

GRAND STRAND WATER & SEWER AUTHORITY  
BOARD OF DIRECTORS MEETING  
SEPTEMBER 25, 2023

	#MEETINGS (Since 7/1/23)	#ATTENDED (Since 7/1/23)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	3	3	100%
Benjy A. Hardee, Vice Chairman	3	3	100%
Arnold T. Johnson, Secretary	3	3	100%
Wilbur M. James, Member	3	3	100%
Richard Singleton II, Member	3	3	100%
Mark K. Lazarus, Member	3	3	100%
L. Morgan Martin, Member	3	3	100%
Radha B. Herring, Member	3	3	100%

MEMBERS ATTENDING VIA TELECONFERENCE:			
J. Liston Wells, Member	3	3	100%

STAFF PRESENT:

Christy Everett, Chief Executive Officer  
Tim Brown, Chief of Plant Operations  
Chrystal Skipper, Chief of Administration  
Neeraj Patel, Chief of Field Operations  
Matt Minor, Chief of Engineering & Construction  
Christen Jordan, Chief of Accounting and Finance  
Bill O'Hara, Chief of Technology

LEGAL COUNSEL:

Alicia Thompson, Burr & Forman, LLP

VISITORS:

Grant Davis, Mauldin & Jenkins CPAs & Advisors  
Casey Jones, My Horry News

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 28, 2023 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Singleton, the Minutes of the August 28, 2023 meeting were approved as presented.

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 Government Accounting Standards. Two other reports were issued as well: a report on internal controls and compliance with laws, agreements, etc. as well as a report on the expenditure of federal awards. No internal control or compliance issues were found. Mr. Davis highlighted several things from the financial statements for the Board's information. From FY 2022 to FY 2023, GSWSA had a \$73 million increase in net position (or equity). Mr. Davis also reviewed information from the Statement of Cash Flows and then explained information regarding both the pension liability and OPEB liability. GSWSA is well funded compared to national trends. Mr. Davis called the Board's attention to several other communications in the Board packet as well. Mr. Davis

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.

Upon motion of Mr. Johnson, seconded by Mr. Singleton, the capital budget appropriation requests for rural water projects were unanimously approved by the Board as presented.

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: August 2023 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for August 2023 with the Board. As of August 31<sup>st</sup>, our total operating revenues were \$21.5 million, which is a 3% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water and wastewater fees. Monthly water fees were up in all categories with the exception of bulk, Bull Creek revenues and fire flow availability fees. The largest increases were in water availability and Myrtle Beach revenues. Bull Creek revenue is down due to the acquisition of Little River. We no longer bill them as a wholesale customer. Little River revenues will reflect better in our September financial statements. 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. Wastewater bulk is down due to Little River as well. Increases in availability and volume make up approximately 84% of the total increase in water and wastewater fees. Our total operating expenses are \$17.8 million, which is an increase of \$1.5 million or 9% from the prior fiscal year. The largest increases come from Personnel Services, Outside Services and Supplies and Materials. Personnel Services have increased 30% from fiscal year 2023 due to an additional payroll in August compared to last year, an increase in overtime, an increase in retirement of 1% as well as merit increases. Outside Services have increased \$287,178 compared to last year. The increase is due to an increase in utilities as well as service and maintenance contracts. Supplies and Materials have increased \$161,112 mainly due to an increase in supplies and materials for water and wastewater facilities. Debt service is down \$418,079 due to the timing of debt service payments. We currently have an operating surplus of \$3.6 million which is a decrease of \$840,363 from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$5.4 million, which is an increase of \$323,758 or 6% from the prior fiscal year. This is mainly due to an increase in investment income of \$1.4 million over fiscal year 2023.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of August 31<sup>st</sup>, we should be at 17% of our budget. Our operating revenues were budgeted at \$137.6 million. To-date, we have earned \$21.5 million or 16% of our estimated budget which is just below the target. Our operating expense budget is \$137.6 million as well. Year-to-date we have spent \$17.8 million or 13% of the budget. These expenditures will increase as the year progresses. Total non-operating revenues were budgeted at \$34.0 million and to-date we have earned \$5.4 million or 16% of budget. Impact fees are slightly below target and investment income is higher than we originally estimated.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$55.8 million. These funds have a current month yield of 0.14%, a three month yield of (0.38%) and a twelve month yield of 0.29%. The balance in our PFM Asset Management LLC accounts is \$59.2 million with a current month yield of 0.09%, a three month yield of (0.60%) and a twelve month yield of 1.04%. PNC has typically trailed behind PFM's returns but for the last two months they have outperformed PFM. Overall, we have \$115.0 million invested with managers. The funds invested by our internal staff total \$67.5 million. Our debt service accounts total \$4.8 million. Our total investment portfolio is \$187.3 million with a current month yield of 0.21%, a three month yield of 0.08% and a twelve month yield of 1.59%.

