Financing term
 - Amortization/debt service
 - Prioritization of capital project needs
 - Reconstitution and Consolidation / Merger Specific Items:
 - Timing of proposed consolidation(s) / merger(s)
 - Existing and proposed cash flows of entities coming under the Client's management
 - Financial condition, credit profile and debt portfolio of entities coming under the Client's management
 - Revenue/cost/growth projections
 - Impact on financial ratios, coverages, etc.
- Work hand-in-hand with the Client's staff to refine the Model to help forecast future financial performance based on pro forma projections provided by the Client, evaluate the Client's debt capacity and affordability and assess the sensitivity of the Client's various planning assumptions.
- At the Client's request, participate in Board meetings, workshops and committee meetings to facilitate the development of the Model.

TERM

The Term with respect to the Services to be performed under this Work Order shall end 30 days after the completion of the Services described above, unless terminated earlier in accordance with the Agreement.

COMPENSATION

In establishing fees, the Advisor takes into account multiple factors, including the efficiency with which the work was done, the result achieved, the complexity of the matter and any special experience or expertise applied to it, any extraordinary scheduling or preemptive attention devoted to the project, and the degree of professional responsibility or liability undertaken by the firm.

For the services to be performed in connection with the above-mentioned Scope of Services, the Advisor proposes an hourly rate of \$400/hour with invoices to be processed on a monthly basis. The Advisor will consult with the Client if at any time the Advisor believes that circumstances require an adjustment to its fees. In addition, the

Oconee Joint Regional Sewer Authority
 Work Order Number 2
 January 5, 2026
 Page 2 of 2

Advisor will alert the Client when its cumulative fees reach \$25,000 at which point the Client can consent to additional work under this Work Order up to an additional \$25,000 or such other mutually agreeable amount.

In addition to the compensation outlined above, the Client will reimburse the Advisor for out-of-pocket expenses incurred in connection with the Services. Customary out-of-pocket expenses include, without limitation, costs of travel, meals, lodging, printing/copying, etc. The Advisor will bill the Client for such expenses at cost, with no mark-up. The Advisor will not bill the Client for indirect costs such as telephone, fax, and conference call services; instead, the Client will pay the Advisor an administrative expense fee equal to 4% of any invoiced fee for Services as reimbursement for costs not reasonably allocable on a client-by-client basis.

The Advisor is firmly committed to demonstrating value to the Client throughout the financing process. If at any time the Client believes that the Services provided are not consistent with the fees charged by the Advisor, the Client may adjust the fee for such Services to any amount the Client deems appropriate.


AGREED AND ACCEPTED this _____ day of _____, 2026:

OCONEE JOINT REGIONAL SEWER AUTHORITY

By: _____
 Name:
 Title:

FIRST TRYON ADVISORS, LLC

By: 
 Name: David Cheatwood
 Title: Managing Director

By: 
 Name: J. Walter Goldsmith
 Title: CEO



Piedmont Municipal Power Agency

121 Village Drive
Greer, SC 29651
www.pmpa.com

(864) 877-9632
(864) 879-2122 fax
(877) 236-3547 toll free

Executive Committee

Via Zoom

February 9, 2026

2:00 pm

Zoom link:

<https://pmpa.zoom.us/j/84230159595?pwd=M2DhrcbJuOldkvdo15PMHiyBNzQamr.1&from=addon>

Meeting ID: 842 3015 9595

Passcode: 569329

AGENDA

1. Call to Order and declaration of quorum

Old Business

2. Approval of Minutes – May 7, 2025 (Attached)

New Business

3. Discuss revision of monthly report sent to Executive Committee
4. Discussion of issues related to the termination of SPSA, CPPSA, and transition away from All-requirements agency.
5. Adjourn

**Executive Committee Meeting
Piedmont Municipal Power Agency
May 7, 2025
Via Teams**

Voting Members Present	Andy Sevic, Chairman Blake Stone Jimmy Bagley John Young Kevin Bronson	Easley Abbeville Rock Hill Laurens Westminster
Others	Joel Ledbetter Julianne London Mike Frazier Dennis Cameron Tracy Quinn Marc Regier Steve Bratton Lance Davis Joey Meadors Keith Woods Foster Senn Rion Foley Trenholm Walker Andrea Kelly	PMPA PMPA PMPA PMPA PMPA Greer Gaffney Union Clinton Laurens Newberry Burr & Forman Walker, Gressette, Linton, LLC Seneca Journal
Call to Order	Chairman Sevic called the meeting of the Executive Committee to order at 10:00 am.	
Approval of Minutes	Blake Stone made a motion to approve the minutes of the Executive Committee meeting of January 29, 2024 with a second by Jimmy Bagley. The motion passed unanimously. Jimmy Bagley made a motion to approve the minutes of the Executive Committee meeting of August 15, 2024 with a second by Blake Stone. The motion passed unanimously.	
Consent Judgement on Declaratory Judgement	Kevin Bronson made a motion to approve the Consent Judgement on Declaratory Judgement for Civil Action No.: 2023-CP-23-03809, and to give the General Manager the authority to execute the Judgement. John Young seconded the motion. This action will resolve the litigation brought by Greer CPW and the City of Union against PMPA. The motion passed unanimously. The Consent Judgement is attached to these minutes.	
Adjourn	With no other business to discuss a motion was made by Kevin Bronson, seconded by John Young, to adjourn the meeting. The	

motion passed unanimously. The meeting was adjourned at 10:10 am.

