

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

	#MEETINGS (Since 7/1/11)	#ATTENDED (Since 7/1/11)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	5	5	100%
Benjy A. Hardee, Vice Chairman	5	4	80%
John C. Griggs, Secretary	5	5	100%
Arnold T. Johnson, Member	5	5	100%
Robert M. Floyd, Jr. Member	5	5	100%
J. Liston Wells, Member	5	5	100%
Wilbur M. James, Member	5	5	100%
Robert L. Rabon, Member	5	3	60%

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
Sue Long, Human Resources Manager
Sharon Galloway, Human Resources Specialist
Vanessa Hodges, Customer Service Representative

CITIZENS ADVISORY COMMITTEE:

Ricky Martin, Chairman

LEGAL COUNSEL:

Lynn Stevens, McNair Law Firm

VISITORS:

Carl Schwartzkopf, County Councilman
Rick Thompson
Craig Dunn, Employee
Kevin Miller, Employee
Eddie Smith, Employee
David Strickland, Employee
Phil Johnson, Employee
Jerry Hearl, Employee
Harold Holmes, Employee
Perry McDonald, Employee
Jimmy Bass, Employee
Chad Maxey, Employee
Jay Graham, Employee
Tyson Chestnut, Employee
Dustin Harbin, Employee
David Norris, Employee
Travis Adair, Employee
George Eaton, Employee
Roy Burton, Employee
Helen Johnson, Employee
Richard Stankus, Employee
Chandus Porter, Employee
Thomas Adair, Employee
Buffy Shelley, Employee
Robert Bell, Employee
Mike Robertson, Employee
Alexander King, Employee
Jennifer Weaver, Employee

Jordan Alford, Employee
Sedric Johnson, Employee
Michael Brown, Employee
Mike Nicolosi, Employee
Trent Richardson, Employee
Christopher Martin, Employee

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 OCTOBER 24, 2011 MINUTES: Upon motion duly made by Mr. Griggs, seconded by Mr. Wells, the Minutes of the October 24, 2011 meeting were approved as presented. Mr. Rabon abstained from voting due to his absence at the October 24th Board Meeting.

INPUT FROM CITIZENS ADVISORY COMMITTEE: Chairman Thompson called on Mr. Ricky Martin, Chairman of the Citizens Advisory Committee. Mr. Martin stated it is an honor to serve as Chairman. He thanked Mrs. Carroll for her presentation at the last meeting of the Citizens Advisory Committee.

PRESENTATION OF 2011 LONGEVITY AWARDS: Awards were presented by Chairman Thompson and Mr. Richardson to the employees of Grand Strand Water and Sewer Authority who had reached their longevity for 2011 of five, ten, fifteen, twenty, twenty-five, and thirty years. The employees were congratulated and thanked by the Board of Directors for their service.

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

DISCUSSION/ACTION: Resolution 04-11. A Resolution to Authorize the Chief Executive Officer to Execute and Submit an Application to the South Carolina Water Quality Revolving Fund Authority for a Loan in the Amount of \$15,000,000 for the 5 MGD Bucksport Rapid Infiltration WWTP and to Grant a Pledge of and Lien on Revenues for Repayment. Mr. Richardson stated this resolution is for an application for a loan, which will be brought back to the Board for approval. Upon motion of Mr. Rabon seconded by Mr. James, the resolution was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Resolution 05-11. A Resolution to Authorize the Chief Executive Officer to Execute and Submit an Application to the South Carolina Water Quality Revolving Fund Authority for a Loan in the Amount of \$11,000,000 for the Bull Creek/Myrtle Beach Water System Interconnection and to Grant a Pledge of and Lien on Revenues for Repayment. Mr. Richardson stated this is an ongoing project we have talked about for some time. We will need North Myrtle Beach to participate prior to us accepting the money. If North Myrtle Beach does not participate, we will not begin this project. Upon motion of Mr. Johnson seconded by Mr. Wells, the resolution was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Capital Budget Appropriation Transfer Request to Create the Water Tower Road Ext. III Rural Water Project. Upon motion of Mr. Griggs seconded by Mr. Rabon, the appropriation request was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Health Insurance Benefits. Mr. Richardson stated we discussed this last year at our retreat. Since it had been quite a long time since we had gone out for proposals for our health insurance benefits, we went out for proposals this year. Mrs. Carroll, Mr. Richardson, Mrs. Long, and Miss Johnson worked on this project together. We received two proposals and wanted to present the information to you. Mr. Richardson asked Miss Johnson to present the health insurance proposals to the Board. Miss Johnson reviewed with the Board the historical premiums, current benefits and

