

GRAND STRAND WATER & SEWER AUTHORITY  
 BOARD OF DIRECTORS MEETING  
 APRIL 26, 2010

	#MEETINGS (Since 7/1/09)	#ATTENDED (Since 7/1/09)	% ATTENDANCE
<b>MEMBERS PRESENT:</b>			
Sidney F. Thompson, Chairman	10	10	100%
Benjy A. Hardee, Vice Chairman	10	8	80%
John C. Griggs, Secretary	10	10	100%
David F. Singleton, Member	10	10	100%
Arnold T. Johnson, Member	10	9	90%
Robert M. Floyd, Jr. Member	10	9	90%
J. Liston Wells, Member	10	10	100%
Wilbur M. James, Member	10	10	100%
Robert L. Rabon, Member	10	9	90%

**STAFF PRESENT:**

Fred R. Richardson, Chief Executive Officer  
 Irv Wooley, Chief of Utility Operations  
 Marguerite S. Carroll, Chief Financial Officer  
 Christy S. Everett, Chief of Engineering & Construction  
 Chrystal Johnson, Executive Assistant

**LEGAL COUNSEL:**

Lynn Stevens, McNair Law Firm

**VISITORS:**

Carl Schwartzkopf, County Councilman  
 Larry Biddle, Coastal Carolina University  
 Gary Gause, Restaurant Business  
 Dwayne Oliver, Developer

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, Robert Floyd, Jr.

**APPROVAL OF MARCH 22, 2010 MINUTES:** Upon motion duly made by Mr. Hardee, seconded by Mr. Rabon, the Minutes of the March 22, 2010 meeting was approved as presented.

**PRESENTATION:** The Life in the Carolinas Project Presented by Mr. Larry Biddle. Mr. Biddle went over with the Board information regarding a marketing project involving the history of Conway, SC. Mr. Biddle asked the Board to consider becoming a sponsor and providing a monetary donation in relation to this effort.

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

**DISCUSSION/ACTION:** Grant of Franchise and Purchase and Sale Agreement Between Grand Strand Water and Sewer Authority and Town of Nichols. Mr. Richardson stated the Town of Nichols is a small town municipality located just over the Horry County line on the Pee Dee River off Hwy 9 in Marion County. They have a water and wastewater system with approximately 200 customers, total assets of \$1.6 million dollars, 135,000 gallons per day wastewater treatment plant, two wells with a capacity of 470,000 gallons per day, and an elevated storage tank of 100,000 gallons. They currently only use about 40,000 gallons per day so the minimum restriction is the wastewater plant. However, it is capable of handling three times the size of what is currently in Nichols now. We are acquiring this to pay off the debt of \$275,000 and an additional \$100,000 in cash plus 10% of gross revenues. In essence, we are buying \$1.6 million dollars in assets for \$375,000. We are getting an initial return of 10% of the investment. Upon motion of

Mr. Johnson seconded by Mr. Griggs, the agreement was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Transfer and Service Agreement Between Grand Strand Water and Sewer Authority and MARCO Rural Water Company. Mr. Richardson stated that we have been working with MARCO in Marion County. Years ago, MARCO was the only water utility in the county; they agreed to accept the small Centenary sewer system. The system has approximately 68 customers, similar to the Seller's system. We are proposing to acquire this from MARCO for \$21,587, which is the amount they owe on the system. The annual income from the 68 customers is \$32,000 per year. This would be less than a one-year payback. MARCO currently wants to get rid of this system. If we acquire this system, we will have four systems in Marion County. We will use the employees that are operating currently the Marion system. There is not much cost for any of these systems to GSWSA. Upon motion of Mr. James seconded by Mr. Griggs, the agreement was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Billing and Collection Services Agreement Between MARCO Rural Water Company and Grand Strand Water and Sewer Authority. Mr. Richardson stated MARCO has agreed to continue billing for Centenary and to bill for the Town of Sellers as well. This will take care of the problem of nonpaying customers since they take care of their water service. Upon motion of Mr. James seconded by Mr. Griggs, the agreement was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Annual Audit Proposals. Mr. Richardson stated that we have used Smith, Sapp, Bookhout and Calliham as our auditing firm for the past few years. Since we like to rotate accounting firms from time to time, we went out for proposals at the Board's request. We received proposals from Thompson, Price, Scott, Adams and Co as well as Elliott Davis, LLC. We recommend that we use Elliott Davis since they are a larger accounting firm and have had more experience in this region. Upon motion of Mr. Johnson seconded by Mr. Griggs, the Board unanimously approved Elliott Davis as our new annual audit organization.

DISCUSSION/ACTION: Proposed Purchasing Policy Addition – Local Vendor Preference. Mr. Richardson stated this is along the criteria that we discussed at the Budget Retreat. It would apply to contracts of over \$10,000. Upon motion of Mr. Griggs seconded by Mr. Rabon, the addition was unanimously approved by the Board as presented.

DISCUSSION: Preliminary Review of Rural Water Projects That Have Met the Petition Criteria of the Rural Water Program.

DISCUSSION: Preliminary Review of Rural Sewer Projects That Have Met the Petition Criteria of the Rural Sewer Program.

Mr. Richardson presented the water and sewer projects meeting the petition criteria and projects that have met customer signup requirements.

