

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 MARCH 22, 2021

	#MEETINGS (Since 7/1/20)	#ATTENDED (Since 7/1/20)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	8	7	88%
Benjy A. Hardee, Vice Chairman	8	8	100%
Arnold T. Johnson, Secretary	8	8	100%
J. Liston Wells, Member	8	8	100%
Wilbur M. James, Member	8	8	100%
L. Morgan Martin, Member	3	3	100%
MEMBERS ATTENDING VIA TELECONFERENCE:			
Richard Singleton II, Member	8	6	75%
Mark K. Lazarus, Member	8	6	75%

STAFF PRESENT:

Fred R. Richardson, Chief Executive Officer
 Christy Everett, Chief Operations Officer
 Keri Squires, Chief of Accounting and Finance
 Neeraj Patel, Chief of Field Operations
 Tim Brown, Chief of Plant Operations
 Charles Hucks, Jr., Chief of Technology
 Chrystal Skipper, Chief of Administration
 Mary McKellar Hunsucker, HR Manager

LEGAL COUNSEL:

Amanda Bailey, Burr Forman

Copies of the Notice of Meeting and Agenda were mailed to the local media.

Chairman Thompson called the meeting to order and welcomed everyone in attendance. The invocation was given by Board Secretary, Arnold Johnson.

APPROVAL OF FEBRUARY 22, 2021 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Johnson, the Minutes of the February 22, 2021 meeting were approved as presented.

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

DISCUSSION/ACTION: Aynor Elevated Tank Site – Future ASR Well. Mr. Richardson stated Horry County had given us a perpetual lease for an additional 0.066 acres at the Aynor Athletic Complex – Michael Morris Graham Field to construct an ASR well. They have requested that we put the typical Aynor “A” logo on the elevated tank on the property. Upon motion of Mr. Johnson seconded by Mr. Wells, the Board unanimously approved to paint the Aynor logo on the elevated tank.

DISCUSSION/ACTION: Association for the Betterment of Bucksport Donation. Mr. Richardson shared a letter with the Board from the Association for the Betterment of Bucksport requesting a donation to support their cause. This item failed to get a motion for approval.

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: February 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for February 2021 with the Board. As of February 28, 2021, our total operating revenues were \$69.6 million, which is a decrease of \$624,641 from the prior fiscal year. Monthly water fees have decreased \$1.9 million and are down in all categories except availability. Monthly wastewater fees are up 2% which is mostly due to an increase in bulk wastewater revenues. Our tap fees are up by 38% or \$939,845. Our total operating expenses are \$60.4 million, which is a decrease of \$669,611 from the prior fiscal year. The largest decrease is a \$2.0 million decrease in Capital Outlay related to the changes made to decrease our overall budget due to COVID-19. Some of the decrease in Capital Outlay is offset by increases in Personnel Services for salaries and health insurance, increases in Outside Services for utility bills and increases in Supplies and Materials for the cost of treatment supplies. While we show a decrease in revenues, we continue to show a surplus of \$9.2 million. Mrs. Squires reported total non-operating revenues of \$15.4 million, which is a decrease of \$2.0 million from the prior fiscal year. The largest decrease in non-operating revenues is a decrease in investment income of \$4.0 million. This decrease is partially offset by a combined increase of \$1.4 million in water and sewer impact fees and a \$402,995 increase in special fees and contributions.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of February 28th, we should be at approximately 67% of our budget. Our operating revenues were budgeted at \$105.9 million. We are currently at \$69.6 million or 66% of budget so we are on target with our projections to-date. Our operating expense budget is \$105.9 million. Year-to-date we have spent \$60.4 million or 57% 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 \$26.0 million and to-date we have earned \$15.4 million or 59% of budget.

UPDATE/STATUS: Investment Analysis: In our 19/19 Investment Counsel accounts we have a balance of \$59.0 million with a current month yield of (0.47%), a three month yield of (0.40%) and a twelve month yield of 1.15%. The balance in our PFM Asset Management LLC accounts is \$61.9 million with a current month yield of (0.23%), a three month yield of (0.07%) and a twelve month yield of 2.18%. Overall, we have \$121.0 million invested with managers. The funds invested by our staff total \$43.7 million. Our debt service accounts total \$5.1 million. Our total investment portfolio is \$169.7 million with a current month yield of (0.24%), a three month yield of (0.16%) and a twelve month yield of 1.32%.

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 0.34% which is still above the 1-5 year benchmark return of (0.28%). Last year's fiscal year-to-date return was 3.29%. This year's fiscal year-to-date return for 19/19 Investment Counsel is (0.23%), as compared to last year's 2.71%. The Local Government Investment Pool's fiscal year-to-date return is 0.17% compared to fiscal year 2020's return of 1.39%

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$3,686 was spent on Business & Travel during the month of February. Year-to-date, we have spent a total of \$162,726.

