

GRAND STRAND WATER & SEWER AUTHORITY  
 BOARD OF DIRECTORS MEETING  
 AUGUST 22, 2011

	#MEETINGS (Since 7/1/11)	#ATTENDED (Since 7/1/11)	% ATTENDANCE
<b>MEMBERS PRESENT:</b>			
Sidney F. Thompson, Chairman	2	2	100%
Benjy A. Hardee, Vice Chairman	2	1	50%
John C. Griggs, Secretary	2	2	100%
Arnold T. Johnson, Member	2	2	100%
Robert M. Floyd, Jr. Member	2	2	100%
J. Liston Wells, Member	2	2	100%
Wilbur M. James, Member	2	2	100%
Robert L. Rabon, Member	2	2	100%

**STAFF PRESENT:**

Fred R. Richardson, Chief Executive Officer  
 Irv Wooley, Chief of Utility Operations  
 Marguerite Carroll, Chief Financial Officer  
 Christy S. Everett, Chief of Engineering & Construction  
 Chrystal Johnson, Administration Manager  
 Vanessa Hodges, Customer Service Representative  
 Craig Dunn, Engineering Technician

**LEGAL COUNSEL:**

Lynn Stevens, McNair Law Firm

**CITIZENS ADVISORY COMMITTEE:**

Ricky Martin, Chairman

**VISITORS:**

Carl Schwartzkopf, County Councilman  
 Barbara Fava, PFM Asset Management  
 David Calvert, PFM Asset Management  
 Jonathan Kim, Siebert Brandford Shank & Co.  
 Brad Lofton, MBREDC  
 Doug Wendel, MBREDC  
 Troy Price  
 Ray Skidmore  
 Patsy Hale  
 Brian Stebbig

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 JULY 25, 2011 MINUTES:** Upon motion duly made by Mr. Wells, seconded by Mr. Griggs, the Minutes of the July 25, 2011 meeting were approved as presented.

**PRESENTATION/DISCUSSION:** Presentation of Resolution to Grand Strand Water and Sewer Authority by the Myrtle Beach Regional Economic Development Corporation. Mr. Wendel spoke in detail in regards to GSWA's effort in promoting economic development. In response, the Myrtle Beach Regional Economic Development Board of Directors decided to pass a resolution to recognize GSWA for its contribution to economic development. Mr. Wendel asked Mr. Lofton to present the resolution to the Board of Directors. Mr. Lofton expressed his gratitude in being able to serve in this community and then read out loud the resolution to the Board. Mr. Lofton and Mr. Wendel then presented the framed resolution to Chairman Thompson.

PRESENTATION/DISCUSSION: Presentation of Managed Investment Update by Ms. Barbara Fava, PFM Asset Management LLC. Mrs. Carroll introduced to the Board Ms. Fava and Mr. David Calvert from PFM Asset Management LLC. Ms. Fava presented a thorough overview of the economy as well as the portfolio investment information of GSWSA.

INPUT FROM CITIZENS ADVISORY COMMITTEE: Mr. Ricky Martin stated it has been a privilege to be on the Advisory Committee and has been an enlightening experience for him. The knowledge of the staff is unmatched by any he has ever seen. The Committee has gained knowledge from every meeting that has been held over the past year. Mr. Martin thanked the Board for the opportunity to be a part of the Committee.

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

DISCUSSION/ACTION: Selection of Underwriter for Upcoming Bond Issuances Presented by Jonathan Kirm, Seibert Brandford Shank & Co. LLC. Mr. Kirm stated as he has been looking at rates, he wanted to accelerate the time frame in refinancing GSWSA's debt. A request for proposal was sent to investment managers for the selection of senior managing underwriters or co-managing underwriters for upcoming bond sales. Based upon the results of the request for proposal, his firm narrowed down the selection to three top firms that includes Bank of America Merrill Lynch, William R. Baird and Morgan Keegan. Their recommendation is for Bank of America to be the lead underwriter for GSWSA with Baird and Keegan as co-managers. After further discussion, upon motion of Mr. Johnson seconded by Mr. Griggs, the recommendation of Seibert Brandford Shank & Co. was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Sod Donation Request from the Myrtle Beach High School All Sports Booster Club.

