

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
JANUARY 28, 2013

	#MEETINGS (Since 7/1/12)	#ATTENDED (Since 7/1/12)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	6	6	100%
Benjy A. Hardee, Vice Chairman	6	6	100%
John C. Griggs, Secretary	6	5	83%
Arnold T. Johnson, Member	6	6	100%
Robert M. Floyd, Jr. Member	6	6	100%
J. Liston Wells, Member	6	6	100%
Wilbur M. James, Member	6	6	100%
Richard Singleton II, Member	6	5	83%

MEMBERS ABSENT:			
Robert L. Rabon, Member	6	4	67%

STAFF PRESENT:
 Fred R. Richardson, Chief Executive Officer
 Irv Wooley, Chief of Utility Operations
 Marguerite Carroll, Chief Financial Officer
 Christy Everett, Chief of Engineering & Construction
 Chrystal Johnson, Administration & Human Resources Manager
 Vanessa Hodges, Administrative Assistant
 Tim Brown, Wastewater Treatment Manager
 David Strickland, Transmission Manager
 Jason Poston, Engineering Manager

LEGAL COUNSEL:
 Lynn Stevens, McNair Law Firm

CITIZENS ADVISORY COMMITTEE:
 Monica Hamer, Chairman

VISITORS:
 Mike Ryhal, South Carolina House Representative
 Carl Schwartzkopf, Horry County Councilman
 Marvin Skipper, Aynor-Galivants Ferry Cultural Heritage Foundation
 Bobby Jordan, Aynor-Galivants Ferry Cultural Heritage Foundation
 Leslie Hamrick, NMB Chamber of Commerce
 Rick Elliott, NMB Chamber of Commerce
 Marc Jordan, NMB Chamber of Commerce
 Ed Horton, NMB Chamber of Commerce

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 NOVEMBER 26, 2012 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Wells, the Minutes of the November 26, 2012 meeting were approved as presented.

PRESENTATION OF NORTH MYRTLE BEACH BUILDING PROSPERITY FOR THE FUTURE GENERATIONS: Members of the North Myrtle Beach Chamber of Commerce gave a presentation to the Board regarding their initiative of diversifying and developing the North Myrtle Beach area. Presentations were given by Mr. Rick Elliott, Mr. Ed Horton, Mr. Marc Jordan and Ms. Leslie Hamrick. They asked for the Board to

consider contributing to their effort over the next five years for the benefit of the community.

Mr. Richardson introduced Mr. Mike Ryhal, newly appointed State Representative, to everyone.

PRESENTATION OF AYNOR-GALIVANTS FERRY CULTURAL HERITAGE FOUNDATION: Mr. Marvin Skipper and Mr. Bobby Jordan presented to the Board detailed information regarding building a new museum in Aynor, SC. They asked the Board to consider contributing to the funding of the Aynor-Galivants Ferry Cultural Heritage Foundation for these efforts.

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

DISCUSSION/ACTION: Trustee Services Bid Responses. Mr. Richardson stated we have been doing business with Bank of New York for quite some time. However, the low bid this year was U. S. Bank Corporate Trust. Our financial advisor and bond counsel recommended we use U.S. Bank Corporate Trust. Upon motion of Mr. Hardee seconded by Mr. Griggs, the decision to change to U.S. Bank Corporate Trust was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Harbour Towne Subdivision – Fire Hydrant Installation. Mr. Richardson stated the Harbour Towne Subdivision would like two fire hydrants. Typically the developer would install the infrastructure of the subdivision and then deed the facilities over to GSWSA. Harbour Towne is an older subdivision and does not meet the regulations that are required today in regards to fire protection. With two additional fire hydrants, it would get them to where they wanted to be. We have advised them of the price of \$7,140. They have asked us to work out an arrangement for them. We put together a 10-year amortization schedule for \$0.76 per customer per month. If approved, we would have a petition within the community to see the community's response. If we receive over 60% in agreement, we would proceed with the installation and billing the customers on a monthly basis. After further discussion, upon motion of Mr. Johnson, seconded by Mr. Wells, the board unanimously approved to proceed with the petition process.

DISCUSSION/ACTION: Capital Budget Appropriation Transfer Request to Create the Hwy 747 Ext. II Rural Water Project.

