

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 FEBRUARY 28, 2022

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	11	11	100%
Benjy A. Hardee, Vice Chairman	11	11	100%
Arnold T. Johnson, Secretary	11	11	100%
J. Liston Wells, Member	11	11	100%
Wilbur M. James, Member	11	11	100%
Mark K. Lazarus, Member	11	11	100%
L. Morgan Martin, Member	11	8	73%
Radha B. Herring, Member	11	10	91%

MEMBERS ATTENDING VIA TELECONFERENCE:			
Richard Singleton II, Member	11	11	100%

STAFF PRESENT:
 Christy Everett, Chief Executive Officer
 Keri Squires, Chief of Accounting and Finance
 Neeraj Patel, Chief of Field Operations
 Tim Brown, Chief of Plant Operations
 Chrystal Skipper, Chief of Administration
 Matt Minor, Chief of Engineering and Construction
 Mary McKellar Hunsucker, HR Manager
 Craig Dunn, New Services Superintendent

LEGAL COUNSEL:
 Amanda Bailey, Burr Forman

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 Secretary, Arnold Johnson.

APPROVAL OF JANUARY 24, 2022 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Wells, the minutes were approved as presented.

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

DISCUSSION/ACTION: A Resolution to Ratify the Employment Agreement Between Grand Strand Water and Sewer Authority and Christy Everett, Entered Into on January 24, 2022 and Effective February 1, 2022. Upon motion duly made by Mr. James and seconded, the resolution was approved as presented.

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

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

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

Ms. Everett announced to the Board that the Chief of Engineering and Construction position was filled by Matt Minor. Matt has been in the Engineering Department at GSWA for over 13 years. He came to us from the University of South Carolina where he obtained a Civil Engineering degree.

DIVISION REPORTS:

KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

Mrs. Squires provided the Board with additional information and clarification on the investment portfolio and investment managers. At the last Board meeting, preliminary information was shared regarding the RFP responses for our investment management portfolio as well as our OPEB trust account. At that time, we discussed the three top candidates, PFM Asset Management LLC, PNC Capital Advisors and First Citizens Wealth Management. All three top candidates were well-qualified.

Since the last Board meeting, Ms. Everett and Mrs. Squires got together and requested interviews and a presentation from PNC Capital Advisors and First Citizens Wealth Management since both of these firms are firms we do not currently use. We were able to see their presentation styles, tools they offer and their investment strategies. After an in-depth review and analysis, we would like to proceed with an award for each of the top three institutions. We would like to continue using PFM Asset Management LLC. PNC Capital Advisors would replace 1919 Investment Counsel and First Citizens Wealth Management would manage our OPEB trust account which is currently managed by Truist. We would like to make these changes and have the accounts set-up by April 1st.

Mrs. Squires also stated an RFP for our auditing services was sent out on February 11th. We currently have a contract with Smith Sapp CPAs. We have been with them for five years now. We typically do a three-year contract with an option to renew in years four and five. Mrs. Squires sent out an RFP to several accounting firms. She contacted them in advance so they knew to be expecting the RFP. Responses are due back on March 9th.

UPDATE/STATUS: January 2022 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for January 2022 with the Board. As of January 31, 2022, our total operating revenues were \$67.1 million, which is a 10% increase from the prior fiscal year. However, this is only a 6% increase compared to fiscal year 2020. Our largest increases in operating revenues were increases in monthly water and wastewater fees, customer fees and tap fees. Monthly water fees were up in all categories. The largest increases were in water availability, volume, excess, Bull Creek and Myrtle Beach water revenues. Monthly wastewater fees were up in all categories except bulk. The largest increases were in wastewater availability, volume and Myrtle Beach revenues. Increases in availability and volume made up 60% of the increase and Myrtle Beach revenues represent 27% of the increase. Customer charges have increased 25% or \$277,702 as compared to fiscal year 2021. Our tap fees have increased \$347,629 or 12%. Our total operating expenses are \$56.9 million, which is an increase of \$4.8 million from the prior fiscal year. Our biggest changes come from personnel services, outside services, capital outlay and debt service. Personnel services have increased due to a small merit increase as well as increases in retirement and health insurance costs. The largest increases in outside services come from professional services. Capital Outlay has increased because the equipment and vehicles budgeted this year are more comparable to a normal fiscal year. In fiscal year 2021, we made several cuts to our budget and deferred purchases to 2022 due to COVID-19. Debt service increased due to additional borrowing for SRFs and the new money Bonds of 2021. We currently have a surplus of \$10.2 million which is an increase of \$1.1 million from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$13.8 million, which is a decrease of \$499,251 or 4% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$2.7 million. The increase was partially offset by a decrease of \$3.9 million in investment income and special fees and contributions. The \$1.7 million decrease in special fees and contributions is due to us receiving funds from the chemical bid rigging settlement in fiscal year 2021.

