

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
MAY 27, 2025

| | #MEETINGS (Since 7/1/24) | #ATTENDED (Since 7/1/24) | % ATTENDANCE |
|--------------------------------|-----------------------------|-----------------------------|-----------------|
| MEMBERS PRESENT: | | | |
| Sidney F. Thompson, Chairman | 10 | 10 | 100% |
| Benjy A. Hardee, Vice Chairman | 10 | 10 | 100% |
| Arnold T. Johnson, Secretary | 10 | 9 | 90% |
| J. Liston Wells, Member | 10 | 10 | 100% |
| Wilbur M. James, Member | 10 | 10 | 100% |
| Richard Singleton II, Member | 10 | 9 | 90% |
| Radha B. Herring, Member | 10 | 10 | 100% |

| | | | |
|--------------------------|----|---|-----|
| MEMBERS ABSENT: | | | |
| Mark K. Lazarus, Member | 10 | 7 | 70% |
| L. Morgan Martin, Member | 10 | 6 | 60% |

STAFF PRESENT:

Christy Holder, Chief Executive Officer
Chrystal Skipper, Chief of Administration
Neeraj Patel, Chief of Plant Operations
Christen Jordan, Chief of Accounting and Finance
Thomas Neat, Chief of Technology
Wade Lewis, Chief of Field Operations
Mary Hunsucker, HR Manager
Chase Martin, Accounting Manager
Coker Hall, Accountant

LEGAL COUNSEL:

Stewart Miller, Burr Forman
Frannie Heizer, 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 APRIL 28, 2025 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Singleton, the Minutes of the April 28, 2025 meeting were approved as presented.

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

PRESENTATION/DISCUSSION: Resolution 01-25 – A Resolution to Raise Revenue, Make Appropriations and Adopt a Budget for Grand Strand Water and Sewer Authority for Fiscal Years Ending June 30, 2026 and June 30, 2027 and Amend Budget for Fiscal Year 2025. Mrs. Holder stated the budget presented is the same budget that was presented to the Board at the annual budget retreat a couple weeks ago with one minor change. There were 11 vehicles budgeted in fiscal year 2025 that we will not receive prior to June 30th so those have been removed from the current fiscal year budget and added to the budget for fiscal year 2026. No action is needed at this time. We will have a public hearing and vote on the budget at next month's Board meeting.

DISCUSSION/ACTION: Resolution 02-25 – A Resolution Relating to the Declaration of Intent by Grand Strand Water and Sewer Authority to Reimburse Certain Expenditures Prior to the Issuance by the Authority of Tax-Exempt Debt. Mrs. Holder stated that a capital budget with funding was presented to the Board at the budget retreat which included a \$60 million bond deal. Our financial advisor, Jon Kim and legal counsel,

Frannie Heizer have been working with us on this proposed bond deal. Ms. Heizer addressed the Board. Ms. Heizer stated this is not something that we typically have to do. However, based on the size of the capital plan and the number of potential projects, we are approaching things differently. We are working on something that will allow us to spend money on projects now and reimburse ourselves using the funds from the bond issue when we issue the debt. When doing this, the IRS requires that we have an official declaration of intent which is what the resolution is. It is not committing us to any particular action. It is simply an IRS requirement in the event we spend money on projects that we will reimburse ourselves for using bond proceeds. Upon motion duly made by Mr. Johnson, seconded by Mr. James, the resolution was approved as presented.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Water and Sewer Projects. Mrs. Holder stated the projects in the Board packet for appropriation have met the criteria for our rural program. 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.

Mrs. Holder called the Board's attention to the May CEO Report in the Board packet for their information.

DIVISION REPORTS:

