

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 SEPTEMBER 23, 2024

	#MEETINGS (Since 7/1/24)	#ATTENDED (Since 7/1/24)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	3	3	100%
Benjy A. Hardee, Vice Chairman	3	3	100%
Arnold T. Johnson, Secretary	3	2	67%
J. Liston Wells, Member	3	3	100%
Wilbur M. James, Member	3	3	100%
Richard Singleton II, Member	3	3	100%
L. Morgan Martin, Member	3	2	67%
Radha B. Herring, Member	3	3	100%

MEMBERS ABSENT:			
Mark K. Lazarus, Member	3	2	67%

STAFF PRESENT:
 Christy Holder, Chief Executive Officer
 Tim Brown, Chief of Plant Operations
 Neeraj Patel, Chief of Field Operations
 Matt Minor, Chief of Engineering and Construction
 Christen Jordan, Chief of Accounting and Finance
 Thomas Neat, Chief of Technology
 Mary Hunsucker, HR Manager
 Allison Daly, HR Specialist

LEGAL COUNSEL:
 Bhumi Patel, Burr Forman

VISITORS:
 Dave Calvert, PFM Asset Management LLC
 Grant Davis, Mauldin & Jenkins CPAs and Advisors

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 AUGUST 26, 2024 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Singleton, the Minutes of the August 26, 2024 meeting were approved as presented.

PRESENTATION OF MANAGED INVESTMENT UPDATE BY PFM ASSET MANAGEMENT LLC: Mr. Dave Calvert of PFM Asset Management LLC presented a thorough overview of the economy as well as GSWSA's portfolio investment information to the Board. Mr. Calvert answered questions from the Board and further explained items of interest.

AUDIT PRESENTATION OF GSWSA'S FINANCIAL STATEMENTS AND RETIREE HEALTH CARE BENEFIT PLAN BY MAULDIN & JENKINS CPAS & ADVISORS. Mr. Davis called the Board's attention to the CAFR as well as the reports on the OPEB Trust and the Auditor's Discussion & Analysis in the Board packet. Mr. Davis stated an unmodified opinion was issued this year which is the only acceptable result for a financial statement audit. GSWSA is responsible for the financial statements and Mauldin & Jenkins issues the opinion and conducts the audit in accordance with Governmental Accounting Standards. Three other reports were issued within the CAFR: an independent auditor's report, a report on internal controls and compliance with laws, agreements, etc. and a report on the expenditure of federal awards. No internal control or

compliance issues were found. The single audit on the expenditure of federal awards was for the Hazard Mitigation Grant issued by the Department of Homeland Security. An unmodified opinion was issued for the single audit. Mr. Davis highlighted several things from the financial statements for the Board's information. From FY 2023 to FY 2024, GSWSA had an increase of approximately \$100 million in total assets. The majority of the assets were capital assets which are reported net of accumulated depreciation. There is also a significant portion of the assets that are cash, cash equivalents and investments both restricted and unrestricted. Those balances increased \$2.1 million since last fiscal year. Total liabilities are up approximately \$3.0 million from the prior fiscal year. Net position (or equity) is \$845 million which is almost a \$107 million increase from the prior fiscal year. Mr. Davis also called the Board's attention to the Special Item on the Statement of Revenues, Expenses and Changes in Fund Net Position which was for the acquisition of Little River Water & Sewerage Company. This resulted in an increase to GSWSA's net position of \$17.8 million. Mr. Davis added that a lot of the information in the footnotes has remained the same. He commended the finance staff on the audit and how quickly it was able to be completed and presented to the Board.

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

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.

DISCUSSION/ACTION: SOS Care Sod Donation Request. We received a request from SOS Care for 4,000 square feet of sod to do improvements at their facility. They are a 501(c)3 organization. Upon motion of Mr. Johnson, seconded by Mr. Singleton, the sod donation request was unanimously approved by the Board as presented.

Mrs. Holder stated that the September monthly report for the Chief Executive Officer was included for the Board's information.

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: August 2024 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for August 2024 with the Board. As of August 31st, our total operating revenues were \$23.9 million, which is an 11% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water fees, wastewater fees, tap fees and other revenue. Monthly water fees were up in all categories with the exception of Bull Creek and Myrtle Beach revenues. The largest increases occurred in water availability and volume. Monthly wastewater revenues were up in all categories with the exception of bulk and Myrtle Beach revenues. The largest increases were in wastewater availability and volume due to Little River customers becoming retail customers. Tap fees were up \$356,235 compared to the prior fiscal year. Our total operating expenses were \$20.1 million, which is an increase of \$2.2 million or 12% from the prior fiscal year. The largest increases come from Personnel Services, Outside Services, Supplies and Materials and Capital Outlay. Personnel Services have increased \$884,447 or 16% from fiscal year 2024. This is due to the addition of 20 employees from Little River and a merit increase. Outside Service have increased \$104,141 from the prior fiscal year due to an increase in professional services and utility costs. Supplies and Materials have increased \$681,735 mainly due to an increase in treatment supplies and supplies and materials for water and wastewater facilities. Capital Outlay is up \$526,820 or 275% from the prior fiscal year. In August, we received a pumper truck and two Ford 150 trucks. We currently have an operating surplus of \$3.8 million which is an increase of \$224,991 from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$10.7 million, which is an increase of

