

GRAND STRAND WATER & SEWER AUTHORITY  
 BOARD OF DIRECTORS MEETING  
 APRIL 25, 2022

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
<b>MEMBERS PRESENT:</b>			
Sidney F. Thompson, Chairman	13	13	100%
Benjy A. Hardee, Vice Chairman	13	13	100%
Arnold T. Johnson, Secretary	13	13	100%
J. Liston Wells, Member	13	13	100%
Wilbur M. James, Member	13	13	100%
Richard Singleton II, Member	13	13	100%
Mark K. Lazarus, Member	13	13	100%
L. Morgan Martin, Member	13	9	69%
Radha B. Herring, Member	13	12	92%

<b>MEMBERS ATTENDING VIA TELECONFERENCE:</b>			
Richard Singleton II, Member	13	13	100%

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

**LEGAL COUNSEL:**  
 Amanda Bailey, Burr Forman

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 Secretary, Arnold Johnson.

**APPROVAL OF MARCH 28, 2022 MINUTES:** Upon motion duly made by Mr. Wells, seconded by Mr. James, the Minutes of the March 28, 2022 meeting were approved as presented.

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

**DISCUSSION/ACTION:** Amended and Restated Statement of Investment Policy and Objectives for Other Post-Employment Benefits (OPEB) Trust. Mrs. Everett stated this was presented to the Board last month with one change. The only change made was regarding the benchmark index which changed from the Barclay Index to the ICE Bank of America 1-10 Year Treasury and Agency Index. The Barclay Index is no longer used. Upon motion of Mr. Hardee, seconded by Mr. Johnson, the change was unanimously approved by the Board as presented.

**DISCUSSION/ACTION:** Partnership Grand Strand 2026 – Five Year Investment Request. Ms. Everett called the Board’s attention to the information in the Board packet that we received from the Myrtle Beach Area Chamber of Commerce. They are putting together a five-year comprehensive initiative for community and economic development and strategic initiatives for the Myrtle Beach Area Chamber of Commerce. They have a \$3.0 million goal over the five-year period. Ms. Everett and the Board further discussed the initiative. Mr. Lazarus and Mrs. Herring were both knowledgeable of the initiative and offered information on how it may benefit GSWSA. In order to make the best

decision for GSWSA, several Board members requested that the Myrtle Beach Area Chamber of Commerce present information on the initiative for further education.

DISCUSSION/ACTION: Purchasing Policy – Formal Quote Limits. Mrs. Everett stated that at a recent Employee Advisory Committee Meeting one of the items brought up was increasing our formal quote limits. Mrs. Skipper did a survey to compare our current limits to those of other water and sewer companies and utilities. We currently require two formal quotes for purchases ranging from \$2,500 to \$5,000. For purchases ranging from \$5,000.01 to \$25,000 we require three formal quotes. Employees can purchase anything less than \$2,500 without having to get quotes. In 2008, we increased this limit from \$1,500 to \$2,500. We are proposing increasing the range to be \$3,500 to \$10,000 for two formal quotes and anything from \$10,000.01 to \$25,000 would require three formal quotes. Upon motion of Mr. Johnson, seconded by Mr. Wells, the Board unanimously approved the proposed changes to the Purchasing Policy.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Water Projects.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Sewer Projects.

Upon motion of Mr. James, seconded by Mr. Wells, the capital budget appropriation requests for rural water and sewer projects were unanimously approved by the Board as presented.

#### DIVISION REPORTS:

#### KERI SQUIRES, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: March 2022 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for March 2022 with the Board. As of March 31, 2022, our total operating revenues were \$85.7 million, which is a 9% increase from the prior fiscal year. However, this is only a 7% increase compared to fiscal year 2020. Our largest increases in operating revenues were increases in monthly water and wastewater fees, customer fees and tap fees. Monthly water fees were up in all categories. The largest increases were in water availability, volume, excess, Bull Creek and Myrtle Beach water revenues. Monthly wastewater revenues were up in all categories except bulk. The largest increases were in wastewater availability, volume, excess and Myrtle Beach revenues. Increases in availability and volume make up approximately 76% of the increase in water and wastewater fees. Customer charges have increased 25% or \$362,719 as compared to fiscal year 2021. Our tap fees have increased \$496,988 or 13%. Our total operating expenses are \$75.4 million, which is an increase of \$6.9 million from the prior fiscal year. Our biggest changes come from personnel services, outside services, supplies and materials, capital outlay and debt service. Personnel services have increased. The 8% increase which is currently shown is due to there being an additional payroll in March this year as compared to last year. The increase is also due to a small merit increase as well as increases in overtime, employer retirement costs and taxes. The largest increases in outside services come from professional services. Supplies and materials have increased \$705,475. Fuel accounts for approximately 52% of the increase in supplies and materials. Capital outlay has increased because the equipment and vehicles budgeted this year are more comparable to a normal fiscal year. In fiscal year 2021, we made several cuts to our budget and deferred purchases to fiscal year 2022 due to COVID-19. Debt service increased approximately \$2.0 million. The majority of the increase is due to the Bonds of 2021 which included new money as well as the refinancing of some of our existing debt. We currently have an operating surplus of \$10.3 million which is an increase of \$385,747 from the prior fiscal year. Mrs. Squires reported total non-operating revenues of \$17.4 million, which is an increase of \$313,637 or 2% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$4.6 million which was enough to offset the \$4.3 million decrease in investment income.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of March 31<sup>st</sup>, we should be at approximately 75% of our budget. Our operating revenues were budgeted at \$117.7 million. To-date, we have earned \$85.7 million or 73% of budget. The Interfund Reimbursement line item is included in these estimates. It includes

