

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 OCTOBER 25, 2021

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	4	4	100%
Benjy A. Hardee, Vice Chairman	4	4	100%
Arnold T. Johnson, Secretary	4	4	100%
J. Liston Wells, Member	4	4	100%
Wilbur M. James, Member	4	4	100%
Radha B. Herring, Member	4	3	75%
MEMBERS ATTENDING VIA TELECONFERENCE:			
Richard Singleton II, Member	4	4	100%
Mark K. Lazarus, Member	4	4	100%
MEMBERS ABSENT:			
L. Morgan Martin, Member	4	2	50%
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			
Chrystal Skipper, Chief of Administration			
Mary McKellar Hunsucker, HR Manager			
LEGAL COUNSEL:			
Amanda Bailey, Burr Forman			
VISITORS:			
William Holder, Guest			

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 SEPTEMBER 27, 2021 MINUTES: Upon motion duly made by Mr. Wells, seconded by Mr. James, the Minutes of the September 27, 2021 meeting were approved as presented.

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

DISCUSSION/UPDATE: Correspondence Regarding Little River Water and Sewerage. Mr. Richardson stated we made a strong proposal to Little River Water and Sewerage, but we have not received any official comments from them. Mr. Richardson stated this would be further discussed with the Board in executive session.

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: September 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for September 2021 with the Board. As of September 30, 2021, our total operating revenues were \$29.7 million, which is a 10% increase from the prior fiscal year. However, this is only a 6.5% increase compared to fiscal year 2020. Our largest increases in operating revenues were increases in monthly water and wastewater fees as well as tap fees. Monthly water and wastewater fees had the highest increases in availability, volume, Bull Creek and Myrtle Beach revenues. The increase in Bull Creek and Myrtle Beach water revenue is approximately \$1.0 million. This is approximately 50% of the total increase. Our tap fees have increased \$158,950 or 13%. Our total operating expenses are \$24.5 million, which is an increase of \$2.9 million from the prior fiscal year. Our biggest changes come from personnel services, outside services, capital outlay and debt service. Personnel services have increased \$1.2 million which is due to an additional payroll in the current fiscal year due to how the 26 pay periods fall throughout the year. Outside services show increases in utilities and professional services. Capital Outlay has increased because the equipment and vehicles budgeted are more in line with a normal fiscal year. Debt service increased due to additional borrowing for SRFs and bonds. Overall, we have an operating surplus of \$5.2 million which is a slight decrease of \$110,887 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$5.9 million, which is an increase of \$148,553 or 3% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$992,995. The increase was partially offset by a decrease in investment income and special fees and contributions. The \$841,417 decrease in special fees and contributions is due to us receiving checks from the Aqua Law settlement in fiscal year 2021.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of September 30th, we should be at approximately 25% of our budget. Our operating revenues were budgeted at \$117.7 million. To-date, we have earned \$29.7 million or 25% of budget. Our revenues are right on target with our estimates. Our operating expense budget is \$117.7 million. Year-to-date we have spent \$24.5 million or 21% of the budget. As the fiscal year continues, our operating expenses will continue to increase as well. Capital Outlay is currently only at 10% of the total budget, but this will increase considerably when we receive vehicles from our annual vehicle bid. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$5.9 million or 19% of budget.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$58.9 million with a current month yield of (0.45%), a three month yield of (0.09%) and a twelve month yield of (0.39%). The balance in our PFM Asset Management LLC accounts is \$61.7 million with a current month yield of (0.21%), a three month yield of 0.05% and a twelve month yield of (0.14%) Overall, we have \$120.6 million invested with managers. The funds invested by our internal staff total \$83.2 million. Our debt service accounts total \$3.2 million. Our total investment portfolio is \$207.0 million with a current month yield of (0.19%), a three month yield of 0.00% and a twelve month yield of (0.12%).

