

GRAND STRAND WATER & SEWER AUTHORITY  
 BOARD OF DIRECTORS MEETING  
 JUNE 28, 2021

	#MEETINGS (Since 7/1/20)	#ATTENDED (Since 7/1/20)	% ATTENDANCE
<b>MEMBERS PRESENT:</b>			
Sidney F. Thompson, Chairman	11	10	91%
Arnold T. Johnson, Secretary	11	11	100%
J. Liston Wells, Member	11	11	100%
Wilbur M. James, Member	11	11	100%
Richard Singleton II, Member	11	9	82%
Mark K. Lazarus, Member	11	8	73%
L. Morgan Martin, Member	6	5	83%
Radha B. Herring, Member	3	3	100%

<b>MEMBERS ATTENDING VIA TELECONFERENCE:</b>			
Benjy A. Hardee, Vice Chairman	11	11	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 Member, Wilbur James.

**APPROVAL OF MAY 24, 2021 MINUTES:** Upon motion duly made by Mr. James, seconded by Mr. Singleton, the Minutes of the May 24, 2021 meeting were approved as presented.

**PUBLIC HEARING:** Resolution 02-21 – A Resolution to Raise Revenue, Make Appropriations and Adopt a Budget for Grand Strand Water and Sewer Authority for Fiscal Years Ending June 30, 2022 and June 30, 2023 and Amend Budget for Fiscal Year 2021. Mr. Richardson opened the Public Hearing for comments regarding Resolution 02-21. There were no comments. The Public Hearing portion of the meeting was closed.

**DISCUSSION/ADOPTION:** Resolution 02-21 – A Resolution to Raise Revenue, Make Appropriations and Adopt a Budget for Grand Strand Water and Sewer Authority for Fiscal Years Ending June 30, 2022 and June 30, 2023 and Amend Budget for Fiscal Year 2021. Benjy A. Hardee abstained from all votes, deliberations, and other actions regarding Resolution 02-21 specific to the capital projects and capital project budget. Upon motion of Mr. Johnson, seconded by Mr. James, the resolution was unanimously approved by the Board as presented.

**ELECTION OF OFFICERS: CHAIRMAN, VICE-CHAIRMAN, AND SECRETARY:**  
 Mr. Thompson stated the following officers are up for nominations for a two-year period: Chairman, Vice-Chairman and Secretary. The floor was opened for nominations. Upon motion of Mr. James, seconded by Mr. Singleton, the current slate of officers were elected for another term.

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

PRESENTATION/DISCUSSION: Waterworks and Sewer System Improvement and Refunding Revenue Bonds, Series 2021A – Presentation to S&P Global Ratings. Mr. Richardson stated last month the Board approved for the new revenue bonds. We have gone to the rating agency and asked for an upgrade. We are currently AA+ but are looking at moving to a AAA rating. We feel the only thing that may hold us back is the fact that we are on the coast. Mr. Richardson stated our financials look stronger than some companies who have a AAA rating. Mrs. Squires briefly discussed the slide in the presentation which compares GSWA to other local water and sewer companies.

DISCUSSION/ACTION: Resolution 04-21 – 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 \$7,107,080 for the Myrtle Beach WWTP Influent Pump Station and Headworks and to Grant A Pledge of and Lien on Revenues for Repayment. Upon motion of Mr. Johnson, seconded by Mr. Singleton, the resolution was unanimously 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.

DIVISION REPORTS:

KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: May 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for May 2021 with the Board. As of May 31, 2021, our total operating revenues were \$98.3 million, which is an increase of \$1.7 million from the prior fiscal year. Monthly water fees are down \$544,072 with decreases in excess volume and Myrtle Beach and Bull Creek revenues. Monthly wastewater fees are up by \$1.6 million with increases in every category except wastewater excess. Our tap fees are up by \$1.4 million or 39%. Other revenue is down approximately \$577,000 which is partly due to receipt of a timber check in fiscal year 2020 for \$327,000. Our total operating expenses are \$83.2 million, which is an increase of \$15,464 from the prior fiscal year. The minimal change is mostly associated with a \$2.4 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 and health insurance as well as increases in outside services for utility bills and professional services. We have also experienced increases in supplies and materials for the cost of treatment supplies, which increased \$681,000 and parts for repairs of vehicles and equipment which increased \$130,000. Overall, we have an operating surplus of \$15.1 million which is an increase of \$1.6 million from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$21.1 million, which is a decrease of \$2.8 million from the prior fiscal year. The largest decrease in non-operating revenues is a decrease in investment income of \$5.9 million. This decrease is partially offset by a combined increase of \$2.7 million in water and sewer impact fees.