premiums, and proposed benefits and premiums from BlueCross BlueShield and UnitedHealthcare for medical, vision, dental, life, accidental death and dismemberment, long term disability, and other voluntary insurances. Additional information was provided in regards to differences in coverage and network between BCBS and UnitedHealthcare. Mr. Richardson stated we received an additional proposal from BCBS today that he would like to discuss during the executive session. There are some differences between the two insurance carriers however the major difference seems to be in regards to the network. Mr. Richardson stated he would like to go over the additional information during the Executive Session.

DIVISION REPORTS:

CHRISTY EVERETT, CHIEF OF ENGINEERING & CONSTRUCTION

UPDATE/STATUS: RURAL AND MINOR SUBDIVISION WATER AND SEWER PROJECTS: Mrs. Everett stated in the month of October, we authorized 5 new projects for design that will add 7 new water customers. The Board has approved almost \$375,000 in the current fiscal year. We issued service authorization to 3 projects that will add 4 customers to the rural water program. On the sewer side, we authorized one new project for design. We issued service authorization to 6 projects that added almost 20 customers. We have been busy on the sewer side in getting customers service in the rural communities. The Board has approved nearly \$350,000 in the current fiscal year for the rural sewer program. We currently have 34 projects, 19 of those are water and 15 are sewer for a total of 93 new customers that we will be adding to our rural programs. Mrs. Everett referenced the chart within the packet that displays the cumulative pipeline that has been installed from inception. So far in 2011 we have installed 5 miles of water line and 10 miles of sewer line for a total of 15 miles of pipeline. This year we have seen more activity in the sewer program.

UPDATE/STATUS: DEVELOPER PROJECTS: Mrs. Everett stated most of the activity we are still seeing is in the student housing for Coastal Carolina University. In the month of October, we had one developer extension project and one commercial application for 51 REUs. We also held 3 preconstruction meetings with two of those for student housing complexes. We issued service authorization for one new developer project where the old Kroger used to be at the end of Hwy 544. They have cleared that lot and will begin building a Walgreens. We currently have 40 active developer extension projects that are under construction.

UPDATE/STATUS: CAPITAL PROJECTS: Mrs. Everett stated we received final approval on the Sellers to Latta FM Project and we are currently discharging to the Latta WWTP. The contractor has completed about 40 tank modifications for customers in Sellers. He is about halfway through and hopes to have the tanks completed within the next three weeks. This project is going very well.

In regards to the Backgate Project, R. H. Moore made their final tie in to the City of Myrtle Beach. All of our water and sewer relocation work is complete unless a conflict is discovered during construction.

We received bids last week for the 5 MGD Upgrade at the Myrtle Beach SWTP. The low bidder was M.B. Kahn Construction at \$1.23 million dollars. We are reviewing those bids now as well as some alternates. The second low bidder questioned the local preference clause in the bid documents because M.B. Kahn's utility division is located in Columbia, however they do have an office in the Conway area and have been doing business in this area for a few years. The bids were within 5 percent of one another, however we consider M.B. Kahn as a local bidder based upon the qualifications.

IRV WOOLEY, CHIEF OF UTILITY OPERATIONS

UPDATE/STATUS: BULL CREEK/MYRTLE BEACH REGIONAL WATER FACILITY PRODUCTION: Mr. Wooley stated the alum dosage for September averaged about 100. In October, the average dose reached up to 168. The dosage peaked at 195. The period of bad water has passed and in November, we are now averaging

about 110. Water quality is getting very close to normal. We did not have any problems treating the water when it was difficult; we just had to apply more chemicals, which increased our costs.

In regards to water flow history, Myrtle Beach was 14 mgd in October compared to 13.4 mgd last year and Bull Creek was 16.9 mgd compared to 20.3 mgd last year. ASR flow was up some and groundwater flow was down a little. Overall, our flows totaled 36.2 mgd compared to 38 mgd last year.

UPDATE/STATUS: COMPLIANCE WITH DHEC WATER AND WASTEWATER REQUIREMENTS: Mr. Wooley stated we did not have any violations in the month of October. On the water side at the Myrtle Beach SWTP we are continuing to work on the filter controls. We have some antiquated control systems over there and it is difficult to make repairs on and they do not control extremely well so we are replacing those. We have a well that has just been drilled there. We are waiting for DHEC to approve the size of the pump that we want to put in it. At Carolina Forest, we have an ASR well that is finished and we are cycling the well to get it to the point in which it is ready to go back into the system with DHEC approval. At Caropines, we have just started cycling that well daily. At the North Booster site, the contractor is beginning to mobilize to get their equipment up there and to start drilling that well.