Mrs. Squires stated since the last Board meeting, she has been discussing with our financial advisors the possibility of unwinding our swap as well as a refunding on the Bonds of 2011 which will be eligible for refunding in June. With the current state of the

market, interest rates are favorable for us to unwind the swap. Doing so would eliminate a lot of risk for the Authority with interest rates changing as well as provide an estimated net present value savings of \$1.9 million.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 78 mg/l for the month of February which is down 9% compared to last month. The average alum dosage at Bull Creek for the month of February was 69 mg/l, which is down 8% compared to last month. Myrtle Beach is currently running at about 110 mg/l and Bull Creek is currently running at about 60 mg/l. In regards to water flows, Myrtle Beach flows were up 14% as compared to the same period last year and Bull Creek flows were down 6%. The total flows were down 4%. In regards to wastewater flows, the flows at Myrtle Beach were up 11% and the flows at Schwartz were up 24% as compared to last year. The total wastewater flows were up 20% compared to last year.

UPDATE/STATUS: Compliance with DHEC Water and Wastewater Treatment Plant Requirements: Mr. Brown stated all water and wastewater was in compliance with DHEC requirements for the month of February.

In regards to plant operation activities, at the Myrtle Beach SWTP we have completed recoating the concrete on one of the two ozone contact chambers. The coating representative has come and inspected it as well. We are now in the process of replacing several diffusers. At the Bull Creek SWTP, the centrate pump station project is nearing completion. We still have to install the pumps, some hardware and a little electrical.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, work continues to progress on the installation of the influent meters for flow measurement. We are working with MBD Consulting Engineers, P.A. to design and install two self-priming pumps to replace two of the influent screw pumps which failed recently. At the Vereen WWTP, proposals are getting ready to go out for the replacement of the bar screen. The plant's original bar screens are still in place and we are starting to experience failures with them. At the Conway WWTP, we have not had any recent odor complaints, but we are looking at options to use activated carbon odor control units to treat the air and gases from the headworks structure. At the Schwartz WWTP, we are working with the manufacturers of the turbo blowers for the digester aeration system to resolve some failure issues we have had with oil coolers that are leaking.

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 February.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Deerfield well, construction of the well intertie has been completed by our internal staff. In regards to the TPI well, we have submitted our request to SCDHEC to allow the use of injected water for potable use. We expect comments back from SCDHEC this week. In regards to the Ten Oaks well, the well driller has completed the 10 inch pilot hole to approximately 500 feet. This well will actually be much larger. It will be a 12 inch hole on the bottom but the bore hole will be 20 inches and the total depth will be 800 feet. In regards to the River Oaks, Central and Cool Springs wells, our staff is working on the specifications for bidding out the work in July.

In the ASR program, for the month of February, we had a net injection of approximately 160.5 million gallons for an average daily injection of 5.7 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in February we smoke tested 268,192 feet of gravity line, televised 3,382 feet of gravity sewer mains, responded to 253 sewer back-ups and 57 water quality/quantity

complaints, collected 309 water quality samples, inspected 132 cross connection devices, 233 fire hydrants and 478 isolation valves, responded to 20 emergency and 5 scheduled main line shut-downs and completed 4,465 work orders.

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. To-date, the Board has approved over \$4.4 million in the current two-year budget for the rural water program. In February, we authorized five projects for design which met the criteria for our rural program for 5,285 linear feet of pipeline. One project moved from the design phase to the construction status for 1,100 linear feet of pipeline. We issued service authorization to 4 projects for right at 4,000 linear feet of pipeline and 5 new customers. Fortunately our contractors and in-house crews have been able to get a lot of work done since the weather has been good over the last month.

On the sewer side, the Board has approved over \$6.1 million in the current two-year budget for the rural sewer program. In February, we authorized 7 new projects for design that will add 8,640 linear feet of pipeline. Two projects were completed in the design phase and moved to the construction status that will add right at 2,400 linear feet of pipeline. We issued service authorization to 7 projects for 8,310 linear feet of pipeline and 10 new customers.

We currently have 102 projects in design and construction for 227,063 linear feet or 43 miles of pipeline that is waiting to be designed and installed. These projects will add almost 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 2021, we have approved and placed 9 water projects and 9 sewer projects online that added a combined total of 4.6 miles of pipeline and 30 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 February. Ten developer extension projects were submitted for review for 722 REUs. Of the total, 713 REUs were for single-family developments and 9 REUs were for commercial developments. Two commercial projects were submitted for review for 45 REUs. We held 8 preconstruction meetings in February for right at 700 REUs. Of the total, 664 REUs were for single-family developments and 44 were for multi-family developments. Currently, we have 83 active developer extension projects in the construction or close out phase for 5,862 REUs. Of the total, 4,219 REUs or 72% are for single-family developments, 1,116 REUs or 19% are for multi-family developments and 527 REUs or 9% are for commercial projects.

