

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
JANUARY 24, 2022

	#MEETINGS (Since 7/1/21)	#ATTENDED (Since 7/1/21)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	10	10	100%
Benjy A. Hardee, Vice Chairman	10	10	100%
Arnold T. Johnson, Secretary	10	10	100%
J. Liston Wells, Member	10	10	100%
Wilbur M. James, Member	10	10	100%
Richard Singleton II, Member	10	10	100%
Radha B. Herring, Member	10	9	90%

MEMBERS ATTENDING VIA CONFERENCE:			
Mark K. Lazarus, Member	10	10	100%
L. Morgan Martin, Member	10	7	70%

STAFF PRESENT:
 Fred R. Richardson, Chief Executive Officer
 Christy Everett, Chief Operations 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
 Mary McKellar Hunsucker, HR Manager
 Craig Dunn, New Services Superintendent

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 Member, Wilbur James.

APPROVAL OF NOVEMBER 22, 2021, DECEMBER 1, 2021, DECEMBER 8, 2021, DECEMBER 14, 2021 AND JANUARY 13, 2022 MINUTES: Upon motion duly made by Mr. Hardee, seconded by Mr. Wells, the minutes were approved as presented.

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

DISCUSSION/ACTION: Investment Management Services Bid Responses. Mr. Richardson stated that we went out for bid for Investment Management Services. We typically pick two companies to manage our investments. We received proposals from 8 companies and have narrowed our selection down to PNC Markets, First Citizens Wealth Management and PFM Asset Management LLC. The Board was unsure of what to do and asked for recommendations. Mr. Richardson stated that we received recommendations from Jonathan Kirn of Siebert Williams Shank & Co., LLC.

Mrs. Squires stated that Mr. Kirn felt like any of the companies who responded with a proposal were qualified and no choice would be a bad choice. PNC Capital Markets had the lowest bid and some of the higher investment experience. Mrs. Squires stated that she kept First Citizens Wealth Management in the running because they were local even though they were not the low bid and they did not have as much experience. Mrs. Squires stated the references she called for First Citizens Wealth Management raved about how good they were and their service. Mrs. Squires was impressed with the comments she received from their references which is what caused her to push them to the top. The references felt as if they were First Citizens Wealth Management's top customer. Mr.

Kirn felt as if PNC Capital Markets would do a good job and Mrs. Squires stated that they had good references as well. However, their references did not seem as over the top as First Citizens Wealth Management.

After a brief discussion, the Board asked for Mrs. Squires' recommendation. She felt that PNC Capital Markets looked the best on paper but she liked the references she received for First Citizens Wealth Management. Mrs. Squires recommended keeping PFM Asset Management LLC and adding First Citizens Wealth Management.

Upon motion of Mr. Johnson, seconded by Mr. Singleton, the Board unanimously approved to rely on GSWSA management and select First Citizens Wealth Management and PFM Asset Management LLC for the company's investment management services.

DISCUSSION/ACTION: Visa and Mastercard Interchange Fee Settlement Assistance. Mr. Richardson stated there is a class action lawsuit that we have been invited to participate in. If we do not participate, then we would not be entitled to any type of settlement; however, if we choose to participate, we may be. Mrs. Squires added this was for anyone who accepted Visa or Mastercard payments between January 2004 and January 2019. Basically, by accepting these methods of payment, we paid more in fees than we should have. Mrs. Squires stated MerchantE Solutions, who processes credit card payments for us, has partnered with Managed Care Advisory Group (MCAG). MCAG is going to provide the legal services. They will already have all of our records. Mrs. Squires would like to sign up under MCAG so that we can make a claim on the settlement. Upon motion of Mr. James, seconded by Mr. Singleton, the Board unanimously approved to move forward and sign up to be included in the settlement.

DISCUSSION/ACTION: Bucksport/GSWSA Service Area Modification. Mr. Richardson stated that our current service area boundary with Bucksport Water is Highway 501. However, there are some areas along Highway 501 as you are going into Aynor that Bucksport Water would like for us to service. They are basically giving some of their service area to us. Upon motion of Mr. Johnson, seconded by Mr. Wells, the Board unanimously approved the service area modification as presented.

