

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
APRIL 26, 2021

	#MEETINGS (Since 7/1/20)	#ATTENDED (Since 7/1/20)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	9	8	89%
Benjy A. Hardee, Vice Chairman	9	9	100%
Arnold T. Johnson, Secretary	9	9	100%
J. Liston Wells, Member	9	9	100%
Wilbur M. James, Member	9	9	100%
Richard Singleton II, Member	9	7	78%
Mark K. Lazarus, Member	9	7	78%
Radha B. Herring, Member	1	1	100%

MEMBERS ATTENDING VIA TELECONFERENCE:			
L. Morgan Martin, Member	4	4	100%

STAFF PRESENT:
 Fred R. Richardson, Chief Executive Officer
 Christy Everett, Chief Operations Officer
 Keri Squires, Chief of Accounting and Finance
 Neeraj Patel, Chief of Field Operations
 Tim Brown, Chief of Plant Operations
 Charles Hucks, Jr., Chief of Technology
 Chrystal Skipper, Chief of Administration
 Mary McKellar Hunsucker, HR Manager

LEGAL COUNSEL:
 Amanda Bailey, Burr Forman

VISITORS:
 Shane Hollar
 Erik Warnick
 Staci Warnick

Copies of the Notice of Meeting and Agenda were mailed to the local media.

Chairman Thompson called the meeting to order and welcomed everyone in attendance. The invocation was given by Board Member, Wilbur James.

APPROVAL OF MARCH 22, 2021 MINUTES: Upon motion duly made by Mr. Johnson, seconded by Mr. Wells, the Minutes of the March 22, 2021 meeting were approved as presented.

Chairman Thompson welcomed the newest Board Member, Mrs. Radha B. Herring.

CHIEF EXECUTIVE OFFICER'S REPORT – OLD AND NEW BUSINESS (ACTION ITEMS):

DISCUSSION/ACTION: Town of Nichols' Beautification Committee Donation.

DISCUSSION/ACTION: Marion County Food Policy Council's Use of Land (343 Dillon Street) and Four Water Spout Installation Request.

Mr. Richardson stated that we do not typically participate in these forms of gift giving. However, he presented the information to the Board for consideration. Both items failed to get a motion for approval.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Water Projects.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Sewer Projects.

Upon motion of Mr. Hardee, seconded by Mr. Johnson, the capital budget appropriation requests for rural water and sewer projects were unanimously approved by the Board as presented.

DIVISION REPORTS:

KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: March 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for March 2021 with the Board. As of March 31, 2021, our total operating revenues were \$78.4 million, which is a decrease of \$262,611 from the prior fiscal year. Monthly water fees have decreased \$1.8 million and are down in all categories except availability. Our biggest changes are a \$1.0 million decrease in Myrtle Beach revenues and a \$767,000 decrease in Bull Creek revenues. Monthly wastewater fees are up 2% which is mostly due to an increase in bulk wastewater revenues. Our tap fees are up by 36% or \$1.1 million. Our total operating expenses are \$67.9 million, which is a decrease of \$289,713 from the prior fiscal year. The decrease is mostly associated with a \$2.0 million decrease in Capital Outlay related to the changes made to decrease our overall budget due to COVID-19. Some of the decrease in Capital Outlay is offset by increases in Personnel Services for salaries and health insurance as well as increases in Outside Services for utility bills and increases in Supplies and Materials for the cost of treatment supplies. While we show a decrease in revenues, we continue to show a surplus of \$10.5 million which is an increase of \$27,102 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$17.1 million, which is a decrease of \$3.1 million from the prior fiscal year. The largest decrease in non-operating revenues is a decrease in investment income of \$5.6 million. This decrease is partially offset by a combined increase of \$1.9 million in water and sewer impact fees and a \$378,042 increase in special fees and contributions.

