

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 SEPTEMBER 26, 2022

	#MEETINGS (Since 7/1/22)	#ATTENDED (Since 7/1/22)	% 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	2	67%

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

STAFF PRESENT:
 Christy Everett, Chief Executive Officer
 Tim Brown, Chief of Plant Operations
 Neeraj Patel, Chief of Field Operations
 Chrystal Skipper, Chief of Administration
 Matt Minor, Chief of Engineering and Construction
 Christen Jordan, Chief of Accounting and Finance
 Mary McKellar Hunsucker, HR Manager

LEGAL COUNSEL:
 Amanda Bailey, Burr Forman
 Frannie Heizer, Burr Forman

VISITORS:
 Jessica Johnson, Mauldin & Jenkins CPAs & 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 Member, Wilbur James.

APPROVAL OF AUGUST 22, 2022 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Johnson, the Minutes of the August 22, 2022 meeting were approved as presented.

Ms. Everett welcomed Frannie Heizer with Burr Forman who was in attendance to present and discuss the two resolutions on the agenda for new SRF loans.

DISCUSSION/ACTION: A Series Resolution Approving the Financing of the Bull Creek Surface Water Treatment Plant Drainage Improvements Through the Borrowing of not Exceeding Seven Hundred Forty-Five Thousand One Hundred Forty-Four Dollars, Plus Capitalized Interest, if any, Series 2022B, From the State Water Pollution Control Revolving Fund. Ms. Heizer stated this was the smaller of the two projects. This loan has a total of 80 quarterly payments at an interest rate of 1.5%. Ms. Heizer stated we were very wise to lock in the rate several months ago. Today the interest rate would be at least

a 1.5% interest rate with 80 quarterly payments. This is an even stronger transaction due to the larger dollar amount.

Upon motion of Mr. Johnson, seconded by Mr. Singleton, the resolutions were unanimously approved by the Board as presented.

AUDIT PRESENTATION OF GSWSA'S FINANCIAL STATEMENTS AND RETIREE HEALTH CARE BENEFIT PLAN BY MAULDIN & JENKINS CPAS & ADVISORS. Mrs. Johnson stated Mauldin & Jenkins CPAs is a regional accounting firm with six offices and over 650 governmental clients. Mrs. Johnson called the Board's attention to the CAFR and OPEB Financial Statements in the Board Packet. The Auditor's Discussion and Analysis is forthcoming. Mrs. Johnson commended Mrs. Jordan and her staff on an excellent audit. Mrs. Johnson stated this year's audit had an overall unmodified opinion which is the highest you can get. Nothing was found that was materially misstated. Another report provided was a report on internal controls. The firm does not issue an opinion on internal controls but is required to notify us if anything seems out of place. Nothing was found. A single audit is also conducted to look at Federal programs. For these programs, the auditors look at the federal requirements and our compliance. An unmodified opinion was also issued for these programs. Mrs. Johnson briefly reviewed the changes in the financial statements from fiscal year 2021 to fiscal year 2022 with the Board. Mrs. Johnson welcomed any questions from 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. Hardee, seconded by Mr. Singleton, the capital budget appropriation requests for rural water and sewer projects were unanimously approved by the Board as presented.

Ms. Everett stated the monthly report for the Chief Executive Officer was included for the Board's information.

Ms. Everett provided the Board with a brief technology update. We are currently reviewing proposals to migrate from the AS400 system to a new system. This is something we started working on about two or three years ago. We received proposals from consultants who will put together an RFP for vendor selection and assist us through the process. We hope to have a consultant on board this week. Ms. Everett stated she would update the Board next month.

Ms. Everett introduced Christen Jordan to the Board as the new Chief of Accounting and Finance.

