

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
AUGUST 23, 2021

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	2	2	100%
Benjy A. Hardee, Vice Chairman	2	2	100%
Arnold T. Johnson, Secretary	2	2	100%
J. Liston Wells, Member	2	2	100%
Wilbur M. James, Member	2	2	100%
Mark K. Lazarus, Member	2	2	100%
L. Morgan Martin, Member	2	2	100%
Radha B. Herring, Member	2	1	50%

MEMBERS ATTENDING VIA TELECONFERENCE:
Richard Singleton II, Member 2 2 100%

STAFF PRESENT:
Fred R. Richardson, Chief Executive 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

STAFF ATTENDING VIA TELECONFERENCE:
Christy Everett, Chief Operations Officer

LEGAL COUNSEL:
Amanda Bailey, Burr Forman

VISITORS:
Fred Kisner, Little River Water & Sewerage Co. Inc.
Wade Lewis, Little River Water & Sewerage Co. Inc.
Dave Calvert, PFM Asset Management LLC

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 JULY 26, 2021 MINUTES: Upon motion duly made by Mr. Wells, seconded by Mr. James, the Minutes of the July 26, 2021 meeting were approved as presented.

PRESENTATION OF MANAGED INVESTMENT UPDATE BY PFM ASSET MANAGEMENT LLC: Mr. Dave Calvert of PFM Asset Management LLC presented a thorough overview of the economy as well as GSWSA's portfolio investment information to the Board.

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

DISCUSSION/ACTION: Representative Bailey's Request for an Update of Future Plans to Serve the Greater Little River Area. We received a letter from SC House of Representatives Member, William Bailey, who asked for an update and any future plans by GSWSA to serve the Little River area. Upon motion of Mr. Hardee, seconded by Mr.

Johnson, the Board unanimously approved to proceed with a study as requested by Representative Bailey.

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

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

Upon motion of Mr. James, 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: July 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for July 2021 with the Board. As of July 31, 2021, our total operating revenues were \$8.4 million, which is a 14% increase from the prior fiscal year. This seems to be a large increase as compared to July 2020, but we have to remember the first half of fiscal year 2021 was affected by COVID-19. Our current operating revenues to-date are only up 7% as compared to the same period in fiscal year 2020 when operating revenues to-date were \$7.8 million. The largest increases in operating revenues as compared to fiscal year 2021 are increases in monthly water and wastewater fees. Monthly water fees are up by \$398,384 with the largest changes being in Myrtle Beach water revenues, increases in water volume and availability as well as increases in Bull Creek revenues. Our monthly wastewater fees are up \$485,736 with the biggest changes coming from increases in Myrtle Beach wastewater revenues, wastewater volume and availability as well as wastewater bulk. Included in these numbers is an increase in our rates of 3.1%, which took effect in July. Our total operating expenses are \$7.3 million, which is an increase of \$472,667 from the prior fiscal year. Our biggest changes come from outside services due to electric bills, professional services and maintenance costs. We also had an increase in debt service of \$243,182 due to additional SRF loans as well as new money for the Bonds of 2021. Overall, we have an operating surplus of \$1.1 million which is an increase of \$529,382 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$2.7 million, which is an increase of \$1.1 million or 67% from the prior fiscal year. The largest increases in non-operating revenues are water and sewer impact fees of \$664,654 and an increase in investment income of \$307,157.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of July 31st, we should be at approximately 8% of our budget. Our operating revenues were budgeted at \$117.7 million. To-date, we have earned \$8.4 million or 7% of budget. We are within 1% of our operating revenue target. Our operating expense budget is \$117.7 million. Year-to-date we have spent \$7.3 million or 6% of the budget. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$2.7 million or 8% of budget.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$59.1 million with a current month yield of 0.45%, a three month yield of 0.58% and a twelve month yield of 0.19%. The balance in our PFM Asset Management LLC accounts is \$61.9 million with a current month yield of 0.30%, a three month yield of 0.15% and a twelve month yield of 0.26%. Overall, we have \$121.0 million invested with managers. The funds invested by our internal staff total \$77.6 million. Included in this total is the Local Government Investment Pool which has a balance of \$52.1 million. This includes the \$30 million we received for the Bonds of 2021. Our debt service accounts total \$2.4 million. Our total investment portfolio is \$201.0 million with a current month yield of 0.23%, a three month yield of 0.23% and a twelve month yield of 0.20%.

Mrs. Squires shared a graph with the Board showing the fiscal year-to-date comparison on our returns for 1919 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 0.30% which is just under the 1-5 year benchmark return of 0.35%. Last year's fiscal year-to-date return was 0.15%. This year's fiscal year-to-date return for 1919 Investment Counsel is 0.45% which is better than the benchmark. Last year's fiscal year-to-date return was 0.12%. The Local Government Investment Pool's fiscal year-to-date return is 0.11% compared to fiscal year 2021's return of 0.50%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$34,502 was spent on Business & Travel during the month of July.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 67 mg/l for the month of July which is up 26% compared to last month. The average alum dosage at Bull Creek for the month of July was 64 mg/l, which is up 32% compared to last month. Myrtle Beach is currently running at about 110 mg/l and Bull Creek is currently running at about 45 mg/l. The recent rain we have had has changed the flow ratios between the Big Pee Dee River and the Little Pee Dee River. In regards to water flows, Myrtle Beach flows were up 19% as compared to the same period last year and Bull Creek flows were up 9%. The total flows were up 10%. In regards to wastewater effluent flows, the flows at Myrtle Beach were up 1% and the flows at Schwartz were down 1% as compared to last year. The total wastewater flows were down 4% as 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 July.