UPDATE/STATUS: April 2025 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for April 2025 with the Board. As of April 30th, our total operating revenues were \$117.2 million compared to \$110.9 million in 2024, which is a 6% increase. The largest changes in operating revenues were increases to the monthly water and wastewater fees. Monthly water fees were up in all categories. The largest increases occurred in water availability and volume. Monthly wastewater fees were up in all categories with the exception of bulk. The biggest increases were in wastewater availability and volume. Increases in availability and volume make up approximately 88% of the increases for water and wastewater fees. Our total operating expenses increased \$6.9 million from the prior fiscal year. The largest increases come from personnel services, supplies and materials and capital outlay. Personnel services have increased \$3.1 million from fiscal year 2024 due to an increase in the number of employees, a merit increase and the associated taxes and retirement. Supplies and materials have increased \$1.2 million which is mainly due to an increase in treatment supplies of \$614,000 and an increase in supplies and materials for water and wastewater facilities of \$460,000. Capital outlay is up \$1.1 million or 35% from the prior fiscal year. So far this fiscal year, we have received more vehicles and equipment than we did through April of last year. There is currently an operating surplus of \$15.5 million, a decrease of \$578,837 compared to the same period in fiscal year 2024. Our total non-operating revenues are \$48.7 million which is an increase of \$16.5 million from the prior fiscal year. The increase is mainly due to receiving ARPA funds, RIA grants, an EDA grant and FEMA funds from Hurricane Florence.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of April 30th, we should be at 83% of our estimated budget. Our operating revenues were budgeted at \$149.0 million. To-date, we have earned \$117.2 million or 79% of our estimated budget. We are just slightly below target. This includes interfund reimbursement, which is at 47% of budget and causing our overall percentage to be lower. We would be at 81% of budget without the interfund reimbursement. Interfund reimbursement includes revenue for capital renewal and replacement. We will be eliminating this through the budget process. Our operating expense budget is \$149.0 million. Year-to-date we have spent \$101.7 million or 68% of budget. Our expenditures will continue to increase as the year progresses and we receive capital outlay items from our annual bid. Total non-operating revenues were budgeted at \$55.3 million and to-date we have earned \$48.7 million or 88% of budget. Investment income is higher than originally budgeted due to market conditions. Special fees and contributions are at 141% of budget due to receiving a large amount in grants this year.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$60.8 million. These funds have a current month yield of 0.90%, a

three month yield of 2.71% and a twelve month yield of 7.18%. The balance in our PFM Asset Management LLC accounts is \$64.8 million with a current month yield of 1.06%, a three month yield of 3.04% and a twelve month yield of 8.01%. Truist funds total \$5.1 million with a current month yield of 0.90%, a three month yield of 2.53% and a twelve month yield of 7.24%. Overall, we have \$130.7 million invested with managers. The funds invested by our internal staff total \$117.1 million. Our debt service accounts total \$10.8 million. Our total investment portfolio is \$258.6 million with a current month yield of 0.66%, a three month yield of 1.93% and a twelve month yield of 5.97%.

Mrs. Jordan shared a graph with the Board showing the fiscal year-to-date comparison on our returns for PFM Asset Management LLC, PNC Capital Advisors, Truist, the South Carolina Local Government Investment Pool, Anderson Brothers Bank (ABB) ICS account and Coastal Carolina National Bank (CCNB) ICS account. The current 1-5 year benchmark is 5.84%. PNC Capital Advisors' fiscal year-to-date return is 5.41% which is below the benchmark and higher than fiscal year 2024's return of 2.11%. This year's fiscal year-to-date return for PFM Asset Management LLC is 5.89% which is just slightly above the benchmark and higher than last year's return of 1.83%. Truist's fiscal year-to-date return is 5.48% which is below the benchmark and higher than fiscal year 2024's return of 3.69%. The Local Government Investment Pool's fiscal year-to-date return is 4.18% which is lower than the fiscal year 2024 return of 4.77%. Our fiscal year-to-date return for the ABB ICS account is 3.81% which is slightly lower than last year's fiscal year-to-date return of 3.97%. Our fiscal year-to-date return for the CCNB ICS account is 3.69% which is lower than fiscal year 2024's return of 4.26%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$14,092 was spent on Business & Travel during the month of April. These costs include membership renewals, exam fees and conference fees. Year-to-date, we have spent a total of \$292,712.

UPDATE/STATUS: Purchase Transactions Over \$3,500: Mrs. Jordan called the Board's attention to the information in the Board packet on purchase order transactions over \$3,500. The total of all purchase orders included on the report for the month of April is \$5.8 million. The largest purchase order in April was issued to Greenwall Construction Service, Inc. for \$1.5 million for the Schwartz WWTP digester blower replacement. Other large purchase orders included a purchase order for \$853,000 to Professional Pump & Well, Inc. for the Carolina Pines ASR Well Construction, a purchase order for \$344,000 to MGX Equipment Services, LLC for a 2026 Freightliner for the Wastewater Collections Department and a \$311,040 purchase order to Heritage Water Systems, Inc. for 90 retrofit Barnes residential grinders.

NEERAJ PATEL, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Surface Water Treatment Report. In April, we treated an average of 30.3 million gallons a day at Bull Creek and 19.0 million gallons a day at Myrtle Beach for a combined total of 49.3 million gallons a day. Mr. Patel called the Board's attention to the trends for the last 24 months shown in the Board packet. In regards to the alum dosage, at Bull Creek, we had an average alum dosage of 71 mg/l and at Myrtle Beach the average alum dosage was 94 mg/l. The running annual average is 76 mg/l at Bull Creek and 109 mg/l at Myrtle Beach.

Mr. Patel also shared information regarding the water quality parameters for the month of April. The average color for raw water at Bull Creek was 78 color units and at Myrtle Beach it was 155 color units.

UPDATE/STATUS: Wastewater Treatment Report. For the month of April, we treated an average daily flow of 41.8 million gallons at all of our facilities combined. Mr. Patel shared the flow trends for all of our wastewater treatment plants for the last 10 fiscal years. The current average is 43.2 million gallons a day.