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: August 2022 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for August 2022 with the Board. As of August 31st, our total operating revenues were \$20.8 million, which is an 8% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water and wastewater fees, tap fees and other revenues. Monthly water fees were up in all categories. The largest increases were in water availability, volume and Bull Creek revenues. Monthly wastewater revenues were up in all categories except wastewater bulk which is affected by rainfall. The largest increases were in wastewater availability, volume and Myrtle Beach revenues. Increases in availability and volume make up approximately 63% of the total increase in water and wastewater fees. Other revenues were up mainly due to an increase in cross connection fees. Our tap fees have increased \$315,846 or 32%. Our total operating expenses are \$16.4 million, which is an

increase of \$768,747 or 5% from the prior fiscal year. Outside services have increased 4% from fiscal year 2022 due to an increase in professional services and service and maintenance contracts. Supplies and materials have increased 33% from fiscal year 2022 due to an increase in fuel costs and treatment supplies. Ms. Everett added that chemical costs have gone up significantly. Chemical costs are currently up 49% from last year. Chemical costs are very volatile right now but we continue to monitor these costs. We have one chemical that is adjusted quarterly. We currently have an operating surplus of \$4.4 million which is an increase of \$795,868 from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$5.1 million, which is an increase of \$575,093 or 13% from the prior fiscal year. The overall increase in impact fees was enough to offset the \$819,006 decrease in investment income.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of August 31st, we should be at approximately 17% of our budget. Our operating revenues were budgeted at \$126.3 million. To-date, we have earned \$20.8 million or 17% of budget which is right on target. Our operating expense budget is \$126.3 million. Year-to-date we have spent \$16.4 million or 13% of the budget. Total non-operating revenues were budgeted at \$31.6 million and to-date we have earned \$5.1 million or 16% of budget. Impact fees have been slightly higher than budgeted and investment income is currently lower.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts we have a balance of \$55.7 million. These funds have a current month yield of (1.76%), a three month yield of (1.27%) and a twelve month yield of (6.02%). The balance in our PFM Asset Management LLC accounts is \$58.7 million with a current month yield of (1.22%), a three month yield of (1.07%) and a twelve month yield of (5.09%) Overall, we have \$114.4 million invested with managers. The funds invested by our internal staff total \$88.3 million. Our debt service accounts total \$4.9 million. Our total investment portfolio is \$207.6 million with a current month yield of (0.77%), a three month yield of (0.54%) and a twelve month yield of (2.87%).

Mrs. Jordan shared a graph with the Board showing the fiscal year-to-date comparison on our returns for 1919 Investment Counsel, PFM Asset Management LLC, PNC Capital Advisors and the South Carolina Local Government Investment Pool. The current 1-5 year benchmark to-date is (0.59%). PNC Capital Advisors' one-month return for August was (0.59%) which is the same as the benchmark but less than the 19/19 Investment Counsel fiscal year 2022 return of 0.37%. We are still comparing these funds to the 19/19 Investment Counsel account until we have 12 months of data with PNC Capital Advisors. This year's fiscal year-to-date return for PFM Asset Management LLC is (0.48%) which is better than the benchmark but lower than last year's return of 0.26%. The Local Government Investment Pool's fiscal year-to-date return is 4.08% compared to fiscal year 2022's return of 0.21%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$32,082 was spent on Business & Travel during the month of August. These costs include the cost of membership renewals, license renewals and training costs. Year-to-date, we have spent a total of \$92,755.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 87 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 61 mg/l, which is up 3% compared to last month. We have seen a change in the river flow ratios. We are seeing more Little Pee Dee flow than we are used to compared to the Big Pee Dee flow. Myrtle Beach is currently running at about 135 mg/l and Bull Creek is currently running at 45 mg/l. In regards to water flows, Myrtle Beach flows were down 1% compared to the same period last year and Bull Creek flows were up 7%. The total flows were up 5% as compared to last fiscal year. In regards to wastewater flows, flows at Myrtle Beach were down 2% and the flows at Schwartz were up 2% as compared to last year. The total wastewater flows were up 1%.

event flows. We originally bid out vertical turbine pumps but the price came in very high so we are getting a portable pump and piping instead. We will use this system until we upgrade the plant. At the Green Sea Floyds WWTP, MBD Consulting Engineers, P.A. (MBD) is evaluating the ability to upgrade and increase flow capacity for this facility. At the Central WWTP, we had a 208 Plan Public Hearing on September 19th for getting the NPDES Permit for this facility reinstated for future plant expansion. This hearing was uneventful. At the Bucksport WWTP, plans are to send out an RFP for engineering services to expand this facility's capacity by 5 MGD.

