

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

MARCH 25, 2010

The Board of Directors of the Orange Water and Sewer Authority (OWASA) held a regular Business Meeting on Thursday, March 25, 2010, at 7:00 P.M., at Chapel Hill Town Hall.

Directors present: Randy Kabrick, P.E., Chair; Braxton Foushee, Secretary; Fred Battle; Michael A. (Mac) Clarke; Joyce C. Preslar Alan Rimer and William R. Stott. Board member absent: Gordon Merklein, Vice Chair.

OWASA staff: Ed Kerwin; John Greene; Mason Crum; Jan Bryant-Berry; Patrick Davis; Greg Feller; Ed Holland; Andrea Orbich; Dan Przybyl; Kevin Ray; Stephen Winters; and Robert Epting, Esq., Epting and Hackney.

Others present: Ben Poulson, Associate Director of Energy Services and Meg Holton, Water, Wastewater, and Stormwater Manager of the University of North Carolina at Chapel Hill; David Hall of TrueNorth.

There being a quorum present, Chair Randy Kabrick called the meeting to order.

MOTIONS ACTED UPON

1. Fred Battle made a motion to approve the Minutes of the February 25, 2010 Board meeting; the motion was seconded by Mac Clarke and carried by unanimous vote.

2. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Executive Director to Renew Public Officials and Employees Liability Insurance for One-Year Period for \$2,000,000 of Coverage with National Union Fire Insurance Company of Pittsburgh, PA." (Resolution so titled attached hereto and made a part of these minutes. Motion by Fred Battle, second by Mac Clarke, and unanimously approved.)

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Approving Certification to the Trustee of the Completion of Improvements related to the Series 2004A and Series 2004B Water and Sewer System Revenue Bonds." (Resolution so titled attached hereto and made a part of these minutes. Motion by Fred Battle, second by Mac Clarke, and unanimously approved.)

4. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing Staff to Implement Active Forestry Management at

Cane Creek Mitigation Tract.” (Resolution so titled attached hereto and made a part of these minutes. Motion by Alan Rimer, second by William Stott, and unanimously approved.)

5. Alan Rimer made a motion to approve OWASA’s Strategic Plan; the motion was seconded by William Stott and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Randy Kabrick said any Board Member who knows of a conflict of interest or potential conflict of interest with respect to any item on the agenda tonight is asked to disclose the same at this time. There were none.

MARCH 22, 2010 CHAPEL HILL TOWN COUNCIL MEETING

Randy Kabrick stated that members of the OWASA Board and staff attended the Chapel Hill Town Council meeting on Monday, March 22, 2010, to answer Council members’ questions on OWASA’s draft Long-Range Water Supply Plan Final Report. Mr. Kabrick said that he reassured the Council that OWASA will continue to educate the public on the benefits of conservation, especially because the Plan’s success depends on continued conservation and water efficiency. Council members’ concerns regarding adjustments to the Water and Sewer Management, Planning and Boundary Agreement were addressed by clarifying that OWASA is not proposing any changes to the current service area boundary, but would only seek such changes needed to resolve unnecessary constraints on access to OWASA’s Jordan Lake water supply allocation. He also emphasized to Council that OWASA will inform the elected boards and public in advance of any consideration to purchase water during future drought conditions. Mr. Kabrick said that certain areas of philosophical disagreement with the report may remain, but its primary recommendations would remain unchanged, and the report will be clearly presented as a document that will be revised periodically. Mr. Kabrick stated that staff will incorporate editorial changes into the final version of the report, which will be considered for adoption at the OWASA Board’s April 8, 2010 business meeting.

COMMITTEE MEETINGS

Randy Kabrick said that Finance Committee will meet on Monday, March 29, 2010 at 8:00 A.M. in the OWASA Boardroom to continue discussions related to the Fiscal Year 2011 budget.

Braxton Foushee said that the Human Resources Committee will meet on Thursday, April 1, 2010 at 5:00 P.M. in the OWASA Boardroom to review and discuss proposed costs for health insurance; a possible Fiscal Year 2011 employee merit increase; and an OWASA

Administrative Guide on outreach to minority-owned businesses in OWASA's contracting and purchasing for construction, goods and services.

JAMES (JIM) T. MERGNER

Randy Kabrick announced that Jim Mergner, former OWASA Board member, passed away suddenly on Friday, March 19, 2010. Mr. Mergner was a Board member from September, 1989 to June, 1994 and served as Vice Chair from September, 1991 to October, 1993.