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 \$117.7 million. To-date, we have earned \$67.1 million or 57% of budget. Our revenues are right on target with our budget. Our operating expense budget is \$117.7 million. Year-to-date we have spent \$56.9 million or 48% of the budget. As the fiscal year continues, our operating expenses will continue to increase as well. Capital

Outlay is currently only at 26% of the total budget. This will increase as we receive vehicles and equipment throughout the year. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$13.8 million or 44% of budget. Impact fees are higher than originally estimated and investment income is lower than estimated due to current market conditions.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$58.0 million with a current month yield of (0.94%), a three month yield of (1.01%) and a twelve month yield of (1.87%). The balance in our PFM Asset Management LLC accounts is \$60.9 million with a current month yield of (0.75%), a three month yield of (1.03%) and a twelve month yield of (1.85%) Overall, we have \$118.9 million invested with managers. The funds invested by our internal staff total \$80.6 million. Mrs. Squires reminded the Board that we have an insured cash sweep of \$28.6 million with Anderson Brothers Bank. It has been performing well with a current month yield of 0.03%, a three month yield of 0.08% and a twelve month yield of 0.30%. Mrs. Squires stated that she keeps moving excess cash to this account. Our debt service accounts total \$6.7 million. Our total investment portfolio is \$206.2 million with a current month yield of (0.48%), a three month yield of (0.57%) and a twelve month yield of (1.02%).

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. 1919 Investment Counsel's fiscal year-to-date return is (1.51%) which is just below the 1-5 year benchmark return of (1.50%). This year's fiscal year-to-date return for PFM Asset Management LLC is (1.41%) which is just above the benchmark. The Local Government Investment Pool's fiscal year-to-date return is 0.83% compared to fiscal year 2021's return of 1.83%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$15,504 was spent on Business & Travel during the month of January. Year-to-date, we have spent a total of \$196,920.

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 January which is down 4% compared to last month. The raw quality has been very consistent and we have not had a lot of rain. The average alum dosage at Bull Creek for the month of January was 55 mg/l, which is up 78% compared to last month. Myrtle Beach is currently running at about 65 mg/l and Bull Creek is currently running at 42 mg/l. In regards to water flows, Myrtle Beach flows were up 3% as compared to the same period last year and Bull Creek flows were up 21%. The total flows were up 18%. In regards to wastewater flows, the flows at Myrtle Beach were down 4% and the flows at Schwartz were down 8% as compared to last year. The total wastewater flows were down 15%. This is a sign that we have not had a lot of rain.

UPDATE/STATUS: Compliance with DHEC Water and Wastewater Treatment Plant Requirements: Mr. Brown stated all water reporting was in compliance with DHEC requirements for the month of January. In regards to wastewater reporting, we had a violation at the new Longs WWTP. We looked good on ammonia and BOD but were still trying to debug some things. We had to report a percent removal violation of TSS for the Longs WWTP during the start-up of the plant. An 85% TSS removal is required. Currently, we meet this requirement but during the start-up there was a time when we did not. All other required reporting was in compliance with SCDHEC requirements.

In regards to plant operation activities, at the Myrtle Beach SWTP, repair work is ongoing to rebuild one of the two intake screens. The plant piping is currently being painted by the contractor. At the Bull Creek SWTP, work continues with Goodwyn Mills Cawood (GMC) on the design of the 60 MGD upgrade to the plant. We are nearing the 60% design point on this project. GMC is starting to send out some of the technical memorandums.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, work continues with MBD Consulting Engineers, P.A. on the design of a new influent pump station and headworks structure. We are trying to get around the influent screw pumps. We have had a lot of issues with them. We just put in two self-priming pumps to replace two of them. In regards to the Longs WWTP, we started up the plant on January 10th. We are still fine-tuning the denitrification process. We had solids on the clarifier, but this is looking a lot better now. In regards to the Schwartz WWTP, work continues on the digester blower maintenance issues. In regards to the Central WWTP, we met with the Waccamaw Council of Governments to get the NPDES permit reinstated for this plant.

Mr. Brown shared and explained an overview image of the Longs WWTP with the Board. We are working with DHEC to get approval to close the lagoon. We will fill it in. The plant ran at approximately 650,000 gallons per day for most of the month of February. As of today, we actually opened more valves and earlier today we were running approximately 1 MGD. Mr. Brown further discussed the plant treatment process with the Board. Mr. James asked how much expansion was available at the plant. Mr. Brown stated that the plant was designed to be a 3 MGD facility.

