

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 MARCH 28, 2022

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	12	12	100%
Benjy A. Hardee, Vice Chairman	12	12	100%
Arnold T. Johnson, Secretary	12	12	100%
J. Liston Wells, Member	12	12	100%
Wilbur M. James, Member	12	12	100%
Richard Singleton II, Member	12	12	100%
Mark K. Lazarus, Member	12	12	100%
Radha B. Herring, Member	12	11	92%

MEMBERS ABSENT:			
L. Morgan Martin, Member	12	8	67%

STAFF PRESENT:
 Christy Everett, Chief Executive Officer
 Keri Squires, Chief of Accounting and Finance
 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

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 FEBRUARY 28, 2022 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Wells, the Minutes of the February 28, 2022 meeting were approved as presented.

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

DISCUSSION/ACTION: Auditing Services Bid Responses. Ms. Everett stated we went out for proposals for auditing services this year. Every three to five years we send out an RFP for auditing services. We received three proposals. The firms who submitted a proposal were Greene Finney Cauley, LLP, Mauldin & Jenkins, LLC, and Frazier & Deeter. The Accounting staff went through an extensive interview process. Based upon the years of experience, particularly with special purpose districts and governmental agencies, Mrs. Squires recommends selecting Mauldin & Jenkins, LLC as our new auditing firm. Upon motion of Mr. James, seconded by Mr. Singleton, the decision to select Mauldin & Jenkins, LLC was unanimously approved by the Board as presented.

DISCUSSION/UPDATE: Amended and Restated Statement of Investment Policy and Objectives for Other Post-Employment Benefits (OPEB) Trust. Mrs. Everett stated the only change made to the Investment Policy of Objectives for OPEB Trust was one bullet point under the Performance Measurement and Monitoring of Objectives and Results section. The benchmark index had to be changed in this section. Previously, it was the Barclay Index which is no longer used. The benchmark now accepted is the ICE Bank of America 1-10 Year Treasury and Agency Index. This was the only change made to the policy.

DISCUSSION/ACTION: Donation Request to American Legion for Palmetto Boys and Girls State. Mrs. Everett stated Mr. Richardson had received a letter from the American Legion for Palmetto Boys and Girls State requesting donations. Mr. Thompson stated that we do not normally do things like this. He asked that we notify the American Legion of this.

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. Singleton, the capital budget appropriation requests for rural water and sewer projects were unanimously approved by the Board as presented.

As a follow-up to the discussion at last month's Board Meeting, Ms. Everett called the Board's attention to the charts showing GSWSA's water and sewer rates for the City of Myrtle Beach compared to the fees charged by the City of Myrtle Beach to their residential customers. We calculated an annualized average rate increase. Over the last 10 years, GSWSA has increased water rates an average of 1.75% per year compared to the City of Myrtle Beach raising their water rates 2.18%. On the wastewater side, GSWSA's annualized increase was 1.57% compared to the City of Myrtle Beach's increase of 3.82%.

Ms. Everett shared the Chief Executive Officer's Report for the month of March with the Board. This listing shows the meetings, events, and activities that were conducted in the month of March.

Mr. James asked about the water and sewer rates for other municipalities. Ms. Everett stated Mrs. Squires was working on this information now and it will be presented at the Budget Retreat. The Board further discussed rates.

DIVISION REPORTS:

KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: February 2022 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for February 2022 with the Board. As of February 28, 2022, our total operating revenues were \$75.8 million, which is a 9% increase from the prior fiscal year. However, this is only a 6% increase compared to fiscal year 2020. 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, excess, Bull Creek and Myrtle Beach water revenues. Monthly wastewater revenues were up in all categories except bulk. The largest increases were in wastewater availability, volume, excess and Myrtle Beach revenues. Customer charges have increased 25% or \$320,067 as compared to fiscal year 2021. Our tap fees have increased \$472,929 or 14%. Our total operating expenses are \$66.0 million, which is an increase of \$5.5 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 due to a small merit increase as well as increases in the employer retirement cost and health insurance costs. The largest increases in outside services come from professional services. Supplies and materials have increased as well. Fuel accounts for \$314,000 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 due to additional borrowing for SRFs and the new money Bonds of 2021. We currently have an operating surplus of \$9.8 million which is an increase of \$654,012 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$16.4 million, which is an increase of \$1.0 million or 7% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$3.5 million which was enough to offset the \$2.4 million decrease in investment income.

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 \$117.7 million. To-date, we have earned \$75.8 million or 64% of budget. The Interfund Reimbursement line item includes revenues that we fund just in case we need to fund our capital renewal and replacement assets. We do not usually do this so the budget is only showing at 37% of budget. If you eliminate this line item, our revenues are at 67% of budget. Our operating expense budget is \$117.7 million. Year-to-date we have spent \$66.0 million or 56% of the budget. As the fiscal year continues, our operating expenses will continue to increase as well. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$16.4 million or 52% of budget. Impact fees are higher than originally estimated and investment income is lower than estimated due to current market conditions.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$57.9 million with a current month yield of (0.44%), a three month yield of (1.57%) and a twelve month yield of (1.83%). The balance in our PFM Asset Management LLC accounts is \$60.5 million with a current month yield of (0.51%), a three month yield of (1.48%) and a twelve month yield of (2.14%) Overall, we have \$118.4 million invested with managers. The funds invested by our internal staff, which is mostly our operating and capital funds, total \$80.9 million. Our debt service accounts total \$8.7 million. Our total investment portfolio is \$208.1 million with a current month yield of (0.27%), a three month yield of (0.85%) and a twelve month yield of (1.08%).