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. Singleton, 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: November/December 2021 Financial Statements: Mrs. Squires reviewed the details of the preliminary consolidated budget report for December 2021 with the Board. As of December 31, 2021, our total operating revenues were \$58.5 million, which is a 10% increase from the prior fiscal year. However, this is only a 5% 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 fees were up in all categories except bulk. The largest increases were in wastewater availability, volume and Myrtle Beach revenues. Increases in availability and volume made up 58% of the increase and Myrtle Beach revenues represent 28% of the increase. Customer charges have increased 25% or \$236,129 as compared to fiscal year 2021. Our tap fees have increased \$364,065 or 14%. Our total operating expenses are \$48.7 million, which is an increase of \$3.6 million from the prior fiscal year. Our biggest changes come from personnel services, outside services, capital outlay and debt service. Personnel services have increased due to a small merit increase as well as increases in retirement and insurance costs. The largest increases in outside services come from

professional services. 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 because we didn't know what impact COVID-19 would have on our revenues. Debt service increased due to additional borrowing for SRFs and the new money Bonds of 2021. Mrs. Squires reported total non-operating revenues of \$13.0 million, which is an increase of \$638,156 or 5% from the prior fiscal year. This includes an increase in water and sewer impact fees of \$2.8 million. The increase was partially offset by a decrease of \$2.7 million in investment income and special fees and contributions. The \$1.5 million decrease in special fees and contributions is due to us receiving funds from the chemical bid rigging settlement in fiscal year 2021.

Mrs. Squires shared the consolidated budget to actual report with the Board. As of December 31st, we should be at approximately 50% of our budget. Our operating revenues were budgeted at \$117.7 million. To-date, we have earned \$58.5 million or 50% of budget. Our revenues are right on target with our budget. Our operating expense budget is \$117.7 million. Year-to-date we have spent \$48.7 million or 41% of the budget. As the fiscal year continues, our operating expenses will continue to increase as well. Capital Outlay is currently only at 16% of the total budget. This will increase considerably when we receive vehicles and equipment throughout the year. However, we may have to make some adjustments due to the timing of when we will receive vehicles and/or equipment. Total non-operating revenues were budgeted at \$31.4 million and to-date we have earned \$13.0 million or 41% of budget.

UPDATE/STATUS: Investment Analysis: In our 1919 Investment Counsel accounts we have a balance of \$58.6 million with a current month yield of (0.22%), a three month yield of (0.49%) and a twelve month yield of (0.97%). The balance in our PFM Asset Management LLC accounts is \$61.4 million with a current month yield of (0.22%), a three month yield of (0.72%) and a twelve month yield of (1.04%) Overall, we have \$120.0 million invested with managers. The funds invested by our internal staff total \$79.6 million. Mrs. Squires reminded the Board that we have an insured cash sweep with Anderson Brothers Bank. It has been performing well with a current month yield of 0.03%, a three month yield of 0.08% and a twelve month yield of 0.30%. We have \$28.6 million currently invested with Anderson Brothers Bank. Mrs. Squires stated that she keeps moving money there to keep things diversified and because we are earning more money with that account. Excess cash can be moved there easily because we are able to get it instantly. Our debt service accounts total \$5.0 million. Our total investment portfolio is \$204.6 million with a current month yield of (0.12%), a three month yield of (0.34%) and a twelve month yield of (0.53%).

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. 1919 Investment Counsel's fiscal year-to-date return is (0.57%) which is just above the 1-5 year benchmark return of (0.68%) but lower than last year's fiscal year-to-date return of 0.26%. This year's fiscal year-to-date return for PFM Asset Management LLC is (0.67%) which is right at the benchmark and lower than last year's fiscal year-to-date return of 0.50%. The Local Government Investment Pool's fiscal year-to-date return is 0.68% compared to fiscal year 2021's return of 1.68%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Squires noted \$8,465 was spent on Business & Travel during the month of December. Year-to-date, we have spent a total of \$181,416.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 70 mg/l for the month of December which is down 28% compared to last month. The average alum dosage at Bull Creek for the month of December was 31 mg/l, which is down 3% compared to last month. This is the lowest alum dosage Mr. Brown has ever seen at Bull Creek. In regards to water flows, Myrtle Beach flows were up 9% as compared to the same period last year and Bull Creek flows were up 8%. The total flows were up 7%. In regards to wastewater flows, the flows at

both Myrtle Beach and Schwartz were down 9% as compared to last year. The total wastewater flows were down 12% as compared to last year. November and December were both very dry months.

