

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
APRIL 24, 2023

| | #MEETINGS (Since 7/1/22) | #ATTENDED (Since 7/1/22) | % ATTENDANCE |
|--------------------------------|-----------------------------|-----------------------------|-----------------|
| MEMBERS PRESENT: | | | |
| Sidney F. Thompson, Chairman | 10 | 10 | 100% |
| Benjy A. Hardee, Vice Chairman | 10 | 9 | 90% |
| Wilbur M. James, Member | 10 | 10 | 100% |
| Mark K. Lazarus, Member | 10 | 10 | 100% |
| L. Morgan Martin, Member | 10 | 7 | 70% |

| | | | |
|---------------------------------------|----|----|------|
| MEMBERS ATTENDING VIA TELECONFERENCE: | | | |
| J. Liston Wells, Member | 10 | 10 | 100% |
| Richard Singleton II, Member | 10 | 10 | 100% |
| Radha B. Herring, Member | 10 | 10 | 100% |

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|------------------------------|----|---|-----|
| MEMBERS ASBENT: | | | |
| Arnold T. Johnson, Secretary | 10 | 9 | 90% |

STAFF PRESENT:
Christy Everett, Chief Executive Officer
Tim Brown, Chief of Plant Operations
Neeraj Patel, Chief of Field Operations
Chrystal Skipper, Chief of Administration
Matt Minor, Chief of Engineering and Construction
Christen Jordan, Chief of Accounting and Finance
Mary McKellar Hunsucker, HR Manager

LEGAL COUNSEL:
Amanda Bailey, Burr Forman

VISITORS:
Michael Lauterbach, PNC Capital Advisors

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 MARCH 27, 2023 MINUTES: Upon motion duly made by Mr. Lazarus, seconded by Mr. James, the Minutes of the March 27, 2023 meeting were approved as presented.

PRESENTATION OF MANAGED INVESTMENT UPDATE BY PNC CAPITAL ADVISORS: Michael Lauterbach of PNC Capital Advisors presented a thorough overview of the economy as well as GSWA's portfolio investment information from the first quarter of 2023. Mr. Lauterbach answered questions from the Board and further explained items of interest.

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

Ms. Everett stated the monthly Chief Executive Officer's report was included for the Board's information.

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: 2023 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for March 2023 with the Board. As of March 31st, our total operating revenues were \$89.6 million, which is a 5% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water and wastewater fees, tap fees and other revenues. Monthly water fees were up in all categories with the exception of excess and bulk. The largest increases were in water availability, Bull Creek revenues and Myrtle Beach revenues. Monthly wastewater revenues were up in all categories with the exception of excess. The largest increases were in wastewater availability, volume, bulk and Myrtle Beach revenues. Increases in availability and volume make up approximately 43% of the total increase in water and wastewater fees. Our tap fees have increased \$316,872 or 7%. Other revenue is up approximately 3% mainly due to an increase in cross connection fees and service line maintenance. Our total operating expenses are \$79.3 million, which is an increase of \$4.0 million or 5% from the prior fiscal year. Personnel Services have increased approximately 4% from fiscal year 2022. This increase is mainly due to the quality incentive pay given to employees. Outside services have increased 7% from fiscal year 2022 due to an increase in service and maintenance contracts, utilities and maintenance to water and wastewater facilities. Supplies and materials have increased 26% from fiscal year 2022 due to an increase in fuel costs and treatment supplies. Debt service is down approximately \$1.3 million due to the timing of debt service payments. We currently have an operating surplus of \$10.3 million which is a decrease of \$43,934 from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$23.0 million, which is an increase of \$5.6 million or 32% from the prior fiscal year. This is mainly due to an increase in investment income of \$7.2 million over fiscal year 2022. Special fees and contributions are down from fiscal year 2022 due to receiving FEMA reimbursements for Hurricane Dorian and Hurricane Florence last year.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of March 31st, we should be at approximately 75% of our budget. Our operating revenues were budgeted at \$126.3 million. To-date, we have earned \$89.6 million or 71% of budget. Our operating expense budget is \$126.3 million. Year-to-date we have spent \$79.3 million or 63% of the budget. Our expenditures will continue to increase as the year progresses and expenses are incurred. Total non-operating revenues were budgeted at \$31.6 million and to-date we have earned \$23.0 million or 73% of budget. Impact fees are slightly lower than what we estimated and investment income is currently higher due to the positive returns in March.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$56.1 million. These funds have a current month yield of 1.94%, a three month yield of 2.01% and a twelve month yield of (1.25%). The balance in our PFM Asset Management LLC accounts is \$59.6 million with a current month yield of 2.30%, a three month yield of 2.39% and a twelve month yield of 0.45%. Overall, we have \$115.7 million invested with managers. The funds invested by our internal staff total \$88.5 million. Our debt service accounts total \$10.2 million. Our total investment portfolio is \$214.3 million with a current month yield of 1.29%, a three month yield of 1.60% and a twelve month yield of 0.74%.

