

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 MAY 23, 2022

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	15	15	100%
Benjy A. Hardee, Vice Chairman	15	15	100%
Arnold T. Johnson, Secretary	15	15	100%
J. Liston Wells, Member	15	15	100%
Wilbur M. James, Member	15	15	100%
Richard Singleton II, Member	15	15	100%
L. Morgan Martin, Member	15	11	73%
Radha B. Herring, Member	15	14	93%

MEMBERS ABSENT:			
Mark K. Lazarus, Member	15	14	93%

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

VISITORS:
 Maria Sullivan, Partnership Grand Strand
 Orton Bellamy, Horry County Council

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 25, 2022 AND MAY 11, 2022 MINUTES: Upon motion duly made by Mr. Singleton, seconded by Mr. Wells, the Minutes were approved as presented.

Mr. Thompson welcomed Horry County Councilman, Mr. Orton Bellamy. Mr. Bellamy briefly spoke with the Board. Mr. Bellamy acknowledged the relationship that Horry County has with GSWSA and referenced the ARPA grant that allowed Horry County to elect to share funds with GSWSA. Mr. Bellamy thanked the members of the Board for their dedication and service to GSWSA and, in observance of Memorial Day, thanked the members of the Board who previously served in the military for their service.

PRESENTATION OF PARTNERSHIP GRAND STRAND BY MARIA SULLIVAN, DIRECTOR OF CAMPAIGN OPERATIONS. Ms. Maria Sullivan distributed copies of the Executive Summary for the Partnership Grand Strand Initiative and shared a brief presentation with the Board to provide information on the Myrtle Beach Chamber's initiative. The initiative will focus on diversifying the economy and growing small businesses, attracting, developing and retaining talent, supporting revitalization in downtown Myrtle Beach and the oceanfront and improving the transportation infrastructure in the area. After a brief presentation and discussion, Chairman Thompson stated the Board would discuss further and Ms. Everett would contact Ms. Sullivan.

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

PRESENTATION/DISCUSSION: 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. Ms. Everett stated this resolution includes all of the initiatives and information shared with the Board at the Budget Retreat earlier this month. There were no rate increases for residential or commercial retail customers or for application and tap fees. The rates for wholesale and bulk customers will increase on average 2.0 – 3.5%.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Water Projects.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Sewer Projects.

Upon motion of Mr. Hardee, seconded by Mr. Singleton, 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: April 2022 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for April 2022 with the Board. As of April 30th, our total operating revenues were \$95.7 million, which is a 9% 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, excess, Bull Creek and Myrtle Beach water revenues. Monthly wastewater revenues were up in all categories except wastewater bulk. Wastewater bulk revenues are affected by rainfall. These revenues are down since this year has been a dry year. The largest increases were in wastewater availability, volume, excess and Myrtle Beach revenues. Increases in availability and volume make up approximately 73% of the increase in water and wastewater fees. Customer charges have increased 25% or \$404,754 as compared to fiscal year 2021. Our tap fees have increased \$627,299 or 14%. Our total operating expenses are \$83.0 million, which is an increase of \$6.3 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 nine additional employees, a small merit increase, increases in overtime, employer retirement costs and taxes. The largest increases in outside services come from professional services which make up approximately \$717,000 of the increase. This includes IT services and services for succession planning. Supplies and materials have increased \$654,700. Fuel accounts for approximately 65% 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 \$2.2 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 \$12.7 million which is an increase of \$1.4 million from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$19.3 million, which is an increase of \$313,680 or 2% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$5.3 million which was enough to offset the \$5.1 million decrease in investment income.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of April 30th, we should be at approximately 83% of our budget. Our operating revenues were budgeted at \$117.7 million. To-date, we have earned \$95.7 million or 81% of budget

which is just below the target of 83%. As mentioned in prior months, the Interfund Reimbursement line item is included in these estimates. It includes revenues that we fund just in case we need to fund our capital renewal and replacement assets. We have not needed these funds so this will be eliminated when we revise the budget. If you eliminate this line item, our revenues would be at 84% of budget. Our operating expense budget is \$117.7 million. Year-to-date we have spent \$83.0 million or 71% of the budget. As the fiscal year continues, our operating expenses will continue to increase as well. Capital outlay is currently at 31% of budget but this will increase as equipment and vehicles come in from our annual bid. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$19.3 million or 62% 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: Mrs. Squires stated that our 1919 Investment Counsel accounts transferred to PNC Capital Advisors on April 26th. In regards to the reports included in the Board Packet, the funds shown are with PNC Capital Advisors and the yields are 19/19 Investment Counsel data. In our PNC Capital Advisors accounts we have a balance of \$56.0 million with a current month yield of (1.28%), a three month yield of (3.52%) and a twelve month yield of (4.84%). The balance in our PFM Asset Management LLC accounts is \$59.0 million with a current month yield of (0.87%), a three month yield of (3.03%) and a twelve month yield of (4.55%) Overall, we have \$114.9 million invested with managers. The funds invested by our internal staff total \$81.1 million. These are the funds used for cash on hand. Our debt service accounts total \$12.3 million. Our total investment portfolio is \$208.4 million with a current month yield of (0.58%), a three month yield of (1.78%) and a twelve month yield of (2.53%).