On September 1<sup>st</sup>, we acquired Little River's bank accounts. They have \$37 million in Conway National Bank (CNB). CNB has offered us 5.5% to keep this money in a Repo Term account. Frannie Heizer is looking into this type of account to make sure it meets our Investment Policy. We expect to hear back from her this week. Ms. Heizer will be attending the October Board Meeting to go over our Investment Policy, discuss options and address any questions the Board may have.

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, 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 to-date is 0.18%. PNC Capital Advisors' fiscal year-to-date return is 0.31% which is above the benchmark and higher than the fiscal year 2023 return of (0.56%). This year's fiscal year-to-date return for PFM Asset Management LLC is 0.21% which is above the benchmark and higher than last year's return of (0.48%). The Local Government Investment Pool's fiscal year-to-date return is 11.31% compared to fiscal year 2023's return of 4.08%. The ABB ICS account's fiscal year-to-date return is 8.94%. The CCNB ICS account's fiscal year-to-date return is 10.25%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$6,577 was spent on Business & Travel during the month of August. These costs include membership renewals, license renewals, training fees and exam fees. Year-to-date, we have spent a total of \$82,060.

#### TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: In regards to water flows, Myrtle Beach flows were consistent compared to the same period last year and Bull Creek flows were down 1%. The total flows were up 3% compared to last fiscal year. The alum dosage at Myrtle Beach averaged 116 mg/l for the month of August which is up 23% compared to last month. The average alum dosage at Bull Creek for the month of August was 70 mg/l, which is down 23% compared to last month. Myrtle Beach is currently running at about 155 mg/l and Bull Creek is currently running at about 100 mg/l. This is due to the rain from Hurricane Idalia. In regards to wastewater flows, flows at Myrtle Beach were down 11% and the flows at Schwartz were up 5% compared to last year. The total wastewater flows were down 4% 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 August.

In regards to plant operation activities, at the Myrtle Beach SWTP, we are continuing to test with a pilot unit that utilizes a new synthetic resin called Mycellex which is designed to remove PFAS. Samples have been sent but we do not have any results back yet. At the Bull Creek SWTP, testing continues on the Calgon Granular Activated Carbon (GAC) pilot columns for PFAS removal. We saw PFAS breakthrough on the 10 minutes empty bed contact time (EBCT) just after 2 months. This is still below the EPA proposed limit but it is close. Mr. Brown contacted another water treatment plant who has done a lot of pilot testing as well to discuss what they have experienced. After the conversation it was determined that we may need to evaluate how we are backwashing. Therefore, Mr. Brown decided that it was necessary to start the testing over and alter the process. Mr. Brown briefly discussed this in more detail with the Board.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, the contractor is continuing to make progress on the new influent pump station and wet well structure. Start-up is expected to be in March of 2024. At the Bucksport WWTP, design efforts continue on the expansion of this plant. At the Lakeview WWTP, the berm repair will begin soon. In regards to the Mullins WWTP, this plant was hit the hardest during the recent Hurricane Idalia. We received approximately 12 inches of rain at that facility and had peak flow around 6 MGD.

## 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 August with the exception of 5 separate sanitary sewer overflows (SSO) on August 31<sup>st</sup> on the Town of Latta's system which is operated by GSWA. The system experienced severe inflow and infiltration due to the extreme amount of rain associated with Hurricane Idalia. Remediation efforts were underway on September 1<sup>st</sup>. All efforts were coordinated by the Florence Office of SCDHEC. Mr. Patel shared a map of the SSO locations with the Board. Now, we are coordinating with the Town of Latta and the Town's Engineer to see if there are any upcoming planned improvements to make the system more resilient in the future.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Highway 410 Blend well, the final piping connections have been made and site work continues. In regards to the Cool Springs well, development continues at this site. In regards to the Jackson Bluff well, the chemical application to aid in well development has been completed. In regards to the International Drive well, the Underground Injection Control permit has been received. We are awaiting comments from the Water Supply Construction Permitting Group.