UPDATE/STATUS: Compliance with SCDES Water/Wastewater Requirements & Project Status Update. Mr. Patel stated all monitoring was reported and all system

operations were conducted in compliance with SCDES requirements for the month of April.

On the project status side, at the Myrtle Beach SWTP, the filter media replacement and underdrain maintenance has been completed on filter #2. At the Bull Creek SWTP, the new clearwell is being filled and chlorinated. It should be online in the next couple of weeks. We are working to get our SCDES partial approval to place into operation.

On the wastewater side, at the Schwartz WWTP, the blower system construction is underway for residual systems. The retaining wall is also under construction. At the Myrtle Beach WWTP, we received the air permit from the Bureau of Air at SCDES. At the Vereen WWTP, the coordination and scope of work continues and is being finalized now so we should have a clear direction for the clarifier additions and pump station improvements at that site soon. At the Bucksport WWTP, the navigable waters permit application has been completed through the SCDES for the new discharge into Bull Creek. The Waccamaw Regional Council of Governments executive team met and approved the 208 amendment which will allow us to have the discharge permit into Bull Creek. At the Green Sea Floyds WWTP, we have initiated design for advanced treatment. This is a site where we want to move from 15,000 gallons a day to 25,000 gallons a day but with the extra loading we will need higher levels of treatment.

WADE LEWIS, CHIEF OF FIELD OPERATIONS

UPDATE/STATUS: Compliance with SCDES Water/Wastewater Requirements: Mr. Lewis stated all monitoring was reported and all system operations were conducted in compliance with SCDES requirements for the month of April.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Jackson Bluff well, the contractor is waiting on approval of the building permit. At the River Oaks well, the contractor has initiated construction of the wellhouse. In regards to the Carolina Pines well, the well driller has been selected and we are currently awaiting issuance of the purchase order. At the International Drive well, the provider continues to install the screen and casing.

In the ASR program, for the month of April, we had a net recovery of approximately 29.2 million gallons for an average daily recovery of 973,657 gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in April, we smoke tested 284,894 linear feet of gravity sewer line, cleaned and televised 9,272 linear feet of gravity sewer mains, responded to 201 sewer backups and 72 water quality requests, collected 382 water quality samples, inspected 545 cross connection devices, tested and inspected 362 fire hydrants and 744 isolation valves, responded to 19 emergency main line shut-downs, completed one scheduled shutdown and completed 6,222 work orders primarily for meter reading services.

MATT MINOR, CHIEF OF ENGINEERING AND CONSTRUCTION

Mrs. Holder stated Mr. Minor was not in attendance. Mrs. Holder called the Board's attention to the rural water and sewer information as well as the developer program information in the Board packet. Mrs. Holder also stated that we were recently awarded a \$1.5 million grant from the Rural Infrastructure Authority for a hydraulic improvement that was presented to the Board at the retreat. The application was approved and the documents have been signed so we will be getting that project under construction soon. We are currently in the design permitting phase.

CHRYSTAL 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 May 2024 through April 2025. During the month of April, our customer base increased by 583 customers which brings our customer account total to 146,076. Over the last consecutive twelve months, our total customer base has increased by 5,804 customers or 4.1%. During the month of April, our

active accounts increased by 604, inactive accounts decreased by 30 and our suspended accounts increased by 9.

In regards to REUs, during the month of April, our total REUs increased by 896, which brings our REU total to 214,356. Over the last consecutive twelve months, our total REUs have increased by 7,399 REUs or approximately 3.6%. During the month of April, our active REUs increased by 709, inactive REUs increased by 142 and our suspended REUs increased by 45.

THOMAS NEAT, CHIEF OF TECHNOLOGY

UPDATE/STATUS: Technology Update. Mr. Neat did not have any updates for the Board this month.


OTHER BUSINESS:

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

Mrs. Holder stated at the Budget Retreat, the Board approved a salary increase for her to be effective July 1st. This requires action from the Board to memorialize the increase. Upon motion of Mr. Hardee, seconded by Mr. Wells, Mrs. Holder's salary increase was unanimously approved by the Board as presented.

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


Sidney F. Thompson, Chairman

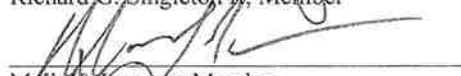

Benji A. Hardee, Vice Chairman



Arnold T. Johnson, Secretary

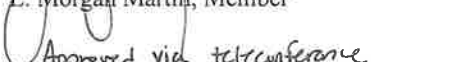

J. Liston Wells, Member


Wilbur M. James, Member


Richard G. Singleton II, Member


Mark R. Lazarus, Member


L. Morgan Martin, Member


Approved via teleconference
Radha B. Herring, Member