Mr. Richardson added we are expecting to close out the year strong. There were not many tourists coming to the area this time last year due to COVID-19. However, it seems that there are a lot of people coming to the beach this year. Mrs. Squires stated that our billings have increased compared to this time last year. In addition, Mrs. Squires and Mr. Brown stated that our flows have increased as compared to 2019 which was a good year for us.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of March 31st, we should be at approximately 75% of our budget. Our operating revenues were budgeted at \$105.9 million. We are currently at \$78.4 million or 74% of budget so we are on target with our projections to-date. Our operating expense budget is \$105.9 million. Year-to-date we have spent \$67.9 million or 64% of the budget. Our costs will continue to increase as the year progresses and more committed funds are spent. Non-operating revenues were budgeted at \$26.0 million and to-date we have earned \$17.1 million or 66% of budget.

UPDATE/STATUS: Investment Analysis: In our 19/19 Investment Counsel accounts we have a balance of \$58.8 million with a current month yield of (0.20%), a three month yield of (0.68%) and a twelve month yield of (0.19%). The balance in our PFM Asset Management LLC accounts is \$61.7 million with a current month yield of (0.19%), a three month yield of (0.35%) and a twelve month yield of 1.03%. Overall, we have \$120.5 million invested with managers. The funds invested by our staff total \$46.2 million. Our debt service accounts total \$5.8 million. Our total investment portfolio is \$172.6 million with a current month yield of (0.13%), a three month yield of (0.35%) and a twelve month yield of 0.40%.

Mrs. Squires shared a graph with the Board showing the fiscal year-to-date comparison on our returns for 19/19 Investment Counsel, PFM Asset Management LLC and the South Carolina Local Government Investment Pool. PFM Asset Management LLC's fiscal year-to-date return is 0.15% which is still above the 1-5 year benchmark return of

(0.38%). Last year's fiscal year-to-date return was 4.27%. This year's fiscal year-to-date return for 19/19 Investment Counsel is (0.43%) which is slightly below the benchmark of (0.38%). Last year's fiscal year-to-date return was 3.89%. The Local Government Investment Pool's fiscal year-to-date return is 0.18% compared to fiscal year 2020's return of 1.53%

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$11,199 was spent on Business & Travel during the month of March. Fiscal year-to-date, we have spent a total of \$173,925.

Mrs. Squires stated at the last Board meeting she mentioned that we have had discussions with our financial advisor about unwinding our swap as well as refunding the Bonds of 2011 which would potentially result in net savings for the Authority. We are also considering a new money borrowing of \$30 million since interest rates are so low. We will have more in-depth conversations regarding the new money at the upcoming retreat. However, our advisors would like to send out an RFP prior to the retreat.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 98 mg/l for the month of March which is up 26% compared to last month. The average alum dosage at Bull Creek for the month of March was 74 mg/l, which is up 8% compared to last month. Myrtle Beach is currently running at about 95 mg/l and Bull Creek is currently running at about 60 mg/l. In regards to water flows, Myrtle Beach flows were up 29% as compared to the same period last year and Bull Creek flows were up 1%. The total flows were up 5%. In regards to wastewater flows, the flows at Myrtle Beach were up 13% and the flows at Schwartz were up 18% as compared to last year. The total wastewater flows were up 4% compared to last year.

UPDATE/STATUS: Compliance with DHEC Water and Wastewater Treatment Plant Requirements: Mr. Brown stated all water and wastewater reporting was in compliance with DHEC requirements for the month of March.

In regards to plant operation activities, at the Myrtle Beach SWTP, we just finished replacing some of the online process turbidimeters. The old units were phased out and DHEC required us to upgrade to the new technology. This was done at the Bull Creek SWTP a few months back. DHEC completed the sanitary surveys at both the Myrtle Beach SWTP and Bull Creek SWTP. Both surveys went well and we received satisfactory ratings.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, the 20" influent meter was installed last week. This was the last of the flow meters to be installed. We are going through the final phases of getting the instrumentation and electrical work completed. We hope to start billing off the new flow meters next month. At the Vereen WWTP, we are currently working with an engineer on the permitting to add a clarifier effluent pump. During recent rain events we noticed that hydraulically additional head was building up on the oxidation ditch and clarifier. Therefore, we are going to add an intermediate pump station. At the Conway WWTP, we are preparing to install an activated carbon odor control system to treat the air and gases from the headworks structure. At the Schwartz WWTP, we are working with the manufacturers of the turbo blowers for the digester aeration system to resolve some failure issues we have had with electric motors

