

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 MAY 24, 2021

	#MEETINGS (Since 7/1/20)	#ATTENDED (Since 7/1/20)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	10	9	90%
Benjy A. Hardee, Vice Chairman	10	10	100%
Arnold T. Johnson, Secretary	10	10	100%
J. Liston Wells, Member	10	10	100%
Wilbur M. James, Member	10	10	100%
Radha B. Herring, Member	2	2	100%
MEMBERS ATTENDING VIA TELECONFERENCE:			
Richard Singleton II, Member	10	8	80%
MEMBERS ABSENT:			
Mark K. Lazarus, Member	10	7	70%
L. Morgan Martin, Member	5	4	80%

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
 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 Secretary, Arnold Johnson.

APPROVAL OF APRIL 26, 2021 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Wells, the Minutes of the April 26, 2021 meeting were approved as presented.

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

PRESENTATION/DISCUSSION: 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 stated no action was required tonight. This is the budget that was presented at the Budget Retreat with any requested changes. The annualized increase in the budget from 2021 to 2022 and 2023 is approximately 7.0%. The rates for a retail customer using 8,000 gallons will increase from \$48.95 to \$50.45. This is an annualized increase of 1.5% per year. Impact fees will increase as well. Mr. Richardson welcomed any discussion and input. Mr. James commended the staff for putting the budget together and stated that he liked making rate adjustments in small increments every two years. In the past, the small increases have prevented us from having higher rate increases in a single year.

DISCUSSION/ACTION: A Series Resolution – Providing for the Issuance and Sale of not to Exceed \$105,360,000 Principal Amount Grand Strand Water and Sewer Authority, Waterworks and Sewer System Improvement and Refunding Revenue Bonds, in one or More Series, in one or More Years, With Appropriate Designations; Providing for Termination of all or a Portion of the Previously Executed Interest Rate Swap Transactions Described Herein; and Other Matters Related Thereto. Mr. Richardson stated this includes several things. It includes \$30.0 million in new money at an interest rate of 2.95%. It also includes refinancing the Bonds of 2011A, which is \$9.15 million, and the Bonds of 2011B, which is \$3.475 million. The refinancing will result in a savings of \$1.7 million. It also includes a refund and direct placement and termination of the swap. This will generate a savings of \$1.16 million. Benjy A. Hardee abstained from all votes, deliberations, and other actions regarding Resolution 02-21 specific to the capital projects and capital projects budget. Ms. Heizer shared several details regarding this fairly complex transaction with the Board, which includes three parts. Upon motion of Mr. James, seconded by Mr. Johnson, the resolution was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Bonds of 2021 Underwriter Recommendation. Mr. Richardson stated we have sent out an RFP for an underwriter and underwriting team. J.P. Morgan is the Senior Book Running Manager, but they have added others to help. They have added a Co-Senior Manager and two Co-Managers. We went out for proposals and this is the best offer we received. Upon motion of Mr. Johnson, seconded by Mr. Hardee, the recommendation was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Resolution 03-21 – 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 \$2,318,300 for the Old Highway 90 Elevated Storage Tank and to Grant a Pledge of and Lien on Revenues for Repayment. This loan will have a 1% interest rate. Upon motion of Mr. Johnson, seconded by Mr. James, the resolution was unanimously approved by the Board as presented.

PRESENTATION/DISCUSSION: Capital Projects. Mr. Richardson reviewed the major capital projects which are embedded in the new proposed two-year budget. In regards to water capital improvement projects, the Highway 701 to Highway 544 Water Transmission Line Project is already under construction with a \$25.0 million budget. Ruby-Collins, Inc. is working on this project. The International Drive to North Booster Pump Station Project has a \$8.5 million budget and is being funded by an SRF loan. The Rural Water Project for fiscal years 2022 and 2023 has a budget of \$4.0 million. The Storage Improvement Project, which includes the Highway 90 Elevated Water Storage Tank previously mentioned, has a budget of \$7.0 million and is being funded by an SRF loan. This project has additional ground storage tanks included in its budget as well. The 15 MGD Bull Creek SWTP Expansion and System Improvements Project has a budget of almost \$46.0 million. Mr. Richardson stated that we are not asking for approval for the full amount. We are currently asking for a budget of \$1.0 million for the design of the project. Then, depending on how far along we are with the design, we will proceed with the project in the next year or two. We also have a \$20.0 million project for the International Drive to North Booster Pump Station 36" Waterline. This project will provide more water to the north end of our service area. This project will be funded by an SRF loan.