Mr. Brown called the Board's attention to the events in Jackson, Mississippi that were in the news. Residents in Jackson were completely out of water for an extended period of time. They experienced some flooding and treatment plant issues. Mr. Brown stated he did a little research and the major things that stood out were that they had deferred maintenance on equipment due to funding and they lacked trained personnel. The system was restored on September 15th. Over the last 12 months, they had over 300 boil water notices. Mr. Brown stated he and Mr. Patel looked at their sanitary surveys which did not have good results. Mr. Martin asked how easily could the same thing happen to our system. Mr. Brown stated the biggest difference is that we are strictly a water and sewer company. We are not a municipality with funds scattered across departments. We invest into our equipment to maintain quality working order. This situation is very unlikely to occur. Mr. Brown, Ms. Everett and the Board further discussed the situation in Jackson and situations we experience.

NEERAJ PATEL, CHIEF OF FIELD OPERATIONS

As a follow-up to Mr. Brown's report on Jackson, Mississippi, Mr. Patel shared information with the Board regarding the sanitary surveys conducted in Jackson, MS. Their surveys indicated in prior years that there were areas in their system that needed improvement.

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.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, the provider has initiated construction of the wellhouse. In regards to the Braves Village well, we are awaiting comments from the Drinking Water Division of DHEC and Horry County Code Enforcement. In regards to the Highway 410 Blend well, mechanical and hydraulic surging continues to reach proper turbidity levels. In regards to the Cool Springs well, design of the wellhouse continues.

In the ASR program, for the month of August, we had a net recovery of approximately 144.8 million gallons for an average daily recovery of 4.7 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in August we smoke tested 353,880 linear feet of gravity sewer line, cleaned

and televised 4,212 linear feet of gravity sewer mains, responded to 203 sewer back-ups and 85 water quality requests, collected 515 water quality samples, inspected 196 cross connection devices, 448 fire hydrants and 634 isolation valves, responded to 19 emergency main line shut-downs and 2 scheduled shut-downs, and completed 5,477 work orders mostly for meter reading services.

Mr. Patel called the Board's attention to the article in the Horry Independent about a customer who experienced issues with his sewer service. On September 7th around 10:00 p.m. our staff was dispatched to a customer's home for a sewer backup. The house is served by a grinder. The check valve at the tap and at the grinder failed which allowed sewer to reenter the grinder and pressurize the gravity service line to the home. This created a backup causing sewer to enter the customer's home. The valve at the grinder was closed when we were notified. In addition, all repairs were made to our system. On September 8th, we filed this claim with our insurance company. Mr. Patel provided further details and discussed our policies with the Board. Mr. Patel, Ms. Everett and the Board further discussed the situation. Ms. Everett stated she and Mr. Patel would look at a procedure for this type of situation.

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 2022/2023 budget, the Board has approved over \$4.1 million in the rural water program. In August, we authorized 2 projects for design for 3,040 linear feet of pipeline and 9 new REUs. Six projects moved from the design phase to construction for 11,130 linear feet of pipeline and 37 new REUs. We issued service authorization to 4 projects for 5,115 linear feet of pipeline and 4 new REUs.

On the sewer side, in the fiscal year 2022/2023 budget, the Board has approved over \$6.7 million for the rural sewer program. In August, we authorized 2 new projects for design that will add 2,690 linear feet of pipeline and 7 new REUs. Five projects moved from the design phase to construction for 4,555 linear feet of pipeline and 8 new REUs. We issued service authorization to 6 projects for 4,488 linear feet of pipeline and 17 new REUs.

Currently, we have 88 rural projects in the construction phase and 53 projects in design. In total, we have 141 active water and sewer projects currently in design and construction for nearly 63 miles of pipeline and 500 new REUs. We have been slowly chipping away at this with our pipeline contracts. We believe that with one more pipeline contract, we may be able to get back to the commitment dates we would like to have. Right now, we are beyond the desired commitment dates due to the high demand. We are on track to have at least \$25 million budgeted in this budget period for rural water and sewer combined. This is significantly more than we have spent in the past. Ms. Everett stated that with our shortage of Heavy Equipment Operators and Utility Workers we are struggling to keep three crews right now. We have lost several Heavy Equipment Operators and our Utility Workers are very new. Ms. Everett, Mr. Minor and the Board further discussed these issues as well as other issues at the County level with water and sewer service. Mr. Hardee asked that we address the issues with County.