NEERAJ PATEL, CHIEF OF FIELD OPERATIONS

UPDATE/STATUS: Compliance with DHEC Water Distribution and Wastewater Collection Requirements: Mr. Patel stated all monitoring was reported and all system operations were conducted in compliance with SCDHEC requirements for the month of March.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Deerfield well, the final site preparations have been completed by our staff and we are ready for our

DHEC inspection. In regards to the TPI well, our staff is coordinating with DHEC on final approval to allow the use of injected water for potable use. In regards to the Ten Oaks well, the borehole has been completed and the final screen locations have been selected. We are coordinating with DHEC on the screen locations to make sure everything is satisfactory to them as well.

In the ASR program, for the month of March, we had a net injection of approximately 190.2 million gallons for an average daily injection of 6.1 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in March we smoke tested 226,598 feet of gravity line, televised 3,392 feet of gravity sewer mains, responded to 282 sewer back-ups and 86 water quality/quantity complaints, collected 552 water quality samples, inspected 279 cross connection devices, 221 fire hydrants and 656 isolation valves, responded to 37 emergency and 5 scheduled main line shut-downs and completed 5,090 work orders. The number of shut downs has increased which may be related to construction work being in full swing with all of the recent dry weather we have been experiencing.

Mr. Patel stated that as part of the sanitary survey, DHEC also looks at our hydrant program, valve program, cross connection program, tank inspections, wells, recordkeeping, and other programs and procedures. As Mr. Brown previously mentioned, DHEC found everything to be satisfactory.

CHRISTY EVERETT, CHIEF OPERATIONS OFFICER

UPDATE/STATUS: Rural Water and Sewer Projects: Ms. Everett called the Board's attention to the rural water and sewer projects in the Board packet. To-date, the Board has approved over \$4.5 million in the current two-year budget for the rural water program. In March, we authorized 9 projects for design which met the criteria for our rural program for almost 30,000 linear feet of pipeline and 24 new customers. A couple of these projects were developer extension projects. Four projects moved from the design phase to the construction status. We issued service authorization to 4 projects for 10,750 linear feet of pipeline and 13 new customers.

On the sewer side, the Board has approved nearly \$6.6 million in the current two-year budget for the rural sewer program. In March, we authorized 6 new projects for design that will add 9,920 linear feet of pipeline and 13 new customers. Five projects were completed in the design phase and moved to the construction status that will add 14,250 linear feet of pipeline and 13 new customers. We issued service authorization to 6 projects for right at 7,400 linear feet of pipeline and 22 new customers.

We currently have 107 projects in design and construction for right at 47.5 miles of pipeline. These projects will add 445 customers to the rural program.

Ms. Everett referenced the chart within the Board packet that displays the cumulative miles of rural water and sewer line installed. So far in calendar year 2021, we have approved and placed into operation 13 water projects for right at 24,000 linear feet or 4.5 miles of pipeline and almost 30 new customers and 15 sewer projects for 18,250 linear feet or 3.5 miles of pipeline and 36 new customers.

Mr. James asked if we were still bidding out rural projects to outside contractors. Mrs. Everett stated Lawrimore Construction, Inc. was finishing up a contract with about 6 rural projects right now. However, we do not anticipate having to bid out anymore work. Our construction crews are wide open and the weather has been very good so we have been able to get a lot of pipe in the ground.

UPDATE/STATUS: Developer Projects: Ms. Everett shared a map with the Board showing the locations of the developer projects that were reviewed in the month of March. Eight developer extension projects were submitted for review for 580 REUs. Most of these projects were single-family lots, but we had a multi-family development as well. Thirteen commercial projects were submitted for review for 98 REUs. We held 9 preconstruction meetings in March for 489 REUs. Of the total, 368 REUs were for

single-family lots, 68 REUs were for multi-family developments and 53 REUs were commercial. Currently, we have 91 active developer extension projects in the construction or close out phase for 6,417 REUs. Of the total, 4,731 REUs are for single-family lots, 1,116 REUs are for multi-family developments and 570 REUs are for commercial projects. Ms. Everett added that we have 4,700 single-family lots which are currently in the review and permitting stage. We issued service authorization to 4 projects for 118 REUs. Of total, 100 REUs were for single-family lots and 18 REUs were commercial.

