

GRAND STRAND WATER & SEWER AUTHORITY  
BOARD OF DIRECTORS MEETING  
SEPTEMBER 27, 2021

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
<b>MEMBERS PRESENT:</b>			
Sidney F. Thompson, Chairman	3	3	100%
Benjy A. Hardee, Vice Chairman	3	3	100%
Arnold T. Johnson, Secretary	3	3	100%
J. Liston Wells, Member	3	3	100%
Wilbur M. James, Member	3	3	100%
Richard Singleton II, Member	3	3	100%
Mark K. Lazarus, Member	3	3	100%
Radha B. Herring, Member	3	2	67%

<b>MEMBERS ABSENT:</b>			
L. Morgan Martin, Member	3	2	67%

**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  
 Frannie Heizer, Burr Forman

**VISITORS:**  
 Bob Calliham, Smith Sapp CPAs

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 23, 2021 MINUTES:** Upon motion duly made by Mr. Wells, seconded by Mr. James, the Minutes of the August 23, 2021 meeting were approved as presented.

**AUDIT PRESENTATION OF GSWSA'S FINANCIAL STATEMENTS AND RETIREE HEALTH CARE BENEFIT PLAN BY SMITH SAPP CPAS:** Mr. Calliham attended the meeting to present on behalf of Mr. Nathan Skipper who was responsible for the audit this year. Smith Sapp CPAs felt the audit was outstanding this year. Mr. Calliham stated that Mrs. Squires and her staff do an exceptional job. It is a pleasure to work with them. Mr. Calliham stated GSWSA broke a threshold this year in regards to revenue. Our revenue exceeded \$100 million. Mr. Calliham called the Board's attention to the comparison provided which compares GSWSA to other water and sewer utilities. GSWSA continues to compare very favorably. Mr. Calliham welcomed any questions from the Board.

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

**DISCUSSION/ACTION:** A Series Resolution Approving the Financing of the International Drive Booster Pump Station Through the Borrowing of not Exceeding Six Million Three Hundred Ninety Thousand Two Hundred Fifty-Eight Dollars, Plus

Capitalized Interest, if any, Series 2021B, From the State Drinking Water Revolving Loan Fund.

DISCUSSION/ACTION: A Series Resolution Approving the Financing of the Old Highway 90 Elevated Storage Tank Through the Borrowing of not Exceeding Three Million Eleven Thousand Nine Hundred Sixty Dollars, Plus Capitalized Interest, if any, Series 2021C, From the State Drinking Water Revolving Loan Fund.

Ms. Heizer stated the SRF is offering a very favorable interest rate and term on the two SRF loans. Ms. Heizer welcomed any questions from the Board. Upon motion of Mr. Johnson, seconded by Mr. Singleton, the Board unanimously approved the resolutions as presented.

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

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

Upon motion of Mr. James, seconded by Mr. Wells, the capital budget appropriation requests for rural water and sewer projects were unanimously approved by the Board as presented.

DISCUSSION/UPDATE: Correspondence Regarding Little River Water and Sewerage. Mr. Richardson referenced information within the Board Packet which provided an update on Representative Bailey's request. Mr. Richardson stated this would be further discussed with the Board in executive session.

DISCUSSION/ACTION: WINTER WONDERLAND AT THE BEACH. Mr. Richardson stated we received a letter from the Myrtle Beach Chamber of Commerce asking us to provide a sponsorship for Winter Wonderland at the Beach. This is not something that we would typically participate in. Upon motion of Mr. Johnson, seconded by Mr. Wells, the Board unanimously approved for Mr. Richardson to respond to the request notifying the Chamber that we would not be able to participate.

DIVISION REPORTS:

KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

Mrs. Squires apologized to the Board that Mr. Skipper with Smith Sapp CPAs was unable to attend the meeting and provide a more thorough report on the audit. Mrs. Squires briefly reviewed the income statement with the Board. Our operating revenues increased from \$98.9 million to \$103.0 million. Our operating expenses increased from \$92.1 to \$95.9 million. Our non-operating revenues show a decrease of \$13.0 million due to the way we recorded the deed of the Bucksport Access Roadway to Horry County. Despite the decrease in non-operating revenues, we still had an increase in net position.

