

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 FEBRUARY 22, 2021

	#MEETINGS (Since 7/1/20)	#ATTENDED (Since 7/1/20)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	7	6	86%
Benjy A. Hardee, Vice Chairman	7	7	100%
Arnold T. Johnson, Secretary	7	7	100%
J. Liston Wells, Member	7	7	100%
Wilbur M. James, Member	7	7	100%
Mark K. Lazarus, Member	7	6	86%
L. Morgan Martin, Member	2	2	100%

MEMBERS ATTENDING VIA TELECONFERENCE:			
Richard Singleton II, Member	7	6	86%

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:
 Sarah Palmquist, Sterling Capital

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 JANUARY 25, 2021 MINUTES: Upon motion duly made by Mr. Johnson, seconded by Mr. Wells, the Minutes of the January 25, 2021 meeting were approved as presented.

PRESENTATION OF GSWA'S OPEB TRUST PORTFOLIO REVIEW BY STERLING CAPITAL: Mr. Richardson stated until several years ago accounting rules did not require us to book the liability for retiree health insurance on our financial statements. Recently new laws were passed which required funding the liability or booking it as an unfunded liability. We have fully funded our liability. We have a contract with Sterling Capital to manage our OPEB trust portfolio. Mrs. Squires introduced Sarah Palmquist, a Senior Client Strategist, with Sterling Capital. Ms. Palmquist presented a brief presentation covering the economic strategy and outlook as well as GSWA's portfolio performance.

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

DISCUSSION/ACTION: Resolution 01-21 – A Resolution Adopting the Horry County All-Hazard Mitigation Plan. Mr. Richardson stated the Horry County Emergency Management Department put together an All-Hazard Mitigation Plan and we would adopt their plan to keep everyone on the same page. It helps everyone coordinate things and allows everyone to use the same language, terms, system, etc. We are adopting their

plan to stay consistent with the County's program. Upon motion of Mr. Lazarus seconded by Mr. Wells, the resolution was unanimously approved by the Board as presented.

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. James, 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

Adding to the discussion by Sarah Palmquist with Sterling Capital, Mrs. Squires stated she has had discussions with our investment advisor, Jon Kirn. He is working on a plan for us to bid out the services that are performed by Sterling Capital for the investment management of our OPEB trust fund as well as the investment funds we present monthly.

UPDATE/STATUS: January 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for January 2021 with the Board. As of January 31, 2021, our total operating revenues were \$61.2 million, which is a decrease of \$1.1 million from the prior fiscal year. Monthly water fees have decreased \$1.8 million and are down in all categories except availability. Monthly wastewater fees are up 1% which is mostly due to bulk wastewater revenues. Our tap fees are up by 35% or \$769,007. Our total operating expenses are \$52.0 million, which is a decrease of \$549,066 from the prior fiscal year. This is mostly due to 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 of 2%, we continue to show a surplus of \$9.2 million. Mrs. Squires reported total non-operating revenues of \$14.2 million, which is a decrease of \$231,116 from the prior fiscal year. The largest decrease in non-operating revenues is a decrease in investment income of \$2.3 million. This decrease is offset by a combined increase of \$1.5 million in water and sewer impact fees and a \$433,195 increase in special fees and contributions.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of January 31st, we should be at approximately 58% of our budget. Our operating revenues were budgeted at \$105.9 million. We are currently at \$61.2 million or 58% 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 \$52.0 million or 49% 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 \$14.2 million or 55% of budget.

UPDATE/STATUS: Investment Analysis: In our 19/19 Investment Counsel accounts we have a balance of \$59.0 million with a current month yield of (0.02%), a three month yield of 0.18% and a twelve month yield of 2.52%. The balance in our PFM Asset Management LLC accounts is \$62.0 million with a current month yield of 0.07%, a three month yield of 0.26% and a twelve month yield of 3.63%. Overall, we have \$121.1 million invested with managers. The funds invested by our staff total \$43.6 million. During the month of January, the Anderson Brothers Bank construction fund for the Bonds of 2019 was closed. All funds were used to reimburse ourselves for expenditures for the associated capital projects. Our total investment portfolio is \$169.1 million with a current month yield of 0.02%, a three month yield of 0.17% and a twelve month yield of 2.37%.