Mrs. Squires shared the consolidated budget to actual report with the Board. This report shows the updated budgeted revenues and expenses As of May 31<sup>st</sup>, we should be at approximately 92% of our budget. Our operating revenues were budgeted at \$107.8 million. We are currently at \$98.3 million or 91% of budget so we are on target with our projections to-date. Our operating expense budget is \$106.5 million. Year-to-date we have spent \$83.2 million or 78% of the budget. Our costs will continue to increase as the year progresses and more committed funds are spent. Non-operating revenues were budgeted at \$22.5 million and to-date we have earned \$21.1 million or 94% of budget.

This is elevated slightly due to the 217% increase in investment income. This was budgeted very conservatively based on the year we have had.

UPDATE/STATUS: Investment Analysis: In our 19/19 Investment Counsel accounts we have a balance of \$59.1 million with a current month yield of 0.16%, a three month yield of 0.12% and a twelve month yield of (0.06%). The balance in our PFM Asset Management LLC accounts is \$61.8 million with a current month yield of 0.10%, a three month yield of 0.03% and a twelve month yield of 0.45%. Overall, we have \$120.9 million invested with managers. The funds invested by our internal staff total \$47.5 million. Our debt service accounts total \$7.2 million. Our total investment portfolio is \$175.7 million with a current month yield of 0.09%, a three month yield of 0.06% and a twelve month yield of 0.19%.

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 0.38% which is above the 1-5 year benchmark return of (0.05%). Last year's fiscal year-to-date return was 5.10%. This year's fiscal year-to-date return for 19/19 Investment Counsel is (0.11%) which is below the benchmark of (0.05%). Last year's fiscal year-to-date return was 4.07%. The Local Government Investment Pool's fiscal year-to-date return is 0.20% compared to fiscal year 2020's return of 1.73%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$18,165 was spent on Business & Travel during the month of May. Fiscal year-to-date, we have spent a total of \$200,535.

#### TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: Typically, the month of May is one of the drier months of the year, which was the case this year. The alum dosage at Myrtle Beach averaged 66 mg/l for the month of May which is down 32% compared to last month. The average alum dosage at Bull Creek for the month of May was 40 mg/l, which is down 38% compared to last month. Myrtle Beach is currently running at about 60 mg/l and Bull Creek is currently running at about 50 mg/l. In regards to water flows, Myrtle Beach flows were up 33% as compared to the same period last year and Bull Creek flows were up 7%. The total flows were up 28%. Compared to May of 2019, our flows are up approximately 5%. In regards to wastewater flows, the flows at Myrtle Beach were up 10% and the flows at Schwartz were down 16% as compared to last year. The total wastewater flows were down 15% 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 May with the exception of one violation at the Green Sea Floyds WWTP. We had a weekly BOD violation. This was due to the dry period. Because there was less flow coming in, the wastewater sat in the lagoon longer and with the warm temperatures and plenty of sunshine, we had algae growth.

In regards to plant operation activities, at the Myrtle Beach SWTP, the clearwells at the facility have been cleaned and repainted. At the Bull Creek SWTP, the #5 filter effluent valve recently failed during a period of high flows. The staff was able to remove the manual actuation gear and get it functioning. Since then, a new valve and actuator have been ordered. The staff will replace these once we receive them.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, the influent meters have been installed and were certified last week. We will start billing the City on the first of July. After running a quick 24-hour test and comparing it to the old method of billing, we were up a little more than 2 MGD. At the Vereen WWTP, the design of the clarifier effluent pump station has been designed. We are waiting on a construction permit from SCDHEC prior to bidding out this work. We currently have an RFP out for new bar

screens for the Vereen and Bucksport WWTPs. We are trying to improve the efficiency of the screens.