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. 1919 Investment Counsel's fiscal year-to-date return is (1.94%) which is just below the 1-5 year benchmark return of (1.92%). This is the account that will be transferred to PNC Capital Advisors effective May 1st. This year's fiscal year-to-date return for PFM Asset Management LLC is (1.92%) which matches the benchmark but is lower than last year's 0.34%. The Local Government Investment Pool's fiscal year-to-date return is 1.0% compared to fiscal year 2021's return of 1.97%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$16,429 was spent on Business & Travel during the month of February. Fiscal year-to-date, we have spent a total of \$213,349.

Mrs. Herring asked about the budgeted revenues matching the budget expenses on the consolidated budget to actual report. Mrs. Squires stated that our budgeted revenues and budgeted expenses always match until the budgets are revised each year.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 68 mg/l for the month of February which is up 1% compared to last month. The average alum dosage at Bull Creek for the month of February was 44 mg/l, which is down 20% compared to last month. Myrtle Beach is currently running at about 70 mg/l and Bull Creek is currently running at 85 mg/l. The recent rain has changed the river ratios so we have had to feed more alum. In regards to water flows, Myrtle Beach flows were up 5% as compared to the same period last year and Bull Creek flows were up 23%. The total flows were up 15%. In regards to wastewater flows, the flows at Myrtle Beach were down 20% and the flows at Schwartz were down 21% as compared to last year. The total wastewater flows were down 29%. We had a lot of rain last February which helps explain the decreases.

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 February.

In regards to plant operation activities, at the Myrtle Beach SWTP, the crews are preparing to replace the diffusers in one of the two compartments in the ozone contact

chamber. At the Bull Creek SWTP, the backwash pumps were pulled and are being sent to the shop for repair of the worn impellers. The repair will allow us to gain back some of the original backwash capacity.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, two new electric driven self-priming pumps have been installed at the influent pump station and headworks structure. We received approval to operate from SCDHEC. In regards to the Longs WWTP, work continues to fine tune the treatment plant and operational logic. The staff completed the clean out of the existing lagoon so we are now in the process of filling it in. In regards to the Schwartz WWTP, work continues on the digester blower maintenance issues. We have had issues with the oil coolers.

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 Ten Oaks well in Carolina Forest, we are completing bid documents for the wellhouse construction. In regards to the Braves Village well, the gravel pack has been installed and the screens were recently set as well. In regards to the Highway 410 Blend well, the final borehole is being reamed and we are awaiting delivery of the screens. Typically the screens are set after the reaming and then the gravel pack is installed. Once all of this work is completed the well can be developed. In regards to the Cool Springs well, the well screens are being installed.

In the ASR program, for the month of February, we had a net injection of approximately 164.1 million gallons for an average daily injection of 5.9 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in February we smoke tested 102,809 feet of gravity sewer line, cleaned and televised 13,367 linear feet of gravity sewer mains, responded to 250 sewer back-ups and 91 water quality complaints, collected 391 water quality samples, inspected 199 cross connection devices, 258 fire hydrants and 786 isolation valves, responded to 27 emergency main line shut-downs and 2 scheduled shut-downs, and completed 5,266 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. Mr. Minor stated in regards to the fiscal year 2020/2021 two-year budget, there are still 5 projects in the construction status. In fiscal year 2022, the Board has approved over \$2.0 million in the rural water program. In February, we authorized 7 projects for design for 21,000 linear feet of pipeline and 65 new REUs. Six projects moved from the design phase to construction for over 5,000 linear feet of pipeline and 19 new REUs. We issued service authorization to 2 projects adding 1,800 linear feet of pipeline and 8 new customers.

On the sewer side, we currently have 5 projects that were approved and appropriated in the fiscal year 2020/2021 budget. In the fiscal year 2022/2023 budget, the Board has approved \$4.3 million for the rural sewer program. In February, we authorized 4 new projects for design that will add 13,000 linear feet of pipeline and 59 new REUs. Six projects moved to the construction status for approximately 25,000 linear feet of pipeline and 37 new REUs. We issued service authorization to 2 projects for about 2,000 linear feet of pipeline and 4 new REUs.

In total, we have 136 water and sewer projects currently in design and construction for approximately 67 miles of pipeline and 547 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 3 miles of waterline and 5 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 February. The New Services Department had 6 new developer extension projects submitted for review in February for 455 REUs. In February, we held 6 preconstruction meetings. Currently, we have 102 active developer extension projects in the construction or close out phase. In February, we issued service authorization to 4 projects for 327 REUs at build out. These 4 projects contributed approximately 15,000 linear feet of water and sewer line and almost \$1.3 million in fixed asset contributions.