#### DIVISION REPORTS:

#### CHRISTY EVERETT, CHIEF OF ENGINEERING & CONSTRUCTION

UPDATE/STATUS: RURAL AND MINOR SUBDIVISION WATER AND SEWER PROJECTS: Mrs. Everett provided a map that shows major land holdings of GSWSA that included properties of significance. In regards to the rural water program, many of the projects we have received have been generated by direct mail outs. YTD, the Board has approved over \$1 million in the rural water program and nearly \$700,000 in the rural sewer program. Over the past month, we had 3 new projects that have gone into design. We also issued approval for 5 projects in the rural water program and 14 new customers. Currently we have 20 projects in the rural water program and 17 projects in the rural sewer program for a total of 37 projects and 116 new customers.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett stated in the month of March, we had 3 developer extension projects submitted for 289 REUs. We held one preconstruction meeting. We issued approval for a developer extension project for 91 REUs. We currently have 26 active developer projects in construction. Over the last several quarters, we have settled in at approximately 200 REUs per month as an average.

UPDATE/STATUS: CAPITAL PROJECTS: Mrs. Everett stated we received the DHEC construction permit for the Vereen WWTP Effluent Discharge. We will be sending the effluent out to the Intracoastal Waterway rather than discharging to a ditch. We hope to have that project out for bid in the next month or so. We are still pending private easements. State Utility Contractors is finishing up the 30" FM project off Hwy 544 and Legends Drive. The pipeline is completed and they should begin pressure testing the line this week. R.H. Moore is still working on the Backgate Interchange Project. Castles Consulting Engineering is wrapping up their design for the new composting facility.

#### IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated the raw water quality is good with low chemical usage. In regards to alum usage, the Myrtle Beach Plant is running 5% below their long-term average and Bull Creek is running about 30% below their long-term average.

In March, Myrtle Beach's flow was 10.6 mgd compared to last year of 11.6 mgd, down by 1 mgd. Bull Creek was 17.7 mgd, almost down 600,000 gallons from last year. The groundwater production number is up and the net for the month was 30 mgd compared to last March of 29.9 mgd. We have a little bit more flow in March of this year compared to last year. The average rainfall across the County for March of this year was almost exactly the same as last year as well.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley stated that we had no violations for the month of March. The Myrtle Beach WWTP upgrade has been completed. The Conway WWTP Odor Control project has also been completed. At the Myrtle Beach SWTP, we have been doing repairs to some basin leaks. Those repairs have been wrapped up and we are currently working on the removal of sludge from two original alum lagoons. We have one of the lagoons cleaned out and should finish the other in the month of May. We have contracted with Georgetown County to assist them with some dredging of their lagoons. We will be reimbursed for our assistance.

Mr. Wooley went over with the Board the wastewater flows for the month of March in comparison to last year's figures.

#### MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: MARCH 2010 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for March 2010 of the major categories. She reported Total Operating Revenues of \$47.8 million, which are up by \$421,878 or 1%. The Total Operating Expenses are down from \$45.6 million to \$44.2 million for a difference of (\$1.4 million) or (3%). The Operating Surplus is up from \$1.8 million to \$3.6 million for the current year for a difference of \$1.8 million or 103%. Mrs. Carroll reported Total Non-Operating Revenues are down from \$13.9 million to \$9.6 million for a difference of (\$4.4 million) or (31%). Mrs. Carroll went over with the Board the year to date actual expenses of each major category compared to budgeted expenses.

Mrs. Carroll reviewed the details of the Bull Creek Surface Water Treatment Plant for March 2010. Total Operating Revenues were up from \$7.8 million to \$8.1 million for a difference of \$336,485 or 4%. The Total Operating Expenses are down from \$8.9 million to \$7.9 million for a difference of (\$1.1 million) or (12%), resulting in an Operating Surplus of \$251,031 as compared to last year's deficit of (\$1.2 million) which is a difference of \$1.5 million or 121%.

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$125.8 million; the yield for the current month is (.31%), the yield for the current 3 months is .99% and the yield for the current 12 months is 1.78%.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: Mrs. Carroll stated the information within the Board packet contained information from the last Board meeting through the month of February. She stated she would provide the Board with the March data during the next meeting. Mrs. Carroll noted we have added a net total of 727 customers year to date.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted that \$14,973.80 was spent for Business & Travel during the month of March. Year to date, we have spent a total of \$142,363. Mr. Richardson stated this report also includes training and educational reimbursement.

UPDATE/STATUS: PURCHASE TRANSACTIONS OVER \$2,500: Mrs. Carroll called to the Board's attention the information contained in the Board packet on purchase transactions over \$2,500.

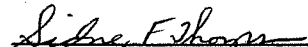
UPDATE/STATUS: ANNUAL SURPLUS ITEMS ON GOVDEALS.COM: Mrs. Carroll updated the Board in regards to surplus items that have been sold on GovDeals.com.

OTHER BUSINESS:


Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, Sod Donation Report, as well as AWWA and WEFTEC Conference dates. Chairman Thompson congratulated Mrs. Carroll on her financial achievement.


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


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

  
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Sidney F. Thompson, Chairman

  
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Benji A. Hardie, Vice Chairman

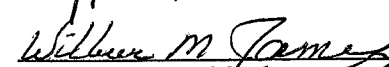
  
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John C. Griggs, Secretary

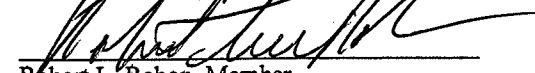
  
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