

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 JANUARY 26, 2026

	#MEETINGS (Since 7/1/25)	#ATTENDED (Since 7/1/25)	% ATTENDANCE
MEMBERS PRESENT:			
Benjy A. Hardee, Chairman	6	6	100%
Arnold T. Johnson, Vice Chairman	6	6	100%
Richard Singleton II, Secretary	6	5	83%
Sidney F. Thompson, Member	6	6	100%
J. Liston Wells, Member	6	6	100%
Mark K. Lazarus, Member	6	6	100%
Radha B. Herring, Member	6	6	100%
B. Kemp Floyd, Jr., Member	1	1	100%

MEMBERS ABSENT:			
L. Morgan Martin, Member	6	3	50%

STAFF PRESENT:
 Christy Holder, Chief Executive Officer
 Chrystal Skipper, Chief of Administration
 Neeraj Patel, Chief of Plant Operations
 Matthew Minor, Chief of Engineering & Construction
 Thomas Neat, Chief of Technology
 Wade Lewis, Chief of Field Operations
 Greg Thompson, Chief of Accounting & Finance
 Mary Hunsucker, HR Manager

LEGAL COUNSEL:
 Bhumi Patel, Burr Forman

VISITORS:
 Roy Nohra, Oceancraft Marine
 David Haines, Oceancraft Marine
 Sandy Davis, Myrtle Beach Regional EDC
 Phil Sounia, Mystique Boatworks
 Dan Escolpio, Mystique Boatworks
 Keith Stevens, Mystique Boatworks
 Phil Johnson, Mystique Boatworks
 Reese Boyd, Mystique Boatworks

Copies of the Notice of Meeting and Agenda were mailed to the local media.

Vice Chairman Johnson called the meeting to order, welcomed everyone in attendance, and gave the invocation.

APPROVAL OF NOVEMBER 24, 2025, MINUTES: Upon motion duly made by Mr. Wells, seconded by Mr. Singleton, the minutes of the November 24, 2025, meeting were approved as presented.

Upon motion duly made by Mr. Lazarus, seconded by Mr. Wells, and carried the Board went into executive session for the discussion of contractual matters.

Upon motion duly made by Mr. Johnson, seconded by Mr. Singleton, and carried the Board returned to regular session.

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

DISCUSSION/ACTION: Resolution 01-26: 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 \$1,000,000 for the Green Sea Floyds WWTP Expansion and to Grant a Pledge of and Lien on Revenues for Repayment. Mrs. Holder stated we are going to be expanding the Green Sea Floyds WWTP to allow for continuation of the expansion of the Rural Program in the Green Sea Floyds area and beyond. We are almost at capacity at the small plant. Upon motion of Mr. Lazarus, seconded by Mr. Johnson, the resolution was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Personnel Manual Update – Section 45.17 Health and Life Insurance. As previously discussed, our insurance consultants suggested we offer a separate insurance plan for retirees who are eligible for Medicare. We added this plan in January and there were 37 retirees who were moved to the new plan. With approval, the Personnel Manual will be updated to include the language for this new plan for retirees who are Medicare eligible. Upon motion of Mr. Johnson, seconded by Mr. Singleton, the Personnel Manual update was unanimously approved by the Board as presented.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Water Projects. Mrs. Holder stated the rural water projects in the Board packet for appropriation have met the criteria for our rural program.

DISCUSSION/ACTION: Capital Budget Appropriation Requests – Rural Sewer Projects. Mrs. Holder stated the rural sewer projects in the Board packet for appropriation have met the criteria for our rural program.

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

DIVISION REPORTS:

GREG THOMPSON, CHIEF OF ACCOUNTING & FINANCE

UPDATE/STATUS: November/December 2025 Financial Statements: Mr. Thompson stated the November and December financial activity is in the Board packet for the Board's information. He shared several charts regarding the fiscal year 2026 financials with the Board. In regard to these charts, Mr. Thompson stated that traditionally only operating expenses have been presented monthly. However, capital expenditures have been added to the charts as well. Our operating revenues are up 4% or \$3.1 million compared to the same period in fiscal year 2025. Our monthly fees are up \$4 million and new customer fees are down \$1 million. Our non-operating revenues are down 29% or \$8.7 million. This is due to a combination of one-time grants we received last year as well as a \$1 million decrease in impact fees. In regard to operating expenses, our expenses are up \$2.7 million or 5% in fiscal year 2026 as compared to fiscal year 2025. In regard to capital expenditures, to date our capital expenditures are \$33 million compared to \$34 million last year. The net result of revenues and expenses is a \$1 million surplus this year compared to a \$9 million surplus during the same time period last year.