\$5.3 million or 99% from the prior fiscal year. This is mainly due to an increase in investment income of \$3.2 million and the receipt of \$1.3 million in ARPA funds for the Bull Creek expansion project.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of August 31st, we should be at 17% of our budget. Our operating revenues were budgeted at \$149.0 million. To-date, we have earned \$23.9 million or 16% of our estimated budget. Our operating expense budget is \$149.0 million as well. Year-to-date we have spent \$20.1 million or 14% of the budget. Our expenditures will increase as we continue to receive items throughout the fiscal year. Total non-operating revenues were budgeted at \$55.3 million and to-date we have earned \$10.7 million or 19% of the budget. Our investment income is higher than we originally estimated due to current market conditions.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$59.1 million. These funds have a current month yield of 0.91%, a three month yield of 3.12% and a twelve month yield of 5.97%. The balance in our PFM Asset Management LLC accounts is \$62.9 million with a current month yield of 1.02%, a three month yield of 3.71% and a twelve month yield of 6.58%. Truist funds total \$4.9 million with a current month yield of 0.94%, a three month yield of 3.15% and a twelve month yield of 7.96%. Overall, we have \$127.0 million invested with managers. The funds invested by our internal staff total \$117.8 million. Our debt service accounts total \$4.4 million. Our total investment portfolio is \$249.2 million with a current month yield of 0.68%, a three month yield of 2.31% and a twelve month yield of 5.51%.

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 2.92%. PNC Capital Advisors' fiscal year-to-date return is 2.38% which is below the benchmark but higher than fiscal year 2024 return's of 0.31%. This year's fiscal year-to-date return for PFM Asset Management LLC is 2.81% which is slightly below the benchmark and higher than last year's return of 0.21%. Truist's fiscal year-to-date return is 2.41% which is also below the benchmark. The Local Government Investment Pool's fiscal year-to-date return is 0.94% which is consistent with the fiscal year 2024 return of 0.94%. Our fiscal year-to-date return for the ABB ICS account is 0.81% which is higher than last year's fiscal year-to-date return of 0.05%. Our fiscal year-to-date return for the CCNB ICS account is 0.85% which is consistent with the same time period last year.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$15,516 was spent on Business & Travel during the month of August. These costs include membership and license renewals, exam fees and training fees. Year-to-date, we have spent a total of \$92,411.

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 August is \$17.1 million. The largest purchase order in August was issued to R.H. Moore Construction, Inc. for \$8.5 million for the Conway to Bucksport WWTP Flow Diversion project. Other large purchase orders included a purchase order to SCDOT for \$1.4 million for water and sewer relocations on Tournament Boulevard and McDowell Shortcut and a \$853,000 purchase order to Professional Pump & Well, Inc. for construction of the International Drive ASR well.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 144 mg/l for the month of August which is up 100% compared to last month. The average alum dosage at Bull Creek for the month of August was 206 mg/l, which is up 318% compared to last month. Myrtle Beach is currently running at about 185 mg/l and Bull Creek is currently running at about 95 mg/l. In regards to water flows, Myrtle Beach flows were down 7% and Bull Creek flows were

up 3% compared to last year. The total water flows including ASR and blend wells were down 5%. Like previously mentioned, there is a lag effect on the Intracoastal Waterway so it takes longer for the alum dosage to level out at Myrtle Beach as compared to Bull Creek. In regards to wastewater flows, flows at Myrtle Beach were up 11% and the flows at Schwartz were up 5% compared to last year. The total wastewater flows were up 23% compared to last year. A lot of this is due to rainfall from Tropical Storm Debby.

UPDATE/STATUS: Compliance with SCDES Water and Wastewater Treatment Plant Requirements: Mr. Brown stated all water and wastewater reporting was in compliance with SCDES requirements for the month of August.

