

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
JULY 26, 2021

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% 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%
Richard Singleton II, Member	1	1	100%
Mark K. Lazarus, Member	1	1	100%
L. Morgan Martin, Member	1	1	100%

MEMBERS ABSENT:			
Radha B. Herring, Member	1	0	0%

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
 Frannie Heizer, Burr Forman

VISITORS:
 David Stradinger, Sands Building Group
 Aimee Eudy, 1919 Investment Counsel

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 JUNE 28, 2021 MINUTES: Upon motion duly made by Mr. Wells, seconded by Mr. Singleton, the Minutes of the June 28, 2021 meeting were approved as presented.

PRESENTATION OF MANAGED INVESTMENT UPDATE BY 1919 INVESTMENT COUNSEL: Ms. Aimee Eudy of 1919 Investment Counsel 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/UPDATE: Bonds of 2021 Update. Mr. Richardson stated we had a successful bond sale. We saved \$3.6 million on the refinancing and we received new money for 3.4%. This was a successful, but very complicated deal. Ms. Heizer added that we were able to get out of the swap transaction which ended up being very beneficial for the Authority. Ms. Heizer stated the transaction would close on Wednesday.

DISCUSSION/ACTION: Sands Building Group Impact Fee Adjustment Request. Mr. David Stradinger with Sands Building Group stated the company is preparing to begin building a rental property project with 221 individual units in Garden City. Over the last several months, they have been working to determine the cost. There were delays due to Horry County's long wait times for reviewing and approving plans. GSWSA has now entered a new fiscal year and the impact fee costs have increased. Mr. Stradinger requested the Board honor the originally quoted impact fee rate from fiscal year 2021. Mr. Richardson added the commercial projects usually receive a fee quote. However, single-family fees are handled differently and fee quote letters are not sent. Upon motion of Mr. Johnson, the Board unanimously agreed to discuss the request in executive session.

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. 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: June 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for June 2021 with the Board. The financial statements for June show a year of growth despite the effects of COVID-19 on the first half of the fiscal year. As of June 30, 2021, our total operating revenues were \$110.7 million, which is an increase of \$3.1 million from the prior fiscal year. Most of the larger changes are from monthly wastewater fees and tap fees. Monthly wastewater fees are up by \$1.9 million with the largest changes being in availability, volume and bulk revenues. Our tap fees have continued to increase and are now up by \$1.6 million or 40% from 2020. Our total operating expenses are \$93.1 million, which is a decrease of \$21,091 from the prior fiscal year. The minimal change is mostly associated with a \$3.0 million decrease in Capital Outlay related to deferrals in expenditures due to COVID-19. Some of the decrease in Capital Outlay is offset by increases in Personnel Services for salaries, retirement and health insurance as well as increases in Supplies and Materials for treatment supplies, fuel and vehicle and equipment maintenance. Overall, we have an operating surplus of \$17.6 million which is an increase of \$3.1 million from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$23.0 million, which is a decrease of \$2.7 million from the prior fiscal year. The largest decrease in non-operating revenues is a decrease in investment income of \$6.2 million. This decrease is partially offset by a combined increase of \$3.0 million in water and sewer impact fees.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of June 30th, we should be at 100% of our budget. Our operating revenues were budgeted at \$107.8 million. We are currently at \$110.7 million or 103% of budget. Our operating expense budget is \$106.5 million. Year-to-date we have spent \$92.2 million or 87% of the budget. Our costs will continue to increase over the next few weeks as we accrue expenses for items purchased and funds spent in the month of June. Non-operating revenues were budgeted at \$22.5 million and to-date we have earned \$23.0 million or 102% of budget. This is elevated slightly due to the 171% increase in investment income. This was budgeted very conservatively based on the year we have had.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$59.0 million with a current month yield of (0.03%), a three month yield of 0.29% and a twelve month yield of (0.14%). The balance in our PFM Asset Management LLC accounts is \$61.8 million with a current month yield of (0.25%), a three month yield of (0.03%) and a twelve month yield of 0.11%. Overall, we have \$120.8 million invested with managers. The funds invested by our internal staff total

\$50.0 million. Our debt service accounts total \$2.0 million. Our total investment portfolio is \$172.8 million with a current month yield of (0.10%), a three month yield of 0.10% and a twelve month yield of 0.04%.