Mr. Lazarus asked Mr. Brown about the odor at the Myrtle Beach WWTP. Mr. Brown stated that the odors were worse when we had to remove the covers off the screws to replace the pumps. The covers were placed back on the pumps last Friday so the odor should have gotten better. Mr. Brown further explained how the process was changing and how the odors should improve.

Mr. Lazarus also asked about the proposed increase in the rates being billed by the City of Myrtle Beach (City) to its customers. The staff and the Board further discussed the influent flow meters which were installed through a joint venture with the City and resulted in a more accurate measurement of influent flows from the City. Mrs. Herring stated that she was also approached by someone at a legislative event about the cost of water in the City. After further discussion the Board requested for the staff to conduct an analysis to better understand the situation.

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 Ten Oaks well in Carolina Forest, we received the follow-up construction permit from DHEC. In regards to the Braves Village well, the screens are being installed. In regards to the Highway 410 Blend well, the screen locations have been finalized with the contractor. In regards to the Cool Springs well, the final borehole is being reamed and we are awaiting delivery of the screens. In regards to the Deerfield well, monthly cycle testing continues.

In the ASR program, for the month of January, we had a net injection of approximately 150.4 million gallons for an average daily injection of 4.9 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in January we smoke tested 43,445 feet of gravity line, cleaned and televised 16,459 feet of gravity sewer mains, responded to 229 sewer back-ups and 74 water quality complaints, collected 386 water quality samples, inspected 210 cross connection devices, 203 fire hydrants and 729 isolation valves, responded to 34 emergency main line shut-downs and completed 4,580 work orders mostly for meter reading services.

MATT MINOR, CHIEF OF ENGINEERING AND CONSTRUCTION

UPDATE/STATUS: Rural Water and Sewer Projects: Mr. Minor called the Board's attention to the rural water and sewer projects in the Board packet. Mr. Minor stated in regards to the fiscal year 2020/2021 two-year budget, there are still 5 projects in the construction status with one project receiving service authorization in January. In fiscal

year 2022, the Board has approved \$1.8 million in the rural water program. In January, we authorized 7 projects for design for 13,000 linear feet of pipeline and 19 new customers. Eight projects moved from the design phase to construction for over 35,000 linear feet of pipeline and 27 new customers. We issued service authorization to 2 projects adding 16,040 linear feet of pipeline and 7 new customers.

On the sewer side, we currently have 5 projects that were approved and appropriated in the fiscal year 2020/2021 budget with 3 projects receiving service authorization in January. In the fiscal year 2022/2023 budget, the Board has approved over \$3.3 million for the rural sewer program. In January, we authorized 4 new projects for design that will add 3,500 linear feet of pipeline and 15 new customers. Five projects moved to the construction status for approximately 17,000 linear feet of pipeline and 22 new customers. We issued service authorization to 5 projects for 22,000 linear feet of pipeline and 77 new REUs. Of the 77 REUs, 62 REUs were for the Old Highway 90 developer extension project.

In total, we have 129 water and sewer projects currently in design and construction for over 61 miles of pipeline and 430 REUs.

Mr. Minor referenced the chart within the Board packet that displays the cumulative miles of rural water and sewer line installed. So far in 2022, we have approved and placed into operation approximately 3 miles of water line and 5 miles of sewer line.

UPDATE/STATUS: Developer Projects: Mr. Minor shared a map with the Board showing the locations of the developer projects that were reviewed in the month of January. The New Services Department had 7 new developer extension projects submitted for review in January for 857 REUs and 11 commercial applications were reviewed for 14 REUs. In January, we held 5 preconstruction meetings. Currently, we have 102 active developer extension projects. Seventy of these projects are in the construction or close out phase for 8,441 REUs. In January, we issued service authorization to 12 projects for 780 REUs at build out.

Mr. Minor briefly reviewed and called the Board's attention to the trend charts in the Board Packet.

UPDATE/STATUS: Capital Projects: In regards to the marine park, A.O. Hardee & Son, Inc. completed the asphalt surface for the infrastructure and striping will be completed this month. A final inspection is scheduled for the first week of March.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade, survey work has been completed and Goodwyn Mills Cawood (GMC) has completed the technical memorandums for the design components of the project. The preliminary engineering report including the water transmission main is currently being reviewed by our staff for submittal to SCDHEC. The 60% design review meeting is scheduled for the week of April 11th.

In regards to the Bull Creek Drainage Improvements, the preliminary engineering report has been submitted to SCDHEC for review and approval. We are working on finalizing the construction drawings and bid documents and plan to advertise this project for bids in March.