In regards to plant operation activities, at the Myrtle Beach SWTP, we received and installed the rotating assembly for one of the finished water pumps. After installation and testing, the outboard bearing temperature was detected to be high. Normally when it is around 180 degrees it is not recommended to continue running. The staff has shut it down and is currently working with the supplier regarding the warranty. The supplier will more than likely have to send a representative to help diagnose the problem. At the Bull Creek SWTP, we started working with Goodwyn Mills Cawood (GMC) on the design of the 60 MGD upgrade to the plant. We have already had several meetings and the project is progressing.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, July was the first billable month since the new influent flow meters were put in. For the month, we measured an additional 99 million gallons as compared to the old influent meters. For July, this was an average of about 3.2 MGD more flow. This is approximately a 25% increase in flow. We have been working with MBD Consulting Engineers, P.A. on the design of a new influent pump station and headworks structure. At the Vereen WWTP, bids were received on August 17th for the clarifier effluent pump station. The bid came in at \$1.2 million which is a lot more than we anticipated. We are currently evaluating how badly we need the pump station. We are still in the process of reviewing the RFPs for the new bar screens at the Vereen and Bucksport WWTPs.

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 July.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, we conducted the DHEC required pumping and recovery test. This is a 24-hour test to show the yield of the well. In regards to the Braves Village well, the well driller has moved their rig onsite. In regards to the Cool Springs, Central and Highway 410 Blend wells, the construction and drilling of the wells has been awarded to the well drilling contractor, A.C. Schultes of Carolina, Inc. Our intent is to drill the Cools Springs well first, Highway 401 well second and Central well third.

In the ASR program, for the month of July, we had a net recovery of approximately 131.4 million gallons for an average daily recovery of 4.2 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in July we smoke tested 302,459 feet of gravity line, televised 5,875 feet of gravity sewer mains, responded to 204 sewer back-ups and 121 water quality/quantity complaints, collected 492 water samples, inspected 191 cross connection devices, 125 fire hydrants and 453 isolation valves, responded to 30 emergency and 2 scheduled main line shut-downs and completed 5,634 work orders.

CHRISTY EVERETT, CHIEF OPERATIONS OFFICER

Mr. Richardson called the Board's attention to Ms. Everett's report in the Board Packet. Mr. Richardson pointed out that we received bids for the Highway 90 Elevated Storage Tank.

CHARLES HUCKS JR., CHIEF OF TECHNOLOGY

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

CHRYSTAL SKIPPER, CHIEF OF ADMINISTRATION

UPDATE/STATUS: Customer/REU Monthly Report: Mrs. Skipper shared several graphs with the Board showing the customer and REU data for the month of July. During the month, our total customer accounts increased by 408 customers which brings our customer account total to 110,482. Over the last consecutive twelve months, our total customer base has increased by 4.6%. For the month of July, our active accounts increased by 368, inactive accounts increased by 39 and suspended accounts increased by one for a net change of 408 customers.

In regards to REUs, in the month of July, our total REUs increased by 654, which bring our REU total to 165,641. Over the last consecutive twelve months, our total REUs have increased by 6,004 or 3.8%. For the month of July, our active REUs increased by 545, inactive REUs increased by 100 and suspended REUs increased by 9.

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 July, the grand total for all purchase orders over \$2,500 was approximately \$15.6 million. This month the report is much longer than the normal monthly report due to annual purchase orders that were issued during the month of July. There were several purchase orders related to our annual chemical bid as well as other annual services that are expensed throughout the year such as professional services, copier leases, sampling and testing, and maintenance contracts. We received the results from our annual vehicle bid last Friday, August 20th. Department Managers are currently reviewing these bids.


Mrs. Skipper also provided the Board with a COVID-19 update. Since the last Board meeting, 10 employees have tested positive for COVID. Currently, there are 25 employees who are either out of work or working from home due to COVID.

OTHER BUSINESS:

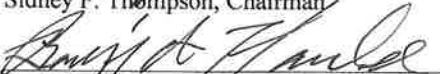
Chairman Thompson called the Board's attention to the Employee Recognition and Sod Donation Report.

Upon motion duly made, seconded and carried the Board went into executive session for the discussion of personnel, legal and contractual matters. Following executive session, the Board returned to regular session.

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



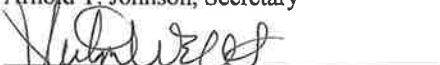
Sidney F. Thompson, Chairman



Benjy A. Hardee, Vice Chairman



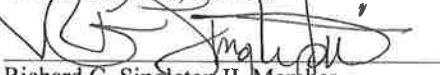
Arnold T. Johnson, Secretary



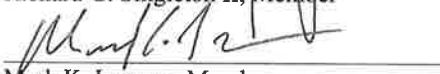
J. Liston Wells, Member



Wilbur M. James, Member



Richard G. Singleton II, Member



Mark K. Lazarus, Member

L. Morgan Martin, Member



Radha B. Herring, Member