

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 JANUARY 25, 2021

	#MEETINGS (Since 7/1/20)	#ATTENDED (Since 7/1/20)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	6	5	83%
Benjy A. Hardee, Vice Chairman	6	6	100%
Arnold T. Johnson, Secretary	6	6	100%
Wilbur M. James, Member	6	6	100%
Mark K. Lazarus, Member	6	5	83%
L. Morgan Martin, Member	1	1	100%
Richard Singleton II, Member	6	5	83%
J. Liston Wells, Member	6	6	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

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 NOVEMBER 23, 2020 MINUTES: Upon motion duly made by Mr. Wells, seconded by Mr. James, the Minutes of the November 23, 2020 meeting were approved as presented.

Chairman Thompson welcomed the newest Board Member, Mr. Morgan Martin.

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

DISCUSSION/ACTION: Families First Coronavirus Response Act. Mr. Richardson stated the Families First Coronavirus Response Act, which expired December 31st, provided paid time off for employees affected by COVID-19. Mr. Richardson stated we extended the benefits to employees through January 31st. Mr. Richardson suggested that since a vaccine will be available soon, we should keep the existing policy in place until the vaccine has been made available to all GSWSA employees. Mr. Richardson suggested not providing any additional leave once all employees have had the opportunity to get the vaccine. Mr. James made a motion, which was seconded by Mr. Singleton, to go with Mr. Richardson's recommendation to stop offering the additional paid time off benefits to employees once the vaccine was made available to all employees. After a brief discussion, the motion was unanimously approved by the Board.

DISCUSSION/ACTION: COVID-19 Vaccine. Mr. Richardson stated we conducted a survey to determine whether or not other local companies were making the vaccine mandatory for all employees. Mr. Richardson stated that his recommendation was not to mandate that all employees get the vaccine. Mr. Singleton asked about the time frame for the vaccine being available. Mrs. Skipper explained that we currently fall in the Phase 1C category and the vaccine is projected to be available to our employees in early Spring.

Mr. Richardson and the Board further discussed whether or not an incentive should be offered to employees who get the vaccine. Upon motion of Mr. Hardee, seconded by Mr. Singleton, the Board unanimously approved not to incentivize employees who choose to get the vaccine, but to make the vaccine available to all employees and allow them time off during the day to get the vaccine.

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. Wells, 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: November/December 2020 Financial Statements: Mrs. Squires called the Board's attention to the November preliminary consolidated budget report in the Board packet. She reviewed the details of the preliminary consolidated budget report for December 2020 with the Board. As of December 31, 2020, our total operating revenues were \$53.0 million, which is a decrease of \$1.3 million from the prior fiscal year. Monthly water fees are down in all categories except availability. Monthly wastewater fees are down in all categories except availability and bulk revenue. Our tap fees have increased 38% or \$713,705. Our total operating expenses are \$45.0 million, which is an increase of \$29,516 from the prior fiscal year. Personnel Services have increased \$497,530 which is the result of a small merit increase as well as an increase in health insurance costs. We have an increase in our supplies and materials cost of \$957,007 due to an increase in treatment costs. Capital outlay has decreased \$1.4 million which is mostly due to a decrease in the overall budget for capital outlay. We still continue to have a surplus of \$8.1 million. Mrs. Squires reported total non-operating revenues of \$12.3 million, which is an increase of \$374,481 from the prior fiscal year. The largest decrease in non-operating revenues is a decrease in investment income of \$1.4 million. This decrease is offset by a combined increase of \$1.3 million in water and sewer impact fees. Special fees and contributions are up by \$279,049. Included in special fees and contributions is a \$1.0 million check from the Cook vs. Santee Cooper class action law suit.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of December 31st, we should be at approximately 50% of our budget. Our operating revenues were budgeted at \$105.9 million. We are currently at \$53.0 million or 50% 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 \$45.0 million or 42% of the budget. Our costs will continue to increase as the year progresses and committed funds are spent. Non-operating revenues were budgeted at \$26.0 million and to-date we have earned \$12.3 million or 47% of budget.

UPDATE/STATUS: Investment Analysis: In our 19/19 Investment Counsel accounts we have a balance of \$59.2 million with a current month yield of 0.08%, a three month yield of 0.10% and a twelve month yield of 3.26%. The balance in our PFM Asset Management LLC accounts is \$62.1 million with a current month yield of 0.09%, a three month yield of 0.19% and a twelve month yield of 4.46%. Overall, we have \$121.3 million invested with managers. The balance in our construction fund with Anderson Brothers Bank is \$40,866. During the month of December, we drew down \$785,000 to reimburse ourselves for expenditures for associated capital projects. This account was closed out in the month of January. Our total investment portfolio is \$168.6 million with a current month yield of 0.06%, a three month yield of 0.12% and a twelve month yield of 2.97%.