#### 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.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Deerfield well, cycle testing has been initiated by our staff. We start with the weekly injection and recovery. Once we have two consecutive passing tests, we move to monthly cycle testing. In regards to the TPI well, this well has been placed into operation for potable use. In regards to the Ten Oaks well, the final screens and casing are being installed.

In the ASR program, for the month of May, we had a net recovery of approximately 129.0 million gallons for an average daily recovery of 4.2 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in May we smoke tested 359,449 feet of gravity line, televised 6,177 feet of gravity sewer mains, responded to 191 sewer back-ups and 95 water quality/quantity complaints, collected 296 water quality samples, inspected 139 cross connection devices, 136 fire hydrants and 415 isolation valves, responded to 13 emergency and one scheduled main line shut-down and completed 4,853 work orders.

UPDATE/STATUS: Irrigation Public Service Announcement Initiative. Mr. Patel shared information with the Board about an irrigation public service announcement initiative we would like to start. As everyone is aware, the month of May was a very dry month. The South Carolina Department of Natural Resources determined that our service area was in a moderate drought status. From a water system perspective, we see increased demand particularly on Mondays, Wednesdays and Fridays from 6:00 a.m. to 9:00 a.m. Therefore, we would like to do a public service announcement/customer education initiative requesting that customers change the days and times they irrigate to spread the irrigation demand throughout the week. This could increase customers' water pressure and overall customer satisfaction during irrigation season. We would do this through utility bill inserts, messages in customer's bills and through social media. Mr. Patel shared several examples of graphics that another water and sewer company used for a similar initiative with the Board. Mr. Richardson, Mr. Patel and the Board further discussed this initiative. The Board provided their support and approved this initiative.

#### 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 are currently winding down our two-year budget and getting ready to start our new two-year budget on July 1<sup>st</sup>. To-date, the Board has approved over \$5.0 million in the current two-year budget for the rural water program. In May, we authorized 3 projects for design for right at 3,225 linear feet of pipeline. One project moved from the design phase to the construction status totaling 2,900 linear feet of pipeline and 3 new customers. We issued service authorization to 8 projects for nearly 17,000 linear feet of pipeline and over 24 new customers.

On the sewer side, the Board has approved more than \$7.1 million in the current two-year budget for the rural sewer program. In May, we authorized 8 new projects for design that will add over 45,000 linear feet of pipeline and over 30 new customers. One project was completed in the design phase and moved to the construction status. We issued service authorization to 4 projects for right at 7,200 linear feet of pipeline and 23 new customers.

We currently have 111 projects in design and construction in the rural program for 287,966 linear feet or right at 54.5 miles of pipeline. We average installing about 25 miles per year. These projects will add over 450 customers to the rural program.

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 28 water projects for over 10 miles of pipeline and 67 new customers. We have approved and placed into operation 25 sewer projects for 5.7 miles of pipeline and 70 new customers.

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 May. Seven developer extension projects were submitted for review for just over 550 REUs. All of these projects were for single-family lots. Five commercial projects were submitted and reviewed for 12 REUs. We held 6 preconstruction meetings in May for 488 new single-family lots that are now under construction. Currently, we have 93 active developer extension projects in the construction or close out phase for 7,042 REUs. We also have 59 developer projects in the permitting status for 4,560 REUs. In May, we issued service authorization to 9 projects for 316 REUs.

Ms. Everett briefly reviewed and called the Board's attention to the trend charts regarding new projects in the Board Packet. We are running pretty well in line where we were last year in regards to the number of projects. Our REUs reviewed are up this year as compared to last year.

UPDATE/STATUS: Capital Projects: In regards to the new Bucksport Access Roadway project, this roadway is now open to the public. We are asking all GSWSA employees and delivery trucks to use the new roadway.

In regards to the Bucksport Marine Park project, a progress meeting was held on June 7<sup>th</sup>. Based on current construction schedules, this project is scheduled to be completed in January 2022. The contractor is currently working on the pile driving activities for the travel lift and docks.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade project, as a result of the Bull Creek hydraulic analysis that was recently completed, we have sent out an RFP for qualified engineering consulting firms to provide proposals for the design of the upgrade at Bull Creek as well as design for the Conway water transmission system upgrade. The proposals are due back this Wednesday by 11:00 a.m.

