

ORANGE WATER AND SEWER AUTHORITY

MEETING OF THE BOARD OF DIRECTORS

JANUARY 26, 2006

The Board of Directors of the Orange Water and Sewer Authority (OWASA) met in regular session on Thursday, January 26, 2006, at Chapel Hill Town Hall.

Directors present: Michael A. (Mac) Clarke, Chair; Penny Rich, Vice Chair; Randy Kabrick, Secretary; Terri Buckner; Marge Anders Limbert; Mark Marcoplos; Gordon Merklein; and Laura Sandvik. Directors absent: Milton S. Heath, Jr.

Others present: Ed Kerwin, Imtiaz Ahmad, Gwen Burston, Patrick Davis, Greg Feller, John Greene, Ed Holland, Andrea Orbich, Kevin Ray, and Doug Terry of the OWASA staff; Robert Epting, Esquire, Epting and Hackney; and Meg Holton, Water, Wastewater, and Stormwater Manager, UNC.

There being a quorum present, Chair Mac Clarke called the meeting to order.

MOTIONS ACTED UPON

1. Penny Rich made a motion to adopt the minutes of the November 10, 2005, Meeting of the Board of Directors. The motion was seconded by Laura Sandvik, and carried by unanimous vote.

2. Penny Rich made a motion to adopt the minutes of the January 12, 2006, Closed Session of the Board of Directors for the purpose of discussing pending litigation. The motion was seconded by Laura Sandvik, and carried by unanimous vote.

3. BE IT RESOLVED THAT the Orange Water and Sewer Authority adopt the resolution titled "Resolution Authorizing the Award of Long-Term Disability Insurance to Standard Insurance Company." (Resolution so titled attached hereto and made a part of these minutes. Motion by Penny Rich, second by Laura Sandvik, and carried by unanimous vote.)

4. Laura Sandvik made a motion that the Board go into Closed Session for the purpose of discussing a possible land acquisition and to discuss a personnel matter. The motion was seconded by Penny Rich, and carried by unanimous vote.

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ITEM ONE: ANNOUNCEMENTS

CONFLICT OF INTEREST

Mac Clarke 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.

PRESENTATION ON WATER SUPPLY

Mac Clarke said Ed Holland will give a presentation on Water Supply and Demand & Growth Projections to the Orange County Board of Commissioners on Thursday, March 2, 2006.

HISTORICALLY UNDER-UTILIZED BUSINESSES (HUB)

Terri Buckner said she spoke with a group called HUB located at the University who maintains all the contracts in one place and then makes these documents available to minority- and women-owned businesses; OWASA is now linked to HUB via the Internet and this connection may result in some minority/women-owned business contracts with OWASA.

AD HOC COMMUNITY OUTREACH MEETING

Mark Marcoplos announced that the Ad Hoc Community Outreach Committee will meet on Wednesday, February 8, 2006 at 8:30 A.M., in the OWASA Boardroom, to discuss the planning of the 2006 Community Outreach meeting.

CERTIFICATE OF ACHIEVEMENT

Kevin Ray announced that the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to OWASA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004 and an award for its distinguished budget presentation. OWASA has received these awards for the last four years.

COMMITTEE MEETINGS

Ed Kerwin said that the Natural Resources/Technical Systems Committee will meet on Thursday, February 9, 2006 at 5:30 P.M., in the OWASA Boardroom to discuss biosolids management.

Mr. Kerwin announced that a Community Meeting will be held on Tuesday, January 31, 2006, at 7:00 P.M. in the OWASA Community Room with neighbors of the Mason Farm Wastewater Treatment Plant to discuss planning an odor study.

He also reported that on Monday, January 30, 2006, he, Robert Epting and Ed Holland will meet with the U.S. Army Corps of Engineers and N.C. Wildlife Resources Commission representatives to discuss OWASA's request to amend the Corps' "404" Permit regarding hunting at the Cane Creek Reservoir.

ITEM TWO: PETITIONS AND REQUESTS FROM THE PUBLIC, THE BOARD AND THE STAFF

Mac Clarke asked for petitions and requests from the public, the Board and the staff. There were none.

ITEM THREE: MERIT PAY DISTRIBUTION REPORT

The Board received as an information item the Merit Pay Distribution Report.

ITEM FOUR: VISION CARE PLAN REPORT

The Board received as an information item the Vision Care Plan report.

ITEM FIVE: SEMI-ANNUAL CONTRACTOR AND CONSULTANT PERFORMANCE REPORT

The Board received as an information item the Semi-Annual Contractor and Consultant Performance Report.

ITEM SIX: MINUTES

Penny Rich made a motion to adopt the minutes of the November 10, 2005, Meeting of the Board of Directors. The motion was seconded by Laura Sandvik, and carried by unanimous vote. Please see Motion No. 1 above.

