

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
MARCH 28, 2011

	#MEETINGS (Since 7/1/10)	#ATTENDED (Since 7/1/10)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	8	8	100%
Benjy A. Hardee, Vice Chairman	8	6	75%
John C. Griggs, Secretary	8	8	100%
David F. Singleton, Member	8	8	100%
Arnold T. Johnson, Member	8	8	100%
Robert M. Floyd, Jr. Member	8	8	100%
J. Liston Wells, Member	8	8	100%
Wilbur M. James, Member	8	8	100%

MEMBERS ABSENT:			
Robert L. Rabon, Member	8	6	75%

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, Administration Manager
 Craig Dunn, Engineering Technician

CITIZENS ADVISORY COMMITTEE:
 Joseph Childs, Chairman

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, Arnold Johnson.

APPROVAL OF FEBRUARY 28, 2011 MINUTES: Upon motion duly made by Mr. Griggs, seconded by Mr. Hardee, the Minutes of the February 28, 2011 meeting was approved as presented.

INPUT FROM CITIZENS ADVISORY COMMITTEE: Chairman Thompson called on Mr. Joseph Childs, Chairman of the Citizens Advisory Committee. Mr. Childs stated he did not have an update at this time.

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

DISCUSSION/ACTION: Investment RFP. Mr. Richardson stated we have been doing business with Legg Mason and Sterling Capital for a few years. From time to time we go out for proposals to see what other companies would like to do business with us. We received numerous proposals from firms. Mr. Richardson asked Mrs. Carroll to speak to the Board in regards to her recommendations. Mrs. Carroll stated we picked six top companies out of the submitted proposals and eliminated 2 of those companies due to costs. The final two picks of the proposals were Legg Mason and PFM. Based upon Legg Mason's performance in the past, we chose Legg Mason over Sterling Capital because of cost and because Sterling had not performed quite as well as Legg Mason. In addition, PFM had the best price. PFM's proposal was so much better in comparison to

others as well. A brief discussion was made in regards to the current investment structure. Upon motion of Mr. Johnson seconded by Mr. Griggs, the Board unanimously approved Legg Mason and PFM as investment managers.

DISCUSSION/ACTION: Capital Budget Appropriation Transfer Request to Create the Willow Springs Road, Hidden Oak Drive, and J&S Countryside Road Rural Sewer Project. Upon motion of Mr. Griggs seconded by Mr. James, 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. Johnson seconded by Mr. Singleton, the sod donation request was approved by the Board as presented.

DIVISION REPORTS:

MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: FEBRUARY 2011 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for February 2011 of the major categories. She reported Total Operating Revenues of \$45.9 million, which are up by \$2.7 million. The Total Operating Expenses are up from \$39.3 million to \$42.1 million for a difference of \$2.8 million or 7%. The Operating Surplus is down from \$3.78 million to \$3.68 million for the current year for a difference of (\$97,883). Mrs. Carroll reported Total Non-Operating Revenues are down from \$8.4 million to \$5.7 million for a difference of (\$2.7 million) or (32%). 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 February 2011. Total Operating Revenues were up from \$7.2 million to \$7.8 million for a difference of \$577,237 or 8%. The Total Operating Expenses are up from \$7 million to \$7.7 million for a difference of \$627,323 or 9%, resulting in an Operating Surplus of \$150,819 as compared to last year's surplus of \$200,904, which is a difference of (\$50,085) or (25%).

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$112.6 million; the yield for the current month is (0.09%), the yield for the current 3 months is (0.89)% and the yield for the current 12 months is 2.78%.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: For the month of February, we had a total of 75,177 customers. Of this total we had 69,774 active, 1,859 inactive, and 3,544 suspended customers. We had a total of 110,835 REUs with 102,694 active, 2,060 inactive, and 6,081 suspended REUs.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted \$4,740.42 was spent for Business & Travel during the month of February. Year to date, we have spent a total of \$137,738.10.

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.

