

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
JUNE 27, 2022

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	16	16	100%
Benjy A. Hardee, Vice Chairman	16	16	100%
Arnold T. Johnson, Secretary	16	16	100%
J. Liston Wells, Member	16	16	100%
Wilbur M. James, Member	16	16	100%
Richard Singleton II, Member	16	16	100%
L. Morgan Martin, Member	16	12	75%
Radha B. Herring, Member	16	15	94%

MEMBERS ABSENT:			
Mark K. Lazarus, Member	16	14	88%

STAFF PRESENT:
Christy Everett, Chief Executive Officer
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
T. Joel Barfield, Engineering Technician

STAFF ATTENDING VIA TELECONFERENCE:
Keri Squires, Chief of Accounting and Finance

LEGAL COUNSEL:
Amanda Bailey, Burr Forman

VISITORS:
William Bailey, South Carolina Representative District 104
Boone Aiken, Aiken Bridges

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 MAY 23, 2022 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Wells, the Minutes of the May 23, 2022 meeting were approved as presented.

Mr. Thompson introduced and welcomed the visitors in attendance at the Meeting: Mr. Boone Aiken, an attorney with Aiken Bridges, Mr. William Bailey, South Carolina State Representative for District 104 and Mr. Joel Barfield, a GSWSA employee.

Mr. Bailey briefly addressed the Board thanking everyone for their service. He stated that it is unbelievable what the Board and GSWSA do for Horry County. He was appreciative of all that we do. In return, the Board thanked Mr. Bailey for everything he does.

PUBLIC HEARING: Resolution 02-22 – A Resolution to Raise Revenue, Make Appropriations and Adopt a Budget for Grand Strand Water and Sewer Authority for Fiscal Years Ending June 30, 2023 and June 30, 2024 and Amend Budget for Fiscal Year 2022. Mr. Thompson opened the Public Hearing for comments regarding Resolution 02-22. There were no comments. The Public Hearing portion of the meeting was closed.

DISCUSSION/ADOPTION: Resolution 02-22 – A Resolution to Raise Revenue, Make Appropriations and Adopt a Budget for Grand Strand Water and Sewer Authority for Fiscal Years Ending June 30, 2023 and June 30, 2024 and Amend Budget for Fiscal Year 2022. Mr. Hardee abstained pursuant to the attached letter which states, “I, Benjy A. Hardee, abstained from all votes, deliberations, and other actions regarding Resolution 02-22 specific to the capital projects and capital projects budget.” Upon motion of Mr. Johnson, seconded by Mr. James, the resolution was unanimously approved by the Board as presented.

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

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 stated the monthly report for the Chief Executive Officer was included in the Board Packet as well.

DIVISION REPORTS:

KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: May 2022 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for May 2022 with the Board. As of May 31st, our total operating revenues were \$106.3 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 and tap fees. 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 72% of the increase in water and wastewater fees. Customer charges have increased 25% or \$447,753 as compared to fiscal year 2021. Our tap fees have increased \$521,507 or 10%. Our total operating expenses are \$91.3 million, which is an increase of \$7.4 million from the prior fiscal year. Our biggest changes come from personnel services, outside services, supplies and materials, capital outlay and debt service. Personnel services have increased 4% due to eleven additional employees, a merit increase, increases in overtime, employer retirement costs and related taxes. The largest increases in outside services come from professional services which make up approximately \$717,000 of the increase. This includes IT consulting services and services for succession planning. Supplies and materials have increased \$1.1 million. Fuel accounts for approximately 47% of the increase in supplies and materials. 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 \$2.4 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 \$15.0 million which is an increase of \$576,610 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$21.9 million, which is an increase of \$811,794 or 4% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$5.4 million which was enough to offset the \$5.0 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 May 31st, we should be at approximately 92% of our budget. Our operating revenues were budgeted at \$114.7 million. To-date, we have earned \$106.3 million or 93% of budget. Our operating