In regards to plant operation activities, at the Myrtle Beach SWTP, the staff has piloted a new ceramic filter underdrain system with mixed results. A larger scale pilot test may be needed. We are looking at bringing in a larger scale unit. At the Bull Creek SWTP, the contractor, M.B. Kahn Construction Company (M.B. Kahn), is well underway on this project. All piling work has been completed and they are preparing to lay the 36" parallel raw water line from the raw water pump station to the main plant. Today they were installing the underground piping at the clear well. Once that is complete, they will be able to erect the clear well. This will take about 4 months to complete.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, design work has been completed for the influent pump station odor scrubber. We are awaiting a new permit for this. Staff has been working to seal up areas on the new headworks structure to help minimize odors. In regards to the new Central 4 MGD WWTP, expansion of the Green Sea Floyds WWTP and the Schwartz digester blower upgrade, design meetings continue on these projects. In addition, we selected vendors for the design of several projects including the Conway WWTP headworks structure, Vereen clarifier and effluent structure and Schwartz gravity thickener. MBD Consulting Engineers, P.A. (MBD) was selected for the Conway WWTP and the Schwartz WWTP projects. Goodwyn Mills Cawood (GMC) was selected for the Vereen WWTP project. We selected the low bid for all three of these. We are continuing to work with MBD on modifications to the Perry Road pump station. We are looking at putting a second pump station at this site for redundancy.

Mr. Brown shared with the Board a map showing the fields that were previously used for effluent disposal at the Mullins WWTP. When we acquired the system, there were restrictions preventing us from using these fields. After we purchased the property and went through a permit renewal phase, we converted the property to be used for biosolids application. Mr. Brown shared another map with the Board showing the Marion County Landfill which is adjacent to our property and almost at capacity. Marion County has approached us about purchasing approximately 9.4 acres of property we own to give them an additional 17 acres of landfill space. Mr. Brown stated that we are currently only permitted to put Mullins WWTP sludge on the site. We may eventually be able to put Marion WWTP sludge in that area too, but we still have adequate space to do so based on our permit. Mr. Brown nor Mrs. Holder anticipate any issues with GSWSA negotiating a sale to the Marion County Landfill.

NEERAJ PATEL, CHIEF OF FIELD OPERATIONS

UPDATE/STATUS: Compliance with SC Department of Environmental Services (SCDES) Water Distribution and Wastewater Collection Requirements: Mr. Patel stated all monitoring was reported and all system operations were conducted in compliance with SCDES requirements for the month of August.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Jackson Bluff and Cool Springs wells, we are compiling bid documents for construction of the wellhouse. In regards to the River Oaks well, we are coordinating with SCDES on review comments on the follow-up package. In regards to the International Drive well, the contractor has initiated the bore hole. In regards to the Carolina Pines well, we are compiling bid documents for well drilling.

In the ASR program, for the month of August, we had a net recovery of approximately 155.8 million gallons for an average daily recovery of 5.0 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in August we smoke tested 407,120 linear feet of gravity sewer line, cleaned and televised 5,428 linear feet of gravity sewer mains, responded to 197 sewer back-ups and 132 water quality requests, collected 415 water quality samples, inspected 209 cross connection devices, 239 fire hydrants and 692 isolation valves, responded to 8 emergency main line shut-downs, completed 4 scheduled shutdowns and completed 5,172 work orders primarily for meter reading services. The graph for work orders does show a slight dip in the number of work orders completed as compared to prior months. This is because we suspended pulls during the month due to Tropical Storm Debby as part of our emergency response plan. We suspend pulls when we move from normal operations which is OPCON 3 to OPCON 2 or OCPON 1.

Mr. Patel also shared several pictures with the Board of former retirees who stopped by the hydration station at the Aynor Harvest Hoedown. Our employees spent the day giving water to folks in the community.

Mrs. Holder stated that we would also be participating in the Loris Bog Off on October 19th. We will have several employees there educating customers, answering questions and passing out water.

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. In the fiscal year 2024/2025 budget the Board has approved over \$4.3 million in the rural water program. Since the last Board meeting, we authorized 2 projects for design for 2,260 linear feet of pipeline and 3 new REUs. Two projects moved from the design phase to construction for 2,495 linear feet of pipeline and 2 REUs. We issued service authorization to 3 projects for 3,455 linear feet of pipeline and 4 new REUs.

On the sewer side, in the fiscal year 2024/2025 budget, the Board has approved over \$4.7 million in the rural sewer program. Since the last Board meeting, we authorized 2 new projects for design that will add 1,255 linear feet of pipeline and 3 new REUs. One project moved from the design phase to construction for 635 linear feet and 1 REU. We issued service authorization to 3 projects for 4,795 linear feet of pipeline and 5 new REUs.

Currently there are 71 active rural projects in design and 41 projects in construction that will total 40 miles of pipeline and 431 new REUs.

Mr. Minor called the Board's attention to the chart showing the cumulative miles of pipeline installed since the beginning of the rural program in the Board packet. To-date, in calendar year 2024, we have installed 9 miles of sewer line and 14 miles of waterline.