revenues that we fund just in case we need to fund our capital renewal and replacement assets. We have not needed these funds so this will be eliminated when we revise the budget. If you eliminate this line item, our revenues would be at 75% of budget. Our operating expense budget is \$117.7 million. Year-to-date we have spent \$75.4 million or 64% of the budget. As the fiscal year continues, our operating expenses will continue to increase as well. Capital outlay is currently at 31% of budget but this will increase as equipment and vehicles come in from our annual bid. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$17.4 million or 55% of budget. Impact fees are higher than originally estimated and investment income is lower than estimated due to current market conditions.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$56.7 million with a current month yield of (1.84%), a three month yield of (3.17%) and a twelve month yield of (3.45%). The balance in our PFM Asset Management LLC accounts is \$59.5 million with a current month yield of (1.68%), a three month yield of (2.92%) and a twelve month yield of (3.59%) Overall, we have \$116.2 million invested with managers. The funds invested by our internal staff total \$79.5 million. Our debt service accounts total \$10.6 million. Our total investment portfolio is \$206.3 million with a current month yield of (0.98%), a three month yield of (1.70%) and a twelve month yield of (1.93%). Mr. Hardee asked if we ever consider interest rate swaps. Mrs. Squires stated that our financial advisor, Jonathan Kim, looks at all of our information semiannually to see what opportunities we may have. Mr. Hardee, the Board and Mrs. Squires had a brief discussion regarding interest rate swaps and excess cash.

Mrs. Squires shared a graph with the Board showing the fiscal year-to-date comparison on our returns for 1919 Investment Counsel, PFM Asset Management LLC and the South Carolina Local Government Investment Pool. During the month of March, the consumer inflation rate rose at the fastest annual rate since 1982. The increased cost of living continues to erode spending power. On March 16<sup>th</sup>, the Fed raised rates 25 basis points in an attempt to combat inflation. Our investment managers expect that the Fed will continue their plan to increase rates along and along. As a result, they want to continue to maintain a modest benchmark with a short duration due to the uncertainty in the market. The current 1-5 year benchmark to-date is (3.74%). 1919 Investment Counsel's fiscal year-to-date return is (3.74%) which matches the 1-5 year benchmark return but is much lower than fiscal year 2021's return of (0.43%). This year's fiscal year-to-date return for PFM Asset Management LLC is (3.50%) which is better than the benchmark but much lower than last year's return of 0.15%. The Local Government Investment Pool's fiscal year-to-date return is 1.34% compared to fiscal year 2021's return of 2.10%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$9,852 was spent on Business & Travel during the month of March. Fiscal year-to-date, we have spent a total of \$223,201. The majority of these expenses are for CDL renewals and training as well as higher education reimbursement for an employee.

Mr. Lazarus asked if we had applied for Employee Retention Tax Credit (ERTC) funds. Mrs. Squires said that she looked into it and we were not eligible because we are a government organization.

#### TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 59 mg/l for the month of March which is down 13% compared to last month. The average alum dosage at Bull Creek for the month of March was 55 mg/l, which is up 24% compared to last month. Myrtle Beach is currently running at about 110 mg/l and Bull Creek is currently running at 70 mg/l. The recent rain stirred the water up. In regards to water flows, Myrtle Beach flows were the same as compared to the same period last year and Bull Creek flows were up 24%. The total flows were up 12%. In regards to wastewater flows, the flows at Myrtle Beach were down 16% and the flows at Schwartz were down 2% as compared to last year. The total wastewater flows were down 14%.