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. The current 1-5 year benchmark to-date is (4.55%). 1919 Investment Counsel's fiscal year-to-date return is (4.89%) which is below the 1-5 year benchmark return and much lower than fiscal year 2021's return of (0.27%). This year's fiscal year-to-date return for PFM Asset Management LLC is (4.40%) which is better than the benchmark but much lower than last year's return of 0.28%. The Local Government Investment Pool's fiscal year-to-date return is 1.87% compared to fiscal year 2021's return of 2.23%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$11,048 was spent on Business & Travel during the month of April. Fiscal year-to-date, we have spent a total of \$234,248. These costs include the costs of conventions, meals, license renewals and mileage for business related expenses.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 86 mg/l for the month of April which is up 46% compared to last month. The average alum dosage at Bull Creek for the month of April was 75 mg/l, which is up 37% compared to last month. Myrtle Beach is currently running at about 60 mg/l and Bull Creek is currently running at 36 mg/l. In regards to water flows, Myrtle Beach flows were down 7% compared to the same period last year and Bull Creek flows were up 4%. The total flows were up 6%. In regards to wastewater flows, the flows at Myrtle Beach were down 4% and the flows at Schwartz were up 13% as compared to last year. The total wastewater flows were up 4%.

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 April.

In regards to plant operation activities, at the Myrtle Beach SWTP, the staff changed out the ozone diffusers on one pass of the ozone contact chamber and was able to operate the supplemental air system. We are monitoring gas flow rates, pressures, and valve open positioning to see what the diffuser clogging rate is going to be. We will test the

supplemental air system to see if it reduces the clogging rate. At the Bull Creek SWTP, design work continues on the expansion of the plant to a 60 MGD plant.

On the wastewater treatment plant side, at the Bucksport and Vereen WWTPs, we have been evaluating recent proposals for screening equipment. We have run into several challenges. We have decided to hold off on the new screens at the Bucksport WWTP because this plant will require a new headworks structure when it is upgraded to a 10 MGD plant. We will address the screening equipment in the design phase of this project. However, at the Vereen WWTP, there is no immediate focus on designing a new headworks structure. We have been using step screens. At the cost of replacing the step screens, the next lowest bid was a vertical screen with an arm that cleaned in between the vertical bars. The third proposal was using a perforated plate screen. These screens should provide a higher capture rate because the screening is through holes rather than vertical plates. Another option is something similar to the perforated plate screens but with a mesh-like material. Mr. Brown recommended the screen that would provide the best capture rate to meet the peaking factor.

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 April.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, a purchase order was issued to the contractor for the wellhouse construction. In regards to the Braves Village well, water samples have been collected for drinking water analyses. Once we have all of this data, we will start to compile all of the data from the test well to send to SCDHEC. In regards to the Highway 410 Blend well, the screens are being installed by the well driller. In regards to the Cool Springs well, the well development continues. In regards to the Deerfield well, we are coordinating with DHEC on final approvals. We hope to use this well this summer.

In the ASR program, for the month of April, we had a net injection of approximately 19.1 million gallons for an average daily injection of 637,303 gallons. We injected the first half of the month and recovered during the second half.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in April we smoke tested 403,885 feet of gravity sewer line, cleaned and televised 5,667 linear feet of gravity sewer mains, responded to 196 sewer back-ups and 147 water quality complaints, collected 451 water quality samples, inspected 124 cross connection devices, 359 fire hydrants and 790 isolation valves, responded to 24 emergency main line shut-downs and 2 scheduled shut-downs, and completed 5,267 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. However, 2 projects have recently received service authorization. In the fiscal year 2022/2023 budget, the Board has approved over \$2.4 million in the rural water program. In April, we authorized 4 projects for design for 8,400 linear feet of pipeline and 32 new REUs. Three projects moved from the design phase to construction for 2,500 linear feet of pipeline and 4 new REUs. We issued service authorization to 3 projects for a little over 12,000 linear feet and 10 new REUs.

On the sewer side, we currently have 4 projects that were approved and appropriated in the fiscal year 2020/2021 budget. We issued service authorization to 3 of these projects recently. In the fiscal year 2022/2023 budget, the Board has approved over \$5.6 million for the rural sewer program. In April, we authorized 6 new projects for design that will add nearly 13,000 linear feet of pipeline and 15 new REUs. Seven projects moved to the

construction status for almost 20,000 linear feet of pipeline and 42 new REUs. We issued service authorization to 6 projects for more than 10,700 linear feet of pipeline and 12 new REUs.