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 0.57%. Last year's fiscal year-to-date return was 2.07%. This year's fiscal year-to-date return for 19/19 Investment Counsel is 0.24%, as compared to last year's 1.81%. While fiscal year 2021 returns are lower than the fiscal year 2020 returns, both returns are higher than the 1-5 year benchmark return of 0.10%. The Local Government Investment Pool's fiscal year-to-date return is 0.15% compared to fiscal year 2020's return of 1.24%

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$8,655 was spent on Business & Travel during the month of January. Year-to-date, we have spent a total of \$159,040.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 86 mg/l for the month of January which is down 27% compared to last month. The average alum dosage at Bull Creek for the month of January was 74 mg/l, which is down 6% compared to last month. Myrtle Beach is currently running at about 80 mg/l and Bull Creek is currently running at about 80 mg/l. In regards to water flows, Myrtle Beach flows were up 11% as compared to the same period last year and Bull Creek flows were down 7%. The total flows were down 3%. In regards to wastewater flows, the flows at Myrtle Beach were up 10% and the flows at Schwartz were up 35% as compared to last year. The total wastewater flows were up 26% compared to last year. We had an average of 5.2 inches of rain this January as compared to an average of 2.9 inches in January of 2020.

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

In regards to plant operation activities, our annual sanitary survey with SCDHEC for the Myrtle Beach SWTP is scheduled for March 4th. We will have a new inspector this year. At the Bull Creek SWTP, work has begun on the centrate pump station. This will send the centrate over to the Bucksport WWTP to be treated before being discharged.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, work has started to install influent meters for flow measurement. We have had a couple influent screw pumps fail recently due to corrosion from hydrogen sulfide. At the Lake View WWTP, work continues on the PLC programming and hardware replacement to improve the field discharge dosing on the non-discharge permit.

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 January.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Deerfield well, our staff has started construction of the waterline that will tie the well into the water system. In regards to the TPI well, all data shows the injected water meets drinking water standards. Our staff is compiling data to submit a package to SCDHEC to obtain permission to use the injected water for potable use. In regards to the Ten Oaks well, the well driller is on site and drilling of the well has begun. In regards to the River Oaks, Central and Cool Springs wells, our staff is working on the specifications for bidding out the work.

In the ASR program, for the month of January, we had a net injection of approximately 186.5 million gallons for an average daily injection of 6.0 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in January we smoke tested 71,375 feet of gravity line, televised 4,973 feet of

gravity sewer mains, responded to 245 sewer back-ups and 52 water quality/quantity complaints, collected 393 water quality samples, inspected 173 cross connection devices, 161 fire hydrants and 520 isolation valves, responded to 22 emergency and 4 scheduled main line shut-downs and completed 4,887 work orders.

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 updates in the Board packet. To-date, the Board has approved over \$4.4 million in the current two-year budget for the rural water program. In January, we approved one project for design for almost 1,200 linear feet of pipeline. Five projects moved from the design phase to the construction status for 5,420 linear feet of pipeline and 6 new customers. We issued service authorization to 4 projects for right at 9,000 linear feet of pipeline and 9 new customers.

On the sewer side, the Board has approved over \$6.0 million in the current two-year budget for the rural sewer program. In January, we authorized 5 new projects for design that will add 16,680 linear feet of pipeline and 10 new customers. Eleven projects were completed in the design phase and moved to the construction status that will add 18,780 linear feet of pipeline and 4 new customers. With all of the rain we have had it is a normal pattern for us to see increases in the number of customers who want to connect to public sewer due to failing septic tanks. We have seen an increase in both our field service requests and alternative sewer requests during the last month. We are trying to make sure that we get to these customers to get them on public sewer as quick as we can.

We currently have 103 projects in design and construction for 225,943 linear feet or 43 miles of pipeline that is waiting to be designed and installed. These projects will add 442 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 2021, we have approved and placed 7 projects online that added almost 2.5 miles of pipeline and 14 new customers.

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 January. Five developer extension projects and 7 commercial projects were submitted for review. The majority of these were single-family developments. We held 8 preconstruction meetings in January. These projects include 641 single-family lot developments and 10 REUs for commercial projects. We currently have 77 active developer extension projects in construction for 4,955 REUs. Of the total, we have 51 single-family projects for 3,461 single-family lots, 9 multi-family projects for just over 1,000 REUs and 15 commercial projects for 537 REUs. In January, we issued service authorization to 6 projects totaling 268 REUs at build out.

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

UPDATE/STATUS: Capital Projects: In regards to the Bucksport Composting Facility Pad Expansion, this project has been completed. This project has been turned over to Mr. Brown and his staff for operation.

In regards to the Bucksport Access Roadway, an inspection was done today. Mrs. Everett stated she was notified by the County that they intend to temporarily open access to the roadway for local traffic as the flood waters are going to cover Bucksport Road. However, there are still some punch list items to complete before the County will accept the road.