In regard to our budget-to-actual comparison, our operating revenues are slightly behind budget but our non-operating revenues are significantly ahead of schedule because we budgeted conservatively for grants and investments. In regard to operating expenses, we are 41% through the budget which is currently 9% below budget to date. This is driven by all categories. Our capital budget is only at 32% of estimated expenditures due to delays in permitting. We anticipate receiving these permits in the Spring which may push some of these expenditures to next fiscal year.

UPDATE/STATUS: Investment Analysis: Mr. Thompson called the Board's attention to the Investment Portfolio in the Board packet. As of December 31st, our total investment portfolio is approximately \$259.7 million. This is down \$1.7 million from November because we made debt service payments in December. Compared to December of 2024, our total investment portfolio is up \$8.4 million.

Mr. Thompson shared with the Board a comparison of GSWSA's rates to the consumer price index (CPI) to see how inflation has affected GSWSA. Mr. Thompson went back to 2013 and applied both our actual rate increase and the CPI rate to get an inflation-adjusted rate. From 2014 – 2020, our rates outpaced the CPI. In 2021, inflation accelerated significantly and as a result inflation began to erode the purchasing power of our rates. By 2025, our rates are approximately 13% behind inflation. In regard to a typical water and sewer bill, our bills are approximately \$6.73 less per month than if they had been adjusted for inflation. In summary, customers paid higher rates in real dollars prior to 2021. Since then, inflation has reduced the purchasing power of our rates.

Mrs. Holder stated that we are not making any recommendations. We are just presenting information. We are looking at these metrics as we work on our 20-year financing plan. We will present more information on this at the Budget Retreat this year.

Mr. Thompson shared another chart with the Board showing a comparison of GSWSA's operating revenue versus projected operating revenue with inflationary rates increases. This chart shows prior to FY 2021, our actual revenues outpaced inflation-adjusted revenue and after FY 2021 inflation-adjusted revenues outpaced actual revenue. Over this five-year period, the cumulative gap is approximately \$52 million with about \$17.5 million evident in the most recent year alone.

Mr. Thompson ran through the same exercise with impact fees and shared the information with the Board. Prior to 2021, our rates either matched or were slightly ahead of CPI rates. After 2021, CPI was higher than our rates. To quantify, our rates are approximately 14% behind inflation which represents about \$280 less per connection in real value compared to inflation-adjusted fees. In terms of total revenues from impact fees, there is a cumulative difference of approximately \$8 million with approximately \$2.5 million attributed to the most recent fiscal year.

Mr. Thompson stated that we are in great fiscal condition. Some of the factors that have contributed to this are growth, the deferred of some capital projects, and the acquisition of Little River.

The Board further discussed our rates and the history of our rate increases briefly.

NEERAJ PATEL, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Surface Water Treatment Report. In December, we treated and produced an average of 32.1 million gallons a day at Bull Creek and 12.9 million gallons a day at Myrtle Beach for a combined total of 45.0 million gallons a day. Mr. Patel called the Board's attention to the trends for the last 24 months as shown in the Board packet. Regarding the alum dosage, this month at Bull Creek we had an average alum dosage of 52 mg/l and at Myrtle Beach the average alum dosage was 89 mg/l. Our annual running averages are 68 mg/l at Bull Creek and 99 mg/l at Myrtle Beach.

Mr. Patel also shared information regarding the water quality parameters for the month of December. The average color for raw water at Bull Creek was 110 color units and at Myrtle Beach it was 168 color units.

UPDATE/STATUS: Wastewater Treatment Report. For the month of December, we treated an average daily flow of 40.2 million gallons at all facilities combined. Mr. Patel shared the flow trends for all wastewater treatment plants for the last 10 fiscal years. The current fiscal year-to-date average is 44.5 million gallons a day.

UPDATE/STATUS: Compliance with SCDES Water/Wastewater Requirements & Project Status Update. Mr. Patel stated all monitoring was reported and all system operations were conducted in compliance with SCDES requirements for the months of November and December with one exception. The monthly average for CBOD for the Lake View WWTP was exceeded. The monthly average limit is 18 lbs/day, and the average recorded was 21 lbs/day.

The United States Environmental Protection Agency announced that they will implement a maximum contaminant limit for perchlorate. We have limited data for perchlorate from a UCMR 1 sampling event in 2005. We did not have any detections at that time. We are currently coordinating with labs to collect samples for our water systems. Perchlorate is a chemical found in rocket fuel and explosives. This can be found in ground water as well as surface water and nature.

