

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 JULY 25, 2022

	#MEETINGS (Since 7/1/22)	#ATTENDED (Since 7/1/22)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	1	1	100%
Benjy A. Hardee, Vice Chairman	1	1	100%
Arnold T. Johnson, Secretary	1	1	100%
J. Liston Wells, Member	1	1	100%
Wilbur M. James, Member	1	1	100%
L. Morgan Martin, Member	1	1	100%
Radha B. Herring, Member	1	1	100%

MEMBERS ATTENDING VIA TELECONFERENCE:			
Richard Singleton II, Member	1	1	100%
Mark K. Lazarus, Member	1	1	100%

STAFF PRESENT:
 Christy Everett, Chief Executive Officer
 Keri Squires, Chief of Accounting and Finance
 Neeraj Patel, Chief of Field Operations
 Chrystal Skipper, Chief of Administration
 Matt Minor, Chief of Engineering and Construction
 Mary McKellar Hunsucker, HR Manager

LEGAL COUNSEL:
 Amanda Bailey, Burr Forman

VISITORS:
 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 JUNE 27, 2022 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Wells, the Minutes of the June 27, 2022 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: Resolution 03-22: A Resolution to Authorize the Chief Executive Officer to Execute and Submit an Application to the South Carolina Water Quality Revolving Fund Authority for a Loan in the Amount of \$9,264,473 for the Conway to Bucksport WWTP Flow Diversion and to Grant a Pledge of and Lien on Revenues for Repayment. Upon motion duly made by Mr. Johnson, seconded by Mr. James, the resolution was unanimously approved as presented.

DISCUSSION/ACTION: Resolution 04-22: A Resolution to Authorize the Chief Executive Officer to Execute and Submit an Application to the South Carolina Water Quality Revolving Fund Authority for a Loan in the Amount of \$699,537 for the Bull Creek SWTP Drainage Improvements and to Grant a Pledge of and Lien on Revenues for

Repayment. Upon motion duly made by Mr. Johnson, seconded by Mr. Wells, the resolution was unanimously approved as presented.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Water Projects. Upon motion of Mr. Johnson, seconded by Mr. Wells, the capital budget appropriation requests for rural water projects were unanimously approved by the Board as presented.

DISCUSSION/ACTION: Carolina Forest Sports Ministry Sod Donation Request. Ms. Everett stated we received a request from the Carolina Forest Sports Ministry for 18 pallets of sod. This is part of the Carolina Forest Community Church. There are more than 1,200 kids who participate in their sporting event programs. Upon motion duly made by Mr. Johnson, seconded by Mr. Hardee, the sod donation request was unanimously approved as presented.

DISCUSSION/ACTION: SCDNR Locomotive Removal Request. Ms. Everett stated we received a request from the Horry County Parks and Recreation, the City of Conway and SCDNR to remove the historical locomotive which is located on GSWSA property adjacent to the Waccamaw River. The locomotive was likely used in logging operations. Once removed, this historical locomotive will likely be housed in a museum in the City of Conway. Upon motion duly made by Mr. Johnson, seconded by Mr. James, the request to remove the locomotive was unanimously approved as presented.

DISCUSSION/ACTION: Approval of Board Expenses for AWWA Conference in San Antonio, Texas June 11th – 16th, 2022. Upon motion duly made by Mr. Wells, seconded by Mr. Johnson, the expenses were unanimously approved as presented.

Ms. Everett stated that the monthly report for the Chief Executive Officer was included for the Board's information.

Ms. Everett stated we recently hired the new Network/Security Administrator in the IT Department. He will be starting next Monday and will oversee our security, networks and endpoints. We have also contracted with a third party to monitor our endpoints and cyber security threats.

DIVISION REPORTS:

KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: June 2022 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for June 2022 with the Board. As of June 30th, our total operating revenues were \$119.2 million, which is an 8% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water and wastewater fees, customer fees, tap fees and agricultural crop sales. Monthly water fees were up in all categories. The largest increases were in water availability, volume, Bull Creek and Myrtle Beach water revenues. Monthly wastewater revenues were up in all categories except wastewater bulk. Wastewater bulk revenues are affected by having less rainfall. The largest increases were in wastewater availability, volume and Myrtle Beach revenues. Increases in availability and volume make up approximately 69% of the increase in water and wastewater fees. Customer charges have increased 24% or \$479,493 as compared to fiscal year 2021. Our tap fees have increased \$597,956 or 11%. Our total operating expenses are \$101.1 million, which is an increase of \$8.1 million from the prior fiscal year. Our biggest changes come from personnel services, supplies and materials, capital outlay and debt service. Personnel services have increased 4% due to nine additional employees, a merit increase, increases in overtime, employer retirement costs and related taxes. Supplies and materials have increased \$1.1 million. Fuel accounts for approximately 60% of the increase in supplies and materials. Fuel costs have increased 55% as compared to June 2021. 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 fiscal year 2022 due to COVID-19. Debt service increased approximately \$2.3 million. The majority of the increase is due to the Bonds of 2021 which included new money as well as the refinancing of some of our existing debt. We currently have an operating surplus of \$18.1 million which is an increase

of \$457,389 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$23.2 million, which is an increase of \$234,084 or 1% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$5.3 million which was not quite enough to offset the \$5.5 million decrease in investment income.

Mrs. Squires shared the consolidated budget to actual report with the Board. This report reflects the revised budget which was proposed and approved tonight. As of June 30th, we should be at approximately 100% of our budget. The numbers presented tonight are not complete for the fiscal year. We are continuing to accrue revenues and process expenditures for work done prior to June 30th. Our operating revenues were budgeted at \$114.7 million. To-date, we have earned \$119.2 million or 104% of budget. Our operating expense budget is \$114.7 million. Year-to-date we have spent \$101.1 million or 88% of the budget. Total non-operating revenues were budgeted at \$29.4 million and to-date we have earned \$23.2 million or 79% of budget. Special fees and contributions are only at 42% of budget because we budgeted for FEMA money that we have not received yet.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts we have a balance of \$56.0 million. These are the funds that were recently transferred from 1919 Investment Counsel. These funds have a current month yield of (0.71%), a three month yield of (1.45%) and a twelve month yield of (5.14%). The balance in our PFM Asset Management LLC accounts is \$59.1 million with a current month yield of (0.59%), a three month yield of (0.84%) and a twelve month yield of (4.37%) Overall, we have \$115.0 million invested with managers. The funds invested by our internal staff total \$81.1 million. Our debt service accounts total \$2.4 million. This decreased a good bit in the month of June because in June we make some of our debt service payments. Our total investment portfolio is \$198.6 million with a current month yield of (0.35%), a three month yield of (0.61%) and a twelve month yield of (2.64%).

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, PNC Capital Advisors and the South Carolina Local Government Investment Pool. The current 1-5 year benchmark to-date is (4.58%). PNC Capital Advisors' two-month return is (0.71%). This year's fiscal year-to-date return for PFM Asset Management LLC is (4.38%) which is better than the benchmark but much lower than last year's return of 0.13%. 1919 Investment Counsel's fiscal year-to-date return through April was (4.98%). The Local Government Investment Pool's fiscal year-to-date return is 4.06% compared to fiscal year 2021's return of 2.44%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$13,062 was spent on Business & Travel during the month of June. Fiscal year-to-date, we have spent a total of \$267,089. Some of these costs include the costs of conferences, license renewals and education reimbursement costs.

CHRISTY EVERETT, CHIEF EXECUTIVE OFFICER

Ms. Everett stated Mr. Brown's monthly report is in the Board Packet for the Board's information. In regards to water flows, Myrtle Beach flows were consistent as compared to the same period last year and Bull Creek flows were up 12%. All water and wastewater reporting was in compliance with DHEC requirements for the month of June.

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 June.

However, we had a spill in the month of July. On July 4th, we were notified of a sanitary sewer overflow in the Riverbanks Mobile Home Park in the Socastee community. Due to the extreme amount of rainfall we experienced in a short amount of time, an estimated 9,000 gallons was discharged. Our staff was able to recover 5,000 gallons with our

pumper trucks. This resulted in a total of 4,000 gallons being released into a ditch that flowed into the Atlantic Intracoastal Waterway. Our staff notified DHEC. During the week, we collected bacteriological samples upstream at Enterprise Landing and downstream at the boat ramp in the Rosewood community. All mitigation efforts were continued until bacteria levels were at background levels.