Mrs. Jordan shared a graph with the Board showing the fiscal year-to-date comparison on our returns for 1919 Investment Counsel, PFM Asset Management LLC, PNC Capital Advisors and the South Carolina Local Government Investment Pool. The current 1-5 year benchmark to-date is 0.85%. PNC Capital Advisors' fiscal year-to-date return is 0.20% which is below the benchmark and above the 19/19 Investment Counsel fiscal year 2022 return of (3.74%). This year's fiscal year-to-date return for PFM Asset Management LLC is 1.30% which is better than the benchmark and higher than last year's return of (3.57%). The Local Government Investment Pool's fiscal year-to-date return is 37.34% compared to fiscal year 2022's return of 1.34%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$27,501 was spent on Business & Travel during the month of March. These costs include membership renewals, exam fees, travel reimbursements and lunches for employees who participated in employee videos. Year-to-date, we have spent a total of \$239,579.

Mrs. Jordan stated letters were sent on April 14th to our bulk and wholesale customers with the proposed rates for next fiscal year. We have not received any questions.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 114 mg/l for the month of March which is up 34% compared to last month. The average alum dosage at Bull Creek for the month of March was 73 mg/l, which is down 19% compared to last month. Myrtle Beach and Bull Creek are both currently running at about 105 mg/l. In regards to water flows, Myrtle Beach flows were up 5% compared to the same period last year and Bull Creek flows were down 3%. The total flows were up 8% compared to last fiscal year. In regards to wastewater flows, flows at Myrtle Beach were up 11% and the flows at Schwartz were down 5% as compared to last year. The total wastewater flows were up 7%.

UPDATE/STATUS: Compliance with DHEC Water and Wastewater Treatment Plant Requirements: Mr. Brown stated all water and wastewater reporting was in compliance with DHEC requirements for the month of March.

In regards to plant operation activities, at the Myrtle Beach SWTP, staff is replacing the worn sludge flight gearboxes on the sedimentation basins. At the Bull Creek SWTP, we are still waiting on the backwash pump repair. One of the raw water pumps is currently being repaired with a new pump head.

On the wastewater treatment plant side, in regards to the Longs WWTP, the operations group continues to work on the system to lower the nitrates in the effluent. At the Conway WWTP, the contractor is awaiting electrical components to finish this project. At the Vereen WWTP, a new bar screen was delivered and will be installed soon to improve the debris capture on the influent flow. At the Bucksport WWTP, design efforts continue on the expansion of the plant. We had a virtual meeting today. In regards to the Bucksport Composting Facility, when we first started our composting operations we had an air system that blew into static piles. Later, we switched to using a turner. We found that the turner did a better job getting oxygen into the pile. We operated with one turner for about 6 years. Recently, the turner had a hydraulic failure. The repair was estimated to be \$275,000 with a four-month repair time frame. Knowing the importance of the compost operation, we sent out an RFP for the purchase of a new turner. We received one bid for \$624,000. We have purchased the new turner and will have the other turner repaired. We are forgoing the purchase of other equipment to purchase the new turner. Ms. Everett, Mr. Brown and the Board further discussed the new turner and our composting operations.

Mr. Lazarus asked about the recent odor at the Myrtle Beach WWTP. Mr. Brown stated we typically experience more odors after a rain event. Mr. Brown also said that we have a contractor working at the base of the screws at the plant now. This may be part of the reason for the recent odors. There are metal panels and other things that may be moved and cause odors. The new wetwell will be enclosed. The new headworks is further down but will be covered as well. We are hopeful that during normal flows we will not have any issues. We may end up having to put a scrubber in but only time will tell. Ms. Everett stated that we are still working with the City of Myrtle Beach to have them start using some additional odor control methods in their collection system like they used to do.

NEERAJ PATEL, CHIEF OF FIELD OPERATIONS

UPDATE/STATUS: Compliance with DHEC Water Distribution and Wastewater Collection Requirements: Mr. Patel stated all monitoring was reported and all system operations were conducted in compliance with SCDHEC requirements for the month of March.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, weekly cycle testing has been initiated. We do weekly injections by injecting water into the ground for one week before recovering it. When the water is recovered, we check the water quality. After two consecutive satisfactory

samples, we move to monthly injection cycles. After two consecutive monthly satisfactory samples, we submit information to SCDHEC for approval to use the water for potable use. In regards to the Braves Village well, permanent power is being installed. In regards to the Highway 410 Blend well, we are coordinating with SCDHEC regarding the well submittal. In regards to the Cool Springs well, permanent power is being installed. In regards to the Jackson Bluff well, the provider has initiated drilling of the pilot hole. This is a 12-inch ream that is put in the ground about 800 feet deep. Once we decide on the screen placement, a larger hole is reamed. In regards to the River Oaks Elementary well, the provider has mobilized to the site and set-up the mud pit for drilling.