expense budget is \$114.7 million. Year-to-date we have spent \$91.3 million or 80% of the budget. Capital outlay is currently at 51% of budget. We have experienced some delays in receiving vehicles and equipment. Therefore, some of these items have been pushed to next fiscal year. Total non-operating revenues were budgeted at \$29.4 million and to-date we have earned \$21.9 million or 75% of budget.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts we have a balance of \$56.4 million. These are the funds that were recently transferred from 1919 Investment Counsel. These funds have a current month yield of 0.54%, a three month yield of (2.57%) and a twelve month yield of (4.49%). The balance in our PFM Asset Management LLC accounts is \$59.3 million with a current month yield of 0.62%, a three month yield of (1.93%) and a twelve month yield of (4.05%) Overall, we have \$115.8 million invested with managers. The funds invested by our internal staff total \$83.0 million. These are the funds used for cash on hand. Our debt service accounts total \$15.0 million. Our total investment portfolio is \$213.8 million with a current month yield of 0.32%, a three month yield of (1.19%) and a twelve month yield of (2.25%).

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. In May, the Fed increased interest rates 0.5% bringing the total increase since January to 0.75%. The current 1-5 year benchmark to-date is (5.13%). PNC Capital Advisors' one-month return is (0.54%). This year's fiscal year-to-date return for PFM Asset Management LLC is (3.81%) which is better than the benchmark but much lower than last year's return of 0.38%. 1919 Investment Counsel's fiscal year-to-date return through April was (4.89%) which is much lower than last year's return of (0.11%). The Local Government Investment Pool's fiscal year-to-date return is 2.76% compared to fiscal year 2021's return of 2.34%. Mr. Hardee asked Mrs. Squires specific questions about our portfolios. Mrs. Everett, Mrs. Squires and the Board had a brief discussion on the different options we have in the current market and our bond coverage. We have had conversations with our Investment Advisors to determine if there are better opportunities or instruments for us to invest in right now. At this time there are not. Mr. James added that we wanted to hold a good cash reserve. Mr. Hardee stated that we wanted to make sure that we kept a good bond coverage. Ms. Everett stated that we always try to keep at least 125% of our operating budget in cash reserves.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$19,780 was spent on Business & Travel during the month of May. Fiscal year-to-date, we have spent a total of \$254,027. Some of these costs include the costs of conventions, Budget Retreat costs, license renewals and education reimbursement costs.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 82 mg/l for the month of May which is down 5% compared to last month. The average alum dosage at Bull Creek for the month of May was 42 mg/l, which is down 45% compared to last month. Myrtle Beach is currently running at about 80 mg/l and Bull Creek is currently running at 38 mg/l. Recently our raw water quality has been very good keeping chemical consumption down since we have had a lot of dry weather. In regards to water flows, Myrtle Beach flows were down 8% compared to the same period last year and Bull Creek flows were up 4%. The total flows were consistent with last fiscal year. In regards to wastewater flows, there was no change in the flows at Myrtle Beach but the flows at Schwartz were up 7% as compared to last year. The total wastewater flows were up 6%. We are seeing more flow in the Schwartz area but not much more in the Myrtle Beach area.

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 May.

In regards to plant operation activities, at the Myrtle Beach SWTP, an RFP was sent out to replace an existing alum sludge pump. We received nine proposals, ranging from

\$13,895 to \$30,625. After reviewing proposals, we chose the 2nd lowest bidder due to the better features, a better pump curve and the impeller material. At the Bull Creek SWTP, several staff members recently attended a filter performance workshop to be able to fine tune the filter performance at the plant.

On the wastewater treatment plant side, at the Vereen WWTP, the staff is preparing to replace several of the brush rotors used for aeration next month. The Longs WWTP continues to perform well. We are continuing to work on a few final punch list items. In regards to the Conway WWTP, construction is well underway on the new effluent structure.

In regards to Agricultural Operations, staff harvested over 12,000 bushels of wheat from 180 acres with a selling price of \$96,261.98. The average yield after dockage was 67.6 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 May.

Mr. Patel shared the DHEC regulatory update for drinking water with the Board. On the drinking water side, we have annual inspections which are referred to as sanitary surveys. Mr. Patel shared a list of all of our drinking water systems with the Board. All of our system inspections were conducted in the month of April. We received a satisfactory rating of all of our systems with the exception of the Town of Latta which received a rating of needs improvement. The Town of Latta owns their system but we have a contract with the Town to operate the system. Mr. Patel went through each of the eight specific categories that were evaluated. He provided a summary of each category to the Board. Mr. Patel also explained the areas within the Town of Latta's system which need to be addressed.