On the wastewater side, we have ongoing contractors working at the Conway, Vereen and Myrtle Beach's sludge handling facilities. Also, we are redoing the headworks pump station at the Myrtle Beach plant. We are replacing two of the pumps that were in there. We have also purchased a diesel powered bypass pump to set up there as well. We have made a lot of progress but there is still a lot of work ongoing.

In Marion, we had sewer lines that needed some rehabilitation. We went out for bids and awarded a bid for approximately \$150,000 to rehabilitate about one mile of gravity sewer line.

Mr. Wooley went over the details of the wastewater flow reports.

MARGUERITE CARROLL, CHIEF FINANCIAL OFFICER

UPDATE/STATUS: OCTOBER 2011 FINANCIAL STATEMENTS WITH HIGHLIGHTS AND COMMENTS: Mrs. Carroll reviewed the details of the consolidated budget report for October 2011 of the major categories. She reported Total Operating Revenues of \$25.2 million, which are up by \$612,128. The Total Operating Expenses are up from \$20.8 million to \$21.1 million for a difference of \$261,704. The Operating Surplus is up from \$3.7 million to \$4.1 million for the current year for a difference of \$350,424. Mrs. Carroll reported Total Non-Operating Revenues are up from \$4.5 million to \$5.2 million for a difference of \$686,016 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 October 2011. Total Operating Revenues were down from \$4.4 million to \$4.3 million for a difference of (\$80,234) or (2%). The Total Operating Expenses are up from \$3.92 million to \$3.96 million for a difference of \$45,257 or 1%, resulting in an Operating Surplus of \$368,637 as compared to last year's surplus of \$494,128, which is a difference of (\$125,491) or (25%).

UPDATE/STATUS: INVESTMENT ANALYSIS: Mrs. Carroll reported the total amount invested was \$121.4 million; the yield for the current month is (.02%), the yield for the current 3 months is 1.34% and the yield for the current 12 months is 3.00%. Mrs. Carroll went over the specifics of the Legg Mason and PFM accounts.

UPDATE/STATUS: CUSTOMER/REU MONTHLY REPORT: For the month of October, we had a total of 76,219 customers. Of this total we had 70,775 active, 1,814 inactive, and 3,630 suspended customers. We had a total of 112,155 REUs with 103,890

active, 2,018 inactive, and 6,247 suspended REUs. Mrs. Carroll went over the changes of each major category for this past month.

UPDATE/STATUS: BUSINESS & TRAVEL EXPENSES: Mrs. Carroll noted \$42,422.61 was spent for Business & Travel during the month of October. Year to date, we have spent a total of \$98,694.37.

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: RED FLAG POLICY UPDATE: Mrs. Carroll provided a brief update in regards to updates regarding our Red Flag Policy. We have not had any reportable incidents identified internally within the last twelve months.

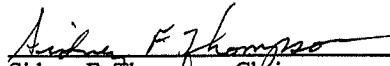
OTHER BUSINESS:

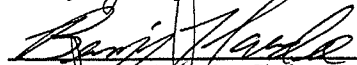
Chairman Thompson called to the Board's attention to the Employee Recognition, Monthly Report, and Sod Donation Report.

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 motion of Mr. Floyd, seconded by Mr. Griggs, the Board authorized Mr. Richardson to contract with UnitedHealthcare for health insurance provided UnitedHealthcare would treat employees currently receiving treatment from Coastal Cancer Center as an in network provider.

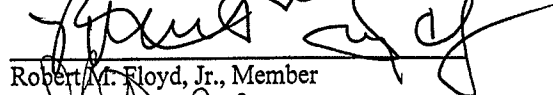
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.

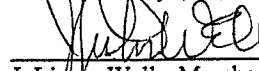

Sidney F. Thompson, Chairman

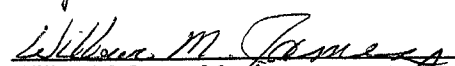

Benjy A. Hardee, Vice Chairman

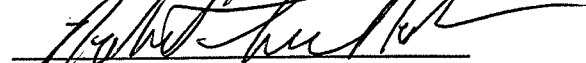

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