In regards to the Highway 701 to Highway 544 48" Waterline, this project is in progress. We have held several progress meetings. Ruby-Collins, Inc. has installed 17,600 linear feet of the 48" waterline to-date. The directional drilling subcontractor, Laney Directional Drilling, has recently completed the 60" reamer under the Waccamaw River. They are now swabbing the directional drill and anticipate pulling back the 48" steel watermain on July 8<sup>th</sup>. This process will take two days. A change order request has been submitted to DDC Engineers and is currently under review.

In regards to the International Drive Booster Pump Station, this contract has been awarded to Harper for \$4,487,000. The contract documents were approved by SCDHEC.

In regards to Myrtle Beach WWTP Influent Flow Meters project, as Mr. Brown mentioned, this project has received final approval from DHEC. The flow readings for billing will begin in July.

In regards to the Old Highway 90 Elevated Water Storage Tank project, SCDHEC has approved the preliminary engineering report and the project has completed the 30-day public comment period for the Finding of No Significant Impact. A public hearing was held on June 1<sup>st</sup> with no public comment. We are getting ready to advertise for construction contracts in July with a bid opening in August.

CHARLES HUCKS JR., CHIEF OF TECHNOLOGY

Mr. Hucks did not have any updates for the Board this month. Mr. Singleton asked about our protection against ransomware. Mr. Hucks and the Board briefly discussed ransomware and utility security.

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 past twelve months from June 2020 through May 2021. During the month of May, our total customer accounts increased by 472, which brings our customer account total to 109,326. Over the last twelve months, our total customer base has increased by 4,418 or 4.2%. For the month of May, our active accounts increased by 546, inactive accounts decreased by 60 and our suspended accounts decreased by 14.

In regards to REUs, for the month of May, our total REUs increased by 505, which brings our REU total to 164,174. Over the last twelve months, our total REUs have increased by 5,225 REUs or approximately 3.3%. For the month of May, our active REUs increased by 591, inactive REUs decreased by 69 and suspended REUs decreased by 17.

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 May, the grand total for all purchase orders over \$2,500 was approximately \$2.3 million. The largest purchase order was issued to Ferguson Waterworks for the Old Highway 90 water and sewer materials in the amount of \$395,580. Other significant purchase orders include purchase orders for meter boxes, meters and ERTs for our warehouse inventory, the cleaning and inspecting of sewer mains in Marion County for \$142,721 and SCADA radio upgrade for Ethernet communication for \$90,008. As mentioned last work, we are experiencing shortages of some of our main inventory items. Last week we were fortunate to receive 2,000 ERTs and we are hoping to receive another 2,400 soon. Our Purchasing Department will continue to monitor our supplies and manage them accordingly.

Our Purchasing Department and Fleet Shop will be conducting their annual inventory counts this week to end our current fiscal year.

UPDATE/STATUS: Customer Billing Inserts. Mrs. Skipper shared the customer inserts that have been distributed to customers in the past three months. As Mr. Patel mentioned, we want to do a public service announcement/billing insert for all customers regarding irrigation.


Mrs. Skipper also provided the Board with a COVID-19 update. Since our last Board meeting, we have not had any positive COVID cases.

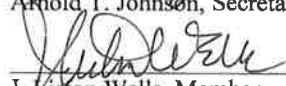
OTHER BUSINESS:

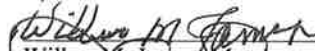
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report, Scholarship Award Recipient Thank You Letter and dates for the upcoming WEFTEC Conference in Chicago, IL.

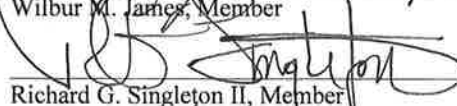
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.

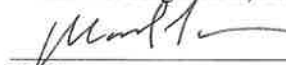
  
Sidney F. Thompson, Chairman  
  
Benjy A. Hardee, Vice Chairman

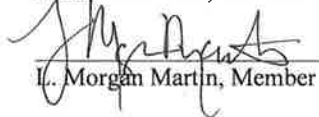
  
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