

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
AUGUST 28, 2023

	#MEETINGS (Since 7/1/23)	#ATTENDED (Since 7/1/23)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	2	2	100%
Benjy A. Hardee, Vice Chairman	2	2	100%
Arnold T. Johnson, Secretary	2	2	100%
J. Liston Wells, Member	2	2	100%
Wilbur M. James, Member	2	2	100%
Richard Singleton II, Member	2	2	100%
Mark K. Lazarus, Member	2	2	100%
L. Morgan Martin, Member	2	2	100%
Radha B. Herring, Member	2	2	100%

STAFF PRESENT:

Christy Everett, Chief Executive Officer
Tim Brown, Chief of Plant Operations
Chrystal Skipper, Chief of Administration
Neeraj Patel, Chief of Field Operations
Matt Minor, Chief of Engineering & Construction
Christen Jordan, Chief of Accounting and Finance
Bill O'Hara – Chief of Technology
Mary McKellar Hunsucker, HR Manager

LEGAL COUNSEL:

Alicia Thompson, Burr Forman

VISITORS:

Dave Calvert, PFM Asset Management
Casey Jones, My Horry News
Preston Dellinger, Servio Capital
Ryan Enk, Servio Capital
Mike Nunmaker, Servio Capital

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 JULY 24, 2023 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Singleton, the Minutes of the July 24, 2023 meeting were approved as presented.

PRESENTATIVE OF MANAGED INVESTMENT UPDATED BY PFM ASSET MANAGEMENT LLC. Mr. Dave Calvert of PFM Asset Management LLC presented a thorough overview of the economy as well as GSWA's portfolio investment information to the Board.

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

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

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

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

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

Ms. Everett introduced Mr. Bill O'Hara to the Board as the new Chief of Technology. Mr. O'Hara joined us about 3 weeks ago from Kinston, NC with 20+ years of experience in the IT world.

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: July 2023 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for July 2023 with the Board. As of July 31st, our total operating revenues were \$9.5 million, which is a 4% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water and wastewater fees. Monthly water fees were up in all categories with the exception of bulk and fire flow availability fees. The largest increases were in water availability, Bull Creek revenues and Myrtle Beach revenues. Monthly wastewater revenues were up in all categories. The largest increases were in wastewater availability and bulk. Increases in availability and volume make up approximately 41% of the total increase in water and wastewater fees. Other revenue is up approximately 4% which is mainly due to an increase in service line maintenance and the sale of assets. Our total operating expenses are \$7.5 million, which is an increase of \$244,312 or 3% from the prior fiscal year. The largest increase was in Outside Services. Outside services have increased 35% from fiscal year 2023 due to an increase in service and maintenance contracts, utilities and service and maintenance to water and wastewater facilities. Debt service is down approximately \$368,790 due to the timing of debt service payments. Some of our SRFs loans have not started yet. We currently have an operating surplus of \$2.0 million which is an increase of \$164,074 from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$2.7 million, which is a decrease of \$690,822 or (20%) from the prior fiscal year. This is mainly due to a decrease in investment income of \$1.0 million over fiscal year 2023.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of July 31st, we should be at 8% of our budget. Our operating revenues were budgeted at \$137.6 million. To-date, we have earned \$9.5 million or 7% of our estimated budget. Our operating expense budget is \$137.6 million as well. Year-to-date we have spent \$7.5 million or 5% of the budget. Total non-operating revenues were budgeted at \$34.0 million and to-date we have earned \$2.7 million or 8% of budget. Impact fees are right on target and investment income is higher than we originally estimated.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$55.7 million. These funds have a current month yield of 0.17%, a three month yield of (1.10%) and a twelve month yield of (1.61%). The balance in our PFM Asset Management LLC accounts is \$59.1 million with a current month yield of 0.12%, a three month yield of (1.30%) and a twelve month yield of (0.28%). Overall, we have \$114.8 million invested with managers. The funds invested by our internal staff total \$86.8 million. Our debt service accounts total \$3.4 million. Our total investment portfolio is \$205.0 million with a current month yield of 0.24%, a three month yield of (0.20%) and a twelve month yield of 0.91%.