Penny Rich made a motion to adopt the minutes of the January 12, 2006, Closed Session of the Board of Directors for the purpose of discussing pending litigation. The motion was seconded by Laura Sandvik, and carried by unanimous vote. Please see Motion No. 2 above.

ITEM SEVEN: RESOLUTION AUTHORIZING THE AWARD OF LONG-TERM DISABILITY INSURANCE TO STANDARD INSURANCE COMPANY

Penny Rich made a motion to adopt the resolution titled "Resolution Authorizing the Award of Long-Term Disability Insurance to Standard Insurance Company." The motion was seconded by Laura Sandvik and carried by unanimous vote. Please see Motion No. 3 above.

ITEM EIGHT: RESPONSE TO THE CHAPEL HILL TOWN COUNCIL'S REQUEST FOR A BRIEFING ABOUT THE EFFECTS OF INCREASED DEVELOPMENT DENSITY ON OWASA'S ABILITY TO MEET WATER SUPPLY AND WASTEWATER TREATMENT DEMAND

The Board of Directors discussed the staff's proposed outline of comments to be made to the Chapel Hill Town Council on February 27, 2006.

Mark Marcoplos suggested describing OWASA's Conservation Goal and Objectives and OWASA's commitment to reducing future demands.

Marge Anders Limbert suggested that OWASA communicate its readiness to meet increased demands and that it is looking forward to working with the Town to accomplish that.

Gordon Merklein suggested that OWASA communicate some specifics about what the Town can do to achieve the water conservation objectives without changing any local ordinances.

Terri Buckner emphasized the importance of regular communications among the governments and OWASA regarding water and wastewater.

Mac Clarke stressed the importance of keeping the overall presentation to 20 minutes or less and including the specific things that OWASA needs from the Towns regarding possible ordinances. Mr. Clarke also noted the importance of reducing nutrients from nonpoint (runoff) pollution as well as from point sources, such as the Mason Farm Wastewater Treatment Plant.

ITEM NINE: RESPONSE TO A PETITION FROM MARK MARCOPLOS REGARDING OWASA'S RESPONSIBILITY TO ITS NEIGHBORS DURING A REGIONAL DROUGHT

The Board discussed Mark Marcoplos' petition and the information provided by staff. The Board suggested that staff continue to engage local utilities in informal discussions and to convey OWASA's expectation that other utilities' water use restrictions would be at least as stringent as OWASA's as a condition of future water transfers.

ITEM TEN: ANNUAL REPORT ON RECREATION AT UNIVERSITY LAKE AND CANE CREEK AND STAFF REPORT ON POSSIBLE REVISED HOURS OF RECREATION AT UNIVERSITY LAKE AND CANE CREEK RESERVOIR

The Board discussed various options and reached a consensus to increase the recreation hours at University Lake from the traditional 6:30 A.M. to 6:00 P.M. hours to a dawn-to-dusk schedule from May through August, 2006 on a one-year trial basis. Staff will seek comments from the Cane Creek Reservoir neighbors regarding the possibility of extending the Sunday hours of operation to include the morning, and will report back to the Board.

ITEM ELEVEN: STATUS REPORT ON EXECUTIVE DIRECTOR'S WORK PLAN

Penny Rich suggested that under Community Relations and the development of a plan to inform the community about the new water reclamation and reuse program, OWASA should

communicate the positive aspects of reuse and that reuse is for the community, not just for the University or OWASA.

Randy Kabrick suggested adding safety under the Environmental Responsibility/Sustainability as a goal.

Terri Buckner pointed out that sustainability is not only an environmental responsibility but a fiscal management and leadership responsibility.

ITEM TWELVE: CLOSED SESSION

Laura Sandvik made a motion that the Board go into a Closed Session for the purpose of discussing a possible land acquisition and to discuss a personnel matter. It was seconded by Penny Rich, and carried by unanimous vote. See Motion No. 4 above.

There being no further business to come before the Board, the meeting was adjourned at 8:30 P.M.

**RESOLUTION AUTHORIZING AWARD OF LONG-TERM DISABILITY
INSURANCE TO STANDARD LIFE INSURANCE COMPANY**

WHEREAS, Long-Term Disability insurance coverage for the Orange Water and Sewer Authority will expire in February 2006; and

WHEREAS, George S. Williams, CPCU, re-evaluated the market for Long Term Disability insurance carriers; and

WHEREAS, Mr. Williams recommended Standard as a financially stable company with good customer satisfaction; and

WHEREAS, Standard Insurance Company has offered to provide coverage for two years at a savings of 15%; and

WHEREAS, the Human Resources Committee has recommended the move to Standard.

NOW, THEREFORE BE IT RESOLVED:

1. That the Board of Directors of the Orange Water and Sewer Authority initiate a contract with Standard Insurance Company through George S. Williams, CPCU, Durham, NC for Long-Term Disability insurance.
2. That the coverage include a benefit of 60% of basic monthly compensation for eligible employees.
3. That the term of the above insurance coverage shall be for two years.

Adopted this 26th day of January 2006.