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 with the exception of a fecal coliform violation at the Conway WWTP. The UV system flooded twice around the second or third week in March. We are currently under contract with a contractor to build a new effluent structure which will house the new UV equipment. We had some issues with the system and had to have the manufacturer come down to do some repair work. Some of the circuits shorted out. We have recovered from this and the system is now operational. We hope to have the new system in within nine months to a year.

In regards to plant operation activities, at the Myrtle Beach SWTP, a test of the new diffusers and supplemental air system in the ozone contact chamber was performed today. We found that some of the diffusers that were put in to diffuse ozone in the contact chambers were clogged with manganese and iron. We were only able to pass 40 cubic feet per second. Today, we left the old diffusers in and pulled the water level down. We turned on the supplemental air blower system and we had about 4 psi of back pressure. While the engineers were there, we replaced all of the diffusers with new ones and the back pressure went to zero. We put the system back on and noticed the other chamber is doing the same thing. We are looking at whether or not we are using the right diffusers and whether or not the concentration of the ozone being diffused is low enough. We are continuing to research this. At the Bull Creek SWTP, the 60% design has been reached on the expansion of the plant to a 60 MGD plant. We have a meeting tomorrow regarding the electrical design.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, the two new electric driven self-priming pumps we installed have been performing well. We were unsure if they were going to clog but so far we have not had any clogging issues. Bids will be opened soon for the new influent pump station and headworks that will replace a 30" line and install some new submersible pumps. In regards to the Longs WWTP, the plant is working well and the contractor continues to work on several punch list items. At the Conway WWTP, as previously mentioned, repair work has been completed on the old UV disinfection system. Mr. James asked if the modifications at the Conway WWTP will be completed prior to hurricane season. Mr. Brown stated that some of the equipment will not be delivered until December 2022 and March 2023.

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, we are currently advertising for bids for the wellhouse construction. In regards to the Braves Village and Cool Springs wells, these wells are being surged and developed. Whenever a well is being drilled, there are chemicals and driller's mud that have to be purged in order to have full capacity of the well. In regards to the Highway 410 Blend well, the screens are being installed by the well driller.

In the ASR program, for the month of March, we had a net injection of approximately 183.0 million gallons for an average daily injection of 5.9 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in March we smoke tested 184,629 feet of gravity sewer line, cleaned and televised 25,527 linear feet of gravity sewer mains, responded to 228 sewer back-ups and 131 water quality complaints, collected 474 water quality samples, inspected 282 cross connection devices, 274 fire hydrants and 872 isolation valves, responded to 34 emergency main line shut-downs and 5 scheduled shut-downs, and completed 5,547 work orders mostly 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. Mr. Minor stated in regards to the fiscal year 2020/2021 two-year budget, there are still 5 projects in the construction status. In the fiscal year 2022/2023 budget, the Board has approved nearly \$2.3 million in the rural water program. In March, we authorized 9 projects for design for 13,640 linear feet of pipeline and 18 new REUs. Six projects moved from the design phase to construction for 7,665 linear feet of pipeline and 14 new REUs.

On the sewer side, we currently have 4 projects that were approved and appropriated in the fiscal year 2020/2021 budget. In the fiscal year 2022/2023 budget, the Board has approved nearly \$5.0 million for the rural sewer program. In March, we authorized 5 new projects for design that will add 4,785 linear feet of pipeline and 6 new REUs. Six projects moved to the construction status for 15,290 linear feet of pipeline and 19 new REUs. We issued service authorization to 2 projects for more than 20,000 linear feet of pipeline and 69 new REUs. One of these was the Water Tower Road project.

In total, we have 148 water and sewer projects currently in design and construction for approximately 67 miles of pipeline.

Mr. Minor referenced the chart within the Board packet that displays the cumulative miles of rural water and sewer line installed. So far in calendar year 2022, we have approved and placed into operation approximately 3 miles of waterline and 9 miles of sewer line.

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. The New Services Department had 25 new developer extension projects submitted for review in March for 960 REUs. In March, we held 8 preconstruction meetings. Currently, we have 106 active developer extension projects in the construction or close out phase. We issued service authorization to 7 projects for 449 REUs at build out.

Mr. Minor briefly reviewed and called the Board's attention to the trend charts in the Board packet.

UPDATE/STATUS: Capital Projects: In regards to the marine park, A.O. Hardee & Son, Inc. and its subcontractors are completing final punch list items. As-builts are being prepared for submittal to Horry County and GSWSA. Once those are completed, we will have a follow-up final inspection.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade, Goodwyn Mills Cawood (GMC) recently conducted a 60% design meeting to discuss plans and specifications regarding the upgrade of the treatment plant to a 60 MGD plant. GMC is nearing completion of the 60% design plans and specifications for the Conway parallel 24" waterline.