Mrs. Jordan shared a graph with the Board showing the fiscal year-to-date comparison on our returns for PFM Asset Management LLC, PNC Capital Advisors, the South Carolina Local Government Investment Pool, Anderson Brothers Bank (ABB) ICS account and Coastal Carolina National Bank (CCNB) ICS account. The current 1-5 year benchmark to-date is 0.12%. PNC Capital Advisors' fiscal year-to-date return is 0.17% which is above the benchmark and below the fiscal year 2023 return of 1.22%. This year's fiscal year-to-date return for PFM Asset Management LLC is 0.12% which is right in line with the benchmark and lower than last year's return of 0.75%. The Local Government Investment Pool's fiscal year-to-date return is 5.42% compared to fiscal year 2023's return of 1.72%. The ABB ICS account had a return of 4% in July but they have since increased that to 4.75%. The CCNB ICS account had a return of 5%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$75,483 was spent on Business & Travel during the month of July. These costs include membership renewals, license renewals, training fees and exam fees.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 94 mg/l for the month of July which is up 36% compared to last month. The average alum dosage at Bull Creek for the month of July was 91 mg/l, which is up 121% compared to last month. Myrtle Beach is currently running at about 135 mg/l and Bull Creek is currently running at about 50 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 up 13%. The total flows were up 12% compared to last fiscal year. In regards to wastewater flows, flows at Myrtle Beach were up 1% and the flows at Schwartz were down 7% compared to last year. The total wastewater flows were up 2% compared to last year.

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 July.

In regards to plant operation activities, at the Myrtle Beach SWTP, testing is underway with a pilot unit that utilizes a new synthetic resin called Mycelex which is designed to remove PFAS. We just started sampling last week so we do not have any results back yet. At the Bull Creek SWTP, testing continues on the Calgon Granular Activated Carbon pilot columns for PFAS removal. We are awaiting bids for the 60 MGD expansion project.

On the wastewater treatment plant side, at the Longs WWTP, the contractor has been onsite making repairs to the clarifier skirting and water line breaks which occurred during a hard freeze in February before our warranty ran out. At the Myrtle Beach WWTP, the contractor is continuing to make progress on the new influent pump station, wet well and headworks structure. The proposed start-up will be in March 2024. At the Bucksport WWTP, design efforts continue on the expansion of this plant. We have been working with the Field Operations group to convert and utilize the old 36" water line from Highway 544 to Bucksville for wastewater flow.

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 July.

However, on August 16th, the 36" effluent main that sends treated effluent from the Myrtle Beach plant to the Waccamaw River was damaged when a contractor struck the line. During that time, the Plant Operations staff diverted flows from the plant to the 50 acre lagoon which is normally pumped down this time of the year in preparation for hurricane season. The 36" line is approximately 4.4 miles long and held about 1.2 million gallons of treated effluent. The leak continued for several hours. We estimated approximately 600,000 gallons were released. This is not a violation because it was treated effluent that is designed and intended to go into the Waccamaw River. This flow went into a ditch which ultimately went into the Intracoastal Waterway. All groups worked diligently to get things back up and running. A temporary repair band was installed the next day and the permanent repair is underway now.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Highway 410 Blend well, the electrical controls and instrumentation are being installed by our internal staff. In regards to the Cool Springs well, final development continues at this site. In regards to the Jackson Bluff well, well development has been initiated at this location. In regards to the River Oaks Elementary well, the well screens have been installed. In

regards to the International Drive well, plans and specifications have been submitted to SCDHEC for test well permit.

In the ASR program, for the month of July, we had a net recovery of approximately 245.2 million gallons for an average daily recovery of 7.9 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in July we smoke tested 360,584 linear feet of gravity sewer line, cleaned and televised 6,522 linear feet of gravity sewer mains, responded to 189 sewer back-ups and 125 water quality requests, collected 485 water quality samples, inspected 148 cross connection devices, 218 fire hydrants and 573 isolation valves, responded to 21 emergency main line shut-downs and 4 scheduled shut-downs, and completed 4,668 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 2024/2025 budget, the Board has approved over \$1.5 million in the rural water program. In July, we authorized 5 projects for design for 6,025 linear feet of pipeline and 24 new REUs. Three projects moved from the design phase to construction for 9,690 linear feet and 19 REUs. We issued service authorization to 4 projects for 7,305 linear feet of pipeline and 6 new REUs.

On the sewer side, in the fiscal year 2024/2025 budget, the Board has approved over \$1.6 million in the rural sewer program. In July, we authorized one new project for design that will add 490 linear feet of pipeline and one new REU. Two projects moved from the design phase to construction for 1,705 linear feet and 2 REUs. We issued service authorization to 6 projects for 7,735 linear feet of pipeline and 13 new REUs.

Calendar year-to-date, we have installed 31 miles of pipeline. This includes 20 miles of sewer line and 11 miles of waterline. Mr. Minor called the Board's attention to the cumulative totals in the Board packet.

Mr. James asked how far we are behind on project installations noting the projects listed in the Board Packet with old dates. Mr. Minor explained that there may be other factors which have caused projects to be outstanding for extended periods of time. In addition, Mr. Minor stated that we just awarded a contract for Contract 18 to help complete projects timelier. Mr. Minor stated that we are better off now than we were 6 months ago. Mr. Minor and Ms. Everett further explained and discussed the process with the Board.