UPDATE/STATUS: Developer Projects: Mr. Minor shared a map with the Board showing the location of the developer projects that were reviewed in the month of August. In the month of August, we received 23 new letters of intent. Of the total, 7 were developer extension projects for 846 REUs. Sixteen were single service applications totaling 126 REUs. We issued service authorization to 10 projects for 586 REUs. These 10 projects added over \$3.3 million in developer contributions. We held 7 preconstruction meetings. Currently, we have 112 active developer extension projects in the construction or close out phase. Overall, there are 214 active projects in new services.

Mr. Minor briefly reviewed and called the Board's attention to the trend charts in the Board packet.

UPDATE/STATUS: Capital Projects: In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade, Goodwyn Mills Cawood (GMC) continues to finalize plans

and specifications for the expansion to a 60 MGD facility. We expect to advertise for bids by early November. We recently submitted our application for ARPA/SCIIP funding which could provide up to \$10 million in grant funding.

In regards to the Bull Creek Drainage Improvements, we held a pre-construction meeting on September 8th with A.O. Hardee & Son, Inc. and SRF. A notice to proceed is expected to be issued in mid-November based on material delivery times. The expected completion date for this project is mid-March.

In regards to the Conway to Bucksport WWTP Flow Diversion, MBD Consulting Engineers, P.A. (MBD) has addressed comments from the permitting agencies for the 20" sewer force main. We continue to wait on approval and permit issuance.

In regards to the Conway Parallel 24" Water Transmission Upgrade project, we are currently in the process of reviewing the most recent 60% plans provided by GMC. Once comments are submitted, GMC will work toward the 90% design plans on the 24" parallel waterline from the Bull Creek SWTP to the Conway Booster Pump Station and Reservoir.

In regards to the Conway WWTP Effluent Structure Upgrade, the contractor, The Harper Corporation General Contractors (Harper), continues to work on the new effluent structure and recently completed the Parshall flume, gates and electrical conduit. They are now working on installation of the diffuser and weir troughs.

In regards to the Directional Bore Contract 4 (Rural Water & Sewer) project, we recently held pre-construction meetings with both Lawrimore Construction, Inc and LWC Construction. Notices to Proceed have been issued to both contractors. Together these projects total approximately 8,000 linear feet of directional bores on various rural water and sewer projects.

In regards to Pipeline Contract 15, RWF Construction LLC (RWF) has completed work on the Bay View Drive Area water project and the St. John Road Ext. 1 sewer project. The first crew continues work on the Highway 45 water project while the second crew has moved to the Gilbert Road Area sewer project.

In regards to Pipeline Contract 16, we held a bid opening on August 30th. We allowed contractors to bid on single projects or all four projects. The two low bidders were MJL, Inc. and RCB Contractors. MJL, Inc. was awarded two projects for \$899,310 and RCB Contractors was awarded the other two projects for \$680,460.

In regards to the International Drive Booster Pump Station project, the contractor, Harper, has completed construction of the new water booster pump station and is currently working on punch list items. The start-up was delayed until early November due to issues with delivery of the VFD materials.

In regards to the International Drive to North Booster Pump Station 36" Waterline project, GMC continues work on design of the new 36" waterline from the new International Drive Booster Pump Station to the existing North Booster Pump Station. We expect to have 60% design plans by the end of the month.

In regards to the Lake View WWTF Embankment Improvement project, we held a bid opening on September 15th, however no bids were received. The project consists of installing vinyl sheet piling to prevent seepage from the lagoon. Due to the specialized work and the fact that no bids were received, we will reach out to specific contractors identified by the engineer to obtain pricing.

In regards to the Marion WWTP Flood Mitigation Berm, we are working on getting approval to issue the award. The low bidder was M.B. Kahn Construction Co. Inc. with a bid of \$1.8 million. We will schedule a preconstruction meeting as soon as we award the project.

In regards to the Myrtle Beach WWTP Influent Pump Station and Headworks project, Harper plans to mobilize at the beginning of December. This will be a 450-day contract.

In regards to the Old Highway 90 Elevated Water Storage Tank project, the contractor, Phoenix Fabricators and Erectors, Inc., is currently installing pilings for the elevated tank. This project has an estimated completion date of August 2023.