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. During the month of September, treasuries posted negative returns as yields moved higher. Uncertainty regarding federal budgets, debt ceilings, infrastructure and tax bills caused this change. PFM Asset Management LLC's fiscal year-to-date return is 0.05% which is greater than the 1-5 year benchmark return of 0.01% but lower than last year's fiscal year-to-date return of 0.31%. This year's fiscal year-to-date return for 1919 Investment Counsel is (0.08%) which is less than the benchmark and also lower than last year's fiscal year-to-date return of 0.17%. The Local Government Investment Pool's fiscal year-to-date return is 0.32% compared to fiscal year 2021's return of 1.13%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$38,422 was spent on Business & Travel during the month of September. Year-to-date, we have spent a total of \$128,102.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 157 mg/l for the month of September which is up 33% compared to last month. We have seen an odd phenomenon at Myrtle Beach. The screen flows are fairly low right now. It appears that a lot of the Waccamaw River is making its way to the Myrtle Beach intake site. This ratio should improve once there is more rain in the basins. The average alum dosage at Bull Creek for the month of September was 41 mg/l, which is down 37% compared to last month. Myrtle Beach is currently running at about 150 mg/l and Bull Creek is currently running at 40 mg/l. In regards to water flows, Myrtle Beach flows were up 7% as compared to the same period last year and Bull Creek flows were up 19%. The total flows were up 15%. In regards to wastewater effluent flows, the flows at Myrtle Beach were up 8% and the flows at Schwartz were down 6% as compared to last year. The total wastewater flows were down 15% as compared to last year. A lot of this is due to the dry weather.

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 September.

In regards to plant operation activities, at the Myrtle Beach SWTP, we are preparing to send out a bid for the replacement of one of the filter underdrain systems. There were originally six underdrain systems. A seventh was added later. When constructed, the underdrains had clay tiles. Gravel and sand sat on top. The grout in between is starting to fail and is clogging the holes which impacts the backwash flow rate. At the Bull Creek SWTP, work continues with Goodwyn Mills Cawood (GMC) on the design of the 60 MGD upgrade to the plant. We have a couple meetings scheduled for this week.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, work continues with MBD Consulting Engineers, P.A. on the design of a new influent pump station and headworks structure. At the Schwartz WWTP, we have had issues with the oil cooling system on one of the turbo blowers. One of these has been corrected and we are now waiting on correction of the other. The cooling system was designed a little too small, but they are going in and making it right. At the Vereen WWTP, we are planning a short flow diversion to replace a main breaker which is starting to fail. This will be done later this week. We are continuing to evaluate the RFPs for the new bar screens at the Vereen and Bucksport WWTPs.

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 September.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, we have initiated our follow-up plans. Construction permitting for ASR wells is a two-step process. Once the location of the well is determined and the well is drilled, we apply for a second permit for the piping, chemical feed system and wellhouse. In regards to the Braves Village well, well drilling continues. In regards to the Highway 410 Blend well, the well intertie has been completed by our staff. In regards to the Cool Springs well, the well driller is planning the mud pit arrangement.

In the ASR program, for the month of September, we had a net recovery of approximately 160.0 million gallons for an average daily recovery of 5.3 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in September we smoke tested 312,534 feet of gravity line, televised 2,304 feet of gravity sewer mains, responded to 221 sewer back-ups and 115 water quality/quantity complaints, collected 516 water samples, inspected 197 cross connection devices, 204 fire hydrants and 520 isolation valves, responded to 25 emergency and 3 scheduled main line shut-downs and completed 5,425 work orders mainly for meter reading services.

UPDATE/STATUS: Meter Reading Operations: Mr. Patel called the Board's attention to several supply chain issues we are currently experiencing. He shared several graphs with the Board which show the number of meters and endpoints that have been taken out of inventory for each of the last 36 months. With the supply chain issues due to microchips not being available, we have decided to open up our meter reading system to include another vendor.