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, the follow-up construction permitting package has been submitted to SCDHEC. In regards to the Highway 410 Blend well, well development has been initiated. In regards to the Cool Springs well, the design of the wellhouse has been initiated.

In the ASR program, for the month of May, we had a net recovery of approximately 146.7 million gallons for an average daily recovery of 4.7 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in May we smoke tested 257,827 linear feet of gravity sewer line, cleaned and televised 15,509 linear feet of gravity sewer mains, responded to 175 sewer back-ups and 145 water quality requests, collected 472 water quality samples, inspected 152 cross connection devices, 413 fire hydrants and 930 isolation valves, responded to 29 emergency main line shut-downs and 5 scheduled shut-downs, and completed 5,367 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 nearly \$3.0 million in the rural water program. In May, we authorized 6 projects for design for 9,895 linear feet of pipeline and 7 new REUs. Six projects moved from the design phase to construction for 16,910 linear feet of pipeline and 12 new REUs. We issued service authorization to 3 projects for 2,285 linear feet and 5 new REUs.

On the sewer side, in the fiscal year 2022/2023 budget, the Board has approved over \$6.5 million for the rural sewer program. In May, we authorized 8 new projects for design that will add 12,600 linear feet of pipeline and 27 new REUs. Seven projects moved to the construction status for 21,990 linear feet of pipeline and 20 new REUs. We issued service authorization to 6 projects for more than 13,800 linear feet of pipeline and 12 new REUs.

In total, we have 153 water and sewer projects currently in design and construction for nearly 68 miles of pipeline and 573 new 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 calendar year 2022, we have approved and placed into operation approximately 6 miles of waterline and 14 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 May. The New Services Department had 13 new developer extension projects submitted for review in May for 938 REUs. Seven of these projects or 897 REUs were developer extension projects and the other 6 projects or 41 REUs were commercial. We issued service authorization to 6 projects for 287 REUs at build out. These six projects added approximately \$2.0 million in developer contributions. We held 8 preconstruction meetings. Currently, we have 111 active developer extension projects in the construction or close out phase. Overall, there are 209 active projects in new services.

Mr. Minor briefly reviewed and called the Board's attention to the trend charts in the Board packet. We are continuing to see upward trends and a high volume of projects coming in.

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. GMC completed the 60% design plans and specifications for the Conway parallel 24" waterline and will schedule a meeting to discuss with GSWSA. The preliminary engineering report has been submitted to SCDHEC for review and approval.

In regards to the Bull Creek Drainage Improvements, we held a bid opening on June 9th. Mr. Minor called the Board's attention to the bids shown in the Board packet. A.O. Hardee & Son, Inc. was the apparent low bidder with a bid of \$681,192.50. We are working with them to discuss eliminating some items to bring the project award within budget. We hope to move forward and award this project soon.

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. Plans and specifications have been submitted to permitting agencies for review and approval.

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 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. DDC Engineers is now working with SCDHEC to place the 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 for June 14th however, due to an issue with the VFDs this has been delayed. GSWSA, GMC and Harper are working to resolve the issues with the manufacturer and hope to reschedule the start up as soon as possible.

In regards to the International Drive to North Booster Pump Station 36" Waterline project, GMC continues work on the design of the new 36" waterline from the new International Drive Booster Pump Station to the existing North Booster Pump Station. The Preliminary Engineering Report is still under review by SCDHEC.

In regards to the Myrtle Beach WWTP Influent Pump Station and Headworks project, we have been working with MBD, Harper and SCDHEC to review the bids for the influent pump station and headworks. SCDHEC recently issued approval to award and GSWSA intends to award the contract to Harper 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, they have begun the steel fabrication at their facility.

In regards to Pipeline Contract 15, RWF Construction has commenced work for the five rural projects for Pipeline Contract 15. The first crew started work on Bay View Drive area water project. A second crew has now mobilized to St. John Road Extension 1 sewer project. RWF intends to use two crews until all work is completed which includes over 52,000 linear feet of rural water and sewer line.

