

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 JANUARY 22, 2024

	#MEETINGS (Since 7/1/23)	#ATTENDED (Since 7/1/23)	% ATTENDANCE
MEMBERS PRESENT:			
Benjy A. Hardee, Vice Chairman	6	6	100%
Arnold T. Johnson, Secretary	6	6	100%
J. Liston Wells, Member	6	6	100%
Wilbur M. James, Member	6	6	100%
Richard Singleton II, Member	6	6	100%
Mark K. Lazarus, Member	6	6	100%
L. Morgan Martin, Member	6	5	83%

MEMBERS ATTENDING VIA TELECONFERENCE:			
Radha B. Herring, Member	6	6	100%

MEMBERS ABSENT:			
Sidney F. Thompson, Chairman	6	5	83%

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 and Construction
 Christen Jordan, Chief of Accounting and Finance
 Thomas Neat, Chief of Technology
 Mary Hunsucker, HR Manager

LEGAL COUNSEL:
 Bhumi Patel, Burr Forman

VISITORS:
 Charles Perry, Horry Independent

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

Vice Chairman Hardee called the meeting to order and welcomed everyone in attendance. The invocation was given by Board Member, Wilbur James.

APPROVAL OF NOVEMBER 27, 2023 MINUTES: Upon motion duly made by Mr. Johnson, seconded by Mr. James, the Minutes of the November 27, 2023 meeting were approved as presented.

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

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

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: November/December 2023 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for December 2023 with the Board. As of December 31st, our total operating revenues were \$66.1 million, which is an 8% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water, wastewater and customer fees. Monthly water fees were up in all categories with the exception of bulk, Bull Creek revenues and fire flow availability fees. Bulk and Bull Creek revenues are down because the Little River customers are now retail customers. Monthly wastewater revenues were up in all categories with the exception of bulk and Myrtle Beach revenues. The largest increases were in wastewater availability and volume. Customer fees are up \$258,252 compared to the prior fiscal year and tap fees are up \$253,714 compared to the same time period. Application fees have increased \$246,496 or 32% compared to the prior fiscal year. Our total operating expenses are \$54.3 million, which is an increase of \$2.4 million or 5% from the prior fiscal year. The largest increases come from Personnel Services, Outside Services and Supplies and Materials. Personnel Services have increased \$1.5 million or 9% from fiscal year 2023 due to the addition of 20 employees from Little River and the associated benefits. Outside Services have increased \$433,800 compared to last year. The increase is due to an increase in utilities as well as service and maintenance contracts. Capital Outlay is up \$494,287 from the prior fiscal year. In December, we received some trucks from our annual vehicle bid. Supplies and Materials have increased \$613,672 mainly due to an increase in supplies and materials for water and wastewater facilities and treatment supplies. Debt service is down \$1.2 million due to the timing of debt service payments. We have not started some of the SRF loans we originally budgeted for. We currently have an operating surplus of \$11.8 million which is an increase of \$2.6 million from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$21.9 million, which is an increase of \$8.9 million or 68% from the prior fiscal year. This is mainly due to an increase in investment income of \$6.9 million over fiscal year 2023 and the FEMA check we received for \$2.2 million for the Conway WWTP Effluent Structure.

Ms. Everett added the financials for November 2023 were also included for the Board's information since we did not have a Board meeting in the month of December.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of December 31st, we should be at 50% of our budget. Our operating revenues were budgeted at \$137.6 million. To-date, we have earned \$66.1 million or 48% of our estimated budget. We are just slightly below target. Our operating expense budget is \$137.6 million. Year-to-date we have spent \$54.3 million or 39% of budget. These expenditures will increase as the year progresses and we receive capital outlay items. Total non-operating revenues were budgeted at \$34.0 million and to-date we have earned \$21.9 million or 64% of budget. Impact fees are slightly below target and investment income is higher than we originally estimated. Special fees and contributions are higher due to the recent FEMA grant.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$57.3 million. These funds have a current month yield of 1.80%, a three month yield of 3.51% and a twelve month yield of 4.26%. The balance in our PFM Asset Management LLC accounts is \$61.0 million with a current month yield of 2.07%, a three month yield of 4.03% and a twelve month yield of 4.81%. Truist funds total \$6.7 million and have a current month yield of 3.10%, a three month yield of 6.18%. Overall, we have approximately \$125.0 million invested with managers. The funds invested by our internal staff total \$108.7 million. Our debt service accounts total \$6.1 million. Our total investment portfolio is \$239.8 million with a current month yield of 1.23%, a three month yield of 2.59% and a twelve month yield of 3.86%.