UPDATE/STATUS: August 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for August 2021 with the Board. As of August 31, 2021, our total operating revenues were \$19.3 million, which is a 12% increase from the prior fiscal year. However, this is only a 6% increase compared to fiscal year 2020. This shows that fiscal year 2022 is more of a normal year. 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 most increases in availability, volume and Myrtle Beach revenues. The increase in Myrtle Beach water revenue is approximately \$267,000 and the increase in Myrtle Beach wastewater revenue is approximately \$451,000. Our tap fees have increased \$182,291 or 22%. Our total operating expenses are \$15.6 million, which is an increase of \$1.3 million from the prior fiscal year. Our biggest changes come from personnel services, outside services, capital outlay and debt service. Personnel services have experienced small increases across all categories with the largest increases coming from overtime, retirement and health insurance costs. Outside services show increases in utilities and professional services. Capital outlay increased due to us being on more of a regular year this year. In fiscal year 2020 we deferred expenses due to COVID-19. Debt service increased due to additional

borrowing for SRFs and bonds. Overall, we have an operating surplus of \$3.7 million which is an increase of \$773,877 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$4.5 million, which is an increase of \$443,842 or 11% of the prior fiscal year. This includes an increase in water and sewer impact fees of \$925,061 and an increase in investment income of \$171,327. The increases were partially offset by a decrease in special fees and contributions.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of August 31<sup>st</sup>, we should be at approximately 17% of our budget. Our operating revenues were budgeted at \$117.7 million. To-date, we have earned \$19.3 million or 16% 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 \$15.6 million or 13% of the budget. As the fiscal year continues, our operating expenses will continue to increase as well. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$4.5 million or 14% of budget.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$59.3 million with a current month yield of (0.08%), a three month yield of 0.34% and a twelve month yield of 0.10%. The balance in our PFM Asset Management LLC accounts is \$61.9 million with a current month yield of (0.04%), a three month yield of 0.01% and a twelve month yield of 0.17%. Overall, we have \$121.2 million invested with managers. Mrs. Squires called the Board's attention to the \$30.3 million we received for the Bonds of 2021 construction fund. The funds have a current month yield of 0.01%, a three month yield of 0.02% and a twelve month yield of 0.02%. The funds invested by our internal staff total \$80.2 million. Our debt service accounts total \$2.5 million. Our total investment portfolio is approximately \$204.0 million with a current month yield of (0.03%), a three month yield of 0.11% 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. PFM Asset Management LLC's fiscal year-to-date return is 0.26% which is right at the 1-5 year benchmark return of 0.29% and slightly higher than last year's fiscal year-to-date return of 0.21%. This year's fiscal year-to-date return for 1919 Investment Counsel is 0.37% which is better than the benchmark and also higher than last year's fiscal year-to-date return was 0.13%. The Local Government Investment Pool's fiscal year-to-date return is 0.21% compared to fiscal year 2021's return of 0.85%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$55,177 was spent on Business & Travel during the month of August. Year-to-date, we have spent a total of \$89,680.

#### TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 118 mg/l for the month of August which is up 76% compared to last month. The rainfall in early August pushed the color up. The average alum dosage at Bull Creek for the month of August was 65 mg/l, which is up 1% compared to last month. There was less impact on the Bull Creek side than on the Intracoastal Waterway. Myrtle Beach is currently running at about 103 mg/l and Bull Creek is currently running at about 38 mg/l. In regards to water flows, Myrtle Beach flows were up 12% as compared to the same period last year and Bull Creek flows were up 9%. The total flows were up 10%. In regards to wastewater effluent flows, the flows at Myrtle Beach were up 21% and the flows at Schwartz were up 7% as compared to last year. The total wastewater flows were down 1% as 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 with the exception of an incident at the Myrtle Beach WWTP. On August 3<sup>rd</sup>, we had an event with 7 inches of rain per hour. We spilled approximately 5 million gallons at the influent screw pump station.