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, repair work just finished up to rebuild one of the two intake screens. These are very old. We had to replace the chains and sprockets. At the Bull Creek SWTP, work continues with Goodwyn Mills Cawood (GMC) on the design of the 60 MGD upgrade to the plant. The staff at Bull Creek has been cleaning the alum sludge from the backwash lagoon and land applying it.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, work continues with MBD Consulting Engineers, P.A. on the design of a new influent pump station and headworks structure. The project should be ready to go out to bid once we receive approval on a permit from Horry County. In regards to the Longs WWTP, we started up the plant on January 10th. We hauled more than 50 truckloads of sludge in from the Vereen WWTP over a period of about three days. We got the mixed liquor concentration to the required range. We are still tweaking some of the written logic. In regards to the Vereen and Bucksport WWTPs, we are continuing to evaluate screening options. We have run into several obstacles. We are not able to meet the peak factor so we are having to back up and punt.

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 Ten Oaks well in Carolina Forest, we are awaiting comments from DHEC on the follow-up construction permit application. In regards to the Braves Village well, the screen selection has been completed based on electric logs the well driller performed. In regards to the Highway 410 Blend well, the pilot hole has been initiated. In regards to the Cool Springs well, the screen selection has been completed based on electric logs. In regards to the Deerfield well, we have completed the weekly cycle testing and monthly cycle testing has been initiated. We start the weekly cycles where we inject for a week and withdraw for a week. During this time, we look to make sure the recovered water meets drinking water standards. Once we have two consecutive weekly tests which meet drinking water standards, we move to monthly cycle testing. We may have this well online this summer.

In the ASR program, for the month of December, we had a net injection of approximately 178.8 million gallons for an average daily injection of 5.8 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in December we smoke tested 64,959 feet of gravity line, cleaned and televised 3,402 feet of gravity sewer mains, responded to 204 sewer back-ups and 74 water quality complaints, collected 436 water quality samples, inspected 184 cross connection devices, 195 fire hydrants and 480 isolation valves, responded to 31 emergency and 2 scheduled main line shut-downs and completed 4,849 work orders mostly for meter reading services. Mr. Patel called the Board's attention to the smoke testing graph which shows a decrease in the number of the feet of gravity line smoke tested in November and December. This is because we smoke test our tanks during this time.

CHRISTY EVERETT, CHIEF OPERATIONS OFFICER

UPDATE/STATUS: Rural Water and Sewer Projects: Ms. Everett called the Board's attention to the rural water and sewer projects in the Board packet. Ms. Everett stated that

she would continue to include the projects from the fiscal year 2020/2021 two-year budget in the Board packet until all of the projects received service authorization. There are 6 projects in the construction status from the fiscal year 2020/2021 budget. In fiscal year 2022, the Board has approved \$669,400 in the rural water program. Since November, we authorized 10 projects for design for 10,640 linear feet of pipeline. Eight projects moved from the design phase to construction for almost 6,100 linear feet of pipeline and 9 new customers. We issued service authorization to 7 projects adding 17,820 linear feet of pipeline and 77 new REUs. One project was a developer extension project off Old Highway 90.

Ms. Everett called the Board's attention to the annual reporting we send to DHEC for our General Water Construction Permit. Every five years, DHEC issues us a General Water and Wastewater Construction Permit for installation of pipeline under our own expertise. This eliminates any permitting we have to do when we are the design engineers and installation crew. We are required to send an annual report to DHEC which indicates the linear feet of pipeline installed, the size of the pipeline and how many customers we served under those projects.

On the water side, under our General Water Construction Permit, we installed 20.7 miles of waterline and added 123 customers. Hydraulic improvements and some minor relocations are also included in these numbers. However, the majority is from rural water projects.

On the sewer side, we currently have 8 projects that were approved and appropriated in the fiscal year 2020/2021 budget. In the fiscal year 2022/2023 budget, the Board has approved over \$2.7 million for the rural sewer program. Since November, we authorized 11 new projects for design that will add 13,825 linear feet of pipeline. Ten projects moved to the construction status for almost 33,000 linear feet of pipeline and 86 new REUs. We issued service authorization to 5 projects for 11,835 linear feet of pipeline and 21 new customers.