In the ASR program, for the month of August, we had a net recovery of approximately 231.5 million gallons for an average daily recovery of 7.5 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in August we smoke tested 339,622 linear feet of gravity sewer line, cleaned and televised 7,705 linear feet of gravity sewer mains, responded to 185 sewer back-ups and 167 water quality requests, collected 536 water quality samples, inspected 167 cross connection devices, 256 fire hydrants and 608 isolation valves, responded to 29 emergency main line shut-downs and 4 scheduled shut-downs, and completed 4,569 work orders primarily 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. In the fiscal year 2024/2025 budget, the Board has approved over \$2.4 million in the rural water program. In August, we authorized 4 projects for design for 3,210 linear feet of pipeline and 4 new REUs. Five projects moved from the design phase to construction for 16,485 linear feet and 49 REUs. We issued service authorization to 3 projects for 3,990 linear feet of pipeline and 2 new REUs.

On the sewer side, in the fiscal year 2024/2025 budget, the Board has approved over \$1.7 million in the rural sewer program. In August, we authorized 2 new projects for design that will add 2,145 linear feet of pipeline and 2 new REUs. Two projects moved from the design phase to construction for 2,850 linear feet and 3 REUs. We issued service authorization to 2 projects for 11,630 linear feet of pipeline and 6 new REUs. Currently, there are approximately 50 rural sewer projects in design and approximately 70 in the construction status. Overall, this will add 572 REUs and 42 miles of pipeline.

Calendar year-to-date, we have installed 35 miles of pipeline. This includes 23 miles of sewer line and 12 miles of waterline. Mr. Minor called the Board's attention to the cumulative totals in the Board packet.

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 27 new letters of intent. Of the total, 10 were developer extension projects for 967 REUs. The other 17 projects were commercial projects totaling 110 REUs. We issued service authorization to 9 projects for 728 REUs. These 9 projects added approximately \$6.1 million in developer contributions. We held 11 preconstruction meetings. Currently, we have 104 active developer projects in the

construction or close out phase. Overall, we have 239 active developer projects in the various phases. Mr. Minor called the Board's attention to this list of projects in the Board packet.

Mr. Minor also called the Board's attention to the trend charts in the Board packet. We have been trending around 25 new projects and 1,000 REUs a month.

UPDATE/STATUS: Capital Projects: In regards to the Bull Creek 15 MGD Expansion project, we advertised for bids on September 14<sup>th</sup> for the expansion of the plant from 45 MGD to 60 MGD. A pre-bid meeting was held onsite on September 22<sup>nd</sup>. The bid opening will be held on October 24<sup>th</sup>. The estimated cost for the expansion is currently \$40 million.

In regards to Contract 18, we held a preconstruction meeting on September 6<sup>th</sup> with RCB Contractors, LLC for the Collins Jollie Road area water & sewer developer extension project as well as the Highway 668 area sewer project. A Notice to Proceed was issued on September 7<sup>th</sup>. The contract is for 120 days. This contract includes approximately 18,000 linear feet of pipe.

In regards to Contract 19, we advertised for bids for various rural water and sewer projects on September 11<sup>th</sup>. Mr. Minor called the Board's attention to the list of projects in the Board packet for this contract. The contract includes approximately 24,200 linear feet of pipe. The bid opening is scheduled for September 26<sup>th</sup>.

In regards to the Conway to Bucksport WWTP Flow Diversion project, a bid opening was held on September 21<sup>st</sup>. The results will be included in the October Board Packet.

In regards to the Fred Nash Boulevard Extension and Widening project, SCDOT began relocating the water and sewer lines associated with the transportation improvement project earlier this month. This is a RIDE 3 project. We chose to go in contract with SCDOT for the utility locates. R.H. Moore Company, Inc. is the utility subcontractor for Palmetto Corp who is the prime SCDOT contractor.

In regards to the Highway 9 Widening (East of Loris) project, we chose to go in contract as part of the water and sewer relocations associated with this RIDE 3 project. King Asphalt, Inc. is the prime SCDOT contract with RWF Construction, LLC (RWF) being the water and sewer utility subcontractor. RWF is currently preparing submittals. A preconstruction meeting will be scheduled once submittals are received.