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. We have started a new fiscal year and have a new two-year budget in place. Ms. Everett stated that she would continue to include the projects from the fiscal year 2020/2021 two-year budget in the Board packet until all of the projects received service authorization. There are still 16 projects in the construction status from the fiscal year 2020/2021 budget. In fiscal year 2022, the Board has approved 12 projects totaling \$356,400 in the rural water program plus an additional 2 projects tonight. In September, we authorized 8 projects for design for almost 18,000 linear feet of pipeline and 19 new customers. Six projects moved from the design phase to construction for 5,065 linear feet of pipeline and 11 new customers. We issued service authorization to 6 projects adding 10,405 linear feet of pipeline and 31 new customers.

On the sewer side, we currently have 17 projects that were approved and appropriated in the fiscal year 2020/2021 budget. In the fiscal year 2022/2023 budget, the Board has approved 17 projects for \$752,100. The Board also approved an additional 8 projects tonight. In September, we authorized one new project for design that will add 1,020 linear feet of pipeline and 6 new customers. Seven projects moved to the construction status for 4,877 linear feet of pipeline and 11 new customers.

We currently have 117 projects in design and construction in the rural water and sewer program for 332,104 linear feet or 62.9 miles of pipeline. These projects will add almost 500 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 calendar year 2021, we have approved and placed into operation 47 water projects totaling 15.3 miles of pipeline and 122 new water customers. We have approved and placed into operation 42 sewer projects for almost 10 miles of pipeline and 104 new sewer 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 September. Seven developer extension projects were submitted for review for 533 REUs. Of the total, 496 REUs were for single-family lots and 37 REUs were commercial. Sixteen commercial projects were submitted and reviewed for 63 REUs. We held 8 preconstruction meetings in September for 530 REUs which were all single-family lots. Currently, we have 110 active developer extension projects in the construction or close out phase for 8,764 REUs. We also have 91 developer projects in the permitting status for 7,683 REUs. In total, we have 201 projects in the developer extension program for 16,447 REUs. Of the total, 11,568 REUs or 70% are for single-family lots, 4,026 REUs or 25% are for multi-family projects and 853 REUs or 5% are commercial. In September, we issued service authorization to 7 projects for 432 REUs at build-out. The developer capital contributions for these projects was approximately \$1.8 million with more than 12,000 linear feet of waterline and more than 8,000 linear feet of sewer line added.

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

UPDATE/STATUS: Capital Projects: In regards to the marine park, this project is well under construction. The site work has been completed by A.O. Hardee & Son, Inc. They are finishing up the roadways now and will be paving the roads soon. The marine subcontractor has completed the travel lift piers and transition slabs as well as the perimeter walls along the waterfront. They are starting to complete the utilities for the marina. We are adding a washdown pad adjacent to the travel lift. We are working with the contractor to get a price for this installation.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade project, as Mr. Brown mentioned, we have workshops scheduled for the next 2 days to review technical memorandums for the design components of the plant.

In regards to the Conway to Bucksport WWTP Flow Diversion, we are in the planning stages of this project. A workshop was held with MBD Consulting Engineers, P.A to review the route for the 20" force main to determine if we have enough room in the right-of-way or will need private easements. This may impact the construction schedule.

In regards to the Conway WWTP Effluent Structure Upgrade, as mentioned last month, we were awarded a \$2.7 million FEMA grant for the construction of the Conway WWTP effluent structure. We had a kickoff meeting with FEMA. We are working on bid documents and hope to get the project out for bid shortly.

In regards to the Highway 701 to Highway 544 48" Waterline project, this project is well underway. Ruby-Collins, Inc. has installed approximately 19,800 linear feet of 48" waterline to-date. This project is approximately 70% complete. We hope to have this project completed by March 2022.

In regards to the International Drive Booster Pump Station project, we had a progress meeting on this project as well. The Harper Corporation General Contractors are currently working on the electrical and slab plumbing for the pump station.