Ms. Everett referenced the chart within the Board packet that displays the cumulative miles of rural water and sewer line installed. In calendar year 2021, we approved and placed into operation 58 water projects totaling 17.6 miles of pipeline. We approved and placed into operation 56 sewer projects totaling 14.3 miles of pipeline. Looking at annualized growth over the last ten years, we have had just over a 3% annualized increase each year.

Ms. Everett also called the Board's attention to the annual reporting we send to DHEC for our Alternative Sewer Management Plan. This is a little different than the water permit. In 1997, we were approved for an Alternative Sewer Management Plan to install individual grinder stations for customers served by pressurized force mains. With this approval, we have to report on an annual basis the number of customers we added to each plant for capacity reasons. In 2021, we added 441 tanks through individual customer requests. Of the total, 73 tanks were installed as part of a rural project. The remainder were individual customer applications. We also added 16.3 miles of sewer pipeline.

UPDATE/STATUS: Developer Projects: Ms. Everett shared a map with the Board showing the locations of the developer projects that were reviewed in the months of November and December. Two developer extension projects were submitted for review in November for 46 REUs and 6 commercial applications were reviewed for 37 REUs. In December, 5 developer extension projects were submitted for review for 504 REUs and 3 commercial applications were reviewed for 104 REUs. During November and December, we held 10 preconstruction meetings. Currently, we have 109 active developer extension projects in the construction or close out phase for 8,852 REUs. We also have 94 developer projects in the review/permitting status for 8,358 REUs. In total, we have 203 projects in the New Services Department for review, permitting and construction for a total of 17,210 REUs. Of the total, 68% or 11,651 REUs are for single-family projects, 28% or 4,788 REUs are for multi-family projects and 4% or 771 REUs are for commercial projects.

Ms. Everett briefly reviewed and called the Board's attention to the trend charts regarding new projects in the Board Packet.

UPDATE/STATUS: Capital Projects: In regards to the marine park, this project is nearing completion. There is a little bit of marine facility work to be done with the floating docks but this work should be complete in the next couple of weeks. The water and sewer systems are scheduled to be tested this week. The asphalt work on Treatment Road and internal to the development should be completed in March. The anticipated completion date for this project is toward the end of March.

In regards to the Bull Creek 15 MGD Expansion and Water Main Upgrade, this project is about 60% design in progress. We are still working with Goodwyn Mills Cawood (GMC) to complete the design drawings. We should receive these by mid-March.

In regards to the Bull Creek Drainage Improvements, we have had several flooding events at Bull Creek which have impacted the facilities and operations. We are looking to do some drainage improvements through a low-interest SRF loan. We have submitted a preliminary engineering report to DHEC for this project. Pending approval of the report and permitting, we hope to have this project ready to bid out in the next couple of weeks.

In regards to the Conway to Bucksport WWTP Flow Diversion, we also sent a preliminary engineering report to DHEC for review and approval. We are looking for SRF funding for this project as well. Ms. Everett stated we applied through Horry County for ARPA funding. Horry County received approximately \$70 million in ARPA funding. Ms. Everett stated that she received a call last week that the staff was recommending GSWSA receive approximately \$4.0 million of these ARPA funds. The Board, Mr. Richardson and Ms. Everett further discussed this project as well as other projects which are the result of flooding.

In regards to the Conway WWTP Effluent Structure Upgrade, we were awarded a \$3.4 million FEMA grant for the construction of the Conway WWTP effluent structure. We received bids from The Harper Corporation General Contractors and MB Kahn Construction Co., Inc. on Thursday, December 16th for this project. The low bidder was The Harper Corporation General Contractors with a bid of \$3,179,000. We plan to award them the contract and will set-up a preconstruction meeting in the next couple of weeks to get this project underway.

In regards to the Highway 701 to Highway 544 48" Waterline project, this project is almost 90% complete. Ruby-Collins, Inc. added two additional crews to help complete the work coming out of the swamp on the Highway 814 side of the project. Crews have been working on Highway 544 as well to get the tie-in made. We have also been having discussions with Mr. Patel's staff and Mr. Brown's staff regarding waterline tie-ins, shutdowns and dewatering activities. There is a lot of coordinating that will take place to complete this project without interrupting service to our customers.

