



PRESS RELEASE

***** FOR IMMEDIATE RELEASE*****

The Camden County Board of Commissioners has been in negotiations to purchase the assets of the South Mills Water Association (SMWA) since May 19, 2023. In the few years leading up to this date the Board of Commissioners had met the SMWA Board of Directors to discuss the sale of the system for the cost of Association's debts. Those debts at the time were primarily a USDA loan for approximately \$1,000,000.00. The Association would have made no profit from this proposed transaction and the residents of South Mills would be assured access to a reliable source of safe drinking water.

Since current negotiations began following the membership vote to sell on May 3, 2023, the Board of Directors of the SMWA has continually tried to profit from this transaction. The System Transfer Proposal includes a \$1,000,000.00 asking price for all assets, yet SMWA has stated they have no debts, having paid the balance of the USDA loan at some point during the last few months. Further, the Articles of Incorporation state the Association must return any profits to the system, and may not pay dividends. Should the association sell the assets, they would no longer be able to return money to the system through maintenance, improvements, or expansion.

The cost of any transaction to acquire this system is borne by all of the tax payers of Camden County, and not just those located in South Mills. There are existing lead and copper pipes in the SMWA system that require sampling, reporting, and should be prioritized for removal and replacement. Modifications to storage facilities to allow them to be operated to their highest and best use would be required for the County to feed and reliably operate the facilities. Should the County acquire the system, these necessary modification costs would also be carried by the entire County's tax base.

SMWA accepted a check from Camden Lakes (Formerly Camden Plantation) in the amount of \$817,500.00, half of which (\$408,750.00) has been paid to the County and is available today should the request for taps be received. When the Board of Commissioners inquired as to the status of the balance of the tap fees for this project the response from the SMWA Board of Directors was "... collected tap fees will not be transferred to the County."

On the morning of October 9, 2023, the County received an email from Charles Pritchard, representing the SMWA Board of Directors, indicating that the Board of Directors is, "... accepting bids on two parcels of land on Union Camp rd. The property includes 42 acres and 1.1 commercial acre with metal shop. If you would like to put a bid in your can email or mail us your bid."

As identified in the County CIP and repeatedly requested by the residents of the South Mills area, the County would like to place a public facility including a boat ramp, ball fields, and park facilities on this property. The Board of Commissioners anticipated moving forward with this addition to County resources through the takeover of the water system. Instead, the SMWA Board of Directors have decided to send this real estate out to the open market and jeopardize the County's opportunity to provide a convenient, local recreational resource to the residents of the South Mills area.

Should the SMWA choose to sell the system and assets to any other buyer besides Camden County, the members of the Association will be customers of a for profit, commercial entity. That new owner would be required to renegotiate the purchase of from South Camden Water and Sewer District. Further, the Board of Commissioners have the authority to raise bulk water rates to reflect the increasing cost of water production.

To date, it does not appear as though the SMWA Board of Directors have acted in the best interest of the membership nor in consideration of the County's obligation to all of the citizens of County. The SMWA Board of Directors have repeatedly resisted requests to review monthly financial statements; they have not been open and transparent with their membership; and they cannot continue to operate without the support of the South Camden Water and Sewer district, which is providing service to over 80% of the SMWA customers.

Contrary to most negotiations, but in the effort to provide the utmost transparency for the public, the Camden County Board of Commissioners would like to publicly share the most recent offer to purchase the water system and assets from a letter delivered to the Association's attorney October 9, 2023:

1. "The county will continue its offer of \$1.00 for all assets of the Association, including real estate, motor vehicles, equipment, and inventory. As to the real estate, the county is agreeable to a restrictive covenant, with a reverter clause, the property will only be used for a public purpose for the citizens of Camden County.
2. If the above is not agreeable the county will cease its sale of additional water to serve South Mills Village in 30 days from the receipt of this document.
3. Also, material to this transaction is an explanation as to the number of tap fees being retained by the Association and an explanation as to whether those fees will be refunded to the customers if the association is not providing the prepaid service. In particular, we again raise the issue of what happened to Camden Lakes (previously Camden Plantation) approximate \$400,000.00.
4. Finally, as the Association is a nonprofit corporation, what does it intend to do with any surplus funds?"

The Camden County Board of Commissioners remains fully dedicated to the health, safety, and welfare of *all* of the citizens of Camden County. The South Mills Water Association Board of Directors, are only accountable to themselves with limited oversight and transparency to their members. The current operations and recent actions of the South Mills Water Association Board of Directors reflect a lack of understanding of civic obligation to the members of the Association and citizens of Camden County as a whole.

For clarity, below is a timeline of events that have led up to this press release:

- SMWA membership voted to sell on May 3, 2023
- Camden County submitted a Preliminary Term Sheet on May 19, 2023
- Preliminary Term Sheet was signed by SMWA and returned June 14, 2023
- Due Diligence Formal Information request was submitted by the County to SMWA July 5, 2023
- Good-Faith ORC Services by the County began July 13, 2023 along with on-site due diligence.
- Due Diligence Information request returned without requested monthly financial statements July 18, 2023
- SMWA presented System Transfer Proposal to the County on August 22, 2023
- County responded to proposal September 6, 2023
- SMWA responded to September 6, 2023 letter on September 8, 2023
- Good-Faith ORC Services by the County ceased September 15, 2023

END