DISCUSSION/ACTION: Sod Donation Request from the Palmetto Academy of Learning and Success.

Upon motion of Mr. Griggs seconded by Mr. Wells, the sod donation requests were unanimously approved by the Board as presented.

DISCUSSION/ACTION: Town of Sellers' Grant Request. Mr. Richardson stated the Town of Sellers has been awarded a rural development grant for \$50,000 to rehabilitate their existing community center. The stipulation is they are required to receive a 10% match. In the past we have never made direct contributions to municipalities only indirect contributions. There are other utility companies such as Progress Energy and AT&T that have contributed. They are looking for GSWSA to contribute \$1,250. After a brief discussion, upon motion of Mr. Johnson seconded by Mr. Rabon, a contribution of \$1,250 was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Alum Chemical Bid Results. Mr. Richardson stated we received three annual bids for alum this year. The contract total for this chemical is around \$2 million, which is a very significant expense for us. Mr. Richardson stated he wanted to defer this conversation to the execution session for further discussion in regards to associated legal issues.

#### DIVISION REPORTS:

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

UPDATE/STATUS: RURAL AND MINOR SUBDIVISION WATER AND SEWER PROJECTS: Mrs. Everett stated in the month of July, we authorized 3 new water projects for design. The Board approved over \$2.25 million during our last fiscal year budget. In our current fiscal year budget, the Board has approved over \$15,000 this past month. We

issued service authorization to 3 new rural water projects that will add several customers to our water system.

On the sewer side, we authorized 2 sewer projects for design. The Board has approved over \$100,000 in our current fiscal budget. We issued approval to one sewer project in the month of July adding an additional customer to our sewer program. We currently have 18 rural water projects in design and construction and 25 rural sewer projects for a total of 43 projects for over 100 customers.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett stated in the month of July, we received 3 developer extension projects and 2 commercial applications that totaled over 113 REUs. One of the large projects we reviewed was Coastal Carolina University's new student housing units. We held 2 preconstruction meetings and issued 4 service authorizations for 133 REUs. Of the 133 REUs, 80 REUs were for multi-family units and 53 REUs were for single-family units. There is a little bit of activity in getting some properties ready for sale. We currently have 34 active developer extension projects in various phases of construction.

UPDATE/STATUS: CAPITAL PROJECTS: Mrs. Everett stated our contractor RWF Construction as completed installing the pipeline from Sellers to Latta. It has been tested and we are preparing the final DHEC closeout package. Once we have DHEC approval, our contractor will begin modifying those settling tanks for each of the customers in Sellers. R.H. Moore is finishing up utility relocation work on the Backgate Project. We are doing our final tie-ins on Macklen and will be tying in to the City of Myrtle Beach. That should conclude our relocation efforts for that project. We now have an invoice out to D.O.T. for reimbursement of over \$400,000 for water and sewer relocation work.

In regards to the Hwy 707 Widening Project, Mrs. Everett mentioned a few months ago we had over 100 customers along Hwy 707 who were on older sewer systems that were installed in the 1980s. Those systems are no longer DHEC approved. We are abandoning those systems and putting our customers on the new E-1 and force main systems. We are trying to get customers to tie on to their own power to serve the E-1 tanks. We have offered those customers a refund of \$250 for the additional power costs. We are about a third of the way through. We have met 41 contacts and 29 of those were on GSWSA provided power. We have had 25 customers agree to the refund and to switch to the power. Customers have been very receptive to that. We have also received over 28 new easements that were needed. We are still in the process of obtaining new easements. For each customer we have to get a new easement to provide them power. This is going to be ongoing for several months now but have been making good progress.

#### IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated we had very good raw water quality. Our chemical usage this past summer has been the best on a per gallon treated basis since the early 1990s for the Bull Creek Plant and has been the best for the Myrtle Beach Plant.

July's flow was a record month for the Myrtle Beach Water Plant. The previous high was 27 mgd in July 2007. This July was 27.3 mgd. For GSWSA's entire water production, it was also a record month. We were at 62.3 mgd and our previous high was just below 60 mgd. It was not a record month for the Bull Creek Water Plant itself, however it was a record month for the Bull Creek Water System in June.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley stated we did not have any violations in the month of July. DHEC approved the rerating of the Myrtle Beach Water Plant. Bids were received on a new 12 mgd finish water pump.

We still have some work going on with a couple of ASR wells. The contractor has agreed to rescreen the Caropines Well to eliminate the sand problem we have been dealing with for the past year.

Mr. Wooley went over the details of the wastewater flow reports.

MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: JULY 2011 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for July 2011 of the major categories. She reported Total Operating Revenues of \$5.4 million, which are down by (\$362,399). The Total Operating Expenses are down from \$5 million to \$4.7 million for a difference of (\$347,059) or (7%). The Operating Surplus is down from \$706,995 to \$691,655 for the current year for a difference of (\$15,340). Mrs. Carroll reported Total Non-Operating Revenues are up from \$1.2 million to \$1.6 million for a difference of \$370,713 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 July 2011. Total Operating Revenues were up from \$1.18 million to \$1.24 million for a difference of \$65,625 or 6%. The Total Operating Expenses are up from \$946,077 to \$951,282 for a difference of \$5,205 or 1%, resulting in an Operating Surplus of \$291,762 as compared to last year's surplus of \$231,342, which is a difference of \$60,420 or 26%.

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$113.5 million; the yield for the current month is 0.88%, the yield for the current 3 months is 2.10% and the yield for the current 12 months is 2.98%. Mrs. Carroll went over the specifics of the Legg Mason and PFM accounts.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: For the month of July, we had a total of 75,888 customers. Of this total we had 70,542 active, 1,771 inactive, and 3,575 suspended customers. We had a total of 111,526 REUs with 103,422 active, 1,930 inactive, and 6,174 suspended REUs. Mrs. Carroll went over the changes of each major category for this past month.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted \$41,513.91 was spent for Business & Travel during the month of July. Year to date, we have spent a total of \$41,513.91.

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.

Mrs. Carroll stated everything was on schedule for our annual audit. We are on track to have our financial statements ready by the end of September. There should not be any problem with presenting the audit during our next Board meeting.

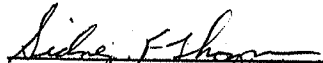
Mr. Ray Skidmore approached the Board and stated he visited the Bucksport Marina site two times. He introduced himself as well as Mr. Troy Price. He thinks the Marina has a lot of potential but needs some additional work. He further discussed what he believes would make the Marina a success and stated he wants the opportunity to help make the Marina a successful business.

OTHER BUSINESS:


Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, Sod Donation Report, and WEFTEC Conference dates.

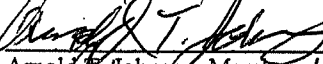
Upon motion duly made, seconded and carried the Board went into executive session for the discussion of legal and contractual matters. Following the executive session, the Board returned to regular session.


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

  
\_\_\_\_\_  
Sidney E. Thompson, Chairman

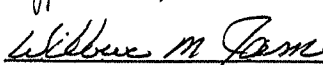
  
\_\_\_\_\_  
Benjy A. Hardee, Vice Chairman

  
\_\_\_\_\_  
John C. Griggs, Secretary

  
\_\_\_\_\_  
Arnold T. Johnson, Member

  
\_\_\_\_\_  
Robert M. Floyd, Jr., Member

  
\_\_\_\_\_  
J. Liston Wells, Member

  
\_\_\_\_\_  
Wilbur M. James, Member

\_\_\_\_\_  
Robert L. Rabon, Member