In the ASR program, for the month of March, we had a net injection of approximately 137.5 million gallons for an average daily injection of 4.4 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in March we smoke tested 305,678 linear feet of gravity sewer line, cleaned and televised 8,735 linear feet of gravity sewer mains, responded to 194 sewer back-ups and 85 water quality requests, collected 484 water quality samples, inspected 216 cross connection devices, 298 fire hydrants and 623 isolation valves, responded to 25 emergency main line shut-downs and 2 scheduled shut-downs, and completed 5,799 work orders primarily for meter reading services.

MATT MINOR, CHIEF OF ENGINEERING AND CONSTRUCTION

UPDATE/STATUS: Rural Water and Sewer Projects: Mr. Minor called the Board's attention to the rural water and sewer projects in the Board packet. In the fiscal year 2022/2023 budget, the Board has approved over \$6.0 million in the rural water program. We will not appropriate any additional projects this fiscal year because any new projects would not be complete prior to the end of the fiscal year. In July, we will continue appropriating new projects. In March, we authorized 5 projects for design for nearly 10,000 linear feet of pipeline and 8 new REUs. We issued service authorization to 3 projects for 3,130 linear feet of pipeline and 5 new REUs.

On the sewer side, in the fiscal year 2022/2023 budget, the Board has approved over \$8.8 million for the rural sewer program. In March, we authorized 5 new projects for design that will add 7,600 linear feet of pipeline and 7 new REUs. One project moved from the design phase to construction for 1,060 linear feet of pipeline and one new REU. We issued service authorization to 4 projects for 22,069 linear feet of pipeline and 24 new REUs.

Calendar year-to-date, we have installed 21 miles of pipeline. This includes 15 miles of sewer line and 6 miles of waterline. We have a lot more sewer projects going on right now, a lot of which were bid out. Mr. Minor called the Board's attention to the cumulative totals in the Board packet.

UPDATE/STATUS: Developer Projects: Mr. Minor shared a map with the Board showing the locations of the developer projects that were reviewed in the month of March. In the month of March, we received 16 new letters of intent. Of the total, 9 were developer extension projects for 1,391 REUs. The other 7 projects were commercial projects totaling 91 REUs. We issued service authorization to 13 projects for 649 REUs. These 13 projects added approximately \$5.8 million in developer contributions. We held 8 preconstruction meetings. Currently, we have 94 active developer projects in the construction phase. Overall, we have 231 active developer projects.

Mr. Minor called the Board's attention to the trend charts in the Board packet. We continue to see high trends especially in REUs.

UPDATE/STATUS: Capital Projects: In regards to the 24" Forcemain Relocation on Champions Boulevard, we held a bid opening on April 4th for the relocation of approximately 1,900 linear feet of 24" sewer forcemain near the North Myrtle Beach Sports Complex. The relocation is due to conflicts with the adjacent development and established easements in the area. We received two bids. Richardson & Richardson, Inc. was the lower bidder with a bid of \$584,690 and was awarded the contract.

In regards to the Bucksport Campground Expansion and Bucksport Marina Parking Lot, D&L Sitework, Inc. recently completed the new Bucksport Marina Parking Lot with the exception of stabilization and landscaping. They have now mobilized to the campground for the addition of 13 campsites and a new bathhouse with laundry facilities.

In regards to the Bull Creek SWTP Expansion, we received the \$10 million grant to go toward this project.

In regards to the Conway to Bucksport WWTP Flow Diversion project, MBD Consulting Engineers has compiled bid and specification documents for the 20" forcemain diversion from the Conway WWTP toward Bucksport as well as the new pump station. Once we receive the SCDOT Encroachment Permit, we can establish dates to advertise for bids.

In regards to the Conway WWTP Effluent Structure Upgrade, Harper General Contractors is nearly complete with the new effluent structure. The remaining items include the jockey pump installation, blower start-up and tie-ins. These items remain due to delays in deliveries. A final tie-in will be scheduled once the remaining items are completed.

In regards to the GSWSA Directional Bore Contract 4, LWC Construction, Inc. and Lawrimore Construction, Inc. have completed their contracts for directional bores which included approximately 8,000 linear feet on various water and sewer projects.