In regards to plant operation activities, at the Myrtle Beach SWTP, the bearing that was running warm was under warranty. The factory came down and replaced the bearing. It is now running less than 100°F as compared to 180°F. At the Bull Creek SWTP, work continues with Goodwyn Mills Cawood (GMC) on the design of the 60 MGD upgrade to the plant.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, the new influent meters have measured just over an additional 75 million gallons for the month of August compared to the old meters. For August, this was an average of about 2.5 MGD more flow. As flows subside, the gap will begin to close. Work continues with MBD Consulting Engineers, P.A. on the design of a new influent pump station and headworks structure. Mr. Brown was at the plant on August 3<sup>rd</sup> during the heavy rainfall event and noticed lots of debris coming in from the collection system. Mr. Brown suggested that in the design of the pump station we need to put a screen in to prevent the pumps from clogging. It appears that debris settled in the large forcemains and picked up with the heavy rainfall.

At the Vereen WWTP, bids were received on August 17<sup>th</sup> for the clarifier effluent pump station. The bids came in at \$1.2 million which is a lot more than we anticipated. We have decided to defer this project since the Longs WWTP is so close to starting up. We will continue to monitor this situation. We are continuing to evaluate the RFPs for the new bar screens at the Vereen and Bucksport WWTPs. At the Lakeview WWTP, we discovered a couple leaks in the berm surrounding the main treatment lagoon which is about a 5-acre lagoon. S&ME, Inc. is going to evaluate soil conditions and provide corrective actions to repair the berm.

UPDATE/STATUS: Myrtle Beach WWTP Rain Event August 3, 2021. Mr. Brown shared several pictures with the Board showing the wipes and debris which flooded the Myrtle Beach WWTP during the heavy rain event in early August.

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.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, the pump test has been completed. This is the test that determines the quantity of the well. It was determined to be 1.0 MGD. Water quality samples have been collected to make sure we meet SCDHEC criteria. In regards to the Braves Village well, the well driller has initiated well drilling. In regards to the Cool Springs, Central and Highway 410 Blend wells, the well drilling contractor, A.C. Schultes of Carolina, Inc., has purchased the casing materials.

In the ASR program, for the month of August, we had a net recovery of approximately 126.9 million gallons for an average daily recovery of 4.1 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in August we smoke tested 386,196 feet of gravity line, televised 9,348 feet of gravity sewer mains, responded to 232 sewer back-ups and 96 water quality/quantity complaints, collected 533 water samples, inspected 192 cross connection devices, 275 fire hydrants and 404 isolation valves, responded to 34 emergency and 2 scheduled main line shut-downs and completed 5,516 work orders.

CHRISTY EVERETT, CHIEF OPERATIONS OFFICER

UPDATE/STATUS: Rural Water and Sewer Projects: Ms. Everett called the Board's attention to the rural water and sewer projects in the Board packet. 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 have received service authorization. There are still 20 projects in the construction status from the fiscal year 2020/2021 budget. In fiscal year 2022, the Board approved 6 projects totaling \$170,000 in the rural water program. In August, we authorized 6 projects for design for 4,210 linear feet of pipeline and 6 new customers. Four projects moved from the design phase to construction for 3,402 linear feet of pipeline and 4 new customers. We issued service authorization to 4 projects adding 5,915 linear feet of pipeline and 7 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 12 projects for \$562,500. In August, we authorized 6 new projects for design that will add 14,390 linear feet of pipeline and 36 new customers. Over the last several months, we have seen more activity on the sewer side than the water side. Seven projects moved to the construction status for 9,280 linear feet of pipeline and 8 new customers. We issued service authorization to 8 projects adding 12,711 linear feet of pipeline and 16 new customers.

