

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
MAY 24, 2010

	#MEETINGS (Since 7/1/09)	#ATTENDED (Since 7/1/09)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	11	11	100%
Benjy A. Hardee, Vice Chairman	11	9	82%
John C. Griggs, Secretary	11	11	100%
David F. Singleton, Member	11	11	100%
Arnold T. Johnson, Member	11	10	91%
Robert M. Floyd, Jr. Member	11	10	91%
J. Liston Wells, Member	11	11	100%
Wilbur M. James, Member	11	11	100%
Robert L. Rabon, Member	11	10	91%

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
Frannie Heizer, McNair Law Firm

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 APRIL 26, 2010 MINUTES: Upon motion made by Mr. Johnson, seconded by Mr. Wells, the Minutes of the April 26, 2010 meeting was approved as presented.

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

PRESENTATION/DISCUSSION: Resolution 03-10: A Resolution to Raise Revenue, Make Appropriations and Adopt a Budget for Grand Strand Water and Sewer Authority for Fiscal Years Ending June 30, 2011 and June 30, 2012. Mr. Richardson went over the major items within the budget letter that was provided in the Operating and Capital Annual Budget FY 2011 and 2012 document previously provided to the Board. Mr. Richardson reviewed the major capital projects included within the proposed budget. Our budgets will not require a rate increase for our customers. We continue to have the lowest rates of any significant utility operating on the coast of South Carolina.

Mr. Richardson stated that we are having our Budget Hearing on June 14th at 6:00 p.m. The final budget hearing will be held at our Annual Meeting on June 28th. This is a presentation of the budget here tonight and reflects the work that we have completed over the last several months and what we had covered at our Budget Retreat back in March.

DISCUSSION/ACTION: A Series Resolution. Providing for the Issuance and Sale of a not to Exceed \$20,000,000 Waterworks and Sewer System Refunding Revenue Bond, Series 2010, or Such Other Appropriate Series Designation, of Grand Strand Water and Sewer Authority. Mr. Richardson stated as we discussed at the Retreat, we are not borrowing additional money. We have had Jonathan Kirn and Frannie Heizer look at this for us. We think we can restructure some of our outstanding debt and go for a \$20 million dollar bank qualified and save us approximately \$200,000. In addition to that, it will free up approximately \$1.6 million dollars in reserve fund money that we have set

aside for the State Revolving Fund. Ms. Heizer stated the four loans that we are talking about refinancing are all with the State Revolving Fund, which has the lowest possible interest rates. Jonathan Kirn has carefully analyzed the pros and cons of doing a transaction where we accept bids from banks versus doing one that involves a bond rating and disclosure. We are very comfortable with this situation. After the resolution was discussed in further detail, upon motion of Mr. Johnson seconded by Mr. Floyd, the resolution was unanimously approved by the Board as presented.

DISCUSSION: Preliminary Review of Rural Sewer Project That Has Met the Petition Criteria of the Rural Sewer Program. Mr. Richardson presented the sewer project that met the petition criteria and customer signup requirements.

DISCUSSION/ACTION: Capital Budget Appropriation Transfer Request to Create the Hugo Road Rural Sewer Project.

DISCUSSION/ACTION: Capital Budget Appropriation Transfer Request to Create the Strickland Road Rural Sewer Project.

Upon motion of Mr. James seconded by Mr. Singleton, the two capital budget appropriation transfer requests were unanimously approved by the Board as presented.

DISCUSSION/ACTION: Request for Participation in the Bucksport Thanksgiving Day Parade. After a brief discussion, upon motion of Mr. Johnson seconded by Mr. James, the Board approved to donate \$300 to support this event.

DISCUSSION/ACTION: Slate for Appointment of Members to Citizens Advisory Committee. Upon motion of Mr. James seconded by Mr. Wells, the Board approved to appoint a citizen of the City of Marion to the Citizens Advisory Committee. The revised slate would then be presented again to the Board for approval.

DISCUSSION/ACTION: Resolution 04-10: A Resolution to Amend the Grand Strand Water and Sewer Authority Retiree Health Care Benefit Plan to Adjust the Authority's Funding of the Plan and to Modify Participation Rules for Said Plan, Effective as of July 1, 2010. Mr. Richardson reviewed the modifications of the current Retiree Health Care Benefit Plan. Upon motion of Mr. Griggs seconded by Mr. Floyd, the resolution was unanimously approved by the Board as presented.

DIVISION REPORTS:

MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: APRIL 2010 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for April 2010 of the major categories. She reported Total Operating Revenues of \$53.4 million, which are up by \$825,372 or 2%. The Total Operating Expenses are down from \$51.5 million to \$49.6 million for a difference of (\$1.8 million) or (4%). The Operating Surplus is up from \$1.1 million to \$3.7 million for the current year for a difference of \$2.6 million or 248%. Mrs. Carroll reported Total Non-Operating Revenues are down from \$14.3 million to \$11 million for a difference of (\$3.3 million) or (23%). 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 April 2010. Total Operating Revenues were up from \$8.6 million to \$9 million for a difference of \$408,829 or 5%. The Total Operating Expenses are down from \$9.8 million to \$8.8 million for a difference of (\$1 million) or (11%), resulting in an Operating Surplus of \$283,986 as compared to last year's deficit of (\$1.2 million) which is a difference of \$1.5 million or 123%.

