

GRAND STRAND WATER & SEWER AUTHORITY
BOARD OF DIRECTORS MEETING
OCTOBER 23, 2023

	#MEETINGS (Since 7/1/23)	#ATTENDED (Since 7/1/23)	% ATTENDANCE
MEMBERS PRESENT:			
Sidney F. Thompson, Chairman	4	4	100%
Benjy A. Hardee, Vice Chairman	4	4	100%
Arnold T. Johnson, Secretary	4	4	100%
Wilbur M. James, Member	4	4	100%
Mark K. Lazarus, Member	4	4	100%
Radha B. Herring, Member	4	4	100%

MEMBERS ATTENDING VIA TELECONFERENCE:			
J. Liston Wells, Member	4	4	100%
Richard Singleton II, Member	4	4	100%

MEMBERS ABSENT:			
L. Morgan Martin, Member	4	3	75%

STAFF PRESENT:

Christy Everett, Chief Executive Officer
Tim Brown, Chief of Plant Operations
Chrystal Skipper, Chief of Administration
Neeraj Patel, Chief of Field Operations
Christen Jordan, Chief of Accounting and Finance

LEGAL COUNSEL:

Frannie Heizer, Burr Forman
Alicia Thompson, Burr Forman

VISITORS:

Casey Jones, My Horry News

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 MINUTES: Upon motion duly made by Mr. James, seconded by Mr. Johnson, the Minutes of the September 25, 2023 and October 11, 2023 meetings 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. James, seconded by Mr. Johnson, the capital budget appropriation requests for rural water and sewer projects were unanimously approved by the Board as presented.

DIVISION REPORTS:

CHRISTEN JORDAN, CHIEF OF ACCOUNTING AND FINANCE

UPDATE/STATUS: September 2023 Financial Statements: Mrs. Jordan reviewed the details of the preliminary consolidated budget report for September 2023 with the Board.

As of September 30th, our total operating revenues were \$33.8 million, which is a 6% 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 Bull Creek revenues and fire flow availability fees. The largest increases were in water availability, volume and Myrtle Beach revenues. Bull Creek revenue is down due to the acquisition of Little River. Little River revenue is now reflected with our 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 charges have increased \$141,201 or 24% compared to the prior fiscal year. Our total operating expenses are \$26.8 million, which is an increase of \$761,070 or 3% from the prior fiscal year. The largest increases come from Personnel Services, Outside Services and Supplies and Materials. Personnel Services have increased 8% from fiscal year 2023 due to the addition of 20 employees from Little River, an increase in retirement of 1% as well as an increase in health insurance costs. Outside Services have increased \$185,439 compared to last year. The increase is due to an increase in utilities as well as service and maintenance contracts. Supplies and Materials have increased \$327,267 mainly due to an increase in supplies and materials for water and wastewater facilities and treatment supplies. Debt service is down \$624,681 due to the timing of debt service payments. We currently have an operating surplus of \$6.9 million which is an increase of \$1.2 million from the prior fiscal year. Mrs. Jordan reported total non-operating revenues of \$7.0 million, which is an increase of \$2.1 million or 43% from the prior fiscal year. This is mainly due to an increase in investment income of \$2.7 million over fiscal year 2023.

Mrs. Jordan shared the consolidated budget to actual report with the Board. As of September 30th, we should be at 25% of our budget. Our operating revenues were budgeted at \$137.6 million. To-date, we have earned \$33.8 million or 25% of our estimated budget which is right on target. Our operating expense budget is \$137.6 million as well. Year-to-date we have spent \$26.8 million or 19% of the budget. These expenditures will increase as the year progresses and we receive capital outlay items from our annual bid. Total non-operating revenues were budgeted at \$34.0 million and to-date we have earned \$7.0 million or 20% of budget. Impact fees are slightly below target and investment income is lower than we originally estimated due to current market conditions. Special fees and contributions are also lower than budgeted because we had not received any ARPA funding or FEMA reimbursement through September. However, today we received \$2.1 million for the Conway WWTP Effluent Structure project from FEMA for hazard mitigation. This will be reflected in our October financials.