In regards to the Bull Creek Drainage Improvements, a bid opening was held on April 19<sup>th</sup> for the drainage improvements near the Bull Creek SWTP. The bids are currently being evaluated by staff to determine whether we will award a contract or rebid the project. We received two bids. One of the bids is significantly over budget.

In regards to the Conway to Bucksport WWTP Flow Diversion, MBD Consulting Engineers, P.A. (MBD) has submitted plans and specifications to SCDHEC for the wastewater construction permit. MBD continues to finalize plans for submittal to Horry County

In regards to the Highway 701 to Highway 544 48" Waterline project, Ruby-Collins, Inc. has completed a successful pressure test as well as completed flushing, chlorination and dichlorination of the 48" waterline. The first tie-in took place on April 22<sup>nd</sup> near Highway 544. The second tie-in will take place tonight at the intersection of Highway 701 and Bucksville Drive.

In regards to the International Drive Booster Pump Station project, the contractor, Harper, has completed the majority of the project with the exception of some materials that have been impacted by material availability and shipment delays. Due to these delays, Harper has temporarily demobilized until the materials arrive. Based upon the shipping schedules, Harper plans to remobilize at the end of May to complete the remaining work and start-up.

In regards to the International Drive to North Booster Pump Station 36" Waterline project, the preliminary engineering report for the new 36" waterline from the new International Drive Booster Pump Station to the North Booster Pump Station is still under review by SCDHEC. GMC is beginning to work on design drawings.

In regards to the Highway 76 Drainage Improvement project, Richardson & Richardson, Inc. completed the relocation work and tied in the relocated 12" waterline on April 19<sup>th</sup>.

In regards to the Old Highway 90 Elevated Water Storage Tank project, the contractor, Phoenix Fabricators and Erectors, Inc., has not yet mobilized to the site. However, they have begun the steel fabrication at their facility.

In regards to Pipeline Contract 15, we held a bid opening on April 21<sup>st</sup> for nine rural water and sewer projects totaling over 80,000 linear feet of pipeline. Bidding this work out will assist the Construction Department in meeting commitment dates. We are currently reviewing bids.

#### CHRYSTAL 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 2021 through March 2022. For the month of March, our total customer accounts increased by 463 customers which brings our customer account total to 114,081. Over the last twelve months, our total customer base has increased by 5,227 customers or 4.8%. In March, our active accounts increased by 550, inactive accounts decreased by 82 and suspended accounts decreased by 5.

In regards to REUs, in March, our total REUs increased by 1,059 which brings our REU total to 171,132. Over the last twelve months, our total REUs have increased by 7,463 or approximately 4.6%. For the month of March, our active REUs increased by 899, inactive REUs decreased by 72 and suspended REUs increased by 232.

UPDATE/STATUS: Purchase Transactions Over \$2,500: Mrs. Skipper called the Board's attention to the information in the Board packet on purchase order transactions over \$2,500. Since the Board approved a change to the Purchasing Policy tonight, this report will be for purchase orders transactions over \$3,500 going forward. The grand total for all purchase orders over \$2,500 issued in March was approximately \$7.2 million. The largest purchase order in March was issued to The Harper Corporation General Contractors for the Conway WWTP UV facility replacement for \$3.2 million. The next largest purchase order was issued to the State Fiscal Accountability Authority for our Building and Personal Property Insurance renewal in the amount of \$984,877. Several other large purchase orders for insurance renewals were also included in the report. Other large purchase orders included a purchase order for the Pump Station #2 Modifications for \$271,000, a purchase order for the Mullins/US Highway 76 12" waterline relocation for \$149,655, a purchase order for a Caterpillar standby generator for the Technical Services Department for \$132,204, vacuum tanks for the Agricultural Operations Department for \$118,400 and inventory materials.

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. Any additional funding needed 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 2022. We ended the quarter with 348 full-time employees. We had a total of 22 job postings, hired 10 new employees externally, 10 employees were selected for internal job openings and 9 employees left GSWSA which included 2 retirements, 6 resignations and one termination.


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 the end of this week or beginning of next week to give everyone a chance to review before the retreat.

OTHER BUSINESS:

Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report, and the upcoming Budget Retreat dates of Thursday, May 5<sup>th</sup> and Friday, May 6<sup>th</sup>.

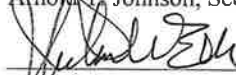
Upon motion duly made, seconded and carried the Board went into executive session for the discussion of personnel, legal and contractual matters. Following executive session, the Board returned to regular session.

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

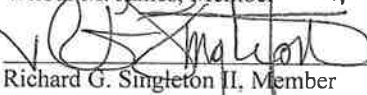
  
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