RECREATION AT OWASA RESERVOIRS

John Greene announced that the reservoirs will reopen for recreation on Saturday, March 27, 2010. University Lake will be open Fridays through Sundays from 6:30 A.M. until 6:00 P.M. and the Cane Creek reservoir will be open on Saturdays from 6:30 A.M. until 6:00 P.M.

NEW OWASA BOARD MEMBER E-MAIL ADDRESSES

Randy Kabrick announced that beginning April 1, 2010 OWASA Board members will use their new OWASA e-mail addresses for OWASA business. Local governments will be informed of this change.

ITEM TWO: PETITIONS AND REQUESTS

Randy Kabrick asked for petitions from the public, the Board and staff; there were none.

ITEM THREE: MINUTES

Fred Battle made a motion to approve the Minutes of the February 25, 2010, Board meeting; the motion was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 1 above.

ITEM FOUR: RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO RENEW PUBLIC OFFICIALS & EMPLOYEES LIABILITY INSURANCE FOR ONE YEAR PERIOD FOR \$2,000,000 OF COVERAGE WITH NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURGH, PA

Mac Clarke stated he was satisfied that next year the Public Officials and Employees' Liability Insurance renewal will go out for a competitive bid process. Mr. Clarke also requested the Finance Committee review the spending approval limits for contracts for consistency.

Randy Kabrick referred Mr. Clarke's request to the Board's Finance Committee.

Fred Battle made a motion to approve the resolution; it was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 2 above.

ITEM FIVE: RESOLUTION APPROVING CERTIFICATION TO THE TRUSTEE OF THE COMPLETION OF IMPROVEMENTS RELATED TO THE SERIES 2004A AND 2004B WATER AND SEWER SYSTEM REVENUE BONDS

Fred Battle made a motion to approve the resolution; it was seconded by Mac Clarke and carried by unanimous vote. Please see Motion No. 3 above.

ITEM SIX: REQUEST TO PROCEED WITH IMPLEMENTATION OF RECOMMENDED FINAL PLAN FOR ACTIVE FORESTRY MANAGEMENT AT CANE CREEK MITIGATION TRACT

Patrick Davis gave a brief presentation on staff's recommendation to implement the proposed sustainable forestry management measures on OWASA's 490-acre Cane Creek Mitigation Tract and accompanying proposed resolution authorizing same.

Alan Rimer inquired on a strategy for unplanned fires.

Mr. Davis said that the Division of Forest Resources would be informed of any plans for controlled burns and would respond to unplanned fires.

William Stott also agreed with the recommendations and quality work from staff.

Fred Battle asked if people would be able to cut down wood on the site for firewood.

Mr. Davis said that staff would discuss this with OWASA's forestry consultant to see whether that could be accommodated.

Randy Kabrick noted that Mr. Craig Benedict, Orange County resident, e-mailed the OWASA Board his comments on the plan. Mr. Kabrick inquired who would write the bid documents and take into consideration the concerns of the Boards and public.

Mr. Davis said that True North, OWASA's consulting forester, would draft the timber harvesting contracts and assist with evaluation of the bids.

Braxton Foushee concurred with staff's recommended final plan.

Mr. Stott requested updates on the project as it moves forward.

Alan Rimer made a motion to approve the Resolution Authorizing Staff to Implement Active Forestry Management at Cane Creek Mitigation Tract; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 4 above.

ITEM SEVEN: APPROVAL OF OWASA'S STRATEGIC PLAN

Mac Clarke requested completion dates for the goals and biannual updates on the plan.

Ed Kerwin said that more details would be provided on the plan at future Board meetings.

The Board agreed to periodically meet in a work session to discuss vision and planning.

Alan Rimer made a motion to approve OWASA's Strategic Plan; the motion was seconded by William Stott and carried by unanimous vote. Please see Motion No. 5 above.

ITEM EIGHT: VERBAL UPDATE ON THE MASON FARM WASTEWATER
TREATMENT PLANT HYDRAULIC AND TREATMENT CAPACITY
STUDY

Vishnu Gangadharan gave a presentation on the Mason Farm Wastewater Treatment Plant (WWTP) hydraulic and treatment capacity study that will be completed this summer. Mr. Gangadharan said the preliminary findings include:

- No major expansion of the WWTP is needed for the next 20 years.
- There are opportunities to optimize the treatment processes and reduce chemical and energy costs.
- Field validation of the study's modeling results will begin soon to determine future actions, including how the study's results will be coordinated with planned additional odor control improvements to be completed by 2014.