In regards to wastewater capital improvement projects, the Longs WWTP Upgrade is currently under construction. This project has a budget of \$22.0 million and is being funded by a \$13.75 million SRF loan and impact fees. This will provide an additional 3 MGD capacity which should be enough capacity for the next 5 years. Our next expansions will most likely be at the Central WWTP and the Bucksport WWTP. The Myrtle Beach WWTP Influent Meters are currently being installed with a contract of \$1.1 million. We have budgeted \$6.0 for the Rural Sewer Project for fiscal years 2022 and 2023. This budget may have to be increased. The Myrtle Beach WWTP Influent Pump Station and Headworks Project has a budget of \$8.0 million and will be funded by an SRF loan.

Ms. Everett reviewed several of the highway improvement projects with the Board. Seven of the ten projects in Ride III will impact us directly. These projects include Fred Nash Boulevard Extension, Highway 701 North Widening in Conway, Highway 9 East in Loris, intersection improvements at Tournament Boulevard, Highway 17 Business intersection improvements in Garden City, Phase 2 of the Highway 501 Widening toward Conway and Forestbrook Road Widening. The total we have budgeted for water and sewer for these projects is \$14.9 million. This includes the 4% reimbursement we should receive for highway improvement projects. We have budgeted additional money for upsizing the lines for the Forestbrook Road Widening Project.

Ms. Everett also provided the Board with an update on the Bucksport Marine Park and Marina. Currently, we have a contract with A.O. Hardee and Son, Inc. for right at \$7.0 million. We have a \$10.0 million budget in place. The projected completion date is December 2021. Ms. Everett shared a drone photo showing the different phases and a layout of the Marine Park. We also have plans for expanding the campground and adding additional facilities including a pool and a bath house. Ten percent of the capital improvement cost would be added to the tenant's annual lease. Currently, we have a budget of \$500,000 for the Bucksport Marina Campground Expansion Project. We have been gathering contractor's prices and construction of the expansion will be approximately \$750,000 which would add \$75,000 to the tenant's annual lease. The tenant has indicated that they would be willing to do some of the work themselves to save money. We are moving forward with getting the plans designed and permitted through the County. Mr. Richardson added that the budget was higher than he anticipated. Mr. Richardson further discussed the expansion with the Board. Upon motion of Mr. Johnson, seconded by Mr. James, the Board unanimously approved to proceed with the Bucksport Marina Campground Expansion Project.

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

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

Upon motion of Mr. James, seconded by Mr. Johnson, 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: April 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for April 2021 with the Board. As of April 30, 2021, our total operating revenues were \$87.9 million, which is an increase of \$456,523 from the prior fiscal year. This is the first month in fiscal year 2021 that revenues have increased as compared to fiscal year 2020. April 2021 was a very good month for us. Monthly water fees have decreased \$1.3 million and are down in all categories except base charges. Our biggest changes are a \$751,000 decrease in Myrtle Beach revenues and a \$720,000 decrease in Bull Creek revenues. Monthly wastewater fees are up by \$1.1 million which is mostly due to an increase in bulk wastewater revenues. Our tap fees are up by \$1.2 million or 38%. Our total operating expenses are \$76.0 million, which is a decrease of \$373,456 from the prior fiscal year. The decrease is mostly associated with a \$2.4 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 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 \$688,000 and parts for repairs of vehicles and equipment which increased \$117,000. This increase is due to keeping older vehicles as a result of decreasing the budget last year. We continue to show a surplus of \$11.9 million which is an increase of \$829,979 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$19.0 million, which is a decrease of \$3.2 million from the prior fiscal year. The largest decrease in non-operating revenues is a decrease in investment

income of \$5.8 million. This decrease is partially offset by a combined increase of \$2.3 million in water and sewer impact fees.