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 0.13% which is above the 1-5 year benchmark return of (0.27%). Last year's fiscal year-to-date return was 5.20%. This year's fiscal year-to-date return for 1919 Investment Counsel is (0.14%) which is better than the benchmark. Last year's fiscal year-to-date return was 4.13%. The Local Government Investment Pool's fiscal year-to-date return is 0.21% compared to fiscal year 2020's return of 1.80%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$14,255 was spent on Business & Travel during the month of June. Fiscal year-to-date, we have spent a total of \$214,790.

Mr. Richardson stated that we had a very good year despite COVID-19. Our revenues were \$110.7 million which is up \$3.1 million from the prior year. Mrs. Squires added that this year we may have the highest customer growth we have had in 15 years.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 53 mg/l for the month of June which is down 20% compared to last month. The average alum dosage at Bull Creek for the month of June was 48 mg/l, which is up 20% compared to last month. There was a slug of Great Pee Dee River water that came down and gave us good water quality for the majority of the month. Myrtle Beach is currently running at about 80 mg/l and Bull Creek is currently running at about 60 mg/l. In regards to water flows, Myrtle Beach flows were up 16% as compared to the same period last year and Bull Creek flows were up 13%. The total flows were up 12%. In regards to wastewater flows, the flows at Myrtle Beach were up 2% and the flows at Schwartz were down 6% as compared to last year. The total wastewater flows were down 12% 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 June.

In regards to plant operation activities, at the Myrtle Beach SWTP, we received the finished water pump rotating assembly late last week and got it installed. At the Bull Creek SWTP, the new centrifuge centrate pump station received SCDHEC Approval to Operate. It has been in operation for about a week now.

On the wastewater treatment plant side, at the Schwartz WWTP, staff has been working on oil coolers for the digester blowers by installing fans to assist in ventilating the blower room. We are working with the manufacturers to see if we can get larger coolers. At the Bucksport WWTP, staff has converted the on-site hypochlorite generation to purchasing 12% sodium hypochlorite. We are currently in the process of reviewing RFPs for new bar screens for the Vereen and Bucksport WWTPs. We received seven proposals, but only three met the specifications.

In regards to agricultural operations, staff cut and sold just over \$78,000 in wheat this season. This was on 210 acres. We averaged just at 52 bushels per acre.

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.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well, the well is being developed by the well driller. This is where the well is mechanically cleaned to purge the well of any impurities. In regards to the Highway 410 Blend well, the permit has been issued by SCDHEC. In regards to the Cool Springs, Central and Highway 410 Blend wells, the final bid documents have been prepared for advertisement.

In the ASR program, for the month of June, we had a net recovery of approximately 116.5 million gallons for an average daily recovery of 3.9 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in June we smoke tested 440,193 feet of gravity line, televised 4,529 feet of gravity sewer mains, responded to 200 sewer back-ups and 116 water quality/quantity complaints, collected 418 water samples, inspected 188 cross connection devices, 108 fire hydrants and 481 isolation valves, responded to 20 emergency and 4 scheduled main line shut-downs and completed 5,575 work orders.

During this time, in late Spring and early Summer, we put together water quality reports for the previous calendar year. We do this for Marion, Mullins, Nichols and Lake View systems as well as Bull Creek. In June, we advertised its availability in the upper left-hand corner of our customer's bills. All reports show that we met or exceeded all federal and state requirements.

Mr. Patel shared a proposed community engagement initiative with the Board. Mr. Patel and his staff would like to create a water wagon program. Our retail service area has several community events that we could participate in. At these events, we would like to setup a booth and have a water wagon to provide free and cold tap water to the public. This would allow us to engage with the public and answer any general questions as well as raise awareness and showcase our high-quality water. It would also allow the people at these events to have a more environmentally friendly and cost-effective option for water. Lastly, it would allow our staff to volunteer and be involved in the community. Mr. Patel further discussed the details with the Board. Mr. Richardson added that through the strategic plan which was recently completed, most of the staff felt that we should be doing more community engagement. The Board further discussed the idea and provided their support.