UPDATE/STATUS: Investment Analysis: In our PNC Capital Advisors accounts, we have a balance of \$55.2 million. These funds have a current month yield of (0.79%), a three month yield of (0.48%) and a twelve month yield of 1.72%. The balance in our PFM Asset Management LLC accounts is \$58.6 million with a current month yield of (0.87%), a three month yield of (0.66%) and a twelve month yield of 1.84%. When we acquired Little River, they had funds invested with Truist. These funds total \$6.3 million and have a current month yield of (2.19%). Overall, we have \$120.2 million invested with managers. The funds invested by our internal staff total \$105.1 million. Our debt service accounts total \$6.1 million. Our total investment portfolio is \$231.4 million with a current month yield of (0.28%), a three month yield of 0.11% and a twelve month yield of 1.98%.

When we acquired Little River's bank accounts we moved \$36.5 million of the funds they had to a Certificate of Deposit (CD) at Conway National Bank (CNB) at 5.5%. This is a recurring 7 day CD. Burr Forman is working with CNB to change the agreement on the account to match our investment policy. Once they change the terms of the account, we will move the funds to a repo account at 5.5% as long as they can meet the requirements.

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 (0.75%). PNC Capital Advisors' fiscal year-to-date return is (0.48%) which is

above the benchmark and higher than the fiscal year 2023 return of (2.73%). This year's fiscal year-to-date return for PFM Asset Management LLC is (0.66%) which is above the benchmark and higher than last year's return of (2.11%). The Local Government Investment Pool's fiscal year-to-date return is 17.56% compared to the fiscal year 2023 return of 6.81%.

UPDATE/STATUS: Business & Travel Expenses: Mrs. Jordan noted \$37,391 was spent on Business & Travel during the month of September. These costs include membership renewals, license renewals, training fees and exam fees. Year-to-date, we have spent a total of \$119,451.

TIM BROWN, CHIEF OF PLANT OPERATIONS

UPDATE/STATUS: Bull Creek/Myrtle Beach Regional Water Facility Production: In regards to water flows, Myrtle Beach flows were down 7% compared to the same period last year and Bull Creek flows were down 4%. The total flows were up 12% compared to last fiscal year. This is due to the use of ASR wells in September. Normally we are in the injection mode in September, but this year we stayed in recovery mode a little longer. The alum dosage at Myrtle Beach averaged 156 mg/l for the month of September which is up 34% compared to last month. The average alum dosage at Bull Creek for the month of September was 123 mg/l, which is up 76% compared to last month. Myrtle Beach is currently running at about 145 mg/l and Bull Creek is currently running at about 43 mg/l. In regards to wastewater flows, flows at Myrtle Beach were up 6% and the flows at Schwartz were up 3% compared to last year. The total wastewater flows were up 8% 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 September.

In regards to plant operation activities, at the Myrtle Beach SWTP, we are continuing to test with a pilot unit that utilizes a new synthetic resin called Mycelex which is designed to remove PFAS. We received some numbers back earlier this week. So far we are not seeing much success with this and very little removal. At the Bull Creek SWTP, testing continues on the Calgon Granular Activated Carbon (GAC) pilot columns for PFAS removal. We saw PFAS breakthrough on the 10 minutes empty bed contact time (EBCT) just after 2 months. The results for lower EBCT have proven ineffective. We tried to do 3-minute and 5-minute EBCT but didn't get much removal. Last month Mr. Brown reported that we were going to start the testing over. However, we left things alone and resumed pushing flow through. Last week we took columns three and four that we were testing the shorter contact time on and set them up on the five-minute and ten-minute contact time. Mr. Brown hopes to have more information by the next Board Meeting.

On the wastewater treatment plant side, at the Myrtle Beach WWTP, the contractor is continuing to make progress on the new influent pump station and wet well structure. The contractor recently uncovered some deterioration in the pipe at the junction box they were to tie-in to. The City isolated the North line. It will be down until the box is set. They will temporarily connect a new pipe to it and then move over to the South 48" line later. At the Bucksport WWTP, design efforts continue on the expansion of the plant. We expect the design to be completed by January 2024. At the Lake View WWTP, the berm repair will be underway soon.