Ms. Everett called the Board's attention to the trend charts regarding new projects in the Board Packet.

UPDATE/STATUS: Capital Projects: Ms. Everett stated that the capital projects would be reviewed in detail with the Board at the budget retreat. However, she briefly reviewed several capital projects with the Board.

In regards to the Highway 701 to Highway 544 48" Waterline, this project is going very well. The weather and the low water levels in the Waccamaw River have allowed the contractor to make a lot of headway. The directional drilling subcontractor, Laney Directional Drilling, is working on their first and second pass of the 48" reamer. They will then move to the final reamer which is 60". They are scheduled to begin the pull back for the 48" steel pipe next week. Ruby-Collins, Inc., the general contractor, has started work on Peachtree Lane.

In regards to the International Drive Booster Pump Station, we re-advertised for bids on March 24th and bids were received last Thursday. Harper General Contractors was the low bidder with a bid of \$4,669,025. We are still reviewing the bids to make a certified bid tab before awarding the contract.

Ms. Everett stated we are in the process of permitting an old elevated storage tank off Old Highway 90. There is a state law and county ordinance that requires a public hearing before elevated tanks are installed. We have scheduled a public hearing for 5:30 p.m. on June 1st.

Mr. Richardson also mentioned that we have an agreement to do an expansion at the Bucksport Marina Campground. However, part of the agreement is that the cost of the expansion will increase the tenant's rent annually by 10% of the cost of the expansion. An engineer put together a package for expanding the campground. The engineer came back with an estimate of over \$500,000. We are currently working to reduce the estimate so that it is more affordable and reasonable. It may involve both the tenants and GSWSA doing some of the work.

CHARLES HUCKS JR., CHIEF OF TECHNOLOGY

Mr. Hucks did not have any updates for the Board this month.

CHRYSTAL SKIPPER, CHIEF OF ADMINISTRATION

Mrs. Skipper updated the Board on the upcoming Budget Retreat next Thursday and Friday. Things are still in place to have the Budget Retreat at Santee Cooper's Wampee Conference Center. Santee Cooper is asking that everyone use the computerized system to have their temperature taken and answer several questions before entering the meeting room. They also ask that everyone wear a mask and social distance. Everyone has to be off the main campus by 8:00 p.m. on Thursday night. The budget retreat packets are being prepared and should be distributed in the next several days.

UPDATE/STATUS: Customer/REU Monthly Report: Mrs. Skipper shared several graphs with the Board showing customer and REU data for the past twelve months from April 2020 through March 2021. During the month of March, our total customer accounts increased by 568, which brings our customer account total to 108,411. Over the last consecutive twelve months, our total customer base has increased by 4,124 or 3.95%. For the month of March, our active accounts increased by 650 which is an increase of

66% from last month, inactive accounts decreased by 81 and suspended accounts decreased by 1.

In regards to REUs, for the month of March, our total REUs increased by 666, which brings our REU total to 163,129. Over the last consecutive twelve months, our total REUs have increased by approximately 3.2%. For the month of March, our active REUs increased by 718, inactive REUs decreased by 91 and suspended REUs increased by 39 REUs.

UPDATE/STATUS: Purchase Transactions Over \$2,500: Mrs. Skipper called the Board's attention to the information in the Board packet on purchase order transactions over \$2,500. For the month of March, the grand total for all purchase orders over \$2,500 was approximately \$1.4 million. The largest purchase order for March was issued to Heritage Water Systems for 100 Barnes retrofits in the amount of \$305,370. Other significant purchase orders include a purchase order for \$131,320 for fusing equipment for construction, a purchase order for 28 new Flygt grinder stations for inventory for \$104,143 and a purchase order to R S Integrators for electrical control upgrades at Lift Station #2 for \$86,621.