Respectfully submitted,

Joel D. Ledbetter
Board Secretary

**Executive Committee
Transition Issues**

1. Revision of Bylaws
2. SPSA Section 3(g)
3. CPPSA
 - a. Section 5(h)
 - b. Section 2 – decommissioning
4. Nuclear fuel in process and in reactor on July 31, 2035
5. Union Billing Agreement Termination
6. General Release of Claims

Municipal Bonds and Public Power

- The American Public Power Association (APPA) believes that tax-exempt municipal bonds are the single most effective tool for financing investments in public infrastructure, including the generation, transmission, and distribution infrastructure used to serve public power utility customers.
- Imposing a tax on municipal bond interest would, in effect, impose a federal tax on the investments needed to build three-quarters of the nation's infrastructure: investments that make commerce possible and communities livable.
- APPA believes that the federal tax exclusion for municipal bond interest should be strengthened through commonsense reforms, including:
 - Reinstating the ability to issue tax-exempt advance refunding bonds;
 - Simplifying municipal bond private-use rules; and
 - Increasing the current small-issuer exception limit from \$10 million to \$30 million.

Background

A municipal bond is a debt instrument issued for a year or longer, under which the bond holder typically receives annual or biannual interest payments (coupons) until the bond principal is repaid on a specified date (maturity). These payments are exempt from federal income tax, just as interest on U.S. Treasury bonds are exempt from state and local taxation. An issuer can redeem (i.e., “call”) a bond before maturity but generally only after a certain period. For example, a 10-year call date is typical for a bond with a 30-year maturity.

State and local governments have issued municipal bonds to finance long-term projects for centuries. Today, there are nearly \$3.3 trillion in outstanding municipal bonds.¹ Historically, nearly three-quarters of the core infrastructure investment in the U.S. has been financed by state and local government bonds. Bonds finance the investments that make our communities livable and commerce possible. This includes nearly \$70 billion in municipal bonds issued in the last decade to finance public power investments.² These include power generation, distribution, reliability, demand control, efficiency, and emissions control projects—all of which are needed to deliver safe, affordable, and reliable electricity.

Since the creation of the federal income tax in 1913, interest on government-purpose municipal bonds has been exempt from federal income tax, just as federal bonds are exempt from state and local taxes. Since then, the federal government has taken steps to regulate municipal bonds, including taxing the interest on bonds determined to be for “private,” not governmental use and to limit the ability to use tax-exempt debt to refinance existing debt.

Investors purchase municipal bonds from nearly 42,000 state and local issuers. In part, investors are driven by tax considerations, accepting a lower rate of return because the interest is exempt from federal income tax. These savings are used to make further investments or are passed on to residents in the form of lower rates. Investors also value municipal bonds for their ability to generate a steady stream of revenue for fixed-income households. Individual households own roughly 70 percent of municipal bonds either

¹ Board of Governors of the Federal Reserve System, Financial Accounts of the United States, Third Quarter 2024, (December 2024), at 86.

² The Bond Buyer, 2023 in Statistics, Annual Review (Feb. 13, 2024)(at A8).

directly or through bond funds.³ And, for more than 60 percent of these households, tax-exempt interest is earned by taxpayers over 65 years old.⁴ Investors also appreciate the protections afforded by the municipal bond market. This market is well-established, with a robust and comprehensive federal legislative and regulatory system. Additionally, the default rate for investment-grade municipal bonds is a fraction of the default rate for comparably rated corporate bonds: just 0.08 percent from 1970 through 2022.⁵

Prior to enactment of the Tax Cuts and Jobs Act of 2017, states and localities could issue tax-exempt advance refunding bonds. Such bonds were used to refund debt to lock in rates or restructure debt prior to a bond's typical 10-year call date. As a result of the Tax Cuts and Jobs Act, issuers now must either wait for a bond's call date to refund it or issue an advance refunding bond as taxable debt; combined this can mean higher costs and less flexibility.

