

GRAND STRAND WATER & SEWER AUTHORITY
 BOARD OF DIRECTORS MEETING
 MARCH 27, 2023

	#MEETINGS (Since 7/1/22)	#ATTENDED (Since 7/1/22)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	9	9	100%
Benjy A. Hardee, Vice Chairman	9	8	89%
Arnold T. Johnson, Secretary	9	9	100%
J. Liston Wells, Member	9	9	100%
Wilbur M. James, Member	9	9	100%
Richard Singleton II, Member	9	9	100%
Mark K. Lazarus, Member	9	9	100%
L. Morgan Martin, Member	9	6	67%
Radha B. Herring, Member	9	9	100%

STAFF PRESENT:

Christy Everett, Chief Executive Officer
 Tim Brown, Chief of Plant Operations
 Neeraj Patel, Chief of Field Operations
 Chrystal Skipper, Chief of Administration
 Christen Jordan, Chief of Accounting and Finance
 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 FEBRUARY 27, 2023 AND MARCH 13, 2023 MINUTES: Upon motion duly made by Mr. Wells, seconded by Mr. Singleton, the Minutes of the February 27, 2023 and March 13, 2023 meetings were approved as presented.

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

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

Upon motion of Mr. Hardee, seconded by Mr. Singleton, the capital budget appropriation request for rural sewer projects was unanimously approved by the Board as presented.

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

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: February 2023 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for February 2023 with the Board. As of February 28th, our total operating revenues were \$79.4 million, which is a 5% increase from the prior fiscal year. Our largest increases in operating revenues were increases in monthly water and wastewater fees, tap fees and other revenues. Monthly water fees were up in all categories with the exception of excess and bulk. The largest increases were in water availability, Bull Creek revenues and Myrtle Beach revenues. Monthly wastewater revenues were up in all categories with the exception of excess. The largest increases were in wastewater availability, volume, bulk and Myrtle Beach

revenues. Increases in availability and volume make up approximately 44% of the total increase in water and wastewater fees. Other revenues were up mainly due to an increase in cross connection fees of approximately \$189,000. Our tap fees have increased \$210,981 or 5%. Our total operating expenses are \$69.8 million, which is an increase of \$3.6 million or 5% from the prior fiscal year. Personnel Services have increased approximately 4% from fiscal year 2022. This increase is mainly due to the quality incentive pay given to employees. Outside services have increased 5% from fiscal year 2022 due to an increase in service and maintenance contracts, utilities and maintenance to water and wastewater facilities. Supplies and materials have increased 29% from fiscal year 2022 due to an increase in fuel costs, treatment supplies and vehicle equipment and maintenance costs. Debt service is down approximately \$1.1 million due to the timing of debt service payments. We currently have an operating surplus of \$9.6 million which is an increase of \$51,699 from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$17.7 million, which is an increase of \$1.3 million or 8% from the prior fiscal year. This is mainly due to an increase in investment income of \$2.3 million over fiscal year 2022. Special fees and contributions are down from fiscal year 2022 due to receiving FEMA reimbursements for Hurricane Dorian and Hurricane Florence last year.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of February 28th, we should be at approximately 67% of our budget. Our operating revenues were budgeted at \$126.3 million. To-date, we have earned \$79.4 million or 63% of budget. Our operating expense budget is \$126.3 million. Year-to-date we have spent \$69.8 million or 55% of the budget. Our expenditures will continue to increase as the year progresses and expenses are incurred. Total non-operating revenues were budgeted at \$31.6 million and to-date we have earned \$17.7 million or 56% of budget. Sewer impact fees and investment income are slightly lower than budgeted.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$55.1 million. These funds have a current month yield of (1.33%), a three month yield of (0.07%) and a twelve month yield of (4.91%). The balance in our PFM Asset Management LLC accounts is \$58.4 million with a current month yield of (1.09%), a three month yield of 0.13% and a twelve month yield of (3.46%). Mr. Hardee asked about investing in treasury bills. Ms. Everett stated that she and Mrs. Jordan have had several conversations with both of our investment managers over the last several months since the market is so volatile and they have both said to hold tight. Ms. Everett further discussed this briefly with the Board. Ms. Everett stated she would reach out to PNC Capital Advisors to have them attend next month's Board Meeting. Overall, we have \$113.5 million invested with managers. The funds invested by our internal staff total \$87.6 million. Our debt service accounts total \$8.6 million. Our total investment portfolio is \$209.9 million with a current month yield of (0.51%), a three month yield of 0.42% and a twelve month yield of (1.43%).