In regards to the International Drive Booster Pump Station project, we are finishing up this project. The main issue we are working on is making sure we can do our tie-ins and dewater the existing lines that we are tying into without disrupting customer service.

In regards to the Longs WWTP, as Mr. Brown mentioned, this plant is starting up and we have been operating the plant for a week and a half now. We are working with DHEC to get final approval to place this plant into operation. We are looking to have this completed in the next couple of weeks. We will also be working with the contractor on several punch list items and clean up efforts.

In regards to the Old Highway 90 Elevated Water Storage Tank project, we awarded the construction contract to Phoenix Fabricators and Erectors, LLC. A pre-construction meeting was held in November. We are reviewing submittals now and pulling the building permit for this project. Sitework should begin in the next week or two.

CHRISTAL 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 the entire 2021 calendar year. During 2021, our total customer accounts increased by 5,090 customers or 4.7%. This is an increase of 1,355 customers in comparison to calendar year 2020. For the months of November and December, we had a net increase of 606 customer accounts.

In regards to REUs, in calendar year 2021 we had an increase of 6,903 REUs or 4.3%. This is 2,300 REUs higher than calendar year 2020. Since October, we have had a net increase of 935 REUs. The major changes in REUs in 2021 occurred in the months of June and October.

Every year our Customer Service Department sends out a customer service satisfaction survey. This year, we randomly sent out 400 paper surveys and randomly emailed 2,000 surveys to customers on January 18th. These are due back by February 1st. All customers who complete the survey will receive a \$5.00 credit on their account.

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. For November and December, the grand total for all purchase orders over \$2,500 was approximately \$4.5 million. The largest purchase order in November was issued to Trojan Technologies Group ULC for the UV system at the Conway WWTP. Other large purchase orders included purchase orders for the triple ditch repair at the Vereen WWTP, Water Tower Road sewer materials, meter boxes for inventory and a contract for AS400 IT support. During the month of December large purchase orders included purchase orders for meter boxes and grinder pump stations for inventory, Conway WWTP professional services and the filter #3 underdrain system for the Myrtle Beach SWTP.

During calendar year 2021, we sold a total of \$143,000 in surplus items on Govdeals.com. Throughout the year we sell surplus items using this website.

Mrs. Skipper provided the Board with the quarterly update regarding personnel changes that took place from October to December 2021. We ended the year with 349 employees. During the last quarter of calendar year 2021 and the second quarter of fiscal year 2022, we had a total of 7 job openings, hired 12 new employees externally, 3 employees were selected for internal job openings and 7 employees left GSWSA which included 3 retirements, one termination and 3 resignations.

Mrs. Skipper also provided the Board with a COVID-19 update. Since the November Board meeting, we have had 42 employees test positive. Thirty of these employees have tested positive since January 1st. We have had many exposures due to positive testing whether it was at work or at home. Since the pandemic began, we have had a total of 135 employees test positive. In regards to vaccine mandates, Mrs. Skipper stated that OSHA's vaccine-or-test mandate was blocked on January 13th so we do not have to comply with OSHA's emergency temporary standard. However, we will continue to monitor this ruling and any new developments.

OTHER BUSINESS:

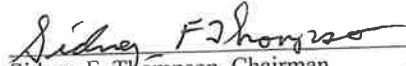
Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and upcoming Budget Retreat dates of Thursday, May 5th and Friday, May 6th.

Mr. James stated that he received GSWSA's annual report insert in his bill this month and he commended the staff on a job well done.

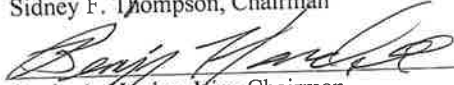
Upon motion duly made, seconded and carried the Board went into executive session for the discussion of personnel, legal and contractual matters and the items specifically mentioned on the agenda. Following executive session, the Board returned to regular session.

Mr. Hardee made a motion to offer the position of Chief Executive Officer to Christy Everett, subject to and contingent upon a negotiated employment agreement. The motion was seconded and unanimously approved by the Board as stated.

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



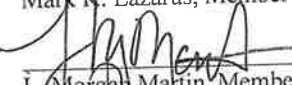
Wilbur M. James, Member

Approved via teleconference

Richard G. Singleton II, Member



Mark K. Lazarus, Member



L. Morgan Martin, Member



Radha B. Herring, Member