DHEC and South Carolina law allow two major spills per 100 miles of pipeline on a rolling 12-month basis. Since we have 2,000 miles of pipe, we are allowed 40 spills per year. Mr. Patel and the Board briefly discussed other aspects of the law regarding spills as well as things that we do to prevent spills like this from happening.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, the provider is obtaining the building permit. In regards to the Braves Village well, we are awaiting comments from the Drinking Water Division of DHEC. In regards to the Highway 410 Blend well, the pumping test has been completed. In regards to the Cool Springs well, design of the wellhouse continues.

In the ASR program, for the month of June, we had a net recovery of approximately 151.5 million gallons for an average daily recovery of 5.1 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in June we smoke tested 154,691 linear feet of gravity sewer line, cleaned and televised 24,820 linear feet of gravity sewer mains, responded to 193 sewer back-ups and 142 water quality requests, collected 365 water quality samples, inspected 178 cross connection devices, 448 fire hydrants and 786 isolation valves, responded to 31 emergency main line shut-downs and 6 scheduled shut-downs, and completed 5,288 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. In the fiscal year 2022/2023 budget, the Board has approved over \$3.3 million in the rural water program. In June, we authorized one project for design for 6,000 linear feet of pipeline and 34 new REUs. Five projects moved from the design phase to construction for 8,175 linear feet of pipeline and 14 new REUs. We issued service authorization to one project for 440 linear feet of pipeline and 1 new REU.

On the sewer side, in the fiscal year 2022/2023 budget, the Board has approved over \$6.6 million for the rural sewer program. In June, we authorized 3 new projects for design that will add 8,630 linear feet of pipeline and 6 new REUs. Four projects moved to the construction status for 3,475 linear feet of pipeline and 14 new REUs. We issued service authorization to 5 projects for more than 12,000 linear feet of pipeline and 17 new REUs.

In total, we have 151 water and sewer projects currently in design and construction for nearly 68 miles of pipeline and 593 new REUs.

Mr. Minor stated that we are currently putting together a list of projects for Pipeline Contract 16. This will be 5 projects for approximately 33,000 linear feet of pipeline. We plan to do this to catch-up and keep up with demand.

Mr. Minor referenced the chart within the Board packet that displays the cumulative miles of rural water and sewer line installed. So far in calendar year 2022, we have approved and placed into operation approximately 6 miles of waterline and 16 miles of sewer line.

UPDATE/STATUS: Developer Projects: Mr. Minor shared a map with the Board showing the location of the developer projects that were reviewed in the month of June. In the month of June, we received 20 new letters of intent. Of the total, 6 were developer extension projects for 1,051 REUs. Fourteen were single-service commercial applications totaling 107 REUs. We issued service authorization to 5 projects for 295 REUs. These five projects added approximately \$2.9 million in developer contributions. In 2022, we

had a total of approximately \$24.5 million in developer contributions. We held 7 preconstruction meetings. Currently, we have 111 active developer extension projects in the construction or close out phase. Overall, there are 210 active projects in new services.

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 Bull Creek 15 MGD Expansion and Water Main Upgrade, Goodwyn Mills Cawood (GMC) continues to work on the complete design plans for the water treatment plant expansion. We plan to apply for the recently approved ARPA funding which could provide up to \$10 million in funding with only a 15% match. This application is due by September 12th.

In regards to the Bull Creek Drainage Improvements, we worked with A.O. Hardee & Son, Inc. to reduce the scope of the project to \$579,792.50. We received approval to award from SRF and have mailed the award package to A.O. Hardee & Son, Inc.

In regards to the Conway to Bucksport WWTP Flow Diversion, MBD Consulting Engineers, P.A. (MBD) has completed the design of the 20" sewer force main. We are reviewing plans and specifications for this project and will be providing comments for revisions.

In regards to the Conway WWTP Effluent Structure Upgrade, the contractor, The Harper Corporation General Contractors (Harper), continues construction of the new UV facility. Crews are nearing completion of the concrete structure and will leak test before backfilling. Crews will then begin installation of the components associated with the structure.

In regards to the Directional Bore Contract 4 (Rural Water & Sewer) project, we held a bid opening on July 14th for this project which includes miscellaneous bores associated with rural water and sewer projects. Contractors were able to bid on each project individually. We received three bids. Lawrimore Construction, Inc. was the apparent low bidder and we intend to award all but one project to them. LWC Construction was the low bidder for the remaining project which we intend to award to them.