CHRISTY EVERETT, CHIEF OF ENGINEERING & CONSTRUCTION

UPDATE/STATUS: RURAL AND MINOR SUBDIVISION WATER AND SEWER PROJECTS: Mrs. Everett stated on the rural water side, we authorized 5 new projects that have gone to design that will add 10 customers to our system. The Board has approved nearly \$2 million dollars in the rural water program for the current two-year fiscal budget.

On the sewer side, we authorized 3 projects that have gone into design that will add about 5 customers. The Board has approved almost \$1.6 million dollars in the current fiscal

budget. This past month we issued service authorization to 2 projects that added over a dozen customers. Currently in design and construction we have 20 rural water projects and 20 sewer projects that total over 80 customers once those projects are completed.

Mr. Hardee requested information regarding the total linear footage of pipe that has been installed over the past two years. Mrs. Everett will be providing him this information.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett stated we had 2 developer extension projects submitted for 95 REUs. We also reviewed 5 commercial applications. CCU is going to be putting in a central energy plant. We conducted 3 preconstruction meetings as well. We issued a service authorization to a redevelopment of a multifamily development. We currently have 36 active developer projects in various stages.

UPDATE/STATUS: CAPITAL PROJECTS: Mrs. Everett stated M.B. Kahn is continuing work at the Bucksport Composting Facility. They are a little bit ahead of schedule and are planning to have the facility completed by the beginning of May. The first shed is erected and are starting the second building.

RWF Construction has the contract to install the force main from Latta to Sellers. They have installed over 3 ½ miles of pipeline and hope to have this project completed by June.

RH Moore is continuing work at the Backgate Project. All transmission lines have been relocated except for the 36" effluent line. We are in the process getting the 36" line bypassed. We are having some with one of the line stops. A brief discussion was made in regards to the details of this project.

At the Myrtle Beach SWTP, dredging work has been completed at the intake structure. A. C. Schultes has mobilized at the plant to begin drilling a 1 mgd well that will be used for blending.

IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated we had good raw water quality at both locations. Alum usage was still very good.

In February of 2011, we were up 4 mgd compared to last year. The Myrtle Beach Plant is up 1.8 mgd compared to the same month last year. This is the second consecutive month it has been up. About half of the 4 mgd increase is from Marion and Bull Creek and the other half is from the Myrtle Beach.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley stated we did not have any violations as far as discharges meeting certain limits. However, we did miss one sample that was to be collected last month. This was an Operator error and he was written up for that.

We now have the Caropines ASR well back into its testing mode. It was completed over a year ago but we had issues with the pump. The well is back in service and has been operating well.

We completed installation of an emergency generator for the Marion WWTP. The generator is working well. It is automated so if we lose power, it will start up automatically.

The contractor has started work on the 1 mgd blending well that will be at the Myrtle Beach Water Plant. The blending well will pump directly into final storage tanks on the plant site and will not impact our rated capacity of the plant. This should help lower cost on chemical treatment because it does not have fluoride in it.

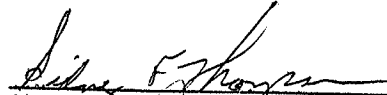
Mr. Wooley went over the major highlights associated with the wastewater flows.

OTHER BUSINESS:

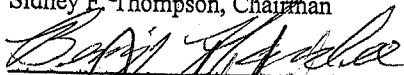
Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, Sod Donation Report, budget retreat dates, and upcoming AWWA Conference dates.

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.

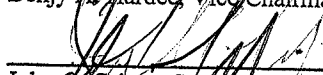
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.




Sidney F. Thompson, Chairman



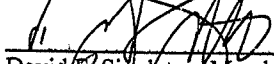
Benjy A. Mardee, Vice Chairman



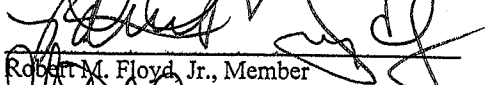
John C. Griggs, Secretary



Arnold T. Johnson, Member



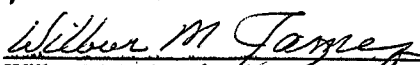
David F. Singleton, Member



Robert M. Floyd, Jr., Member



Wiston Wells, Member



Wilbur M. James, Member



Robert L. Rabon, Member