

GRAND STRAND WATER & SEWER AUTHORITY  
 BOARD OF DIRECTORS MEETING  
 JANUARY 25, 2010

	#MEETINGS (Since 7/1/09)	#ATTENDED (Since 7/1/09)	% ATTENDANCE
<b>MEMBERS PRESENT:</b>			
Sidney F. Thompson, Chairman	7	7	100%
Benjy A. Hardee, Vice Chairman	7	5	71%
John C. Griggs, Secretary	7	7	100%
David F. Singleton, Member	7	7	100%
Arnold T. Johnson, Member	7	6	86%
Robert M. Floyd, Jr. Member	7	6	86%
J. Liston Wells, Member	7	7	100%
Wilbur M. James, Member	7	7	100%
Robert L. Rabon, Member	7	6	86%

**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

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 DECEMBER 21, 2009 MINUTES:** Upon motion duly made by Mr. Wells, seconded by Mr. Griggs, the Minutes of the December 21, 2009 meeting was approved as presented.

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

**UPDATE:** Grant of Franchise and Purchase and Sale Agreement Between Grand Strand Water and Sewer Authority and City of Marion. Mr. Richardson stated the City of Marion has executed the contract. Town Hall meetings in Marion have been scheduled for February 10<sup>th</sup> at 12:00 p.m., February 23<sup>rd</sup> at 10:00 a.m. and March 2<sup>nd</sup> at 5:30 p.m. The meetings will be held at the Marion Opera House. The referendum has been scheduled for March 16<sup>th</sup>. The Board is invited to attend these meetings.

**DISCUSSION/ACTION:** Purchase of Well Capacity for Long Bay Golf Course From Myrtle Beach National Company. Mr. Richardson stated that back in 1988, we did a joint venture with the Long Bay Golf Club to construct a well at the Long Bay Golf Course. It was a 50/50 arrangement. The golf course received 50% use of the well and GSWSA received the other half. After we moved from groundwater to surface water, the well was no longer a benefit to GSWSA. The well does not meet the secondary limits for fluoride, so we do not put the well into the water system. We have been operating the well for their benefit and charging them at cost as the contract specified. We are looking to construct an ASR well in that area. The new well is going to cost us approximately \$300,000 to \$350,000 to construct. Irv and David Strickland met with them for an agreement. We were going to sell it to them for \$150,000 or buy it from them for \$150,000. The final decision would be left up to the Long Bay Golf Course. If they were to sell the well to us, they would no longer have use of the well and we could then

convert the well to an ASR well. The problem with remaining on the joint venture, we would be taking high priced water and putting it into the well, then in the summer time, they could pull it out of the well and use it as they see fit. Upon motion of Mr. Griggs seconded by Mr. Johnson, the purchase of the well was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Capital Budget Appropriation Transfer Request to Create the Dows Road Ext. I Rural Water Project. Upon motion of Mr. Johnson seconded by Mr. Griggs, the capital budget appropriation transfer request was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Sod Donation Request From Habitat for Humanity. Upon motion of Mr. Griggs seconded by Mr. Wells, the sod donation request was unanimously approved by the Board as presented.

#### DIVISION REPORTS:

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

UPDATE/STATUS: RURAL AND MINOR SUBDIVISION WATER AND SEWER PROJECTS: Mrs. Everett stated that activity is down in our rural program. We are down approximately 42% from the number of projects we had in design and construction from this time last year. We are seeing quite a bit of slow down. We had 4 projects this month that we have started design work. Two of the projects are water projects and 2 are sewer projects. YTD, the Board has approved \$430,000 for the rural water program for the current fiscal year and \$520,000 for the rural sewer program. We issued approval for 2 projects this past month that added several new customers. Currently we have 36 projects that are design and construction which total 128 customers. Last year at this time, we had 62 projects. We are still working, having some activity and trying to get water and sewer out to the rural communities.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett stated in November, we had 6 projects submitted for 374 REUs. A correction was brought to the Board's attention for the number of REUs submitted for the month of December. The correct total is 211 REUs instead of 111 REUs. This brings our quarterly average to almost 200, which is significantly higher than we have experienced in the past. It is the largest jump we have had in eighteen months. Mr. Hardee requested Mrs. Everett to provide him the locations of the projects that have been submitted recently. Mrs. Everett stated we did hold a pre-construction meeting in December and issued approval for a single-family development that went on line this month. We have 43 active developer extension projects in various stages of construction.

UPDATE/STATUS: CAPITAL PROJECTS: Mrs. Everett stated that the State Utility Contractors are laying our 30" force main on Legends Drive that will eventually connect to Hwy 544. Two weekends ago, we advertised in The Sun News for the water and sewer relocation work that will be required for the Backgate Interchange Project for the SCDOT and Horry County Improvement Project. We did include in the ad that the contractor has to show proof of prior experience with water and sewer relocation highway work. We have had six very good contractors that have picked up the bid documents. The bid opening will be next Tuesday, February 2<sup>nd</sup>. Mr. Rabon asked if GSWSA does anything to help out the local contractors like others within the County. Mr. Richardson stated that we do not currently do that. Mrs. Everett stated that we only advertise in The Sun News paper, locally. Mr. Rabon stated that any time that we can do something to help out the local community, he feels as if we should. Mrs. Everett stated that the 6 contractors that have picked up the bid documents are all local. These contractors are R.H. Moore, Lawrimore Construction, Fleming, C.L. Benton, Seaside, and R.W. F. Construction. After a discussion, Mr. Richardson stated that he would look into GSWSA's regulations and will bring the information back to the Board for approval.

IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated during December, the average daily alum dosage was 133 ppm, which is 25% above the five-year average for the Myrtle Beach plant and was 73 ppm for the Bull Creek Plant, which is 20% below the five-year average. Between the two plants, they are hanging right around the average they have had over the past several years. Bull Creek is still treating better water than usual.

Looking at flows and the current year, Myrtle Beach's flow was 9.4 mgd. This is the lowest flow in the past two years. The Supervisor at the plant indicated it was the lowest flow he had seen in the eight or nine years he had been employed. Bull Creek was at 19.2 mgd, which is up from the previous year of 18.7 mgd. We put less water in the ASR (1.4 versus 2.7) and we took more out of the ground (1.6 versus 1.1). Bull Creek's system had more demand on it than the pervious year, whereas the Myrtle Beach system had less. Overall we were 28.8 mgd in December and at 29.1 last year. Mr. Wooley stated that our average for this year was 37.6, last year was 41, in 2005 it was 36.7, 2006 was 38.1, and in 2007 was 43.6 mgd. Our average this year was between the 2005 and 2006 averages.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley stated that we had no violations for the month of December and we have not had any violations for the past 1 1/2 years.

We have been working on the ASR wells and eliminating gaseous ammonia. We previously went through and eliminated gaseous chlorine. We are now removing the gaseous ammonia. When the project is finished, we will not have any gaseous ammonia or chlorine at any of the well sites.

At Bull Creek, back in November, we were converting to chlorine for approximately a month. This took place from November 2<sup>nd</sup> to 28<sup>th</sup>. That went extremely well and we had the desired effect with very few inquiries or complaints.

At the Myrtle Beach WWTP, the upgrade to 22.5 mgd is substantially complete. They are currently working on concrete damage that was found during the project around the head works. This will continue through the month of February and possibly through the middle of March.

We also use this off-season to rebuild older and larger pump stations. We have gotten a lot of that work completed this past winter. In Conway, we closed out one of our old lagoons, which is a polishing pond. By closing of that, we removed the sludge from it and then filled it back in with DHEC's permission. We will use this site to put in a permanent solid dewatering unit.

Mr. Wooley stated that he had included a new chart within the Board packet. The information presented, represents the wastewater flows of all treatment plants. In December of 2009, the total treatment was 28.7 mgd. In 2008, our total treatment was 24.6 mgd. We do have higher sewer flows, even though we have lower water flows.

MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: DECEMBER 2009 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for December 2009 of the major categories. Our revenues this year look better than last year. She reported Total Operating Revenues of \$33.3 million, which are down by (\$142,232) or (.4%). The Total Operating Expenses are down from \$31.9 million to \$30 million for a difference of (\$1.9 million) or (6%). The Operating Surplus is up from \$1.6 million to \$3.3 million for the current year for a difference of \$1.7 million or 110%. Mrs. Carroll reported Total Non-Operating Revenues are down from \$10.4 million to \$5.6 million for a difference of (\$4.9 million) or (47%).

Mrs. Carroll reviewed the details of the Bull Creek Surface Water Treatment Plant for December 2009. Total Operating Revenues were up from \$5.4 million to \$5.6 million for a difference of \$154,585 or 3%. The Total Operating Expenses are down from \$6.3 million to \$5.3 million for a difference of (\$998,423) or (16%), resulting in an Operating Surplus of \$245,453 as compared to last year's deficit of (\$907,555) which is a difference of \$1.2 million or 127%.

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$125.7 million; the yield for the current month is (1.36%), the yield for the current 3 months is (.01%) and the yield for the current 12 months is 1.26%. Mrs. Carroll stated that once again, the yields for Legg Mason were down and the yields for Sterling were down as well. We are hoping that the market will move in our favor. Mrs. Carroll stated that maybe during the second half of this year, the rates would increase. We have a very conservative policy and it has saved us in times otherwise we may have lost money if we had invested in riskier investments. Mrs. Carroll stated she had moved \$3 million dollars to the State Treasurer's Pool and would be reflected during the next statement. A brief description was made in regards to current market conditions.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: For the month of December, we had a total of 69,528 customers with 64,814 active, 1,582 inactive, and 3,132 suspended. Since July, we have added approximately 260 to 270 customers. For the month of December, GSWSA had a total of 104,628 REUs with 97,497 active, 1,824 inactive, and 5,307 suspended. Mrs. Carroll reviewed with the Board the changes that occurred between the months of November and December.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted that \$15,452.71 was spent for Business & Travel during the month of December.

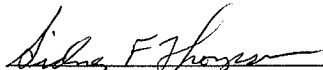
UPDATE/STATUS: PURCHASE TRANSACTIONS OVER \$2,500: Mrs. Carroll called to the Board's attention the information contained in the Board packet on purchase transactions over \$2,500.

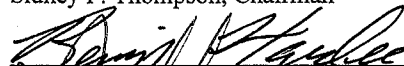
OTHER BUSINESS:

Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, Sod Donation Report, AWWA Conference dates, and tentative Budget Retreat date contained in the Board packet.

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.

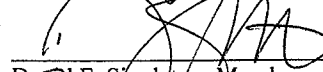
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.

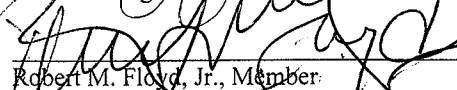
  
Sidney F. Thompson, Chairman

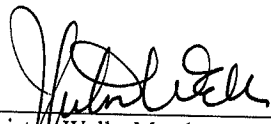
  
Benji A. Hardee, Vice Chairman

  
John C. Griggs, Secretary

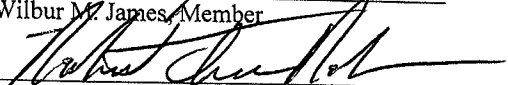
  
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