In regards to Pipeline Contract 15, RWF Construction LLC (RWF) recently completed the Bay View Drive area rural water project. The crew has now started work on the Ino Drive and Highway 45 Extension project. A second crew continues work on the St. John Road Extension 1 sewer project. RWF plans to use a third crew for a few weeks and will use at least two crews until all work is completed which includes over 52,000 linear feet of rural water and sewer line.

In regards to the Highway 544 to Highway 701 36" Waterline/Sewer Conversion, Ruby-Collins, Inc. recently completed all work to convert the old 36" waterline to a sewer force main and is currently working on final punch list items. We are working to receive approval from SCDHEC to place this line into operation.

In regards to the International Drive Booster Pump Station project, the contractor, Harper, has completed construction of the new water booster pump station. A start-up was scheduled however, due to an issue with the VFDs this has been delayed. We are now waiting on delivery of VFD materials from the manufacturer.

In regards to the International Drive to North Booster Pump Station 36" Waterline project, GMC continues work on design of the new 36" waterline from the new International Drive Booster Pump Station to the existing North Booster Pump Station.

In regards to the Marion WWTP Flood Mitigation Berm, GSWSA will hold a bid opening for this project tomorrow. A large portion of this project will be funded by grants from the Rural Infrastructure Authority and Community Development Block Grant program.

In regards to the Myrtle Beach WWTP Influent Pump Station and Headworks project, we held a preconstruction meeting with MBD, Harper and SCDHEC. Harper has been awarded a contract in the amount of \$12.6 million.

In regards to the Old Highway 90 Elevated Water Storage Tank project, the contractor, Phoenix Fabricators and Erectors, Inc., has not yet mobilized to the site. However, we were informed that they plan to mobilize this week.

CHRISTAL 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 fiscal year 2022. We ended the fiscal year with 115,565 customers. In fiscal year 2022, our total customer base increased by 5,083 customers or 4.6%. Fiscal year 2021's increase was 4.56%. In June, our active accounts increased by 485, inactive accounts decreased by 10 and suspended accounts decreased by one for a net change of 474 customers.

In regards to REUs, we ended the fiscal year with 173,032 REUs. The total increase in REUs for fiscal year 2022 was 7,391 REUs or 4.46%. Last fiscal year, our REUs increased by 3.59%. For the month of June, our active REUs increased by 555, inactive REUs increased by 5 and suspended REUs decreased by one for a net increase of 559 REUs.

UPDATE/STATUS: Purchase Transactions Over \$3,500: Mrs. Skipper called the Board's attention to the information in the Board packet on purchase order transactions over \$3,500. The grand total for all purchase orders over \$3,500 issued in June was approximately \$5.1 million. The largest purchase order in June was related to Pipeline Contract #15. This purchase order was for the addition of a water hydraulic improvement project for Highway 19 and Highway 45. Other significant purchase orders included purchase orders for two Maxi rotors for the kruger ditches at the Vereen WWTP for \$195,027.97, a Saveco influent screen at the Vereen WWTP for \$191,000, several purchase orders for ERTs and mounting kits and other inventory items such as meter boxes, pumps and meters.

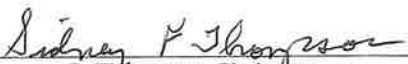
UPDATE/STATUS: Human Resources Update. Mrs. Skipper updated the Board on the personnel changes that took place in fiscal year 2022. We ended the year with 346 full-time employees. During the year, we had a total of 98 job postings which was a 48% increase from the previous year, hired 44 new employees externally, 44 employees were selected for internal job openings and 42 employees left GSWSA which included 10 retirements, 29 resignations and 3 terminations.

OTHER BUSINESS:

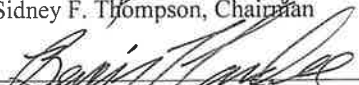
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and upcoming WEFTEC Conference in New Orleans, Louisiana, October 8th – 13th.

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



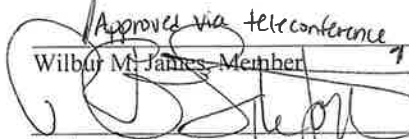
Benjy A. Hardee, Vice Chairman



Arnold T. Johnson, Secretary



J. Liston Wells, Member

Approved via teleconference


Wilbur M. James, Member



Richard G. Singleton II, Member



Mark K. Lazarus, Member

L. Morgan Martin, Member



Radha B. Herring, Member