

GRAND STRAND WATER & SEWER AUTHORITY  
BOARD OF DIRECTORS MEETING  
JULY 25, 2011

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

<b>MEMBERS ABSENT:</b>			
Benjy A. Hardee, Vice Chairman	1	0	0%

**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

**LEGAL COUNSEL:**  
Lynn Stevens, McNair Law Firm  
Frannie Heizer, McNair Law Firm

**CITIZENS ADVISORY COMMITTEE:**  
Joseph Childs, Chairman

**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, Arnold Johnson.

**APPROVAL OF JUNE 27, 2011 MINUTES:** Upon motion duly made by Mr. Wells, seconded by Mr. Johnson, the Minutes of the June 27, 2011 meeting were approved as presented.

**INPUT FROM CITIZENS ADVISORY COMMITTEE:** Mr. Joseph Childs stated that he did not have any updates at this time.

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

**DISCUSSION/UPDATE:** 2001 SWAP/2002 Refunding Opportunities. Mr. Richardson stated we went over the SWAP portion of this information during our last budget retreat but did not go over the information in regards to the 2002 bonds. These bonds are eligible for a call of refunding next year in 2012. We are proposing to send request for proposals for an underwriting firm to cover these two actions. Ms. Frannie Heizer and Mr. Richardson discussed further in detail the SWAP and refunding opportunities with the Board.

**DISCUSSION/ACTION:** Investment Policies Update That Conforms the Authorized Investments to Current Statutory Language in the S.C. Code, Simplifying the Standard of

Care Provision, and Adding an Ethics Provision Which is Considered to be a "Best Practice." Ms. Heizer stated there are no substantive changes to this policy. Mr. Griggs stated that he wanted to ensure the policy included money market accounts. Ms. Heizer was going to ensure this was included within one of the major categories and would provide this information to Mrs. Carroll. Upon motion of Mr. James seconded by Mr. Griggs, the policy update was unanimously approved by the Board as presented.

DISCUSSION/UPDATE: South Carolina Department of Natural Resources Drought Status. Mr. Richardson stated he hoped the drought had been broken due to the rain we received over the last few days. However, we are required by law to have a drought management plan. We have some flexibility on how we manage this plan. There are several stages of a drought and in certain phases we are required to take action if the drought affects our water supply. If we have issues with a water supply, there are certain things we can do. For example, we can send public notices and lower our excess usage charges down to 7,000 gallons per month instead of 8,000. We went through the moderate drought and had no issues at all with the water supply. When we were experiencing the severe drought stage, we did not experience any problems as well. However, as a severe drought would roll on, we could experience problems in isolated areas in regards to water supply. The issues that would occur would be in regards to irrigation systems. Subdivisions are not designed for every sprinkler system within a neighborhood to run at the same time. As a severe drought rolls on, more customers begin to use their irrigations systems for longer periods of time. Patterns have been observed in areas such as Carolina Forest. I do not think that we have an issue, however I am going to see how we might want to handle this situation during the next season. We have a policy in place, however this is something that we may need to consider and to determine how we would like to implement this policy in more detail and how to educate customers.

DISCUSSION/ACTION: Approval of Board Expenses for AWWA Conference in Washington, DC, June 11<sup>th</sup> – 17<sup>th</sup>, 2011. Upon motion of Mr. Griggs seconded by Mr. Floyd, the expenses were unanimously approved by the Board as presented.

DISCUSSION/ACTION: Sod Donation Request from the Popular Community. Upon motion of Mr. Griggs seconded by Mr. Wells, the sod donation request was unanimously approved by the Board as presented.

#### DIVISION REPORTS:

##### IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated for July, we are running an average consumption close to 62 mgd. Our previous high was in July of 2007 and that was 59.5 mgd. At this point in July, we are ahead of what our peak average daily flow has been for any month we have ever had. Mr. Wooley further discussed how sprinklers systems have affected the water supply within the Carolina Forest area.

Mr. Wooley stated we had very good raw water quality. The alum dose averaged 46 at Bull Creek and Myrtle Beach averaged 84. July's numbers are even better in regards to alum dosage.

For June of 2011 we totaled 59.3 mgd compared to last year's total of 52.6 mgd, which is up by 6.7 mgd. The 59.3 mgd was pretty close to our peak we had back in July of 2007. The thing that has changed significantly in July versus June, is the Myrtle Beach Plant has gone from averaging 22 mgd to averaging almost 27 mgd.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley referenced the Myrtle Beach WWTP spill report that was discussed last month. He stated we did not have any other violations in the month of June. We received approval for the 45 mgd at the Myrtle Beach SWTP. We still have to do some construction work to get the remainder of the plant pumping capacity up to 45 mgd. However, the structures, filters and clarifiers have been rerated to 45 mgd. We are

working on the Carolina Forest ASR Well and it is ready for startup. If we can get that into service, by next summer this will put another 200,000 gallons into the tanks in Carolina Forest. Mr. Wooley discussed the issues we have experienced with the Caropines ASR Well pumping sand.

#### MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: JUNE 2011 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for June 2011 of the major categories. She reported Total Operating Revenues of \$72.5 million, which are up by \$3.6 million. The Total Operating Expenses are up from \$62.6 million to \$66.4 million for a difference of \$3.7 million or 6%. The Operating Surplus is down from \$6.3 million to \$6.1 million for the current year for a difference of (\$160,831). Mrs. Carroll reported Total Non-Operating Revenues are down from \$13.2 million to \$11.2 million for a difference of (\$1.9 million) or (15%). 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 June 2011. Total Operating Revenues were up from \$11.2 million to \$11.9 million for a difference of \$704,212 or 6%. The Total Operating Expenses are up from \$10.8 million to \$11.6 million for a difference of \$821,196 or 8%, resulting in an Operating Surplus of \$286,870 as compared to last year's surplus of \$403,854 which is a difference of (\$116,984) or (29%).

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$110.7 million; the yield for the current month is 0.04%, the yield for the current 3 months is 2.09% and the yield for the current 12 months is 2.45%. We paid our debt this past month so the total amount invested is reduced approximately by \$6 million dollars. Mrs. Carroll went over the specifics in regards to different investment accounts.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: For the month of June, we had a total of 75,791 customers. Of this total we had 70,461 active, 1,750 inactive, and 3,580 suspended customers. Since last year, we have increased active customers by approximately 1,306 customers. We had a total of 111,438 REUs with 103,378 active, 1,911 inactive, and 6,149 suspended REUs. Mrs. Carroll went over the changes of each major category for this past fiscal year.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted \$21,104.84 was spent for Business & Travel during the month of June. Year to date, we have spent a total of \$210,479.07.

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 SATISFACTION SURVEY: Mrs. Carroll reviewed with the Board the major highlights of the most recent Customer Satisfaction Survey that was completed by 376 customers. The survey was modified by our Customer Satisfaction EUM Team.

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

UPDATE/STATUS: RURAL AND MINOR SUBDIVISION WATER AND SEWER PROJECTS: Mrs. Everett stated we are in a new fiscal year/two-year capital budget. For a period of time, we will have two different spreadsheets that will represent the different budgets. One spreadsheet will display fiscal year 2010/2011 and one will represent fiscal year 2012/2013. She also mentioned a map within the Board packet that shows the pipelines that have been installed within our service area. The Board approved in the rural water program for fiscal year 2010/2011, \$2.25 million dollars. We authorized 6 new projects and added 6 new customers to the rural water program in June. On the

sewer side, the Board approved over \$2 million dollars for fiscal year 2010/2011. We authorized 2 new projects and added one to our system for 7 customers. We currently have 42 projects in the rural water and sewer programs that will add 100 customers.

Mrs. Everett referenced a map in regards to our service area in Columbus County and updated the Board with information regarding activity in that area. She also provided the Board information regarding total pipe installed in the rural water and rural sewer programs. We averaged almost 24 miles of water line and 24 miles of sewer line per year.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett stated we had a slow month in June. We had no developer extension projects that were submitted but had 4 commercial applications submitted for a total of 12 impact fees. We had one pre-construction meeting for the Saybrook commercial area that is under construction. We currently have 40 active developer projects that are under construction. Mrs. Everett referenced the trend data provided within the Board packets in regards to average monthly REUs submitted for review. We are down 95% since fiscal year 2007. We have seen a decline every year since 2007 and we are down 56% from last year. We still have a very slow program and have not seen the trend start to turn back up.

UPDATE/STATUS: CAPITAL PROJECTS: Mrs. Everett stated we are finishing up the force main from Sellers to Latta. We got today the last right of entry for the I-73 corridor. The contractor will be completing the pipeline next week and this project is scheduled to be complete by December. R.H. Moore is finishing up relocates at the Backgate job and are hoping to have this completed within the next month.


**OTHER BUSINESS:**

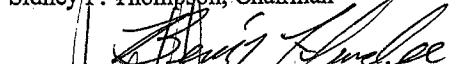
Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, Sod Donation Report, WEFTEC Conference dates, and Employee Cook-out.

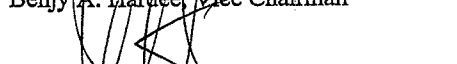
Upon motion duly made, seconded and carried the Board went into executive session for the discussion of legal and contractual matters. Following the executive session, the Board returned to regular session.


Upon a motion by Mr. Floyd seconded by Mr. Wells, the Board unanimously approved an incentive pay as provided in the CEO's personal services contract.


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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Benjy A. Hardee, Vice Chairman

  
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John C. Griggs, Secretary

  
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