The federal tax exclusion of bond interest means issuers of all sizes can finance their investments affordably. A recent analysis by the Public Finance Network (PFN) shows a 210-basis point difference between the cost of issuing tax-exempt debt versus taxable debt.⁶ For example, a 30-year AAA tax-exempt municipal bond would have a 3.90 percent rate, but a comparably rated taxable bond would have a 6.00 percent. PFN estimates this difference will save municipal issuers \$824 billion over the next decade.⁷ These savings result in more critical investments in infrastructure and essential services by state and local governments and lower costs for the services they provide. Also, municipal bonds are ideally suited to finance capital-intensive and long-lived public infrastructure, such as the assets of a public power utility, with the cost of investments repaid over time by the customers who use the infrastructure.

Smaller issuers receive an additional benefit under current tax laws. Under current rules, banks generally cannot deduct the carrying cost for tax-exempt bonds. A small-issuer exception to these rules is provided for bonds issued by a locality intending to issue \$10 million or less in debt in any given year. This gives banks better access to a secure investment vehicle and more importantly creates a greater appetite for debt issued by small state and local entities that might otherwise have difficulty finding affordable financing for critical projects.

Opponents of tax-exempt financing argue that it is too efficient. They argue that reducing capital costs for public projects makes privatization of public services, including electricity, less economically attractive. They also argue that the \$3.5 trillion of municipal borrowing is somehow "crowding out" \$17 trillion of corporate borrowing and \$40 trillion of Treasury and federal government sponsored entity borrowing, and as a result, driving up interest rates for everyone. Opponents also argue that tax-exempt financing does such a good job at reducing costs that it encourages state and local governments to overspend on core infrastructure projects.

Conversely, some critics argue that tax-exempt bonds are too inefficient, providing a windfall to wealthy investors rather than reducing borrowing costs. And some critics even argue that municipal bonds are both too efficient and too inefficient at the same time, producing a windfall for wealth investors, but at the same time overstimulating state and local investments.

Besides being inherently contradictory, these arguments generally are based on economic theory, rather than actual market results, which as noted above, show that tax-exempt municipal bonds are highly efficient, reducing borrowing costs by 210 basis points on average. Likewise, the idea that the U.S. is over-investing in core infrastructure is not supported by actual experts.⁸ Finally, these economic analyses ignore the fundamental question of whether the federal government has any right to tax state and local investments at all.

Congressional Action

In April 2025, Senators Roger Wicker (R-MS) and Michael Bennet (D-CO) introduced S. 1481, the Lifting Our Communities through Advanced Liquidity for Infrastructure Act (LOCAL Act), which would reinstate the ability to issue tax-exempt advance refunding bonds. In May 2025, H.R. 1255, the Investing in Our Communities Act, was introduced by Representatives David Kustoff (R-TN), Gwen Moore (D-WI), and Jimmy Panetta (D-CA), and House Municipal Finance Caucus Co-Chairman Rudy Yakym (R-IN). The bill is identical in effect to the LOCAL Act but drafted differently. Both measures have strong bipartisan support and APPA strongly supports them.

³ Supra, note 1, at 123.

⁴ Internal Revenue Service, Statistics of Income Division, Individual Income Tax Returns: Complete Report (2021), Publication 1304 – Rev. 4-2024 (April 2024) at 204.

⁵ Moody's Investor Service, US Municipal Bond Defaults and Recoveries: 1970-2022 (July 19, 2023) at 3.

⁶ Public Finance Network, "Preserving Tax-Exempt Municipal Bonds: A Project 10-Year Analysis" (January 2025) at 3.

⁷ Id.

⁸ American Society of Civil Engineers, <https://infrastructurereportcard.org/> (giving the United States an overall grade of C- on infrastructure investment).

In January 2025, House Budget Committee Chairman Jody Arrington (R-TX) released a 51-page list of tax and spending options for consideration under budget reconciliation, including a complete repeal of the tax exemption for municipal bonds estimated to raise \$250 billion over 10 years. Combined with a repeal of “preferences” for private activity bonds and direct payment bonds, bond provisions were the third largest of the 21 income tax increases proposed by the list.

In April 2025, Representative Don Bacon (R-NE) and 24 other House Republicans and Democrats sent a letter to House Ways & Means Committee Chairman Jason Smith (R-MO) expressing support for the preservation of tax-exempt municipal bonds in budget reconciliation legislation. Also in April 2025, House Financial Services Committee Chairman French Hill (R-AR) sent his own letter, joined by five of six of his subcommittee chairmen, urging Chairman Smith to “fully support the tax-exempt status of municipal bonds.”

On July 4, 2025, President Trump signed into law H.R. 1, the One Big Beautiful Bill Act of 2025, which does not include any provisions affecting the tax-exempt status of municipal bonds.

APPA Contact

John Godfrey, Senior Government Relations Director, 202-467-2929 / jgodfrey@publicpower.org

The American Public Power Association is the voice of not-for-profit, community-owned utilities that power 2,000 towns and cities nationwide. We represent public power before the federal government and protect the interests of the more than 55 million people that public power utilities serve and the 100,000 people they employ.

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