In regards to the Longs WWTP, this project is nearing completion. All of the major plant structures have been completed. M.B. Kahn Construction Co., Inc. is working on installing the equipment for the plant. This is about a \$20.0 million plant that was funded by SRF. We plan to start up the equipment over the next two months. We should have wastewater flowing by the end of the year.

In regards to the Old Highway 90 Elevated Water Storage Tank project, Ms. Everett stated this project is getting ready to go under contract. We are waiting on final SCDHEC and SRF approval on the bid documents.

In regards to the RIDE III Highway projects, these projects are well underway. We are currently under construction on the Postal Way Extension. We are also going to be under contract with the Fred Nash Blvd. Extension. Ms. Everett also mentioned the Highway 701 Widening North of Conway and North of Loris. We will be completing some of the design and construction in-house. We will be reimbursed for some through the law that was passed for utilities to receive 4% of the highway construction project cost. We will not be reimbursed for some because we are sharing the 4% with the Town of Loris or City of Conway.

CHRYSAL 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 the past twelve months which includes data from October 2020 through September of this year. During the month of September, our total customer accounts increased by 413 customers which brings our customer account total to 111,389. Over the last twelve months, our total customer base has increased by 4.7%. For the month of September, our active accounts increased by

390, inactive accounts increased by 21 and suspended accounts increased by 2 for a net change of 413 customers.

In regards to REUs, in the month of September, our total REUs increased by 431, which brings our REU total to 166,583. Over the last twelve months, our total REUs have increased by 3.6%. For the month of September, our active REUs increased by 417, inactive REUs increased by 20 and suspended REUs decreased by 6.

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 September, the grand total for all purchase orders over \$2,500 was approximately \$3.9 million. The largest purchase order in September was issued to John Deere for a self-propelled windrower and platform in the amount of \$210,550 for our sod farm operations. The second largest purchase order was issued to Flint Equipment for a John Deere excavator. Other large purchase orders included purchase orders for the #1 and #3 influent screw pump replacements at the Myrtle Beach WWTP, other various heavy equipment and large trucks, Pee Dee Highway sewer materials and warehouse inventory purchases.

In regards to personnel changes for the third quarter of 2021 or the first quarter of fiscal year 2022, we ended the year with 341 full-time employees. We had 33 job postings, hired 12 employees externally, 17 employees were selected for internal postings and 8 employees left GSWSA which included 5 resignations and 3 retirements.

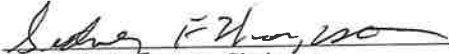
Mrs. Skipper also stated that we are continuing to monitor all new laws as they relate to COVID vaccinations and weekly COVID testing. We will fall under any new SC OSHA standards which may be issued.

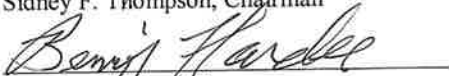
OTHER BUSINESS:

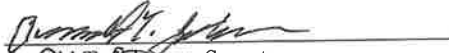
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and the Annual Report for the GSWSA Endowed Scholarship Trust through the Coastal Educational Foundation.

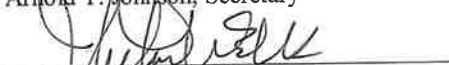
Upon motion duly made, seconded and carried the Board went into executive session for the discussion of personnel, legal and contractual matters. Following executive session, the Board returned to regular session.

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

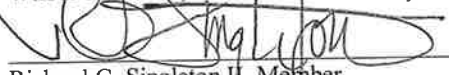

Sidney F. Thompson, Chairman


Benjy A. Hardee, Vice Chairman


Arnold T. Johnson, Secretary


J. Liston Wells, Member

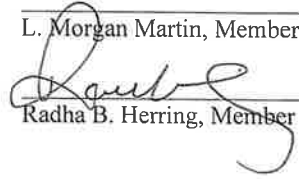

Wilbur M. James, Member


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