Mr. Hardee asked how many linear feet were included in the 102 active developer projects. Ms. Everett stated this is not something we currently report on but said that we can provide this information. Mr. Minor and Ms. Everett explained the trend charts in the Board Packet and stated that linear feet could be added to the trend charts going forward as well. Mr. Hardee also asked where we were in comparison to our 5-year plan projections. Ms. Everett stated that we are probably a little ahead of the plan and the plan may need to be revised in the next couple of years.

UPDATE/STATUS: Capital Projects: In regards to the marine park, A.O. Hardee & Son, Inc. and its subcontractors are completing final punch list items. As-builts are being prepared for submittal to Horry County and GSWSA. A follow-up final inspection with Moffat & Nichol is anticipated for April.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade, Goodwyn Mills Cawood (GMC) is currently completing the 60% design plans, specifications and cost estimates in anticipation of a review meeting in April. The preliminary engineering report is being finalized by GMC and will be submitted to SCDHEC for review and approval by April 1st.

In regards to the Bull Creek Drainage Improvements, all permits have been obtained and SCDHEC has issued approval of the bid documents. The project is currently being advertised for bids with a bid opening date of April 19th.

In regards to the Conway to Bucksport WWTP Flow Diversion, SCDHEC has approved the preliminary engineering report to be considered for State Revolving Loan Funding. Horry County has awarded \$4 million through the ARPA allocations for this project. The construction drawings for the line work and pump station at the Conway WWTP will be completed by MBD Consulting Engineers, P.A. and will be submitted to DHEC and Horry County for construction permits.

In regards to the Conway WWTP Effluent Structure Upgrade, the contractor, Harper Corporation General Contractors, was issued a Notice to Proceed to start work on or before April 11, 2022. The contractor is about to mobilize to the site if they have not already. This is a 450-day contract. This project is being partially funded by a FEMA Hazard Mitigation Grant.

In regards to the Highway 701 to Highway 544 48" Waterline project, Ruby-Collins, Inc. has completed the installation of the 48" waterline with the exception of tie-ins. The line is currently being pressure tested. We hope to be ready for flushing operations soon but this has been pushed back some due to pressure testing.

In regards to the International Drive Booster Pump Station project, the contractor, Harper Corporation General Contractors, has completed the 36" bypass piping and has conducted passing pressure tests. Santee Cooper recently set the electrical transformer for permanent power. The contractor is currently completing the underground power, SCADA tower, instrumentation and final site grading. A start up is tentatively scheduled for May 3rd with a completion date of May 30, 2022. These dates will likely be pushed back due to material availability issues.

In regards to the Highway 76 Drainage Improvement project, Richardson & Richardson, Inc. was awarded the contract for a waterline relocation project in preparation for SCDOT drainage improvements to Highway 76 in Mullins. The contract amount is \$149,655. A pre-construction meeting was held March 16th and the Notice to Proceed has been issued. The contractor mobilized to the site today. This project will take approximately three weeks to complete.

In regards to the Old Highway 90 Elevated Water Storage Tank project, the contractor, Phoenix Fabricators and Erectors, Inc., was originally supposed to be on-site by now, but they have not made it on-site yet. They are fabricating materials and doing work at their facility before mobilizing to the site.

CRYSTAL 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 March 2021 through February 2022. For the month of February, our total customer accounts increased by 692 customers which brings our customer account total to 113,618. Over the last twelve months, our total customer base has increased by 5,207 customers or 4.8%. In February, our active accounts increased by 694, inactive accounts increased by 8 and suspended accounts decreased by 10.

In regards to REUs, in February, our total REUs increased by 704 which brings our REU total to 170,073. Over the last twelve months, our total REUs have increased by 6,944 or approximately 4.3%. For the month of February, our active REUs increased by 692, inactive REUs increased by 3 and suspended REUs increased by 9.

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. The grand total for all purchase orders over \$2,500 issued in February was approximately \$2.3 million. The largest purchase order in February was issued to Ferguson Waterworks for meter boxes to be placed in our warehouse inventory. Other large purchase orders included a purchase order for Bay View Drive water materials for \$263,649, two new center pivots for the Tip Top Tree Farm for \$172,716 and additional meter boxes and grinder stations for our warehouse inventory.


Mrs. Skipper also invited the Board to the Spring Employee Appreciation Luncheon next Thursday, April 7th at noon at the Repairs Building.

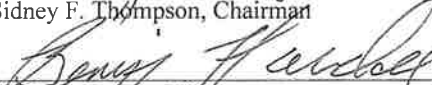
OTHER BUSINESS:

Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report, upcoming 2022 AWWA Conference in San Antonio, Texas, June 11th through June 16th and the upcoming Budget Retreat dates of Thursday, May 5th and Friday, May 6th.

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



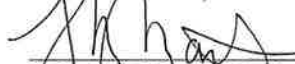
Wilbur M. James, Member

Approved via teleconference

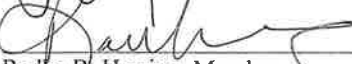
Richard G. Singleton II, Member



Mark K. Lazarus, Member



L. Morgan Martin, Member



Radha B. Herring, Member