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 September.

However, this past Saturday, October 21st, the plant operator at the Schwartz WWTP determined there was no influent flow coming into the plant. He immediately notified the Field Operations staff and we began looking for a line break in the rights-of-way where

customers were not affected since no customers had notified us. We determined that effected line was along the 30" main line that runs across Highway 31 in the Socastee community. The line was isolated that afternoon. We immediately coordinated with SCDHEC on all mitigation efforts. A public notice was released to local media outlets. We are coordinating with SCDOT on closing the North lane on Highway 31 going toward Highway 544 so that we can access the site. The final repair will be made tomorrow and the line will be placed back into operation. Our crews did excavations today to determine the cause and it was determined it was a lightening strike. What probably started off as a small leak got worse as flows and pressures continued. Mr. Patel reviewed information on the number of spills our system is allowed per regulations with the Board.

UPDATE/STATUS: Aquifer Storage Recovery Well Program: In regards to the Highway 410 Blend well, site work has been completed and final as-built drawings are being created. In regards to the Cool Springs well, staff is assembling the follow-up permitting package while development continues at the site. In regards to the Jackson Bluff well, the 24 hour pump test has been completed and we have collected water quality samples. In regards to the International Drive well, we are coordinating with DHEC on the Water Supply Construction Permit. We are also assembling bid documents.

In the ASR program, for the month of September, we had a net recovery of approximately 186.2 million gallons for an average daily recovery of 6.2 million gallons. With the acquisition of Little River, we added the Brooksville well. We now have 20 active ASR wells with the addition of the Brooksville well.

UPDATE/STATUS: Field Operations Activities: In regards to other field operations activities, in September we smoke tested 323,144 linear feet of gravity sewer line, cleaned and televised 7,407 linear feet of gravity sewer mains, responded to 196 sewer back-ups and 149 water quality requests, collected 430 water quality samples, inspected 174 cross connection devices, 463 fire hydrants and 691 isolation valves, responded to 28 emergency main line shut-downs and 2 scheduled shut-downs, and completed 4,750 work orders primarily for meter reading services.

CHRISTY EVERETT, CHIEF EXECUTIVE 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. In the fiscal year 2024/2025 budget, the Board has approved over \$2.6 million in the rural water program. On the sewer side, the Board has approved over \$1.7 million in the rural sewer program.

In regards to cumulative miles of rural water and sewer line installed, to-date, we have installed 522 miles of sewer line and 630 miles of waterline in the rural program.

UPDATE/STATUS: Developer Projects: Ms. Everett shared a map with the Board showing the locations of the developer projects that were reviewed in the month of September. In the month of September, 13 developer extension projects were submitted for review for 765 REUs. Fifteen commercial projects were submitted totaling 185 REUs. We issued service authorization to 9 projects for 393 REUs at build out. We held 9 preconstruction meetings. Ms. Everett called the Board's attention to the list of projects in the Board packet.

Ms. Everett also called the Board's attention to the trend charts in the Board packet. Project submittals are still up. In the month of September, we had 28 new projects submitted for 950 REUs. This quarter, we are averaging right at 1,000 REUs being reviewed each month.

UPDATE/STATUS: Capital Projects: In regards to the Administration Building Expansion, we have engaged Mazingo & Wallace Architects to start the design for expansion of the building. It will include two additional pods off the back of the building to add a total of 24 additional offices.

In regards to the Bull Creek 15 MGD Expansion project, the bid opening will be held tomorrow at 2:00 p.m. We are excited to see where the bids come in. This is the project we received a \$10 million ARPA grant for.

In regards to the Conway to Bucksport WWTP Flow Diversion project, a bid opening was held on September 21st. There are two separate contracts associated with the project. M.B. Kahn Construction Co., Inc. will be awarded the sewer pump station contract for \$2.1 million and R.H. Moore Co., Inc. will be awarded the sewer force main contract for \$8.5 million.