DISCUSSION/ACTION: Capital Budget Appropriation Transfer Request to Create the Pee Dee Road Ext. IV Rural Water Project.

The appropriation requests were unanimously approved by the Board as presented.

DISCUSSION/ACTION: Sod Donation for Carolina Forest High School. Upon motion of Mr. Wells seconded by Mr. Singleton II, the sod donation 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 on the rural water side, the Board year to date has approved over \$2.8 million, which exceeds our current budget. Currently we have 9 projects that are in the application stage and issued 4 new mail-outs in the communities in the last month to obtain additional projects. We have 10 projects in design for 5 miles and 18 customers and 8 projects that are in construction for 11 miles, which will add almost 40 customers. Currently we have 18 projects in our rural water program for 56 customers.

On the rural sewer side, we have 7 projects that are in the application stage, 7 projects in the design stage, and 6 in construction. Currently we have 13 projects in design and construction that will add almost 23 customers. Year to date, the Board has approved over \$1.6 million in our sewer program.

Mrs. Everett referenced the chart within the Board packets that display the cumulative miles of rural water and sewer lines installed. For 2012, we installed 13 miles of water line and 10 lines of sewer lines in our rural programs.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett referenced the distinction between active and inactive projects. Mrs. Everett stated November and December were slow months due to the time of year. We had 1 single-family redevelopment submitted in November and 4 commercial accounts submitted in December. Two of the projects were for Coastal Carolina University. We have 25 active developer projects under construction now. Projects highlighted in yellow refer to projects that move from inactive to active. We had 4 preconstruction meetings and most of those were single-family projects. In regards to the trend charts, we had 5 projects in November and December for 23 REUs. Our annual average for new REU submittals is 33 REUs.

In regards to capital projects, Mrs. Everett stated M.B. Kahn is finishing the 45 MGD upgrade at the Myrtle SWTP. We will be doing a startup on the pump on Friday. In the next couple of weeks we will be doing final inspections with DHEC. We also have a new blend well that is ready and now online. In regards to Hwy 707, R.H. Moore has mobilized to start lowering lines to get ahead of the highway work. Greenwall Construction mobilized a couple of weeks ago and started laying pipe for the Bucksport WWTP. The completion date is scheduled for April 2014.

As you know we have been working on a grant for a boat ramp at the Bucksport Marina. We finally have all of the associated permits and we are finalizing the design plans and specifications with DNR. We hope to have this out for bid for the next 30 to 45 days. In regards to rezoning of the Bucksport Marine Park, a public meeting was held and the project was well received by the community. County Council has approved the 1st Reading of the Marine Industrial Zone. We hope the Planning Commission's approval will be given to the rezoning of the park next Thursday. The roadway's design is 95% complete and have started the environmental permitting on that as well.

IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated for November and December, we had good raw water quality to treat with average consumption of chemicals and had good finished water quality into January.

For December in regards to water flow, Myrtle Beach was 10.5 mgd compared to last year of 9.9 mgd. Bull Creek was 18.2 mgd this year compared to 19.3 mgd last year. The ASR this December was -4.0 mgd in comparison to -3.2 mgd last year. The total Bull Creek System is about the same in comparison to last year.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley stated we did not have any water or wastewater violations for the months of November and December. We are continuing to work with M.B. Kahn at the Myrtle Beach SWTP. This project is going smoothly. The Carolina Forest ASR Well is now complete and we are now injecting water in it to be able to use during the summer peak months. In addition, we also completed the conversion of the Marion City wells from chlorine gas to safer hyperchlorite. We will now begin working on the Mullins' wells with the same type of conversion. We have also started doing the installation of automatic meter reading in Mullins and Lake View. We have started operating the Lake View treatment system and we have been doing some work on the spray application site to resolve some problems they had been experiencing for years.

Mr. Wooley approached the Board in regards to donating obsolete radio equipment. Mr. Wooley stated we started building our SCADA system approximately twenty years ago.