Next steps include validating the model's assumptions and results as it pertains to operational changes; assess how these operational changes affect odor generation; and optimize chemical addition.

There being no further business to come before the Board, the meeting was adjourned at 8:00 P.M.

Enclosures

RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR TO RENEW PUBLIC OFFICIALS AND EMPLOYEES LIABILITY INSURANCE FOR A ONE YEAR PERIOD FOR \$2,000,000 OF COVERAGE WITH NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG, PA

WHEREAS, Orange Water and Sewer Authority has carried Public Officials & Employees Liability Insurance continuously since 1977; and

WHEREAS, a quote has been received from National Union Fire Insurance Company of Pittsburg, PA, for \$2,000,000 of coverage, at an annual premium of \$25,004; and

WHEREAS, it is to the advantage of the Authority to maintain continuity of coverage;

NOW, THEREFORE, BE IT RESOLVED:

1. That Orange Water and Sewer Authority obtain Public Officials and Employees Liability Insurance coverage through National Union Fire Insurance Company of Pittsburg, PA for a period of one year effective April 20, 2010, for \$2,000,000 of coverage, at a total premium of \$25,004 through Dominick Huckabee Noblin & Trent Insurance Agency.

2. That the Executive Director be, and he hereby is, authorized and directed to renew the Public Officials and Employees Liability Insurance Policy.

Adopted this 25th day of March, 2010.

**RESOLUTION APPROVING CERTIFICATION TO THE TRUSTEE OF THE
COMPLETION OF IMPROVEMENTS RELATED TO THE SERIES 2004A AND 2004B
WATER AND SEWER SYSTEM REVENUE BONDS**

WHEREAS, on November 29, 1993 Orange Water and Sewer Authority adopted a Bond Order which authorized and secured water and sewer system revenue bonds;

WHEREAS, said Bond Order was amended and supplemented on March 25, 1999 and April 22, 1999 to secure additional water and sewer system revenue bonds;

WHEREAS, said Bond Order was amended and restated on September 13, 2001;

WHEREAS, Section 4.07 of the amended and restated Bond Order requires notification by certificate to the Trustee that the capital projects have been completed;

WHEREAS, on June 17, 2004 Orange Water and Sewer Authority issued additional water and sewer system revenue bonds from which proceeds were placed with the Trustee in the Construction Fund;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors approves the filing of the attached certificate with the Trustee.

2. That the Trustee is instructed to close the Series 2004A and Series 2004B Construction Funds in accordance with Section 4.07 of the Bond Order.

Adopted this 25th day of March, 2010.

**RESOLUTION AUTHORIZING STAFF TO IMPLEMENT ACTIVE FORESTRY
MANAGEMENT AT CANE CREEK MITIGATION TRACT**

WHEREAS, Orange Water and Sewer Authority (OWASA) desires to proactively and sustainably manage the forest resources on OWASA's 490-acre Cane Creek Mitigation Tract located north of Cane Creek Reservoir; and

WHEREAS, the North Carolina Wildlife Resources Commission (NCWRC) prepared a forest stewardship plan for the tract to protect and enhance the health and diversity of the forest resources and wildlife habitat while also protecting water quality in Cane Creek Reservoir; and

WHEREAS, OWASA's consulting forester, True North Forest Management Services, has prepared a proposed active forestry management plan to accomplish the recommendations in the NCWRC's forest stewardship plan for the Cane Creek Mitigation Tract; and

WHEREAS, OWASA held a Community Meeting on February 24, 2010 to provide information to and receive questions and comments from the public regarding the draft active forestry management plan for the Cane Creek Mitigation Tract; and

WHEREAS, OWASA has fully considered those questions and comments in development of the final implementation plan for the Cane Creek Mitigation Tract;

NOW, THEREFORE, BE IT RESOLVED:

1. The Board of Directors hereby endorses the NCWRC's forest management plan and True North's implementation plan for active forestry management of the Cane Creek Mitigation Tract.
2. The Board of Directors authorizes the Executive Director to implement the plan for active management of the forest resources on the Cane Creek Mitigation Tract.

Adopted this 25th day of March, 2010.