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 projects in the Board packet. We have started a new fiscal year and have a new two-year budget in place. Ms. Everett stated she would continue to include the projects from the fiscal year 2020/2021 two-year budget in the Board packet until all of the projects have received service authorization. In fiscal year 2020 and 2021, the Board approved over \$5.3 million for the rural water program. We currently have 15 projects in the new two-year budget in the application status. The 15 projects would require 82 applications and total almost 97,000 linear feet of pipeline. In June, we authorized 7 projects for design for right at 8,330 linear feet of pipeline and 9 new customers. Nine projects moved from the design phase to construction. We issued service authorization to 4 projects for over 5,900 linear feet of pipeline and 13 new customers.

On the sewer side, the Board approved over \$7.6 million in the fiscal year 2020/2021 two-year budget for the rural sewer program. We currently have 18 projects in the application status in the new two-year budget that would total 127,510 linear feet of pipeline and require 118 customer applications. In June, we authorized 11 new projects for design that will add 14,560 linear feet of pipeline and 18 new customers. We issued service authorization to 3 projects.

We currently have 122 projects in design and construction in the rural program for 324,341 linear feet or 61.4 miles of pipeline. These projects will add 475 customers to the rural program. Most of the projects are sewer projects. There are just over 19 miles of

pipeline in the rural water program and 42 miles of pipeline in the rural sewer program in design and construction.

Ms. Everett referenced the chart within the Board packet that displays the cumulative miles of rural water and sewer line installed. So far in calendar year 2021, we have approved and placed into operation 32 water projects totaling 11.1 miles of pipeline. We have approved and placed into operation 29 sewer projects for almost 7 miles of pipeline.

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 June. Six developer extension projects were submitted for review for 399 REUs. Of the total, 225 REUs were for single-family lots and 174 were for multi-family projects. Ten commercial projects were submitted and reviewed for 85 REUs. We held 11 preconstruction meetings in June for 841 REUs. Of the total, 515 REUs were for single-family lots, 324 REUs were multi-family and 2 REUs were commercial. Currently, we have 97 active developer extension projects in the construction or close out phase for 7,377 REUs. We also have 57 developer projects in the permitting status for 4,432 REUs.

Ms. Everett briefly reviewed and called the Board's attention to the trend charts regarding new projects in the Board Packet. In fiscal year 2019, the annual average monthly submittals in the New Services Department were right at 386 REUs. In fiscal year 2020, we were at 474 REUs which was a 23% increase. In fiscal year 2021, the annual average was 638 REUs, which was an increase of 35% from fiscal year 2020.

UPDATE/STATUS: Capital Projects: Ms. Everett stated we had several progress meetings in June. We held progress meetings for the Bucksport Marine Park, Highway 701 to Highway 544 48" Waterline and the Longs WWTP. All of the projects are progressing. Laney Directional Drilling, the subcontractor for Ruby-Collins, Inc., successfully pulled the 48" directional drill under the Waccamaw River several weeks ago. They are now demobilizing from the area and Ruby-Collins, Inc. will be installing the 48" waterline. The change order request from Ruby-Collins, Inc. is still under review. There is a third party conducting the review.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade project, we selected Goodwyn Mills Cawood (GMC) out of Greenville to complete the design and permitting efforts for the plant expansion. We had a kick-off meeting last Friday to start the information process.

In regards to the International Drive Booster Pump Station, we had a preconstruction meeting with The Harper Corporation General Contractors and GMC. The notice to proceed was issued July 12th and the project is currently under construction.

In regards to the Old Highway 90 Elevated Water Storage Tank project, the project was advertised for bids on July 16th with a bid opening date of August 17th. The project will be funded by supplemental disaster relief SRF funding at a 1% interest rate. We hope to have a contract on this project at the end of August.