In regards to Pipeline Contract 17, RBC Contractors (RBC) has completed installation of the Inman Circle Sewer project and the Inman Circle Ext. 4 Water project. RBC will now mobilize to the Hardwick Road area water project which is a developer extension project. MJL, Inc. is currently working on the Watts Road area sewer project and is nearly 90% complete.

In regards to the Myrtle Beach WWTP Influent Pump Station and Headworks, Harper General Contractors recently completed the slab pour of the new influent pump station. They are starting to go vertical with the walls. The site for the new headworks has also been excavated. The test piles are expected to begin soon with pile driving thereafter.

In regards to the Old Highway 90 Elevated Water Storage Tank, Phoenix Fabricators & Erectors, Inc. has completed the tank column foundations and riser foundation. Pipe installation and site preparation will continue now with the steel structure delivery.

CRYSTAL SKIPPER, CHIEF OF ADMINISTRATION

UPDATE/STATUS: Customer/REU Monthly Report: Mrs. Skipper shared several graphs with the Board showing the customer and REU data for April 2022 through March 2023. During the month of March, our customer accounts increased by 468, which brings our customer account total to 119,336. Over the last consecutive twelve months, our total customer base has increased by 4,686 customers or 4.1%. In March, our active accounts increased by 460, inactive accounts increased by 20 and our suspended accounts decreased by 12 for a net increase of 468 accounts.

In regards to REUs, for the month of March, our total REUs increased by 607, which brings our REU total to 178,554. Over the last consecutive twelve months, our total REUs have increased by 6,598 or 3.8%. For the month of March, our active REUs increased by 613, inactive REUs increased by 31 and suspended REUs decreased by 37.

UPDATE/STATUS: Purchase Transactions Over \$3,500: Mrs. Skipper called the Board's attention to the information in the Board packet on purchase order transactions over \$3,500. The grand total for all purchase orders over \$3,500 issued in March was approximately \$4.6 million. The two largest purchase orders were issued to Professional Pump and Well for the Carolina Pines and River Oaks ASR well construction for over \$800,000 each. Other large purchase orders included purchase orders for Cure in Place Pipe for Marion and Horry Counties for \$412,172, Highway 668 Sewer materials and

pipe for \$152,928, grinder stations and pumps for inventory, hardwood chips for the composting facility and a center pivot for our Tip Top Farm.

UPDATE/STATUS: HGTC/CCU Scholarship Recipients: Every year the HR department provides an opportunity for our employees' dependents to submit applications for a scholarship to CCU or HGTC for the upcoming school year. This year, we received two applications for HGTC and four applications for CCU. All applicants met the minimum requirements and the 2.75 GPA requirement. CCU has sufficient funding for the four recipients. We have not heard back from HGTC. However if needed, any additional funding for the HGTC recipients will be funded through our operating budget.

Mrs. Skipper updated the Board on the personnel changes that took place in the third quarter of fiscal year 2023. We ended the quarter with 348 full-time employees. We had a total of 23 job postings, hired 18 new employees externally, 12 employees were selected for internal job openings and 15 employees left GSWA which included one retirement, 11 resignations and 3 terminations.

Mrs. Skipper updated the Board regarding the Fundraising Committee that was started as a result of our Employee Advisory Committee. Their responsibility is to hold events and raise funds for charities or organizations in need. Recently, the committee held a sausage wrap sale which raised \$582 for Fostering Hope. Last week, they raised \$186 for Help 4 Kids and Backpack Buddies through a jellybean guessing contest during our Spring cookout. They plan to hold several other fundraising events this year.


Mrs. Skipper reminded the Board of the upcoming Budget Retreat next Thursday and Friday. We hope to have the binders delivered to the Board by Friday or next Monday at the latest to give everyone a chance to review them before the retreat.

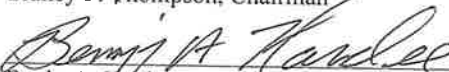
OTHER BUSINESS:


Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report, upcoming Delegation Dinner on April 25th in Columbia, upcoming Budget Retreat dates and the upcoming 2023 AWWA Conference dates in Toronto, Canada.

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

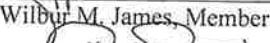
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.



Sidney F. Thompson, Chairman


Benjy A. Hardee, Vice Chairman


Arnold T. Johnson, Secretary


J. Liston Wells, Member

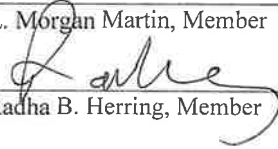
Approved via teleconference

Wilbur M. James, Member


Richard G. Singleton II, Member



Mark K. Lazarus, Member

L. Morgan Martin, Member



Radha B. Herring, Member