In regards to the Bucksport Campground Expansion project, we are working to get the project permitted. We will put this out to bid when it is permitted. Ms. Everett stated we would bring this information to the Board because it affects the tenant as well. Ms. Everett and the Board further discussed the affects this would have on the tenant.

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 2021 through August 2022. During the month of August, our customer accounts increased by 666, which brings our customer account total to 116,765. Over the last consecutive twelve months, our total customer base has increased by 5,376 customers or 4.8%. In August, our active accounts increased by 639, inactive increased by 40 and our suspended accounts decreased by 13.

In regards to REUs, for the month of August, our total REUs increased by 1,284, which brings our REU total to 174,841. Over the last consecutive twelve months, our total REUs have increased by 8,258 or approximately 4.96%. For the month of August, our active REUs increased by 1,234, inactive REUs increased by 58 and suspended REUs decreased by 8. There were many new applications for Sayebrook Apartments and Waterleaf at Bay Road which affected these numbers.

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 \$5.5 million. The largest purchase orders in August included a purchase order for the directional bore contract #4 to Lawrimore Construction, Inc. for \$580,465, purchase orders to Conway Ford and Palmetto Chevrolet for vehicle purchases from the annual vehicle bid, programming support for our AS400 for \$193,800 and grinder stations and meters for our inventory warehouse. Mr. Thompson stated he would like to review purchases solely off the state contract. After a brief discussion, it was decided that the Purchasing Department will look at the state contract pricing versus going out for bid.

UPDATE/STATUS: Health Insurance Benefits and Renewal Rates: This month, we received our health insurance renewal for calendar year 2023. We received a final rate increase on our medical premiums of 7.5% with no changes to our benefits. Our initial renewal rate was 8.9% but was negotiated down to 7.5%. We were fortunate to receive a rate pass for our vision and dental coverages so those rates will remain the same next year. After including the vision and dental insurances with no rate increase, the final rate increase for most employees is closer to 7%.

Mrs. Skipper stated she included the current rates as well as the renewal rates in the Board packet along with associated premiums. Our renewals are solely based on our claims from the past 18 months as well as the risk of potential future claims related to the current diagnoses of our members. Mrs. Skipper stated the medical loss ratio chart and a high claimant report were both included in the Board Packet as well. Our medical loss ratio increased greatly this year as compared to the previous 5 years. Year-to-date in 2022, our insurance claims are 98.92% of premiums paid to BCBS. The target is to stay below 85%. Our increase in claims resulted in an increase in premiums this year.

Last year we received a rate reduction of 5%. Our premiums for 2023 are slightly lower than the employee rates we had in 2021. Our rate reductions last year helped us a lot. We looked at alternative plan options to help reduce our premiums. None of the options were a good option for us. We would have to sacrifice our benefits in order to obtain substantially lower premiums. We pride ourselves on having great benefits and did not want to change this. We are looking at things to do next year to help with lowering expenses.

In regards to Mutual of Omaha, our carrier for LTD, AD&D and basic life insurances, we received a rate pass on these policies as well. We have not had a rate increase since we began working with them.

Mrs. Skipper also updated the Board on the Classification and Compensation Study. Our employees are currently completing a job analysis questionnaire to provide more detail on their main job responsibilities and the requirements needed for their position. These are due to be submitted and moved to the supervisor level for review by October 3rd.

Mrs. Skipper stated Jim Gilliam, an employment attorney with Burr Forman, will be here next month before the Board meeting to conduct harassment training for the Board. He will be here earlier that day to conduct training for all of our employees.

OTHER BUSINESS:


Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and an article in the Horry Independent about the historic train removal from the Waccamaw River.

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.



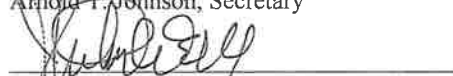
Sidney F. Thompson, Chairman



Benjy A. Hardee, Vice Chairman



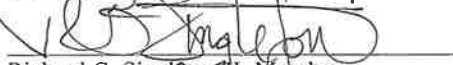
Arnold T. Johnson, Secretary



J. Histon Wells, Member



Wilbur M. James, Member



Richard G. Singleton, II, Member



Mark K. Lazarus, Member

L. Morgan Martin, Member



Radha B. Herring, Member