In regards to the Bucksport Marina Park Feasibility Study, Ms. Everett stated that she received three proposals today. Ms. Everett stated that she will be reviewing the proposals and presenting recommendations for award.

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 October 2022 through September 2023. These graphs reflect the addition of the Little River Water & Sewerage accounts. During the month of September, our customer accounts increased by 13,311, which brings our customer account total to 135,293. Of the total 13,311 increase, 12,567 accounts were added from Little River. Over the last consecutive twelve months, our total customer base has increased by 15.2%. In September, our active accounts increased by 13,249, inactive accounts increased by 33 and our suspended accounts increased by 29.

In regards to REUs, for the month of September, our total REUs increased by 18,535, which brings our REU total to 200,673. Of the total 18,535 increase, 17,717 were from Little River. Over the last consecutive twelve months, our total REUs have increased by approximately 14%. For the month of September, our active REUs increased by 18,228, inactive REUs increased by 34 and our suspended REUs increased by 273.

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 September was approximately \$3.6 million. The largest purchase order in September was issued to R.H. Moore Company, Inc. for \$336,300 for the repair of a 36" effluent main line near Fred Nash Blvd. Other large purchase orders included a purchase order to Seven Seas Marine Construction, Inc. for \$258,300 for embankment improvements at the Lake View WWTP, a purchase order for \$250,611 for odor control at pump stations 1, 2 and 3, a purchase order for \$234,731 for a new John Deere 524 wheel loader, a purchase order for \$151,164 for a new Caterpillar 308CR mini excavator and purchase orders for Myers basins, kits and panels, ¾" meters and meter boxes for inventory.

HUMAN RESOURCES UPDATE: Mrs. Skipper updated the Board on the personnel changes that took place during the first quarter of fiscal year 2024. We ended the quarter with 369 full-time employees and one part-time employee. We had a total of 27 job postings, hired 12 new employees externally, 13 employees were selected for internal job openings and 10 employees left GSWSA which included one retirement and 9 resignations.

INVESTMENT POLICY UPDATE BY FRANNIE HEIZER, BURR & FORMAN, LLP: Ms. Heizer stated that because GSWSA is a South Carolina public entity, we are constrained by the state law on what we can invest in. GSWSA has an investment portfolio that is in compliance with state law but goes over a period of time where a good portion of our investments are in interest rates that are lower than we would receive today if none of the contracts existed. Based on current investment contracts there is not much that can be done with the funds managed by PNC and PFM. Mr. Lazarus asked Ms. Heizer to further explain the contracts and Ms. Heizer briefly explained the contracts to the Board. Public entities cannot invest in the equity market. We can only invest in securities guaranteed by either the federal government, federal agency, state agency or general obligation of the State of South Carolina or one of its public agencies.

Ms. Heizer further discussed other options we may have for our investment portfolio. Ms. Heizer asked the Board to consider authorizing Burr Forman, Jonathan Kim and an independent professional if necessary to look at the investments with PNC and PFM to run some numbers. It may be that there is nothing to do or that we are in a good position, but it is worth looking into. Ms. Heizer and the Board further discussed the investments and our policies.

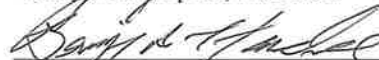
OTHER BUSINESS:


Chairman Thompson called the Board's attention to the Employee Recognition, Sod Donation Report and GSWSA Endowed Scholarship Trust – CEF.


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.

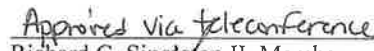

Sidney F. Thompson, Chairman

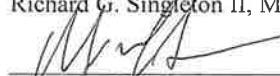

Benjy A. Hardee, Vice Chairman

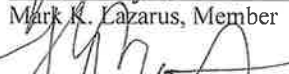

Arnold T. Johnson, Secretary

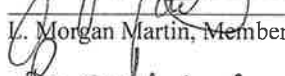

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