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 0.50% Last year's fiscal year-to-date return was 1.21%. This year's fiscal year-to-date return for 19/19 Investment Counsel is 0.26%, as compared to last year's 1.10%. 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 0.16%. The Local Government Investment Pool's fiscal year-to-date return is 0.14% compared to fiscal year 2020's return of 1.08%

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$14,050 was spent on Business & Travel during the month of December. Year-to-date, we have spent a total of \$150,385.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 118 mg/l for the month of December which is up 1% compared to last month. The average alum dosage at Bull Creek for the month of December was 79 mg/l, which is down 23% compared to last month. Myrtle Beach is currently running at about 90 mg/l and Bull Creek is currently running at about 60 mg/l. In regards to water flows, Myrtle Beach flows were up 7% as compared to the same period last year and Bull Creek flows were down 4%. The total flows were down 1%. In regards to wastewater flows, the flows at Myrtle Beach were down 1% and the flows at Schwartz were up 13% as compared to last year. The total wastewater flows were up 7% compared to last year.

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 December.

In regards to plant operation activities, at the Myrtle Beach SWTP, we received bids for coating the headspace in the ozone contact chamber to protect the concrete from degradation from ozone. We received two bids. Osborn Contract Services, Inc. submitted a bid for \$85,543 and Carolina Management Team LLC submitted a bid for \$111,493. We are going through the purchasing requirements and will probably select Osborn Contract Services, Inc. to complete the work. At the Bull Creek SWTP, work on the centrate pump station will begin in late January. This will send the centrate over to the Bucksport WWTP. We are adding an additional layer of treatment because currently the centrate goes into the drainage canal and then back to the river.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, work will begin in the next week or two to install influent meters for flow measurement. This work should be completed by May. 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. In regards to the Longs WWTP, construction is going well. Start-up of the plant should be around September of this year.

In regards to agricultural operations, the compost pad expansion project is almost complete. We are awaiting inspection and lagoon liner replacement.

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 months of November and December.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Deerfield well, construction of the wellhouse building is complete. In regards to the TPI well, staff continues to perform the necessary monthly cycle testing. We are hoping to have this well in operation this Summer. In regards to the Ten Oaks well, the contractor has initiated mobilization to the site and should begin drilling the well shortly. In regards to

the River Oaks, Central and Cool Springs wells, we have received the necessary permits from SCDHEC.

In the ASR program, for the month of December, we had a net injection of approximately 182.7 million gallons for an average daily injection of 5.9 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, Mr. Patel called the Board's attention to the summary of the division's monthly activities for the month of December in the Board packet.

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. She stated we are continuing to design and construct pipeline out into the rural communities. To-date, the Board has approved over \$4.2 million in the current two-year budget for the rural water program and over \$5.4 million in the current two-year budget for the rural sewer program. We currently have 103 projects in design and construction for 221,698 linear feet or 42 miles of pipeline that will be designed and installed in the upcoming year. We will be adding 430 customers to the rural program associated with these projects.

Ms. Everett referenced the chart within the Board packet that displays the cumulative miles of rural water and sewer line installed. In the past 10 years, our rural program has averaged over 26 miles of pipeline annually. Annually we install approximately 13.5 miles of water line and approximately 12.5 miles of sewer line. In calendar year 2020, we installed nearly 44 miles of pipeline in the rural water and sewer program. We were well over our average this year. We outsourced some of this work this year. Mr. James asked if we needed to continue to outsource work. Mrs. Everett stated that we did and said we are currently looking at bidding out a project to install approximately 40,000 linear feet of pipeline. Ms. Everett and the Board briefly discussed the success of our rural program.

UPDATE/STATUS: Developer Projects: Ms. Everett shared a map with the Board showing the locations of the developer projects that were reviewed in the months of November and December. Thirteen developer extension projects and 13 commercial projects were submitted for review. In November we reviewed 756 REUs and in December we reviewed 319 REUs. The majority of these were single-family developments. In November and December we held 11 preconstruction meetings for projects that are now under construction. These projects include 342 REUs for single-family developments, 352 REUs for multi-family developments and 276 REUs for commercial projects. One of the large commercial projects is an assisted living facility. We currently have 77 active developer extension projects in construction for right at 5,000 REUs. Of the total, we have 47 single-family projects for 3,073 single-family lots, 12 multi-family projects for just over 1,300 REUs and 18 commercial projects for 545 REUs. In November and December, we issued service authorization to 13 projects totaling 614 REUs. Most of these are single-family lots.