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 August. In the month of August, we received 38 new letters of intent. Of the total, 17 were developer extension projects for 860 REUs. The other 21 projects were single-service commercial projects totaling 233 REUs. We issued service authorization to 15 projects for 2,119 REUs. These projects added approximately \$2.4 million in developer contributions. We held 6 preconstruction meetings in August. Overall, we have a total of 270 active developer projects. Of the total, 112 developer projects are in the construction or close-out phase. Mr. Minor called the Board's attention to the list of projects in the Board packet.

Mr. Minor also called the Board's attention to the trend charts in the Board packet.

Mr. Minor shared a chart with the Board showing the number of new water meter work orders issued versus installed each month over the last year. In August, we issued 687

work orders for new water meters and installed 683 new water meters. Mr. Minor also shared a chart showing the same information for new sewer tanks.

UPDATE/STATUS: Capital Projects: In regards to the Conway to Bucksport WWTP Flow Diversion project, M.B. Kahn continues construction of the new diversion pump station at the Conway WWTP. R.H. Moore Company, Inc. (R.H. Moore) has started the installation of approximately 40,000 linear feet of 20" sewer forcemain along Highway 701. The anticipated completion date for this project is late summer 2025.

In regards to the Forestbrook Road Widening project, we sent out an RFP to several engineering consultants for the design of the water and sewer relocations associated with this RIDE 3 widening project. We only received one proposal. Mead & Hunt, Inc. submitted a proposal for \$375,000. We have decided to award them this project as they are familiar with our system as well as highway widening projects.

In regards to the Highway 501 Widening (Gardner Lacy Road to Highway 544), we recently attended a preconstruction meeting for this project. R.H. Moore will be performing the water and sewer relocation work as a subcontractor of Palmetto Corporation of Conway who is the prime contractor for the project. We selected to go in contract with the SCDOT for this project.

In regards to the Highway 90 to Highway 905 Hydraulic Improvement project, we recently received several proposals for the design of the new waterline hydraulic improvement located along Red Bluff Road. The project will consist of approximately 20,000 linear feet of 16" waterline and a booster pump station that will improve capacity west of the Waccamaw River. We received proposals from three consultants. We have chosen to award the design work to Bolton & Menk, Inc.

In regards to the Old Highway 90 Elevated Water Storage Tank project, Phoenix Fabricators and Erectors has now completed the remaining work for the new 500,000 gallon elevated tank. We received Approval to Operate from SCDES. We are now completing the final electrical work for SCADA before placing the tank into operation.

Mrs. Holder stated that Mrs. Skipper's report was included in the Board Packet for the Board's information. Mrs. Holder stated that our medical insurance renewal initially came in with a 20% increase. McGriff Insurance Services has gone to the market to get other proposals. Mrs. Skipper will share the proposals with the Board next month.

THOMAS NEAT, CHIEF OF TECHNOLOGY

Mr. Neat stated that we selected Cayenta as the vendor for our new ERP system after many conversations and demos. Our next steps include finalizing a contract, meetings to define the scope of work, discovery, and kick-off.

Mr. Neat shared the different modules of the system that we would be using. We will be adding on several other products as well such as the HR products and payment processing systems. We found that Cayenta's products were some of the easiest products to customize and build on. We want to keep this to a minimum but it is available.

We are currently waiting on an updated project timeline to get a better idea of how we are going to proceed. We are anticipating that the start date will be after the first of the year. The full implementation will take 18-24 months.

Mr. Neat also shared information with the Board regarding our AS400 backup.

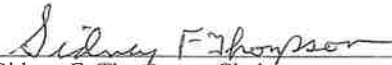
Mr. Neat stated that we are working to communicate better. We are starting campaigns to send out in bills and emails to get customers to update their contact information. We have been using Twilio and have just started using the Twilio IRV system to do our robocalls for smoke testing and shut offs. Customers will now have other options when they receive a robocall. We are also trying to link this to GIS as well. One of the benefits of doing this, is that we can send notifications to certain geographical areas where customers may be experiencing water and/or sewer issues at various times.

OTHER BUSINESS:

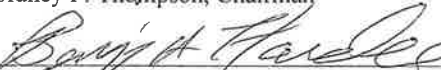
Chairman Thompson called the Board's attention to the Employee Recognition and Sod Donation Report.

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

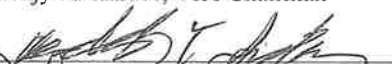
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.



Sidney F. Thompson, Chairman



Benjy A. Hardee, Vice Chairman



Arnold T. Johnson, Secretary



J. Liston Wells, Member



Wilbur M. James, Member

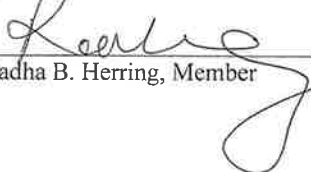
Approved via teleconference

Richard G. Singleton II, Member



Mark K. Lazarus, Member

L. Morgan Martin, Member



Radha B. Herring, Member