In total, we have 149 water and sewer projects currently in design and construction for approximately 67 miles of pipeline and 546 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 11 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 April. The New Services Department had 23 new developer extension projects submitted for review in April for 278 REUs. We held 5 preconstruction meetings. Currently, we have 108 active developer extension projects in the construction or close out phase. We issued service authorization to 3 projects for 134 REUs at build out. 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.

UPDATE/STATUS: Capital Projects: In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade, Goodwyn Mills Cawood (GMC) completed the 60% design plans for the water treatment plant expansion and is currently working to address comments from a recent design meeting. GMC is nearing completion of the 60% design plans and specifications for the Conway parallel 24" waterline. The preliminary engineering report has been submitted to SCDHEC for review and approval.

In regards to the Bull Creek Drainage Improvements, we have rebid the drainage improvements. The new bid opening will be held on June 9th.

In regards to the Conway to Bucksport WWTP Flow Diversion, MBD Consulting Engineers, P.A. (MBD) has submitted plans and specifications to SCDHEC for the wastewater construction permit. MBD continues to finalize plans for submittal to other agencies for permitting.

In regards to the Conway WWTP Effluent Structure Upgrade, the contractor, The Harper Corporation General Contractors (Harper), recently completed the concrete foundation work and is currently working on the vertical portion of the concrete structure.

In regards to the Highway 701 to Highway 544 48" Waterline project, Ruby-Collins, Inc. has completed both tie-ins and the new 48" waterline is now in operation.

In regards to the Highway 544 to Highway 701 36" Waterline/Sewer Conversion, Ruby-Collins, Inc. is working on the conversion of the old 36" waterline to a sewer force main. Connections on each end of the project are complete and crews are now working to replace the 36" butterfly valves with 36" plug valves. All air release valves will be replaced with sewer ARVs. We hope to have this project complete by July 1st.

In regards to the International Drive Booster Pump Station project, the contractor, Harper, has completed the majority of the project with the exception of some materials that have been impacted by material availability and shipment delays. Due to these delays, Harper had temporarily demobilized. They materials were delivered this week and Harper remobilized to the site. We hope to have this work complete by the end of June.

In regards to the International Drive to North Booster Pump Station 36" Waterline project, the preliminary engineering report for the new 36" waterline from the new International Drive Booster Pump Station to the North Booster Pump Station is still under review by SCDHEC. GMC is beginning to work on design drawings.

In regards to the Myrtle Beach WWTP Influent Pump Station and Headworks project, a bid opening was held on May 10th for the MB WWTP Influent Pump Station. We received 4 bids. We are currently reviewing the bids with our consultant, MBD. Harper was the low bidder with a bid of \$12.4 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, we have awarded five rural projects to RWF Construction for a total contract amount of \$2.35 million. These projects awarded will total over 52,000 linear feet of rural water and sewer line.

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 2021 through April 2022. For the month of April, our total customer accounts increased by 569 customers which brings our customer account total to 114,650. Over the last twelve months, our total customer base has increased by 5,324 customers or 4.87%. In April, our active accounts increased by 548, inactive accounts increased by 34 and suspended accounts decreased by 13.

In regards to REUs, in April, our total REUs increased by 824 which brings our REU total to 171,956. Over the last twelve months, our total REUs have increased by 7,780 or approximately 4.7%. For the month of April, our active REUs increased by 918, inactive REUs increased by 24 and suspended REUs decreased by 118.

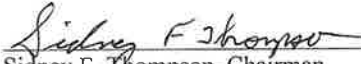
UPDATE/STATUS: Purchase Transactions Over \$3,500: Mrs. Skipper called the Board's attention to the information in the Board packet on purchase order transactions over \$3,500. The grand total for all purchase orders over \$3,500 issued in April was approximately \$ 3.9 million. The largest purchase order in April was issued to Industrial Painting Service for the Marion Railroad elevated storage tank renovations for \$264,500. Other significant purchase orders included purchase orders for meter boxes for our warehouse inventory, St. John Road Extension 1 Sewer Materials for \$236,630, grinder pumps, a spare Philly Ditch gearbox for the Schwartz WWTP and a generator for the Conway WWTP effluent structure. The Purchasing Manager will be working closely with the Fleet & Equipment Maintenance Supervisor over the next month on the annual vehicle bid to be sent out in the month of July.

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



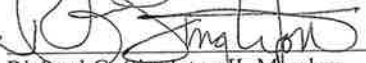
Arnold T. Johnson, Secretary



J. Liston Wells, Member

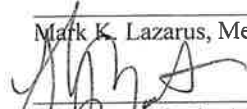


Wilbur M. James, Member

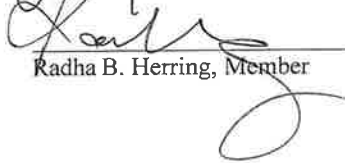


Richard G. Singleton II, Member

Mark K. Lazarus, Member



L. Morgan Martin, Member



Radha B. Herring, Member