In regards to the Bucksport Marine Park, the contractor is still working. In January, there was lot of pile driving activity taking place. However, there is a stipulation within the USACOE permit restricting underwater activity from February through April due to the diadromous fish migration. Therefore, the contractor is working above water at this time. Utility work is also underway.

In regards to the Highway 701 to Highway 544 48" Waterline, the directional drilling subcontractor, Laney Directional Drilling, worked diligently to get the pilot hole drill completed. This was completed the day before the flood waters started to rise. They have had to demobilize from the platforms because the platforms are now underwater. They should start the reaming process in the next two weeks when the waters recede. This will be about a 6-week process as they ream the hole from a 12 inch hole to a 48 inch hole. Razorback Boring, Inc. is mobilizing this week to start the bore and jack work.

In regards to the International Drive Booster Pump Station, a bid opening was held last week. The bids are currently being evaluated.

In regards to the Longs WWTP, Ms. Everett shared an overhead drone photo of the plant site. The contractor is well underway. Fortunately, this is a very sandy site so the contractor has been able to continue working despite the recent heavy rainfall events. The site looks great. The contractor has done a good job. Mr. Brown and his staff are pleased with the work.

Ms. Everett called the Board's attention to the list of upcoming highway improvement projects in the Board Packet. These are projects that we are always having to plan and prepare for. In 2019, the State and Governor approved a law where we get 4% of the highway improvement project cost for reimbursement for water and sewer lines. We track these projects diligently. Some of the projects are funded by Horry County, DOT, RIDE 3, GSATS, etc. Each of these are projects that we have to evaluate for water and/or sewer relocation. We have to prepare memorandums of understanding and utility agreements with the state for reimbursement. We are currently working on several RIDE 3 projects. Mr. Hardee asked if we had discussions with other parties prior to the projects starting. Ms. Everett stated that one of the biggest benefits from the new law is the increased communication and coordination. Mr. Hardee and Ms. Everett briefly discussed this further.

CHARLES HUCKS JR., CHIEF OF TECHNOLOGY

Mr. Hucks briefly discussed recent news items related to utility security with the Board.

CHRYSAL SKIPPER, CHIEF OF ADMINISTRATION

UPDATE/STATUS: Customer/REU Monthly Report: Mrs. Skipper shared several graphs with the Board showing customer and REU data representing the past twelve months from February 2020 through January 2021. During the month of January, our total customer accounts increased by 424, which brings our customer account total to 107,494. Over the last consecutive twelve months, our total customer base has increased by 3,849 or 3.7%. For the month of January, our active accounts increased by 431, inactive accounts decreased by 29 and suspended accounts increased by 22.

In regards to REUs, for the month of January, our total REUs increased by 426, which brings our REU total to 162,030. Over the last consecutive twelve months, our total REUs have increased by 2.9%. For the month of January, our active REUs increased by 444, inactive REUs decreased by 45 and suspended REUs increased by 27 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 January, the grand total for all purchase orders over \$2,500 was approximately \$1.8 million. The largest purchase order for January was issued to Pittsburg Tank and Tower Maintenance for \$399,119 for the Conway Mills Tank modifications. Other large purchase orders included 3 new CAT mobile generators for \$152,875, 56 new Flygt grinder stations for our warehouse inventory for \$149,621, Goodwyn Mills and Cawood, Inc. engineering services for the International Drive Booster Pump Station for \$124,990 and Barnes grinder pump stations and ¾" meters for our warehouse inventory.

Mrs. Skipper stated that during the month of January, our 2020 Annual Report was placed on our website for external customers to view.

Mrs. Skipper stated our Customer Service Department sent out the annual customer service survey in January. There were 400 paper surveys randomly selected and mailed to customers and a total of 2,000 e-billing customers were randomly selected to complete the survey electronically. The deadline to complete the survey was February 5th. Our Customer Service Department is currently going through the surveys. Customers who complete the survey will receive a \$5 credit on their account.

Mrs. Skipper also provided the Board with a COVID-19 update. We have had a total of 55 employees test positive for COVID-19 which is an increase of 9 employees since our last Board Meeting. We have had a total of 371 situations where employees have been exposed, tested, displayed symptoms, etc. which is an increase of 45 since last month. We have had 20 employees take time off due to COVID related childcare needs and 176 employees have used a COVID hour code on their timesheet. In regards to the COVID vaccine, we currently have 64 employees on the list to receive the vaccine and we are aware of 6 employees who have already received one or both shots.

OTHER BUSINESS:

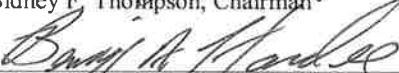
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and upcoming Budget Retreat dates of Thursday and Friday, May 6th and 7th.

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