In regards to the Lake View WWTF Embankment Improvements, we awarded the contract for vinyl sheet piling to Seven Seas Marine Construction in the amount of \$258,300. We just received all of the contract documents so we have reached out to schedule a preconstruction meeting.

In regards to the Marion WWTP Flood Mitigation Berm project, M.B. Kahn Construction Co., Inc. continues to form and pour concrete for the flood mitigation walls at the treatment plant. This work is progressing well.

In regards to the Old Highway 90 Elevated Water Storage Tank, Phoenix Fabricators & Erectors, Inc. has completed welding of the new elevated tank. Crews are now preparing the structure for paint.

#### 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 September 2022 through August 2023. During the month of August, our customer accounts increased by 113, which brings our customer account total to 121,982. Over the last consecutive twelve months, our total customer base has increased by 4,799 customers or 4.1%. In August, our active accounts increased by 279, inactive accounts decreased by 157 and our suspended accounts decreased by 9.

In regards to REUs, for the month of August, our total REUs increased by 150, which brings our REU total to 182,138. Over the last consecutive twelve months, our total REUs have increased by 6,847 or 3.9%. For the month of August, our active REUs increased by 338, inactive REUs decreased by 154 and our suspended REUs decreased by 34.

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 August was approximately \$6.9 million. The largest purchase orders in August included a purchase order to RCB Contractors, LLC for \$1.4 million for Pipeline Contract #18, a purchase order for a compost spreader replacement for \$481,912, purchase orders to Palmetto Chevrolet and Conway Ford for vehicles from our annual vehicle bid, and purchase orders for meters, Myers kits, meter boxes and ERTs for warehouse inventory.

UPDATE/STATUS: Health Insurance Benefits and Renewal Rates. Mrs. Skipper stated that we received our health insurance renewals this month. Initially, we received a 15.5% increase for medical insurance premiums. Fortunately, McGriff was able to negotiate with BCBS to lower this to an 8% increase. The increase includes no changes to our current benefits. We received a favorable increase in comparison to other companies across the state and other clients of McGriff.

We currently have a considerable number of high claimants as well which directly affects our rate increases. As stated every year, our renewals are solely based on our claims from the past 18 months as well as potential future claims related to current member diagnoses.

Mrs. Skipper shared a graph with the Board showing our historical medical loss ratio. Year-to-date in 2023, 97% of the premiums we have paid have gone toward insurance claims. The target is to stay under 85%.

We received a rate pass for our vision and dental coverages as well as all of our coverages through Mutual of Omaha which includes our STD, LTD, AD&D and life insurances for our employees. This includes all employee and employer paid policies.

Mrs. Skipper also discussed offering an HSA option to employees who participate in a HDHP this year. Little River Water & Sewerage offered this type of plan to their employees so we wanted to add this option for everyone in 2024. Mrs. Skipper briefly discussed the updated HDHP plan as well as the HSA account option with the Board. There would be cost savings to GSWA if employees chose this plan. It will take time for our current employees to feel comfortable with changing plans; however, over time we think we will be able to increase our participation in this type of plan which will result in decreased health insurance costs to GSWA.

We will be working with McGriff to finalize the administrative side of managing HSA accounts. McGriff will provide these services to GSWA for \$1.95 per participant per month or a minimum of \$50 a month. They provided a proposal from another company as well but their fees were higher for the same services.

Mrs. Skipper hopes to present in the future another option for the Board to consider for Medicare eligible participants. It is essentially a Medicare supplement plan that can substantially reduce GSWA costs and insurance claims which directly impact our rate increases every year. This plan would provide the same amount of coverage they have now.

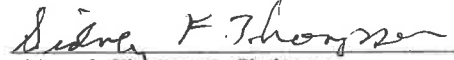
#### OTHER BUSINESS:


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

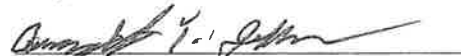
Ms. Everett wished Chairman Thompson and Mr. Patel a happy birthday and presented them with birthday cards.

Upon motion duly made, seconded and carried the Board went into executive session for the discussion of 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


Approved via teleconference  
J. Liston Wells, Member

  
Wilbur M. James, Member

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Richard G. Singleton II, Member

  
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