Mrs. Jordan shared a graph with the Board showing the fiscal year-to-date comparison on our returns for 1919 Investment Counsel, PFM Asset Management LLC, PNC Capital Advisors and the South Carolina Local Government Investment Pool. The current 1-5 year benchmark to-date is (1.52%). PNC Capital Advisors' fiscal year-to-date return is (1.70%) which is below the benchmark and above the 19/19 Investment Counsel fiscal year 2022 return of (1.94%). This year's fiscal year-to-date return for PFM Asset Management LLC is (0.98%) which is better than the benchmark and higher than last year's return of (1.92%). The Local Government Investment Pool's fiscal year-to-date return is 30.98% compared to fiscal year 2022's return of 1.00%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$12,174 was spent on Business & Travel during the month of February. These costs include membership renewals, exam fees, travel reimbursements and meeting expenses. Year-to-date, we have spent a total of \$212,078.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: The alum dosage at Myrtle Beach averaged 85 mg/l for the month of February which is up

39% compared to last month. The average alum dosage at Bull Creek for the month of February was 90 mg/l, which is up 70% compared to last month. Myrtle Beach is currently running at about 90 mg/l and Bull Creek is currently running at about 60 mg/l. The recent rains caused some of the increase in the dosages. In regards to water flows, Myrtle Beach flows were the same compared to the same period last year and Bull Creek flows were down 4%. The total flows were down 1% when compared to last fiscal year. In regards to wastewater flows, flows at Myrtle Beach were up 13% and the flows at Schwartz were up 16% as compared to last year. The total wastewater flows were up 24%.

UPDATE/STATUS: Compliance with DHEC Water and Wastewater Treatment Plant Requirements: Mr. Brown stated all water reporting was in compliance with DHEC requirements for the month of February. On the wastewater side, we had an e-coli violation at the Schwartz WWTP. All other required reporting was in compliance with DHEC requirements.

In regards to plant operation activities, at the Myrtle Beach SWTP, improvements for the plant security system are ongoing. At the Bull Creek SWTP, repair work continues on the backwash pump and we are continuing to work on plant security upgrades.

On the wastewater treatment plant side, in regards to the Longs WWTP, the operations group continues to work on the system to lower the nitrates in the effluent. At the Conway WWTP, we will soon be switching over to the new effluent structure and UV disinfection system. At the Vereen WWTP, a new bar screen will soon be installed at this facility to improve the debris capture on the influent flow.

UPDATE/STATUS: EPA PFAS Regulation. Mr. Brown shared a brief presentation with the Board to provide an update on the EPA's proposed PFAS regulations. On March 14th, the EPA announced the maximum contaminant levels (MCL) for PFOS and PFOA would be set at 4 parts per trillion (ppt) each. Anything less than 4 ppt cannot be detected. Therefore, the current limit proposed is set at the detection limit. The concern with PFAS is that it is a carcinogenic compound. It has been around since the 1940s. It is in products such as Scotch Guard and Teflon. The EPA is really tightening down with these proposed regulations. Four other PFAS compounds (HFPO, PFNA, PFHxS and PFBS) are also projected to be enforced with an MCL "Hazard Index" value of 1. In looking at our numbers, these four compounds do not appear to be a concern to us. However, we have sample data from both water treatment plants that are above the 4 ppt MCL for PFOS and PFOA. Once the regulation is published in the Federal Registry, there is a 60-day public comment period. Mr. Brown stated that it does not appear to be published in the Federal Registry yet. Right now, we do not know when the rule will be finalized. However, if the MCL remains at 4 ppt, we will have to install treatment processes at both water treatment plants to lower the concentration below 4 ppt.

One of the proven treatment methods is granular activated carbon (GAC). This involves passing the treated water through another set of filters with GAC. The carbon acts as a sponge and absorbs the organic compounds. Other treatment methods include Ion Exchange, Reverse Osmosis and Nano Filtration membranes. Mr. Brown further discussed some of these methods with the Board. GAC is probably the most preferred method. Right now, we are waiting to see where the rule falls to determine what action we will take. We will have 3 years from the time the regulation is implemented to comply.

Mr. Brown also stated that Mr. Singleton sent him a link about another compound, trichlorethylene, in drinking water that has a link to Parkinson's disease. We went back and looked at all of our DHEC records. We have samples from over 21 years and we have had non-detection for all 21 years. This is one of the compounds that contaminated the water in the Camp Lejeune lawsuit. This came from dry cleaning chemicals and industrial degreasers. We have no trace of the compound in our water.

Ms. Everett stated right now we are trying to educate our customers and let them know what we are doing to address PFAS. Ms. Everett and Mr. Brown met with a reporter last week and gave them information on the regulation and how we are addressing it. Eighty

percent of a customer's exposure to PFAS is in household products such as lipstick, makeup, waterproof clothing, fast-food hamburger wrappers, etc. Only 20% of a customer's exposure to PFAS is in their drinking water. We are assuring our customers that our water is safe to drink.

Mr. Brown added that PFAS is found more in surface water than well water. Therefore, our systems in Mullins and Lake View have no detection for PFAS, but there is slight detection in the water at our surface water plants.