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 \$105.9 million. We are currently at \$87.9 million or 83% 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 \$76.0 million or 72% 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 \$19.0 million or 73% of budget.

UPDATE/STATUS: Investment Analysis: In our 19/19 Investment Counsel accounts we have a balance of \$58.8 million with a current month yield of 0.16%, a three month yield of (0.51%) and a twelve month yield of (0.15%). The balance in our PFM Asset Management LLC accounts is \$61.8 million with a current month yield of 0.13%, a three month yield of (0.29%) and a twelve month yield of 0.64%. Overall, we have \$120.6 million invested with managers. The funds invested by our staff total \$48.7 million. Our debt service accounts total \$6.4 million. Our total investment portfolio is \$175.8 million with a current month yield of 0.10%, a three month yield of (0.26%) and a twelve month yield of 0.25%.

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 0.28% which is above the 1-5 year benchmark return of (0.22%). Last year's fiscal year-to-date return was 4.8%. This year's fiscal year-to-date return for 19/19 Investment Counsel is (0.27%) which is below the benchmark of (0.22%). Last year's fiscal year-to-date return was 4.00%. The Local Government Investment Pool's fiscal year-to-date return is 0.19% compared to fiscal year 2020's return of 1.65%

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$8,445 was spent on Business & Travel during the month of April. Fiscal year-to-date, we have spent a total of \$182,370.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 97 mg/l for the month of April which is down 1% compared to last month. The average alum dosage at Bull Creek for the month of April was 64 mg/l, which is down 14% compared to last month. Myrtle Beach is currently running at about 55 mg/l and Bull Creek is currently running at about 35 mg/l. We have seen really good improvement in the raw water quality primarily due to the drought. In regards to water flows, Myrtle Beach flows were up 31% as compared to the same period last year and Bull Creek flows were up 19%. The total flows were up 26%. In regards to wastewater flows, the flows at Myrtle Beach were up 59% and the flows at Schwartz were up 25% as compared to last year. The total wastewater flows were up 13% 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 April with the exception of one violation at the Latta WWTP. We had a UOD and BOD violation at the Latta WWTP. Their permit is written differently than most of the permits that we deal with. In regards to UOD, our permits typically have a fixed poundage; however, on their permit if the flow drops then the poundage drops as well. This was part of the reason for the UOD violation. In regards to the BOD, we experienced higher levels which is primarily due to the lack of rain. The large lagoon and lower flows increased the detention time and then the sunlight caused more algae growth.

In regards to plant operation activities, at the Myrtle Beach SWTP, work has been completed to switch out one of the main transfer switches at the plant. The Operational Technology Department was actively involved in this. At the Bull Creek SWTP, the centrate pump station project is nearing completion. They had the start-up on the submersible pump station this morning.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, we received proposals back from an RFP that was sent out for two self-priming raw sewer pumps to replace two screw pumps. We received a proposal from Daparak, Inc. for \$73,780, a proposal from Mechanical Equipment Company for \$77,806 and a proposal from Tencarva Machinery Company for \$107,452. We reviewed all of the proposals and will select the low bidder. At the Conway WWTP, the activated carbon odor control system has been installed.

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 Deerfield well, the final inspection by SCDHEC was completed and we have received the Approval to Place Into Operation. We are now able to start using the well for injection. In regards to the TPI well, we received approval from SCDHEC to use the well for potable use. In regards to the Ten Oaks well, the well driller is currently assembling the screens and well casing.