On the project status side, at the Bull Creek SWTP, construction for the 15 MGD expansion continues. The start up for the new generator for the raw water pump station has been completed. In regard to the Socastee SWTP, we have received the permit associated with the surface water withdrawal permit for the future plant. This will allow us to pull 60 MGD from the Waccamaw River for the plant.

On the wastewater side, at the Bucksport WWTP, all permit applications have been submitted. We are awaiting comments from regulatory agencies.

Mr. Floyd asked about the repercussions of exceeding the limits at Lake View. Mr. Patel stated on the wastewater side, if there is a gross amount of exceedance, it may trigger a compliance issue or notice of violation making us non-compliant. Several smaller exceedances may trigger the same. One violation or exceedance over time is generally acceptable.

WADE LEWIS, CHIEF OF FIELD OPERATIONS

UPDATE/STATUS: Compliance with SCDES Water/Wastewater Requirements: Mr. Lewis stated all monitoring was reported and all system operations were conducted in compliance with SCDES requirements for the month of December.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regard to the Jackson Bluff and River Oaks wells, the Permit to Operate has been issued for both wells and the buffer water has been injected. In regard to the Carolina Pines well, the contractor has started drilling the well.

In the ASR program, for the month of December, we had a net injection of approximately 106.1 million gallons for an average daily injection of 3.4 million gallons. The combined total with all the plants, ASR and blend wells is 45 MGD. Mr. Lewis called the Board's attention to some of the wells currently in the recovery stage.

Mr. Lazarus asked if we were having water quantity issues. Mrs. Holder stated that we currently are having an issue at the south end of the beach. We have a major line break. The line has been isolated and off service for over one month. It is in the swamp and is hard to access. It is HDPE pipe, about nine foot underwater. We have a specialized crew coming in with divers to make the repair. We are currently recovering from the ASR wells, pulling water from Myrtle Beach and also trying to feed the south end of Socastee from Perry Road. We do have water shut off to the South Pump Station. Once repaired, all of this will be back open. Mr. Lewis stated we have been managing this through our ASR program.

Mr. Lewis shared a map with the Board showing the location of the waterline break. Mr. Lewis stated this is the worst break we have ever had. The line is 35 years old. Mr. Lewis shared a picture that Mrs. Holder described as a welded joint pulling apart. The gap shown in the picture is where the water is pouring out. Mr. Lewis said we noticed this when the South Reservoir started dropping. We knew it was either due to a major break or Bull Creek not sending water. Bull Creek was sending water, but it was going right into the river through the joint that pulled apart.

We had to order the encapsulating coupling for the repair which is a custom item. This coupling will not come in for another couple of weeks. The repair cost alone is approximately \$1.6 million. Mrs. Holder stated we have contracted with Salmons Dredging Corporation out of Charleston to make the repair. They also made a repair on this line about 10 years ago. That repair was easier to access. The problem with this

repair is that the contractor is going to have to put mats down in the wetlands and clear about 600 feet to even get to the area to make the repair.

Mrs. Herring asked if a public press release was put out. Mrs. Holder stated we did not do a press release because we are still providing water to the area. The pressure has dropped slightly but customers still have adequate pressure. It may just not be the pressure they are used to. We have been handling inquiries through dispatch. We also talked to an HOA who was going to share information with their homeowners.

Mr. Floyd asked what he was to say in the event that someone calls and asks him about it. Mrs. Holder told him to just have the customers contact her directly.

MATT MINOR, CHIEF OF ENGINEERING AND CONSTRUCTION

Mrs. Holder stated that Mr. Minor's report was in the Board Packet for the Board's information.

CHRYSTAL SKIPPER, CHIEF OF ADMINISTRATION

Mrs. Skipper asked for the Board's input on this year's budget retreat. The Wampee Training & Conference Center is not available this year, so Mrs. Skipper shared information regarding several local facilities and their availabilities. The Staff's preference is to hold a one-day retreat locally on May 1st. After a brief discussion, a decision was made to follow the staff's recommendations.

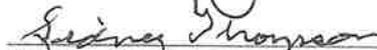
Upon motion duly made, seconded and carried the Board went into executive session for the discussion of contractual matters. Following executive session, the Board returned to regular session.

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

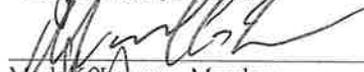

Benjy A. Hardee, Chairman

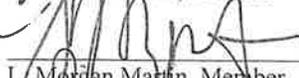

Arnold T. Johnson, Vice Chairman

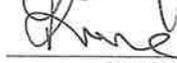

Richard G. Singleton II, Secretary

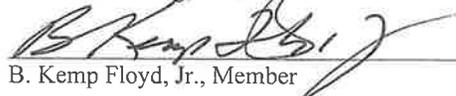

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