Mrs. Jordan stated Frannie Heizer wrote a memo recapping the PNC Capital Advisors report from the November Board meeting. The memo has been distributed for the Board's information. Ms. Heizer and Jonathan Kirn do not feel we need to revise our

investment policy at this time. Ms. Everett stated we can revisit the policy in the future if market conditions change.

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, Truist, 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 3.09%. PNC Capital Advisors' fiscal year-to-date return is 3.01% which is below the benchmark and higher than the fiscal year 2023 return of (1.77%). This year's fiscal year-to-date return for PFM Asset Management LLC is 3.34% which is above the benchmark and higher than last year's return of (1.07%). Truist's fiscal year-to-date return is 3.85% which is above the benchmark. The Local Government Investment Pool's fiscal year-to-date return is 38.69% compared to the fiscal year 2023 return of 19.57%. Our fiscal year-to-date return for the ABB ICS account is 31.16%. Our fiscal year-to-date return for the CCNB ICS account is 34.01%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$6,479 was spent on Business & Travel during the month of December. These costs include membership renewals, license renewals, conferences, training fees and exam fees. Fiscal year-to-date, we have spent a total of \$167,658 in business and travel related expenditures.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 82 mg/l for the month of December which is down 5% compared to last month. The average alum dosage at Bull Creek for the month of December was 68 mg/l, which is up 93% compared to last month. On December 17th we had a Nor'easter pass through which brought about 8" inches of rain to the Bucksport area. Because of the Nor'easter, Myrtle Beach is currently running at about 90 mg/l and Bull Creek is currently running at about 93 mg/l. In regards to water flows, Myrtle Beach flows were down 2% and Bull Creek flows were up 6% compared to last year. The total water flows including ASR and blend wells were up 3%. In regards to wastewater flows, flows at Myrtle Beach were up 20% and the flows at Schwartz were up 18% compared to last year. The total wastewater flows were up 18% 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 December.

In regards to plant operation activities, at the Myrtle Beach SWTP, the Calgon Granular Activated Carbon (GAC) pilot columns have been moved to the Myrtle Beach SWTP for a 6-month evaluation of PFAS removal. These were started up last week. At the Bull Creek SWTP, testing has been completed with the Calgon GAC pilot columns. The result of this test was that GAC will reduce/remove PFAS compounds for a short period of time – approximately 1.5 to 2 months to meet the proposed EPA limit of 4 ppt. The doctor that is working with Calgon will provide us with a final report. We are also going to test ion-exchange resin technology to see how effective it is at Bull Creek in removing PFAS. This is another method we are going to pilot.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, the contractor is continuing to make progress on the new influent pump station, wet well and headworks structure. We are working with Xylem on chemical additions to reduce hydrogen sulfide odors and corrosion issues at the facility. The Xylem representative has met with the City and looked at their collection system. He is analyzing what can be done in the collection system as well as at the plant to determine the most cost effective option to reduce odors. The process at the plant is to increase the pH to bind up the hydrogen sulfide. We are currently awaiting his report and hope to have it back in the next few weeks. At the Marion WWTP, construction continues on the berm around the facility to prevent flooding. We are about 2-3 weeks from completing this project. At the Longs WWTP, the clarifier baffle curtain segments are expected to be delivered in January and we are going to replace the Royalite panels with 304 stainless steel panels to improve reliability. At the Bucksport Composting Facility, we are testing an odor aerosol agent to reduce odors

from the facility. Sometimes, in the morning particularly, you get some odors. This has been working pretty well so far.

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 months of November and December.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Cool Springs well, we are awaiting results for drinking water quality standards. In regards to the Jackson Bluff well, we are compiling the follow-up permitting package for DHEC review and approval. In regards to the International Drive well, we are preparing the site for well drilling. In regards to the Braves Village and Ten Oaks wells, cycle testing continues. Cycle testing is a process where we inject water and immediately recover it. This develops the well to a point where all drinking water requirements are met. We pull samples throughout the recovery process to monitor all progress.

In the ASR program, for the month of December, we had a net injection of approximately 150.1 million gallons for an average daily injection of 4.8 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in December we smoke tested 64,959 linear feet of gravity sewer line, cleaned and televised 3,080 linear feet of gravity sewer mains, responded to 247 sewer back-ups and 89 water quality requests, collected 341 water quality samples, inspected 183 cross connection devices, 340 fire hydrants and 592 isolation valves, responded to 15 emergency main line shut-downs and completed 5,150 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. There are still 15 water projects from the previous two-year budget to be completed. Several of these are nearing completion in the rural water program. In the fiscal year 2024/2025 budget, the Board has approved over \$2.8 million in the rural water program. Since the last Board meeting, we authorized 5 projects for design for 6,805 linear feet of pipeline and 23 new REUs. Two projects moved from the design phase to construction for 1,263 linear feet of pipeline and 2 REUs. We issued service authorization to 6 projects for 20,842 linear feet of pipeline and 62 new REUs.