In the ASR program, for the month of April, we had a net injection of approximately 98.6 million gallons for an average daily injection of 3.3 million gallons. Since the TPI well has been approved for service, it will be included in these totals next month.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in April we smoke tested 240,436 feet of gravity line, televised 11,800 feet of gravity sewer mains, responded to 192 sewer back-ups and 62 water quality/quantity complaints, collected 437 water quality samples, inspected 166 cross connection devices, 210 fire hydrants and 696 isolation valves, responded to 23 emergency and one scheduled main line shut-down and completed 5,382 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 nearly \$5.0 million in the current two-year budget for the rural water program. In April, we authorized 6 projects for design for right at 3,100 linear feet of pipeline. Four projects moved from the design phase to the construction status totaling 16,420 linear feet of pipeline and 21 new customers. We issued service authorization to 7 projects for 11,835 linear feet of pipeline and 20 new customers.

On the sewer side, the Board has approved almost \$7.0 million in the current two-year budget for the rural sewer program. The budget is actually set at approximately \$12.0 million. The \$5.0 million difference is individual grinder pump station installations. In April, we authorized 12 new projects for design that will add 27,535 linear feet of pipeline and about 25 new customers. Five projects were completed in the design phase and moved to the construction status that will add 10,500 linear feet of pipeline. We issued service authorization to 6 projects for right at 4,800 linear feet of pipeline and 16 new customers.

We currently have 112 projects in design and construction in the rural program for 264,458 linear feet or right at 50.1 miles of pipeline. These projects will add 444 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. The rural water program continues to outpace the rural sewer program slightly. So far in calendar year 2021, we have approved and placed into operation 20 water projects for 6.8 miles of pipeline and 21 sewer projects for 4.4 miles of pipeline. We have added 96 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 April. Six developer extension projects were submitted for review for just over 1,200 REUs. Of the total, 292 REUs were for single-family lots, 600 REUs were for multi-family developments and 314 REUs were commercial. One commercial project was submitted. We held 9 preconstruction meetings in April for 659 new single-family lots that are now currently under construction. Currently, we have 91 active developer extension projects in the construction or close out phase for 6,444 REUs.

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

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 May 2020 through April 2021. During the month of April, our total customer accounts increased by 443, which brings our customer account total to 108,854. Over the last twelve months, our total customer base has increased by 4,294 or 4.1%. For the month of April, our active accounts increased by 455, inactive accounts had no change and our suspended accounts decreased by 12.

In regards to REUs, for the month of April, our total REUs increased by 540, which brings our REU total to 163,669. Over the last twelve months, our total REUs have increased by 5,258 REUs or approximately 3.3%. For the month of April, our active REUs increased by 541, inactive REUs decreased by 6 and suspended REUs increased by 5.


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 April, the grand total for all purchase orders over \$2,500 was approximately \$2.3 million. The largest purchase order for April was issued to Lawrimore Construction for the Surfside Beach Wastewater Flow Diversion Project for \$296,857. Other significant purchase orders include purchase orders for tank renovations, new Flygt grinder stations, ERTs for our warehouse inventory and epoxy coating for manholes and Pump Station #126. Our warehouse inventory is currently experiencing material shortages and longer delivery times on some of the materials that we stock. They are having to purchase materials from a variety of vendors. Some of the materials we are experiencing issues with are tubing, ford brass, PVC fittings, PVC pipe, ball check valves, ERTs and Flygt grinder stations. In addition to the supply issue, we are also dealing with prices increases. Our Purchasing Department will continue to monitor our supplies and communicate information as it is received.

Mrs. Skipper provided the Board with a COVID-19 update. We have had a total of 65 employees test positive for COVID-19 which is an increase of 2 employees since our last Board Meeting. Last week our Marion Office was opened back up to the public. We are also now taking payments inside of the Conway Office. New signs have been placed on the outside of our buildings informing customers that masks are no longer required for fully vaccinated individuals.

OTHER BUSINESS:

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

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



Sidney F. Thompson, Chairman

Approved via teleconference

Benjy A. Hardee, Vice Chairman



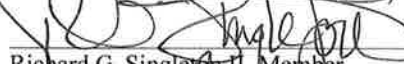
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