We now have about 600 radios communicating back to the office, giving us a continuous update regarding pump stations. Some of the radios are pretty old. In the past two weeks, we started replacing 165 radios of the pump stations near the beach. The replacement was needed because the radios were now obsolete and we were unable to get replacement radios or repair parts. We currently have these obsolete radios that we do not have a use for. Mr. Wooley received a request from the Horry County Amateur Radio Emergency Services Organization that provides amateur radio service such as during emergency evacuations. Because they are amateur status, they are able to still use this type of equipment and not follow FCC regulations for those parts. They have asked for us to donate the obsolete repeaters to their organization. The excess repeaters are worth approximately \$100 to \$300 dollars. Mr. Wooley stated he would recommend donating the equipment to them. Upon recommendation of Mr. James seconded by Mr. Johnson the board unanimously approved to donate the obsolete repeaters.

Mr. Wooley went over the details of the wastewater flows for the month of December.

UPDATE/STATUS: GSWSA 2013 DRINKING WATER FREE CHLORINE CONVERSION: Mr. Wooley stated a few years ago in 2009, we converted the western Bull Creek System. Because we had some difficulty maintaining good chlorine residuals in the summer, we converted chloramines to free chlorine. There is not a lot of difference between the two but a difference in how they react. DHEC and AWWA recommend a periodic conversion as well. We are proposing to make this conversion in the month of March in the western portion of the system. We will be sending notices to customers and providing additional information regarding this conversion. Mr. Wooley answered additional questions of the Board regarding this process and how it will effect GSWSA customers.

MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: NOVEMBER/DECEMBER 2012 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for December 2012 of the major categories. She reported Total Operating Revenues of \$36.9 million, which are up by \$756,791. The Total Operating Expenses are up from \$31.7 million to \$34.9 million for a difference of \$3.2 million. The Operating Surplus is down from \$4.5 million to \$1.98 million for the current year for a difference of (\$2.5 million). Mrs. Carroll reported Total Non-Operating Revenues are down from \$7.6 million to \$5.2 million for a difference of (\$2.4 million) or (32%). Mrs. Carroll went over 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 December 2012. Total Operating Revenues are up from \$5.5 million to \$5.9 million for a difference of \$339,220. The Total Operating Expenses are up from \$4.9 million to \$5.4 million for a difference of \$518,655 or 11%, resulting in an Operating Surplus of \$429,210 as compared to last year's surplus of \$608,645, which is a difference of (\$179,435) or (29%).

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$138.9 million; the yield for the current month is (0.04%), the yield for the current 3 months is 0.06% and the yield for the current 12 months is 0.91%. Mrs. Carroll went over the specifics of the Legg Mason and PFM accounts.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: For the month of December, we had a total of 82,339 customers. Of this total we had 75,428 active, 3,380 inactive, and 3,531 suspended customers. We had a total of 119,979 REUs with 109,137 active, 4,420 inactive, and 6,422 suspended. Mrs. Carroll went over the changes of each major category for this past month.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted \$9,979.65 was spent for Business & Travel during the month of December. Year to date, we have spent a total of \$130,115.49.

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.

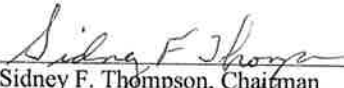
UPDATE/STATUS: CUSTOMER SERVICE SURVEY: Mrs. Carroll reviewed with the Board the major highlights of the most recent Customer Service Survey that was completed by 365 customers.

OTHER BUSINESS:

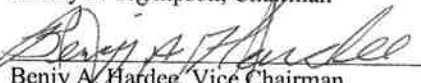
Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, Sod Donation Report, tentative Budget Retreat dates, upcoming AWWA Conference, and May Board meeting date.

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.

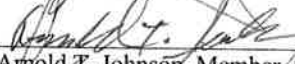


Sidney F. Thompson, Chairman



Benjy A. Hardee, Vice Chairman

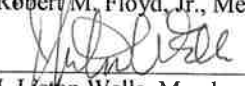
John C. Griggs, Secretary



Arnold T. Johnson, Member



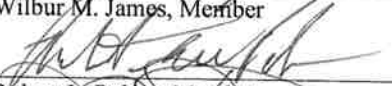
Robert M. Floyd, Jr., Member



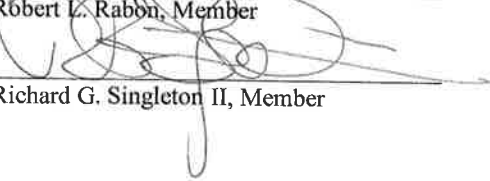
J. Liston Wells, Member



Wilbur M. James, Member



Robert L. Rabon, Member



Richard G. Singleton II, Member