On the sewer side, there are still 11 projects left to be completed that were part of the 2022/2023 budget. In the fiscal year 2024/2025 budget, the Board has approved over \$3.1 million in the rural sewer program. Since the last Board meeting, we authorized 7 new projects for design that will add 10,245 linear feet of pipeline and 41 new REUs. Six projects moved from the design phase to construction for 17,221 linear feet and 18 REUs. We issued service authorization to 3 projects for 14,655 linear feet of pipeline and 47 new REUs.

Currently, there are 60 rural projects in design for 17 miles of pipeline and 221 REUs. We have 74 in construction that will total 25 miles of pipeline and 322 REUs.

In calendar year 2023, we have installed 41 miles of pipeline. This includes 26 miles of sewer line and 15 miles of waterline. Over the last few years, we have started to see a trend of more miles of sewer line than water 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 November and December. In the month of November, we received 23 new letters of intent. Of the total, 17 were developer extension projects for 554 REUs. The other 16 projects were commercial projects totaling 40 REUs. We issued service authorization to

11 projects for 891 REUs. These projects added approximately \$6.5 million in developer contributions. We held 2 preconstruction meeting in November. In the month of December, we received 7 new letters of intent. Of the total, 3 were developer extension projects for 57 REUs. The other 4 projects were commercial projects totaling 26 REUs. We issued service authorization to 11 projects for 805 REUs. These projects added approximately \$4.7 million in developer contributions. We held 4 preconstruction meeting in December. Overall, we have 244 active developer projects in the various phases. Mr. Minor called the Board's attention to the list of projects and trend charts in the Board packet.

UPDATE/STATUS: Capital Projects: In regards to the Bucksport Campground Expansion project, D&L Sitework, Inc. (D&L) has completed the majority of the work associated with the campground expansion with the exception of the bathhouse. D&L's subcontractor, Sellers General Construction, is currently constructing the bathhouse/laundry facility.

In regards to the Bull Creek 15 MGD Expansion, we recently received approval from the Rural Infrastructure Authority (RIA) and SRF to award the contract to M.B. Kahn Construction Co., Inc. (M.B. Kahn). RIA is administering the \$10 million grant.

In regards to Contract 19, RCB Contractors, LLC (RCB) has completed the Barnhill Road area water and Louisville & Mack Road water developer extension projects. Crews are now working on the Kerl Road Ext. 2 project.

In regards to the Conway Parallel 24" Water Transmission Upgrade, Goodwyn Mills Cawood (GMC) is completing the final plans in preparation for submission to the permitting agencies. We are now working to obtain easements from the 57 properties along the route which includes approximately 60,000 linear feet of 24" waterline from the Bull Creek SWTP to the Conway Reservoir.

In regards to the Highway 9 Widening (E of Loris) project, a preconstruction meeting was held on January 17th with RWF Construction, LLC (RWF) for the water and sewer relocates associated with the RIDE 3 project. RWF is the subcontractor. King Asphalt, Inc. is the contractor for the road project. We chose to go in contract with SCDOT for this project.

In regards to the Marion WWTP Flood Mitigation Berm, M.B. Kahn Construction Co., Inc. continues to progress well and is nearing completion.

In regards to the Myrtle Beach WWTP Influent Pump Station and Headworks project, as Mr. Brown mentioned earlier, this project is progressing nicely.

In regards to the Old Highway 90 Elevated Water Storage Tank, Phoenix Fabricators & Erectors, Inc.'s subcontractor recently completed the painting of the new 500,000-gallon elevated tank. Sitework will now continue which includes the associated piping, electrical, fence and access road.

In regards to the Tournament Blvd. and McDowell Shortcut Intersection Improvements project, we held a preconstruction meeting on December 11th with Richardson and Richardson, Inc. for the water and sewer relocates associated with the GSATS intersection improvement project. Richardson and Richardson, Inc. is the subcontractor to King Asphalt, Inc. We chose to go in contract with SCDOT for this project.

CHRYSAL 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 January 2023 through December 2023. During 2023, we had an increase of 18,434 total customer accounts for 15.6%. This large increase is due to the Little River acquisition in September. Since the last Board meeting, for the months of November and December, we had a net increase of 984 customers which brings our customer account total to 136,868.

In regards to REUs, for calendar year 2023, we had an increase of 25,008 REUs or 14.09%. Since October, we have had a net increase of 1,113 REUs.