We currently have 50 projects in design and construction in the rural water program for 102,987 linear feet or 19.5 miles of pipeline and 65 projects in design and construction in the rural sewer project for 222,812 linear feet or 42.2 miles of pipeline. These projects will add 488 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 41 water projects totaling 70,227 linear feet or just over 13 miles of pipeline. We have approved and placed into operation 42 sewer projects for right at 51,200 linear feet or right at 10 miles of pipeline.

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 August. Seventeen developer extension projects were submitted for review for 1,788 REUs. Of the total, 1,284 REUs were for single-family lots, 488 were for multi-family projects and 16 REUs we commercial. Two commercial projects were submitted and reviewed for 20 REUs. We held 8 preconstruction meetings in August for 538 REUs which were all single-family lots. Currently, we have 105 active developer extension projects in the construction or close out phase for 8,334 REUs. We also have 53 developer projects in the permitting status for 4,315 REUs. In total, we have 158 projects in the developer extension program for 12,649 REUs.

Ms. Everett briefly reviewed and called the Board's attention to the trend charts regarding new projects in the Board Packet. The 1,808 REUs for projects reviewed in the month of August is our second highest month since we started recording this data.

UPDATE/STATUS: Capital Projects: In regards to the Administration Lobby Upgrade, we are currently working on the Customer Service work stations in the lobby. We are upgrading and modernizing the lobby to make it more customer friendly. We hope to have this project finished by the next Board meeting.

In regards to the capital projects in Bucksport, Ms. Everett stated that we have a progress meeting scheduled for Friday with A.O. Hardee & Son, Inc. and their subcontractors. We are currently working on the travel lift and the contractor is building the roadways internal to the Marine Park. Utilities are still ongoing and getting ready to be tested.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade project, a workshop was held on August 17<sup>th</sup> to discuss the plant design and expansion. Work is ongoing on this project.

In regards to the Conway to Bucksport WWTP Flow Diversion, we are getting ready to start the design of a new pump station at the headworks of the Conway WWTP and a new 20" force main along Highway 701 South to divert flows from the Conway WWTP to the Bucksport WWTP. A kickoff meeting was held with MBD Consulting Engineers, P.A.

who were selected to complete the design work. This project will be funded by a low interest SRF loan.

In regards to the Conway WWTP Effluent Structure Upgrade, we finally got FEMA approval for a federal grant for the construction of the Conway WWTP effluent structure. The effluent has flooded multiple times during flooding caused by hurricanes. The effluent structure houses the UV disinfection system, post aeration system, and metering devices. We received approval for a \$2.7 million grant. We are getting ready to put out bid documents for this project.

In regards to the Highway 701 to Highway 544 48" Waterline project, this project is currently under construction. Ruby-Collins, Inc. has installed approximately 19,300 linear feet of 48" waterline to-date. This project is approximately 70% complete. We are still reviewing a change order for the horizontal directional drill. This project should be completed by March 2022.

In regards to the International Drive Booster Pump Station project, this project is underway. Slab plumbing and testing have been started. The contractor is getting ready to start building the pump station and laying the pipeline.

In regards to the Longs WWTP, this project is nearing completion.

In regards to the Old Highway 90 Elevated Water Storage Tank project, Ms. Everett shared the bid results with the Board. The contract will be awarded to Phoenix Fabricators and Erectors, LLC for \$2,841,988.

#### 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 the past twelve months which includes data from September 2020 through August of this year. During the month of August, our total customer accounts increased by 494 customers which brings our customer account total to 110,976. Over the last twelve months, our total customer base has increased by 4,993 customers or approximately 4.7%. For the month of August, our active accounts increased by 578, inactive accounts decreased by 69 and suspended accounts decreased by 15 for a net change of 494 customers.