UPDATE/STATUS: Customer Satisfaction Survey: Mrs. Skipper called the Board's attention to the detailed Customer Satisfaction Surveys for this year and last year in the Board packet. Due to COVID-19 last year, the results from last year's survey were not reviewed in detail with the Board. This year, the survey was conducted in the month of January and it was due back in February. A total of 2,400 surveys were distributed. Some of them were electronic and others were paper surveys. All customers who participated in the survey received a \$5.00 credit on their account.

We received 385 completed surveys or 16% of the distributed surveys. This is down 9.8% compared to last year. The purpose of the survey is to gain our customers' opinions of our products, processes and services. We value our customers' opinions and we look for ways to improve. There are places within the survey that allow the participants to provide comments or request additional information. Our staff has already contacted these customers. Some of the information in the survey is shared with our Operations staff because the information relates to water quality.

Mrs. Skipper provided the historical data and trend charts for the survey for fiscal years 2011 – 2021. Mrs. Skipper reviewed some of the major highlights of the survey with the Board. Of the total, 93.5% of the respondents were homeowners and the service location was their primary address. The customers' demographics were predominately over 50 years old and a resident of Horry, Marion or Dillion County for more than 10 years. In regards to rating GSWSA's customer service quality, 91.65% rated our service as above average. Of the total, 61.88% of the respondents rated our service as excellent. The majority of the respondents communicated with a GSWSA employee over the telephone and were pleased with our processes. Over 95% of the survey respondents believed GSWSA's staff was courteous friendly, knowledgeable and efficient.

In regards to water quality, 75.13 % of the respondents rated the overall quality of our drinking water as above average. 36.51% rated the water quality as very good. Overall, the respondents were satisfied with the odor, taste, color, price, reliability and pressure of their drinking water. 92.29% believed their drinking water was safe, which is higher than last year's 89.22%. 87.33% of the respondents expressed the quality of their drinking water either met or exceeded their expectations. The last question on the survey asks, "If given a choice, would you continue to choose GSWSA as your water provider?" 95.56% of the respondents answered yes. Overall, the results of the survey were very good. Our results have been consistent throughout the years.

UPDATE/STATUS: HGTC/CCU Scholarship Recipients: Every year the HR department provides an opportunity for our employees' dependents to submit applications for a scholarship to CCU or HGTC for the upcoming school year. This year, we received five applications for HGTC and three applications for CCU. All applicants met the minimum requirements and the 2.75 GPA requirement. CCU has sufficient funding for the three

recipients. We are unsure if HGTC has sufficient funding available; however, we will cover any additional funding needed through our operating budget.

Mrs. Skipper updated the Board on the personnel changes that took place in the third quarter of fiscal year 2021. We ended the quarter with 340 full-time employees. We had a total of 17 job postings, hired 10 new employees externally, 14 employees were selected for internal job openings and 5 employees left GSWSA which included 1 retirement and 4 resignations.

Mrs. Skipper provided the Board with a COVID-19 update. Currently, we do not have any positive cases or any employees who are out of work due to an exposure, symptoms, etc. We have had a total of 63 employees test positive for COVID-19 which is an increase of 1 employee since our last Board Meeting. Since our last meeting, there has been 11 situations where employees were exposed, had to quarantine, displayed symptoms, etc.

OTHER BUSINESS:

Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and upcoming Budget Retreat dates of Thursday and Friday, May 6th and 7th.

There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.



Sidney F. Thompson, Chairman




Benjy A. Hardee, Vice Chairman



Arnold I. Johnson, Secretary



J. Liston Wells, Member



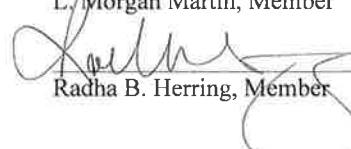
Wilbur M. James, Member

Approved via teleconference

Richard G. Singleton II, Member

Mark K. Lazarus, Member

L. Morgan Martin, Member



Radha B. Herring, Member