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. For November and December combined, the purchase orders over \$3,500 totaled approximately \$7.2 million. In November, the largest purchase order was issued to RCB Contractors for \$2 million for Pipeline Contact #19. Other large purchase orders included purchase orders for grinder stations for inventory, a rotor shaft and parts for the Marion WWTP, repair parts for the Myrtle Beach SWTP, ¾" meters for inventory and the Bucksport Marina feasibility study. Large purchase orders issued in December included purchase orders for a CAT generator for the Bull Creek Raw Water Pump Station for \$893,266, a new vac truck, Barnes grinder pumps and Sensus transmitters for inventory

Mrs. Skipper shared photos from our annual Pig Pickin with the Board. This year we invited all of our retirees to the event. We had 12 retirees who joined us. It was good to see them and they were very appreciative of the invitation. We plan to invite them to attend annually and hope that the Board will join us too.

All of the Little River accounts are now in our AS400 system. We are focusing on training the Little River staff on our AS400 system.

Mrs. Skipper also shared the quarterly update regarding personnel changes that took place from October to December 2023. We ended the last quarter of 2023 or the second quarter of fiscal year 2024 with 376 employees. We had a total of 8 job postings. We hired 14 new employees externally and 10 employees were selected for internal job postings. We had 6 employees leave GSWA, which included 4 resignations, one termination and one death.

Ms. Everett stated Mr. Patel headed up a group to participate in two Christmas parades this year. We participated in the North Myrtle Beach parade and the Conway Christmas parade. We have 30-40 employees and family members who participated. The employees seemed to really have a good time. We will try to spread it around and get to as many events as we can.

Ms. Everett introduced Thomas Neat as the new Chief of Technology. Mr. Neat is not new to the Authority but is new to the Chief of Technology role. Following a question from Vice Chairman Hardee about outside consultation in selecting a new computer system, Ms. Everett stated we have been working with GFOA but we are getting ready to go out for a RFP for an implementation project manager consultant. They will come on board through the demonstrations for the different options and be part of the selection project. They will be charged with project management of the implementation. Ms. Everett briefly discussed the vendor selection process with Mr. Hardee and the Board.

THOMAS NEAT, CHIEF OF TECHNOLOGY

UPDATE/STATUS: RFP Update & Technology Initiatives: Mr. Neat shared a list with the Board of the vendors who have already submitted a proposal for replacing our AS400 since sending out the second RFP. The four who originally submitted a proposal have submitted a new proposal as well. We have received two additional proposals as well and then had a couple request an extension which we granted. We hope to have a total of 8 vendor proposals to review and make a selection. Ms. Everett and Mr. Neat briefly discussed a few of the vendors with the Board. We will be open-minded to see what fits our system the best.

Mr. Neat also shared some of IT's initiatives with the Board. We recently started quarterly Cybersecurity training. Employees will have 3 months to complete each training. In regards to disaster recovery, we are looking at replicating our AS400 system in the cloud as well as backing it up. We are also looking at a co-location. This would be displacing some of our hardware to another location that has the redundancies in place (i.e. backup generators and internet). In regards to the Little River data merge, as

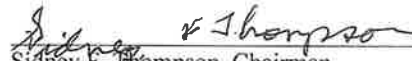
mentioned earlier, as of last Thursday this transition to our phones and system has taken place. In regards to badge access controls, we have added a new badge access control system. The system is in place at the Myrtle Beach SWTP, Little River and Central campus. We will be adding the system to the Bull Creek SWTP, Bucksport and Schwartz WWTP next. In regards to recertifying our payment processing application, we have been rebuilding the application to become recertified. In regards to a site survey, Mr. Neat is having a survey done at all of our facilities to see if an upgrade to the Internet is needed. We are working with HTC, Spectrum and Starlink to make sure all of our facilities are functioning properly. Mr. Singleton asked several questions regarding cybersecurity. Mr. Neat, Ms. Everett and the Board further discussed what GSWSA is currently doing to address cybersecurity.

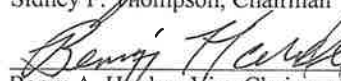
OTHER BUSINESS:

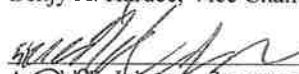
Vice Chairman Hardee called the Board's attention to the Employee Recognition, Sod Donation Report, upcoming Delegation Dinner on Wednesday, March 27th and upcoming Budget Retreat on April 23rd and 24th. The Delegation Dinner will be at the same location again this year.

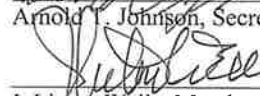
Upon motion duly made, seconded and carried the Board went into executive session for the discussion of contractual and legal matters. Following executive session, the Board returned to regular session.

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


Sidney F. Thompson, Chairman

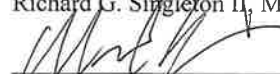

Benjy A. Hardee, Vice Chairman


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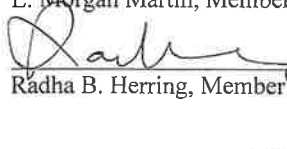

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