Ms. Everett reviewed the trend charts regarding new projects with the Board.

UPDATE/STATUS: Capital Projects: In regards to the Bucksport Composting Facility Pad Expansion, this project is nearly complete.

In regards to the Bucksport Access Roadway, our final inspection with the County is scheduled for Thursday. We are hoping to receive final approval so the roadway can be opened.

In regards to the Bucksport Marine Park, construction is well underway. The water and sewer infrastructure is being installed. The marine subcontractor has mobilized and started the pile driving activities for the travel lift and docks.

In regards to the Highway 701 to Highway 544 48" Waterline, the directional drilling subcontractor, Laney Directional Drilling, got off alignment with the pilot drill under the river and had to abandon the pilot hole and start over. Now, they are being more diligent

with their drill to stay within the specifications and alignment. They have drilled approximately 750 feet under the river and hope to be on the other side of the river next week. The soil conditions and changes under the river have required them to change out the drill head so it is taking them a little longer.

In regards to the International Drive Booster Pump Station, we advertised for bids for this project last week. The bid opening is set for 2:00 p.m. on February 18th.

Ms. Everett called the Board's attention to the annual reports we submit to DHEC for our General Water Construction Permit and the Alternative Sewer Program. Every January we notify DHEC of the linear footage of pipeline installed under the General Water Construction Permit and the number of customers we have added on the individual grinder pump station program.

CHARLES HUCKS JR., CHIEF OF TECHNOLOGY

UPDATE/STATUS: Technology Update. Mr. Hucks shared the timeline for the systems replacement with the Board as has been previously discussed. This month we are finishing up the functional requirements and solicitations will go out next month. We should be able to make a vendor selection in April and then meet the other milestones. The data conversion and standardization has been going on and will continue to before we even know what the final product will be. This will be a big effort.

CHRYSTAL SKIPPER, CHIEF OF ADMINISTRATION

UPDATE/STATUS: Customer/REU Monthly Report: Mrs. Skipper shared several graphs with the Board showing customer and REU data. Mrs. Skipper referenced the chart that displays data for the entire 2020 calendar year. During the year, we had an increase of 3,735 total customer accounts or 3.6%. This is an increase of 303 customers as compared to calendar year 2019. For the months of November and December, we had a net increase of 643 customer accounts.

In regards to REUs, for calendar year 2020, we had an increase of 4,603 REUs or 2.93%. This is 65 REUs higher than calendar year 2019. Since October, we had a net increase of 757 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 months of November and December, the grand total for all purchase orders over \$2,500 was approximately \$3.8 million. For the month of November, the largest purchase order was issued to North American Construction Company, Inc. for \$279,061 for the Bull Creek SWTP Centrate Pump Station. Other large purchase orders in November included a purchase order for \$113,250 for a switchgear control system for the Myrtle Beach SWTP, stretch boxes for our warehouse inventory and a purchase order for the cleaning and inspecting of sewer lines in the Mullins area. During the month of December, large purchase orders included parts for our warehouse inventory stock, a purchase order to Piedmont Automation, Inc. for \$217,235 for the upgrade of SCADA equipment at the Myrtle Beach WWTP, Coats Road water materials and a new standby generator for PS#319.

Mrs. Skipper updated the Board on the personnel changes that took place from October to December of 2020. We ended the quarter with 336 full-time employees. We had a total of 11 job postings, hired 6 employees externally, 3 employees were selected for internal job openings and 7 employees left GSWA which included 1 retirement, 1 termination and 5 resignations.


Mrs. Skipper also provided the Board with a COVID-19 update. We have had a total of 46 employees test positive for COVID-19 which is an increase of 29 employees since October. We have had a total of 326 situations where employees have been exposed, tested, displayed symptoms, etc. We have had 20 employees take time off due to COVID related childcare needs and 160 employees have used a COVID hour code on their timesheet.

OTHER BUSINESS:

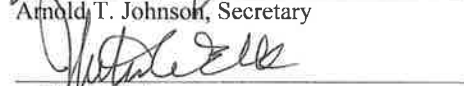
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and upcoming Budget Retreat dates of Thursday and Friday, May 6th and 7th.

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 T. 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