In regards to the Conway to Bucksport WWTP Flow Diversion, SCDHEC has approved the preliminary engineering report to be considered for State Revolving Loan Funding. Horry County has awarded \$4 million through the ARPA allocations for this project. The construction drawings for the linework and pump station at the Conway WWTP will be completed and submitted to DHEC and Horry County for construction permits.

In regards to the Conway WWTP Effluent Structure Upgrade, the construction contract was awarded to The Harper Corporation General Contractors for \$3,179,000. A pre-construction meeting was held on February 15th. The contractor will begin working on submittals and shop drawing approval. A Notice to Proceed will be issued for work to

start on or before April 11th. This project is being partially funded by a FEMA Hazard Mitigation Grant.

In regards to the Highway 701 to Highway 544 48" Waterline project, this project is nearing completion. Ruby-Collins, Inc. has installed approximately 26,800 linear feet of waterline to-date with only a few hundred feet left to be installed. Once this work is complete, flushing and pressure testing will begin in preparation for chlorination, test results and tie-ins over the next couple of months.

In regards to the International Drive Booster Pump Station project, the contractor has completed the 24" and 30" tie-ins as well as the bridge crane installation. The pumps and VFDs have been set. The contractor is working to complete the installation of the 36" bypass piping as well as HVAC units and antennas. The estimated completion date for this project is May 30, 2022.

In regards to the International Drive to North Booster Pump Station 36" Water Main project, the preliminary engineering report is currently being reviewed by SCDHEC. The cultural resources survey has been completed through the Lewis Ocean Bay Heritage Preserve. The wetland delineation should be complete in March. GMC is the engineer for this project and they are currently working on 60% design drawings.

In regards to the Old Highway 90 Elevated Water Storage Tank project, the contractor, Phoenix Fabricators and Erectors, Inc., has initiated sitework and mobilized to the site. They are currently preparing for the foundation work to begin shortly.

CHRYSAL 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 February 2021 through January 2022. For the month of January, our total customer accounts increased by 342 customers which brings our customer account total to 112,926. Over the last twelve months, our total customer base has increased by 5,083 customers or 4.7% which is an increase of 1% from the same time period last year. In January, our active accounts increased by 334, inactive accounts decreased by 17 and suspended accounts increased by 25.

In regards to REUs, in January, our total REUs increased by 436 which brings our REU total to 169,369. Over the last twelve months, our total REUs have increased by 6,906 or approximately 4.25%. For the month of January, our active REUs increased by 375, inactive REUs decreased by 19 and suspended REUs increased by 80.

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. The grand total for all purchase orders over \$2,500 issued in January was approximately \$5.1 million. The largest purchase order in January was issued to Phoenix Fabricators and Erectors, Inc. for \$2.8 million for the Old Highway 90 Elevated Tank project. Other large purchase orders included purchase orders for the AMI network installation and meter boxes to Ferguson Waterworks for a combined total of \$595,970, the Garden City elevated tank renovation to Utility Service Co., Inc. for \$184,611, a 24" waterline replacement off Highway 544 to Lawrimore Construction, Inc. for \$158,000 and grinder pump stations for inventory to Tencarva Machinery, Co. for \$104,143.

UPDATE/STATUS: Use of Company Communications Equipment and Systems, Including Computers, Telephones, Cellphones, and Internet/Intranet Employee Policy. We experienced a lot of issues in the past year related to employees accessing files as well as other issues. As a result, Henrietta Golding with Burr Forman created a policy for us to adopt for our employees. The policy is very detailed. Mrs. Skipper shared several of the highlights of the policy with the Board. This policy will replace the existing email/internet policy we currently have. The policy includes verbiage from our old policy but it also includes more detailed information as a result of the events that took place this past year. Mrs. Skipper stated this policy would be distributed to all employees tomorrow and would be updated in the Personnel Manual as well.

OTHER BUSINESS:

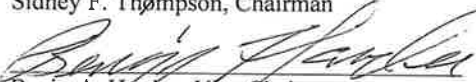
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report upcoming 2022 AWWA Conference in San Antonio, Texas, June 11th through June 16th and the upcoming Budget Retreat dates of Thursday, May 5th and Friday, May 6th.

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

Ms. Everett provided the Board with a Chief Executive Officer's Report for the month of February 2022 highlighting the meetings, events and activities conducted during the month of February for the Board's information.

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

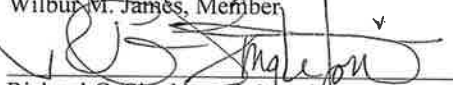

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