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 June 2021 through May 2022. For the month of May, our total customer accounts increased by 441 customers which brings our customer account total to 115,091. Over the last twelve months, our total customer base has increased by 5,017 customers or 4.56%. In May, our active accounts increased by 537, inactive accounts decreased by 69 and suspended accounts decreased by 27.

In regards to REUs, in May, our total REUs increased by 517, which brings our REU total to 172,473. Over the last twelve months, our total REUs have increased by 7,486 or approximately 4.54%. For the month of May, our active REUs increased by 699, inactive REUs decreased by 95 and suspended REUs decreased by 87.

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 May was approximately \$2.48 million. The largest purchase order in May was issued to Insituform Technologies for slip lining services in Marion and Horry counties for \$448,148. Other significant purchase orders included purchase orders for grinder stations, meters and ERTs for inventory, the Ten Oaks ASR Well construction for \$98,700, sewer materials for McNabb Shortcut Road Ext II sewer project for \$83,765, asphalt sealing services for our central and Marion campus parking lots and E1 repair parts.

This Wednesday and Thursday, we will be conducting our annual inventory counts for the Warehouse Inventory as well as the Fleet Shop to close out this fiscal year.

UPDATE/STATUS: Employee Turnover History. Mrs. Skipper shared updated information regarding employee turnover with the Board. This information was presented to the Board at the Budget Retreat in early May. However, we have experienced additional changes since then. Several departments are starting to feel the effects due to the number of vacant positions we have. Lots of other employers are experiencing this as well.

Since the Budget Retreat, we have had 12 additional employees leave employment. As of right now, in fiscal year 2022 we will have 42 total terminated employees for the year. This is almost double what we are used to seeing with the exception of fiscal year 2021. We are currently experiencing challenges retaining employees due to employees leaving for higher salaries or better opportunities. We are also experiencing issues with not receiving adequate applications for certain positions. For example, we have a Programmer Analyst position that we have not received one qualified application for.

Therefore, we have contracted with a staffing agency to assist us in filling this position. So far, in regards to next fiscal year, we are already aware of nine employees who will be leaving employment.

Mrs. Skipper shared a chart with the Board showing the increase in terminations over the last six years as well as information regarding our employee turnover ratio. Mrs. Skipper also shared a chart with the Board showing the vacant positions we are actively trying to fill in each department.

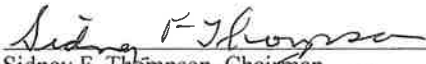
Mrs. Skipper and the Board had a brief discussion on retaining employees. Ms. Everett added that Mrs. Skipper was diligently working on an RFP for a consulting company to do a full job classification study to determine where we are and where we need to be in regards to our employee staffing and compensation package as compared to others in our industry and area. Ms. Everett, the staff and the Board briefly discussed the market and what we are currently experiencing.

OTHER BUSINESS:

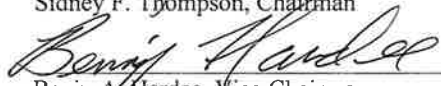
Chairman Thompson called the Board's attention to the Employee Recognition and Sod Donation Report.

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.



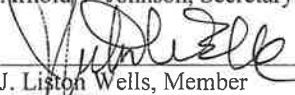
Sidney F. Thompson, Chairman



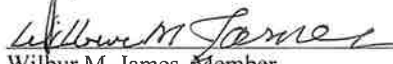
Benjy A. Hardee, Vice Chairman



Arnold T. Johnson, Secretary



J. Liston Wells, Member



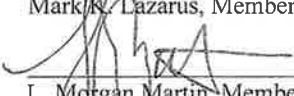
Wilbur M. James, Member

Approved via teleconference

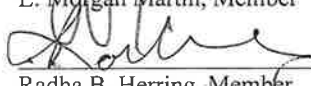
Richard G. Singleton II, Member

Approved via teleconference

Mark K. Lazarus, Member



L. Morgan Martin, Member



Radha B. Herring, Member