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$114 million; the yield for the current month is (.58%), the yield for the current 3 months is .59% and the yield for the current 12 months is 2.67%. Mrs.

Carroll stated the reduction in our investment portfolio was from the purchase of the City of Marion's water and sewer system.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: For the month of April, we had a total of 69,996 customers. As of May 1st, we had a total of 73,326 customers including Marion. Active customers have gone up to 68,772 customers. We are continuing to see a decrease in suspended and inactive accounts. In regards to REUs, we had a total of 114,799 for the month of April. As of May 1st including Marion, we had a total of 118,129 REUs. The suspended and inactive REUs have been trending down as well.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted that \$7,123.40 was spent for Business & Travel during the month of April. Year to date, we have spent a total of \$149,487.

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: ELLIOTT DAVIS' AUDIT SERVICES: Mrs. Carroll gave a brief update on her interaction with Elliott Davis.

CHRISTY EVERETT, CHIEF OF ENGINEERING & CONSTRUCTION

UPDATE/STATUS: RURAL AND MINOR SUBDIVISION WATER AND SEWER PROJECTS: Mrs. Everett stated in the month of April, we issued two new mail outs in the rural water communities in the Aynor and Loris area to generate petitions for customers. YTD, the Board has approved nearly \$1.1 million dollars in the rural water program. We also put online Billy's Place, a rural water project, where we added several new customers. On the sewer side, we authorized two new projects for design that will add several customers. The Board has approved nearly \$700,000 for the rural sewer program. We issued service authorization for two projects that added almost 10 customers to the rural sewer program. YTD, we currently have 19 projects in the rural water program for 79 customers and 17 projects in the rural sewer program for 33 customers. In total, we have a total of 36 rural projects and 112 new customers.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett stated in the month of April, we had one developer extension project submitted for review. It was a single-family subdivision. We had 7 commercial applications for 18 REUs that were submitted for review. In the month of April, we did not hold any preconstruction meetings. We closed out 2 projects that are now online and a part of our service for a total of 28 REUs. We currently have 27 active developer extension projects under construction.

A discussion was made in regards to potential incomplete developer projects and how to deal with them in the future. GSWSA will look at these projects on an individual basis to determine the best way to handle them.

UPDATE/STATUS: CAPITAL PROJECTS: State Utility Contractors has completed the 30" force main from Legends Drive to Hwy 544. Hopefully in the next couple of weeks, we will have that force main online and in service. R.H. Moore is still relocating the 12" water line, 16" force main, and 36" effluent line at the Backgate Interchange Project. Greenwall has mobilized and started work on a new grease and septage facility at the Schwartz WWTP. In addition, Southern Asphalt has just completed a paving job at the Conway WWTP for damage that occurred during previous dike work.

IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated the raw water and finished water quality was good for the month of April and so far in the month of May. The chemical demand overall is still down. The net was down approximately 10%.

In April, our total water flow was down from 38.6 mgd last year compared to 36.7 mgd this year, down by approximately 2 mgd. Of that, 1.5 mgd was a reduction in the Myrtle Beach consumption and the other half was in regards to the Bull Creek System.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley stated that we had no violations for the month of April. We talked about picking up the pace on sludge removal at the Myrtle Beach WWTP. We are currently on pace to achieve our goals. At the Myrtle Beach SWTP, we have the pumping system, repairs to the clarifier and piping work completed. We are ready for the summer flows to come through. Sludge has been removed from an onsite alum sludge storage lagoon. We are still under construction in regards to the Carolina Forest ASR Well. The Marion system is now ours. We currently have 10 employees working under one Supervisor. The Supervisor, Mike Shall reports to me currently. Mr. Wooley stated that he has been going over our policies and procedures with those employees. Everything has gone very well through this process. Mr. Richardson stated that we had three customer service employees that worked at the Marion Town Hall. We decided to transfer one of the Marion employees to our Administrative Office and promote Buffy Shelley to serve as Supervisor of the Marion office. This move allows for us to blend the two cultures.

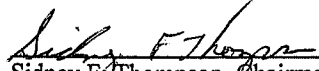
Mr. Wooley went over with the Board the wastewater flows for the month of April in comparison to last year's figures. Overall, sewer flows are still up compared to the previous twelve months.

OTHER BUSINESS:

Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, Sod Donation Report, Budget Hearing as well as AWWA 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.

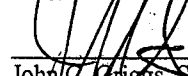
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.



Sidney F. Thompson, Chairman




Benjy A. Hardee, Vice Chairman



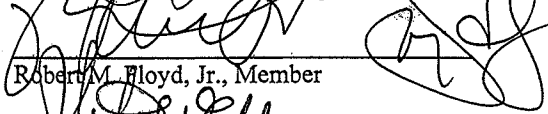
John C. Griggs, Secretary



Arnold T. Johnson, Member



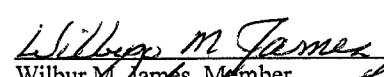
David F. Singleton, Member



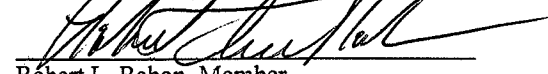
Robert M. Floyd, Jr., Member



J. Liston Wells, Member



Wilbur M. James, Member



Robert L. Rabon, Member