In regards to REUs, in the month of August, our total REUs increased by 511, which brings our REU total to 166,152. Over the last twelve months, our total REUs have increased by 6,087 REUs or 3.8%. For the month of August, our active REUs increased by 613, inactive REUs decreased by 91 and suspended REUs decreased by 11.

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 August, the grand total for all purchase orders over \$2,500 was approximately \$7.1 million. The largest purchase orders for August included purchase orders for the Cool Springs, Central and Highway 410 ASR Wells for a combined total of \$2.1 million, water materials for Highway 19 and Highway 45 Hydraulic Improvements for approximately \$461,000 and design professional services for the new pump station and 20" force main for the Conway WWTP to Bucksport WWTP. The report also includes several purchase orders to Conway Ford and Palmetto Chevrolet for vehicles from our annual vehicle bid that we received last month.

UPDATE/STATUS: Health Insurance Benefits and Renewal Rates. We received our health insurance renewals this month. Due to our claims history over the last 18 months, Blue Cross Blue Shield (BCBS) gave us a rate reduction of almost 5% for our medical insurance this year. This is the first rate reduction we have received since 2014.

Mrs. Skipper shared several documents related to our insurance renewal with the Board including our benefit summaries, historical medical loss ratio information, and high claimant information. Our medical loss ratio has been running very well since 2017. Our

renewals are based solely on our claims over the last 18 months and the potential for future claims related to current diagnoses of our members.

We also received rate passes for our vision and dental coverages so those rates will remain the same next year. We will continue to offer the Dental Plus option to employees who desire additional dental coverage. Employees are responsible for paying the difference in premiums if they choose to upgrade their dental coverage.

Mutual of Omaha, our carrier for LTD, AD&D and Basic Life gave us a rate pass as well. They have not increased our rates since we started working with them. Our LTD rates increased slightly because we opted to increase our LTD benefit. Our previous LTD policy had a maximum benefit of \$5,000 a month. The revised LTD benefit has a maximum benefit of \$8,500 a month. This policy had not been changed for at least 15 years and needed to be updated to cover our current employees' salaries.

With medical, dental and vision coverages combined, our employees will have a reduction of 4.83% which is a decrease of \$84 to \$281 a year depending on the level of coverage and insurance plan our employees elect.

Mrs. Skipper called the Board's attention to a serious Worker's Comp accident that occurred on September 9<sup>th</sup>. The accident was a vehicle accident which occurred in Columbus County on a rainy day. Mrs. Skipper shared information regarding the accident with the Board.

Mrs. Skipper also provided the Board with a COVID-19 update. Since the last Board meeting, we have had 11 employees test positive for COVID. Fortunately, only one of those employees is still out of the office. Since the pandemic began, we have had a total of 93 employees or 27% of our workforce test positive.

In regards to COVID-19 vaccine mandates, on September 9<sup>th</sup>, President Biden announced a new strategy to contain the spread of COVID-19. There are plans for vaccination and/or testing mandates that may affect our organization. OSHA is currently developing a rule related to requiring all employers with 100 or more employees to either be fully vaccinated or require employees to produce a negative test result on a weekly basis before coming to work. We are continuing to monitor these requirements and stay in contact with Burr Forman to ensure we abide by any regulations that are required.

OTHER BUSINESS:

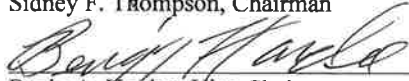
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and South Carolina Rural Infrastructure Authority Letters.

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.

After returning from executive session, upon motion of Mr. Hardee, seconded by Mr. Johnson, the Board unanimously gave approval for the Chief Executive Officer to send an acquisition proposal to Little River Water and Sewerage.

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

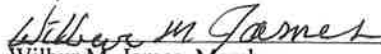
  
Sidney F. Thompson, Chairman

  
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J. Liston Wells, Member



Wilbur M. James, Member


Approved via teleconference

Richard G. Singleton II, Member

Approved via teleconference

Mark K. Lazarus, Member

L. Morgan Martin, Member



Radha B. Herring, Member