Ms. Everett added that the current proposed regulations only address drinking water and not biosolids. However, if the regulations ever address biosolids then we will have to comply as well. Mr. Brown anticipates it being part of NPDES permits at some point in the future. We will then have to destroy the compound before land-applying the biosolids.

NEERAJ PATEL, CHIEF OF FIELD OPERATIONS

Following the PFAS discussion, Mr. Patel added that most of the things we are regulated on in regards to drinking water are measured in parts per billion (ppb). The limit for copper is 1.3 parts per million (ppm). Then, lead for example is regulated in ppb which is 1,000 times more sensitive. However, PFAS is regulated in ppt which is even more sensitive. This is the only parameter of concern that is in ppt. Part of the challenge is actually collecting the sample. As Ms. Everett and Mr. Brown mentioned, PFAS is in everything we do. For example, if you are wearing makeup you have PFAS, if you get a fast-food burger for lunch, you expose yourself to PFAS, if you are wearing waterproof gloves or your weatherproof jacket then you may have PFAS on your hands. Therefore, it is possible to contaminate the samples you are collecting. Mr. Patel further discussed sampling for PFAS with the Board.

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 February.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Ten Oaks well in Carolina Forest, we received Approval to Place into Operation for this well from our local SCDHEC office. In regards to the Braves Village well, temporary fencing has been installed at this location. In regards to the Highway 410 Blend well, we are coordinating with SCDHEC regarding the well submittal. DHEC requires a two-part permitting process. The first part is the location of the well and the second part is the chemical feed system and well head piping. We are in the second part of permitting for this well. In regards to the Cool Springs well, well development continues at this site. In regards to the Jackson Bluff and River Oaks Elementary wells, the providers have mobilized on site.

In the ASR program, for the month of February, we had a net injection of approximately 187.9 million gallons for an average daily injection of 6.7 million gallons.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in February we smoke tested 310,181 linear feet of gravity sewer line, cleaned and televised 4,796 linear feet of gravity sewer mains, responded to 201 sewer back-ups and 75 water quality requests, collected 376 water quality samples, inspected 141 cross connection devices, 203 fire hydrants and 599 isolation valves, responded to 35 emergency main line shut-downs and 4 scheduled shut-downs, and completed 5,170 work orders primarily for meter reading services.

Mr. Patel stated that in March we conducted our free chlorine conversion. This is done in western Horry County and affects about 11,000 retail customers as well as wholesale customers like Little River, Conway and Loris. These systems are in the outskirts of our system. Each year, we convert from our typical disinfectant which is chloramines to free chlorine which is stronger. This is done in conjunction with our flushing program to maintain quality.

MATT MINOR, CHIEF OF ENGINEERING AND CONSTRUCTION

Ms. Everett stated Mr. Minor is out of town at a conference. She called the Board's attention to his monthly report in the Board packet and welcomed any questions from the Board.

CRYSTAL 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 March 2022 through February 2023. During the month of February, our customer accounts increased by 434, which brings our customer account total to 118,868. Over the last consecutive twelve months, our total customer base has increased by 4,787 customers or 4.2%. In February, our active accounts increased by 414, inactive accounts increased by 5 and our suspended accounts increased by 15 for a net increase of 434 accounts.

In regards to REUs, for the month of February, our total REUs increased by 459, which brings our REU total to 177,947. Over the last consecutive twelve months, our total REUs have increased by 6,815 or 3.98%. For the month of February, our active REUs increased by 453, inactive REUs decreased by 17 and suspended REUs increased by 23 for a net increase of 459 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. The grand total for all purchase orders over \$3,500 issued in February was approximately \$6.5 million. The largest purchase order was issued to the State Fiscal Accountability Authority, which is the Insurance Reserve Fund, for our building and personal property insurance policy renewal for a little over \$1.0 million. Other large purchase orders included purchase orders for the renewal of other insurance policies, a purchase order to D&L Sitework, Inc. for the Bucksport Marina Campground Expansion and Bucksport Marina Parking Lot and purchase orders for meter boxes, grinder stations and ERTs for inventory, an epoxy coating for several manholes and wet wells, and the Aynor tank renovation.

OTHER BUSINESS:

Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report, an article in the Loris Times' Newspaper, upcoming Budget Retreat dates and the upcoming 2023 AWWA Conference dates in Toronto, Canada.

Ms. Everett stated the article in the Loris Times was an article about the Yaupon Garden Club touring the Vereen WWTP. The article was a very nice article for GSWA.

Ms. Everett reminded the Board about the upcoming Delegation Dinner on April 25th at Saluda's in Columbia.

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

Approved via teleconference

J. Liston Wells, Member

Wilbur M. James

Wilbur M. James, Member

Approved via teleconference

Richard G. Singleton II, Member

Mark K. Bazarus

Mark K. Bazarus, Member

L. Morgan Martin

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Approved via teleconference

Radha B. Herring, Member