CHARLES HUCKS JR., CHIEF OF TECHNOLOGY

UPDATE/STATUS: Operational Technology Capital Projects Update: Mr. Hucks updated the Board on the capital projects which will be ongoing in the Technology Division this year. In regards to PLC Upgrades for the Bull Creek SWTP Network, 22 PLCs which are used to automate, monitor and control the plant will be replaced this year at a total cost of \$150,000. The PLCs will also be upgraded at the Myrtle Beach SWTP with a total cost of \$70,000. This will require replacing 12 PLCs. The PLCs for the Bull Creek Distribution Network will also be replaced. There are roughly 75 to replace at a cost of \$100,000. On the wastewater collections side, we monitor all pump stations in a central Scada system. We refer to this as the Central 900 network. These PLCs will be replaced at a cost of \$619,000. There are approximately 225 endpoints. We will also replace some of the wastewater collections control panels and PLCs. We have budgeted \$300,000 for fiscal year 2022 and \$300,000 for fiscal year 2023 for these efforts.

CHRYSTAL SKIPPER, CHIEF OF ADMINISTRATION

UPDATE/STATUS: Customer/REU Monthly Report: Mrs. Skipper shared several graphs with the Board showing customer and REU data for the entire fiscal year 2021. We ended the fiscal year with 110,074 customers. Our customer base increased by 4,798 customers or 4.56%. For comparison, last year our percentage increase for fiscal year 2020 was 3.3%. For the month of June, our active accounts increased by 712, which was our largest month for this fiscal year, inactive accounts increased by 24 and suspended accounts increased by 12 for a net change of 748 customers.

In regards to REUs, we ended the fiscal year with 164,987 REUs. We had a total increase of 5,723 REUs or 3.59%. Last fiscal year, our REUs increased by 2.8%. For the month of June, our active REUs increased by 774, inactive REUs increased by 17 and suspended REUs increased by 22 for a net result of 813 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 June, the grand total for all purchase orders over \$2,500 was approximately \$2.3 million. The largest purchase order was issued to Consolidated Pipe & Supply for the Highway 19 Extension 2 project water and sewer materials for \$176,179. Other significant purchase orders include purchase orders for elevated storage tank maintenance, South Green Sea Road Extension 1 sewer materials and Flygt grinder pump stations for our warehouse inventory. Our Purchasing Department is still monitoring shortages. We are currently experiencing shortages with meters, but we fortunately received approximately 400 meters today.

UPDATE/STATUS: Human Resources Update. In regards to personnel changes for fiscal year 2021, we ended the year with 339 full-time employees. We had 66 job postings, hired 28 employees externally, 27 employees were selected for internal postings and 30 employees left GSWA which included 3 terminations, 24 resignations and 3 retirements.

UPDATE/STATUS: Smart Irrigation Program Customer Billing Insert. Mrs. Skipper shared with the Board the customer billing insert regarding irrigation which Mr. Patel mentioned last month. This will be included in customer's bills in August. The insert promotes smart irrigation efforts and encourages customers to irrigate certain times of the day and certain days of the week. They also created an image for us to post on our Facebook page which has already been posted.

Mrs. Skipper also provided the Board with a COVID-19 update. We had a break during the month of June. However, in the last week, we had six of our employees test positive for COVID.

OTHER BUSINESS:

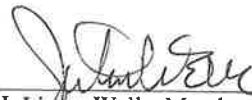
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report, Sea Haven thank you letter and dates for the upcoming WEFTEC Conference in Chicago, IL.

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

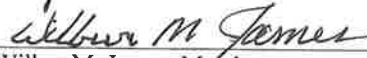

Sidney F. Thompson, Chairman


Benjy A. Hardee, Vice Chairman


Arnold T. Johnson, Secretary



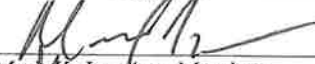
J. Liston Wells, Member



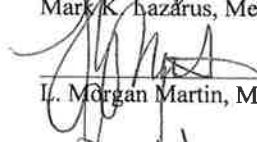
Wilbur M. James, Member

Approved via teleconference

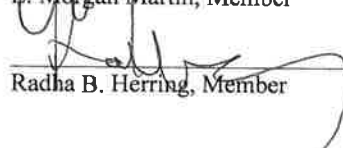
Richard G. Singleton II, Member



Mark K. Lazarus, Member



L. Morgan Martin, Member



Radha B. Herring, Member