Ms. Everett called the Board's attention to the trend charts regarding new projects in the Board Packet.

UPDATE/STATUS: Capital Projects: In regards to the Bucksport Campground Expansion, we are working on the design to expand the campground at the Bucksport Marina. This will include a bathhouse and a pool. The construction drawings have been submitted to the regulatory agencies for review and comment. We should receive the construction permits in the next couple of months.

In regards to the Bucksport Marine Park, this project is well underway. Crews are back to work following the recent flooding. A.O. Hardee and Son, Inc. is continuing to work on the dredge material containment area, pile driving and the retaining wall. The subcontractor is working on the gravity sewer main and water line installation. We are working with MBD Consulting Engineers, P.A. on a fire pump system to be included in the infrastructure.

In regards to the Bull Creek Hydraulic Model and Preliminary Engineering Report, we had a progress meeting with Goodwyn Mills Cawood (GMC) last Friday. We are now

able to project out flow demands through 2040. The model can show us where limitations are within our system. We hope to present this information to the Board at the annual budget retreat.

In regards to the Highway 701 to Highway 544 48" Waterline, the directional drilling subcontractor, Laney Directional Drilling, should start back on the reaming process this week. This site was affected by the recent flooding. The reaming process will take about 5 weeks then they will complete the pull back of the pipeline. Razorback Boring, Inc. was able to complete the bore and jack work in about 4 days.

In regards to the International Drive Booster Pump Station, we received bids in February for this project. Ms. Everett listed the bids in the Board packet for the Board's information. These bids are currently under review.

CHARLES HUCKS JR., CHIEF OF TECHNOLOGY

Mr. Hucks did not have any updates for the Board this month.

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 March 2020 through February 2021. During the month of February, our total customer accounts increased by 349, which brings our customer account total to 107,843. Over the last consecutive twelve months, our total customer base has increased by 3,843 or 3.7%. For the month of February, our active accounts increased by 391, inactive accounts decreased by 88 and suspended accounts increased by 46.

In regards to REUs, for the month of February, our total REUs increased by 433, which brings our REU total to 162,463. Over the last consecutive twelve months, our total REUs have increased by 4,635 or 2.9%. For the month of February, our active REUs increased by 460, inactive REUs decreased by 360 and suspended REUs increased by 333 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 February, the grand total for all purchase orders over \$2,500 was approximately \$3.6 million. The largest purchase order for February was issued to the State Fiscal Accountability Authority for our building and personal property insurance renewal for \$969,876.09. Within the report there are several other insurance policy renewals that total approximately \$1.6 million. Other significant purchase orders include a purchase order to Insituform Technologies LLC for \$365,163.30 for slip lining services, a purchase order to Vermeer Mid Atlantic LLC for \$307,967.00 for a Vermeer directional drill system, a purchase order for 3000 ERTs for our warehouse inventory for \$233,280.00 and a purchase order for 500 meter boxes for \$103,485.60.

Mrs. Skipper provided the Board with a COVID-19 update. We have had a total of 62 employees test positive for COVID-19 which is an increase of 7 employees since our last Board Meeting. We have had a total of 411 situations where employees have been exposed, tested, displayed symptoms, etc. which is an increase of 40 since last month. We have had 20 employees take time off due to COVID related childcare needs and 187 employees have used a COVID hour code on their timesheet.


Mrs. Skipper shared an update on the Budget Retreat with the Board. Our original reservations will not be confirmed until the next week or so. Mrs. Skipper stated she researched several different locations as a backup and will continue to check on other venues as requested by the Board.

OTHER BUSINESS:

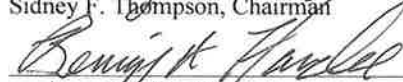
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and upcoming Budget Retreat dates of Thursday and Friday, May 6th and 7th.

Upon motion duly made, seconded and carried the Board went into executive session for the discussion of personnel, legal and contractual matters. Following the executive session, the Board returned to regular session.

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



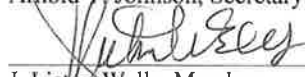
Sidney F. Thompson, Chairman



Benjy A. Hardee, Vice Chairman




Arnold T. Johnson, Secretary



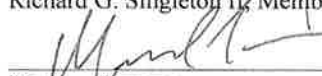
J. Liston Wells, Member



Wilbur M. James, Member



Richard G. Singleton II, Member



Mark K. Lazarus, Member

Approved via teleconference

L. Morgan Martin, Member



Radha B. Herring, Member