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 July. In the month of July, we received 25 new letters of intent. Of the total, 9 were developer extension projects for 791 REUs. The other 16 projects were commercial projects totaling 162 REUs. We issued service authorization to 7 projects for 485 REUs. These 7 projects added approximately \$3.7 million in developer contributions. We held 12 preconstruction meetings. Currently, we have 96 active developer projects in the construction phase. Overall, we have 239 active developer projects in the various phases.

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

UPDATE/STATUS: Capital Projects: In regards to the 24" Forcemain Relocation on Champions Boulevard, Richardson & Richardson, Inc. successfully completed the tie-ins for the relocated 24" sewer force main on the night of July 19th.

In regards to the Bucksport Campground Expansion project, D&L Sitework, Inc. has remobilized to the site to complete the water and sewer infrastructure according to the revised plans due to the relocated bathhouse. The bathhouse had to be relocated to a higher elevation due to the updated flood zone elevations. The subcontractor, Sellers General Construction, plans to begin construction of the bathhouse as soon as we receive the building permit from Horry County.

In regards to Contract 18, as previously mentioned, we held a bid opening for various rural projects/developer extensions on August 15th. We received three bids. RCB Contractors, LLC was the low bidder and has been awarded the contract. This contract includes 18,000 linear feet of pipeline and includes the Collins Jollie Road area water and sewer projects as well as the Highway 668 area sewer project.

In regards to the Conway to Bucksport WWTP Flow Diversion project, this project is currently being advertised for bids. A pre-bid meeting has been rescheduled for September 7th with a bid opening scheduled for September 21st.

In regards to the Conway WWTP Effluent Structure Upgrade, Harper General Contractors completed this project and service authorization has been issued.

In regards to the Fred Nash Boulevard Extension and Widening project, we held a preconstruction meeting on August 15th with R.H. Moore Company, Inc. and SCDOT for the relocation of water and sewer lines associated with the transportation improvement project. This is a RIDE 3 projects that will extend Fred Nash Boulevard around the end of the airport runway to Harrelson Boulevard along with widening the existing road to include a center turn lane and sidewalks. GSWSA chose to go in contract with SCDOT for the utility locates.

In regards to the Lake View WWTF Embankment Improvements, we held a bid opening on August 16th for the vinyl sheet piling installation at the Lake View WWTF. Seven Seas Marine Construction was the only bidder and has been awarded the contract. The project consists of installing interlocking vinyl sheet piling along the east side of the lagoon to prevent seepage through the embankment.

In regards to the Old Highway 90 Elevated Water Storage Tank, Phoenix Fabricators & Erectors, Inc. erected the steel structure and is currently in the process of welding. Once the welding is complete, the structure will be prepared for paint.

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 August 2022 through July 2023. During the month of July, our customer accounts increased by 843, which brings our customer account total to 121,869. Over the last consecutive twelve months, our total customer base has increased by 4.37%. In July, our active accounts increased by 751, inactive accounts increased by 84 and our suspended accounts increased by 8 for a net increase of 843 customers.

In regards to REUs, for the month of July, our total REUs increased by 945, which brings our REU total to 181,988. Over the last consecutive twelve months, our total REUs have increased by 4.09%. For the month of July, our active REUs increased by 951, inactive REUs increased by 66 and our suspended REUs decreased by 72.

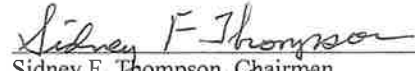
UPDATE/STATUS: Purchase Transactions Over \$3,500: Mrs. Skipper called the Board's attention to the information in the Board packet on purchase order transactions over \$3,500. The grand total for all purchase orders over \$3,500 issued in July was approximately \$14.8 million. This report is much longer for the month of July because annual POs were issued during this month. There are many POs related to our annual chemical bid as well as other annual services that are expensed throughout the year such as professional services, sampling, testing and maintenance. Our annual vehicle bid went out during July and we received the results on July 31st. Our Purchasing Manager, Josh Roberts, will be placing orders this week.

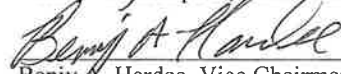
OTHER BUSINESS:

Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report, Horry Independent News Article and the upcoming WEFTEC Conference in Chicago, IL from September 30th to October 4th.

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

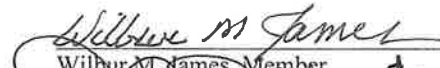
There being no further business, upon motion duly made, seconded and carried, the meeting was adjourned.

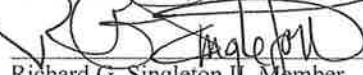

Sidney F. Thompson, Chairman


Benjy A. Hardee, Vice Chairman



Arnold T. Johnson, Secretary

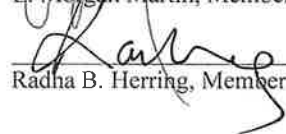

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